

TOWN OF CLYDE PARK
ANNUAL FINANCIAL REPORT
JUNE 30, 2014

**TOWN OF CLYDE PARK
TABLE OF CONTENTS**

| | <u>Page</u> |
|---|-------------|
| Independent auditor's report | 1-2 |
| Basic financial statements | |
| Government-wide financial statements: | |
| Statement of net position | 3 |
| Statement of activities | 4 |
| Fund financial statements: | |
| Balance sheet – governmental funds | 5 |
| Statement of revenues, expenditures, and changes in fund balances – governmental funds | 6 |
| Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities | 7 |
| Statement of net position – proprietary fund | 8 |
| Statement of revenues, expenses and changes in fund net position – proprietary fund | 9 |
| Statement of cash flows – proprietary fund type | 10 |
| Statement of net position – fiduciary fund | 11 |
| Notes to financial statements | 12-22 |
| Required supplementary information | |
| Budgetary comparison schedule – general fund | 23 |
| Budgetary comparison schedule – fire donations fund | 24 |
| Budgetary comparison schedule – FEMA fund | 25 |
| Notes to the required supplementary information | 26 |
| 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 <i>Government Auditing Standards</i> | 27-28 |
| Schedule of findings | 29 |
| Schedule of prior year findings | 30 |



CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS OF CPA ASSOCIATES INTERNATIONAL, INC.

1283 NORTH 14TH STREET, SUITE 201
BOZEMAN, MONTANA 59715
(406) 587-4265
FAX (406) 586-3111

INDEPENDENT AUDITOR'S REPORT

To the Council
Town of Clyde Park
Clyde Park, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clyde Park (Town), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clyde Park, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23-26 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 February 25, 2015, on our consideration of the Town of Clyde Park'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 Town of Clyde Park's internal control over financial reporting and compliance.



February 25, 2015

TOWN OF CLYDE PARK
STATEMENT OF NET POSITION
JUNE 30, 2014

| | Governmental Activities | Business-type Activities | Totals |
|---|----------------------------|-----------------------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 277,366 | \$ 55,741 | \$ 333,107 |
| Accounts receivable | - | 15,074 | 15,074 |
| Taxes receivable | 1,652 | - | 1,652 |
| Other receivables | 1,695 | - | 1,695 |
| Restricted assets - cash | - | 92,846 | 92,846 |
| Capital assets not being depreciated | 3,989 | 2,415 | 6,404 |
| Capital assets being depreciated (net of accumulated depreciation) | 70,147 | 2,165,215 | 2,235,362 |
| Total assets | 354,849 | 2,331,291 | 2,686,140 |
| LIABILITIES | | | |
| Refunds payable | - | 273 | 273 |
| Due to other funds | (7,610) | 7,610 | - |
| Compensated absences | | | |
| Due within one year | 5,133 | 5,133 | 10,266 |
| Loans payable | | | |
| Due within one year | - | 17,641 | 17,641 |
| Due in more than one year | - | 1,102,360 | 1,102,360 |
| Total liabilities | (2,477) | 1,133,017 | 1,130,540 |
| NET POSITION | | | |
| Net investment in capital assets | 74,136 | 1,047,629 | 1,121,765 |
| Restricted for culture/recreation | 420 | - | 420 |
| Restricted for public safety | 54,167 | - | 54,167 |
| Restricted for general government | 39,344 | - | 39,344 |
| Restricted for public works | 87,285 | - | 87,285 |
| Restricted for repayment reserve | - | 44,496 | 44,496 |
| Restricted for short lived asset reserve | - | 48,350 | 48,350 |
| Unrestricted | 101,974 | 57,799 | 159,773 |
| Total net position | \$ 357,326 | \$ 1,198,274 | \$ 1,555,600 |

