

FERGUS COUNTY
LEWISTOWN, MONTANA
FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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FERGUS COUNTY

ORGANIZATION

June 30, 2009

BOARD OF COUNTY COMMISSIONERS

John Jensen
Carl Seistad
Ken Ronish

Chairman
Commissioner
Commissioner

COUNTY OFFICIALS

Thomas Meissner
Rana Wichman
Phyllis Smith
Richard Brown
Jack Shields
Ann Heintz
Thomas Killham
Rhonda Long
Dolores R. Sramek

Attorney
Clerk and Recorder
Clerk of Court
Coroner
Justice of the Peace
Public Administrator
Sheriff
Superintendent of Schools
Treasurer

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

ERNEST J. OLNESS, CPA

BRENT D. OLNESS, CPA
CURT D. WYSE, CPA

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INDEPENDENT AUDITOR'S REPORT

to the Board of County Commissioners
Fergus County
Swistown, Montana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Fergus County, Montana (the government) as of and for the year ended June 30, 2009, which collectively comprise the government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the government's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Because we did not observe year end inventory counts and because the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities, we were unable to form an opinion regarding the amounts at which inventory was recorded in the governmental activities, the road fund and the aggregate remaining fund information.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidence to support the amounts at which inventory was recorded in the governmental activities, the road fund and the aggregate remaining fund information, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the road fund and the aggregate remaining fund information of the government, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund, excluding the road fund, of the government, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2009, on our consideration of the government'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements and we did not audit and do not express an opinion on such information. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. As a result of such limited procedures, we believe that the management's discussion and analysis is not in conformity with accounting principles generally accepted in the United States because it did not contain all of the elements required by GASB Statement No. 34, as amended by GASB Statement No. 37.

Olness & Associates, PC

November 19, 2009

FERGUS COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

For a more detailed discussion and analysis of the financial performance provides an overview of the government's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with our financial statements which begin on page 7.

FINANCIAL HIGHLIGHTS

Net assets remained virtually unchanged as a result of this year's operations. While net assets of our business-type activities increased by \$361,840, or nearly 21 percent, net assets of our governmental activities increased by \$273,646, or nearly 2.3 percent.

During the year, our government had expenses that were \$1,735,881 less than the \$8,697,144 generated in tax and other revenues from governmental programs (before special items).

In the business-type activities, revenues increased to \$353,318 (or 15 percent) while expenses also increased by 15 percent.

The General fund reported a deficit this year of \$151,872. Revenues increased approximately 5 percent over 2008, while expenditures increased 9 percent. There was nothing remarkable within the revenues received to explain the 5 percent increase. Immunization clinics at the County Nurse's office were up, but investment earnings were down. There is not one specific area that stands out. In regard to the expenditures, there was an increase of \$240,246 in payroll and payroll related expenses over the previous fiscal year. Part of this increase can be attributed to the fact that a longevity program was started at the beginning of 2009. One major purchase involved the installation of a security system with cameras throughout the courthouse.

In 2009, 89.08% of the budgeted spending authority for all funds within the County was used, and revenues were at 118.4%. This is a decrease from 2008 of 29.32%, which is consistent with previous years for Fergus County.

SING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the government as a whole and present a longer-term view of the finances. For government activities, fund statements tell how these services were financed in the short term, as well as, what remains for future spending. Fund financial statements also report the government's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the government acts solely as a trustee or agent for the benefit of those outside of the government.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide financial statements One of the most important questions asked about the government's finances is, "Is the government as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities (pages 7 and 8) report information about the government as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the government's financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the property tax base and the condition of the capital assets, to assess the overall health.

In the Statement of Net Assets and the Statement of Activities, our government is divided into two kinds of activities:

Governmental activities—Basic services are reported here, including the police, fire, public works, and parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.

Business-type activities—Fees charged to customers to help it cover all or most of the cost of certain services it provides. The Hospital and Airport funds are reported here.

Fund financial statements The fund financial statements (pages 9 through 17) provide detailed information about the most significant funds—not the government as a whole. Some funds are required to be established by State law and by bond covenants. Also, the governing body establishes many other funds to help it control and manage money for particular purposes or to meet its responsibilities for using certain taxes, grants and other money. We utilize the following funds:

Governmental funds—Basic services are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund statements provide a detailed short-term view of the general government operations and the basic services provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in

FERGUS COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations (pages 10 and 12, respectively).

Proprietary funds—Fees are charged to customers for the services provided—whether to outside customers or to other units of the government—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that the activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detailed additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for other programs and activities—such as the Self-insurance fund.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds use the same basis of accounting as proprietary funds. We exclude these activities from the other financial statements because we cannot use these assets to finance our operations. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE GOVERNMENT AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In our case, accumulated liabilities by \$13,676,013 as of June 30, 2009. The totals of the governmental and business-type activities show an increase of \$1,252,041, or 8 percent for total assets; an increase of \$1,340,235, or 69 percent for total liabilities; and a decrease of \$88,194 or 1 percent for total net assets.

NET ASSETS:

	Governmental		Business-type		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 9,021,042	\$ 8,285,071	\$ 1,351,021	\$ 1,561,781	\$ 10,372,063	\$ 9,846,852
Capital assets	5,256,453	4,190,492	1,333,101	1,672,232	6,589,554	5,862,724
Total assets	14,277,495	12,475,563	2,684,122	3,234,013	16,961,617	16,709,576
Other liabilities	202,822	131,930	263,106	271,324	465,928	403,254
Long-term liabilities outstanding	1,787,840	330,446	1,031,836	1,211,669	2,819,676	1,542,110
Total liabilities	1,990,662	462,376	1,294,942	1,482,993	3,285,604	1,945,364
Net assets:						
Invested in capital assets, net of related debt	5,067,716	4,160,937	1,315,940	1,652,823	6,383,656	5,813,760
Restricted	444,889	379,199	-	-	444,889	379,199
Unrestricted	6,774,228	7,473,051	73,240	98,197	6,847,468	7,571,218
	\$ 12,286,833	\$ 12,013,187	\$ 1,389,180	\$ 1,751,020	\$ 13,676,013	\$ 13,764,205

FERGUS COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

CHANGE IN NET ASSETS:

	Governmental		Business-type		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,380,996	\$ 1,374,972	\$ 215,587	\$ 233,003	\$ 1,596,573	\$ 1,607,975
Operating grants and contributions	849,740	666,826	90,150	-	939,890	666,826
Capital grants and contributions	683,496	6,804	-	17,889	683,496	24,693
General revenues:						
Taxes	3,545,827	3,474,552	-	-	3,545,827	3,474,552
Licenses and permits	800	1,000	-	-	800	1,000
Intergovernmental	1,770,039	945,651	-	-	1,770,039	945,651
Unrestricted investment earnings	252,775	304,201	47,581	55,877	300,356	360,076
Miscellaneous	85,095	72,520	-	-	85,095	72,520
Insurance recoveries	-	422	-	-	-	422
Gain on disposal of capital assets	128,386	91,309	-	-	128,386	91,309
Total revenues	8,697,144	6,938,057	353,318	306,769	9,050,462	7,244,826
Expenses:						
General government	1,706,242	1,597,722	-	-	1,706,242	1,597,722
Public Safety	1,609,650	1,439,877	-	-	1,609,650	1,439,877
Public works	2,116,430	1,945,426	-	-	2,116,430	1,945,426
Public health	806,463	728,245	-	-	806,463	728,245
Social and economic services	172,196	166,820	-	-	172,196	166,820
Culture and recreation	542,632	425,041	-	-	542,632	425,041
Housing and community development	7,600	7,600	-	-	7,600	7,600
Airport	-	-	619,886	524,821	619,886	524,821
Hospital	-	-	45,272	52,153	45,272	52,153
Interest on long-term debt	-	779	-	-	-	779
Total expenses	6,961,263	6,311,510	665,158	576,974	7,626,421	6,888,484
Transfers	50,000	(8,649)	(50,000)	8,649	-	-
Extraordinary items						
Resources Transferred to Cent MT 911	(169,503)	-	-	-	(169,503)	-
Pollution Remediation Obligation	(1,342,732)	-	-	-	(1,342,732)	-
Change in net assets	273,646	617,898	(361,840)	(261,556)	(88,194)	356,342
Net assets, beginning	12,013,187	11,395,289	1,751,020	2,012,576	13,764,207	13,407,865
Net assets, ending	\$ 12,286,833	\$ 12,013,187	\$ 1,389,180	\$ 1,751,020	\$ 13,676,013	\$ 13,764,207

Net assets for governmental activities increased \$273,646, or 2.3 percent. This is significantly less than the increase we saw in 2008 of 5.4%. Net assets for business-type activities decreased \$361,840, or nearly 21%. This is in comparison to a decrease of 13% in 2008. There was a total decrease in net assets for 2009 of \$88,194 or 0.6 percent. 2008 showed an overall increase in net assets of 2.7 percent. This indicates that Fergus County's financial condition basically remained status quo. We received \$836,051 more in 2009 than in 2008. We also recorded a pollution remediation obligation (extraordinary item) in the amount of \$1,342,732 for a cleanup at the road department.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the major (most significant) funds. To be reported as a major fund must meet each of the two following criteria. Governments may choose to report other governmental and enterprise funds as major funds, even though they do not meet this test. The General fund is always reported as a major fund.

