

MONTANA DEPARTMENT OF ADMINISTRATION
State Financial Services Division
State Accounting Bureau
Local Government Services
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ENTITY # 021501

MONTANA
CITY OF COLUMBIA FALLS
130 6th St W Room A
Columbia Falls, MT 59912

**ANNUAL FINANCIAL
REPORT**



FISCAL YEAR ENDING JUNE 30, 2018

FOR DEPARTMENT OF ADMINISTRATION USE ONLY

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CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
ANNUAL FINANCIAL REPORT
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INTRODUCTORY

SECTION



130 6th STREET WEST
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COLUMBIA FALLS, MT 59912

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TRANSMITTAL LETTER

December 19, 2018

To the Honorable Mayor, City Councilors and the Citizens of the City of Columbia Falls, MT

State law requires that all general purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year, or no later than December 31, 2018. These financial statements must be presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The comprehensive annual financial report of the City of Columbia Falls, Montana for the fiscal year ended June 30, 2018 is hereby submitted as required by state law.

This report consists of management's representations concerning the finances and compliance of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

Doyle & Associates, P.C., a firm of licensed certified public accountants is currently completing the audit of the financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018 are free of material misstatement. The independent auditor also conducts test of compliance with local, state and federal laws. The independent auditor's report is published separately and upon issuance available for public inspection.

The City administration takes seriously the duty of transparency in government operations and accountability to the public. The comprehensive annual financial report is one of the key documents in keeping the public informed of the City's operations and finances.

The financial statements included in this report demonstrate the City's continued financial stability. The City's total net position, increased by \$220,990, a 0.88% increase for fiscal year ended June 30, 2018, compared to an increase of \$45,654 in the prior year. The City is maintaining the current level of services with the resources available.

Thank you for your support and leadership resulting in the City's ability to meet goals and to provide the citizens of Columbia Falls with quality services.

Sincerely,

Susan M. Nicosia
City Manager

**CITY OF COLUMBIA FALLS
ELECTED OFFICIALS/OFFICERS**

OFFICE	NAME OF CITY/TOWN OFFICIALS/OFFICERS	DATE TERM EXPIRES
Mayor	Donald W. Barnhart	12/31/2021
Councilperson	Darin Fisher	12/31/2019
Councilperson	Doug Karper	12/31/2019
Councilperson	Jenny Lovering	12/31/2021
Councilperson	John Piper	12/31/2019
Councilperson	Paula Robinson	12/31/2021
Councilperson	Mike Shepard	12/31/2021
City manager	Susan Nicosia, CPA, MPA	Appointed
Attorney	Justin Breck	12/31/2019
Chief of police	Clint Peters	Appointed
City Clerk	Barb Staaland	Appointed
Finance Director	Sandy Carlson	Appointed
City Judge	Kristi L. Curtis	12/31/2021
Fire Chief	Rick Hagen	Appointed
Public Works Director	Grady Jenkins	Appointed

IN ACCORDANCE WITH STATE LAW, I HEREBY TRANSMIT THE
CITY OF COLUMBIA FALLS
ANNUAL FINANCIAL REPORT FOR THE
FISCAL YEAR ENDING JUNE 30, 2018

Respectfully submitted;

Susan M. Nicosia

City Manager

12/19/2018

Date

Sandy Carlson

Finance Director

12/19/18

Date

FINANCIAL

SECTION

**MANAGEMENT'S
DISCUSSION
AND
ANALYSIS**

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of the City of Columbia Falls for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at June 30 by \$25,257,599 (net position). Of this amount, \$659,774 or approximately 2.6% may be used to meet the City's ongoing obligations to citizens and creditors. The remainder includes \$18,218,504 in capital assets, net of related debt and \$6,379,321 restricted for future debt payments and future use.
- Total net position increased by \$220,990. Of this amount, net position in governmental activities increased by \$114,300 and net position in business-type activities increased by \$106,690. There were no restatements of net position for the year ending June 30, 2018.
- As of June 30 the City's governmental funds reported a combined ending fund balance of \$4,198,914, an increase of \$416,487 over the prior year. Approximately 9.3% of this amount, \$391,345 is available for spending at the government's discretion (unassigned fund balance).
- The City installed an HVAC system in the Fire Hall for a cost of \$15,703.
- The City completed \$22,595 in Horine Park improvements for landscaping and fencing.
- The City continued the police patrol vehicle replacement program with the purchase of a 2014 Dodge Ram and equipment for a total cost of \$40,647.
- The City completed the sidewalk and street infrastructure improvements on 7th Street for a total cost of \$24,740, with \$7,500 or half the cost of the sidewalk contributed by the developer.
- The City substantially completed the Riverwood SID project which included reconstructing the existing street and installing City Water and Sewer mains and connections to the subdivision. The street was substantially complete but required some additional surface work and chip sealing as of June 30, 2018. This work was completed in September 2018. The street costs are captured in Construction in Progress in the amount of \$246,615. The Water and Sewer Mains and connections were complete. The Water and Sewer Funds added Transmission and Distribution assets in the amount of \$256,833 and \$569,032 respectively.
- SID #38 - Riverwood, a governmental debt fund, was created in connection with the Riverwood SID project described above. Special Improvement District (SID) debt was issued in the amount of \$340,000 in November 2017, representing the homeowner's portion of the project. The City made payments in the amount of \$15,693 during the 2018 FY leaving an outstanding debt of \$324,307 as of June 30, 2018. The debt will be repaid with an annual tax assessment for 20 years.

Management's Discussion and Analysis (continued)

- The Sewer Fund acquired General Plant equipment assets as follows: Generator - \$19,851, Grit Pumps - \$47,402, Dewatering Building Heater - \$6,450, Composite Sampler - \$6,684, and an EQ Basin Flow Meter - \$10,808.
- The Water Fund Operating income (loss) was (\$129,942) compared to (\$179,174) for the prior year. Water debt was reduced by \$26,000. The Water Fund's net position decreased by \$170,946 for the 2018 fiscal year.
- Operating income (loss) for the Sewer Fund was (\$379,994) compared to operating income (loss) of (\$195,417) for the prior year. Sewer debt was reduced by \$213,638. The Sewer Fund's net position decreased by \$136,339 for the 2018 fiscal year.
- The 2018 FY was the second year for the City's Tax Increment District formed in 2015 pursuant to Title 7, Chapter 15, Parts 42 and 43, Montana Code Annotated. MT Department of Revenue certified the Columbia Falls Urban Renewal Tax Increment Financing District (TIF) in February 2016 with a base year of January 1, 2015. In June 2018, the City Council adopted a budget for the tax resources received in the 2018 FY. See pages 82 and 83 for detailed financial information on the Tax Increment District, reported as special revenue Fund 2310.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The financial statements contain four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) budgetary comparisons.

1. Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business.

The *statement of net position* (page 14) presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in the net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The *statement of activities* (page 15) presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). Governmental activities include general government, public safety, public works, public health, culture and recreation, housing and community development, and debt service. The City has two business type activities – operation of a water utility and wastewater utility. The City charges a fee to customers to recover the cost of operating the utilities.

Management's Discussion and Analysis (continued)

The government-wide financial statements include not only the City's (known as the *primary government*), but also a legally separate component unit, the Fire Department Relief Association, for which the City is financially accountable. Financial information for the Fire Department Relief Association is reported separately from the financial information presented for the primary government.

2. Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Columbia Falls, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of The City of Columbia Falls can be divided into three categories: (a.) *governmental funds*, (b.) *proprietary funds* and (c.) *fiduciary funds*.

- a. **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation between *governmental funds* and *governmental activities* view of financial position. These statements are found on pages 16 – 19.

The City of Columbia Falls maintains 22 individual governmental funds. Information is presented separately for the General Fund, Street Maintenance Fund, Cedar Creek Trust Fund and Riverwood Debt Service Fund (SID #38) as they are major funds. Data from the other 18 funds are combined into a single aggregated presentation.

The City of Columbia Falls adopts annual appropriated budget for its governmental and proprietary funds. Schedules providing budgetary comparison for the General Fund and Major Funds are included as required supplementary information to demonstrate compliance with both the original and final budgets.

- b. **Proprietary Funds.** The City of Columbia Falls operates two utilities, water and sewer, which are proprietary enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The proprietary fund statements provide detail information for the Water and Sewer Funds, which are classified as major enterprise funds. Data from the other two funds, Water Capital Expansion and Sewer Capital Expansion, are combined into a single aggregated presentation.

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

Management’s Discussion and Analysis (continued)

- c. **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the City of Columbia Falls’ own operations.

The City of Columbia Falls has three administrative clearing funds for payroll, claims and flex funds that are included as agency funds in the basic fiduciary fund financial statement. The basic fiduciary fund financial statement can be found on page 23 of this report.

3. Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 59 of this report.

4. Other Information. “Required Supplementary Information,” pages 60 through 79, includes Other Post Employment Benefits Plan Schedule of Funding Progress, Pension funding schedules, and the General and major Special Revenue Fund budgetary comparison schedules.

CITY-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In this case, the City’s assets exceeded liabilities by \$25,257,599 at June 30. The following table provides a summary comparison of the City’s governmental and business-type net assets for fiscal years 2017 and 2018.

**City of Columbia Falls
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Assets:						
Current and other assets	\$ 4,810,463	\$ 4,062,201	\$ 4,132,757	\$ 4,084,112	\$ 8,943,220	\$ 8,146,313
Capital assets	8,923,678	9,325,358	11,169,186	11,315,946	20,092,864	20,641,304
Total Assets	13,734,141	13,387,559	15,301,943	15,400,058	29,036,084	28,787,617
Deferred outflows of resources	308,920	232,436	116,237	78,688	425,157	311,124
Liabilities						
Current and other liabilities	438,054	363,726	404,748	397,434	842,802	761,160
Long-term liabilities	1,951,305	1,737,618	1,329,597	1,511,945	3,280,902	3,249,563
Total Liabilities	2,389,359	2,101,344	1,734,345	1,909,379	4,123,704	4,010,723
Deferred inflows of resources	54,568	33,816	25,370	17,592	79,938	51,408
Net Position						
Invested in capital assets net of related debt	8,062,318	8,631,310	10,156,186	10,066,308	18,218,504	18,697,618
Restricted	2,653,054	2,067,304	3,726,267	3,568,887	6,379,321	5,636,191
Unrestricted	883,762	786,221	(223,988)	(83,420)	659,774	702,801
Total Net Position	\$ 11,599,134	\$ 11,484,835	\$ 13,658,465	\$ 13,551,775	\$ 25,257,599	\$ 25,036,610

A significant portion of the City’s net position (72%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These assets include land, buildings, machinery, and equipment, as well as infrastructure. Infrastructure assets include streets, sidewalks, water and sewer mains constructed by the city or constructed and donated by subdivision developers. Capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted

Management’s Discussion and Analysis (continued)

that the resources needed to repay this debt would need to be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$6,379,321 of the City’s net assets (25%) represents resources that are subject to external restrictions on how they may be used. Included in this category is a reserve for \$454,597 in the G. O. bond and SID debt service funds, \$301,926 for a long-term receivable in the Cedar Creek Trust Special Revenue Fund and other restrictions due to grant, donor or statutory provisions. Reserves have been established in the Water and Sewer funds for one year’s annual payment in the amount of \$35,308 and \$256,051, respectively. Additional Water and Sewer reserves are for Replacement and Depreciation and System Improvements, as required by bond indenture requirements. These reserves total \$246,754 in Water and \$200,000 in Sewer. The City also sets aside funds for future capital projects in Water and Sewer. As of June 30, 2018, these amounts were \$261,733 and \$795,628, respectively. The Water and Sewer Capital Expansion Fund Net Assets are restricted to fund expansion of the applicable systems. Those restricted net assets total \$1,930,792. The remaining balance of unrestricted assets, \$659,774 (3%) may be used to meet the City’s ongoing obligations to citizens and creditors.

At June 30, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Changes in Net Position. Governmental and Business-type activities increased the City’s net position by \$220,990 in 2018. The table below indicates the changes in net assets for governmental and business-type activities in 2018 and compares to prior year.

