

Smith, Lange & Halley, P.C.

Certified Public Accountants

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To the Board of County Commissioners
Wibaux County
Wibaux, Montana

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wibaux County as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Wibaux County's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Wibaux County's internal control. Accordingly, we do not express an opinion on the effectiveness of Wibaux County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in Lower Yellowstone Irrigation Project's internal control to be a significant deficiency:

The County has a limited number of office personnel and accordingly, does not have adequate internal accounting controls in certain areas because of a lack of segregation of duties.

A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the office staff may not be large enough to permit an adequate segregation of duties in all respects for an effective system of internal accounting control, it is important that you be aware of this condition.

This communication is intended solely for the information and use of management, County Commissioners, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Lange & Halley, PC

Smith, Lange & Halley, PC

Sidney, Montana

June 15, 2015

COUNTY OF WIBAUX, MONTANA
FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2014

COUNTY OF WIBAUX, MONTANA
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COUNTY OF WIBAUX, MONTANA
ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2014

COUNTY COMMISSION

Rob Lund	Chairperson
Sandy Nelson	Vice Chairperson
Darin Miske	Commissioner

OFFICIALS

Ronald F. Efta	Attorney
Sandra F. Evans	Treasurer
Patricia Zinda	Clerk & Recorder/County Supt.
Michael W. Schneider	Clerk of District Court
Shawn Gainan	Coroner
William M. Franks	Justice of the Peace
Darby S. Harrington	Sheriff

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Wibaux County
Wibaux, 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 the County of Wibaux, Montana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Wibaux 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 State 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

INDEPENDENT AUDITOR'S REPORT

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 opinion.

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 the County of Wibaux, Montana, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 39-42 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 statement, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wibaux County, Montana's basic financial statements. The organizational chart on page 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2015, on our consideration of Wibaux 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 Wibaux County, Montana's internal control over financial reporting and compliance.

Smith, Lange & Halley, PC

Smith, Lange & Halley, P.C.
Sidney, Montana

June 15, 2015

Wibaux County
Management's Discussion and Analysis – Fiscal Year 2014
Unaudited

This section of the Wibaux County Financial Statements presents the management's discussion and analysis of the county's financial performance during the fiscal year (FY) ending June 30, 2014. This narrative overview and analysis of the financial activities of Wibaux County includes a comparison of prior year financial statements as per compliance with Governmental Accounting Standards Board Statement #34. Readers of the management's discussion and analysis are encouraged to consider the information presented in this section as well as other areas of the financial statements.

Financial Highlights for Fiscal Year 2014 (FY 2014)

- ✦ *The net position of Wibaux County increased by 7.91% or \$802,470 at the close of FY14.*
- ✦ *The Wibaux County assets exceeded the liabilities at the close FY 2014 by \$10,887,885.*
- ✦ *The overall revenues from all sources for Wibaux County for FY 2014 were \$4,269,003 which represented a 10.9% or \$420,955 increase from FY 2013.*
- ✦ *The Wibaux County expenses for FY 2014 were \$3,466,533 which represents a 12% or \$371,170 increase from FY 2013.*
- ✦ *The Wibaux County revenues exceeded expenses for FY 2014 by \$802,470.*
- ✦ *Federal/state shared revenues make up 61.5% of the total revenue, while 26.4% of Wibaux County revenue comes from property taxes at the local level.*
- ✦ *The Wibaux County capital assets (property, plant, equipment, and infrastructure) are free of any related debt.*
- ✦ *Total expenses for the county separated by category showed that 36% was spent for public works, 25% for general government, and 12% for public health and public safety.*
- ✦ *The county had total governmental fund balances of \$7,923,775 at the end of FY 2014 which was a 9.47% increase.*
- ✦ *Revenue broken down by category showed that property tax revenue was up 88.4% or \$528,595 and operating grants and contributions was down 11.6% or \$22,121.*
- ✦ *Expenses broken down by category showed that public works expenses were up 32.3% or \$304,779, general government expenses were up 5.2% or \$42,498, public safety expenses were up 9.5% or \$36,019, and public health expenses were down 7% or \$31,192.*
- ✦ *Capital assets (net of depreciation) increased by 4.5% or \$135,301 during FY 2014.*
- ✦ *Wibaux County is in excellent financial condition and improving at the end of FY 2014.*

Overview of the Wibaux County Financial Statements

The management's discussion and analysis report is intended to serve as an introduction to the basic financial statements of Wibaux County. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. It also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Wibaux County finances in a manner similar to a private-sector business. This broad overview will be accomplished using a *statement of net position* and a *statement of activities*. Each statement will distinguish between governmental and business type activities and between the total governmental and business type activities of the county.

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Management's Discussion and Analysis – Fiscal Year 2014
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The *statement of net position* presents information on all of Wibaux County's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net assets, along with other factors such as change in tax base and legislative action, may serve as a useful indicator of whether the financial position of Wibaux County is improving or deteriorating.

The *statement of activities* presents information showing how Wibaux County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the above government-wide financial statements distinguish functions of the county principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities of Wibaux County include general government, public safety, public works (road, bridge, weed), public health (health nurse), social and economic services (aging services), and culture and recreation (library, fair, and swimming pool). Wibaux County does not operate any business-type activities.

Fund-based Financial Statements

Fund-based financial statements, consisting of a series of statements, provide information about government's major and non-major governmental funds. These governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The governmental fund statements consist of the balance sheet and statement of revenues, expenditures, and change in fund balance.

A *fund* is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. Some funds are required to be set up by state law; other funds are established by the county to help manage funding and expenses for specific purposes. Wibaux County, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements provide detailed information about the most significant funds (Major Funds). Major funds are defined as the General Fund and any other governmental fund where the assets and liabilities, revenues or expenditures/expenses exceed 10% of the total governmental funds. Wibaux County major funds are the General Fund, Road Fund, Bridge Fund, Medical Facilities Fund, and Nursing Home Fund. All of Wibaux County's funds can be divided into two categories: governmental and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-

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term *inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions of the Board of Commissioners of Wibaux County. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the programs of Wibaux County. The county is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Custodian of school funds are the most common fiduciary funds in the county.

Notes to the Financial Statements

The notes to the financial statements provide additional information that can be very helpful to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this document.

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *other supplementary information* concerning budget and actual fund statements for any major fund that is required to present a budget. The other supplementary information can found later in this document.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the financial position of the government. In the case of Wibaux County, assets exceeded liabilities by \$10,887,885 at the close of FY 2014. The net position at the end FY 2014 showed a 7.91% increase from the close of FY 2013. This increase was due to a 9.34% increase in current and other assets along with a 4.52% increase in capital assets. The increase in current assets (cash & investments) was largely the result of more revenue than expenses in the county. The increase in capital assets was due to the construction of a new fire hall and the addition of machinery and equipment. The new equipment was a grader and tractor for road work and a new sheriff pickup. The county has no related debt to these assets.

Overall Financial Position of Wibaux County for FY 2014

The overall financial position of Wibaux County during FY 2014 improved significantly. The net assets of the county improved 7.91% due to a 4.52% increase in capital assets and a 9.34% increase in current and other assets. Total liabilities increased by 9.73% during FY 2014 due to

Wibaux County
Management's Discussion and Analysis – Fiscal Year 2014
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an increase in compensated absences of employees. The 9.34% or \$678,361 increase in current and other assets was mainly due to more revenue than expenses and was the largest portion of the increase in assets for the county. Revenue for the county increased 10.9% in FY14 mainly due to an 88.4% or \$528,595 increase in property tax revenue. Expenses for the county increased by 12% or \$371,170 in FY14, but the increase in revenue more than covered the increase in expenditures. Wibaux County is in excellent financial condition and showed significant improvement during FY14.

Wibaux County Net Position

The following chart presents the net assets information for Wibaux County.