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, etc.) for all funds of that category or type (that is, total governmental or enterprise funds).

The same element that met the 10 percent criterion is at least 5 percent of the corresponding element total for all governmental enterprise funds combined.

FERGUS COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

General Fund – The overall fund balance for the general fund decreased \$151,872, or approximately 12 percent. Even though revenues increased by 5 percent, expenditures increased by 9.1 percent. Public safety (Sheriff) had a significant increase in expenditures due primarily to the costs associated with housing prisoners. Public health (County Nurse) had significant expenditure increases due to the need to purchase more and different types of vaccine for the public. The only capital purchase within the general fund was the security system that was installed. While the majority of the cameras installed were put in public areas, there were several cameras installed in the Clerk and Recorder's office and vault to maintain election security.

Road Fund – The overall fund balance for the road fund decreased \$123,742, or approximately 21 percent. While revenues decreased less than 1 percent, expenditures increased 35 percent. We had capital outlay of \$343,786 in the road department which was most 50 percent more than in 2008. The other primary reason for the increased expenses is the Penta cleanup. This will be also a large expense in 2010.

PILT Fund – The overall fund balance for the PILT fund increased by \$774,557, or 97 percent. Additional PILT funds were distributed in 2009. Fergus County received a total of \$1,496,560. This compares to \$662,509 in 2008. This was a great boost for the County. The bulk of these funds will be used to cover the Penta cleanup and other expenditures for the road department, the bridge department, and other areas as needed.

Airport Fund – There was an overall decrease in cash and cash equivalents for the airport fund of \$33,774. While this is not desirable, it is acceptable. It is due to a general overall increase in costs and decrease in basic revenues. Being an enterprise fund, the airport is supported by taxes so it must rely more on the state of the economy.

Hospital Fund – This fund accounts for the activities of the government's hospital capital lease and debt service activities.

GENERAL FUND ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

There were no General fund budget amendments during 2009.

CAPITAL ASSET AND DEBT ADMINISTRATION

Major purchases and/or obligations undertaken in 2009 included a security system, two new 160M graders, tractor and Schulte XH10 loader w/ flexible arm, 83 Ford dump truck, 1993 Kenworth motor, weed building (partial), 911 radios, software, server and recorders, and/or repaired bridges, handicap ramp at fairgrounds, pavilion upgrades at fairgrounds and perimeter fence at fairgrounds.

THE GOVERNMENT'S FUTURE

- There was a reappraisal completed by the Montana Department of Revenue for the tax year 2009. We have seen several appeals come through our office due to this, and numerous tax abatements have been processed. There is some concern if there have been so many problems with this that it (the reappraisal) will need to be redone. This could potentially lower the County's taxable valuation, which could have a significant effect on the overall health of the County's financial status.
- Fergus County purchased the Lewistown Art Center Building. It is currently being remodeled and the offices of the County Attorney will be moved over there. This will leave a set of vacant offices, which will also undoubtedly need to be remodeled to accommodate new tenants.
- Fergus County Community Council continues to actively pursuing ideas from the County residents for improvements, needs, and requests.
- The jail continues to need updates and improvements.
- There continues to be interest in developing subdivisions within the County, but there is a decrease in people moving in and purchasing the lots.
- The availability of trained and qualified employees continues to be limited. Employee turnover has decreased, but finding individuals to fill openings is difficult.
- The Penta cleanup at the road department has had and will continue to have a huge negative financial impact on the County. This will prove to be a very expensive project.
- There is a lot of dissention between the fair board, the fair manager, and various groups of individuals within the County. While this may not have an immediate visible financial impact on the County, it most definitely has had and continues to have a negative impact on the morale of the groups and individuals involved. One area that is currently very obvious is that the We the Fair has moved all events/activities not involving livestock away from the fairgrounds. Because of this the fairgrounds is losing the revenue associated with this activity.
- The mill levy that was approved by Fergus County voters for improvements to the fairgrounds is a strong source of contention regarding what it was intended to cover and what it wasn't. Areas that need improvements that cannot be done with mill dollars may need to be put on hold. This is currently being studied by various groups with the assistance of the Commissioner and the County Attorney.

FERGUS COUNTY
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 3,550,214	\$ 84,391	\$ 3,634,605
Investments	4,663,694	-	4,663,694
Receivables:			
Taxes and assessments	330,477	-	330,477
Governments	105,308	-	105,308
Roundhouse road	17,387	-	17,387
Stop loss reimbursement	26,079	-	26,079
Other	51,861	-	51,861
Inventories	276,022	-	276,022
Restricted assets:			
Cash and equivalents	-	65,804	65,804
Investments	-	197,302	197,302
Net investment in capital lease	-	1,003,524	1,003,524
Capital assets:			
Land and construction in progress	507,566	13,261	520,827
Depreciable capital assets, net	4,748,867	1,319,840	6,068,727
Total assets	14,277,495	2,684,122	16,961,617
LIABILITIES			
Accounts payable:			
Vendors	151,141	-	151,141
IBNR	27,335	-	27,335
Due to Central Montana Medical Center	-	263,106	263,106
Deferred revenue	24,346	-	24,346
Long-term liabilities:			
Due within one year:			
Notes	16,798	187,453	204,251
Compensated absences	33,480	1,116	34,596
Pollution remediation obligation	632,151	-	632,151
Due in more than one year:			
Notes	171,939	833,232	1,005,171
Compensated absences	301,322	10,036	311,358
Pollution remediation obligation	632,150	-	632,150
Total liabilities	1,990,662	1,294,942	3,285,604
NET ASSETS			
Invested in capital assets, net of related debt	5,067,716	1,315,940	6,383,656
Restricted for:			
Hard rock mine	121,433	-	121,433
Metal mines tax	77,345	-	77,345
Road and street services	246,111	-	246,111
Unrestricted	6,774,228	73,240	6,847,468
Total net assets	\$ 12,286,833	\$ 1,389,180	\$ 13,676,013

See notes to basic financial statements.

FERGUS COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		Tot	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
Governmental activities:							
General government	\$ 1,706,242	\$ 208,344	\$ 30,887	\$ -	\$ (1,467,011)	\$ (1,46)	
Public safety	1,609,650	124,388	315,276	455,421	(714,565)	(71)	
Public works	2,116,480	460,126	218,667	228,075	(1,209,612)	(1,20)	
Public health	806,463	287,725	258,084	-	(260,664)	(26)	
Social and economic services	172,196	-	-	-	(172,196)	(17)	
Culture and recreation	542,632	300,403	26,826	-	(215,403)	(21)	
Housing and community development	7,600	-	-	-	(7,600)	-	
Total governmental activities	6,961,263	1,380,986	849,740	683,496	(4,047,041)	(4,04)	
Business-type activities:							
Hospital	45,272	-	-	-	-	(45,272)	
Airport	619,886	215,587	90,150	-	-	(314,149)	
Total business-type activities	665,158	215,587	90,150	-	-	(359,421)	
Total	\$ 7,626,421	\$ 1,596,573	\$ 939,890	\$ 683,496	(4,047,041)	(359,421)	
General revenues:							
Property taxes					3,545,827	3,54	
Licenses and permits					800	-	
Intergovernmental					1,770,039	1,7	
Unrestricted investment earnings					252,775	47,581	
Miscellaneous					85,095	-	
Gain on disposal of capital assets					128,386	-	
Transfers					50,000	(50,000)	
Total general revenues and transfers					5,832,922	(2,419)	
Excess (deficiency) before extraordinary items					1,785,861	(361,840)	
Extraordinary items:							
Resources transferred to the Central Montana 911					(169,503)	-	
Pollution remediation obligation					(1,342,732)	(1,3)	
Change in net assets					273,646	(361,840)	
Net assets - beginning					12,013,187	1,751,020	
Net assets - ending					\$ 12,286,833	\$ 1,380,180	

See notes to basic financial statements.

