

# Town of Stevensville

Financial Statements and  
Independent Auditor's Report

Year ended June 30, 2015

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants

# Town of Stevensville

Year Ended June 30, 2015

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## **Independent Auditor's Report**

To the Mayor and Council  
Town of Stevensville

### **Report on the Financial Statements**

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 the Town of Stevensville (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stevensville, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Change in Accounting Principle**

As discussed in Note 1A to the financial statements, in 2015 the Town adopted new accounting guidance, *GASB Statement 68, Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27 and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the Town's management's discussion and analysis, proportionate share of net pension liability, schedule of the Town's contributions and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions, and Notes to Required Supplementary Information that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP  
July 5, 2017  
Helena, Montana

**TOWN OF STEVENSVILLE  
ELECTED OFFICIALS/OFFICERS**

OFFICE	NAME OF CITY/TOWN OFFICIALS/OFFICERS	DATE TERM EXPIRES
Mayor	Gene Mim Mack	12/31/2017
Councilperson/Commissioner	Robin Holcomb	12/31/2017
Councilperson/Commissioner	Tim Hunter	12/31/2015
Councilperson/Commissioner	Bill Perrin	12/31/2015
Councilperson/Commissioner	Jim Crews	12/31/2017
Councilperson/Commissioner		
Councilperson/Commissioner		
Councilperson/Commissioner		
City manager		
Attorney	Brian J. West	n/a
Chief of police	James Marble	n/a
Clerk	Stacy Bartlett	n/a
Clerk/Treasurer		
Finance Director		
Police Judge		
Treasurer	Stephanie D. Mapelli	n/a
Utility billing/collection clerk	Denise Philley	n/a

IN ACCORDANCE WITH STATE LAW, I HEREBY TRANSMIT THE  
TOWN OF STEVENSVILLE  
ANNUAL FINANCIAL REPORT FOR THE  
FISCAL YEAR ENDING JUNE 30, 2015

**Respectfully submitted;**

\_\_\_\_\_

**Town Treasurer**

\_\_\_\_\_

**Date**

**MANAGEMENT'S  
DISCUSSION  
AND  
ANALYSIS**



## **Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015**

The management discussion and analysis of the Town of Stevensville offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Stevensville's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Stevensville.

### **Basic Financial Statements**

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's Net Position and how they have changed. Net Positions are the difference between the Town's total assets and total liabilities. Measuring Net Position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, public works, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges





## **Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015**

customers to provide. These include the water and sewer services offered by the Town of Stevensville.

The government-wide financial statements are on pages 22-23 of this report.

### **Fund Financial Statements**

The next statements on pages 24-30 are Fund Financial Statements. The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stevensville like all other governmental entities in Montana uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Stevensville can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Stevensville adopts an annual budget for its governmental funds, and a budget for its proprietary funds, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from



## **Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015**

identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting which is the modified accrual basis and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

### **Proprietary Funds**

The Town of Stevensville has three enterprise funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Stevensville uses enterprise funds to account for its water, sewer and airport services. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

### **Fiduciary Funds**

The Town of Stevensville has a fiduciary fund. Fiduciary funds are trust or agency funds used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These may include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds and (d) agency funds. The Town uses fiduciary funds to account for fire relief pension.

### **Notes to the Financial Statements**

The next section of the basic financial statements is the notes (pages 31-51). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by statutes also can be found in this part of the statements.



**Town of Stevensville  
Management Discussion and Analysis  
Fiscal Year ending June 30, 2015**

**Government-Wide Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Stevensville, assets exceeded liabilities by \$10,291,560 at year ended June 30, 2015.

<b>Town of Stevensville Net Position</b>						
	<b>Governmental Activities</b>		<b>Business -type Activities</b>		<b>Total</b>	
	<b>13 - 14</b>	<b>14 - 15</b>	<b>13 - 14</b>	<b>14 - 15</b>	<b>13 - 14</b>	<b>14 - 15</b>
<b>Assets</b>						
Current assets	\$1,214,556	\$1,124,223	\$1,645,638	\$1,840,032	\$2,860,194	\$2,964,255
Non-current assets	\$364,069	\$475,167	\$11,687,007	\$12,392,057	\$12,051,076	\$12,867,224
<b>Total Assets</b>	<u>\$1,578,625</u>	<u>\$1,599,390</u>	<u>\$13,332,645</u>	<u>\$14,232,089</u>	<u>\$14,911,270</u>	<u>\$15,831,479</u>
<b>Deferred Outflows</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,975</u>	<u>\$0</u>	<u>\$15,975</u>
<b>Liabilities</b>						
Current liabilities	\$52,454	\$57,256	\$651,158	\$432,246	\$703,612	\$489,502
Non-current liabilities	\$19,216	\$216,430	\$4,610,358	\$4,806,127	\$4,629,574	\$5,022,557
<b>Total Liabilities</b>	<u>\$71,670</u>	<u>\$273,686</u>	<u>\$5,261,516</u>	<u>\$5,238,373</u>	<u>\$5,333,186</u>	<u>\$5,512,059</u>
<b>Deferred Inflows</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$43,835</u>	<u>\$0</u>	<u>\$43,835</u>
<b>Net Position</b>						
Net investment in capital assets	\$364,069	\$475,167	\$6,636,513	\$7,782,914	\$7,000,582	\$8,258,081
Restricted	\$449,257	\$162,744	\$360,984	\$360,984	\$810,241	\$523,728
Unrestricted	\$693,629	\$687,792	\$1,073,632	\$821,959	\$1,767,261	\$1,509,751
<b>Total Net Position</b>	<u>\$1,506,955</u>	<u>\$1,325,703</u>	<u>\$8,071,129</u>	<u>\$8,965,857</u>	<u>\$9,578,084</u>	<u>\$10,291,560</u>



## Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015

The Town of Stevensville's investment in capital assets (e.g. land, buildings, equipment, water and wastewater infrastructure), less any related debt used to acquire those assets that is still outstanding is a large portion of the Town's Net Position. The Town of Stevensville uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the Town of Stevensville's investment in its capital is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town capitalizes new streets, sidewalks, curbs, gutters and storm drains that are dedicated to the town from new development (i.e. subdivisions). The Town of Stevensville will not retroactively capitalize intangible assets, such as easements, right-of-ways, licenses, permits, computer software, websites, land use rights, etc. at the present time.

Unrestricted assets may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets include cash, cash equivalents, taxes receivables, accounts receivables, and other receivables.

The governmental funds have total Net Position of \$1,325,703. The unrestricted fund balances may be used to meet the government's ongoing obligations to citizens and creditors.

### **Business-type activities**

The total Net Position of the Town of Stevensville water, wastewater utility and airport, reported as business-type activities, increased by \$1,099,010. The investment in capital assets net of related debt increased \$810,864, due to capitalization of prior year's construction in progress less existing water system debt, and annual loan sewer bond debt payments. The unrestricted Net Position decreased \$251,673. The decrease in unrestricted Net Position is from transfers to sewer replacement and depreciation funds for future projects, an increase in compensated absences, sewer debt reduction, and an increase in accounts receivables.



**Town of Stevensville  
Management Discussion and Analysis  
Fiscal Year ending June 30, 2015**

**Governmental activities**

Governmental activities increased the Town of Stevensville's Net Position by \$20,391.

**Town of Stevensville's CHANGES IN NET POSITION - Revenue**

	Governmental Activities		Business-type Activities		Total	
	13 - 14	14 - 15	13 - 14	14 - 15	13 - 14	14 - 15
<b>General Revenues</b>						
Property taxes	\$275,411	\$351,825	\$4,000	\$0	\$279,411	\$351,825
Local option tax	\$47,519	\$0	\$0	\$0	\$47,519	\$0
<b>Program Revenues</b>						
Charges for Services	\$112,961	\$61,426	\$987,099	\$1,053,276	\$1,100,060	\$1,114,702
Licenses and permits	\$12,733	\$34,972	\$0	\$0	\$12,733	\$34,972
Unrestricted Fed/State shared revenues	\$170,981	\$326,587	\$0	\$1,139,158	\$170,981	\$1,465,745
Unrestricted investment earnings	\$1,561	\$11,089	\$304	\$3,660	\$1,865	\$14,749
Misc. Operating grants & contributions	\$12,790	\$60,849	\$1,950	\$2,031	\$14,740	\$62,880
Capital grants & contributions	\$87,450	\$0	\$4,108	\$0	\$91,558	\$0
	\$0	\$0	\$1,504,034	\$0	\$1,504,034	\$0
<b>Total Revenues</b>	<u>\$721,406</u>	<u>\$846,748</u>	<u>\$2,501,495</u>	<u>\$2,198,125</u>	<u>\$3,222,901</u>	<u>\$3,044,783</u>



**Town of Stevensville  
Management Discussion and Analysis  
Fiscal Year ending June 30, 2015**

<b>Town of Stevensville's CHANGES IN NET POSITION - Expenses</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>13 - 14</b>	<b>14 - 15</b>	<b>13 - 14</b>	<b>14 - 15</b>	<b>13 - 14</b>	<b>14 - 15</b>
<b>Expenses</b>						
General						
Government	\$173,244	\$233,113			\$173,244	\$233,113
Public safety	\$337,974	\$333,889			\$337,974	\$333,889
Public works	\$123,054	\$149,121			\$123,054	\$149,121
Culture & Recreation	\$50,324	\$48,469			\$50,324	\$48,469
Housing/ Community Development	\$0	\$0			\$0	\$0
Capital Outlay	\$0	\$0			\$0	\$0
Miscellaneous	\$21,943	\$53,923			\$21,943	\$53,923
Water			\$350,704	\$365,540	\$350,704	\$365,540
Sewer			\$496,039	\$486,197	\$496,039	\$486,197
Airport			\$223,341	\$225,589	\$223,341	\$225,589
<b>Total Expenses</b>	<b><u>\$706,539</u></b>	<b><u>\$818,515</u></b>	<b><u>\$843,752</u></b>	<b><u>\$1,077,326</u></b>	<b><u>\$1,550,291</u></b>	<b><u>\$1,895,841</u></b>
Transfers/Special Items-Net	\$5,757	\$(7,842)		\$(21,790)	\$5,757	\$(29,632)
<b>Change in Net Position</b>	<b>\$20,624</b>	<b>\$20,391</b>	<b>\$1,657,743</b>	<b>\$1,099,009</b>	<b>\$1,678,367</b>	<b>\$1,119,400</b>
<b>Restated Net Position July 1, 2014</b>		<b>\$1,305,313</b>		<b>\$7,866,847</b>		<b>\$9,172,161</b>
<b>Net Position June 30, 2015</b>		<b>\$1,325,704</b>		<b>\$8,965,856</b>		<b>\$10,291,561</b>

The cost of all governmental activities this year was \$818,515. Property taxes, Federal/State shared revenue accounted for the majority of the revenues used to finance governmental activities. The cost of FY 14-15 governmental activities increased \$111,976 from FY 13-14 due to the purchase of small non-capitalized equipment by the fire department and various street repairs.

The cost of business-type activities this year was \$1,077,326. Charges for services accounted for the majority of the revenues used to finance business-type activities.



## Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015

The cost of FY 14-15 business-type activities increased \$233,574 due to increases in personal and purchased services.

Capital grants and contributions for ongoing water & sewer improvement projects totaled \$1,139,158. This is a decrease from FY 13-14 driven by the second phase of the sewer improvement project winding up.

The Town had a stronger net asset position at the end of FY 14-15 as the aforementioned completed sewer and airport projects became assets instead of construction in progress.

### **Financial Analysis of the Government's Funds**

As noted earlier, the Town of Stevensville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Town of Stevensville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Stevensville's financing requirements.

As of June 30, 2015, the Town of Stevensville's governmental funds reported combined fund balances of \$1,077,557, a decrease of \$76,239 in comparison with the prior year.

Of these fund balances \$635,920 or approximately 49% was restricted or committed to specific types of activities i.e. \$221,479 for capital projects and \$203,168 for public works.

The General Fund is the chief operating fund of the Town of Stevensville. As of June 30, 2014, the fund balance of the general fund was \$373,226 (after prior period adjustments). This unreserved balance is budgeted as cash available in 2014-2015 and represents approximately 62% of the total budgeted requirements of the general fund expenditures. The fund balance increased by \$68,411 in fiscal year 2014-2015. Actual expenses were less than budgeted by approximately 7% or \$63,141.



## Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015

The Town of Stevensville does not have a *debt service fund*. The Town of Stevensville does not have any general obligation bonds outstanding (which would be paid by property taxes) at the present time.

