

TOWN OF RICHEY, MONTANA
DAWSON COUNTY

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Town Council
Town of Richey, MT
PO Box 205
Richey, Montana 59259

We have performed the procedures enumerated below, which were agreed to by the Town of Richey, Montana, (the Government) and the State of Montana, solely to perform a financial review of the Government as of and for the year ended June 30, 2014, as required by Section 2-7-503, MCA. The Government's management is responsible for the financial statements, compliance with the specified requirements and internal control over compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the State of Montana, as required by Section 2-7-503, MCA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We obtained the Government's annual financial report required to be prepared by State law (MCA 7-6-611), and we determined whether:
 - The financial statements internally balance and reconcile, and agree to the Government's underlying accounting records, and
 - Beginning net position and fund balance amounts reported on the government-wide and fund financial statements agree to related ending net position and fund balance amounts on prior-year financial statements.

Findings resulting from these procedures are disclosed in finding number 14-1 in Schedule C.

- b. We determined whether the Government performed reconciliations, on a monthly basis, of total cash and investments per the accounting records with deposits and investments held in financial institutions.

We found no exceptions as a result of this procedure.

- c. We determined whether the Government has a policy requiring that its cash receipts be deposited intact on a timely (at least weekly) basis with a financial institution, and verified that, for several selected weeks throughout the year, deposits were made per this policy.

We found no exceptions as a result of this procedure.

- d. We determined whether the Government maintained documentation of capital assets and related schedules of depreciation, and that this documentation supports the amount of net capital assets and depreciation expense recorded in the accounting records.

We found no exceptions as a result of this procedure.

- e. We determined whether the Government maintained documentation for all long-term liabilities recorded in the accounting records, including but not limited to bonds, notes and loans, capital leases, compensated absences, and judgments.

We found no exceptions as a result of these procedures.

- f. We examined general journal entries prepared during the year, and verified that:
- All adjustments to the fund balance and net position accounts, including prior period adjustments, were supported by explanatory documentation and approved by the governing body, and
 - All transfers made were allowable under State law. (MCA 7-6-613)

We found no exceptions as a result of these procedures.

- g. Through inquiry of members of the governing body and through observation of supporting documentation, we determined whether the governing body received and reviewed the following on a monthly basis:
- A report comparing budgeted revenues and budgeted appropriations with the year-to-date actual revenues and actual expenditures,
 - A copy of the bank reconciliation for all deposits/investments,
 - A report of cash balances, receipts and disbursements, as required by MCA 7-6-612,
 - Supporting documentation for all expenditures/expenses, as required by MCA 7-6-4301.

We found no exceptions as a result of these procedures.

- h. We identified all claims in excess of \$80,000, and determined whether any contracts for the purchase of vehicles, machinery, equipment, supplies, construction, repair or maintenance in excess of that amount were let to the lowest responsible bidder after advertisement for bids, as required by MCA 7-5-4302, and we determined whether the bidding process was documented in the minutes of governing body meetings.

The Government had no contract for purchase that met these criteria.

- i. We verified that:
- The final budget was adopted by resolution, as required by MCA 7-6-4030;
 - The “Tax Levy Requirements Schedule” in the Government’s budget document was accurately prepared, and cash reserves were (1) within the statutory limitations (MCA 7-6-4034) and (2) not negative (MCA 7-6-4030(2));
 - If applicable, any amendments to the final budget were adopted as required by MCA 7-6-4031; and
 - Total expenditures for each governmental fund did not exceed the budgeted appropriations for the fund (i.e., final budget as legally amended), as required by MCA 7-6-4005 and 7-6-4033.

Findings resulting from these procedures are disclosed in finding number 14-2 in Schedule C.

