

**TOWN OF JUDITH GAP**

**WHEATLAND COUNTY  
JUDITH GAP, 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 Judith Gap  
Wheatland County  
Judith Gap, Montana 59543

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.8. – Governmental, proprietary, and fiduciary fund statements, as applicable, as of and for the fiscal year ended June 30, 2014	9 - 16
SCHEDULE C – Schedule of Findings and Recommendations resulting from performing the above agreed-upon procedures	17 - 18

Town Council  
Town of Judith Gap  
Wheatland County  
Judith Gap, Montana 59543

ORGANIZATION

CITY COUNCIL

David Foster	Mayor
Jeff Miller	Councilperson
Jack Miller	Councilperson
Ruth Walter	Councilperson
Rita Swartz	Councilperson

OFFICIALS

Kim Bradley	Clerk/Treasurer
Doug Wight	Water/Sewer Supervisor

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Town Council  
Town of Judith Gap  
Wheatland County  
PO Box 157  
Judith Gap, Montana 59543

We have performed the procedures enumerated below, which were agreed to by the Town of Judith Gap, 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 numbers 2014-001 to 2014-003 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 2014-004 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.

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

- 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)

**Findings resulting from these procedures are disclosed in finding number 2014-006 in Schedule C.**

- 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 2014-007 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 2014-008 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.

**Findings resulting from these procedures are disclosed in finding number 2014-009 in Schedule C.**

- 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.8** 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** presents findings and recommendations resulting from performing the above agreed-upon procedures.

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

This report is intended solely for the use of Town of Judith Gap, 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 11, 2015

Schedule A.1.

TOWN OF JUDITH GAP  
STATEMENT OF NET POSITION  
FISCAL YEAR ENDING JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total		
<b>ASSETS</b>					
Cash and cash equivalents	104,952.17	18,136.17	123,088.34		
Investments	0.00	0.00	0.00		
Petty Cash	0.00	0.00	0.00		
Restricted Assets:					
Cash and cash equivalents	0.00	18,999.70	18,999.70		
Investments (at fair value)	0.00	0.00	0.00		
Taxes/Assessments Receivable - (net of allowance for uncollectibles)	0.00	0.00	0.00		
Accounts/other receivables - (net of allowance for uncollectibles)	0.00	791.51	791.51		
Internal Balances	0.00	0.00	0.00		
Due from other governments	0.00	0.00	0.00		
Prepaid expense	0.00	0.00	0.00		
Inventories	0.00	0.00	0.00		
Other debits	0.00	0.00	0.00		
Capital assets not being depreciated					
Land	1,015.00	17,000.00	18,015.00		
Construction in progress	0.00	0.00	0.00		
Capital assets being depreciated (net of accumulated depreciation)	39,441.70	2,227,333.77	2,266,775.47		
<b>Total Assets</b>	<b>145,408.87</b>	<b>2,282,261.15</b>	<b>2,427,670.02</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources	0.00	0.00	0.00		
Deferred Outflows of Resources	0.00	0.00	0.00		
<b>Total Deferred Outflows of Resources</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	0.00	0.00	0.00		
Matured bonds and interest payable	0.00	2,500.00	2,500.00		
Due to other governments	0.00	0.00	0.00		
Revenues collected in advance	0.00	0.00	0.00		
Contracts/Loans/Notes Payable	0.00	2,000.00	2,000.00		
Noncurrent liabilities:					
Due within one year	0.00	0.00	0.00		
Due in more than one year	769.10	303,724.03	304,493.13		
<b>Total Liabilities</b>	<b>769.10</b>	<b>308,224.03</b>	<b>308,993.13</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources	0.00	0.00	0.00		
Deferred Inflows of Tax Resources	0.00	0.00	0.00		
<b>Total Deferred Inflows of Resources</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	40,456.70	1,938,507.48	1,978,964.18		
Restricted for:	0.00		0.00		
Debt Service			0.00		
Bond Indenture Requirements		18,999.70	18,999.70		
General Government			0.00		
Public Safety			0.00		
Public Works	72,634.77		72,634.77		
Public Health			0.00		
Culture/Recreation			0.00		
Economic Development			0.00		
Other:			0.00		
Non-spendable (other than Perm Fund)	0.00		0.00		
Permanent Fund principal			0.00		
Unrestricted	31,548.30	16,529.94	48,078.24		
<b>Total Net Position</b>	<b>144,639.77</b>	<b>1,974,037.12</b>	<b>2,118,676.89</b>	<b>0.00</b>	<b>0.00</b>
<i>Balance check (should equal zero):</i>					
	(0.00)	7	0.00	(0.00)	

Schedule A.2.

