

**ROOSEVELT COUNTY
WOLF POINT, MONTANA**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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ROOSEVELT COUNTY

ORGANIZATION

June 30, 2014

BOARD OF COUNTY COMMISSIONERS

Duane Nygaard	Board Chairperson
Jim Shanks	Commissioner
Gary Macdonald	Commissioner

ELECTED OFFICIALS

Cheryl Hansen	County Clerk and Recorder/Public Administrator
Betty Romo	County Treasurer/Assessor
Freedom Crawford	County Sheriff/Coroner
Ralph Patch	County Attorney
Jeri Toavs	Clerk of District Court/County Superintendent
Traci Harada	Justice of the Peace
Penny Hendrickson	Justice of the Peace

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

BRENT D. OLNESS, CPA
CURT D. WYSS, CPA

ERNEST J. OLNESS, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Roosevelt County
Wolf Point, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roosevelt County, Montana (the government) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinions

Because we did not observe year-end inventory counts and because the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities, we were unable to form an opinion regarding the amounts at which inventory was recorded in the governmental activities, the road fund and the aggregate remaining fund information.

Qualified Opinions

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinions" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the road fund and the aggregate remaining fund information for the government, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of each major fund (excluding the road fund) for the government, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress-other post employment benefits identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the government's internal control over financial reporting and compliance.

O'Neal & Associates, PC

Billings, Montana
December 3, 2014

ROOSEVELT COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

As management of Roosevelt County, we offer readers of Roosevelt County's financial statements this narrative overview and analysis of the financial activities of Roosevelt County for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- Roosevelt County's assets exceeded its liabilities at June 30, 2014 by \$24,550,284. Of this amount, \$4,976,397 may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$3,608,461.
- As of June 30, 2014, Roosevelt County's governmental funds reported combined ending fund balances of \$16,017,079. Of this amount \$5,447,673 is available for spending at the government's discretion.
- Governmental funds experienced an excess of revenues over expenditures of \$4,060,987.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Roosevelt County's basic financial statements. Where prior year information is available, a comparative analysis of government-wide data is presented. The basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. The government-wide financial statements are designed to provide readers with a broad overview of Roosevelt County's finances, in a manner similar to a private-sector business. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities (pages 10 and 11) report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements report net position and changes in it. The County's net position – the difference between assets and liabilities – are one way to measure the financial position of the County. Over time, increases or decreases in the County's net position are an indicator of whether the county's financial health is improving or deteriorating. You will need to consider other financial factors, however, such as changes in the property tax base and the condition of capital assets, to assess the overall health. In the Statement of Net Position and the Statement of Activities, we report governmental activities – services reported here include general government, public safety, public works, public health, social and economic services and culture and recreation. Property taxes, federal and state shared revenues and investment earnings finance most of these activities.

FUND FINANCIAL STATEMENTS. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not the County as a whole. Some funds are required to be established by State law or by bond covenants. Also, the County establishes many other funds to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other money. Roosevelt County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds use the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements (pages 12 and 14) provide a detailed short-term view of the County's general government operations and the basic services it provides. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds to similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide reconciliations (pages 13 and 15) to facilitate the comparison between governmental funds and governmental activities.

Roosevelt County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road fund and the public safety fund, which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Roosevelt County's own programs. Data for the fiduciary funds is presented on pages 16 and 17.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the assets of Roosevelt County exceeded its liabilities by \$24,550,284 as of June 30, 2014.

ROOSEVELT COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

NET POSITION:	2014	2013	Change
Current and other assets	\$ 16,868,248	\$ 12,877,580	\$ 3,990,668
Capital assets	9,655,736	9,801,156	(145,420)
Total assets	<u>26,523,984</u>	<u>22,678,736</u>	<u>3,845,248</u>
Other liabilities	383,094	425,540	(42,446)
Long-term liabilities outstanding	1,590,606	1,311,373	279,233
Total liabilities	<u>1,973,700</u>	<u>1,736,913</u>	<u>236,787</u>
Net position:			
Net investment in capital assets	9,634,727	9,749,848	(115,121)
Restricted	9,939,160	7,447,975	2,491,185
Unrestricted	4,976,397	3,744,000	1,232,397
	<u>\$ 24,550,284</u>	<u>\$ 20,941,823</u>	<u>\$ 3,608,461</u>

A portion (39 percent) of Roosevelt County's net position, \$9,634,727, reflects our net investment in capital assets (land, buildings, machinery and equipment, etc.). Roosevelt County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of Roosevelt County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position (\$4,976,397) may be used to meet the government's ongoing obligations to citizens and creditors.

CHANGE IN NET POSITION:	2014	2013	Change
Revenues:			
Program revenues:			
Charges for services	\$ 845,475	\$ 966,017	\$ (120,542)
Operating grants and contributions	731,889	1,026,666	(294,777)
Capital grants and contributions	48,910	160,055	(111,145)
General revenues:			
Taxes	5,954,858	5,619,901	334,957
Intergovernmental	4,291,160	3,309,373	981,787
Interest and royalties	1,515,134	1,227,070	288,064
Miscellaneous	52,028	59,338	(7,310)
Total revenues	<u>13,439,454</u>	<u>12,368,420</u>	<u>1,071,034</u>
Expenses:			
General government	2,743,760	2,616,967	126,793
Public safety	3,270,920	3,219,675	51,245
Public works	2,120,411	2,543,988	(423,577)
Public health	654,999	661,944	(6,945)
Social and economic services	515,075	517,525	(2,450)
Culture and recreation	508,746	535,664	(26,918)
Housing and community development	15,094	22,885	(7,791)
Interest	1,988	3,544	(1,556)
Total expenses	<u>9,830,993</u>	<u>10,122,192</u>	<u>(291,199)</u>
Change in net position	3,608,461	2,246,228	1,362,233
Net position, beginning	20,941,823	18,607,287	2,334,536
Prior period adjustments	-	88,308	(88,308)
Net position, ending	<u>\$ 24,550,284</u>	<u>\$ 20,941,823</u>	<u>\$ 3,608,461</u>

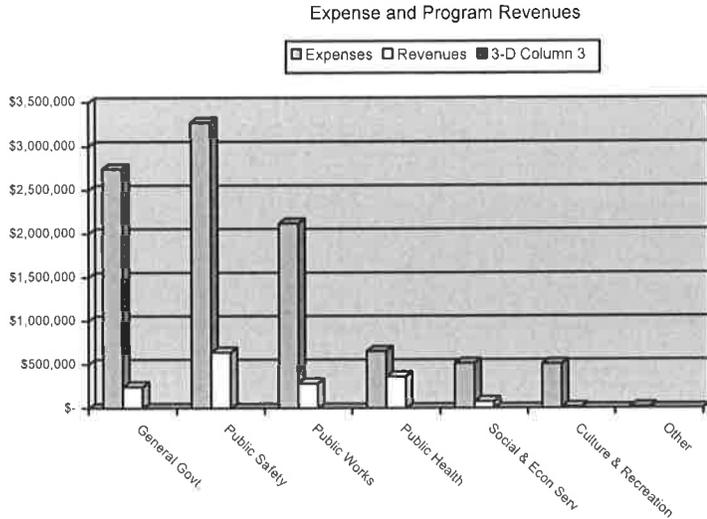
Governmental Activities. The cost of all Roosevelt County governmental activities for the year ending June 30, 2014 was \$9,830,993. The largest portion of that expense is for general government (\$2,743,760), public safety (\$3,270,920) and public works (\$2,120,411). Tax revenues increased 6% from fiscal year 2013, or \$334,957.

