

**REQUEST FOR ITEM TO BE PLACED ON AGENDA
THOMPSON FALLS CITY COUNCIL**

I, Rusti Phone # _____

request the following item be placed on the agenda for
the 7-8 2024, City Council Meeting:

Please give a brief description of the item to be discussed,
approximate time you need and the results you would like to see.

Information: _____

Time: _____

Action: Sewer Project Reimbursement
Phases 3 & 4 \$ 60,875.00

**All agenda requests must be submitted by Noon on
Wednesday before the Council Meeting.**

EJCDC Engineering Invoice Summary

City of Thompson Falls, MT						Invoice Number:	32752, 32756
						Invoice Date:	6/19/2024
						Due Date:	7/19/2024
Project: Wastewater Collection System Phase 3 & 4						Billing Period:	5/19/24-6/15/24
Exhibit C payment Service Performed		Original Contract Amount	Amendments	Revised Contract Amount	Paid To Date	Due This Invoice	Balance Remaining
Exhibit C Basic Services	Preliminary Design Phase	\$ 575,000.00	\$ -	\$ 575,000.00	\$ 575,000.00		\$ -
	Final Design Phase	\$ 515,000.00		\$ 515,000.00	\$ 60,000.00	\$ 60,000.00	\$ 395,000.00
	Bidding Phase	\$ 75,000.00		\$ 75,000.00			\$ 75,000.00
	Construction Phase	\$ 805,000.00		\$ 805,000.00			\$ 805,000.00
	Post Construction Phase	\$ 65,000.00	\$ -	\$ 65,000.00			\$ 65,000.00
					\$ -		
Subtotal		\$ 2,035,000.00	\$ -	\$ 2,035,000.00	\$ 635,000.00	\$ 60,000.00	\$ 1,340,000.00
Exhibit C							
RPR-2	Resident Project Representative	\$ 880,000.00		\$ 880,000.00	\$ -		\$ 880,000.00
Subtotal		\$ 880,000.00	\$ -	\$ 880,000.00	\$ -	\$ -	\$ 880,000.00
EXHIBIT C Additional Services	Additional Services - GeoTech	\$ 65,000.00		\$ 65,000.00	\$ -		\$ 65,000.00
	CDBG Direct Benefit Admin	\$ 60,000.00		\$ 60,000.00	\$ 21,272.16		\$ 38,727.84
	Additional Services - ROW & Easement	\$ 30,000.00		\$ 30,000.00	\$ 2,691.00		\$ 27,309.00
	Additional Services - O&M Manual	\$ 18,000.00		\$ 18,000.00			\$ 18,000.00
	General Grant Admin	\$ 150,000.00	\$ -	\$ 150,000.00	\$ 29,566.23	\$ 875.00	\$ 119,558.77
Subtotal		\$ 323,000.00	\$ -	\$ 323,000.00	\$ 53,529.39	\$ 875.00	\$ 268,595.61
Total Current Billing:		\$ 3,238,000.00	\$ -	\$ 3,238,000.00	\$ 688,529.39	\$ 60,875.00	\$ 2,488,595.61
Summary							
Basic Services		\$ 2,035,000.00	\$ -	\$ 2,035,000.00	\$ 635,000.00	\$ 60,000.00	\$ 1,340,000.00
RPR		\$ 880,000.00	\$ -	\$ 880,000.00	\$ -	\$ -	\$ 880,000.00
Add. Services less Project admin		\$ 173,000.00	\$ -	\$ 173,000.00	\$ 23,963.16	\$ -	\$ 149,036.84
Subtotal		\$ 3,088,000.00	\$ -	\$ 3,088,000.00	\$ 658,963.16	\$ 60,000.00	\$ 2,369,036.84
Project administration		\$ 150,000.00	\$ -	\$ 150,000.00	\$ 29,566.23	\$ 875.00	\$ 119,558.77
Total		\$ 3,238,000.00	\$ -	\$ 3,238,000.00	\$ 688,529.39	\$ 60,875.00	\$ 2,488,595.61
Funds Difference		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Is the % of RPR fees claimed in line with the total % of Construction completed?					YES/NO <i>Circle One</i>	<i>(If NO, explain on attached sheet)</i>	
Submitting Engineer's Signature		Owner's Approval Signature					





2501 Belt View Drive
 Helena, MT 59601
 Phone: (406) 449-8627

City of Thompson Falls
 P.O. Box 99
 Thompson Falls, MT 59873

Invoice number 32752
 Date 06/19/2024

Project 1-21204 THOMPSON FALLS ON-CALL
 2021

Professional Services from May 19, 2024 through June 15, 2024

Secure online payment processing for this invoice via ACH or credit card is available at
<https://www.billandpay.com/go/greatwesteng>.

	Amount
64-13 Task Order No. 5 - Phase 3 & 4 WW	
10.1-13 Preliminary Design	
Contract Amount	575,000.00
Percent Complete	100.00
Prior Billed	575,000.00
Total Billed	575,000.00
Current Billed	0.00
10.2-13 Final Design	
Contract Amount	515,000.00
Percent Complete	23.30
Prior Billed	60,000.00
Total Billed	120,000.00
Current Billed	60,000.00
10.3-13 Bidding	
Contract Amount	75,000.00
Percent Complete	0.00
Prior Billed	0.00
Total Billed	0.00
Current Billed	0.00
10.4-13 Construction Management	
Contract Amount	805,000.00
Percent Complete	0.00
Prior Billed	0.00
Total Billed	0.00
Current Billed	0.00
10.5-13 Post Construction	
Contract Amount	65,000.00
Percent Complete	0.00
Prior Billed	0.00
Total Billed	0.00
Current Billed	0.00
Subtotal	<u>60,000.00</u>
Total	<u>60,000.00</u>

Invoice total **60,000.00**

Invoice Summary

Description	Contract Amount	Percent Complete	Prior Billed	Total Billed	Remaining	Remaining Percent	Current Billed
64-13 Task Order No. 5 - Phase 3 & 4 WW							
10.1-13 Preliminary Design	575,000.00	100.00	575,000.00	575,000.00	0.00	0.00	0.00
10.2-13 Final Design	515,000.00	23.30	60,000.00	120,000.00	395,000.00	76.70	60,000.00
10.3-13 Bidding	75,000.00	0.00	0.00	0.00	75,000.00	100.00	0.00
10.4-13 Construction Management	805,000.00	0.00	0.00	0.00	805,000.00	100.00	0.00
10.5-13 Post Construction	65,000.00	0.00	0.00	0.00	65,000.00	100.00	0.00
64.6-13 Resident Project Representative (RPR)	880,000.00	0.00	0.00	0.00	880,000.00	100.00	0.00
64.9-13 Geotechnical Analysis	65,000.00	0.00	0.00	0.00	65,000.00	100.00	0.00
64.10-13 Right-of-Way/Easement & Permitting	30,000.00	8.97	2,691.00	2,691.00	27,309.00	91.03	0.00
64.11-13 Operation & Maintenance Manual	18,000.00	0.00	0.00	0.00	18,000.00	100.00	0.00
Subtotal	3,028,000.00	23.04	637,691.00	697,691.00	2,330,309.00	76.96	60,000.00
Total	3,028,000.00	23.04	637,691.00	697,691.00	2,330,309.00	76.96	60,000.00

Aging Summary

Invoice Number	Invoice Date	Outstanding	Current	Over 30	Over 60	Over 90	Over 120
32370	04/29/2024	20,000.00		20,000.00			
32602	05/23/2024	50,000.00	50,000.00				
32752	06/19/2024	60,000.00	60,000.00				
Total		130,000.00	110,000.00	20,000.00	0.00	0.00	0.00

Payments are due within 30 days of the invoice date. Thank you.



2501 Belt View Drive
Helena, MT 59601

Phone: (406) 449-8627

City of Thompson Falls
P.O. Box 99
Thompson Falls, MT 59873

Invoice number 32756
Date 06/19/2024

Project **1-21204 Thompson Falls On-Call 2021**

Professional Services from May 19, 2024 through June 15, 2024

Secure online payment processing for this invoice via ACH or credit card is available at <https://www.billandpay.com/go/greatwesteng>.

Task Order No. 5 - Phase 3 & 4 WW Grant Administration

General Grant Administration

Professional Fees

	Hours	Rate	Billed Amount
Certified Grant Writer 2	5.00	175.00	875.00
<i>Responded to RFI from Chelsea; June draw package Ph3 & Ph 4 ARPA draw Finalized draw package ARPA reporting discussion with Ki-Ai; responded to RFI from funding agency Sent RFI to Carrie and responded to email from Chelsea Sent request for funds to ARPA</i>			
Task Order No. 5 - Phase 3 & 4 WW Grant Administration subtotal			875.00
		Invoice total	875.00

Invoice Summary

Description	Contract Amount	Prior Billed	Total Billed	Current Billed
TASK ORDER NO. 5 - PHASE 3 & 4 WW GRANT ADMINISTRATION				
64.7-13 GENERAL GRANT ADMINISTRATION	150,000.00	29,566.23	30,441.23	875.00
Total	150,000.00	29,566.23	30,441.23	875.00

Aging Summary

Invoice Number	Invoice Date	Outstanding	Current	Over 30	Over 60	Over 90	Over 120
32371	04/29/2024	1,952.00		1,952.00			
32603	05/23/2024	393.75	393.75				
32756	06/19/2024	875.00	875.00				
	Total	3,220.75	1,268.75	1,952.00	0.00	0.00	0.00

Payments are due within 30 days of the invoice date. Thank you.

STATE OF MONTANA				
VENDOR INVOICE		<ul style="list-style-type: none"> VENDOR RETURNS SIGNED ORIGINAL FILE ORIGINAL WITH TRANSFER-WARRANT CLAIM. 		
VENDOR'S NAME AND ADDRESS		BILLED TO		
City of Thompson Falls P.O. Box 99 Thompson Falls, MT 59873		DNRC-CARDD PO Box 201601 Helena, MT 59620-1601 Attn Grant Manager: Katherine Certalic		
PROJECT INFORMATION:				
Grant Agreement Number:	AC-22-0064	Project Name	Phase 3 Wastewater Project	
Period of Performance:	May 19, 2024 - June 15, 2024	Reimbursement Request Number:	21	
DESCRIPTION OF GOODS DELIVERED OR SERVICES RENDERED:				
Name of Business/Vendor	Invoice Number	Dates of Service/ Invoice Date	Budget Category / Task Number and Description (see Grant Agreement Attachment B Budget)	Amount
Great West Engineering	32752	19-Jun-24	Final Design	\$ 60,000.00
			GRAND TOTAL	\$ 60,000.00
STATE USE ONLY APPROVED FOR PAYMENT		<i>I certify that this invoice is correct in all respects and that payment has not been received.</i>		
		Authorized Recipient Name	Russlyn Leivestad	
		Date Processed		
		Authorized Recipient Signature		
Authorized Signature		Title	Mayor	
Date				



ARPA Water & Sewer Infrastructure Grant Program
2024 Progress Report Form

General Information

Subrecipient Entity: Thompson Falls, City of

Project Title: Thompson Falls Wastewater Improvements Project, Phase 3

Grant Agreement Number(s): AC-22-0064

Grant Term End Date(s): December 30, 2024

Form Preparer Name: Craig Erickson

Form Preparer Phone: (406) 399-0104

Form Preparer Email: cerickson@greatwesteng.com

Reporting Period: May 19, 2024 – June 15, 2024
Provide a beginning and end date. Example: January 1, 2024 – March 31, 2024.

Quarterly Report Type

- Progress Report **with** Reimbursement Request.
- Progress Report **without** Reimbursement Request.

Final Reports – Do not use this form. See [Progress Reports, Amendments, and Closeout](#) on the ARPA Grant Management page for instructions on how to complete your Final Report.

Required Report Attachments

Check to indicate the required attachments are included with this report.

- Updated [Schedule Form](#) is included with this report (REQUIRED).
The schedule form should be an accurate reflection of the status of the project, including bid and construction information. **The schedule you are attaching must be appropriate given the Grant Term End Date in the grant agreement (or executed grant amendment).**
- Updated [Uniform Budget Tracking Spreadsheet](#) is included with this report (REQUIRED).
Include an updated budget spreadsheet that reflects current and previous expenditures on the grant(s). The tracker should be accurate through the end of the reporting period and include all incurred expenditures for all funding sources regardless of whether a reimbursement is requested. **Attachment B – Budget in the grant agreement (or executed grant amendment) must match the current project budget you are attaching.**

Sam.Gov Expiration: 10/25/2024

Progress Reporting

1. Grant Activities this Reporting Period (REQUIRED)

List project tasks outlined in Attachment A – Scope of Work in the grant agreement (or executed grant amendment). Summarize activities that occurred under each task during the reporting period, including tasks with no activity. Provide an overview of progress on the overall project. Indicate tasks completed.