TOWN OF JUDITH GAP  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDING JUNE 30, 2014

Functions/Programs Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for		Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
		Operating Services, Fines, Forfeitures, etc.	Grants and Contributions					
Governmental activities:								
General government	19,708.31	0.00	0.00	0.00	(19,708.31)		(19,708.31)	
Public safety	2,633.81	0.00	0.00	0.00	(2,633.81)		(2,633.81)	
Public works	6,260.49	200.00	7,781.64	0.00	1,721.15		1,721.15	
Public health	0.00	0.00	0.00	0.00	0.00		0.00	
Social and economic services	0.00	0.00	0.00	0.00	0.00		0.00	
Culture and recreation	2,549.80	0.00	750.00	0.00	(1,799.80)		(1,799.80)	
Housing/Community Development	0.00	0.00	0.00	0.00	0.00		0.00	
Conservation of Natural Resources	0.00	0.00	0.00	0.00	0.00		0.00	
Interest on long-term debt	0.00	0.00	0.00	0.00	0.00		0.00	
Miscellaneous	0.00	0.00	0.00	0.00	0.00		0.00	
Unallocated costs	0.00	0.00	0.00	0.00	0.00		0.00	
<b>Total governmental activities</b>	<b>31,152.41</b>	<b>200.00</b>	<b>8,531.64</b>	<b>0.00</b>	<b>(22,420.77)</b>		<b>(22,420.77)</b>	
Business-type activities:								
Water	58,992.38	28,146.01		15,000.00		(15,846.37)	0.00	0.00
Sewer	48,821.19	27,838.96			(20,982.23)		(20,982.23)	
<b>Total business-type activities</b>	<b>107,813.57</b>	<b>55,984.97</b>	<b>0.00</b>	<b>15,000.00</b>	<b>0.00</b>	<b>(36,828.60)</b>	<b>(36,828.60)</b>	
<b>Total primary government</b>	<b>138,965.98</b>	<b>56,184.97</b>	<b>8,531.64</b>	<b>15,000.00</b>	<b>(22,420.77)</b>	<b>(36,828.60)</b>	<b>(59,249.37)</b>	
<b>Component Units:</b>								
<b>Total component units</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>0.00</b>	<b>0.00</b>
General revenues:								
Property taxes					17,399.76	0.00	17,399.76	
Local option taxes					2,980.11		2,980.11	
Licenses and permits					0.00		0.00	
Unrestricted Federal/State shared revenues					13,028.18	0.00	13,028.18	
Unrestricted grants and contributions					0.00		0.00	
Unrestricted investment earnings					242.48	21.82	264.30	
Miscellaneous					320.00		320.00	
Gain on sale of capital assets					0.00	0.00	0.00	
Transfers					0.00	0.00	0.00	
Special/Extraordinary items					0.00	0.00	0.00	
<b>Total general revenues and transfers</b>					<b>33,970.53</b>	<b>21.82</b>	<b>33,992.35</b>	
Change in net position					11,549.76	(36,806.76)	(25,257.02)	
Total net position - July 1, 2013 as previously reported					133,090.01	2,011,266.02	2,144,356.03	
Prior period adjustments					0.00	(422.12)	(422.12)	
Total net position - July 1, 2013 as restated					133,090.01	2,010,843.90	2,143,933.91	
Total net position - June 30, 2014					144,639.77	1,974,037.12	2,118,676.89	

