YELLOWSTONE SCHOOL DISTRICT #14
EAST FAIRVIEW, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

YELLOWSTONE PUBLIC SCHOOL DISTRICT #14
ROSTER OF SCHOOL OFFICIALS (UNAUDITED)
JUNE 30, 2018

Doug Gullikson	Board Chair
Britt Poulsen	Board Vice Chair
Tyler Tjelde	Member
Jessica Cayko	Member
Jason Rau	Member

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the School Board
Yellowstone School District #14
East Fairview, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Yellowstone School District #14, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Yellowstone School District #14'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 remaining fund information of Yellowstone School District #14, as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, Yellowstone School District #14 adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedules of employer's proportionate share of net pension liability, schedules of employer contributions - pension, schedule of employer's share of net OPEB liability, schedule of employer contributions - OPEB, and notes to required supplementary information, as listed on the table of contents, 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 the 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 inquiries 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The roster of school officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this schedule.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018 on our consideration of Yellowstone School District #14's 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 solely 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 the effectiveness of Yellowstone School District #14's 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 Yellowstone School District #14's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 21, 2018

YELLOWSTONE PUBLIC SCHOOL DISTRICT #14
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS		
Current assets		
Cash and cash equivalents	$	566,641
Taxes receivable		33,681
Grants receivable		1,820
Due from county treasurer		17,522
Total current assets		619,664
Capital assets		
Depreciable, net of accumulated depreciation		
Buildings and improvements		325,043
Furniture and equipment		90,905
Total capital assets, net of depreciation		415,948
TOTAL ASSETS		1,035,612
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pension		398,065
Deferred outflow - OPEB		3,895
TOTAL DEFERRED OUTFLOWS OF RESOURCES		401,960
LIABILITIES		
Current liabilities		
Accounts payable		6,721
Security deposits payable		3,000
Salaries and benefits payable		22,599
Unearned revenue		766
Total current liabilities		33,086
Long-term liabilities		
Long-term liabilities due after one year		
Net pension liability		1,386,185
Net OPEB liability		13,684
Compensated absences		9,781
Total long-term liabilities		1,409,650
TOTAL LIABILITIES		1,442,736
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - pension		76,626
Deferred inflow - OPEB		851
TOTAL DEFERRED INFLOWS OF RESOURCES		77,477
NET POSITION		
Net investment in capital assets		415,948
Restricted		108,050
Unrestricted		(606,639)
TOTAL NET POSITION	$	(82,641)

See Notes to the Financial Statements

YELLOWSTONE PUBLIC SCHOOL DISTRICT #14
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Regular instruction	$ 1,010,550	$ 5,544	$ -	$ (1,005,006)
Special education	26,912	-	-	(26,912)
District wide services	292,841	-	-	(292,841)
School food services	125,526	12,680	15,036	(97,810)
Operations and maintenance	182,554	-	149,524	(33,030)
Transportation	118,130	-	106,125	(12,005)
Co-curricular activities	11,487	-	-	(11,487)
Depreciation - unallocated	13,272	-	-	(13,272)
TOTAL GOVERNMENTAL ACTIVITIES	$ 1,781,272	$ 18,224	$ 270,685	(1,492,363)

GENERAL REVENUES	
Taxes	
Property taxes, levied for general purposes	360,626
Property taxes, levied for building purposes	115,484
Unrestricted state aid	841,902
Unrestricted revenue from oil and gas production	227,420
Unrestricted federal aid	40,800
Interest income	620
Miscellaneous revenue	68,268
TOTAL GENERAL REVENUES	1,655,120
Change in net position	162,757
Total net deficit, beginning of year	(245,398)
Net position - ending	$ (82,641)

See Notes to the Financial Statements

YELLOWSTONE PUBLIC SCHOOL DISTRICT #14
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Building Fund	Food Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 350,501	$ 207,884	$ 8,256	$ 566,641
Taxes receivable	26,246	7,435	-	33,681
Grants receivable	-	-	1,820	1,820
Due from county treasurer	17,356	166	-	17,522
TOTAL ASSETS	$ 394,103	$ 215,485	$ 10,076	$ 619,664
LIABILITIES				
Accounts payable	$ 6,531	$ -	$ 190	$ 6,721
Security deposits payable	3,000	-	-	3,000
Salaries and benefits payable	22,599	-	-	22,599
Unearned revenue	-	-	766	766
TOTAL LIABILITIES	32,130	-	956	33,086
DEFERRED INFLOWS OF RESOURCES				
Delinquent taxes	26,246	7,435	-	33,681
FUND BALANCES				
Restricted	-	108,050	-	108,050
Committed	-	100,000	-	100,000
Assigned	-	-	9,120	9,120
Unassigned	335,727	-	-	335,727
TOTAL FUND BALANCES	335,727	208,050	9,120	552,897
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 394,103	$ 215,485	$ 10,076	$ 619,664

See Notes to the Financial Statements

YELLOWSTONE PUBLIC SCHOOL DISTRICT #14
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds		$ 552,897
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of capital assets	1,253,485	
Less accumulated depreciation	(837,537)	
Net capital assets		415,948
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		33,681
Deferred outflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore not reported in the governmental funds.		398,065
Deferred outflows relating to the OPEB liability in the governmental activities are not financial resources and, therefore not reported in the governmental funds.		3,895
Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.		
Balances at June 30, 2018 are:		
Net pension liability	(1,386,185)	
Net OPEB liability	(13,684)	
Compensated absences	(9,781)	
Total long-term liabilities		(1,409,650)
Deferred inflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore not reported in the governmental funds.		(76,626)
Deferred inflows relating to the OPEB liability in the government activities are not financial resources and, therefore not reported in the governmental funds.		(851)
Total net position of governmental activities		$ (82,641)

