

STATE OF MONTANA
DEPARTMENT OF LABOR AND INDUSTRY
BUILDING CODES BUREAU

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR CERTIFIED LOCAL GOVERNMENTS

Honorable [Name of Governing Body]
[Name of Local Government]
[Address]
_____, Montana 59____

We have performed the procedures enumerated below, which were agreed to by [Name of Local Government] and the Montana State Department of Labor and Industry, in order to perform a financial review of the [City/County/Town] as of and for the year ended June 30, _____, as required by ARM 24.301.208. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Montana State Department of Labor and Industry, as required by ARM 24.301.208. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We determined that the [Government's] accounting records fully document the collection and expenditure of all fees and charges related to the Building Code Enforcement Program during the fiscal year. Based on the [Government's] accounting records, we have presented a schedule of revenues, expenditures, and changes in fund balance of the Building Code Enforcement Fund for the fiscal year, in Schedule A. (Note: If the [Government] did not account for the Building Code Enforcement Program in a separate special revenue fund, we have indicated in which fund the Program was accounted, and the corresponding information from that fund.)

We found no exceptions as a result of applying this procedure.

OR

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

- b. We compared the financial information included in the “Fiscal Report” submitted to the State Building Codes Bureau to corresponding information in the [Government’s] accounting records, and verified that the information was the same.

We found no exceptions as a result of applying this procedure.

OR

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

- c. From selected building permit applications, we compared permit fees charged to the permit fee schedule established by the [Government] and approved by the State Building Codes Bureau, and verified that the fees were the same.

We found no exceptions as a result of applying this procedure.

OR

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

- d. From selected building permit applications, we compared the total building permit fee paid to the amount credited to the Building Code Enforcement Program, and verified that the amounts agreed and that no portion of the fee was diverted to other functions of the government.

We found no exceptions as a result of applying this procedure.

OR

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

- e. We examined selected expenditures and other charges made from Building Code Enforcement Program-related fees and determined that all were necessary and reasonable costs directly and specifically identifiable to the enforcement of building codes, (with the exception of indirect costs charged to the Building Code Enforcement Program– see procedures “g” and “h”, below). (“Fixed charges” and prior period adjustments are itemized in Schedule B.)

We found no exceptions as a result of applying this procedure.

OR

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

- f. We examined selected expenditures from the Building Code Enforcement Program and determined that no portion of permit fees collected were used to support fire departments, planning, zoning, or other activities, except to the extent that employees of those programs provided direct plan review, inspection or other building code enforcement services for the Building Code Enforcement Program. If so, we obtained documentation from the government that supports the performance of these direct services and that documents that these costs were properly charged to the Building Code Enforcement Program for specifically allowable services. (The costs related to fire departments, planning, zoning, or other activities are reported in detail in Schedule B.)

We found no exceptions as a result of applying this procedure.

OR

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

- g. If indirect costs were allocated to the Building Code Enforcement Program, we verified that the basis used to allocate costs to the Building Code enforcement Program was the same basis used to allocate indirect costs to other proprietary funds of the [Government], and we verified that indirect costs waived for any other proprietary fund of the [Government] were also waived for the Building Code Enforcement Program. (Total indirect costs are itemized in Schedule B.)

We found no exceptions as a result of applying this procedure.

OR

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

- h. If indirect costs were charged to the Building Code Enforcement Program, we verified that they were limited to those costs allowed under OMB Circular A-87.

We found no exceptions as a result of applying this procedure.

OR

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

- i. If there are transfers out of the Building Code Enforcement Program Fund, we obtained detailed documentation from the [Government] that describes the purposes and eventual uses of these transfers, and verified that these purposes and uses are in accordance with allowable expenditures, as addressed in the procedures performed above. (Transfers are itemized in Schedule B)

We found no exceptions as a result of applying this procedure.

OR

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

- j. We verified that 0.5% of revenues from plan reviews and building permits (not including revenues from electrical, mechanical or plumbing permits) collected during the year were remitted to the State Department of Labor and Industry for the building codes education program.

We found no exceptions as a result of applying this procedure.

OR

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

- k. Based on the financial information presented in Schedule A, we determined whether the reserve account (fund balance) exceeded the amount needed to support the building code enforcement program for 12 months. If so, we verified that the [Government] had taken steps to reduce permit fees.

We found no exceptions as a result of applying this procedure.

OR

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

Accompanying are the following schedules:

Schedule A presents the [Government's] beginning fund balance, the total revenues, total expenditures by object classification, transfers, any other financing sources/uses, prior period adjustments, and ending fund balance for the Building Code Enforcement Fund for the year ended June 30, 20__.

Schedule B presents an itemization, if applicable, of:

- * Indirect costs, including a description of the functions represented.
- * Costs related to fire department, planning, zoning, and other activities.
- * Costs reported in Schedule A as "fixed charges".
- * Each transfer, including a description as to which fund the transfer is made, and the purpose of the transfer.
- * Each prior period adjustment, describing the purpose of the adjustment and the account (other than fund balance) affected.

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

We were not engaged to, and did not; perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of [Name of Local Government] and the Montana State Department of Labor and Industry, Building Codes Bureau, and is not intended to be and should not be used by anyone other than these specified parties.

[Accountant's Signature]

[Date]