

**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 September 8 2025, 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: 6:00 pm

Action: FYE 2025 Audit Contract

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



STROM & ASSOCIATES, P.C.

Certified Public Accountants

3203 3rd Ave N. Suite 208
PO Box 1980
Billings, MT 59103

Phone: 406-252-2765
E-mail: audit@stromcpa.net

To whom it may concern:

We are pleased to offer this proposal for audit services.

Attached are four documents: The State Audit Contract, the Engagement Letter and two Peer review letters.

On the State Audit Contract, there are two areas to sign by your district representative (superintendent/ mayor/ county commissioner). On the Engagement Letter, there is one area to sign by your district representative.

After signing ALL applicable areas, please forward the signed document to Storm & Associates P.C. You can mail it to us or scan and e-mail to audit@stromcpa.net.

We appreciate your diligence in this matter.

Strom & Associates, P.C.

Strom & Associates, P.C.

AUDIT FIRM INFORMATION SHEET

AUDIT SERVICE CONTRACTS FOR THE
CITY OF THOMPSON FALLS, MONTANA

Description:	Audit services for the City of Thompson Falls for the fiscal year ending June 30, 2025.
Legal Identity (Corporation, Partnership, Individual, etc.):	Strom & Associates, P.C.
Address:	PO Box 1980 Billings Montana, 59103 or 3203 3 rd Avenue North, Suite 208 Billings Montana, 59101
Telephone No:	406-252-2765
Fax No:	406-252-2765
Taxpayer Identification No:	20-5592100
Contact Person:	Tom Hayes, CPA Cell – 406-475-0490 Office – 406-502-2020 E-mail – tomhayescpa@gmail.com
Contact Person	Paul Strom, CPA Cell – 406-670-8481 Office – 406-252-2765 E-mail – audit@stromcpa.net
Fax Number	406-252-2765

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Montana Department of Administration's Standard Audit Contract	Attached

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July 2, 2025

Mayor and City Council
City of Thompson Falls
108 Fulton St.
Thompson Falls Montana 59873

Dear Mayor and City Council:

We are pleased to offer this proposal for audit and non-audit services for City of Thompson Falls (City) for the fiscal year ending June 30, 2025. The firm of Strom and Associates P.C. is a local firm. Our practice is limited to governmental auditing, accounting, and technical assistance. Our services are oriented toward School Districts, Cities, Counties, Towns, and Not-for-Profit Entities. The firm has been on the Department of Administration's Audit Roster since 1995 in excellent standing. The firm provides auditing, accounting, and consulting services to our governmental and not-for-profit clientele. Our firm currently employs eleven professional staff, four holding CPA licenses in Montana. We also employ additional staff members for assistance.

We have extensive knowledge of U.S. *Generally Accepted Auditing Standards (GAAS)*; the standards for financial audits contained in *Government Auditing Standards*; the Single Audit Act Amendments of 1996; the provisions of Office of Management and Budget's (OMB) *Audit Requirements for Federal Awards, U.S. Generally Accepted Accounting Principles (GAAP)* as prescribed by the Governmental Accounting Standards Board; and Montana County, City/Town and School District budgets.

We appreciate the opportunity to be of service to the City and believe the attachments summarize the significant terms of our proposal. If you have any questions, please let us know. If you agree with the terms of our proposal, please sign the enclosed acceptance form and return it to us. We have also attached the Montana Department of Administration's Standard Audit contract.

We hope you find our proposal satisfactory. If you have any questions, please call Tom Hayes (Shareholder) at (406) 502-2020 or mobile (406) 475-0490 or Paul Strom (Shareholder) at (406) 252-2765 or mobile (406) 670-8481. This offer is valid for forty-five (45) days from the date of this offer letter.

Sincerely,

Tom Hayes

Strom & Associates P.C. representative

Audit Scope and Objective

Audit Services

Our audit will be conducted with the objective of expressing opinions on the City's financial statements. The audit does not include an audit of any component units of the City.

We will audit the City's basic financial statements, which consist of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City, as of and for the year ending June 30, 2025. We anticipate these audits to be conducted between September and December of each subsequent year, with the final audit report being issued on or before June 30 of each subsequent year (e.g., June 30, 2024 to be issued by no later than June 30, 2025).

Accounting standards generally accepted in the United States of America (US GAAP) provide for certain required supplementary information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with *auditing standards generally accepted in the United States of America (US GAAS)*. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by *US GAAP* and will be subjected to certain limited procedures, but will not be audited:

- MD&A
- Budgetary Comparison Schedules - General Fund and Major Special Revenue Funds
- Schedule of Funding for Other Postemployment Benefits other than Pensions
- Schedule of Proportionate Share of Net Pension Liability
- Schedule of Contributions to Montana Retirement System

We have also been engaged to report on supplementary information other than RSI that accompanies the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with *US GAAS*, and will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- Schedule of Expenditures of Federal Awards (SEFA)
- Schedule of Revenues and Expenditures for the Extracurricular Fund

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS

will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
 - If during our audit we become aware that City is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with *US GAAS* and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

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

Reporting

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

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

The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Management Responsibilities

Responsibilities of Management for the Financial Statements and Single Audit

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

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

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

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

audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review prior to issuance of the audit report.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

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

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Non-Audit Services

Objective and scope of the Non-Audit Services

Current standards indicate the auditor is to separate audit services from non-audit services and ensure their independence has not been compromised with the audit services provided.

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

The 2011 and 2018 *Yellow Books* differentiate between non-audit services and routine audit services. Non-audit services are defined as professional services other than audits and routine activities performed by the auditor which are typically insignificant in terms of time incurred or resources expended in producing the audit report. The above listed services are considered non-audit services.

Responsibilities of Management

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

Procedures - General

GASB 34 (Basic Financial Statements) – Financial Reporting Assistance

We will obtain a copy of your trial balance, revenue code classification, schedule of capital assets and long-term debt. From this we will draft the GASB 34 financial statements. We will draft the financial statement reporting format as derived from your accounting records for the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Once complete we will provide a checklist of items that should be included in the report and have you complete the form as part of the process of taking responsibility for the information presented in the GASB 34 financial statements.

Notes to the Financial Statements –Reporting Assistance

We will obtain a copy of the prior year's audit report, the local government services annual financial report form which includes applicable notes and applicable GASB disclosure examples. We will request additional information from you based on obtaining information during the audit to update or expand the disclosures for the financial statements. Once complete we will provide a checklist of items that should be included in the report and have you complete the form as part of the process of taking responsibility for the information presented in the notes to the financial statements.

SEFA – Reporting Assistance

We will contact the authorized representative who oversees this service and schedule a time to come on-site at the City and go over all grant files and revenue and expenditure reports relating to federal grants. From this information, we will be able to assist with the preparation of the schedule. Once complete we will discuss the work performed with the authorized representative of the City and have them sign off when they agree they understand and can take responsibility for the services provided.

PERSONNEL

AUDITOR-IN-CHARGE

Tom Hayes, CPA, JohnPaul Poelman, CPA, and/ or Paul Strom, CPA may be assigned to the audit and non-audit services as needed to complete the work in a cost efficient and timely manner. Tom and JohnPaul are located in our Helena office and may be reached at 406-475-0490. Paul is located in our Billings office and may be reached at 406-252-2765.

