

JUDITH BASIN COUNTY, MONTANA

Fiscal Year Ended June 30, 2014

**AUDIT REPORT**

**Denning, Downey & Associates, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

JUDITH BASIN COUNTY, MONTANA

Fiscal Year Ended June 30, 2014

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JUDITH BASIN COUNTY, MONTANA

**ORGANIZATION**

Fiscal Year Ended June 30, 2014

**BOARD OF COUNTY COMMISSIONERS**

Cody McDonald  
Tucker Hughes  
Jim Moore

Chairperson  
Commissioner  
Commissioner

**COUNTY OFFICIALS**

Mark Westveer  
Tammy Zier  
Amanda H. Kelly  
Julie Peevey  
Larry Carver  
Julie Peevey  
Raymond Clark

County Attorney  
Treasurer  
Clerk and Recorder / Auditor  
Clerk of District Clerk  
Justice of the Peace  
School Superintendent  
Sheriff

**Management Discussion and Analysis**  
**Judith Basin County**  
**June 30, 2014**

Judith Basin County has compiled for individuals interested in the county's financial statement an overview and analysis of the county's financial activities for the fiscal year ended June 30, 2014. Judith Basin County Officials encourage readers of this financial discussion and analysis to thoroughly study the report.

**Overview of the Financial Statements**

This report is designed to serve as an introduction to Judith Basin County's basic financial statements. The County's basic financial statements consist of the following components:

- \*Governmental-wide financial statements
- \*Fund Financial Statements
- \*Notes to the Financial Statements

Comparative data is available from the prior fiscal year to gauge financial performance of the County's full comparison.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

Judith Basin County continues to be in very stable condition. The county has continued to work on infrastructure continually improving our bridges, keeping equipment up to date and maintaining our taxes within the county at a minimum.

Table 1: Statement of Net Position looks at the County as a whole.

Table 2: Reflects a more detailed report; note the breakdown of the Revenues –vs- Expenditures.

\*Capital Assets and depreciation have been reported giving an accurate report of county activities.

**Using This Financial Report**

Statement No. 34 of the Governmental Account Standard Board (GASB) requires the general format of this report. Components and purposes of the report are explained further as the reader progresses through the report.

**Government-Wide Financial Statement**

\*The Statement of Net Position show the assets and liabilities that the county is responsible for. The difference between the assets and the liabilities is referred to as the net position. By monitoring the county Statement of Net Position on a yearly basis, the reader can ascertain at what financial level the county is functioning. A year-to-year increase in the Net Position indicates a strong financial status whereas a continued decrease in the Net Position may indicate financial instability.

**Management Discussion and Analysis**  
**Judith Basin County**  
**June 30, 2014**

\*The Statement of Activities presents information on revenue and revenue sources used to support the various governmental activities of the county, both general and program specific funds. The governmental-wide statements breakdown the activities of the county that are largely supported by property taxes and other intergovernmental fund sources. The governmental activities within Judith Basin County include general county government and all activities associated with including: Law enforcement/public safety; Road/Public Works; Health; and various smaller fund activities. There is no business type activities performed by the county. The county does have some fiduciary responsibilities in handling investment of excess budget funds for the school district within the county.

The Government-Wide statements are designed to give those interested an overall view of the County's financial status. This report includes two countywide statements dealing with the operations of the county as a whole. Through the use of accrual based accounting, the financial statements measure financial resources and liabilities.

**Fund Financial Statements**

Fund Financial Statements are those financial statements that most readers are more familiar with. These statements give a more detailed financial glimpse of the various governmental operations within the county. In the case of Judith Basin County, the reader sees a clear distinction between the General operation, Road, Weed, Disaster Emergency Fund (FEMA) and our capital funds that have been established.

Fund Statements report balances and activities of the major funds mention in the previous paragraph. The smaller funds are grouped together in one category. In order to classify a fund as major, the fund has to meet the following criteria: What is the size of the fund in proportion to the total funds of the county? How important is the fund to the county's operation? What are the legal budget requirements of the fund?

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances are shown for governmental funds, such as the general fund, public safety, and public works. These funds use a modified accrual basis of accounting and represent the majority of the county's activities and responsibilities.

Governmental Activities comparison Table 1 – Net Position and Table 2 – Changes in Net Position is attached at the end of this report.

**Judith Basin County, Montana**  
**MD & A Comparisons**  
**June 30, 2014**

**Table 1 - Net Position**

	<b>Governmental Activities</b>		
	<b><u>FY14</u></b>	<b><u>FY13</u></b>	<b><u>Change Inc (Dec)</u></b>
Current and other assets	\$ 3,486,170	\$ 3,923,129	\$ (436,959)
Capital assets	5,158,726	4,771,427	387,299
Total assets	<u>\$ 8,644,896</u>	<u>\$ 8,694,556</u>	<u>\$ (49,660)</u>
Long-term debt outstanding	\$ 455,700	\$ 361,576	\$ 94,124
Other liabilities	112,061	71,321	40,740
Total liabilities	<u>\$ 567,761</u>	<u>\$ 432,897</u>	<u>\$ 134,864</u>
Net investment in capital assets	\$ 5,158,726	\$ 4,771,427	\$ 387,299
Restricted	1,477,924	2,499,530	(1,021,606)
Unrestricted (deficit)	1,440,485	990,702	449,783
Total net position	<u><u>\$ 8,077,135</u></u>	<u><u>\$ 8,261,659</u></u>	<u><u>\$ (184,524)</u></u>

**Table 2 - Changes in Net Position**

	<b>Governmental Activities</b>		
	<b><u>FY14</u></b>	<b><u>FY13</u></b>	<b><u>Change Inc (Dec)</u></b>
<b>Revenues</b>			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 285,478	\$ 326,438	\$ (40,960)
Operating grants and contributions	243,317	597,710	(354,393)
Capital grants and contributions	24,115	210,205	(186,090)
<i>General revenues (by major source):</i>			
Property taxes for general purposes	1,518,696	1,407,305	111,391
Miscellaneous	86,495	109,260	(22,765)
Interest/investment earnings	11,602	27,036	(15,434)
PILT	220,454	125,158	95,296
State entitlement	351,396	322,267	29,129
Total revenues	<u>\$ 2,741,553</u>	<u>\$ 3,125,379</u>	<u>\$ (383,826)</u>
<b>Program expenses</b>			
General government	\$ 878,372	\$ 810,308	\$ 68,064
Public safety	370,592	367,239	3,353
Public works	1,201,208	1,168,445	32,763
Public health	56,639	51,825	4,814
Social and economic services	65,504	58,692	6,812
Culture and recreation	137,162	126,752	10,410
Internal services	22,841	28,806	(5,965)
Miscellaneous	82,863	78,077	4,786
Total expenses	<u>\$ 2,815,181</u>	<u>\$ 2,690,144</u>	<u>\$ 125,037</u>
<b>Increase (decrease) in net position</b>	<u><u>\$ (73,628)</u></u>	<u><u>\$ 435,235</u></u>	<u><u>\$ (508,863)</u></u>

**Management Discussion and Analysis**  
**Judith Basin County**  
**June 30, 2014**

**Reporting the County's Fiduciary Responsibilities**

Judith Basin County acts as the fiduciary for the school districts within the county by investing their agency funds. The Statement of Fiduciary Net Position and Changes in Fiduciary Net Position is included in this report. The county cannot utilize these funds for operation of the county.