The Capital Improvement Fund provides funding for capital projects (land purchase, equipment, construction of building, etc) of the Town of Stevensville, which are not normal operating or maintenance type expenditures reportable within the general fund or other governmental funds. The total fund balance as of June 30, 2015, is \$167,711. The major expenditures out of the capital improvement fund were planned for and budgeted \$49,400 expenditure to replace fire department turnout gear and \$10,700 to complete the Town Hall remodel begun in FY13-14.

The Town of Stevensville does not have Internal Service Funds or Permanent Funds.

The Town of Stevensville maintains one Fiduciary Fund for the Firemen's Relief Association of the Town of Stevensville. This fund receives revenue from intergovernmental funds. The funds are received and disbursed to the Stevensville Volunteer Firemen's Relief Association on a quarterly basis. The Association has their own governing board.

### **Proprietary Fund**

The Town of Stevensville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. No property tax revenue was used to support business-type activities.

Net Position of the water, wastewater (sewer) utilities and airport as of June 30, 2015 were \$8,965,857, an increase of \$1,099,010 over fiscal year 2013-2014.

The water utility Net Position was \$3,723,968, an increase from the previous year of \$691,870. The increase in the water Net Position is primarily from the reduction of the water system debt, and the increase of cash in replacement and depreciation fund.

The wastewater (sewer) utility Net Position was \$2,852,445, an increase from the previous year of \$536,397. The increase in the wastewater (sewer) Net Position is





## Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015

primarily from the reduction of the sewer system debt, the increase in the replacement and depreciation reserve, and depreciation.

The airport Net Position was \$2,389,444, a decrease from the previous year of \$129,258. The decrease in the airport Net Position is a reduction in operating revenues and the increase in depreciation.

The financial statements and a statement of cash flows for the enterprise funds can be found on pages 27 - 29 of this report.

### General Fund Budgetary Highlights

Budgets are adopted at the department level of expenditures. Differences between the original budget and the final amended budget were relatively minor.

### Capital Asset and Debt Administration

#### Capital Assets

The Town of Stevensville's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$12,867,225 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, construction in progress, source of supply, transmission and distribution and general plant. Land is not depreciated. The total increase in the Town of Stevensville's investment in capital assets for the current fiscal year was a total of \$1,245,183 or a 9.41% increase.

### Town of Stevensville's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	13-14	14-15	13-14	14-15	13-14	14-15
Land	\$2,707	\$2,707	\$663,198	\$663,198	\$665,905	\$665,905
Buildings	\$427,934	\$427,934	\$155,977	\$155,977	\$583,911	\$583,911
Improvements other than buildings	\$144,861	\$284,660	\$3,239,153	\$3,239,153	\$3,384,014	\$3,523,813



**Town of Stevensville  
Management Discussion and Analysis  
Fiscal Year ending June 30, 2015**

Machinery & equipment	\$615,707	\$608,260	\$429,721	\$429,721	\$1,045,428	\$1,037,981
Construction in progress	\$0	\$0	\$3,177,997	\$4,283,381	\$3,177,997	\$4,283,381
Source of supply			\$84,754	\$84,754	\$84,754	\$84,754
Pumping Plant			\$18,900	\$18,900	\$18,900	\$18,900
Transmission & distribution			\$2,214,425	\$2,214,425	\$2,214,425	\$2,214,425
Treatment Plant			\$5,823,259	\$5,823,259	\$5,823,259	\$5,823,259
<b>Total Capital Assets</b>	<u>\$1,191,209</u>	<u>\$1,323,561</u>	<u>\$15,807,384</u>	<u>\$16,912,768</u>	<u>\$16,998,593</u>	<u>\$18,236,329</u>
Less Accumulated Depreciation	(827,140)	(848,393)	(4,145,823)	(4,520,711)	(4,972,963)	(5,369,104)
<b>Capital Assets net of depreciation</b>	<u>\$364,069</u>	<u>\$475,168</u>	<u>\$11,661,561</u>	<u>\$12,392,057</u>	<u>\$12,025,630</u>	<u>\$12,867,225</u>

As mentioned earlier, the Town does not capitalize the current streets. The Town capitalizes new streets, sidewalks, curbs, gutters, and storm drains at the time of construction or reconstruction of the existing streets, sidewalks, curbs, gutters, and storm drains. The Town capitalizes new streets, sidewalks, curbs, gutters and storm drains that are dedicated to the town from new development (i.e. subdivisions).

The Town of Stevensville does not retroactively capitalize intangible assets, such as easements, right-of-ways, licenses, permits, computer software, websites, land use rights, etc. at the present time. The Town of Stevensville capitalizes intangible assets, such as easements, right-of-way easements, licenses, permits, computer software, websites, land use rights, etc.

The ongoing water and sewer improvement projects were the additions to the Town of Stevensville's capital assets in business-type fund activities. The expenses for these projects are reported in construction in progress. Both projects will be capitalized at the date of their completion.



## Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015

### Capital Asset and Debt Administration

#### Long-term Debt

At the end of the current fiscal year, the Town of Stevensville has a total bonded debt outstanding of \$4,573,929 entirely backed by the revenues of the water and sewer utilities. The outstanding debt for the wastewater utilities decreased \$45,833 and the outstanding debt for the water utilities decreased \$26,643 for the fiscal year ended June 30, 2015.

The Town of Stevensville has three outstanding loans to the Montana Department of Aeronautics in the amount of \$35,215. These loans are 10 year notes; the first is due in 2018 with an outstanding balance at the end of the fiscal year of \$13,814 at a 4.13% rate of interest. The 2<sup>nd</sup> loan is due in 2019 with an outstanding balance of \$6,500 at a 1.625% rate of interest. The 3<sup>rd</sup> loan is due in 2023 with an outstanding balance of \$14,901 at a 1.625% rate of interest. These obligations are paid from airport charges for service and airport reserve funds.

The Town of Stevensville does not have any general obligation bonds as of June 30, 2015.

#### Town of Stevensville's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	13 - 14	14 - 15	13 - 14	14 - 15	13 - 14	14 - 15
Water revenue bonds			\$2,173,000	\$2,146,357	\$2,173,000	\$2,146,357
Sewer revenue bonds			\$2,473,405	\$2,427,572	\$2,473,405	\$2,427,572
<b>Total</b>			<u>\$4,646,405</u>	<u>\$4,573,929</u>	<u>\$4,646,405</u>	<u>\$4,573,929</u>



**Town of Stevensville  
Management Discussion and Analysis  
Fiscal Year ending June 30, 2015**

**Town of Stevensville’s Outstanding Contracts, Notes or Loans Payable**

	Governmental Activities		Business-type Activities		Total	
	13 - 14	14 - 15	13 - 14	14 - 15	13 - 14	14 - 15
INTERCAP						
loan						
water						
utility			\$0		\$0	
MT						
Aeronautics			\$43,106	\$35,215	\$43,106	\$35,215
<b>Total</b>			<u>\$43,106</u>	<u>\$35,215</u>	<u>\$43,106</u>	<u>\$35,215</u>

Other obligations include accrued vacation leave and sick leave. These are accounted for in the Long-term Debt Accounts. The Net change in Compensated Absences is reflected in the statement of activities in department expenses. Compensated Absences are reported as the actual amount accrued as of June 30, 2015.

**The Town’s Future**

The Town government officials have taken prudent steps to ensure town services are adequately provided to the citizens of Stevensville. They discuss and review the budget prior to adoption; they analyze revenue compared to expenditures, and they have an adopted rolling five-year capital improvements plan in place.

One major project is planned in the Stevensville Roads & Streets Department:

1. The Town will undertake a major repaving project in FY 15-16. This project will be funded through gas tax monies.

Phase 3 wastewater treatment plant (the headworks and nutrient removal project) commenced in FY 13-14. Future capital outlays for this project will be covered by a combination of loans & grants.

The last phase of the water system improvement project (storage tank) will commence in 2016. Future capital outlays for this project will be covered by combination of loans & grants.



## **Town of Stevensville Management Discussion and Analysis Fiscal Year ending June 30, 2015**

The airport runway reconstruction project will begin in FY 15-16. The primary purpose of the runway reconstruction project is to reconstruct and widen Runway 12-30, add new runway edge lighting and electrical infrastructure, and a new Automated Weather Observation System (AWOS). Capital outlay for this project will be a combination of loans & grants from the Federal Aviation Administration and Montana Department of Aeronautics with loan payments funded through airport user charges for service.

The Town continues to partner with the Stevensville Main Street Association (SMSA) for the purpose of strengthening diversified industries, supporting thriving commercial centers while maintaining a traditional, rural, high quality lifestyle. SMSA brings a wealth of knowledge and experience to the city and serves as an invaluable resource.

The Town's rolling five-year Capital improvement Plan (CIP) serves as a planning tool, addresses our infrastructure and capital needs now and into the future. Town Hall facility, fire, police, water, and sewer departments, parks & recreation, cemetery, streets/alleys, and airport needs are identified in the CIP. The CIP includes five years of capital needs and will be updated on an annual basis.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Roxanne Wagner, Finance Officer  
roxanne@townofstevensville.com  
406.777.5271 x3

# **FINANCIAL SECTION**

**BASIC  
FINANCIAL  
STATEMENTS**

<b>TOWN OF STEVENSVILLE</b>			
<b>STATEMENT OF NET POSITION</b>			
<b>FISCAL YEAR ENDING JUNE 30, 2015</b>			
	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	1,063,261.67	1,735,931.50	2,799,193.17
Investments	47,417.60	19,446.36	66,863.96
Petty Cash	0.00	150.00	150.00
Taxes/Assessments Receivable - (net of allowance for uncollectibles)	10,578.66	(1,225.46)	9,353.20
Accounts/other receivables - (net of allowance for uncollectibles)	1,880.00	85,729.17	87,609.17
Due from other governments	1,084.50	0.00	1,084.50
Capital assets not being depreciated			
Land	2,707.00	663,197.69	665,904.69
Construction in progress	0.00	4,283,381.32	4,283,381.32
Capital assets being depreciated (net of accumulated depreciation)	472,460.41	7,445,478.44	7,917,938.85
<b>Total Assets</b>	<b>1,599,389.84</b>	<b>14,232,089.02</b>	<b>15,831,478.86</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources	0.00	0.00	0.00
Deferred Outflows of Resources	0.00	15,975.36	15,975.36
<b>Total Deferred Outflows of Resources</b>	<b>0.00</b>	<b>15,975.36</b>	<b>15,975.36</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	36,087.04	404,892.80	440,979.84
Noncurrent liabilities:			
Due within one year	21,169.15	27,352.77	48,521.92
Due in more than one year	21,169.15	4,636,496.64	4,657,665.79
Net Pension Liability	195,260.69	169,630.06	364,890.75
<b>Total Liabilities</b>	<b>273,686.03</b>	<b>5,238,372.27</b>	<b>5,512,058.30</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Tax Resources	0.00	43,835.21	43,835.21
<b>Total Deferred Inflows of Resources</b>	<b>0.00</b>	<b>43,835.21</b>	<b>43,835.21</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	475,167.41	7,782,913.57	8,258,080.98
Restricted for:	473,175.85		473,175.85
Debt Service		210,864.00	210,864.00
Bond Indenture Requirements		150,120.00	150,120.00
General Government			0.00
Public Safety			0.00
Public Works	162,744.08		162,744.08
Public Health			0.00
Culture/Recreation			0.00
Economic Development			0.00
Other:			0.00
Non-spendable (other than Perm Fund)	0.00		0.00
Permanent Fund principal			0.00
Unrestricted	214,616.47	821,959.33	1,036,575.80
<b>Total Net Position</b>	<b>1,325,703.81</b>	<b>8,965,856.90</b>	<b>10,291,560.71</b>
<i>Balance check w/GW Statement (should equal zero):</i>	0.00	0.00	0.00