See Notes to the Financial Statements

YELLOWSTONE PUBLIC SCHOOL DISTRICT #14
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Building Fund	Food Service Fund	Total Governmental Funds
REVENUES				
Local sources	$ 417,606	$ 108,050	$ 12,680	$ 538,336
State sources	1,325,774	-	-	1,325,774
Federal sources	40,800	-	15,036	55,836
TOTAL REVENUES	1,784,180	108,050	27,716	1,919,946
EXPENDITURES				
Current				
Regular instruction	967,969	-	-	967,969
Special education	26,912	-	-	26,912
District wide services	253,797	-	-	253,797
School food services	66,840	-	58,686	125,526
Operations and maintenance	182,554	-	-	182,554
Transportation	118,130	-	-	118,130
Co-curricular activities	11,487	-	-	11,487
Capital outlay	122,372	-	-	122,372
TOTAL EXPENDITURES	1,750,061	-	58,686	1,808,747
Excess of revenues over (under) expenditures	34,119	108,050	(30,970)	111,199
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100,000	30,000	130,000
Transfers out	(130,000)	-	-	(130,000)
TOTAL OTHER FINANCING SOURCES (USES)	(130,000)	100,000	30,000	-
Net change in fund balances	(95,881)	208,050	(970)	111,199
Fund balances - beginning	431,608	-	10,090	441,698
Fund balances - ending	$ 335,727	$ 208,050	$ 9,120	$ 552,897

See Notes to the Financial Statements

YELLOWSTONE PUBLIC SCHOOL DISTRICT #14

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, 2018

Net change in fund balances - total governmental funds		$ 111,199
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets with a cost greater than $5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		
Current year capital outlay (over $5,000)	122,372	
Current year depreciation expense	(13,272)	
		109,100
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net increase in net pension liability	(70,502)	
Net decrease in OPEB liability	52	
Net increase compensated absences	(1,056)	
		(71,506)
Changes in deferred inflows and outflows relating to net pension liability		(11,009)
Changes in deferred inflows and outflows relating to net OPEB liability		891
Some revenues reported on the Statement of Activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the net increase in taxes receivable.		24,082
Change in net position of governmental activities		$ 162,757

See Notes to the Financial Statements

YELLOWSTONE PUBLIC SCHOOL DISTRICT #14
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2018

	Student Activities
ASSETS	
Cash and cash equivalents	$ 19,323
LIABILITIES	
Due to student activities groups	$ 19,323

See Notes to the Financial Statements

NOTE 1 DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

The Yellowstone School District #14 (District) is an elementary district that operates a public school in the city of East Fairview, North Dakota.

Reporting Entity – The accompanying financial statements present the activities of the Yellowstone School District #14. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Yellowstone School District #14 to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Yellowstone School District #14.

Based on these criteria, there are no component units to be included within the Yellowstone School District #14 as a reporting entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation

The District's basic financial statements consist of government-wide statements and fund financial statements.

<u>Government-Wide Financial Statements:</u>

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements do not include fiduciary funds.

Fund Financial Statements:

In order to aid financial management and to demonstrate legal compliance, the District segregates transactions related to certain functions or activities in separate funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds. Each major fund is presented as a separate column in the fund financial statements. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

Fund accounting – The District's funds consist of the following:

Governmental Funds – Governmental funds are utilized to account for most of the District's governmental functions. The reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which the obligation will be paid. Fund balance represents the difference between the governmental fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The District's major governmental funds are as follows:

General fund – This fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund.

Building fund – This fund is a capital projects fund that accounts for the financial resources related to the capital outlays made by the District.

Food service fund – This fund accounts for financial resources associated with the District's hot lunch program. The food service fund did not qualify as a major fund, but as it is the only non-major fund, management has elected to show it as a major fund.

Fiduciary Funds – The reporting focus of fiduciary funds is on net position and changes in net position. The District's only fiduciary fund is an agency fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund consists of the following:

Student activity fund – The fund accounts for the financial transactions related to the District's student activity programs.

Measurement Focus and Basis of Accounting

Measurement Focus

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included in the Statement of Net Position.

Fund Financial Statements:

The governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets, current liabilities, and current deferred inflows/outflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources.

The current financial resources measurement focus differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Due to the difference, the District's financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. Fiduciary funds also use the economic resources measurement focus.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Government-wide financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District's internal service fund also uses the accrual basis of accounting. The District's governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are generally recorded as the related fund liability is incurred.

Revenues-Exchange and Non-Exchange Transactions

Exchange transactions are transactions in which each party gives and receives essentially equal value. Under the accrual basis of accounting, revenue for exchange transactions is recorded when the exchange takes place. Under the modified accrual basis of accounting, revenue for exchange transactions is recorded when the resources are measurable and available.

Non-exchange transactions include transactions in which the District receives value without directly providing value in return. Non-exchange transactions include property taxes, grants, entitlements, and donations.

Under the accrual basis of accounting, property taxes are recorded as revenue in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recorded in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenue from non-exchange transactions must also be available before it is recorded in the financial records of the District.

Major revenue sources susceptible to accrual include: property taxes and investment income.

Cash and Cash Equivalents

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Grants Receivable

Grants receivable consists of reimbursements due for expenses incurred in the operation of various school programs which are grant funded. This amount consists of a mix of federal and state dollars.

Due from County Treasurer

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the District at June 30.

Capital Assets

Capital assets include property and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of $5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method of the following estimated useful lives:

Buildings and improvements	30 Years
Furniture and equipment	7-15 Years

Accounts Payable, Salaries and Benefits Payable

Accounts, salaries and benefits payable consists of amounts owed for goods and services received prior to June 30, 2018 and chargeable to the appropriations for the year then ended, but paid subsequent to that date.

Compensated Absences

Vested or accumulated vacation leave is reported in government-wide statements of net position. Each teacher receives ten sick days each year, and a maximum of 90 days may be carried over to the next year. A teacher with five years or more of full-time service for the District will receive, upon their voluntary termination, $50 per day of accumulated sick leave.

Net Position

In the government-wide financial statements, equity is classified as “net position” and displayed in three components:

1. Net Investment in Capital Assets – Consists of the remaining undepreciated cost of the assets less the outstanding debt associated with the purchase or construction of the related asset.
2. Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items reported on the statement of net position as deferred pension outflows, one which represents the actuarial differences within the NDPERS and TFFR pension plans, and another that represents the actuarial differences within the NDPERS OPEB liability. See notes 8, 9, and 10 for further details.