PAUL STROM, CPA

Paul is a 1988 graduate of University of Montana, Missoula, Montana and holds Montana CPA #2932. Paul has over two years auditing with Touche, Ross, and Company, CPA's in Saipan and the Mariana Island area, and has two years as a school business manager. He is extremely knowledgeable about government entities, governmental accounting and accounting software systems. Paul Strom and Associates has been providing audit services to governmental and not-for-profit entities in Montana and Wyoming since 1990. Paul's biggest asset is his desire to provide quality governmental auditing to our clients.

TOM HAYES, CPA, CGMA

Tom is a 1988 graduate of the Montana College of Mineral Science and Technology, Butte, Montana and holds Montana CPA license #4552. Tom has been auditing and providing accounting assistance to local governments since 1990. Tom was employed by the State of Montana for 18 years; four as a municipal auditor with the Local Government Services Bureau with the Department of Commerce, six months as a fiscal officer with the Office of Public Instruction, and nearly 14 years as an audit quality control reviewer with the Department of Commerce/Administration. Since August 2008, Tom has been auditing local governments in the State of Montana as an Audit Manager for a private firm. In August 2013, Tom joined Strom & Associates P.C. and is a shareholder.

JOHNPOL POELMAN, CPA, MPAC

JohnPaul is a 2007 graduate of Montana State University, Bozeman, Montana and holds Montana CPA license #5935. JohnPaul graduated with a Master's degree in professional accountancy and obtained his CPA license while auditing and providing financial assistance to non-profit and governmental entities in Alaska. JohnPaul then came back to his home state of Montana and has provided auditing and financial assistance services to local governments in the State of Montana since 2010. JohnPaul has been with Strom & Associates P.C. since September of 2014 and is a shareholder.

JOHANN JUDKINS, CPA

Johann is a 1988 graduate of the University of Wisconsin-Madison in Madison, Wisconsin and holds Colorado CPA license #12193. Johann has more than 35 years of experience in auditing and accounting and has worked with several accounting firms, including Strom & Associates P.C., Deloitte, and Coopers & Lybrand. Johann has worked with Strom & Associates since 2017 and in 2024 became a shareholder.

CAROLYN SCHAAK

Carolyn Schaak is a 1985 graduate of Montana State University - Billings. Her experience in the hotel and convention business brings much insight into cash receipts and enterprise revenues. Carolyn has been with our firm since 2007. Since joining our firm, Carolyn has developed experience in governmental and not-for-profit accounting and auditing and is auditor-in-charge for our firm's audit clients.

LEE MARTIN

Lee is a 2013 graduate of Carroll College and a 2015 graduate of the University of Montana School of Business. Lee joined Strom & Associates P.C. in June 2019 after three years of experience with Wipfli LLP in Helena.

JOSEPH HURLBERT

Joseph is a 2024 graduate of Franciscan University Steubenville with a degree in economics. Joseph joined Strom & Associates in June of 2024 in Helena Montana.

AUDIT APPROACH

Audit Procedures – General

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

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

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

During our planning part of the audit, if we identify significant risk(s) of material misstatement we will bring those to your attention at the entrance conference.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

Audit Procedures—Internal Control

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

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

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

Audit Procedures—Compliance

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

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

ADDITIONAL DATA

CONTINUING EDUCATION

All professional staff comply with the Yellow Book which states that each auditor who performs work in accordance with *Government Auditing Standards*, including planning, directing, performing audit procedures, or reporting on a Yellow Book audit, should complete every two years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. In addition, auditors who do any amount of planning, directing, or reporting on *Yellow Book* audits and auditors who are not involved in those activities but charge at least 20% of their time annually to *Yellow Book* audits should also obtain at least another 56 hours (for a total of 80 hours) of CPE that enhance their professional proficiency to perform audits. In other words, everyone working on our *Yellow Book* engagement has met at least the 24-hour requirement.

PEER REVIEW

In February of 2024, Strom & Associates P.C. received a rating of *pass* in its peer review of its system of quality control. Firm's may receive a rating of *pass*, *pass with deficiencies*, or *fail*. We have attached our peer review report for your review.

FIRMS LISTING OF AUDIT CLIENTS

Counties				
Golden Valley	Jefferson	Mineral	Sweet Grass	
Cities and Towns				
Belt	Choteau	Fairview	Joliet	Thompson Falls
Boulder	Circle	Fort Benton	Ronan	Valier
Bridger	Conrad	Hamilton		White Sulphur Springs
Cascade	Cut Bank	Harlem	Roundup	
Chester	East Helena	Harlowton	Scobey	
Chinook	Fairfield	Hysham	Sunburst	
			Superior	
School Districts				
Arrowhead	Columbus	Geyser	Montana City Elementary	Shelby
Ashland	Conrad	Glasgow	Moore	Sheridan
Augusta	Custer	Grass Range	Nashua	Sidney
Belt School	Cut Bank	Greenfield	Noxon	Stanford
Big Sandy	Denton	Harlowton	Park City	Sunburst
Blue Creek	Dillon	Harrison	Plentywood	Terry
Boulder Elementary	Dutton Brady	Hays-Lodge Pole	Power	Twin Bridges
Box Elder	East Glacier Park	Hobson	Rapelje	Valier
Broadus	East Helena	Jefferson High	Rau	White Sulphur Springs
Canyon Creek SD	Fairfield	Lewistown	Reed Point	Winifred
Chester-Joplin-Inverness	Fairview	Lincoln	Roberts	Winnett
Choteau	Fort Benton	Lolo	Roy	
Clancy	Froid	Manhattan	Savage	
Colstrip	Geraldine	Monforton	Scobey	
Special Purpose Governments				
Big Sky Special Needs Special Education Cooperative			Buffalo Rapids Irrigation District #1	
Cabinet Mountain Special Education Cooperative			Buffalo Rapids Irrigation District #2	
Central Montana Learning Resource Center			Huntley Project Irrigation District	
Eastern Yellowstone Special Education Cooperative				
Gallatin Madison Cooperative			Blaine County Airport Commission	
Northcentral Resource Learning Center				
Prickly Pear Special Education Cooperative			St. Regis Resort Area District	
Stillwater/Sweet Grass Special Education Cooperative			Park City Water & Sewer	

AUDIT ADMINISTRATION, FEES, AND OTHER

We understand that your employees will assist with all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We also understand you have prepared your annual financial report as required by the Montana Single Audit Act. We also understand you will send to us any documents requested prior to our on-site visit. These may include but is not limited to: Annual Financial Report Form; Budget Form; year-end bank statements; listing of outstanding warrants; Minutes of the governing body; access to your accounting software; and any other document listed on our list of information needed on the audit preparation schedule.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

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

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

The audit documentation for this engagement is the property of Strom & Associates P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available to the oversight grantor agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Strom & Associates P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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

Our fees and estimated hours for these services are listed in the attached "Cost Information" document. Hours based on each individual section of the audit are determined once the audit risk assessment begins, which is after we have received audit documentation including the minutes to read.

The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our standard fee for other services is included in the attached "Cost Information." Further, the fees do not include any non-audit services.

COST INFORMATION/ ACCEPTANCE FORM

Acceptance of Audit and Non-audit Services

Audit and non-audit services for City of Thompson Falls for the fiscal year ending June 30, 2025.

