

**WOODMAN SCHOOL DISTRICT NO. 18**

**MISSOULA COUNTY  
LOLO, MONTANA**

**FINANCIAL AND COMPLIANCE REPORT**

**Fiscal year Ended June 30, 2014**

**Strom & Associates, P. C.**

**PO BOX 1980  
Billings, Montana 59103**

Woodman School District No. 18  
Missoula County  
Lolo, Montana 59847

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Woodman School District No. 18  
Missoula County  
Lolo, Montana 59847

ORGANIZATION

BOARD OF TRUSTEES

William Paulson Jr.	Chair
Susan Graham	Vice Chair
Kory Mitly	Trustee

OFFICIALS

John Fuchs	District Clerk
Erin Lipkind	County Superintendent
Fred Van Valkenberg	County Attorney

Woodman School District #18 Missoula County  
Management Discussion and Analysis

**Fiscal year ending 2014**

**Financial Highlights**

The District's financial position has been relatively stable despite a continual slight decrease of enrollment. A large part of the financial stability in the District can be tied to fiscal responsibility, dedication and sacrifices of the District staff. Our philosophy of successful management of resources requires unity of staff, administration trustees and the community.

**Management Discussion and Analysis Comparison Schedules**

NET POSITION	Governmental Activities			
	2014	2013	CHANGE	%
				CHANGE
Current Assets	\$ 218,659	\$ 207,344	\$ 11,315	5.46%
Capital Assets, net	<u>156,063</u>	<u>164,059</u>	<u>(7,996)</u>	<u>-4.87%</u>
Total Assets	374,722	371,403	3,319	0.89%
Current Liabilities	9,021	4,942	4,079	82.52%
Long Term Liabilities	<u>10,683</u>	<u>17,916</u>	<u>(7,233)</u>	<u>-40.37%</u>
Total Liabilities	19,704	22,858	(3,154)	-13.80%
Net Position:				
Net Investment in Capital Assets	156,063	164,059	(7,996)	-4.87%
Restricted	81,404	133,063	(51,659)	-38.82%
Unrestricted	<u>117,551</u>	<u>51,423</u>	<u>66,128</u>	<u>128.60%</u>
Total Net Position	355,018	348,545	6,473	1.86%
CHANGES IN NET POSITION	Governmental Activities			
	2014	2013	CHANGE	%
				CHANGE
Revenues				
Program Revenues:				
Operating Grants	108,997	88,529	20,468	23.12%
General Revenues:				
District Levies	124,353	102,602	21,751	21.20%
State Equalization	180,544	161,743	18,801	11.62%
Other State Revenues	122,647	120,850	1,797	1.49%
County	48,943	35,002	13,941	39.83%
Interest	455	883	(428)	-48.29%
Other	<u>2,296</u>	<u>1,450</u>	<u>846</u>	<u>58.34%</u>
Total Revenues	588,235	511,059	77,176	15.10%
Program Expenses				
Instructional Services	395,240	332,906	62,334	18.72%
Educational Media Services	2,104	1,410	694	49.22%
General Admin. Services	68,820	67,644	1,176	1.74%
O & M Services	52,226	62,084	(9,858)	-15.88%
Transportation Services	55,376	54,174	1,202	2.22%
Unallocated Depr. Exp. *	<u>7,996</u>	-	<u>7,996</u>	100.00%
Total Expenses	<u>581,762</u>	<u>518,218</u>	<u>63,544</u>	<u>12.26%</u>
Change in Net Position	6,473	(7,159)	13,632	

## **Using This Financial Report**

The general format of this report is required by Statement No.34 of the Governmental Accounting Standards Board (GASB). This annual report consists of financial statements for the District as a whole with more detailed information for certain funds. The statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District's finances.

Fund financial statements present a short-term view of the District's activities. Generally accepted accounting principles require that only major funds are disclosed in these financial statements. These statements provide detailed information about the District's general funds, which qualify as major funds. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the School District's operations and the existence of legal budget requirements.

State law generally requires school districts to segregate money generated for certain specific purposes, like transportation and building reserves in separate fund accounts.

The legislature puts limits on school funding. This past biennium they increased the funding per student. The actual local levy decreased because of having fewer students. See District levy under General Revenues: on the attached sheet of changes compared to the past school year.

The Interest income has been diminishing for several years because of investment earnings, in general, showing a substantial decline.

### **The Future of the District:**

With present funding tied to State imposed budget caps and student enrollment, the District finds future choices of increasing revenue with a voted levy limited because of these imposed budget caps as costs of operations do not proportionally decrease as enrollments decline. The board has not asked for special levies because they view them as a burden to local taxpayers. Rather they strive to live without these extra funds by watching expenditures and other reductions in expenditures whenever possible.