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------|---|--|--|-----------------------------|---------------------|
| | | Charges for Services, Fines Forfeitures | Operating Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | |
| General government | \$ 33,383 | \$ 4,300 | \$ - | \$ (29,083) | \$ - | \$ (29,083) |
| Public safety | 22,767 | - | 66,367 | 43,600 | - | 43,600 |
| Public works | 21,666 | - | - | (21,666) | - | (21,666) |
| Culture and recreation | 7,040 | - | - | (7,040) | - | (7,040) |
| Miscellaneous | 5,349 | - | - | (5,349) | - | (5,349) |
| Total governmental activities | <u>90,205</u> | <u>4,300</u> | <u>66,367</u> | <u>(19,538)</u> | <u>-</u> | <u>(19,538)</u> |
| Business-type activities: | | | | | | |
| Water | <u>167,442</u> | <u>133,411</u> | <u>-</u> | <u>-</u> | <u>(34,031)</u> | <u>(34,031)</u> |
| Total government | <u>257,647</u> | <u>137,711</u> | <u>66,367</u> | <u>(19,538)</u> | <u>(34,031)</u> | <u>(53,569)</u> |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes, levied for general purposes | | | | 32,082 | - | 32,082 |
| Gax tax | | | | 10,607 | - | 10,607 |
| Unrestricted state shared revenues | | | | 38,203 | - | 38,203 |
| Unrestricted investment earnings | | | | <u>1,463</u> | <u>-</u> | <u>1,463</u> |
| Total general revenues and transfers | | | | <u>82,355</u> | <u>-</u> | <u>82,355</u> |
| Change in net position | | | | 62,817 | (34,031) | 28,786 |
| Beginning net position | | | | <u>294,509</u> | <u>1,232,305</u> | <u>1,526,814</u> |
| Ending net position | | | | <u>\$ 357,326</u> | <u>\$ 1,198,274</u> | <u>\$ 1,555,600</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

| | General | Fire Donations Fund | FEMA Grant Fund | Other Governmental Funds | Totals |
|--|----------------------|------------------------|----------------------|--------------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 26,020 | \$ 53,667 | \$ 34,656 | \$ 163,023 | \$ 277,366 |
| Other receivables | 1,195 | 500 | - | - | 1,695 |
| Due from other funds | - | - | - | 20,325 | 20,325 |
| Taxes receivable | <u>1,652</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,652</u> |
| Total assets | <u>\$ 28,867</u> | <u>\$ 54,167</u> | <u>\$ 34,656</u> | <u>\$ 183,348</u> | <u>\$ 301,038</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Due to other funds | \$ 7,611 | \$ - | \$ - | \$ 5,104 | \$ 12,715 |
| Total liabilities | <u>7,611</u> | <u>-</u> | <u>-</u> | <u>5,104</u> | <u>12,715</u> |
| Deferred inflows of resources: | | | | | |
| Unearned revenue - property taxes | <u>1,180</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,180</u> |
| Total deferred inflows of resources | <u>1,180</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,180</u> |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Culture/recreation | - | - | - | 420 | 420 |
| General government | - | - | 34,656 | 4,688 | 39,344 |
| Public safety | - | 54,167 | - | - | 54,167 |
| Public works | - | - | - | 87,285 | 87,285 |
| Assigned | - | - | - | 85,851 | 85,851 |
| Unassigned | <u>20,076</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,076</u> |
| Total fund balances | <u>20,076</u> | <u>54,167</u> | <u>34,656</u> | <u>178,244</u> | <u>287,143</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 28,867</u> | <u>\$ 54,167</u> | <u>\$ 34,656</u> | <u>\$ 183,348</u> | |

Reconciliation to statement of net position:

