

TOWN OF WESTBY  
STATE OF MONTANA

REVIEW REPORT AND SCHEDULES

YEAR ENDED JUNE 30, 2014

TOWN OF WESTBY  
STATE OF MONTANA  
JUNE 30, 2014

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# SIDNEY TAX SERVICE, INC

Valli Hauge, CPA & Douglas McCormick

115 2<sup>ND</sup> ST NE SIDNEY, MT 59270

Phone (406)-433-3131 FAX (406)-433-1219

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

Mayor and Town Council  
Town of Westby  
Westby, Montana 59275

We have performed the procedures enumerated below, which were agreed to by the Town of Westby, 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 performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the State of Montana, as required by Section 2-7-503, MCA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We 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.

**We found no exceptions as a result of this procedure.**

- 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.

**We found no exceptions as a result of this procedure.**

- c. We determined whether the Government has a policy requiring that its 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 findings number 2014-01**

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 reported in the accounting records.

**Findings resulting from these procedures are disclosed in findings number 2014-02**

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 this procedure.**

f. We examined all 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.

**We found no exceptions as a result of this procedure.**

g. Through inquiry of members of the governing body received and through observation of supporting documentation, 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 deposit/investments,
- A report of cash balances, receipts and disbursements,
- Supporting documentation for all expenditures/expenses.

**Findings resulting from these procedures are disclosed in findings number 2014-03**

h. We identified all claims in excess of \$80,000, and determined whether a contracts for the purchase of vehicles, machinery, equipment, supplies, construction, repair or maintenance in excess of that amount were let to the lowest bidder after advertisements for bids, and we determined whether the bidding process was documented in the minutes of governing body meetings.

**We found no exceptions as a result of this procedure.**

i. We verified that:

- The final budget was adopted by resolution:
- The "Tax Levy Requirement Schedule" in the Government 's budget documentation was accurately prepared, and cash reserves were within the statutory limitations and no negative;
- If applicable, any amendments to the final budget were adopted as required; and

- Total expenditures for each governmental fund did not exceed the budgeted appropriations for the fund (i.e., final budget as legally amended).

**We found no exceptions as a result of this procedure.**

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

- A copy of the Government’s worksheet(s) for the “Determination of Tax Revenue and Mill Levy Limitations Under MCA 15-10-420,” for the current and prior year referred to as “Determination Worksheets”
- A copy of the Departments of Revenue’s 2013 Certified Taxable Valuation Form for the Government (hereafter refer to as “DOR Form”);
- The Government’s Budget Resolutions(s) for FY2014
- For the County’s agency fund for the government, a detailed ledger query or other detailed trial balance report for FY2014 period(hereafter referred to as “County Report”)
- Verify that all applicable elements from the DOR Form were transferred appropriately o the FY 2014 Determination Worksheet(s).
- Verify 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).
- Compare the “Authorized mill levy” from the FY2014 Determination Worksheet to the actual mills levied per the Budget Resolutions(s), and determine whether the Government complied with statutory lax levy limitations.
- If the actual mills levied exceeded the Determination Worksheets’ authority mill levy, verify that the excess represented additional levies authorized by voters, mills exempted by statute (MCA 15-10-420(9)), and/or mill authority carried forward from previous years, and verified that the Government had documentation to support these additional mills.
- Multiply the Government’s taxable valuation with the total mills levied, compare the results of this calculation with total property tax revenue recorded in the accounting records, and note an variances of 5% or greater.
- Verify 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 this procedure.**

k. We obtained and reviewed documentation verifying that the governing body had at lease yearly discussed and assessed the potential for risks of fraud, abuse or error in the areas of this documentation for evidence of a plan of action designed to prevent or detect those identified risks.

**Findings resulting from these procedures are disclosed in findings number 2014-04**

l. For any single source of revenue that the Government received with specific terms/conditions for its receipts 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 verify that the Government complied with those terms/conditions.

