anderson ZURMUEHLEN

ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

330 FOURTH STREET • HAVRE, MONTANA 59501
TEL: 406.265.6724 • FAX: 406.265.4385 • WEB: www.azworld.com

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Town of Hingham
PO Box 69
Hingham, Montana 59528

We have performed the procedures enumerated below, which were agreed to by the Town of Hingham, 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 these 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 wither for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. 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 asset and fund balance amounts reported on the government-wide and fund financial statements agree to related ending net position and fund balance amounts on prior-year financial statements.

   We found no exceptions as a result of this procedure.

2. 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.

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

Findings resulting from these procedures are disclosed in finding number 3 in Schedule C.

4. 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 reported in the government-wide financial statements for both governmental activities and business-type activities.

We found no exceptions as a result of this procedure.

5. 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, and we verified that this documentation supports the amount of long-term liabilities outstanding at year-end as reported in the government-wide Statement of Net Assets.

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of this procedure.

7. 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.

Findings resulting from these procedures are disclosed in finding number 7 in Schedule C.

8. We identified all claims in excess of $80,000, and determined whether any such 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.

We found no exceptions as a result of this procedure.

9. We verified that:

   - The final budget was adopted by resolution, as required by MCA 7-6-4030;
   - The "Tax Levy Summary 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;
   - 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.

   We found no exceptions as a result of this procedure.

10. We performed the following procedures related to property tax levies:

    - We verified that all applicable elements from the DOR Form were transferred appropriately to the FY2014 Determination Worksheet
    - 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).
    - We compared the "Authorized mill levy" from the FY2014 Determination Worksheet to the actual mills levied per the Budget Resolution(s), and determined whether the Government complied with the statutory tax levy limitations.
    - We multiplied the Government's taxable valuation with the total mills levied, we compared the results of this calculation with total property tax revenue recorded in the accounting records, and noted any variances of 5% or greater.
    - We verified that total taxes receivable in the government's account records agree to the total taxes receivable in the County Report.

    Findings resulting from these procedures are disclosed in finding number 10 in Schedule C.

11. 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.

    We found no exceptions as a result of this procedure.

Accompanying are the Following Schedules:
Schedules A.1. and A.2. present the Government's government-wide Statement of Net Position and Statement of Activities as of and for the fiscal year ended June 30, 2014, in the format required by generally accepted accounting principles.

Schedules B.1 through B.7 present the Government's governmental, proprietary and fiduciary fund statements, as applicable, as of and for the fiscal year ended June 30, 2014, in the format required by generally accepted accounting principles.

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

We were not engaged to, and did not conduct an examination or audit, the objective of which would be the expression of an opinion on the specified accounts and transactions, or on compliance or effectiveness of internal control over compliance. Accordingly, we do not express such an opinion. Had we performed 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 Hingham, Montana, and the State of Montana, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Zurmuehlen & Co. P.C.

Havre, Montana
January 13, 2015

TOWN OF HINGHAM
SCHEDULE C-SCHEDULE OF FINDINGS
Year Ended June 30, 2014

1. No findings

2. No findings

3. There is no written policy in place on how often the clerk must deposit funds. The Town Clerk deposits the receipts twice a month. Based on collections, this appears to be timely.

4. No findings.

5. No findings.

6. No findings.

7. The Town Council does not receive the following on a monthly basis: a report comparing budgeted revenues and budgeted appropriations with the year-to-date actual revenues and actual expenditures is not disbursed at the monthly meetings. There is a report distributed around mid-year to make sure the council is on track and then again near year-end.

8. No findings.

9. No findings.

10. The Town Council has enough funds on reserve that no property taxes should have been assessed.

11. No findings.

Town of Hingham
Statement of Net Position
June 30, 2014

Schedule A.1

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 350,720	$ 116,964	$ 467,684
Restricted cash and cash equivalents	-	-	-
Taxes/Assessments Receivable - (net of allowance for uncollectible	1,514	-	1,514
Accounts/other receivables - (net of allowance for uncollectibles)	-	422	422
Capital assets not being depreciated	100	-	100
Capital assets being depreciated (net of accumulated depreciation)	166,429	-	166,429
Total assets	518,764	117,386	636,150
NET ASSETS			
Net investment in capital assets	166,529	-	166,529
Restricted for:			
Public Works	59,285	-	59,285
Unrestricted	292,950	117,386	410,336
Total net assets	$ 518,764	$ 117,386	$ 636,150

Town of Hingham
Statement of Activities
Fiscal Year Ended June 30, 2014

Schedule A.2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes In Net Assets, Primary Government: Governmental Activities	Net (Expense) Revenue and Changes In Net Assets, Primary Government: Business-type Activities	Total
Governmental activities:							
General Government	$ 14,195	$ -	$ -	$ -	$ (14,195)	$ -	$ (14,195)
Public Safety	24,649	4,500	-	-	(20,149)	-	(20,149)
Public Works	11,442	6,814	8,626	-	3,999	-	3,999
Culture and Recreation	6,413	-	840	-	(5,573)	-	(5,573)
Total governmental activities	56,699	11,314	9,466	-	(35,918)	-	(35,918)
Business-type activities:							
Water	59,131	60,283	-	-		1,152	1,152
Sewer	534	9,550	-	-		9,016	9,016
Total business-type activities	59,665	69,833	-	-		10,168	10,168
Total primary government	$ 116,365	$ 81,147	$ 9,466	$ -	$ (35,918)	$ 10,168	$ (25,751)
General revenues:							
Property Taxes for general purposes					9,600	-	9,600
Local Option Taxes					2,409	-	2,409
Unrestricted Federal/State Shared Revenues					10,440	-	10,440
Unrestricted Investment Earnings					2,635	-	2,635
Miscellaneous					5,968	-	5,968
Total general revenues and transfers					31,052	-	31,052
Changes in net position					$ (4,866)	$ 10,168	$ 5,302
Net position, beginning of year					523,630	107,218	630,848
Restatements					-	-	-
Net position, beginning of year restated					523,630	107,218	630,848
Net position, end of year					$ 518,764	$ 117,386	$ 636,150