Wibaux County Assets	Governmental Activities			
	FY 2013	FY 2014	Change	% Change
Current & Other Assets	\$7,261,380	\$7,939,741	\$678,361	9.34%
Capital Assets	\$2,993,351	\$3,128,652	\$135,301	4.52%
Total Assets	\$10,254,731	\$11,068,393	\$813,662	7.93%
Liabilities				
Current Liabilities	\$115,150	\$126,355	\$11,205	9.73%
Non-Current Liabilities	\$49,355	\$54,153	\$4,798	9.72%
Total Liabilities	\$164,505	\$180,508	\$16,023	9.73%
Net Position				
Investment Capital Assets	\$2,993,351	\$3,128,652	\$135,301	4.52%
Restricted	\$796,750	\$643,122	(\$153,628)	(19.3%)
Unrestricted	\$6,300,125	\$7,116,111	\$815,986	12.95%
Total Net Position	\$10,090,226	\$10,887,885	\$797,659	7.91%

A portion of the net position of Wibaux County at the close of FY 2014 (28.7% in FY14 – was 30% in FY13) reflects the investment by the county in capital assets which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, curbs, etc.). Wibaux County uses these capital assets to provide services to the community; and as a result, these assets are not available for future spending. Another portion of the net assets of the county are *restricted assets* which must be used for specific purposes. The restricted assets decreased in FY14 by (\$153,628) and make up 5.9% (were 7.9% in FY13) of the total net position of the county. The remaining portion of the net position of the county is called *unrestricted assets* and makes up 65.4% (62% in FY13) of the assets and may be used to meet the ongoing obligations of the county to citizens and creditors. At the end of FY 2014, Wibaux County was able to report a positive balance of net position for both the government as a whole as well as for governmental activities.

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Wibaux County Governmental Activities in FY 2013 and FY 2014

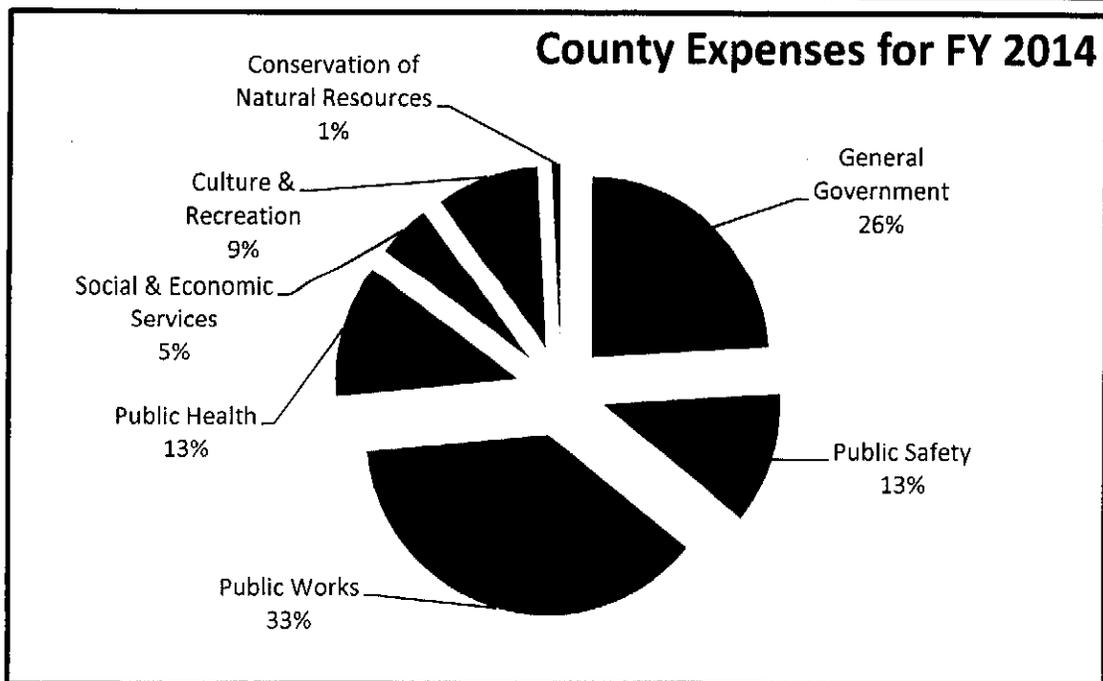
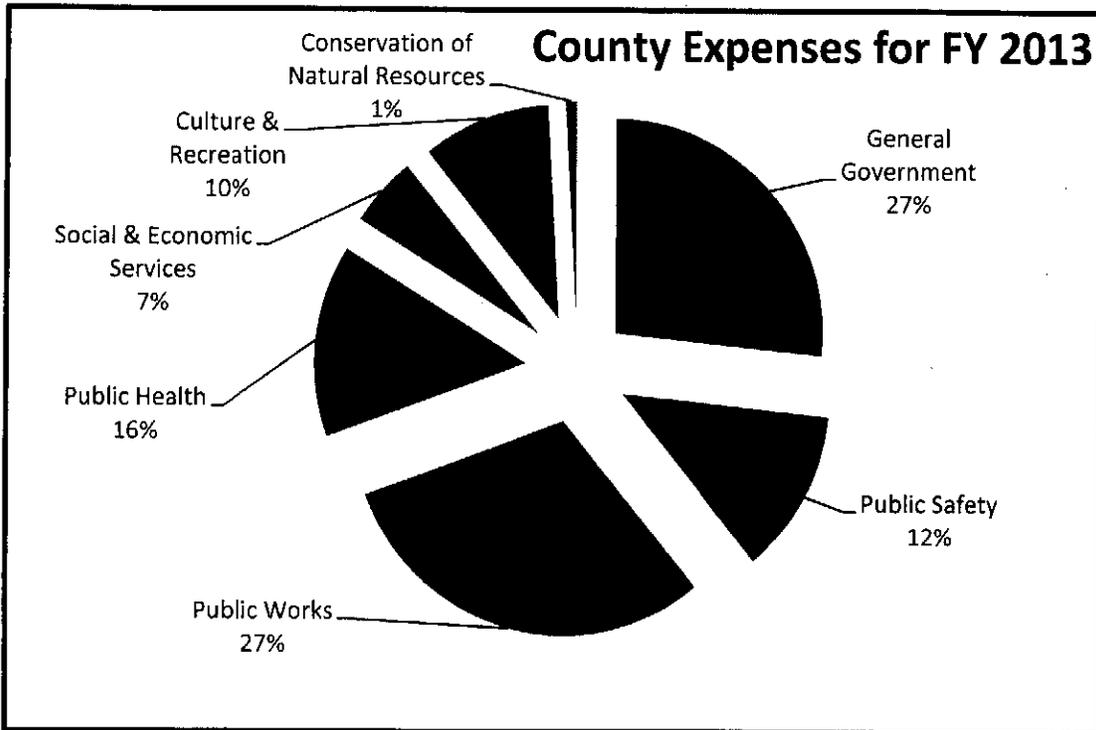
The following table shows the changes in governmental activities from FY13 to FY14. Total revenues were \$4,269,003 which was up 10.9% (\$420,955) and expenses were \$3,466,533 which was up 12% (\$371,170). The net position of Wibaux County was up \$797,659 in FY14. Changes in specific revenue and expense areas are shown in the right hand columns of the table below.

Wibaux County	Governmental Activities		\$ Change	% Change
	FY 2013	FY 2014		
Program revenues:				
Charges for Services, Fines, & Forfeitures	\$275,636	\$290,992	\$15,356	5.6%
Operating/Capital Grants & Contributions	\$315,161	\$293,040	(\$22,121)	(7.0%)
General revenues				
Property taxes	\$597,837	\$1,126,432	\$528,595	88.4%
Local Option Tax	\$55,090	\$53,276	(\$1,814)	(3.3%)
Licenses & Permits	\$1,826	\$35	(\$1,791)	(98%)
Federal/State Shared Revenues	\$2,548,562	\$2,455,777	(\$92,785)	(3.6%)
Unrestricted Investment Earnings	\$22,730	\$15,806	(\$6,924)	(30%)
Miscellaneous	\$31,206	\$33,645	\$2,439	7.8%
Total Revenues	\$3,848,048	\$4,269,003	\$420,955	10.9%
Expenses:				
General Government	\$825,253	\$867,751	\$42,498	5.2%
Public Safety	\$381,309	\$417,328	\$36,019	9.5%
Public Works	\$942,832	\$1,247,611	\$304,779	32.3%
Public Health	\$448,797	\$417,605	(\$31,192)	(7.0%)
Social & Economic Services	\$162,866	\$167,311	\$4,445	2.7%
Culture & Recreation	\$306,623	\$320,130	\$13,507	4.4%
Conservation of Natural Resources	\$27,683	\$28,797	\$1,114	4.0%
Total expenses	\$3,095,363	\$3,466,533	\$371,170	12.0%
Increase (Decrease) in net position	\$752,685	\$802,470	\$49,785	6.6%
Beginning Net Position	\$9,307,229	\$10,090,226	\$782,997	8.4%
Restatement	\$30,312	(\$4,812)		
Ending Net Position	\$10,090,226	\$10,887,885	\$797,659	7.9%