In addition to liabilities, the statement of financial position will sometimes report 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 District has three types of items which qualify for reporting in this category. One of the items, unavailable revenue – delinquent taxes, is reported only in the governmental funds balance sheet. This amount, which is from delinquent property taxes, is deferred and recognized as an inflow of resources in the period that the amount become available. The other item is reported on the statement of net position as deferred pension inflows, which represents the actuarial differences within the NDPERS and TFFR pension plans as well as amounts paid to the plan after the measurement date. The last item is reported on the statement of net position as deferred OPEB inflows, which represents the actuarial differences within the NDPERS OPEB liability. See notes 8, 9, and 10 for further details.

Fund Balance Classifications

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the school board-the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes.

Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District's preference is to first use restricted resources, then unrestricted resources - committed, assigned, and unassigned - in order as needed. The school board has set a General Fund minimum fund balance target at 10% of expenditures and recurring transfers.

Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursement to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and Teachers' Fund for Retirement (TFFR) and additions to/deductions from NDPERS and TFFR's fiduciary net position have been determined on the same basis as they are reported by NDPERS and TFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deduction from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Delinquent Taxes

Receivables, such as taxes receivable, may be measurable but not available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported delinquent taxes are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Revenue Recognition - Property Taxes

As of June 30, 2018, taxes receivable consists of current and delinquent uncollected taxes for the past five years. Property taxes attach as an enforceable lien on property January 1. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 15 if the first half of the taxes has not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the district.

Property tax revenue in the governmental funds is recognized in compliance with National Council of Government Accounting (NCGA) Interpretation 3, “Revenue Recognition – Property Taxes”. This interpretation states that property tax revenue is recorded when it becomes available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property tax revenue is recorded as revenue in the year the tax is levied in the government – wide financial statements. Property taxes are limited by state laws. All District tax levies are in compliance with state laws.

Implementation of New Accounting Principle

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* during the year ended June 30, 2018. GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to state and local government employers. This statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB. In addition, for defined benefit plans, this statement identifies the methods and assumptions that should be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

NOTE 3 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the District maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

Custodial Credit Risk

At year end June 30, 2018, the District's carrying amount of cash and cash equivalents was as follows:

Governmental funds	$ 566,641
Agency fund	19,323
Total cash and cash equivalents	$ 585,964

The bank balance of these deposits that was subject to custodial credit risk as of June 30, 2018 was $672,766. The difference results from checks outstanding or deposits not yet processed. The portion of the balance subject to custodial credit risk that is not covered by the FDIC (Federal Deposit Insurance Corporation) is backed by the full faith and credit of the State of North Dakota.

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, being depreciated				
Buildings	$ 1,075,577	$ 50,599	$ -	$ 1,126,176
Equipment	55,536	71,773	-	127,309
Total capital assets, being depreciated	1,131,113	122,372	-	1,253,485
Less accumulated depreciation for				
Buildings	791,311	9,822	-	801,133
Equipment	32,954	3,450	-	36,404
Total accumulated depreciation	824,265	13,272	-	837,537
Total capital assets being depreciated, net	306,848	109,100	-	415,948
Governmental activities capital assets, net	$ 306,848	$ 109,100	$ -	$ 415,948

Depreciation expense was not allocated to any functions/programs of the District on the Statement of Activities.

NOTE 5 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in liabilities reported in long-term liabilities:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Net pension liability**	$ 1,315,683	$ 508,510	$ (438,008)	$ 1,386,185	$ -
Net OPEB liability***	13,736	4,682	(4,734)	13,684	-
Compensated absences*	8,725	1,500	(444)	9,781	-
Total	$ 1,338,144	$ 514,692	$ (443,186)	$ 1,409,650	$ -

* The general fund is primarily used to liquidate compensated absences.

** See Notes 8 and 9 for more information on the net pension liability. The general fund would liquidate any liability owed.

*** See Note 10 for more information on the net OPEB liability. The general fund would liquidate any liability owed.

NOTE 6 FUND BALANCES

At June 30, 2018, a summary of the governmental fund balance classifications are as follows:

	General Fund	Building Fund	Food Service Fund	Total
Restricted:				
Capital Projects	$ -	$ 108,050	$ -	$ 108,050
Committed	-	100,000	-	100,000
Assigned:				
Food Service	-	-	9,120	9,120
Unassigned	335,727	-	-	335,727
	$ 335,727	$ 208,050	$ 9,120	$ 552,897

NOTE 7 RISK MANAGEMENT

The Yellowstone School District #14 is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Yellowstone Public School District pays an annual premium to NDIRF for its general liability and automobile insurance coverage. The coverage by NDIRF is limited to losses on two million dollars per occurrence for general liability and automobile.

The Yellowstone School District #14 also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of two million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of $473,000 for its employees. The state Bonding Fund does not currently charge any premium for this coverage.

The Yellowstone School District #14 has workers compensation with the North Dakota Workforce Safety and Insurance

NOTE 8 NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC Chapter 15-39.1 for more complete information.

TFFR is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The TFFR Board submits any necessary or desirable changes in statutes relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contribution rates.

Pension Benefits

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

Tier 1 Grandfathered

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 1 Non-grandfathered

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 2

Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Death and Disability Benefits

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

Member and Employer Contributions

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of $1,091,497 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At June 30, 2017, the Employer's proportion was 0.07946680 percent, which was an increase of 0.00178709 percent from its proportion measured at June 30, 2016.

For the year ended June 30, 2018, the Employer recognized pension expense of $104,674. As of June 30, 2018, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,187	$ (11,915)
Changes of assumptions	77,798	-
Net difference between projected and actual earnings on pension plan investments	15,077	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	52,163	(56,627)
Employer contributions subsequent to the measurement date	63,147	-
Total	$ 212,372	$ (68,542)

$63,147 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2019	$	18,443
2020		42,091
2021		27,285
2022		1,311
2023		(10,345)
Thereafter		1,898

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.25% to 14.50%, varying by service, including inflation and productivity
Investment rate of return	7.75%, net of investment expenses
Cost-of-living adjustments	None

For active and inactive members, mortality rates are based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using Scale MP-2014. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table set forward four years.

