

INDEPENDENT ACCOUNTANT'S REPORT  
ON AGREED-UPON PROCEDURES

**North Harlem School District #6**

Blaine, County

*June 30, 2014*

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# North Harlem School Dist. #6

*June 30, 2014*

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INDEPENDENT ACCOUNTANT'S REPORT

Board of Trustees  
North Harlem School District #6

We have performed the procedures enumerated below, which were agreed to by North Harlem School District #6, Blaine County, MT (the District), and the State of Montana, solely to perform a financial review of the District as of and for the year ended June 30, 2014, as required by Section 2-7-503, MCA. The District'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 District (using the guidance set forth by the State of Montana, as required 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 reconciled the District's cash balances as reported on the Trustees Financial Summary with the records of the County Treasurer, or bank accounts, if applicable.

*No exceptions were found with our reconciliation.*

- b. We examined the July, 2014 disbursements journal and expenditures made in that month to determine if payables are recorded at June 30, 2014.

*No exceptions were found with July disbursements.*

- c. We determined whether the District maintained records of capital assets and had documentation to support the records.

*Findings resulting from this procedure are disclosed as Finding 2014-001 in the Schedule of Findings and Recommendations.*

- d. We compared budgeted property tax revenues to actual property tax revenues for each budgeted fund; noted any variances in excess of 5% or \$500, whichever is greater; and determined the reasons for such variances.

*No variances in excess of the limits described above were noted as a result of these comparisons.*

- e. We reconciled total District revenues and expenditures to total cash receipts and disbursements for the District as reported by the County Treasurer.

*Findings resulting from this procedure are disclosed as Finding 2014-002 in the Schedule of Findings and Recommendations.*

f. We observed whether:

- The District maintained accounting records, including a disbursement ledger.
- The expenditures, including payroll, are supported by appropriate documentation and coded correctly
- The District maintained minutes of School Board meetings and they contain detailed statements of expenditures.
- The District maintained pupil attendance records.
- The District reconciled monthly with the reports of the county treasurer.
- The District maintained payroll records, including a payroll register for each employee.
- The District reconciled its federal and state payroll reports to the annual wage and tax statements submitted to the Social Security Administration.
- The District reconciled the total cash in the Miscellaneous Programs fund with the individual projects within the fund.
- The District reconciled the student activity fund individual accounts with the total cash in the Student Extracurricular Fund.

*We found no exceptions as a result of these procedures.*

g. We reconciled the enrollment as reported on the fall and spring enrollment reports to the school district's enrollment records.

*We found no exceptions as a result of these procedures.*

h. We verified that total expenditures for each budgeted fund did not exceed the budgeted expenditures for the fund.

*Findings resulting from this procedure are disclosed as Finding 2014-002 in the Schedule of Findings and Recommendations.*

Accompanying are the following schedules:

- |            |  |
|------------|--|
| Schedule A | Presents the District's assets, liabilities and fund balance, by fund, as of June 30, 2014.  |
| Schedule B | Presents the District's beginning fund balance, the total revenues and other financing sources, the total expenditures and other financing uses, prior period adjustments, and the ending fund equity of each fund for the year ended June 30, 2014. |
| Schedule C | Presents the District's enrollment as reported on the fall and spring pupil attendance reports.  |
| Schedule D | Presents findings and recommendations resulting from performing the above agreed-upon procedures.  |

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

This report is intended solely for the use of North Harlem School District #6, , MT and the State of Montana, and is not intended to be and should not be used by anyone other than these specified parties.

*Wipprei LLP*

Havre, Montana  
June 29, 2015

June 29, 2015

North Harlem School Dist. #6

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE – ALL FUNDS  
*as of June 30, 2014*  
 (See Independent Accountant's Report)

	General Fund 01	Retirment 14	Miscellaneous Programs 15	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,249	\$ 44	\$ (527)	\$ 10,766
Due From Other Governments	-	-	527	527
Total assets	<u>\$ 11,249</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 11,293</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Unassigned fund balance	\$ 11,249	\$ 44	\$ -	\$ 11,293
Total fund balance	<u>11,249</u>	<u>44</u>	<u>-</u>	<u>11,293</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,249</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 11,293</u>