We have read the audit and non-audit proposal submitted to us by Strom & Associates P.C. dated June 2, 2025 and are awarding you the contract. We agree to the fees as noted below:

Cost Information			
Type of Service	FY 2025	FY 2026	FY 2027
Audit Services	\$ 37,800	\$ 37,800	\$ 37,800
Non-Audit Services			
Notes to the Financial Statements	1,000	1,000	1,000
SEFA (Schedule of Expenditures of Federal Awards)	1,000	1,000	1,000
Total*	\$ 39,800	\$ 39,800	\$ 39,800

Estimated budgeted hours			
Staff Member	FY 2025	FY 2026	FY 2027
Admin support	20	20	20
Review	80	80	80
Auditor in Charge	300	300	300
Total	400	400	400

* Black Mountain Software Accounting Software Fees will be passed on to you.

In addition, the City understands the City is responsible for the preparation and fair presentation of the City's financial statements in accordance with accounting principles generally accepted in the United States of America which includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the City's financial statements and that they are free from material misstatement whether due to fraud or error.

Non-Audit Estimated Fees

- Our fees for non-audit services not specified in the proposal are **\$150** per hour.

The City understands that for any non-audit services the City agrees to designate a City employee to oversee the work and to evaluate the adequacy and results of the non-audit services. The designated person will provide our firm with a brief résumé of the employee's skills, knowledge, and experience. The City also agrees to take responsibility for the non-audit services, including the responsibility for decisions made. In addition, the City understands that, if an independence concern arises, we will discuss the matter with management to arrive at procedures to be performed to avoid the independence issue or the firm will have to excuse themselves from said service, as required by professional standards.

Authorized Representative

Title

Date

Please mail to:
STROM & ASSOCIATES P.C.
Certified Public Accountants
P.O. Box 1980
Billings, Montana 59103

From: TIMOTHY GOEN <nwmtlaw@blackfoot.net>
Sent: Monday, August 25, 2025 8:51 AM
To: Chelsea Peterson; Rusti Leivestad
Subject: Time sheet

I have 5.5 hours of overtime. I will drop off my time sheet this afternoon.

--
Timothy G. Goen
Attorney at Law
108 S. Madison St.
P.O. Box 2317
Thompson Falls, MT 59873-2317
(406)827-7500
email: nwmtlaw@blackfoot.net

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DEPARTMENT OF ADMINISTRATION

STANDARD AUDIT CONTRACT

This Contract is made this 2nd day of July, 2025, by and among

Strom & Associates, P.C.

Certified Public Accountant
("Contractor"),

City of Thompson Falls

Governmental Entity
("Entity"),

and the **Montana Department of Administration, Local Government Services**, ("State"), acting under the authority of Title 2, Chapter 7, Part 5, of the Montana Code Annotated. **The State's mailing address, phone number and e-mail address are P.O. Box 200547, Helena, MT 59620-0547; (406) 444-9101; and LGSPortalRegistration@mt.gov.**

1. **Effective Date:** This contract is not effective with respect to any party until it is approved and signed by the State, as required by Section 2-7-506(3), MCA. The Contractor may not begin any audit work until the State gives this approval. If the Contractor begins work before the State's approval of the contract and the State subsequently does not approve the contract, the Contractor is not entitled to receive any compensation for the work performed.
2. **Audit Period and Payment:** This contract covers the following audit period(s):
July 1, 2024 to June 30, 2025.
 - A. The Entity shall pay the Contractor for the audit work on the basis of time and necessary out-of-pocket expenses, which will not exceed:

\$ 37,800 for initial (or sole) audit covering 07/01/2024 to 06/30/2025.

The Entity shall pay the fees listed in Appendices A, B & C, as applicable, which are attached hereto and incorporated by reference. Any change to the audit fees requires a contract amendment.
 - B. The contract payments do not include the cost of additional work that may be required if the Contractor discovers a defalcation or material irregularity. Any change in the scope of the audit services to be provided under this contract requires a contract amendment.
 - C. The Contractor may submit interim bills to the Entity each month, based upon the estimated percentage of contract completion. The Entity may retain ten percent (10%) of each of these estimates until the Contractor has delivered the final audit report, at which time the Entity shall release the amount retained.
3. **Peer Review:** The Contractor shall provide the Entity with a copy of its most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the contract period.
4. **Audit Scope:** The Contractor shall perform the following:

- A. The Contractor shall conduct the audit in accordance with (i) generally accepted auditing standards adopted by the American Institute of Certified Public Accountants and (ii) the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The Contractor shall opine on the presentation of the Entity's financial statements in accordance with the Entity's applicable financial reporting framework prescribed at Section 2-7-504, MCA.

If the Contractor's opinion on the Entity's financial statements is other than unmodified, the Contractor shall fully discuss the reasons with the Entity in advance of issuing a report. If, for any reason, the Contractor is unable to complete the audit or is unable to form or has not formed an opinion, the Contractor may decline to express an opinion or decline to issue a report as a result of the engagement.

- B. The Contractor shall perform tests of internal control over financial reporting. Findings resulting from these tests shall be reported in accordance with Government Auditing Standards
- C. The Contractor shall perform tests of the Entity's compliance with provisions of laws, regulations, contracts, and grant agreements. The Contractor shall use the local government compliance supplement prepared by the State, as required by Section 2-7-505(2), MCA, in conjunction with Government Auditing Standards to determine the compliance testing to be performed during the audit. Findings resulting from these tests shall be reported in accordance with Government Auditing Standards. If the Contractor becomes aware of fraud, waste or abuse, the Contractor shall report related findings in accordance with Government Auditing Standards. The Contractor shall perform tests, including but not limited to the following, to determine whether:
- (1) the Entity has complied with all appropriate statutes and regulations, as required by Section 2-7-502, MCA;
 - (2) the Entity has complied with the provisions of each of its debt covenants and agreements;
 - (3) if the audit is of a county, city or town, the Entity has retained money in a local charge for services fund contrary to the requirements of Sections 17-2-301 through 17-2-303, MCA, as required by Section 17-2-302, MCA. **The Contractor shall report any findings of noncompliance with the provisions of these statutes, regardless of materiality;** and
 - (4) if the audit is of a county or consolidated city/county government, the Entity has complied with state laws relating to receipts and disbursements of agency or custodial funds maintained by the Entity, as required by Section 2-7-505, MCA.

If required by the State, the Contractor shall provide documentation of testing performed to comply with (3) and (4), above.

- D. When applicable, the audit must meet all requirements of the Federal Single Audit Act of 1984, as amended, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). If these federal regulations are amended, the amended regulations will prevail.

- E. The audit scope with regard to federal financial assistance for each fiscal year covered by this contract must be as specified in Appendices A, B and C. Any change to the audit scope with regard to federal financial assistance requires a contract amendment.
- F. Except as provided below, for purposes of determining the scope of the audit, the Entity is considered the financial reporting entity as defined in the Entity's applicable financial reporting framework prescribed at Section 2-7-504, MCA. This provision does not preclude the Entity from engaging a different audit firm for the audit of a segment, fund or component unit of the Entity. However, both the Entity and Contractor shall notify the State whenever the Entity elects to engage a different audit firm for the audit of a segment, fund or governmental component unit. Such additional audit must be contracted for on the State's Standard Audit Contract, and the audit firm shall be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the State.

If this contract is for an audit of a segment, fund, or governmental component unit of the primary government, the Entity is considered to be the segment, fund or component unit.