**TOWN OF JUDITH GAP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDING JUNE 30, 2014**

Account Number	Description	Major Funds			Other Governmental Funds	Total Governmental Funds
		Fund #1000 General	Fund #2240 Cemetery	Fund #2820 Gas Tax		
<b>ASSETS</b>						
101000	Cash and cash equivalents	32,317.40	10,444.49	62,190.28	0.00	104,952.17
103000	Petty cash	0.00	0.00	0.00	0.00	0.00
101100	Investments				0.00	0.00
Restricted Assets:						
102200	Cash and cash equivalents				0.00	0.00
102300	Investments				0.00	0.00
106000	Valuation of investments to fair value				0.00	0.00
110000	Tax/assessment receivable (net of allowance for uncollectibles)				0.00	0.00
120000	Accounts/other receivables - (net of allowance for uncollectibles)				0.00	0.00
131000	Due from other funds				0.00	0.00
132000	Due from other governments				0.00	0.00
133000	Advances to other funds				0.00	0.00
140000	Prepaid expense				0.00	0.00
150000	Inventories				0.00	0.00
170000	Other debits				0.00	0.00
<b>Total Assets</b>		<b>32,317.40</b>	<b>10,444.49</b>	<b>62,190.28</b>	<b>0.00</b>	<b>104,952.17</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
190000	Deferred Outflows of Resources				0.00	0.00
19xxxx	Deferred Outflows of Resources				0.00	0.00
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>LIABILITIES</b>						
201000	Warrants payable				0.00	0.00
202100	Accounts payable				0.00	0.00
203100	Judgments payable				0.00	0.00
204000	Contracts/loans/notes payable				0.00	0.00
205200	Matured interest payable				0.00	0.00
206100	Other accrued payables				0.00	0.00
211000	Due to other funds				0.00	0.00
212000	Due to other governments				0.00	0.00
214000	Deposits payable				0.00	0.00
216000	Revenues collected in advance				0.00	0.00
233000	Advances from other funds				0.00	0.00
<b>Total Liabilities</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
220000	Deferred Inflows of Resources				0.00	0.00
223000	Deferred Inflows of Tax Revenues				0.00	0.00
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCES:</b>						
250100	Non-spendable Inventory				0.00	0.00
250200	Restricted				0.00	0.00
	General government					0.00
	Public Safety					0.00
	Public Works		10,444.49	62,190.28		72,634.77
	Culture and Recreation					0.00
	Other: (input explanation)					0.00
260100	Committed				0.00	0.00
	General government					0.00
	Public Safety					0.00
	Public Works					0.00
	Culture and Recreation					0.00
	Other: (input explanation)					0.00
260200	Assigned				0.00	0.00
271000	Unassigned	32,317.40			0.00	32,317.40
<b>Total Fund Balances</b>		<b>32,317.40</b>	<b>10,444.49</b>	<b>62,190.28</b>	<b>0.00</b>	<b>104,952.17</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>32,317.40</b>	<b>10,444.49</b>	<b>62,190.28</b>	<b>0.00</b>	
<i>Balance check (Should equal zero):</i>						
		0.00	0.00	0.00	0.00	

-15-

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,456.70
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred outflows of resources in the funds.	0.00
Internal service funds are used by management to charge the costs of providing services within the government. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position.	
Current assets	0.00
Accounts payable	0.00
Net amount allocated to business-type/external activities	0.00
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(769.10)

