

**TOWN OF ENNIS  
MADISON COUNTY  
ENNIS, MONTANA**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2022**

**OLNESS & ASSOCIATES, P. C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

2810 CENTRAL AVENUE, SUITE B  
BILLINGS, MONTANA 59102  
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TOWN OF ENNIS

ORGANIZATION

June 30, 2022

MAYOR

Nici Haas

TOWN COMMISSION

Kristy Ranson	Member
Tina Allison	Member
Nikki Hankins	Member
Cory Hardy	Member
Brandi Palmerton	Member

TOWN OFFICIALS

John Moore	Chief of Police
Marjorie Guinn	Clerk/Treasurer
Arthur Behar	Police Judge
Brittney Hirsch	Deputy Clerk/Treasurer

# OLNESS & ASSOCIATES, P. C.

CURT D. WYSS, CPA

CERTIFIED PUBLIC ACCOUNTANTS  
2810 CENTRAL AVENUE, SUITE B  
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ERNEST J. OLNESS, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Commission  
Town of Ennis  
Ennis, Montana

### Qualified and Unmodified Opinions

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 Ennis, Montana (the government) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

#### Qualified Opinions:

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and the water and sewer funds (major proprietary funds) of the government, as of June 30, 2022, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### Unmodified Opinions:

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the government as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the government and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

#### Matter Giving Rise to the Qualified Opinions:

Management has not recorded the total other post-employment benefit (OPEB) liability and related expense in the governmental activities, business-type activities and the water and sewer funds (major proprietary funds). Accounting principles generally accepted in the United States of America require that the total OPEB liability and related expense be recorded, which would increase liabilities, decrease net position and change expenses in the governmental activities, business-type activities and the water and sewer funds (major proprietary funds). The amount by which this departure would affect liabilities, net position and expenses has not been determined.

### Emphasis of Matter

As described in Note 1 to the financial statements, the government adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 government's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension plan information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 of America, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the government's 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 government's internal control over financial reporting and compliance.

*Olness & Associates, PC*

Billings, Montana  
March 24, 2023

TOWN OF ENNIS  
MANAGEMENT'S DISCUSSION & ANALYSIS

The discussion and analysis of the Town of Ennis' financial performance provides an overall review of the Town's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

### FINANCIAL HIGHLIGHTS

- Net position for the Town of Ennis, as of June 30, 2022, was \$9,519,605. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Ennis' total net position decreased \$16,760.
- As of June 30, 2022, the governmental funds reported combined ending fund balances of \$761,253, an increase of \$126,226 from the prior year. The increase is due largely to conservative spending.
- As of June 30, 2022, unassigned fund balance for the general fund was \$278,599, or approximately 54 percent of total general fund expenditures. A portion of the unassigned fund balance was appropriated to meet 2022-2023 general fund expenditures.

### USING THIS ANNUAL FINANCIAL REPORT

This discussion is intended to serve as an introduction to the Town of Ennis' basic financial statements. The Town of Ennis' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Ennis' finances in a manner similar to private-sector business. The Statement of Net Position presents information on all the Town of Ennis' assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as *net position*. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. However, in evaluating the overall financial position of the Town, non-financial factors such as the Town's tax base, change in tax laws, and the condition of the capital assets should also be considered.

Both the Statement of Net Position and the Statement of Activities use the *accrual basis of accounting* which is similar to the accounting method used by most private-sector companies. This basis of accounting accounts for all of the current year's revenues and expenses regardless of when the cash is received or paid.

The Statement of Net Position and the Statement of Activities distinguish between the following activities:

Government activities, normally supported by taxes and intergovernmental revenues, include general government, public safety, public works and parks and recreation.

Business-type activities recover all or a significant portion of their costs through user fees and charges. Included are the water, sewer and ambulance funds.

### FUND FINANCIAL STATEMENTS

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

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

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

The Town's major governmental funds are the General, Library, Health Insurance-Employer Contributions, Permissive Medical and ARPA funds. The Town's major proprietary funds are Water and Sewer.

TOWN OF ENNIS  
MANAGEMENT'S DISCUSSION & ANALYSIS

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The funds are reported using an accounting method called *modified accrual accounting* that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds.

*Proprietary Funds:* Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds are the same as its business-type activities we report in the government-wide statements, but provide more detail and additional information such as cash flows.

**THE GOVERNMENT AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Following are schedules of net position and change in net position.

**NET POSITION:**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 931,299	\$ 778,031	\$ 2,534,775	\$ 2,427,217	\$ 3,466,074	\$ 3,205,248
Capital assets	4,666,891	4,785,087	2,074,137	2,158,339	6,741,028	6,943,426
Total assets	<u>5,598,190</u>	<u>5,563,118</u>	<u>4,608,912</u>	<u>4,585,556</u>	<u>10,207,102</u>	<u>10,148,674</u>
Deferred outflows of resources	71,361	93,585	30,582	48,212	101,943	141,797
Other liabilities	161,309	126,826	4,588	-	165,897	126,826
Long-term liabilities outstanding	318,998	435,767	123,710	214,604	442,708	650,371
Total liabilities	<u>480,307</u>	<u>562,593</u>	<u>128,298</u>	<u>214,604</u>	<u>608,605</u>	<u>777,197</u>
Deferred inflows of resources						
Pension plan	124,382	11,170	53,306	5,754	177,688	16,924
Unavailable revenue	3,147	6,688	-	-	3,147	6,688
Total deferred inflows	<u>127,529</u>	<u>17,858</u>	<u>53,306</u>	<u>5,754</u>	<u>180,835</u>	<u>23,612</u>
Net position:						
Net investment in capital assets	4,665,078	4,779,780	2,074,137	2,158,339	6,739,215	6,938,119
Restricted	445,353	424,578	-	-	445,353	424,578
Unrestricted	(48,716)	(128,106)	2,383,753	2,255,071	2,335,037	2,126,965
	<u>\$ 5,061,715</u>	<u>\$ 5,076,252</u>	<u>\$ 4,457,890</u>	<u>\$ 4,413,410</u>	<u>\$ 9,519,605</u>	<u>\$ 9,489,662</u>

TOWN OF ENNIS  
MANAGEMENT'S DISCUSSION & ANALYSIS

CHANGE IN NET POSITION:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 86,820	\$ 81,853	\$ 656,795	\$ 778,838	\$ 743,615	\$ 860,691
Operating grants/contributions	360,604	216,347	9,958	13,245	370,562	229,592
General revenues:						
Taxes	563,800	527,626	-	-	563,800	527,626
Intergovernmental	166,358	160,681	-	-	166,358	160,681
Interest	1,562	903	5,214	5,237	6,776	6,140
Miscellaneous	25,396	23,942	-	26,764	25,396	50,706
Loss on disposal of assets	-	-	-	(160,662)	-	(160,662)
Total revenues	<u>1,204,540</u>	<u>1,011,352</u>	<u>671,967</u>	<u>663,422</u>	<u>1,876,507</u>	<u>1,674,774</u>
<b>Expenses:</b>						
General government	379,916	357,958	-	-	379,916	357,958
Public safety	237,690	183,306	-	-	237,690	183,306
Public works	417,151	325,762	-	-	417,151	325,762
Public health	607	741	-	-	607	741
Culture and recreation	286,956	238,371	-	-	286,956	238,371
Water	-	-	244,322	174,346	244,322	174,346
Sewer	-	-	271,752	227,392	271,752	227,392
Ambulance	-	-	54,594	160,886	54,594	160,886
Interest on long-term debt	279	464	-	-	279	464
Total expenses	<u>1,322,599</u>	<u>1,106,602</u>	<u>570,668</u>	<u>562,624</u>	<u>1,893,267</u>	<u>1,669,226</u>
Change in net position before transfers	(118,059)	(95,250)	101,299	100,798	(16,760)	5,548
Transfers	103,522	84,866	(103,522)	(84,866)	-	-
Change in net position	(14,537)	(10,384)	(2,223)	15,932	(16,760)	5,548
Net position, beginning	5,076,252	5,086,636	4,413,410	4,397,478	9,489,662	9,484,114
Prior period adjustments	-	-	46,703	-	46,703	-
Net position, ending	<u>\$ 5,061,715</u>	<u>\$ 5,076,252</u>	<u>\$ 4,457,890</u>	<u>\$ 4,413,410</u>	<u>\$ 9,519,605</u>	<u>\$ 9,489,662</u>

The following is an analysis of balances in the Town's major individual funds.

**GOVERNMENTAL FUNDS**

Fund balance for the general fund increased \$106,037, mainly due to conservative spending. The library fund balance increased \$3,639. Fund balance for the health insurance-employer contribution fund decreased \$41,293 due to higher than expected health insurance expenditures. Fund balance for the permissive medical levy fund increased \$19,639.

**PROPRIETARY FUNDS**

The Town of Ennis has two major enterprise funds consisting of Water and Sewer. The basic financial statements for the major funds are included in this report. Net position for the water fund decreased \$6,800 due to significant repairs to the system. Net position for the Sewer fund increased \$59,171 due to conservative spending



TOWN OF ENNIS  
MANAGEMENT'S DISCUSSION & ANALYSIS

**DEBT ADMINISTRATION**

Compensated absences in the water and sewer funds had a balance of \$10,724 at June 30, 2022. Governmental activities compensated absences were \$53,549 at June 30, 2022.

**CAPITAL ASSETS**

The Town of Ennis' net investment in capital assets for its governmental and business-type activities as of June 30, 2022 was \$6,739,215.

**ECONOMIC FACTORS & NEXT YEAR'S BUDGET & RATES**

The Town has seen a lot of growth in the last year. Numerous apartments and single-family residences have been built. As Ennis has had a real shortage of available rentals, these are a welcome addition. However, the need for affordable housing is not being met and the Town is exploring different means to bring affordable housing/rentals for our community.

Improvements to the water and wastewater systems are ongoing. Radio read meters continue to be installed.

Water and wastewater rates are being reviewed and are slated to be changed.

A Water Preliminary Engineering Report (PER) has been completed. The report recommends that Ennis develops another water supply well, a new storage tank, replace or repair fire hydrants and water meters, install a backup generator at Well #2, replace old valves in the distribution system, add a chlorination system at each well house, put security fencing at Well #3 and loop dead-end mains. Though these improvements cannot be done all at one time the Town is looking at rate increases, grants and loans to begin on the water supply well and the obtaining land for a new 700,000 gallon storage tank,

A Wastewater Preliminary Engineering Report is in process and is expected to be completed prior to the 23-24 fiscal year.

**CONTACT THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have any questions about this report or need additional financial information, contact the Clerk/Treasurer of the Town of Ennis, PO Box 147, Ennis, MT, 59729.

TOWN OF ENNIS  
STATEMENT OF NET POSITION  
June 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 841,900	\$ 1,935,468	\$ 2,777,368
Receivables:			
Taxes and assessments	8,737	-	8,737
Governments	50,114	-	50,114
Utility	-	59,839	59,839
Internal balances	(5,057)	5,057	-
Prepays	35,605	4,054	39,659
Investment in joint venture	-	11,891	11,891
Restricted assets:			
Cash and equivalents	-	518,466	518,466
Capital assets:			
Land	146,205	192,779	338,984
Capital assets, net of accumulated depreciation	4,520,686	1,881,358	6,402,044
Total assets	<u>5,598,190</u>	<u>4,608,912</u>	<u>10,207,102</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plans	71,361	30,582	101,943
<b>LIABILITIES</b>			
Accounts payable-vendors	71,787	4,588	76,375
Unearned revenues	89,522	-	89,522
Long-term liabilities:			
Due within one year:			
Notes payable	1,813	-	1,813
Compensated absences	7,236	3,372	10,608
Due in more than one year:			
Net pension liability	263,636	112,986	376,622
Compensated absences	46,313	7,352	53,665
Total liabilities	<u>480,307</u>	<u>128,298</u>	<u>608,605</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plans	124,382	53,306	177,688
Unavailable revenue-long term special assessments	3,147	-	3,147
Total deferred inflows of resources	<u>127,529</u>	<u>53,306</u>	<u>180,835</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,665,078	2,074,137	6,739,215
Restricted for:			
General government	36,795	-	36,795
Public safety	5,867	-	5,867
Public works	310,555	-	310,555
Culture and recreation	38,383	-	38,383
Debt service	1,950	-	1,950
Capital projects	51,803	-	51,803
Unrestricted (deficit)	(48,716)	2,383,753	2,335,037
Total net position	<u>\$ 5,061,715</u>	<u>\$ 4,457,890</u>	<u>\$ 9,519,605</u>

See notes to basic financial statements.