- G. Any school district audit must also include auditing procedures sufficient to provide an opinion as to whether the following supplemental information is fairly stated in relation to the basic financial statements:
 - (1) the school district's enrollment for the fiscal year or years being audited as reported to the Office of Public Instruction in the Fall and Spring "Student Count for ANB" reports; and
 - (2) when applicable, the extracurricular funds for pupil functions.
- H. If the Entity is a school district or associated cooperative, the Contractor shall contact the State Office of Public Instruction and the county superintendent of schools before or during the audit of the Entity. The Contractor shall determine whether those offices are aware of potential financial or legal compliance problems relating to the Entity that could affect the scope of the audit.
- I. The Contractor shall immediately notify the Entity and the State in writing of any material irregularities it discovers. If the Entity is a school district or special education cooperative, the Contractor shall also immediately notify the State Office of Public Instruction in writing. To notify the State, Contractors shall email LGSPortalRegistration@mt.gov to the attention of the Local Government Services Bureau Chief. To notify the State Office of Public Instruction, Contractors shall email OPIAuditReport@mt.gov to the attention of the OPI Auditor.
- J. The Contractor shall notify the Entity of all proposed audit adjustments and, if the Entity concurs, shall obtain written acceptance of these proposed adjustments. The State reserves the right to request documentation of these proposed and accepted audit adjustments.

5. **Entity's Responsibilities:** The Entity shall be responsible for:

- A. its basic financial statements, including note disclosures;
- B. all supplementary information required by its applicable financial reporting framework prescribed at Section 2-7-504, MCA and by provisions of this contract;
- C. establishing and maintaining effective internal control over financial reporting, including internal controls related to the prevention and detection of fraud;

- D. ensuring that it complies with the laws, regulations, contracts and grant agreements applicable to its activities;
 - E. making all financial records and related information available to the Contractor;
 - F. the schedule of expenditures of federal awards required for audits conducted under Uniform Guidance;
 - G. approving all proposed audit adjustments before posting, if the Entity concurs with the proposed adjustments;
 - H. adjusting the financial statements and accounting records to correct material misstatements and to agree with the audited financial statements; and
 - I. providing the Contractor, at the conclusion of the audit engagement, with a letter that confirms certain representations made during the audit, including an affirmation that the effects of any uncorrected misstatements aggregated by the auditor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. **Dates for Annual Financial Report or Trial Balance of Accounts:** The Entity shall prepare its annual financial report or a trial balance of accounts no later than the dates specified in Appendices A, B and C. If the Entity is unable to prepare its annual financial report or trial balance by the date specified in the Appendices, the Entity shall notify the Contractor and the State in writing prior to the specified dates.
7. **Beginning the Audit:** The Contractor shall begin the audit field work based on the schedule established in Appendices A, B and C. Under Section 2-7-503(3)(a), MCA, all audits must commence within nine months from the close of the last fiscal year of the audit period.
8. **Completion of Audit:** The Contractor shall deliver the audit report to the Entity and the State, based on the schedule established in Appendices A, B and C. If the Contractor cannot deliver the audit report to the Entity and the State on the date specified in the Appendices, the Contractor shall notify the Entity and the State in writing of that fact, and the reason(s) for the delay. Under Section 2-7-503(3)(a), MCA, all audits must be completed and the reports issued within one year from the close of the last fiscal year covered by the audit. If the audit is conducted in accordance with the provisions of Uniform Guidance, the Contractor shall complete the audit and issue the audit report within the time period required by that federal regulation, unless a longer period has been agreed to in advance by the federal cognizant or oversight agency for audit. If the Entity has requested and received an extension of the due date of the Uniform Guidance from a federal agency, the Entity shall submit a copy of the approved extension to the State.
9. **Due Date Extension:** The State may grant an extension to the Entity for filing the audit report beyond the one- year due date provided for in paragraph 8, above. To do so, the Entity shall make a request to the State in writing and shall show good cause for the delinquency or demonstrate that the failure to meet the deadline provided for in paragraph 8, above, was the result of circumstances beyond the Entity's control. The State will determine good cause or circumstances beyond the Entity's control based on the facts of each case.
10. **Presentation of Audited Financial Statements:** The final audit report must contain basic financial statements and supplementary information consistent with the applicable financial reporting framework prescribed at Section 2-7-504, MCA. In addition, other supplementary information required by provisions within this contract and by Uniform Guidance must also be included, if applicable.

- A. The final audit report must also contain any supplementary or other information as agreed upon by the Entity and Contractor.
 - B. If the Entity's accounting records or other circumstances do not permit financial statements to comply with the applicable financial reporting framework prescribed at Section 2-7-504, MCA, the Contractor shall notify the State of those conditions and describe the financial statements that will be presented. The applicable auditor's reports must be modified in accordance with professional standards to reflect a departure from the applicable financial reporting framework.
 - C. If the audit is of a school district with separate elementary and high school district general funds, the general funds must be combined as a single major fund. All other funds must be separately considered for major fund criteria.
 - D. If the audit is a biennial audit covering two years, the Contractor shall present complete financial statements as specified above for each year covered by the audit. However, note disclosures for both fiscal years may be in one set of notes, with separate fiscal year disclosures as necessary. The two years must be presented under one audit report cover and opined upon in one Independent Auditor's Report.
11. **Auditor's Reports:** All audit reports must contain the following auditor's reports, which must comply with applicable professional standards in effect for the fiscal year or years being audited:
- A. a report on the financial statements of the Entity;
 - B. a report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
 - C. a reference to a report disclosing any deficiencies in internal control or instances of noncompliance with provisions of contracts or grant agreements or abuse that have a less than material effect on the financial statements but warrant the attention of management or those charged with governance. This report must be referred to in the report required in 11.B. above.
 - D. a report on any supplementary or other information presented in the audit report. This report must be given in an "other matters" paragraph(s) of the auditor's report on the financial statements (11.A. above), and shall identify, if applicable:
 - (1) Any Required Supplementary Information (RSI), as required by the Governmental Accounting Standards Board.
 - (2) Any Supplementary Information (SI) included in the report to comply with provisions of laws, regulations, contracts, or grant agreements. For the following schedules, the Contractor shall report on whether the information is fairly stated, in all material respects, "in relation to" the financial statements as a whole, unless the condition of the financial records do not allow the auditor to render such an opinion:
 - a) schedule of school district "Student Count for ANB" required in paragraph 13.A.;
 - b) schedule of school district extracurricular fund financial activities required in paragraph 13.B.;
 - c) schedule of expenditures of federal awards required by Uniform Guidance and in paragraph 12.A.; and

d) Any supplementary information for financial reporting frameworks required by A.R.M. 2.4.401.

(3) Any Other Information (OI) for financial reporting frameworks required by A.R.M. 2.4.401.

(4) Any Other Information (OI) that is included in the audit report, if deemed appropriate in accordance with professional standards.

E. a report disclosing the action taken by the Entity to correct any deficiencies or implement any recommendations contained in the prior audit report. This report must be in a format that specifically identifies, by title or summary, each deficiency or recommendation contained in the prior audit report and the action taken by the Entity on each such deficiency or recommendation.

F. If the Contractor includes audit findings in the reports referenced in 11.B. and 11.C. above, the views of Entity officials and their planned corrective actions must also be included, as required by Government Auditing Standards, if they are available at the time the Contractor submits the audit report to the State. If the views and planned corrective actions are not available at that time, the Contractor shall so indicate in the reports.