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

| | |
|--|-------------------|
| Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds | 74,136 |
| Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds | 1,180 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | <u>(5,133)</u> |
| Net position of governmental activities | <u>\$ 357,326</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

| | General | Fire Donations Fund | FEMA Grant Fund | Other Governmental Funds | Totals |
|--|------------------|------------------------|--------------------|--------------------------------|-------------------|
| REVENUES | | | | | |
| Property and local option taxes | \$ 32,969 | \$ - | \$ - | \$ - | \$ 32,969 |
| Licenses and permits | 3,900 | - | - | - | 3,900 |
| Intergovernmental | 38,203 | - | 34,407 | 10,607 | 83,217 |
| Charges for services | - | - | - | 400 | 400 |
| Contributions | - | 30,360 | - | 1,600 | 31,960 |
| Interest | 995 | - | - | 468 | 1,463 |
| | <u>76,067</u> | <u>30,360</u> | <u>34,407</u> | <u>13,075</u> | <u>153,909</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 30,801 | 1,085 | - | - | 31,886 |
| Public safety | 10,308 | 12,018 | - | - | 22,326 |
| Public works | 16,106 | - | - | 610 | 16,716 |
| Culture and recreation | 7,040 | - | - | - | 7,040 |
| Miscellaneous | 5,349 | - | - | - | 5,349 |
| Capital outlay | 3,800 | 31,500 | - | - | 35,300 |
| | <u>73,404</u> | <u>44,603</u> | <u>-</u> | <u>610</u> | <u>118,617</u> |
| Excess (deficiency) of revenues over expenditures | 2,663 | (14,243) | 34,407 | 12,465 | 35,292 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 23,508 | - | - | 23,508 |
| Transfers out | - | - | - | (23,508) | (23,508) |
| | <u>-</u> | <u>23,508</u> | <u>-</u> | <u>(23,508)</u> | <u>-</u> |
| Net change in fund balance | 2,663 | 9,265 | 34,407 | (11,043) | 35,292 |
| Fund balances - beginning | 17,413 | 44,902 | 249 | 189,287 | 251,851 |
| Fund balances - ending | <u>\$ 20,076</u> | <u>\$ 54,167</u> | <u>\$ 34,656</u> | <u>\$ 178,244</u> | <u>\$ 287,143</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
 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 \$ 35,292

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

| | |
|--------------------------|---------|
| Capital assets purchased | 35,300 |
| Depreciation expense | (5,391) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

| | |
|-----------------------------------|-------|
| Unearned revenue - property taxes | (887) |
|-----------------------------------|-------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

| | |
|------------------------------|----------------|
| Accrued compensated absences | <u>(1,497)</u> |
|------------------------------|----------------|

Change in net position in governmental activities \$ 62,817

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

ASSETS

Current assets:

| | | |
|---------------------------|-----------|-------------------|
| Cash and cash equivalents | \$ 55,741 | |
| Accounts receivable | 15,074 | <u> </u> |
| Total current assets | | <u>70,815</u> |

Noncurrent assets:

| | | |
|--|-----------|----------------------|
| Restricted assets - cash | 92,846 | |
| Capital assets - net of accumulated depreciation | 2,167,630 | <u> </u> |
| Total noncurrent assets | | <u>2,260,476</u> |
| Total assets | | <u>2,331,291</u> |

LIABILITIES

Current liabilities:

| | | |
|-------------------------------|--------|-------------------|
| Refunds payable | 273 | |
| Due to other funds | 7,610 | |
| Loans payable | 17,641 | |
| Compensated absences | 5,133 | <u> </u> |
| Total current liabilities | | <u>30,657</u> |

Noncurrent liabilities:

| | | |
|----------------------------------|-----------|----------------------|
| Loans payable | 1,102,360 | |
| Total noncurrent liabilities | | <u>1,102,360</u> |
| Total liabilities | | <u>1,133,017</u> |

NET POSITION

| | | |
|--|-----------|-------------------------|
| Net investment in capital assets | 1,047,629 | |
| Restricted for repayment reserve | 44,496 | |
| Restricted for short lived asset reserve | 48,350 | |
| Unrestricted | 57,799 | <u> </u> |
| Total net position | | <u>\$ 1,198,274</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

| | |
|---|---------------------|
| OPERATING REVENUES | |
| Charges for services | \$ <u>133,411</u> |
| Total operating revenues | <u>133,411</u> |
| OPERATING EXPENSES | |
| Insurance | 5,842 |
| Personal services | 28,472 |
| Supplies | 6,926 |
| Purchased services | 16,920 |
| Depreciation | <u>67,733</u> |
| Total operating expenditures | <u>125,893</u> |
| Operating income | <u>7,518</u> |
| NON-OPERATING REVENUES (EXPENSES) | |
| Debt service interest expense | <u>(41,549)</u> |
| Total non-operating revenues (expenses) | <u>(41,549)</u> |
| Change in net position | (34,031) |
| Beginning net position | <u>1,232,305</u> |
| Ending net position | <u>\$ 1,198,274</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2014