FERGUS COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Road	PILT	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 481,266	\$ 206,975	\$ 665,753	\$ 1,469,879	\$ 2,823,873
Investments	632,209	281,152	904,348	1,891,835	3,709,544
Receivables:					
Taxes and assessments	128,093	46,800	-	155,584	330,477
Governments	-	30,485	-	74,823	105,308
Roundhouse road	-	-	-	17,387	17,387
Other	8,649	9,284	-	33,928	51,861
Due from other funds	-	-	-	69,673	69,673
Inventories	-	57,611	-	218,411	276,022
Total assets	\$ 1,250,217	\$ 632,307	\$ 1,570,101	\$ 3,931,520	\$ 7,384,145
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable-vendors	\$ 5,167	\$ 116,367	\$ -	\$ 29,507	\$ 151,141
Due to other funds	-	-	-	69,673	69,673
Deferred revenue	128,093	46,800	-	197,317	372,210
Total liabilities	133,260	163,167	-	296,597	593,024
Fund balances:					
Unreserved	1,116,957	469,140	1,570,101	-	3,156,198
Unreserved, reported in non-major:					
Special revenue funds	-	-	-	2,820,753	2,820,753
Capital projects funds	-	-	-	814,170	814,170
Total fund balances	1,116,957	469,140	1,570,101	3,634,923	6,791,121
Total liabilities and fund balances	\$ 1,250,217	\$ 632,307	\$ 1,570,101	\$ 3,931,520	\$ 7,384,145

See notes to basic financial statements.

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FERGUS COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balance, governmental funds	\$ 6,791,121
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net assets.	5,256,453
Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net assets.	347,864
The assets and liabilities of the self-insurance fund (internal service) are not included in the fund financial statements, but are included in the governmental activities of the statement of net assets.	1,679,235
Some liabilities (such as notes payable, pollution remediation obligations and compensated absences) are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the statement of net assets.	(1,787,840)
Net assets of governmental activities	\$ 12,286,833

See notes to basic financial statements.

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FERGUS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Road	PILT	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes/assessments	\$ 1,578,804	\$ 427,088	\$ -	\$ 1,595,705	\$ 3,601,597
Fines and forfeitures	92,125	-	-	12,894	105,019
Licenses and permits	800	-	-	45,550	46,350
Intergovernmental	173,910	655,972	831,504	1,141,205	2,802,591
Charges for services	387,609	96,779	-	746,112	1,230,500
Investment earnings	169,420	-	-	45,532	214,952
Miscellaneous	13,394	8,094	-	111,481	132,969
Total revenues	2,416,062	1,187,933	831,504	3,699,479	8,133,978
EXPENDITURES					
Current:					
General government	1,289,946	-	16,523	396,277	1,702,746
Public safety	1,441,121	-	-	93,946	1,535,067
Public works	-	1,057,279	-	758,809	1,816,088
Public health	173,004	-	-	628,374	801,378
Social and economic services	8,320	-	-	160,047	168,367
Culture and recreation	5,014	-	-	473,729	478,743
Housing and community development	-	-	-	7,600	7,600
Debt service:					
Principal	-	-	-	7,389	7,389
Capital outlay	12,318	343,786	-	775,019	1,131,123
Total expenditures	2,929,723	1,401,065	16,523	3,301,190	7,648,501
Excess (deficiency) of revenues over expenditures	(613,661)	(213,132)	814,981	397,289	485,477
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	166,571	166,571
Transfers in	392,445	89,390	-	249,554	731,389
Transfers out	(30,656)	-	(40,424)	(610,309)	(681,389)
Total other financing sources (uses)	361,789	89,390	(40,424)	(194,184)	216,571
Excess (deficiency) before extraordinary item	(151,872)	(123,742)	774,557	203,105	702,048
Extraordinary item: E911 funds-Central Montana 911					
	-	-	-	(169,503)	(169,503)
Net change in fund balances	(151,872)	(123,742)	774,557	33,602	532,545
Fund balances - beginning	1,268,829	592,882	795,544	3,601,321	6,258,576
Fund balances - ending	\$ 1,116,957	\$ 469,140	\$ 1,570,101	\$ 3,634,923	\$ 6,791,121

See notes to basic financial statements.

FERGUS COUNTY
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, 2009

Net change in fund balances - total governmental funds	\$ 532,545
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlay for capital assets as expenditures because such outlay uses current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
This is the amount by which capital outlay (\$1,131,123) exceeded depreciation (\$648,969) in the current period.	482,154
Governmental funds report the entire net sales price from the sale of an asset as revenue because it provides current financial resources. In contrast, the statement of activities reports only the gain on the sale of the asset. Thus, the change in net assets differs from the change in fund balance by the book value of the asset disposed of.	128,386
Capital assets contributed through Homeland Security Grant Program	455,421
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(53,659)
Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.	(159,182)
Pollution remediation costs are recognized as expenditures in the government funds only to the extent they are expected to be liquidated with expendable available resources. In contrast, the entire pollution remediation obligation is recorded in the statement of net assets and the liability reduced as the costs are paid.	(1,264,301)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:	
Compensated absences	(33,911)
Internal service funds are used by management to charge the costs of certain activities, such as self insurance, to individual funds. The change in net assets of the self insurance internal service fund is reported with governmental activities.	166,193
Change in net assets of governmental activities	\$ 273,646

See notes to basic financial statements.

FERGUS COUNTY
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds			Governmental Activities
	Hospital Nursing Home	Airport	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 84,391	\$ 84,391	\$ 726,341
Investments	-	-	-	954,150
Stop loss receivable	-	-	-	26,079
Total current assets	-	84,391	84,391	1,706,570
Non-current assets:				
Restricted assets:				
Cash and cash equivalents	65,804	-	65,804	-
Investments	197,302	-	197,302	-
	263,106	-	263,106	-
Net investment in capital lease	1,003,524	-	1,003,524	-
Capital assets:				
Land	-	13,261	13,261	-
Buildings and improvements	-	5,092,645	5,092,645	-
Machinery and equipment	-	174,446	174,446	-
Less: accumulated depreciation	-	(3,947,251)	(3,947,251)	-
	-	1,333,101	1,333,101	-
Total non-current assets	1,266,630	1,333,101	2,599,731	-
Total assets	1,266,630	1,417,492	2,684,122	1,706,570
LIABILITIES				
Current liabilities:				
Accounts payable-IBNR	-	-	-	27,335
Due to Central Montana Medical Center	263,106	-	263,106	-
Compensated absences	-	1,115	1,115	-
Notes payable	185,205	2,248	187,453	-
Total current liabilities	448,311	3,363	451,674	27,335
Non-current liabilities:				
Compensated absences	-	10,036	10,036	-
Notes payable	818,319	14,913	833,232	-
Total non-current liabilities	818,319	24,949	843,268	-
Total liabilities	1,266,630	28,312	1,294,942	27,335
NET ASSETS				
Invested in capital assets, net of related debt	-	1,315,940	1,315,940	-
Unrestricted	-	73,240	73,240	1,679,235
Total net assets	\$ -	\$ 1,389,180	\$ 1,389,180	\$ 1,679,235

See notes to basic financial statements.

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FERGUS COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Enterprise Funds			Governmental Activities
	Hospital Nursing Home	Airport	Total	Internal Service Fund
REVENUES				
Charges for services	\$ -	\$ 215,587	\$ 215,587	\$ 626,701
Total operating revenues	-	215,587	215,587	626,701
OPERATING EXPENSES				
Personal services	-	79,372	79,372	-
Supplies	-	15,386	15,386	-
Purchased services	-	181,122	181,122	-
Fixed charges	-	4,246	4,246	-
Administration and insurance	-	-	-	123,077
Claims	-	-	-	355,254
Depreciation	-	339,131	339,131	-
Total operating expenses	-	619,257	619,257	478,331
Operating income (loss)	-	(403,670)	(403,670)	148,370
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	45,272	2,309	47,581	37,823
Operating grants and contributions	-	90,150	90,150	-
Interest expense	(45,272)	(629)	(45,901)	-
Total non-operating revenue (expenses)	-	91,830	91,830	37,823
Income (loss) before contributions and transfers	-	(311,840)	(311,840)	186,193
Transfers out	-	(50,000)	(50,000)	-
Change in net assets	-	(361,840)	(361,840)	186,193
Total net assets - beginning	-	1,751,020	1,751,020	1,483,042
Total net assets - ending	\$ -	\$ 1,389,180	\$ 1,389,180	\$ 1,679,235

See notes to basic financial statements.