*Wibaux County
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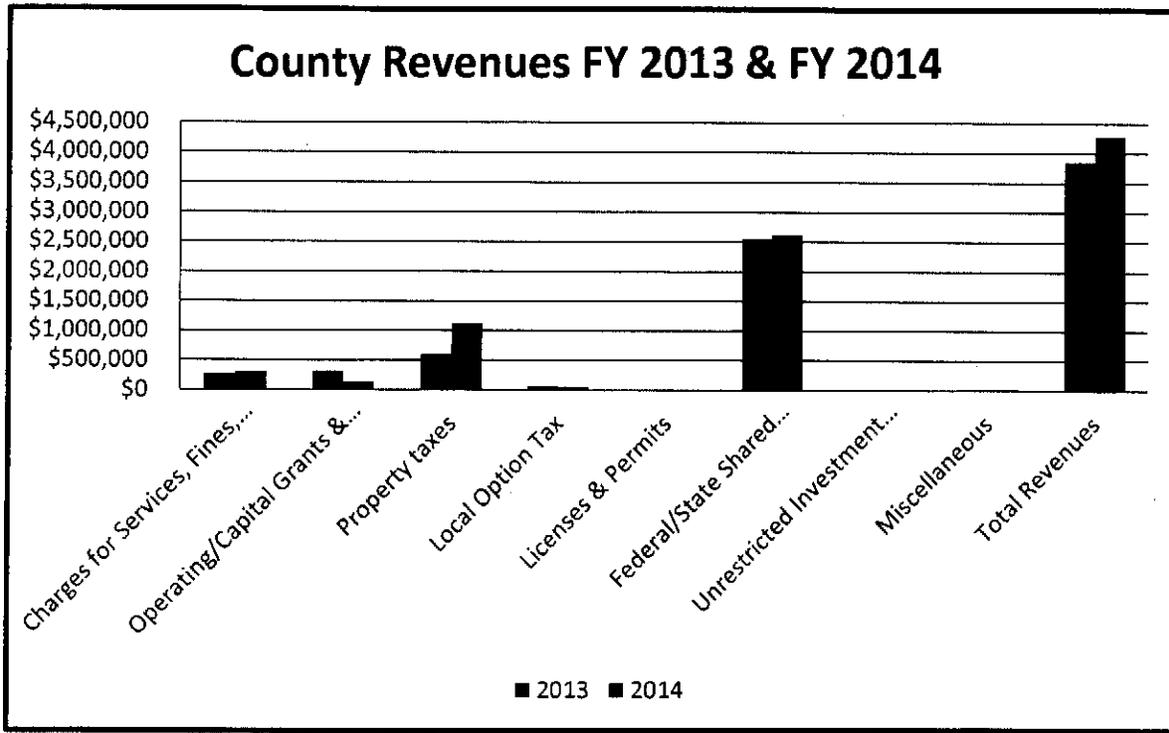
Wibaux County Expenses for FY 2013 and FY 2014

The following charts present the county's governmental expenses by category. The major changes included an increase of 6% in Public Works while Public Health dropped 3% along with a 1% decrease in General Government and Culture and Recreation.



Wibaux County
Management's Discussion and Analysis – Fiscal Year 2014
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Revenue by Source – Governmental Activities



Governmental funds

The General Fund is the main operating fund of Wibaux County. At the end of FY13, the General Fund had a balance of \$1,827,347 and at the close of FY14 the balance was \$2,148,016. The total General Fund balances in the county increased \$320,669 (17.5%) from the end of fiscal year 2013 to the end of the fiscal year 2014.

Governmental Fund Financial Statements

Fund-based financial statements, consisting of a series of statements, provide information about the government's major and non-major funds. Governmental fund financial statements were prepared using the current financial resources measurement focus and modified accrual basis of accounting. The governmental balance sheet for FY13 and FY14 demonstrates that Wibaux County is in excellent financial condition. The county has considerable amounts of cash and investments in the five major funds which make up 74.7% (was 78% in FY13) of the total fund balances. The county has a minimal amount of liability attached to these same funds. The Wibaux County fund balances would seem strong enough to resolve any reasonable financial situation that might occur. The actual Fund Balance sheet can be found later in this report.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Intergovernmental revenues (\$1,739,081), taxes/assessments (\$255,949), and charges for services (\$139,658) are the major revenue sources for the General Fund category. The major expenditures in the General Fund are general government (\$831,275) and public safety (\$362,954). General government expenditures make up 53.3% and public safety 23.3% of the General Fund total costs for FY14. Capital outlay and public health rank 3 and 4 respectively for

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General Fund expenditures. The General Fund increased 17% or \$636,617 in FY 2014 which was the largest increase of the major funds. Medical facilities fund had an increase of \$83,346. Two funds had a decrease in the final FY 2014 balance which was the Road Fund down (\$173,371) and the Bridge Fund down (\$195,394). The total fund balances of Wibaux County increased 9.47% from FY13 to FY14. The statement of revenues, expenditures, and changes in fund balances can be found later on in this report.

General Fund Budgetary Highlights

During FY 2014 the actual revenue collected in the General Fund was \$1,879,726 with the major sources coming from intergovernmental at \$1,423,133, property taxes \$255,949, and charges for services \$139,658. The actual revenue collected was \$88,821 less than was budgeted in the original and final budgets for the General Fund. The largest variances between the budget and the actual revenue collected was in the intergovernmental revenue at \$85,121 less than was budgeted and in charges for services which collected \$25,442 more than was budgeted. The largest specific area difference was in local shared revenues (intergovernmental) at \$75,000 less than was budgeted. The remaining revenue sources had minor variances in the General Fund in FY 2014. The total General Fund expenditures were \$1,559,057 which was significantly less than the original and final budget of \$3,162,523. All expenditure line items were at or less than the budgeted amounts with the largest differences occurring in fire protection (capital outlay \$505,457), facilities administration (capital outlay \$151,615), public safety (law enforcement \$122,015), and public health services (supplies/services/materials \$120,898). The result of significantly lower expenditures than was budgeted and slightly less revenue than was budgeted was a positive variance of \$320,669 in the General Fund. The General Fund balance at the end of FY 2014 with the additional \$320,669 was \$2,148,016 or a 17.6% increase.

Capital Asset and Debt Administration

Capital assets

The investment by Wibaux County in capital assets (net of depreciation) for governmental activities as of June 30, 2014, was \$3,128,652. This investment in capital assets included land, buildings, machinery and equipment, and infrastructure. The value of the capital assets (net of depreciation) for Wibaux County showed a 4.5% increase during FY 2014. The increase in capital assets was due to the construction of a new fire hall (currently in progress) and the addition of machinery and equipment. The new equipment was a grader and tractor for road work and a new sheriff pickup. The chart below shows the details of the capital assets of Wibaux County at the end of FY 2014.

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Capital Assets	Governmental Activities				
	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Percent Change
Land & Improvements	\$79,673			\$79,673	0.0%
Construction in Progress	\$8,669	\$83,374		\$92,043	961%
Buildings	\$1,809,772			\$1,809,772	0%
Other Improvements	\$6,000	\$35,385		\$41,385	589%
Machinery/Equipment	\$3,011,023	\$292,905	(\$48,849)	\$3,255,079	8.1%
Infrastructure	\$66,500			\$66,500	0%
Totals-Historical Cost	\$4,981,637	\$411,664	(\$48,849)	\$5,344,452	7.3%
	Less Accumulated Depreciation		Current	Deletions	
Total Depreciation	(\$1,988,286)	(\$262,481)	\$34,967	(\$2,215,800)	11.4%
Capital Assets net of Depreciation	\$2,993,351	\$149,183	(\$13,882)	\$3,128,652	4.5%

Long-term debt

At the end of the current fiscal year, Wibaux County had no long term debt outstanding. The county did have long-term liabilities of \$180,508 for compensated absences of employees.