Cash flows from operating activities:

| | |
|---|-----------------|
| Cash received from customers | \$ 136,222 |
| Cash paid to employees for services | (28,541) |
| Cash paid to suppliers | <u>(29,688)</u> |
| Net cash provided by operating activities | <u>77,993</u> |

Cash flows from capital and related financing activities:

| | |
|---|-----------------|
| Principal paid on capital debt | (18,716) |
| Interest paid on capital debt | (41,549) |
| Principal paid on due to other funds | (1,021) |
| Purchase of capital assets | <u>(3,200)</u> |
| Net cash (used) by capital and related financing activities | <u>(64,486)</u> |

Net increase in cash 13,507

Cash and cash equivalents, beginning 135,080

Cash and cash equivalents, ending \$ 148,587

As presented on the balance sheet:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 55,741 |
| Restricted assets - cash | <u>92,846</u> |
| | <u>\$ 148,587</u> |

Reconciliation of operating income to net cash provided by operating activities:

Operating income \$ 7,518

Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation expense 67,733

Change in assets and liabilities:

Increase in accounts receivable 2,811

Increase in compensated absences (69)

Net cash provided by operating activities \$ 77,993

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

ASSETS

Current assets:

Cash and cash equivalents \$ 11,573

Total current assets \$ 11,573

LIABILITIES

Current liabilities:

Warrants payable \$ 11,965

Due to other governments (392)

Total liabilities \$ 11,573

The accompanying notes are an integral part of these financial statements.

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Clyde Park have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The Town of Clyde Park ("the Town") was incorporated in 1913 under the provisions of Title 7, Chapter 1, Montana Code Annotated. The Town is governed by a mayor and five commissioners ("the Council").

B. Measurement Focus and Basis of Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the Town. Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The potential types of transactions reported as program revenues for the Town are the following: charges for services, operating grants and contributions and capital grants and contributions. During the fiscal year ended June 30, 2014, the Town had contributions, which are categorized as operating grants and contributions.

Pursuant to GASB 62, the Town follows all GASB pronouncements and may apply Financial Accounting Standards Board (FASB) pronouncements for accounting issues not addressed by GASB literature, unless it conflicts or contradicts GASB pronouncements.

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (continued)

Governmental fund financial statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in those statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds.

Proprietary fund financial statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows for the proprietary fund.

Proprietary fund financial statements are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expense and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

C. Funds

The following major funds are presented in separate columns on the governmental fund financial statements:

General fund

The general fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those accounted for in other funds.

Fire donations fund

This fund is used to collect and expend donations received by the Town's fire department.

Federal Emergency Management Agency (FEMA) fund

This fund is used to collect and expend FEMA grant funds.

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Funds (continued)

The Town reports the following major proprietary fund:

Enterprise fund – water fund

This fund is used to account for the operating and non-operating revenues and expenses of the public water utility system.

D. Cash and Investments

The Town is authorized by statute to invest in time and savings deposits with a bank, savings and loan association, or credit union in the state. In addition, it may also invest in obligations of the United States Government, securities issued by agencies of the United States, repurchase agreements, and the State Short-Term Investment Pool (STIP).

To minimize custodial credit risk in relation to the Town's deposits, it is the Town's policy to have uninsured deposits covered by collateral held by the pledging bank's agent in the Town's name.

For the purpose of the cash flow statement, cash and cash equivalents are considered to be cash on hand, deposits in demand accounts and money market accounts.

E. Accounts Receivable

Based on collection history, management has determined that an allowance for doubtful accounts is not necessary.