Town of Hingham
Balance Sheet-Governmental Funds
June 30, 2014

Schedule B.1

	General Fund	Street	Gas Tax	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 291,435	$ 15,153	$ 44,132	$ 350,720
Tax/assessment receivable (net of allowance for uncollectibles)	980	534	-	1,514
Total assets	$ 292,415	$ 15,687	$ 44,132	$ 352,235
DEFERRED INFLOWS OF RESERVES AND FUND BALANCES				
Deferred inflows of reserves				
Unavailable tax reserves	$ 980	$ 534	$ -	$ 1,514
Total liabilities	980	534	-	1,514
Fund Balances:				
Restricted for:				
Public Works	-	15,153	44,132	59,285
Unassigned	291,435	-	-	291,435
Total fund balances	291,435	15,153	44,132	350,720
Total liabilities and fund balances	$ 292,415	$ 15,687	$ 44,132	$ 352,235

Town of Hingham
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2014

Schedule B.2

Total fund balances - governmental funds	$	350,720
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		166,529
All of the unavailable tax revenue reported in the governmental funds are not available.		1,514
Total net position - governmental activities	$	518,764

Town of Hingham

Schedule B.3

Statement of Revenues, Expenditures, and Changes in Fund Balance

Fiscal Year Ended June 30, 2014

	General Fund	Street	Gas Tax	Total Governmental Funds
Revenues:				
Property taxes and assessments	$ 11,472	$ 6,814	$ -	$ 18,287
Intergovernmental Revenues	12,115	-	6,951	19,066
Charges for Services	4,500	-	-	4,500
Miscellaneous	6,808	-	-	6,808
Investment and Royalty Earnings	2,635	-	-	2,635
Total revenue	37,531	6,814	6,951	51,297
Expenditures:				
Current:				
General government	11,756	-	-	11,756
Public safety	10,528	-	-	10,528
Public works	-	5,994	3,948	9,942
Culture and Recreation	6,238	-	-	6,238
Total expenditures	28,522	5,994	3,948	38,464
Excess of revenues over expenditures	9,009	821	3,003	12,833
Net change in fund balance	9,009	821	3,003	12,833
Fund balances, July 1, 2013	282,426	14,332	41,129	337,888
Fund balances, July 1, 2013, restated	282,426	14,332	41,129	337,888
Fund balances, June 30, 2014	$ 291,435	$ 15,153	$ 44,132	$ 350,720

Town of Hingham

Schedule B.4

Reconciliaiton of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Net Assets

Fiscal Year Ended June 30, 2014

Net change in fund balances - total governmental funds	$	12,833
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while government activities report depreciation expense to allocate those expenditures over the life of the assets		(18,235)
Tax and assessment revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		536
Change in net position of governmental activities	$	(4,866)

Town of Hingham

Schedule B.5

Statement of Net Position-Proprietary Funds

June 30, 2014

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 47,111	$ 69,854	$ 116,964
Accounts/other receivables - (net of allowance for uncollectibles)	242	180	422
Total current assets	47,353	70,034	117,386
Total assets	$ 47,353	$ 70,034	$ 117,386
NET POSITION			
Government Wide Format:			
Unrestricted	47,353	70,034	117,386
Total net position	$ 47,353	$ 70,034	$ 117,386

Town of Hingham

Schedule B.6

Statement of Activities-Proprietary Funds

Fiscal Year Ended June 30, 2014

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	$ 60,283	$ 9,550	$ 69,833
Total operating revenues	60,283	9,550	69,833
OPERATING EXPENSES			
Personal services	2,498	369	2,867
Supplies	640	165	805
Purchased services	55,993	-	55,993
Total operating expenses	59,131	534	59,665
Operating income	1,152	9,016	10,168
Income before contributions and transfers	1,152	9,016	10,168
Change in net position	$ 1,152	$ 9,016	$ 10,168
Net position, July 1, 2013	46,200	61,018	107,218
Prior period adjustment	-	-	-
Net position, June 30, 2013, restated	46,200	61,018	107,218
Net position, June 30, 2014	$ 47,353	$ 70,034	$ 117,386

Town of Hingham

Schedule B.7

Statement of Cash Flows-Proprietary Funds

Fiscal Year Ended June 30, 2014

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERTING ACTIVITIES			
Receipts from customers	$ 60,327	$ 9,690	$ 70,017
Payments to suppliers	(56,633)	(165)	(56,798)
Payments to employees	(2,498)	(369)	(2,867)
Net cash flows from operating activities	1,196	9,156	10,351
Net change in cash and cash equivalents	1,196	9,156	10,351
Cash and cash equivalents, beginning of year	45,915	60,698	106,613
Cash and cash equivalents, end of year	$ 47,111	$ 69,854	$ 116,964
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 1,152	$ 9,016	$ 10,168
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in accounts receivable	44	140	184
Total adjustments	44	140	184
Net cash flows from operating activities	$ 1,196	$ 9,156	$ 10,351