Economic Factors and Fiscal Year Budgets for FY 2013 and FY 2014

- ✦ The population of Wibaux County increased 10.2% or about 1044 residents from 2010 to 2013. This compares to the Montana average of a 2.6% increase.
- ✦ Residents of Wibaux County over the age of 65 made up 23.5% of the population in 2013 compared to Montana's 16.2% in 2012.
- ✦ The unemployment rate for Wibaux County was 2.6% in June 2014. This compares to the Montana rate of 4.5% in June of 2014.
- ✦ The poverty rate for Wibaux County was 13.2% for 2008-2012, when Montana was at 14.8%.
- ✦ The median household income in Wibaux County was \$45,625 compared to Montana at \$45,456 in 2012.

All of these and other factors were considered in preparing the FY 2013 and FY 2014 budgets for Wibaux County.

Requests for Information

The information and data included in this management's discussion and analysis report is designed to provide a general overview of the finances of Wibaux County for all those with an interest in the government's finances. Questions concerning any of the information contained in this report should be addressed to the *Wibaux County Clerk and Recorder, P.O. Box 199, Wibaux, MT 59353, or e-mail to wibauxco@midrivers.com.*

COUNTY OF WIBAUX, MONTANA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

COUNTY OF WIBAUX, MONTANA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$7,088,041
Investments	605,917
Taxes/assessments receivable (net of allowance for uncollectibles)	15,966
Accounts receivable (net of allowance for uncollectibles)	14,668
Due from other governments	3,742
Inventory	211,407
Total Current Assets	7,939,741
Non Current Assets:	
Capital assets (net of accumulated depreciation)	3,128,652
Total Assets	11,068,393
 LIABILITIES	
Current Liabilities:	
Current portion of compensated absences	126,355
Noncurrent Liabilities:	
Compensated absences	54,153
Total Liabilities	180,508
 NET POSITION	
Invested in capital assets	3,128,652
Restricted	643,122
Unrestricted	7,116,111
Total Net Position	\$10,887,885

See notes to the basic financial statements.

COUNTY OF WIBAUX, MONTANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Revenues				Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Charges for Services, Fines, Forfeitures	Operating Grants and Contributions				
Governmental activities:						
General government	\$867,751	\$89,189	\$0	\$0	(\$778,561)	
Public safety	417,328	79,580	48,287	125,000	(164,461)	
Public works	1,247,611	42,935	38,413	0	(1,166,263)	
Public health	417,605	27,474	37,151	0	(352,980)	
Social and economic services	167,311	0	19,429	0	(147,882)	
Culture and recreation	320,130	51,814	6,950	0	(261,366)	
Conservation of natural resources	28,797	0	17,810	0	(10,987)	
Total governmental activities	3,466,533	290,992	168,040	125,000	(2,882,501)	

General revenues:	
Property taxes	1,126,432
Local option taxes	53,276
Licenses and permits	35
Unrestricted federal/state shared revenues	2,455,777
Unrestricted investment earnings	15,806
Miscellaneous	33,645
Total general revenues	3,684,971
Change in net position	802,470
Net position - July 1, 2013	10,090,227
Prior period restatements	(4,812)
Net position - July 1, 2013, as restated	10,085,415
Net position - June 30, 2014	\$10,887,885

See notes to the basic financial statements

COUNTY OF WIBAUX, MONTANA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2014

Major Funds

	General	Road	Bridge	Medical Facility	Nursing Home Levy	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$4,044,161	\$576,333	\$517,607	\$163,817	\$153,384	\$1,632,739	\$7,088,041
Investments	345,712	49,268	44,247	14,004	13,112	139,574	605,917
Taxes/assessments receivable (net of uncollectables)	2,035	2,090	493	4,011	2,303	5,034	15,966
Other receivables (net of uncollectables)	455	1,594	2,921	0	0	9,698	14,668
Due from other governments	0	0	0	0	0	3,742	3,742
Inventory	0	192,160	0	0	0	19,247	211,407
Total Assets	4,392,363	821,445	565,268	181,832	168,799	1,810,034	7,939,741
DEFERRED INFLOW OF RESOURCES							
Property taxes receivable	2,035	2,090	493	4,011	2,303	5,034	15,966
FUND BALANCES							
Non-spendable	0	192,160	0	0	0	19,247	211,407
Restricted	0	0	214,745	0	166,496	261,881	643,122
Committed	0	627,195	350,030	177,821	0	1,496,839	2,651,885
Assigned	0	0	0	0	0	27,033	27,033
Unassigned	4,390,328	0	0	0	0	0	4,390,328
Total Fund Balances	4,390,328	819,355	564,775	177,821	166,496	1,805,000	7,923,775
Total Deferred Inflows of Resources and Fund Balances	\$4,392,363	\$821,445	\$565,268	\$181,832	\$168,799	\$1,810,034	\$7,939,741

RECONCILIATION TO THE STATEMENT OF NET POSITION:

Total fund balance reported above. \$7,923,775
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 3,128,652
 Liabilities for earned revenues considered deferred inflows of resources in fund statements. 15,966
 Long-term liabilities (compensated absences payable) are not due and payable in the current period and, therefore, are not reported in the funds. (180,508)

Net position of governmental activities \$10,887,885

See notes to the basic financial statements.

COUNTY OF WIBAUX, MONTANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds						Total Governmental Funds
	General	Road	Bridge	Medical Facility	Nursing Home Levy	Other Governmental Funds	
REVENUES							
Taxes/special assessments	\$255,949	\$156,600	\$23,113	\$218,951	\$108,208	\$423,947	\$1,186,768
Licenses and permits	35	0	0	0	0	0	35
Intergovernmental revenue	1,739,081	602,744	13,345	68,735	1,402	323,510	2,748,817
Charges for services	139,658	5,308	4,508	0	0	94,257	243,731
Fines and forfeitures	28,778	0	0	0	0	1,300	30,078
Miscellaneous revenues	16,670	6,285	0	550	0	27,324	50,829
Investment and royalty earnings	15,503	0	0	0	0	303	15,806
Total Revenues	2,195,674	770,937	40,966	288,236	109,610	870,641	4,276,064
EXPENDITURES							
Current:							
General government	831,275	0	0	0	0	9,991	841,266
Public safety	362,954	0	0	0	0	32,865	395,819
Public works	27,590	898,008	49,758	0	0	70,925	1,046,281
Public health	124,914	0	0	204,890	83,049	3,038	415,891
Social and economic services	800	0	0	0	0	163,818	164,618
Culture and recreation	27,848	0	0	0	0	267,529	295,377
Conservation of natural resources	28,797	0	0	0	0	0	28,797
CAPITAL OUTLAY	154,879	46,300	186,602	0	0	10,000	397,781
Total Expenditures	1,559,057	944,308	236,360	204,890	83,049	558,166	3,585,830
Excess of revenues over (under) expenditures	636,617	(173,371)	(195,394)	83,346	26,561	312,475	690,234
OTHER FINANCING SOURCES (USES)							
Transfers in	0	0	0	0	0	40,000	40,000
Transfers out	0	0	0	0	0	(40,000)	(40,000)
Total other financing sources (uses)	0	0	0	0	0	0	0
Net change in fund balances	636,617	(173,371)	(195,394)	83,346	26,561	312,475	690,234
Fund balances - July 1, 2013	3,753,711	992,726	760,169	94,475	139,935	1,497,337	7,238,353
Prior period adjustments	0	0	0	0	0	(4,812)	(4,812)
Fund balances restated - July 1, 2013	3,753,711	992,726	760,169	94,475	139,935	1,492,525	7,233,541
Fund balances - June 30, 2014	\$4,390,328	\$819,355	\$564,775	\$177,821	\$166,496	\$1,805,000	\$7,923,775

See notes to the basic financial statements.

COUNTY OF WIBAUX, MONTANA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds (page 17)	\$690,234
Amounts reported for governmental activities in the statement of activities (page 15) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased	397,781
Depreciation expense	(262,481)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue for tax revenues	(7,061)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(16,003)</u>
Change in Net Position in Governmental Activities	<u>\$802,470</u>

See notes to the basic financial statements.