Example

- *Deliverable: Installation of 1900 linear feet of 8" water main. Update: Installation in 80% complete.*
- *Deliverable: Replace existing well pumps and controls. Update: No activity this quarter.*

The following scope of work will help address the deficiencies of the wastewater system. This scope of work is the object of the ARPA grant. It will use ARPA Competitive Grant funds for professional services, construction, and engineering-basic services associated with the following activities. Activities include:

- Deliverable: Installation of approximately 11,800 ft. of 8-inch polyvinyl chloride (PVC) sewer pipe.
Update: Installation is 0% complete.
- Deliverable: Installation of approximately 40 manholes.
Update: Installation is 0% complete.
- Deliverable: Construction of lift station #3.
Update: Construction is 0% complete.
- Deliverable: Installation of approximately 2,700 ft. of force main.
Update: Installation is 0% complete.
- Deliverable: Installation of 26 grinder stations.
Update: Installation is 0% complete.
- Deliverable: Installation of 19 curb stops/check valves.
Update: Installation is 0% complete.
- Deliverable: Abandonment of 181 septic tanks, removal, replacement, or restoration of sidewalk and asphalt streets.
Update: Abandonment of septic tanks is 0% complete.
- Deliverable: Construction of 181 service connections to the new main.
Update: Construction is 0% complete.

Problems or Concerns (REQUIRED)

Discuss any problems or concerns that have arisen (e.g., problems with the schedule, subcontractors, or budget items). Include steps underway to alleviate problems.

To encourage contractor interest in the project, the city will allow the low bidder to start construction either this fall or wait until next spring. Once contractor has provided a construction schedule the city will discuss amending the term of ARPA grant agreement with DNRC staff. The current termination date of the agreement is December 31, 2024.

2. Next Reporting Period's Grant Activities (REQUIRED)

List project tasks outlined in Attachment A – Scope of Work in the grant agreement (or executed grant amendment). Summarize activities that will occur next quarter under each task, including tasks with no expected activity. Indicate tasks expected to be completed.

The plans and specifications are complete and will be sent to DEQ and Rural Development in July. The project will likely go to bid in August, but the award and execution of a construction contract will likely only occur in September or October.

The agency review process normally takes four to six weeks. As a result, the city is expected to receive authorization to advertise bids for the construction contract in August 2024.

Grant Agreement Review Checklist

Review the ARPA Grant Agreement(s) and executed grant amendment(s). Respond to the questions below.

1. Review Agreement Section 2. Term – Is the Term End Date in the grant agreement still appropriate for the project?

- YES** – Term End Date in the grant agreement is appropriate for the project to date.
- NO or NOT SURE** – Contact your Grant Manager ASAP to explain. A grant amendment may be needed.

2. Review Grant Agreement Attachment A – Scope of Work (Tasks/Deliverables) – Do the tasks/deliverables listed in the Scope of Work in the grant agreement (or executed grant amendment) accurately reflect the project to date?

- YES** – Scope of Work in the grant agreement accurately reflects the project to date.
- NO or NOT SURE** – Contact your Grant Manager ASAP to explain. A grant amendment may be needed.

3. Review Grant Agreement Attachment B – Budget – Do the DNRC ARPA grant funds and matching funds in the budget in the grant agreement (or executed grant amendment) accurately reflect the project to date?

- YES** – The budget in the grant agreement accurately reflects the project to date.
- NO or NOT SURE** – Contact your Grant Manager ASAP to explain. A grant amendment may be needed.

Additional Report Attachments (Optional)

Attach pictures, articles, maps, or any other document related to this quarter that you would like to include in the report.

Verification of Subrecipient Concurrence

REQUIRED only if Form Preparer is not from Subrecipient Entity

Subrecipient Contact Full Name: Chelsea Peterson

Subrecipient Contact Title: Clerk/Treasurer, City of Thompson Falls

Subrecipient Contact Email: Tfl3557@blackfoot.net

- The Subrecipient Contact listed above has reviewed this Progress Report and supporting documents. The Subrecipient Contact concurs with the information provided.

See the Reimbursements and Budget Tracking tab on the [DNRC ARPA Grant Management webpage](#) for documents and training videos.

UNIFORM STATUS OF FUNDS SPREADSHEET FOR:

City of Thompson Falls

Phase 3 & 4 Wastewater

DATE:

ADMINISTRATIVE/ FINANCIAL COSTS:	CDBG			MCEP			
	Budgeted	Previously Expended	Amount of Draw	Balance Remaining	Budgeted	Previously Expended	Amount of Draw
Professional Services	\$ -			\$ -	\$ 30,000.00		
CDBG - LMI Direct Benefit Admin	\$ 60,000.00	\$ 21,272.16		\$ 38,727.84	\$ -		
Legal Costs	\$ -			\$ -	\$ 8,000.00		
Travel & Training	\$ -			\$ -	\$ 2,000.00		
Audit Fees	\$ -			\$ -	\$ -		
PreDevelopment Financing Fee	\$ -			\$ -	\$ -		
Interim Interest	\$ -			\$ -	\$ -		
Bond Counsel & Related costs	\$ -			\$ -	\$ -		
Total Administrative Costs	\$ 60,000.00	\$ 21,272.16	\$ -	\$ 38,727.84	\$ 40,000.00	\$ -	\$ -
ACTIVITY COSTS:							
Engineering Additional Services (SID Formation, Surveying, GeoTech)	\$ -			\$ -	\$ -		
Engineering Basic Services - D&B, CM, PC	\$ -			\$ -	\$ -		
RPR	\$ -			\$ -	\$ -		
Construction - Phase 3	\$ -			\$ -	\$ 710,000.00		
Construction - Phase 4	\$ -			\$ -	\$ -		
CDBG - LMI Assessment Payments	\$ 390,000.00			\$ 390,000.00	\$ -		
Contingency (10% plus + 3% Inflation)	\$ -			\$ -	\$ -		
Total Activity Costs	\$ 390,000.00	\$ -	\$ -	\$ 390,000.00	\$ 710,000.00	\$ -	\$ -
TOTAL PROJECT COSTS	\$ 450,000.00	\$ 21,272.16	\$ -	\$ 428,727.84	\$ 750,000.00	\$ -	\$ -

Copy and submit to the applicable funding agency with each drawdown request.

uniblack2.xls

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s - Phase 3		RD Grant - Phase 3				RD Loans - Phase 4				
Amount of Draw	Balance Remaining	Budgeted	Previously Expended	Amount of Draw	Balance Remaining	Budgeted	Previously Expended	Amount of Draw	Balance Remaining	Budgeted
	\$ -	\$ 35,000.00			\$ 35,000.00	\$ 10,000.00			\$ 10,000.00	\$ 20,000.00
	\$ -	\$ -			\$ -	\$ -			\$ -	\$ -
	\$ -	\$ -			\$ -	\$ 5,000.00			\$ 5,000.00	\$ -
	\$ -	\$ -			\$ -	\$ -			\$ -	\$ -
	\$ -	\$ -			\$ -	\$ -			\$ -	\$ -
	\$ 5,400.00	\$ -			\$ -	\$ -			\$ -	\$ -
	\$ 96,000.00	\$ -			\$ -	\$ 26,000.00			\$ 26,000.00	\$ -
	\$ 40,000.00	\$ -			\$ -	\$ 40,000.00			\$ 40,000.00	\$ -
\$ -	\$ 141,400.00	\$ 35,000.00	\$ -	\$ -	\$ 35,000.00	\$ 81,000.00	\$ -	\$ -	\$ 81,000.00	\$ 20,000.00
	\$ -	\$ -			\$ -	\$ 10,000.00			\$ 10,000.00	\$ -
	\$ -	\$ -			\$ -	\$ -			\$ -	\$ -
	\$ 150,000.00	\$ 148,248.00			\$ 148,248.00	\$ 446,041.00			\$ 446,041.00	\$ -
	\$ 1,451,600.00	\$ 2,559,111.00			\$ 2,559,111.00	\$ -			\$ -	\$ -
	\$ -	\$ -			\$ -	\$ 2,512,959.00			\$ 2,512,959.00	\$ 4,387,041.00
	\$ -	\$ -			\$ -	\$ -			\$ -	\$ -
	\$ -	\$ 1,689,641.00			\$ -	\$ -			\$ -	\$ 2,087,959.00
\$ -	\$ 1,601,600.00	\$ 4,397,000.00	\$ -	\$ -	\$ 4,397,000.00	\$ 2,969,000.00	\$ -	\$ -	\$ 2,969,000.00	\$ 6,475,000.00
\$ -	\$ 1,743,000.00	\$ 4,432,000.00	\$ -	\$ -	\$ 4,432,000.00	\$ 3,050,000.00	\$ -	\$ -	\$ 3,050,000.00	\$ 6,495,000.00
0.0%					0.0%				0.0%	

RD Grant - Phase 4												Total Budget			
RD Grant - Phase 4				City								Budgeted	Expended	Balance	
Previously Expended	Amount of Draw	Balance Remaining		Budgeted	Previously Expended	Amount of Draw	Balance Remaining								
		\$ 20,000.00		\$ 40,000.00	\$ 29,566.23	\$ 875.00	\$ 9,558.77					\$ 150,000.00	\$ 30,441.23	\$ 119,558.77	
				\$ -								\$ 60,000.00	\$ 21,272.16	\$ 38,727.84	
		\$ -		\$ -								\$ 13,000.00	\$ -	\$ 13,000.00	
		\$ -		\$ -								\$ 2,000.00	\$ -	\$ 2,000.00	
		\$ -		\$ 40,000.00			\$ 40,000.00					\$ 40,000.00	\$ -	\$ 40,000.00	
		\$ -		\$ -								\$ 5,400.00	\$ -	\$ 5,400.00	
		\$ -		\$ -								\$ 122,000.00	\$ -	\$ 122,000.00	
		\$ -		\$ -								\$ 80,000.00	\$ -	\$ 80,000.00	
\$ -	\$ -	\$ 20,000.00		\$ 80,000.00	\$ 29,566.23	\$ 875.00	\$ 49,558.77					\$ 472,400.00	\$ 51,713.39	\$ 420,686.61	
				\$ 35,000.00	\$ 2,691.00		\$ 32,309.00					\$ 135,000.00	\$ 2,691.00	\$ 132,309.00	
				\$ 60,000.00	\$ 60,000.00							\$ 1,910,711.00	\$ 695,000.00	\$ 1,215,711.00	
				\$ -								\$ 744,289.00	\$ -	\$ 744,289.00	
				\$ -								\$ 4,890,000.00	\$ -	\$ 4,890,000.00	
		\$ 4,387,041.00		\$ -								\$ 6,900,000.00	\$ -	\$ 6,900,000.00	
		\$ -		\$ -								\$ 390,000.00	\$ -	\$ 390,000.00	
				\$ -								\$ 3,777,600.00	\$ -	\$ 3,777,600.00	
\$ -	\$ -	\$ 6,475,000.00		\$ 95,000.00	\$ 62,691.00	\$ -	\$ 32,309.00					\$ 18,747,600.00	\$ 697,691.00	\$ 18,049,909.00	
\$ -	\$ -	\$ 6,495,000.00		\$ 175,000.00	\$ 92,257.23	\$ 875.00	\$ 81,867.77					\$ 19,220,000.00	\$ 749,404.39	\$ 18,470,595.61	
							\$ 93,132.23	53.2%							3.9%
							\$ 82047.98								
							\$ (11,084.25)								
												\$ 4,805,000.00			

SUBRECIPIENT: City of Thompson Falls
 PROJECT TITLE: Phase 3 & 4 Wastewater Project