TOWN OF ENNIS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>						
General government	\$ 379,916	\$ 6,744	\$ 10,557	\$ (362,615)	\$ -	\$ (362,615)
Public safety	237,690	16,716	5,808	(215,166)	-	(215,166)
Public works	417,151	62,335	231,410	(123,406)	-	(123,406)
Public health	607	1,025	-	418	-	418
Culture and recreation	286,956	-	112,829	(174,127)	-	(174,127)
Interest on long-term debt	279	-	-	(279)	-	(279)
<b>Total governmental activities</b>	<b>1,322,599</b>	<b>86,820</b>	<b>360,604</b>	<b>(875,175)</b>	<b>-</b>	<b>(875,175)</b>
<b>Business-type activities:</b>						
Water	244,322	281,568	4,979	-	42,225	42,225
Sewer	271,752	375,227	4,979	-	108,454	108,454
Ambulance	54,594	-	-	-	(54,594)	(54,594)
<b>Total business-type activities</b>	<b>570,668</b>	<b>656,795</b>	<b>9,958</b>	<b>-</b>	<b>96,085</b>	<b>96,085</b>
<b>Total</b>	<b>\$ 1,893,267</b>	<b>\$ 743,615</b>	<b>\$ 370,562</b>	<b>(875,175)</b>	<b>96,085</b>	<b>(779,090)</b>
<b>General revenues:</b>						
Property taxes				563,800	-	563,800
Intergovernmental				166,358	-	166,358
Unrestricted investment earnings				1,562	5,214	6,776
Miscellaneous				25,396	-	25,396
Transfers				103,522	(103,522)	-
<b>Total general revenues and transfers</b>				<b>860,638</b>	<b>(98,308)</b>	<b>762,330</b>
<b>Change in net position</b>				<b>(14,537)</b>	<b>(2,223)</b>	<b>(16,760)</b>
Net position - beginning				5,076,252	4,413,410	9,489,662
Prior period adjustment				-	46,703	46,703
<b>Net position - ending</b>				<b>\$ 5,061,715</b>	<b>\$ 4,457,890</b>	<b>\$ 9,519,605</b>

TOWN OF ENNIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

	General	Library	Health Insurance- Employer Contribution	Permissive Medical Levy	ARPA	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 290,379	\$ 38,014	\$ 11,720	\$ 19,639	\$ 118,881	\$ 363,267	\$ 841,900
Receivables:							
Taxes and assessments	2,779	369	1,286	-	-	4,303	8,737
Governments	8,586	-	-	-	-	41,528	50,114
Prepaid items	18,486	-	-	-	17,119	-	35,605
<b>Total assets</b>	<b>\$ 320,230</b>	<b>\$ 38,383</b>	<b>\$ 13,006</b>	<b>\$ 19,639</b>	<b>\$ 136,000</b>	<b>\$ 409,098</b>	<b>\$ 936,356</b>
<b>LIABILITIES</b>							
Accounts payable-vendors	\$ 15,309	\$ -	\$ -	\$ -	\$ 46,478	\$ 10,000	\$ 71,787
Unearned revenues	-	-	-	-	89,522	-	89,522
Due to other funds	5,057	-	-	-	-	-	5,057
<b>Total liabilities</b>	<b>20,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136,000</b>	<b>10,000</b>	<b>166,366</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue-taxes and assessments	2,779	369	1,286	-	-	4,303	8,737
<b>FUND BALANCES</b>							
Nonspendable:							
Prepaid items	18,486	-	-	-	-	-	18,486
Restricted for:							
General government	-	-	11,720	19,639	-	4,023	35,382
Public safety	-	-	-	-	-	5,867	5,867
Public works	-	-	-	-	-	309,724	309,724
Culture and recreation	-	38,014	-	-	-	-	38,014
Debt service	-	-	-	-	-	1,950	1,950
Capital projects	-	-	-	-	-	51,803	51,803
Committed for:							
Culture and recreation	-	-	-	-	-	22,996	22,996
Unassigned (deficit)	278,599	-	-	-	-	(1,568)	277,031
<b>Total fund balances</b>	<b>297,085</b>	<b>38,014</b>	<b>11,720</b>	<b>19,639</b>	<b>-</b>	<b>394,795</b>	<b>761,253</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 320,230</b>	<b>\$ 38,383</b>	<b>\$ 13,006</b>	<b>\$ 19,639</b>	<b>\$ 136,000</b>	<b>\$ 409,098</b>	<b>\$ 936,356</b>

TOWN OF ENNIS  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
 June 30, 2022

Total fund balances, governmental funds	\$ 761,253
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.	4,666,891
Deferred inflows of resources related to taxes and assessments are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	5,590
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	71,361
Deferred inflows of resources related to pensions	(124,382)
Some liabilities (notes payable, the net pension liability and compensated absences) are not due and payable in the current period and, therefore, are not included in the funds.	<u>(318,998)</u>
Net position of governmental activities	<u><u>\$ 5,061,715</u></u>

TOWN OF ENNIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2022

	General	Library	Health Insurance- Employer Contribution	Permissive Medical Levy	ARPA	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes/assessments	\$ 367,076	\$ 42,234	\$ 1,875	\$ 138,959	\$ -	\$ 67,714	\$ 617,858
Fines and forfeitures	11,716	-	-	-	-	-	11,716
Licenses and permits	17,046	-	-	-	-	500	17,546
Intergovernmental	192,971	97,264	-	-	164,892	71,278	526,405
Charges for services	7,400	-	-	-	-	-	7,400
Investment earnings	1,495	-	-	-	-	67	1,562
Miscellaneous	18,946	6,607	-	-	-	400	25,953
<b>Total revenues</b>	<b>616,650</b>	<b>146,105</b>	<b>1,875</b>	<b>138,959</b>	<b>164,892</b>	<b>139,959</b>	<b>1,208,440</b>
<b>EXPENDITURES</b>							
Current:							
General government	280,545	-	25,594	27,981	-	37,129	371,249
Public safety	103,927	-	19,024	20,797	60,986	14,005	218,739
Public works	70,575	-	48,832	42,645	103,906	43,683	309,641
Public health	607	-	-	-	-	-	607
Culture and recreation	46,492	147,107	25,518	27,897	-	14,069	261,083
Debt service:							
Principal	-	-	-	-	-	3,494	3,494
Interest and other charges	59	-	-	-	-	220	279
Capital outlay	15,598	-	-	-	-	5,046	20,644
<b>Total expenditures</b>	<b>517,803</b>	<b>147,107</b>	<b>118,968</b>	<b>119,320</b>	<b>164,892</b>	<b>117,646</b>	<b>1,185,736</b>
Excess (deficiency) of revenues over expenditures	98,847	(1,002)	(117,093)	19,639	-	22,313	22,704
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	13,556	4,641	75,800	-	-	22,842	116,839
Transfers out	(6,366)	-	-	-	-	(6,951)	(13,317)
<b>Total other financing sources (uses)</b>	<b>7,190</b>	<b>4,641</b>	<b>75,800</b>	<b>-</b>	<b>-</b>	<b>15,891</b>	<b>103,522</b>
<b>Net change in fund balances</b>	<b>106,037</b>	<b>3,639</b>	<b>(41,293)</b>	<b>19,639</b>	<b>-</b>	<b>38,204</b>	<b>126,226</b>
Fund balances - beginning	191,048	34,375	53,013	-	-	356,591	635,027
<b>Fund balances - ending</b>	<b>\$ 297,085</b>	<b>\$ 38,014</b>	<b>\$ 11,720</b>	<b>\$ 19,639</b>	<b>\$ -</b>	<b>\$ 394,795</b>	<b>\$ 761,253</b>

TOWN OF ENNIS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$ 126,226
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
This is the amount by which depreciation (\$138,840) exceeded capital outlay (\$20,644) in the current period.	(118,196)
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.</p>	
	(3,900)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense.</p>	
	(8,405)
<p>Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount of debt principal repayment.</p>	
	3,494
<p>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 the governmental funds:</p>	
Compensated absences	<u>(13,756)</u>
Change in net position of governmental activities	<u><u>\$ (14,537)</u></u>

TOWN OF ENNIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2022

	Water	Sewer	Ambulance	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 811,909	\$ 1,123,559	\$ -	\$ 1,935,468
Receivables:				
Utility	19,965	39,874	-	59,839
Due from other funds	5,057	-	-	5,057
Prepays	-	4,054	-	4,054
Total current assets	<u>836,931</u>	<u>1,167,487</u>	<u>-</u>	<u>2,004,418</u>
Non-current assets:				
Investment in joint venture	<u>11,891</u>	<u>-</u>	<u>-</u>	<u>11,891</u>
Restricted assets:				
Cash and cash equivalents	<u>230,566</u>	<u>60,507</u>	<u>227,393</u>	<u>518,466</u>
Capital assets:				
Land	120,414	72,365	-	192,779
Infrastructure	676,595	233,451	-	910,046
Buildings and improvements	534,491	2,264,086	-	2,798,577
Equipment and furniture	74,635	66,383	-	141,018
Less: accumulated depreciation	<u>(745,873)</u>	<u>(1,222,410)</u>	<u>-</u>	<u>(1,968,283)</u>
Capital assets, net	<u>660,262</u>	<u>1,413,875</u>	<u>-</u>	<u>2,074,137</u>
Total non-current assets	<u>902,719</u>	<u>1,474,382</u>	<u>227,393</u>	<u>2,604,494</u>
Total assets	<u>1,739,650</u>	<u>2,641,869</u>	<u>227,393</u>	<u>4,608,912</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plans	<u>15,291</u>	<u>15,291</u>	<u>-</u>	<u>30,582</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable-vendors	4,588	-	-	4,588
Compensated absences	1,686	1,686	-	3,372
Total current liabilities	<u>6,274</u>	<u>1,686</u>	<u>-</u>	<u>7,960</u>
Non-current liabilities:				
Compensated absences	3,676	3,676	-	7,352
Net pension liability	56,493	56,493	-	112,986
Total non-current liabilities	<u>60,169</u>	<u>60,169</u>	<u>-</u>	<u>120,338</u>
Total liabilities	<u>66,443</u>	<u>61,855</u>	<u>-</u>	<u>128,298</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plans	<u>26,653</u>	<u>26,653</u>	<u>-</u>	<u>53,306</u>
<b>NET POSITION</b>				
Net investment in capital assets	660,262	1,413,875	-	2,074,137
Unrestricted	<u>1,001,583</u>	<u>1,154,777</u>	<u>227,393</u>	<u>2,383,753</u>
Total net position	<u>\$ 1,661,845</u>	<u>\$ 2,568,652</u>	<u>\$ 227,393</u>	<u>\$ 4,457,890</u>

See notes to basic financial statements.



TOWN OF ENNIS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2022

	Water	Sewer	Ambulance	Total
<b>REVENUES</b>				
Charges for services	\$ 281,568	\$ 375,227	\$ -	\$ 656,795
Total operating revenues	<u>281,568</u>	<u>375,227</u>	<u>-</u>	<u>656,795</u>
<b>OPERATING EXPENSES</b>				
Personal services	109,350	109,532	-	218,882
Supplies	28,082	18,352	555	46,989
Purchased services	67,076	68,314	50,554	185,944
Fixed charges	8,070	9,070	3,485	20,625
Depreciation	31,744	66,484	-	98,228
Total operating expenses	<u>244,322</u>	<u>271,752</u>	<u>54,594</u>	<u>570,668</u>
Operating income (loss)	<u>37,246</u>	<u>103,475</u>	<u>(54,594)</u>	<u>86,127</u>
<b>NON-OPERATING REVENUES</b>				
Interest revenue	2,736	2,478	-	5,214
Operating grants and contributions	4,979	4,979	-	9,958
Total non-operating revenues	<u>7,715</u>	<u>7,457</u>	<u>-</u>	<u>15,172</u>
Income (loss) before transfers	44,961	110,932	(54,594)	101,299
Transfers out	<u>(51,761)</u>	<u>(51,761)</u>	<u>-</u>	<u>(103,522)</u>
Change in net position	(6,800)	59,171	(54,594)	(2,223)
Net position - beginning	1,668,645	2,509,481	235,284	4,413,410
Prior period adjustments	<u>-</u>	<u>-</u>	<u>46,703</u>	<u>46,703</u>
Net position - ending	<u>\$ 1,661,845</u>	<u>\$ 2,568,652</u>	<u>\$ 227,393</u>	<u>\$ 4,457,890</u>

See notes to basic financial statements.