The board is already looking ahead several years at the student population and making plans for reducing expenditures wherever possible with such things as attrition and retirements not being replaced. There was one retirement at the end of the 2013/2014 school year and the board elected not to replace this position for the 2014/2015 school year

The board did recognize a need for stable technology revenue because testing and the addition of distance learning are being done more and more with technology. In the past the Forest Service had given the school their used computers when they upgraded. However they have reverted to leasing and that source has disappeared. To make this up they have asked the community for a technology levy that passed this last June and is expected to get the school up to date in this field in the next few years. This fiscal year the board hired competent help to review present conditions and help make a five year technology plan. The main item keeping the technology from growing is the lack of adequate speed and availability of our internet connection.

For further information, contact:

Mr. John Fuchs, Clerk (Business Manager) 273-2544

STROM & ASSOCIATES, PC  
Certified Public Accountants  
P.O. Box 1980  
Billings, Montana 59103

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Woodman School District No. 18  
Missoula County  
Lolo, Montana 59847

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodman School District No. 18 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Woodman School District No. 18 as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 4) and budgetary comparison information (pages 21 - 22) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodman School District No. 18's basic financial statements. The accompanying schedule of revenues, expenses and balances student activity funds (page 23) and schedule of reported enrollment (page 24) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of revenues, expenses and balances student activity funds and schedule of reported enrollment are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of revenues, expenses and balances student activity funds and schedule of reported enrollment are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2015 on our consideration of Woodman School District No. 18 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodman School District No. 18 internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC  
Billings, Montana  
April 16, 2015

STATEMENT OF NET POSITION  
as of June 30, 2014

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 199,480
Taxes Receivable	8,835
Due From Other Governments	<u>10,344</u>
Total Current Assets	<u>218,659</u>
Capital Assets:	
Land	24,829
Net Depreciable Assets	<u>131,234</u>
Total Noncurrent Assets	<u>156,063</u>
Total Assets	<u>\$ 374,722</u>
LIABILITIES:	
Current Liabilities	
Other Current Liabilities	\$ 7,283
Current Portions Compensated Absences	<u>1,738</u>
Total Current Liabilities	<u>9,021</u>
Noncurrent Liabilities:	
Compensated Absences	<u>10,683</u>
Total Noncurrent Liabilities	<u>10,683</u>
Total Liabilities	<u>19,704</u>
NET POSITION:	
Net investment in capital assets	156,063
Restricted	81,404
Unrestricted (Deficit)	<u>117,551</u>
Total Net Position	<u>355,018</u>
Total Liabilities and Net Position	<u>\$ 374,722</u>

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2014

	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Primary Government		
	Expenses	Operating Grants and Contributions	Governmental Activities
<b>GOVERNMENT OPERATIONS</b>			
Instructional Services	\$ 395,240	\$ 74,231	\$ (321,009)
Educational Media Services	2,104	-	(2,104)
General Administrative Services	68,820	-	(68,820)
Operation & Maintenance Services	52,226	-	(52,226)
Transportation Services	55,376	34,766	(20,610)
Unallocated Depreciation Expense *	7,996	-	(7,996)
Total Governmental Activities	<u>581,762</u>	<u>108,997</u>	<u>(472,765)</u>
<b>GENERAL REVENUES</b>			
District Levies			124,353
State Equalization			180,544
Other State Revenues			122,647
County			48,943
Interest			455
Other			2,296
Total General Revenues			<u>479,238</u>
Change in Net Position			6,473
Net Position			
Beginning of the Year			<u>348,545</u>
End of the Year			<u>\$ 355,018</u>

\* Excludes depreciation included in direct expenses of the various functions

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 as of June 30, 2014

	MAJOR			Other Governmental Funds	Total Governmental Funds
	General	Miscellaneous Programs	Building Reserve		
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 70,623	\$ 50,452	\$ 28,301	\$ 50,104	\$ 199,480
Taxes Receivable	6,610	-	-	2,225	8,835
Due From Other Governments	-	10,344	-	-	10,344
<b>Total Assets</b>	<b>\$ 77,233</b>	<b>\$ 60,796</b>	<b>\$ 28,301</b>	<b>\$ 52,329</b>	<b>\$ 218,659</b>
<b>LIABILITIES:</b>					
Current Liabilities					
Other Current Liabilities	6,603	-	-	680	7,283
<b>Total Liabilities</b>	<b>6,603</b>	<b>-</b>	<b>-</b>	<b>680</b>	<b>7,283</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Property Taxes Receivable	6,610	-	-	2,225	8,835
<b>Total Deferred Inflows of resources</b>	<b>6,610</b>	<b>-</b>	<b>-</b>	<b>2,225</b>	<b>8,835</b>
<b>FUND BALANCE:</b>					
Fund Balances:					
Restricted	-	60,796	28,301	49,424	138,521
Assigned	23,701	-	-	-	23,701
Unassigned:	40,319	-	-	-	40,319
<b>Total Fund Balance</b>	<b>64,020</b>	<b>60,796</b>	<b>28,301</b>	<b>49,424</b>	<b>202,541</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 77,233</b>	<b>\$ 60,796</b>	<b>\$ 28,301</b>	<b>\$ 52,329</b>	<b>\$ 218,659</b>