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FERGUS COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Enterprise Funds			Government Activities
	Hospital Nursing Home	Airport	Total	Internal Service Fu
CASH FLOWS FROM OPERATIONS:				
Cash received for health insurance premiums	\$ -	\$ -	\$ -	\$ 622.
Cash received from customers	-	215,587	215,587	
Medical claims paid	-	-	-	(374.)
Cash paid to employees	-	(78,909)	(78,909)	
Cash paid to suppliers for goods and services	-	(206,545)	(206,545)	(123.)
Net cash provided (used) by operating activities	-	(69,867)	(69,867)	125.
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash transferred out	-	(50,000)	(50,000)	
Cash received from operating grants	-	90,150	90,150	
Net increase in amount due to CMMC	1,062	-	1,062	
Net cash provided by noncapital financing activities	1,062	40,150	41,212	
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Cash paid for purchase of capital assets	-	(3,489)	(3,489)	
Principal payments on debt	(178,048)	(2,248)	(180,296)	
Interest paid	(45,272)	(629)	(45,901)	
Net cash used by capital financing activities	(223,320)	(6,366)	(229,686)	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net change in investments	45,212	-	45,212	
Payments received on capital lease	178,048	-	178,048	17
Interest received	45,272	2,309	47,581	37
Net cash provided by investing activities	268,532	2,309	270,841	55
Change in cash and cash equivalents	46,274	(33,774)	12,500	180
Cash and cash equivalents - beginning	19,530	118,165	137,695	545
Cash and cash equivalents - ending	\$ 65,804	\$ 84,391	\$ 150,195	\$ 726
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ -	\$ (403,670)	\$ (403,670)	\$ 148
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	339,131	339,131	(26)
Increase in accounts receivable	-	-	-	2
Increase (decrease) in accounts payable	-	(5,791)	(5,791)	
Increase in compensated absences	-	463	463	
Net cash used by operating activities	\$ -	\$ (69,867)	\$ (69,867)	\$ 125

See notes to basic financial statements.

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FERGUS COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	External Investment Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 5,891,297	\$ 626,509
Investments	7,739,031	-
Taxes and assessments receivable	-	1,330,429
Total assets	13,630,328	\$ 1,956,938
LIABILITIES		
Accounts payable:		
Payroll taxes	-	\$ 136,046
Clerk of District Court	-	240,843
Protested taxes	-	228,407
Other	-	19,982
Due to others	-	21,120
Due to special districts	-	34,736
Due to state	-	227,229
Due to schools	-	850,449
Due to cities/towns	-	198,126
Total liabilities	-	\$ 1,956,938
NET ASSETS		
Held in trust	\$ 13,630,328	

See notes to basic financial statements.

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FERGUS COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended June 30, 2009

	External Investment Trust Fund
ADDITIONS	
Contributions	\$ 23,797,530
Interest earnings	292,822
Total additions	24,090,352
DEDUCTIONS	
Withdrawals	21,427,896
Administrative	8,963
Total deductions	21,434,859
Change in net assets	2,655,493
Net assets - beginning	10,974,835
Net assets - ending	\$ 13,630,328

See notes to basic financial statements.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the government have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Private-sector standards of accounting are used in financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities or enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. The government's significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the government has included all funds, organizations, agencies, boards, commissions and authorities. The government has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the government are such that exclusion would cause the government financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on, the government. Based on the aforementioned criteria, the government has no component units.

Related Organizations - The Board of County Commissioners is responsible for appointing members of the boards of other organizations, but the government's accountability for these organizations does not extend beyond making the appointments.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of its nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges for services which report fees and other charges provided by a given function or identifiable activity 2) operating grants and contributions and 3) capital grants. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Individual fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. A principal operating revenue of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The road fund accounts for resources accumulated and payments made for the maintenance, repair and construction of county-owned roads.

The PILT fund accounts for resources accumulated from the federal government for payments in lieu of taxes. Payments made from the fund are at the discretion of the Board of County Commissioners.

The government reports the following major proprietary funds:

The hospital fund accounts for the activities of the government's hospital capital lease and debt service activities.

The airport fund accounts for the activities of the government's airport services.

In addition, the government reports the following fund types:

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

The government's investment trust fund accounts for the external portion of the cash management pool, which represents resources that belong to legally separate entities.

Agency funds are custodial in nature and are used to account for assets that the government holds for others in an agency capacity.

Assets, Liabilities and Net Assets or Equity

Cash and Investments

The County maintains and controls an investment pool consisting of funds belonging to the government and also of funds held by the County Treasurer belonging to legally separate entities, such as school districts, fire and water districts and other special districts. The investment pool is managed by the County Treasurer and overseen by the Board of County Commissioners. The County Treasurer is responsible for setting the investment policies for the pool, reviewing and monitoring investments to ensure the County's investment policies are met and ensuring investments are in compliance with State statute.

School districts and other legally separate districts within the County hold their funds with the County Treasurer. The districts have, at their option, elected to participate in the County's investment pool. 60% of the investment pool belongs to these districts.

Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, NCUA, and the State Short Term Investment Pool (STIP). STIP is classified as a 2a7-like pool, and as such, uses amortized cost report unit values. The pool unit value is fixed at \$1 for purchases and redemptions. Income is automatically reinvested in additional units. The government did not provide or obtain any legally binding guarantees to support the value of the units.

Investments in the pool are reported at fair value. Fair value is determined annually, based on year-end market values. Short-term investments are reported at cost, which approximates fair value. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Investment income from the pool is allocated to individual funds of the County and to the external participants based on the fund participant's cash and investment balance at the end of each month. The net change in fair value of the pool is also allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of the year.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

The government charges a 2% administrative fee to all participants in the pool. The fee is deducted prior to distributing interest to the County funds and pool participants. The administrative fee charged during the year was \$11,657.

Receivables and Payables

In the fund financial statements, transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Real property taxes are levied in September of each fiscal year, based on assessments as of the prior January 1. Real property taxes are billed as of November 1 and are payable in two payments, November 30 and May 31. Unpaid taxes become delinquent on December 1 and June 1. Most personal property taxes are due and payable on January 1 and become delinquent February 1. Property taxes are maintained and collected by the County Treasurer. No allowance is made for uncollectible taxes as they are not considered significant.

Investment in Capital Lease

The investment in capital lease is a direct financing lease in which Fergus County (lessor) is leasing to the Central Montana Medical Center, Inc.-CMMF (lessee) land, buildings and equipment. The lease transfers substantially all of the risks and benefits of ownership to the lessee. In a direct financing lease, the lessor finances the in-substance purchase of the property by the lessee through the issuance of debt in Fergus County's name.

Inventories

Inventories are valued at cost. Inventories are recorded as expenses when consumed rather than when purchased.

Restricted Assets

The Board of County Commissioners determined it was in the best interest of the citizens of the County to establish short-term (226,055) and discretionary (\$37,011) cash and investment accounts within the Hospital enterprise fund. These cash accounts were established through contributions from CMMF and remain the property of CMMF.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government has elected not to report major infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 for machinery and equipment, \$20,000 for buildings and improvements and \$35,000 for infrastructure and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historic cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense incurred by the government for capital assets.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Assets	Years
Building and improvements	10-100
Infrastructure	100
Machinery and equipment	5-25

Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets have not been capitalized because they meet all of the conditions that qualify them as collections that are not required to be capitalized. These conditions are the collections are held for public exhibition or education in the furtherance of public service, not held for financial gain; the collections are protected, kept unencumbered, cared for, and preserved; and any sale proceeds are expected to be used to acquire other items for the collections.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Compensated Absences

Liabilities associated with accumulated vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is restricted under State statute to a maximum accumulation of two times the amount earned annually. Sick leave is accumulated at 12 days per year with no limitations on the amount that may be accumulated. Upon retirement or resignation, an employee is eligible for 100 percent of the accumulated vacation leave and 25 percent of the accumulated sick leave.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as an other financing source.

Invested in Capital Assets

In the government-wide statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantor contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved or unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

Use of Estimates

The preparation of financial statements in conformity with 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.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The Roundhouse Water Line (\$69,873) fund had a deficit fund balance as of June 30, 2009. The Roundhouse Water Line deficit is expected to be eliminated through the recovery of construction costs from hookup fees or a contribution from the General fund.

NOTE 3. DETAILED NOTES ON ALL FUNDS

The government's cash, cash equivalents and investments are reported as follows:

Governmental activities	\$ 8,213,908
Business-type activities	347,497
Fiduciary funds	<u>14,256,837</u>
	<u>\$22,818,242</u>

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

The carrying value of cash, cash equivalents and investments as of June 30, 2009, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	\$ 1,325	\$ -	\$ 1,325
Cash in banks:			
Demand deposits	(2,373)	-	(2,373)
Savings deposits	3,653,262	-	3,653,262
Time deposits	-	3,600,027	3,600,027
U.S. Government securities	-	9,000,000	9,000,000
Short-term Investment Program (STIP)	6,400,000	-	6,400,000
Repurchase agreements	166,001	-	166,001
	<u>\$ 10,218,215</u>	<u>\$ 12,600,027</u>	<u>\$ 22,818,242</u>

Custodial Credit Risk—Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$6,660,450 of the government's bank balance of \$7,622,459 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the government's name	<u>\$ 6,660,450</u>
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State statutes require that the government obtain securities for the uninsured portion of deposits as follows: 1.) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2.) 100% if the ratio of net worth to total assets is less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for the government's deposits as of June 30, 2009, exceeded the amount required by state statute.

The investment pool portfolio as of June 30, 2009 is listed below. The security type percentage is based on the book value ratio of the specific security investment type to the total portfolio.

