

LUTHER SCHOOL DISTRICT NO. 9 & 10

**CARBON COUNTY
RED LODGE, MONTANA**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Fiscal year Ended June 30, 2014

Strom & Associates, P. C.
PO BOX 1980
Billings, Montana 59103

Board of Trustees
Luther School District No. 9 & 10
Carbon County
Red Lodge, Montana 59068

TABLE OF CONTENTS

	Page No
TABLE OF CONTENTS	1
ORGANIZATION - BOARD OF TRUSTEES AND OFFICIALS	2
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	3 - 4
SCHEDULE A – Schedule of Assets, Liabilities, and Fund Balance - All Funds	5
SCHEDULE B – Schedule of Changes in Fund Equity – All Funds - Budgetary Basis of Accounting	6
SCHEDULE C – Schedule of School District Enrollment	7
SCHEDULE D – Schedule of Findings and Recommendations	8

Board of Trustees
Luther School District No. 9 & 10
Carbon County
Red Lodge, Montana 59068

ORGANIZATION

BOARD OF TRUSTEES

Carrie Entenmann

Chairman

Scott Heimer

Trustee

Joleen Berens

Trustee

OFFICIALS

Jacqueline Walkowiak

District Clerk/Business Manager

Jerry Scott

County Superintendent

Alex Nixon

County Attorney

STROM & ASSOCIATES, PC
PO Box 1980
Billings, Montana 59103

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Honorable Board of Trustees
Luther School District No. 9 & 10
Carbon County
1401 Red Lodge Creek Rd
Red Lodge, Montana 59068

We have performed the procedures enumerated below, which were agreed to by Luther School District Number 9 & 10, Carbon County, Red Lodge, Montana 59068, and the State of Montana, solely to perform a financial review of the School District as of and for the year ended June 30, 2014, as required by Section 2-7-503, MCA. The School District's management is responsible for the financial statements, compliance with the specified requirements and internal control over compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the State of Montana, as required by Section 2-7-503, MCA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We reconciled the District's cash/investment balances as reported on the Trustees' Financial Summary (See Schedule A) with the records of the County Treasurer, or bank accounts, if applicable.

We found no exceptions as a result of these reconciliation procedures.

- b. We examined the July, 2014 disbursements journals and expenditures made in that month to determine if payables are recorded at June 30, 2014, (See Schedule A).

We found no exceptions in the recording of payables as a result of these procedures.

- c. We determined whether the District maintained records of capital assets and had documentation to support the records, as required by Administrative Rules (ARM 10.10.407).

Findings resulting from this procedure are disclosed in finding number 1 in Schedule D.

- d. We compared budgeted property tax revenues to actual property tax revenues for each budgeted fund; noted any variances in excess of 5% or \$500, whichever is greater; and determined the reasons for such variances.

Variances in excess of the limits described above that were noted as a result of these comparisons, and the reasons for such variances, are disclosed in finding number 2 in Schedule D.

- e. We reconciled total District revenues and expenditures (See Schedule B) to total cash receipts and disbursements for the district as reported by the County Treasurer.

We found no exceptions as a result of these reconciliation procedures.

- f. We observed whether:
- The District maintained accounting records, including a disbursement ledger.
 - The expenditures, including payroll, are supported by appropriate documentation (MCA 20-9-207) and coded correctly (ARM 10.10.406).
 - The District maintained minutes of School Board meetings and whether they contain detailed statements of expenditures as required by MCA 20-3-323.
 - The District maintained pupil attendance records.
 - The District reconciled monthly with the reports of the county treasurer (ARM 10.10.501 & 10.10.205).
 - The District maintained payroll records, including a payroll register for each employee.
 - The District reconciled its federal and state payroll reports to the annual wage and tax statements submitted to the Social Security Administration.
 - The District reconciled the total cash in the Miscellaneous Programs fund with the individual projects within the fund.
 - The District reconciled the student activity fund individual accounts with the total cash in the Student Extracurricular Fund.

We found no exceptions as a result of these procedures.

- g. We reconciled the enrollment as reported on the Fall and Spring enrollment reports to the school district's enrollment records. (See Schedule C)

We found no exceptions as a result of these reconciliation procedures.

- h. We verified that total expenditures for each budgeted fund did not exceed the budgeted expenditures for the fund. (MCA 20-9-133; 20-9-209; ARM 10.10.305)

Total expenditures for each budgeted fund did not exceed the budgeted expenditures for the fund.

Accompanying are the following schedules:

Schedule A presents the District's assets, liabilities and fund equity, by fund, as of June 30, 2014.

Schedule B presents the District's beginning fund equity, the total revenues and other financing sources, the total expenditures and other financing uses, prior period adjustments, and the ending fund equity for each fund for the year ended June 30, 2014.

Schedule C presents the District's enrollment as reported on the Fall and Spring pupil enrollment reports and per the District's enrollment records.

Schedule D presents findings and recommendations resulting from performing the above agreed-upon procedures.

We were not engaged to, and did not conduct an examination or audit, the objective of which would be the expression of an opinion on the specified accounts and transactions, or on compliance or effectiveness of internal control over compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Luther School District No. 9 & 10, Carbon County, Red Lodge, Montana 59068, and the State of Montana, and is not intended to be and should not be used by anyone other than these specified parties.