Roosevelt County taxpayers contributed \$5,954,858 through property taxes and local option taxes to fund the \$9,830,993 in expenses. The balance was funded by those who directly benefited from the programs and by other governments and organizations that

ROOSEVELT COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

subsidized governmental programs through entitlements and operating grants. Roosevelt County's total revenues of \$13,439,454 were more than expenses of \$9,830,993, for an increase in net position of \$3,608,461. This increase can be largely attributed to the increase in property taxes, intergovernmental and interest and royalties.

The graph below shows the relationship between governmental funds' expenses and revenues generated directly by the program (program revenues):

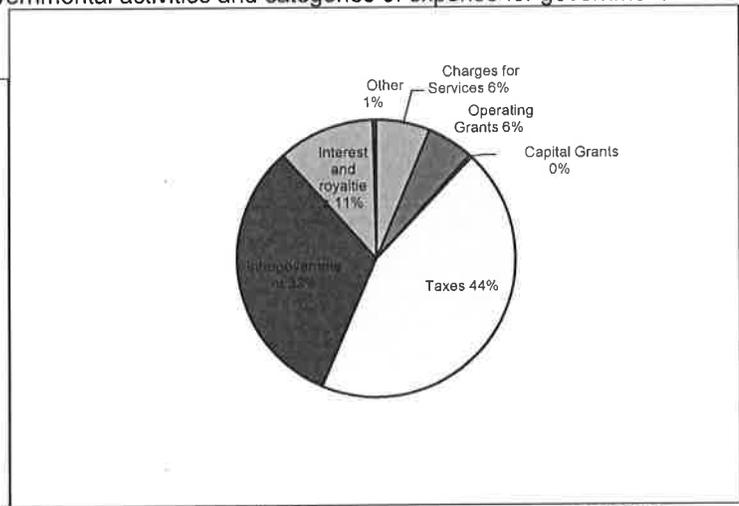


Each program's net cost (total cost less revenues generated by the activity) is presented below. The net cost shows the financial burden that was placed on the county's taxpayers by each of these functions:

General Government	\$ (2,497,593)
Public Safety	(2,632,760)
Public Works	(1,833,518)
Public Health	(292,749)
Social & Economic Services	(437,315)
Culture & Recreation	(493,702)
Other/Misc	(17,082)
Total	\$ (8,204,719)

The following graphs demonstrate sources of revenue for governmental activities and categories of expense for governmental activities:

General Government	2,616,967
Public Safety	3,219,675
Public Works	2,543,988
Public Health	661,944
Social & Economic Services	517,525
Culture & Recreation	535,664
Misc	26,429
Total Expenses	10,122,192



Expenses by Source - Governmental Activities

Revenues by Source - Governmental Activities

ROOSEVELT COUNTY'S FUND FINANCIAL ANALYSIS

Governmental funds: Roosevelt County has three governmental funds which are reported as major funds. These are: General, Road, and Public Safety.

General Fund: This is the primary operating fund for Roosevelt County and includes such accounts as Commissioners, Justice of the Peace, Clerk & Recorder, Treasurer, Elections, County Attorney, Building Operations, School Superintendent, Disaster & Emergency Services, Coroner, Health Department, Sanitarian, Veteran's Services, Indigent Services, Rural Fire Services, and Aging. The General fund fund balance as of June 30, 2014 was \$5,447,673, an increase of \$1,556,681 over the previous fiscal year.

General fund revenues were \$4,944,936, an increase of \$514,595 over the prior year. For the fiscal year, General fund expenditures increased by 7% to \$3,388,255.

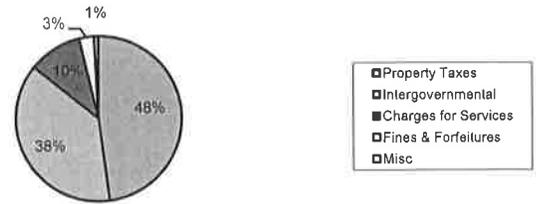
ROOSEVELT COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

The information below details revenues of the General fund for 2014:

Revenues by Source

Property Taxes	\$ 1,974,269
Intergovernmental	1,796,125
Charges for Services	331,052
Fines & Forfeitures	68,830
Misc	35,662
Interest & Royalty Earnings	738,998
Total Revenues	\$ 4,944,936

General Fund Revenues by Source

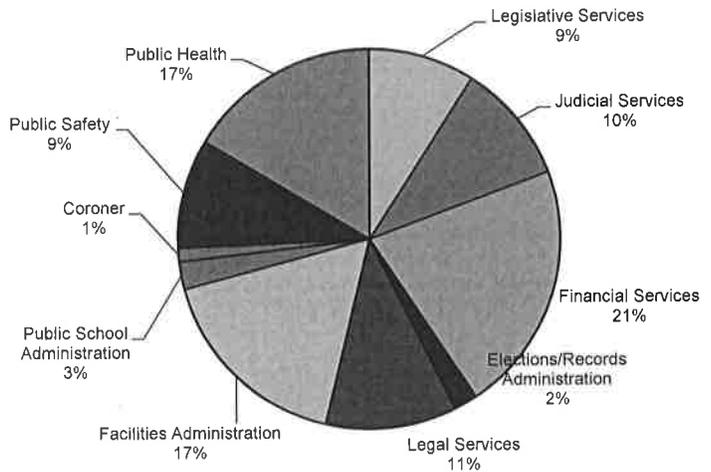


The following details expenditures of the General fund for 2014:

Expenditures by Function

Legislative Services	\$ 289,711
Judicial Services	328,978
Financial Services	684,143
Elections	60,507
Records Administration	2,819
Legal Services	356,495
Facilities Administration	549,218
Public School Administration	75,759
Coroner	37,043
Public Safety	298,372
Public Health	524,175
Mental Health Center	19,541
Aging Services	55,716
Other	105,775
Total Expenditures	\$ 3,388,252

General Fund Expenditures by Function

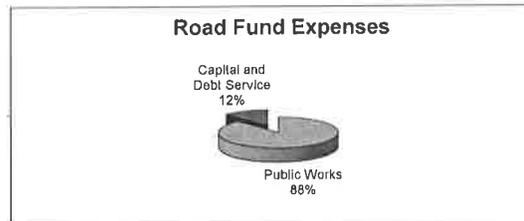


General Fund Budgetary Highlights

Differences between the original budget and the final amended budget netted an increase of \$197,371. The major elements of this difference were revenue increases from grants for and public health. Actual revenues were \$1,000,882 more than anticipated. Actual expenditures were less than budgetary estimates by \$2,077,724 because certain projects did not transpire by year-end.