Security Name	Coupon	Maturity	Par	Book Value	Fair Value	% of Total
Certificates of deposit	1.60 to 3.11%	Various	\$ 3,600,027	\$ 3,600,027	\$ 3,600,027	28.57%
U.S. Government securities	1.13 to 3.25%	Various	9,000,000	9,000,000	9,036,475	71.43%
				<u>\$12,600,027</u>	<u>\$12,636,502</u>	

Interest Rate Risk: The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, under state statute, an investment may not have a maturity date exceeding 5 years, except when the investment is used in an escrow account to refund an outstanding bond issue advance.

Credit Risk: Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or investments in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by FDIC, FSLIC, or NCUA, and the State Short Term Investment Pool (STIP). STIP is classified as a 2a7-like pool, and as such, is amortized cost to report unit values. The government has no investment policy that would further limit its investment choices. The Short-Term Investment Pool (STIP) maintained by the State of Montana has certain investments in derivatives. GASB requires the nature of the underlying securities and market, credit and legal risks be disclosed. Reference to the audit of the State of Montana would identify the level of risk associated with STIP.

Investments made by the government are summarized below. The investments that are represented by specific identifiable investment securities are categorized in the following manner: Category 1—insured or registered, with securities held by the government or its agent in the government's name; Category 2—uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; Category 3—uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

	Custodial Credit Risk Category			Carrying Amount	Fair Value
	1	2	3		
Repurchase agreements	\$ -	\$ -	\$ 166,001	\$ 166,001	\$ 166,001
U.S. Government securities	500,000	-	8,500,000	9,000,000	9,036,475
	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 8,666,001</u>	9,166,001	9,202,476
STIP				6,400,000	6,400,000
				<u>\$ 15,566,001</u>	<u>\$ 15,602,476</u>

Following is the condensed schedule of changes in net assets and net assets for the investment pool for the year ended June 30, 2009

	Internal	External	Total
Net assets - beginning of year	\$ 9,096,270	\$ 10,974,835	\$ 20,071,105
Contributions from participants	18,875,028	23,797,530	42,672,558
Investment earnings	289,996	292,822	582,818
Administration expenses	(4,694)	(6,963)	(11,657)
Distributions to participants	(19,068,686)	(21,427,896)	(40,496,582)
Net assets - end of year	<u>\$ 9,187,914</u>	<u>\$ 13,630,328</u>	<u>\$ 22,818,242</u>

Investment in Capital Lease

The County entered into a lease agreement with Central Montana Medical Facilities, Inc. (CMMF) on April 1, 1989. The County leased land, buildings and equipment to CMMF. The lease is classified as a direct financing lease. The components of net investment in capital lease as of June 30, 2009 are as follows:

	Business-type Activities
Minimum lease payments receivable	\$ 1,116,610
Less: unearned income	(113,086)
	<u>\$ 1,003,524</u>

Future minimum lease payments are as follows:

Year ending June 30,	Business-type Activities		
	Principal	Interest	Total
2010	\$ 185,205	\$ 38,117	\$ 223,322
2011	192,650	30,672	223,322
2012	200,393	22,929	223,322
2013	208,448	14,874	223,322
2014	216,828	6,494	223,322
	<u>\$ 1,003,524</u>	<u>\$ 113,086</u>	<u>\$ 1,116,610</u>

Roundhouse Road Receivable

\$16,524 of the Roundhouse Road receivable is not expected to be collected within one year.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 55,187	\$ -	\$ -	\$ 55,187
Construction-in-progress	126,626	694,364	(368,611)	452,379
Total capital assets, not being depreciated	<u>181,813</u>	<u>694,364</u>	<u>(368,611)</u>	<u>507,566</u>
Capital assets, being depreciated				
Buildings/improvements	4,688,406	-	-	4,688,406
Machinery and equipment	4,418,221	1,159,680	(467,889)	5,110,012
Infrastructure	-	368,611	-	368,611
Total capital assets, being depreciated	<u>9,106,627</u>	<u>1,528,291</u>	<u>(467,889)</u>	<u>10,167,029</u>
Less accumulated depreciation for:				
Buildings/improvements	(1,904,942)	(126,206)	-	(2,031,148)
Machinery and equipment	(3,193,006)	(522,149)	328,775	(3,386,380)
Infrastructure	-	(614)	-	(614)
Total accumulated depreciation	<u>(5,097,948)</u>	<u>(648,969)</u>	<u>328,775</u>	<u>(5,418,142)</u>
Total capital assets, being depreciated, net	<u>4,008,679</u>	<u>879,322</u>	<u>(139,114)</u>	<u>4,748,887</u>
Governmental activities capital assets, net	<u>\$ 4,190,492</u>	<u>\$ 1,573,686</u>	<u>\$ (507,725)</u>	<u>\$ 5,256,453</u>

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 13,261	\$ -	\$ -	\$ 13,261
Total capital assets, not being depreciated	<u>13,261</u>	<u>-</u>	<u>-</u>	<u>13,261</u>
Capital assets, being depreciated				
Buildings	115,181	-	-	115,181
Improvements other than buildings	4,977,464	-	-	4,977,464
Machinery and equipment	174,446	-	-	174,446
Total capital assets, being depreciated	<u>5,267,091</u>	<u>-</u>	<u>-</u>	<u>5,267,091</u>
Less accumulated depreciation for:				
Buildings	(40,891)	(1,641)	-	(42,732)
Improvements other than buildings	(3,439,595)	(321,686)	-	(3,761,281)
Machinery and equipment	(127,634)	(15,604)	-	(143,238)
Total accumulated depreciation	<u>(3,608,120)</u>	<u>(339,131)</u>	<u>-</u>	<u>(3,947,251)</u>
Total capital assets, being depreciated, net	<u>1,658,971</u>	<u>(339,131)</u>	<u>-</u>	<u>1,319,840</u>
Business-type activities capital assets, net	<u>\$ 1,672,232</u>	<u>\$ (339,131)</u>	<u>\$ -</u>	<u>\$ 1,333,101</u>

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

depreciation expense was charged as follows:

Governmental activities:		
General government	\$ 51,967	
Public safety	112,703	
Public works	404,058	
Public health	11,068	
Social and economic	4,571	
Culture and recreation	64,602	
Total depreciation-governmental activities	<u>\$ 648,969</u>	
Business-type activities:		
Airport	<u>\$ 339,131</u>	

Interfund Receivables, Payables and Transfers

The composition of interfund balances (due from/to other funds) as of June 30, 2009, consisted of the Roundhouse Water Line funding the USG Loan fund \$69,673. \$854 is expected to be repaid next fiscal year.

Interfund transfers consisted of the following

	Transfers In	Transfers Out	Total
Governmental activities:			
General	\$ 392,445	\$ (30,656)	\$ 361,789
Road	89,390	-	89,390
PILT	-	(40,424)	(40,424)
Nonmajor governmental funds	249,554	(610,309)	(360,755)
	<u>\$ 731,389</u>	<u>\$ (681,389)</u>	<u>\$ 50,000</u>
Business-type activities:			
Airport	\$ -	\$ (50,000)	\$ (50,000)

Transfers are made to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Operating Leases

The County leases equipment under noncancelable operating leases. Total rental expenses for operating leases were \$6,173 a year ended June 30, 2009. Scheduled minimum rental payments for year ending June 30, 2010 are \$2,572.

Long-Term Debt

In 2004, the County issued a Hospital Revenue Note to payoff the 1993 revenue refunding bonds. The government pledged its rental payments from the Central Montana Medical Facilities, Inc. (CMMF) lease to pay debt service. If the net rental payments from CMMF become insufficient, the note is backed by the full faith and credit of the County by an ad valorem tax levy upon all taxable property in the County. Notes payable, including the Hospital Revenue Note, are as follows:

	Original Amount	Term	Interest Rate	Payment	Governmental Activities	Business-type Activities
Airport-2005	\$ 8,250	10 yrs	2.50%	Annual	\$ -	\$ 5,775
Airport-2007	14,232	10 yrs	3.63%	Annual	-	11,386
Fair equipment-2006	29,555	4 yr	0.00%	Annual	22,166	-
Fair INTERCAP-2009 (1)	998,000	10 yrs	3.25%	Semi-annual	166,571	-
Hospital Revenue Note	1,980,000	10 yrs	3.98%	Semi-annual	-	1,003,524
					<u>\$ 188,737</u>	<u>\$ 1,020,685</u>

(1) Interest adjust each February, up to a maximum of 15 percent. Total loan commitment \$998,000.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

total debt service requirements to maturity for notes payable is as follows:

June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 16,798	\$ 3,574	\$ 20,372	\$ 187,453	\$ 38,674	\$ 226,127
2011	25,010	4,964	29,974	194,898	31,157	226,055
2012	25,567	4,387	29,974	202,641	23,342	225,983
2013	18,795	3,802	22,597	210,698	15,214	225,910
2014	19,411	3,175	22,586	219,076	6,766	225,842
2015-2019	83,136	6,132	89,268	5,921	372	6,293
	<u>\$ 188,737</u>	<u>\$ 26,034</u>	<u>\$ 214,771</u>	<u>\$ 1,020,685</u>	<u>\$ 115,525</u>	<u>\$ 1,136,210</u>

Environmental Remediation Obligation

The County received a notice of violation from the Department of Environmental Quality (DEQ). The notice stated the County violated the Hazardous Waste Act by unlawfully disposing of hazardous waste and operating a hazardous waste management facility without a permit. The DEQ issued an administrative order on consent that required the County to permit a work plan to the DEQ that outlines the County's plan to remove and properly manage used oil and hazardous waste. The cleanup must be completed by December 2010. The County recorded a liability, which totals \$1,264,301 at June 30, 2009, to address required environmental cleanup costs. The estimate of the liability used to establish the liability was developed through extensive site analysis by independent engineers retained by the County. The liability could change due to price increases, changes in technology, or other factors. There are no expected recoveries from other possible parties or from the County's insurer.