**City of Columbia Falls
Changes in Net Position**

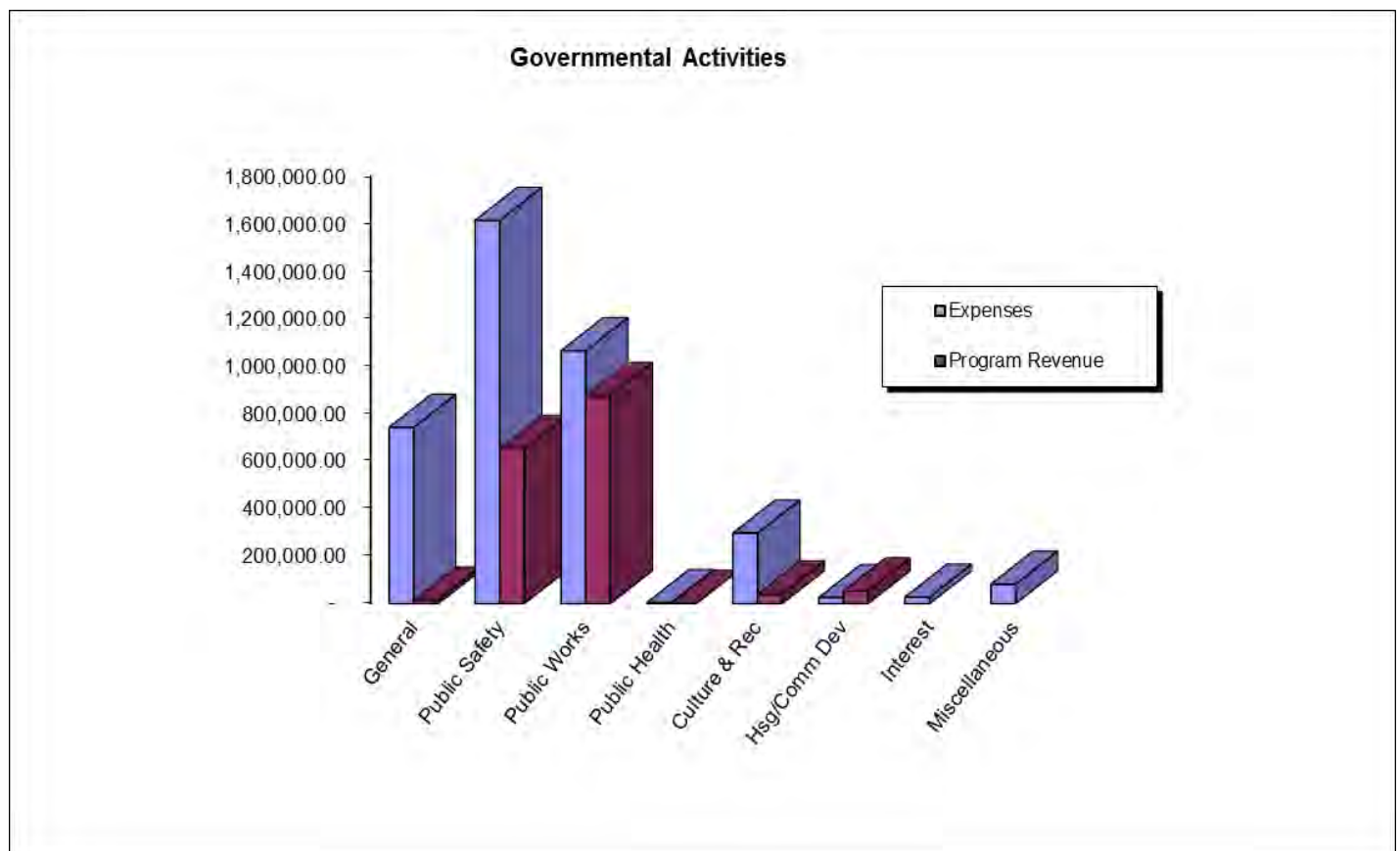
	Governmental Activities		Business-type Activities		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Revenues						
<u>Program revenues</u>						
Charges for services	\$ 1,284,817	\$ 747,899	\$ 2,114,502	\$ 1,738,041	\$ 3,399,319	\$ 2,485,940
Operating grants and contributions	349,836	287,197			349,836	287,197
Capital grants and contributions	-	-			-	-
<u>General revenues</u>						
Property taxes	1,671,380	1,481,752			1,671,380	1,481,752
Intergovernmental revenue	722,716	722,435			722,716	722,435
Other revenues	(58,694)	506,147	252,711	43,361	194,017	549,508
Total revenues	3,970,055	3,745,430	2,367,213	1,781,402	6,337,268	5,526,832
Expenses						
General government	742,123	714,709			742,123	714,709
Public safety	1,613,717	1,282,918			1,613,717	1,282,918
Public works	1,064,905	1,009,160			1,064,905	1,009,160
Public health	4,250	4,250			4,250	4,250
Culture and recreation	296,752	384,398			296,752	384,398
Housing/Community Development	25,876				25,876	
Interest on long term debt	26,675	20,450			26,675	20,450
Miscellaneous	81,457	72,400			81,457	72,400
Water			880,547	829,732	880,547	829,732
Sewer			1,379,976	1,163,161	1,379,976	1,163,161
Total expenses	3,855,755	3,488,285	2,260,523	1,992,893	6,116,278	5,481,178
Change in Net Position	114,300	257,145	106,690	(211,491)	220,990	45,654
Net Position-Beginning	11,484,834	11,227,508	13,551,775	13,785,341	25,036,609	25,012,849
Restatement	-	182	-	(22,075)	-	(21,893)
Net Position-Ending	\$ 11,599,134	\$ 11,484,835	\$ 13,658,465	\$ 13,551,775	\$ 25,257,599	\$ 25,036,610

Management’s Discussion and Analysis (continued)

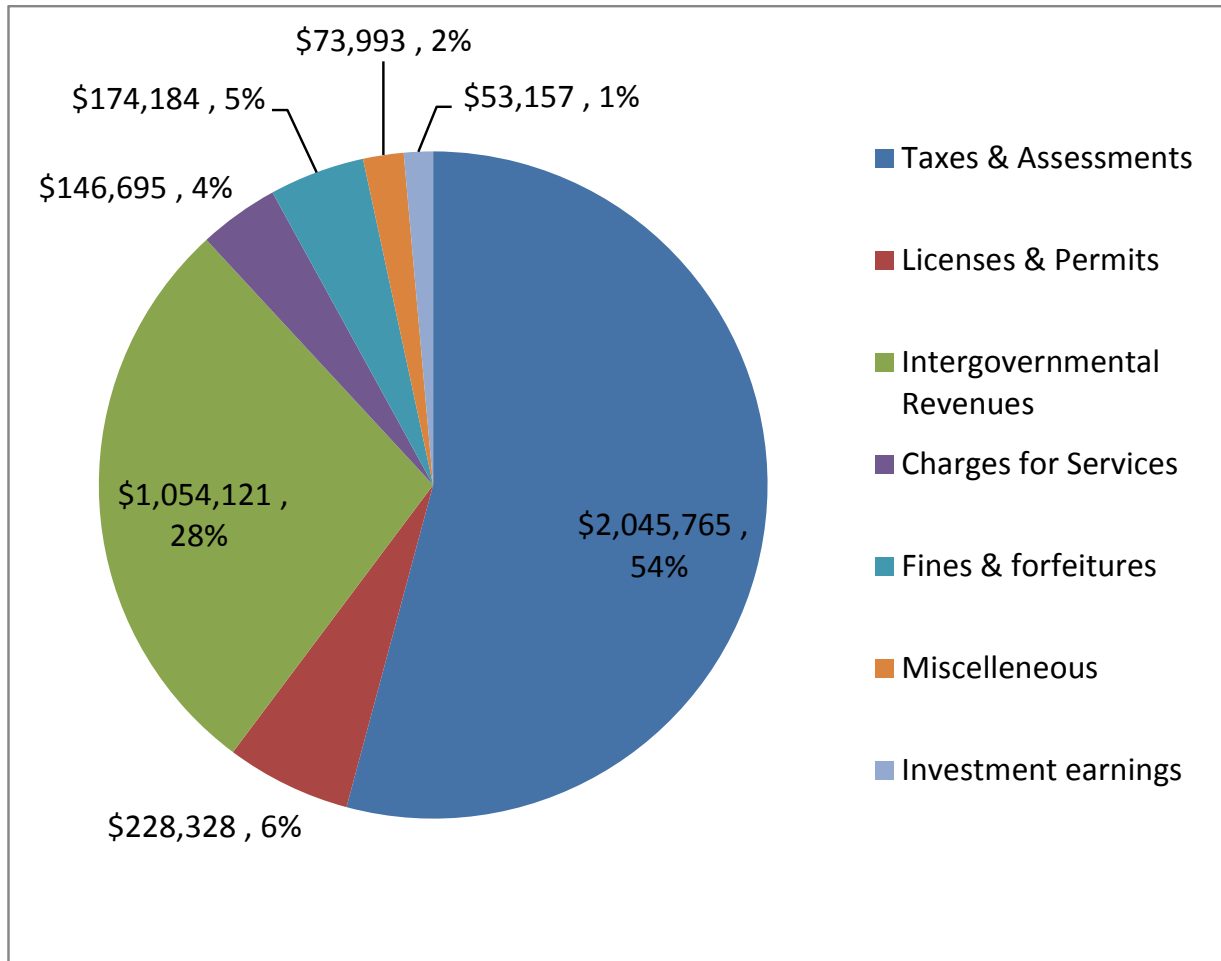
Governmental Activities. Governmental activities in fiscal year 2018 increased the City’s net position by \$114,300 with revenues totaling \$3.97 million and expenditures totaling \$3.85 million. The key elements of the variance between the years are:

- The property tax revenue increased by \$330,799 primarily due to the new tax increment district, Fund 2310 that generated \$220,002 in new tax revenue for the 2018 FY and the \$77,476 in newly taxable revenue.
- Charges for services revenue increased \$322,999 due to the addition of SID #38 – Riverwood assessments. Additionally, Building Permit revenue increased by approximately \$68,000.
- Public Safety expenditures increased by approximately \$96,000 in the Police Department for personnel costs and \$47,000 for Building Inspections contracted services.

This chart shows the extent to which the City relies on the general revenues, such as Property Tax Revenues and Unrestricted State Revenues, to fund the governmental activities as reflected on the Statement of Activities on page 15.

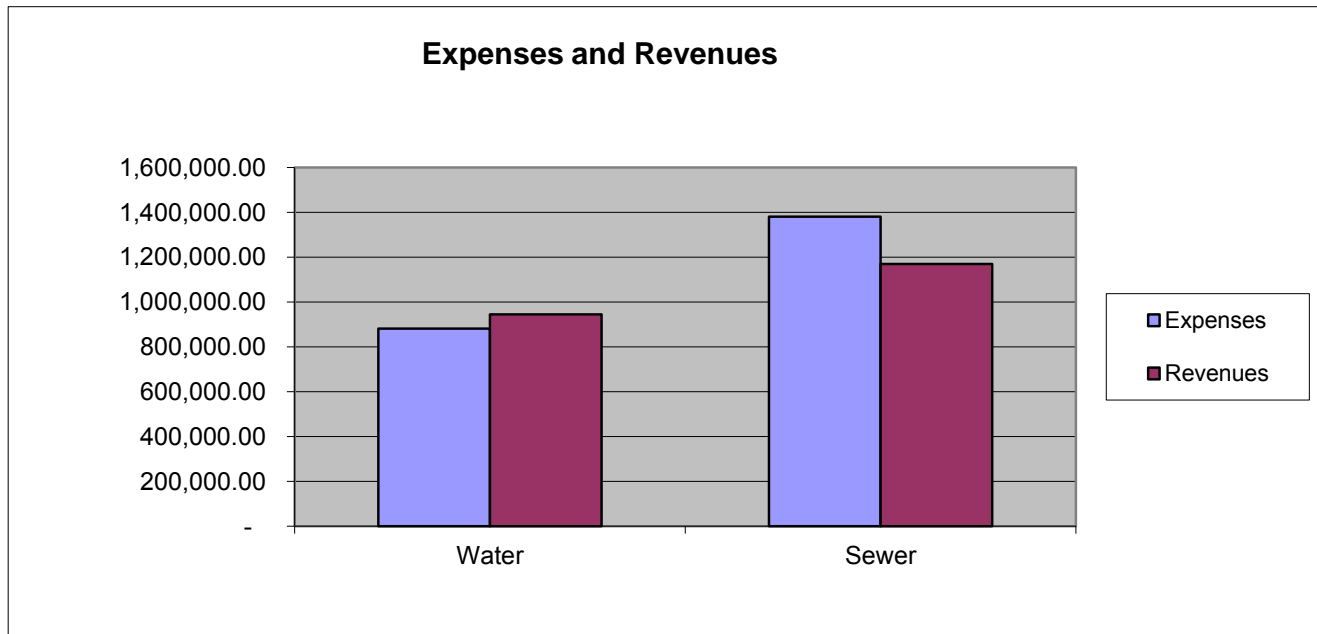


This chart shows the Revenues by Source for the Governmental Funds as reported on the Statement of Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds, page 18.