ADMINISTRATION	CBBG	MCEP	DNRC/RRGL	ARPA Competitive Grant (Rd. 1)	RD Loans - Phase 3	RD Grant - Phase 3	RD Loans - Phase 4	RD Grant - Phase 4	City	TOTAL
Professional Services		\$ 30,000.00	\$ 15,000.00			\$ 35,000.00	\$ 10,000.00	\$ 20,000.00	\$ 40,000.00	\$ 150,000.00
CBBG - (Mtl. Direct Benefit Admin)	\$ 60,000.00									\$ 60,000.00
Legal Costs		\$ 8,000.00					\$ 5,000.00			\$ 13,000.00
Travel & Training		\$ 2,000.00								\$ 2,000.00
Audit Fees					\$ 5,400.00				\$ 40,000.00	\$ 40,000.00
Predevelopment Financing Fee					\$ 96,000.00					\$ 96,000.00
Interest					\$ 40,000.00					\$ 40,000.00
Bond Counsel & Related costs					\$ 147,400.00	\$ 35,000.00	\$ 81,000.00	\$ 20,000.00	\$ 80,000.00	\$ 472,400.00
TOTAL ADMINISTRATION	\$ 60,000.00	\$ 40,000.00	\$ 15,000.00	\$ -	\$ 147,400.00	\$ 35,000.00	\$ 81,000.00	\$ 20,000.00	\$ 80,000.00	\$ 472,400.00
CONSTRUCTION RELATED ACTIVITIES										
Engineering Additional Services (SID Formation, Surveying, Geotech)			\$ 90,000.00						\$ 35,000.00	\$ 135,000.00
Engineering Basic Services - Design+Bidding, Construction Mngmnt, Post Construction				\$ 1,850,711.00					\$ 60,000.00	\$ 1,910,711.00
RPR					\$ 150,000.00	\$ 148,248.00	\$ 446,041.00			\$ 744,289.00
Construction - Phase 3		\$ 710,000.00	\$ 20,000.00	\$ 149,289.00	\$ 1,451,600.00	\$ 2,559,111.00	\$ 2,512,959.00	\$ 4,387,041.00		\$ 6,900,000.00
Construction - Phase 4										\$ 390,000.00
CBBG - (Mtl. Assessment Payments)	\$ 390,000.00					\$ 1,689,641.00				\$ 3,777,600.00
Contingency (10% plus + 3% Inflation)		\$ 710,000.00	\$ 110,000.00	\$ 2,090,000.00	\$ 1,607,600.00	\$ 4,387,000.00	\$ 2,969,000.00	\$ 5,475,000.00	\$ 95,000.00	\$ 18,747,600.00
TOTAL ACTIVITY	\$ 390,000.00	\$ 710,000.00	\$ 110,000.00	\$ 2,090,000.00	\$ 1,607,600.00	\$ 4,387,000.00	\$ 2,969,000.00	\$ 5,475,000.00	\$ 95,000.00	\$ 18,747,600.00
TOTAL PROJECT BUDGET	\$ 450,000.00	\$ 750,000.00	\$ 125,000.00	\$ 2,000,000.00	\$ 1,745,000.00	\$ 4,432,000.00	\$ 3,050,000.00	\$ 6,495,000.00	\$ 175,000.00	\$ 19,220,000.00

SUMMARY OF MATCHING FUNDS

FUNDING SOURCE	AMOUNT
CBBG	\$ 450,000.00
MCEP	\$ 750,000.00
DNRC/RRGL	\$ 125,000.00
ARPA Competitive Grant (Rd. 1)	\$ 2,000,000.00
RD Loans - Phase 3	\$ 1,743,000.00
RD Grant - Phase 3	\$ 4,432,000.00
RD Loans - Phase 4	\$ 3,050,000.00
RD Grant - Phase 4	\$ 6,495,000.00
City	\$ 175,000.00
TOTAL	\$ 19,220,000.00

\$ 4,793,000.00 \$ 10,927,000.00 \$ 14,252,000.00 74%
 \$ 14,252,000.00 0.741519251 \$ 10,927,000.00
 \$ 4,793,000.00

Funding

ARPA \$ 2,000,000 \$ 24,682,685
 CDBG \$ 450,000
 MCEP \$ 1,500,000
 RRGL \$ 313,685
 RD Grants \$ 20,419,000 71%
 RD Loans \$ 9,625,000 28%

ATTACHMENT B

SUBRECIPIENT: City of Thompson Falls
PROJECT TITLE: Wastewater Improvement Project - Phase 3

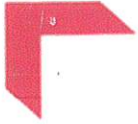
ADMINISTRATION	CDBG	MCEP	DNRC-RRGL	RD Phase 3 Loan	RD Phase 3 Grant	ARPA Competitive Grant	TOTAL
Professional Services		\$ 30,000.00	\$ 20,000.00		\$ 20,000.00	\$ 15,000.00	\$85,000.00
CDBG-LMI Direct Benefit Administration	\$ 60,000.00						\$60,000.00
Legal Costs		\$ 8,000.00					\$8,000.00
Travel & Training		\$ 2,000.00					\$2,000.00
Audit Fees					\$ 20,000.00		\$20,000.00
Pre Development Financing Fee			\$ 5,400.00				\$5,400.00
Intern Interest			\$ 96,000.00				\$96,000.00
Bond Counsel			\$ 20,000.00		\$ 20,000.00		\$40,000.00
							\$0.00
							\$0.00
TOTAL ADMINISTRATION	\$60,000.00	\$40,000.00	\$20,000.00	\$121,400.00	\$60,000.00	\$15,000.00	\$316,400.00
CONSTRUCTION RELATED ACTIVITIES							
Engineering Additional Services (SID Formation, Surveying, GeoTech)			\$ 85,000.00				\$85,000.00
Engineering Basic Services (Design, Bidding, Const Mngmnt, Post Const)						\$ 931,725.00	\$931,725.00
RRP					\$ 148,275.00		\$298,275.00
Construction - Phase 3		\$ 710,000.00	\$ 20,000.00	\$ 150,000.00	\$ 148,275.00	\$ 1,053,275.00	\$4,890,000.00
CDBG LMI Assessment Payments	\$ 390,000.00			\$ 1,471,600.00	\$ 1,635,125.00		\$390,000.00
Contingency					\$ 2,588,600.00		\$2,588,600.00
							\$0.00
TOTAL ACTIVITY	\$390,000.00	\$710,000.00	\$105,000.00	\$1,621,600.00	\$4,372,000.00	\$1,985,000.00	\$9,183,600.00
TOTAL PROJECT BUDGET	\$450,000.00	\$750,000.00	\$125,000.00	\$1,743,000.00	\$4,432,000.00	\$2,000,000.00	\$9,500,000.00

SUMMARY OF MATCHING FUNDS

FUNDING SOURCE	AMOUNT
CDBG	\$450,000.00
MCEP	\$750,000.00
DNRC-RRGL	\$125,000.00
RD Phase 3 Loan	\$1,743,000.00
RD Phase 3 Grant	\$4,432,000.00
ARPA Competitive Grant	\$2,000,000.00
TOTAL	\$9,500,000.00

\$7,757,000.00
82%

City of Thompson Falls
Correspondence
City Council Meeting
July 8, 2024



Mayor Rusti Leivestad
108 Fulton Street
PO Box 99
Thompson Falls, MT 59873

June 27, 2024

RE: Wild Goose Landing Park - NorthWestern Response to the May 22, 2024 Letter from Mayor Rusti Leivestad.

Dear Mayor Leivestad,

This letter is in response to your letter dated May 22, 2024 in which you stated that your understanding was that NorthWestern was going to take over the operation and maintenance of Wild Goose Landing Park. This understanding is based upon your interpretation that an easement granted to NorthWestern on December 11, 2023 requires NorthWestern to take over operation and maintenance, but in reality the easement simply allows NorthWestern to do so.

NorthWestern engaged with the City of Thompson Falls (City) in 2023 to discuss the Federal Energy Regulatory Commission (FERC) licensing of the Thompson Falls Hydroelectric Project. It was communicated with the City that NorthWestern was proposing to include three recreation sites within its new FERC license as Project amenities that are partially located on City-owned property: Power Park, Wild Goose Landing Park, and the gate and ADA-accessible parking spot adjacent to the Gallatin Street Bridge at Island Park. Incorporating these three recreation sites in the future FERC license will ensure their ongoing operation and maintenance as public recreation facilities to the benefit of the Thompson Falls Community. As part of the ongoing licensing process, FERC will require NorthWestern to have legal jurisdiction to operate the sites under a new license. To that end, NorthWestern requested the City of Thompson Falls authorize and enter into perpetual easements for use of city-owned land at the three recreation sites for public recreation. The licensing process is still ongoing, and is anticipated to continue through 2025, or longer, before FERC issues the new license authorizing NorthWestern to operate the Thompson Falls Hydroelectric Project as proposed. These future plans were documented in the enclosed handout distributed to City officials as part of a City Council meeting on September 11, 2023. The City agreed with NorthWestern's proposed plans and issued the easements on December 11, 2023 allows NorthWestern to operate and maintain these facilities on City-owned property under the future license.

The May 22 letter from Mayor Leivestad references a 2018 study of City owned parks, including Wild Goose Landing Park (Park), prepared by the WGM group. NorthWestern is familiar with this report and has referenced it in conversations with the City. At no time since this report was published has the City proposed any action nor requested specific support or action from NorthWestern to complete projects to remedy the condition of infrastructure of the City owned Park identified in the report. During a meeting on September 7, 2023 with the Mayor and Public Work Director, NorthWestern agreed to fund \$6700 worth of upgrades to the driveway and parking areas at the Park under agreement that the city would make repairs to the dilapidated sprinkler system. While the parking lot improvements were done in short order and paid for by NorthWestern, we have not received any notice that the work on the sprinkler system work was completed as agreed to.

Also in the May 22 letter, the Mayor documented the City consistently exceeding costs of servicing the agreement for O&M. Included in the letter are the total dollars spent by the City from 2021 through 2023. It is true the costs provided by the City exceed the annual contributions from NorthWestern under the agreement. What wasn't mentioned is the agreement is one of a cooperative nature, and states, "Under this agreement, the City of Thompson Falls will provide necessary supplemental funding to maintain mutually acceptable operation and upkeep of the Park." In addition, the costs incurred by the City included in the May 22 letter do not match the costs included in the annual reports prepared by the City under the agreement. The costs to the City provided in the O&M agreement annual reports along with the costs included in the May 22 letter (in parenthesis) are as follows: 2021 – \$11,961.12 (\$11,480.22), 2022 – 16,019.01 (\$16,019.01), and 2023 – \$9,262.82 (\$21,360.64). NorthWestern's annual contributions to the City for O&M at Wild Goose Landing Park were: 2021 - \$10,769, 2022 - \$11,038, and 2023 – \$11,314.

NorthWestern understands and is empathetic to the challenges of operating and maintaining recreation facilities, aging infrastructure, and budgetary challenges. NorthWestern has responded to requests to help combat these challenges. For instance, NorthWestern agreed to provide increase funding for the updated O&M agreement in 2019 following a request from then Mayor Mark Sheets. Additionally, NorthWestern has agreed to include the Park in the future FERC license to ensure it is available for the community for the next 30-50 years. We are committed to investing in the Park to meet the needs of the recreating public.

With that said, and with short notice from the City, NorthWestern is not currently in the position to take over the operation and management of the Park in 2024. NorthWestern is committed to continue to provide the boat launch and docks in 2024 as required by our current FERC operating license. In addition, we are initiating a planning process to determine reasonable and cost effective solutions to make the Park

more functional, easier to maintain, and to remedy any property boundary issues. This will take time to develop, to work through boundary issues, and to implement any identified projects at the Park. NorthWestern commits to work diligently and expeditiously through this process to facilitate NorthWestern's future shift to taking over the operation and maintenance of the Park.

If the City would like to engage and discuss the future of this valuable Park, and the potential to cooperatively manage this public resource that is heavily used by City residents, please contact me.

Regards,



Andy Welch
NorthWestern Energy
Manager, Hydropower License Compliance
208 N Montana Ave.
Helena, MT 59601
Andrew.Welch@NorthWestern.com
☎ 406-444-8115

Enclosure: 9-11-2023 City Council Meeting Handout

CC: Chelsea Peterson, City of Thompson Falls
Neil Harnett, City of Thompson Falls
Hayley Allen-Blakney, Thompson Falls City Council
Shawni Vaught, Thompson Falls City Council
Earlene Powell, Thompson Falls City Council
Katherine Maudrone, Thompson Falls City Council
Raoul Ribeiro, Thompson Falls City Council
Larry Lack, Thompson Falls City Council
Kim McMahon, Pinnacle Research

Request for Easements on City-Owned Property

NorthWestern Energy representatives met with former mayor Mark Sheets, City Council member Katherine Maudrone, and others on April 28 concerning recreation sites associated with the Thompson Falls Hydroelectric Project. Three of the recreation sites discussed are partially located on City-owned property: Power Park, Wild Goose Landing Park, and the gate and ADA-accessible parking spot adjacent to the Gallatin Street Bridge at Island Park.