TOWN OF ENNIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2022

	Water	Sewer	Ambulance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 293,771	\$ 380,624	\$ 7,224	\$ 681,619
Cash paid to employees	(93,875)	(94,057)	-	(187,932)
Cash paid to suppliers for goods and services	(98,640)	(99,790)	(54,594)	(253,024)
Net cash provided (used) by operating activities	<u>101,256</u>	<u>186,777</u>	<u>(47,370)</u>	<u>240,663</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash transfers to other funds	(51,761)	(51,761)	-	(103,522)
Cash received from repayment of interfund loan	5,028	-	-	5,028
Net cash used by noncapital financing activities	<u>(46,733)</u>	<u>(51,761)</u>	<u>-</u>	<u>(98,494)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(14,026)	-	-	(14,026)
Net cash used by capital financing activities	<u>(14,026)</u>	<u>-</u>	<u>-</u>	<u>(14,026)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Decrease in investment in joint venture	1,886	-	-	1,886
Interest received	2,736	2,478	-	5,214
Net cash provided by investing activities	<u>4,622</u>	<u>2,478</u>	<u>-</u>	<u>7,100</u>
Change in cash and cash equivalents	45,119	137,494	(47,370)	135,243
Cash and cash equivalents - beginning	<u>997,356</u>	<u>1,046,572</u>	<u>274,763</u>	<u>2,318,691</u>
Cash and cash equivalents - ending	<u>\$ 1,042,475</u>	<u>\$ 1,184,066</u>	<u>\$ 227,393</u>	<u>\$ 2,453,934</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 37,246	\$ 103,475	\$ (54,594)	\$ 86,127
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	31,744	66,484	-	98,228
Pension expense	16,788	16,788	-	33,576
Decrease in accounts receivable	12,203	5,397	7,224	24,824
Increase in prepaids	-	(4,054)	-	(4,054)
Increase in accounts payable	4,588	-	-	4,588
Decrease in compensated absences	(1,313)	(1,313)	-	(2,626)
Net cash provided (used) by operating activities	<u>\$ 101,256</u>	<u>\$ 186,777</u>	<u>\$ (47,370)</u>	<u>\$ 240,663</u>

TOWN OF ENNIS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
June 30, 2022

	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 16,380
Investments	15,004
Other assets	16,181
Total assets	47,565
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations and other governments	47,565
Total net position	\$ 47,565

TOWN OF ENNIS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
For the Year Ended June 30, 2021

	Custodial Funds
<b>ADDITIONS:</b>	
Interest	\$ 30
Federal, state and local sources	8,000
Total additions	8,030
<b>DEDUCTIONS:</b>	
Distributions to others	15,575
Total deductions	15,575
Net decrease in fiduciary net position	(7,545)
Net position - beginning	55,110
Net position - ending	\$ 47,565

TOWN OF ENNIS  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the government have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government adopted the provisions of the following GASB statement:

For the year ended June 30, 2022, the government implemented the provisions of GASB Statement No. 87, Leases. This Statement was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The government's significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the government has included all funds, organizations, agencies, boards, commissions and authorities. The government has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the government are such that exclusion would cause the government's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. Based on the criteria established by the Governmental Accounting Standards Board, the government has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. Fiduciary activities are only reported in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental and enterprise funds are reported in separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The government reports the following major governmental funds:

The general fund is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The following special revenue funds are reported as major.

TOWN OF ENNIS  
NOTES TO BASIC FINANCIAL STATEMENTS

The library fund accounts for the activities of the government's library. The activities are funded through a property tax levy and contributions from Madison County.

The health insurance-employer contribution fund accounts for employer paid health insurance. Revenues are funded through a property tax levy.

The permissive medical levy fund accounts for a property tax mill levy and contributions to a group benefits plan in excess of the base contribution.

The ARPA fund is used to account for American Rescue Plan Act revenues and related expenditures.

The government reports the following major enterprise funds:

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

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

Additionally, the government reports the following fund type:

The fiduciary fund consists of custodial funds. Custodial funds account for assets held by the government as an agent for various organizations.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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 fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF ENNIS  
NOTES TO BASIC FINANCIAL STATEMENTS

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

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Investments

The Town maintains and controls a cash and investment portfolio for all funds. The investments portfolio is managed by the Town Clerk/Treasurer and overseen by the Mayor and Town Commission. The Town Clerk/Treasurer is responsible for setting the investment policies, reviewing and monitoring investments to ensure the Town's investment policies are met and ensuring investments are in compliance with State statute.

Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. The STIP portfolio is reported at fair value versus amortized cost. Investment income is allocated to individual funds owning the investment. At year-end, the net change in fair value is allocated to individual funds owning the investments.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. The government had no nonrecurring fair value measurements. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Receivables

Utility and property tax receivable bad debts are written-off using the direct write off method. Use of this method does not result in a material difference from the allowance method required by generally accepted accounting principles.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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

Inventories and Prepaid Items

Inventory items purchased are recorded as expenditures/expenses at the time of purchase. Inventory at year-end was not material and therefore not recorded. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

Certain assets are classified as restricted assets because of restrictions by management.

Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the government constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed below under the Leases section). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase

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the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Infrastructure	60-80
Building and systems	25-100
Machinery and equipment	7-15
Right to use leased equipment	7-15

Collections Not Capitalized

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

Compensated Absences

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

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

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the government's statements of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense until then. The government has one item that qualifies for reporting in this category: pension plans.

In addition to liabilities, the statements of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The government has two items that qualify for reporting in this category: pension plans and long-term special assessments.

In the governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The government will not recognize the related revenues until they are available under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet.



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Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." Governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of a resolution committing fund balance for a specified purpose by the governing board prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until the resources have been spent for the specified purpose or the governing board adopts another resolution to remove or revise the limitation.
- Assigned fund balance represents amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the clerk/treasurer to assign fund balance. The governing board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Leases

As a lessee, the government recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The government recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the government initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain

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initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the government determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The government uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the government generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the government is reasonably certain to exercise.

The government monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

As a lessor, the government recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the government initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the government determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The government uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The government monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The Special Assessment Debt fund had a deficit fund balance of \$1,568 as of June 30, 2022. The deficit in the Special Assessment Debt fund is a carryover from the prior year. The deficit is expected to be eliminated when the delinquent assessments are collected.

NOTE 3. DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents and Investments

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

Governmental activities	\$ 841,900
Business-type activities	2,453,934
Fiduciary funds	<u>31,384</u>
	<u>\$ 3,327,218</u>

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Total carrying value of cash, cash equivalents and investments as of June 30, 2022, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	\$ 175	\$ -	\$ 175
Cash in banks:			
Demand deposits	80,755	-	80,755
Savings deposits	301,802	-	301,802
Time deposits	-	15,004	15,004
Short-term Investment Program (STIP)	2,929,482	-	2,929,482
	\$ 3,312,214	\$ 15,004	\$ 3,327,218

*Custodial Credit Risk—Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2022, \$36,587 of the government's bank balance of \$518,082 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the government's name	<u>\$ 36,587</u>
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State statutes require that the government obtain securities for the uninsured portion of deposits as follows: 1.) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2.) 100% if the ratio of net worth to total assets is less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for the government's deposits as of June 30, 2022, exceeded the amount required by state statute.

Fair value measurements are as follows at June 30, 2022:

	Fair Value
State Short-Term Investment Program (STIP)	<u>\$ 2,924,203</u>

The government had no investments categorized as Level 1, 2 or 3 inputs.

The STIP investments are purchased in accordance with the statutorily mandated "Prudent Expert Principle". This pool is managed to preserve principal, while obtaining money market type returns and 24-hour liquidity. Funds may be invested for one or more days and redeemed with one business days' notice. The government's STIP ownership is represented by shares. Share prices are fixed at \$1 per share for transactional purposes. The STIP investment portfolio consists of securities with maximum maturity of 2 years or less. The portfolio is reported at fair value for financial reporting purposes. STIP income is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares.

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

*Credit Risk.* Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). The STIP portfolio is reported on at fair value versus amortized cost. The government has no investment policy that would further limit its investment choices. The Short-Term Investment Pool (STIP) maintained by the State of Montana has certain investments in derivatives. GASB requires the nature of the underlying securities and market, credit and legal risks be disclosed. Reference to the audit of the State of Montana would identify the level of risk associated with STIP.

The investments that are represented by specific identifiable investment securities are categorized in the following manner: Category 1-Insured or registered, with securities held by the government or its agent in the government's name; Category 2-Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; Category 3-Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name. The Town's investment in STIP is not categorized because it is not evidenced by securities that exist in physical or book entry form at year-end. The carrying amount approximates fair value.

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Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 146,205	\$ -	\$ -	\$ 146,205
Total capital assets, not being depreciated	<u>146,205</u>	<u>-</u>	<u>-</u>	<u>146,205</u>
Capital assets, being depreciated				
Buildings	1,110,745	-	-	1,110,745
Improvements	171,626	-	-	171,626
Machinery and equipment	146,223	20,644	-	166,867
Infrastructure	8,135,882	-	-	8,135,882
Total capital assets, being depreciated	<u>9,564,476</u>	<u>20,644</u>	<u>-</u>	<u>9,585,120</u>
Less accumulated depreciation for:				
Buildings	(379,403)	(21,075)	-	(400,478)
Improvements	(40,707)	(5,002)	-	(45,709)
Machinery and equipment	(115,701)	(10,636)	-	(126,337)
Infrastructure	(4,389,783)	(102,127)	-	(4,491,910)
Total accumulated depreciation	<u>(4,925,594)</u>	<u>(138,840)</u>	<u>-</u>	<u>(5,064,434)</u>
Total capital assets, being depreciated, net	<u>4,638,882</u>	<u>(118,196)</u>	<u>-</u>	<u>4,520,686</u>
Governmental activities capital assets, net	<u>\$ 4,785,087</u>	<u>\$ (118,196)</u>	<u>\$ -</u>	<u>\$ 4,666,891</u>
	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 192,779	\$ -	\$ -	\$ 192,779
Total capital assets, not being depreciated	<u>192,779</u>	<u>-</u>	<u>-</u>	<u>192,779</u>
Capital assets, being depreciated				
Buildings and systems	2,779,565	14,026	-	2,793,591
Improvements other than buildings	4,986	-	-	4,986
Machinery and equipment	141,018	-	-	141,018
Infrastructure	910,046	-	-	910,046
Total capital assets, being depreciated	<u>3,835,615</u>	<u>14,026</u>	<u>-</u>	<u>3,849,641</u>
Less accumulated depreciation for:				
Buildings and systems	(1,182,877)	(70,342)	-	(1,253,219)
Improvements other than buildings	(1,206)	(98)	-	(1,304)
Machinery and equipment	(70,398)	(13,830)	-	(84,228)
Infrastructure	(615,574)	(13,958)	-	(629,532)
Total accumulated depreciation	<u>(1,870,055)</u>	<u>(98,228)</u>	<u>-</u>	<u>(1,968,283)</u>
Total capital assets, being depreciated, net	<u>1,965,560</u>	<u>(84,202)</u>	<u>-</u>	<u>1,881,358</u>
Business-type activities capital assets, net	<u>\$ 2,158,339</u>	<u>\$ (84,202)</u>	<u>\$ -</u>	<u>\$ 2,074,137</u>

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Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 2,595
Public safety	7,909
Public works	108,019
Culture and Recreation	<u>20,317</u>
Total depreciation-governmental activities	<u>\$ 138,840</u>
Business-type activities:	
Water	\$ 31,744
Sewer	<u>66,484</u>
Total depreciation-business-type activities	<u>\$ 98,228</u>

Interfund Receivables, Payables and Transfers

Interfund balances as of June 30, 2022, consisted of a \$5,057 loan from the water fund to the general fund. The loan was made to assist in financing legal costs associated with litigation. \$5,057 is expected to be repaid in the subsequent year.

Interfund transfers consisted of the following:

	Transfers In	Transfers Out
Governmental activities:		
General	\$ 13,556	\$ (6,366)
Library	4,641	-
Health insurance-employer contribution	75,800	-
Nonmajor governmental funds	<u>22,842</u>	<u>(6,951)</u>
Total governmental activities	<u>\$ 116,839</u>	<u>\$ (13,317)</u>
Business-type Activities:		
Water	\$ -	\$ (51,761)
Sewer	<u>-</u>	<u>(51,761)</u>
Total business-type activities	<u>\$ -</u>	<u>\$ (103,522)</u>

Transfers use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Long-Term Debt

As of June 30, 2022, notes payable consists of the following:

	Original Amount	Term	Interest Rate	Governmental Activities
Sidewalks-2008	\$ 39,000	15 yrs	4.95%	<u>\$ 1,813</u>

The sidewalks are secured by a lien upon and against the property in which the assessment is made. The loan will be paid off in fiscal year 2023.

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Long-term liability activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental activities:					
Notes payable	\$ 5,307	\$ -	\$ (3,494)	\$ 1,813	\$ 1,813
Compensated absences	39,793	13,756	-	53,549	7,236
<b>Governmental activity long-term liabilities</b>	<b>\$ 45,100</b>	<b>\$ 13,756</b>	<b>\$ (3,494)</b>	<b>\$ 55,362</b>	<b>\$ 9,049</b>
Business-type activities:					
Compensated absences	\$ 13,350	\$ -	\$ (2,626)	\$ 10,724	\$ 3,372

For the governmental funds, compensated absences are generally liquidated by the general fund. Notes payable are liquidated by the special assessment debt fund.