**Budget to Actual Comparisons**

This report contains budget comparison schedules. These Particular reports are designed to give the reader an idea how actual expenditures compared to the final budgeted expenditures for the general, public works (road) and Weed, Disaster Emergency Fund (FEMA). The reader must know that the public safety (law enforcement) is a part of the general fund, and as a result, there is not a comparison report regarding such.

There are two items within these reports that need to be pointed out to the reader.

\*General Fund Comparison – Judith Basin County is very spend thrifty budgets are set low and expenditures rarely are spent to the maximum. Each department offers quality service to our taxpayers while keeping spending at a minimum

\*During the past few years' individual funds have transferred large portions on unspent appropriation to Capital Funds for future projects and purchases. FY14 shows these funds going slowly for future high dollar projects and equipment.

**The County As a Whole-Financial Analysis**

Total Net Potion saw a balance of \$8,077,135. Which is only a slight decrease since FY13.

Capital assets are of a tangible nature. They are the assets that the county uses to provide services to the taxpayers of the county. Capital Assets are not available for future spending. The future reports the value of the capital assets will depreciate accordingly over the assets lifetime.

**Economic and Future Outlook**

Judith Basin County has a population of just over 2200 people. The county is located between two larger counties with cities that tend to be trade and medical centers. We are fortunate enough to have a Forest Service Office and Soil Conservation Office within Judith Basin County, which helps not only with jobs but families. Judith Basin County's economy is solely dependent upon agricultural projection. Principle commodities are grain and cattle. Outside of agricultural related business, there are a few small business concerns that are prospering. These include a respiratory care company with respiratory care therapists, motels, computers, and a medical center staffed by a Nurse Practitioner and a Physician Assistant.

**Management Discussion and Analysis**  
**Judith Basin County**  
**June 30, 2014**

The growth within the county is spotty. Due to economic conditions, cattle inventory and grain production have seen moderate reductions and not the total liquidations that were feared. Given the climatic situation, property tax collections have not been a problem for the county as is pointed out in the enclosed financial statements. County's Taxable Value is holding showing just a slight decrease currently 13,266,028 which was the result of the restructuring on Personal Property, the county continues to manage its operations conservatively.

**Financial Contact**

The county's financial statements are designed to give those interested with a general overview of the financial operations of the county. Questions concerning any information presented in this report or any request for additional information should be submitted to the County Commissioners at PO Box 427, Stanford, MT 59479 or give the County Clerk and Recorder at 566-2277, ext 109 to review any reported information in detail.

***Denning, Downey & Associates, P.C.***  
***CERTIFIED PUBLIC ACCOUNTANTS***

*1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957*

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**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Judith Basin County  
Stanford, Montana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Judith Basin County, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the County'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, each major fund, and the aggregate remaining fund information of Judith Basin County, Montana, as of and for the year ended June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2014, the Judith Basin County, Montana adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding for other post employment benefits other than pensions on pages 2 through 6, 33 through 37, and 38 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 June 30, 2015, on our consideration of the Judith Basin County, Montana'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 Judith Basin County, Montana's internal control over financial reporting and compliance.

*Derring, Downey and Associates, CPA's, P.C.*

June 30, 2015

**Judith Basin County, Montana**  
**Statement of Net Position**  
**June 30, 2014**

		<b>Governmental Activities</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$	3,178,926
Taxes and assessments receivable, net		34,952
Accounts receivable - net		49,508
Due from other governments		124,422
Inventories		98,362
Total current assets	\$	3,486,170
Noncurrent assets		
Capital assets - land	\$	82,307
Capital assets - construction in progress		83,000
Capital assets - depreciable, net		4,993,419
Total noncurrent assets	\$	5,158,726
Total assets	\$	8,644,896
<b>LIABILITIES</b>		
Current liabilities		
Warrants payable	\$	113
Accrued payables		27,507
Claims/vouchers payable		84,441
Current portion of compensated absences payable		68,474
Total current liabilities	\$	180,535
Noncurrent liabilities		
Noncurrent portion of long-term liabilities	\$	359,258
Noncurrent portion of compensated absences		27,968
Total noncurrent liabilities	\$	387,226
Total liabilities	\$	567,761
<b>NET POSITION</b>		
Net investment in capital assets	\$	5,158,726
Restricted for special projects		653,484
Restricted for capital projects		779,347
Restricted for other purposes		45,093
Unrestricted		1,440,485
Total net position	\$	8,077,135

See accompanying Notes to the Financial Statements

**Judith Basin County, Montana**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position Primary Government</u>
<b>Primary government:</b>		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 878,372	\$ 62,070	\$ 20,215	\$ -	\$ (796,087)
Public safety	370,592	7,850	-	-	(362,742)
Public works	1,201,208	185,704	214,823	24,115	(776,566)
Public health	56,639	-	-	-	(56,639)
Social and economic services	65,504	984	-	-	(64,520)
Culture and recreation	137,162	28,870	8,279	-	(100,013)
Internal services	22,841	-	-	-	(22,841)
Miscellaneous	82,863	-	-	-	(82,863)
Total primary government	\$ 2,815,181	\$ 285,478	\$ 243,317	\$ 24,115	\$ (2,262,271)
		General Revenues:			
					\$ 1,518,696
					86,495
					11,602
					220,454
					351,396
					\$ 2,188,643
					\$ (73,628)
					\$ 8,261,659
					(110,896)
					\$ 8,150,763
					\$ 8,077,135