12. **Single Audits:** All audit reports for single audits done in accordance with Uniform Guidance must contain the following:

A. a schedule of expenditures of federal awards, prepared by the Entity, which must contain all elements required by Uniform Guidance.

B. a report on the schedule of expenditures of federal awards. This report may be combined with other reports as provided by Uniform Guidance and professional standards. This report must comply with applicable professional standards in effect for the fiscal year or years being audited.

C. a report on compliance for each major program and a report on internal control over compliance in accordance with Uniform Guidance. These reports must refer to the separate schedule of findings and questioned costs described in paragraph 12.D. of the contract and must comply with applicable professional standards in effect for the fiscal year or years being audited.

D. a schedule of findings and questioned costs which must include the information required by Uniform Guidance.

E. an Entity-prepared document, separate from the Contractor's findings, that describes the Entity's corrective action plan in accordance with Uniform Guidance for each current-year audit finding, if that plan is available at the time the Contractor submits the audit report to the State. This document should be submitted on Entity letterhead and should include a corrective action plan for each finding, regardless whether the finding is identified in accordance with Uniform Guidance or Government Auditing Standards.

13. **School Districts:** School district audit reports must include the following as supplementary information/schedules:

A. a schedule of the district's enrollment as reported to the Office of Public Instruction for the fiscal year or years being audited. The schedule must contain the enrollment both as reported in the Fall and Spring "Student Count for ANB" reports and as documented by the school district's enrollment records; and

- B. a detailed schedule of extracurricular fund financial activities.
14. **Local Governments Reporting on Non-GAAP Financial Reporting Framework:** Audit reports of local governments that report on a non-GAAP financial reporting framework as provided in A.R.M. 2.4.401 must include any Supplementary Information and Other Information required in that administrative rule.
15. **Written Report to Entity:** The Contractor shall render a single, written report for the Entity audited, including the reports and schedules referenced in paragraphs 11 through 14 above.
16. **Exit Conference:** Before submitting the final audit report, the Contractor shall hold an exit review conference in which the audit results are discussed with those charged with governance and other appropriate Entity officials and employees. The Contractor shall ensure that all members of the governing body and key members of management are notified of this exit conference. The Contractor further agrees that before the exit conference, it will not discuss the audit findings with anyone other than the Entity or the State. Once the Contractor delivers the final audit report to the Entity, the report is deemed to be a public record.
17. **Report Distribution:** The Contractor and Entity shall file copies of the audit report as specified below:
- A. The Contractor shall provide the Entity with the number of copies of the audit report specified in Appendices A, B and C. The cost of those copies is included in the total price for the engagement as set out in paragraph 2.A., above, and in the Appendices.
 - B. The Contractor shall submit one of the copies referred to in 17.A., above, to the attorney for the Entity.
 - C. Upon request by the Entity, the Contractor shall provide additional copies of the audit report at a price per copy agreed upon by the Entity and Contractor.
 - D. The Contractor shall provide the State with a text-searchable, unlocked, and unencrypted electronic copy of the audit report at no charge. The report must be submitted to the State at the same time when the Contractor delivers the final audit report to the Entity. Any report delivered separately to management or those charged with governance identifying findings and recommendations as described in 11.C. above must be submitted electronically at the same time the audit report is submitted. The Contractor shall advise the State, at the time of submitting the electronic report, of the date the final report was delivered to the Entity, the date of the audit report, the actual number of hours the Contractor spent conducting the audit, the total audit fee billed the Entity, and whether the audit was conducted in accordance with the provisions of Uniform Guidance.
 - E. If the Entity is a school district or associated cooperative, the Contractor shall provide at no additional charge copies of the audit report to the Office of Public Instruction, the county superintendent of schools, and the county attorney.
 - F. If the Entity is a city or town fire department relief association disability and pension fund, the Contractor shall provide at no additional charge one copy of the audit report to the city or town clerk.
 - G. If the audit is a single audit conducted in accordance with the provisions of Uniform Guidance, the Entity shall provide copies of the reporting package defined in Uniform Guidance and the data collection form to the federal clearinghouse designated by OMB.

18. **Entity Response:** If not included in the audit report as provided in paragraphs 11.F. and 12.E., within 30 days after receiving the audit report, the Entity shall notify the State in writing as to what action it plans to take to correct any deficiencies or implement any recommendations identified or contained in the audit report as required by Section 2-7-515, MCA, and ARM 2.4.409. This notification must also address any findings and recommendations identified in any report to management or those charged with governance described in 11.C. above. If the audit is a single audit conducted in accordance with Uniform Guidance, this corrective action plan must also meet the requirements of Uniform Guidance. If the Entity is a school district or special education cooperative, the Entity shall also send a copy of this notification to the Office of Public Instruction.
19. **Entity's Attorney:** If requested by the State, the attorney for the Entity shall report to the State on the actions taken or the proceedings instituted or to be instituted relating to violations of law and nonperformance of duty as required by Section 2-7-515(4), MCA. The attorney shall report to the State within 30 days after receiving the request.
20. **Certification of Auditor Independence:** The Contractor certifies that, as required by generally accepted government auditing standards, it and its principals and employees are independent in all matters regarding this engagement. This contract must not include non-audit services. The Contractor shall neither arrange for nor accept other work with the Entity that could in any way impair the Contractor's compliance with professional independence standards. If required by the State, the Contractor shall provide documentation that independence has been maintained in both mind and appearance as required by professional auditing standards.
21. **Contractor and Subcontractors:** The Contractor shall not assign any rights, or subcontract or delegate any duties of the contract without the Entity's and State's prior written consent.

The Contractor is the prime contractor and is responsible, in total, for all work of any subcontractors. Any subcontractors performing audit work shall be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the State. The Contractor is responsible to the Entity and the State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors or agents. There is no contractual relationship between any subcontractor and the State.

22. **State Participation in Conferences:** The State may participate in all entrance and exit conferences between the Entity and Contractor, as well as all major conferences held in conjunction with the audit of the Entity.
23. **Access to Records:** The Contractor shall give the State and, when required by law, the Montana Legislative Audit Division, access to the Contractor's work programs, supporting working papers, time records, and all other documents relating to the audit. Access to these documents must be provided at the State's offices in Helena, Montana. Access to working papers includes the right of the State to obtain copies of working papers, as is reasonable and necessary. The Contractor shall make the work programs and supporting working papers available to the State for use by the State or other public accounting firms as directed by the State in future audits of the Entity. The Contractor shall make the audit programs and supporting working papers available to the cognizant or oversight agency for audit or its designee, federal agencies providing direct or indirect funding, or the U.S. General Accounting Office, if requested. Access to working papers includes the right of federal agencies to obtain copies of working papers, as is reasonable and necessary. The Contractor shall retain the audit report, work programs, and supporting working papers for a minimum of five years from the date of the audit report, unless the State notifies the Contractor to extend the retention period. If professional standards or other applicable laws, rules, or regulations require a longer retention period, the Contractor shall retain the above materials for that specified period.
24. **State Review of Report:** As provided by Section 2-7-522, MCA, the State shall review the Contractor's audit

report. If the State determines that reporting requirements have not been met, it will notify the Entity and the Contractor of the significant issues of noncompliance. The Contractor shall correct the identified deficiencies within 60 days of notification.