The actuarial assumptions used were based on the results of an actuarial experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2017, funding actuarial valuation for TFFR.

As a result of the April 30, 2015 actuarial experience study, the TFFR Board adopted several assumption changes, including the following:

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.
- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58%	6.70%
Global Fixed Income	23%	0.80%
Global Real Assets	18%	5.20%
Cash Equivalents	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2017, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Employer's proportionate share of the net pension liability	$ 1,451,165	$ 1,091,497	$ 792,085

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report. Requests to obtain or review this report should be addressed to the North Dakota Retirement and Investment Office, 1930 Burnt Boat Dr, Bismarck, ND 58503.

NOTE 9 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is $25 and the maximum may not exceed the following:

1 to 12 months of service – Greater of one percent of monthly salary or $25
13 to 24 months of service – Greater of two percent of monthly salary or $25
25 to 36 months of service – Greater of three percent of monthly salary or $25
Longer than 36 months of service – Greater of four percent of monthly salary or $25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Employer reported a liability of $294,688 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2017, the Employer's proportion was 0.018334 percent, which was an increase of 0.000108 percent from its proportion measured at June 30, 2016.

For the year ended June 30, 2018, the Employer recognized pension expense of $56,314. At June 30, 2018, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,752	$ (1,436)
Changes of assumptions	120,842	(6,647)
Net difference between projected and actual earnings on pension plan investments	3,963	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	43,980	(1)
Employer contributions subsequent to the measurement date	15,156	-
Total	$ 185,693	$ (8,084)

$15,156 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2019	$ 37,398
2020	42,836
2021	38,686
2022	31,161
2023	12,372

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	Service at Beginning of Year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	8.00%
	36 - 40	7.50%
	41 - 49	6.00%
	50+	5.00%

*Age-based salary increase rates apply for employees with three or more years of service

Investment rate of return	7.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table with ages set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table set back one year for males (no set-back for females) multiplied by 125%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.05%
International Equity	21%	6.70%
Private Equity	5%	10.20%
Domestic Fixed Income	17%	1.43%
International Fixed Income	5%	-0.45%
Global Real Assets	20%	5.16%
Cash Equivalents	1%	0.00%

***Discount rate*.** For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The pension plan’s fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.44 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
Employer's proportionate share of the net pension liability	$ 400,047	$ 294,688	$ 207,033

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director - NDPERS, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the OPEB trust funds.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The benefits are equal to $5.00 for each of the employee’s, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Employer reported a liability of $13,684 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2017, the Employer's proportion was 0.017300 percent.

For the year ended June 30, 2018, the Employer recognized OPEB expense of $1,672. At June 30, 2018, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (334)
Changes of assumptions	1,325	-
Net difference between projected and actual earnings on pension plan investments	-	(517)
Changes in proportion and differences between employer contributions and proportionate share of contributions	143	-
Employer contributions subsequent to the measurement date	2,427	-
Total	$ 3,895	$ (851)

$2,427 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending June 30:		
2019	$	48
2020		48
2021		48
2022		48
2023		177
2024		177
Thereafter		71

***Actuarial assumptions*.** The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	7.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	5.80%
Small Cap Domestic Equities	9%	7.05%
International Equities	14%	6.20%
Core-Plus Fixed Income	40%	1.56%

***Discount rate*.** The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2017, and July 1, 2016, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate*.** The following presents the net OPEB liability of the Plans as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net pension liability	$ 17,131	$ 13,684	$ 10,730

NOTE 11 NONMONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its food service program. The market value of commodities received for the year ended June 30, 2018 was $1,944.

NOTE 12 TRANSFERS

The following is a reconciliation of transfers in and out during the year ended June 30, 2018. The purpose of the transfers was to help fund the newly formed building fund and help offset costs in the food service fund.

Fund	Transfer In	Transfer Out
General fund	$ -	$ 130,000
Building fund	100,000	-
Food service fund	30,000	-
Total transfers	$ 130,000	$ 130,000

NOTE 13 FUTURE PRONOUNCEMENTS

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. It also establishes disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate organization does not meet the definition of an investment, the holding of the majority equity interest results in the government being financially accountable for the organization and therefore, the government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Management has not yet determined the effect these Statements will have on the District's financial statements.

NOTE 14 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through December 21, 2018, which is the date these financial statements were available to be issued.

YELLOWSTONE SCHOOL DISTRICT #14
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Final Budget	Actual	Variance With Budget
REVENUES				
Local sources	$ 392,548	$ 392,548	$ 417,606	$ 25,058
State sources	1,278,354	1,278,354	1,325,774	47,420
Federal sources	50,800	50,800	40,800	(10,000)
TOTAL REVENUES	1,721,702	1,721,702	1,784,180	62,478
EXPENDITURES				
Current				
Regular instruction	930,760	930,760	967,969	(37,209)
Special education	50,000	50,000	26,912	23,088
District wide services	281,674	281,674	253,797	(182,802)
School food services	70,995	70,995	66,840	118,918
Operations and maintenance	185,758	185,758	182,554	3,204
Transportation	118,130	118,130	118,130	-
Co-curricular activities	14,000	14,000	11,487	2,513
Capital outlay	-	-	122,372	(122,372)
TOTAL EXPENDITURES	1,651,317	1,651,317	1,750,061	(98,744)
Excess of revenues over (under) expenditures	70,385	70,385	34,119	(36,266)
OTHER FINANCING SOURCES (USES)				
Transfers out	(30,000)	(30,000)	(130,000)	(100,000)
Net change in fund balances	$ 40,385	$ 40,385	(95,881)	$ (136,266)
Fund balances - beginning			431,608	
Fund balances - ending			$ 335,727	

See Notes to Required Supplementary Information

YELLOWSTONE SCHOOL DISTRICT #14
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.079467%	$ 1,091,497	$ 536,378	203.49%	63.20%
2017	0.077680%	1,138,053	504,704	225.49%	59.20%
2016	0.084472%	1,104,771	519,594	212.62%	62.10%
2015	0.079419%	919,319	460,673	199.56%	66.60%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.018334%	$ 294,688	$ 187,157	157.45%	61.98%
2017	0.018226%	177,630	183,675	96.71%	70.46%
2016	0.010240%	69,630	91,226	76.33%	77.15%
2015	0.009275%	58,870	78,134	75.34%	77.70%

***** Complete data for these schedules is not available prior to 2015.

See Notes to Required Supplementary Information

YELLOWSTONE SCHOOL DISTRICT #14
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.017300%	$ 13,684	$ 187,157	7.31%	59.78%

* Complete data for this schedule is not available prior to 2018.