F. Net Position

The Town adopted the provisions of GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement 63 provides a new net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

Net position is divided into three components:

- **Net investment in capital assets** – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus capital asset related deferred outflows of resources less capital asset related deferred inflows of resources related to those assets.
- **Restricted net position**– consists of assets that are restricted as a result of external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – all other net position is reported in this category.

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Cash / Restricted Net Position

Rural Development (RD) requires that a bond reserve account be maintained by the Town for repayment of the outstanding loans. The monthly reserve requirement is ten percent of the loan installments up to the amount of one annual payment. As of June 30, 2014, \$44,496 of the Town's cash balance was restricted for the repayment reserve. RD also requires a short lived asset replacement fund, which can be used for purchasing assets which have been preapproved by RD. The required amount of the short lived asset reserve was \$48,350 as of June 30, 2014. This amount is reflected on the statement of net position as restricted net position.

H. Fund Balance Reporting

The Government Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

1. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact;
2. Restricted – constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation;
3. Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the town's highest level of decision-making authority, the town council;
4. Assigned – amounts that are constrained by the town's intent, through town council approval, to be used for specific purposes, but are neither restricted nor committed; and
5. Unassigned – residual classification for the town's general fund and includes all spendable amount not contained in other classifications.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Town's policy is to first use restricted resources.

I. Interfund Activity

Interfund activity is reported as loans (due to/due from). Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

The Town's capital assets are capitalized at historical cost or estimated historical cost. Contributions of capital assets are recorded at fair market value when received. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of at least \$3,000 and a life of at least 3 years is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

| | |
|-----------------------------------|-------------|
| Buildings | 40 years |
| Improvements other than buildings | 10-25 years |
| Machinery and equipment | 5-8 years |
| Water mains/line/etc | 40 years |

Maintenance and repair costs are expensed as incurred. Replacements, which improve or extend the life of a fixed asset, are capitalized. Proceeds received from government or other grantors, for the purchase or construction of fixed assets, are credited to income. All interest costs associated with new construction are capitalized.

K. Operating revenue and expenses

Operating revenues and expenses for the proprietary fund result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

L. Property Taxes

Property tax levies are based on taxable values listed as of January 1 for all real property located in the Town. Taxable values are established by the State Department of Revenue based on market values. A revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by State statute as a fixed percentage of market value.

Real property taxes and special assessments are generally billed in October and are payable one half by November 30 and one half by May 31. After these dates, taxes and assessments become delinquent and become a lien on the property. Personal property is assessed and personal property taxes are billed throughout the year, with a significant portion generally billed in May, June and July. Personal property taxes are based on levies set during the prior August. These taxes become delinquent 30 days after billing.

Taxes and assessments that become delinquent are charged interest at the rate of 5/6 of 1% per month plus a penalty of 2%. Real property on which taxes and assessments remain delinquent and unpaid may be sold at tax sales. In the case of personal property, the property is seized and sold after the taxes become delinquent.

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Estimates

The preparation of the basic 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.

N. Compensated Absences

Town employees earn vacation and sick leave at the combined rate of 10 days per year. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is the amount earned in the most recent two-year period. At termination, employees are paid for any accumulated vacation leave at the current rate of pay. There is no limit on the accumulation of unused sick leave. However, upon termination, only 25% of accumulated sick leave is paid.

It is the Town's policy to record disbursements for vacation or sick leave in the year paid.

NOTE 2. CASH AND CASH EQUIVALENTS

As of June 30, 2014, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing money market accounts) at a local bank was \$436,716, which, with the exception of \$7,299, was covered by federal depository insurance and pledged securities. As of June 30, 2014, the Town did not have investments as defined by GASB Statement 40.