- j. We obtained the following documents and performed the following procedures related to property tax levies:
We obtained:
- Copies of the Government’s worksheets for the “Determination of Tax Revenue and Mill Levy Limitations Under MCA 15-10-420” for the current (FY2014) and prior year (hereafter referred to as “**Determination Worksheets**”);
 - A copy of the Department of Revenue’s 2013 Certified Taxable Valuation Form for the Government (hereafter referred to as “**DOR Form**”);
 - The Government’s **Budget Resolution(s)** for FY2014;
 - For the County’s agency fund for the Government, a detailed ledger query or other detailed trial balance report for the FY2014 period (hereafter referred to as “**County Report**”).
1. We verified that all applicable elements from the DOR Form were transferred appropriately to the FY2014 Determination Worksheet(s).
 2. We verified that the first line (prior year authorized revenue) of the FY2014 Determination Worksheet(s) was equal to the last line of the prior year’s Determination Worksheet (authorized tax revenue).
 3. We compared the “Authorized mill levy” from the FY2014 Determination Worksheet(s) to the actual mills levied per the Budget Resolution(s) and determined whether the mills actually levied were in compliance with the tax levy limitations of MCA 15-10-420.

4. If the actual mills levied exceeded the Determination Worksheets' authorized mill levy, we verified that the excess represented additional levies authorized by voters (MCA 15-10-425), mills exempted by statute (MCA 15-10-420(9)), and/or mill authority carried forward from previous years (MCA 15-10-420(1)(b)), and we verified that the Town had documentation to support these additional mills.
5. Tax revenue verification: We multiplied the Government's taxable valuation with the total mills levied, compared the results of this calculation with total property tax revenue recorded in the accounting records, and noted any variances of 5% or greater. (Note: Local vehicle option taxes and tax penalty/interest, if any, should be excluded from total property tax revenue for purposes of this comparison.)
6. Taxes receivable verification: We verified that total taxes receivable in the Government's accounting records agree to the total taxes receivable in the County Report.

Findings resulting from this procedure are disclosed in finding number 14-3 in Schedule C.

- k. For any single source of revenue that the Government received with specific terms/conditions for its receipt and use (e.g., grants, State allocations) and that represented 25% or greater of total revenues for the fiscal year, we reviewed the terms/conditions of that revenue source and verified that the Government complied with those terms/conditions.

The Government had no single source of revenue that met this criterion.

Accompanying are the following schedules:

Schedules A.1. and A.2. present the Government's government-wide Statement of Net Position and Statement of Activities as of and for the fiscal year ended June 30, 2014. *[Note to Independent Accountant: Photocopies of entity-prepared financial statements will suffice for these Schedules.]*

Schedules B.1 through B. __ present the Government's governmental, proprietary and fiduciary fund statements, as applicable, as of and for the fiscal year ended June 30, 2014. *[Note to Independent Accountant: Photocopies of entity-prepared financial statements will suffice for these Schedules.]*

Schedule C presents findings and recommendations resulting from performing the above agreed-upon procedures.

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

This report is intended solely for the use of the Town of Richey, Montana, and the State of Montana, and is not intended to be and should not be used by anyone other than these specified parties.