See accompanying Notes to the Financial Statements

**Judith Basin County, Montana**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	<u>General</u>	<u>Road</u>	<u>Weed</u>	<u>Emergency Disaster</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 1,313,839	\$ 338,970	\$ 23,497	\$ 44,493	\$ 1,458,127	\$ 3,178,926
Taxes and assessments receivable, net	10,352	10,610	678	106	13,206	34,952
Accounts receivable - net	-	8,700	29,688	-	11,120	49,508
Due from other funds	162,900	-	-	-	-	162,900
Due from other governments	2,664	-	32,066	89,692	-	124,422
Inventories	-	32,584	12,794	-	52,984	98,362
Total assets	<u>\$ 1,489,755</u>	<u>\$ 390,864</u>	<u>\$ 98,723</u>	<u>\$ 134,291</u>	<u>\$ 1,535,437</u>	<u>\$ 3,649,070</u>
Current liabilities:						
Warrants payable	\$ -	\$ -	\$ -	\$ -	\$ 113	\$ 113
Accrued payables	10,579	10,525	108	-	6,295	27,507
Claims/vouchers payable	-	1,270	32,066	-	51,105	84,441
Due to other funds	-	-	-	162,900	-	162,900
Total liabilities	<u>\$ 10,579</u>	<u>\$ 11,795</u>	<u>\$ 32,174</u>	<u>\$ 162,900</u>	<u>\$ 57,513</u>	<u>\$ 274,961</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources	<u>\$ 10,352</u>	<u>\$ 10,610</u>	<u>\$ 678</u>	<u>\$ 106</u>	<u>\$ 13,206</u>	<u>\$ 34,952</u>
<b>FUND BALANCES</b>						
Nonspendable	\$ -	\$ 32,584	\$ 12,794	\$ -	\$ 52,984	\$ 98,362
Restricted	-	335,875	53,077	-	1,137,354	1,526,306
Committed	-	-	-	-	274,380	274,380
Unassigned fund balance	<u>1,468,824</u>	<u>-</u>	<u>-</u>	<u>(28,715)</u>	<u>-</u>	<u>1,440,109</u>
Total fund balance	<u>\$ 1,468,824</u>	<u>\$ 368,459</u>	<u>\$ 65,871</u>	<u>\$ (28,715)</u>	<u>\$ 1,464,718</u>	<u>\$ 3,339,157</u>

See accompanying Notes to the Financial Statements

**Judith Basin County, Montana**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2014**

<b>Total fund balances - governmental funds</b>	\$ 3,339,157
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,158,726
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	34,952
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(455,700)
<b>Total net position - governmental activities</b>	<u>\$ 8,077,135</u>

See accompanying Notes to the Financial Statements

**Judith Basin County, Montana**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>General</u>	<u>Road</u>	<u>Weed</u>	<u>Emergency Disaster</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes and assessments	\$ 503,224	\$ 474,714	\$ 22,046	\$ 2	\$ 515,497	\$ 1,515,483
Intergovernmental	407,017	118,127	32,405	-	280,470	838,019
Charges for services	72,206	33,615	35,608	-	151,584	293,013
Fines and forfeitures	43,510	-	-	-	2,767	46,277
Miscellaneous	19,304	4,644	606	-	9,392	33,946
Investment earnings	7,180	-	-	-	4,422	11,602
Total revenues	<u>\$ 1,052,441</u>	<u>\$ 631,100</u>	<u>\$ 90,665</u>	<u>\$ 2</u>	<u>\$ 964,132</u>	<u>\$ 2,738,340</u>
<b>EXPENDITURES</b>						
General government	\$ 499,666	\$ -	\$ -	\$ -	\$ 260,394	\$ 760,060
Public safety	295,873	-	-	-	41,182	337,055
Public works	-	643,520	89,636	-	247,516	980,672
Public health	13,219	-	-	-	16,346	29,565
Social and economic services	2,970	-	-	-	58,342	61,312
Culture and recreation	-	-	-	-	128,606	128,606
Internal services	22,841	-	-	-	-	22,841
Miscellaneous	10,364	-	-	-	72,499	82,863
Capital outlay	24,344	67,749	-	258,948	354,341	705,382
Total expenditures	<u>\$ 869,277</u>	<u>\$ 711,269</u>	<u>\$ 89,636</u>	<u>\$ 258,948</u>	<u>\$ 1,179,226</u>	<u>\$ 3,108,356</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 183,164</u>	<u>\$ (80,169)</u>	<u>\$ 1,029</u>	<u>\$ (258,946)</u>	<u>\$ (215,094)</u>	<u>\$ (370,016)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the sale of general capital asset disposition	\$ -	\$ 1,350	\$ -	\$ -	\$ -	\$ 1,350
Transfers in	43,025	-	4,882	-	99,547	147,454
Transfers out	(76,554)	-	-	-	(70,900)	(147,454)
Total other financing sources (uses)	<u>\$ (33,529)</u>	<u>\$ 1,350</u>	<u>\$ 4,882</u>	<u>\$ -</u>	<u>\$ 28,647</u>	<u>\$ 1,350</u>
Net Change in Fund Balance	<u>\$ 149,635</u>	<u>\$ (78,819)</u>	<u>\$ 5,911</u>	<u>\$ (258,946)</u>	<u>\$ (186,447)</u>	<u>\$ (368,666)</u>
Fund balances - beginning	\$ 1,319,189	\$ 447,278	\$ 59,960	\$ 341,127	\$ 1,651,165	\$ 3,818,719
Restatements	-	-	-	(110,896)	-	(110,896)
Fund balances - beginning, restated	<u>\$ 1,319,189</u>	<u>\$ 447,278</u>	<u>\$ 59,960</u>	<u>\$ 230,231</u>	<u>\$ 1,651,165</u>	<u>\$ 3,707,823</u>
Fund balance - ending	<u>\$ 1,468,824</u>	<u>\$ 368,459</u>	<u>\$ 65,871</u>	<u>\$ (28,715)</u>	<u>\$ 1,464,718</u>	<u>\$ 3,339,157</u>

See accompanying Notes to the Financial Statements

**Judith Basin County, Montana**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

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

**Net change in fund balances - total governmental funds** \$ (368,666)

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	705,382
- Depreciation expense	(318,083)

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

- Long-term receivables (deferred revenue)	1,863
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The change in compensated absences is shown as an expense in the Statement of Activities	(6,019)
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Termination benefits are shown as an expense in the Statement of Activities and not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance:

- Post-employment benefits other than retirement liability	(88,105)
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<b>Change in net position - Statement of Activities</b>	<b>\$ <u><u>(73,628)</u></u></b>
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See accompanying Notes to the Financial Statements