**NOTE 4. OTHER INFORMATION**

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability (i.e., errors and omissions); workers compensation (i.e., employee injuries); medical insurance costs; and environmental damages. A variety of methods is used to provide insurance for these risks. The government participates in a state-wide public risk pool, MMIA, for workers' compensation coverage. The government pays monthly premiums for its employee injury insurance coverage. Tax exempt bonds were issued to fund reserves. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are deductible and maximum coverage limits. The government also participates in MMIA's liability plan which offers insurance for other risks of loss. Given lack of coverage available, the government has no coverage for potential losses from environmental damages. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Prior Period Adjustments

Prior period adjustments resulted from recording certain transactions in the incorrect accounting period.

Commitments and Contingencies

At year-end, the government had commitments outstanding, in the form of contracts, of approximately \$126,000, primarily for construction projects.

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

Interlocal Agreements

The Town and Madison County jointly maintain a combined law enforcement facility. Under this agreement, each entity is required to contribute its share of enforcement costs. For the year ended June 30, 2022, the Town incurred costs of \$6,911. Additionally, the Town and Madison County entered into an agreement whereby the County contributed \$97,264 for library services.

Joint Venture

The Town, in conjunction with the Towns of Sheridan, Twin Bridges and Virginia City, entered into an joint venture agreement to purchase machinery and equipment which may be necessary or desirable for municipal operations, to provide for the repair and maintenance of the machinery and equipment, and to provide a means of control and allocation of use which may not be practical for one of the Towns to obtain by itself and which may be mutually advantageous for the Towns as a group. The joint venture is administered by a four-member board. Each town appoints its respective member. Annually, each town contributes an amount agreed upon by all parties. During 2022, each town contributed \$2,000. Monies are deposited in a fund controlled by the board. This fund is held in a bank account separate from the accounts of any of the participating towns and is accounted for within the records of the Town of Ennis and is reported as a custodial



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fund. The title to the equipment purchased by the joint venture vests in the towns in direct proportion to their contributions. Proceeds from the sale of the equipment and/or dissolution of the joint venture will be divided in direct proportion to each of the town's contributions. The following is a summary of the equipment joint venture as of and for the year ended June 30, 2022:

Total Assets	\$	47,565
Total Equity		47,565
Total Revenues		8,030
Total Expenditures		15,575
Total Decrease in Equity		(7,545)

As of June 30, 2022, the Town of Ennis' share of joint venture capital assets was \$4,045. The joint venture capital assets include assets related to the Town's enterprise fund operations. As required by generally accepted accounting principles, the equity method of accounting was adopted by the Town for the enterprise fund's involvement in the joint venture. Investment in joint venture in the amount of \$11,891 was reported in the business-type activities and proprietary fund statements of net position.

Retirement Plan

Plan Description

The Public Employees Retirement System (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 and 3, MCA). The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. 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 participants of both the defined benefit and defined contribution retirement plans. 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. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the PERS web site at [mpera.mt.gov](http://mpera.mt.gov).

Pension Benefits

Public Employees Retirement System

Plan members hired prior to July 1, 2011 are eligible to retire at age 60 with 5 years of membership service, age 65 regardless of years of membership service or any age with 30 years of membership service. Benefits are calculated as follows: 1). if less than 25 years of membership service, 1.785% of the member's highest average compensation (HAC) multiplied by years of service credit or 2). if 25 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired on or after July 1, 2011 are eligible to retire at age 65 with 5 years of membership service or age 70 regardless of years of membership service. Benefits are calculated as follows: 1). if less than 10 years of membership service, 1.5% of the member's HAC multiplied by years of service credit, 2). if between 10 and 30 years of membership service, 1.785% of HAC multiplied by years of service credit, or 3). if 30 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired prior to July 1, 2011 are eligible for early retirement at age 50 with 5 years of membership service or any age with 25 years of membership service. Plan members hired on or after July 1, 2011 are eligible for early retirement at age 55 with 5 years of membership service. Benefits are actuarially reduced.

Second retirement applies to plan members re-employed in a PERS position after retirement. Plan members who retire before January 1, 2016 and accumulate less than 2 years' additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years' additional service credit receive a refund of the plan member's contributions from the second employment plus regular interest at 2.02%. Plan members who retire before January 1, 2016 and accumulate at least 2 years of additional service credit receive a recalculated retirement benefit based on the laws in effect at second retirement. Plan members who retire on or after January 1, 2016 and accumulate 5 or more years of additional service credit receive the same retirement benefit as prior to their return to service and a second retirement benefit for the second period of service based on the laws in effect at second retirement.

For members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 1). 3% for members hired prior to July 1, 2007, 2). 1.5% for members hired between July 1, 2007 and June 30, 2013 or, 3). Members hired on or after July 1, 2013: a). 1.5% for each year PERS is funded at or above 90%; b). 1.5% is reduced by .1% for each 2% PERS is funded below 90%; and c). 0% whenever the amortization period for PERS is 40 years or more.

Member and Employer Contributions

Public Employees Retirement System

All members contribute 7.9% of their compensation. Interest is credited to member accounts at the rates determined by the Board. All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period

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NOTES TO BASIC FINANCIAL STATEMENTS

to drop below 25 years. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contributed 8.87% of each member's compensation. This was temporarily increased from 7.07% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The additional employer contributions terminate 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. The State's General fund contributes an additional .1% of earned compensation. Beginning July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, the government recorded a liability of \$376,622 for its proportionate share of the net pension liability.

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 government. Due to the existence of this special funding situation, the government is required to report the portion of the State of Montana's proportionate share of the collective net pension liability. The government's and State of Montana's proportionate share of the net pension liability are presented below:

Employer proportionate share	\$	376,622
State of Montana proportionate share associated with employer		111,598
Total	\$	488,220

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 for PERS. The government's proportion of the net pension liability was based on the government's contributions received by PERS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all PERS participating employers. At June 30, 2022, the government's proportion was .0208 percent for PERS.

For the year ended June 30, 2022, the government recognized \$27,458 for its proportionate share of the pension expense. The government also recognized grant revenue of \$33,190 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the government. Total pension expense recognized was \$60,648.

At June 30, 2022, the government reported its proportionate share of PERS deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,019		\$ 2,726
Changes in assumptions	55,785		-
Net difference between projected and actual earnings on pension plan investments	-		152,573
Changes in the employer's proportion and differences between employer's contributions and the employer's proportionate contributions	-		22,389
Employer contributions subsequent to measurement date	42,139		-
	\$ 101,943		\$ 177,688

Amounts reported as deferred outflows of resources related to pensions resulting from the government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:



TOWN OF ENNIS  
NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended  
June 30:

2023	\$	(8,072)
2024		(24,257)
2025		(36,850)
2026		(48,705)

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return, net of investment and administrative expenses	7.06%
Salary increases	3.50%
Inflation	2.40%

Mortality rates for the PERS retirement plan is based on the RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using Scale BB.

The long-term rate of return for PERS was calculated using the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, yielding a median real return of 4.66%. The assumed inflation is based on the intermediate inflation assumption of 2.40% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the table below.

Asset Class	PERS	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.0%	-0.33%
Domestic equity	30.0%	5.90%
International equity	17.0%	7.14%
Real assets	5.0%	4.03%
Core fixed income	15.0%	1.14%
Private investments	15.0%	9.13%
Real estate	9.0%	5.41%
Non-core fixed income	6.0%	3.02%
	100.0%	

Discount Rate

Public Employees Retirement System

The discount rate used to measure the total pension liability was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer 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 a statutory appropriation from the general fund. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. 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 ENNIS  
NOTES TO BASIC FINANCIAL STATEMENTS

Sensitivity Analysis

The following presents the employer's proportionate share of the PERS net pension liability calculated using the discount rate of 7.06%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.06%) or 1.00% higher (8.06%) than the current rate.

	1% Decrease (6.06%)	Current Discount Rate (7.06%)	1% Increase (8.06%)
Net pension liability	\$ 597,828	\$ 376,622	\$ 191,081

PERS Disclosure for the Defined Contribution Plan

The government contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS 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 participants of both the defined benefit and defined contribution retirement plans.

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

At the plan level for the measurement period ended June 30, 2021, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 340 employers that have participants in the PERS-DCRP totaled \$1,103,889.

Future Implementation of GASB Pronouncements

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements addresses issues related to public-private and public-public partnerships, and provides guidance for accounting and financial reporting for availability payment arrangements. Statement 94 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter.

Statement No. 96, Subscription-Based Information Technology Arrangements provides accounting and financial reporting guidance for subscription-based information technology arrangements used by state and local governments. Statement 96 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 99, Omnibus 2022. The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement 100 is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ENNIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
General Fund  
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Amounts, Budgetary Basis	Budget to GAAP Differences (1)	Actual Amounts, GAAP Basis
	Original	Final			
<b>REVENUES</b>					
Taxes/assessments	\$ 354,904	\$ 354,904	\$ 367,076	\$ -	\$ 367,076
Fines and forfeitures	18,500	18,500	11,716	-	11,716
Licenses and permits	10,700	10,700	17,046	-	17,046
Intergovernmental	167,590	167,590	169,739	23,232	192,971
Charges for services	-	-	7,400	-	7,400
Investment earnings	1,000	1,000	1,495	-	1,495
Miscellaneous	15,400	15,400	18,946	-	18,946
<b>Total revenues</b>	<b>568,094</b>	<b>568,094</b>	<b>593,418</b>	<b>23,232</b>	<b>616,650</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	349,862	356,562	272,647	7,898	280,545
Public safety	109,114	109,114	98,119	5,808	103,927
Public works	102,100	102,100	68,716	1,859	70,575
Public health	1,800	1,800	607	-	607
Culture and recreation	53,373	53,373	38,825	7,667	46,492
<b>Debt service:</b>					
Interest and other charges	-	-	59	-	59
Capital outlay	14,000	14,000	15,598	-	15,598
<b>Total expenditures</b>	<b>630,249</b>	<b>636,949</b>	<b>494,571</b>	<b>23,232</b>	<b>517,803</b>
Excess (deficiency) of revenues over expenditures	(62,155)	(68,855)	98,847	-	98,847
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	11,246	11,246	13,556	-	13,556
Transfers out	(6,366)	(6,366)	(6,366)	-	(6,366)
<b>Total other financing sources (uses)</b>	<b>4,880</b>	<b>4,880</b>	<b>7,190</b>	<b>-</b>	<b>7,190</b>
<b>Net change in fund balance</b>	<b>\$ (57,275)</b>	<b>\$ (63,975)</b>	<b>106,037</b>	<b>-</b>	<b>106,037</b>
Fund balance - beginning			191,048	-	191,048
Fund balance - ending			<u>\$ 297,085</u>	<u>\$ -</u>	<u>\$ 297,085</u>

(1) The budget to GAAP differences consist of the state support revenue and expense recorded under GASB Statement No. 68.

TOWN OF ENNIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Library Fund  
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Taxes/assessments	\$ 41,466	\$ 41,466	\$ 42,234
Intergovernmental	88,500	88,500	97,264
Miscellaneous	<u>6,900</u>	<u>6,900</u>	<u>6,607</u>
Total revenues	<u>136,866</u>	<u>136,866</u>	<u>146,105</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	<u>160,169</u>	<u>176,413</u>	<u>147,107</u>
Total expenditures	<u>160,169</u>	<u>176,413</u>	<u>147,107</u>
Excess (deficiency) of revenues over expenditures	<u>(23,303)</u>	<u>(39,547)</u>	<u>(1,002)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>4,641</u>	<u>4,641</u>	<u>4,641</u>
Total other financing sources	<u>4,641</u>	<u>4,641</u>	<u>4,641</u>
Net change in fund balance	<u>\$ (18,662)</u>	<u>\$ (34,906)</u>	3,639
Fund balance - beginning			<u>34,375</u>
Fund balance - ending			<u>\$ 38,014</u>

TOWN OF ENNIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Health Insurance-Employer Contribution Fund  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUES</b>			
Taxes/assessments	\$ -	\$ -	\$ 1,875
Total revenues	-	-	1,875
<b>EXPENDITURES</b>			
Current:			
General government	99,460	99,460	25,594
Public safety	-	-	19,024
Public works	-	-	48,832
Culture and recreation	-	-	25,518
Total expenditures	99,460	99,460	118,968
Excess (deficiency) of revenues over expenditures	(99,460)	(99,460)	(117,093)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	75,600	75,600	75,800
Total other financing sources	75,600	75,600	75,800
Net change in fund balance	<u>\$ (23,860)</u>	<u>\$ (23,860)</u>	(41,293)
Fund balance - beginning			53,013
Fund balance - ending			<u>\$ 11,720</u>

TOWN OF ENNIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Permissive Medical Levy Fund  
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Taxes/assessments	\$ 138,834	\$ 138,834	\$ 138,959
<b>Total revenues</b>	<u>138,834</u>	<u>138,834</u>	<u>138,959</u>
<b>EXPENDITURES</b>			
Current:			
General government	138,834	138,834	27,981
Public safety	-	-	20,797
Public works	-	-	42,645
Culture and recreation	-	-	27,897
<b>Total expenditures</b>	<u>138,834</u>	<u>138,834</u>	<u>119,320</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	19,639
Fund balance - beginning			<u>-</u>
Fund balance - ending			<u>\$ 19,639</u>

TOWN OF ENNIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
ARPA Fund  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUES</b>			
Intergovernmental	\$ 127,206	\$ 127,206	\$ 164,892
<b>Total revenues</b>	<u>127,206</u>	<u>127,206</u>	<u>164,892</u>
<b>EXPENDITURES</b>			
Current:			
General government	174,689	174,689	-
Public safety	79,346	79,346	60,986
Public works	-	-	103,906
<b>Total expenditures</b>	<u>254,035</u>	<u>254,035</u>	<u>164,892</u>
Excess (deficiency) of revenues over expenditures	<u>(126,829)</u>	<u>(126,829)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	63,413	63,413	-
<b>Total other financing sources</b>	<u>63,413</u>	<u>63,413</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (63,416)</u>	<u>\$ (63,416)</u>	<u>-</u>
Fund balance - beginning			<u>-</u>
Fund balance - ending			<u>\$ -</u>



TOWN OF ENNIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2022

**BUDGETARY INFORMATION**

Money may not be disbursed, expended or obligated except pursuant to an appropriation for which working capital is or will be available. The final budget is legally enacted by the governing body by the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the department of revenue, after holding public hearings as required by state statute. Budgeted fund expenditures/expenses are limited by state law to budgeted amounts. Budgets may be amended for circumstances described by state law. The budgeted amounts as shown in the financial statements are as originally adopted or as revised by legal budget transfers and amendments, if applicable. All appropriations, except for construction-in-progress, lapse at year-end. The government does not utilize a formal encumbrance accounting system.