Because of the importance of these sites to the people of Thompson Falls and the recreating public, NorthWestern is proposing to include them within its new Federal Energy Regulatory Commission (FERC) license as Project amenities, including the city-owned portions, to ensure ongoing operation and maintenance as public recreation facilities. FERC will require NorthWestern to have legal jurisdiction to operate the sites in such a way. To that end, NorthWestern requests the City of Thompson Falls authorize and enter into perpetual easements for use of city-owned land for the public recreation purposes below.

Power Park: Easement to include the section of Pond Street located south of Maiden Lane. An actual street surface does not exist in this area, though it is the City's Pond Street right-of-way. The requested use will allow NorthWestern to place and maintain trees, shrubs and a lawn in this area as part of Power Park as they have been doing for several years. The width and length of the right-of-way appears to be about 200 feet long and 50 feet wide (about $\frac{1}{4}$ acre). The City has a sewer line and other utilities within the right-of-way and would retain the right to operate and maintain those utilities. NorthWestern operates and maintains Power Park.



Wild Goose Landing Park: Easement to use the parcel of land The Montana Power Company conveyed to the City on August 20, 1991 by Warranty Deed (Micro No. 561 records of Sanders County), Certificate of Survey 1095, which stipulates this area is 1.141 acres. NorthWestern supports continued operation and maintenance of the site as a park and has provided financial support to the City for such tasks. The ongoing use will place, operate and maintain a restroom, parking area, picnic tables, landscaping, docks, signage, boat launch and other facilities related to Wild Goose Landing Park as currently constructed, and as may be reconstructed and constructed in the future, under cooperation with the City.



Island Park: Easement for the Gallatin Street Bridge gate and ADA-accessible parking spot, about 0.02 acres. This area is used to accommodate and manage access to Island Park for NorthWestern staff and for visitors requiring ADA access and is managed as such by NorthWestern.



June 14, 2024

Rusti Leivestad
City of Thompson Falls
P.O. Box 99
Thompson Falls MT 59873

Re: Notice of Pilot Community Tourism Grant Application

Dear Mayor Leivestad:

The Montana Department of Commerce completed an evaluation of applications submitted for funding from the Pilot Community Tourism Grant Program. A review committee evaluated applications according to the Pilot Community Tourism Grant Program's administrative guidelines and criteria. These grants are highly competitive, and Commerce received twenty-four submissions with more than can be supported in the Cohort I fund schedule.

Thompson Falls Community Tourism Grant Project has not been selected for funding in this cohort schedule. The Thompson Falls Community Tourism Grant Project was pragmatic and insightful. The submission would have been strengthened by specifying activities and engagement that steering committee members have been involved in related to the submission, by providing a more robust plan of engagement for identified stakeholders, and by identifying and outlining a more specific and detailed plan to address challenges.

We realize your application represented hours of hard work and we thank you for your interest in the Pilot Community Tourism Grant Program. While we were not able to fund the community in this cohort schedule, we hope you consider applying for funds in the future. If you have any questions, we encourage you to contact Michele Cushman, Supervisor of the Tourism Grant Program, at 406.841.2796 or tourismgrants@mt.gov to further discuss how to strengthen a future application to this funding opportunity.

Sincerely,



Mandy Rambo
Deputy Director

Cc: Chelsea Peterson

OFFICE OF THE GOVERNOR
STATE OF MONTANA

Greg Gianforte
GOVERNOR



Kristen Juras
LT. GOVERNOR

June 7, 2024

Ms. Rusti Leivestad, Mayor
City of Thompson Falls
PO Box 99
Thompson Falls, MT 59873

Re: Notice of Montana Coal Endowment Program Planning Grant Award

Dear Mayor Leivestad:

Congratulations! On behalf of the State of Montana, it is my pleasure to notify you that the City of Thompson Falls has been selected for a Montana Coal Endowment Program planning grant award in the amount of \$40,000 to complete a stormwater preliminary engineering report.

All awardees will be contacted directly with more information in the upcoming weeks by program staff. If you have any questions, please contact the Community MT Division at the Montana Department of Commerce at 406-841-2770 or DOCCDD@mt.gov.

Again, congratulations. I wish you great success in the completion of your project.

Sincerely,


Greg Gianforte
Governor

City of Thompson Falls



Mayor
Rusti Leivestad

City Attorney
Timothy Goen

Ward I
Larry Lack
Raoul Ribeiro, Pres.

Ward II
Katherine Mandrone
Earlene Powell

Ward III
Hayley Allen-Blakney, VP
Shawni Vaught

May 14, 2024

Montana Department of Administration
Local Government Services Bureau
Federal Building, 301 S. Park Ave, Room 340
PO Box 200547
Helena, MT 59620-0547

RE: Thompson Falls FY 2022 Audit

Your office received a copy of the Thompson Falls FY 2022 Audit containing two conditions.

2022-001 **Accounting and Financial Reporting** – The City's management continues to work on a plan to ensure that the AFR is completed promptly to comply with the submission deadline requirement for the AFR and Audit report. The COVID-19 pandemic caused delays for the auditor and, consequently, the city for the FY22 Audit and FY22 AFR. The city prepared the FY23 AFR to meet the December 31, 2023, deadline. Fiscal Year FY22 Audit was just completed, and with the help of the new auditors, the FY2023 Audit will be completed in July 2024. The city will get back on track with the new auditors and send the AFR and Audit on time in the upcoming years.

2022-002 **Financial Close and Reporting**—The City's management continues to work to ensure that all Financial Close and Reporting are done correctly. The city is working with the new auditors to ensure that FY2022 Financials are correct.

The city plans to address both findings by working with our new auditors to assist with future reporting.

Please let me know if you have questions about the audit or this response.

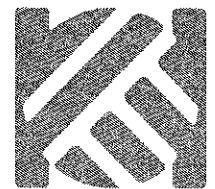
Sincerely,

Rusti Leivestad, Mayor

CITY OF THOMPSON FALLS
SANDERS COUNTY, MONTANA

FINANCIAL REPORT

June 30, 2022



KCOE
ISOM

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CITY OF THOMPSON FALLS, MONTANA
CITY OFFICIALS
June 30, 2022

Mark Sheets Mayor
Ruth Cheney City Council
Raoul Ribeiro Council President
Earlene Powell City Council
Larry Lack City Council
Kathrine Maudrone City Council
Shawni Vaught City Council
Chelsea Peterson City Clerk/Treasurer
Tim Goen City Attorney
Donald Strine City Judge
Christopher Nichols Chief of Police
Neil Harnett Public Works Director/Fire Chief



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INDEPENDENT AUDITORS' REPORT

To the City Council and the Mayor
City of Thompson Falls
Thompson Falls, Montana

Report on the Audit of the Financial Statements

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 AUDITORS' 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 City'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 City'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 City's ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT
(Continued)

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

GAAP requires that the management's discussion and analysis, schedule of budgetary comparison, schedule of changes in total OPEB liability, schedule of proportionate share of net pension liability and schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KCae Team, LLP

May 14, 2024
Billings, Montana

CITY OF THOMPSON FALLS, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

The discussion and analysis of the City of Thompson Falls' (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the City'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

The assets of the City exceeded its liabilities at the close of June 30, 2022 by \$10,816,726 (net position). Of this amount the City had an unrestricted net position of \$129,113. The City's total net position increased by \$4,350,439; governmental activities net position increased by \$127,055 and the business-type net position increased by \$4,223,384.

Major financial highlights for fiscal year 2022 include:

- The City's General Fund purchased equipment during the year of \$49,650 and focused on paying down existing loans of \$33,855.
- The City received many grants and contributions this year for a total of \$4,884,909.
- The City's Business-Type Activities long-term debt increased by \$2,297,609 during fiscal year 2022 as it continued to work on Phase 1 and 2 of the Wastewater project.

USING THIS ANNUAL FINANCIAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two 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 City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City'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 similar to the accounting used by most private-sector companies. This accounting basis takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

CITY OF THOMPSON FALLS, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Net Position and the Statement of Activities distinguishes between the following activities.

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

Business-type activities, which recover all or a significant portion of their costs through user fees and charges, include water and sewer.

The government-wide financial statement can be found on the pages after this management's discussion and analysis report.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The emphasis of fund financial statements is to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds. The City's major governmental funds are the General Fund and Library Fund. The City's major proprietary funds are the Water Fund and the Sewer Fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-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 City's general government operations and the basic services it provides. Both the governmental fund balance sheet and the government 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 City's proprietary funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information such as cash flows for proprietary funds.

The City is providing condensed comparative financial information for fiscal year 2022 and 2021. The analysis focuses on the net position and changes in net position of the City's governmental and business-type activities.

CITY OF THOMPSON FALLS, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2022

	Governmental Activities		Change	Percent Change
	2022	2021		
ASSETS				
Current assets	\$ 1,195,545	\$ 1,106,380	\$ 89,165	8.06%
Capital assets	<u>1,651,845</u>	<u>1,796,771</u>	<u>(144,926)</u>	<u>-8.07%</u>
Total assets	2,847,390	2,903,151	(55,761)	-0.01%
DEFERRED OUTFLOWS				
Pension plan	<u>139,097</u>	<u>161,451</u>	<u>(22,354)</u>	<u>-13.85%</u>
	<u>2,986,487</u>	<u>3,064,602</u>	<u>(78,115)</u>	<u>-2.55%</u>
LIABILITIES				
Current liabilities	55,856	85,888	(30,032)	-34.97%
Non-current liabilities	<u>616,302</u>	<u>643,303</u>	<u>(27,001)</u>	<u>-4.20%</u>
Total liabilities	<u>672,158</u>	<u>729,191</u>	<u>(57,033)</u>	<u>-7.82%</u>
DEFERRED INFLOWS				
Deferred revenue	<u>198,535</u>	<u>346,672</u>	<u>(148,137)</u>	<u>-42.73%</u>
TOTAL NET POSITION	<u>\$ 2,115,794</u>	<u>\$ 1,988,739</u>	<u>\$ 127,055</u>	<u>6.39%</u>
BREAKDOWN OF TOTAL NET POSITION				
Net investment in capital assets	\$ 1,549,265	\$ 1,716,778	\$ (167,513)	-9.76%
Restricted for programs	641,495	343,292	298,203	86.87%
Unrestricted	<u>(74,966)</u>	<u>(71,331)</u>	<u>(3,635)</u>	<u>5.10%</u>
Total net position	<u>\$ 2,115,794</u>	<u>\$ 1,988,739</u>	<u>\$ 127,055</u>	<u>6.39%</u>
REVENUES				
General Revenues:				
Property taxes and special assessments	\$ 622,729	\$ 651,608	\$ (28,879)	-4.43%
Fees in lieu of taxes	2,065	3,125	(1,060)	100.00%
Fines and forfeitures	32,224	29,257	2,967	100.00%
Grants and contributions	565,976	613,807	(47,831)	-7.79%
Unrestricted investment/earnings	623	1,202	(579)	-48.17%
Miscellaneous	<u>21,930</u>	<u>54,110</u>	<u>(32,180)</u>	<u>-59.47%</u>
Total general revenues	<u>1,245,547</u>	<u>1,353,109</u>	<u>(107,562)</u>	<u>-7.95%</u>
Program Revenues:				
Charges for services	36,806	18,617	18,189	97.70%
Operating grants and contributions	179,807	55,284	124,523	225.24%
Capital grants and contributions	<u>365,060</u>	<u>414,098</u>	<u>(49,038)</u>	<u>-11.84%</u>
Total program revenues	<u>581,673</u>	<u>487,999</u>	<u>93,674</u>	<u>19.20%</u>
EXPENSES				
General government	551,873	423,397	128,476	30.34%
Public safety	492,802	532,461	(39,659)	-7.45%
Public works	282,587	224,145	58,442	26.07%
Public health	1,001	958	43	100.00%
Culture and recreation	361,932	237,330	124,602	52.50%
Social and economic services	500	-	500	0.00%
Interest expense	<u>9,470</u>	<u>2,906</u>	<u>6,564</u>	<u>225.88%</u>
Total expenses	<u>1,700,165</u>	<u>1,421,197</u>	<u>278,968</u>	<u>19.63%</u>
Change in net position	127,055	419,911	(292,856)	-69.74%
Net position, beginning of year	<u>1,988,739</u>	<u>1,568,828</u>	<u>419,911</u>	<u>26.77%</u>
Net position, end of year	<u>\$ 2,115,794</u>	<u>\$ 1,988,739</u>	<u>\$ 127,055</u>	<u>6.39%</u>

CITY OF THOMPSON FALLS, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2022

The cost of all governmental activities this year was \$1,700,165 compared to \$1,421,197 last year. The largest expense is for General Government and Public Safety, in the amount of \$1,044,675. The majority of revenue received is from property taxes and special assessments, and the state share entitlement that is a consolidation of various revenues such as motor vehicles fees, alcohol, gambling tax receipts, and personal property taxes. Property taxes fund the local programs such as culture and recreation.