Total Governmental activity revenues increased by \$301,598 or 9%. Taxes & Assessments revenues experienced a 9% increase over the prior year of \$256,340, as noted above. Licenses and Permits Revenue increased 41%, \$66,048, primarily due to the increase in building permit fees as also reported earlier. Intergovernmental Revenues decreased by \$69,028. The City’s revenue fluctuations are significantly impacted by one time grants such as the 2017 FY \$88,000 Youth Recreation Grant (Intergovernmental Revenues).

Business-type Activities. The City’s business-type activities, Water and Sewer, increased the City’s net position in 2018 by \$106,690, compared to a decrease in 2017 of (\$211,491.) Due to the increase in building activity, the City also saw a significant increase (149%) in the Plant Investment Fees of \$232,203, which contributed to the positive net position of the Water and Sewer business-type activities.



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

Governmental Funds Overview

The focus of City governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City’s net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party or the City itself.

As of the end of 2018, the combined ending fund balances of City governmental funds was \$4,198,917, an increase of \$416,487 (11%) over the prior year. Of this amount, \$301,926 or 7% is not in spendable form because it represents a long-term receivable in the Cedar Creek Trust Fund. \$1,944,085, 46%, is restricted to indicate that constraints placed on the use of resources is externally imposed or imposed by law because assets are limited by specific grant agreements, assets are limited by state law or specific voter approved debt covenants. \$582,728, 12%, represents a cash reserve in the General fund to provide liquidity until tax revenue is received in December. Additionally, \$905,278, 22%, represents funds committed to future capital projects. The Cedar Creek Trust has an assigned balance of \$73,552. The unassigned fund balance is \$391,345, 9% total ending fund balance, all of which is within the General Fund.

The General Fund is the chief operating fund of the City. At June 30, the unassigned fund balance was \$391,345 and the committed fund balance was \$582,728 for a total fund balance of \$974,073. As a measure of the General Fund’s liquidity, it is useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures/other financing uses. Unassigned fund balance

Management's Discussion and Analysis (continued)

represents approximately 14% of the total General Fund expenditures and other financing uses, \$2,882,250 while total fund balance represents approximately 34% of that same amount.

The City of Columbia Falls has four major governmental funds: the General Fund, Street Maintenance Fund, Cedar Creek Trust Fund and Riverwood Debt Service Fund (SID #38):

1. General Fund. This is the primary operating fund of the City of Columbia Falls government. It accounts for many of the City's general and administrative services, such as legislative, financial, legal, police, fire and parks.
2. Street Maintenance Fund. This special revenue fund accounts for the special maintenance assessment charged for the direct street, alley and sidewalk operational and maintenance costs including, but not limited to, snow removal, street sweeping, and minor and major repairs. The street maintenance assessment is set each year by the City Council pursuant to state statute.
3. Cedar Creek Trust Fund. This special revenue fund was created by Resolution adopted by the City of Columbia Falls Council. Per the trust document, funds can be used for land or building purchases benefiting the citizens of Columbia Falls, as well as loans of the principal or interest where a benefit would be realized by the citizens. Principal can only be spent on land or buildings by the Council by consent of a minimum of five of the seven members. Loans can be approved by the Council in compliance with the trust document provisions.
4. Riverwood Debt Service Fund (SID #38). This debt service fund accounts for all financial transactions related to the debt on the Riverwood Special Improvement District (SID). Improvements included connecting water and sewer to the City system and improving the street to City standards.

Proprietary Funds Overview

The City's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

The City has two major enterprise-type proprietary funds, the Water Fund and Sewer Fund.

The Water Fund unrestricted net position was (\$43,823) as of June 30, 2018. Investment in capital, net of related debt is \$3,838,456 or 88% of total net position. These assets are acquired through the purchase of equipment, city construction and the donation of constructed infrastructure by subdivision developers. The Water Fund received \$740,306 from customers. Total operations resulted in a cash increase of \$67,766. Restricted net position accounts are maintained for future system expansion, replacement of capital assets, and one year's debt payment.

The Sewer Fund unrestricted net position was (\$180,165) as of June 30, 2018. Investment in capital, net of related debt is \$6,317,730 or 85% of total net position. These assets are typically acquired through the purchase of equipment, city construction and the donation of constructed infrastructure by subdivision developers. The Sewer Fund received \$984,087 from its customers. Total operations resulted in a cash increase for the year of \$143,494. Restricted net position accounts are maintained for future system expansion, replacement of capital assets, and one year's debt payment.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to Montana Code 7-6-4020. The most significant budgeted fund is the General Fund.

In September of 2017, the City Council appropriated \$2,916,346 for General Fund expenditures. The budget anticipated using \$347,755 of fund balance.

2017-2018 General Fund Budget

	Final Budget	Actual
Fund Balance Carryover for appropriation	\$ 347,755	
Revenue and other financing sources	2,568,591	2,930,823
Expenditures and other financing uses	(2,916,346)	(2,882,250)
Available for fiscal year 2017-2018	0	48,573

Actual revenues and other financing sources came in 14% higher than anticipated with a difference of \$362,232 due to reporting the \$340,000 SID #38 Bond Proceeds in the General Fund. Aside from the bond proceeds, the actual difference was only \$22,232, less than 1%; and actual expenditures were \$34,096 (1%) less than anticipated, mainly due to accounting for the transfer out of the \$340,000 bond proceeds. Without the bond proceeds transfer, the actual expenditure difference was 13%, \$374,096 due to savings on contracted services for special planning, litigation services, facility repairs, and termination pay savings and planned projects that were not completed in the 2018 FY. The operating increase in cash was \$95,397.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Columbia Falls' investment in capital assets for its governmental and business type activities as of June 30, 2018 totals \$20,092,864 (net of accumulated depreciation). The City's capital investment includes all land, buildings, machinery and equipment, and infrastructure. The City's asset capitalization is \$5,000 for machinery and equipment and other capital improvements. The depreciation of capital assets is reflected in the various governmental and business-type expense activities. The City of Columbia Falls depreciates its infrastructure, and the expense of depreciation is reflected in public works activities and in business activities for infrastructure associated with water and sewer lines.

Major capital asset events during the current fiscal year included the following:

- Facility improvements included the installation of an HVAC system in the Fire Hall for a cost of \$15,703 and landscaping and fencing improvements at Horine Park for \$22,595.
- Equipment purchases included a Police Department command vehicle for \$40,647 and Sewer Plant Equipment totaling \$91,195 as detailed above.

Management's Discussion and Analysis (continued)

- The City continued the cost-share program for the sidewalk improvements with \$15,000 in sidewalk installed during 2018. On the same block, the City shared in the cost of improving the drainage and pavement for \$9,750.
- The Riverwood SID project was substantially complete as of June 30, 2018. As discussed above, the project included reconstructing the street, and extending City Water and Sewer mains and service connections to the 27-lot subdivision. The project included the addition of fire hydrants and provided a second access to the subdivision. As of June 30, the street costs are reported in Construction in Progress for \$246,615 awaiting completion of the punch list, and Water and Sewer System costs were \$256,833 and \$569,032, respectively.

Long-term debt. The City's general obligation long term debt includes \$857,000 for the construction of the municipal pool in 1999. The outstanding balance of this debt is \$65,000 as of June 30, 2018. The debt will be retired in 2019. Voters approved the \$1.1 million Street Construction Project in June 2007 to be repaid with a 20-year debt service levy. The City borrowed \$703,287 from the Cedar Creek Trust and \$364,449 from the Intercap Program to pay for the Street Construction projects. The outstanding balance of this debt is \$362,862. The City borrowed \$115,365 from Intercap in 2013 to pay for the City's share of the Fire Apparatus. The outstanding balance as of June 30, 2018 is \$53,633. Revenue bond long term debt issues as of the end of the fiscal year are reflected in the Water and Sewer Fund. The Sewer Fund borrowed \$124,625 from Intercap to pay for the new Camel Jet Rodder in 2012 and paid off the loan during the 2018 FY. The Water and Sewer revenue bonds were refunded in November 2012 primarily to reduce the interest rate on the outstanding issues. Following the statutory procedures, the City approved the issuance of \$340,000 of tax-exempt bonds for the homeowners' share of the Riverwood SID Project. This debt will be paid with a 20 year assessment on the subdivision homeowners. The City retired a total of \$402,763 of governmental and business-type debt in the 2018 FY. Additional information on The City of Columbia Falls' long-term debt can be found in the Notes to the Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of The City of Columbia Falls' finances for all those with an interest in the City's financial operations. The GASB (Governmental Accounting Standards Board) promulgates rules regulating reporting standards with the competing goals of fully informing the reader and making the information easily understood by the readers of the financial statements. The Management's Discussion and Analysis report has required elements to meet the GASB standards and is intended to summarize the report for the reader. We sincerely hope that the reader finds this summary useful. City staff prepares the AFR according to the required standards but are doubtful that either of the GASB goals are truly met. This year's report grew by an additional 10 pages to meet disclosure requirements. If the reader has any questions concerning any of the information provided in this report or would like additional financial information, requests should be addressed to Susan M. Nicosia, City Manager, 130 6th Street West, Room A, Columbia Falls, MT 59912.

**BASIC
FINANCIAL
STATEMENTS**

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Fire Department Relief Association
<u>Assets</u>				
Current assets				
Cash and Cash Equivalents	\$ 1,432,343	\$ 200,879	\$ 1,633,222	\$ 536,041
Taxes and Assessments Receivable	444,563	-	444,563	-
Accounts/Other Receivables	76,092	173,897	249,989	-
Current portion of loans receivable	43,267	-	43,267	-
Internal Balances	(72,558)	72,558	-	-
Current portion of contracts receivable	63,225	-	63,225	-
Due from Other Governments	208,223	-	208,223	-
Total Current Assets	<u>2,195,155</u>	<u>447,334</u>	<u>2,642,489</u>	<u>536,041</u>
Non-current Assets				
Restricted Cash	2,431,173	3,685,423	6,116,596	-
Non-current Loan Receivable	184,135	-	184,135	-
Capital assets-land	1,802,337	17,402	1,819,739	-
Capital assets-construction in progress	246,615	-	246,615	-
Capital assets-net of depreciation	6,874,726	11,151,784	18,026,510	-
Total Non-current Assets	<u>11,538,986</u>	<u>14,854,609</u>	<u>26,393,595</u>	<u>-</u>
Total Assets	<u>13,734,141</u>	<u>15,301,943</u>	<u>29,036,084</u>	<u>536,041</u>
<u>Deferred Outflows of Resources</u>				
Contributions to Pension Plans	308,920	116,237	425,157	8,736
Total Assets and Deferred Outflows	<u>14,043,061</u>	<u>15,418,180</u>	<u>29,461,241</u>	<u>544,777</u>
<u>Liabilities</u>				
Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 152,944	\$ 125,793	\$ 278,737	\$ -
Compensated Absences due within one year	102,589	51,955	154,544	-
Current Portion of Long-Term Debt	182,521	227,000	409,521	-
Total Current Liabilities	<u>438,054</u>	<u>404,748</u>	<u>842,802</u>	<u>-</u>
Non-current Liabilities				
Deposits Payable	-	14,700	14,700	-
Compensated Absences	51,015	24,792	75,807	-
Long-Term Debt	623,281	786,000	1,409,281	-
Net Pension Liability	1,277,009	504,105	1,781,114	736,453
Total Non-current Liabilities	<u>1,951,305</u>	<u>1,329,597</u>	<u>3,280,902</u>	<u>736,453</u>
Total Liabilities	<u>2,389,359</u>	<u>1,734,345</u>	<u>4,123,704</u>	<u>736,453</u>
<u>Deferred Inflows of Resources</u>				
Pension Deferrals	54,568	25,370	79,938	57,534
Total Liabilities and Deferred Inflows	<u>2,443,927</u>	<u>1,759,715</u>	<u>4,203,642</u>	<u>793,987</u>
<u>Net Position</u>				
Net Investment in Capital Assets	\$ 8,062,318	\$ 10,156,186	\$ 18,218,504	\$ -
Restricted for:				
General government	1,395,030	-	1,395,030	-
Public works	307,342	2,412,527	2,719,869	-
Housing & community development	415,995	-	415,995	-
Culture & Recreation	80,090	-	80,090	-
Bond indenture requirements	-	1,022,381	1,022,381	-
Debt Service	454,597	291,359	745,956	-
Unrestricted	883,762	(223,988)	659,774	(249,210)
Total Net Position	<u>\$ 11,599,134</u>	<u>\$ 13,658,465</u>	<u>\$ 25,257,599</u>	<u>\$ (249,210)</u>