For the year ended June 30, 2022, expenditures exceeded appropriations in the Ennis Planning (\$10,500) and Health Insurance-Employer Contribution (\$19,508) funds.

TOWN OF ENNIS  
SCHEDULE OF CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM OF MONTANA  
For the Years Ended June 30,

<u>Public Employees Retirement System:</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 42,139	\$ 32,514	\$ 32,982	\$ 31,257	\$ 24,809	\$ 24,195	\$ 25,769	\$ 26,832
Contributions in relation to the contractually required contributions	42,139	32,514	32,982	31,257	24,809	24,195	25,769	26,832
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 473,806	\$ 366,888	\$ 376,444	\$ 363,419	\$ 292,903	\$ 289,060	\$ 293,685	\$ 311,029
Contributions as a percentage of covered payroll	8.89%	8.86%	8.76%	8.60%	8.47%	8.37%	8.77%	8.63%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

TOWN OF ENNIS  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC EMPLOYEES RETIREMENT SYSTEM OF MONTANA  
 For the Years Ended June 30,

Public Employees Retirement System:	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.0208%	0.0224%	0.0220%	0.0178%	0.0233%	0.0245%	0.0267%	0.0236%
Employer's proportionate share of the net pension liability associated with the employer	\$ 376,622	\$ 591,921	\$ 460,407	\$ 371,732	\$ 453,840	\$ 417,630	\$ 372,554	\$ 293,705
State of Montana's proportionate share of the net pension liability associated with the employer	111,598	186,725	149,955	124,952	6,632	5,103	4,576	3,587
<b>Total</b>	<b>\$ 488,220</b>	<b>\$ 778,646</b>	<b>\$ 610,362</b>	<b>\$ 496,684</b>	<b>\$ 460,472</b>	<b>\$ 422,733</b>	<b>\$ 377,130</b>	<b>\$ 297,292</b>
Employer's covered payroll	\$ 366,888	\$ 376,444	\$ 363,419	\$ 292,903	\$ 289,060	\$ 293,685	\$ 311,029	\$ 269,346
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	102.65%	157.24%	126.69%	126.91%	157.01%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

TOWN OF ENNIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION  
For the Year Ended June 30, 2022

**Public Employees Retirement System**

**Changes of Benefit Terms:**

The following changes to the plan provision were made as identified:

2017:

Working Retiree Limitations-for PERS:

- Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds:

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest Credited to Member Accounts:

- The interest credited to member accounts increased from 0.25% to 0.77%.

Lump-sum Payouts:

- Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.
- 

Disabled PERS Defined Contribution (DC) Members:

- PERS members hired after July 1, 2011, have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011, who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.
- Lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.

TOWN OF ENNIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION  
For the Year Ended June 30, 2022

**Changes in actuarial assumptions and other inputs:**

**Method and assumptions used in the PERS calculations of actuarially determined contributions:**

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.65%, net of pension plan investment expense and including inflation

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ERNEST J. OLNESS, CPA

## 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 Honorable Mayor and Town Commission  
Town of Ennis  
Ennis, Montana

### Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ennis, Montana (the government) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated March 24, 2023. The report included an explanatory paragraph to describe a change in accounting principles. The report on the governmental activities, the business-type activities and the water and sewer funds (major proprietary funds) was qualified because management has not recorded the total other post-employment benefit (OPEB) liability and related expense.

### Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001 through 2022-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-004 through 2022-006 to be significant deficiencies.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the government'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-005 through 2022-006.

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 (CONTINUED)

The Government's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the government's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The government's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*O'ness & Associates, PC*

Billings, Montana  
March 24, 2023

TOWN OF ENNIS  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2022

2022-001. SEGREGATION OF DUTIES

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls. The following internal control over utility accounting should be implemented:

- On a monthly basis, aged accounts receivable and adjustment/write-off reports for utility accounts receivable should be submitted to the Mayor and Town Council for review and approval.

Response: This is an ongoing issue for the Town of Ennis. The Town works to ensure the Commission and Mayor are involved in the day to day operations of the Town. Monthly financial reports are supplied to and reviewed by the department heads. The commission reviews all claims prior to the claim being paid. All checks require two signatures. The bank statements are currently reconciled by the clerk as we do not have a deputy clerk. The Mayor reviews the bank statements against the accounting reconciliation reports for accuracy. Monthly cash reconciliation records are reviewed at this time in the same manner as the bank reconciliation reports.

2022-002. AUDITOR PREPARED FINANCIAL STATEMENTS

Criteria: As part of its internal control structure, it is the government's responsibility to prepare its financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: The government does not have the expertise to prepare or evaluate the selection and application of accounting principles and resulting disclosures and presentations within the auditor prepared financial statements.

Cause: The government is a small organization with limited resources.

Effect: It is common for a small organization to rely on the audit firm to prepare the financial statements; however, an audit firm cannot be considered part of the government's internal control by professional standards currently in effect. Since some presentations and disclosures may be material to the financial statements, this weakness in internal control would be classified as material.

Recommendation: While it may not be cost effective to do so, we recommend the government consider hiring a qualified person to evaluate the auditor prepared financial statements.

Response: The Town of Ennis, having limited resources, is relying on the Mayor to review monthly financial statements with the Clerk/Treasurer. Quarterly statements are to be presented to the Commission for review. The annual financial statement is prepared by our auditor's office and reviewed by the Clerk/Treasurer to check the quality of the document.

2022-003. TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY NOT RECORDED

Criteria: U.S. generally accepted accounting principles require the total OPEB liability and related expense be recorded in the financial statements.

Condition: The government did not record the total other post-employment benefit (OPEB) liability and related expense (GASB Statement No. 75) in the financial statements.

Cause: The government did not engage an actuarial firm to assist in determining the total OPEB liability and related expense as of and for the year ended June 30, 2022.

Effect: The governmental activities, the business-type activities and the proprietary funds' liabilities are understated, net position is overstated and expenses would change.

Recommendation: The government should engage an actuarial firm to determine the total OPEB liability and related expense.



TOWN OF ENNIS  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2022

Response: The Town of Ennis has found that the cost outweighs the benefit.

2022-004. BANK RECONCILIATIONS

Criteria: Strong internal controls dictate bank reconciliations be completed monthly. Part of the reconciling process includes identifying and resolving unreconciled differences.

Condition: Bank reconciliations for fiscal year 2022 were not timely and unreconciled differences were not resolved, but instead were carried from month to month.

Cause: Unknown.

Effect: General ledger account balances were incorrect.

Recommendation: Bank reconciliations should be completed monthly. Unreconciled cash differences should be identified and resolved immediately.

Response: The Town is working on methods to see that bank reconciliations are completed in a timely manner. As noted earlier in this response, the Town is currently short staffed so existing staff and officials are assisting where they can.

2022-005. EXPENDITURE BUDGET OVERSPENT

Criteria: Section 7-6-4005, MCA, requires that expenditures be limited to appropriations for each budgeted fund.

Condition: The Ennis Planning and Health Insurance-Employer Contribution funds were overspent for the year ended June 30, 2022.

Effect: Non-compliance with state law.

Cause: Procedures are not in place to monitor budgeted expenditures.

Recommendation: Procedures should be developed to ensure that expenditure budgets are not overspent.

Response: The expenditure budget will be reviewed monthly and if it is found that there is, or will be, overspending, the matter will be taken to the Town Commission for consideration of a Resolution of Budget Amendment.

2022-006. BIDDING

Criteria: Per Section 7-5-4302(1), a contract for the purchase of any automobile, truck, other vehicle, road machinery, apparatus, appliances, equipment, or materials or supplies or for construction, repair, or maintenance in excess of \$80,000 must be let to the lowest responsible bidder after advertisement for bids.

Condition: The town contracted paving for an amount in excess of \$80,000 without going through the formal bid process.

Cause: Department heads misinterpreted the specific bidding requirements for this expenditure.

Effect: Noncompliance with state procurement statutes.

Recommendation: A contract for any purchase in excess of \$80,000 should be formally advertised for bid in accordance with Section 7-5-4302(1), MCA.

Response: The Town has made sure that all Department Heads know that a purchase in excess of \$80,000 has to be put out for bid and have given them Section 7-5-4302(1), MCA for reference.

TOWN OF ENNIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2022

2021-001. SEGREGATION OF DUTIES

Status: This finding is unresolved and is repeated as finding 2022-001 for the year ended June 30, 2022.

2021-002. AUDITOR PREPARED FINANCIAL STATEMENTS

Status: This finding is unresolved and is repeated as finding 2022-002 for the year ended June 30, 2022.

2021-003. TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY NOT RECORDED

Status: This finding is unresolved and is repeated as finding 2022-003 for the year ended June 30, 2022.

2021-004. EXPENDITURE BUDGET OVERSPENT

Status: This finding is unresolved and is repeated as finding 2022-005 for the year ended June 30, 2022.

# OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

ERNEST J. OLNESS, CPA

CURTIS D. WYSS, CPA

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

March 24, 2023

To the Mayor and Town Commission  
Town of Ennis  
Ennis, Montana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Ennis for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Ennis are described in Note 1 to the financial statements. We noted no transactions entered into by Town of Ennis during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in the notes to the financial statements, Town of Ennis changed accounting policies related to accounting and financial reporting by state and local governments related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases* in fiscal year 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the government's financial statements were: the depreciable lives and estimated residual value of capital assets, the current portion of the compensated absences liability, the government's proportionate share of the state retirement systems' unfunded liability, deferred inflows/outflows related to pensions, and GASB #87 assumptions. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The

attached schedule summarizes misstatements detected as a result of audit procedures that were corrected by management. The additional attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 22, 2023.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town of Ennis's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of Ennis's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management has not recorded the total other post-employment benefit (OPEB) liability and related expense. Accounting principles generally accepted in the United States of America require that the total OPEB liability and related expense be recorded, which would increase the liabilities, change expenses and decrease net position for the governmental activities, business-type activities and the proprietary fund. The amount by which this departure would affect the liabilities, net position and expenses is not reasonably determinable.