The operating cost of all proprietary (business-type) activities this year was \$889,412. The amounts paid by users of the system was \$772,754. The operating cost in fiscal year 2021 was \$684,255 and user amounts paid were \$600,850.

	Business Type Activities		Change	Percent Change
	2022	2021		
ASSETS				
Current assets	\$ 900,655	\$ 8,111	\$ 892,544	11004.12%
Non-current assets	309,160	209,010	100,150	47.92%
Capital assets	<u>14,486,942</u>	<u>8,653,030</u>	<u>5,833,912</u>	<u>67.42%</u>
Total assets	<u>15,696,757</u>	<u>8,870,151</u>	<u>6,826,606</u>	<u>76.96%</u>
DEFERRED OUTFLOWS				
Pension plan	<u>19,075</u>	<u>49,565</u>	<u>(30,490)</u>	<u>-61.52%</u>
LIABILITIES				
Current liabilities	1,085,530	349,401	736,129	210.68%
Non-current liabilities	<u>5,899,147</u>	<u>4,093,196</u>	<u>1,805,951</u>	<u>44.12%</u>
Total liabilities	<u>6,984,677</u>	<u>4,442,597</u>	<u>2,542,080</u>	<u>57.22%</u>
DEFERRED INFLOWS				
Pension plan	<u>30,223</u>	<u>11,169</u>	<u>19,054</u>	<u>170.60%</u>
TOTAL NET POSITION	<u>\$ 8,700,932</u>	<u>\$ 4,465,950</u>	<u>\$ 4,234,982</u>	<u>94.83%</u>
BREAKDOWN OF TOTAL NET POSITION				
Net investment in capital assets	\$ 8,187,603	\$ 4,651,300	\$ 3,536,303	76.03%
Restricted for:				
Revenue bond sinking fund	151,890	151,890	-	0.00%
Revenue bond replacement and depreciation	157,360	157,360	-	0.00%
Unrestricted	<u>204,079</u>	<u>(494,600)</u>	<u>698,679</u>	<u>-141.26%</u>
Total net position	<u>\$ 8,700,932</u>	<u>\$ 4,465,950</u>	<u>\$ 4,234,982</u>	<u>94.83%</u>
REVENUES				
Charges for services	\$ 772,754	\$ 600,850	\$ 171,904	28.61%
Operating grants	12,121	8,516	3,605	42.33%
Capital grants	<u>4,327,921</u>	<u>547,465</u>	<u>3,780,456</u>	<u>690.54%</u>
Total revenues	<u>5,112,796</u>	<u>1,156,831</u>	<u>3,955,965</u>	<u>341.97%</u>
EXPENSES				
Operating expenses	891,009	689,027	201,982	29.31%
Net non-operating (income) expenses	<u>(1,597)</u>	<u>(4,772)</u>	<u>3,175</u>	<u>-66.53%</u>
Total expenses	<u>889,412</u>	<u>684,255</u>	<u>205,157</u>	<u>29.98%</u>
Change in net position	4,223,384	472,576	3,750,808	793.69%
Net position, beginning of year	4,465,950	3,993,374	472,576	11.83%
Restatement	<u>11,598</u>	<u>-</u>	<u>11,598</u>	<u>0.00%</u>
Net position, end of year	<u>\$ 8,700,932</u>	<u>\$ 4,465,950</u>	<u>\$ 4,234,982</u>	<u>94.83%</u>

CITY OF THOMPSON FALLS, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2022

THE CITY'S FUNDS

The following is an analysis of the balances in the City's major governmental funds. Condensed comparative information for fiscal years 2022 and 2021 is provided below.

	Governmental Funds		Change	Percent Change
	2022	2021		
GENERAL FUND				
Total assets	<u>\$ 545,297</u>	<u>\$ 246,346</u>	<u>\$ 298,951</u>	<u>121.35%</u>
Total liabilities	18,085	18,085	-	0.00%
Total deferred inflows	47,034	39,769	7,265	18.27%
Total fund balance	<u>480,178</u>	<u>188,492</u>	<u>291,686</u>	<u>154.75%</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 545,297</u>	<u>\$ 246,346</u>	<u>\$ 298,951</u>	<u>121.35%</u>
LIBRARY FUND				
Total assets	<u>\$ 105,963</u>	<u>\$ 126,938</u>	<u>\$ (20,975)</u>	<u>-16.52%</u>
Total liabilities	1,427	1,427	-	100.00%
Total deferred inflows	7,326	6,044	1,282	21.21%
Total fund balance	<u>97,210</u>	<u>119,467</u>	<u>(22,257)</u>	<u>-18.63%</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 105,963</u>	<u>\$ 126,938</u>	<u>\$ (20,975)</u>	<u>-16.52%</u>
ARPA FUND				
Total assets	<u>\$ 365,060</u>	<u>\$ -</u>	<u>\$ 365,060</u>	<u>0.00%</u>
Total fund balance	<u>365,060</u>	<u>-</u>	<u>365,060</u>	<u>0.00%</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 365,060</u>	<u>\$ -</u>	<u>\$ 365,060</u>	<u>0.00%</u>
GENERAL FUND				
Total revenue	\$ 893,921	\$ 865,003	\$ 28,918	3.34%
Total expenses	<u>940,452</u>	<u>1,009,581</u>	<u>(69,129)</u>	<u>-6.85%</u>
Excess of revenue over expenditures	(46,531)	(144,578)	98,047	-67.82%
Other financing uses	<u>338,217</u>	<u>37,726</u>	<u>300,491</u>	<u>100.00%</u>
Net change in fund balance	<u>\$ 291,686</u>	<u>\$ (106,852)</u>	<u>\$ 398,538</u>	<u>-372.98%</u>
LIBRARY FUND				
Total revenue	\$ 137,933	\$ 170,296	\$ (32,363)	-19.00%
Total expenses	<u>160,190</u>	<u>145,975</u>	<u>14,215</u>	<u>9.74%</u>
Excess (deficiency) of revenue over expenditures	(22,257)	24,321	(46,578)	-191.51%
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Net change in fund balance	<u>\$ (22,257)</u>	<u>\$ 24,321</u>	<u>\$ (46,578)</u>	<u>-191.51%</u>
ARPA FUND				
Total revenue	\$ 365,060	\$ -	\$ 365,060	0.00%
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Excess of revenue over expenditures	<u>365,060</u>	<u>-</u>	<u>365,060</u>	<u>0.00%</u>
Net change in fund balance	<u>\$ 365,060</u>	<u>\$ -</u>	<u>\$ 365,060</u>	<u>0.00%</u>

CITY OF THOMPSON FALLS, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2022

THE CITY'S FUNDS (CONTINUED)

The City has two major proprietary funds, consisting of the Water Fund and Sewer Fund. The basic financial statements for these major funds are included in this report. As shown in the statement of revenues, expenses, and changes in net position, the operating income for 2022 for the water fund was \$32,077, while 2021 was \$(795). The operating income for 2022 for the sewer fund was \$(71,439), while 2021 was \$(36,821).

	Proprietary Funds		Change
	2022	2021	
WATER FUND			
Current assets	\$ 332,036	\$ 1,015	\$ 331,021
Non-current assets	282,694	182,544	100,150
Capital assets	<u>4,029,737</u>	<u>3,659,462</u>	<u>370,275</u>
Total assets	<u>4,644,467</u>	<u>3,843,021</u>	<u>801,446</u>
Deferred outflows			
Related to pension plan	<u>15,102</u>	<u>38,915</u>	<u>(23,813)</u>
Total deferred outflows	<u>15,102</u>	<u>38,915</u>	<u>(23,813)</u>
Current liabilities	528,247	178,789	349,458
Long-term debt outstanding	<u>1,043,223</u>	<u>1,048,394</u>	<u>(5,171)</u>
Total liabilities	<u>1,571,470</u>	<u>1,227,183</u>	<u>344,287</u>
Deferred inflows - pension plan	<u>23,928</u>	<u>8,769</u>	<u>15,159</u>
Net Position			
Net investment in capital assets	2,647,944	2,725,922	(77,978)
Restricted	282,694	282,694	-
Unrestricted	<u>133,533</u>	<u>42,368</u>	<u>91,165</u>
Total net position	<u>\$ 3,064,171</u>	<u>\$ 3,050,984</u>	<u>\$ 13,187</u>
SEWER FUND			
Total operating revenue	\$ 504,961	\$ 460,867	\$ 44,094
Total operating expenses	<u>472,884</u>	<u>461,662</u>	<u>11,222</u>
Operating income	<u>32,077</u>	<u>(795)</u>	<u>32,872</u>
Non-operating revenue	6,038	13,085	(7,047)
Non-operating expenses	<u>25,406</u>	<u>20,849</u>	<u>4,557</u>
Total non-operating income (loss)	<u>(19,368)</u>	<u>(7,764)</u>	<u>(11,604)</u>
Restatement	<u>478</u>	<u>101,310</u>	<u>(100,832)</u>
Change in net position	<u>\$ 13,187</u>	<u>\$ 92,751</u>	<u>\$ (79,564)</u>

CITY OF THOMPSON FALLS, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2022

	Proprietary Funds (Continued)			Percent Change
	2022	2021	Change	
SEWER FUND				
Current assets	\$ 568,619	\$ 7,096	\$ 561,523	7913.23%
Non-current assets	26,466	26,466	-	0.00%
Capital assets	<u>10,457,205</u>	<u>4,993,568</u>	<u>5,463,637</u>	<u>109.41%</u>
Total assets	<u>11,052,290</u>	<u>5,027,130</u>	<u>6,025,160</u>	<u>119.85%</u>
Deferred outflows				
Related to pension plan	<u>3,973</u>	<u>10,650</u>	<u>(6,677)</u>	<u>-62.69%</u>
Total deferred outflows	<u>3,973</u>	<u>10,650</u>	<u>(6,677)</u>	<u>-62.69%</u>
Current liabilities	557,283	170,612	386,671	226.64%
Long-term debt outstanding	<u>4,855,924</u>	<u>3,449,802</u>	<u>1,406,122</u>	<u>40.76%</u>
Total liabilities	<u>5,413,207</u>	<u>3,620,414</u>	<u>1,792,793</u>	<u>49.52%</u>
Deferred inflows - pension plan	<u>6,295</u>	<u>2,400</u>	<u>3,895</u>	<u>162.29%</u>
Net Position				
Net investment in capital assets	5,539,659	1,925,378	3,614,281	187.72%
Restricted	26,556	26,556	-	0.00%
Unrestricted	<u>70,546</u>	<u>(536,968)</u>	<u>607,514</u>	<u>-113.14%</u>
Total net position	<u>\$ 5,636,761</u>	<u>\$ 1,414,966</u>	<u>\$ 4,221,795</u>	<u>298.37%</u>
SEWER FUND				
Total operating revenue	\$ 267,793	\$ 139,983	\$ 127,810	91.30%
Total operating expenses	<u>339,232</u>	<u>176,804</u>	<u>162,428</u>	<u>91.87%</u>
Operating income	<u>(71,439)</u>	<u>(36,821)</u>	<u>(34,618)</u>	<u>94.02%</u>
Non-operating revenue	4,335,601	547,668	3,787,933	691.65%
Non-operating expenses	<u>53,487</u>	<u>29,712</u>	<u>23,775</u>	<u>80.02%</u>
Total non-operating income (expense)	4,282,114	517,956	3,764,158	726.73%
Restatement	<u>11,120</u>	<u>26,819</u>	<u>(15,699)</u>	<u>100.00%</u>
Change in net position	<u>\$ 4,221,795</u>	<u>\$ 507,954</u>	<u>\$ 3,713,841</u>	<u>731.14%</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's net investment in capital assets, net of accumulated depreciation and related debt, were \$1,549,265 and \$8,187,603 for the governmental activities and business-type activities, as of June 30, 2022 and 2021. Further detail on capital assets is presented in Note 8 to the financial statements.

