

**TOWN OF FROMBERG
CARBON COUNTY
FROMBERG, MONTANA**

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

Fiscal year Ended June 30, 2014

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

Town Council
Town of Fromberg
Carbon County
Fromberg, Montana 59029

TABLE OF CONTENTS

	Page No
TABLE OF CONTENTS	1
ORGANIZATION - BOARD OF TRUSTEES AND OFFICIALS	2
INDEPENDENT REVIEWER'S AGREED-UPON REPORT	3 - 6
SCHEDULE A.1. and A.2. – Government-wide Statement of Net Position and Statement of Activities as of and for the fiscal year ended June 30, 2014	7 - 8
SCHEDULE B.1 through B.7. – Governmental, proprietary, and fiduciary fund statements, as applicable, as of and for the fiscal year ended June 30, 2014	9 - 15
SCHEDULE C – Schedule of Findings and Recommendations resulting from performing the above agreed-upon procedures	16

Town Council
Town of Fromberg
Carbon County
Fromberg, Montana 59029

ORGANIZATION

CITY COUNCIL

Richard Anderson

James A. Perkins

David Flint

Timothy Nottingham

Shirley Miller

Mayor

Councilperson

Councilperson

Councilperson

Councilperson

OFFICIALS

Brenda Kansala

Hope E. Freeman

Clerk/Treasurer

Attorney

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Town Council
Town of Fromberg
Carbon County
PO Box 236
Fromberg, Montana 59029

We have performed the procedures enumerated below, which were agreed to by the Town of Fromberg, Montana, (the Government) and the State of Montana, solely to perform a financial review of the Government as of and for the year ended June 30, 2014, as required by Section 2-7-503, MCA. The Government's management is responsible for the financial statements, compliance with the specified requirements and internal control over compliance with those requirements.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the State of Montana, as required by Section 2-7-503, MCA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We obtained the Government's annual financial report required to be prepared by State law (MCA 7-6-611), and we determined whether:
- The financial statements internally balance and reconcile, and agree to the Government's underlying accounting records, and
 - Beginning net position and fund balance amounts reported on the government-wide and fund financial statements agree to related ending net position and fund balance amounts on prior-year financial statements.

Findings resulting from these procedures are disclosed in finding number 2014-001 in Schedule C.

- b. We determined whether the Government performed reconciliations, on a monthly basis, of total cash and investments per the accounting records with deposits and investments held in financial institutions.

Findings resulting from these procedures are disclosed in finding number 2014-002 in Schedule C.

- c. We determined whether the Government has a policy requiring that its cash receipts be deposited intact on a timely (at least weekly) basis with a financial institution, and verified that, for several selected weeks throughout the year, deposits were made per this policy.

We found no exceptions as a result of these procedures.

- d. We determined whether the Government maintained documentation of capital assets and related schedules of depreciation, and that this documentation supports the amount of net capital assets and depreciation expense recorded in the accounting records.

We found no exceptions as a result of these procedures.

- e. We determined whether the Government maintained documentation for all long-term liabilities recorded in the accounting records, including but not limited to bonds, notes and loans, capital leases, compensated absences, and judgments.

We found no exceptions as a result of these procedures.

- f. We examined general journal entries prepared during the year, and verified that:
- All adjustments to the fund balance and net position accounts, including prior period adjustments, were supported by explanatory documentation and approved by the governing body, and
 - All transfers made were allowable under State law. (MCA 7-6-613)

We found no exceptions as a result of these procedures.

- g. Through inquiry of members of the governing body and through observation of supporting documentation, we determined whether the governing body received and reviewed the following on a monthly basis:
- A report comparing budgeted revenues and budgeted appropriations with the year-to-date actual revenues and actual expenditures,
 - A copy of the bank reconciliation for all deposits/investments,
 - A report of cash balances, receipts and disbursements, as required by MCA 7-6-612,
 - Supporting documentation for all expenditures/expenses, as required by MCA 7-6-4301.