**Net position of governmental activities** 144,639.77

**TOWN OF JUDITH GAP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDING JUNE 30, 2014**

Account Number	Description	Fund #1000 General	Major Funds		Other Governmental Funds	Total Governmental Funds
			Fund #2240 Cemetery	Fund #2820 Gas Tax		
<b>REVENUES</b>						
310000/						
363000	Taxes/assessments	20,379.87			0.00	20,379.87
320000	Licenses and permits	0.00			0.00	0.00
330000	Intergovernmental revenues	14,778.18		6,781.64	0.00	21,559.82
340000	Charges for services	0.00	200.00		0.00	200.00
350000	Fines and forfeitures	0.00			0.00	0.00
360000	Miscellaneous	320.00			0.00	320.00
370000	Investment and royalty earnings	125.64	116.84		0.00	242.48
						0.00
	<b>Total Revenues</b>	<b>35,603.69</b>	<b>316.84</b>	<b>6,781.64</b>	<b>0.00</b>	<b>42,702.17</b>
<b>EXPENDITURES</b>						
Current:						
410000	General government	19,414.73			0.00	19,414.73
420000	Public safety	1,273.75			0.00	1,273.75
430000	Public works	3,415.53	489.86	2,080.10	0.00	5,985.49
440000	Public health	0.00			0.00	0.00
450000	Social and economic services	0.00			0.00	0.00
460000	Culture and recreation	2,549.80			0.00	2,549.80
470000	Housing and community development	0.00			0.00	0.00
480000	Conservation of natural resources	0.00			0.00	0.00
490000	Debt Service:					
	Principal	0.00			0.00	0.00
	Interest	0.00			0.00	0.00
						0.00
	Capital outlay	0.00			0.00	0.00
500000	Internal Services					0.00
510000	Miscellaneous	0.00			0.00	0.00
	<b>Total Expenditures</b>	<b>26,653.81</b>	<b>489.86</b>	<b>2,080.10</b>	<b>0.00</b>	<b>29,223.77</b>
	<b>Excess of revenues (under) expenditures</b>	<b>8,949.88</b>	<b>(173.02)</b>	<b>4,701.54</b>	<b>0.00</b>	<b>13,478.40</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
381010/40	Bonds issued	0.00			0.00	0.00
381010/40	Discount on bonds issued	0.00			0.00	0.00
381050	Inception of capital lease	0.00			0.00	0.00
381070	Notes/loans/intercap issued	0.00			0.00	0.00
382010	Sale of capital assets	0.00			0.00	0.00
383000	Transfers In	0.00			0.00	0.00
521000	Transfers out (Enter as negative)	0.00			0.00	0.00
384000	Special items - revenue	0.00			0.00	0.00
385000	Extraordinary items - revenue	0.00			0.00	0.00
524000	Special items - expenditure (Negative)	0.00			0.00	0.00
525000	Extraordinary items - expenditure (Negative)	0.00			0.00	0.00
	<b>Total other financing sources (uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Net change in fund balances</b>	<b>8,949.88</b>	<b>(173.02)</b>	<b>4,701.54</b>	<b>0.00</b>	<b>13,478.40</b>
	<b>Fund balances - July 1, 2013 as previously reported</b>	<b>23,367.52</b>	<b>10,617.51</b>	<b>57,488.74</b>	<b>0.00</b>	<b>91,473.77</b>
	<b>Prior period adjustments</b>	<b>0.00</b>			<b>0.00</b>	<b>0.00</b>
	<b>Fund balances - July 1, 2013 as restated</b>	<b>23,367.52</b>	<b>10,617.51</b>	<b>57,488.74</b>	<b>0.00</b>	<b>91,473.77</b>
	<b>Fund balances - June 30, 2014</b>	<b>32,317.40</b>	<b>10,444.49</b>	<b>62,190.28</b>	<b>0.00</b>	<b>104,952.17</b>

**TOWN OF JUDITH GAP  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDING JUNE 30, 2014**

<b>Net change in fund balances - total governmental funds (page 16 )</b>	<u>13,478.40</u>
Amounts reported for governmental activities in the statement of activities (page ) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased	0.00
Depreciation expense	<u>(1,360.06)</u>
In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from the sale of these assets:	
Gain (loss) on the disposal of capital assets	
Proceeds from the sale of capital assets	<u>0.00</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Donated capital assets	
Long-term receivables (deferred revenue)	<u>0.00</u>
Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position:	
Capital lease proceeds	0.00
Bond sale proceeds	<u>0.00</u>
Loan proceeds	<u>0.00</u>
Repayment of debt principal is and expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:	
Capital lease obligation principal payments	
Long-term loan/contract principal payments	
Long-term bond principal payments	
Internal service funds are used by management to charge the costs of certain activities, such as insurance and data processing, to individual funds. The net revenue of the internal service funds is reported with the governmental activities of the government-wide statement of activities net of the amounts allocated to business-type activities and depreciation expense	
Change in net position	<u>0.00</u>
Net of amount allocated to business-type/external activities	<u>0.00</u>
Depreciation Expense	<u>0.00</u> 0.00
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Accrued compensated absences	<u>(568.58)</u>
 <b>Change in Net Position in Governmental Activities</b>	 <u><u>11,549.76</u></u>

Schedule B.4.

TOWN OF JUDITH GAP  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
FISCAL YEAR ENDING JUNE 30, 2014