25. **Independent Contractor:** The Contractor is an independent contractor and neither its principals nor its employees are employees of the State or Entity for any purposes.
26. **Workers' Compensation:** The Contractor certifies that it carries Workers' Compensation for its employees and that it has either elected Workers' Compensation or has an approved Independent Contractor's Exemption covering the Contractor while performing work under this contract. (Montana Code Annotated, Title 39, Chapter 71).
27. **Indemnity:** The Contractor shall defend and indemnify the State and Entity, their elected and appointed officials, agents, and employees from and against all claims, causes of action, damages, liabilities, court costs and attorney fees in favor of the Contractor's employees or third parties for bodily or personal injuries, death, or damage to property arising from the acts or omissions or alleged acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors under this contract. This defense and indemnify obligation does not apply to acts or omissions arising from the sole negligence of the State or Entity under this contract. This defense and indemnity obligation survives termination or expiration of this contract.

If the Contractor is or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of the Entity's intentional or knowing misrepresentation or provision to the Contractor of inaccurate or incomplete information in connection with this engagement, and not any failure on the Contractor's part to comply with professional standards, the Entity shall defend and indemnify the Contractor against such obligations.

28. **Insurance – Commercial General Liability:** The Contractor shall maintain for the duration of the contract, at its cost and expense, occurrence coverage insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work by the Contractor, and/or its agents, employees, representatives, assigns, or subcontractors. The Contractor's insurance coverage shall be primary insurance for the Contractor's negligence with respect to the State and Entity and their elected officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the State and Entity and their officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

Insurance - Professional Liability: The Contractor shall purchase and maintain occurrence coverage to cover such claims as may be caused by any act, omission, negligence of the Contractor or its officers, agents, representatives, assigns or subcontractors.

If occurrence coverage is unavailable or cost-prohibitive, the state will accept 'claims made' coverage provided the following conditions are met: 1) the commencement date of the contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years, and 2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

The State and Entity may require complete copies of certificates of insurance during the term of this contract.

29. **Compliance with Laws:**

- A. The Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, regulations, and executive orders including but not limited to, the Montana Human Rights Act, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. The Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119]. Any subcontracting by the Contractor subjects subcontractors to the same provisions.
- B. In accordance with 49-3-207, MCA, and Executive Order No. 04-2016 the Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status by the persons performing this contract.

30. **Work Accommodations:** The Entity shall provide the Contractor with reasonable space in which to conduct the audit and shall respond promptly to requests for information as well as for all necessary books and records. Support for clerical, equipment, reproduction services shall be agreed upon by the Entity and the Contractor as specified in Appendices A, B and C.

31. **Termination before Audit Commences:** Before the commencement of the audit, either the Contractor or the Entity, with the State's consent, or the State alone, may terminate this contract for cause if another party has breached a material term or condition of this contract or violated an applicable law or regulation. The non-breaching party shall provide the other party written notice of the breach and allow 20 days to remedy the breach.

The Contractor and the Entity may agree to terminate this contract without cause before the commencement of the audit. If such a termination occurs, the State shall consent to the termination upon written notification by the Contractor and the Entity of their agreement to terminate this contract.

The State, however, will not consent to the cancellation of an audit contract for the sole purpose of allowing the Contractor and Entity to then enter into a new contract that extends the number of fiscal years to be audited by the Contractor. Unless there are extenuating circumstances, the existing audit contract must be completed first. This provision does not prohibit the cancellation of a contract for the purpose of replacing an annual audit with a biennial audit.

32. **Termination after Audit Commences:** After the audit has commenced, but before the audit report has been issued, either the Contractor or the Entity, with the State's consent, or the State alone, may terminate this contract for cause if another party has breached a material term or condition of this contract or violated an applicable law or regulation. The non-breaching party shall provide the other party written notice of the breach and allow 20 days to remedy the breach. If the Contractor is the breaching party and fails to remedy the breach, the Contractor is not entitled to the fee set out in this contract. This is the Entity's and the State's sole remedy. If the Entity is the breaching party, the Entity shall pay the Contractor a pro rata portion of the fee set out in this contract, based on the percentage of work completed at the time of termination. This is the Contractor's sole remedy.

The Contractor and the Entity may agree to terminate this contract without cause after the audit has commenced but before the audit report has been issued. If such a termination occurs, the State shall consent to the termination upon written notification by the Contractor and the Entity of their agreement to terminate this contract.

33. **Contractor Compliance with CPE and Quality Control Review:** The Contractor certifies compliance with the continuing professional education requirements and the external quality control review requirements as set out in Government Auditing Standards, as established by the Comptroller General of the United States. The State may require the Contractor to provide evidence that it has met the above requirements.
34. **Single Audit Act Certification:** If the audit is required to meet the requirements of the Single Audit Act of 1984, as amended, and Uniform Guidance, the Contractor certifies that neither it nor any of its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from performing audits by any Federal department or agency.
35. **Time is of the Essence:** Time is of the essence regarding all provisions of this contract.
36. **Governing Law and Venue:** This contract is governed by the laws of Montana. The parties agree that any litigation concerning this contract in which the State is named as a party must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana. Each party shall pay its own costs and attorney fees, except as otherwise allowed in this contract. The parties also agree that any litigation concerning this contract in which the State is not named as a party must be brought in the State of Montana Judicial District in the County in which the Entity is located. Each party shall pay its own costs and attorney fees, except as otherwise allowed in this contract.
37. **Notice:** All notices under this contract must be in writing and will be deemed given if delivered personally, by mail, certified, return receipt requested, or by e-mail. All notices will (a) if delivered personally, be deemed given upon delivery, (b) if delivered by mail, be deemed given upon receipt, or (c) if delivered by e-mail be deemed given upon receipt.
38. **Invalid Provision:** If any provision of this contract is held to be illegal or unenforceable and the parties' rights or obligations will not be materially and adversely affected, such provision will be (a) severed from the contract, (b) the contract will be interpreted as if such provision was never a part of the contract and (c) the remaining provisions will stay in effect.
39. **Authority:** Each party represents that the person signing this contract has the authority to bind that party.
40. **Entire Agreement and Amendment:** This contract and the attached Appendices contain the entire understanding and agreement of the parties. No modification or amendment of this contract is valid unless it is reduced to writing, signed by the parties, and made a part of this contract.

Contractor, Entity, and State have executed this Standard Audit Contract on the date first above written:

Certified Public Accountant

Strom & Associates, P.C.

Firm Name

By: _____

Authorized Representative

Date: July 2, 2025

Governmental Entity

City of Thompson Falls

Entity Name

By: _____

Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services**

By: _____

Approved By

Date: _____

APPENDIX A

Initial or Sole Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): City of Thompson Falls

(406) 827-3557

Telephone:

Address:

108 Fulton St.

(Street Address or P.O. Box)

Thompson Falls

(City/Town)

, MT 59873

(Zip Code)

Chelsea Peterson (tfl3557@blackfoot.net)

Contact Person(s) and E-Mail Address(es)

**PUBLIC ACCOUNTANT/ACCOUNTING
FIRM (CONTRACTOR) :**

Strom & Associates, P.C.

(406) 252-2765

Telephone:

Address:

2728 Colonial Drive, Suite 2023-E

(Street Address or P.O. Box)

Helena

(City/Town)

, MT 59601

(Zip Code)

Paul Strom or Tom Hayes (audit@stromcpa.net)

Contact Person(s) and E-Mail Address(es)

1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending

June 30, 2025 (and).