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
Governmental activities:					
Notes payable	\$ 29,555	\$ 166,571	\$ (7,389)	\$ 188,737	\$ 16,798
Pollution remediation obligation	-	1,342,732	(78,431)	1,264,301	632,151
Compensated absences	300,891	33,911	-	334,802	33,480
Governmental activity long-term liabilities	<u>\$ 330,446</u>	<u>\$ 1,543,214</u>	<u>\$ (85,820)</u>	<u>\$ 1,787,840</u>	<u>\$ 682,429</u>
Business-type activities:					
Notes payable	\$ 1,200,981	\$ -	\$ (180,296)	\$ 1,020,685	\$ 187,453
Compensated absences	10,688	463	-	11,151	1,115
Business-type activity long-term liabilities	<u>\$ 1,211,669</u>	<u>\$ 463</u>	<u>\$ (180,296)</u>	<u>\$ 1,031,836</u>	<u>\$ 188,568</u>

For the governmental activities, notes payable are liquidated with resources accumulated in the Fair CIP Voted Levy fund. Compensated absences are paid from the fund in which the employee is paid. Pollution control remediation obligations will be liquidated with road and LT fund resources.

Long-Term Debt

The County provide for the construction of improvements to the County-owned hospital, the County issued Healthcare and Boarding Home Facilities Revenue Notes amounting to \$525,000 in 2003. In August 2006, an additional \$1,500,000 note was issued for equipment lease notes are special limited obligations of the County, payable solely from and secured by a pledge of Central Montana Medical Facilities, Inc. revenues. The notes do not constitute a debt or pledge of the faith and credit of the County or the State, and accordingly have not been reported in the basic financial statements. As of June 30, 2009, Healthcare and Boarding Home Facilities Revenue Notes outstanding were \$237,273 and \$794,805, respectively.

NOTE 4. OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability (e.g., errors and omissions); workers compensation (i.e., employee injuries); medical insurance costs; and environmental damages.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

ity of methods is used to provide insurance for these risks. Policies, transferring all risks of loss, except for relatively small deductibles, are purchased for theft, damage or destruction of assets, professional liabilities and employee medical costs. The government participates in a state-wide public risk pool, MACO, for workers' compensation coverage. The government pays monthly premiums for employee injury insurance coverage. The agreement for formation of the pool provides that it will be self-sustaining through membership. There are no deductibles or maximum coverage limits in the plan. The government also participates in MACO's Joint Power Insurance Authority which offers insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Given lack of coverage available, the government has no coverage potential losses from environmental damages.

Insurance

During the year ended June 30, 2009, employees of the government were covered by a medical self-insurance plan (the "plan"). The government contributed approximately \$614 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Claims were paid by a third party administrator acting on behalf of the government.

A contractual agreement between the government and the third party administrator is renewable annually and administrative fees and stop-loss premiums are included in the contractual provisions. The government was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage through Montana Joint Powers Trust (MJPT). Stop-loss coverage was in effect for individual claims exceeding \$25,000 and for aggregate loss, which is based on a factor determined by MJPT. The aggregate stop-loss coverage was \$440,486.

Costs associated with the medical self-insurance plan are reported as interfund transactions. Accordingly, they are treated as operating revenues in the internal service fund and as operating expenditures of the governmental and enterprise funds. The liability medical self-insurance plan includes incurred but not reported claims. The liability as of June 30, 2009, is based on the insurance Governmental Accounting Standards No. 10, which requires that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability includes an amount for claims that have been incurred but not reported cause actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Changes in the claims liability amount during the years 2009 and 2008 were:

	Liability July 1,	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2008-09	\$ 24,544	\$ 355,254	\$ (352,463)	\$ 27,335
2007-08	12,680	274,567	(262,703)	24,544

Extraordinary Items

During 2009, the government transferred 911 funds to the City of Lewistown's Central Montana 911. Central Montana 911 will provide patch services to the citizens of Fergus County. Additionally, a liability for pollution remediation obligations was recorded. For additional information, see Long-Term Debt.

Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Interlocal Agreements

The City of Lewistown and Fergus County entered into an agreement to fund a library for City and County residents. Fergus County levied 1 mill in 2009 for library purposes and contributed \$49,000 for the year ended June 30, 2009. The City maintains the library accounting records and includes the financial activities of the library in its financial statements.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

The City-County Airport is owned and operated jointly by the City of Lewistown and Fergus County. The operation of the airport is accounted for by the County as an enterprise fund. All fixed assets are recorded within the County's accounting records. The airport is administered by a five-member board, consisting of the City's manager, a City-appointed member, one County commissioner, a County joint member and one member-at-large appointed by the Airport Board. The budget is approved by the controlling members. The Airport Board exercises control over the airport's normal operations.

The City of Lewistown and Fergus County entered into an agreement whereby the County provides a justice of the peace who acts as a judge for the City. The City contributes forty-five percent of fines and assessments collected or \$25,000, whichever is greater. The County maintains the accounting records and remits a monthly accounting to the City.

Joint Ventures

Central Montana Health District Number 6 (CMHD)

The CMHD, which was formed September 1987, was created under the provisions of Montana Code Annotated. The District was formed to provide for the salaries of sanitarians. District members make contributions to Fergus County (responsible for record keeping and reporting), based on population.

South Central Montana Regional Mental Health Center

The Fergus County Mental Health Center is a satellite office of the South Central Montana Regional Mental Health Center located in Billings, Montana. The County belongs to Region No. 3 which consists of eleven counties. The District was created under the provisions of Montana Code Annotated (MCA). Each County is represented on the Board by one of its county commissioners. Fergus County contributed \$14,254 during fiscal year 2009. The purpose of the Center is to initiate preventive mental health activities in statewide mental health programs and to perform other duties as listed in MCA.

Fergus County Council on Aging

The Fergus County Council on Aging is a satellite office of the Area II Agency on Aging (Area II). Eleven counties belong to Area II. Fergus County contributes money to Area II each fiscal year for the purpose of matching federal grants that Area II obtains. During the year ended June 30, 2009 the County contributed \$25,247 for matching purposes.

Retirement Plans

The government participates in three statewide mandatory cost-sharing multiple employer defined benefit retirement plans. The Sheriff's Retirement System (SRS) covers the County Sheriff, Undersheriff and Deputy Sheriffs of the County. The Public Employees Retirement System (PERS) covers other County employees. The Teachers' Retirement System (TRS) covers the county superintendent. The plans are established by State law and are administered by the State of Montana. The plans provide retirement, disability, and death benefit plan members and beneficiaries.

Beginning in fiscal year 2002, eligible members of PERS had a 12-month window to choose between the PERS-defined benefit retirement plan (DBRP) or the PERS-defined contribution retirement plan (DCRP). Eligible new hires have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP. Members may not be active in both the defined contribution and defined benefit retirement plans. The choice is irrevocable. For members that choose to join the PERS-DCRP, a percentage of the employer contribution is used to maintain the funding of the defined benefit plan.

The plans issue a publicly available financial report that include financial statements and required supplementary information. Reports may be obtained from the Public Employees' Retirement Board, 100 North Park, P.O. Box 200131, Helena, Montana 59613, telephone (406) 444-3154.