Account Number	Description	Business-type Activities			Governmental Activities	
		Major Enterprise Funds		Nonmajor Enterprise Funds	Totals	Internal Service
		Fund #5210 Water	Fund #5310 Sewer			
<b>ASSETS</b>						
<b>Current Assets</b>						
101000	Cash and cash equivalents	11,498.94	6,637.23	0.00	18,136.17	0.00
103000	Petty cash			0.00	0.00	0.00
101100	Investments (at fair value)			0.00	0.00	0.00
110000	Tax/assessment receivable (net of allowance for uncollectibles)			0.00	0.00	0.00
120000	Accounts/other receivables - (net of allowance for uncollectibles)	705.47	86.04	0.00	791.51	0.00
131000	Due from other funds			0.00	0.00	0.00
132000	Due from other governments			0.00	0.00	0.00
141000	Prepaid expense			0.00	0.00	0.00
150000	Inventories			0.00	0.00	0.00
	<b>Total Current Assets</b>	<b>12,204.41</b>	<b>6,723.27</b>	<b>0.00</b>	<b>18,927.68</b>	<b>0.00</b>
<b>Noncurrent Assets</b>						
<b>Restricted Assets:</b>						
102200	Cash and cash equivalents	3,699.70	15,300.00	0.00	18,999.70	0.00
102300	Investments			0.00	0.00	0.00
133000	Advances to other funds			0.00	0.00	0.00
170000	Other debits			0.00	0.00	0.00
180000	Capital assets:					
	Land		17,000.00	0.00	17,000.00	0.00
	Construction in progress			0.00	0.00	0.00
	Buildings			0.00	0.00	0.00
	Improvements other than buildings			0.00	0.00	0.00
	Machinery and equipment		12,185.00	0.00	12,185.00	0.00
	Infrastructure (utility systems)	1,422,133.91	1,389,266.94	0.00	2,811,400.85	0.00
	Less: accumulated depreciation	(356,511.00)	(239,741.08)	0.00	(596,252.08)	0.00
	Capital assets - net of accumulated depreciation	1,065,622.91	1,178,710.86	0.00	2,244,333.77	0.00
	<b>Total Noncurrent Assets</b>	<b>1,069,322.61</b>	<b>1,194,010.86</b>	<b>0.00</b>	<b>2,263,333.47</b>	<b>0.00</b>
	<b>Total Assets</b>	<b>1,081,527.02</b>	<b>1,200,734.13</b>	<b>0.00</b>	<b>2,282,261.15</b>	<b>0.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
190000	Deferred Outflows of Resources			0.00	0.00	0.00
	<b>Total Deferred Outflows of Resources</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
202100	Accounts payable			0.00	0.00	0.00
203100	Judgments payable			0.00	0.00	0.00
204000	Contracts/loans/notes payable	2,000.00		0.00	2,000.00	0.00
205200	Matured interest payable		2,500.00	0.00	2,500.00	0.00
206100	Other accrued payables			0.00	0.00	0.00
209100	Compensated absences			0.00	0.00	0.00
211000	Due to other funds			0.00	0.00	0.00
212000	Due to other governments			0.00	0.00	0.00
214000	Deposits payable			0.00	0.00	0.00
216000	Revenues collected in advance			0.00	0.00	0.00
	<b>Total Current Liabilities</b>	<b>2,000.00</b>	<b>2,500.00</b>	<b>0.00</b>	<b>4,500.00</b>	<b>0.00</b>
<b>Noncurrent Liabilities</b>						
231000	Bonds payable		201,326.29	0.00	201,326.29	0.00
233000	Advance from other funds			0.00	0.00	0.00
234000	Judgments payable			0.00	0.00	0.00
235000	Contracts/loans/notes payable	100,000.00		0.00	100,000.00	0.00
236000	Closure/postclosure care costs			0.00	0.00	0.00
238000	OPEB Liability			0.00	0.00	0.00
239000	Compensated absences	1,162.28	1,235.46	0.00	2,397.74	0.00
	<b>Total Noncurrent Liabilities</b>	<b>101,162.28</b>	<b>202,561.75</b>	<b>0.00</b>	<b>303,724.03</b>	<b>0.00</b>
	<b>Total Liabilities</b>	<b>103,162.28</b>	<b>205,061.75</b>	<b>0.00</b>	<b>308,224.03</b>	<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
220000	Deferred Inflows of Resources			0.00	0.00	0.00
22xxxx	Deferred Inflows of Resources			0.00	0.00	0.00
	<b>Total Deferred Inflows of Resources</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>NET POSITION</b>						
	Net Investmentment in Capital Assets	963,622.91	974,884.57	0.00	1,938,507.48	0.00
	Restricted for:					
	Future Debt Reserves	3,699.70	15,300.00	0.00	18,999.70	0.00
				0.00	0.00	0.00
				0.00	0.00	0.00
	Unrestricted	11,042.13	5,487.81	0.00	16,529.94	0.00
	<b>Total Net Position</b>	<b>978,364.74</b>	<b>995,672.38</b>	<b>0.00</b>	<b>1,974,037.12</b>	<b>0.00</b>

Balance check (Should equal zero):

0.00 0.00

0.00

Reconciliation to government-wide statement of net position:  
Adjustment to reflect the consolidations of internal service funds  
activities related to enterprise funds  
Net position of business-type activities

1,974,037.12

Schedule B.5.