See Notes to Required Supplementary Information

YELLOWSTONE SCHOOL DISTRICT #14
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	$ 63,147	$ (63,147)	$ -	$ 495,271	12.75%
2017	68,388	(68,388)	-	536,378	12.75%
2016	64,350	(64,350)	-	504,704	12.75%
2015	66,245	(66,245)	-	519,594	12.75%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	$ 15,156	$ (15,156)	$ -	$ 212,865	7.12%
2017	13,571	(14,620)	(1,049)	205,337	7.12%
2016	13,298	(12,759)	539	179,199	7.12%
2015	6,929	(8,059)	(1,130)	113,188	7.12%

***** Complete data for these schedules is not available prior to 2015.

See Notes to Required Supplementary Information

YELLOWSTONE SCHOOL DISTRICT #14
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	$ 2,427	$ (2,427)	$ -	$ 212,895	1.14%

* Complete data for this schedule is not available prior to 2018.

See Notes to Required Supplementary Information

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The District's board adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The annual budget must be prepared and District taxes must be levied on or before the 15th day of August of each year.
- The taxes levied must be certified to the county auditor by October 10th.
- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the business and operations manager at the revenue and expenditure function/object level.
- The current budget, except property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

NOTE 2 EXPENDITURES IN EXCESS OF BUDGET

Expenditures exceeded budget in the general fund by $98,744 during the year ended June 30, 2018. No remedial action is anticipated or required by the District regarding these excess expenditures.

NOTE 3 CHANGE OF ASSUMPTIONS

TFFR Pension Plan

Amounts reported in 2016 and later reflect actuarial assumption changes effective July 1, 2015 based on the results of an actuarial experience study completed in 2015.

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.
- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

NDPERS Pension Plan

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

NDPERS OPEB

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

BradyMartz

INDEPENDENT AUDITOR'S 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*

To the School Board
Yellowstone School District #14
East Fairview, North Dakota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yellowstone School District #14 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Yellowstone School District #14's basic financial statements and have issued our report thereon dated December 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yellowstone School District #14'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yellowstone School District #14's internal control. Accordingly, we do not express an opinion on the effectiveness of Yellowstone School District #14'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 was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified items 2018-001, 2018-002 and 2018-003 as deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yellowstone School District #14'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*.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 21, 2018

2018-001 – Material Weakness

Criteria
An appropriate system of internal control requires the District to determine that financial statements are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the District's personnel to maintain knowledge of current accounting principles and required financial statement disclosures.

Condition
The District's personnel prepare periodic financial information for internal use that meets the needs of management and the District. However, the District does not have internal resources to prepare full-disclosure financial statements for external reporting.

Cause
The District's internal controls have not been designed to address the specific training needs that are required of its personnel to obtain and maintain knowledge of current accounting principles and required financial statement disclosures.

Effect
An appropriate system of internal controls is not present to make a determination that financial statements and the related disclosures are fairly stated in compliance with accounting principles generally accepted in the United States of America. However, the District is aware of the deficiency and addresses it by reviewing and approving the completed statements prior to distribution to the end users.

Recommendation
We recommend that the District reviews its current training system to determine if it is cost effective for the District to obtain this knowledge internally. As a compensating control, the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions
Due to the financial, efficiency and time constraints, it has been determined by Yellowstone School District #14's management that it is in the best interest of Yellowstone School District #14 and all interested parties to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit.

2018-002 – Material Weakness

Criteria
Generally, a system of internal control has the proper separation of duties between authorization, custody, record keeping and reconciliation.

Condition
There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keeping and reconciliation.

Cause
Size and budget constraints limiting the number of personnel within the accounting department.

Effect
The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation
The areas should be reviewed periodically and consideration given to improving the segregation of duties. Compensating controls over the underlying financial information may be obtained through oversight by management and the District.

Views of Responsible Officials and Planned Corrective Actions:
The District will review its current monitoring functions and determine if any additional monitoring procedures are warranted. However, due to the small size of the District, it is not cost effective for the District to hire additional accounting personnel to address this deficiency.

2018-003 – Material Weakness

Criteria
The District is required to maintain internal controls at a level where support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition
During our audit, adjusting journal entries were proposed in order to properly reflect the financial statements in accordance with GAAP.

Cause
The District's internal controls have not been designed to address the specific training needs that are required to maintain the general ledger accounts on a GAAP basis.

Effect
An appropriate system of internal controls is not present to make a determination that the general ledger accounts are properly adjusted in compliance with GAAP prior to the audit.

Recommendation
Accounting personnel will need to determine the proper balance in each general ledger account prior to audit. We recommend that the District reviews its current training system to determine if it is cost effective for the District to obtain this knowledge internally.

Views of Responsible Officials and Planned Corrective Actions
Due to the financial, efficiency and time constraints, it has been determined by the District and the management of the Yellowstone School District #14 that it is in the best interest of the Yellowstone School District #14 and all interested parties to have adjustments proposed by the auditing firm in order for the general ledger accounts to be reflected on a GAAP basis.

YELLOWSTONE SCHOOL DISTRICT #14
EAST FAIRVIEW, NORTH DAKOTA

MANAGEMENT LETTER

JUNE 30, 2018

BradyMartz

To the School Board
Yellowstone School District #14
East Fairview, North Dakota

In planning and performing our audit of the financial statements of Yellowstone School District #14 for the year ended June 30, 2018, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate report dated December 21, 2018 contains our report on the material weaknesses in the District's internal control. This letter does not affect our report dated December 21, 2018, on the basic financial statements of Yellowstone School District #14.