COUNTY OF WIBAUX, MONTANA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$469,627	\$3,340,890
Receivables:		
Tax/assessment receivable (net of allowance for uncollectibles)	0	26,021
Total Assets	469,627	3,366,911
LIABILITIES		
Warrants payable	0	134,187
Judgments payable	0	5,617
Due to other governments	0	3,227,107
Total Liabilities	0	3,366,911
NET POSITION		
Held in trust for pool participants	\$469,627	\$0

See notes to the basic financial statements.

COUNTY OF WIBAUX, MONTANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Investment Trust Funds
ADDITIONS	
Contributions from participants	\$21,116,072
Interest	6,631
Total Additions	21,122,703
DEDUCTIONS	
Withdrawal by participants	21,110,797
Total Deductions	21,110,797
Change in net assets	11,906
Net position - June 30, 2013	457,721
Net position - June 30, 2014	\$469,627

See notes to the basic financial statements.

COUNTY OF WIBAUX, MONTANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

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COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Wibaux are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements

1. REPORTING ENTITY - The County is governed by an elected three member Board of County Commissioners and is considered to be the primary government. The Board of County Commissioners serves as the taxing authority, the contracting body, and the chief administrators of public services for the County. They are responsible for the management of the County, its property and its finances. The County, for financial purposes, includes all of the funds, account groups, organizations and boards for which the County is financially accountable and other organizations for which the nature and significance of the relationship are such that exclusion would cause the County's financial statements to be misleading or incomplete. In addition, there are no component units as defined by Government Auditing Standards Board No. 14. Financial accountability is defined as the appointment of a voting majority of the governing body, and by the imposition of will or the potential for financial benefit or burden. The County provides the following services: law enforcement and civil defense, maintenance and repair of roads, bridges, and other County owned properties, public health facilities and services, culture and recreation (museums, libraries, fairs, etc.), and community development.

Wibaux 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, 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 other taxing jurisdictions 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.

2. RELATED ORGANIZATIONS - The following related organization, Wibaux County Nursing Home, is excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments and subsidy. Audited financial statements are available from the nursing home.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2. RELATED ORGANIZATIONS (CON'T) - Wibaux County Nursing Home - The nursing home is operated by a five member board, of which one member is represented by the County Commissioners. The County has no significant influence over the management, budgets, or policies of Wibaux County Nursing home. During fiscal year 2014, the County contributed \$6,445 for operations to the nursing home. The County levies a total of 35.72 mills for nursing home operations.

Other related organizations include the Town of Wibaux and Fallon County. Wibaux County provides the Town of Wibaux with law enforcement services through the Sheriff's Department. The Town of Wibaux paid Wibaux County \$29,000 in fiscal year 2014 for these services. Wibaux County has contracted with Fallon County to provide Emergency 9-1-1 telephone service to residents within this jurisdiction. The cost to Wibaux County for providing this service in fiscal year 2014 was \$42,027. Funding for this service is provided by the State of Montana.

3. BASIS OF PRESENTATION - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole, excluding fiduciary activities of the Investment Trust and Agency Funds. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and County general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The County has only governmental activities, therefor there is no reporting of business - type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenue include: (1)charges for services which report fees and other charges to users of the County's services; (2)operating grants and contributions which finance annual operating activities including restricted investment income; and (3)capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

3. BASIS OF PRESENTATION (CON'T) - Fund financial statements include the balance sheet and statement of revenues, expenditures and changes in fund balance for governmental and statement of fiduciary net position and statement of changes in fiduciary net position for fiduciary funds. A reconciliation is provided with the governmental fund financial statements reconciling the amounts reported on these statements to the statement of net position and statement of activities. The emphasis of fund financial statements is on major governmental funds. Major funds include the general fund and all other governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% or more of total for all governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The County's major funds are described later. As described in Note 0 to the financial statements, the General Fund also includes the financial information of special revenue funds that no longer meet the revised fund definition per GASB 54.

4. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The liability for accrued vacation and sick pay is recognized when earned and payable. The government-wide financial statements report expenditures for fixed assets as capital assets as well as recording depreciation on capital assets.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are collected within 31 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due and compensated absences which are recognized as expenditures when paid. Capital asset acquisitions are reported as expenditures in the governmental funds.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

4. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CON'T) - Major revenue sources susceptible to accrual include: property taxes, intergovernmental revenues and investment income. In general, other revenues are recognized when cash is received. Deferred inflow of resources are recorded for property tax receivables at year end in the governmental fund financial statement.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

5. FUND TYPES AND MAJOR FUNDS - Governmental Funds - The County reports the following major governmental funds:

General Fund - This fund is used to account for all financial resources except those required to be accounted for in other funds. This includes the financial resources of special revenue funds that do not meet the revised fund definition per GASB 54.

Road Fund - This fund accounts for state gas tax and property tax revenues used for road maintenance or improvements.

Bridge Fund - This fund accounts for state grants and property tax revenues used for bridge construction and maintenance.

Medical Facilities - This fund accounts for property tax receipts as well as other revenues to be used for the Wibaux County Nursing Home.

Nursing Home Levy - This fund accounts for the voted levy in support of the Wibaux County Nursing Home.

The County also reports the following fund type:

Special Revenue Funds - These funds are used to account for proceeds of special revenue sources that are legally restricted to expenditure for a specific purpose.

Capital Projects Funds - Used to account for financial resources to be used for the acquisition or construction of major capital facilities.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

5. FUND TYPES AND MAJOR FUNDS (CON'T) - Fiduciary Funds - These account for the outstanding warrants of the County, as well as fiduciary assets held by the County in a custodial capacity as an agent on behalf of individuals, private organizations, other governments and/or other funds. The funds held for these other governments as Agency Funds are generally distributed within a short period of time. Amounts held as Investment Trust Funds include assets held by the County in a trustee capacity for other governments for the purpose of investing. An external investment pool trust fund comingles the moneys of more than one legally separate entity and invests on the participants behalf. The income from the investments is distributed to the participant based upon the amount of each participant's investment.

6. BUDGETS - Budgets are adopted for the general and special revenue funds on a basis consistent with accounting principles generally accepted in the U.S. Budget appropriations must be legally established for the expenditure of money from all funds except agency funds. The annual budget is a plan of financial operation with an estimate of expenditures and means of financing them.

A preliminary budget is prepared in July. Budget hearings are held and the final budget is adopted by the second Monday in August. The adopted budget constitutes the appropriations for the County and is the maximum limit of expenditures in each budgeted fund. The adopted budget may be amended for emergencies and other matters as provided by State law.

7. CASH AND TEMPORARY CASH INVESTMENTS - Cash resources, to the extent available, of the individual funds are combined to form a cash pool, which is managed by the County Treasurer. The cash pool is not registered with the Securities and Exchange Commission as an investment company and is not subject to regulatory oversight. Investments of the pooled cash, which are authorized by state law, consist primarily of repurchase agreements, State of Montana's Short-Term Investment Pool (STIP), securities of the U.S. Government or its agencies, and savings deposits and are carried at fair value. The fair value of investments is determined annually, and is based on current market prices. The method used to determine the values of participants' equity withdrawn is based on the book value of the participant's percentage participation at the date of withdrawal. Bank deposits include repurchase agreements, savings deposits, and certificates of deposits in county banks. The County considers all investments with a maturity of three months or less to be highly liquid investments and, therefore, cash equivalents. This includes unrestricted and restricted cash.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

7. CASH AND TEMPORARY CASH INVESTMENTS (CON'T) - Interest income earned as a result of pooling and changes in the fair value of investments are distributed to the appropriate funds as designated by state law utilizing a formula based on the applicable cash balance participation of each fund.

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

8. TAXES AND ASSESSMENTS RECEIVABLE - Real estate property taxes are levied in August in connection with the budget process, and are based on assessed values for all property located within the County as of January 1 of the current year. Assessed values are established by the Montana Department of Revenue using a market value base. Taxable value is a fixed percentage of the assessed value, per State statute. A revaluation of all property is required to be completed on a periodic basis.

Real property taxes are billed in October and are due in two equal installments on November 30 and May 31 of the following year. Delinquent real property taxes attach as a lien on the property as of January 1. Personal property taxes are assessed and billed throughout the year, with a significant portion generally billed in May, June and July. Personal property taxes are based upon levies set during August of the prior year.