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. 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 |
|---|-------------------------|------------------|-------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,989 | \$ - | \$ - | \$ 3,989 |
| Capital assets, being depreciated: | | | | |
| Buildings | 39,316 | 3,800 | - | 43,116 |
| Intangibles/works of art | 13,330 | - | - | 13,330 |
| Improvements other than buildings | 65,118 | - | - | 65,118 |
| Machinery and equipment | <u>109,840</u> | <u>31,500</u> | <u>-</u> | <u>141,340</u> |
| Total capital assets, being depreciated | <u>227,604</u> | <u>35,300</u> | <u>-</u> | <u>262,904</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (25,880) | (441) | - | (26,321) |
| Intangibles/works of art | (13,329) | - | - | (13,329) |
| Improvements other than buildings | (39,310) | (717) | - | (40,027) |
| Machinery and equipment | <u>(108,847)</u> | <u>(4,233)</u> | <u>-</u> | <u>(113,080)</u> |
| Total accumulated depreciation | <u>(187,366)</u> | <u>(5,391)</u> | <u>-</u> | <u>(192,757)</u> |
| Total capital assets being depreciated, net | <u>40,238</u> | <u>29,909</u> | <u>-</u> | <u>70,147</u> |
| Governmental activities capital assets, net | <u>\$ 44,227</u> | <u>\$ 29,909</u> | <u>\$ -</u> | <u>\$ 74,136</u> |

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. CAPITAL ASSETS (Continued)

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|--|-------------------------|--------------------|-------------|--------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,415 | \$ - | \$ - | \$ 2,415 |
| Capital assets, being depreciated: | | | | |
| Buildings | 20,551 | - | - | 20,551 |
| Improvements other than buildings | 237,534 | - | - | 237,534 |
| Machinery and equipment | 15,489 | 3,200 | - | 18,689 |
| Source of supply | <u>2,675,467</u> | <u>-</u> | <u>-</u> | <u>2,675,467</u> |
| Total capital assets, being depreciated | <u>2,949,041</u> | <u>3,200</u> | <u>-</u> | <u>2,952,241</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (12,508) | (206) | - | (12,714) |
| Improvements other than buildings | (237,534) | - | - | (237,534) |
| Machinery and equipment | (15,489) | (640) | - | (16,129) |
| Source of supply | <u>(453,762)</u> | <u>(66,887)</u> | <u>-</u> | <u>(520,649)</u> |
| Total accumulated depreciation | <u>(719,293)</u> | <u>(67,733)</u> | <u>-</u> | <u>(787,026)</u> |
| Total capital assets being depreciated, net | <u>2,229,748</u> | <u>(64,533)</u> | <u>-</u> | <u>2,165,215</u> |
| Business-type activities capital assets, net | <u>\$ 2,232,163</u> | <u>\$ (64,533)</u> | <u>\$ -</u> | <u>\$ 2,167,630</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

| | |
|---------------|-----------------|
| Public safety | \$ 441 |
| Public works | <u>4,950</u> |
| | <u>\$ 5,391</u> |

Business-type activities:

| | |
|-----------------|------------------|
| Water utilities | <u>\$ 67,733</u> |
|-----------------|------------------|

TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4. LONG-TERM LIABILITIES

The Town's long-term debt arising from cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Business-type activities

As of June 30, 2014, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

During the year ended June 30, 2007, the Town received a loan from Rural Development (RD) in the amount of \$429,000. The loan will be amortized over a 40-year term with equal payments of \$1,862 due each month. The interest rate on the loan is 4.25%. Security for the loan is the net revenues of the system. \$ 372,552

During the year ended June 30, 2009, the Town received a loan from Rural Development (RD) in the amount of \$800,000. The loan will be amortized over a 40-year term with equal payments of \$3,160 due each month. The interest rate on the loan is 3.625%. Security for the loan is all water charges and assessments received or to be received from the operation of the Town's water system for the purpose of repaying the installments of this loan. 747,449