Road Fund: The Road fund records costs related to maintenance of county roads and minimal road construction expenses. Fund balance was \$2,583,036 as of June 30, 2014, an increase of \$362,893. Road fund revenues were \$2,630,072, an increase of 15% over the prior year. Tax revenues accounted for \$1,023,448 of the total revenues. Expenditures in the Road fund decreased 17% to \$1,474,631.

The information below details revenues and expenditures of the Road fund:



Public Safety Fund: The Public Safety fund accounts for law enforcement (Sheriff's Office), communications (911 dispatch), and detention & correction (jail) operations. A voted 7 mill levy helps to keep this fund at its current level of services and to be able to budget one third reserve each fiscal year. The Public Safety fund fund balance as of June 30, 2014 was \$1,463,267, an increase of \$283,867 from the previous fiscal year.

ROOSEVELT COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

Public Safety fund revenues were \$2,932,288, an 11% increase from the prior year. Tax revenue accounted for \$1,572,732. Fort Peck Tribes contributed \$189,666 towards the 911 dispatch operations. There was an increase in property taxes and oil and gas revenues. Expenditures in the Public Safety fund increased by 8% to \$2,533,961.

The information below details revenues and expenditures of the Public Safety fund:

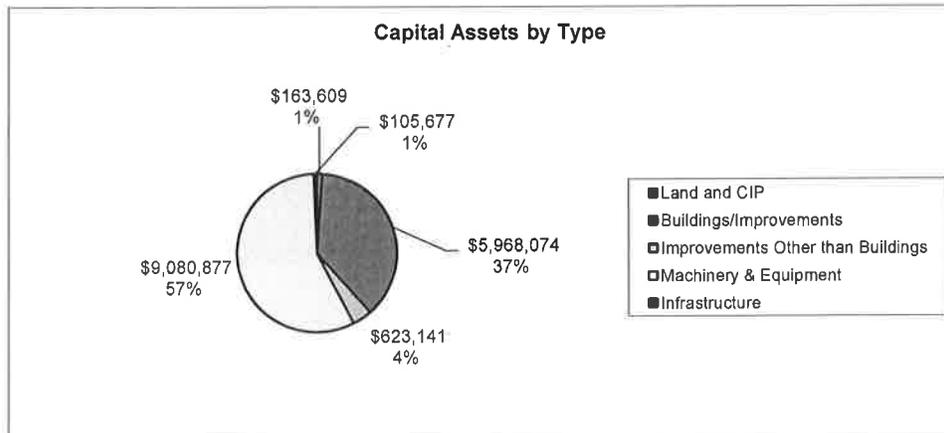


DEBT ADMINISTRATION

The county is currently debt-free, with the exception of compensated absences and a note payable for sheriff vehicles. Employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is restricted under State statute to a maximum accumulation of two times the amount earned annually. Sick leave is accumulated at 12 days per year with no limitations on the amount that may be accumulated. Upon retirement or resignation, an employee is eligible for 100 percent of the accumulated vacation leave and 25 percent of the accumulated sick leave. For more information related to long-term debt, see the notes to the financial statements

CAPITAL ASSETS

The capital assets of the County are those assets which are used in the performance of the County's functions. Infrastructure assets have not previously been booked and therefore are not included in this report. At June 30, 2014, the net investment in capital assets totaled \$9,634,727. Depreciation on capital assets is recognized in the government-wide financial statements.



Capital Assets Purchased in 2014:

General Fund-

- Plat Cabinet-Clerk and Recorder \$5,147
- 2 DS-200 Ballot Counters-Elections \$13,265
- Snowmelt System-Courthouse \$8,987
- Basement Construction-Courthouse \$5,380
- 2013 Ford Edge-County Vehicle \$31,349
- 2007 Ford F550-Poplar Rural Fire \$15,500
- Radio Equipment for F550-Poplar Rural Fire \$5,378
- Light Bars, Siren for F550-Poplar Rural Fire \$4,971
- Slide in stock unit(pump)-Poplar Rural Fire \$12,648

Road Fund –

- 621B Motor Scraper \$10,500
- 4430 John Deere Tractor \$21,000
- 2012 Cross Country MFG Belly Dump \$34,000
- 72" Rotary Tiger Mower \$18,300
- Center Dump Gravel Trailer \$22,000
- 60" Rotary Mower \$19,273
- 2012 Ford F250 \$28,000

ROOSEVELT COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

- 2007 Manac Belly Dump Trailer \$24,000

Noxious Weed Fund-

- 2014 Ford F350 \$36,390

Public Safety Fund-

- 2 2014 Ford Expeditions \$55,516
- 2 APX 7500 VHF Mobile Radios \$11,135
- Canon Copier \$9,157
- 2006 Dodge Durango 4,500
- Installation of Radios, Lt Bars, Sirens, K-9 unit into 2014 Ford Vehicles \$20,100
- Jail Sprinkler System \$32,272
- Jail Lighting \$20,018

Museum Fund-

- Engineering for sidewalk project Wolf Point Museum \$8,908

Public Safety Capital Improvement Fund-

- New Jail assessment and plans \$93,281

ECONOMIC FACTORS AND BUDGETS

The annual budget assures the efficient, effective and economic uses of the County's resources, as well as establishing that projects and objectives are carried out according to prioritized planning. Through the budget, the County Commissioners set the direction of the County and allocates its resources.

The following factors were considered in preparing the budget for the 2015 fiscal year:

- The major capital improvement projects are the feasibility study for a new jail and rebuilding the McCabe Road. An \$11,860,000 Jail Bond Issue passed in the 2014 General Election.
- Taxable value did increase. Maximum mills allowed to levy were levied in the 2014-2015 budget year.
- Roosevelt County continues to use the voted mill levy of 8.00 mills for the purpose of purchasing and crushing gravel and for graveling county roads. Road maintenance continues to be a frequent concern of the citizens of Roosevelt County.
- Roosevelt County continues to use the voted mill levy in the Public Safety Fund of 7.00 mills to maintain the current number of Sheriff's Deputies, for the general operations of the Public Safety Fund and to add another Deputy.
- County health insurance did increase by 10% this year. A 2.5% COLA was given to all employees except for the elected officials who received an increase of \$1500.00 to the yearly base salary. Like every other County in Eastern Montana, Roosevelt County is increasing wages to try and compete with the oil industry. This budget year the County Commissioners gave all employees a \$300/month oil stipend hoping this will give them incentive to stay employed with the County.

As the County enters fiscal year 2015, it is in a solid financial position overall. Reserves are at the maximum level allowed by law, insuring adequate cash flow throughout the year. The County is committed to maintaining a long-term Capital Improvements Plan, with a primary function of protecting and replacing infrastructure and equipment.

In summary, Roosevelt County tries to continue to maintain services at a level necessary to serve its citizens. The impact from the oil industry has created an increased work load for just about every department in the County, especially the Road and Public Safety departments.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of Roosevelt County with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact: Cheryl A. Hansen, Roosevelt County Clerk and Recorder, 400 2nd Ave So, Wolf Point, MT 59201, or email chansen@rooseveltcountry.org.