**We found no exceptions as a result of this procedure.**

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, in the format required by generally accepted accounting principles.

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, in the format required by generally accepted accounting principles.

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 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 the Town of Westby, Montana, and the State of Montana, and is not intended to be and should not be used by anyone other than these specified parties.

Sidney Tax Service, Incorporated  
Valli Hauge, Certified Public Accountant

January 20, 2015

TOWN OF WESTBY, MONTANA  
SCHEDULE A.1  
STATEMENT OF NET POSITIOIN  
JUNE 30, 2014

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Current Assets</b>			
Cash and Investments	\$ 159,089	\$ 62,015	\$ 221,104
Receivables:			
Taxes Real and Personal/Assessments	4,397	468	4,865
Other	<u>6,591</u>	<u>6,591</u>	<u>6,591</u>
<b>Total Current Assets</b>	<u>163,486</u>	<u>69,074</u>	<u>232,560</u>
 <b>Noncurrent Assets</b>			
Land	1,182		1,182
Capital Assets	91,850	303,916	395,766
Less: Accumulated Depreciation	<u>(54,053)</u>	<u>(303,916)</u>	<u>(357,969)</u>
<b>Total Noncurrent Assets</b>	<u>38,979</u>	<u>-</u>	<u>38,979</u>
 <b>Total Assets</b>	<u>202,465</u>	<u>69,074</u>	<u>271,539</u>
 <b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Long-Term Liabilities - Current Portion			-
Accounts Payable			<u>-</u>
<b>Total Current Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Noncurrent Liabilities</b>			
Compensated Absences	17,165		17,165
Long-Term Liabilities, Net of Current Portion			<u>-</u>
<b>Total Noncurrent Liabilities</b>	<u>17,165</u>	<u>-</u>	<u>17,165</u>
<b>Total Liabilities</b>	<u>17,165</u>	<u>-</u>	<u>17,165</u>
 <b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	38,979		38,979
Restricted	12,251	5,122	17,373
Unrestricted	<u>134,070</u>	<u>63,952</u>	<u>198,022</u>
<b>Total Net Assets</b>	<u>\$ 185,300</u>	<u>\$ 69,074</u>	<u>\$ 254,374</u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
SCHEDULE A.2  
STATEMETN OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities							
General Government	\$ 58,934	\$ 8,153			\$ (50,781)		\$ (50,781)
Public Safety	11,639				(11,639)		(11,639)
Public Works	8,187	6,802			(1,386)		(1,386)
Public Health	20,733				(20,733)		(20,733)
Culture and Recreation	15,300	1,800			(13,500)		(13,500)
Miscellaneous	-	1,800			1,800		1,800
Total Governmental activities	<u>114,793</u>	<u>18,555</u>	<u>-</u>	<u>-</u>	<u>(96,239)</u>	<u>-</u>	<u>(96,239)</u>
Business-Type Activities							
Water	26,168	30,012				3,844	3,844
Sewer	26,925	17,081				(9,844)	(9,844)
Solid Waste/Garbage	28,290	25,724				(2,567)	(2,567)
Total Business-Type Activities	<u>81,383</u>	<u>72,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,567)</u>	<u>(8,567)</u>
Total Government	<u>\$ 196,176</u>	<u>\$ 91,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,239)</u>	<u>\$ (8,567)</u>	<u>\$ (104,806)</u>
General Revenues							
Property Taxes					79,695		79,695
Local Option Tax					6,769		6,769
Licenses and Permits							-
Unrestricted Federal/State shared Revenues					32,989		32,989
Unrestricted investement earnings					128	4	132
Miscellaneous							-
Gain on Sale of capial asset							-
Total General Revenues					<u>119,581</u>	<u>4</u>	<u>119,585</u>
Change in Net Position					23,342	(8,563)	14,779
Net Position - Beginning of Year					<u>161,958</u>	<u>77,637</u>	<u>239,595</u>
Net Position - End of Year					<u>\$ 185,300</u>	<u>\$ 69,074</u>	<u>\$ 254,374</u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
SCHEDULE B.1  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Gas Tax Fund	Other Governmental Funds	Total Governmental funds
<b>ASSETS</b>				
Cash and Investments	\$ 146,838	\$ 12,251		\$ 159,089
Receivables:				
Taxes Real and Personal	4,397			4,397
Total Assets	\$ 151,235	\$ 12,251	\$ -	\$ 163,486
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Deferred Revenues	\$ 4,397			\$ 4,397
Total Liabilities	4,397	-	-	4,397
 <b>Fund Balance</b>				
Unreserved Fund Balance				
General Fund	146,838			146,838
Special Revenue Fund		12,251		12,251
Total Fund Balance	146,838	12,251	-	159,089
Total Liabilities and Fund Balance	\$ 151,235	\$ 12,251	\$ -	\$ 163,486