Findings resulting from these procedures are disclosed in finding number 2014-003 in Schedule C.

- h. We identified all claims in excess of \$80,000, and determined whether any contracts for the purchase of vehicles, machinery, equipment, supplies, construction, repair or maintenance in excess of that amount were let to the lowest responsible bidder after advertisement for bids, as required by MCA 7-5-4302, and we determined whether the bidding process was documented in the minutes of governing body meetings.

The Government had no contract for purchase that met this criteria.

- i. We verified that:
- The final budget was adopted by resolution, as required by MCA 7-6-4030;
 - The "Tax Levy Requirements Schedule" in the Government's budget document was accurately prepared, and cash reserves were (1) within the statutory limitations (MCA 7-6-4034) and (2) not negative (MCA 7-6-4030(2));
 - If applicable, any amendments to the final budget were adopted as required by MCA 7-6-4031; and
 - Total expenditures for each governmental fund did not exceed the budgeted appropriations for the fund (i.e., final budget as legally amended), as required by MCA 7-6-4005 and 7-6-4033.

Findings resulting from these procedures are disclosed in finding number 2014-004 and 2014-005 in Schedule C.

- j. We obtained the following documents and performed the following procedures related to property tax levies:

We obtained:

- Copies of the Government's worksheets for the "Determination of Tax Revenue and Mill Levy Limitations Under MCA 15-10-420" for the current (FY2014) and prior year (hereafter referred to as "**Determination Worksheets**");
 - A copy of the Department of Revenue's 2013 Certified Taxable Valuation Form for the Government (hereafter referred to as "**DOR Form**");
 - The Government's **Budget Resolution(s)** for FY2014;
 - For the County's agency fund for the Government, a detailed ledger query or other detailed trial balance report for the FY2014 period (hereafter referred to as "**County Report**").
1. We verified that all applicable elements from the DOR Form were transferred appropriately to the FY2014 Determination Worksheet(s).
 2. We verified that the first line (prior year authorized revenue) of the FY2014 Determination Worksheet(s) was equal to the last line of the prior year's Determination Worksheet (authorized tax revenue).
 3. We compared the "Authorized mill levy" from the FY2014 Determination Worksheet(s) to the actual mills levied per the Budget Resolution(s) and determined whether the mills actually levied were in compliance with the tax levy limitations of MCA 15-10-420.
 4. If the actual mills levied exceeded the Determination Worksheets' authorized mill levy, we verified that the excess represented additional levies authorized by voters (MCA 15-10-425), mills exempted by statute (MCA 15-10-420(9)), and/or mill authority carried forward from previous years (MCA 15-10-420(1)(b)), and we verified that the Town had documentation to support these additional mills.
 5. Tax revenue verification: We multiplied the Government's taxable valuation with the total mills levied, compared the results of this calculation with total property tax revenue recorded in the accounting records, and noted any variances of 5% or greater. (Note: Local vehicle option taxes and tax penalty/interest, if any, should be excluded from total property tax revenue for purposes of this comparison.)

6. Taxes receivable verification: We verified that total taxes receivable in the Government's accounting records agree to the total taxes receivable in the County Report.

We found no exceptions as a result of these procedures.

- k. For any single source of revenue that the Government received with specific terms/conditions for its receipt and use (e.g., grants, State allocations) and that represented 25% or greater of total revenues for the fiscal year, we reviewed the terms/conditions of that revenue source and verified that the Government complied with those terms/conditions.

The Government had no single source of revenue that met this criteria.

Accompanying are the following schedules:

Schedules A.1. and A.2. present the Government's government-wide Statement of Net Position and Statement of Activities as of and for the fiscal year ended June 30, 2014.

Schedules B.1 through B.7 present the Government's governmental, proprietary and fiduciary fund statements, as applicable, as of and for the fiscal year ended June 30, 2014.

Schedule C - Not applicable – see findings in individual sections above, 2014-001 to 2014-010.

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

This report is intended solely for the use of [Name of Local Government], Montana, and the State of Montana, and is not intended to be and should not be used by anyone other than these specified parties.