ROOSEVELT COUNTY
STATEMENT OF NET POSITION
June 30, 2014

ASSETS	
Cash and equivalents	\$ 15,051,751
Investments	763,581
Receivables:	
Taxes and assessments	468,075
Governments	165,149
Inventories	419,692
Capital assets:	
Land and construction in progress	163,609
Capital assets, net of accumulated depreciation	<u>9,492,127</u>
Total assets	<u>26,523,984</u>
LIABILITIES	
Accounts payable-vendors	7,336
Unearned revenues	375,758
Long-term liabilities:	
Due within one year:	
Notes payable	21,009
Compensated absences	35,866
Due in more than one year:	
Compensated absences	322,791
Other post employment benefits	<u>1,210,940</u>
Total liabilities	<u>1,973,700</u>
NET POSITION	
Net investment in capital assets	9,634,727
Restricted:	
General government	242,065
Public safety	2,006,721
Public works	4,177,817
Public health	656,430
Social and economic services	149,767
Culture and recreation	493,935
Capital projects	2,212,425
Unrestricted	<u>4,976,397</u>
Total net position	<u><u>\$ 24,550,284</u></u>

ROOSEVELT COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 2,743,760	\$ 246,167	\$ -	\$ -	\$ (2,497,593)
Public safety	3,270,920	396,766	212,894	28,500	(2,632,760)
Public works	2,120,411	71,704	194,779	20,410	(1,833,518)
Public health	654,999	58,811	303,439	-	(292,749)
Social and economic services	515,075	65,695	12,065	-	(437,315)
Culture and recreation	508,746	6,332	8,712	-	(493,702)
Housing and community development	15,094	-	-	-	(15,094)
Interest	1,988	-	-	-	(1,988)
Total	\$ 9,830,993	\$ 845,475	\$ 731,889	\$ 48,910	(8,204,719)
General revenues:					
Property taxes					5,954,858
Licenses and permits					233
Intergovernmental					4,291,160
Interest and royalties					1,515,134
Miscellaneous					51,795
Total general revenues					11,813,180
Change in net position					3,608,461
Net position - beginning					20,941,823
Net position - ending					\$ 24,550,284

ROOSEVELT COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Road	Public Safety	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,556,502	\$ 2,183,413	\$ 1,402,220	\$ 5,909,616	\$ 15,051,751
Investments	274,265	112,517	72,260	304,539	763,581
Receivables:					
Taxes and assessments	146,571	82,429	112,424	126,651	468,075
Governments	-	-	18,862	146,287	165,149
Due from other funds	-	-	-	31,075	31,075
Inventories	-	287,106	-	132,586	419,692
Total assets	\$ 5,977,338	\$ 2,665,465	\$ 1,605,766	\$ 6,650,754	\$ 16,899,323
LIABILITIES					
Accounts payable-vendors	\$ 7,336	\$ -	\$ -	\$ -	\$ 7,336
Due to other funds	-	-	31,075	-	31,075
Unearned revenue	375,758	-	-	-	375,758
Total liabilities	383,094	-	31,075	-	414,169
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-taxes and assessments	146,571	82,429	112,424	126,651	468,075
Total deferred inflows of resources	146,571	82,429	112,424	126,651	468,075
FUND BALANCES					
Nonspendable:					
Inventory	-	287,106	-	132,586	419,692
Restricted:					
General government	-	-	-	197,821	197,821
Public safety	-	-	1,462,267	431,654	1,893,921
Public works	-	2,295,930	-	1,363,594	3,659,524
Public health	-	-	-	627,677	627,677
Social and economic services	-	-	-	140,355	140,355
Culture and recreation	-	-	-	466,241	466,241
Capital projects	-	-	-	2,212,425	2,212,425
Committed:					
General government	-	-	-	944,531	944,531
Culture and recreation	-	-	-	7,219	7,219
Unassigned	5,447,673	-	-	-	5,447,673
Total fund balances	5,447,673	2,583,036	1,462,267	6,524,103	16,017,079
Total liabilities, deferred inflows of resources and fund balances	\$ 5,977,338	\$ 2,665,465	\$ 1,605,766	\$ 6,650,754	\$ 16,899,323

ROOSEVELT COUNTY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2014

Total fund balances, governmental funds	\$ 16,017,079
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position.	9,655,736
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	468,075
Some liabilities, such as compensated absences, notes payable and other post employment benefits, are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the statement of net position.	<u>(1,590,606)</u>
Net position of governmental activities	<u><u>\$ 24,550,284</u></u>

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

	General	Road	Public Safety	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes/assessments	\$ 1,974,269	\$ 1,023,448	\$ 1,572,732	\$ 1,412,432	\$ 5,982,881
Fines and forfeitures	68,830	-	-	7,128	75,958
Licenses and permits	233	6,400	2,900	-	9,533
Intergovernmental	1,796,125	877,864	1,069,972	1,305,675	5,049,636
Charges for services	331,052	10,800	281,169	71,501	694,522
Interest and royalties	738,998	707,760	-	68,376	1,515,134
Miscellaneous	35,429	3,800	5,515	74,659	119,403
Total revenues	4,944,936	2,630,072	2,932,288	2,939,771	13,447,067
EXPENDITURES					
Current:					
General government	2,342,732	-	-	213,019	2,555,751
Public safety	296,918	-	2,349,008	248,140	2,894,066
Public works	22,553	1,297,526	-	437,671	1,757,750
Public health	543,716	-	-	86,129	629,845
Social and economic services	64,616	-	-	392,258	456,874
Culture and recreation	-	-	-	473,437	473,437
Housing and community development	15,094	-	-	-	15,094
Debt service:					
Principal	-	-	30,299	-	30,299
Interest and other charges	-	32	1,956	-	1,988
Capital outlay	102,626	177,073	152,698	138,579	570,976
Total expenditures	3,388,255	1,474,631	2,533,961	1,989,233	9,386,080
Excess (deficiency) of revenues over expenditures	1,556,681	1,155,441	398,327	950,538	4,060,987
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	150	-	-	150
Transfers in	-	-	-	1,287,243	1,287,243
Transfers out	-	(792,698)	(114,460)	(380,085)	(1,287,243)
Total other financing sources (uses)	-	(792,548)	(114,460)	907,158	150
Net change in fund balances	1,556,681	362,893	283,867	1,857,696	4,061,137
Fund balances - beginning	3,890,992	2,220,143	1,178,400	4,666,407	11,955,942
Fund balances - ending	\$ 5,447,673	\$ 2,583,036	\$ 1,462,267	\$ 6,524,103	\$ 16,017,079

ROOSEVELT COUNTY
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 change in fund balances - total governmental funds	\$ 4,061,137
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report outlay for capital assets as expenditures because such outlay uses current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>	
This is the amount by which depreciation (\$734,504) exceeded capital outlay (\$570,976) in the current period.	(163,528)
Net effect of miscellaneous transactions involving capital assets (i.e., trade-ins, sales and donated capital assets.)	18,108
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(28,023)
Long-term debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Governmental funds report repayment of principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount of principal paid.	30,299
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:</p>	
Other post-employment benefits	(278,730)
Compensated absences	(30,802)
	(309,532)
Change in net position of governmental activities	\$ 3,608,461