**TOWN OF STEVENSVILLE  
STATEMENT OF ACTIVITIES**

**FISCAL YEAR ENDING JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Primary Government		
		Services, Fines, Forfeitures, etc.	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	233,112.92	904.00	0.00	0.00	(232,208.92)		(232,208.92)
Public safety	333,888.64	4,500.00	0.00	0.00	(329,388.64)		(329,388.64)
Public works	149,121.04	9,950.00	0.00	0.00	(139,171.04)		(139,171.04)
Culture and recreation	48,469.44	26,956.40	0.00	0.00	(21,513.04)		(21,513.04)
Interest on long-term debt	0.00	19,115.33	0.00	0.00	19,115.33		19,115.33
Miscellaneous	53,922.61	0.00	0.00	0.00	(53,922.61)		(53,922.61)
Unallocated costs	0.00				0.00		0.00
<b>Total governmental activities</b>	<b>818,514.65</b>	<b>61,425.73</b>	<b>0.00</b>	<b>0.00</b>	<b>(757,088.92)</b>		<b>(757,088.92)</b>
Business-type activities:							
Water	365,539.88	509,366.42				143,826.54	143,826.54
Sewer	486,196.78	523,403.29				37,206.51	37,206.51
Airport	225,589.31	20,506.75				(205,082.56)	(205,082.56)
<b>Total business-type activities</b>	<b>1,077,325.97</b>	<b>1,053,276.46</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(24,049.51)</b>	<b>(24,049.51)</b>
<b>Total primary government</b>	<b>1,895,840.62</b>	<b>1,114,702.19</b>	<b>0.00</b>	<b>0.00</b>	<b>(757,088.92)</b>	<b>(24,049.51)</b>	<b>(781,138.43)</b>
General revenues:							
Property taxes					351,824.62	0.00	351,824.62
Licenses and permits					34,971.96		34,971.96
Unrestricted Federal/State shared revenues					326,586.73	1,139,158.27	1,465,745.00
Unrestricted investment earnings					11,089.85	3,659.85	14,749.70
Miscellaneous					60,848.92		60,848.92
Gain on sale of capital assets					0.00	2,031.00	2,031.00
Transfers					(7,842.47)	(21,790.10)	(29,632.57)
<b>Total general revenues and transfers</b>					<b>777,479.61</b>	<b>1,123,059.02</b>	<b>1,900,538.63</b>
Change in net position					20,390.69	1,099,009.51	1,119,400.20
Total net position - July 1, 2014 as previously reported					1,506,953.82	8,071,129.23	9,578,083.05
Prior period adjustments					(201,640.70)	(204,281.84)	(405,922.54)
Total net position - July 1, 2014 as restated					1,305,313.12	7,866,847.39	9,172,160.51
Total net position - June 30, 2015					1,325,703.81	8,965,856.90	10,291,560.71

**TOWN OF STEVENSVILLE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDING JUNE 30, 2015**

Account Number	Description	Major Funds		Other Governmental Funds	Total Governmental Funds
		Fund #1000 General	Fund #2820 Gas Apportionment Tax		
<b>ASSETS</b>					
101000	Cash and cash equivalents	474,182.66	163,344.08	425,734.93	1,063,261.67
103000	Petty cash	0.00	0.00	0.00	0.00
101100	Investments	0.00	0.00	47,417.60	47,417.60
110000	Tax/assessment receivable (net of allowance for uncollectibles)	9,848.43	0.00	730.23	10,578.66
120000	Accounts/other receivables - (net of allowance for uncollectibles)	0.00	0.00	1,880.00	1,880.00
132000	Due from other governments	0.00	0.00	1,084.50	1,084.50
<b>Total Assets</b>		<b>484,031.09</b>	<b>163,344.08</b>	<b>476,847.26</b>	<b>1,124,222.43</b>
<b>LIABILITIES</b>					
201000	Warrants payable	0.00	0.00	0.00	0.00
202100	Accounts payable	30,281.23	600.00	2,941.18	33,822.41
205200	Matured interest payable	0.00	0.00	0.00	0.00
206100	Other accrued payables	2,264.63	0.00	0.00	2,264.63
<b>Total Liabilities</b>		<b>32,545.86</b>	<b>600.00</b>	<b>2,941.18</b>	<b>36,087.04</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
220000	Deferred Inflows of Resources	0.00	0.00	0.00	0.00
223000	Deferred Inflows of Tax Revenues	9,848.43	0.00	730.23	10,578.66
<b>Total Deferred Inflows of Resources</b>		<b>9,848.43</b>	<b>0.00</b>	<b>730.23</b>	<b>10,578.66</b>
<b>FUND BALANCES:</b>					
250200	Restricted	0.00		0.00	0.00
	General government			13,685.34	13,685.34
	Public Safety			69,702.52	69,702.52
	Public Works		162,744.08	40,424.28	203,168.36
	Housing and Community Development			127,884.57	127,884.57
	Capital Projects			221,479.14	221,479.14
271000	Unassigned	441,636.80	0.00	0.00	441,636.80
<b>Total Fund Balances</b>		<b>441,636.80</b>	<b>162,744.08</b>	<b>473,175.85</b>	<b>1,077,556.73</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>484,031.09</b>	<b>163,344.08</b>	<b>476,847.26</b>	
<i>Balance check (Should equal zero):</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					475,167.41
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred outflows of resources in the funds.					10,578.66
Internal service funds are used by management to charge the costs of providing services within the government. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position.					
Current assets				0.00	
Accounts payable				0.00	
Net amount allocated to business-type/external activities				0.00	0.00
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					(237,598.99)
<b>Net position of governmental activities</b>					<b>1,325,703.81</b>
		0.00			

TOWN OF STEVENSVILLE					
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES					
GOVERNMENTAL FUNDS					
FISCAL YEAR ENDING JUNE 30, 2015					
		Major Funds			
		Fund #1000	Fund #2820	Other	Total
Account			Gas Apportionment	Governmental	Governmental
Number	Description	General	Tax	Funds	Funds
<b>REVENUES</b>					
310000/ 363000	Taxes/assessments	313,915.68	0.00	48,473.33	362,389.01
320000	Licenses and permits	8,196.66	0.00	26,775.30	34,971.96
330000	Intergovernmental revenues	186,538.69	34,324.34	105,723.70	326,586.73
340000	Charges for services	41,406.40	0.00	904.00	42,310.40
350000	Fines and forfeitures	16,816.33	0.00	2,299.00	19,115.33
360000	Miscellaneous	58,753.92	0.00	2,095.00	60,848.92
370000	Investment and royalty earnings	340.71	0.00	10,749.14	11,089.85
					0.00
	<b>Total Revenues</b>	<b>625,968.39</b>	<b>34,324.34</b>	<b>197,019.47</b>	<b>857,312.20</b>
<b>EXPENDITURES</b>					
Current:					
410000	General government	154,507.21	0.00	70,721.75	225,228.96
420000	Public safety	232,351.96	0.00	78,764.74	311,116.70
430000	Public works	106,413.94	14,012.78	11,715.20	132,141.92
460000	Culture and recreation	46,946.03	0.00	0.00	46,946.03
490000	Debt Service:				
	Principal	0.00	0.00	0.00	0.00
	Interest	0.00	0.00	0.00	0.00
					0.00
	Capital outlay	0.00	97,006.64	59,345.38	156,352.02
500000	Internal Services		0.00		0.00
510000	Miscellaneous	12,335.00	0.00	41,587.61	53,922.61
	<b>Total Expenditures</b>	<b>552,554.14</b>	<b>111,019.42</b>	<b>262,134.68</b>	<b>925,708.24</b>
	<b>Excess of revenues (under) expenditures</b>	<b>73,414.25</b>	<b>(76,695.08)</b>	<b>(65,115.21)</b>	<b>(68,396.04)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
381010/40	Bonds issued	0.00	0.00	0.00	0.00
381010/40	Discount on bonds issued	0.00	0.00	0.00	0.00
381050	Inception of capital lease	0.00	0.00	0.00	0.00
381070	Notes/loans/intercap issued	0.00	0.00	0.00	0.00
382010	Sale of capital assets	0.00	0.00	0.00	0.00
383000	Transfers In	2,996.56	0.00	11,549.55	14,546.11
521000	Transfers out (Enter as negative)	(8,000.00)	0.00	(14,388.58)	(22,388.58)
384000	Special items - revenue	0.00	0.00	0.00	0.00
385000	Extraordinary items - revenue	0.00	0.00	0.00	0.00
524000	Special items - expenditure (Negative)	0.00	0.00	0.00	0.00
525000	Extraordinary items - expenditure (Negative)	0.00	0.00	0.00	0.00
	<b>Total other financing sources (uses)</b>	<b>(5,003.44)</b>	<b>0.00</b>	<b>(2,839.03)</b>	<b>(7,842.47)</b>
	<b>Net change in fund balances</b>	<b>68,410.81</b>	<b>(76,695.08)</b>	<b>(67,954.24)</b>	<b>(76,238.51)</b>
	<b>Fund balances - July 1, 2014 as previously reported</b>	<b>379,986.75</b>	<b>239,439.16</b>	<b>540,749.34</b>	<b>1,160,175.25</b>
	<b>Prior period adjustments</b>	<b>(6,760.76)</b>	<b>0.00</b>	<b>380.75</b>	<b>(6,380.01)</b>
	<b>Fund balances - July 1, 2014 as restated</b>	<b>373,225.99</b>	<b>239,439.16</b>	<b>541,130.09</b>	<b>1,153,795.24</b>
	<b>Fund balances - June 30, 2015</b>	<b>441,636.80</b>	<b>162,744.08</b>	<b>473,175.85</b>	<b>1,077,556.73</b>

**TOWN OF STEVENSVILLE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDING JUNE 30, 2015**

**Net change in fund balances - total governmental funds (page 25)** (76,238.51)

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets purchased	<u>156,352.02</u>
Depreciation expense	<u>(45,253.13)</u>

In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from the sale of these assets:

Gain (loss) on the disposal of capital assets	<u>0.00</u>
Proceeds from the sale of capital assets	<u>0.00</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Donated capital assets	<u>0.00</u>
Long-term receivables (deferred inflow)	<u>(10,564.39)</u>

Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position:

Capital lease proceeds	<u>0.00</u>
Bond sale proceeds	<u>0.00</u>
Loan proceeds	<u>0.00</u>

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:

Capital lease obligation principal payments	<u>0.00</u>
Long-term loan/contract principal payments	<u>0.00</u>
Long-term bond principal payments	<u>0.00</u>

Internal service funds are used by management to charge the costs of certain activities, such as insurance and data processing, to individual funds. The net revenue of the internal service funds is reported with the governmental activities of the government-wide statement of activities net of the amounts allocated to business-type activities and depreciation expense

Change in net position	<u>0.00</u>
Net of amount allocated to business-type/external activities	<u>0.00</u>
Depreciation Expense	<u>0.00</u> <span style="float: right;">0.00</span>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Accrued compensated absences	<u>(3,905.30)</u>
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**Change in Net Position in Governmental Activities** 20,390.69

*Balance check:* (0.00)

