

(Sample Report)

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

[Governing Body]

[Local Government]

[Address]

_____, Montana 59 ____

We have performed the procedures enumerated below on the financial statements of [Name of Local Government], Montana (the Government), and the Government's compliance with specified requirements and internal control over compliance with those requirements as of and for the year ended June 30, ____, as required by Section 2-7-503, MCA. The Government's management is responsible for the financial statements, compliance with the specified requirements, and internal control over compliance with those requirements.

The State of Montana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose, which is to meet the requirements of Section 2-7-503, MCA. This report may not be suitable for any other purpose. The procedures performed may only address some of the items of interest to a user of this report and may not meet the needs of all users. As such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

We found no exceptions as a result of these procedures.

OR

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

OR

As disclosed in finding number __ in Schedule C, we could not obtain the annual financial report because the Government failed to prepare one.

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

We found no exceptions as a result of this procedure.

OR

Findings resulting from this procedure are disclosed in finding number __ in Schedule C.

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

We found no exceptions as a result of this procedure.

OR

Findings resulting from this procedure are disclosed in finding number __ in Schedule C.

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

We found no exceptions as a result of this procedure.

OR

Findings resulting from this procedure are disclosed in finding number __ in Schedule C.

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

We found no exceptions as a result of these procedures.

OR

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

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

We found no exceptions as a result of these procedures.

OR

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

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

We found no exceptions as a result of these procedures.

OR

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

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

We found no exceptions as a result of these procedures.

OR

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

OR

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

- i. We verified that:

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

We found no exceptions as a result of these procedures.

OR

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

j. We obtained the following documents and performed the following procedures related to property tax levies:

We obtained:

- Copies of the Government’s worksheets for the “Determination of Tax Revenue and Mill Levy Limitations – Section 15-10-420, MCA” for the current (FY20XX) and prior year (hereafter referred to as “**Determination Worksheets**”);
 - A copy of the Department of Revenue’s 20XX Certified Taxable Valuation Form for the Government (hereafter referred to as “**DOR Form**”);
 - The Government’s **Budget Resolution(s)** for FY20XX;
 - For the County’s agency fund for the Government, a detailed ledger query or other detailed trial balance report for the FY20XX period (hereafter referred to as “**County Report**”).
1. We verified that all applicable elements from the DOR Form were transferred appropriately to the FY20XX Determination Worksheet(s).
 2. We verified that the first line of the FY20XX Determination Worksheet(s) was the ad valorem tax revenue actually assessed in the prior year. [Note: This amount is determined by multiplying the prior year’s actual mills levied by the prior year’s adjusted taxable value per mill from line 5b of the FY20XX Determination Worksheet(s).]
 3. We compared the “Authorized mill levy” from the FY20XX Determination Worksheet(s) to the actual mills levied per the Budget Resolution(s) and determined whether the mills levied were in compliance with the tax levy limitations of MCA 15-10-420. If the actual mills levied exceeded the Determination Worksheets’ authorized mill levy, we verified that the Government had documentation to

support these additional mills (e.g., voted levies per MCA 15-10-425 or mills exempted by MCA 15-10-420(9)).

4. Tax revenue verification: We multiplied the Government's taxable valuation with the total mills levied, compared the results of this calculation with total property tax revenue recorded in the accounting records, and noted any variances of 5% or greater. (Note: Local vehicle option taxes and tax penalty/interest, if any, should be excluded from total property tax revenue for purposes of this comparison.)
5. Taxes receivable verification: We verified that total taxes receivable in the Government's accounting records and agree to the total taxes receivable in the County Reports.

We found no exceptions as a result of these procedures.

OR

Findings resulting from this procedure are disclosed in finding number __ in Schedule C.

AND/OR

Variances of 5% or greater, resulting from Procedure j.5., are disclosed in Schedule C, along with reasons for variances, if known.

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

We found no exceptions as a result of these procedures.

OR

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

OR

The Government had no single source of revenue that met these criteria.

Accompanying are the following schedules:

Schedules A.1. and A.2. present the Government's government-wide Statement of Net Position and Statement of Activities as of and for the fiscal year ended June 30, 20__.
[Note to Independent Accountant: Photocopies of entity-prepared financial statements will suffice for these Schedules.]

OR

Schedules A - Not applicable – The government did not prepare an annual financial report, as described in finding number __ in Schedule C.

Schedules B.1 through B. __ present the Government’s governmental, proprietary, and fiduciary fund statements, as applicable, as of and for the fiscal year ended June 30, 20 __. [**Note to Independent Accountant:** *Photocopies of entity-prepared financial statements will suffice for these Schedules.*]

OR

Schedules B - Not applicable – the Government did not prepare an annual financial report, as described in finding number __ in Schedule C.

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

We were engaged by [the engaging party] to perform these agreed-upon procedures engagement. We conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion on the specified accounts and transactions or on compliance or effectiveness of internal control over compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of [Name of Local Government], Montana, and the State of Montana and is not intended to be, and should not be, used by anyone other than the specified parties.

[Accountant's Signature]

[Accountant’s City and State]

[Date of Accountant’s Report]