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance reported above	\$ 202,541
Governmental Capital Assets	156,063
Long-term Liabilities	
Compensated Absences	(12,421)
Unavailable Property Taxes Receivable	8,835
<b>Net Position of Governmental Activities</b>	<b>\$ 355,018</b>

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2014

	MAJOR				Total Governmental Funds
	General	Miscellaneous Programs	Building Reserve	Other Governmental Funds	
<b>REVENUES:</b>					
District Levies	\$ 92,234	\$ -	\$ -	\$ 30,787	\$ 123,021
Interest	315	-	63	77	455
Other	-	2,296	-	-	2,296
County	-	-	-	66,326	66,326
State	324,538	9,444	-	18,479	352,461
Federal	-	42,344	-	-	42,344
Total Revenues	<u>417,087</u>	<u>54,084</u>	<u>63</u>	<u>115,669</u>	<u>586,903</u>
<b>EXPENDITURES:</b>					
Current					
Instructional Services	297,798	52,630	-	46,750	397,178
Educational Media Services	2,104	-	-	-	2,104
General Administrative Services	61,933	-	-	6,398	68,331
Operation & Maintenance Services	59,418	1,454	342	-	61,214
Transportation Services	-	-	-	55,376	55,376
Total Expenditures	<u>421,253</u>	<u>54,084</u>	<u>342</u>	<u>108,524</u>	<u>584,203</u>
NET CHANGES IN FUND BALANCES	(4,166)	-	(279)	7,145	2,700
<b>FUND BALANCE:</b>					
Beginning of the Year	<u>68,186</u>	<u>60,796</u>	<u>28,580</u>	<u>42,279</u>	<u>199,841</u>
End of the Year	<u>\$ 64,020</u>	<u>\$ 60,796</u>	<u>\$ 28,301</u>	<u>\$ 49,424</u>	<u>\$ 202,541</u>

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Woodman School District No. 18  
Missoula County  
Lolo, Montana 59847

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014

Net Changes in Fund Balance	\$	2,700
Revenues on the Statement of Activity not included in governmental funds statement:		
Increase (decrease) in taxes receivable		1,332
Expenses on the Statement of Activity not included in the governmental funds statement:		
Depreciation Expense	(7,996)	
(Increase) decrease in compensated absence liability	<u>10,437</u>	2,441
Change in net position reported on the Statement of Activity	\$	<u>6,473</u>

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Woodman School District No. 18  
 Missoula County  
 Lolo, Montana 59847

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 as of June 30, 2014

	Private Purpose	
	Trust Funds	Agency Funds
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 7,673	\$ 33,969
Total Assets	<u>7,673</u>	<u>33,969</u>
<b>LIABILITIES:</b>		
Current Liabilities		
Warrants Payable	-	33,969
Total Liabilities	<u>-</u>	<u>33,969</u>
<b>NET POSITION:</b>		
Restricted for Student Activities	7,673	
Total Net Position	<u>\$ 7,673</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2014

	Private Purpose
	Trust Funds
<b>ADDITIONS:</b>	
Revenues from Student Activities	\$ 10,909
Total Additions	<u>10,909</u>
<b>DEDUCTIONS:</b>	
Expenses of Student Activities	9,979
Total Deductions	<u>9,979</u>
CHANGE IN NET POSITION	930
<b>NET POSITION:</b>	
Beginning of the Year	6,743
End of the Year	<u>\$ 7,673</u>

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE FINANCIAL STATEMENTS  
Fiscal Year-Ended June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

The basic financial statements of Woodman School District No. 18 (School District) have been prepared on a prescribed basis of accounting that demonstrates compliance with the accounting and budget laws of the State of Montana, which conforms to generally accepted accounting principles (GAAP). The School District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

During fiscal year 2014 the School District adopted the following

- GASB Statement No. 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The amendment revised existing guidance for financial report of pension systems for state and local government. The statement is applicable for fiscal year 2014. This statement affects the applicable retirement plan administration at the State level and did not have any effect on the School District.
- GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees. The statement is applicable for fiscal year 2014. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The School District has not extend any financial guarantees to other parties. This statement has no effect on the financial statements.

The following are a listing of GASB statements which have been issued and the School District assessment of effects to the financial statements.

- GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement revises and establishes new financial reporting requirement that provide employees with pension benefits. The statement is effective for fiscal year 2015. This statement will require the School District to expand its pension foot note disclosures. The School District plans to implement this in fiscal year 2015 after the State of Montana provides the required information for reporting and disclosure.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations. The statement is applicable for fiscal year 2015. The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The School District is not merging with another School District or ceasing to exist. This statement has no effect on the financial statements.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. This statement amends paragraph 137 of statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The School District plans to implement this in fiscal year 2015 after the State of Montana provides the required information for reporting and disclosure.

The School District is an elementary district which provides education for kindergarten through eighth grade. The board of trustees is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations.

The criteria for including organizations as component units within the School District's reporting entity is set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) "Codification of Government Accounting and Financial Reporting Standards." The basic criteria include appointing a voting majority of an organization's governing body, as well as the School District's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the School District. Based on those criteria this School District has no component units.

1. b. BASIS OF PRESENTATION AND ACCOUNTING

1. b. 1 GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

The government-wide financial statements report using the economic resource measurement focus and the accrual basis of accounting generally including the elimination of internal activity between or within funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. Expenses which are not directly related to a function, indirect expenses, are not charges to a function. Program revenues include:

- Operating grants that are restricted to a particular functional program.

Property taxes, investment earnings, state equalization payments, and other revenue sources not properly included with program revenue are reported as general revenues.

1. b. 2 FUND ACCOUNTING

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The student activity funds are displayed as fiduciary funds. Since the resources in the fiduciary funds cannot be used for School District operations, they are not included in the entity-wide statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statement of these funds present net increases and decreases in current assets. Revenues are recorded when they are both measurable and available. Available means collectible within the current period anything collected after June 30 are generally not material. Unavailable income are recorded in governmental funds for delinquent taxes. Expenditures are recorded when the related fund liability is incurred except for compensated absence payments which are recognized when due.

Revenues from local sources consist primarily of property taxes. Property tax revenue and revenues received from the State of Montana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Cost reimbursement grant funds are considered to be both measurable and available to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received and the expenditure has not been incurred they are recorded as unearned grant revenues because the revenues are available. All other revenue items are considered to be measurable and available only when cash is received by the government.

Trust and agency fund financial statements report using the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

GASB Statement No. 34 requires the general fund be reported as a major fund. Other individual governmental funds should be reported in separate columns as major funds based on these criteria:

- Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental funds).

In addition to funds that meet the major fund criteria, any other governmental fund that government officials believe is particularly important to financial statement users may be reported as a major fund.

The School District reports the following major governmental funds:

- General Fund – The General Fund is the general operating fund of the School District and accounts for all revenues and expenditures of the School District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

- Miscellaneous Fund – This fund is used to account for local, state or federal grants and reimbursements. Donations that allow the expenditure of both principal and interest for support of School District programs are deposited in this fund.
- Building Reserve Fund – This fund is used to account for financing voter approved building or construction projects funded with School District mill levies. This includes raising money for the future construction, equipping, or enlarging of school buildings and for the purpose of purchasing land needed for school purposes in the School District.

1. b. 3 OTHER FUND TYPES

Private-Purpose Trust Funds – Accounts for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the School District's Board of Trustees. This accounting reflects the School District's trust relationship with the student activity organizations

Agency Funds – Account for assets that the School District holds on behalf of others as their agent in the payroll and claims clearing funds and employee payroll tax withholdings. Cash is held for warrants which were written but have not been paid by the County Treasurer.

1. c. ASSETS, LIABILITIES AND NET POSITION (FUND BALANCE)

1. c. 1 CASH AND INVESTMENTS

Cash includes amounts in demand deposits, as well as short-term investments as authorized by State statutes. Montana Code Annotated (MCA) allows Montana local governments to invest public money not necessary for immediate use in United States government treasury bills, notes, bonds; certain United States treasury obligations; United States government security money market fund if investments consist of those listed above; time or savings deposits with a bank, savings and loan association, or credit union which is FDIC, FSLIC, or NCUA insured and are located in the state; or in repurchase agreements as authorized by MCA, or Montana Board of Investments Short Term Investment Pool (STIP). Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. Investments are recorded at fair market value.

Information regarding the collateral and security for cash is not available to the School District. However, State statute requires that United State government securities or agencies be held as collateral to secure deposits of public funds in excess of Federal Deposit Insurance Corporation (FDIC) insurance. The external investment pool is audited as part of Missoula County's financial statements. This investment pool is not registered with or monitored by the Securities and Exchange Commission (SEC).

1. c. 2 TAXES

Property taxes are collected by the County Treasurer who credits to the School District funds their respective share of the collections. The tax levies are collectible in two installments, which become delinquent after November 30 and May 31. Property taxes are liens upon the property being taxed. After a period of three years, the County may begin foreclosure proceedings and sell the property at auction. The School District receives its share of the sale proceeds of any such auction.