TOWN OF STEVENSVILLE					
STATEMENT OF NET POSITION					
PROPRIETARY FUNDS					
FISCAL YEAR ENDING JUNE 30, 2015					
Business-type Activities					
Major Enterprise Funds					
Account Number	Description	5210 Water	5310 Sewer	5610 Airport	Totals
<b>ASSETS</b>					
<b>Current Assets</b>					
101000	Cash and cash equivalents	1,092,951.56	586,692.89	56,287.05	1,735,931.50
103000	Petty cash	150.00	0.00	0.00	150.00
101100	Investments (at fair value)	0.00	3,141.03	16,305.33	19,446.36
110000	Tax/assessment receivable (net of allowance for uncollectibles)	(494.38)	(731.08)	0.00	(1,225.46)
120000	Accounts/other receivables - (net of allowance for uncollectibles)	14,326.74	71,402.43	0.00	85,729.17
<b>Total Current Assets</b>		<b>1,106,933.92</b>	<b>660,505.27</b>	<b>72,592.38</b>	<b>1,840,031.57</b>
<b>Noncurrent Assets</b>					
180000	Capital assets:				
	Land	49,007.74	16,627.30	597,562.65	663,197.69
	Construction in progress	3,407,583.89	799,995.34	75,802.09	4,283,381.32
	Buildings	116,708.00	34,001.00	5,268.00	155,977.00
	Improvements other than buildings	5,903.30	0.00	2,848,075.50	2,853,978.80
	Machinery and equipment	52,946.00	170,430.00	206,345.00	429,721.00
	Infrastructure (utility systems)	2,027,422.44	6,113,915.74	385,174.15	8,526,512.33
	Less: accumulated depreciation	(745,703.95)	(2,012,353.46)	(1,762,653.28)	(4,520,710.69)
	Capital assets - net of accumulated depreciation	4,913,867.42	5,122,615.92	2,355,574.11	12,392,057.45
<b>Total Noncurrent Assets</b>		<b>4,913,867.42</b>	<b>5,122,615.92</b>	<b>2,355,574.11</b>	<b>12,392,057.45</b>
<b>Total Assets</b>		<b>6,020,801.34</b>	<b>5,783,121.19</b>	<b>2,428,166.49</b>	<b>14,232,089.02</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
199900	Deferred Outflow of Resources	8,077.20	7,627.62	270.54	15,975.36
<b>Total Deferred Outflows of Resources</b>		<b>8,077.20</b>	<b>7,627.62</b>	<b>270.54</b>	<b>15,975.36</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
202100	Accounts payable	20,970.65	383,216.46	115.16	404,302.27
209100	Compensated absences	14,520.16	12,808.75	23.86	27,352.77
214000	Deposits payable	613.88	(23.35)	0.00	590.53
<b>Total Current Liabilities</b>		<b>36,104.69</b>	<b>396,001.86</b>	<b>139.02</b>	<b>432,245.57</b>
<b>Noncurrent Liabilities</b>					
231000	Bonds payable	2,146,356.94	2,427,572.14	0.00	4,573,929.08
235000	Contracts/loans/notes payable	0.00	0.00	35,214.80	35,214.80
237000	Net Pension Liability	85,765.57	80,991.85	2,872.64	169,630.06
239000	Compensated absences	14,520.16	12,808.74	23.86	27,352.76
<b>Total Noncurrent Liabilities</b>		<b>2,246,642.67</b>	<b>2,521,372.73</b>	<b>38,111.30</b>	<b>4,806,126.70</b>
<b>Total Liabilities</b>		<b>2,282,747.36</b>	<b>2,917,374.59</b>	<b>38,250.32</b>	<b>5,238,372.27</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
223801	Deferred Inflows of Resources	22,163.24	20,929.64	742.33	43,835.21
<b>Total Deferred Inflows of Resources</b>		<b>22,163.24</b>	<b>20,929.64</b>	<b>742.33</b>	<b>43,835.21</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets		2,767,510.48	2,695,043.78	2,320,359.31	7,782,913.57
Restricted for:					
	Debt Service	91,008.00	119,856.00	0.00	210,864.00
	Replacement & Depreciation	66,960.00	83,160.00	0.00	150,120.00
					0.00
					0.00
	Unrestricted	798,489.46	(45,615.20)	69,085.07	821,959.33
<b>Total Net Position</b>		<b>3,723,967.94</b>	<b>2,852,444.58</b>	<b>2,389,444.38</b>	<b>8,965,856.90</b>
Balance check (Should equal zero):		0.00	0.00	0.00	
Reconciliation to government-wide statement of net position:					
Adjustment to reflect the consolidations of internal service funds activities related to enterprise funds					
<b>Net position of business-type activities</b>					<b>8,965,856.90</b>

TOWN OF STEVENSVILLE					
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION					
PROPRIETARY FUNDS					
FISCAL YEAR ENDING JUNE 30, 2015					
Business-type Activities					
Major Enterprise Funds					
Account Number	Description	5210 Water	5310 Sewer	5610 Airport	Totals
<b>OPERATING REVENUES</b>					
340000	Charges for services	344,881.66	307,991.85	20,506.75	673,380.26
363000	Special assessments	164,484.76	215,411.44	0.00	379,896.20
					0.00
	<b>Total Operating Revenues</b>	509,366.42	523,403.29	20,506.75	1,053,276.46
<b>OPERATING EXPENSES</b>					
100	Personal services	148,345.63	140,808.15	6,484.55	295,638.33
200	Supplies	32,010.09	19,735.89	8,285.48	60,031.46
300	Purchased services	85,116.23	83,249.95	3,594.78	171,960.96
500	Fixed charges	8,566.46	14,565.68	2,569.21	25,701.35
810	Loss/Bad debt expense	469.92	755.54	0.00	1,225.46
830	Depreciation	43,451.07	127,942.41	203,494.46	374,887.94
					0.00
	<b>Total Operating Expenses</b>	317,959.40	387,057.62	224,428.48	929,445.50
	Operating Income (Loss)	191,407.02	136,345.67	(203,921.73)	123,830.96
<b>NONOPERATING REVENUES (EXPENSES)</b>					
330000	Intergovernmental revenue	577,833.95	499,109.09	62,215.23	1,139,158.27
371000	Interest revenue	0.00	81.65	3,578.20	3,659.85
382030	Gain/Loss on Sale of Capital Assets (Loss is negative)	0.00	0.00	2,031.00	2,031.00
490000	Debt service interest expense (Enter as negative)	(47,580.48)	(99,139.16)	(1,160.83)	(147,880.47)
	<b>Total Non-Operating Revenues (Expenses)</b>	530,253.47	400,051.58	66,663.60	996,968.65
	Income (Loss) before contributions and transfers	721,660.49	536,397.25	(137,258.13)	1,120,799.61
	Capital contributions				0.00
	Transfers in (out)	(29,790.10)	0.00	8,000.00	(21,790.10)
	Change in net position	691,870.39	536,397.25	(129,258.13)	1,099,009.51
	Total net position - July 1, 2014 as previously reported	3,130,386.05	2,418,586.79	2,522,156.39	8,071,129.23
	Prior period adjustments	(98,288.50)	(102,539.46)	(3,453.88)	(204,281.84)
	Total net position - July 1, 2014 as restated	3,032,097.55	2,316,047.33	2,518,702.51	7,866,847.39
	Total net position - June 30, 2015	3,723,967.94	2,852,444.58	2,389,444.38	8,965,856.90
			Reconciliation to government-wide statement of activities:		
			Adjustment to reflect the consolidation of internal service fund		
			activities related to enterprise funds		
			<b>Change in net position of business-type activities</b>		
			1,099,009.51		

TOWN OF STEVENSVILLE				
STATEMENT OF CASH FLOWS				
PROPRIETARY FUNDS				
FISCAL YEAR ENDING JUNE 30, 2015				
	Business-type Activities			
	Major Enterprise Funds			
Description	5210 Water	5310 Sewer	5610 Airport	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	511,892.59	521,492.29	20,506.75	1,053,891.63
Cash paid to suppliers	(458,252.59)	151,935.56	(18,401.40)	(324,718.43)
Cash paid to employees	(147,638.31)	(140,080.66)	(6,561.71)	(294,280.68)
Net cash provided (used) by operating activities	(93,998.31)	533,347.19	(4,456.36)	434,892.52
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from (to) other funds	(29,790.10)	0.00	8,000.00	(21,790.10)
Subsidies from taxes and other governments	896,108.72	552,770.58	62,134.00	1,511,013.30
Net cash provided (used) by capital and related financing activities	866,318.62	552,770.58	70,134.00	1,489,223.20
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases/acquisition/construction of capital assets	(565,124.35)	(799,995.34)	(75,802.09)	(1,440,921.78)
Principal on debt (Enter as a negative)	(26,643.06)	(45,832.84)	(7,885.20)	(80,361.10)
Interest paid on debt (Negative)	(95,580.48)	(99,139.16)	(1,160.83)	(195,880.47)
Proceeds from sales of capital assets	0.00	0.00	2,031.00	2,031.00
Net cash provided (used) by capital and related financing activities	(687,347.89)	(944,967.34)	(82,817.12)	(1,715,132.35)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earnings	0.00	81.65	3,578.20	3,659.85
Net cash provided (used) by investing activities	0.00	81.65	3,578.20	3,659.85
Net increase (decrease) in cash and cash equivalents	84,972.42	141,232.08	(13,561.28)	212,643.22
Cash and cash equivalents - July 1, 2014	1,008,129.14	448,601.84	86,153.66	1,542,884.64
Cash and cash equivalents - June 30, 2015	1,093,101.56	589,833.92	72,592.38	1,755,527.86
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	191,407.02	136,345.67	(203,921.73)	123,830.96
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	43,451.07	127,942.41	203,494.46	374,887.94
(Increase) Decrease in accounts receivable	784.27	(4,329.71)	0.00	(3,545.44)
(Increase) Decrease in intergovernmental receivables	1,741.90	2,418.71	0.00	4,160.61
(Increase) Decrease in due from other funds			(33.88)	(33.88)
Increase in allowance for uncollectible accounts			0.00	0.00
(Increase) decrease in inventories			0.00	0.00
(Increase) decrease in prepaid items			0.00	0.00
Increase (decrease) in customer deposits			0.00	0.00
Increase (decrease) in accounts payable	(332,089.89)	270,242.62	(3,951.93)	(65,799.20)
Increase (decrease) in compensated absences pay.	707.32	727.49	(43.28)	1,391.53
Total adjustments	(285,405.33)	397,001.52	199,465.37	311,061.56
Net cash provided (used) by operating activities	(93,998.31)	533,347.19	(4,456.36)	434,892.52
<b>Noncash investing, capital, and financing activities:</b>				
Borrowing under capital lease	0.00			0.00
Contributions of capital assets from government	0.00			0.00
Purchase of equipment on account	0.00			0.00
Increase in fair value of investments	0.00			0.00
Capital asset trade-ins	0.00			0.00

	<b>TOWN OF STEVENSVILLE</b>	
	<b>STATEMENT OF FIDUCIARY NET POSITION</b>	
	<b>FIDUCIARY FUNDS</b>	
	<b>FISCAL YEAR ENDING JUNE 30, 2015</b>	
		<b>Agency Funds</b>
<b>Account</b>		<b>Agency Composite</b>
<b>Number</b>	<b>Description</b>	<b>(7100-7999)</b>
	<b>ASSETS</b>	
101000	Cash and cash equivalents	132,014.21
	Receivables:	
110000	Tax/assessment receivable (net of allowance for uncollectibles)	135.34
120000	Accounts/other receivables - (net of allowance for uncollectibles)	
128000	Interest receivable	
101100	Investments (at fair value)	
	<b>Total Assets</b>	<b>132,149.55</b>
190000	<b>Deferred Outflows of Resources</b>	<b>0.00</b>
	<b>LIABILITIES</b>	
201100	Warrants payable	139,076.11
202100	Accounts payable	0.00
203100	Judgments payable	0.00
204100	Contracts payable	0.00
211000	Due to other funds	0.00
212000	Due to other governments	(7,061.90)
216000	Revenues Collected in Advance	0.00
	<b>Total Liabilities</b>	<b>132,014.21</b>
220000	<b>Deferred Inflows of Resources</b>	<b>135.34</b>
	<b>NET POSITION</b>	
	Held in trust for pension benefits and other purposes	(0.00)
	<i>Balance check:</i>	<i>(0.00)</i>



**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Government adopted the provision of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, in the 2015 fiscal year.

These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discounts projected benefit payments to their actuarial present value and attribute that present value to periods of employee service.

In addition, these Statements detail the recognition and disclosure requirements for employers with liabilities.

The Town of Stevensville is a political subdivision of the State of Montana governed by a Mayor and Council (Commission) duly elected by the registered voters of the City/Town. The City/Town utilizes the manager form of government. The accompanying financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government, but is financially accountable to or fiscally dependent upon the primary government or their omission from the financial statements would be misleading or incomplete.

Blended Component Unit:	N/A

Discretely Presented Component Unit:	N/A

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary governments is financially accountable.

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. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont.**

**C. 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 so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Taxes and assessments receivable remaining uncollected at year end are offset by deferred tax/assessment revenue, a deferred inflow of resources, since they are not available to pay liabilities of the current period.

Both financial statements are presented on the accrual basis of accounting and the modified accrual basis of accounting recognize grants and similar items, pending purely routine requirements such as filing reimbursement and/or progress reports, where all eligibility requirements imposed by the provider have been met, other than time requirements, as revenue in the current period.

Grants and similar items received prior to meeting time requirements but after all eligibility requirements are met, are recognized as deferred inflows of resources until use is required or first permitted.

The government reports the following major governmental funds:

General Fund - This 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.

Gas Apportionment Tax Fund - This fund is used to account for the activities related to funding derived for / and to be used in public works from apportioned gas taxes. The fund is maintained on the modified accrual basis of accounting.

The government reports the following major proprietary funds:

Water Enterprise Fund - This fund is used to account for the operating and nonoperating revenues and expenses of the public water utility system. The fund is maintained on the full accrual basis of accounting.

Sewer Enterprise Fund - This fund is used to account for the operating and nonoperating revenues and expenses of the public sewer utility system. The fund is maintained on the full accrual basis of accounting.

Airport Enterprise Fund - This fund accounts for charge for service and grant revenues as well as other miscellaneous revenues and the related expenses for the operation and maintenance of airport facilities. The fund is maintained on the full accrual basis of accounting.