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
June 30, 2015

Luther School District No. 9 & 10
 Carbon County
 Red Lodge Montana

SCHEDULE A
 SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
 ALL FUNDS
 as of June 30, 2014

	General	Transportation	Bus Depr.	School Food	Retirement
ASSETS:					
Cash & Investments	34,830	20,279	50,180	9,718	9,909
Taxes Receivable	12,579	4,182	2,880	0	0
Due From Other Governments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>47,409</u>	<u>24,461</u>	<u>53,060</u>	<u>9,718</u>	<u>9,909</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Deferred Revenue	<u>12,579</u>	<u>4,182</u>	<u>2,880</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>12,579</u>	<u>4,182</u>	<u>2,880</u>	<u>0</u>	<u>0</u>
FUND EQUITY:					
Reserved for Encumbrances	600				
Unreserved Fund Balance	<u>34,230</u>	<u>20,279</u>	<u>50,180</u>	<u>9,718</u>	<u>9,909</u>
TOTAL FUND EQUITY	<u>34,830</u>	<u>20,279</u>	<u>50,180</u>	<u>9,718</u>	<u>9,909</u>
TOTAL LIABILITIES & FUND BALANCE	<u>47,409</u>	<u>24,461</u>	<u>53,060</u>	<u>9,718</u>	<u>9,909</u>

	Tuition	Miscellaneous	Technology	Debt Service	Building Reserv
ASSETS:					
Cash & Investments	0	37,739	1,358	0	25,436
Taxes Receivable	996	0	431	733	0
Due From Other Governments	<u>0</u>	<u>54</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>996</u>	<u>37,793</u>	<u>1,789</u>	<u>733</u>	<u>25,436</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Deferred Revenue	<u>996</u>	<u>0</u>	<u>431</u>	<u>733</u>	<u>0</u>
TOTAL LIABILITIES	<u>996</u>	<u>0</u>	<u>431</u>	<u>733</u>	<u>0</u>
FUND EQUITY:					
Unreserved Fund Balance	<u>0</u>	<u>37,793</u>	<u>1,358</u>	<u>0</u>	<u>25,436</u>
TOTAL FUND EQUITY	<u>0</u>	<u>37,793</u>	<u>1,358</u>	<u>0</u>	<u>25,436</u>
TOTAL LIABILITIES & FUND BALANCE	<u>996</u>	<u>37,793</u>	<u>1,789</u>	<u>733</u>	<u>25,436</u>

Luther School District No. 9 & 10
 Carbon County
 Red Lodge Montana

SCHEDULE B
 SCHEDULE OF CHANGES IN FUND BALANCE - ALL FUNDS
 BUDGETARY BASIS OF ACCOUNTING
 for the
 Fiscal Year Ended June 30, 2014

	General	Transportation	Bus Depr.	School Food	Retirement
FUND BALANCE - JULY 1, 2013	<u>16,928</u>	<u>8,648</u>	<u>46,240</u>	<u>4,337</u>	<u>12,358</u>
Total Revenues and Other					
Financing Sources	<u>196,597</u>	<u>43,272</u>	<u>3,940</u>	<u>22,096</u>	<u>25,744</u>
TOTAL	<u>213,525</u>	<u>51,920</u>	<u>50,180</u>	<u>26,433</u>	<u>38,102</u>
Total Expenditures and Other					
Financing Sources	<u>178,695</u>	<u>31,641</u>	<u>0</u>	<u>16,715</u>	<u>28,193</u>
TOTAL	<u>34,830</u>	<u>20,279</u>	<u>50,180</u>	<u>9,718</u>	<u>9,909</u>
Residual Equity Transfer In(Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - June 30, 2014	<u>34,830</u>	<u>20,279</u>	<u>50,180</u>	<u>9,718</u>	<u>9,909</u>

	Tuition	Miscellaneous	Technology	Building Reserve
FUND BALANCE - JULY 1, 2013	<u>27</u>	<u>47,436</u>	<u>2,498</u>	<u>40,000</u>
Total Revenues and Other				
Financing Sources	<u>16,774</u>	<u>11,463</u>	<u>486</u>	<u>173</u>
TOTAL	<u>16,801</u>	<u>58,899</u>	<u>2,984</u>	<u>40,173</u>
Total Expenditures and Other				
Financing Sources	<u>16,801</u>	<u>21,106</u>	<u>1,626</u>	<u>14,737</u>
TOTAL	<u>0</u>	<u>37,793</u>	<u>1,358</u>	<u>25,436</u>
Residual Equity Transfer In(Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - June 30, 2014	<u>0</u>	<u>37,793</u>	<u>1,358</u>	<u>25,436</u>

Luther School District No. 9 & 10
Carbon County
Red Lodge Montana

SCHEDULE C
SCHEDULE OF SCHOOL DISTRICT ENROLLMENT
for the
Fiscal Year Ended June 30, 2014

	<u>Per Report Filed With OPI</u>	<u>Per District Enrollment Records</u>	<u>Difference</u>
School District Enrollment For Fall Report	<u>33</u>	<u>33</u>	<u>0</u>
School District Enrollment For Winter Report	<u>33</u>	<u>33</u>	<u>0</u>
School District Enrollment For Spring Report	<u>33</u>	<u>33</u>	<u>0</u>

Luther School District No. 9 & 10
Carbon County
Red Lodge, Montana 59068

SCHEDULE D
REPORT OF FINDINGS AND RECOMMENDATIONS RESULTING
FROM PERFORMING AGREED-UPON PROCEDURES
for the
Fiscal Year Ended June 30, 2014

2014-001 - CAPITAL ASSETS:

Condition: From inquiry we noted the District has not have an inventory of capital assets and a depreciation schedule.

Recommendation: The District should have an inventory of all capital assets to comply with Administrative Rules (ARM 10.10.407).

2014-002 - PROPERTY TAX REVENUE VARIANCES:

Condition: Variance as noted below is due to increased levy's in the current year in the tuition fund over prior year.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>
Property Tax Levied Revenue:				
Tuition Fund	\$ 17,815	\$ 16,734	\$ 1,077	6%

Recommendation: No recommendation. The District anticipates taxes to be collected in a future period.