Changes in Long-term Liabilities

The following is a summary of the changes in long-term debt for the year ended June 30, 2014:

| | <u>July 1, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2014</u> | <u>Amount Due Within One Year</u> |
|---------------------------|---------------------|------------------|--------------------|----------------------|---|
| Governmental activities: | | | | | |
| Compensated absences | \$ 3,636 | \$ 1,497 | \$ - | \$ 5,133 | \$ 5,133 |
| Business-type activities: | | | | | |
| Loan from RD (2007) | 379,150 | - | (6,598) | 372,552 | 6,640 |
| Loan from RD (2009) | 759,567 | - | (12,118) | 747,449 | 11,001 |
| Compensated absences | <u>5,202</u> | <u>-</u> | <u>(69)</u> | <u>5,133</u> | <u>5,133</u> |
| Totals | <u>\$ 1,143,919</u> | <u>\$ -</u> | <u>\$ (18,785)</u> | <u>\$ 1,125,134</u> | <u>\$ 22,774</u> |

Interest expense for the year ended June 30, 2014 was \$41,549.

**TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4. LONG-TERM LIABILITIES (Continued)

Debt service requirement to maturity

The approximate annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2014 are as follows:

| Fiscal year ending <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------------|---------------------|-------------------|
| 2015 | \$ 17,641 | \$ 42,623 |
| 2016 | 18,334 | 41,930 |
| 2017 | 19,055 | 41,209 |
| 2018 | 19,804 | 40,460 |
| 2019 | 20,583 | 39,681 |
| 2020-2024 | 115,719 | 185,600 |
| 2025-2029 | 140,374 | 160,947 |
| 2030-2034 | 170,320 | 131,000 |
| 2035-2039 | 206,703 | 94,617 |
| 2040-2044 | 229,578 | 50,786 |
| 2045-2049 | <u>161,890</u> | <u>14,279</u> |
| | <u>\$ 1,120,001</u> | <u>\$ 843,132</u> |

The general fund has been used to liquidate the governmental activities liabilities.

NOTE 5. RISK MANAGEMENT

The Town participates in the Montana Municipal Insurance Authority for automobile, property, general liability and workers' compensation coverage. The Montana Municipal Insurance Authority, which operates as an interlocal government agency, was created under the authority of the Montana Interlocal Cooperation Act and is owned by the cities and towns who participate in its coverage program.

The Town's risk management activities are recorded in the general fund.

**TOWN OF CLYDE PARK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6. INTERFUND BALANCES

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

| <u>Due to</u> | <u>Due from</u> | | | <u>Total</u> |
|------------------|---------------------|---------------------|-------------------|------------------|
| | <u>General fund</u> | <u>Gas tax fund</u> | <u>Water fund</u> | |
| Capital projects | <u>\$ 7,610</u> | <u>\$ 5,104</u> | <u>\$ 7,610</u> | <u>\$ 20,324</u> |

The interfund balances are the result of a land purchase in April 2012, which was funded by the capital improvement fund and will be reimbursed by the general, gas tax and water funds.

NOTE 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 25, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CLYDE PARK
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual | Variance - |
|--|------------------|-----------|-----------|-----------------|
| | Original | Final | | Over (Under) |
| REVENUES | | | | |
| Taxes | \$ 38,600 | \$ 38,600 | \$ 32,969 | \$ (5,631) |
| Licenses and permits | 3,550 | 3,550 | 3,900 | 350 |
| Intergovernmental revenues | 36,655 | 36,655 | 38,203 | 1,548 |
| Interest | 750 | 750 | 995 | 245 |
| Total revenues | 79,555 | 79,555 | 76,067 | (3,488) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 41,045 | 41,045 | 30,801 | (10,244) |
| Public safety | 11,500 | 11,500 | 10,308 | (1,192) |
| Public works | 13,300 | 13,300 | 16,106 | 2,806 |
| Culture and recreation | 7,500 | 7,500 | 7,040 | (460) |
| Miscellaneous | 6,000 | 6,000 | 5,349 | (651) |
| Capital Outlay | - | - | 3,800 | 3,800 |
| Total expenditures | 79,345 | 79,345 | 73,404 | (5,941) |
| Excess (deficiency) of revenues over expenditures | \$ 210 | \$ 210 | 2,663 | \$ 2,453 |
| Fund balance - beginning | | | 17,413 | |
| Fund balance - ending | | | \$ 20,076 | |