We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the school board, management, and others within the organization.

If you have any questions or need any additional assistance or information, please feel free to contact us.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 21, 2018

1. During our review of the District's internal controls, we noted that the receipt book for cash receipts received at the school was not maintained during the fiscal year. We recommend that a receipt is logged and issued to each individual who brings in money to the District office. The receipt book can then be used to verify that all cash received was deposited into the bank.

2. During our testing of general journal entries made to the accounting records, we noted that there was no support kept for general journal entries made during the year, and there is no formal control processes in place over general journal entries. We recommend that a control system is put in place over general journal entries where the entries are reviewed and approved by an individual that is independent of the journal entry posting process and that this also contains the support for why the journal entry was made.

3. During our review of the food service program, we noted several areas where controls could be strengthened. Based on our review, it appears as if not all meals were paid for which were served. We estimated that roughly $1,246 of food service revenue was not collected. In addition, we noted that there were instances were individual balances were not being tracked or carried over properly and being zeroed out in the system. Also, it appears that reporting to ND Department of Public Instruction for meal counts was at times filed late or inaccurately, requiring fixes in subsequent months. We recommend that controls are strengthened over the food service program to ensure that all amounts are collected, individual balances are properly maintained, and that all meal counts are reported timely and accurately to ND Department of Public Instruction.

4. During our review of the rental units which the District owns, we noted that the District did not appear to collect all of the rental revenue to which they were entitled to based on the occupancy and rental agreements in effect during the year. We estimated that $2,040 of rental revenue was not collected during the year. Due to the lack of cash receipts log being maintained and how deposits were entered into the system, it was unable to be determined who had and hadn't paid their rental bills. We recommend that the District create a control system where they are tracking that each tenant has paid the amounts that they owe each month. In addition, there was not a tracking system in place for maintaining who had or had not paid their security deposit. Support was obtained during the audit and a liability set up for the amount of security deposits paid in. We recommend the District maintain this liability account and use it to track the amount of security deposits held.

5. During our testing of cash accounts, we noted that there were discrepancies on the year-end reconciled bank balance compared to the amount recorded on the trial balance. We also noted that there were some previous months which did not have bank reconciliations available. We recommend that the bank accounts are reconciled monthly in a timely manner, and that amounts on the bank reconciliation tie back to the financial records.

6. During our testing of capital assets, we noted that the District does not have a formal capitalization policy. For purpose of the audit, after discussion with management, an informal policy of $5,000 was used. We recommend the District adopt a formal capitalization policy to be used for which inventory of capital assets is kept for internal and external reporting purposes.

December 21, 2018

To the School Board and Superintendent
Yellowstone School District #14
301 2nd Street South
Fairview, MT 59221

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of Yellowstone School District #14 (the District) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you on November 29, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Yellowstone School District #14 are described in Note 2 to the financial statements. As described in Note 2, the District changed accounting policies related to postemployment benefits by adopting GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the current year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimates include assumptions used in determining the net position liability for cost sharing defined benefit plans. We evaluated the key factors and assumptions used to determine future liabilities for defined benefit plans in determining that they are reasonable in relation to the financial statements taken as a whole. Management's estimate of its actuarially calculated pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement.

> Management's estimate of its actuarially calculated OPEB liability is based on several factors including but not limited to, anticipated investment return rate, retirement age for active employees, and life expectancy. We evaluated the key factors and assumptions used to determine future liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Schedules of adjustments posted by management are also attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to the Budgetary Comparison Schedule, Schedules of Employer's Proportionate Share of Net Pension Liability, Schedules of Employer's Contributions -Pension, Schedule of Employer's Share of Net OPEB Liability, and Schedule of Employer Contributions - OPEB, and notes to required supplementary information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Roster of School Officials, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

<u>Restriction on Use</u>

This information is intended solely for the use of the School Board and Superintendent of Yellowstone School District #14 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

Governmental Activities
General Fund

To pass on prior period adjustment for understatement of opening fund balance / net position.

Debit	Expense	2,681	
Credit	Fund Balance		2,681

Governmental Activities
General Fund

To pass on adjusting cash balances to actual.

Debit	Cash	1,387	
Credit	Expense		1,387

Governmental Activities
General Fund

To pass on adjusting health insurance expense to actual.