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Fire Department Relief Association
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 742,123	\$ 14,362	\$ -	\$ -	\$ (727,761)		\$ (727,761)	\$ -
Public safety	1,613,717	433,097	219,710	-	(960,910)		(960,910)	
Public works	1,064,905	749,295	126,396	-	(189,214)		(189,214)	
Public Health	4,250	-	-	-	(4,250)		(4,250)	
Culture and recreation	296,752	35,436	3,730	-	(257,586)		(257,586)	
Housing/Community Development	25,876	52,627	-	-	26,751		26,751	
Interest expense	26,675	-	-	-	(26,675)		(26,675)	
Miscellaneous expense	81,457	-	-	-	(81,457)		(81,457)	
Total governmental activities	<u>3,855,755</u>	<u>1,284,817</u>	<u>349,836</u>	<u>-</u>	<u>(2,221,102)</u>	<u>-</u>	<u>(2,221,102)</u>	<u>-</u>
Business-type activities:								
Water	880,547	745,644	-	-	-	(134,903)	(134,903)	-
Water Capital Expansion	-	198,795	-	-	-	198,795	198,795	-
Sewer	1,379,976	980,377	-	-	-	(399,599)	(399,599)	-
Sewer Capital Expansion	-	189,686	-	-	-	189,686	189,686	-
Total business-type activities	<u>2,260,523</u>	<u>2,114,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,021)</u>	<u>(146,021)</u>	<u>-</u>
Total primary government	<u>\$ 6,116,278</u>	<u>\$ 3,399,319</u>	<u>\$ 349,836</u>	<u>\$ -</u>	<u>(2,221,102)</u>	<u>(146,021)</u>	<u>(2,367,123)</u>	<u>-</u>
Component Unit:								
Fire Department Relief Association	<u>\$ 56,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(56,818)</u>
General revenues:								
Property taxes					1,671,380	-	1,671,380	72,881
License and permits					71,042	-	71,042	
Unrestricted Federal/State shared revenues					722,716	-	722,716	20,059
Unrestricted investment earnings					53,157	55,326	108,483	6,585
Miscellaneous					11,242	-	11,242	
Gain on sale of capital assets					3,250	-	3,250	
Transfers in (out)					(197,385)	197,385	-	
Total general revenues					<u>2,335,402</u>	<u>252,711</u>	<u>2,588,113</u>	<u>99,525</u>
Change in net position					114,300	106,690	220,990	42,707
Total net position-July 1, 2017 as previously reported					11,484,834	13,551,775	25,036,609	(291,917)
Prior period adjustment					-	-	-	-
Total net position-June 30, 2018					<u>\$ 11,599,134</u>	<u>\$ 13,658,465</u>	<u>\$ 25,257,599</u>	<u>\$ (249,210)</u>

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	2500 Special Street Maintenance District	2700 Cedar Creek Trust	3538 Riverwood Debt Service	Other Governmental Funds	Total Governmental Funds
Assets						
Current assets:						
Cash and Cash Equivalents	\$ 389,830	\$ 91,762	\$ 73,552	\$ -	\$ 877,199	\$ 1,432,343
Taxes and assessments receivable, net	37,521	8,178	-	322,999	75,865	444,563
Accounts Receivable, net	1,568	-	-	-	-	1,568
Current portion of loans receivable	-	-	45,407	-	-	45,407
Current portion of contracts receivable	63,225	-	-	-	-	63,225
Due from other governments	113,002	22,418	-	1,906	70,897	208,223
Total Current Assets	<u>605,146</u>	<u>122,358</u>	<u>118,959</u>	<u>324,905</u>	<u>1,023,961</u>	<u>2,195,329</u>
Non-current assets:						
Restricted Cash and cash equivalents	582,728	125,420	920,280	15,964	786,781	2,431,173
Noncurrent portion of loans receivable	-	-	256,519	-	-	256,519
Total Noncurrent Assets	<u>582,728</u>	<u>125,420</u>	<u>1,176,799</u>	<u>15,964</u>	<u>786,781</u>	<u>2,687,692</u>
Total Assets	<u>\$ 1,187,874</u>	<u>\$ 247,778</u>	<u>\$ 1,295,758</u>	<u>\$ 340,869</u>	<u>\$ 1,810,742</u>	<u>\$ 4,883,021</u>
Liabilities						
Current Liabilities:						
Accounts payable	106,681	6,728	-	-	39,535	152,944
Due to other funds	-	-	-	17,000	-	17,000
Total Current Liabilities	<u>106,681</u>	<u>6,728</u>	<u>-</u>	<u>17,000</u>	<u>39,535</u>	<u>169,944</u>
Total Liabilities	<u>106,681</u>	<u>6,728</u>	<u>-</u>	<u>17,000</u>	<u>39,535</u>	<u>169,944</u>
Deferred Inflows of Resources						
Deferred property tax/special assmt rev	37,520	8,178	-	322,999	75,866	444,563
Deferred Contracts	63,225	-	-	-	-	63,225
Deferred Licenses/Fees	6,375	-	-	-	-	6,375
Total Deferred Inflows of Resources	<u>107,120</u>	<u>8,178</u>	<u>-</u>	<u>322,999</u>	<u>75,866</u>	<u>514,163</u>
Fund Balance						
Non-Spendable loan receivable	\$ -	\$ -	\$ 301,926	\$ -	\$ -	\$ 301,926
Restricted for:						
General government	-	-	920,280	-	462,758	1,383,038
Public Safety	-	-	-	-	111,662	111,662
Public Works	-	232,872	-	-	65,328	298,200
Housing & community development	-	-	-	-	80,090	80,090
Culture & Recreation	-	-	-	-	70,225	70,225
Debt service	-	-	-	870	-	870
Committed for:						
General government	582,728	-	-	-	-	582,728
Capital projects	-	-	-	-	905,278	905,278
Assigned to:						
Public Works	-	-	73,552	-	-	73,552
Unassigned	391,345	-	-	-	-	391,345
Total Fund Balance	<u>974,073</u>	<u>232,872</u>	<u>1,295,758</u>	<u>870</u>	<u>1,695,341</u>	<u>4,198,914</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,187,874</u>	<u>\$ 247,778</u>	<u>\$ 1,295,758</u>	<u>\$ 340,869</u>	<u>\$ 1,810,742</u>	<u>\$ 4,883,021</u>

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

RECONCILIATION OF BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

Fund balance as reported in the governmental fund statement		\$	4,198,914
Add assets not reported in the governmental funds statements:			
Capital assets (net of depreciation)			8,923,678
Less liabilities not reported in the governmental fund statements:			
Bond and notes payable	(805,802)		
Advance from other Funds	(55,558)		
Compensated absences	(153,604)		
Net Pension Liability	<u>(1,277,009)</u>		(2,291,973)
Deferred inflows for City Court contracts receivable recognized as revenue in the government-wide statements			
			63,225
Deferred inflows for property taxes and special assessments recognized as revenue in the government-wide statements			
			444,563
Deferred inflows for City licenses and fees recognized as revenue in the government-wide statements			
			6,375
Deferred outflows and inflows related to pension liabilities which are not receivable or payable in the current period, therefore not reported in the fund financial statements			
Deferred Outflows			308,920
Deferred Inflows			(54,568)
Net position as reported in the government-wide statement of net position		<u>\$</u>	<u>11,599,134</u>

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FISCAL YEAR ENDING JUNE 30, 2018

	General Fund	2500 Special Street Maintenance District	2700 Cedar Creek Trust	3538 Riverwood Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes/Assessments	\$ 1,167,244	\$ 305,766	\$ -	\$ 25,568	\$ 547,187	\$ 2,045,765
License and Permits	70,417	-	-	-	157,911	228,328
Intergovernmental	924,711	-	-	-	129,410	1,054,121
Charges for Services	145,595	1,100	-	-	-	146,695
Fines and Forfeitures	169,098	-	-	-	5,086	174,184
Miscellaneous	2,778	5,842	-	-	65,373	73,993
Investment Earnings	12,557	2,486	19,240	165	18,709	53,157
Total Revenues	\$ 2,492,400	\$ 315,194	\$ 19,240	\$ 25,733	\$ 923,676	\$ 3,776,243
Expenditures:						
General Government	692,370	-	-	-	5,086	697,456
Public Safety	1,393,522	-	-	-	130,266	1,523,788
Public Works	8,689	333,125	-	-	152,662	494,476
Public Health	4,250	-	-	-	-	4,250
Housing & Community Development	-	-	-	-	25,876	25,876
Culture and Recreation	199,497	-	-	-	-	199,497
Debt Service	11,530	-	-	15,693	145,466	172,689
Principal Interest	1,557	-	-	9,170	15,949	26,676
Capital Outlay	-	-	9,300	-	127,541	136,841
Miscellaneous	80,835	-	-	-	622	81,457
Total Expenditures	2,392,250	333,125	9,300	24,863	603,468	3,363,006
Excess (Deficiency) Revenues over Expenditures	100,150	(17,931)	9,940	870	320,208	413,237
Other Financing Sources (Uses):						
Bonds Issued	340,000	-	-	-	-	340,000
Transfers in	98,423	31,902	-	-	169,212	299,537
Transfers (Out)	(490,000)	(1,714)	-	-	(147,823)	(639,537)
Proceeds from the sale of capital assets	-	-	-	-	3,250	3,250
Total other financing sources and (uses)	(51,577)	30,188	-	-	24,639	3,250
Change in Fund Balance	48,573	12,257	9,940	870	344,847	416,487
Fund Balance:						
Beginning of the Year	\$ 925,500	\$ 220,615	\$ 1,285,818	\$ -	\$ 1,350,494	\$ 3,782,427
Prior Period Adjustment	-	-	-	-	-	-
End of the Year	\$ 974,073	\$ 232,872	\$ 1,295,758	\$ 870	\$ 1,695,341	\$ 4,198,914

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDING JUNE 30, 2018

Changes in fund balances as reported in the governmental funds statement	\$	416,487
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital assets purchased		136,841
Depreciation expense		(759,093)
<p>Contributions of capital assets are not recognized in the governmental fund statements but are recognized in the government wide statement of activities.</p>		
		77,958
<p>Capital contributions made from proprietary funds to governmental funds are recognized on the proprietary statement but not on the governmental fund statements. The capital contributions become transfers between funds on the government wide statement of activities.</p>		
		142,615
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Taxes and assessments receivable (change in deferred revenues)		295,725
City Court contracts (change in deferred revenues)		(4,794)
City license fees (change in deferred revenues)		625
Pension contributions from State of Montana		18,432
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:</p>		
Long-term debt principal payments		172,689
Debt Issuance		(340,000)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund financial statements:</p>		
Change in accrued compensated absences		25,218
Change in pension accruals		(68,403)
Changes in net position on the statement of activities	\$	<u>114,300</u>

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2018

	Major Enterprise Funds		Nonmajor Enterprise Funds	Totals
	Water-5210	Sewer-5310		
Assets				
Current assets:				
Cash and Cash Equivalents	\$ 152,840	\$ 48,039	\$ -	\$ 200,879
Accounts Receivable	57,209	75,845	40,843	173,897
Current portion of loans receivable	4,315	2,559	-	6,874
Total Current Assets	<u>214,364</u>	<u>126,443</u>	<u>40,843</u>	<u>381,650</u>
Non-current assets:				
Restricted Cash and cash equivalents	543,795	1,251,679	1,889,949	3,685,423
Loan Receivable	30,666	35,018	-	65,684
Capital assets - land	17,402	-	-	17,402
Capital assets - construction in progress	-	-	-	-
Capital assets (net of accumulated depreciation)	4,022,054	7,129,730	-	11,151,784
Total Noncurrent Assets	<u>4,613,917</u>	<u>8,416,427</u>	<u>1,889,949</u>	<u>14,920,293</u>
Total Assets	<u>4,828,281</u>	<u>8,542,870</u>	<u>1,930,792</u>	<u>15,301,943</u>
Deferred Outflows of Resources				
Pension deferrals	53,165	63,072	-	116,237
Total Deferred Outflows of Resources	<u>53,165</u>	<u>63,072</u>	<u>-</u>	<u>116,237</u>
Total Assets and Deferred Outflows	<u>4,881,446</u>	<u>8,605,942</u>	<u>1,930,792</u>	<u>15,418,180</u>
Liabilities				
Current Liabilities:				
Accounts payable	47,758	78,035	-	125,793
Accrued payables	-	-	-	-
Current portion of long-term liabilities	26,000	201,000	-	227,000
Current portion of compensated absences payable	25,991	25,964	-	51,955
Total Current Liabilities	<u>99,749</u>	<u>304,999</u>	<u>-</u>	<u>404,748</u>
Non-current Liabilities				
Deposits payable	14,700	-	-	14,700
Noncurrent portion of long-term liabilities	175,000	611,000	-	786,000
Noncurrent portion of compensated absences	11,396	13,396	-	24,792
Noncurrent portion of net pension liability	230,569	273,536	-	504,105
Total Noncurrent Liabilities	<u>431,665</u>	<u>897,932</u>	<u>-</u>	<u>1,329,597</u>
Total Liabilities	<u>531,414</u>	<u>1,202,931</u>	<u>-</u>	<u>1,734,345</u>
Deferred Inflows of Resources				
Pension deferrals	11,604	13,766	-	25,370
Total Deferred Inflows of Resources	<u>11,604</u>	<u>13,766</u>	<u>-</u>	<u>25,370</u>
Net Position				
Net investment in Capital Assets	\$ 3,838,456	\$ 6,317,730	\$ -	\$ 10,156,186
Restricted for Bond indenture requirements	508,487	513,894	-	1,022,381
Restricted for Public Works-Syst Expansion/Improv	-	481,735	1,930,792	2,412,527
Restricted for Debt Service	35,308	256,051	-	291,359
Unrestricted	(43,823)	(180,165)	-	(223,988)
Total Net Position	<u>\$ 4,338,428</u>	<u>\$ 7,389,245</u>	<u>\$ 1,930,792</u>	<u>\$ 13,658,465</u>