1. c. 3 INVENTORIES

Materials and supplies inventory at year end was not material. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

1. c. 4 CAPITAL ASSETS

The School District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Historical cost was established at the initial booking of the capital assets by determining actual costs or estimating using standard costing procedures. The School District considers capital assets to be items in excess of \$5,000 with a useful life in excess of one year. The costs of normal maintenance and repair are not capitalized. Land and construction in progress are not depreciated. Depreciation on the other capital assets is provided over their estimated useful lives on the straight-line method. The useful lives of these assets have been estimated as follows:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings	50 years
Machinery and Equipment	5 years

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

1.c. 5 DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable, is reported only in the governmental funds balance sheet. The governmental funds report unavailable from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

1.c. 6 VACATION AND SICK LEAVE

Classified School District employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. Classified School District employees earn vacation leave at the rate of 15 days per year during the first 10 years of employment, and at increasing rates thereafter to a maximum of 24 days per year after 20 years of employment. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is the amount earned in the most recent two-year period. At termination, employees are paid for any accumulated vacation leave at the current rate of pay. Classified School District employees earn sick leave at the rate of one day per month. There is no limit on the accumulation of unused sick leave. However, upon termination, only 25% of accumulated sick leave is paid at the current rate of pay.

Liabilities incurred because of unused vacation and sick leave accumulated by employees are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds and when accrued on the statement of activities. The amount expected to be paid within one year is \$1,738 and it is generally paid out of the general fund.

1.c. 7 NET POSITION AND FUND BALANCE

Statement of Net Position include the following:

- Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted – The component of net position that is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – The difference between the assets and liabilities that is not reported in the other element of net position.

Governmental fund financial statements include the following fund balances:

- Restricted - Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Assigned – the executing a purchase order for a specific purpose such as an encumbrance.
- Unassigned - Amounts that are available for any purpose; these amounts are reported only in the general fund.

As of June 30, 2014, fund balance components other than unassigned fund balance consist of the following:

<u>Purpose</u>	<u>Restricted</u>	<u>Assigned</u>
Instructional - Regular	\$ 1,847	\$ 23,701
Student Transportation	10,393	0
School Food	179	0
Third Party Grantor Restrictions	60,796	0
Employer Retirement Benefits	21,723	0
Future Technology	13,288	0
Future Capital Costs	<u>30,295</u>	<u>0</u>
Total	<u>\$ 138,521</u>	<u>\$ 23,701</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for assigned or unassigned fund balances, the School District considers amounts to have been spent first out of assigned and then unassigned funds as needed, unless the board of trustees has provided otherwise.

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

1. d. OTHER

1. d. 1 USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.d. 2 County Provided Services

The School District is provided various financial services by Missoula County. Missoula County also serves as cashier and treasurer for the School District for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in Missoula County. The collections made by the County on behalf of the School District are accounted for in an agency fund in the School District's name and are periodically remitted to the School District by the Missoula County Treasurer. No service charges have been recorded by the School District or the Missoula County.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2014, the summary of cash, cash equivalents for governmental and fiduciary funds is as follows:

<u>Account Type</u>	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 199,480	\$ 41,642	\$ 241,122

The carrying amount of cash on hand, deposits and investments at June 30, 2014, is as follows:

	<u>Amount</u>
Demand Deposits	\$ 7,673
Unreconciled	822
County Investment Pool	232,627
Total	\$ 241,122

Cash resources of the School District are held and managed by the Missoula County Treasurer pursuant to State Law. They are combined with cash resources of other governmental entities within Missoula County to form a pool of cash and cash equivalents. Investments of pooled cash consist primarily of repurchase agreements, U.S. government securities, and STIP and are carried at fair value. The School District's exposure to credit risk is not available to the School District. Risk in the event of loss is unclear in state law, but appears to be the liability of Missoula County government. Because of the custodial involvement of Missoula County government, and the commingling of cash in County deposits in the name of Missoula County Treasurer, full risk classifications according to GASB 40 are available in Missoula County's annual report. There is no known maturity and credit rating of the Missoula County Investment Pool.

The cash of the extracurricular funds is held separately by the School District, not at the Missoula County. As of June 30, 2014, deposits in the extracurricular fund were covered by FDIC insurance.

NOTE 3. TAXES RECEIVABLE

The assessed value of the roll as of January 1, 2013, upon which the levy for the 2014 fiscal year was based, was \$868,425. The tax rates assessed for the year ended June 30, 2014 to finance School District operations and applicable taxes receivable follow:

<u>Elementary Fund</u>	<u>Mill Levies</u>	<u>Taxes Receivable</u>
General*	108.13	\$ 6,611
Transportation	25.35	1,549
Technology	11.52	675
Total	145.00	\$ 8,835

\* Denotes Major Funds

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

NOTE 4. DUE FROM OTHER GOVERNMENTS

<u>Elementary Fund</u>	<u>Amount</u>	<u>Due From</u>	<u>Reason</u>
Miscellaneous*	\$ 9,444	State of MT	Significant needs grant
Miscellaneous*	900	State of MT	Mileage reimbursement
Total	<u>\$ 10,344</u>		