#### Other Matters

We applied certain limited procedures to Required Supplementary Information (RSI), that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

#### Restriction on Use

This information is intended solely for the information and use of the governing body and management of Town of Ennis and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*O'Leary & Associates, PC*

Billings, Montana

Client:  
Engagement: **TOWN OF ENNIS**  
Period Ending: **6/30/2022**  
Trial Balance: **TB**  
Workpaper: **Adjusting journal entries**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 7</b>				
Remove warrants payable as the town uses checks				
7910-000-000-201000-000	Warrants Payable		20,889.00	
7930-000-000-201000-000	Warrants Payable		114,952.00	
7910-000-000-101000-000	Cash - Unrestricted			20,889.00
7930-000-000-101000-000	Cash - Unrestricted			114,952.00
<b>Total</b>			<b>135,841.00</b>	<b>135,841.00</b>
<b>Adjusting Journal Entries JE # 8</b>				
Correct MAD TOWNS and adjust Joint ventures				
5210-000-000-430510-510	Water Administration		1,886.00	
7100-000-000-271000-000	Unreserved Fund Balance		21,412.00	
7100-000-000-430000-810	depreciation		10,706.00	
5210-000-000-161000-000	Investment in Joint Venture			1,886.00
7100-000-000-186100-000	Allowance for Depr - Machinery & Equip (Credit)			21,412.00
7100-000-000-186100-000	Allowance for Depr - Machinery & Equip (Credit)			10,706.00
<b>Total</b>			<b>34,004.00</b>	<b>34,004.00</b>
<b>Adjusting Journal Entries JE # 18</b>				
Enterprise GASB 68 pension entries				
5210-000-000-210000-000	Deferred inflows		1,777.00	
5210-000-000-239500-000	Net pension liability		3,767.00	
5210-000-000-334300-000	State aide-GASB 68		331.00	
5310-000-000-210000-000	Deferred inflows		3,554.00	
5310-000-000-239500-000	Net pension liability		7,533.00	
5310-000-000-334300-000	State aide-GASB 68		663.00	
5210-000-000-160000-000	Restricted Assets			1,002.00
5210-000-000-430510-140	Water Administration			4,873.00
5310-000-000-160000-000	Restricted Assets			2,020.00
5310-000-000-430610-140	Sewer Administration			9,730.00
5510-000-000-160000-000	Restricted Assets			
5510-000-000-210000-000	Deferred inflows			
5510-000-000-239500-000	Net pension liability			
5510-000-000-334300-000	State aide-GASB 68			
5510-000-000-420710-140	Emergency Medical Services - Ambulance Administration			
<b>Total</b>			<b>17,625.00</b>	<b>17,625.00</b>
<b>Adjusting Journal Entries JE # 22</b>				
REVERSE 2021 DUE FROM OTHER GOVERNMENTS STILL ON THE BOOKS				
1000-000-000-335034-000	REST AREA COSTS REIMBURSEMENT		9,000.00	
2821-000-000-335041-000	Special Roads Allocation Program		27,314.00	
1000-000-000-132000-000	Due From Government (Short Term)			9,000.00
2821-000-000-132000-000	Due From Government (Short Term)			27,314.00
<b>Total</b>			<b>36,314.00</b>	<b>36,314.00</b>
<b>Adjusting Journal Entries JE # 23</b>				
RECORD FY 2022 DUE FROM OTHER GOVERNMENTS				
1000-000-000-132000-000	Due From Government (Short Term)		8,586.00	
2250-000-000-132000-000	Due From Government (Short Term)		10,000.00	
2821-000-000-132000-000	Due From Government (Short Term)		31,528.00	
1000-000-000-335034-000	REST AREA COSTS REIMBURSEMENT			8,586.00
2250-000-000-334210-000	Dept of Commerce Grant			10,000.00
2821-000-000-335041-000	Special Roads Allocation Program			31,528.00
<b>Total</b>			<b>50,114.00</b>	<b>50,114.00</b>

**Adjusting Journal Entries JE # 24**  
**RECORD 2022 A/P**

1000-000-000-420100-390	Law Enforcement Services	6,911.00	
2250-000-000-411010-356	Planning and Research Services Administration	10,000.00	
2992-000-000-430550-350	Transmission and Distribution	46,478.00	
5210-000-000-430550-230	Transmission and Distribution	2,006.00	
5210-000-000-430550-350	Transmission and Distribution	2,582.00	
1000-000-000-202000-000	Dummy accounts payable		6,911.00
2250-000-000-202100-000	Accounts Payable		10,000.00
2992-000-000-202100-000	Accounts payable		46,478.00
5210-000-000-202100-000	Accountts payable		4,588.00
<b>Total</b>		<b>67,977.00</b>	<b>67,977.00</b>

**Adjusting Journal Entries JE # 25**  
**CAPITALIZE NEW PUMP**

5210-000-000-189100-000	Source of Supply	14,026.00	
5210-000-000-430530-390	Water Source of Supply and Pumping		14,026.00
<b>Total</b>		<b>14,026.00</b>	<b>14,026.00</b>

**Adjusting Journal Entries JE # 26**  
**BOOK PREPAID FOR DUPLICATE PAYMENT ON CL#945881**

5310-000-000-141000-000	Prepaid	4,054.00	
5310-000-000-430640-230	Sewer Treatment and Disposal		4,054.00
<b>Total</b>		<b>4,054.00</b>	<b>4,054.00</b>

**Adjusting Journal Entries JE # 27**  
**CORRECT ACC DEPREE TO AGREE WITH SCHEDULE**

5210-000-000-184100-000	Allowance for Depr - Imp Other Than Bldgs (Credit)	1.00	
5210-000-000-189410-000	Allowance for Depr - Trans & Distribution (Credit)	1.00	
5210-000-000-510400-830	DEPRECIATION EXPENSE	465.00	
5310-000-000-184100-000	Allowance for Depr - Imp Other Than Bldgs (Credit)	1.00	
5310-000-000-510400-830	DEPRECIATION EXPENSE	1.00	
5210-000-000-186100-000	Allowance for Depr - Machinery & Equip (Credit)		1.00
5210-000-000-189110-000	Allowance for Depreciation - Source Supply		466.00
5310-000-000-186100-000	Allowance for Depr - Machinery & Equip (Credit)		1.00
5310-000-000-187100-000	Allowance for Depreciation - Infrastructure		1.00
<b>Total</b>		<b>469.00</b>	<b>469.00</b>

**Adjusting Journal Entries JE # 28**  
**RECORD PREPAID LED SIGN - NOT RECEIVED UNTIL FY 2023**

2992-000-000-141000-000	Prepaid	17,119.00	
2992-000-000-410210-396	Administration		17,119.00
<b>Total</b>		<b>17,119.00</b>	<b>17,119.00</b>

**Adjusting Journal Entries JE # 29**  
**reverse jv 921646 for arpa minimum allocation grant match - stays in water**

2992-000-000-383000-000	Interfund Operating Transfer	63,413.00	
5210-000-000-101000-000	Cash - Unrestricted	63,413.00	
2992-000-000-101000-000	Cash - Unrestricted		63,413.00
5210-000-000-521000-820	Interfund Operating Transfers Out		63,413.00
<b>Total</b>		<b>126,826.00</b>	<b>126,826.00</b>

**Adjusting Journal Entries JE # 30**  
**CORRECT ARPA REVENUE TO MATCH FY 2022 EXPENDITURES**

2992-000-000-216000-000	ARPA (American Rescue Plan)	29,359.00	
2992-000-000-330000-000	Intergovernmental Revenues	382.00	
2992-000-000-331991-000	ARPA (American Recovery Plan Act)		29,741.00
<b>Total</b>		<b>29,741.00</b>	<b>29,741.00</b>

**Adjusting Journal Entries JE # 31**  
**CORRECT GASB 68 ALLOCATIONS**

1000-000-000-334100-000	Library Grant	775.00	
1000-000-000-334300-000	State Aid-GASB 68	365.00	
1000-000-000-334600-000	On behalf payments Culture/Recreation	783.00	

1000-000-000-420000-199	Public Safety	2,917.00	
1000-000-000-334200-000	On behalf payments Public Safety		2,917.00
1000-000-000-410000-199	General Government		775.00
1000-000-000-430000-199	Public Works		365.00
1000-000-000-460000-199	Culture and Recreation		783.00
<b>Total</b>		<b>4,840.00</b>	<b>4,840.00</b>

**Adjusting Journal Entries JE # 32**

RECLASS SRO OFFICER CHARGES TO SCHOOL

1000-000-000-362000-000	Other Miscellaneous Revenue	5,000.00	
1000-000-000-342010-000	SRO charges		5,000.00
<b>Total</b>		<b>5,000.00</b>	<b>5,000.00</b>

**Adjusting Journal Entries JE # 33**

RECLASS STREET BONDS TO CORRECT FUNCTION

1000-000-000-430240-390	Road and Street Maintenancee	5,900.00	
1000-000-000-510000-510	Miscellaneous		5,900.00
<b>Total</b>		<b>5,900.00</b>	<b>5,900.00</b>

**Adjusting Journal Entries JE # 34**

Allocate health insurance and PERS to proper functions

2370-000-000-420100-140	Administration	8,645.00	
2370-000-000-430240-140	Administration	17,726.00	
2370-000-000-460430-140	Administration	11,596.00	
2371-000-000-410551-140	Employer Contributions	25,594.00	
2371-000-000-420100-140	Employer contributions	19,024.00	
2371-000-000-430240-140	Employer contributions	39,008.00	
2371-000-000-460430-140	Employer contributions	25,518.00	
2372-000-000-410551-140	Health ins	27,981.00	
2372-000-000-420100-140	Health ins	20,797.00	
2372-000-000-430240-140	Health ins	42,645.00	
2372-000-000-460430-140	Health ins	27,897.00	
2370-000-000-410510-140	Administration		37,967.00
2371-000-000-410551-510	Payroll Services		109,144.00
2372-000-000-410551-510	Payroll Services		119,320.00
<b>Total</b>		<b>266,431.00</b>	<b>266,431.00</b>

**Adjusting Journal Entries JE # 35**

CORRECT PAYROLL CLEARING FUND AND CHARGE OUT FY 2022 HEALTH INSURANCE TOTALS

1000-000-000-101000-000	Cash - Unrestricted	3,364.00	
1000-000-000-420100-140	Law Enforcement Services	1,666.00	
2371-000-000-430240-140	Employer contributions	4,912.00	
2371-000-000-430240-140	Employer contributions	4,912.00	
7910-000-000-101000-000	Cash - Unrestricted	8,126.00	
7910-000-000-141000-000	Prepaid Expense	894.00	
7910-000-000-212220-000	Due To Workers Comp.	2,470.00	
1000-000-000-101000-000	Cash - Unrestricted		1,666.00
1000-000-000-430240-140	Road and Street Maintenancee		3,364.00
2371-000-000-101000-000	Cash - Unrestricted		4,912.00
2371-000-000-101000-000	Cash - Unrestricted		4,912.00
7910-000-000-212510-000	Due to Others		11,490.00
<b>Total</b>		<b>26,344.00</b>	<b>26,344.00</b>

**Adjusting Journal Entries JE # 36**

RECLASS GASB 68 ENTRY TO PPA

5510-000-000-420710-140	Emergency Medical Services - Ambulance Administration	46,703.00	
5510-000-000-271500-000	PRIOR PERIOD ADJUSTMENT		46,703.00
<b>Total</b>		<b>46,703.00</b>	<b>46,703.00</b>

**Adjusting Journal Entries JE # 37**

ELIMINATE NEGATIVE CASH BALANCE

5510-000-000-101000-000	Cash - Unrestricted	15,714.00	
5510-000-000-102000-000	Cash - Restricted		15,714.00

<b>Total</b>		<u><u>15,714.00</u></u>	<u><u>15,714.00</u></u>
<b>Adjusting Journal Entries JE # 38</b>			
correct taxes/assessments receivable			
2500-000-000-113200-000	REAL 20REC	831.00	
3500-000-000-223300-000	Deferred Revenue - Special Assessment	3,547.00	
2500-000-000-223100-000	Deferred Revenue - Real Property Taxes		831.00
3500-000-000-113200-000	REAL20REC		6.00
3500-000-000-119000-000	Assessment Receivable		3,541.00
<b>Total</b>		<u><u>4,378.00</u></u>	<u><u>4,378.00</u></u>
	<b>Total Adjusting Journal Entries</b>	<u><u>909,420.00</u></u>	<u><u>909,420.00</u></u>
	<b>Total All Journal Entries</b>	<u><u>909,420.00</u></u>	<u><u>909,420.00</u></u>



Client: **2053-01 - TOWN OF ENNIS**  
Engagement: **TOWN OF ENNIS**  
Period Ending: **6/30/2022**  
Trial Balance: **TB**  
Workpaper: **GASB 34 Entries Report**