**Judith Basin County, Montana**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	<u>Investment Trust Funds</u>		<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 206,745	\$	2,156,979
Taxes receivable	-		<u>106,000</u>
Total assets	<u>\$ 206,745</u>	\$	<u><u>2,262,979</u></u>
<b>LIABILITIES</b>			
Warrants payable	\$ -	\$	198,388
Due to others	-		<u>2,064,591</u>
Total liabilities	<u>\$ -</u>	\$	<u><u>2,262,979</u></u>
<b>NET POSITION</b>			
Assets held in trust	<u>\$ 206,745</u>		

See accompanying Notes to the Financial Statements

**Judith Basin County, Montana**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2014**

		<b>Investment Trust Funds</b>
<b>ADDITIONS</b>		
Contributions	\$	279,720
Interest and change in fair value of investments		728
Total additions	\$	280,448
 <b>DEDUCTIONS</b>		
Distributions from investment trust fund	\$	398,175
Total deductions	\$	398,175
Change in net position	\$	(117,727)
 Net Position - Beginning of the year	 \$	 324,472
 Net Position - End of the year	 \$	 206,745

See accompanying Notes to the Financial Statements

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

GASBS No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard is effective for fiscal year ending June 30, 2014.

**Financial Reporting Entity**

In determining the financial reporting entity, the County complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity*, as amended by GASB statement No. 61, *The Financial Reporting Entity: Omnibus*, and includes all component units of which the County appointed a voting majority of the component units' board; the County is either able to impose its' will on the unit or a financial benefit or burden relationship exists. In addition, the County complies with GASB statement No. 39 *Determining Whether Certain Organizations Are Component Units* which relates to organizations that raise and hold economic resources for the direct benefit of the County.

*Primary Government*

The County is a political subdivision of the State of Montana governed by an elected three member Board of Commissioners duly elected by the registered voters of the County. The County utilizes the commission form of government. The County is considered a primary government because it is a general purpose local government. Further, it meets the following criteria: (a) It has a separately elected governing body (b) It is legally separate and (c) It is fiscally independent from the State and other local governments.

**Basis of Presentation, Measurement Focus and Basis of Accounting.**

***Government-wide Financial Statements:***

*Basis of Presentation*

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole and its component units. They include all funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function. The types of transactions reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) operating grants and contributions, and 3) capital grants and contributions. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

*Measurement Focus and Basis of Accounting*

**Government-Wide Financial Statements**

On the government-wide Statement of Net Position and the Statement of Activities, are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The County generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

**Fund Financial Statements:**

*Basis of Presentation*

Fund financial statements of the reporting County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are organized into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is displayed in a separate column in the governmental funds statements. All of the remaining funds are aggregated and reported in a single column as non-major funds. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014

- a. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

*Measurement Focus and Basis of Accounting*

***Governmental Funds***

Modified Accrual

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The County defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be upon receipt. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014

Major Funds:

The County reports the following major governmental funds:

*General Fund* – This is the County’s primary operating fund and it accounts for all financial resources of the County except those required to be accounted for in other funds.

*Road Fund* – A special revenue fund for general road maintenance operations costs, major construction projects, and snow removal. Other areas of responsibility are encroachments for utility installations, approach encroachments, and subdivision road review.

*Emergency Disaster Fund* – A special revenue fund that is used to account for the 2 mill emergency tax levy put in place for disaster as well as State and Federal funding disaster.

*Weed Fund* – A special revenue fund that is used to account for the charges for service and grant revenue associated with weed control in the County.

***Fiduciary Funds***

Fiduciary funds presented using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans). The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net assets. The fiduciary funds are:

*Investment Trust Funds* – To report the external portion of investment pools reported by the sponsoring government.

*Agency Funds* – To report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). This fund primarily consist of assets held by the County as an agent for individuals, private organizations, other local governmental entities and the County’s claims and payroll clearing funds

**NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Cash Composition**

Composition of cash, deposits and investments at fair value on June 30, 2014, are as follows:

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash on hand	\$ 1,475
Petty Cash	
Cash in banks:	
Demand deposits	2,048,854
Savings deposits	1,167,321
Time deposits	2,325,000
Total	<u>\$ 5,542,650</u>

**Credit Risk**

Section 7-6-202, MCA, limits investments of public money of a local government in the following eligible securities:

(a) United States government treasury bills, notes and bonds and in the United States treasury obligations, such as state and local government series (SLGLS), separate trading of registered interest and principal of securities (STRIPS), or similar United States treasury obligations;

(b) United States treasury receipts in a form evidencing the holder's ownership of future interest or principal payments on specific United States treasury obligations that, in the absence of payment default by the United States, are held in a special custody account by an independent trust company in a certificate or book entry form with the federal reserve bank of New York; or

(c) Obligations of the following agencies of the United States, subject to the limitations in subsection 2 (not included):

- (i) federal home loan bank;
- (ii) federal national mortgage association;
- (iii) federal home mortgage corporation; and
- (iv) federal farm credit bank.

With the exception of the assets of a local government group self-insurance program, investments may not have a maturity date exceeding 5 years except when the investment is used in an escrow account to refund an outstanding bond issue in advance.

Section 7-6-205 and Section 7-6-206, MCA, state that demand deposits may be placed only in banks and Public money not necessary for immediate use by a county, city, or town that is not invested as authorize in Section 7-6-202 may be placed in time or savings deposits with a bank, savings and loan association, or credit union in the state or place in repurchase agreements as authorized in Section 7-6-213.

Section 7-6-202, MCA, as amended, now limits authorized investments in certain securities that previously were permissible investments. The amendment does not apply to and does not require the sale of securities that were legal investments before the effective date of this act. However, the investments reported as collateralized mortgage obligations above are not authorized investments at the current time.

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2014

The government has no investment policy that would further limit its investment choices.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the government’s deposits may not be returned to it. All deposits are carried at cost plus accrued interest. As of June 30, 2014 \$5,243,104 of the government’s bank balance was exposed to custodial credit risk as follows:

<u>Depository Account</u>	June 30, 2014 <u>Balance</u>
Insured	\$ 750,000
- Collateral held by the pledging bank's trust department but not in the County's name.	4,493,104
Total deposits and investments	\$ <u><u>5,243,104</u></u>

Deposit Security

Section 7-6-207, MCA, states (1) The local governing body may require security only for that portion of the deposits which is not guaranteed or insured according to law and, as to such unguaranteed or uninsured portion, to the extent of:

- (a) 50% of such deposits if the institution in which the deposit is made has a net worth of total assets ratio of 6% or more; or
- (b) 100% if the institution in which the deposit is made has a net worth of total assets ration of less than 6%.