Philip Emmons, CPA
December 10, 2014

Town of Richey
STATEMENT OF NET POSITION
FISCAL YEAR ENDING JUNE 30, 2014

	Primary Government			Component Units	
	Governmental	Business-type	Total		
	Activities	Activities			
ASSETS					
Cash and cash equivalents	41,836.08	65,098.01	106,934.09		
Investments	0.00	0.00	0.00		
Petty Cash	0.00	0.00	0.00		
Restricted Assets:					
Cash and cash equivalents	0.00	0.00	0.00		
Investments (at fair value)	0.00	0.00	0.00		
Taxes/Assessments Receivable - (net of allowance for uncollectibles)	9,842.64	0.00	9,842.64		
Accounts/other receivables - (net of allowance for uncollectibles)	0.00	3,380.27	3,380.27		
Internal Balances	0.00	0.00	0.00		
Due from other governments	0.00	0.00	0.00		
Prepaid expense	0.00	0.00	0.00		
Inventories	0.00	0.00	0.00		
Other debits	0.00	0.00	0.00		
Capital assets not being depreciated					
Land	2,150.00	1,350.00	3,500.00		
Construction in progress	0.00	0.00	0.00		
Capital assets being depreciated (net of accumulated depreciation)	151,705.26	878,471.37	1,030,176.63		
Total Assets	205,533.98	948,299.65	1,153,833.63	0.00	0.00
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources	0.00	0.00	0.00		
Deferred Outflows of Resources	0.00	0.00	0.00		
Total Deferred Outflows of Resources	0.00	0.00	0.00	0.00	0.00
LIABILITIES					
Accounts payable and other current liabilities	0.00	0.00	0.00		
Matured bonds and interest payable	0.00	0.00	0.00		
Due to other governments	0.00	0.00	0.00		
Revenues collected in advance	0.00	0.00	0.00		
Contracts/Loans/Notes Payable	0.00	4,500.00	4,500.00		
Noncurrent liabilities:					
Due within one year	0.00	0.00	0.00		
Due in more than one year	706.81	62,161.43	62,868.24		
Total Liabilities	706.81	66,661.43	67,368.24	0.00	0.00
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources	0.00	0.00	0.00		
Deferred Inflows of Tax Resources	0.00	0.00	0.00		
Total Deferred Inflows of Resources	0.00	0.00	0.00	0.00	0.00
NET POSITION					
Net Investment in Capital Assets	153,855.26	815,280.37	969,135.63		
Restricted for:	0.00		0.00		
Debt Service			0.00		
Bond Indenture Requirements		0.00	0.00		
General Government			0.00		
Public Safety	8,255.23		8,255.23		
Public Works	979.77		979.77		
Public Health			0.00		
Culture/Recreation			0.00		
Economic Development			0.00		
Other:			0.00		
Non-spendable (other than Perm Fund)	0.00		0.00		
Permanent Fund principal			0.00		
Unrestricted	41,736.91	66,357.85	108,094.76		
Total Net Position	204,827.17	881,638.22	1,086,465.39	0.00	0.00
<i>Balance check (should equal zero):</i>	(0.00)	0.00	(0.00)		

Town of Richey
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services, Fines, Forfeitures, etc.	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
Functions/Programs	Expenses				Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government	39,977.44	1,155.85	0.00	0.00	(38,821.59)		(38,821.59)		
Public safety	2,415.00	0.00	0.00	0.00	(2,415.00)		(2,415.00)		
Public works	46,332.76	0.00	8,735.21	0.00	(37,597.55)		(37,597.55)		
Public health	0.00	20.00	0.00	0.00	20.00		20.00		
Social and economic services	0.00	0.00	0.00	0.00	0.00		0.00		
Culture and recreation	855.92	0.00	0.00	0.00	(855.92)		(855.92)		
Housing/Community Development	0.00	0.00	0.00	0.00	0.00		0.00		
Conservation of Natural Resources	0.00	0.00	0.00	0.00	0.00		0.00		
Interest on long-term debt	0.00	0.00	0.00	0.00	0.00		0.00		
Miscellaneous	409.18	0.00	0.00	0.00	(409.18)		(409.18)		
Unallocated costs	0.00				0.00		0.00		
Total governmental activities	89,990.30	1,175.85	8,735.21	0.00	(80,079.24)		(80,079.24)		
Business-type activities:									
Hospital						0.00	0.00		
Water	105,233.32	68,401.17				(36,832.15)	(36,832.15)		
Sewer	26,412.52	23,762.13				(2,650.39)	(2,650.39)		
Solid Waste/Landfill	43,042.21	59,520.51				16,478.30	16,478.30		
Ambulance						0.00	0.00		
Airport						0.00	0.00		
Gas/Electric						0.00	0.00		
Total business-type activities	174,688.05	151,683.81	0.00	0.00	0.00	(23,004.24)	(23,004.24)		
Total primary government	264,678.35	152,859.66	8,735.21	0.00	(80,079.24)	(23,004.24)	(103,083.48)		
Component Units:									
Total component units	0.00	0.00	0.00	0.00				0.00	0.00
General revenues:									
Property taxes					36,943.98	0.00	36,943.98		
Local option taxes					5,975.56		5,975.56		
Licenses and permits					1,610.35		1,610.35		
Unrestricted Federal/State shared revenues					15,370.95	0.00	15,370.95		
Unrestricted grants and contributions					0.00		0.00		
Unrestricted investment earnings					468.67	85.35	554.02		
Miscellaneous					4,745.00		4,745.00		
Gain on sale of capital assets					0.00	0.00	0.00		
Transfers					0.00	0.00	0.00		
Special/Extraordinary items					0.00	0.00	0.00		
							0.00		
Total general revenues and transfers					65,114.51	85.35	65,199.86	0.00	0.00
Change in net position					(14,964.73)	(22,918.89)	(37,883.62)	0.00	0.00
Total net position - July 1, 2013 as previously reported					219,791.90	904,557.11	1,124,349.01		
Prior period adjustments					0.00	0.00	0.00		
Total net position - July 1, 2013 as restated					219,791.90	904,557.11	1,124,349.01		
Total net position - June 30, 2014					204,827.17	881,638.22	1,086,465.39	0.00	0.00