\* Denotes Major Funds

NOTE 5. CAPITAL ASSETS, DEPRECIATION AND NET CAPITAL ASSETS

5. a. At June 30, 2014, the schedule of changes in general capital assets follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Non-depreciable:</u>			
Land	\$ 24,829	\$ 0	\$ 24,829
<u>Depreciable:</u>			
Buildings	\$ 349,513	\$ 0	\$ 349,513
Major Equipment	11,666	0	11,666
Total Depreciable	<u>\$ 361,179</u>	<u>\$ 0</u>	<u>\$ 361,179</u>
<u>Accumulated Depreciation:</u>			
Buildings	\$ (213,111)	\$ (6,865)	\$ (219,976)
Major Equipment	(8,838)	(1,131)	(9,969)
Total Depreciation	<u>\$ (221,949)</u>	<u>\$ (7,996)</u>	<u>\$ (229,945)</u>
Net Depreciable Assets	<u>139,230</u>	<u>(7,996)</u>	<u>131,234</u>
Net Governmental Capital Assets	<u>\$ 164,059</u>	<u>\$ (7,996)</u>	<u>\$ 156,063</u>

5. b. General capital asset depreciation expense was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instructional	\$ 7,282
School Administration	449
Operation & Maintenance	265
Total Depreciation Expense	<u>\$ 7,996</u>

NOTE 6. CHANGES IN LONG-TERM DEBT

6. a. At June 30, 2014, the schedule of changes in general Long-Term debt follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>New Debt</u> <u>and Other</u> <u>Additions</u>	<u>Principal</u> <u>Payments</u> <u>and Other</u> <u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>One Year</u>
Compensated Absences	\$ 22,858	\$ 0	\$ 10,437	\$ 12,421	\$ 1,738

NOTE 7. DEFERRED INFLOWS OF RESOURCES

7. a. PROPERTY TAXES

<u>Elementary Fund</u>	<u>Amount</u>	<u>Reason</u>
General*	\$ 6,611	Taxes Receivable
Transportation	1,549	Taxes Receivable
Technology	675	Taxes Receivable
Total	<u>\$ 8,835</u>	

\* Denotes Major Funds

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

The School District allows retirees to participate in the group health insurance plan but has never had anyone retire from the District. While each retiree would pay the full amount of the applicable premium, conceptually, the local government would subsidizing the retirees because each participant is charged a level of premium regardless of age. The School District uses a single premium for both active and retired employees resulting in an implicit rate subsidy (the older retiree benefits from the School District's blended premium). The School District has not recorded a liability for the implicit rate subsidy as based on an analysis of the cost it is not material to the School District's financial statements. At June 30, 2014 the School District had no retired employees on the group insurance plan.

NOTE 9. OTHER COMMITMENTS

9. a. 1 ENCUMBRANCES

The School District's encumbrance policy is for fiscal year end encumbrances exceeding \$1,000 to be considered significant encumbrances. All encumbrances are classified as assigned or restricted in the funds noted below:

<u>Elementary Fund</u>	<u>Amount</u>
General*	\$ 23,701
Miscellaneous*	1,454
Total	<u>\$ 25,155</u>

\* Denotes Major Funds

NOTE 10. EMPLOYEE RETIREMENT SYSTEM

The School District participates in two state-wide, cost-sharing multiple employer defined benefit retirement plans which cover all School District employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers teaching employees, including administrators and aides. The Public Employee Retirement System (PERS) covers nonteaching employees. The plans are established under State law and are administered by the State of Montana.

Both plans issue publicly available annual reports that include financial statements and required supplemental information for the plans. Those reports may be obtained from the following:

Teachers Retirement System  
P.O. Box 200139  
1500 Sixth Avenue  
Helena, MT 59620-0139  
Phone: 406-444-3134  
www.trs.doa.state.mt.us

Public Employees Retirement System  
P.O. Box 200131  
1712 Ninth Avenue  
Helena, MT 59620-0131  
Phone: 406-444-3154  
www.state.mt.us/doa/perb/prb.htm

The PERS defined benefit contribution rates for employees was 7.9%. The PERS rate for the State was set at .37%. For the defined contribution plan the rates are the same except only 4.19% of the employer amount is added to the employee account. Employees who elect the defined contribution plan are in control of their investments and the retirement is based upon the cash in their fund. The PERS rate for employers was 7.8%. The TRS rates for employees was 8.15% and the State was set at 2.49%. The TRS rate for employers was 8.47%. The State's contribution to the retirement system qualifies as an on-behalf payment and has not been reported in the School District's financial statements.