The amount of collateral held for County’s deposits at June 30, 2014, equaled or exceeded the amount required by State statutes.

**Cash and Investment Pool**

The government maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as “Cash and investments.”

**Investment in the Treasurer’s Pools**

The County Treasurer invests on behalf of most funds of the County and external participants in accordance with the County’s investment policy and Montana law. The County’s pools are managed by the County Treasurer. The external portion of the County’s investment pools are accounted for as investment trust funds. There are two types of investment trust funds reported by the County pooled and individually directed investment trust funds.

The County has one pooled investment trust fund invested in money market and non-negotiable certificates of deposit carried at cost, which approximates fair value. The County invests funds for one external entity. These investments are reported in an individually directed investment trust fund. The investments are non-negotiable certificates of deposit and carried at cost which approximates fair value.

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2014

Non-pooled investments are also carried at fair value. The fair value of non-pooled investments is determined annually and is based on current market prices.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2014 to support the value of the shares in the pool.

As noted below State statutes limit the type of investments but provide no other regulatory oversight.

Investment Income

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's month end cash balance in relation to total pooled investments.

**Condensed statements of investments pools**

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2014.

**Statement of Net Position**

Net position held in trust for all pool participants:

Equity of internal pool participants	\$ 3,285,576
Equity of external pool participants	206,745
Total equity	\$ 3,492,321

**Condensed Statement of Changes in Net Position**

	External	Internal
Investment earnings	\$ 728	\$ 11,562
Contributions to trust	279,720	4,445,280
Distributions paid	(398,175)	(6,056,493)
Net change in net position	\$ (117,727)	\$ (1,599,651)
Net position at beginning of year	324,472	4,885,227
Net position at end of year	\$ 206,745	\$ 3,285,576

**NOTE 3. RECEIVABLES**

An allowance for uncollectible accounts was not maintained for real and personal property taxes and special assessments receivable. The direct write-off method is used for these accounts.

Property tax levies are set in August, after the County Assessor delivers the taxable valuation information to the County, in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the Entity. Taxable values are established by the Montana Department of Revenue, and a revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by Montana statute as a fixed percentage of market value.

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014

Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, they become delinquent (and a lien upon the property). After three years, the County may exercise the lien and take title to the property. Special assessments are either billed in one installment due November 30 or two equal installments due November 30 and the following May 31. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November's levies. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are billed in two halves, the first due thirty days after billing; the second due September 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges.

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

**NOTE 4. INVENTORIES**

Inventories are recorded as an asset when they are purchased and recorded as an expenditure/expense when consumed or sold, using the First In First Out (FIFO) method.

**NOTE 5. CAPITAL ASSETS**

The County's assets are capitalized at historical cost or estimated historical cost. County policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market value when received. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	50 years
Improvements	50 years
Machinery & Equipment	10 years
Vehicles & Heavy Equipment	10 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the County has included the value of all infrastructure into the 2014 Basic Financial Statements. The government has elected not to retroactively report general infrastructure assets.

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014

A summary of changes in governmental capital assets was as follows:

Governmental activities:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 82,307	\$ -	\$ -	\$ 82,307
Construction in progress - Infrastructure	-	50,865	-	50,865
Construction in progress - Buildings	-	32,135	-	32,135
Total capital assets not being depreciated	<u>\$ 82,307</u>	<u>\$ 83,000</u>	<u>\$ -</u>	<u>\$ 165,307</u>
Other capital assets:				
Buildings	\$ 2,973,085	\$ 9,914	\$ -	\$ 2,982,999
Improvements other than buildings	3,332,738	337,972	(222,555)	3,448,155
Machinery and equipment	1,851,927	274,496	-	2,126,423
Total other capital assets at historical cost	<u>\$ 8,157,750</u>	<u>\$ 622,382</u>	<u>\$ (222,555)</u>	<u>\$ 8,557,577</u>
Less: accumulated depreciation	<u>\$ (3,468,630)</u>	<u>\$ (318,083)</u>	<u>\$ 222,555</u>	<u>\$ (3,564,158)</u>
Total	<u><u>\$ 4,771,427</u></u>	<u><u>\$ 387,299</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,158,726</u></u>

Governmental activities depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 24,188
Public safety	33,537
Public works	220,536
Public Health	27,074
Socialand Economic Services	4,192
Culture and Recreation	<u>8,556</u>
Total governmental activities depreciation expense	<u>\$ 318,083</u>

**NOTE 6. LONG TERM DEBT OBLIGATIONS**

In the governmental-wide financial statements, outstanding debt is reported as liabilities.

Changes in Long-Term Debt Liabilities - During the year ended June 30, 2014, the following changes occurred in liabilities reported in long-term debt:

Governmental Activities:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	Balance <u>June 30, 2014</u>
Compensated absences	\$ 90,423	\$ 6,019	\$ 96,442
Other post-employment	271,153	88,108	359,258
Total	<u>\$ 361,576</u>	<u>\$ 94,127</u>	<u>\$ 455,700</u>

\*See Note 7

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2014

In prior years the general fund was used to liquidate compensated absences and claims and judgments.

**Compensated Absences**

Compensated absences are absences for which employees will be paid for time off earned for time during employment, such as earned vacation and sick leave. It is the County's policy and state law to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from County service. Employees are allowed to accumulate and carry over a maximum of two times their annual accumulation of vacation, but no more than 90 days into the new calendar year. There is no restriction on the amount of sick leave that may be accumulated. Upon separation, employees are paid 100 percent of accumulated vacation and 25 percent of accumulated sick leave. The liability associated with governmental fund-type employees is reported in the governmental activities.

**NOTE 7. POSTEMPLOYMENT HEALTHCARE PLAN**

*Plan Description.* The healthcare plan provides for, and Montana State Law (2-18-704) requires local governments to allow employees with at least 5 years of service and who are at least age 50 along with surviving spouses and dependents to stay on the government's health care plan as long as they pay the same premium. Since retirees are usually older than the average age of the plan participants they receive a benefit of lower insurance rates. This benefit is reported as the Other Post Employment Benefits (OPEB) liability. The government has less than 100 plan members and thus qualifies to use the "Alternative Measurement Method" for calculating the liability. The above described OPEB plan does not provide a stand-alone financial report.

*Funding Policy.* The government pays OPEB liability costs on a pay-as-you-go basis. A trust fund for future liabilities has not been established.