These taxes become delinquent 30 days after billing. Delinquent personal property taxes may become a lien on the real property of the owner of the personal property.

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

The County is permitted by State statutes to levy taxes up to certain fixed limits for various purposes. The taxes levied by the County for the year ended June 30, 2014 were within the legal limits. The tax levies were based upon a taxable valuation of \$7,830,526 for 2014 and \$3,683,689 for 2013.

COUNTY OF WIBAUX, MONTANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

8. TAXES AND ASSESSMENTS RECEIVABLE (CON'T) - The County records taxes receivable for property taxes that have been assessed but have not yet been collected. These taxes receivable are recorded as deferred inflow of resources in the year assessed and recorded as revenue in the year collected in the Governmental Fund financial statements. 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. Although this is a departure from U.S. GAAP, any resulting differences would be immaterial.

The tax levies for the County for the year ended June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
General	33.00	8.80
Road	21.00	26.40
Bridge	3.00	0.00
Weed Control	4.60	3.00
County Fair	12.33	9.00
Library	2.93	9.00
Ambulance	2.84	7.00
Medical Facilities	22.00	43.00
Nursing Home Mill Levy	13.72	28.50
Cemetery	2.13	2.50
Senior Citizens	5.00	3.50
Agricultural Agent	8.11	9.00
Museum	15.50	8.40
Land Use Planning	0.00	2.50
TOTAL	<u>146.16</u>	<u>160.60</u>

9. INVENTORIES - Inventories consist of expendable supplies held for the County's future use in the Road Fund and the Weed Fund and are carried at cost using the first-in, first-out basis. Only the actual amount of inventory used during the year is recorded as an expenditure. The ending inventory at June 30, 2014 was \$192,160 for the Road Fund and \$19,247 for the Weed Fund, which was a current year increase of \$99,759 in the Road Fund and a current year increase of \$1,474 in the Weed Fund.

10. CAPITAL ASSETS - All purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the assets or do not materially extend asset lives are not capitalized.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

10. CAPITAL ASSETS (CON'T) - Assets acquired for general governmental purposes are reported at cost in the government-wide financial statements. Depreciation on capital assets is provided over their estimated useful lives on the straight-line method and is included in the government-wide financial statements.

Buildings	30-50 years
Improvements other than Buildings	10-40 years
Machinery and Equipment	5 -10 years
Infrastructure	30-50 years

It is the policy of Wibaux County to capitalize assets with a cost of \$5,000 or greater.

11. CURRENT AND NONCURRENT LIABILITIES - Current liabilities in the government-wide financial statements include a portion of compensated absences classified as short-term. Noncurrent liabilities include the balance of accumulated vacation and sick leave. Expenditures are recognized when paid in the fund financial statements and as accrued in the government-wide financial statements.

12. DEFERRED INFLOW OF RESOURCES - The balance sheet includes a separate financial statement element called *Deferred Inflow of Resources*, which represents property taxes receivable. This item represents increases to fund balance that applies to a future period and so will not be recognized as revenue until then. Prior year balance sheets referred to this item as deferred revenue.

13. INTERFUND TRANSACTIONS - Interfund transactions consisting of identified services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as revenue in the fund performing the services.

Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of the expenditures in the fund that is reimbursed.

14. USE OF ESTIMATES - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNTY OF WIBAUX, MONTANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE B - CASH AND INVESTMENTS

The County maintains a cash and investment pool for all funds under the control of the County Treasurer. In addition, investments are separately held for several of the funds.

Cash and investments may include cash and cash items; demand, time, savings and fiscal agent deposits; investments in the State Short-Term Investment Pool (S.T.I.P); direct obligations of the United States Government and securities issued by agencies of the United States, repurchase agreements; and registered warrants.

The composition of reported cash on June 30, 2014 was as follows:

Cash on Hand	\$ 20,131
Petty Cash	1,000
Cash in Banks:	
Demand	9,307,424
Savings Deposits	946,903
Time Deposits	627,402
State Short-Term Investment Pool (STIP)	601,615
Total Cash and Investments	<u>\$11,504,475</u>

Reconciliation to the Financial Statements:

Statement of Net Position	
Cash and Cash Equivalents	\$ 7,088,041
Investments	605,917
Statement of Fiduciary Net Position	
Investment Trust Funds	469,627
Agency Funds	3,340,890
Total Cash and Investments	<u>\$11,504,475</u>

Cash in Banks - All the bank deposits of the County are either insured by federal depository insurance coverage or collateralized with securities held by the bank in the County's name. At year end, the carrying amount of the County's deposits was \$10,882,729 and the bank balance was \$10,904,614. These balances were covered by Federal Depository Insurance in the amount of \$500,000 with the remaining amount covered by pledged securities.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rate. The County has certificate of deposits with maturity dates of six months and interest rates that range from 0.15% to 0.20%.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE B - CASH AND INVESTMENTS (CON'T)

The County held investments of \$601,615 in the State Short-Term Investment Pool (STIP) at June 30, 2014. STIP is considered an external investment pool. STIP is also classified as a "2a-7-like" pool. A "2a-7-like" pool is an external investment pool that is not registered with the Securities and Exchange Commission as an investment fund, but has a policy that it will and does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The County's investment position in STIP is determined by the pool's share price, which is dollar denominated.

The STIP portfolio includes, but is not limited to, "variable rate", "asset-backed", and "covered options" securities to provide diversification and a competitive rate of return.

Unaudited 2014 STIP financial statements are available at the following:

Montana Board of Investments
Department of Commerce
2401 Colonial Drive, 3rd Floor
Helena, MT 59620
Telephone: (406)444-0001

NOTE C - CAPITAL ASSETS

The following summary shows the changes in capital assets for the year ended June 30, 2014.

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
Capital assets not being depreciated				
Land	\$ 79,673	\$ 0	\$ 0	\$ 79,673
Construction in Progress	8,669	83,374	0	92,043
Total Non-depreciable Assets	<u>88,342</u>	<u>83,374</u>	<u>0</u>	<u>171,716</u>
Capital Assets being depreciated				
Buildings	1,815,772	35,385	0	1,851,157
Machinery & Equipment	3,011,023	292,905	(48,849)	3,255,079
Infrastructure	66,500	0	0	66,500
Total Depreciable Assets	<u>4,893,295</u>	<u>328,290</u>	<u>(48,849)</u>	<u>5,172,736</u>
Total Capital Assets	4,981,637	411,664	(48,849)	5,344,452
Accumulated Depreciation				
Buildings	(546,607)	(37,084)	0	(583,691)
Machinery & Equipment	(1,419,512)	(223,180)	34,967	(1,607,725)
Infrastructure	(22,167)	(2,217)	0	(24,384)
Total Accumulated Depreciation	<u>(1,988,286)</u>	<u>(262,481)</u>	<u>34,967</u>	<u>(2,215,800)</u>
Net capital assets	<u>\$2,993,351</u>	<u>\$149,183</u>	<u>(\$ 13,882)</u>	<u>\$3,128,652</u>

Actual cash outlay for the purchase of capital assets was \$397,782. The difference between this amount and the amount reported as capital asset additions from above is the basis of equipment traded for new purchases.

COUNTY OF WIBAUX, MONTANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE C - CAPITAL ASSETS (CON'T)

Depreciation expense was charged to functions as follows:

General government	\$ 10,481
Public safety	21,509
Public works	201,331
Public health	1,714
Social and economic services	2,693
Culture and recreation	<u>24,753</u>
Total depreciation expense	<u>\$262,481</u>

NOTE D - LONG-TERM LIABILITIES

A summary of long-term liabilities for the year ended June 30, 2014, is as follows:

	Balance <u>7-1-13</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6-30-14</u>
GOVERNMENTAL FUNDS:				
Compensated Absences Payable	\$164,505	\$16,003	\$0	\$180,508

Compensated Absences - The County's employees are permitted to accumulate vacation and sick leave. On termination of employment, an employee is paid for accumulated vacation and for 25% of accumulated sick pay based on the current hourly rate of pay. For governmental funds, compensated absences in the government-wide statements are included as current and noncurrent liabilities. The County does not include any amount for compensation absences on the governmental funds balance sheet. Expenditures for compensated absences are paid from the General Fund, Road Fund and certain other Special Revenue Funds.