Town of Richey
BALANCE SHEET
GOVERNMENTAL FUNDS
FISCAL YEAR ENDING JUNE 30, 2014

Account Number	Description	Major Funds					Other Governmental Funds	Total Governmental Funds
		Fund #1000	Fund # 2230	Fund # 2820	Fund # 2701	Fund # 2810		
		General	Ambulance	Gas Tax	Sidewalk	Police Training		
ASSETS								
101000	Cash and cash equivalents	32,601.08	8,255.23	979.77	0.00	0.00	0.00	41,836.08
103000	Petty cash						0.00	0.00
101100	Investments						0.00	0.00
Restricted Assets:								
102200	Cash and cash equivalents						0.00	0.00
102300	Investments						0.00	0.00
106000	Valuation of investments to fair value						0.00	0.00
110000	Tax/assessment receivable (net of allowance for uncollectibles)	9,842.64					0.00	9,842.64
	Accounts/other receivables - (net of allowance for uncollectibles)						0.00	0.00
120000							0.00	0.00
131000	Due from other funds						0.00	0.00
132000	Due from other governments						0.00	0.00
133000	Advances to other funds						0.00	0.00
140000	Prepaid expense						0.00	0.00
150000	Inventories						0.00	0.00
170000	Other debits						0.00	0.00
	Total Assets	42,443.72	8,255.23	979.77	0.00	0.00	0.00	51,678.72
DEFERRED OUTFLOWS OF RESOURCES								
190000	Deferred Outflows of Resources						0.00	0.00
19xxxx	Deferred Outflows of Resources						0.00	0.00
	Total Deferred Outflows of Resources	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES								
201000	Warrants payable						0.00	0.00
202100	Accounts payable						0.00	0.00
203100	Judgments payable						0.00	0.00
204000	Contracts/loans/notes payable						0.00	0.00
-15 205200	Matured interest payable						0.00	0.00
206100	Other accrued payables						0.00	0.00
211000	Due to other funds						0.00	0.00
212000	Due to other governments						0.00	0.00
214000	Deposits payable						0.00	0.00
216000	Revenues collected in advance						0.00	0.00
233000	Advances from other funds						0.00	0.00
	Total Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED INFLOWS OF RESOURCES								
220000	Deferred Inflows of Resources						0.00	0.00
223000	Deferred Inflows of Tax Revenues	9,842.64					0.00	9,842.64
	Total Deferred Inflows of Resources	9,842.64	0.00	0.00	0.00	0.00	0.00	9,842.64
FUND BALANCES:								
250100	Non-spendable						0.00	0.00
	Inventory							0.00
250200	Restricted						0.00	0.00
	General government							0.00
	Public Safety		8,255.23					8,255.23
	Public Works			979.77				979.77
	Culture and Recreation							0.00
	Other: (input explanation)							0.00
260100	Committed						0.00	0.00
	General government							0.00
	Public Safety							0.00
	Public Works							0.00
	Culture and Recreation							0.00
	Other: (input explanation)							0.00
260200	Assigned						0.00	0.00
								0.00
								0.00
271000	Unassigned	32,601.08					0.00	32,601.08
	Total Fund Balances	32,601.08	8,255.23	979.77	0.00	0.00	0.00	41,836.08
	Total Liabilities, Deferred Inflows of Resources and Fund Balances	32,601.08	8,255.23	979.77	0.00	0.00	0.00	0.00
<i>Balance check (Should equal zero):</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
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.								153,855.26
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred inflows of resources in the funds.								9,842.64
Internal service funds are used by management to charge the costs of providing services within the government. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position.								
Current assets								0.00
Accounts payable								0.00
Net amount allocated to business-type/external activities								0.00
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.								(706.81)
Net position of governmental activities								204,827.17

