



**AGENDA
CITY OF LAUREL
BUDGET/FINANCE COMMITTEE
TUESDAY, JULY 13, 2021
5:00 PM
COUNCIL CONFERENCE ROOM**

Public Input: *Citizens may address the committee regarding any item of business that is not on the agenda. The duration for an individual speaking under Public Input is limited to three minutes. While all comments are welcome, the committee will not take action on any item not on the agenda.*

General Items

- [1.](#) Review and approve the June 22, 2021 Budget and Finance Committee minutes.
2. Review and approve purchase requisitions.
3. Review and recommend approval to Council claims entered through 07/09/2021.
- [4.](#) Review and approve the payroll register for pay period ending 06/27/2021 totaling \$230,129.97.
- [5.](#) Review and approve the June 2021 Utility Billing Adjustments.

New Business

6. Discussion regarding holding the Budget and Finance Committee meetings every Tuesday at 5:30pm before City Council workshops and City Council meetings.
7. Discussion regarding LURA/TIF District funds.
8. Discussion regarding West Railroad funding.

Old Business

9. Meal pay and drill pay update from Mayor.
10. Cemetery parking update from the Mayor.

Other Items

- [11.](#) Review Comp/Overtime reports from 06/27/2021 payroll.
- [12.](#) Clerk/Treasurer Update
13. Mayor Update

Announcements

14. The next Budget and Finance Committee meeting will be held on July 27, 2021.
15. Emelie Eaton will be reviewing claims for the next meeting.

The City makes reasonable accommodations for any known disability that may interfere with a person's ability to participate in this meeting. Persons needing accommodation must notify the City Clerk's Office to make needed arrangements. To make your request known, please call 406-628-7431, Ext. 2, or write to City Clerk, PO Box 10, Laurel, MT 59044, or present your request at City Hall, 115 West First Street, Laurel, Montana.

DATES TO REMEMBER

File Attachments for Item:

1. Review and approve the June 22, 2021 Budget and Finance Committee minutes.

**Minutes of City of Laurel
Budget/Finance Committee
Tuesday, June 22, 2021**

Members Present: **Emelie Eaton** **Bruce McGee**
 Richard Klose **Scot Stokes**

Others Present: **Bethany Langve, Clerk/Treasurer**
 Mayor Nelson, arrived late

The meeting was called to order by the Committee Chair at 5:30pm.

Public Input: *Citizens may address the committee regarding any item of business that is not on the agenda. The duration for an individual speaking under Public Input is limited to three minutes. While all comments are welcome, the committee will not take action on any item not on the agenda.*

There was no public input.

General Items –

1. Review and approve the June 08, 2021 Budget and Finance Committee meeting minutes. Scot Stokes moved to approve the minutes of the June 08, 2021 Budget and Finance Committee meeting. Richard Klose seconded the motion, all in favor, motion passed.
2. Review and Approve purchase requisition from the Police Department for replacement of a server. Upgrading the server is one of the final pieces in the IT upgrade. Emelie Eaton made a motion to approve the Police Department purchase requisition for the replacement of a server. Bruce McGee seconded the motion, all in favor, motion passed.
3. Review and Approve purchase requisition from the Sewer Department for the replacement of actuator plugs. The Clerk/Treasurer read an email provided by the Plants Superintendent. Emelie Eaton made a motion to approve the Sewer Department’s purchase requisition for the replacement actuator plugs. Scot Stokes seconded the motion, all in favor, motion passed.
4. Review and recommend approval to Council, Claims entered through 06/18/2021. The claims and check register had previously been reviewed by the Committee. Emelie Eaton made a motion to approve the claims entered through 06/18/2021. Bruce McGee seconded the motion, all in favor, motion passed.
5. Review and approve the August 2020 Month End Balancing Report. The Committee reviewed the August 2020 Month End Balancing Report and had no questions or comments. Scot Stokes made a motion to approve the August 2020 Month End Balancing Report. Bruce McGee seconded the motion, all in favor, motion passed.
6. Review and approve the September 2020 Month End Balancing Report. The Committee reviewed the September 2020 Month End Balancing Report and had no questions or comments. Scot Stokes made a motion to approve the September 2020 Month End Balancing Report. Bruce McGee seconded the motion, all in favor, motion passed.
7. Review and approve the October 2020 Month End Balancing Report. The Committee reviewed the October 2020 Month End Balancing Report and had no questions or comments. Scot Stokes made a motion to approve the October 2020 Month End Balancing Report. Bruce McGee seconded the motion, all in favor, motion passed.
8. Review and approve the September 2020 Financial Reports. The Committee reviewed the September 2020 Reports and had no questions or comments. Emelie Eaton made a motion to

approve the September 2020 Financial Reports. Richard Klose seconded the motion, all in favor, motion passed.