Account	Description	Debit	Credit
<b>GASB 34 Entries JE # 1</b>			
CONVERT TAXES TO FULL ACCRUAL			
1000-000-000-223100-000	Deferred Revenue - Real Property Taxes	2,590.00	
1000-000-000-223200-000	Deferred Revenue - Personal Property Taxes	4.00	
1000-000-000-223700-000	Deferred Revenue - Mobile Home Property Tax	185.00	
1000-000-000-311010-000	Real Property Taxes	2,330.00	
2220-000-000-223100-000	Deferred Revenue - Real Property Taxes	343.00	
2220-000-000-223700-000	Deferred Revenue - Mobile Home Property Tax	26.00	
2220-000-000-311010-000	Real Property Taxes	489.00	
2250-000-000-311010-000	Real Property Taxes	123.00	
2370-000-000-223100-000	Deferred Revenue - Real Property Taxes	119.00	
2370-000-000-223700-000	Deferred Revenue - Mobile Home Property Tax	8.00	
2370-000-000-311010-000	Real Property Taxes	499.00	
2371-000-000-223100-000	Deferred Revenue - Real Property Taxes	1,199.00	
2371-000-000-223200-000	Deferred Revenue - Personal Property Taxes	2.00	
2371-000-000-223700-000	Deferred Revenue - Mobile Home Property Tax	85.00	
2371-000-000-311010-000	Real Property Taxes	984.00	
2500-000-000-223100-000	Deferred Revenue - Real Property Taxes	831.00	
3500-000-000-223300-000	Deferred Revenue - Special Assessment	198.00	
3500-000-000-363010-000	Maintenance Assessments	6.00	
1000-000-000-270000-001	BEG BAL ADJ DEF REV GASB 34		5,109.00
2220-000-000-223200-000	Deferred Revenue - Personal Property Taxes		
2220-000-000-270000-001	BEG BAL ADJ DEF REV GASB 34		858.00
2250-000-000-223100-000	Deferred Revenue - Real Property Taxes		
2250-000-000-223200-000	Deferred Revenue - Personal Property Taxes		
2250-000-000-223700-000	Deferred Revenue - Mobile Home Property Tax		
2250-000-000-270000-001	BEG BAL ADJ DEF REV GASB 34		123.00
2370-000-000-223200-000	Deferred Revenue - Personal Property Taxes		
2370-000-000-270000-001	BEG BAL ADJ DEF REV GASB 34		626.00
2371-000-000-270000-001	BEG BAL ADJ DEF REV GASB 34		2,270.00
2500-000-000-270000-001	BEG BAL ADJ DEF REV GASB 34		300.00
2500-000-000-363010-000	Maintenance Assessments		531.00
3500-000-000-270000-001	BEG BAL ADJ DEF REV GASB 34		204.00
<b>Total</b>		<b>10,021.00</b>	<b>10,021.00</b>
<b>GASB 34 Entries JE # 2</b>			
RECORD BEG CAP ASSETS			
1000-000-000-181000-001	LAND GASB 34	146,205.00	
1000-000-000-182000-001	BUILDINGS GASB 34	1,110,745.00	
1000-000-000-184000-001	IMPROVEMENTS GASB 34	171,626.00	
1000-000-000-186000-001	MACHINERY AND EQUIPMENT GASB 34	146,223.00	
1000-000-000-187000-001	INFASTRUCTURE GASB 34	8,135,882.00	
1000-000-000-182100-001	ACCUMULATED DEPRECIATION GASB 34		379,403.00
1000-000-000-184100-001	ACCUMULATED DEPRECIATION GASB 34		40,707.00
1000-000-000-186100-001	ACCUMULATED DEPRECIATION GASB 34		115,701.00
1000-000-000-187100-001	ACCUMULATED DEPRECIATION GASB 34		4,389,783.00
1000-000-000-188000-001	Construction in progress		
1000-000-000-270005-001	BEG CAPITAL ASSETS ADJUSTMENT GASB 34		4,785,087.00
<b>Total</b>		<b>9,710,681.00</b>	<b>9,710,681.00</b>

Client: 2053-01 - TOWN OF ENNIS  
Engagement: TOWN OF ENNIS  
Period Ending: 6/30/2022  
Trial Balance: TB  
Workpaper: GASB 34 Entries Report

Account	Description	Debit	Credit
<b>GASB 34 Entries JE # 3</b>			
RECORD DEPRECIATION			
1000-000-000-410000-830	GENERAL GOVERNMENT DEPRECIATION GASB 34	2,595.00	
1000-000-000-420000-830	PUBLIC SAFETY DEPRECIATION GASB 34	7,909.00	
1000-000-000-430000-830	PUBLIC WORKS DEPRECIATION GASB 34	108,019.00	
1000-000-000-460000-830	CULTURE AND RECREATION DEPRECIATION GASB 34	20,317.00	
1000-000-000-182100-001	ACCUMULATED DEPRECIATION GASB 34		21,075.00
1000-000-000-184100-001	ACCUMULATED DEPRECIATION GASB 34		5,002.00
1000-000-000-186100-001	ACCUMULATED DEPRECIATION GASB 34		10,636.00
1000-000-000-187100-001	ACCUMULATED DEPRECIATION GASB 34		102,127.00
<b>Total</b>		<b>138,840.00</b>	<b>138,840.00</b>
<b>GASB 34 Entries JE # 4</b>			
RECORD BEG DEBT			
1000-000-000-270010-001	BEG BALANCE DEBT GAB 34	45,100.00	
1000-000-000-235400-001	NOTES/LOANS/INTERCAP PAYABLE GASB 34		5,307.00
1000-000-000-239000-001	COMPENSATED ABSENCES PAYABLE GASB 34		39,793.00
<b>Total</b>		<b>45,100.00</b>	<b>45,100.00</b>
<b>GASB 34 Entries JE # 5</b>			
ELIMINATE PRINCIPAL PAYMENT AND RECORD NEW DEBT			
1000-000-000-235400-001	NOTES/LOANS/INTERCAP PAYABLE GASB 34	3,494.00	
3500-000-000-490300-610	Special Improvement Bonds		3,494.00
<b>Total</b>		<b>3,494.00</b>	<b>3,494.00</b>
<b>GASB 34 Entries JE # 6</b>			
RECORD CHANGE IN COMP ABSENCES			
1000-000-000-410000-190	GENERAL GOVT COMP ABS ADJ	3,214.00	
1000-000-000-420000-190	PUBLIC SAFETY COMP ABS SDJ GASB 34	8,941.00	
1000-000-000-460000-190	CULTURE AND RECREATION COMP ABS ADJ GASB 34	2,782.00	
1000-000-000-239000-001	COMPENSATED ABSENCES PAYABLE GASB 34		13,756.00
1000-000-000-430000-190	PUBLIC WORKS COMP ABS ADJ GASB 34		1,181.00
<b>Total</b>		<b>14,937.00</b>	<b>14,937.00</b>
<b>GASB 34 Entries JE # 9</b>			
CLOSE CAPITAL OUTLAY			
1000-000-000-186000-001	MACHINERY AND EQUIPMENT GASB 34	20,644.00	
1000-000-000-430240-940	Road and Street Maintenance		15,598.00
2500-000-000-430240-950	Road and Street Maintenance		5,046.00
<b>Total</b>		<b>20,644.00</b>	<b>20,644.00</b>
<b>GASB 34 Entries JE # 15</b>			
GASB 68 PENSIONS			
1000-000-000-160000-001	Deferred outflows-GASB 68	71,361.00	
1000-000-000-270010-001	BEG BALANCE DEBT GAB 34	308,252.00	
1000-000-000-410000-199	General Government	2,858.00	
1000-000-000-420000-199	Public Safety	2,101.00	
1000-000-000-430000-199	Public Works	672.00	
1000-000-000-460000-199	Culture and Recreation	2,774.00	
1000-000-000-210000-001	Deferred inflows-GASB 68		124,382.00
1000-000-000-239500-001	Net pension liability-GASB 68		263,636.00

Client: **2053-01 - TOWN OF ENNIS**  
Engagement: **TOWN OF ENNIS**  
Period Ending: **6/30/2022**  
Trial Balance: **TB**  
Workpaper: **GASB 34 Entries Report**

<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>Total</b>		<b>388,018.00</b>	<b>388,018.00</b>

Client: **2053-01 - TOWN OF ENNIS**  
 Engagement: **TOWN OF ENNIS**  
 Period Ending: **6/30/2022**  
 Trial Balance: **TB**  
 Workpaper: **Budgetary JEs Report**

Account	Description	W/P Ref	Debit	Credit
<b>Budgetary JEs JE # 17</b>				
Reverse state support revenue GASB 68 for budgetary purposes				
1000-000-000-334100-199	State aide general government-GASB 68		7,898.00	
1000-000-000-334200-199	State aide public safety-GASB 68		5,808.00	
1000-000-000-334300-199	State aide public works-GASB 68		1,859.00	
1000-000-000-334600-199	State aide culture and recreation-GASB 68		7,667.00	
1000-000-000-410000-199	General Government			7,898.00
1000-000-000-420000-199	Public Safety			5,808.00
1000-000-000-430000-199	Public Works			1,859.00
1000-000-000-460000-199	Culture and Recreation			7,667.00
<b>Total</b>			<b><u>23,232.00</u></b>	<b><u>23,232.00</u></b>

**TOWN OF ENNIS**  
**June 30, 2022**

**Summary of Passed Audit Adjustments**

Journal Entry Number	Account Description	Debit	Credit
1	Right to Use Asset	6,844.62	
	Lease Liability		6,844.62
	Lease Liability	2,105.59	
	Principal Payments		2,105.59
	Amotization Expense	2,219.88	
	Accumulated Amortization		2,219.88
	GASB 87 Lease - Government Wide		
	Principal Payments	2,105.59	
	Interest Expense	294.41	
	Copier Rent		2,400.00
	Reclass Copier Rent Payments for GASB 87		

OLNESS & ASSOCIATES, P. C.  
CERTIFIED PUBLIC ACCOUNTANTS

CURTIS D. WYSS, CPA

ERNEST J. OLNESS, CPA

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

July 1, 2022

To the Governing Board  
Town of Ennis  
PO Box 147  
Ennis, MT 59729

Dear Ginger:

As part of our audit process, we develop an audit package to assist us in completing your audit. Please find enclosed the engagement letter.

**Audit Materials List**

We will be emailing a spreadsheet to assist you in gathering documentation regarding lease information required by GASB Statement No. 87 and a planning list of other audit related items. This documentation can be uploaded to ShareFile at your convenience. Please review the list in detail and please ignore the items you may have already submitted to us. This process should be started immediately. The requested items should be uploaded to ShareFile at least 2 weeks before the scheduled audit date. As an option, you can gather the requested information and drop it at our offices. If you choose that option, please call Curt at (406) 698-0022 to make arrangements. Please have the requested documents scanned and uploaded or dropped off at our offices at least two weeks prior to your audit date.

**Engagement Letter**

Our professional standards require that we communicate to your entity certain items not covered by the Standard Audit Contract. We have enclosed a standard engagement letter for your review and signature. Please have the letter signed by the chairperson of your governing board and return it to our office or upload it to ShareFile.

**Audit Start Date**

We have scheduled your audit to begin on February 20, 2023. **(Please send memo to all personnel informing them of the audit start date)** If this date conflicts with your schedule, please call Curt Wyss at 406-698-0022 and we will attempt to reschedule.

Your assistance with these items is greatly appreciated. If you have any questions or concerns, please call our office.

Sincerely,

*Olness & Associates, PC*

Olness & Associates, PC  
Certified Public Accountants

AS CONFIRMATION OF AUDIT START DATE,  
PLEASE SIGN AND DATE IN THE SPACE  
PROVIDED AND RETURN TO OUR OFFICE.

*Eric Hoar*  
SIGNED: \_\_\_\_\_

enclosures

OLNESS & ASSOCIATES, P. C.  
CERTIFIED PUBLIC ACCOUNTANTS

CURTIS D. WYSS, CPA

ERNEST J. OLNESS, CPA

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

July 1, 2022

To the Governing Board  
Town of Ennis  
PO Box 147  
Ennis, MT 59729

We are pleased to confirm our understanding of the services we are to provide for the Town of Ennis for the year ended June 30, 2022.

**Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the government as of and for the year ended June 30, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the government's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the government's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited: Management's Discussion and Analysis, budget to actual schedules, pensions and if applicable, OPEB.

We have also been engaged to report on supplementary information other than RSI that accompanies the government's financial statements. If applicable, we will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements: Schedule of Expenditures of Federal Awards, Extracurricular Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances, and Schedule of School District Enrollment.

**Audit Objectives**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood

that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit (if applicable)**

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; if applicable, the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. When applicable, we will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

We have identified the following significant risk(s) of material misstatement as part of our audit planning: segregation of duties.



Our audit of financial statements does not relieve you of your responsibilities.

#### **Audit Procedures—Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

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

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

#### **Audit Procedures—Compliance**

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

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

#### **Other Services**

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

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal awards (when applicable), and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal awards (when applicable), and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards (when

applicable), and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; to evaluate the adequacy and results of those services; and accept responsibility for them.

### **Responsibilities of Management for the Financial Statements and Single Audit (when applicable)**

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

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

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

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

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to

us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations and schedules we request and will locate any documents selected by us for testing. We have scheduled the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable or unwilling to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original contracted fee.

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

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

The audit documentation for this engagement is the property of Olness & Associates, PC, CPA's and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to state agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Olness & Associates, PC, CPA's personnel. Furthermore, upon request, we may provide copies of



selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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

A shareholder of Olness & Associates, PC, CPA's will be the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services is defined in the Montana Department of Administration Standard Audit Contract. Our invoices for these fees will be rendered at the end of the fieldwork and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The fee in the Standard Audit Contract is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and our fees will be adjusted accordingly.