Town of Richey								
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES								
GOVERNMENTAL FUNDS								
FISCAL YEAR ENDING JUNE 30, 2014								
		Major Funds						
Account		Fund #1000	Fund # 2230	Fund # 2820	Fund # 2701	Fund # 2810	Other	Total
Number	Description	General	Ambulance	Gas Tax	Sidewalk	Police Training	Governmental Funds	Governmental Funds
REVENUES								
310000/								
363000	Taxes/assessments	33,076.90					0.00	33,076.90
320000	Licenses and permits	1,610.35					0.00	1,610.35
330000	Intergovernmental revenues	15,370.95		8,735.21			0.00	24,106.16
340000	Charges for services	1,155.85	20.00				0.00	1,175.85
350000	Fines and forfeitures	0.00					0.00	0.00
360000	Miscellaneous	4,500.00	245.00				0.00	4,745.00
370000	Investment and royalty earnings	468.67					0.00	468.67
								0.00
	Total Revenues	56,182.72	265.00	8,735.21	0.00	0.00	0.00	65,182.93
EXPENDITURES								
Current:								
410000	General government	30,235.30					0.00	30,235.30
420000	Public safety	1,094.38	315.73				0.00	1,410.11
430000	Public works	18,951.78		8,116.06	42.50		0.00	27,110.34
440000	Public health	0.00					0.00	0.00
450000	Social and economic services	0.00					0.00	0.00
460000	Culture and recreation	855.92					0.00	855.92
470000	Housing and community development	0.00					0.00	0.00
480000	Conservation of natural resources	0.00					0.00	0.00
490000	Debt Service:							
-106	Principal	0.00					0.00	0.00
	Interest	0.00					0.00	0.00
								0.00
	Capital outlay	20,021.66		5,000.00			0.00	25,021.66
500000	Internal Services							0.00
510000	Miscellaneous	409.18					0.00	409.18
	Total Expenditures	71,568.22	315.73	13,116.06	42.50	0.00	0.00	85,042.51
	Excess of revenues (under) expenditures	(15,385.50)	(50.73)	(4,380.85)	(42.50)	0.00	0.00	(19,859.58)
OTHER FINANCING SOURCES (USES):								
381010/40	Bonds issued	0.00					0.00	0.00
381010/40	Discount on bonds issued	0.00					0.00	0.00
381050	Inception of capital lease	0.00					0.00	0.00
381070	Notes/loans/intercap issued	0.00					0.00	0.00
382010	Sale of capital assets	0.00					0.00	0.00
383000	Transfers In	4,122.59					0.00	4,122.59
521000	Transfers out (Enter as negative)	0.00			(1,008.81)	(3,113.78)	0.00	(4,122.59)
384000	Special items - revenue	0.00					0.00	0.00
385000	Extraordinary items - revenue	0.00					0.00	0.00
524000	Special items - expenditure (Negative)	0.00					0.00	0.00
525000	Extraordinary items - expenditure (Negative)	0.00					0.00	0.00
	Total other financing sources (uses)	4,122.59	0.00	0.00	(1,008.81)	(3,113.78)	0.00	0.00
	Net change in fund balances	(11,262.91)	(50.73)	(4,380.85)	(1,051.31)	(3,113.78)	0.00	(19,859.58)
	Fund balances - July 1, 2013 as previously reported	43,863.99	8,305.96	5,360.62	1,051.31	3,113.78	0.00	61,695.66
	Prior period adjustments	0.00					0.00	0.00
	Fund balances - July 1, 2013 as restated	43,863.99	8,305.96	5,360.62	1,051.31	3,113.78	0.00	61,695.66
	Fund balances - June 30, 2014	32,601.08	8,255.23	979.77	0.00	0.00	0.00	41,836.08