Contribution rates for both plans are required and determined by State law. The amounts contributed to the plans during the years ended June 30, 2012, 2013 and 2014 were equal to the required contribution for each year. The amounts contributed by the State, School District and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
TRS	\$ 35,300	\$ 34,906	\$ 42,262
PERS	4,466	4,902	3,055
Total	<u>\$ 39,766</u>	<u>\$ 39,808</u>	<u>\$ 45,317</u>

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

NOTE 11. RISK MANAGEMENT

The School District is exposed to various types of risk of loss, including: a) damage to and loss of property and contents; b) employee torts; c) professional liability, i.e. errors and omissions; d) environmental damage; e) workers' compensation, i.e. employee injuries and f) medical insurance costs of employees. Several methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and contents damage, employee torts, professional liabilities, and employee medical insurance. The School District has joined with other School Districts throughout the state into an interlocal common risk pool to insure workers compensation for all participating School Districts in a self-insurance pool. The Workers Compensation Risk Retention Program is managed by a board of directors elected annually. Members are responsible for fully funding the Workers Compensation Risk Retention Program through the payment of annual premiums accessed. There is no other liability to the School District other than timely payments of premiums. The School District can withdraw from the Workers Compensation Risk Retention Program with 60 days' notice at any time. The School District has no coverage for potential losses from environmental damages.

Levels of insurance have not changed materially from the prior year and settlements have not exceeded insurance coverage limits during the current or each of the two previous years.

NOTE 12. COOPERATIVE

12. a. SPECIAL EDUCATION

The Woodman School District No. 18 is a member of the Missoula County Special Education Cooperative, a Special Education Cooperative. The financial records of the Cooperative are prepared and maintained by the Cooperative Clerk. The financial records of the Cooperative are separate from those of Woodman School District No. 18, and the financial statements of the Cooperative are not included in the School Districts' financial statements. The Cooperative's financial statements are audited separately from those of the School District. All revenue received, including Federal, State, or other types of grant payments, and the financial support provided by each of the Cooperative's members are deposited into the Cooperative's funds, which are maintained in the custody of the Missoula County Treasurer. The Superintendent of Public Instruction may directly deposit to the Cooperative the State and Federal portion of any participating member School District's budgeted costs for contracted special education services. All capital assets of the Cooperative are included in the Cooperative's financial statements.

A Joint Board of Directors governs the Cooperative. The Joint Board has the power to set policies, enter into contracts, review the performance of the Cooperative annually, review the financial management of the Cooperative annually, and set and approve the annual fiscal budget of the Cooperative.

NOTE 13. TRANSPORTATION

The School District entered into a contract with Beech's School Bus service for its student transportation needs. Beech's provides buses, drivers, and maintenance of the buses for all student transportation needs of the School District. The contract is renewed annually with adjustments for fuel and mileage. Transportation fees paid in fiscal year 2014 were \$ 55,376.

NOTE 14. CONTINGENCIES

The government participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 (Budget and Actual)  
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2014

	General		
	Original Budget	Final Budget	Actual
REVENUES:			
District Levies	\$ 93,906	\$ 93,906	\$ 92,234
Interest	559	559	315
State	<u>324,538</u>	<u>324,538</u>	<u>324,538</u>
Total Revenues	<u>419,003</u>	<u>419,003</u>	<u>417,087</u>
EXPENDITURES:			
Current			
Instructional Services			298,889
Educational Media Services			2,104
General Administrative Services			61,933
Operation & Maintenance Services			<u>59,418</u>
Total Expenditures	<u>422,345</u>	<u>422,345</u>	<u>422,344</u>
NET CHANGES IN FUND BALANCES	(3,342)	(3,342)	(5,257)
FUND BALANCE:			
Beginning of the Year			<u>45,576</u>
End of the Year			<u>\$ 40,319</u>

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

WOODMAN SCHOOL DISTRICT NO. 18

NOTES TO THE BUDGET VS ACTUAL SCHEDULE  
Fiscal Year-Ended June 30, 2014

NOTE 1. BUDGETS

1. a. BUDGETS

Budgets are adopted on a basis consistent with the State of Montana budget laws which are consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the general fund, budgeted special revenue funds including (Transportation, Tuition, Retirement, Adult Education, Technology), and budgeted capital project funds (Building Reserve). All annual appropriations lapse at fiscal year-end, unless the School District elects to encumber supplies and personal property ordered but not received at year end.

1. a. 1 General Budget Policies:

The School District's funds are either budgeted or non-budgeted in accordance with State statutes. Budgeted funds are those of which a legal budget must be adopted to have expenditures from such funds and are noted above. All other funds are non-budgeted, meaning a legal budget is not required in order to spend the cash balance of such a fund. The Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget vs. Actual, has been prepared on the modified accrual basis of accounting and contains financial information for only the major general and special revenue fund budgeted funds. The major funds miscellaneous and building reserve are not included in the schedule because they are not special revenue funds.