(Month & Day)

(Year)

(Year)

B. Date to commence audit work:

January, 2026

C. Date to submit final audit report
to Entity and State:

March 30, 2026

2. Time and Price for Engagement:

A. Estimated total hours -

400

B. Price for audit personnel

\$ 37,800

Price for Travel

Price for typing, clerical
and report preparation

Total price for this

engagement

\$ 37,800

3. The reporting entity contains the following discretely presented component units: None

4. Date Annual Financial Report or a trial balance will be available: September, 2025
5. Number of copies of audit report Contractor will provide to Entity: Three
6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:
As needed
7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

X The audit will be a single audit conducted in accordance with the provisions of Uniform Guidance because the Entity expended a total amount of federal awards **equal to or in excess of \$750,000** during the fiscal year(s), or such other dollar amount (**\$1,000,000 effective FY 2026, for June 30 year-ends**) that is effective for the fiscal year(s) being audited.

OR

☐ The audit will not be a single audit conducted in accordance with the provisions of Uniform Guidance and will not include audit coverage of any federal financial assistance in accordance with requirements of that federal regulation, because the Entity expended a total amount of federal awards of **less than \$750,000** during the fiscal year(s), or such other dollar amount (**\$1,000,000 effective FY 2026, for June 30 year-ends**) that is effective for the fiscal year(s) being audited.

Certified Public Accountant

Strom & Associates, P.C.
Firm Name

By: _____
Authorized Representative

Date: June 2, 2025

Governmental Entity

City of Thompson Falls
Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services**

By: _____
Approved By

Date: _____

June 27, 2024

Paul Strom
Paul Strom & Associates
3203 3rd Ave N Ste 208
Billings, MT 59101-1945

Dear Paul Strom:

It is my pleasure to notify you that on June 26, 2024, the Nevada Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2026. This is the date by which all review documents should be completed and submitted to the administering entity.

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

Thank you for your cooperation.

Sincerely,



Heather Francis
Peer Review Manager
hfrancis@nevadacpa.org
(775) 826-6800

cc: Scott Dockins

Firm Number: 900010140120

Review Number: 603710



Report on the Firm's System of Quality Control

February 29, 2024

To the Members of Strom & Associates, P.C. and
the Peer Review Committee of the Nevada Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Strom & Associates, P.C. (the firm) in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Strom & Associates, P.C. in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency*, or *fail*. Strom & Associates, P.C. has received a peer review rating of *pass*.

Presnell Gage, PLLC

Presnell Gage, PLLC

**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 September 8 2025, 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: 6:00 pm

Action: Revenue and Assessment BAN
Resolutions
(Bond Anticipation Notes)

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

From: Nathan Bilyeu <nbilyeu@jmgattorneys.com>
Sent: Monday, September 1, 2025 6:14 PM
To: Thompson Falls Mayor; tfl3557@blackfoot.net
Cc: Craig Erickson (cerickson@greatwesteng.com); Carrie Gardner; Anna Miller (annam@mt.gov); Weimer, Abby; Rickman, Joshua; Wendy Donahoe
Subject: Thompson Falls BAN Amending Resolutions
Attachments: Revenue BAN Amending Resolution .doc; Assessment BAN Amending Resolution .doc

Importance: High

Mayor,

As we discussed, attached are the two amending resolutions for the City to adopt next week so that the principal amount of the two Bond Anticipation Notes correctly aligns with the funding commitments from Rural Development. The effect is simply to reduce the amount of the Assessment (SID) BAN by \$457,000 and increase the Revenue BAN by \$457,000 so that the two BANs accurately reflect RD's allocation among the loans.

Please let me know if you have any questions.

Best regards,

*Nathan Bilyeu
Jackson, Murdo & Grant P.C.
203 N. Ewing
Helena, MT 59601
Office: 406-442-1314
Cell: 406-425-1331*

NOTICE OF CONFIDENTIALITY – The information contained in this communication is intended solely for the use of the individual or entity to which it is addressed and others authorized to receive it. It may contain confidential or legally privileged information. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this information in error, please notify us immediately by telephone and then delete this file.

RESOLUTION NO. ____

RESOLUTION AMENDING RESOLUTION 831 TO REFLECT UPDATED
BOND ANTICIPATION NOTE PRINCIPAL AMOUNT

BE IT RESOLVED by the City Council (the “Council”) of the City of Thompson Falls, Sanders County, Montana (the “City”), as follows:

Section 1. Recitals. Authorization and Sale.

1.01. Background. On June 12, 2023, the City adopted Resolution No. 831 authorizing the issuance and sale of a bond anticipation note to the DNRC in the principal amount of \$2,943,000 (the “Series 2023 Revenue Note”) to provide interim financing to fund a portion of the costs to make improvements to its Wastewater System in two phases (Phase 3 and 4) which includes the design, acquisition, construction, installation and financing of new sewer service connections to properties, abandonment of existing septic systems and restoration of surface disturbances caused by the forgoing and to update the existing sewer system and treatment facilities (the “Project”). In order to align with the Anticipated RD Loans and Grants, as defined in Resolution No. 831, the principal amount of the Series 2023 Revenue Note must be amended to be \$3,400,000.

Section 2. The Series 2023 Revenue Note.

2.01. Amendment and Restatement. Resolution No. 831 is hereby amended to replace each and every reference to the principal amount of the Series 2023 Revenue Note with the sum of \$3,400,000. Furthermore, the name of the Series 2023 Revenue Note shall be amended to be the “Series 2025 Revenue Note,” or such other year as the Series 2023 Revenue Note shall close in. Except as amended hereby, Resolution 831 remains in full force and effect as if fully restated herein.

Section 3. Effective Date. All resolutions and parts of resolutions heretofore adopted by this Council which are in conflict herewith are hereby amended so as to conform with the provisions of this resolution, and, as so amended, are hereby ratified and confirmed. This resolution shall become effective upon passage.

Passed and adopted by the City Council of the City of Thompson Falls, Sanders County, Montana, on this ____ day of _____, 2025.

Approved:

Attest:

Mayor

Clerk

The following Council Members voted in favor of the Resolution:

The following Council Members voted against the Resolution:

The following Council Members were absent or abstained:

RESOLUTION NO. ____

RESOLUTION AMENDING RESOLUTION 832 TO REFLECT UPDATED
BOND ANTICIPATION NOTE PRINCIPAL AMOUNT

BE IT RESOLVED by the City Council (the “Council”) of the City of Thompson Falls, Sanders County, Montana (the “City”), as follows:

Section 1. Recitals. Authorization and Sale.

1.01. Background. On June 12, 2023, the City adopted Resolution No. 832 authorizing the issuance and sale of a bond anticipation note to the DNRC in the principal amount of \$1,850,000 (the “Series 2023 SID Note”) to provide interim financing to fund a portion of the costs to make improvements to its Wastewater System in two phases (Phase 3 and 4) which includes the design, acquisition, construction, installation and financing of new sewer service connections to properties, abandonment of existing septic systems and restoration of surface disturbances caused by the forgoing and to update the existing sewer system and treatment facilities (the “Project”). In order to align with the Anticipated RD Loans and Grants, as defined in Resolution No. 832, the principal amount of the Series 2023 SID Note must be amended to be \$1,393,000.

Section 2. The Series 2023 SID Note.