**TOWN OF JUDITH GAP**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDING JUNE 30, 2014**

Account Number	Description	Business-type Activities			Governmental Activities	
		Major Enterprise Funds		Nonmajor Enterprise Funds	Totals	Internal Service
		Fund #5210 Water	Fund #5310 Sewer			
<b>OPERATING REVENUES</b>						
340000	Charges for services	27,946.01	27,838.96	0.00	55,784.97	0.00
360000	Miscellaneous revenues	200.00	0.00	0.00	200.00	0.00
363000	Special assessments	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	
	<b>Total Operating Revenues</b>	<b>28,146.01</b>	<b>27,838.96</b>	<b>0.00</b>	<b>55,984.97</b>	<b>0.00</b>
<b>OPERATING EXPENSES</b>						
100	Personal services	7,130.42	7,203.50	0.00	14,333.92	0.00
200	Supplies	8,474.69	1,209.83	0.00	9,684.52	0.00
300	Purchased services	9,521.40	3,455.24	0.00	12,976.64	0.00
400	Building materials			0.00	0.00	0.00
500	Fixed charges	4,939.00		0.00	4,939.00	0.00
810	Loss/Bad debt expense			0.00	0.00	0.00
830	Depreciation	27,908.00	27,785.34	0.00	55,693.34	0.00
				0.00	0.00	
	<b>Total Operating Expenses</b>	<b>57,973.51</b>	<b>39,653.91</b>	<b>0.00</b>	<b>97,627.42</b>	<b>0.00</b>
	Operating Income (Loss)	(29,827.50)	(11,814.95)	0.00	(41,642.45)	0.00
<b>NONOPERATING REVENUES (EXPENSES)</b>						
310000	Taxes/assessment revenue			0.00	0.00	0.00
320000	Licenses/permits revenue			0.00	0.00	0.00
330000	Intergovernmental revenue	15,000.00		0.00	15,000.00	0.00
371000	Interest revenue	21.82	0.00	0.00	21.82	0.00
382030	Gain/Loss on Sale of Capital Assets (Loss is negative)			0.00	0.00	0.00
490000	Debt service interest expense (Enter as negative)	(1,018.87)	(9,167.28)	0.00	(10,186.15)	0.00
384000	Special items - revenue			0.00	0.00	0.00
385000	Extraordinary items - revenue			0.00	0.00	0.00
524000	Special items - expense (enter as negative)			0.00	0.00	0.00
525000	Extraordinary items - expense (enter as negative)			0.00	0.00	0.00
	<b>Total Non-Operating Revenues (Expenses)</b>	<b>14,002.95</b>	<b>(9,167.28)</b>	<b>0.00</b>	<b>4,835.67</b>	<b>0.00</b>
	Income (Loss) before contributions and transfers	(15,824.55)	(20,982.23)	0.00	(36,806.78)	0.00
	Capital contributions			0.00	0.00	0.00
	Transfers in (out)	0.00	0.00	0.00	0.00	0.00
	Change in net position	(15,824.55)	(20,982.23)	0.00	(36,806.78)	0.00
	Total net position - July 1, 2013 as previously reported	993,189.29	1,018,076.73	0.00	2,011,266.02	0.00
	Prior period adjustments	1,000.00	(1,422.12)	0.00	(422.12)	0.00
	Total net position - July 1, 2013 as restated	994,189.29	1,016,654.61	0.00	2,010,843.90	0.00
	Total net position - June 30, 2014	978,364.74	995,672.38	0.00	1,974,037.12	0.00

Reconciliation to government-wide statement of activities:  
 Adjustment to reflect the consolidation of internal service fund  
 activities related to enterprise funds  
**Change in net position of business-type activities**

(36,806.78)

Schedule B.6.