Debt

As of June 30, 2022, the City of Thompson Falls had total bonds and loans outstanding of \$6,401,919. The Water and Sewer bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Other debt includes loans payable secured by vehicles and equipment. The City's total long-term debt increased by \$2,320,196 for the year. Additional information regarding long-term debt can be found in the Note 9 to the financial statements.

CITY OF THOMPSON FALLS, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2022

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have any questions about this report or need additional information, contact either:

Mark Sheets, Mayor or Chelsea Peterson, City Clerk/Treasurer
City of Thompson Falls, PO Box 99
Thompson Falls, MT 59873
Telephone 1-406-827-3557

FINANCIAL STATEMENTS

CITY OF THOMPSON FALLS, MONTANA
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and investments	\$ 1,139,057	\$ 525,378	\$ 1,664,435
Receivables:			
Property taxes and assessments receivable	54,359	-	54,359
Accounts receivable	-	15,565	15,565
Grant receivable	-	359,712	359,712
Due from other governments	2,129	-	2,129
Total current assets	<u>1,195,545</u>	<u>900,655</u>	<u>2,096,200</u>
NON-CURRENT ASSETS			
Restricted cash and investments	-	309,160	309,160
Capital assets, net of accumulated depreciation	1,651,845	14,486,942	16,138,787
Total non-current assets	<u>1,651,845</u>	<u>14,796,102</u>	<u>16,447,947</u>
Total assets	<u>2,847,390</u>	<u>15,696,757</u>	<u>18,544,147</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan contributions	139,097	19,075	158,172
Total deferred outflows of resources	<u>139,097</u>	<u>19,075</u>	<u>158,172</u>
Total assets and deferred outflows of resources	<u>\$ 2,986,487</u>	<u>\$ 15,715,832</u>	<u>\$ 18,702,319</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 6,643	\$ 514,805	\$ 521,448
Accrued salaries and benefits	12,869	4,028	16,897
Deposits payable	-	343	343
Compensated absences, current portion	7,822	5,500	13,322
Loans payable, current portion	28,522	-	28,522
Bonds payable, current portion	-	560,854	560,854
Total current liabilities	<u>55,856</u>	<u>1,085,530</u>	<u>1,141,386</u>
NON-CURRENT LIABILITIES			
Compensated absences	70,401	49,496	119,897
Loans payable, net of current portion	74,058	-	74,058
Bonds payable, net of current portion	-	5,738,485	5,738,485
OPEB liability	43,261	43,675	86,936
Net pension liabilities	428,582	67,491	496,073
Total non-current liabilities	<u>616,302</u>	<u>5,899,147</u>	<u>6,515,449</u>
Total liabilities	<u>672,158</u>	<u>6,984,677</u>	<u>7,656,835</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	198,535	30,223	228,758
Total deferred inflows of resources	<u>198,535</u>	<u>30,223</u>	<u>228,758</u>
NET POSITION			
Net investment in capital assets	1,549,265	8,187,603	9,736,868
Restricted for:			
Debt service	-	151,890	151,890
Operations and maintenance	641,495	-	641,495
Replacement and depreciation	-	157,360	157,360
Unrestricted	(74,966)	204,079	129,113
Total net position	<u>2,115,794</u>	<u>8,700,932</u>	<u>10,816,726</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,986,487</u>	<u>\$ 15,715,832</u>	<u>\$ 18,702,319</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes In Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 551,873	\$ -	\$ 10,769	\$ -	\$ (541,104)	\$ -	\$ (541,104)
Public safety	492,802	135	5,728	-	(486,939)	-	(486,939)
Public works	282,587	4,043	-	365,060	86,516	-	86,516
Public health	1,001	32,628	153,480	-	185,107	-	185,107
Social and economic services	500	-	-	-	(500)	-	(500)
Culture and recreation	361,932	-	9,830	-	(352,102)	-	(352,102)
Interest on long-term debt	9,470	-	-	-	(9,470)	-	(9,470)
Total governmental activities	<u>1,700,165</u>	<u>36,806</u>	<u>179,807</u>	<u>365,060</u>	<u>(1,118,492)</u>	<u>-</u>	<u>(1,118,492)</u>
Business-type activities:							
Water	498,290	504,961	4,724	-	-	11,395	11,395
Sewer	392,719	267,793	7,397	4,327,921	-	4,210,392	4,210,392
Total business-type activities	<u>891,009</u>	<u>772,754</u>	<u>12,121</u>	<u>4,327,921</u>	<u>-</u>	<u>4,221,787</u>	<u>4,221,787</u>
Total primary government	<u>\$ 2,591,174</u>	<u>\$ 809,560</u>	<u>\$ 191,928</u>	<u>\$ 4,692,981</u>	<u>(1,118,492)</u>	<u>4,221,787</u>	<u>3,103,295</u>
General Revenues:							
Property taxes					622,729	-	622,729
Licenses and permits					2,065	-	2,065
Fines and forfeitures					32,224	-	32,224
Intergovernmental revenue					565,976	-	565,976
Investment earnings					623	1,597	2,220
Miscellaneous					21,930	-	21,930
Total general revenues					<u>1,245,547</u>	<u>1,597</u>	<u>1,247,144</u>
Change in net position					<u>127,055</u>	<u>4,223,384</u>	<u>4,350,439</u>
Net position, beginning of year					1,988,739	4,465,950	6,454,689
Restatement					-	11,598	11,598
Net position, restated					<u>1,988,739</u>	<u>4,477,548</u>	<u>6,466,287</u>
Net position, end of year					<u>\$ 2,115,794</u>	<u>\$ 8,700,932</u>	<u>\$ 10,816,726</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Library Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Current assets					
Cash and investments	\$ 498,263	\$ 96,509	\$ 365,060	\$ 179,225	\$ 1,139,057
Property taxes and assessments receivable	47,034	7,325	-	-	54,359
Due from other governments	-	2,129	-	-	2,129
Total assets	\$ 545,297	\$ 105,963	\$ 365,060	\$ 179,225	\$ 1,195,545
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 6,643	\$ -	\$ -	\$ -	\$ 6,643
Accrued salaries and benefits	11,442	1,427	-	-	12,869
Total liabilities	18,085	1,427	-	-	19,512
DEFERRED INFLOWS OF RESOURCES					
Unavailable tax and assessment revenues	47,034	7,326	-	-	54,360
Other unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	47,034	7,326	-	-	54,360
FUND BALANCES					
Restricted	-	97,210	365,060	179,225	641,495
Unassigned	480,178	-	-	-	480,178
Total fund balances	480,178	97,210	365,060	179,225	1,121,673
Total liabilities, deferred inflows of resources and fund balances	\$ 545,297	\$ 105,963	\$ 365,060	\$ 179,225	\$ 1,195,545

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances - governmental funds \$ 1,121,673

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the assets	\$ 4,522,295	
Accumulated depreciation	<u>(2,870,450)</u>	1,651,845

Pension deferred outflows and deferred inflows of resources that do not provide current financial resources are not reported as revenues in the funds. (59,438)

Tax revenue is recognized when earned (and the claim to resources is established) rather than when "available." 54,360

Long-term liabilities, including bonds payable, compensated absences, other post employment benefits and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds. (652,646)

Net position - governmental activities \$ 2,115,794

CITY OF THOMPSON FALLS, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General Fund	Library Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes and assessments	\$ 319,523	\$ 113,939	\$ -	\$ 180,720	\$ 614,182
Licenses and permits	2,065	-	-	-	2,065
Intergovernmental	474,523	19,582	365,060	233,680	1,092,845
Charges for services	36,806	-	-	-	36,806
Fines and forfeitures	32,224	-	-	-	32,224
Miscellaneous revenues	17,534	2,765	-	1,631	21,930
Contributions	10,769	1,501	-	5,728	17,998
Investment earnings	477	146	-	-	623
Total revenue	<u>893,921</u>	<u>137,933</u>	<u>365,060</u>	<u>421,759</u>	<u>1,818,673</u>
EXPENDITURES					
Current:					
General government	163,563	-	-	203,091	366,654
Public safety	396,424	-	-	187	396,611
Public works	152,523	-	-	32,264	184,787
Public health	1,001	-	-	-	1,001
Culture and recreation	140,758	160,190	-	5,566	306,514
Debt Service:					
Principal	33,855	-	-	-	33,855
Interest	2,678	-	-	-	2,678
Capital outlay	49,650	-	-	108,475	158,125
Total expenditures	<u>940,452</u>	<u>160,190</u>	<u>-</u>	<u>349,583</u>	<u>1,450,225</u>
Excess of revenues over expenditures	<u>(46,531)</u>	<u>(22,257)</u>	<u>365,060</u>	<u>72,176</u>	<u>368,448</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	49,650	-	-	-	49,650
Transfers In/out	288,567	-	-	(288,567)	-
Total other financing sources (uses)	<u>338,217</u>	<u>-</u>	<u>-</u>	<u>(288,567)</u>	<u>49,650</u>
Excess (deficit) of revenues and other financing sources (uses) over expenditures	291,686	(22,257)	365,060	(216,391)	418,098
Fund balances, beginning of year	<u>188,492</u>	<u>119,467</u>	<u>-</u>	<u>395,616</u>	<u>703,575</u>
Fund balances, end of year	<u>\$ 480,178</u>	<u>\$ 97,210</u>	<u>\$ 365,060</u>	<u>\$ 179,225</u>	<u>\$ 1,121,673</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT
 OF ACTIVITIES
 Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$ 418,098
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(144,926)
Tax and assessment revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	8,547
The governmental funds report repayment of debt principal as an expenditure and proceeds from issuing debt as other financing sources. These payments and proceeds have no effect on net assets and are, therefore, not shown on the statement of activities.	(22,587)
The current period net increase in compensated absences did not require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds.	6,871
GASB 68 recognition of on-behalf payments to pension plans that do not provide current financial resources are not reported as revenues in the funds. Recognition of pension expense to pension plans also do not require the use of current financial resources and are not reported as expenditures in the funds.	<u>(138,948)</u>
Change in net position of governmental activities	<u>\$ 127,055</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2022

	Water Utility Fund	Sewer Utility Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and investments	\$ 332,036	\$ 193,342	\$ 525,378
Accounts receivable	-	15,565	15,565
Grant receivable	-	359,712	359,712
Total current assets	<u>332,036</u>	<u>568,619</u>	<u>900,655</u>
NON-CURRENT ASSETS			
Restricted cash and investments	282,694	26,466	309,160
Capital assets, net of accumulated depreciation	<u>4,029,737</u>	<u>10,457,205</u>	<u>14,486,942</u>
Total non-current assets	<u>4,312,431</u>	<u>10,483,671</u>	<u>14,796,102</u>
Total assets	<u>4,644,467</u>	<u>11,052,290</u>	<u>15,696,757</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan contributions	<u>15,102</u>	<u>3,973</u>	<u>19,075</u>
Total deferred outflows of resources	<u>15,102</u>	<u>3,973</u>	<u>19,075</u>
Total assets and deferred outflows of resources	<u>\$ 4,659,569</u>	<u>\$11,056,263</u>	<u>\$15,715,832</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 70,866	\$ 443,939	\$ 514,805
Accrued salaries and benefits	3,175	853	4,028
Deposits payable	343	-	343
Compensated absences, current portion	2,760	2,740	5,500
Bonds payable, current portion	<u>451,103</u>	<u>109,751</u>	<u>560,854</u>
Total current liabilities	<u>528,247</u>	<u>557,283</u>	<u>1,085,530</u>
NON-CURRENT LIABILITIES			
Compensated absences, net of current portion	24,846	24,650	49,496
Bonds payable, net of current portion	930,690	4,807,795	5,738,485
OPEB liability	34,254	9,421	43,675
Net pension liabilities	<u>53,433</u>	<u>14,058</u>	<u>67,491</u>
Total non-current liabilities	<u>1,043,223</u>	<u>4,855,924</u>	<u>5,899,147</u>
Total liabilities	<u>1,571,470</u>	<u>5,413,207</u>	<u>6,984,677</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>23,928</u>	<u>6,295</u>	<u>30,223</u>
Total deferred inflows of resources	<u>23,928</u>	<u>6,295</u>	<u>30,223</u>
NET POSITION			
Net investment in capital assets	2,647,944	5,539,659	8,187,603
Restricted for debt service	141,076	10,814	151,890
Restricted for replacement and depreciation	141,618	15,742	157,360
Unrestricted	<u>133,533</u>	<u>70,546</u>	<u>204,079</u>
Total net position	<u>3,064,171</u>	<u>5,636,761</u>	<u>8,700,932</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,659,569</u>	<u>\$11,056,263</u>	<u>\$15,715,832</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
Year Ended June 30, 2022