NOTE E - RETIREMENT PLANS

The County participates in three state-administered, cost-sharing, multiple-employer defined benefit pension plans. The plans, which covers all employees except part-time employees, provide retirement, death and disability benefits to plan members and beneficiaries. The County Superintendent of Schools is covered by the Montana Teachers' Retirement System (TRS). The County Sheriff and the employees of the Sheriff's department are covered by the Montana Sheriff's Retirement System (SRS), and substantially all other County Employees are covered by the Montana Public Employees Retirement System (PERS). The plans are established by State law and administered by the Department of Administration of the State of Montana.

COUNTY OF WIBAUX, MONTANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE E - RETIREMENT PLANS (CON'T)

The plans issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing or calling the respective plans' office as follows:

<u>Public Employees'</u> <u>Retirement</u>	<u>System Teachers'</u> <u>Retirement System</u>	<u>Sheriff's Retirement</u> <u>System</u>
100 North Park Avenue Helena, MT 59620-0131 (406)444-3154	1500 Sixth Avenue Helena, MT 59620-0139 (406)444-3154	1712 Ninth Avenue Helena, MT 59620-0131

Contributions by plan members and the County are mandatory and are determined by state law. Contribution rates for the year ended June 30, 2014, expressed as a percent of covered payroll, are as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
TRS	8.150%	8.470%	16.620%
SRS	9.245%	10.115%	19.360%
PERS	7.900%	8.070%	15.970%

The amounts contributed to the plans during the years ended June 30, 2014, 2013 and 2012, were equal to the required contributions for each year.

The amounts contributed by both the County and its employees (including additional voluntary contributions by employees as permitted by State law were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
TRS	\$ 11,117	\$ 9,721	\$ 9,016
SRS	25,449	24,367	23,045
PERS	157,112	134,014	124,064

The State contributes .1% of PERS employees' monthly compensation on behalf of the employer. The State also contributes 2.49% to the pension trust fund on behalf of employees participating TRS. The State contributions have not been recorded in these financial statements.

Retiring County employees may elect to continue group health insurance coverage by paying 100% of the monthly premium under the plan. Reduced premiums apply when retirees reach age 65 and are eligible for Medicare. Also see Note N for additional information regarding other post-retirement employment benefits (OPEB).

The County maintains a Cafeteria Plan under Section 125 of the Internal Revenue Code of 1986. Employees may make contributions to the plan by payroll deduction for medical related (health and disability) insurance premiums, dependent care and medical reimbursements.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE F - RISK MANAGEMENT

The County faces a 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, f) prisoner medical costs and g) medical insurance costs of employees.

A variety of methods is used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and content damage and employee torts and professional liabilities. The County participates in a state-wide public risk pool operated by the Montana Association of Counties Joint Powers Insurance Authority Pool.

Employee medical insurance is provided through a privately-administered, self insured plan.

The County is uninsured as to prisoner medical costs even though state law makes it liable for all medical costs incurred by prisoners while in the County's custody, and given the lack of coverage available, the County has no coverage for potential losses from environmental damages.

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years and settled claims resulting from these risks have not exceeded commercial insurance coverage in the past fiscal year. Most of the premiums are paid from the General Fund.

In 1985, the County joined together with other Montana counties to form the MACO Workers' Compensation Trust Fund, a public entity risk pool currently operating as a common risk management and insurance premium for its employee injury insurance coverage, which is charged to the employer funds for each covered employee. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan.

NOTE G - INSURANCE COVERAGE (WORKERS COMPENSATION)

The County has joined with 51 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 special control over the budgeting and financing of the Trust's activities.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE G - INSURANCE COVERAGE (WORKERS COMPENSATION) (CON'T)

In February, 1990, the Trust issued \$7.645 million in tax exempt bonds to provide aggregate excess coverage and resources for previously unfunded liabilities. The County signed a note with the Trust for \$27,846, its pro rata share of the debt, in order to help secure the bonds. Most of the debt service on the bonds is expected to be paid through interest earnings on the bond proceeds and premiums and assessments from the participating Counties. The County has, therefore, elected not to record this potential liability as a long-term liability in its accounting records and report it as such in its financial statements.

Audited financial statements for the Montana Association of Counties Workers Compensation Trust for fiscal year ended September 30, 2014 may be obtained from the following:

Willis Carroon Administrative Services
PO Box 517
Helena, MT 59624

NOTE H - PRIOR PERIOD ADJUSTMENTS

During the year, restatements relating to prior years' transactions occurred in various funds, mostly consisting of prior year insurance and collection adjustments. These other adjustments result in restating fund balance at July 1, 2013 in the amount of (\$4,812) in the statement of revenues, expenditures and changes in fund balances - governmental funds and net position in the statement of activities in the government-wide statements.

NOTE I - PENDING LITIGATION

Inquiry of the County Attorney disclosed there is no litigation pending or threatened against the County.

NOTE J - DUE TO OTHER GOVERNMENTS

The amounts due to other governments in the statement of fiduciary net assets at June 30, 2014 consists of the following:

Due to Districts	\$ 556,192
Due to State of Montana	46,303
Due to School Districts	2,617,186
Due to Town	7,426
	<u>\$3,227,107</u>

COUNTY OF WIBAUX, MONTANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE K - NURSING HOME REIMBURSEMENT

The County participated in an intergovernmental agreement for the transfer of funds to the State of Montana on behalf of Wibaux County Nursing Home (WCNH) during fiscal year 2014. This agreement provided for a voluntary transfer of funds from the County to the Department of Public Health and Human Services (DPHHS). Upon receipt of the funds DPHHS would provide the Wibaux County Nursing Home with a lump sum payment of Medicaid monies for nursing facilities located in predominately rural areas. The following schedule shows the amounts transferred by Wibaux County to DPHHS and the amount listed in the agreement that was to be paid to WCNH from DPHHS.

Funds transfer to DPHHS from Wibaux County	\$ 204,890
Amounts to be paid from DPHHS to WCNH	\$ 275,418

NOTE L - FUND TRANSFERS

A summary of the County's operating transfers made during fiscal year ending June 30, 2014 follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Fair Fund	0	40,000
Fair Capital Improvement	40,000	0
	<u>\$40,000</u>	<u>\$40,000</u>

The Fair Fund transferred \$40,000 to the Fair Capital Project Fund for future fairground improvements.

NOTE M - LEASES

The County has a verbal agreement with Glendive Medical Center and Fallon Medical Center to use County owned property as a medical clinic. The County charges \$50 per day for such use. Glendive Medical Center paid \$4,550 and Fallon Medical Center paid \$5,050 for fiscal year end June 30, 2014 for use of the County's medical clinic.

COUNTY OF WIBAUX, MONTANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE N - OTHER POST-RETIREMENT EMPLOYMENT BENEFIT

According to Montana State Law, qualified retired employees may elect to remain on the County's health insurance plan until they attain the age for medicare coverage. The retiree pays the cost of health insurance premiums, however they are insured together as a group with current employees. This causes the premiums paid by the retirees to be lower than they would have been if the retirees were insured separately. This results in an implicit rate subsidy. A new reporting requirement for fiscal year 2010 by the Governmental Accounting Standards Board states that this implicit rate subsidy be considered an other post-retirement employment benefit (OPEB) and an accrual for the valuation of this benefit be included in the County's government-wide financial statements. There are numerous assumptions that are a part of the calculation for estimating this accrued liability. The County's management has elected not to accrue a liability for this OPEB because they feel the amount of any required accrual would not be material to the financial statements.

NOTE O - FUND BALANCE

Wibaux County implemented the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions with prior financial and compliance reports. It was determined that one of their previously classified special revenue funds does not meet the revised fund definition per GASB 54. The Federal Mineral Fund is accounted for separately in the County's financial records, however, for external reporting purposes this fund is combined and reported with the General Fund in the governmental fund financial statements. The following reconciliation discloses the makeup of the fund balance of the General Fund as reported on the Balance Sheet:

Fund Balance - June 30, 2014	
General Fund	\$2,148,016
Federal Mineral Fund	<u>2,242,312</u>
Total General Fund Balance	
per Balance Sheet	<u>\$4,390,328</u>

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, Wibaux County, Montana classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE O - FUND BALANCE (CON'T)

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or grantors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes by the County itself, through formal action by a majority vote of the County Commissioners. Committed amounts cannot be used for any other purpose unless the County Commissioners, by majority vote, removes or changes the constraint.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The intent can be expressed by the County Commissioners, individually and/or collectively. The County Commissioners also delegates the power to assign fund balances to the County Clerk and Recorder.
- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories.