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:**

Total Fund Balance - Governmental Funds	159,089
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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 as assets in government funds. The cost of the assets is \$396,948 and accumulated depreciation is \$357,969.	38,979
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Property taxes and special assessments receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the governmental funds.	4,397
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Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(17,165)
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Total Net Position - Governmental Activities	\$ 185,300
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SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
SCHEDULE B.2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	General Fund	Gas Tax	Other Governmental Funds	Total Governmental Funds
Taxes/Assessments	\$ 87,436			\$ 87,436
Licenses and Permits				-
Intergovernmental	32,990	\$ 6,802		39,792
Charges for Services				-
Miscellaneous	11,753			11,753
Investment Earnings	128			128
Total Revenues	<u>132,307</u>	<u>6,802</u>	<u>-</u>	<u>139,109</u>
<b>EXPENDITURES</b>				
General Government	48,349			48,349
Public Safety	11,039			11,039
Public Works	4,200	3,987		8,187
Public Health	20,733			20,733
Culture and recreation	13,613			13,613
Capital Outlay				-
Total Expenditures	<u>97,934</u>	<u>3,987</u>	<u>-</u>	<u>101,921</u>
<b>Excess of Revenues</b>	34,373	2,815	-	37,188
Net Change in Fund Balance	34,373	2,815	-	37,188
Fund Balance, Beginning of Year	112,465	9,436		121,901
Fund Balance, End of Year	<u>\$ 146,838</u>	<u>\$ 12,251</u>	<u>\$ -</u>	<u>\$ 159,089</u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
SCHEDULE B.3  
RECONCILIATION OF THE STATEMETN OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMETN OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

<b>Total net change in fund balance - governmental funds</b>	\$ 37,188
Amount reported for governmental activities in the statement of activities are different because:	
Capital assets are depreciated over their useful lives in the statement of activities.	(3,177)
Long-term receivables	(973)
Accrued Compensated Absences	<u>(9,696)</u>
<b>Change in Net Position in Governmental Activities</b>	<u><u>\$ 23,342</u></u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
SCHEDULE B.4  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
JUNE 30, 2014