Town of Richey
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2014

Net change in fund balances - total governmental funds (page 16)		<u>(19,859.58)</u>
Amounts reported for governmental activities in the statement of activities (page) are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital assets purchased		25,021.66
Depreciation expense		<u>(30,146.07)</u>
In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from the sale of these assets:		
Gain (loss) on the disposal of capital assets		
Proceeds from the sale of capital assets		<u>0.00</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Donated capital assets		
Long-term receivables (deferred revenue)		<u>9,842.64</u>
Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position:		
Capital lease proceeds		0.00
Bond sale proceeds		<u>0.00</u>
Loan proceeds		<u>0.00</u>
Repayment of debt principal is and expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:		
Capital lease obligation principal payments		
Long-term loan/contract principal payments		
Long-term bond principal payments		
Internal service funds are used by management to charge the costs of certain activities, such as insurance and data processing, to individual funds. The net revenue of the internal service funds is reported with the governmental activities of the government-wide statement of activities net of the amounts allocated to business-type activities and depreciation expense		
Change in net position	0.00	
Net of amount allocated to business-type/external activities	<u>0.00</u>	
Depreciation Expense	<u>0.00</u>	0.00
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Accrued compensated absenses		<u>176.62</u>
Change in Net Position in Governmental Activities		<u><u>(14,964.73)</u></u>

Town of Richey					
STATEMENT OF NET POSITION					
PROPRIETARY FUNDS					
FISCAL YEAR ENDING JUNE 30, 2014					
Business-type Activities					
Major Enterprise Funds					
Account Number	Description	Fund # 5210 Water	Fund # 5310 Sewer	Fund # 5410 Garbage	Totals
ASSETS					
Current Assets					
101000	Cash and cash equivalents	3,319.93	22,994.23	38,783.85	65,098.01
103000	Petty cash				0.00
101100	Investments (at fair value)				0.00
110000	Tax/assessment receivable (net of allowance for uncollectibles)				0.00
120000	Accounts/other receivables - (net of allowance for uncollectibles)	2,031.99	453.72	894.56	3,380.27
131000	Due from other funds				0.00
132000	Due from other governments				0.00
141000	Prepaid expense				0.00
150000	Inventories				0.00
Total Current Assets		5,351.92	23,447.95	39,678.41	68,478.28
Noncurrent Assets					
Restricted Assets:					
102200	Cash and cash equivalents				0.00
102300	Investments				0.00
133000	Advances to other funds				0.00
170000	Other debits				0.00
180000	Capital assets:				
	Land	350.00	1,000.00		1,350.00
	Construction in progress				0.00
	Buildings	2,104.79			2,104.79
	Improvements other than buildings	236,890.56	67,000.00	723.32	304,613.88
	Machinery and equipment	1,253.46		66,004.59	67,258.05
	Infrastructure (utility systems)	871,893.11	338,145.95		1,210,039.06
	Less: accumulated depreciation	(536,425.54)	(137,740.96)	(31,377.91)	(705,544.41)
	Capital assets - net of accumulated depreciation	576,066.38	268,404.99	35,350.00	879,821.37
Total Noncurrent Assets		576,066.38	268,404.99	35,350.00	879,821.37
Total Assets		581,418.30	291,852.94	75,028.41	948,299.65
DEFERRED OUTFLOWS OF RESOURCES					
190000	Deferred Outflows of Resources				0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00
LIABILITIES					
Current Liabilities					
202100	Accounts payable				0.00
203100	Judgments payable				0.00
204000	Contracts/loans/notes payable	2,000.00	2,500.00		4,500.00
205200	Matured interest payable				0.00
206100	Other accrued payables				0.00
209100	Compensated absences				0.00
211000	Due to other funds				0.00
212000	Due to other governments				0.00
214000	Deposits payable				0.00
216000	Revenues collected in advance				0.00
Total Current Liabilities		2,000.00	2,500.00	0.00	4,500.00
Noncurrent Liabilities					
231000	Bonds payable	27,000.00	33,041.00		60,041.00
233000	Advance from other funds				0.00
234000	Judgments payable				0.00
235000	Contracts/loans/notes payable				0.00
236000	Closure/postclosure care costs				0.00
238000	OPEB Liability				0.00
239000	Compensated absences	706.81	706.81	706.81	2,120.43
Total Noncurrent Liabilities		27,706.81	33,747.81	706.81	62,161.43
Total Liabilities		29,706.81	36,247.81	706.81	66,661.43
DEFERRED INFLOWS OF RESOURCES					
220000	Deferred Inflows of Resources				0.00
22xxxx	Deferred Inflows of Resources				0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00	0.00
NET POSITION					
Net Investment in Capital Assets		547,066.38	232,863.99	35,350.00	815,280.37
Restricted for:					0.00
					0.00
					0.00
Unrestricted		4,645.11	22,741.14	38,971.60	66,357.85
Total Net Position		551,711.49	255,605.13	74,321.60	881,638.22
<i>Balance check (Should equal zero):</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	
Reconciliation to government-wide statement of net position					
Adjustment to reflect the consolidations of internal service activities related to enterprise funds					
Net position of business-type activities					881,638.22