ROOSEVELT COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	External Investment Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 20,450,215	\$ 676,463
Investments	6,876,600	-
Taxes/assessments receivable	-	776,450
Total assets	27,326,815	\$ 1,452,913
LIABILITIES		
Due to special districts	-	\$ 555,800
Due to state	-	329,129
Due to schools	-	409,080
Due to cities/towns	-	158,904
Total liabilities	-	\$ 1,452,913
NET POSITION		
Net position held in trust for external participants	\$ 27,326,815	

ROOSEVELT COUNTY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2014

	<u>External Investment Trust Fund</u>
ADDITIONS	
Contributions	<u>\$ 25,357,399</u>
Total contributions	<u>25,357,399</u>
Investment earnings:	
Interest	<u>57,877</u>
Total net investment earnings	<u>57,877</u>
Total additions	<u>25,415,276</u>
DEDUCTIONS	
Withdrawals	<u>26,592,491</u>
Total deductions	<u>26,592,491</u>
Change in net position	(1,177,215)
Net position - beginning	<u>28,504,030</u>
Net position - ending	<u><u>\$ 27,326,815</u></u>

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the government have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The government's significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the government has included all funds, organizations, agencies, boards, commissions and authorities. The government has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the government are such that exclusion would cause the government's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. Based on the criteria established by the Governmental Accounting Standards Board, the government has no component units.

Related Organizations - The Board of County Commissioners is responsible for appointing members of the boards of other organizations, but the government's accountability for these organizations does not extend beyond making the appointments.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary funds are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges for services which report fees and other charges provided by a given function or identifiable activity 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major governmental funds:

The general fund is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The following special revenue funds are reported as major.

The road fund accounts for resources accumulated from property taxes and state entitlement and payments made for the maintenance, repair and construction of county-owned roads.

The public safety fund accounts for property taxes, state entitlement and charges for services and payments made for providing law enforcement and public safety services.

Additionally, the government reports the following fund types:

The government's investment trust fund accounts for the external portion of the cash management pool, which represents resources that belong to legally separate entities.

Agency funds are custodial in nature and are used to account for assets that the government holds for others in an agency capacity.

Assets, Liabilities, Deferred Inflows and Net Position/Fund Balance

Cash and Investments

The County maintains and controls an investment pool consisting of funds belonging to the government and also of funds held by the County Treasurer belonging to legally separate entities, such as school districts, fire and water districts and other special districts. The investment pool is managed by the County Treasurer and overseen by the Board of County Commissioners. The County Treasurer is responsible for setting the investment policies for the pool, reviewing and monitoring investments to ensure the County's investment policies are met and ensuring investments are in compliance with State statute.

School districts and other legally separate districts within the County hold their funds with the County Treasurer. The districts have, at their option, elected to participate in the County's investment pool or have requested individual investment accounts. 62% of the investment pool belongs to these districts.

Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is classified as a 2a7-like pool, and as such, uses amortized cost to report unit values.

The pool unit value is fixed at \$1 for purchases and redemptions. Income is automatically reinvested in additional units. The government did not provide or obtain any legally binding guarantees to support the value of the units. Investments in the pool are reported at fair value. Fair value is determined annually, based on year-end market values. Short-term investments are reported at cost, which approximates fair value. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Investment income from the pool is allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of each month. The net change in fair value of the pool is also allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of the year.

Receivables and Payables

In the fund financial statements, transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds".

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Most property taxes are levied in September of each fiscal year, based on assessments as of the prior January 1. Real property taxes are billed as of November 1 and are payable in two payments, November 30 and May 31. Unpaid taxes become delinquent on December 1 and June 1. Most personal property taxes are due and payable on January 1 and become delinquent February 1. Property taxes are maintained and collected by the County Treasurer. No allowance is made for uncollectible taxes as they are not considered significant.

Inventories

All inventories are valued at cost. Inventories are recorded as expenses when consumed in the government-wide financial statements. In the fund financial statements, inventories are recorded as expenses when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. The government has elected not to report major infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on capital assets is calculated on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements	15-50
Building	50-100
Infrastructure	50
Machinery and equipment	5-15

Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets have not been capitalized because they meet all of the conditions that qualify them as collections that are not required to be capitalized. These conditions are the collections are held for public exhibition or education in the furtherance of public service, not held for financial gain; the collections are protected, kept unencumbered, cared for, and preserved; and any sale proceeds are expected to be used to acquire other items for the collections.

Compensated Absences

Liabilities associated with accumulated vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is restricted under State statute to a maximum accumulation of two times the amount earned annually. Sick leave is accumulated at 12 days per year with no limitations on the amount that may be accumulated. Upon retirement or resignation, an employee is eligible for 100 percent of the accumulated vacation leave and 25 percent of the accumulated sick leave.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Net Position

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

Net investment in capital assets - consists of capital assets (net of accumulated depreciation), plus capital-related deferred outflows of resources, less capital-related borrowings and deferred inflows of resources.

Restricted - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - any portion of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance

In the fund statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance - amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority (i.e., governing body). The government establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The governing body has by resolution authorized the Clerk and Recorder and/or County Commissioners to assign fund balance. There was no assigned fund balance in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the government considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing body has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents and Investments

The government's cash, cash equivalents and investments are reported as follows:

Governmental activities	\$ 15,815,332
Fiduciary funds	<u>28,003,278</u>
	<u>\$ 43,818,610</u>

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Total carrying value of cash, cash equivalents and investments as of June 30, 2014, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	\$ 3,070	\$ -	\$ 3,070
Cash in banks:			
Demand deposits	636,288	-	636,288
Savings deposits	7,554,291	-	7,554,291
Time deposits	10,419	7,640,181	7,650,600
Short-term Investment Program (STIP)	27,974,361	-	27,974,361
	\$ 36,178,429	\$ 7,640,181	\$ 43,818,610

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$8,409,822 of the government's bank balance of \$16,016,149 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 869,691
Uninsured and collateral held by the pledging bank's trust department not in the government's name	7,540,131
	\$ 8,409,822

State statutes require that the government obtain securities for the uninsured portion of deposits as follows: 1.) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2.) 100% if the ratio of net worth to total assets is less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for the government's deposits as of June 30, 2014, exceeded the amount required by state statute.

The investment pool portfolio as of June 30, 2014 is listed below. The security type percentage is based on the book value ratio of the specific security investment type to the total portfolio.

Security Name	Coupon	Maturity	Par	Book Value	Fair Value	% of Total
Certificates of deposits	.2-1.5%	6 mths to 1 yr	\$ 7,640,181	\$ 7,640,181	\$ 7,640,181	100.00%

Interest Rate Risk. The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, under state statute, an investment may not have a maturity date exceeding 5 years, except when the investment is used in an escrow account to refund an outstanding bond issue in advance.