Additionally, the government reports the following fund types:

**Fiduciary Funds**

Trust & Agency Funds - Used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These may include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds and (d) agency funds.

**TOWN OF STEVENSVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDING JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont.**

**C. Measurement focus, basis of accounting, and financial statement presentation - cont.**

The Governmental Accounting Standards Board (GASB) issued Statement No. 62. The Statement codifies the requirements of all pre-November 30, 1989 FASB and AICPA pronouncements that apply to state and local governments. Both the government-wide and proprietary fund financial statements follow the guidance of the Governmental Accounting Standards Board. Governments can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including Statement No. 62. The government has adopted the provisions of GASB Statement No. 62.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments' enterprise functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. The principal operating revenues of the enterprise funds and the government's internal service funds are charges to customers for services provided. Operating expenses for enterprise funds and internal service funds include the cost of providing such services and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance/net position**

**1. Deposits and investments**

The cash and cash equivalents are considered to be cash on hand, demand and time deposits and short-term investments with original maturity dates of three months or less from the date of acquisition.

State statutes authorize the Local Government to invest in direct obligations of the U.S. Government, such as U.S. Treasury bills and notes and U.S. Government securities as defined by law, repurchase agreements and the State Short-Term Investment Pool (STIP)

Investments are reported at fair value. The State Short-Term Investment Pool operates in accordance with State laws and regulations and is administered by the State Department of Administration.

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at fiscal year end are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Advances between funds are not available for appropriation and are not expendable available financial resources.

Accounts receivables are shown net of allowance for uncollectibles. Property tax receivables are offset by a deferred inflow account since they are not available to pay liabilities of the current period. All property tax levies are set at the time of the adoption of the annual budget. The real estate taxes are payable in two installments, the first due by November 30 and the second by May 31. Personal property taxes are assessed in April or May and are payable within 30 days of the issuance of the notice.

**3. Inventories and prepaid items**

All inventories are valued at cost. Inventories are recorded as expenditures when purchased (when consumed).

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**4. Restricted assets**

Certain assets of the enterprise funds are restricted for specific use as required by the bond indenture agreement covenants established with the issuance and sale of the revenue bonds representing a liability to the enterprise funds. These restricted assets represent cash and cash equivalents restricted for use to repay current debt, establish a reserve for future debt and the establish a replacement and depreciation reserve for the purpose of replacing the system in the future.

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont.**

**D. Assets, liabilities, and net position or equity - cont.**

**5. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, curbs, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the Local Government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of THREE years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated 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.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvements	10-39
Infrastructure	15-50
Machinery and Equipment	7

**6. Deferred outflows of resources**

Deferred outflow of resources is a financial statement element. A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. The government-wide statement of net position, proprietary fund statement of net position, and governmental fund balance sheet report a separate section for deferred outflows of resources. Deferred outflows of resources may be disclosed on the face of the financial statements, in the notes to the financial statements, or a combination of both. The Town reported \$15,975.36 for deferred outflows of resources as of June 30, 2015.

**7. Compensated absences**

As required by State law, the Local Government allows for employees to accumulate earned but unused vacation and sick leave benefits. Unused vacation leave benefits are 100 percent payable upon termination and 1/4 of unused sick leave benefits are payable upon termination. Such amounts are reported as liabilities in the appropriate governmental or business-type activity in the government wide statements. Expenditures for unpaid vacation and sick leave benefits are recorded when paid in the governmental funds on the modified accrual basis of accounting and expenses for vacation and sick leave benefits are recorded when accrued in the proprietary funds on the full accrual basis of accounting.

**8. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, 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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond issue using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Deferred inflows of Resources**

A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. The government-wide statement of net position, proprietary fund statement of net position, and governmental fund balance sheet report a separate section for deferred inflows of resources. Deferred inflows of resources may be disclosed on the face of the financial statements, in the notes to the financial statements or a combination of both.

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**TOWN OF STEVENSVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDING JUNE 30, 2015**

**10. Fund balance/Net Position**

Governmental Accounting Standards Board (GASB) Statement No. 54 requires presentation of governmental fund balances by specific purpose. In the governmental fund financial statements, the fund balance classifications are presented either discretely or in the aggregate for the following fund balance classifications: non-spendable, restricted, committed, assigned and unassigned.

GASB Statement No. 63 resulted in presentation changes in the government-wide and proprietary fund financial statements. Among other changes, equity is classified as 'net position'. Components of net position are net investment in capital assets, restricted, and unrestricted. See notes J and K for further information.

**11. Management Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could vary from the estimates used.

**12. Date of Management Review**

The Town has performed an analysis of the activities and transactions subsequent to June 30, 2015 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2015. Management has performed this analysis through July 5, 2017, the date the financial statements were available to be issued.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position.

Please refer to the reconciliation of the Balance Sheet to the Statement of Net Position for Governmental Funds.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

Please refer to the reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance to the Statement of Activities for Governmental Funds.

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**3. COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The Local Government adopts an annual budget for all of its funds in accordance with Title 7, Chapter 6, Part 40 of the Montana Code Annotated. Statute requires the adoption of a preliminary budget, public hearings on the preliminary budget and the final adoption of the budget by the later of the first Thursday after the first Tuesday in September or within 30 calendar days of the receipt of the certified taxable valuations from the Department of Revenue. The Local Government must also submit a copy of the final budget to the Department of Administration by the later of October 1 or 60 days after the receipt of taxable values from the Department of Revenue.

State statute limits the making of expenditures or incurring of obligations to the amount of the final budget as adopted or as amended. Budget transfers and amendments are authorized by law, and in some instances, may require further public hearings. Any budget amendments providing for additional appropriations must identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the appropriations.

Appropriations are created by fund, function, and activity and may further be detailed by department. Expenditure limitations imposed by law extend to the department level which is identified as the legal level of budgetary control.

Encumbrance accounting is not employed for the governmental funds.

**B. Excess of expenditures over appropriations**

The Dayton Lighting District #1, a special revenue fund, had expenditures over appropriations in the amount of \$292.76.  
The Peterson Addition Lighting District #2, a special revenue fund, had expenditures over appropriations in the amount of \$212.95.  
The George Smith Lighting District #3, a special revenue fund, had expenditures over appropriations in the amount of \$349.39.

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**C. Deficit fund equity**

The Town has no funds with deficit fund balance/net position as of June 30, 2015.

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**4. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of June 30, 2015, the government had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$ -	
Repurchase Agreements	\$ -	
State Short-Term Investment Pool (STIP)	\$ -	
Certificates of Deposit	\$ 66,863.96	
Total fair value	<u>\$ 66,863.96</u>	
Portfolio weighted average maturity		

*Interest rate risk.* The Town has no investment policy that would limit interest rate risk, however Management limits interest rate risk by varying the maturity dates for certificates of deposit.

*Credit risk.* State law authorizes the local government to invest in the State Short-Term Investment Pool (STIP); repurchase agreements; registered warrants of the County or of municipalities or school districts located in the County; U.S. government treasury bills, notes, bonds and other treasury obligations such as state and local government series; general obligations of certain agencies of the United States such as Federal Home Loan Bank; and U.S. government security money market funds if the fund meets certain conditions. Credit risk is minimized by compliance with State law.

*Concentration of credit risk.* The Town's investments contain an element of concentration of credit risk since all of the investments represent over 16% of the Town's total cash. The Town does not further diversify investments because the investments are conservative and further diversification does not significantly reduce credit risk for the Town.

*Custodial credit risk.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. For an investment, this is the risk that, in the event of the failure of the counterparty, the local government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law governs the amount and types of security required to cover that portion of the deposits which is not guaranteed or insured according to law. Per state law, when negotiable securities are furnished, such securities may be placed in trust and the trustee's receipt may be accepted in lieu of actual securities when such receipt is in favor of the treasurer or town clerk and his successors. Sections 7-6-202 and 7-6-206, MCA severely limit the types of investments and time deposits which are permitted by the local government. Compliance with these statutes minimizes the local government's custodial credit risk.

**B. Interfund receivables and payables**

The Town had no due from/advance from other funds and due to/advance to other funds as of June 30, 2015.



**TOWN OF STEVENSVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDING JUNE 30, 2015**

**4. DETAILED NOTES ON ALL FUNDS - cont.**

**C. Capital assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	2,707.00	0.00	0.00	2,707.00
Construction in progress	0.00	0.00	0.00	0.00
Total capital assets not being depreciated	2,707.00	0.00	0.00	2,707.00
Capital assets being depreciated				
Buildings	427,934.00	0.00	0.00	427,934.00
Intangibles/works of art	0.00	0.00	0.00	0.00
Improvements other than buildings	123,495.68	139,798.83	0.00	263,294.51
Machinery and equipment	615,706.61	16,553.19	(24,000.00)	608,259.80
Infrastructure	21,365.50	0.00	0.00	21,365.50
Total capital assets being depreciated	1,188,501.79	156,352.02	(24,000.00)	1,320,853.81
Less accumulated depreciation for:				
Buildings	(323,878.21)	(10,110.72)	0.00	(333,988.93)
Intangibles/works of art	0.00	0.00	0.00	0.00
Improvements other than buildings	(61,309.15)	(12,676.25)	0.00	(73,985.40)
Machinery and equipment	(440,528.54)	(21,041.79)	24,000.00	(437,570.33)
Infrastructure	(1,424.37)	(1,424.37)	0.00	(2,848.74)
Total accumulated depreciation	(827,140.27)	(45,253.13)	24,000.00	(848,393.40)
Total capital assets being depreciated	361,361.52	111,098.89	0.00	472,460.41
Governmental activities capital assets net	364,068.52	111,098.89	0.00	475,167.41
<b>Business-type activities:</b>				
Capital assets not being depreciated				0.00
Land	663,197.69			663,197.69
Construction in progress	3,177,996.87	1,105,384.45		4,283,381.32
Total capital assets not being depreciated	3,841,194.56	1,105,384.45	0.00	4,946,579.01
Capital assets being depreciated				
Buildings and system	155,977.00			155,977.00
Intangibles/works of art	0.00			0.00
Improvements other than buildings	2,853,978.80			2,853,978.80
Machinery and equipment	429,721.00			429,721.00
Source of supply	84,754.00			84,754.00
Pumping plant	18,900.00			18,900.00
Treatment plant	5,823,258.93			5,823,258.93
Transmission and distribution	2,214,425.25			2,214,425.25
Infrastructure	385,174.15			385,174.15
Total capital assets being depreciated	11,966,189.13	0.00	0.00	11,966,189.13
Less accumulated depreciation for:				
Buildings and system	(96,906.41)	(3,999.41)		(100,905.82)
Intangibles/works of art	0.00	0.00		0.00
Improvements other than buildings	(1,435,275.09)	(164,515.10)		(1,599,790.19)
Machinery and equipment	(251,235.95)	(20,510.95)		(271,746.90)
Source of supply	(84,754.00)	0.00		(84,754.00)
Pumping plant	(18,900.00)	0.00		(18,900.00)
Treatment plant	(2,139,225.06)	(120,772.89)		(2,259,997.95)
Transmission and distribution	(93,847.97)	(39,411.31)		(133,259.28)
Infrastructure	(25,678.27)	(25,678.28)		(51,356.55)
Total accumulated depreciation	(4,145,822.75)	(374,887.94)	0.00	(4,520,710.69)
Total capital assets being depreciated	7,820,366.38	(374,887.94)	0.00	7,445,478.44
Business-type activities capital assets net	11,661,560.94	730,496.51	0.00	12,392,057.45

*Balance check with page 18:*

0.00

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**4. DETAILED NOTES ON ALL FUNDS - cont.**

**C. Capital assets - cont.**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	3,978.66
Public safety	22,771.94
Public works	16,979.12
Public health	0.00
Social and economic services	0.00
Culture and recreation	1,523.41
Housing and community development	0.00
Conservation of natural resources	0.00
Uncategorized	0.00
Total depreciation expense - governmental activities	45,253.13
Business-type activities:	
Water utilities	43,451.07
Sewer utilities	127,942.41
Airport	203,494.45
Ambulance services	
Total depreciation expense - business-type activities	374,887.93

**D. Operating leases**

The Town has no operating leases as of June 30, 2015.

**E. Long-term debt**

The Local Government has assumed the following long-term debt:

- 1. General Obligation Bonds** The Town had no General Obligation Bonds payable at June 30, 2015.