TOWN OF CLYDE PARK
 BUDGETARY COMPARISON SCHEDULE
 FIRE DONATIONS FUND
 FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance - |
|--|-------------------------|--------------------|------------------|------------------|
| | <u>Original</u> | <u>Final</u> | | Over (Under) |
| REVENUES | | | | |
| Contributions | \$ 14,000 | \$ 14,000 | \$ 30,360 | \$ 16,360 |
| Total revenue | <u>14,000</u> | <u>14,000</u> | <u>30,360</u> | <u>16,360</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,000 | 3,000 | 1,085 | (1,915) |
| Public safety | 31,000 | 31,000 | 12,018 | (18,982) |
| Capital outlay | <u>-</u> | <u>-</u> | <u>31,500</u> | <u>31,500</u> |
| Total expenditures | <u>34,000</u> | <u>34,000</u> | <u>44,603</u> | <u>(20,897)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(20,000)</u> | <u>(20,000)</u> | <u>(14,243)</u> | <u>37,257</u> |
| OTHER FINANCING USES | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>23,508</u> | <u>23,508</u> |
| Net change in fund balance | <u>\$ (20,000)</u> | <u>\$ (20,000)</u> | 9,265 | <u>\$ 29,265</u> |
| Fund balance - beginning | | | <u>44,902</u> | |
| Fund balance - ending | | | <u>\$ 54,167</u> | |

TOWN OF CLYDE PARK
 BUDGETARY COMPARISON SCHEDULE
 FEMA GRANT FUND
 FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance - |
|--|-------------------------|--------------|------------------|------------------|
| | <u>Original</u> | <u>Final</u> | | Over (Under) |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 34,407 | \$ 34,407 |
| Total revenue | <u>-</u> | <u>-</u> | <u>34,407</u> | <u>34,407</u> |
| EXPENDITURES | | | | |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>34,407</u> | <u>\$ 34,407</u> |
| Fund balance - beginning | | | <u>249</u> | |
| Fund balance - ending | | | <u>\$ 34,656</u> | |

TOWN OF CLYDE PARK
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

BUDGET COMPLIANCE

In accordance with Title 7, Chapter 6, Part 40, Montana Code Annotated, the Town's Council annually prepares a budget for the general, special revenue, capital project, and enterprise funds. The Commissioners hold a public hearing on the preliminary budget and when the hearing is concluded, the budget is approved and adopted by resolution. This must occur by the later of the second Monday in August or within 45 calendar days after receiving certified taxable values. The Commissioners may amend the budget during the fiscal year by conducting public hearings at regularly scheduled meetings.

BUDGET BASIS OF ACCOUNTING

The budget is prepared using the modified cash basis of accounting.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excesses of expenditures over appropriations during the year ended June 30, 2014.

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 Council
Town of Clyde Park
Clyde Park, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clyde Park, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Clyde Park's basic financial statements and have issued our report thereon February 25, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Clyde Park'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 Town of Clyde Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Clyde Park's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [2014-001].

Compliance and Other Matters

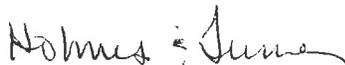
As part of obtaining reasonable assurance about whether the Town of Clyde Park's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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*.

Town of Clyde Park's Response to Findings

Town of Clyde Park's response to the finding identified in our audit is described in the accompanying schedule of findings. Town of Clyde Park's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



February 25, 2015

TOWN OF CLYDE PARK
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

2014-001 Segregation of duties

The Town has one person who handles all of the accounting functions and who has sole access to the accounting software. Internal controls should be in place to allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. Without proper internal controls in place, misstatements may not be detected and corrected in a timely manner. Although it would be inefficient, considering the size of the Town, for the Town to hire additional personnel to achieve optimal internal controls, we recommend that the Town continue to involve the Council members as much as possible in the review and approval processes.

Response: The Town has taken several steps to involve Council members and to obtain the best internal controls possible using the resources available to the Town.

TOWN OF CLYDE PARK
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Implemented

2013-001 Segregation of Duties

N/A