1. a. 2 Budget Operation:

The School District operates within the budget requirements for School Districts as specified by State law. The financial report reflects the following budgetary standards:

- By the second Monday in July, the County Assessor transmits a statement of the assessed valuation and taxable valuation of all property in the School District's borders.
- Before the fourth Monday in July, the County Superintendent estimates the revenue required for each fund.
- Before the fourth Monday in August, the Board of Trustees must meet to legally adopt the final budget. The final budget for the general fund is fund total only.
- Once adopted, the budget can be amended by subsequent Board action. An increase of the total budget of a given fund requires the adoption of an amended budget in accordance with State statutes.
- According to State statutes, the expenditures of a budgeted fund may not legally exceed the adopted budget.
- At the end of a fiscal year, unencumbered appropriations lapse unless specifically obligated by the School District.

NOTE 2. FUND BALANCE RECONCILIATION

The fund balances of the general fund displayed on the Statement of Revenue, Expenditures, and Changes in Fund Balances is differently displayed on the Schedule of Revenues, Expenditures, and Changes in Fund Balance (Budget and Actual) by \$23,701. This is due to the reserve for encumbrances. Encumbrances are not included as expenditures on the first statement as they do not meet the GAAP definition of expenditures. The District reports encumbrances at year end as budgeted expenditures and displays these amounts as assigned or reserve of fund balances, as applicable.

NOTE 3. BUDGET AMENDMENT

The original budget was not amended so the original budget and the final budget are the same.

WOODMAN SCHOOL DISTRICT NO. 18

SCHEDULE OF REVENUES, EXPENSES AND BALANCES EXPENDABLE TRUST – STUDENT ACTIVITY FUNDS  
 Fiscal Year-Ended June 30, 2014

<u>Activity Account Name</u>	<u>Beginning Balance 7/1/2013</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Transfers</u>	<u>Ending Balance 6/30/2014</u>
ACTIVITY EVENTS	\$ 478	\$ 1,156	\$ 1,875	\$ 1,430	\$ 1,189
STUDENT FUNDRAISING	3,336	3,830	905	(1,500)	4,762
STUDENT COUNCIL	181	-	-	-	181
YEARBOOK	1,094	820	213	-	1,701
CLEARING	1,543	3,356	5,189	-	(289)
SKI	<u>111</u>	<u>1,746</u>	<u>1,797</u>	<u>70</u>	<u>130</u>
Total	<u>\$ 6,743</u>	<u>\$ 10,908</u>	<u>\$ 9,979</u>	<u>\$ -</u>	<u>\$ 7,673</u>

WOODMAN SCHOOL DISTRICT NO. 18

SCHEDULE OF REPORTED ENROLLMENT  
Fiscal Year-Ended June 30, 2014

FALL ENROLLMENT - OCTOBER, 2013

Elementary			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Kindergarten Full	4	4	0
Grade 1 - 6	27	27	0
Grade 7 - 8	<u>10</u>	<u>10</u>	<u>0</u>
Total	<u>41</u>	<u>41</u>	<u>0</u>
Part-time Students			
Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	<u>0</u>	<u>0</u>	<u>0</u>
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<u>0</u>	<u>0</u>	<u>0</u>

WINTER ENROLLMENT - DECEMBER, 2013

Elementary			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Kindergarten Full	4	4	0
Grade 1 - 6	25	25	0
Grade 7 - 8	<u>10</u>	<u>10</u>	<u>0</u>
Total	<u>39</u>	<u>39</u>	<u>0</u>
Part-time Students			
Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	<u>0</u>	<u>0</u>	<u>0</u>
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<u>0</u>	<u>0</u>	<u>0</u>

SPRING ENROLLMENT - FEBRUARY, 2014

Elementary			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Kindergarten Full	5	5	0
Grade 1 - 6	26	26	0
Grade 7 - 8	<u>10</u>	<u>10</u>	<u>0</u>
Total	<u>41</u>	<u>41</u>	<u>0</u>
Part-time Students			
Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	<u>0</u>	<u>0</u>	<u>0</u>
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<u>0</u>	<u>0</u>	<u>0</u>

STROM & ASSOCIATES, PC  
Certified Public Accountants  
P.O. Box 1980  
Billings, Montana 59103

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Woodman School District No. 18  
Missoula County  
Lolo, Montana 59847

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodman School District No. 18 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Woodman School District No. 18's basic financial statements and have issued our report thereon dated April 16, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Woodman School District No. 18's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Woodman School District No. 18's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



STROM & ASSOCIATES, PC  
Billings, Montana  
April 16, 2015

STROM & ASSOCIATES, PC  
Certified Public Accountants  
P.O. Box 1980  
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SCHEDULE OF FINDINGS AND RESPONSES

There were no findings or recommendations in the prior audit report and none for the fiscal year ended June 30, 2014.