9. Review and approve the October 2020 Financial Reports. The Committee reviewed the October 2020 Reports and had no questions or comments. Bruce McGee made a motion to approve the October 2020 Financial Reports. Scot Stokes seconded the motion, all in favor, motion passed.
10. Review and approve the September 2020 Utility Billing Adjustments. The Committee had no questions or comments regarding the September 2020 Utility Billing Adjustments. Emelie Eaton mad a motion to approve the September 2020 Utility Billing Adjustments. Richard Klose seconded the motion, all in favor, motion passed.
11. Review and approve Payroll Register for pay period ending 06/13/2021 totaling \$197,219.20. Scot Stokes made a motion to recommend approval of the payroll register for pay period ending 06/13/2021 totaling \$197,219.20. Richard Klose seconded the motion, all in favor, motion passed.

New Business –

12. Discussion regarding changing the start time of the Budget and Finance Committee meetings – There was discussion regarding moving the day of the week and moving the start time back to 5:00pm for the Budget and Finance Committee. The reason for the change was to allow for better in-depth discussion. Having the Budget and Finance meeting prior to the City Council meetings does not allow for discussion to continue, if it is necessary, on certain topics. Scot Stokes made a motion to move the start time of the Budget and Finance Committee to 5:00pm. Richard Klose seconded the motion, all in favor, motion passed.

Old Business –

13. The Mayor stated this resolution should be coming forward to City Council on the 20th. The Mayor stated the meal pay would be coming out of the “meals” line item in Fiscal Year 2022. The Drill Pay will be paid by check to each individual fireman on their paychecks.
14. The Committee stated the American Legion voted to go with a 20–25-year lease. The lease can be renewed in 5-year increments. The American Legion agreed to pay \$50.00 per year. The City needs the legal description from Nick. The survey has been done and it is staked.

Other Items –

15. Review the Pay Period Ending 06/13/2021 Comp/Overtime Report. The Committee reviewed the comp/overtime reports and asked who was racing. The Clerk/Treasurer asked the Ambulance Director. The Ambulance Director stated the Big Sky 200 race was held north on Molt Road on Buffalo Trail. The Committee asked if the Ambulance Department got paid to stand by on that race. The Ambulance Director stated they got paid \$300 for the standby.
16. Clerk/Treasurer Update – The Clerk/Treasurer stated the City has received the first half of ARPA funds. She stated Becky Bey is going to come do a presentation regarding ARPA funds.
17. Mayor Update – The Mayor stated we are in Stage 2 fire restrictions.

Announcements –

18. The next Budget and Finance Committee meeting will be held on July 13, 2021 at 5:00pm.
19. Richard Klose will be reviewing the claims for the next meeting.

Respectfully submitted,

Bethany Langve
Clerk/Treasurer

NOTE: This meeting is open to the public. This meeting is for information and discussion of the Council for the listed workshop agenda items.

File Attachments for Item:

4. Review and approve the payroll register for pay period ending 06/27/2021 totaling \$230,129.97.

06/30/21
15:11:57

CITY OF LAUREL
Payroll Register
For Payrolls from 07/02/21 to 07/02/21

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Total for Payroll Checks

	Employee	Employer	Amount
	-----	-----	-----
ADD1 HOURS (Additional lump sum pay)	0.00		23.08
ADD2 HOURS (Addtnl lump sum - On call)	0.00		346.17
ADDG HOURS (Longevity)	0.00		2,348.40
ADDL HOURS (Additional)	0.00		703.85
ADDT HOURS (Transport pay)	0.00		552.50
COMA HOURS (Comp Time Accumulated)	70.88		
COMP HOURS (Comp Time Used)	92.50		2,268.75
J004 HOURS (UNIFORM ALLOW.)	14.00		11,200.00
J015 HOURS (STEP-YRS OF SER)	20.00		928.00
J020 HOURS (HOLIDAY PAYOUT)	560.00		13,493.28
J025 HOURS (FLEX/CASH PAYOUT)	2.00		1,200.00
LV1 HOURS (Use Saved Hol.)	36.00		922.16
OVER HOURS (Overtime - shift 1)	38.50		1,336.42
PERS HOURS (Personal Time Used)	67.50		1,533.13
REG HOURS (Regular Time)	4,938.00		114,176.72
REG1 HOURS (Additional to regular)	39.50		1,007.80
REG3 HOURS (Addition to regular pay)	136.00		3,469.36
REGA HOURS (Amb on-call Pay)	225.50		733.25
SHF2 HOURS (Shift 2 Differential)	289.00		216.75
SHF3 HOURS (Shift 3 Differential)	224.00		224.00
SICK HOURS (Sick Time)	152.50		3,340.90
VACA HOURS (Vacation Time Used)	384.00		9,581.04
XLV1 HOURS (Save Holidays)	-560.00		
GROSS PAY	169,605.56	0.00	
NET PAY	122,475.29	0.00	
AFLAC	182.03	0.00	
AFLAC 125	448.80	0.00	
AFSCME #303	378.36	0.00	
AFSCME #316	562.50	0.00	
CAF 125-MEDICAL	303.33	0.00	
COLLIFE	32.08	0.00	
DEFERRED COMP	150.00	0.00	
DELTA DENTAL	0.00	1,446.09	
DENTAL-CAF125	663.64	0.00	
FIT	13,420.42	0.00	
HSA-CAF 125	212.50	0.00	
HSA-MEDICAL	0.00	577.08	
MEDICAL LIFE	0.00	279.99	
MEDICARE	2,397.28	2,397.28	
MPORS	2,684.22	4,297.79	
MPPA	221.90	0.00	
OR CHILD SUPPOR	80.75	0.00	
P.E.R.S.	7,973.56	8,952.61	
PACIFIC - CAF 12	2,738.56	0.00	
PACIFIC SOURCE	0.00	29,353.50	
SEG CU	50.00	0.00	
SIT	7,257.00	0.00	

06/30/21
15:11:57

CITY OF LAUREL
Payroll Register
For Payrolls from 07/02/21 to 07/02/21

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SOCIAL SECURITY	7,218.59	7,218.59
UNEMPL. INSUR.	0.00	577.89
VISION-CAF125	122.44	0.00
VSP - VISION	0.00	205.95
WORKERS' COMP	0.00	5,217.64
WY CHILD SUPPOR	32.31	0.00
FIT/SIT BASE	154,521.01	0.00
MEDICARE BASE	165,328.79	0.00
PERS BASE	131,417.61	0.00
SOC SEC BASE	116,429.14	0.00
UN BASE	165,106.04	0.00
WC BASE	169,160.08	0.00
Total		60,524.41
Total Payroll Expense (Gross Pay + Employer Contributions):		230,129.97

of Employees 130

of Checks 157

Prepared by:

Kelly Strecker

Approved by:

File Attachments for Item:

5. Review and approve the June 2021 Utility Billing Adjustments.

BLACK MOUNTAIN SOFTWARE UTILITY BILLING SYSTEM
ACCOUNTS RECEIVABLE SUMMARY For AP-Year 6-2021

CITY OF LAUREL
08:38:42 - 07/01/2021

Service	Fund	Old Balance	Billings	Payments	[- - - - - Adjustments - - - - -]		New Balance
					Auto Distribute	Other	
WATER	5210	224878.01	320115.82	217063.55	-2160.85	36.62	325806.05
CAP IMP WATER	5210	31137.82	29377.47	29498.00	-594.53	11.34	30434.10
SEWER	5310	147532.35	135405.48	134659.24	-2279.03	-101.00	145898.56
CAP IMP SEWER	5310	34917.97	32128.96	32584.80	-688.33	14.19	33787.99
GARBAGE	5410	79216.51	73454.33	73375.90	-1335.17	19.85	77979.62
OTHER	5210	0.00	0.00	0.00	0.00	0.00	0.00
SERVICE CHARGE	5210	1298.04	800.00	1218.68	-100.00	800.00	1579.36
WATER SUPPLIES	5210	222.55	75.90	151.80	0.00	0.00	146.65
WTR LINE INS-1	5210	2729.04	2440.80	2473.95	-57.60	1.28	2639.57
WTR LINE INS-2	5210	303.22	271.22	274.82	-6.40	0.15	293.37
OVERPAYMENT	5210	-18749.93	0.00	4713.60	7221.91	-3164.74	-19406.36
Grand Totals by Service:		503485.58	594069.98	496014.34	0.00	-2382.31	599158.91