Debit	Misc,	10,451	
Credit	Insurance Expense		10,451

Client:
Engagement: ***19336 - Yellowstone School District #14***
Period Ending: ***6/30/2018***
Trial Balance: ***TB***
Workpaper: ***2201.00 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**4210.00**		
To post affects of opening 'due from county' receivable amounts.				
01 000 1110	GENERAL FUND PROPERT		12,828.45	
01 000 1131	HIGH SCHOOL TUITION		2,557.06	
01 000 1232	Veteran Credit		48.49	
01 000 2990	PUBLIC DOMAIN ROYALT		14,475.31	
01 770	Fund Equity - Regular Unspent			29,909.31
Total			**29,909.31**	**29,909.31**
Adjusting Journal Entries JE # 2		**4100.01**		
To correct overstatement of cash				
06 762	FUND BALANCE-UNRESERVED,		9,779.48	
06 199	Music Boosters Checking account			9,779.48
Total			**9,779.48**	**9,779.48**
Adjusting Journal Entries JE # 3		**4203.01**		
To correctly state opening grants receivable for child nutiriton payment received in July.				
05 000 4550	Child Nutrition		1,751.85	
05 770	UNRESERVED FUND BALANCE			1,751.85
Total			**1,751.85**	**1,751.85**
Adjusting Journal Entries JE # 4		**4203.01**		
To book current year grants receivable for child nutrition.				
05 141	Grants Receivable		1,820.25	
05 000 4550	Child Nutrition			1,820.25
Total			**1,820.25**	**1,820.25**
Adjusting Journal Entries JE # 5		**4203.02**		
To record current year commodity revenue.				
05 000 000 910 3100 630	FOOD		1,943.62	
05 000 4550	Child Nutrition			1,943.62
Total			**1,943.62**	**1,943.62**
Adjusting Journal Entries JE # 6		**5100.01**		
To record liability for excess lunch money.				
05 770	UNRESERVED FUND BALANCE		906.74	
05 481	Unearned Revenue			906.74
Total			**906.74**	**906.74**
Adjusting Journal Entries JE # 7		**4601.00**		
To record CY fixed asset additions				
BMA.01 Capital Outlay	Capital Outlay		122,372.31	
BMA.01 Capital Outlay Offset	Capital Outlay Offset			122,372.31
Total			**122,372.31**	**122,372.31**
Adjusting Journal Entries JE # 8		**2300.00**		
To correct beginning payables.				
01 770	Fund Equity - Regular Unspent		1,600.16	
01 461	PAYROLL DEDUCTIONS PAYABLE			1,249.33
01 475	FIT PAYABLE			350.83
Total			**1,600.16**	**1,600.16**
Adjusting Journal Entries JE # 9		**5100.03**		
To correct ending balance of retirement payables				
01 770	Fund Equity - Regular Unspent		3,090.86	
01 770	Fund Equity - Regular Unspent		9,525.51	
01 473	RETIREMENT PAYABLES			12,616.37
Total			**12,616.37**	**12,616.37**
Adjusting Journal Entries JE # 10		**5100.03**		
To correct ending balance of SIT payable.				
01 476	SIT PAYABLES		5,621.50	
01 770	Fund Equity - Regular Unspent			5,621.50
Total			**5,621.50**	**5,621.50**
Adjusting Journal Entries JE # 11		**5100.03**		
To correct ending TSA payable				
01 478	DUES PAYABLE		5,000.00	
01 770	Fund Equity - Regular Unspent		6,075.00	
01 000 000 000 2320 200	Principal HRA			200.00
01 477	TSA PAYABLES			6,075.00
01 477	TSA PAYABLES			4,800.00
Total			**11,075.00**	**11,075.00**

Adjusting Journal Entries JE # 12		**5100.03**		
To correct ending balance for dues payable				
01 000 001 110 1000 810	Teachers Dues and Fees		2,393.95	
01 000 002 120 1000 200	PERSONAL SVCS-EMPLOYEE		1,018.66	
01 770	Fund Equity - Regular Unspent		11,970.40	
01 770	Fund Equity - Regular Unspent		30,742.09	
01 478	DUES PAYABLE			46,125.10
Total			**46,125.10**	**46,125.10**
Adjusting Journal Entries JE # 13		**4205.03**		
To record current year property taxes receivable.				
01 121	Due from County		17,356.19	
03 121	Due from County		165.94	
01 000 1110	GENERAL FUND PROPERT			630.73
01 000 1131	HIGH SCHOOL TUITION			54.20
01 000 1232	Veteran Credit			48.59
01 000 2990	PUBLIC DOMAIN ROYALT			16,622.67
03 000 1161	BUILDING FUND LEVY			165.94
Total			**17,522.13**	**17,522.13**
Adjusting Journal Entries JE # 14		**5100.03**		
To correct insurance payable balance.				
01 770	Fund Equity - Regular Unspent		17,262.82	
01 474	INSURANCE PAYABLES			17,262.82
Total			**17,262.82**	**17,262.82**
Adjusting Journal Entries JE # 15		**5100.01**		
To record unrecorded accounts payable				
01 000 000 000 2600 610	Custodial Supplies		6,531.04	
05 000 000 910 3100 630	FOOD		190.48	
05 481	Unearned Revenue		141.00	
01 421	Accounts Payable			6,531.04
05 000 1611	SALES TO CHILDREN (L			141.00
05 421	Accounts Payable			190.48
Total			**6,862.52**	**6,862.52**
Adjusting Journal Entries JE # 16		**4215.00**		
To gross up food service amounts.				
05 000 000 910 3100 890	Bad Debt Expense		1,246.00	
05 000 1611	SALES TO CHILDREN (L			1,246.00
Total			**1,246.00**	**1,246.00**
Adjusting Journal Entries JE # 17		**4220.00**		
To adjust opening security deposit liability and ending security deposit liability.				
01 000 1910	School Housing Rent		750.00	
01 770	Fund Equity - Regular Unspent		2,250.00	
01 491	Security Deposit Payable			3,000.00
Total			**3,000.00**	**3,000.00**
Adjusting Journal Entries JE # 18		**4205.01**		
To record current year taxes receivable and deferred inflows on the gov't wide level.				
01 122	Taxes Receivable		26,246.09	
03 122	Taxes Receivable		7,435.35	
01 499	Deferred Inflows			26,246.09
03 499	Deferred Inflows			7,435.35
Total			**33,681.44**	**33,681.44**
Adjusting Journal Entries JE # 19		**5100.03**		
To correct beginning balances				
05 461	PAYROLL DEDUCTIONS PAYABLE		1,168.53	
05 474	INSURANCE PAYABLES			224.65
05 770	UNRESERVED FUND BALANCE			943.88
Total			**1,168.53**	**1,168.53**
Adjusting Journal Entries JE # 20		**5201.00**		
To move PE teacher's cost from salary account to professional contracted services				
01 000 003 130 1000 320	Professional Contracted Services		5,307.64	
01 000 003 130 1000 110	SALARY			5,307.64
Total			**5,307.64**	**5,307.64**
	Total Adjusting Journal Entries		**331,572.77**	**331,572.77**
	Total All Journal Entries		**331,572.77**	**331,572.77**