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**4. DETAILED NOTES ON ALL FUNDS - cont.**

**E. Long-term debt - cont.**

**2. Revenue Bonds**

Bonds payable at June 30, 2015 are comprised of the following issues:

<u>Purpose</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Term of years</u>	<u>Final maturity</u>	<u>Bonds issued</u>	<u>Outstanding 6/30/2015</u>	<u>Annual serial payment</u>
Sewer RUS #1 (5350)(2000A)	12/19/00	4.50%	40 yrs	5/19/40	\$ 1,250,000	\$ 1,020,402	\$ 67,500
Sewer RUS #3 (5350)(2000B)	12/19/00	4.50%	40 yrs	5/19/40	814,000	664,485	43,956
Sewer Bond #2 (5350)(2011)	12/14/11	3.00%	40 yrs	6/19/51	780,000	742,685	33,516
Water Bond #1 (5250)(2014)	7/6/05	2.80%	40 yrs	8/15/54	2,173,000	2,146,357	91,008
<b>Total Revenue Bonds</b>					<b>\$ 5,017,000</b>	<b>\$ 4,573,929</b>	<b>\$ 235,980</b>

**3. Special Assessment Bonds**

The Town had no Special Assessment Bonds payable at June 30, 2015.

**4. Contracts, notes, or loans**

<u>Purpose</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Outstanding 6/30/2015</u>	<u>Date of Final Payment</u>
Montana Aeronautics #2 (08GL)	\$ 46,045	1/17/08	4.13%	\$ 13,814	2/28/18
Montana Aeronautics #3 (10GL)	16,250	9/3/09	1.63%	6,500	2/28/19
Montana Aeronautics #4 (14GL)	16,557	12/19/13	1.63%	14,901	2/28/23
<b>Total</b>				<b>\$ 35,215</b>	

**F. Property leased to others**

The following represents property owned by the Local Government which is leased to other governments, organizations, or individuals for specific purposes:

<u>Whom leased to</u>	<u>Description of leased property</u>	<u>Duration of lease</u>	<u>Minimum annual payment</u>
Charter Communications	Land	20 yrs	\$ 12,000
Stevensville Rural FD	Meeting room & 2 bays	Ongoing	8,000

**G. Future maturities**

Required payments of principal on the notes outstanding at June 30, 2015, including current maturities, are summarized as follows:

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>	<u>Contracts</u>
2016	\$ 80,152	\$ 11,526
2017	83,071	8,548
2018	86,103	3,279
2019	89,253	3,332
2020	92,523	1,639
Thereafter	4,142,827	6,891
	<b>\$ 4,573,929</b>	<b>\$ 35,215</b>

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**OTHER POST EMPLOYMENT BENEFITS (OPEB) NOTE DISCLOSURE**

*The Town has not implemented GASB Statement 45.*

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**NET PENSION LIABILITY NOTES:  
Public Employees' Retirement System - Defined Benefit:**

**Plan Description – 76a**

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

**Summary of Benefits – 76b**

Member's highest average compensation (HAC)

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation.

**Eligibility for benefit**

Service retirement:

Hired prior to July 1, 2011:

Age 60, 5 years of membership service;  
Age 65, regardless of membership service; or  
Any age, 30 years of membership service.

Hired on or after July 1, 2011:

Age 65, 5 years of membership service;  
Age 70, regardless of membership service.

Early retirement, actuarially reduced:

Hired prior to July 1, 2011:

Age 50, 5 years of membership service; or  
Any age, 25 years of membership service.

Hired on or after July 1, 2011:

Age 55, 5 years of membership service.

Vesting

Age 55, 5 years of membership service.

**Monthly benefit formula**

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

**TOWN OF STEVENSVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDING JUNE 30, 2015**

**NET PENSION LIABILITY NOTES:**  
**Public Employees' Retirement System - Defined Benefit (cont.):**

**Guaranteed Annual Benefit Adjustment (GABA)\***

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

\*At this time, as a result of permanent injunction issued in the AMRPE vs State litigation, the GABA rate in effect is being used in the calculation. Clarification of the GABA rate for members hired on or after July 1, 2013 is pending.

Total number of members (employees) covered by benefit terms as of June 30, 2015:

1. Active plan members: 28,237
2. Inactive members entitled to but not yet receiving benefits or a refund:
  - Vested: 2,925
  - Non-Vested: 8,839
3. Inactive members and beneficiaries currently receiving benefits:
  - Service Retirements: 20,080
  - Disability Retirements: 176
  - Survivor Benefits: 425

**Overview of Contributions – 76c**

1. Rates are specified by state law for periodic employer and employee contributions  
The State legislature has the authority to establish and amend contribution rates to the plan.
2. Member contributions to the system:
  - a. Plan members are required to contribute 7.90% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.
  - b. The 7.90% member contributions is temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years following the reduction of both the additional employer and additional member contribution rates.
3. Employer contributions to the system:
  - a. State and University System employers are required to contribute 8.27% of members' compensation.
  - b. Local government entities are required to contribution 8.17% of members' compensation.
  - c. School district employers contributed 7.90% of members' compensation.
  - d. Following the 2013 Legislative Session, PERS-employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The employer additional contributions including the 0.27% added in 2007 and 2009, terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates.
  - e. Effective July 1, 2013, the additional employer contributions for DCRP and MUS-RP is allocated to the defined benefit plan's Plan Choice Rate unfunded liability.
  - f. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required
4. Non Employer Contributions
  - a. Special Funding
    - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
    - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
  - b. Not Special Funding
    - i. The State contributes from the Coal Tax Severance fund

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**NET PENSION LIABILITY NOTES:  
Public Employees' Retirement System - Defined Benefit (cont.):**

**Stand-Alone Statements – 76d**

The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena MT 59620-0131, 406-444-3154.

CAFR information including our stand alone financial statements can be found on our web site at <http://mpera.mt.gov/annualReports.shtml>

The latest actuarial valuation and experience study can be found at our website at <http://mpera.mt.gov/actuarialValuations.shtml>

**Actuarial Assumptions – 77**

The Total Pension Liability as of June 30, 2014, is based on the results of an actuarial valuation date of June 30, 2014. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the last actuarial experience study, dated May 2010 for the six year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

- General Wage Growth\* 4.00%
- \*includes Inflation at 3.00%
- Merit Increases 0% to 6%
- Investment Return 7.75%
- Postretirement Benefit Increases
  - o 3% for members hired prior to July 1, 2007
  - o 1.5% for members hired on or after July 1, 2007

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

\*At this time as a result of permanent injunction issued in the AMRPE vs State litigation, the GABA rate in effect is being used in the calculation. Clarification of the GABA rate for members hired on or after July 1, 2013 is pending.

- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.
- Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

**Discount Rate - 78a, 78b, 78d**

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non- employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**NET PENSION LIABILITY NOTES:  
Public Employees' Retirement System - Defined Benefit (cont.):**

**Target Allocations - 78c, 78e, 78f**

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.80%
Foreign Equity	18.00%	6.05%
Fixed Income	24.00%	1.68%
Private Equity	12.00%	8.50%
Real Estate	8.00%	4.50%

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated May 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, is summarized in the above table.

**Sensitivity Analysis – 78g**

	1.0% Decrease -6.75%	Current Discount Rate	1.0% Increase 8.75%
PERS' Net Pension Liability	\$1,982,274,732	\$1,246,010,898	\$625,044,646
Employer's proportion	\$580,503.46	\$364,890.73	\$183,042.54

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

**Summary of Significant Accounting Policies – 79**

The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.



**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**NET PENSION LIABILITY NOTES:  
Public Employees' Retirement System - Defined Benefit (cont.):**

**Net Pension Liability - 80a, 80b, 80c, 80d, 80e, 80f**

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Public Employees' Retirement System (PERS). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions.

In accordance with Statement 68, PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of the employers. Due to the existence of this special funding situation, local governments and school districts are required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer.

The State of Montana also has a funding situation that is not Special Funding whereby the State General Fund provides contributions from the Coal Severance Tax and interest. All employers are required to report the portion of Coal Tax Severance Tax and interest attributable to the employer.

	Net Pension Liability as of 6/30/13	Net Pension Liability as of 6/30/14	Percent of Collective NPL
Employer Proportionate Share	\$ 469,558.30	\$ 364,890.73	0.0292850%
State of Montana Proportionate Share associated with Employer	\$ 5,734.11	\$ 4,455.94	0.0372020%
<b>Total</b>	<b>\$ 475,292.41</b>	<b>\$ 369,346.67</b>	<b>0.0664870%</b>

At June 30, 2015, the employer recorded a liability of \$ 364,890.73 for its proportionate share of the

Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2014. The employer's proportion of the Net Pension Liability was based on the employer's contributions received by PERS during the measurement period July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PERS' participating employers.

At June 30, 2014, the employer's proportion was 0.029285% percent.

**Changes in actuarial assumptions and methods:** There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

**Changes in benefit terms:** There have been no changes in benefit terms since the previous measurement date.

**Changes in proportionate share:** There were no changes between the measurement date of the collective Net Pension Liability and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

**Pension Expense - 80g, 80j**

Pension Expense as of 6/30/14	
Employer's Proportionate Share	\$ 18,296.12
State of Montana Proportionate Share associated with the Employer	\$ 10,317.57
<b>Total:</b>	<b>\$ 28,613.69</b>

At June 30, 2015, the employer recognized a Pension Expense of \$ 28,613.69 for its proportionate share of the PERS' Pension Expense. The employer also recognized grant revenue of \$ 10,317.57 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the employer.

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**NET PENSION LIABILITY NOTES:  
Public Employees' Retirement System - Defined Benefit (cont.):**

**Recognition of Beginning Deferred Outflow – GASB 71**

At June 30, 2015, the employer recognized a beginning deferred outflow of resources for the employers FY2014 contributions of \$ 30,248.53

At June 30, 2015, the employer reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ -
Changes in assumptions	\$ -	\$ -
Difference between projected and actual earnings on pension plan investments	\$ -	\$ 94,281.76
Changes in proportion differences between employer contributions and proportionate share of contributions	\$ 1,446.17	\$ 12.06
Difference between actual and expected contributions		
#Contributions paid to PERS subsequent to the measurement date - FY 2015 Contributions [to be entered by the entity]	\$ 32,918.41	\$ -
<b>Total</b>	<b>\$ 34,364.58</b>	<b>\$ 94,293.82</b>

#Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2016	359.68	23,452.08	\$ (23,092.40)
2017	359.68	23,452.08	\$ (23,092.40)
2018	367.13	23,937.57	\$ (23,570.44)
2019	0.00	0.00	\$ -
Thereafter	0.00	0.00	\$ -

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**4. DETAILED NOTES ON ALL FUNDS - cont.**

**G. Pending Litigation**

The following is a list of pending litigation against the entity and the amount of damages claimed by the plaintiff. Indicate in the potential of loss column if all or a portion of the damages will be covered by insurance if the entity suffers a loss.

Case	Damages requested	Potential of loss* (Mark with X)		
		1	2	3
None				

\*The potential for loss

**1 - Probable** - The future event or events are likely to occur.

**2 - Reasonably possible** - The chance of the future event or events occurring is more than remote but less than likely.

**3 - Remote** - The chance of the future event or events occurring is slight.

**H. Restatements/prior period adjustments**

During the current fiscal year, adjustments relating to prior year's transactions were made to the fund balance and net position accounts. During the year ended June 30, 2015, the Town implemented GASB Standard 68 Accounting and Financial Reporting for Pensions and GASB Standard 71 Pension Transition for Contributions made Subsequent to the Measurement Date. The GASB Standards required the Town to recognize its proportionate share of the State of Montana's Net Pension Liability for the Montana Public Employees Retirement System. In order to book the deferred outflow of resources, net pension liability, deferred inflow of resources, and pension expense on the government-wide statements, a prior period adjustment needed to be made. The overall effect of these adjustments was to decrease net position by \$195,261 and \$204,287 for both the government activity and business-type activity, respectively.