Credit Risk. Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is classified as a 2a7-like pool, and as such, uses amortized cost to report unit values. The government has no investment policy that would further limit its investment choices. The Short-Term Investment Pool (STIP) maintained by the State of Montana has certain investments in derivatives. GASB requires the nature of the underlying securities and market, credit and legal risks be disclosed. Reference to the audit of the State of Montana would identify the level of risk associated with STIP.

The investments that are represented by specific identifiable investment securities are categorized in the following manner: Category 1-Insured or registered, with securities held by the government or its agent in the government's name; Category 2-Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; Category 3-Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name. In accordance with GASB Statement No. 40, the County's investment in the Short Term Investment Program (STIP) is not categorized because it is not evidenced by securities that exist in physical or book entry form at year-end. The carrying value approximates fair value.

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Following is the condensed schedule of changes in net position and net position for the investment pool for the year ended June 30, 2014:

	Internal	External	Total
Net position - beginning of year	\$ 12,012,440	\$ 28,504,030	\$ 40,516,470
Contributions from participants	11,874,852	25,357,399	37,232,251
Investment earnings	34,704	57,877	92,581
Distributions to participants	(7,430,201)	(26,592,491)	(34,022,692)
Net position - end of year	<u>\$ 16,491,795</u>	<u>\$ 27,326,815</u>	<u>\$ 43,818,610</u>

Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not being depreciated				
Land	\$ 61,420	\$ -	\$ -	\$ 61,420
Construction-in-progress	-	102,189	-	102,189
Total capital assets, not being depreciated	<u>61,420</u>	<u>102,189</u>	<u>-</u>	<u>163,609</u>
Capital assets, being depreciated				
Buildings/improvements	5,968,074	-	-	5,968,074
Improvements other than buildings	556,484	66,657	-	623,141
Machinery and equipment	8,714,829	428,688	(62,640)	9,080,877
Infrastructure	105,677	-	-	105,677
Total capital assets, being depreciated	<u>15,345,064</u>	<u>495,345</u>	<u>(62,640)</u>	<u>15,777,769</u>
Less accumulated depreciation for:				
Buildings/improvements	(1,725,590)	(134,896)	-	(1,860,486)
Improvements other than buildings	(189,487)	(26,978)	-	(216,465)
Machinery and equipment	(3,685,498)	(570,516)	54,190	(4,201,824)
Infrastructure	(4,753)	(2,114)	-	(6,867)
Total accumulated depreciation	<u>(5,605,328)</u>	<u>(734,504)</u>	<u>54,190</u>	<u>(6,285,642)</u>
Total capital assets, being depreciated, net	<u>9,739,736</u>	<u>(239,159)</u>	<u>(8,450)</u>	<u>9,492,127</u>
Capital assets, net	<u>\$ 9,801,156</u>	<u>\$ (136,970)</u>	<u>\$ (8,450)</u>	<u>\$ 9,655,736</u>

Depreciation expense was charged as follows:

General government	\$ 87,064
Public safety	258,003
Public works	319,055
Public health	6,916
Social and economic	43,998
Culture and recreation	19,468
Total depreciation	<u>\$ 734,504</u>

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Interfund Receivables, Payables and Transfers

Interfund balances as of June 30, 2014, consisted of the following:

	Due from Funds	Due to Funds	Total
Interfund receivable:			
Public Safety	\$ -	\$ (31,075)	\$ (31,075)
Nonmajor governmental funds	31,075	-	31,075
	\$ 31,075	\$ (31,075)	\$ -

The balance \$31,075 owed to the accelerated oil and gas fund (a nonmajor fund) resulted from loans made to the public safety fund to purchase equipment. Final payment is due in fiscal year 2015.

Interfund transfers consisted of the following:

	Transfer In	Transfer Out
Road	\$ -	\$ (792,698)
Public Safety	-	(114,460)
Nonmajor governmental funds	1,287,243	(380,085)
	\$ 1,287,243	\$ (1,287,243)

Transfers were made using unrestricted revenues collected in various funds to finance programs accounted for in other funds in accordance with budgetary authorizations.

Long-Term Debt

Notes payable currently outstanding are as follows:

	Original Amount	Term	Interest Rate	Balance June 30, 2014
Sheriff vehicles	\$ 116,850	4 yr	4.75%	\$ 21,009

Annual debt service requirements to maturity for notes payable are as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 21,009	\$ 379	\$ 21,388

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Notes payable	\$ 51,308	\$ -	\$ (30,299)	\$ 21,009	\$ 21,009
Compensated absences	327,855	30,802	-	358,657	35,866
Total long-term liabilities	\$ 379,163	\$ 30,802	\$ (30,299)	\$ 379,666	\$ 56,875

Compensated absences are generally liquidated by the fund in which the employees wage is charged. Notes payable are liquidated by the public safety fund.

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability (i.e., errors and omissions); workers compensation (i.e., employee injuries); medical insurance costs; and environmental damages. A variety of methods is used to provide insurance for these risks. Policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for theft, damage or destruction of assets, professional liabilities and employee medical costs. The government participates in a state-wide public risk pool, MACO, for workers' compensation coverage. The government pays monthly premiums for its employee injury insurance coverage. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan. The government also participates in MACO's Joint Powers Insurance Authority which offers insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Given lack of coverage available, the government has no coverage for potential losses from environmental damages.

Economic Dependency

Approximately fifty to sixty percent of the government's taxable value consists of five taxpayers.

Interlocal Agreements

The County provides law enforcement services to the Towns of Froid, Culbertson and Baineville. Additionally, the County provides 911 services to the Fort Peck Assiniboine and Sioux tribes. During 2014, \$211,000 was contributed for these services. The agreements may be cancelled by either party with proper notification.

The County has three City-County airports (Wolf Point, Poplar and Culbertson) that are owned and operated jointly by the County and each individual City or Town. The operations of the airports are accounted for by the respective Cities or Towns. The County contributed \$4,181, \$37,025 and \$15,446 to the Cities of Poplar and Wolf Point and the Town of Culbertson, respectively, for normal recurring operating expenditures. The airports are administered by board members of the Cities/Towns and County. The budget is approved by the controlling members. The Airport Boards exercise control over the airports normal operations.

Subsequent Events

In November 2014, the voters of Roosevelt passed a county general obligation bond issue for \$11,860,000. Proceeds of bonds will be used for law enforcement offices, expanding jail facilities and paying costs associated with the sale and issuance of the bonds.

Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Retirement Plans

The government participates in two statewide mandatory cost-sharing multiple employer defined benefit retirement plans. The Sheriff's Retirement System (SRS) covers the County Sheriff, Undersheriff and Deputy Sheriffs of the County. The Public Employees Retirement System (PERS) covers other County employees. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

The plans issue a publicly available financial report that include financial statements and required supplementary information. The reports may be obtained from the Public Employees' Retirement Board, 100 North Park, P.O. Box 200131, Helena, Montana 59620-0131, telephone (406) 444-3154.