	Water Utility Fund	Sewer Utility Fund	Total
OPERATING REVENUES			
Charges for services	\$ 504,961	\$ 267,793	\$ 772,754
Total operating revenues	<u>504,961</u>	<u>267,793</u>	<u>772,754</u>
OPERATING EXPENSES			
Personal services	123,316	50,777	174,093
Purchased services	152,605	29,629	182,234
Supplies and materials	32,447	3,635	36,082
Fixed charges	7,695	2,473	10,168
Depreciation	<u>156,821</u>	<u>252,718</u>	<u>409,539</u>
Total operating expenses	<u>472,884</u>	<u>339,232</u>	<u>812,116</u>
Operating income	<u>32,077</u>	<u>(71,439)</u>	<u>(39,362)</u>
NONOPERATING REVENUE (EXPENSE)			
Intergovernmental revenue	4,724	4,335,318	4,340,042
Interest expense	(25,406)	(53,487)	(78,893)
Interest income	<u>1,314</u>	<u>283</u>	<u>1,597</u>
Total nonoperating revenue (expense)	<u>(19,368)</u>	<u>4,282,114</u>	<u>4,262,746</u>
Change in net position	<u>12,709</u>	<u>4,210,675</u>	<u>4,223,384</u>
Net position, beginning of year	3,050,984	1,414,966	4,465,950
Restatement	<u>478</u>	<u>11,120</u>	<u>11,598</u>
Net position, beginning of year restated	<u>3,051,462</u>	<u>1,426,086</u>	<u>4,477,548</u>
Net position, end of year	<u>\$ 3,064,171</u>	<u>\$ 5,636,761</u>	<u>\$ 8,700,932</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended June 30, 2022

	Water Utility Fund	Sewer Utility Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 506,329	\$ 265,987	\$ 772,316
Payments to suppliers	(188,470)	323,975	135,505
Payments to employees	(192,587)	(51,480)	(244,067)
Net cash flows from operating activities	<u>125,272</u>	<u>538,482</u>	<u>663,754</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	405,000	(405,000)	-
Subsidies from taxes and other governments	<u>4,724</u>	<u>3,975,606</u>	<u>3,980,330</u>
Net cash flows from non-capital financing activities	<u>409,724</u>	<u>3,570,606</u>	<u>3,980,330</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from debt	557,253	5,711,881	6,269,134
Purchases of capital assets	(527,096)	(5,716,355)	(6,243,451)
Principal paid on debt	(109,000)	(3,862,525)	(3,971,525)
Interest paid on debt	(25,406)	(53,487)	(78,893)
Net cash flows from capital and related financing activities	<u>(104,249)</u>	<u>(3,920,486)</u>	<u>(4,024,735)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	<u>1,314</u>	<u>283</u>	<u>1,597</u>
Net cash flows from investing activities	<u>1,314</u>	<u>283</u>	<u>1,597</u>
Net change in cash and cash equivalents	432,061	188,885	620,946
Cash and cash equivalents, beginning of year	<u>182,669</u>	<u>30,923</u>	<u>213,592</u>
Cash and cash equivalents, end of year	<u>\$ 614,730</u>	<u>\$ 219,808</u>	<u>\$ 834,538</u>
CASH AND CASH EQUIVALENTS ON STATEMENTS OF NET POSITION			
Cash and cash equivalents	\$ 332,036	\$ 193,342	\$ 525,378
Restricted cash and cash equivalents	<u>282,694</u>	<u>26,466</u>	<u>309,160</u>
	<u>\$ 614,730</u>	<u>\$ 219,808</u>	<u>\$ 834,538</u>
Reconciliation of operating income to net cash flows from operating activities:			
Operating income	\$ 32,077	\$ (71,439)	\$ (39,362)
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	156,821	252,718	409,539
Change in accounts receivable	1,368	(1,806)	(438)
Change in accounts payable	4,277	359,712	363,989
Change in compensated absences	3,537	19,880	23,417
Change in net pension liability	(72,808)	(20,583)	(93,391)
Net cash flows from operating activities	<u>\$ 125,272</u>	<u>\$ 538,482</u>	<u>\$ 663,754</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
 STATEMENT OF NET POSITION – FIDUCIARY FUNDS
 June 30, 2022

	Custodial Funds
ASSETS	
Cash and investments	\$ 69,705
Property taxes receivable	-
Total assets	\$ 69,705
LIABILITIES	
Due to other governments	\$ 65,119
Total liabilities	65,119
NET POSITION HELD IN TRUST	
Held in trust for individuals, organizations, and other governments	4,586
Total net position	4,586
Total liabilities and net position	\$ 69,705

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
June 30, 2022

	Custodial Funds
ADDITIONS	
Miscellaneous revenues	\$ 8,480
Investment income	175
Tax revenues	8,339
Total additions	16,994
DEDUCTIONS	
Professional/contracted services	12,408
Change in net position	4,586
Net position, beginning of year	11,161
Equity transfer to close out fund	(11,161)
Net position, beginning of year, restated	-
Net position, end of year	\$ 4,586

The Notes to Financial Statements are an integral part of this statement.

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The City of Thompson Falls, Montana (the City), was incorporated in 1910, under the provisions of Montana Municipal Statutes. The City operates under a Council/Mayor form of government. The mayor and six council members are elected by voters of the City.

As defined by U.S. generally accepted accounting principles (GAAP), the financial reporting entity consists of the primary government, the City. The City is considered a primary government because it is a general-purpose local government. It meets the following criteria: a) it has a separately elected governing body, b) it is legally separate, and c) it is fiscally independent from the State and other local governments.

The City provides the following services: water and sewer, public safety, recreation, public improvements, and library. The financial statements include all operations controlled by the City.

Basis of Presentation and Basis of Accounting

Government-Wide Statements

The statement of net position and the statement of activities show information about the overall financial position and activities of the City with the exception of the funds held by the City in a trustee capacity as an agent for individuals, private organizations, or other governments. Eliminations have been made to minimize the double counting of internal activities of the overall government.

These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the City are generally financed through property taxes and federal and state grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. The City does not charge indirect expenses to programs or functions. Program revenues include fees for services and grants and contributions that are restricted to a particular program. Revenues that are not classified as program revenue, including all property taxes, are presented as general revenues.

Fund Financial Statements

These statements provide information about the City's funds. The emphasis of fund financial statements is on major funds. Each major fund is displayed in a separate column. All of the remaining funds are aggregated and reported in a single column as non-major funds.

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or within two months after year end. State and other governmental revenues applicable to the current fiscal year and collected soon after year-end are recognized as revenue. Most property taxes receivable are delinquent at June 30 and amounts collected soon after year-end are not significant. Unavailable revenues are recorded in the governmental funds for these receivables.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences, which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when they are incurred. These funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing goods and services in connection with the funds ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating.

The City reports the following major governmental funds:

General Fund – the City's primary operating fund which accounts for all financial resources of the City except those required to be accounted for in other funds.

Library Fund – This special revenue fund is to account the financial resources of the Thompson Falls Public Library.

ARPA Fund – This special revenue fund is to account the financial resources received from Federal ARPA funds passed through the State of Montana.

The City reports the following major proprietary funds:

Water Fund – This fund is to account for the operating revenues and expenses of the public water utility system.

Sewer Fund – This fund is to account for the operating revenues and expenses of the public sewer system.

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Data

The City's budgets are adopted and submitted to the Department of Administration by the later of October 1 or 60 days after receipt of taxable values from the Department of Revenue, as required by Montana Code Annotated 7-6-4003. Budgets for the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Trust Funds are adopted on a basis consistent with GAAP. All governmental fund budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The City Council may amend the budget during the fiscal year as stipulated in Montana Code Annotated 7-6-4006.

New Accounting Pronouncement

The City implemented the provisions of the following Governmental Accounting Standards Board (GASB) pronouncement for the year ended June 30, 2022:

Statement No. 87, *Leases*. The objectives of this Statement is 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. This Statement is effective for fiscal years beginning after June 15, 2021. This standard had no material effect on the City's financial statements.

Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments in all funds.

Reserve for Uncollectible Accounts

The City Council assumes that all property taxes receivable and all accounts receivable for proprietary fund services provided are fully collectible. Therefore, no reserve for uncollectible accounts has been provided for in the financial statements. The direct write-off method is used for these accounts.

Inventories

Inventories of materials and supplies are expensed at the time of purchase. Inventories of materials and supplies on hand are not maintained, which is not in accordance with generally accepted accounting principles. The amounts on hand are not material to the basic financial statements taken as a whole.

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain proceeds of proprietary fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The City's policy for using restricted or unrestricted cash reflects the bond covenant restrictions, grant requirements, or City policies. Other long-term reserves are invested as allowed and are not used for any type of expenditure except as allowed by the bond covenants, Trust Documents, or City policies.

Capital Assets

Capital assets includes plant, property, equipment, and infrastructure assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure assets are also capitalized.

Depreciation is computed using the straight-line method. Assets are capitalized which cost more than \$5,000 and have a useful life of more than one year.

The following is a summary of asset classifications and range of depreciable lives:

Buildings	50 years
Improvements other than buildings	5 to 30 years
Machinery and equipment	5 to 20 years
Infrastructure	20 to 50 years
Utility system	40 years

Property, Plant, and Equipment - Proprietary Funds

Property, plant, and equipment owned by the proprietary funds are stated at cost. Depreciation has been provided for over the estimated useful lives using the straight-line method. The following is a summary of asset classifications and range of depreciable lives.

Buildings	50 years
Improvements other than buildings	5 to 30 years
Machinery and equipment	5 to 10 years
Source of supply	20 to 40 years
Pumping plant	10 to 50 years
Treatment plant	20 to 40 years
Transmission and distribution	5 to 40 years
General plant	15 to 40 years

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Liabilities incurred because of accumulated unused vacation, sick pay and other employee benefits which are payable upon termination are included in the financial statements. The liability for vacation pay is recorded as a current liability payable within one year in the government wide financial statements. The liability for unused sick leave is recorded as a non-current liability.

Bond Issuance Costs

Bond issuance costs for proprietary fund types are written off as an expense in the period incurred.

Interfund Transactions

Interfund transactions consisting of identified services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as revenue in the fund performing the services. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of the expenditures in the fund that is reimbursed.

All other interfund transfers are classified as operating transfers. These transfers are reported as other financing sources or uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These are eliminated in the government-wide financial statements.

Fund Balance

In governmental fund type accounts, fund equity is called "fund balance." Fund balance is reported in the following classifications which reflect the extent to which the City is bound to honor constraints on the purposes for which the amounts can be spent: nonspendable, restricted, committed, assigned, and unassigned. In the basic financial statements, the fund balance classifications are presented in the aggregate for the following fund balance classifications:

Non-spendable

Represents the portion of fund balances that cannot be spent either because: (1) it is not in spendable form such as inventories, the long-term portion of notes and loans receivable, land held for resale of which the future proceeds are not committed, and prepaid expenses, or (2) due to legal or contractual constraints such as the corpus of a permanent fund. The City has \$-0- in non-spendable form.

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted

Amounts that can be spent only for specific purposes which are externally imposed either by:

- a) Providers such as creditors (such as through debt covenants), grantors, contributors, and laws and regulations of other governments; or
- b) Imposed by law through constitutional provisions or enabling legislation.

Committed

Amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority, the City Council, through resolution and does not lapse at year-end.

Assigned

Amounts that are intended to be used by the government for a specific purpose that does not meet the criteria to be classified as restricted or committed. Assignments of fund balance may be created in conjunction by the City Council and the Mayor.

Unassigned

The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In governmental funds other than the general fund, the unassigned classification is only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources meeting more than one of the classifications (excluding nonspendable), assuming that an expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, and finally assigned.

Net Position

Net position represents the difference between assets and liabilities. In the government-wide financial statements, net position is classified into the following categories:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets.