The following is a schedule of all prior period adjustments:

Fund	Amount	Reason for adjustment
5210 - Water	7,109.75	GASB 71 entry to record beginning deferred outflow of resources
5210 - Water	(110,398.25)	Record employer's beginning proportionate share of net pension liability
5310 - Sewer	6,714.02	GASB 71 entry to record beginning deferred outflow of resources
5310 - Sewer	(104,253.47)	Record employer's beginning proportionate share of net pension liability
5610 - Airport	238.13	GASB 71 entry to record beginning deferred outflow of resources
5610 - Airport	(3,697.67)	Record employer's beginning proportionate share of net pension liability
5610 - Airport	(0.50)	Restate FY14 ending loan balance
5610 - Airport	6.16	Restate FY14 ending loan balance
Total	(204,281.83)	
1000 - General	(7,026.77)	Adjust prior year cash balance
1000 - General	266.01	Adjust prior year expenses
1000 - General	380.75	Adjust prior year expenses
1000 - General	(195,260.69)	Record pension liability - Government Wide Statements Only
Total	(201,640.70)	

**I. Pension and retirement plans**

The entity participates in the Montana Public Employees Retirement System, the Sheriff's Retirement System, and the Teacher's Retirement System. The contributions to the plans for the fiscal year are as follows:	Employer share of retirement contribution expenses	Employee share of retirement contribution	Total
a. Public Employee's Retirement System (County/City/Town)	36,617.47	35,407.33	72,024.80
b. Sheriff's Retirement System (County)			0.00
c. Teacher's Retirement System (County)			0.00
d. Other			0.00
<b>Total</b>	<b>36,617.47</b>	<b>35,407.33</b>	<b>72,024.80</b>

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

**4. DETAILED NOTES ON ALL FUNDS - cont.**

**J. 1. Fund Balance Disclosure:**

The Governmental Accounting Standards Board, Statement No. 54, requires presentation of governmental fund balances by specific purpose. In the basic financial statements, the fund balance classifications are presented in the aggregate for the following fund balance classifications: non-spendable, restricted, committed, assigned and unassigned.

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

Restricted includes fund balances that are constrained for specific purposes which are externally imposed by providers such as creditors, or amounts constrained due to law, constitutional provisions or enabling legislation.

Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned includes fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted or committed.

Fund balances may be assigned by the following designated individuals, positions or bodies:  
Town Council

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By taking the following action: adoption of the budget

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Unassigned fund balance includes positive fund balance within the General Fund which has not been classified within the above mentioned classifications. Negative fund balances in other governmental funds will be reported as unassigned.

**2. Net Position**

The government-wide and proprietary fund financial statements report net position. Net position represent the difference between assets plus deferred outflow of resources and liabilities plus deferred inflows of resources. Components of net position are net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation plus capital related deferred outflows of resources, less outstanding balance of any related borrowing used for the acquisition, construction, or improvement of those assets and capital related deferred inflows of resources. Restricted net position is defined above (see J1.), and unrestricted net position is any portion of net position that does not meet the definition of net investment in capital assets and restricted.

**K. Spending policy:**

The Local Government receives inflows from revenue and other financial sources from numerous sources for use in the General fund. The Fund will expend those resources on multiple purposes of the local government. The intention of this spending policy is to identify the expenditure order of resource categories for the General Fund. Resources will be categorized according to Generally Accepted Accounting Principles (GAAP) for state and local governments. When both restricted and unrestricted resources are available in the General Fund, the following spending policy will apply or the default will apply if a policy has not been adopted:

- 1st: Restricted
- 2nd: Committed
- 3rd: Assigned
- 4th: Unassigned

The Local Government receives inflows from revenue and other financial sources from numerous sources for use in the Special Revenue, Debt Service and Capital Projects funds. These funds will expend those resources on the specific purpose of the fund.

The intention of this spending policy is to identify the expenditure order of resource categories for these Funds. Resources will be categorized according to Generally Accepted Accounting Principles (GAAP) for state and local governments. When both restricted and unrestricted resources are available in these funds, the following spending policy will apply or the default will apply if a policy has not been adopted:

- 1st: Restricted
- 2nd: Committed
- 3rd: Assigned

**TOWN OF STEVENSVILLE  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FISCAL YEAR ENDING JUNE 30, 2015**

**L. Minimum Fund Balance Policy:**

The Local Government does not have a minimum fund balance policy in place.

**M. Major Special Revenue Funds:**

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

<b>Major Special Revenue Fund:</b>	<b>Revenue Source:</b>
Gas Tax Apportionment	MT Department of Transportation

**N. The Non-spendable Fund Balance is comprised of the following:**

Amounts reported as inventory or prepaid items include the following:

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Amounts legally or contractually required to remain intact include the following:

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Amounts not in cash form such as the long-term portion of loans receivable include the following:

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**O. Committed Fund Balance:**

The Government committed fund balance by taking the following action:

<b>Major Purpose:</b>	<b>Amount:</b>	<b>Action Taken:</b>

**P. Restricted Fund Balance:**

Fund balance is restricted by:

<b>Major Purpose:</b>	<b>Amount:</b>	<b>Source of Restriction:</b>

**TOWN OF STEVENSVILLE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2015**

5. **BOC SUPPLEMENT SCHEDULE**

1. **Intergovernmental expenditures** - Of the expenditures reported, detail below those expenditures made to other governments on a cost-sharing basis.

Purpose	Amount - Omit Cents	
	Paid to local governments	Paid to state
Airports	M01	
Libraries	M52	
Health	M32	
Local schools	M12	
Welfare	M79	L79
Other	M89	L89

2. **Salaries and Wages** - Report here the total salaries and wages paid to all employees of your government before deductions for social security, retirement, etc. Include also salaries and wages paid to employees of any utility owned and operated by your government.

Amount - Omit cents
522,032

3. **Debt outstanding**

**A. Long-term debt outstanding, issued and retired**

Purpose	Bonds Outstanding 7/1/2014	Amount -- Omit cents			
		Bonds during the fiscal year		Outstanding as of 6/30/2015	
		Issued	Retired	General Obligation	Revenue bonds
Water utility	19A 2173000	29A 29A	39A 26643	41A 41A	44A 2146357
Sewer utility	19X 2473405	29X 29X	39X 45833	41X 41X	44X 2427572

**B. Short-term debt**

Type	Beginning of fiscal year	End of fiscal year
Registered warrants	61V	64V
Contracts payable		
Notes payable		
<b>Totals</b>		

4. **Cash balances by fund type** - Cash may consist of cash on hand, checking, savings, repurchase agreements, certificates of deposit, securities, or any other cash related item.

Type of funds	Amount -- Omits cents	
General fund (1000)	W61 474183	x
Special revenue funds (2000)	W61 415809	x
Debt Service funds (3000)	W01 0	
Capital projects funds (4000)	W31 220687	x
Enterprise funds (5000)	W61 1755528	x
Internal services funds (6000)	0	
Trust and agency funds (7000)		
Permanent funds (8000)	0	
<b>Total cash all funds</b>	<b>2866207</b>	

Form BOC-1

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

TOWN OF STEVENSVILLE					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE					
BUDGET AND ACTUAL					
FISCAL YEAR ENDING JUNE 30, 2015					
Account Number	Description	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
<b>REVENUES</b>					
<b>Taxes:</b>					
311000/312000	Property taxes	261,128.00	261,128.00	271,605.24	10,477.24
314140	Local option taxes	39,777.00	39,777.00	42,310.44	2,533.44
<b>Licenses and permits</b>					
322010	Alcoholic beverage licenses	2,150.00	2,150.00	2,300.00	150.00
322020	General business licenses	2,000.00	2,000.00	1,366.66	(633.34)
323010	Building permits	0.00	0.00	0.00	0.00
323030	Animal licenses	300.00	300.00	327.00	27.00
323050	Other permits	3,900.00	3,900.00	4,203.00	303.00
<b>Intergovernmental revenue (See supplemental section for detail)</b>					
331000	Federal grants	0.00	0.00	0.00	0.00
332000/333	Federal shared revenues	0.00	0.00	0.00	0.00
334000	State grants	0.00	0.00	300.00	300.00
335000/336	State shared revenues	185,513.00	185,513.00	186,238.69	725.69
337000	Local grants	0.00	0.00	0.00	0.00
338000	Local shared revenues	0.00	0.00	0.00	0.00
<b>Charges for services</b>					
341000	General government	0.00	0.00	0.00	0.00
342000	Public safety	4,900.00	4,900.00	4,500.00	(400.00)
343000	Public works	13,500.00	13,500.00	9,950.00	(3,550.00)
344000	Public health	0.00	0.00	0.00	0.00
345000	Social/economic services	0.00	0.00	0.00	0.00
346000	Culture and recreation	27,375.00	27,375.00	26,956.40	(418.60)
<b>Fines and forfeitures</b>					
351010	Justice court	0.00	0.00	0.00	0.00
351020	District court	0.00	0.00	0.00	0.00
351030	City court	30,000.00	30,000.00	16,816.33	(13,183.67)
360000	<b>Miscellaneous</b>	10,464.00	10,464.00	58,753.92	48,289.92
370000	<b>Investment and royalty earnings</b>	50.00	50.00	340.71	290.71
<b>Total revenues</b>		<b>581,057.00</b>	<b>581,057.00</b>	<b>625,968.39</b>	<b>44,911.39</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
<b>General Government:</b>					
<b>Legislative services</b>					
100	Personal services	14,265.00	14,265.00	14,482.60	(217.60)
200-800	Supplies/services/materials, etc	6,011.00	6,011.00	5,795.75	215.25
900	Capital outlay	0.00	0.00	0.00	0.00
<b>Executive services</b>					
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
<b>Judicial services</b>					
100	Personal services	19,356.00	19,356.00	21,776.10	(2,420.10)
200-800	Supplies/services/materials, etc	26,609.00	26,609.00	23,804.06	2,804.94
900	Capital outlay	0.00	0.00	0.00	0.00

See independent auditor's report.



TOWN OF STEVENSVILLE					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE					
BUDGET AND ACTUAL					
FISCAL YEAR ENDING JUNE 30, 2015					
					VARIANCE WITH
BUDGETED AMOUNTS					FINAL BUDGET
Account Number	Description	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
410400	<b>Administrative services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
410500	<b>Financial services</b>				
100	Personal services	50,703.00	50,703.00	51,205.94	(502.94)
200-800	Supplies/services/materials, etc	15,731.00	15,731.00	16,647.71	(916.71)
900	Capital outlay	0.00	0.00	0.00	0.00
410600	<b>Elections</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
410900	<b>Records administration</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
411000	<b>Planning &amp; Research services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
411100	<b>Legal services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	15,000.00	15,000.00	13,994.90	1,005.10
900	Capital outlay	0.00	0.00	0.00	0.00
411200	<b>Facilities administration</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	8,793.00	8,793.00	6,800.15	1,992.85
900	Capital outlay	0.00	0.00	0.00	0.00
411600	<b>Public school administration</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
411800	<b>Other General Government services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
420000	<b>Public Safety:</b>				
420100	<b>Law enforcement services</b>				
100	Personal services	185,297.00	185,297.00	136,936.76	48,360.24
200-800	Supplies/services/materials, etc	43,994.00	43,994.00	51,527.10	(7,533.10)
900	Capital outlay	0.00	0.00	0.00	0.00
420200	<b>Detention and correction</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
420300	<b>Probation and parole</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00

See independent auditor's report.

TOWN OF STEVENSVILLE					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE					
BUDGET AND ACTUAL					
FISCAL YEAR ENDING JUNE 30, 2015					
					VARIANCE WITH
		BUDGETED AMOUNTS			FINAL BUDGET
Account Number	Description	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
420400	<b>Fire protection</b>				
100	Personal services	19,252.00	19,252.00	14,738.63	4,513.37
200-800	Supplies/services/materials, etc	41,602.00	41,602.00	29,149.47	12,452.53
900	Capital outlay	0.00	0.00	0.00	0.00
420500	<b>Protective inspections</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
420600	<b>Civil defense</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
420700	<b>Emergency services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
430000	<b>Public Works:</b>				
430100	<b>Public works administration</b>				
100	Personal services	38,721.00	38,721.00	39,720.98	(999.98)
200-800	Supplies/services/materials, etc	6,845.00	6,845.00	3,352.18	3,492.82
900	Capital outlay	0.00	0.00	0.00	0.00
430200	<b>Road and street services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	27,900.00	27,900.00	38,939.52	(11,039.52)
900	Capital outlay	0.00	0.00	0.00	0.00
430300	<b>Airport</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
430400	<b>Transit systems</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
430500	<b>Water utilities</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
430600	<b>Sewer utilities</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
430800	<b>Solid waste services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
430900	<b>Cemetery services</b>				
100	Personal services	25,850.00	25,850.00	19,875.88	5,974.12
200-800	Supplies/services/materials, etc	5,075.00	5,075.00	4,525.38	549.62
900	Capital outlay	0.00	0.00	0.00	0.00
431100	<b>Weed control</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00

See independent auditor's report.