2.01. Amendment and Restatement. Resolution No. 832 is hereby amended to replace each and every reference to the principal amount of the Series 2023 SID Note with the sum of \$1,393,000. Furthermore, the name of the Series 2023 SID Note shall be amended to be the “Series 2025 SID Note,” or such other year as the Series 2023 SID Note shall close in. Except as amended hereby, Resolution 832 remains in full force and effect as if fully restated herein.

Section 3. Effective Date. All resolutions and parts of resolutions heretofore adopted by this Council which are in conflict herewith are hereby amended so as to conform with the provisions of this resolution, and, as so amended, are hereby ratified and confirmed. This resolution shall become effective upon passage.

Passed and adopted by the City Council of the City of Thompson Falls, Sanders County, Montana, on this ____ day of _____, 2025.

Approved:

Attest:

Mayor

Clerk

The following Council Members voted in favor of the Resolution:

The following Council Members voted against the Resolution:

The following Council Members were absent or abstained:

**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 September 8 2025, 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: 6:00 pm

Action: DNRC Loan closing

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

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



GREG GIANFORTE, GOVERNOR

1539 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-2074
FAX: (406) 444-2684

PO BOX 101601
HELENA, MONTANA 59620-1601

**LETTER OF APPROVAL FOR STATE REVOLVING FUND LOAN PROGRAM IN LIEU OF COMMITMENT
AGREEMENT - REVISED**

September 2, 2025

City of Thompson Falls

Dear Mayor Leivestad:

The State of Montana, through its State Revolving Fund Program, has been approved by the Environmental Protection Agency (the EPA) to make loans for wastewater projects.

The purpose of this letter is to formally apprise you that the State has approved a loan to the City of Thompson Falls in the amount of \$1,393,000, which loan will be represented and secured by the City's Special Improvement District Bond Anticipation Note. The loan for \$1,393,000 will be payable over a term of two years at an interest rate of 1.75% per annum. This Bond Anticipation Note is interim financing for Rural Development who will do a long-term loan to the City of Thompson Falls at a later date.

The Bond Anticipation Note shall be issued pursuant to a Bond Anticipation Note Resolution adopted by the City in substantially the form of the Bond Resolution used by the State Revolving Fund Program, subject to appropriate references, program requirements, and changes for any currently outstanding Revenue Bonds.

The City has notified DNRC of its desired closing date, September 24, 2025, on the Bond Anticipation note and DNRC will work with the City and its Bond Counsel to have the loan properly closed. We have included a preliminary loan payment schedule.

Please do not hesitate to call if there are any questions or comments.

Very Truly Yours,

A handwritten signature in cursive script, appearing to read "Anna M. Miller".

Anna M. Miller
Deputy Administrator
Conservation and Resource Development Division

c: Travis Dunkle – DEQ w/email
Craig Erickson – GWE w/email
Abby Weimer – DNRC w/
Lindsey Volpe – USDA w/email
Erin McKeon – MCEP w/email
Chris Cartier – US Bank w/email
Melissa Downing – RRGL w/email

Nathan Bilyeu – JMG w/email
Thompson Falls Clerk – w/email
Greg Skutnik – US Bank w/email
Heather Reeves – ARPA w/email
Carrie Gardner – GWE w/email
Steve Troendle – USDA w/email
Thompson Falls SID BA– loan file w/

DIRECTOR'S
OFFICE
(406) 444-2074

CONSERVATION & RESOURCE
DEVELOPMENT DIVISION
(406) 444-6667

OIL & GAS
DIVISION
(406) 444-6675

TRUST LAND
DIVISION
(406) 444-2074

ATTACHMENT B

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

ADMINISTRATION	CDBG (Ph3 & Ph4)	MCEP/ARPA	RRGL/ARPA	ARPA Competitive Grant	RUS loan (A) Ph.3 Revenue Bond	RUS Loan (B) Ph. 3 Assessment Bond	RUS Grant FY21 Ph.3	RUS Loan (A) Ph.4 Revenue Bond	RUS Loan (B) Ph.4 Assessment Bond	RUS Grant FY22 - Ph.4	Applicant Contribution	TOTAL
Professional Services		\$ 30,000.00	\$ 15,000.00				\$ 35,000.00	\$ 10,000.00		\$ 20,000.00	\$ 40,000.00	\$ 150,000.00
CDBG - LMI 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											\$ 40,000.00	\$ 40,000.00
PreDevelopment Financing Fee					\$ 5,400.00							\$ 5,400.00
Interim Interest					\$ 96,000.00			\$ 26,000.00				\$ 122,000.00
Bond Counsel & Related costs					\$ -	\$ 40,000.00			\$ 40,000.00			\$ 80,000.00
TOTAL ADMINISTRATION	\$ 60,000.00	\$ 40,000.00	\$ 15,000.00	\$ -	\$ 101,400.00	\$ 40,000.00	\$ 35,000.00	\$ 41,000.00	\$ 40,000.00	\$ 20,000.00	\$ 80,000.00	\$ 472,400.00
CONSTRUCTION RELATED ACTIVITIES												
Easement Acquisition				\$ 47,200.00								\$ 47,200.00
Engineering Additional Services (SID Formation, Surveying, GeoTech)			\$ 90,000.00					\$ 10,000.00			\$ 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	\$ 102,089.00	\$ 848,600.00	\$ 603,000.00	\$ 2,559,111.00			\$ 47,200.00		\$ 4,890,000.00
Construction - Phase 4								\$ 1,802,959.00	\$ 710,000.00	\$ 4,387,041.00		\$ 6,900,000.00
CDBG - LMI Assessment Payments	\$ 390,000.00											\$ 390,000.00
Contingency (10% plus + 3% Inflation)							\$ 1,689,641.00			\$ 2,040,759.00		\$ 3,730,400.00
TOTAL ACTIVITY	\$ 390,000.00	\$ 710,000.00	\$ 110,000.00	\$ 2,000,000.00	\$ 998,600.00	\$ 603,000.00	\$ 4,397,000.00	\$ 2,259,000.00	\$ 710,000.00	\$ 6,475,000.00	\$ 95,000.00	\$ 18,747,600.00
TOTAL PROJECT BUDGET	\$ 450,000.00	\$ 750,000.00	\$ 125,000.00	\$ 2,000,000.00	\$ 1,100,000.00	\$ 643,000.00	\$ 4,432,000.00	\$ 2,300,000.00	\$ 750,000.00	\$ 6,495,000.00	\$ 175,000.00	\$ 19,220,000.00

Assessment
\$ 5,914.00

Assessment
\$ 4,687.50

SUMMARY OF PROJECT FUNDS

FUNDING SOURCE	AMOUNT
CDBG (Ph3 & Ph4)	\$ 450,000.00
MCEP/ARPA	\$ 750,000.00
RRGL/ARPA	\$ 125,000.00
ARPA Competitive Grant	\$ 2,000,000.00
RUS loan (A) Ph.3 Revenue Bond	\$ 1,100,000.00
RUS Loan (B) Ph. 3 Assessment Bond	\$ 643,000.00
RUS Grant FY21 Ph.3	\$ 4,432,000.00
RUS Loan (A) Ph.4 Revenue Bond	\$ 2,300,000.00
RUS Loan (B) Ph.4 Assessment Bond	\$ 750,000.00
RUS Grant FY22 - Ph.4	\$ 6,495,000.00
Applicant Contribution	\$ 175,000.00
TOTAL	\$ 19,220,000.00