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Contribution rates for the plans are required and determined by State law. The contribution rates, expressed as a percentage of covered payroll, were as follows:

	Employer	Employee	Total
SRS	10.115%	9.245%	19.360%
PERS	8.070%	7.900%	15.970%

PERS:

On January 1 following an actuarial valuation, the employee contribution rate will be reduced to 6.9%, and the additional contributions by the employer (1%) and the State of Montana will terminate, if the actuarial valuation determines that these reductions and terminations would not cause the amortization period to exceed 25 years. Effective July 1, 2013, retired members who return to active service are subject to the above employee, employer, and state contributions. For retired members who return to work in a covered position, but who have not become active members, the employer and state shall contribute the amounts specified in Sections 19-3-316 and 319. (MCA 19-3-1113)

The State of Montana contributes .1% per year to the PERS plan on behalf of the employer. The State of Montana contribution has not been recorded in the financial statements.

The amounts contributed to the plans during the years ended June 30, 2014, 2013 and 2012 were equal to the required contributions for each year. The amounts contributed by both the government and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	2014	2013	2012
SRS	\$ 148,476	\$ 137,298	\$ 128,904
PERS	538,124	451,638	401,254
	\$ 686,600	\$ 588,936	\$ 530,158

Postemployment Benefits Other Than Pensions

Plan Description. The government provides postemployment health care benefits in accordance with Montana Code Annotated, Title 2, Chapter 18, Section, 704 to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees and dependents who retire under applicable retirement provisions, and (2) surviving dependents of deceased employees. Retirement eligibility is determined based on the minimum of (1) reaching age 50 with at least 5 years of membership service or (2) reaching 25 years of membership at any age.

Funding Policy. The required contribution is based on pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation. The government's' annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the government's' annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the government's' net OPEB obligation to the postemployment benefit plan:

Annual required contribution	\$ 304,644
Interest on net OPEB obligation	39,619
Adjustment to annual required contribution	(31,074)
Annual OPEB cost	313,189
Contributions made	(34,459)
Increase in net OPEB obligation	278,730
Net OPEB obligation - beginning of year	932,210
Net OPEB obligation - end of year	\$ 1,210,940

ROOSEVELT COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

The government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years are as follows:

Year Ending June 30,	Annual OPEB Cost (AOC)	Percentage of Annual AOC Contributed	Net OPEB Obligation (NOO)
2014	\$ 313,189	0%	\$ 1,210,940
2013	368,521	0%	932,210
2012	357,381	0%	612,399

Funded Status and Funding Progress. As of July 1, 2013, the Plan was 0% funded. The actuarial accrued liability for benefits was \$2,322,184 and the actuarial value of assets is \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,322,184.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

In the July 1, 2013 actuarial valuation (the most recent valuation), the projected unit credit method was used. The actuarial assumptions included a 4.5% investment rate of return which is based on the expected long term investment return of the employer's own investments used to pay plan benefits and an annual healthcare cost trend rate of 8% reduced by decrements of .5% to an ultimate rate of 4.5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years.

Future Implementation of GASB Pronouncements

The GASB has issued the following pronouncements:

Statement No. 68 - Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. Effective Date: The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014.

Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68 Effective Date: The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.

REQUIRED SUPPLEMENTARY INFORMATION

ROOSEVELT COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
General Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	
REVENUES			
Taxes/assessments	\$ 1,962,572	\$ 1,962,572	\$ 1,974,269
Fines and forfeitures	70,870	70,870	68,830
Licenses and permits	-	-	233
Intergovernmental	1,147,118	1,344,489	1,796,125
Charges for services	326,490	326,490	331,052
Investment earnings	416,000	416,000	738,998
Miscellaneous	21,000	21,000	35,429
Total revenues	<u>3,944,050</u>	<u>4,141,421</u>	<u>4,944,936</u>
EXPENDITURES			
Current:			
General government	2,559,550	2,559,550	2,342,732
Public safety	447,394	447,394	296,918
Public works	22,553	22,553	22,553
Public health	598,307	795,678	543,716
Social and economic services	83,600	83,600	64,616
Housing and community development	-	-	15,094
Capital outlay	<u>1,557,200</u>	<u>1,557,200</u>	<u>102,626</u>
Total expenditures	<u>5,268,604</u>	<u>5,465,975</u>	<u>3,388,255</u>
Excess (deficiency) of revenues over expenditures	<u>(1,324,554)</u>	<u>(1,324,554)</u>	<u>1,556,681</u>
OTHER FINANCING USES			
Transfers out	<u>(941,366)</u>	<u>(941,366)</u>	<u>-</u>
Total other financing uses	<u>(941,366)</u>	<u>(941,366)</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,265,920)</u>	<u>\$ (2,265,920)</u>	<u>1,556,681</u>
Fund balance - beginning			<u>3,890,992</u>
Fund balance - ending			<u>\$ 5,447,673</u>

ROOSEVELT COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Road Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes/assessments	\$ 1,028,000	\$ 1,028,000	\$ 1,023,448
Licenses and permits	5,000	5,000	6,400
Intergovernmental	643,794	643,794	877,864
Charges for services	10,800	10,800	10,800
Investment earnings	380,000	380,000	707,760
Miscellaneous	1,500	1,500	3,800
Total revenues	<u>2,069,094</u>	<u>2,069,094</u>	<u>2,630,072</u>
EXPENDITURES			
Current:			
Public works	1,717,705	1,717,705	1,297,526
Interest and other charges	1,000	1,000	32
Capital outlay	<u>563,127</u>	<u>563,127</u>	<u>177,073</u>
Total expenditures	<u>2,281,832</u>	<u>2,281,832</u>	<u>1,474,631</u>
Excess (deficiency) of revenues over expenditures	<u>(212,738)</u>	<u>(212,738)</u>	<u>1,155,441</u>
OTHER FINANCING USES			
Transfers out	<u>(792,698)</u>	<u>(792,698)</u>	<u>(792,698)</u>
Total other financing uses	<u>(792,698)</u>	<u>(792,698)</u>	<u>(792,548)</u>
Net change in fund balance	<u>\$ (1,005,436)</u>	<u>\$ (1,005,436)</u>	362,893
Fund balance - beginning			<u>2,220,143</u>
Fund balance - ending			<u>\$ 2,583,036</u>

ROOSEVELT COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Public Safety Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes/assessments	\$ 1,556,640	\$ 1,556,640	\$ 1,572,732
Licenses and permits	5,000	5,000	2,900
Intergovernmental	566,745	566,745	1,069,972
Charges for services	233,800	233,800	281,169
Miscellaneous	2,000	2,000	5,515
Total revenues	<u>2,364,185</u>	<u>2,364,185</u>	<u>2,932,288</u>
EXPENDITURES			
Current:			
Public safety	2,437,200	2,437,200	2,349,008
Debt service:			
Principal	30,299	30,299	30,299
Interest and other charges	1,784	1,784	1,956
Capital outlay	147,887	147,887	152,698
Total expenditures	<u>2,617,170</u>	<u>2,617,170</u>	<u>2,533,961</u>
Excess (deficiency) of revenues over expenditures	<u>(252,985)</u>	<u>(252,985)</u>	<u>398,327</u>
OTHER FINANCING USES			
Transfers out	(114,460)	(114,460)	(114,460)
Total other financing uses	<u>(114,460)</u>	<u>(114,460)</u>	<u>(114,460)</u>
Net change in fund balance	<u>\$ (367,445)</u>	<u>\$ (367,445)</u>	283,867
Fund balance - beginning			<u>1,178,400</u>
Fund balance - ending			<u>\$ 1,462,267</u>

ROOSEVELT COUNTY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

BUDGETARY INFORMATION

Money may not be disbursed, expended or obligated except pursuant to an appropriation for which working capital is or will be available. The final budget is legally enacted by the governing body by the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the department of revenue, after holding public hearings as required by state statute. Budgeted fund expenditures/expenses are limited by state law to budgeted amounts. Budgets may be amended for circumstances described by state law. The budgeted amounts as shown in the financial statements are as originally adopted or as revised by legal budget transfers and amendments, if applicable. All appropriations, except for construction-in-progress, lapse at year-end. The government does not utilize a formal encumbrance accounting system.