*Funding Status and funding Progress.* The funded status of the plan as of June 30, 2013, was as follows:

Actuarial Accrued Liability (AAL)	\$	523,460
Actuarial value of plan assets	\$	-
Unfunded Actuarial Accrued Liability (UAAL)	\$	523,460
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	922,752
UAAL as a percentage of covered payroll		56.73%

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2014

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

Annual Required Contribution (ARC)	\$	88,105
Interest on net OPEB obligation	\$	-
Adjustment to ARC	\$	-
Annual OPEB cost (expense)	\$	88,105
Contributions made	\$	-
Increase in net OPEB obligation	\$	88,105
Net OPEB obligation - beginning of year	\$	271,153
Net OPEB obligation - end of year	\$	359,258

*Actuarial Methods and Assumptions.* The following actuarial methods and assumptions were used:

Actuarial cost method	Unit Credit Cost Method
Average age of retirement (based on historical data)	62
Discount rate (average anticipated rate)	.17%
Average salary increase (Consumer Price Index)	2.80%
<u>Health care cost rate trend (Federal Office of the Actuary)</u>	

<u>Year</u>	<u>% Increase</u>
2010	3.90%
2011	5.20%
2012	5.50%
2013	6.10%
2014	6.60%
2015	6.70%
2016	7.00%
2017	6.80%
2018	6.80%
2019 and after	6.60%

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2014

**NOTE 8. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of June 30, 2014, was as follows:

<u>Purpose</u>	<u>Due to/from other funds:</u>		<u>Amount</u>
	<u>Receivable Fund</u>	<u>Payable Fund</u>	
To temporarily cover negative cash	General – Major Governmental	Emergency Disaster – Major Governmental	\$ <u>162,900</u>

**Interfund Transfers**

The following is an analysis of operating transfers in and out during fiscal year 2014:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Short term loan	Weed Grant – Nonmajor Governmental	Weed – Major Governmental	\$ 4,882
Short term loan	PILT- Major Governmental*	Airport – Nonmajor Governmental	3125
Short term loan	PILT- Major Governmental*	Museum – Nonmajor Governmental	572
Short term loan	PILT- Major Governmental*	PERS/SRS – Nonmajor Governmental	3,332
Short term loan	PILT- Major Governmental*	Permissive – Nonmajor Governmental	11,500
Capital projects	General – Major Governmental	Repeater Site – Nonmajor Governmental	4,000
Capital projects	Ambulance – Nonmajor governmental	Repeater Site – Nonmajor Governmental	2,000
Short term loan	Bridge – Nonmajor Governmental	Bridge Depreciation – Nonmajor Governmental	<u>64,018</u>
			\$ <u>147,454</u>

\*Combined with the General fund for reporting in accordance with GASB #54.

**NOTE 9. STATE-WIDE RETIREMENT PLANS**

All full-time County employees are covered under one of the following retirement plans: Montana Public Employees Retirement System (PERS) or Sheriffs Retirement System (SRS). The plans are established by State law and administered by the State of Montana. The plans are cost-sharing multiple-employer defined benefit plans that provide retirement, disability and death benefits to plan members and beneficiaries, with amounts determined by the State. However, PERS members may have chosen the defined contribution retirement plan. Under this plan it puts the employee in control of investments options and their retirement is based upon the cash in their investment account.

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Contribution rates are required and determined by State law. The contribution rates, expressed as a percentage of covered payroll for the fiscal year ended June 30, 2014 for the defined benefit plans, were:

	<u>PERS**</u>	<u>SRS</u>
Employer	8.07%	10.115%
Employee	7.90%*	9.245%
State	0.10%	-

\* For PERS members hired before 7/1/2011 that rate is 6.9%

\*\* For the defined contribution plan all rates are the same except only 4.19% of the employer amount is added to the individuals account.

The State contribution qualifies as an on-behalf payment. These amounts have not been recorded in the County's financial statements and were considered immaterial.

Publicly available financial reports that include financial statements and required supplementary information may be obtained for the plans by writing or calling: Montana Public Employee Retirement Administration, P.O. Box 200131, Helena, Montana 59620-0131 Phone: 1-406-444-3154.

The County's contributions for the years ended June 30, 2012, 2013, and 2014, as listed below, were equal to the required contributions for each year.

	<u>PERS</u>	<u>SRS</u>
2012	\$ 51,684	\$ 16,395
2013	\$ 53,846	\$ 17,224
2014	\$ 69,119	\$ 17,775

**NOTE 10. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES**

The government considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The government considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance**

<u>Major Fund</u>	<u>Amount</u>	<u>Reason Nonspendable</u>
Road	\$ 32,584	Inventory
Weed	12,794	Inventory
All other aggregate:	<u>52,984</u>	Inventory
	<u>\$ 98,362</u>	

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014

**Restricted Fund Balance**

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Road	\$ 335,875	Public works
Weed	53,077	Public works
All other aggregate:	298,603	Public works
	504,967	Capital projects
	2,479	Other purposes
	12,590	Public health
	42,627	Culture and recreation
	191,042	General government
	53,488	Public safety
	<u>31,558</u>	Economic development
	<u>\$ 1,526,306</u>	

**Committed Fund Balance**

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Commitment</u>
All other aggregate:	\$ <u>274,380</u>	General government capital projects

**NOTE 11. DEFICIT FUND BALANCES/NET POSITION**

<u>Fund Name</u>	<u>Amount</u>	<u>Reason for Deficit</u>	<u>How Deficit will be Eliminated</u>
Emergency Disaster	\$ 28,715	Uncollected receivables	Apply for FEMA reimbursement or PILT

**NOTE 12. RESTATEMENTS**

During the current fiscal year, the following adjustments relating to prior years' transactions were made to fund balance and net position.

<u>Fund</u>	<u>Amount</u>	<u>Reason of adjustment</u>
Emergency Disaster	\$ 110,896	To remove uncollectable FEMA receivables

**NOTE 13. JOINT VENTURES**

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose which are subject to joint control, in which the participating governments retain 1) an ongoing financial interest or 2) an ongoing financial responsibility.

JUDITH BASIN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2014

**Snowy Mountain Development Corporation**

Judith Basin County is a member of Snowy Mountain Development Corporation. This Corporation was formed due to the need for a prolonged and extensive effort to create economic development, better pay and higher employment, community development, infrastructure development, and improvements in quality of life. The Corporation's members include the following six counties: Musselshell, Golden Valley, Wheatland, Judith Basin, Petroleum, Fergus and the larger towns and cities in these counties. All active participants in the Snowy Mountain Development Corporation as necessary and appropriate will provide financial support to the Corporation, it at all possible, to help fund its operation. For the year ending June 30, 2014 Judith Basin County contributed \$0 to the Corporation.