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS

FISCAL YEAR ENDING JUNE 30, 2018

	Major Enterprise Funds		Nonmajor Enterprise Funds	Totals
	Water-5210	Sewer-5310		
Operating Revenues				
Charges for services	\$ 739,121	\$ 972,396	\$ 388,481	\$ 2,099,998
Miscellaneous revenues	4,671	6,882	-	11,553
Special assessments	1,852	1,099	-	2,951
Total Operating Revenues	<u>745,644</u>	<u>980,377</u>	<u>388,481</u>	<u>2,114,502</u>
Operating Expenses				
Personal services	290,480	358,730	-	649,210
Supplies	81,136	112,883	-	194,019
Purchased services	310,271	353,780	-	664,051
Fixed charges	10,703	26,557	-	37,260
Bad debt expense	201	225	-	426
Depreciation	182,795	508,196	-	690,991
Total Operating Expenses	<u>875,586</u>	<u>1,360,371</u>	<u>-</u>	<u>2,235,957</u>
Operating Income (Loss)	<u>(129,942)</u>	<u>(379,994)</u>	<u>388,481</u>	<u>(121,455)</u>
Nonoperating Revenues (Expenses)				
Interest revenue	11,020	18,812	25,494	55,326
Debt service interest expense	(4,961)	(19,605)	-	(24,566)
Total Nonoperating Revenues (Expenses)	<u>6,059</u>	<u>(793)</u>	<u>25,494</u>	<u>30,760</u>
Change in Net Position before Transfers & Capital Contributions	<u>(123,883)</u>	<u>(380,787)</u>	<u>413,975</u>	<u>(90,695)</u>
Transfers in	-	340,000	-	340,000
Transfer (out)	-	-	-	-
Capital contributions	(47,063)	(95,552)	-	(142,615)
Transfers (net) & Capital Contributions	<u>(47,063)</u>	<u>244,448</u>	<u>-</u>	<u>197,385</u>
Change in Net Position	(170,946)	(136,339)	413,975	106,690
Net Position - Beginning of the year	\$ 4,509,374	\$ 7,525,584	\$ 1,516,817	\$ 13,551,775
Restatements	-	-	-	-
Total Net Position - End of the year	<u>\$ 4,338,428</u>	<u>\$ 7,389,245</u>	<u>\$ 1,930,792</u>	<u>\$ 13,658,465</u>

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUNDS
FISCAL YEAR ENDING JUNE 30, 2018

	Major Enterprise Funds		Nonmajor Enterprise Funds	Totals
	Water-5210	Sewer-5310		
Cash flows from operating activities:				
Cash received from customers	\$ 740,306	\$ 984,087	\$ 398,862	\$ 2,123,255
Cash paid to suppliers	(393,949)	(491,819)	-	(885,768)
Cash paid to employees	(281,141)	(348,774)	-	(629,915)
Cash received (paid) from customer deposits	2,550	-	-	2,550
Net cash provided by operating activities	<u>67,766</u>	<u>143,494</u>	<u>398,862</u>	<u>610,122</u>
Cash flows from noncapital financing activities:				
Advances from (to) other funds	4,119	(14,555)	-	(10,436)
Transfers from (to) other funds	-	340,000	-	340,000
Net cash (used for) provided by non capital financing activities	<u>4,119</u>	<u>325,445</u>	<u>-</u>	<u>329,564</u>
Cash flows from capital and related financing activities:				
Capital contributions	(47,063)	(95,552)	-	(142,615)
Purchases/construction of capital assets	(136,775)	(407,455)	-	(544,230)
Principal paid on capital debt	(26,000)	(210,638)	-	(236,638)
Interest paid on capital debt	(4,961)	(19,606)	-	(24,567)
Net cash used for capital and related financing activities	<u>(214,799)</u>	<u>(733,251)</u>	<u>-</u>	<u>(948,050)</u>
Cash flows from investing activities:				
Interest earnings	11,020	18,812	25,494	55,326
Net cash provided by investing activities	<u>11,020</u>	<u>18,812</u>	<u>25,494</u>	<u>55,326</u>
Net (decrease) increase in cash and cash equivalents	(131,894)	(245,500)	424,356	46,962
Cash and cash equivalents at July 1, 2016	828,529	1,545,218	1,465,593	3,839,340
Cash and cash equivalents at June 30, 2017	<u>\$ 696,635</u>	<u>\$ 1,299,718</u>	<u>\$ 1,889,949</u>	<u>\$ 3,886,302</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (129,942)	\$ (379,994)	\$ 388,481	\$ (121,455)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	182,795	508,196	-	690,991
(Increase) Decrease in accounts receivable	(5,337)	3,710	10,381	8,754
Increase (decrease) in customer deposits	2,550	-	-	2,550
Increase (decrease) in warrants/accounts payable	8,361	1,626	-	9,987
Increase (decrease) in due from other funds	(4,119)	(2,445)	-	(6,564)
Increase (decrease) in compensated absences payable	5,790	8,772	-	14,562
(Increase) decrease in due to/from other funds	4,119	2,445	-	6,564
Increase (decrease) in net pension liability	17,373	17,131	-	34,504
(Increase) Decrease in deferred outflows-pension	(17,441)	(20,108)	-	(37,549)
Increase (decrease) in deferred inflows-pension	3,617	4,161	-	7,778
Net cash provided (used) by operating activities	<u>\$ 67,766</u>	<u>\$ 143,494</u>	<u>\$ 398,862</u>	<u>\$ 610,122</u>

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2018

	<u>Agency Funds</u>
Assets	
Cash and Investments	\$ 84,867
Total Assets	<u>\$ 84,867</u>
Liabilities	
Warrants payable	\$ 84,867
Total Liabilities	<u>\$ 84,867</u>

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Introduction

The financial statements of the City of Columbia Falls, Montana (the City) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America (US GAAP). The accounting and reporting framework and the significant accounting principles and practices of the City are discussed in the sections of this Note. The remaining Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2018.

2. Reporting Entity

The City is a political subdivision of the State of Montana, incorporated in 1909. On March 5, 1992, by lawful authority, the City established a Commission/Manager form of government. The City is governed by a city commission, composed of six commissioners and a mayor, elected at large by voters of the City.

The City is considered a primary government because it is a general-purpose local government. Further, it meets the following criteria: (a) it has a separately elected governing body (b) it is legally separate and (c) it is fiscally independent from the State and other local governments.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by GASB. These financial statements present the City and its component unit. The discretely presented component unit is reported in separate columns in the basic financial statements to emphasize that it is legally separate from the City.

The Fire Relief Association Disability and Pension Fund is a discretely presented component unit of the City. The City is financially accountable, by law, to ensure that the Fire Relief Association and Pension Fund is properly funded based upon actuarial valuation of the liability to pay the retirement and disability benefits of the City's volunteer firefighters. The City is also responsible for the collection of taxes and intergovernmental revenues for the Fire Relief Association Disability and Pension Fund. The Fire Relief Association Disability and Pension Fund has a June 30 year end. This component unit is presented discretely in the Statement of Net Position and Statement of Activities.

3. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities.

These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed primarily through taxes, assessments, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for services provided.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, assessments and charges paid by the recipients of good or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regard to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. Each fund is accounted for by providing a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, the total liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, the total liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

- c. If an individual fund has met the minimum criteria for mandatory major fund reporting in some years but not in others, the City may elect to always report it as a major fund to enhance consistency from year to year.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund, which accounts for all financial resources of the City except those required to be accounted for in other funds. It accounts for many of the City's general and administrative services, such as legislative, financial, legal, police, fire and parks.

Street Maintenance Fund. This special revenue fund accounts for the special maintenance assessment charged for the direct street, alley and sidewalk operational and maintenance costs including, but not limited to, snow removal, street sweeping, and minor and major repairs. The street maintenance assessment is set each year by the City Council pursuant to state statute.

Cedar Creek Trust Fund. This special revenue fund was created by resolution adopted by the City of Columbia Falls Council. Per the trust document, funds can be used for land or building purchases benefiting the citizens of Columbia Falls, as well as loans of the principal or interest where a benefit would be realized by the citizens. Principal can only be spent or loaned by the Council by consent of a minimum of five of the seven members.

Riverwood Debt Service Fund. This debt service fund accounts for all financial transactions related to the debt on the Riverwood Special Improvement District (SID). Improvements included connecting water and sewer to the City system and improving the street to City standards.

The City reports the following major enterprise funds:

Water Fund. This fund accounts for the operating revenues and expenses of the public water utility system. This fund is maintained on the full accrual basis of accounting.

Sewer Fund. This fund accounts for the operating revenues and expenses of the public sewer system. This fund is maintained on the full accrual basis of accounting.

Additionally, the City reports the following fund type:

Agency. The City has three agency funds: Payroll, Claims and Flex Funds. Agency funds have no measurement focus.

4. Measurement Focus, Basis of Presentation and Basis of Accounting

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

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Government-wide and Proprietary Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, are transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, licenses, and interest on investments are considered to be susceptible to accrual. Property taxes not meeting the revenue recognition criteria at year-end have been reported as unavailable revenue.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under the terms of grant agreements and State law, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

In accordance with provisions of Montana statutes, the City finances both capital improvements and certain services deemed to benefit specific properties by levying special assessments against the benefited properties. Special assessments are levied against property in a manner similar to ad valorem property taxes.

Proprietary funds distinguish between operating revenues and expenses and non-operating items. Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

5. Cash and Investments

Cash and investments may include cash and cash items; demand, time, savings, and fiscal agent deposits; investments in the State Short-Term Investment Pool (STIP); repurchase agreements, U.S. government treasury bills, notes, bonds, and other treasury obligations such as state and local government series; general obligations of certain agencies of the United States such as Federal

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Home Loan Bank; and U.S. government security money market funds if the fund meets certain conditions. Cash resources of the individual funds are combined to form a pool of cash and investments that is managed by the City Treasurer and City Manager in accordance with the City's Investment Policy. Investments of the pooled cash consist primarily of demand deposits, government backed securities and investments with STIP. Interest income earned as a result of pooling is distributed monthly to the appropriate funds based on the month-end balance of cash in each fund.

The City issues checks in payment of its obligations drawn on either the Claims Fund or Payroll Fund, both agency funds. No outstanding checks are reported in the governmental or proprietary funds. Investments are reported at fair value in accordance with the provisions of GASB Statement No. 72.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all funds, including restricted assets, held in the City's cash management pool to be cash equivalents.

6. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Outstanding receivables and payables are classified as "due to/from other funds" (current portion) or "advances to/from other funds" (non-current portion) on the fund balance sheets. All amounts are eliminated in the Statement of Net Position other than any outstanding balances between governmental-type and business-type that are classified as "internal balances."

Long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not expendable, available financial resources.

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

Real Property taxes are levied and collected by Flathead County and are payable in two installments due November 30 and May 31. The county assesses penalty and interest after these dates and pursues collection through the statutory tax deed process when necessary. Uncollectible taxes result from protested taxes. Decisions by the tax appeal board on protested taxes are generally made prior to fiscal year-end for that year's taxes. All remaining receivables constitute a lien on the property and are eventually collected. As of June 30, there were no taxes receivable considered a material uncollectible.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

7. Inventories and Prepaid Items

Inventories of supplies and other expendable items are expensed at the time of purchase in the governmental fund types. The City does not maintain any material inventories within the enterprise funds and therefore expenses any items at the time of purchase. Prepaid expenses, if any, represent payments to vendors that benefit future reporting periods and are reported on the consumption basis.

8. Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds and loans, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Restricted assets also reflect amounts set aside by the City Council as cash reserves to fund future needs. The Cedar Creek Trust document restricts the principal portion to purchase other land or buildings with at least five (5) members approving such a purchase.

The City's policy for using restricted or unrestricted cash reflects the bond covenant restrictions, grant requirements or City Policy. Other long-term reserves are invested as allowed and are not used for any type of expenditure except as allowed by the bond covenants, Trust Document or City Policy.

9. Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Additionally, on the governmental funds balance sheet, these include the net uncollected property tax and special assessment receivables, licenses/permits and court fine receivables.

10. Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

11. Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets used in governmental fund types are recorded as expenditures in the governmental funds and capitalized in the Statement of Net Position. Capital assets of proprietary funds are capitalized in the fund in which they are used.

All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. City policy has set the capitalization threshold for reporting capital assets at \$5,000 with a useful life of at least five years. Streets, alleys and sidewalks are capitalized by

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

specified criteria and not by a dollar threshold. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend the assets' useful life, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of all governmental fund capital assets, except land and construction in progress, is charged as an expense to the proper function in the Statement of Activity, but not in the governmental fund statements in accordance with generally accepted accounting principles. Depreciation of all capital assets, except land, easements and construction in progress, used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary funds' Statement of Net Position. However, it is shown net of asset's installed cost on the Statement of Net Position for all fund types presented.

Depreciation on assets is provided over their estimated useful lives on the straight-line method. The useful lives of these assets have been estimated as follows:

Buildings	50-75 years
Building Improvements	50-75 years
Equipment other than Vehicles	20-30 years
Public Domain Infrastructure	20 years
System Infrastructure	40 years
Vehicles	6-10 years
Heavy Equipment.....	10-20 years
Office/computer Equipment	5 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which required governments to make retroactive reporting of infrastructure at its historical cost for all assets or just those acquired after June 30, 2008. The City of Columbia Falls recorded the estimated historical value of infrastructure as of June 30, 2007. GASB Statement 51 required governments to record the value of easements it owns for fiscal year 2010. Based on Montana statute, the City concluded that the estimated historical value of easements which the City would own, are not material and accordingly, did not record the value of easements. In most instances, the easements are recorded on the property without transfer of ownership.

12. Compensated Absences

It is the City's policy and state law to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from City service. Employees are allowed to accumulate and carryover a maximum of two times their annual accumulation of vacation. Any excess over the maximum must be used by 90 days into the new calendar year. State law and City policy allows excess vacation hours to be carried until the end of the calendar year under certain circumstances. There is no restriction of the amount of sick leave that may be accumulated. Upon separation, employees are paid 100 percent of accumulated vacation and 25 percent of accumulated sick leave. The liability for compensated absences is reported in the government-wide and proprietary Statements of Net Position.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Compensated absences liability and expense are reported in the governmental funds only if they have matured. This would occur if an employee had terminated their employment with the City and there was unused reimbursable leave that was unpaid at June 30.

13. Long-term Obligations

In the Statement of Net Position and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

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

14. Pensions

The City participates in three cost-sharing defined benefit pension plans administered by the Public Employees Retirement Board (PERB). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS), Municipal Police Officers Retirement System (MPORS), Firefighters Unified Retirement System (FURS) and additions to/deductions from PERB's fiduciary net position have been determined on the same basis as they are reported by PERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City also participates in a defined contribution plan offered by PERB. There is no liability associated with this type of pension plan unless the City fails to pay the required contributions. The City has paid all required contributions.

15. Postemployment Benefits

The City accounts for postemployment benefit obligations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

As required by state law (MCA 2-18-704), the City allows its employees who retire and their spouses and dependents the option to continue to participate in the City's group health insurance plan.

As calculated using the alternative method for smaller governments and applying the participation rate, the actuarial accrued liability (AAL) for benefits was immaterial to the financial statements. The City will continue to fund benefit costs on a pay-as-you-go basis.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

16. Net Position/Fund Balance

Net position in government-wide and propriety fund financial statements show the amount of the capital assets less any outstanding debt issued to fund them as “Net Investment in Capital Assets.” Restricted net position are those that have constraints placed on them either by external parties or imposed by law or enabling legislation.

GASB Statement 54 requires governmental fund balances to be allocated to categories as follows:

- Nonspendable – funds that are not in spendable form (i.e. inventory);
- Restricted – externally enforceable legal restrictions exist, such as state law or bond covenants;
- Committed – constraint formally imposed by the City Council by the end of the reporting period;
- Assigned – constrained imposed by the City Administration by the reporting date;
- Unassigned – remaining balance.

The Governmental Accounting Standards Board adopted Statement 54, Fund Balance Reporting and Governmental Type Fund Type Definitions effective for fiscal years beginning after June 15, 2010. As required by GASB 54, the City adopted Resolution 1614 setting the fund balance policy including the order of spending and designating authority.

17. Grant Revenue

The City recognizes grant income on governmental-mandated and voluntary non-exchange transactions when all eligibility requirements have been met. Cash or other assets provided in advance are reported as unearned grant revenue until all eligibility requirements have been met.

18. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services provided and used are reported as transfers.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Data

The State of Montana’s budget law stipulates that money, other than payments from agency funds, may not be drawn from the treasury of a municipality except pursuant to an appropriation. Therefore, a legally adopted budget is required for all funds, with the exception of agency funds. The City legally adopts a budget for the required funds.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Budget Process

The City Manager is responsible for preparation of the preliminary annual budget. The City Council approves and/or modifies the budget. The City Council must meet prior to the budget adoption for the purpose of holding a public hearing on the final budget. This hearing can be continued until the budget is finally approved and adopted on or before the first Thursday after the first Tuesday in September or within 30 calendar days after receiving certified taxable values from the State Department of Revenue. The total value of property within the City as determined by the County Assessor is the assessed valuation.

The City Council modified the 2018 budget in June 2018 for the purpose of adopting a budget for the Tax Increment District Fund, Fund 2310, with the adoption of Resolution #1772. The City Council gave public notice and held a public hearing for the purpose of taking public comment on the proposed Tax Increment District Fund budget. The City had created the Tax Increment District in 2015 in compliance with state statutes. The 2016 certified value provided the initial incremental value which the county-wide levies had been set and the MT Department of Revenue and Flathead County applied the levies to incremental value. The Council adopted budget appropriations in the amount of \$315,000 pursuant to activities designated in the Urban Renewal Plan adopted for the Tax Increment District.

Additionally in June 2018, the City Council adopted Resolution #1771 amending the 2018 FY Building Code Enforcement Fund (2393) and Crime Victims Assistance Fund (2917). Both funds experienced more revenues than expected along with additional contracted services and operational costs.

The City's assessed valuation and mill value as certified by the MT Department of Revenue in August 2017 were \$444,067,710 and \$6,946 respectively. The City's mill levy totaled 216.349 mills including a 166.030 all-purpose levy, 10.470 mills for the Fire Relief Pension Fund, 18.491 for the Permissive Medical Levy and 21.358 mills for the two voted levies for general obligation bonds: 1999 Swimming Pool Bond and 2007 Street Improvements Bond.

The City Clerk forwards a copy of the final budget to the State Department of Administration no later than October 1st of each year. A copy of the final budget is available for review in the City Clerk's office located at 130 6th Street West, Columbia Falls, Montana and on the City's website at cityofcolumbiafalls.org. The tax levies and special assessments are forwarded to the County Treasurer for collection.

All appropriations lapse at the end of the year.

3. Negative Fund and Net Position Balances

The City had no major funds with negative fund or net position balances. Additionally, the City had no non-major funds with negative fund or net position balances.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
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NOTE C - CASH AND INVESTMENTS

A summary of cash and investments at June 30, 2018 was as follows:

	<u>Total</u>
Cash on Hand	\$ 500
Flex Advance	6,693
Demand Deposits	893,690
Government Backed Securities	2,495,000
State Short-term Investment Pool	<u>4,438,802</u>
Total	<u>\$ 7,834,685</u>

Cash and Investment Policies

Deposits

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City’s policy requires all deposits be insured by an agency of the United States Government and deposits in excess of insurance require pledged securities in compliance with section 7-6-207 of the Montana Code Annotated (MCA), which requires the City obtain securities for the uninsured portion of the deposits equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total asset ratio of 6% or more or securities equal to 100% of uninsured deposits if the institution in which the deposits are made has a net worth to total asset ratio of less than 6%. State statute does not specify in whose custody or name the collateral is to be held. Third party safekeeping of collateral is mandatory and pledged securities are valued at market rather than face value. The amount of collateral held for the City’s pooled deposits as of June 30, 2018 was \$1,174,030 which exceeds the amount required by statute. At June 30, 2018, 100% of the City’s deposits were insured or collateralized.

Investments

Credit Risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. Investing is performed in accordance with investment policies adopted by City Council complying with State Statutes and any applicable Attorney General, County Attorney and the City’s retained counsel’s opinions. The City’s policy to minimize credit risk is to:

- Limit investing to the safest types of securities;
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business;
- Diversify the investment portfolio so that potential losses on individual securities will be minimized.

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Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy to minimize interest rate risk is to:

- Structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity;
- Investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. The City's investment policy requires that investments be diversified in instruments, institutions and maturity dates.

External Investment Pool

The City invests in the Short-Term Investment Pool (STIP) managed by the State of Montana Board of Investments. The Board was created by the Legislature to invest and manage Montana's Unified Investment Program. Local Governments may voluntarily participate in STIP. The City elected to participate in STIP effective July 1, 1994.

The pool invests in short-term, highly liquid investments, and as such, the City has reported these investments as cash equivalents. Amounts invested by the City in STIP may be redeemed at any date at the carrying value on that date. Audited financial statements for the State of Montana's Board of Investments are available at 2401 Colonial Drive, 3rd Floor, Helena, MT 59620.

Investments in the pool are reported at fair value. The fair value of pooled investments is determined annually and is based on year-end market prices. The unit value of the pool is fixed at \$1 for both participant redemptions and purchases. Investments in STIP are carried at amortized cost or "book" value. STIP is managed to closely align fair value with amortized cost. STIP income is automatically reinvested in additional units. STIP is not rated by a national rating agency.

The City's investment in STIP amounts to 0.149% of total STIP assets. The investments managed by the City were 57% invested in STIP. For the year ended June 30, 2018, STIP's average rate of return was 1.476556%.

The investments managed by the City were 11% invested in an interest bearing account secured as noted above with Glacier Bank. For the year ended June 30, 2018, the average investment return on this account was 0.40%. The remaining 32% of the investment portfolio, \$2,495,000, is invested through Multi-Bank Securities, Inc. in government backed Certificates of Deposit and US Government Bonds with interest rates ranging from 1.2% - 3.1%.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

- U.S. Government Bonds of \$1,947,714 are valued using a matrix pricing model (Level 2 inputs).

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NOTE D - CAPITAL ASSETS

Changes in general capital assets were as follows:

	Balance June 30, 2017	Debits	Credits	Balance June 30, 2018
Cost:				
<u>Capital assets not depreciated:</u>				
Land	\$ 1,802,337	\$ -	\$ -	\$ 1,802,337
Construction in progress	59,374	187,241	-	246,615
<u>Capital assets depreciated:</u>				
Buildings	2,643,573	-	-	2,643,573
Improvements	1,026,235	22,595	-	1,048,830
Machinery and equipment	2,510,574	56,349	(81,682)	2,485,241
Infrastructure	9,852,906	91,228	-	9,944,134
Total	17,894,999	357,413	(81,682)	18,170,730
Less: Accumulated Depreciation:	(8,569,641)	(759,093)	81,682	(9,247,052)
Net Capital Assets	\$ 9,325,358	\$ (401,680)	\$ -	\$ 8,923,678

Changes in proprietary fund capital assets were as follows:

	Balance June 30, 2017	Debits	Credits	Balance June 30, 2018
Cost:				
<u>Capital assets not depreciated:</u>				
Land	\$ 17,402	\$ -	\$ -	\$ 17,402
Construction Work in Progress	372,560	(372,560)	-	-
<u>Capital assets depreciated:</u>				
Source of Supply	1,758,428	-	-	1,758,428
Pumping Plant	559,889	-	-	559,889
Treatment Plant	8,286,265	-	-	8,286,265
Transmission and Distribution	11,836,502	825,866	-	12,662,368
General Plant	2,522,335	90,925	(8,700)	2,604,560
Total	25,353,381	544,231	(8,700)	25,888,912
Less: Accumulated Depreciation	(14,037,435)	(690,991)	8,700	(14,719,726)
Net Capital Assets	\$ 11,315,946	\$ (146,760)	\$ -	\$ 11,169,186

Governmental activities depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 42,103
Public Safety	80,607
Public Works	549,995
Culture and Recreation	86,388
Total governmental activities depreciation	<u>\$ 759,093</u>

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
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NOTE E - LONG-TERM DEBT

Long-term Debt Supporting Government Activities

General obligation bonds in the amount of \$857,000 were issued by the City in 1999 to provide funds for the construction of the municipal pool, as approved by the voters and repaid with property taxes recorded in the Debt Service Fund. These bonds are required to be paid within twenty years from the date of issue and are backed by the full faith and credit of the City. The City redeemed \$60,000 in bonds during the 2018 fiscal year, leaving an outstanding balance of \$65,000.