North Harlem School Dist. #6

SCHEDULE OF CHANGES IN FUND BALANCE – BUDGETARY BASIS OF ACCOUNTING  
*as of June 30, 2014*  
 (See Independent Accountant's Report)

	General Fund 01	Retirement 14	Miscellaneous Programs 15	Technology 28	Total
Fund balance, June 30, 2013	\$ 7,858	\$ 5,271	\$ -	\$ -	\$ 13,129
Total revenues & other financing sources	70,029	3,138	16,929	167	90,263
Total expenditures & other financing uses	<u>(66,638)</u>	<u>(8,365)</u>	<u>(16,929)</u>	<u>(167)</u>	<u>(92,099)</u>
Fund balance, June 30, 2014	<u>\$ 11,249</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,293</u>

North Harlem School Dist. #6

SCHEDULE OF ENROLLMENT

as of June 30, 2014

(See Independent Accountant's Report)

	<u>Per Enrollment Reports</u>	<u>Per Review of District Records</u>
FALL ENROLLMENT - October, 2013		
<u>Elementary School District:</u>		
K-5:		
Kindergarten	-	-
Grades 1-5	4	4
	<u>4</u>	<u>4</u>
Grades 6-8	3	3
	<u>3</u>	<u>3</u>
Total	<u>7</u>	<u>7</u>
WINTER ENROLLMENT - December, 2013		
<u>Elementary School District:</u>		
K-5:		
Kindergarten	-	-
Grades 1-5	4	4
	<u>4</u>	<u>4</u>
Grades 6-8	3	3
	<u>3</u>	<u>3</u>
Total	<u>7</u>	<u>7</u>
SPRING ENROLLMENT - February, 2014		
<u>Elementary School District:</u>		
K-5:		
Kindergarten	-	-
Grades 1-5	4	4
	<u>4</u>	<u>4</u>
Grades 6-8	3	3
	<u>3</u>	<u>3</u>
Total	<u>7</u>	<u>7</u>

North Harlem School Dist. #6

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

as of June 30, 2014

(See Independent Accountant's Report)

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**2014-001 Capital Asset Records**

Condition:

The District incorrectly capitalized fixed assets and depreciation expense was not recorded.

Criteria:

ARM 10.10.407: Fixed Asset Inventory states all school districts shall maintain fixed asset inventory and depreciation records to allow reporting of fixed assets in conformity with generally accepted accounting principles.

Context:

The District correctly maintains records of capital assets. However, in review of the Districts capital asset summary report current year additions did not agree with additions reported on the Trustees Financial Summary. Also, in review of the Trustees Financial Summary it was noted that current year depreciation expense was not recorded. Depreciation expense should be reported separately and tie to current year additions in accumulated depreciation.

Cause and Effect:

The District is very small and with agreed upon procedures only occurring every three years it is difficult for school staff to be regularly informed on such issues and the correct treatment of specific items.

Recommendation:

We have reviewed this issue with the District Clerk and he is aware of the mistake. Additional documentation and guidelines have been provided to assist the District Clerk related to the proper recording of Capital Assets.

**2014-002 Revenue & Expenditures**

Condition:

The district failed to adopt a budget in the Technology Fund and also to report those transactions on the Trustees Financial Summary. The District also failed to file a budget amendment in the Retirement Fund.

Criteria:

Section 20-9-101, MCA: Each district shall separately propose and adopt a budget. Section 20-9-213, MCA: The trustee must report annually the financial activities of each fund maintained by the district during the last-completed school fiscal year. Section 20-9-132, MCA: The trustee may make changes or corrections they may consider necessary or proper in any item or amount of the budget.

North Harlem School Dist. #6

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

*as of June 30, 2014*

(See Independent Accountant's Report)

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Context:

The district failed to adopt a budget for the Technology fund which is a budgeted fund. Furthermore, the receipt and expenditure of state entitlement money in this fund was not reported on the Trustees Financial Summary. Also, the District failed to adopt a budget amendment when expenditures in the Retirement fund exceeded the budget.

Cause and Effect:

The District is very small and with agreed upon procedures only occurring every three years it is difficult for school staff to be regularly informed on such issues and the correct treatment of specific items.

Recommendation:

We have reviewed this issue with the District Clerk and he is aware of the mistake.