Grand Total by Fund:	Old Balance	New Balance
5210	241818.75	341492.74
5310	182450.32	179686.55
5410	79216.51	77979.62

File Attachments for Item:

11. Review Comp/Overtime reports from 06/27/2021 payroll.

Comp and Overtime Report

PPE: 6-27-21

Division: POLICE

Submitted by: LANGUE

Date	Comp Hours	OT Hours	Name	Reason	Rate
6-24-21	(4)		ANGLIN	SCHEDULED OT	24.11
6-15-21		(1/2)	BOOTH	RIVERSTONE HEALTH CARE TRAINING	24.11
6-17-21		(2 1/2)	BOOTH	RETURN UNSEARCH WARRANT P202100562	24.11
6-24-21		(4)	BOOTH	TRAVEL K-9 CERTIFICATION TRAINING	24.11
6-26-21	(1/2)		BRYANT	THREATS COMPLAINT P2021-04674	
6-27-21	(4)		BRYANT	SCHEDULED OT	26.76
6-24-21	(4)		CORTESE	SCHEDULED OT	24.11
6-24-21	(4)		JOHNSON	SCHEDULED OT	25.17
6-27-21	(4)		INFARLAND	SCHEDULED OT	24.11
6-27-21		(4)	PITTS	SCHEDULED OT	31.32
6-24-21	(7)		RASMUSSEN	SCHEDULED OT + SWAT TRAINING	24.11
6-27-21		(4)	SEDERWICK	SCHEDULED OT	24.11
6-16-21	(1/2)		SWAN	RIVERSTONE HEALTH CARE TRAINING	24.11
6-24-21	(2 1/2)		SWAN	SEARCH WARRANT RETURN P2021-0589	24.11
6-27-21	(4)		SWAN	SCHEDULED OT	24.11
/					
34.5					
x 1.5					
51.75 COMP HOURS					
/					
39 x 24.11 =					
6 x 25.17 =					
6.75 x 31.32 =					
/					
15 OT HOURS					
/					
11 x (24.11 x 1.5) =					
4 x (31.32 x 1.5) =					

Comp and Overtime Report

PPE: 6/27/2021

Division: Shop

Submitted by: Jelly Trecker

Date	Comp Hours	O/T Hours	Name	Reason	Rate
4/26		(8)	D. Saylor	Scheduled OT Saturday Route	25.37
4/26	1	(2)	F. Schueiegent	Cover Grave	25.37
<hr/>					
	1				
	<u>x 1.5</u>				
	1.5			Comp hours	
				$1.5 \times 25.37 =$	38.06
					=
<hr/>					
				10 OT hours	
				$10 \times (25.37 \times 1.5)$	380.55
					=
<hr/>					
<div style="border: 1px solid black; border-radius: 50%; padding: 20px; display: inline-block;"> <p>Total \$ 418.61</p> </div>					

Comp and Overtime Report

PPE: 6/27/2021

Division: Code Enforcement

Submitted by: Kelly Strecker

Date	Comp Hours	O/T Hours	Name	Reason	Rate
6/15	1		K. Courtney	Council Meeting	24.11
	1				
	X 1.5				
	1.5			comp hours	
				1.5 X 24.11	36.17
					=