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
June 29, 2015

Schedule A.1.

STATEMENT OF NET POSITION
 June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 67,047	\$ 68,331	\$ 135,378
Taxes Receivable	8,927	-	8,927
Accounts Receivable - Net	-	30,941	30,941
Total Current Assets	<u>75,974</u>	<u>99,272</u>	<u>175,246</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	88,740	88,740
Capital Assets:			
Land	56,500	32,723	89,223
Net Depreciable Assets	73,811	1,096,636	1,170,447
Total Noncurrent Assets	<u>130,311</u>	<u>1,218,099</u>	<u>1,348,410</u>
Total Assets	<u>\$ 206,285</u>	<u>\$ 1,317,371</u>	<u>\$ 1,523,656</u>
LIABILITIES:			
Total Current Liabilities			
	-	-	-
Noncurrent Liabilities:			
Compensated Absences	6,315	4,971	11,286
Long-Term Capital Obligations	-	547,299	547,299
Total Noncurrent Liabilities	<u>6,315</u>	<u>552,270</u>	<u>558,585</u>
Total Liabilities	<u>6,315</u>	<u>552,270</u>	<u>558,585</u>
NET POSITION:			
Net investment in capital assets			
Restricted	130,311	582,060	712,371
Unrestricted (Deficit)	21,840	88,740	110,580
Total Net Position	<u>47,819</u>	<u>94,301</u>	<u>142,120</u>
Total Liabilities and Net Position	<u>\$ 199,970</u>	<u>\$ 765,101</u>	<u>\$ 965,071</u>
	<u>\$ 206,285</u>	<u>\$ 1,317,371</u>	<u>\$ 1,523,656</u>

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

Schedule A.2.

STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2014

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charge for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
GOVERNMENT OPERATIONS						
General Government	\$ 28,000	\$ 4,502	\$ -	\$ (23,498)		\$ (23,498)
Public Works	61,462	555	-	(60,907)		(60,907)
Public health	34,502	1,702	9,991	(22,809)		(22,809)
Cultuer and recreation	1,199	1,800	-	601		601
Miscellaneous	2,243	-	-	(2,243)		(2,243)
Total Governmental Activities	<u>127,406</u>	<u>8,559</u>	<u>9,991</u>	<u>(108,856)</u>		<u>(108,856)</u>
BUSINESS-TYPE ACTIVITIES						
Water	\$ 138,639	\$ 136,600	\$ -		\$ (2,039)	(2,039)
Sewer	118,808	78,671	5,000		(35,137)	(35,137)
Garbage	51,051	50,396	-		(655)	(655)
Total Business-type activates	<u>308,498</u>	<u>265,667</u>	<u>5,000</u>		<u>(37,831)</u>	<u>(37,831)</u>
Total Primary Government	<u>\$ 435,904</u>	<u>\$ 274,226</u>	<u>\$ 14,991</u>	<u>\$ (108,856)</u>	<u>\$ (37,831)</u>	<u>\$ (146,687)</u>
GENERAL REVENUES						
Property taxes				49,463	-	49,463
Local option taxes				13,618	-	13,618
Licenses and permits				1,015	-	1,015
Federal/State shared reveueus				36,311	-	36,311
Miscellaneous				2,162	-	2,162
Interest				40	-	40
Internal Balances				2,876	(2,876)	-
Total General Revenues				<u>105,485</u>	<u>(2,876)</u>	<u>102,609</u>
Change in Net Position				(3,371)	(40,707)	(44,078)
Net Position						
Beginning of the Year				203,341	805,808	1,009,149
End of the Year				<u>\$ 199,970</u>	<u>\$ 765,101</u>	<u>\$ 965,071</u>

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

Schedule B.1.

BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2014

	MAJOR			
	General	Gas Tax	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 44,755	\$ -	\$ 22,292	\$ 67,047
Taxes Receivable	8,927	-	-	8,927
Total Assets	<u>\$ 53,682</u>	<u>\$ -</u>	<u>\$ 22,292</u>	<u>\$ 75,974</u>
LIABILITIES:				
Current Liabilities				
Total Liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Property Taxes Receivable	8,927	-	-	8,927
Total Deferred Inflows of resources	<u>8,927</u>	<u>-</u>	<u>-</u>	<u>8,927</u>
FUND BALANCE:				
Fund Balances:				
Restricted	-	-	22,292	22,292
Unassigned:	44,755	-	-	44,755
Total Fund Balance	<u>44,755</u>	<u>-</u>	<u>22,292</u>	<u>67,047</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 53,682</u>	<u>\$ -</u>	<u>\$ 22,292</u>	<u>\$ 75,974</u>

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance reported above	\$ 67,047
Governmental Capital Assets	130,311
Long-term Liabilities	(6,315)
Compensated Absences	8,927
Unavailable Property Taxes Receivable	8,927
Net Position of Governmental Activities	<u>\$ 199,970</u>

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

Schedule B.2.

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

	MAJOR			Total Governmental Funds
	General	Gas Tax	Other Governmental Funds	
REVENUES:				
Taxes/assessments	\$ 63,508	\$ -	\$ 840	\$ 64,348
Licenses and permits	1,015	-	-	1,015
Intergovernmental revenues	36,311	9,991	-	46,302
Fines and forfeitures	4,502	-	-	4,502
Miscellaneous	5,664	-	555	6,219
Investment and royalty earnings	40	-	-	40
Total Revenues	<u>111,040</u>	<u>9,991</u>	<u>1,395</u>	<u>122,426</u>
EXPENDITURES:				
Current				
General Government	28,233	-	-	28,233
Public Works	60,828	-	634	61,462
Public health	15,498	16,361	-	31,859
Culture and recreation	1,199	-	-	1,199
Miscellaneous	2,243	-	-	2,243
Total Expenditures	<u>108,001</u>	<u>16,361</u>	<u>634</u>	<u>124,996</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,039</u>	<u>(6,370)</u>	<u>761</u>	<u>(2,570)</u>
OTHER FINANCING SOURCES/USES				
Fund Transfers In	29,896	-	4,733	34,629
Fund Transfers (Out)	(1,857)	-	(29,896)	(31,753)
Total Other financial Sources/Uses	<u>28,039</u>	<u>-</u>	<u>(25,163)</u>	<u>2,876</u>
NET CHANGES IN FUND BALANCES	<u>31,078</u>	<u>(6,370)</u>	<u>(24,402)</u>	<u>306</u>
FUND BALANCE:				
Beginning of the Year	<u>13,677</u>	<u>6,370</u>	<u>46,694</u>	<u>66,741</u>
End of the Year	<u>\$ 44,755</u>	<u>\$ -</u>	<u>\$ 22,292</u>	<u>\$ 67,047</u>

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

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

Net Changes in Fund Balance		\$	306
Revenues on the Statement of Activities not included in governmental funds statement:			
Increase (decrease) in taxes receivable			(1,267)
Expenses on the Statement of Activities not included in the governmental funds statement:			
Depreciation Expense	(2,876)		
(Increase) decrease in Other Post Employment Benefits	-		
(Increase) decrease in compensated absence liability	466		(2,410)
Change in net position reported on the Statement of Activities		\$	<u>(3,371)</u>

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

Schedule B.4.