### Reporting

We will issue written reports upon completion of our audit and, if applicable, our Single Audit. Our reports will be addressed to those charged with governance of the Town of Ennis. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

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

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

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

Very truly yours,

Olness & Associates, PC  
Certified Public Accountants  
Billings, Montana

### RESPONSE:

This letter correctly sets forth the understanding of the Town of Ennis.

By: Michael Hoas

Title: Mayor

Date: February 20, 2023

# NVCPA

NEVADA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS



Peer Review  
Program

Statewide AICPA Peer Review Program administered by the NVCPA for the following states: Idaho, Montana, Nebraska, Nevada, Utah, and Wyoming

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April 30, 2020

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

Dear Brent Olness:

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

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

Thank you for your cooperation.

Sincerely,

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

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

cc: Stefani S. Freese

Firm Number: 900010127862

Review Number: 572483

## Report on the Firm's System of Quality Control

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

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

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

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

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

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

### Opinion

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

*Anderson Zurmuehlen & Co., P.C.*

Billings, Montana  
February 19, 2020



Ginger Guinn &lt;gingerg@ennismontana.org&gt;

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**RE: Audit Response**

1 message

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**Curt Wyss** <curt@olnesscpa.com>  
To: Ginger Guinn <gingerg@ennismontana.org>

Mon, Mar 20, 2023 at 3:32 PM

Perfect. Thanks Ginger!

**From:** Ginger Guinn <gingerg@ennismontana.org>  
**Sent:** Monday, March 20, 2023 3:21 PM  
**To:** Curt Wyss <curt@olnesscpa.com>  
**Subject:** Fwd: Audit Response

Here is what the Town Attorney sent me.

----- Forwarded message -----  
**From:** James Greenbaum <cityattorney@ennismontana.org>  
**Date:** Mon, Mar 20, 2023 at 11:04 AM  
**Subject:** Audit Response  
**To:** Ginger Guinn <gingerg@ennismontana.org>**TO:** Olness & Associates  
2810 Central Avenue, Suite B  
Billings, MT. 59102  
406 252-6230**Re:** Audit Response

Please be advised, that the Town Attorney knows of no unasserted, threatened or pending claims, except the matter of Michael Stears v. Town of Ennis, case pending in Madison County District Court, Virginia City, MT, which involves plaintiff's claim to a prescriptive easement. The Town is represented by Attorney Sean Morris who is providing a separate assessment of the case.

Please contact me if you have any questions, or if I can be of further assistance.

Thank you.

--

**James Greenbaum**  
**Ennis Town Attorney**

**328 West Main St.**

**PO Box 147**

**Ennis, MT 59729**

(406) 924-4053

cityattorney@ennismontana.org

Home Office:

**James Greenbaum Attorney at Law**

**Admitted in NY since 1987**

**Admitted in MT since 2004**

**Manhattan, MT 59741 (406) 924-4053.**

This electronic message may contain confidential or sensitive law enforcement information. The information is intended to be for the use of the individual(s) or entity(ies) named above. If you are not the intended recipient (or authorized to receive this email for the intended recipient), you may not use, copy, disclose or distribute to anyone this message or any information contained in this message. If you have received this electronic message in error, please notify us by replying to this email.

--  
Ginger Guinn

Clerk/Treasurer, Town of Ennis

[328 W. Main Street](#)

[Ennis, MT. 59729](#)

[Ph: 406 682-4287](#)

[Fax: 406 682-5011](#)





**WORDEN  
THANE P.C.**  
ATTORNEYS AT LAW

Donovan Worden, Sr.  
(1892 – 1967)  
Donovan Worden, Jr.  
(1918 – 2001)  
Jeremy G. Thane  
(1927 – 2016)

Ronald A. Bender  
Martin S. King  
Sean M. Morris  
Reid J. Perkins  
William E. McCarthy  
Amy M. Scott Smith  
Chris A. Johnson (MT,WA)  
Dana L. Hupp

Martin Rogers  
Brand G. Boyar  
Natalie L. Black  
Elizabeth W. Erickson  
Jennifer Shannon  
Dillon Kato  
Erika D. Colstad  
Noah P. Hill  
Emily Bruner

*Established in 1924*

February 27, 2023

Olness & Associates, P.C.  
2810 Central Ave., STE B  
Billings, MT 59102

Re: Audit Response Letter: Town of Ennis

To Whom it May Concern:

By letter dated February 22, 2023, Ginger Gunn, Town of Ennis Clerk/Treasurer (referred to herein as "Town of Ennis") requested that we furnish to you certain information regarding Town of Ennis in connection with your examination of the accounts of the Town of Ennis as of June 30, 2022. Ms. Gunn has advised us that, in making the request, the Town of Ennis does not intend to waive the attorney-client privilege with respect to any information which the Town of Ennis has furnished to us. Moreover, please be advised that our response to you should not be construed in any way to constitute a waiver of the attorney work-product privilege with respect to any of our files involving the Town of Ennis.

While this firm represents the Town of Ennis, our engagement has been limited to specific matters as to which we were consulted by the Town of Ennis. Accordingly, our response is limited to those specific matters to which we have been engaged by the Town of Ennis and to which we have devoted substantive attention on behalf of the Town of Ennis in the form of legal consultation or representation. In addition, our response to the information requested is limited as follows:

(1) Pending or threatened litigation, or claims, and assessments in which the Town of Ennis is involved in any manner, or in which it is likely to become involved, is defined as pending or threatened litigation, pending assessments or threatened assessments of additional taxes, or other asserted or threatened claims made against the Town of Ennis in excess of \$3,000.00. "Threatened litigation," "threatened claims," and "threatened assessments" are defined to involve those instances where a potential claimant has manifested to us an awareness of and present intention to assert a possible claim in excess of \$3,000.00, or we have been informed of such a manifestation.

(2) We are not undertaking to comment upon other contingencies, including without limitation (a) contractually assumed obligations, (b) unasserted possible claims or assessments,

and (c) the possibility of losses from catastrophes not ordinarily insured against or otherwise provided for, currency revaluations or a business recession.

(3) Our response is directed only to matters which have been given substantive attention by us constituting the expenditure by a single attorney in the form of legal consultation and, where appropriate, legal representation on behalf of our law firm of more than ten (10) hours of recordable billable time as of June 30, 2022, and which we have recognized as falling within the definition set out above. In the preparation of this response, our procedures have been limited to an endeavor to determine from lawyers presently in our firm who have performed services for the Town of Ennis whether such services involved substantive attention in the form of legal consultation concerning any litigation, claims or assessments of the type described above. Accordingly, it is to be noted that we have not undertaken an independent review of any of the Town of Ennis's transactions or contractual arrangements, nor have we made specific inquiry of officers of the Town of Ennis for purposes of this response. Furthermore, this letter does not necessarily discuss any or all matters of a legal nature of which we may have become aware but which have not been referred to us for representation of the Town of Ennis, such as matters of which we may have obtained knowledge in the course of other representations of the Town of Ennis or because a corporation affiliated with our firm may have served as statutory agent for the Town of Ennis and may have received service of process on its behalf, and matters with respect to which the Town of Ennis are represented by other legal counsel or which are being handled by the Town of Ennis employees. If any lawyer affiliated with our law firm serves or has served as a director and/or officer of the Town of Ennis (or any affiliate of the Town of Ennis), our firm does not assume responsibility for disclosing any matters which may have come to his or her attention in such capacity.

Subject to the foregoing and to the terms and conditions of this letter, we submit the following information relative to the Town of Ennis:

#### **PENDING OR THREATENED LITIGATION, CLAIMS, OR ASSESSMENTS**

##### Stears v. Town of Ennis

Michael and Marie Stears filed a complaint on October 27, 2016, in the Montana Fifth Judicial District Court for Madison County against the Town of Ennis. In the Complaint, the Stears claim a right of ownership to a certain strip of land which the Town of Ennis also claims a right of ownership.

The Stears' Complaint requests a recovery of their attorneys' fees in pursuing the action, as does the Town of Ennis' counterclaim. The Stears do not allege any other damages. Any recovery by the Stears would not be covered by insurance. While an award of attorneys' fees to the Stears is possible (assuming they prevail), it is unlikely.

The District Court has granted summary judgment to the Town of Ennis on one of the Stears' three legal claims but has denied summary judgment on the remaining two. However, on October 27, 2022, the Court granted the Town's trial brief and determined the Town owns the Strip. This leaves only minor issues (whether the Stears have a claim for adverse possession or exclusive easement) to be determined. These issues can likely be determined by a motion for summary judgment.

As the strip of land provides access to an important river site, the Town intends to contest the matter vigorously. It is our opinion that the Town of Ennis' claim to the strip of land is better than the claim asserted by the Stears and that the chances of an adverse money judgment is less than 50%. In the event of an adverse judgment, we any potential loss to be unlikely and minimal (less than \$10,000).

### **UNASSERTED CLAIMS OR ASSESSMENTS**

We do not undertake to comment upon unasserted claims and assessments unless the Town of Ennis has specifically identified such unasserted claims or assessments and has specifically requested, in writing, that we comment upon such unasserted claim or assessments. As there has been no such identification or request, we do not undertake to comment upon unasserted claims and assessments. In addition, there are no unasserted claims or assessments that we have advised the Town of Ennis are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.

The information set forth herein is as of June 30, 2022, the date on which we commenced our internal review procedures for purposes of preparing this response (the "Effective Date"), except as otherwise noted, and we disclaim any undertaking to advise you of changes which thereafter may be brought to our attention.

This response is limited by, and in accordance with, the ABA Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information (December 1975); without limiting the generality of the foregoing, the limitations set forth in such Statement on the scope and use of this response (Paragraphs 2 and 7) are specifically incorporated herein by reference, and any description herein of any "loss contingencies" is qualified in its entirety by Paragraph 5 of the Statement and the accompanying Commentary (which is an integral part of the Statement). Consistent with the last sentence of Paragraph 6 of the ABA Statement of Policy and pursuant to the Town of Ennis's request, this will confirm as correct the Town of Ennis's understanding as set forth in its audit inquiry letter to us that whenever, in the course of performing legal services for the Town of Ennis with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, we have formed a professional conclusion that the Town of Ennis must disclose or consider disclosure concerning such possible claim or assessment, we, as a matter of professional responsibility to the Town of Ennis, will so advise the Town of Ennis and will consult with the Town of Ennis concerning the question of such disclosure and the applicable requirements of Statement of Financial Accounting Standards No. 5.

The Town of Ennis has paid \$124,915.41 in legal fees and expenses as of June 30, 2022.

Olness & Associates, P.C.  
February 27, 2023  
Page 4

This information is supplied solely for Auditor's information in connection with their examination of the Town of Ennis's financial statements and is not to be quoted in whole or in part, or otherwise referred to, in any financial statement of the Town of Ennis nor disclosed to any third party without the undersigned's written consent.

If you have any questions, please contact me.

Sincerely,

WORDEN THANE P.C.

A handwritten signature in black ink, appearing to read "Sean Morris", written in a cursive style.

Sean Morris

**OLNESS & ASSOCIATES, P. C.**  
CERTIFIED PUBLIC ACCOUNTANTS

CURTIS D. WYSS, CPA

ERNEST J. OLNESS, CPA

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

March 24, 2023

TOWN OF ENNIS  
C/O GINGER GUINN  
PO 147  
ENNIS, MT 59729-0147

Please find enclosed final copies of the audited financial statements for the year ended June 30, 2022 for review and distribution. We have uploaded the report to the Department of Administration, Local Government Services.

Also enclosed is a letter outlining communications required under new auditing standards between the auditors and the governing body. Please distribute to the governing board and retain a copy for your files.

**Additionally, we have enclosed the Audit Publication Notice that should be published in your local paper.**

If there are any questions, please call the office.

Sincerely,

*Olness & Associates, PC*

## AUDIT PUBLICATION INTRODUCTION

An audit of the affairs of TOWN OF ENNIS, Montana has been conducted by OLNES & ASSOCIATES, PC, CERTIFIED PUBLIC ACCOUNTANTS. The audit covered the fiscal year ended June 30, 2022. Section 2-7-521, MCA, requires the publication of the following summary of significant findings.

### Summary of Significant Findings

The audit report for the fiscal year ended June 30, 2022 contained an Independent Auditor's Report on the basic financial statements. The report issued for the fiscal year ended June 30, 2022 was a qualified opinion.

The audit report also contained other auditor's reports. Following is a listing of the reports and a summary of the findings included. This is only a summary and is not intended to be used as an audit report.

1. 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

2. SCHEDULE OF FINDINGS AND RESPONSES

SEGREGATION OF DUTIES  
AUDITOR PREPARED FINANCIAL STATEMENTS  
TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY NOT RECORDED  
BANK RECONCILIATIONS  
EXPENDITURE BUDGETS OVERSPENT  
BIDDING

3. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Public Inspection of Audit Report

The complete audit report is on file in its entirety and open to public inspection.