General obligation debt, in the form of a loan from Cedar Creek Trust, was issued by the City to provide funds for the improvement of City streets, as approved by the voters in June 2007 and repaid with property taxes recorded in the Debt Service Funds. The loan is required to be paid within twenty years from the date of issue and is backed by the full faith and credit of the City. As of June 30, 2018, the City had drawn down a total of \$703,287 from the Trust, and repaid \$41,795 during the 2018 fiscal year, leaving an outstanding balance of \$227,402. As of August 2011, the City closed on a State of MT Intercap Loan in the amount of \$364,449 to cover the final Street Improvement expenditures, repaying \$37,108 during 2018, leaving an outstanding balance of \$135,460 as of June 30, 2018. The City will use the Debt Service authorization to repay the Cedar Creek Trust and the Intercap Loan.

The loan from the Cedar Creek Trust is treated as an external debt borrowing pursuant to generally accepted accounting principles. The loan by the Trust was approved by at least five (5) members of the City Council and then submitted to the electorate for approval. Pursuant to the Trust Document, loans of the principal must be secured and the loan agreement and security approved by the City Attorney and an independent financial consultant. The City Council approved loaning the City up to \$1.1 million for specific street improvements from the Cedar Creek Trust to save interest, closing and bond costs. To provide the required security, the City Council called for an election approving the debt for up to \$1.1 million. The electorate approved the debt obligation in June 2007. The City Council approved setting the annual interest rate based on the current rates earned by the City's investment pool.

After beginning the Street Improvement Project, the City Council had the opportunity to purchase approximately 28 acres of parkland, including 900 ft of river frontage for \$951,072. Upon the vote of at least five (5) City Council members, the purchase of the land was approved in the fall of 2007. Unfortunately shortly after the purchase, sales of lots halted due to the declining economy and the Trust did not have the available cash to fund the entire \$1.1 million street improvement project along with the land purchase. City Council approved an Intercap Loan with the State of MT to fund any potential shortfall after all of the street projects were completed. In June 2011, the City applied for an Intercap Loan in the amount of \$ 364,449 to cover the final street construction costs and in August 2011 closed on the loan. The City has drawn down funds as available in the Cedar Creek Trust. Due to the favorable Intercap Loan terms, the Council will review annually paying the loan early or paying the Intercap Loan in accordance with the loan agreement. As of June 30, 2018, the Cedar Creek Trust had a total cash balance of \$993,832, consisting of \$73,552 unrestricted and \$920,280 restricted funds.

The City purchased a new fire apparatus in July 2012 for a total cost of \$322,762. This purchase was made cooperatively with the Columbia Falls Rural Fire District pursuant to an interlocal agreement with the Rural District contributing \$205,763 or 64%. The City borrowed \$115,365 from

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
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the State of MT Intercap Loan program to pay for the City’s share of the truck purchase. The City received the \$115,365 in proceeds in August 2012 and repaid \$11,530 during the 2018 fiscal year, leaving a balance of \$53,633 as of June 30, 2018.

In October, 2017 the City adopted Resolution #1762 approving issuance of Tax Exempt bonds in the amount of \$340,000. The bonds were issued for Riverwood SID#38. The proceeds of the tax exempt bonds were used to finance certain local improvements for the benefit of the properties located within the district. The City repaid \$15,693 during the 2018 fiscal year leaving a balance of \$324,307 as of June 30, 2018.

General obligation bonds and debt outstanding as of June 30, 2018, were as follows:

Purpose:	Issue Date	Interest Rate	Bond Term	Maturity Date	Annual Payment	Bonds/Debt Issued	Balance June 30, 2018
Swimming Pool	6/27/1999	4-6.5%	20 yrs	7/1/2019	Varies	\$ 857,000	\$ 65,000
Street Improvements	6/26/2007	Var	20 yrs	7/1/2027	Varies	\$ 703,287	\$ 227,402
Street Improvements-Intercap	8/26/2011	1.0-1.25%	10 yrs	8/15/2021	Varies	\$ 364,449	\$ 135,460
Fire Apparatus-Intercap	8/31/2012	1.0-1.25%	10 yrs	8/15/2022	Varies	\$ 115,365	\$ 53,633
Special Improvement District # 38	11/2/2017	4.16%	20 yrs	7/1/2037	Varies	\$ 340,000	\$ 324,307
							\$ 805,802

Changes in long-term debt were as follows:

	Balance June 30, 2017	Change	Balance June 30, 2018	Amount due in 2019
General Obligation Bonds	\$ 125,000	\$ (60,000)	\$ 65,000	\$ 65,000
General Obligation Debt	506,927	(90,432)	416,495	92,775
Special Assessment Debt	-	324,307	324,307	17,891
Compensated Absences	178,822	(25,218)	153,604	102,589
Total	\$ 810,749	\$ 148,657	\$ 959,406	\$ 278,255

Annual requirement to amortize general obligation debt:

	Principal	Interest
2019	\$ 157,775	\$ 12,500
2020	87,284	6,309
2021	88,631	4,278
2022	69,616	2,196
2023	44,282	1,057
Thereafter	33,907	744
Total	\$ 481,495	\$ 27,084

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Legal Debt Margin:

At June 30 the general obligation debt issued by the City did not exceed its legal debt margin as demonstrated by the following computation:

Total Assessed value of taxable property (market value)	\$ 444,067,710
General limitation percentage	<u>2.50%</u>
General limit of indebtedness	\$ 11,101,693
Outstanding general obligation bonds at June 30	65,000
Outstanding loans subject to limitation	<u>416,495</u>
Total Debt subject to limit	<u>481,495</u>
Remaining Legal Debt Margin	<u><u>\$ 10,620,198</u></u>

Long-term Debt Supporting Business-type Activities

Changes in long-term debt were as follows:

	Balance June 30, 2017	Change	Balance June 30, 2018	Amount due in 2019
Revenue Bonds	\$1,237,000	\$(224,000)	\$1,013,000	\$227,000
Intercap Loan	12,638	(12,638)	-	-
Compensated Absences	62,183	14,564	76,747	51,955
Total	<u>\$1,311,821</u>	<u>\$(222,074)</u>	<u>\$1,089,747</u>	<u>\$278,955</u>

Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service.

Revenue bonds outstanding at year-end were as follows:

<u>Purpose</u>	Origination Date	Interest Rate	Bond Term	Maturity Date	Bonds Amount	Annual Payment	Balance 30-Jun-18
Water System Revenue Refunding Bond	2005	2.25%	12 yrs	7/1/2025	\$ 350,000	Varies	\$ 201,000
Sewer System Revenue Refunding Bond	2001	2.25%	7 yrs	7/1/2020	1,248,000	Varies	330,000
Sewer System Revenue Bond	2009B	0.75%	20 yrs	7/1/2029	359,300	Varies	203,000
Sewer System Revenue Refunding Bond	2009C	3.00%	18 yrs	7/1/2030	<u>385,000</u>	Varies	<u>279,000</u>
Total					<u>\$ 2,342,300</u>		<u>\$ 1,013,000</u>

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In November 2012, the City issued Water System Revenue Refunding and Sewer System Revenue Refunding Bonds through the State of Montana, Department of Natural Resources, Drinking Water Revolving Fund Loan Program and the Wastewater Revolving Fund Loan Program to take advantage of current interest rates. The City's Series 2005 Water system bonds with an outstanding amount of \$350,000 were refunded and the interest rate reduced from 4.0% to 2.25%, resulting in a savings of \$43,907. The City's Series 2001 Sewer system bonds with an outstanding balance of \$1,248,000 were refunded and the interest rate reduced from 4.0% to 2.25%. Additionally, the Series 2009C Sewer system bonds with an outstanding amount of \$385,000 were refunded and the interest rate reduced from 3.75% to 3.0%. The Sewer system bond refunding's resulted in a savings of \$156,285.

Revenue bond resolutions include various restrictive covenants. The more significant covenants 1) require that cash be restricted and reserved for operations, construction, debt service, and replacement and depreciation; 2) specify minimum required operating revenue; and 3) specific and timely reporting of financial information to bond holders and the registrar. The City was in compliance with applicable covenants as of June 30, 2018, as indicated below:

Debt Service Coverage:	<u>Water</u>	<u>Sewer</u>
Operating Revenues	\$ 745,644	\$ 980,377
Operating Expenses	689,075	843,814
Net Revenue	56,569	136,563
Max Debt Service	\$ 35,994	\$ 234,056
Percent Coverage	157.16%	58.35%

Annual requirement to amortize revenue bond and loan debt:

For Fiscal Year	Principal	Interest
2019	\$ 227,000	\$ 19,875
2020	233,000	15,264
2021	66,000	11,389
2022	68,000	10,009
2023	70,000	8,573
Thereafter	349,000	24,968
Total	\$ 1,013,000	\$ 90,076

NOTE F - EMPLOYEE BENEFIT PLANS

Pension Plans - General Information:

All full-time, qualifying part-time and elective City employees are covered by one of the following retirement plans: Montana Public Employees Retirement System (PERS), Municipal Police Officers' Retirement System (MPORS), and Firefighter Unified Retirement System (FURS). The plans are established by State law and administered by the State of Montana Public Employees' Retirement Board (PERB). The authority to establish or amend contribution requirements for all

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plans, and provide cost of living adjustments for defined benefit plans is assigned to the State legislature. PERB issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for these plans. It is available from the Montana Public Employees' Retirement Administration (MPERA) at 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, MT, 59620-0131 or at their website, <http://mpera.mt.gov>. The Plans are cost-sharing multiple-employer defined benefit plans that provide retirement, disability and death benefits to plan members and beneficiaries with amounts determined by the State. PERS also has a defined contribution option.

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

Contributions to pension plans are as required by state statute. Information about each plan follows:

Public Employee Retirement Systems (PERS):

Plan Description:

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945 and governed by Title 19, chapters 2 & 3 Montana Code Annotated (MCA).

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-Defined Contribution Retirement Plan (DCRP) by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. For members that choose to join the PERS-DCRP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP.

The PERS-DBRP provides retirement, disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Employees with 5 years of service are eligible to retire at ages shown below. Vested (5 years of service) employees are eligible for disability benefits. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits generally equal the balance in the member's vested account or continuing payments under an annuity contract.

Summary of Benefits:

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Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months.
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months.
- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation.

Eligibility for benefit:

Service retirement:

- Hired prior to July 1, 2011:
 - Age 60, 5 years of membership service;
 - Age 65, regardless of membership service; or
 - Any age, 30 years of membership service
- Hired on or after July 1, 2011:
 - Age 65, 5 years of membership service;
 - Age 70, regardless of membership service

Early retirement, actuarially reduced:

- Hired prior to July 1, 2011:
 - Age 50, 5 years of membership service; or
 - Any age, 25 years of membership service
- Hired on or after July 1, 2011:
 - Age 55, 5 years of membership service

Vesting:

5 years of membership service.

Monthly benefit formula:

Members hired prior to July 1, 2011;

- Less than 25 years of membership service: 1.7857% of HAC per year of service credit.
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% HAC per year of service credit.
- 10 years or more, but less than 30 years of membership service: 1.7857% of HAC per year of service credit.
- 30 years or more of membership service: 2% of HAC per year of service credit.

Service Credit

A full month of service credit is earned when 160 hours or more is reported to PERB by the City during any given month. Proportional service credit is awarded unless at least 2080 hours is worked in a year.

Guaranteed Annual Benefit Adjustment (GABA)

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

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- After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.
- Members hired on or after July 1, 2013:
 - (a) 1.5% for each year PERS is funded at or above 90%;
 - (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - (c) 0% whenever the amortization period for PERS is 40 years or more.