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2014

	MAJOR			Total Enterprise Funds
	Water	Sewer	Garbage	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 68,703	\$ (610)	\$ 238	\$ 68,331
Accounts Receivable - Net	24,343	2,521	4,077	30,941
Interfund Receivable	14,000	-	-	14,000
Total Current Assets	<u>107,046</u>	<u>1,911</u>	<u>4,315</u>	<u>113,272</u>
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	63,836	24,904	-	88,740
Capital Assets:				
Land	23,450	9,273	-	32,723
Net Depreciable Assets	<u>836,211</u>	<u>259,758</u>	<u>667</u>	<u>1,096,636</u>
Total Noncurrent Assets	<u>923,497</u>	<u>293,935</u>	<u>667</u>	<u>1,218,099</u>
Total Assets	<u>\$ 1,030,543</u>	<u>\$ 295,846</u>	<u>\$ 4,982</u>	<u>\$ 1,331,371</u>
LIABILITIES:				
Current Liabilities				
Interfund Payable	\$ -	\$ 14,000	\$ -	\$ 14,000
Total Current Liabilities	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Noncurrent Liabilities:				
Compensated Absences	2,331	1,742	898	4,971
Long-Term Capital Obligations	<u>547,299</u>	<u>-</u>	<u>-</u>	<u>547,299</u>
Total Noncurrent Liabilities	<u>549,630</u>	<u>1,742</u>	<u>898</u>	<u>552,270</u>
Total Liabilities	<u>549,630</u>	<u>15,742</u>	<u>898</u>	<u>566,270</u>
NET POSITION:				
Net investment in capital assets	312,362	269,031	667	582,060
Restricted for debt service	42,552	-	-	42,552
Restricted for replacement & depreciation	21,284	24,904	-	46,188
Unrestricted (Deficit)	<u>104,715</u>	<u>(13,831)</u>	<u>3,417</u>	<u>94,301</u>
Total Net Position	<u>480,913</u>	<u>280,104</u>	<u>4,084</u>	<u>765,101</u>
Total Liabilities and Net Position	<u>\$ 1,030,543</u>	<u>\$ 295,846</u>	<u>\$ 4,982</u>	<u>\$ 1,331,371</u>

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

Schedule B.5.

STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2014

	MAJOR			Total Enterprise Funds
	Water	Sewer	Garbage	
OPERATING REVENUES:				
Charges for Services	136,600	78,671	50,216	265,487
Miscellaneous	-	-	180	180
Total Operating Revenues	<u>136,600</u>	<u>78,671</u>	<u>50,396</u>	<u>265,667</u>
OPERATING EXPENSES:				
Personal services	40,066	27,356	11,562	78,984
Supplies	11,499	6,192	141	17,832
Purchased services	30,650	75,067	38,815	144,532
Fixed charges	2,050	-	200	2,250
Depreciation	29,385	10,193	333	39,911
Total Operating Expense	<u>113,650</u>	<u>118,808</u>	<u>51,051</u>	<u>283,509</u>
OPERATING INCOME (LOSS)	<u>22,950</u>	<u>(40,137)</u>	<u>(655)</u>	<u>(17,842)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	-	5,000	-	5,000
Debt service interest expense	(24,989)	-	-	(24,989)
Total nonoperating revenue (expenses)	<u>(24,989)</u>	<u>5,000</u>	<u>-</u>	<u>(19,989)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS				
Transfers (out)	(2,576)	-	(300)	(2,876)
CHANGE IN NET POSITION	<u>(4,615)</u>	<u>(35,137)</u>	<u>(955)</u>	<u>(40,707)</u>
NET POSITION:				
Beginning of the Year	<u>485,528</u>	<u>315,241</u>	<u>5,039</u>	<u>805,808</u>
End of the Year	<u>\$ 480,913</u>	<u>\$ 280,104</u>	<u>\$ 4,084</u>	<u>\$ 765,101</u>