	Business - Type Activities Enterprise Funds			
	Water	Sewer	Solid Waste	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 19,806	\$ 22,739	\$ 14,348	\$ 56,893
Receivables:				
Tax/assessments			468	468
Other	2,772	1,980	1,839	6,591
Total Current Assets	<u>22,578</u>	<u>24,719</u>	<u>16,655</u>	<u>63,952</u>
<b>Noncurrent Assets</b>				
Cash and Investments	3,000	2,122		5,122
Land				-
Capital Assets	120,667	183,249		303,916
Less: Accumulated Depreciation	<u>(120,667)</u>	<u>(183,249)</u>		<u>(303,916)</u>
Total Noncurrent Assets	<u>3,000</u>	<u>2,122</u>	<u>-</u>	<u>5,122</u>
<b>Total Assets</b>	<u>25,578</u>	<u>26,841</u>	<u>16,655</u>	<u>69,074</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable				-
Long-Term Liabilities - Current				-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Noncurrent Liabilities</b>				
Compensated Absences				-
Long-Term Liabilities, Net of Current				-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Replacement and Depreciation	3,000	2,122		5,122
Unrestricted	<u>22,578</u>	<u>24,719</u>	<u>16,655</u>	<u>63,952</u>
<b>Total Net Position</b>	<u>\$ 25,578</u>	<u>\$ 26,841</u>	<u>\$ 16,655</u>	<u>\$ 69,074</u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
SCHEDULE B.5  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND  
NET POSITION – PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities			Total
	Enterprise Funds			
<b>Operating Revenues</b>	Water	Sewer	Solid Waste	
Charges for Services	\$ 30,012	\$ 17,081	\$ 17,559	\$ 64,652
Special Assessments			8,165	8,165
Total Operating Revenues	<u>30,012</u>	<u>17,081</u>	<u>25,724</u>	<u>72,817</u>
<b>Operating Expenses</b>				
Personnel Services	12,693	6,925	6,980	26,598
Purchased Services	13,213	20,000	20,812	54,025
Supplies	261		500	761
Total Operating Expenses	<u>26,167</u>	<u>26,925</u>	<u>28,292</u>	<u>81,384</u>
Operating Income (Loss)	<u>3,845</u>	<u>(9,844)</u>	<u>(2,568)</u>	<u>(8,567)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Revenue		4		4
Total Non-Operating Revenues(Expenses)	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
Change in Net Position	3,845	(9,840)	(2,568)	(8,563)
Total Net Position - July 1, 2013	<u>21,734</u>	<u>36,680</u>	<u>19,223</u>	<u>77,637</u>
Prior period Adjustment				-
Total Net Position - July 1, 2013 - restated	21,734	36,680	19,223	77,637
Total Net Position - June 30, 2014	<u>\$ 25,579</u>	<u>\$ 26,840</u>	<u>\$ 16,655</u>	<u>\$ 69,074</u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
SCHEDULE B.6  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds			Total
	Water	Sewer	Solid Waste	
<b>Cash flows from Operating Activities:</b>				
Cash Received from customers	\$ 29,762	\$ 16,581	\$ 25,781	\$ 72,124
Cash Paid to Suppliers	(13,474)	(20,000)	(21,312)	(54,786)
Cash paid to Employees	(12,693)	(6,925)	(6,980)	(26,598)
Net Cash Provided by Operating Activities	<u>3,595</u>	<u>(10,344)</u>	<u>(2,511)</u>	<u>(9,260)</u>
<b>Cash flows from Capital and Related Financing Activities:</b>				
Proceeds from debt				-
Principle on Debt				-
Interest paid on Debt				-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from Investing Activities:</b>				
Interest on earnings		4		4
Net Cash provided from Investing Activities	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,595	(10,340)	(2,511)	(9,256)
Cash and Cash Equivalents, Beginning of Year	<u>19,212</u>	<u>35,200</u>	<u>16,858</u>	<u>71,270</u>
Cash and Cash Equivalents, End of Year	<u>\$ 22,807</u>	<u>\$ 24,860</u>	<u>\$ 14,347</u>	<u>\$ 62,014</u>
<b>Reconciliation of Operating Income to Net Cash Provided(Used) by Operating Activities:</b>				
Operating Income(Loss)	3,845	(9,844)	(2,568)	(8,567)
Depreciation				-
(Increase)Decrease in Accounts Receivable	(250)	(500)	57	(693)
(Increase)Decrease in Accounts Payable				-
(Increase)Decrease in Compensated Absences Payable				-
Net Cash Provided by Operating Activities	<u>\$ 3,595</u>	<u>\$ (10,344)</u>	<u>\$ (2,511)</u>	<u>\$ (9,260)</u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
 SCHEDULE B.7  
 STATEMENT OF NET POSITION – FIDUCIARY FUNDS  
 JUNE 30, 2014