**Tri-agency Task Force (TATF)**

Judith Basin County Sheriff's office is a member of the Tri-agency Task Force. The Havre Police Department and the Hill County Sheriff's office each have one vote on the board, and the following agencies collectively have one vote on the board: The Philips County Sheriff's Office, Choteau County Sheriff's Office, Liberty County Sheriff's Office, Blain County Sheriff's Office, Chinook Police Department, City of Harlem Police Department, and the Judith Basin County Sheriff's Office. The TATF was formed for the following reasons: to provide an environment, through increased availability of redirected resources, in which trained and motivated drug investigators of TATF can pursue the task of identifying and arresting drug traffickers in North-Central Montana; to disseminate relative intelligence information gathered involving other jurisdictions in a timely manner; to assign when available, less experienced officers' deputies to TATF for hands-on experience during each year. This experience will provide patrol officers with the understanding of their importance to the continued success of drug investigations and provide a strong base of officers who can conduct complicated drug investigations in the future; and to make local communities aware there is a successful combined effort by law enforcement to address drug trafficking and abuse. To accomplish this, agents will work with school officials, public service groups, citizens and the news media.

**Emergency Services Dispatch Agreement**

Judith Basin County contracts dispatch and emergency services capabilities from the City of Lewiston for the benefit of the Judith Basin County area. In return, the county 911 emergency funds are sent to the City of Lewiston.

**NOTE 14. SERVICES PROVIDED TO OTHER GOVERNMENTS**

Judith Basin County provides various financial services to other governmental entities located within the County. The County serves as the billing agent, cashier and treasurer for tax and assessment collections for various taxing jurisdictions. The County also serves as a bank for such agencies as school districts, irrigation districts, rural fire districts, and other special purpose districts. The funds collected and held by the County for other entities are accounted for in agency funds. Funds collected for incorporated cities and towns are periodically remitted to those entities by the County Treasurer. The County has not recorded any service charges for the services it provides other governmental entities.

JUDITH BASIN COUNTY, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

**NOTE 15. RISK MANAGEMENT**

The County faces considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers' compensation, i.e., employee injuries, and (f) medical insurance costs of employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Insurance Policies:

Commercial policies transferring all risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employees torts, and professional liabilities. Employee medical insurance is provided for by a commercial carrier. And, given the lack of coverage available, the County has no coverage for potential losses from environmental damages.

Insurance Pools:

County has joined with other Montana counties to form a self-insurance pool offering workers' compensation coverage. This pool, named the Montana Association of Counties Workers' Compensation Trust, has entered into an agreement with a private management firm to provide claim administrative services. The Trust has also entered into an agreement with the Montana Association of Counties to provide general administrative services. The Counties do not exercise specific control over the budgeting and financing of the Trust's activities.

Separate audited financial statements are available from the Montana Association of Counties Workers' Compensation Trust.

The County has joined with 28 other Montana Counties to form a self-insurance pool offering liability and general insurance coverage. This pool, named the Montana Association of Counties Joint Powers Insurance Authority Trust, provides for property, liability, public officials errors and omissions, and crime coverage in the amount of \$50,000 each. The Trust also provides for additional coverage for the above areas through excess insurance lines for varying amounts. The Trust has entered into an agreement with a private insurance agency to provide claim administrative services. The Trust has also entered into an agreement with the Montana Association of Counties to provide general administrative services. The counties do not exercise control over the budgeting and financing of the Trust's activities.

Separate audited financial statements are available from the Montana Association of Counties Joint Powers Insurance Trust.

**REQUIRED SUPPLEMENTAL  
INFORMATION**

**Judith Basin County, Montana**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2014**

	<b>General</b>			
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS (BUDGETARY BASIS) See Note A</b>	<b>WITH FINAL BUDGET</b>
<b>RESOURCES (INFLOWS):</b>				
Taxes and assessments	\$ 502,368	\$ 502,368	\$ 503,224	\$ 856
Intergovernmental	175,852	175,852	186,563	10,711
Charges for services	64,335	64,335	72,206	7,871
Fines and forfeitures	38,700	38,700	43,510	4,810
Miscellaneous	27,200	27,200	19,304	(7,896)
Investment earnings	8,000	8,000	7,180	(820)
Amounts available for appropriation	<u>\$ 816,455</u>	<u>\$ 816,455</u>	<u>\$ 831,987</u>	<u>\$ 15,532</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government	\$ 565,685	\$ 579,174	\$ 499,666	\$ 79,508
Public safety	318,305	314,702	295,873	18,829
Public works	-	-	-	-
Public health	12,903	13,772	13,219	553
Social and economic services	3,500	3,500	2,970	530
Internal services	-	-	22,841	(22,841)
Miscellaneous	38,317	55,984	10,364	45,620
Capital outlay	24,000	23,603	24,344	(741)
Total charges to appropriations	<u>\$ 962,710</u>	<u>\$ 990,735</u>	<u>\$ 869,277</u>	<u>\$ 121,458</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ -	\$ -
Transfers in	-	43,164	43,025	(139)
Transfers out	-	(15,000)	(15,000)	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 28,164</u>	<u>\$ 28,025</u>	<u>\$ (139)</u>
Net change in fund balance			<u>\$ (9,265)</u>	
Fund balance - beginning of the year			\$ 465,212	
Restatements			-	
Fund balance - beginning of the year - restated			<u>\$ 465,212</u>	
<b>Fund balance - end of the year</b>			<u><u>\$ 455,947</u></u>	

**Judith Basin County, Montana**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Road</b>			
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS (BUDGETARY BASIS) See Note A</b>	<b>WITH FINAL BUDGET</b>
<b>RESOURCES (INFLOWS):</b>				
Taxes and assessments	\$ 481,994	\$ 481,994	\$ 474,714	\$ (7,280)
Intergovernmental	13,939	110,603	118,127	7,524
Charges for services	26,105	26,105	33,615	7,510
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	4,644	4,644
Investment earnings	-	-	-	-
Amounts available for appropriation	<u>\$ 522,038</u>	<u>\$ 618,702</u>	<u>\$ 631,100</u>	<u>\$ 12,398</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	623,589	730,453	643,520	86,933
Public health	-	-	-	-
Social and economic services	-	-	-	-
Internal services	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	89,511	79,311	67,749	11,562
Total charges to appropriations	<u>\$ 713,100</u>	<u>\$ 809,764</u>	<u>\$ 711,269</u>	<u>\$ 98,495</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ 1,350	\$ 1,350
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,350</u>	<u>\$ 1,350</u>
Net change in fund balance			<u>\$ (78,819)</u>	
Fund balance - beginning of the year			\$ 447,278	
Restatements			-	
Fund balance - beginning of the year - restated			<u>\$ 447,278</u>	
<b>Fund balance - end of the year</b>			<u><u>\$ 368,459</u></u>	