ROOSEVELT COUNTY
 SCHEDULE OF FUNDING PROGRESS-OTHER POST EMPLOYMENT BENEFITS
 For the Year Ended June 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UALL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UALL as a Percentage of Covered Payroll [(b-a)/c]</u>
6/30/2014	\$ -	\$ 2,322,184	\$ 2,322,184	-	\$ 4,351,955	0.5335956
6/30/2013	-	3,370,291	3,370,291	-	3,829,680	0.8800451
6/30/2012	-	2,994,105	2,994,105	-	3,736,273	0.8013614

OLNESS & ASSOCIATES, P. C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of County Commissioners
Roosevelt County
Wolf Point, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roosevelt County, Montana (the government) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated December 3, 2014. The report on the governmental activities, the road fund and aggregate remaining fund information was qualified because the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the government's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the government's internal control. Accordingly, we do not express an opinion on the effectiveness of the government's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses. (Findings 2014-001 through 2014-005)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the government's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Government's Response to Findings

The government did not respond to the findings identified in our audit as described in the accompanying schedule of findings. Section 2-7-515, Montana Code Annotated, states that the government should respond to any findings in the audit report within 30 days after the receipt of the final audit report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Neil & Associates, PC

Billings, Montana
December 3, 2014

ROOSEVELT COUNTY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2014

2014-001. FINANCIAL STATEMENT PREPARATION

Criteria: We were engaged to assist in the preparation of the government's financial statements. The government ensures the quality of its financial statements by engaging a qualified audit firm with expertise in governmental audits and by reading a preliminary draft of the financial statements.

Condition: The government does not have specific controls in place to review the selection and application of accounting principles and resulting disclosures and presentations within the financial statements.

Cause: The government is a small organization with limited resources.

Effect: It is common within the governmental sector to rely on an audit firm to prepare the financial statements; however, an audit firm cannot be considered part of the government's internal control by professional standards currently in effect. Since some presentations and disclosures may be material to the financial statements, this weakness in internal control would be classified as material.

Recommendation: The government should continue to read its draft financial statements and ensure the quality of the document and the preparer.

2014-002. SEGREGATION OF DUTIES

Criteria: Segregation of duties refers to assigning tasks among personnel so that no one person handles substantially all aspects of a transaction.

Condition: In many financial areas, including federal award programs, the government lacks segregation of duties.

Cause: The extent to which the government can segregate duties is limited based on the number of personnel, their skill set and work load, and organizational structure.

Effect: The risk of errors or irregularities occurring and not being detected in a timely manner increases when a lack of segregation of duties exists.

Recommendation: There are inherent inefficiencies with full segregation of duties and inherent risks with the lack of segregation of duties. The cost versus benefits for both should be considered. The government should continue to evaluate its segregation of duties and when possible assign tasks to strengthen controls.

2014-003. YEAR-END INVENTORY NOT CONDUCTED

Criteria: Periodic physical inventories provide a basis for updating inventory balances and aid in detecting significant inventory shortages.

Condition: The government did not conduct year-end inventories of materials and supply inventory in the weed and mosquito departments. Additionally, the road/bridge department conducted their inventory on June 19, 2014 and dollar costs were not assigned to the physical count.

Cause: Unknown.

Effect: The audit opinion is qualified for the governmental activities, road fund and the aggregate remaining fund information.

Recommendation: We recommend that materials and supplies inventory items purchased out of the road, bridge, weed and mosquito funds be inventoried on June 30 of each year, dollar costs assigned and the general ledger updated.

2014-004. SHEIFF CIVIL PROCESS AND BOND ACCOUNTS

Criteria: A list of items being held in the accounts should be prepared to determine that all cash transactions have been recorded properly and to discover bank and departmental errors. Additionally, effective internal control requires a system that reconciles accounting record receipts to bank deposits.

Condition: A list is not maintained to support the ending balance in the accounts and a system does not exist that reconciles accounting record receipts to bank deposits.

ROOSEVELT COUNTY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2014

Cause: Unknown.

Effect: Not maintaining a list to support the reconciled balances in the accounts and not reconciling receipts to deposits means that errors or other problems might not be recognized and resolved in a timely manner.

Recommendation: A list should be developed to support the ending balance in each account. Once established, the civil and bond account reconciliations should be agreed to the lists. Differences, if any, should be resolved immediately. Further, a system should be developed that reconciles accounting record receipts to bank deposits.

2014-005. SHERIFF CIVIL TRUST

Criteria: Since cash is so readily subject to error and mishandling, effective control of checks, currency, and other cash items should begin at the time of receipt and continue through deposit, custody, and disbursement.

Condition: Deposits were not made in a timely manner and receipts were not reconciled to deposits.

Cause: Unknown.

Effect: Exposes the government to risk of loss or theft.

Recommendation: Receipts should be reconciled to deposits. Once reconciled, deposits should be made on a daily basis.

ROOSEVELT COUNTY
SCHEDULE OF PRIOR YEAR FINANCIAL STATEMENT FINDINGS

PRIOR YEAR FINANCIAL STATEMENT FINDINGS	STATUS
2013-1. FINANCIAL STATEMENT PREPARATION	CONTINUED DISCLOSURE
2013-2. SEGREGATION OF DUTIES	CONTINUED DISCLOSURE
2013-3. YEAR-END INVENTORY NOT CONDUCTED	NOT IMPLEMENTED
2013-4. SHEFF CIVIL PROCESS AND BOND ACCOUNTS	NOT IMPLEMENTED
2013-5. COMPETITIVE BIDDING	IMPLEMENTED
2013-6. STATE PREVAILING WAGE RATES	IMPLEMENTED
2013-7. MAXIMUM MILL LEVY	IMPLEMENTED
2013-8. SINGLE AUDIT REPORTING PACKAGE NOT SUBMITTED	IMPLEMENTED
2013-9. PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	IMPLEMENTED
2013-10. DISASTER GRANTS – PUBLIC ASSISTANCE CFDA No. 97.036, GRANT No. FEMA-1996-DR-MT	NO LONGER APPLIES