TOWN OF STEVENSVILLE					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE					
BUDGET AND ACTUAL					
FISCAL YEAR ENDING JUNE 30, 2015					
Account Number	Description	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
		ORIGINAL	FINAL		FINAL BUDGET
					POSITIVE (NEGATIVE)
431300	<b>Central shop services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
440000	<b>Public Health:</b>				
440100	<b>Public health services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
440200	<b>Hospitals</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
440300	<b>Nursing homes</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
440400	<b>Mental health center</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
440600	<b>Animal control services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
440700	<b>Insect and pest controls</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
450000	<b>Social and Economic Services:</b>				
450100	<b>Welfare</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
450200	<b>Veteran's services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
450300	<b>Aging services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
450400	<b>Extension services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00

See independent auditor's report.

TOWN OF STEVENSVILLE					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE					
BUDGET AND ACTUAL					
FISCAL YEAR ENDING JUNE 30, 2015					
					VARIANCE WITH
		BUDGETED AMOUNTS			FINAL BUDGET
Account Number	Description	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
460000	<b>Culture and Recreation:</b>				
460100	<b>Library services</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
460200	<b>Fairs</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
460300	<b>Other community events</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
460400	<b>Parks</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	9,464.00	9,464.00	7,869.79	1,594.21
900	Capital outlay	0.00	0.00	0.00	0.00
460440	<b>Participant recreation</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
460450	<b>Spectator recreation</b>				
100	Personal services	31,357.00	31,357.00	21,627.29	9,729.71
200-800	Supplies/services/materials, etc	11,535.00	11,535.00	17,448.95	(5,913.95)
900	Capital outlay	0.00	0.00	0.00	0.00
470000	<b>Housing and Community Development:</b>				
470100	<b>Community public facility projects</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
470200	<b>Housing rehabilitation</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
470300	<b>Economic development</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
470400	<b>TSEP/Home/Infrastructure rehabilitation</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00

See independent auditor's report.

TOWN OF STEVENSVILLE					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE					
BUDGET AND ACTUAL					
FISCAL YEAR ENDING JUNE 30, 2015					
					VARIANCE WITH
BUDGETED AMOUNTS					FINAL BUDGET
Account Number	Description	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
480000	<b>Conservation of Natural Resources:</b>				
480100	<b>Soil conservation</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
480200	<b>Water quality control</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
480300	<b>Air quality control</b>				
100	Personal services	0.00	0.00	0.00	0.00
200-800	Supplies/services/materials, etc	0.00	0.00	0.00	0.00
900	Capital outlay	0.00	0.00	0.00	0.00
490000	<b>Debt Service:</b>				
610	Principal	0.00	0.00	0.00	0.00
620	Interest	0.00	0.00	0.00	0.00
510000	<b>Miscellaneous</b>	12,335.00	12,335.00	12,335.00	0.00
	<b>Total expenditures</b>	615,695.00	615,695.00	552,554.14	63,140.86
	<b>Excess of revenues over (under)expenditures</b>	(34,638.00)	(34,638.00)	73,414.25	108,052.25
	<b>OTHER FINANCING SOURCES (USES)</b>				
381010/40	Proceeds from sale of bonds	0.00	0.00	0.00	0.00
381010/40	Discount on bonds issued	0.00	0.00	0.00	0.00
381050	Inception of capital lease	0.00	0.00	0.00	0.00
381070	Notes/loans/intercap issued	0.00	0.00	0.00	0.00
382010	Sale of assets	0.00	0.00	0.00	0.00
383000	Transfers In	0.00	0.00	2,996.56	2,996.56
520000	Transfers out (enter as a negative)	(4,000.00)	(4,000.00)	(8,000.00)	(4,000.00)
384000	Special items - revenue	0.00	0.00	0.00	0.00
385000	Extraordinary items - revenue	0.00	0.00	0.00	0.00
524000	Special items - expenditure (enter as negative)	0.00	0.00	0.00	0.00
525000	Extraordinary items - expenditure (enter as negative)	0.00	0.00	0.00	0.00
	<b>Total other financing sources (uses)</b>	(4,000.00)	(4,000.00)	(5,003.44)	(1,003.44)
	<b>Net change in fund balance</b>	(38,638.00)	(38,638.00)	68,410.81	107,048.81
	<b>Fund balances - July 1, 2014 as previously reported</b>			379,986.75	
	<b>Prior period adjustments</b>			(6,760.76)	
	<b>Fund balances - July 1, 2014 as restated</b>			373,225.99	
	<b>Fund balances - June 30, 2015</b>			441,636.80	

See independent auditor's report.

**TOWN OF STEVENSVILLE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
MAJOR SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED JUNE 30, 2015**

		Fund #2820			
		Gas Apportionment Tax			
		BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET
ACCOUNT NUMBER	DESCRIPTION	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
	<b>REVENUES</b>				
	<b>Taxes:</b>				
311000/312000	Property taxes				0.00
314140	Local option taxes				0.00
	<b>Licenses and permits</b>				
322010	Alcoholic beverage licenses				0.00
322020	General business licenses				0.00
323010	Building permits				0.00
323030	Animal licenses				0.00
323050	Other permits				0.00
	<b>Intergovernmental revenue (See supplemental section for detail)</b>				
331000	Federal grants				0.00
332000/333	Federal shared revenues				0.00
334000	State grants				0.00
335000/336	State shared revenues	34,325.00	34,325.00	34,324.34	(0.66)
337000	Local grants				0.00
338000	Local shared revenue				0.00
	<b>Charges for services</b>				
341000	General government				0.00
342000	Public safety				0.00
343000	Public works				0.00
344000	Public health				0.00
345000	Social/economic services				0.00
346000	Culture and recreation				0.00
	<b>Fines and forfeitures</b>				
351010	Justice court				0.00
351020	District court				0.00
351030	City court				0.00
360000	<b>Miscellaneous</b>				0.00
370000	<b>Investment and royalty earnings</b>				0.00
	<b>Total revenues</b>	34,325.00	34,325.00	34,324.34	(0.66)
See independent auditor's report.					

**TOWN OF STEVENSVILLE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 MAJOR SPECIAL REVENUE FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2015**

		Fund #2820			
		Gas Apportionment Tax			
					VARIANCE
					WITH FINAL
		BUDGETED AMOUNTS			BUDGET
ACCOUNT				ACTUAL	POSITIVE
NUMBER	DESCRIPTION	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
	<b>EXPENDITURES</b>				
	<b>Current:</b>				
410000	<b>General Government:</b>				
100	Personal services				0.00
200-800	Supplies/services/materials, etc				0.00
420000	<b>Public Safety</b>				
100	Personal services				0.00
200-800	Supplies/services/materials, etc				0.00
430000	<b>Public Works</b>				
100	Personal services				0.00
200-800	Supplies/services/materials, etc	55,000.00	55,000.00	14,012.78	40,987.22
440000	<b>Public Health</b>				
100	Personal services				0.00
200-800	Supplies/services/materials, etc				0.00
450000	<b>Social and Economic Services</b>				
100	Personal services				0.00
200-800	Supplies/services/materials, etc				0.00
460000	<b>Culture and Recreation</b>				
100	Personal services				0.00
200-800	Supplies/services/materials, etc				0.00
470000	<b>Housing and Community Development</b>				
100	Personal services				0.00
200-800	Supplies/services/materials, etc				0.00
480000	<b>Conservation of Natural Resources</b>				
100	Personal services				0.00
200-800	Supplies/services/materials, etc				0.00
900	<b>Capital expenditures</b>	83,450.00	83,450.00	97,006.64	(13,556.64)
490000	<b>Debt Service</b>				
610	Principal				0.00
620	Interest				0.00
510000	<b>Miscellaneous</b>				0.00
	<b>Total expenditures</b>	138,450.00	138,450.00	111,019.42	27,430.58
	<b>Excess of revenues over (under)expenditures</b>	(104,125.00)	(104,125.00)	(76,695.08)	27,429.92
	<b>OTHER FINANCING SOURCES (USES)</b>				
381000	Bonds issued				0.00
381000	Discount on bonds issued				0.00
381050	Inception of capital lease				0.00
381070	Notes/loans/intercap issued				0.00
382010	Sale of assets				0.00
383000	Transfers In				0.00
520000	Transfers out (enter as a negative)				0.00
384000	Special items - revenue				0.00
385000	Extraordinary items - revenue				0.00
524000	Special items - expenditure (enter as negative)				0.00
525000	Extraordinary items - expenditure(enter as negative)				0.00
	<b>Total other financing sources (uses)</b>	0.00	0.00	0.00	0.00
	<b>Net change in fund balance</b>	(104,125.00)	(104,125.00)	(76,695.08)	27,429.92
	<b>Fund balances - July 1, 2014 as previously reported</b>			239,439.16	
	<b>Prior period adjustments</b>			0.00	
	<b>Fund balances - July 1, 2014 as restated</b>			239,439.16	
	<b>Fund balances - June 30, 2015</b>			162,744.08	

See independent auditor's report.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Mayor and Council  
Town of Stevensville

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stevensville (the Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 5, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

*Wipfli LLP*

Wipfli LLP  
July 5, 2017  
Helena, MT



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with OMB Circular A-133**

To the Mayor and Council  
Town of Stevensville

### **Report on Compliance for Each Major Federal Program**

We have audited the Town of Stevensville's (the Town) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2015. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. 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. An audit includes examining, on a test basis, evidence about the Town'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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2015.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to above that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on the major federal program is not modified with respect to this matter.

The Town's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.



The Town's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Wipfli LLP*

Wipfli LLP  
July 5, 2017  
Helena, Montana

# Town of Stevensville

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>		
<b>Passed through Montana DNRC</b>		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 585,241
<b>Total Federal Expenditures CFDA #10.760</b>		<b>\$ 585,241</b>
<b>U.S. Department of Transportation</b>		
<b>Passed through Montana Department of Transportation</b>		
Airport Improvement Program	20.106	\$ 60,134
<b>Total Federal Expenditures CFDA #20.106</b>		<b>\$ 60,134</b>
<b>U.S. Department of Justice</b>		
<b>Passed through Montana Department of Justice</b>		
Community Oriented Policing Services (COPS) Grant	16.710	\$ 47,780
<b>Total Federal Expenditures CFDA #20.106</b>		<b>\$ 47,780</b>
<b>TOTAL FEDERAL EXPENDITURES</b>		<b>\$ 693,155</b>

### Notes to Schedule of Expenditures of Federal Awards

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town of Stevensville under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Town of Stevensville, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Stevensville.

#### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

See independent auditor's report.

# Town of Stevensville

June 30, 2015

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

#### *Financial Statements*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Is any noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

#### *Federal Awards*

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, <i>Audits of State, Local Governments, and Non-Profit Organizations</i> , Section .510(a)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

CFDA Number(s) and Name of Federal Program or Cluster

10.760	Water and Waste Disposal Systems for Rural Communities
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Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u>
Is the auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

# Town of Stevensville

June 30, 2015

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## SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

## Section III – Findings and Questioned Costs for Federal Awards

### 2015-001: Late Submission of Single Audit

*Criteria:* Entities who receive a single audit are required to submit the results of their audit within nine months of their fiscal year end.

*Condition:* The Town's annual audit for 2014 was not submitted to the Federal Audit Clearinghouse and the 2015 audit was not submitted by May 31, 2016.

*Cause:* The Town did not prepare a text searchable AFR for the 2014 audit. For the 2015 submission, the Town did not complete their AFR until May 2016.

*Effect or Potential Effect:* The Town is considered a 'high risk' auditee as a result of late audit submissions.

*Recommendation:* We recommend that the Town implement procedures to more quickly prepare the AFR in a text searchable report.

*View of Responsible Official:* The Annual Financial Report (AFR) for the Town of Stevensville was submitted late due to staff changes and difficulty obtaining information necessary to complete the report. Many schedules had to be created and/or re-created, which slowed the process and delayed the audit. Moving forward, the district expects to prepare the AFR in a timely manner, have the audit conducted much earlier, and submit the report timely.

## Section IV – Current Status of Prior Year Findings

2014-001 Account Reconciliations:

- The corrective action plan was implemented during the fiscal year.

**Town of Stevensville  
CORRECTIVE ACTION PLAN  
OMB Circular A-133  
June 30, 2015**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2015-001	Management will focus on limiting staff changes to help with difficulties obtaining information necessary to complete the report and the need to create and/or re-create schedules used in building the AFR. Management's goal is these changes will allow the Town to complete the AFR in a timely manner and have the audit conducted much earlier, resulting in a timely submission of the report.	June 30, 2016	Roxanne Wagner