(Circled area containing handwritten text)
 Total = 36.17

Comp and Overtime Report

PPE: 6/27/2021

Division: Court

Submitted by: Kelly Strecker

Date	Comp Hours	O/T Hours	Name	Reason	Rate	
6/16	1		S. Phillips	Clerks Conference	21.17	
6/17	4.5		S. Phillips	Clerks Conference & travel	21.17	
6/16	1		M. Salo	Clerks Conference	19.43	
6/17	4		M. Salo	Clerks Conference & travel	19.43	
10.5 x 1.5 15.75 comp hours						
					11.50 x 19.43 =	145.73
					8.25 x 21.17 =	174.65
						320.38
						=
Total $\$ 320.38$						

Comp and Overtime Report

PPE: 6/27/21

Division: Ambulance

Submitted by: Melissa Strecker

Date	Comp Hours	O/T Hours	Name	Reason	Rate
6/15		(2)	M. Ecklund	Cover Shift	18.25
6/25		(5)	M. Ecklund	Cover Shift	18.25
6/19		(1.5)	J. Walter	Late Call	18.50
6/14	.25		T. White	Early Call	16.83
<hr/>					
	.25				
	X 1.5				
	.38	comp hours			
				.38 x 16.83 =	6.40
<hr/>					
		13.50	OT hours		
				13.50 x (18.25 x 1.5)	369.57
<hr/>					
Total			\$	375.97	

File Attachments for Item:

12. Clerk/Treasurer Update

OLNESS & ASSOCIATES, P. C.
CERTIFIED PUBLIC ACCOUNTANTS

BRENT D. OLNESS, CPA
CURT D. WYSS, CPA

ERNEST J. OLNESS, CPA

2810 CENTRAL AVENUE, SUITE B
BILLINGS, MONTANA 59102
(406) 252-6230
FAX (406) 245-6922

June 30, 2021

To the Governing Board
City of Laurel
P.O. Box 10
Laurel, Montana 59044

We are pleased to confirm our understanding of the services we are to provide City of Laurel for the year ended June 30, 2021. We will audit the financial statements of the governmental activities, the business-type activities (if applicable), each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the government as of and for the year ended June 30, 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the government's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the government's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited: Management's Discussion and Analysis, budget to actual schedules, pensions and if applicable, OPEB.

We have also been engaged to report on supplementary information other than RSI that accompanies the government's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements: schedule of expenditures of federal awards.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the governing body of the government. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the government's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the government's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the government's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in converting cash basis financial statements to accrual, depreciation schedules, preparing the financial statements, schedule of expenditures of federal awards, and related notes of the government in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) designing, implementing, establishing and maintaining effective internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit

findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review by the end of the audit fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the government; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Olness & Associates, PC, CPA's and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to state agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit

findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Olness & Associates, PC, CPA's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the state and federal agencies. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

One of the shareholders will be the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services is defined in the Montana Department of Administration Standard Audit Contract. Our invoices for these fees will be rendered at the end of the fieldwork and are payable on presentation. The fee in the Standard Audit Contract is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our September 30, 2019 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the government and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Olness & Associates, PC

Olness & Associates, PC
Certified Public Accountants

RESPONSE:
This letter correctly sets forth the understanding of City of Laurel.

By: _____

Title: _____

Date: _____

NVCPA

NEVADA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

State and AICPA Peer Review Programs administered by the NVCPA for the following states: Illinois, Michigan, Nebraska, Nevada, Utah, and Wyoming



Peer Review
Program

April 30, 2020

Brent Olness
Olness & Associates, P. C.
2810 Central Avenue Suite#B
BILLINGS, MT 59102

Dear Brent Olness:

It is my pleasure to notify you that on April 29, 2020, the Nevada Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is March 31, 2023. This is the date by which all review documents should be completed and submitted to the administering entity. Since your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Kary Arnold".

Kary Arnold
Finance & Peer Review Program Manager
kamold@nevadacpa.org
(775) 826-6800

cc: Stefani S. Freese

Firm Number: 900010127862

Review Number: 572483



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Report on the Firm’s System of Quality Control

To the Shareholders of Olness and Associates, P.C.
and the Peer Review Committee of the Nevada Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Olness and Associates, P.C. (the Firm) in effect for the year ended September 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm’s Responsibility

The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer’s Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the Firm’s compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Olness and Associates, P.C. in effect for the year ended September 30, 2019, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Olness and Associates, P.C. has received a peer review rating of *pass*.

Anderson Zurmuehlen & Co, P.C.

Billings, Montana
February 19, 2020