	Pension Trust Funds
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 5,192
Investments	<u>2,200</u>
Total Assets	<u>7,392</u>
 <b>LIABILITIES</b>	
Warrants Payable	<u>          </u>
Total Liabilities	<u>          -</u>
 <b>NET POSITION</b>	
Held in Trust	<u><u>\$ 7,392</u></u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
 SCHEDULE B.8  
 STATEMETN OF CHANGES IN FIDUCIARY NET POSITION

	Pension Trust Funds
<b>Revenue</b>	
Intergovernmental Revenue	\$ 277
Contributions to Investment Trust	800
Investment Earnings	<u>5</u>
Total Revenue	<u>1,082</u>
<b>Expenses</b>	
Benefit Payments	<u>500</u>
Total Expenses	<u>500</u>
Change in Net Position	<u>582</u>
Total Net Position - July 1, 2013	6,810
Total Net Position - June 30, 2014	<u>\$ 7,392</u>

SEE ACCOMPANYING AGREED-UPON PROCEDURES REPORT

TOWN OF WESTBY, MONTANA  
SCHEUDLE C  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2014

**FINDING #2014-01 – CASH DEPOSITS**

The Town does not have a formal policy requiring deposits of receipts to be performed on a weekly basis. The clerk prepares deposits two or three times a month and ensures that all deposits of the current month's receipts are deposited before the end of the month. This allows for very few or no outstanding deposits at the end of the month.

**Recommendation**

The Town should review and adopt a formal internal control procedure as suggested by the State of Montana's Department of Administration, such as depositing of cash receipts "in-tact" and on a timely basis of at least weekly.

**FINDING #2014-02 – CAPITAL ASSETS**

Records of the capital assets were not complete. Necessary documentation to support the historical cost of the capital assets has not been accumulated for all recorded capital assets on the financial statements. The Town did indicate they had a capitalization policy of assets over \$2,000 although during the fiscal period there was an assets purchased that was not capitalized per the policy. There is no listing of individual items included in the totals for each category of assets. Depreciation expenses has been recorded in the Town's funds, but may not be accurate, as some of the assets may not be recorded.

**Recommendation**

An inventory of capital assets should be taken to identify all assets which should be included as the property of the Town, and biannually thereafter to keep the records complete. The assets identified in the inventory should be valued at their historical cost where records are available and estimated historical cost where no records exist. All items meeting the capitalization policy should be recorded in the governmental capital assets for those purchased by the governmental funds, and in the individual fund for assets acquired by the funds. All capital assets should be depreciated in accordance with their useful lives. The capital asset records should include, to the extent possible, the funding source (i.e., federal), date of acquisition, location, identifying number, and date of method of disposal (if applicable).

**FINDING #2014-03 – BOARD SUPERVISION**

The Town did not have computerized records for the fiscal period under review. This makes is difficult to verify approved budgets amounts and compare approved budgets to actual expenditures and year-to-date amounts. Governing board does not receive monthly reports showing actual vs budget amounts for revenues or expenditures. Bank reconciliations are not being presented to the board in their monthly packets.

**Recommendation**

We recommend the Town use an applicable programs to track year-to-date revenues and expenditures. The program should be able to track revenues and expenditures and compare those current expenditures to available budget amounts. The Board need to be aware of where the budget vs actual expenditures is prior to approving expenditures. This report should be presented to the Board for review on a monthly basis. The board should also receive a copy of the bank reconciliations for all accounts to verify balances in accounts and monthly activity.

**FINDING #2014-04– RISK ASSESSMENTS**

The governing body of the Town has not discussed and assessed the potential risks for fraud, abuse or error in the areas of overall and accounting systems of the Government. The Town does not have a documented plan of action designed to prevent or detect these risks.

**Recommendation**

The governing body of the Town should discuss and assess the potential of risks of fraud, abuse or error in the areas of overall operations and accounting systems of the Town and document the discussion. The Town should document a plan of action designed to prevent these risks; if applicable, internal control policies should be put in place.