**TOWN OF JUDITH GAP  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDING JUNE 30, 2014**

Description	Business-type Activities			Governmental Activities	
	Major Enterprise Funds		Nonmajor Enterprise Funds	Totals	Internal Service
	Fund #5210 Water	Fund #5310 Sewer			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	27,318.82	28,159.65	0.00	55,478.47	0.00
Cash paid to suppliers	(22,935.09)	(4,665.07)	0.00	(27,600.16)	0.00
Cash paid to employees	(7,177.94)	(7,177.84)	0.00	(14,355.78)	0.00
Cash received from interfund services provided			0.00	0.00	0.00
Cash paid for interfund services used			0.00	0.00	0.00
Net cash provided (used) by operating activities	(2,794.21)	16,316.74	0.00	13,522.53	0.00
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from (to) other funds	0.00	0.00	0.00	0.00	0.00
Advances from (to) other funds			0.00	0.00	0.00
Subsidies from taxes and other governments	15,000.00	0.00	0.00	15,000.00	0.00
Net cash provided (used) by capital and related financing activities	15,000.00	0.00	0.00	15,000.00	0.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from debt	4,939.00	0.00	0.00	4,939.00	0.00
Capital contributions	0.00	0.00	0.00	0.00	0.00
Purchases/acquisition/construction of capital assets	(26,733.71)	0.00	0.00	(26,733.71)	0.00
Principal on debt (Enter as a negative)	(2,000.00)	(3,876.72)	0.00	(5,876.72)	0.00
Interest paid on debt (Negative)	(1,018.87)	(9,167.28)	0.00	(10,186.15)	0.00
Capital lease down payment	0.00	0.00	0.00	0.00	0.00
Proceeds from sales of capital assets	0.00	0.00	0.00	0.00	0.00
Net cash provided (used) by capital and related financing activities	(24,813.58)	(13,044.00)	0.00	(37,857.58)	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales of investments	0.00	0.00	0.00	0.00	0.00
Purchase of investments (Enter as negative)	0.00	0.00	0.00	0.00	0.00
Interest earnings	21.82	0.00	0.00	21.82	0.00
Net cash provided (used) by investing activities	21.82	0.00	0.00	21.82	0.00
Net increase (decrease) in cash and cash equivalents	(12,585.97)	3,272.74	0.00	(9,313.23)	0.00
Cash and cash equivalents - July 1, 2013	27,784.61	18,664.49	0.00	46,449.10	0.00
Cash and cash equivalents - June 30, 2014	15,198.64	21,937.23	0.00	37,135.87	0.00
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income	(29,827.50)	(11,814.95)	0.00	(41,642.45)	0.00
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	27,908.00	27,785.34	0.00	55,693.34	0.00
(Increase) Decrease in accounts receivable	(827.19)	320.69	0.00	(506.50)	0.00
(Increase) Decrease in intergovernmental receivables			0.00	0.00	0.00
(Increase) Decrease in due from other funds			0.00	0.00	0.00
Increase in allowance for uncollectible accounts			0.00	0.00	0.00
(Increase) decrease in inventories			0.00	0.00	0.00
(Increase) decrease in prepaid items			0.00	0.00	0.00
Increase (decrease) in customer deposits			0.00	0.00	0.00
Increase (decrease) in accounts payable			0.00	0.00	0.00
Increase (decrease) in compensated absences pay.	(47.52)	25.66	0.00	(21.86)	0.00
Increase (decrease) in intergovernmental payables			0.00	0.00	0.00
Increase (decrease) in due to other funds			0.00	0.00	0.00
Total adjustments	27,033.29	28,131.69	0.00	55,164.98	0.00
Net cash provided (used) by operating activities	(2,794.21)	16,316.74	0.00	13,522.53	0.00
<b>Noncash investing, capital, and financing activities:</b>					
Borrowing under capital lease			0.00	0.00	0.00
Contributions of capital assets from government			0.00	0.00	0.00
Purchase of equipment on account			0.00	0.00	0.00
Increase in fair value of investments			0.00	0.00	0.00
Capital asset trade-ins			0.00	0.00	0.00

TOWN OF JUDITH GAP					
STATEMENT OF FIDUCIARY NET POSITION					
FIDUCIARY FUNDS					
FISCAL YEAR ENDING JUNE 30, 2014					
		Trust Funds			Agency Funds
Account		Fire Relief Assoc.	Investment	Private Purpose	
Number	Description	Trust Funds (7000-7005)	Trust Funds (7006-7009)	Trust Funds (7010-7099)	Agency Composite (7100-7999)
<b>ASSETS</b>					
101000	Cash and cash equivalents	11,371.90			
	Receivables:	0.00			
110000	Tax/assessment receivable (net of allowance for uncollectibles)	0.00			
120000	Accounts/other receivables - (net of allowance for uncollectibles)	0.00			
128000	Interest receivable	0.00			
101100	Investments (at fair value)	0.00			
-21-					
	<b>Total Assets</b>	11,371.90	0.00	0.00	0.00
190000	<b>Deferred Outflows of Resources</b>	0.00			
<b>LIABILITIES</b>					
201100	Warrants payable	0.00			
202100	Accounts payable	0.00			
203100	Judgments payable	0.00			
204100	Contracts payable	0.00			
211000	Due to other funds	0.00			
212000	Due to other governments	0.00			
216000	Revenues Collected in Advance	0.00			
	<b>Total Liabilities</b>	0.00	0.00	0.00	0.00
220000	<b>Deferred Inflows of Resources</b>				
<b>NET POSITION</b>					
	Held in trust for pension benefits and other purposes	11,371.90	0.00	0.00	