The County uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the County would first use *committed*, then *assigned*, and lastly *unassigned* amounts of unrestricted fund balance when expenditures are made.

The purpose of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Road Fund	County Levied Taxes, Gas Tax Apportionment
Bridge Fund	County Levied Taxes
Medical Facility Fund	County Levied Taxes
Nursing Home Levy	Voter Levied Taxes

COUNTY OF WIBAUX, MONTANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE O - FUND BALANCE (CON'T)

A schedule of fund balances is provided for fiscal year ended June 30, 2014:

	General Fund	Road Fund	Bridge Fund	Medical Facility Fund	Nursing Home Levy	Other Governmental Funds	Total Governmental Funds
FUND BALANCES:							
Nonspendable							
Inventories		192,160				19,247	211,407
Restricted For:							
General Government						8,291	8,291
Public Works			214,745			76,451	291,196
Public Health					166,496	30	166,526
Social & Economic Services						52,048	52,048
Cultural & Recreation						125,061	125,061
Committed To:							
Capital Purchases						642,327	642,327
General Government						124,214	124,214
Public Safety						316,879	316,879
Public Works		627,195	350,030			87,149	1,064,374
Public Health				177,821		594	178,415
Social & Economic Services						118,875	118,875
Cultural & Recreation						206,801	206,801
Assigned To:							
General Government						27,033	27,033
Unassigned:	<u>4,390,328</u>						<u>4,390,328</u>
Total Fund Balance	<u>\$4,390,328</u>	<u>\$819,355</u>	<u>\$564,775</u>	<u>\$177,821</u>	<u>\$166,496</u>	<u>\$1,805,000</u>	<u>\$7,923,775</u>

NOTE P - SUBSEQUENT EVENTS

Inquiry of management indicated that no events have occurred subsequent to June 30, 2014 and through the date of this audit report that would require adjustment to or disclosure in the basic financial statements.

COUNTY OF WIBAUX, MONTANA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

COUNTY OF WIBAUX, MONTANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes/special assessments	\$258,407	\$258,407	\$255,949
Licenses and permits	0	0	35
Intergovernmental revenue	1,508,254	1,508,254	1,423,133
Charges for services	114,216	114,216	139,658
Fines and forfeitures	53,000	53,000	28,778
Miscellaneous revenues	14,670	14,670	16,670
Investment and royalty earnings	20,000	20,000	15,503
Total Revenues	<u>1,968,547</u>	<u>1,968,547</u>	<u>1,879,726</u>
EXPENDITURES			
Current:			
General government	1,137,780	1,137,780	831,275
Public safety	573,826	573,826	362,954
Public works	65,440	65,440	27,590
Public health	297,604	297,604	124,914
Social and economic services	15,200	15,200	800
Culture and recreation	47,207	47,207	27,848
Conservation of natural resources	53,635	53,635	28,797
CAPITAL OUTLAY	971,831	971,831	154,879
Total Expenditures	<u>3,162,523</u>	<u>3,162,523</u>	<u>1,559,057</u>
Excess of revenues over (under) expenditures	(1,193,976)	(1,193,976)	320,669
OTHER FINANCING SOURCES			
Transfers in	385,000	385,000	0
Transfers out	(250,000)	(250,000)	0
Total Other Financing Sources	<u>135,000</u>	<u>135,000</u>	<u>0</u>
Net change in fund balances	(1,058,976)	(1,058,976)	320,669
Fund balances - July 1, 2013			1,827,347
Fund balances - June 30, 2014			<u>\$2,148,016</u>

See notes to the required supplementary information.

COUNTY OF WIBAUX, MONTANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Road</u>		<u>Bridge</u>	
	<u>Original and Final</u>		<u>Original and Final</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES				
Taxes/special assessments	\$157,056	\$156,600	\$23,492	\$23,113
Intergovernmental revenue	579,696	602,744	13,038	13,345
Charges for services	10,000	5,308	100	4,508
Miscellaneous revenues	1,100	6,285	0	0
Total Revenues	<u>747,852</u>	<u>770,937</u>	<u>36,630</u>	<u>40,966</u>
EXPENDITURES				
Current:				
Public works	1,036,787	898,008	66,000	49,758
CAPITAL OUTLAY	<u>285,000</u>	<u>46,300</u>	<u>594,400</u>	<u>186,602</u>
Total Expenditures	<u>1,321,787</u>	<u>944,308</u>	<u>660,400</u>	<u>236,360</u>
Net change in fund balances	(573,935)	(173,371)	(623,770)	(195,394)
Fund balances - July 1, 2013		<u>992,726</u>		<u>760,169</u>
Fund balances - June 30, 2014		<u>\$819,355</u>		<u>\$564,775</u>

See notes to the required supplementary information.

COUNTY OF WIBAUX, MONTANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Medical Facility</u>		<u>Nursing Home Levy</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES				
Taxes/special assessments	\$207,271	\$218,951	\$107,435	\$108,208
Intergovernmental revenue	63,532	68,735	3,000	1,402
Miscellaneous revenues		550		0
Total Revenues	<u>270,803</u>	<u>288,236</u>	<u>110,435</u>	<u>109,610</u>
EXPENDITURES				
Current:				
Public health	<u>300,000</u>	<u>204,890</u>	<u>250,327</u>	<u>83,049</u>
Total Expenditures	<u>300,000</u>	<u>204,890</u>	<u>250,327</u>	<u>83,049</u>
Net change in fund balances	(29,197)	83,346	(139,892)	26,561
Fund balances - July 1, 2013		<u>94,475</u>		<u>139,935</u>
Fund balances - June 30, 2014		<u><u>\$177,821</u></u>		<u><u>\$166,496</u></u>

See notes to the required supplementary information.

COUNTY OF WIBAUX, MONTANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - BUDGETS

Budget fund expenditures are limited by state law to budgeted amounts, except that they can be increased for emergencies, defined by state law as expenses which could not have been reasonably foreseen at the time of the adoption of the budget. There were no budget amendments to increase the budget during fiscal year ending June 30, 2014. The County approved a budget amendment for the general and road funds, as well as other non-major special revenue funds to transfer amounts within the same expense category.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund statement includes only the budget and actual revenue and expenditures of the General Fund. As disclosed earlier, for financial reporting purposes, the Federal Mineral Fund financial information has been combined and reported with the General Fund in the governmental fund financial statements.

Actual expenditures do not exceed final budget expenditures for the year ended June 30, 2014.

Smith, Lange & Halley, P.C.

Certified Public Accountants

Teresa M. Halley • Cory W. Wheeler

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Sidney, MT 59270

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Email: slhpc@midrivers.com

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

To the Board of County Commissioners
Wibaux County
Wibaux, Montana

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Wibaux, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the County of Wibaux, Montana's basic financial statements and have issued our report thereon dated June 15, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Independent Auditors Report on Internal
Control Over Financial Reporting and on
Compliance and Other Matters

Page 2

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings as item 14-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Wibaux, Montana'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

Smith, Lange & Halley, PC

SMITH, LANGE & HALLEY, PC
Sidney, Montana

June 15, 2015

COUNTY OF WIBAUX, MONTANA
SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding 14-1 Lack of Segregation of Duties

Condition:

The County has a limited number of office personnel and accordingly, does not have adequate internal accounting controls in certain areas because of a lack of segregation of duties.

Criteria:

An adequate system of internal accounting control provides for a proper segregation of duties so that no one individual handles a transaction from its inception to its completion.

Effect:

Risk of misappropriation of County assets and inaccurate financial records as a result of errors or fraud.

Cause:

Limited office staff.

Recommendation:

While we recognize that the office staff may not be large enough to permit an adequate segregation of duties in all respects for an effective system of internal accounting control, management should review the assignment of accounting functions and segregate duties of receiving, recording, and reconciling to the extent possible.

No action is necessary.