Town of Richey					
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION					
PROPRIETARY FUNDS					
FISCAL YEAR ENDING JUNE 30, 2014					
Business-type Activities					
Major Enterprise Funds					
Account Number	Description	Fund # 5210 Water	Fund # 5310 Sewer	Fund # 5410 Garbage	Totals
OPERATING REVENUES					
340000	Charges for services	63,793.09	23,762.13	59,245.51	146,800.73
360000	Miscellaneous revenues	4,608.08		275.00	4,883.08
363000	Special assessments				0.00
					0.00
	Total Operating Revenues	68,401.17	23,762.13	59,520.51	151,683.81
OPERATING EXPENSES					
100	Personal services	17,309.65	12,868.02	22,790.91	52,968.58
200	Supplies	9,689.34	1,942.12	5,684.70	17,316.16
300	Purchased services	53,684.18	2,167.89	9,516.60	65,368.67
400	Building materials				0.00
500	Fixed charges		40.00		40.00
810	Loss/Bad debt expense				0.00
830	Depreciation	23,711.40	8,362.12	5,050.00	37,123.52
					0.00
	Total Operating Expenses	104,394.57	25,380.15	43,042.21	172,816.93
	Operating Income (Loss)	(35,993.40)	(1,618.02)	16,478.30	(21,133.12)
NONOPERATING REVENUES (EXPENSES)					
310000	Taxes/assessment revenue				0.00
320000	Licenses/permits revenue				0.00
330000	Intergovernmental revenue				0.00
371000	Interest revenue		85.35	0.00	85.35
382030	Gain/Loss on Sale of Capital Assets (Loss is negative)				0.00
490000	Debt service interest expense (Enter as negative)	(838.75)	(1,032.37)		(1,871.12)
384000	Special items - revenue				0.00
385000	Extraordinary items - revenue				0.00
524000	Special items - expense (enter as negative)				0.00
525000	Extraordinary items - expense (enter as negative)				0.00
	Total Non-Operating Revenues (Expenses)	(838.75)	(947.02)	0.00	(1,785.77)
	Income (Loss) before contributions and transfers	(36,832.15)	(2,565.04)	16,478.30	(22,918.89)
	Capital contributions				0.00
	Transfers in (out)				0.00
	Change in net position	(36,832.15)	(2,565.04)	16,478.30	(22,918.89)
	Total net position - July 1, 2013 as previously reported	588,543.64	258,170.17	57,843.30	904,557.11
	Prior period adjustments				0.00
	Total net position - July 1, 2013 as restated	588,543.64	258,170.17	57,843.30	904,557.11
	Total net position - June 30, 2014	551,711.49	255,605.13	74,321.60	881,638.22
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
					Change in net position of business (22,918.89)