Contribution rates for the plans are required and determined by State law. The contribution rates, expressed as a percentage of covered payroll, were as follows:

	Employer	Employee	Total
SRS	9.825%	9.245%	19.070%
PERS	6.935%	6.900%	13.835%
TRS	7.470%	7.150%	14.620%

The State of Montana contributes .1% and .11% per year to the PERS and TRS plans, respectively, on behalf of the employer. The State of Montana contribution has not been recorded in the financial statements.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Amounts contributed to the plans during the years ended June 30, 2009, 2008 and 2007 were equal to the required contributions for each year. The amounts contributed by both the government and its employees (including additional voluntary contributions to employees as permitted by State law) were as follows:

	2009	2008	2007
SRS	\$ 104,597	\$ 83,080	\$ 71,803
TRS	6,437	5,278	5,046
PERS	301,034	272,901	260,959
	<u>\$ 411,068</u>	<u>\$ 361,259</u>	<u>\$ 337,808</u>

Recent Implementation of GASB Pronouncements

GASB has issued the following pronouncements:

- o Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. GASB No. 45 is effective based on the same three phases of governments used in GASBS No. 34. For employers, GASBS No. 45 is effective for Phase 1 governments (total annual revenues of \$100 million or more for the first year ending after June 15, 1999 with years beginning after December 15, 2006, Phase 2 governments (revenues of \$10 million to \$100 million) with years beginning after December 15, 2007, and Phase 3 governments (revenues less than \$10 million) with years beginning after December 15, 2008.
- o In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The provisions of GASBS No. 54 must be implemented no later than the fiscal year beginning July 1, 2010. Implementation will require restatement of existing fund balances for the governmental funds.
- o In June 2007, Governmental Accounting Standards Board (GASB) approved Statement No. 51, Accounting and Financial Reporting for Intangible Assets. The provisions of GASBS No. 51 must be implemented no later than the fiscal year beginning July 1, 2009.

REQUIRED SUPPLEMENTARY INFORMATION

FERGUS COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes and assessments	\$1,542,731	\$1,542,731	\$ 1,578,804
Fines and forfeitures	104,700	104,700	92,125
Licenses and permits	500	500	800
Intergovernmental	25,500	25,500	173,910
Charges for services	341,070	341,070	387,609
Investment earnings	160,000	160,000	169,420
Miscellaneous	9,870	9,870	13,394
Total revenues	<u>2,184,371</u>	<u>2,184,371</u>	<u>2,416,062</u>
EXPENDITURES			
Current:			
General government	1,420,440	1,420,440	1,289,946
Public safety	1,393,163	1,393,163	1,441,121
Public health	181,179	181,179	173,004
Social and economic services	7,000	7,000	8,320
Culture and recreation	-	-	5,014
Capital outlay	10,755	10,755	12,318
Total expenditures	<u>3,012,537</u>	<u>3,012,537</u>	<u>2,929,723</u>
Excess (deficiency) of revenues over expenditures	<u>(828,166)</u>	<u>(828,166)</u>	<u>(513,661)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	401,198	401,198	392,445
Transfers out	(38,927)	(38,927)	(30,656)
Total other financing sources (uses)	<u>362,271</u>	<u>362,271</u>	<u>361,789</u>
Net change in fund balance	<u>\$ (465,895)</u>	<u>\$ (465,895)</u>	<u>(151,872)</u>
Fund balance - beginning			<u>1,268,829</u>
Fund balance - ending			<u>\$ 1,116,957</u>

See notes to required supplementary information.

FERGUS COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Road Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes and assessments	\$ 426,512	\$ 426,512	\$ 427,088
Intergovernmental	593,331	593,331	655,972
Charges for services	46,800	46,800	96,779
Miscellaneous	1,000	1,000	8,094
Total revenues	<u>1,067,643</u>	<u>1,067,643</u>	<u>1,187,933</u>
EXPENDITURES			
Current:			
Public works	1,126,191	1,187,065	1,057,279
Debt service:			
Principal	150,000	150,000	-
Interest and other charges	7,000	7,000	-
Capital outlay	57,000	57,000	343,788
Total expenditures	<u>1,340,191</u>	<u>1,401,065</u>	<u>1,401,065</u>
Excess (deficiency) of revenues over expenditures	<u>(272,548)</u>	<u>(333,422)</u>	<u>(213,132)</u>
OTHER FINANCING SOURCES			
Transfers in	97,978	97,978	89,390
Total other financing sources	<u>97,978</u>	<u>97,978</u>	<u>89,390</u>
Net change in fund balance	<u>\$ (174,570)</u>	<u>\$ (235,444)</u>	<u>(123,742)</u>
Fund balance - beginning			<u>592,882</u>
Fund balance - ending			<u>\$ 469,140</u>

See notes to required supplementary information.

FERGUS COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 PILT Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 831,504
Total revenues	<u>-</u>	<u>-</u>	<u>831,504</u>
EXPENDITURES:			
Current:			
General government	100,000	100,000	16,523
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>16,523</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>814,981</u>
OTHER FINANCING USES			
Transfers out	-	-	(40,424)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(40,424)</u>
Net change in fund balance	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>774,557</u>
Fund balance - beginning			<u>795,544</u>
Fund balance - ending			<u>\$ 1,570,101</u>

See notes to required supplementary information.

FERGUS COUNTY
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2009

BUDGETARY INFORMATION

Money may not be disbursed, expended or obligated except pursuant to an appropriation for which working capital is or will be available. The final budget is legally enacted by the governing body by the later of the second Monday in August or within 45 days of receiving certified taxable values from the Department of Revenue, after holding public hearings as required by state statute. Budgeted fund expenditures/expenses are limited by state law to budgeted amounts. Budgets may be amended for circumstances described by state law. The budgeted amounts as shown in the financial statements are as originally adopted or as revised by legal budget transfers and amendments, if applicable. All appropriations, except for construction-in-progress, lapse at year-end. The government does not utilize a formal encumbrance accounting system.

OTHER SUPPLEMENTARY INFORMATION

FERGUS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Federal Grantor/Pass-through grantor/Program title	CFDA Number	Pass-through Grantor Number	Program or Award Account	Balance July 1, 2008	Receipts	Expenditures/Disbursements	Returned to Grantor/Other	Balance June 30
Department of Justice								
used through Montana Department of Military Affairs Disaster and Emergency Services Division: Public Safety Partnership and Community Policing Grants	16210	2007-CKW00-003	\$ 40,113	-	40,113	40,113	-	-
used through Montana Board Crime Control: Crime Victim Assistance	16575	09-V01-90262	27,540	-	27,540	27,540	-	-
Total U.S. Department of Justice			\$ 67,653	\$ -	\$ 67,653	\$ 67,653	\$ -	\$ -
Department Health and Human Services:								
used through State Department of Public Health and Human Services: Maternal and Child Health Services	93.994	06-07-5-01-014-0	11,956	\$ -	\$ 11,956	\$ 11,956	\$ -	\$ -
Maternal and Child Health Services	93.994	06-07-5-01-001-057	3,838	-	3,838	3,278	-	-
Maternal and Child Health Services	93.994	06-07-5-11-009-0	199	-	199	166	-	-
Maternal and Child Health Services	93.994	06-07-5-01-014-0	11,856	(3,104)	3,104	-	-	-
used through Petroleum County: Maternal and Child Health Services	93.994	06-07-5-01-014-0	1,800	-	1,000	1,000	-	-
used through Judith Basin County: Maternal and Child Health Services	93.994	06-07-5-01-014-0	1,800	-	1,500	1,500	-	-
CFDA Subtotal			(3,104)	21,964	17,860	-	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.910	06-07-3-01-003-0	18,000	(8,525)	8,525	-	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	06-07-3-01-003-0	18,000	-	18,000	18,000	-	-
CFDA Subtotal			(8,525)	26,525	18,000	-	-	-
Family Planning Services	93.217	06-07-5-11-009-0	33,287	(4,107)	4,107	-	-	-
Family Planning Services	93.217	06-07-5-11-009-0	33,287	-	32,672	32,672	-	-
CFDA Subtotal			(4,107)	36,778	32,672	-	-	-
HIV Prevention Activities-Health Department Based:	93.940	06-07-4-51-008-0	4,835	-	1,313	1,313	-	-
HIV Prevention Activities-Health Department Based:	93.940	06-07-4-51-008-0	4,835	(1,100)	2,857	1,763	-	-
CFDA Subtotal			(1,100)	4,178	3,876	-	-	-
Preventive Health and Health Services Block Grant	93.991	06-07-5-11-009-0	1,920	(314)	314	-	-	-
Preventive Health and Health Services Block Grant	93.991	06-07-5-11-009-0	1,920	-	1,800	1,800	-	-
CFDA Subtotal			(314)	2,234	1,800	-	-	-
Immunization Grants	93.268	06-07-4-31-014-0	4,830	(4,426)	4,830	204	-	-
Immunization Grants	93.268	06-07-4-31-005-0	3,031	(2,255)	3,031	176	-	-
Immunization Grants	93.268	06-07-4-31-005-0	3,031	-	-	1,125	-	-
Immunization Grants	93.268	06-07-4-31-014-0	4,830	-	-	4,415	-	-
CFDA Subtotal			(8,881)	7,681	6,325	-	-	-
Public Health Emergency Preparedness	93.069	06-07-6-11-010-0	154,270	-	94,849	113,767	-	-
Public Health Emergency Preparedness	93.069	06-07-6-11-010-0	173,114	(38,984)	77,869	23,874	(15,311)	-
CFDA Subtotal			(38,984)	162,818	137,441	(15,311)	-	-
used through Montana State University: Centers for Disease Control and Prevention: Investigation and Technical Assistance	93.285	09-07-3-01-021-0	9,000	-	9,000	3,888	-	-
Total U.S. Department of Health and Human Services			\$ (62,815)	\$ 270,757	\$ 220,821	\$ (15,311)	\$ -	\$ -