Client: ***19336 - Yellowstone School District #14***
Engagement: ***19336 - Yellowstone School District #14***
Period Ending: ***6/30/2018***
Trial Balance: ***TB***
Workpaper: ***2210.00 - Government Wide Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
GASB Entries				
GASB Entries JE # 200		**5245.00**		
To post opening balances for PERS and TFFR pensions.				
19000	Deferred Outflows - Pension		334,423.00	
19000	Deferred Outflows - Pension		81,837.00	
30000	Equity		983,234.00	
25000	Net Pension Liability			1,315,683.00
29000	Deferred Inflows - Pension			83,811.00
Total			**1,399,494.00**	**1,399,494.00**
GASB Entries JE # 201		**4601.00**		
To record opening balances of buildings and equipment and their respective A/D				
15200	Buildings		1,075,577.00	
15300	Equipment		55,536.15	
15201	A/D Buildings			791,311.17
15301	A/D Equipment			32,954.82
30000	Equity			306,847.16
Total			**1,131,113.15**	**1,131,113.15**
GASB Entries JE # 202		**4601.00**		
To record CY fixed asset additions				
15200	Buildings		50,599.27	
15300	Equipment		71,773.04	
58000	Capital Outlay			122,372.31
Total			**122,372.31**	**122,372.31**
GASB Entries JE # 203		**4601.00**		
To record CY depreciation				
70000	Unallocated Depreciation		13,271.61	
15201	A/D Buildings			9,822.05
15301	A/D Equipment			3,449.56
Total			**13,271.61**	**13,271.61**
GASB Entries JE # 204		**5251.00**		
To record current year GASB 68 activity for PERS pension plan.				
19000	Deferred Outflows - Pension		74,685.00	
29000	Deferred Inflows - Pension		2,386.00	
50000	Pension Expense - PERS		39,987.00	
25000	Net Pension Liability			117,058.00
Total			**117,058.00**	**117,058.00**
GASB Entries JE # 205		**5256.00**		
To record current year GASB 68 activity for TFFR pension plan.				
25000	Net Pension Liability		46,556.00	
29000	Deferred Inflows - Pension		4,799.00	
50001	Pension Expense - TFFR		41,525.00	
19000	Deferred Outflows - Pension			92,880.00
Total			**92,880.00**	**92,880.00**
GASB Entries JE # 206		**5261.00**		
To post opening balances for PERS OPEB plan.				
19001	Deferred Outflows - OPEB		2,153.00	
30000	Equity		11,583.00	
25001	Net OPEB Liability			13,736.00
Total			**13,736.00**	**13,736.00**
GASB Entries JE # 207		**5261.00**		
To record current year GASB 75 activity for PERS OPEB plan.				
19001	Deferred Outflows - OPEB		1,742.00	
25001	Net OPEB Liability		52.00	
29001	Deferred Inflows - OPEB			851.00
50002	OPEB Expense			943.00
Total			**1,794.00**	**1,794.00**
GASB Entries JE # 208		**4205.02**		
To adjust opening net position for prior year deferred inflows.				
40000	General Levy		7,939.35	
40001	Tuition Levy		1,659.59	
30000	Equity			9,598.94
Total			**9,598.94**	**9,598.94**

GASB Entries JE # 209		**4205.00**		
To reverse current year deferred inflows into revenue for gov't wide.				
29002	Deferred Inflows - Taxes		33,681.44	
40000	General Levy			22,014.36
40001	Tuition Levy			4,231.73
40002	Building Levy			7,435.35
Total			**33,681.44**	**33,681.44**
GASB Entries JE # 210		**5203.00**		
To post opening balance in accrued sick leave.				
30000	Equity		8,725.00	
26000	Accrued Sick Leave			8,725.00
Total			**8,725.00**	**8,725.00**
GASB Entries JE # 211		**5203.00**		
To record CY accrued sick leave activity.				
50003	Accrued Sick Leave Expense		1,056.25	
26000	Accrued Sick Leave			1,056.25
Total			**1,056.25**	**1,056.25**
	Total GASB Entries		**2,944,780.70**	**2,944,780.70**
	Total All Journal Entries		**2,944,780.70**	**2,944,780.70**

Client: ***19336 - Yellowstone School District #14***
Engagement: ***19336 - Yellowstone School District #14***
Period Ending: ***6/30/2018***
Trial Balance: ***TB***
Workpaper: ***2205.00 - Reclassifying Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 100		**5201.00**		
To reclass insurance expense to HRA				
01 000 000 000 2320 200	Principal HRA		5,000.00	
01 000 000 000 2500 200	Business Manager HRA		3,000.00	
01 000 000 000 2320 210	Principal Insurance			5,000.00
01 000 000 000 2500 210	Business Manager Insurance			3,000.00
Total			**8,000.00**	**8,000.00**
	Total Reclassifying Journal Entries		**8,000.00**	**8,000.00**
	Total All Journal Entries		**8,000.00**	**8,000.00**

DESCRIPTION	PURCH DATE	LIFE	COST	FY17 ACCUM DEPR.	FY18 CURRENT DEPR.	FY18 ACCUM DEPR.
Buildings						
YSD East Fairview School	7/1/1985	30	785,132.00	785,132.00	-	785,132.00
YSD School Sign	7/1/2014	30	15,000.00	1,500.00	500.00	2,000.00
Teacherage 1 Teacher Duplex 1	6/30/2017	30	123,685.00	0.00	4,122.83	4,122.83
Teacherage 2 Teacher Duplex 2	6/30/2017	30	123,685.00	0.00	4,122.83	4,122.83
Teacherage 3 Teacher Trailer	7/1/2012	30	28,075.00	4,679.17	935.83	5,615.00
Barn/Garage	6/18/2018	30	50,599.27	-	140.55	140.55
		TOTAL BUILDINGS	1,126,176.27	791,311.17	9,822.05	801,133.22
Equipment						
Tray Washer	7/1/2002	15	6,981.40	6,981.40	-	6,981.40
Playground Structure 2002	7/1/2002	15	8,994.75	8,994.75	-	8,994.75
Playground Structure 2006 Update	7/1/2006	15	9,480.00	6,952.00	632.00	7,584.00
Playground Structure 2012 Update	7/1/2012	15	30,080.00	10,026.67	2,005.33	12,032.00
Scrubber	6/30/2018	7	6,531.04	-	-	-
Tractor	6/26/2018	7	45,500.00	-	541.67	541.67
Camera System	4/17/2018	15	14,479.00	-	241.32	241.32
Playground Structure 2018 Update	6/18/2018	15	5,263.00	-	29.24	29.24
		TOTAL EQUIPMENT	127,309.19	32,954.82	3,449.56	36,404.37
		TOTAL FIXED ASSETS	1,253,485.46	824,265.98	13,271.61	837,537.59