Restricted – presents external restrictions imposed by creditors, grantors, or contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provision or enabling legislation. Additionally, this category presents restrictions placed on the categories of capital projects and debt service established by the City Council.

Unrestricted – represents the net position of the City that are not restricted for any project or other purpose.

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CITY OF THOMPSON FALLS, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Evaluation of Subsequent Events

The City has evaluated subsequent events through May 14, 2024, the date the financial statements were available to be issued.

NOTE 2. CASH AND INVESTMENTS

Cash and investments of the City are classified in the accompanying financial statements as of June 30, 2022 as follows:

Governmental Activities	
Cash and investments	\$ 1,139,057
Enterprise Funds	
Cash and investments	525,378
Restricted cash and investments	309,160
Fiduciary Fund	
Cash and investments	<u>69,705</u>
Total cash and investments	<u>\$ 2,043,300</u>

The composition of cash and investments of the City on June 30, 2022 was as follows:

Cash on hand	\$ 150
Demand deposits:	
Demand deposits in financial institutions	1,443,150
Time and savings deposits in financial institutions	<u>600,000</u>
Total	<u>\$ 2,043,300</u>

Credit Risk

Cash and investments may include cash and cash items; demand, time, savings and fiscal agent deposits; investments in the State Short-Term Investment Pool (S.T.I.P.); obligations of the United States Government and securities issued by agencies of the United States; repurchase agreements; and registered warrants.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The rated debt investments as of June 30, 2022 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the rating agencies name rating scale.

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. A governmental entity's money is insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) for each "public unit" based on how the account is titled at the financial institution. The City is considered to have \$250,000 FDIC insurance per public unit per financial institution within the state.

Montana statutes require that the City and component unit obtain securities for the uninsured portion of the 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) securities equal to 100% of the uninsured deposits if the institution in which the deposits are made has a net worth to total assets ratio of 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 City deposits at June 30, 2022, equaled or exceeded the amount required by state statutes.

NOTE 3. PROPERTY TAXES

Property taxes are due in two equal installments on November 30th and May 31st, following the levy date. All property taxes and special assessments are collected by the County and remitted to the City on a monthly basis. Property tax revenues are recognized when levied on the government-wide statements. However, the revenues are reduced at year-end by the amount of the current delinquent receivables, and are increased by the amount of the delinquent collections from prior fiscal years on the fund financial statements. Property taxes attach as an enforceable lien on property as of January 1, and are levied on the 2nd Monday in August. As of June 30, 2022, there were no taxes receivable considered uncollectible.

CITY OF THOMPSON FALLS, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2022

NOTE 4. ACCOUNTS RECEIVABLE

All trade, taxes and assessment receivables are shown net of an allowance for uncollectible accounts. Receivables are reviewed prior to year-end and written off if older than 360 days and not secured by real property. Water and wastewater receivables constitute a lien on the property. The lien must be paid before property is transferred to a new property owner. The only uncollectible accounts incurred in these funds are immaterial. As such, the balance of the allowance as of June 30 was \$-0-.

The business-type activities also have accounts receivable at June 30, 2022, consisting of:

Water services	\$ -
Sewer services	15,565
Total	<u>\$ 15,565</u>

NOTE 5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments for the year ended June 30, 2022 are as follows:

Primary Government:

Library Fund -	
State grant funds	<u>\$ 2,129</u>

NOTE 6. INTERFUND TRANSFERS

The following interfund transfers were made during the year ended June 30, 2022:

Transfer Out From:	Transfer In General Fund
Light Maintenance Fund to General Fund	\$ 38,722
Comprehensive Insurance Fund	15,915
PERS Employer Contribution	16,246
Main Street Committee Fund	10,807
Ainsworth Park Project	18,953
Babe Ruth Baseball	3,938
Fire Department Donation Fund	27,550
Group Insurance Fund	25,301
Park fund	41
Capital Project Fund	131,094
Total	<u>\$ 288,567</u>

CITY OF THOMPSON FALLS, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2022

NOTE 7. RESTRICTED CASH AND INVESTMENTS

The following restricted cash and investments were held by the City as of June 30, 2022, in the business-type activities.

Water Utility Fund	
Replacement and Depreciation	\$ 141,618
Reserved for future Debt Service	<u>141,076</u>
	<u>282,694</u>
Sewer Utility Fund	
Replacement & Depreciation	15,742
Reserved for future Debt Service	<u>10,724</u>
	<u>26,466</u>
	<u>\$ 309,160</u>

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for governmental activities for the year ended June 30, 2022 are as follows:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2022</u>
Capital assets not being depreciated				
Land	\$ 286,456	\$ -	\$ -	\$ 286,456
Total non-depreciable assets	<u>286,456</u>	<u>-</u>	<u>-</u>	<u>286,456</u>
Other capital assets				
Buildings	1,041,996	28,817	(186,553)	884,260
Improvements other than buildings	1,139,375	-	-	1,139,375
Machinery and equipment	1,453,299	115,308	(81,254)	1,487,353
Infrastructure	710,851	14,000	-	724,851
Total other capital assets at historical cost	<u>4,345,521</u>	<u>158,125</u>	<u>(267,807)</u>	<u>4,235,839</u>
Total assets	<u>4,631,977</u>	<u>158,125</u>	<u>(267,807)</u>	<u>4,522,295</u>
Less accumulated depreciation for				
Buildings	774,305	13,941	(68,320)	719,926
Improvements other than buildings	311,788	100,574	-	412,362
Machinery and equipment	1,065,717	62,294	(33,513)	1,094,498
Infrastructure	683,396	8,008	(47,740)	643,664
Total accumulated depreciation	<u>2,835,206</u>	<u>184,817</u>	<u>(149,573)</u>	<u>2,870,450</u>
Total Governmental Activities	<u>\$ 1,796,771</u>	<u>\$ (26,692)</u>	<u>\$ (118,234)</u>	<u>\$ 1,651,845</u>

Depreciation expense was charged to functions as follows:

General government	\$ 45,317
Public safety	39,000
Public works	80,000
Social and economic services	500
Culture and recreation	<u>20,000</u>
Total	<u>\$ 184,817</u>

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE 8. CAPITAL ASSETS (CONTINUED)

Capital asset balances and activity for business-type (proprietary) activities for the year ended June 30, 2022 are as follows:

	Balance June 30, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Construction in process	-	<u>5,898,873</u>	-	<u>5,898,873</u>
Total non-depreciable assets	<u>7,500</u>	<u>5,898,873</u>	-	<u>5,906,373</u>
Other capital assets				
Buildings	96,427	-	(84,227)	12,200
Improvements other than buildings	25,182	-	-	25,182
Machinery and equipment	167,773	-	(1,674)	166,099
Source of supply	1,083,768	-	5,342	1,089,110
Pumping plant	155,969	-	-	155,969
Treatment plant	971,172	-	-	971,172
Transmission and distribution	8,555,744	944,325	(519,179)	8,980,890
General plant	<u>2,847,064</u>	-	(5)	<u>2,847,059</u>
Total other capital assets at historical costs	<u>13,903,099</u>	<u>944,325</u>	<u>(599,743)</u>	<u>14,247,681</u>
Less accumulated depreciation for				
Buildings	4,880	244	-	5,124
Improvements other than buildings	4,953	447	-	5,400
Machinery and equipment	136,039	5,267	-	141,306
Source of supply	518,159	27,908	-	546,067
Pumping plant	117,887	2,093	-	119,980
Treatment plant	783,549	10,539	-	794,088
Transmission and distribution	3,644,672	174,850	4	3,819,526
General plant	<u>47,430</u>	<u>188,191</u>	-	<u>235,621</u>
Total accumulated depreciation	<u>5,257,569</u>	<u>409,539</u>	<u>4</u>	<u>5,667,112</u>
Net depreciable assets	<u>8,645,530</u>	<u>534,786</u>	<u>(599,747)</u>	<u>8,580,569</u>
Total Business-Type Activities	<u>\$ 8,653,030</u>	<u>\$ 6,433,659</u>	<u>\$ (599,747)</u>	<u>\$ 14,486,942</u>

CITY OF THOMPSON FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE 9. LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities of the City for the year ended June 30, 2022:

	Balance June 30, 2021	New Debt	Retired Debt	Balance June 30, 2022
Governmental Activities				
USDA Rural Development Loan	\$ 79,993	\$ -	\$ (22,276)	\$ 57,717
Intercap loans	-	49,650	(4,787)	44,863
Total	<u>\$ 79,993</u>	<u>\$ 49,650</u>	<u>\$ (27,063)</u>	<u>\$ 102,580</u>
Proprietary Funds				
Revenue Bonds (Series 2013) Water Fund	\$ 270,000	\$ -	\$ (60,000)	\$ 210,000
Revenue Bonds (Series 2016) Water Fund	329,000	-	(19,000)	310,000
Revenue Bonds (Series 2018) Water Fund	208,000	-	(10,000)	198,000
Revenue Bonds (Series 2021) Water Fund	126,540	557,253	(20,000)	663,793
Revenue Bonds (Series 2013 Sewer Fund)	142,498	-	(7,868)	134,630
Revenue Bonds (Series 2016) Sewer Fund	3,573	-	(3,573)	-
Wastewater System Bond Anticipation Note	1,364,119	2,437,881	(3,802,000)	-
Wastewater System SID No 1 Series 2021B Bond	870,000	-	(18,963)	851,037
Wastewater System SID No 2 Series 2021D Bond	688,000	-	(30,121)	657,879
Revenue Bonds (Series 2022A) Sewer Fund	-	1,722,000	-	1,722,000
Revenue Bonds (series 2022C) Sewer Fund	-	1,552,000	-	1,552,000
Total	<u>\$ 4,001,730</u>	<u>\$ 6,269,134</u>	<u>\$ (3,971,525)</u>	<u>\$ 6,299,339</u>

Compensated absences payable represents vacation and sick leave earned which is payable upon termination. Compensated absences are liquidated from the same funds used to pay each individual employee's salary.

	Balance July 1, 2021	Increase	Decrease	Balance June 30, 2022
Governmental Activities	\$ 85,094	\$ -	\$ (6,871)	\$ 78,223
Proprietary Funds	31,579	23,417	-	54,996
Total	<u>\$ 116,673</u>	<u>\$ 23,417</u>	<u>\$ (6,871)</u>	<u>\$ 133,219</u>

Revenue bond resolutions include various restricted covenants. The more significant covenants 1) require that cash be restricted and reserved for operations, construction, debt service, and replacement and depreciation; 2) specify minimum required operating revenue; and 3) require specific and timely reporting of financial information to bond holders and the registrar.

The debt covenants require that net revenues, commencing with the fiscal year ending 2018, must not be less than 110% of the maximum annual principal and interest payable on any outstanding bonds on the current or any future fiscal year. The City was in compliance with the debt service coverage ratio requirement for fiscal year 2022.

CITY OF THOMPSON FALLS, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2022

NOTE 9. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities

Long-term liabilities for governmental activities at June 30, 2022 is as follows:

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>June 30, 2022</u>
Compensated absences	\$ 7,822	\$ 70,401	\$ 78,223
USDA Rural Development Loans	18,837	38,880	57,717
Intercap loans	<u>9,685</u>	<u>35,178</u>	<u>44,863</u>
Total	<u>\$ 36,344</u>	<u>\$ 144,459</u>	<u>\$ 180,803</u>

A USDA Rural Development loan was issued on May 1, 2018, in the amount of \$80,700 for a term of 7 years at an interest rate of 3.25%. Another loan was issued July 17, 2020 for \$35,000 at 2.5% variable based on the market rate for 5 years. Future maturities of the USDA Rural Development Loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 18,837	\$ 1,774	\$ 20,611
2024	19,401	1,542	20,943
2025	<u>19,479</u>	<u>729</u>	<u>20,208</u>
Total	<u>\$ 57,717</u>	<u>\$ 4,045</u>	<u>\$ 61,762</u>

An Intercap loan was issued on November 19, 2021, in the amount of \$49,650 for a term of 5 years at an interest rate of 1.5% until February 15, 2023 and then 5.75%. Future maturities of the Intercap Loan are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 9,685	\$ 339	\$ 10,024
2024	9,845	2,161	12,006
2025	10,009	1,457	11,466
2026	10,175	881	11,056
2027	<u>5,149</u>	<u>296</u>	<u>5,445</u>
Total	<u>\$ 44,863</u>	<u>\$ 5,134</u>	<u>\$ 49,997</u>