TOWN OF JUDITH GAP				
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION				
FIDUCIARY FUNDS				
FISCAL YEAR ENDING JUNE 30, 2014				
		Trust Funds		
		Fire Relief Assoc.	Investment	Private Purpose
Account		Trust Funds	Trust Funds	Trust Funds
Number	Description	(7000-7005)	(7006-7009)	(7010-7099)
	<b>ADDITIONS:</b>			
310000	Tax revenue	0.00		
330000	Intergovernmental revenue	202.00		
360000	Miscellaneous revenue	0.00		
370000	Investment earnings	0.00		
366000	Contributions to pension plan	0.00		
366000	Contributions to investment trust	0.00		
	<b>Total Additions</b>	<b>202.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>DEDUCTIONS:</b>			
	Administrative expenses	0.00		
	Refunds of contributions	0.00		
	Benefit payments	0.00		
	Distribution of investments	0.00		
	Due to other funds	0.00		
	Due to other governments	0.00		
	<b>Total Deductions</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Change in net position	202.00	0.00	0.00
	Total net position - July 1, 2013 as previously reported	11,169.90		
	Prior period adjustments			
	Total net position - July 1, 2013 as restated	11,169.90	0.00	0.00
	Total net position - June 30, 2014	11,371.90	0.00	0.00

-22-

## SCHEDULE C

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 bank reconciliation by \$1,063. Gas tax cash does not agree to the bank reconciliation by \$300. Sewer fund cash does not agree to the bank reconciliation by \$763. This results in a net error of \$0 in total cash.

Recommendation: We recommend the accounting records be reconciled to cash in bank.

### 2014-002

Condition: Water fund and Sewer fund show \$1,162 and \$1,235 in compensated absences which is not reflected on the underlying accounting data.

Recommendation: We recommend the accounting records be updated to include all liability accounts.

### 2014-003

Condition: Water fund expenses do not agree with underlying accounting records by \$48. Sewer fund expenses do not agree with underlying accounting records by \$26.

Recommendation: We recommend the annual financial report be prepared in agreement with underlying accounting records and that any adjustments are posted to the accounting records.

Findings related to procedure b.

### 2014-004

Condition: The fire department relief association account does not tie to the bank documentation by \$830.

Recommendation: We recommend all interest be properly accrued and accounting records adjusted as necessary.

Findings related to procedure c.

### 2014-005

Condition: We found that the Town typically performs deposits on a bi-weekly basis. This is considered adequate for the Town, as the deposits must be made in another Town. No recommendation.

SCHEDULE C (Continued)

Findings related to procedure f.

2014-006

Condition: Journal entries are typically included with the board packet for the monthly meetings, however, there is no documentation that adjusting entries done after year end which were made to correct loan balances, book depreciation and other yearend adjustments were included with any board packet or approved.

Recommendation: We recommend that all journal vouchers be either approved separately or included with board packets for approval at the board meetings.

Findings related to procedure g.

2014-007

Condition: Board packets do not include budgetary information and do not include copies of applicable bank statements to tie out the bank reconciliation.

Recommendation: We recommend that revenue and expenditure budgetary comparison schedules be included with the monthly board packets. We also recommend that bank statements be included with monthly board packets, or that the Mayor or a Council member reviews and signs off on the bank reconciliation which is included with the board packet.

Findings related to procedure i.

2014-008

Condition: Budgeted cash reserve was not filled out and should have been filled out as \$80,918.

Recommendation: We also recommend that the budgeted cash reserve column be used to ensure compliance with MCA 7-6-4034.

Findings related to procedure j.

2014-009

Condition: Taxes receivable were not properly recorded in the accounting records or the annual report in the amount of \$5,461.

Recommendation: We recommend that taxes receivable and deferred inflows be recorded at year end for the amount of receivables shown on the County report.