FERGUS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Federal Grantor/Pass-through grantor/ Program Title	CFDA Number	Pass-Through Grantor Number	Program or Award Amount	Balance July 1, 2008	Receipts	Expenditures/ Disbursements	Returned to Grantor/ Other	Balance June 30
Department of Agriculture:								
used through State Auditor's Office: Schools and Roads-Grants to States used through State Department of Natural Resources and Conservation:	10.955	N/A	73,560	\$ -	\$ 73,560	\$ 73,560	\$ -	\$ -
Cooperative Forestry Assistance	10.664	VFA-06-141	6,862	(4,862)	4,962	-	-	-
Cooperative Forestry Assistance	10.664	VFA-08-140	17,850	-	17,850	17,850	-	-
CFDA Subtotal				\$ (4,862)	\$ 22,912	\$ 17,850	\$ -	\$ -
Total U.S. Department of Agriculture				\$ -	\$ 96,472	\$ 91,616	\$ -	\$ -
Department of the Interior:								
Refuge Revenue Sharing	15.999	N/A	625	\$ -	\$ 625	\$ 625	\$ -	\$ -
Total U.S. Department of the Interior				\$ -	\$ 625	\$ 625	\$ -	\$ -
Department of Homeland Security:								
used through Montana Department of Military Affairs-Disaster and Emergency Services Division:	97.057	2005-GE-15-0042	228,830	\$ -	\$ 228,830	\$ 228,830	\$ -	\$ -
Homeland Security Grant Program	97.057	2007-GE-17-0011	50,000	-	27,111	27,111	-	-
Homeland Security Grant Program				-	266,741	266,741	-	-
CFDA Subtotal				-	14,964	14,964	-	-
Emergency Management Performance Grants	97.042	2008-EM-E8-0029	14,964	-	271,705	271,705	-	-
Total U.S. Department of Homeland Security				\$ -	\$ 271,705	\$ 271,705	\$ -	\$ -
Department of Transportation:								
used through the Montana Department of Transportation:								
Highway Planning and Construction	30.205	STPF 14(03)	160,357	-	-	7,845	-	-
Total U.S. Department Transportation				\$ -	\$ 86,676	\$ 84,621	\$ -	\$ -
Total federal awards				\$ (47,777)	\$ 722,858	\$ 746,735	\$ (15,311)	\$ -

TE A - BASIS OF ACCOUNTING

accompanying schedule of expenditures of federal awards is a summary of cash receipts and federal expenditures related to the County's federal award programs. This schedule is presented in accordance with grant terms and conditions, which are not on the accrual basis of accounting as contemplated by generally accepted accounting principles.

FERGUS COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no prior year findings and questioned costs related to federal award programs.

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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
Fergus County
Billings, Montana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fergus County, Montana (the government) as of and for the year ended June 30, 2009, which collectively comprise the government's basic financial statements and have issued our report thereon dated November 19, 2009. The report on governmental activities, the road fund and the aggregate remaining fund information was qualified because we did not observe year end inventory counts and the government's accounting records related to inventory do not permit adequate retroactive adjustments of inventory quantities. Except as discussed in the preceding sentence, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the government's internal control over financial reporting as a basis for designing our auditing procedures 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 government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the government's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and could not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the government's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the government's financial statements that is more than inconsequential will not be prevented or detected by the government's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. (Findings 09-1 through 09-7)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the government's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, could not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that one of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the government'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 09-7.

Section 2-7-515, Montana Code Annotated, states that the government should respond to any findings in the audit report within 30 days after the receipt of the final audit report.

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 (continued)

This report is intended solely for the information and use of the management, others within the entity, the Montana Department of Administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Olness & Associates, PC
November 19, 2009

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

to the Board of County Commissioners
Fergus County
Fossil, Montana

Compliance

We have audited the compliance of Fergus County, Montana (the government) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The government's major federal programs are identified in the summary auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the government's management. Our responsibility is to express an opinion on the government's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. Our audit includes examining, on a test basis, evidence about the government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the government's compliance with those requirements.

In our opinion, the government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the government is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the government's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the government's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Section 2-7-515, Montana Code Annotated, states that the government should respond to any findings in the audit report within 30 days after the receipt of the final audit report.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)**

This report is intended solely for the information and use of the management, others within the entity, the Montana Department of Administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Olness & Associates, PC
November 19, 2009

FERGUS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS:

Type of auditor's report issued: qualified

Internal control over financial reporting:

• Material weaknesses identified? yes no

• Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to the basic financial statements noted? yes no

FEDERAL AWARDS:

Internal control over financial reporting:

• Material weaknesses identified? yes no

• Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.055	Schools and Roads-Grants to States
97.057	Homeland Security Grant Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs? \$300,000

Auditee qualified as low-risk auditee? yes no

FINDINGS - FINANCIAL STATEMENT AUDIT

9-1. Self-Insurance Fund Net Assets/Reserves

Net assets in the self-insurance fund were approximately \$1,490,000 as of June 30, 2008 and increased to approximately \$1,679,000 as of June 30, 2009. An actuarial report was issued as of March 30, 2008, that stated the estimated reserve should be \$60,000. Based on that report, it would appear there are excess reserves of approximately \$1.6 million.

The excess reserve balance occurred mainly for two reasons: 1) the fund's loss experience has been much better than expected and 2) contributions to the fund have exceeded the maximum risk exposure.

We recommend the County determine an adequate reserve level. The amount at which the specific and aggregate losses are set should be used in determining an adequate reserve. The County's 3rd party administrator and/or an actuary should be contacted for assistance. Once a reserve level is determined, the County should develop and implement a plan that will reduce the reserves to the adequate level.

9-2. Financial Reporting

Internal control is a process - affected by those charged with governance, management, and other personnel—designed

FERGUS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reports effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term financial reporting this instance relates to the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles. Employees and management have the necessary qualifications and training to fulfill their assigned daily functions, however, the present design of the internal control system as it relates to financial reporting, as defined above, does not provide for the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles.

9-3. Segregation of Duties

Smaller entities often have fewer employees, which may limit the extent to which segregation of duties is practicable. However, for key areas, even in a very small entity, it can be practicable to implement some degree of segregation of duties other than the form of unsophisticated, but effective controls. Examples of segregation of duties include reporting, reviewing and approving reconciliations and approval and control of documents.

9-4. Payroll

During our payroll audit testwork, we noted the following:

- o Transfers to the self insurance fund for premiums were not made on a monthly basis. Reconciling the payroll clearing fund on a monthly basis would ensure payroll and related benefits are recorded in the general ledger correctly. Prior to processing payroll, a clearing fund trial balance should be run and reviewed to ensure the liability accounts are zero. After payroll is posted, a trial balance should be printed and reviewed to verify the liabilities are equal to the deduction summary report less the amounts transferred to the self-insurance fund.
- o The various wage bases (unemployment, workers compensation, social security, medicare and federal wages) reports on the federal and state payroll reports were not reconciled. For example, unemployment was paid on two elected officials. Elected official wages are not subject to unemployment. To ensure the accuracy of payroll setup, we recommend the various wage bases be reconciled at the end of each payroll.

9-5. Justice of the Peace

As noted in prior audits, current procedures do not provide for a formal reconciliation of monthly time-pay activity to the beginning and ending subsidiary record balances. We recommend the Justice of the Peace clerk of court reconcile time-pay activity to the beginning and ending subsidiary record balances monthly. Once completed, the reconciliation should be reviewed and approved by the Justice of the Peace.

9-6. County Fair Operations

Differences were noted between the number of fair tickets and buttons sold versus cash collections. We recommend the accounting policies and procedures and overall operation of the fair be reviewed and updated to strengthen internal control over the fair operations.

9-7. Contractors Gross Receipts Tax

The requisite 1% contractor's gross receipts tax was not withheld from the contractor on the handicapped access ramp at the Fergus County fairgrounds. On all public construction contracts, Section 15-60-506, MCA requires that the county withhold 1% of all payments due the contractor and shall transmit that money to the Department of Revenue. We recommend the 1% be withheld and remitted to the department of revenue on all future contracts.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings and questioned costs related to federal award programs.

FERGUS COUNTY
PRIOR YEAR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT

Prior Year Audit Findings	Status
1. Self-Insurance Fund Net Assets/Reserves	Not Implemented
2. Financial Reporting	Continued Disclosure
3. Segregation of Duties	Continued Disclosure
4. Payroll	Partially Implemented
5. Justice of the Peace	Not Implemented
6. County Fair Operations	Not Implemented
7. Management's Discussion and Analysis	Implemented

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