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

Schedule B.6.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			
	MAJOR			Total
	Water Utility	Sewer Utility	Landfill/ Garbage	Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 136,208	\$ 79,061	\$ 50,754	\$ 266,023
Payments to Employees	(38,999)	(26,879)	(10,664)	(76,542)
Payments to Suppliers	(44,199)	(81,260)	(39,155)	(164,614)
Net Cash Provided (Used) by Operating Activities	<u>53,010</u>	<u>(29,078)</u>	<u>935</u>	<u>24,867</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Subsidies and Transfers Between Funds	(2,576)	-	(300)	(2,876)
Subsidies from Taxes and Other Governments	-	5,000	-	5,000
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(2,576)</u>	<u>5,000</u>	<u>(300)</u>	<u>2,124</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of Capital Assets	(7,850)	-	-	(7,850)
Principal Paid on Capital Debt	(14,658)	-	-	(14,658)
Interest Paid on Capital Debt	(24,990)	-	-	(24,990)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(47,498)</u>	<u>-</u>	<u>-</u>	<u>(47,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>2,936</u>	<u>(24,078)</u>	<u>635</u>	<u>(20,507)</u>
BALANCE:				
Beginning of the Year	<u>129,603</u>	<u>48,372</u>	<u>(397)</u>	<u>177,578</u>
End of the Year	<u>\$ 132,539</u>	<u>\$ 24,294</u>	<u>\$ 238</u>	<u>\$ 157,071</u>

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED (USED) BY OPERATING
ACTIVITIES:

Operating Income (Loss)	\$ 22,950	\$ (40,137)	\$ (655)	\$ (17,842)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	29,385	10,193	333	39,911
Changes In Assets and Liabilities:				
Accounts Receivable	(391)	390	358	357
Compensated Absences	1,066	476	899	2,441
Net Cash Provided (Used) by Operating Activities	<u>\$ 53,010</u>	<u>\$ (29,078)</u>	<u>\$ 935</u>	<u>\$ 24,867</u>

Town of Fromberg
Carbon County
Fromberg, Montana 59029

Schedule B.7.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	<u>Agency Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 3,223
Total Assets	<u>3,223</u>
LIABILITIES:	
Current Liabilities	
Warrants Payable	2,859
Due to Others	<u>364</u>
Total Liabilities	<u>3,223</u>
NET POSITION:	
Total Net Position	0

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

Town of Fromberg

SCHEDULE C
Fiscal Year-Ended June 30, 2014

The following are the findings and recommendations related to the agreed upon procedures listed in the Independent Accountant's Report on Applying Agreed-Upon Procedures.

Findings related to Procedure a.

2014-001:

Condition: General fund cash does not agree to the underlying accounting records by \$13.

Recommendation: The annual report should be derived from the accounting records and any difference should be investigated and resolved before issuing annual financial report.

Findings related to procedure b.

2014-002:

Condition: The town was not able to provide documentation that bank reconciliations were being performed on a monthly basis between the towns accounting records and the financial institutions records.

Recommendation: The Town should reconcile its accounting records to the bank statements on a monthly basis.

Findings related to procedure g.

2014-003:

Condition: The board packets do not include the budgetary comparison information, bank reconciliations with backup, receipts, or disbursements on a monthly basis.

Recommendation: We recommend the Town distribute in the monthly board packets the following reports:

- A report comparing budgeted revenue and expenditures.
- A copy of the bank reconciliations for depository /investment accounts with all backup.
- A report of the cash balances, receipts and disbursements.
- Supporting documentation for all expenditures/expenses.
- Backup/explanation for all transfers and adjusting journal entries.

Findings related to procedure i.

2014-004:

Condition: No documentation was presented showing that the final budget was adopted by resolution. The Tax Levy Requirements Schedule of the Government's official budget document was not prepared. The document that was presented as the budget did not match the numbers that were inputted as the budget numbers on the Annual Financial Report. A budget amendment was not processed for the funds that expenditures exceeded the budgeted appropriations as presented on the Annual Financial Report and the presented budget document compared to actual expenditures.

Recommendation: We recommend that the Town prepare, adopt, and follow, the budget guidelines provided for in the Montana Code.

2014-005:

Condition: In fiscal year ended June 30, 2014 the following fund had budget overdrafts,

- Gas Tax fund – \$8,876
- Sewer fund - \$17,342

Recommendation: We recommend the Town to include in the budget all expenditures that would be paid in the fiscal year, even if those expenditures will be covered by grant monies. If unforeseen expenditures arise that will result in expenditures going over the budget the town should follow the procedures for processing a budget amendment.