**Judith Basin County, Montana**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Weed</b>			
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS (BUDGETARY BASIS) See Note A</b>	<b>WITH FINAL BUDGET</b>
<b>RESOURCES (INFLOWS):</b>				
Taxes and assessments	\$ 22,070	\$ 22,070	\$ 22,046	\$ (24)
Intergovernmental	-	-	32,405	32,405
Charges for services	29,005	29,005	35,608	6,603
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	606	606
Investment earnings	-	-	-	-
Amounts available for appropriation	<u>\$ 51,075</u>	<u>\$ 51,075</u>	<u>\$ 90,665</u>	<u>\$ 39,590</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	77,589	112,589	89,636	22,953
Public health	-	-	-	-
Social and economic services	-	-	-	-
Internal services	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total charges to appropriations	<u>\$ 77,589</u>	<u>\$ 112,589</u>	<u>\$ 89,636</u>	<u>\$ 22,953</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ -	\$ -
Transfers in	-	4,882	4,882	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 4,882</u>	<u>\$ 4,882</u>	<u>\$ -</u>
Net change in fund balance			<u>\$ 5,911</u>	
Fund balance - beginning of the year			\$ 59,960	
Restatements			-	
Fund balance - beginning of the year - restated			<u>\$ 59,960</u>	
<b>Fund balance - end of the year</b>			<u><u>\$ 65,871</u></u>	

**Judith Basin County, Montana**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Emergency Disaster</b>			
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS (BUDGETARY BASIS) See Note A</b>	<b>WITH FINAL BUDGET</b>
<b>RESOURCES (INFLOWS):</b>				
Taxes and assessments	\$ -	\$ -	\$ 2	\$ 2
Intergovernmental	200,000	200,000	-	(200,000)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment earnings	-	-	-	-
Amounts available for appropriation	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 2</u>	<u>\$ (199,998)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	100,000	-	-	-
Public health	-	-	-	-
Social and economic services	-	-	-	-
Internal services	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	100,899	259,757	258,948	809
Total charges to appropriations	<u>\$ 200,899</u>	<u>\$ 259,757</u>	<u>\$ 258,948</u>	<u>\$ 809</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ -	\$ -
Transfers in	-	58,900	-	(58,900)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 58,900</u>	<u>\$ -</u>	<u>\$ (58,900)</u>
Net change in fund balance			<u>\$ (258,946)</u>	
Fund balance - beginning of the year			\$ 341,127	
Restatements			<u>(110,896)</u>	
Fund balance - beginning of the year - restated			<u>\$ 230,231</u>	
<b>Fund balance - end of the year</b>			<u><u>\$ (28,715)</u></u>	

**Judith Basin County, Montana  
Budgetary Comparison Schedule  
Budget-to-GAAP Reconciliation**

**Note A - Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures**

	<u>General</u>	<u>Road</u>	<u>Weed</u>	<u>Emergency Disaster</u>
<b>Sources/Inflows of resources</b>				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 831,987	\$ 631,100	\$ 90,665	\$ 2
Combined funds (GASBS 54) revenues	220,454	-	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	<u>\$ 1,052,441</u>	<u>\$ 631,100</u>	<u>\$ 90,665</u>	<u>\$ 2</u>
<b>Uses/Outflows of resources</b>				
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 869,277	\$ 711,269	\$ 89,636	\$ 258,948
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 869,277</u>	<u>\$ 711,269</u>	<u>\$ 89,636</u>	<u>\$ 258,948</u>

**Judith Basin County, Montana**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**Schedule of Funding Progress**  
**For the Fiscal Year Ended June 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/(c))
July 1, 2009	\$ -	\$ 237,507	\$ 237,507	0%	\$ 896,422	26.5%
July 1, 2012	\$ -	\$ 523,460	\$ 523,460	0%	\$ 922,752	56.7%

**Denning, Downey & Associates, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

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

Board of County Commissioners  
Judith Basin County  
Stanford, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Judith Basin County, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Judith Basin County's basic financial statements and have issued our report thereon dated June 30, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Judith Basin County, Montana'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 Judith Basin County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Judith Basin County's internal control over financial reporting.

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 below that we consider to be a significant deficiency listed as item 2014-001.

**2014-001     Inadequate Segregation of Duties**

**Condition:**

Justice Court - The Judge is the only individual who is responsible for all of the cash receipting duties in the office.

- The Judge is the only signature that is required on cash disbursements in the office.

**Context:**

We documented the internal control system in the department through inquiry, collection of documentation, and observation of controls in place.

**Criteria:**

Adequate internal controls require that segregation of duties be in place to reduce the risk of loss through potential theft.

**Effect:**

The effect of the above conditions is a weakness in the County's internal control system.

**Cause:**

Judith Basin County is a small County that has only one or two employees in most departments.

**Recommendation:**

We recommend that the County monitor internal controls for opportunities to add personnel for stronger segregation of duties.

**Auditee Response:**

The county is fully aware of this weakness due to the number of employees on staff with financial responsibilities. We do have several checks and balances in place that we feel helps to reduce the risk of theft. The County Commissioners will meet with the Justice Court concerning adding a second signature to the accounts used within the office.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Judith Basin County's financial statements are free of 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*.

**Judith Basin County's Response to Findings**

Judith Basin County's response to the findings identified in our audit is described above. Judith Basin County's response was not subject 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 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.

*Denning, Downey and Associates, CPAs, P.C.*

June 30, 2015

***Denning, Downey & Associates, P.C.***  
***CERTIFIED PUBLIC ACCOUNTANTS***

*1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957*

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**REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS**

Board of County Commissioners  
Judith Basin County  
Stanford, Montana

The prior audit report contained one recommendation. The action taken on each recommendation is as follows:

<u>Recommendation</u>	<u>Action Taken</u>
Segregation of Duties	Repeated

*Denning, Downey and Associates, CPA's, P.C.*

June 30, 2015