Town of Richey				
STATEMENT OF CASH FLOWS				
PROPRIETARY FUNDS				
FISCAL YEAR ENDING JUNE 30, 2014				
Business-type Activities				
Major Enterprise Funds				
Description	Fund # 5210 Water	Fund # 5310 Sewer	Fund # 5410 Garbage	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	67,368.43	23,520.00	59,147.98	150,036.41
Cash paid to suppliers	(63,373.52)	(4,150.01)	(15,201.30)	(82,724.83)
Cash paid to employees	(17,486.27)	(13,044.64)	(22,967.53)	(53,498.44)
Cash received from interfund services provided				0.00
Cash paid for interfund services used				0.00
Net cash provided (used) by operating activities	(13,491.36)	6,325.35	20,979.15	13,813.14
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	0.00	0.00	0.00	0.00
Advances from (to) other funds				0.00
Subsidies from taxes and other governments	0.00	0.00	0.00	0.00
Net cash provided (used) by capital and related financing activities	0.00	0.00	0.00	0.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from debt				0.00
Capital contributions	0.00	0.00	0.00	0.00
Purchases/acquisition/construction of capital assets				0.00
Principal on debt (Enter as a negative)	(2,000.00)	(2,500.00)		(4,500.00)
Interest paid on debt (Negative)	(838.75)	(1,032.37)	0.00	(1,871.12)
Capital lease down payment				0.00
Proceeds from sales of capital assets				0.00
Net cash provided (used) by capital and related financing activities	(2,838.75)	(3,532.37)	0.00	(6,371.12)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain/Loss Investment				0.00
Purchase of investments (Enter as negative)				0.00
Interest earnings	0.00	85.35	0.00	85.35
Net cash provided (used) by investing activities	0.00	85.35	0.00	85.35
Net increase (decrease) in cash and cash equivalents	(16,330.11)	2,878.33	20,979.15	7,527.37
Cash and cash equivalents - July 1, 2013	19,650.04	20,115.90	17,804.70	57,570.64
Cash and cash equivalents - June 30, 2014	3,319.93	22,994.23	38,783.85	65,098.01
	3,319.93	22,994.23	38,783.85	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	(35,993.40)	(1,618.02)	16,478.30	(21,133.12)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	23,711.40	8,362.12	5,050.00	37,123.52
(Increase) Decrease in accounts receivable	(1,032.74)	(242.13)	(372.53)	(1,647.40)
(Increase) Decrease in intergovernmental receivables				0.00
(Increase) Decrease in due from other funds				0.00
Increase in allowance for uncollectible accounts				0.00
(Increase) decrease in inventories				0.00
(Increase) decrease in prepaid items				0.00
Increase (decrease) in customer deposits				0.00
Increase (decrease) in accounts payable				0.00
Increase (decrease) in compensated absences pay.	(176.62)	(176.62)	(176.62)	(529.86)
Increase (decrease) in intergovernmental payables				0.00
Increase (decrease) in due to other funds				0.00
Total adjustments	22,502.04	7,943.37	4,500.85	34,946.26
Net cash provided (used) by operating activities	(13,491.36)	6,325.35	20,979.15	13,813.14
Noncash investing, capital, and financing activities:				
Borrowing under capital lease				0.00
Contributions of capital assets from government				0.00
Purchase of equipment on account				0.00
Increase in fair value of investments				0.00
Capital asset trade-ins				0.00

Schedule C

Report of Findings and Recommendations Resulting from
Performing Agreed-Upon Procedures

Finding 14-1

Criteria: The Town's annual report is required to be prepared by Montana State law and should internally balance and reconcile.

Condition: The annual financial report did not internally balance and reconcile.

Cause: Taxes receivable and compensated absences were not recorded correctly and the beginning balance on the government-wide statement of activities did not agree to prior year records.

Effects of Condition: This causes the annual report to be misstated.

Recommendation: Correct taxes receivable, compensated absences and beginning balances for the year ended June 30, 2014, revise the annual report and record the correct amounts in future periods.

Finding 14-2

Criteria: The "Tax Levy Requirements Schedule" is required to be completed correctly in order to prepare an accurate budget. Also, Montana State law requires that expenditures not exceed appropriations for each governmental fund.

Condition: The "Tax Levy Requirements Schedule" was prepared incorrectly and expenditures exceeded appropriations in the General Fund and Gas Tax Fund because the budgets were prepared incorrectly.

Cause: The Clerk is new to the job and misunderstood certain aspects of the "Tax Levy Requirements Schedule" and budget document.

Effects of Condition: This caused the budget document to be prepared incorrectly and expenditures to exceed appropriations in the General Fund and Gas Tax Fund.

Recommendation: Correctly prepare the "Tax Levy Requirements Schedule" and annual budget in future years and limit expenditures to appropriations.

Finding 14-3

Criteria: Taxes receivable should agree with the County Report.

Condition: Taxes receivable did not agree with the County Report.

Cause: Taxes receivable were recorded incorrectly.

Effects of Condition: This causes the accounting records and annual report to be misstated.

Recommendation: Revise taxes receivable for the year ended June 30, 2014 in the accounting records and annual report. Correctly record this item in future periods.