PERS-DCRP is a multiple-employer plan established July 1, 2002. A percentage of employer contributions are used to fund various PERS member education programs and a long-term disability plan fund. PERS-DCRP provides for retirement, disability, and death benefits to plan members and their beneficiaries based on the balance in the member's account.

Municipal Police Officers' Retirement System (MPORS):

Plan Description:

The Municipal Police Officers' Retirement System (MPORS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing benefit plan that was established in 1974 and is governed by Title 19, chapters 2 & 9 Montana Code Annotated (MCA). This plan covers all municipal police officers employed by first-and second-class cities and other cities that adopt the plan, such as the City of Columbia Falls. Benefits are established by state law and can only be amended by the Legislature. The MPORS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and final average compensation. Member rights for death and disability are vested immediately. All other rights are vested after five years of service.

Summary of Benefits:

Member's final average compensation (FAC)

- Hired prior to July 1, 1977 – average monthly compensation of final year of service.
- Hired on or after July 1, 1977 – final average compensation (FAC) for last consecutive 36 months.
- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's final average compensation.

Eligibility for benefit:

20 years of membership service, regardless of age.

Early retirement:

Age 50, 5 years of membership service.

Vesting:

5 years of membership service.

Monthly benefit formula:

2.5% of FAC per year of service credit.

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Service Credit

A full month of service credit is earned when at least 160 hours is worked. Proportional service credit is awarded for less than 160 hours.

Guaranteed Annual Benefit Adjustment (GABA):

Hired on or after July 1, 1997, or those electing GABA – after the member has completed 12 full months of retirement, the member’s benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member’s benefit.

Minimum benefit adjustment (non-GABA):

If hired before July 1, 1997 and member did not elect GABA – the monthly retirement, disability or survivor’s benefit may not be less than ½ the compensation of a newly confirmed officer in the city that the member was last employed.

Deferred Retirement Option Plan (DROP):

Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the Board. The DROP is governed by Title 19, Chapter 9, Part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS but will not receive membership service or credit in the system for the duration of the member’s DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the member’s DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated.

Firefighters’ Unified Retirement System (FURS):

Plan Description:

The Firefighters’ Unified Retirement System (FURS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and either final monthly compensation or final average compensation. Effective July 1, 2005, the benefits are based on highest average compensation and highest average compensation. Member rights for death and disability are vested immediately. All other member rights are vested after five years of service.

Summary of Benefits:

Member’s highest monthly compensation (HMC)

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- Hired prior to July 1, 1981 and not electing GABA - highest monthly compensation (HMC).
- Hired after June 30, 1981 and those electing GABA – highest average compensation (HAC) during any consecutive 36 months.
- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member’s highest average compensation.

Eligibility for benefit:

20 years of membership service, regardless of age.

Early Retirement:

Age 50, 5 years of membership service

Vesting:

5 years of membership service.

Monthly benefit formula:

1) Members hired prior to July 1, 1981 and not electing GABA are entitled to the greater of:

2.5% of HMC per year of service, OR

i). if less than 20 years of service – 2% of HMC for each year of service;

ii). if more than 20 years of service – 50% of the member’s HMC plus 2% of the member’s HMC for each year of service over 20 years

2) Members hired on or after July 1, 1981 and those electing GABA:

2.5% of HAC per year of service

Service Credit

A full month of service credit is earned when at least 160 hours is worked. Proportional service credit awarded for less than 160 hours.

Guaranteed Annual Benefit Adjustment (GABA):

Hired on or after July 1, 1997, or those electing GABA – after the member has completed 12 full months of retirement, the member’s benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member’s benefit.

Minimum benefit adjustment (non-GABA):

If hired before July 1, 1997 and member did not elect GABA – the monthly retirement, disability or survivor’s benefit of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least 10 years of membership service). If a benefit falls below that minimum, the benefit is increased and paid to the benefit recipient.

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Contribution Rates and Amounts

	Employee	Employer	State
PERS	7.90%	8.47%	0.10% ¹
MPORS	9.00%	14.41%	29.37%
FURS	10.70%	14.36%	32.61%

	City			State
	2018	2017	2016	2018
PERS	\$ 79,823	\$ 71,001	\$ 65,481	\$ 15,579
MPORS	65,586	70,326	61,851	143,190
FURS	9,601	9,238	8,991	20,978

¹ The State also contributes from the Coal Tax Severance fund.
 One hundred percent of contributions were paid.

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

At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of net pension liability that was associated with the City were as follows:

	PERS	MPORS	FURS	Total
City's proportionate share of the net pension liability	\$1,152,441	\$ 580,032	\$ 48,641	\$ 1,781,114
State's proportionate share of the net pension liability associated with the City	15,579	1,182,200	110,459	1,308,238
Total	\$1,168,020	\$ 1,762,232	\$ 159,100	\$ 3,089,352

The net pension liability was determined by an actuarial valuation as of June 30, 2016, with update procedures to roll forward to the measurement date of June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, including the State, actuarially determined.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	PERS	MPORS	FURS
Proportionate share of plan's net pension liability	0.0592%	0.3260%	0.0430%

For the year ended June 30, 2018, the City recognized pension expenses of \$68,403 and revenue of \$172,795 for support provided by the State. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources				
	PERS	MPORS	FURS	Total
Expected vs Actual Experience	\$ 28,381	\$ -	\$ 320	\$ 28,701
Projected Investment Earnings vs Actual	-	504	40	544
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	38,158	-	38,158
Changes in Assumptions	157,527	39,151	6,066	202,744
City contributions subsequent to the measurement date	79,823	65,586	9,601	155,010
Total	\$ 265,731	\$ 143,399	\$ 16,027	\$ 425,157

Deferred Inflows of Resources				
	PERS	MPORS	FURS	Total
Expected vs Actual Experience	\$ 1,668	\$ 19,791	\$ 368	\$ 21,827
Projected Investment Earnings vs Actual	7,740	-	-	\$ 7,740
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	48,591	-	1,780	50,371
Total	\$ 57,999	\$ 19,791	\$ 2,148	\$ 79,938

The \$155,010 reported as deferred outflows of resources related to pensions from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Fiscal Year Ending June 30	PERS	MPORS	FURS	Total
2019	\$ 40,822	\$ (825)	\$ 491	\$ 40,488
2020	90,116	16,540	2,577	109,233
2021	70,091	12,703	1,678	84,472
2022	(24,529)	(8,554)	35	(33,048)
2023	-	-	-	-
Thereafter	-	-	-	-
Total	\$ 176,500	\$ 19,864	\$ 4,781	\$ 201,145

Actuarial Assumptions

The total pension liabilities (TPL) used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2016, with update procedures to roll forward the TPL to June 30, 2017. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the last actuarial experience study, dated May 2017, for the six year period July 1, 2010 to June 30, 2016.

Among these assumptions were the following:

Inflation	2.75% percent
Salary Increases	3.5% percent, average, including inflation
Investment rate of return	7.65% percent, net of pension plan investment expense, including inflation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return	Long-Term Expected Real Rate of Return
Cash Equivalents	2.60%	4.00%	0.10%
Domestic Equity	36.00%	4.55%	1.64%
Foreign Equity	18.00%	6.35%	1.14%
Fixed Income	23.40%	1.00%	0.23%
Private Equity	12.00%	7.75%	0.93%
Real Estate	8.00%	4.00%	0.32%
Total	100.00%		4.37%
Inflation			2.75%
Portfolio Return Expectation			7.12%

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Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate - The following present the City’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65 percent) or 1 percentage point higher (8.65 percent) than the current rate:

City's proportionate share of the net pension liability	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
PERS	\$ 1,678,431	\$ 1,152,441	\$ 710,911
MPORS	844,549	580,032	367,945
FURS	80,829	48,641	22,635
	\$ 2,603,809	\$ 1,781,114	\$ 1,101,491

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERB financial report.

Local Retirement Plans

The City offers its employees an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, available to all full-time and part-time City employees, permits them to defer a portion of their salary until future years. Additionally, for qualifying employees not participating in the City’s Health Insurance Benefit program due to having other health insurance coverage, the City contributes up to \$416 per month into the deferred compensation plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency pursuant to Internal Revenue Service requirements.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employee (without being restricted to the provisions of benefits under the plan).

Investments are managed by the plan’s trustee, Nationwide Retirement Solutions, based on the participant’s selected investment options. For the 2018 fiscal year, 8 active employees had elected deferred compensation benefits in lieu of health insurance benefits and 8 active employees elected

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to defer a portion of their compensation under the provisions of the 457(b) plan. The City contributed \$25,081.09 on the employees' behalf during the 2018 FY to the 457(b) plan. The City does not manage or control the plan assets.

Fire Relief Association Pension Plan (Discretely Presented Component Unit)

The Columbia Falls Firefighters Relief Association Pension Plan is a single-employer defined benefit pension plan. Montana State law (MCA 19-18-503) requires the City to soundly fund the pension plan for non-paid volunteer firefighters, who are considered employees of the City. The City contributes to the plan annually meeting all the state funding requirements. The discretely presented component unit of the City, Fire Department Relief Association, has been established to administer pension payouts and hold the funded assets. The Relief Association is governed by a separate board of directors made up of active and retired members of the volunteer fire department.

The City implemented GASB 73 –*Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. One objective of this Statement is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements. An additional objective is to improve the information provided in government financial reports about financial support provided by certain non-employer entities for pensions that are provided to the employees of other entities and that are not within the scope of Statement 68. In order to meet these objectives and comply with paragraph 115 and 116 of this Statement, the City has determined it appropriate to show the pension liability within the Fire Relief Association financials. The assets of the Relief Association (non-employer entity) represent the City's contributions made toward pension obligations. The cash is expected to offset the liabilities of the pension plan. The assets and related liability are reported within the discretely presented component unit of the City.

Summary of Benefits:

The eligibility for normal retirement requires 20 years of service with no option for early retirement. The plan also provides a disability pension after 10 years of service (prorated) and eligible surviving spouse benefit for the death of an active member with at least 10 years of service. The normal retirement benefit is \$150 per month with 20 years of service, increased by 10% for each additional year, up to the statutory maximum payment of \$300.

Actuarial Assumptions:

The actuarial method used is the Projected Unit Credit. Under this method the benefit payable at the assumed retirement age is determined. The accrued benefit used for the accrued liability is the projected benefit multiplied by the ratio of service to date divided by service projected to the retirement date.

Interest rates used were segment rates as published by the IRS for funding under PPA '06 as modified by the Bipartisan Budget Act of 2015 for plan year beginning 07/01/2016.

Mortality tables utilized were tables as published by the IRS for funding under PPA '06 for plan years beginning in 2016 (combined basis).

Spousal age for active participants was assumed to be 3 years younger than participant.

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All other assumptions in a group of this size were not considered statistically valid.

Covered Employees:

There are 25 inactive employees currently receiving benefit payments.

Post-Employment Benefits Other than Pensions

The City accounts for postemployment benefit obligations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

As required by state law (MCA 2-18-704), the City allows its employees who retire and their spouses and dependents the option to continue to participate in the City's group health insurance plan. The City also allows terminated employees to continue their health care coverage for 18 months past the date of termination as required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). To continue coverage, retirees are required to pay the full cost of the benefits. State law requires the City to offer insurance to retirees but it does not require the City to offer it at the same rate as all participants. Furthermore, there are no legal or contractual agreements requiring the City to pay any portion of a retiree's insurance or to offer the insurance at a specified rate. Rates are charged according to the annual actuarial valuation provided by the City's insurer, Montana Municipal Interlocal Authority.

Plan Description: In 2018, the City of Columbia Falls provided employee medical insurance through a cost-sharing, multiple-employer plan administered by the Montana Municipal Interlocal Authority.

Funding Policy: The City of Columbia Falls provides no direct subsidy to the health insurance premiums for retirees. Retirees pay the entire cost of the actuarially determined health insurance premium. Eligible retirees must be enrolled in the City's medical insurance prior to retiring and must elect to continue coverage within 30 days of retirement. As of June 30, 2018, the City had one retired employee electing to participate in the City's medical insurance plan entirely at their own cost at an actuarially determined rate. There were no former employees under COBRA insurance coverage. In 2018, retirees paid \$2,688 in actuarially determined medical premiums.

Annual OPEB Cost Obligation: The City's other postemployment benefit (OPEB) cost (expense) is calculated based on the projected unit credit cost method. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule. It is important to note that the accrued liability and the annual required contribution (ARC) are highly sensitive to the participation rate assumption. For the City of Columbia Falls, based on historical data, the City used a 10% participation rate, which matches the thirty-year trend for the City's retirees' participation. Additionally, the calculation is also sensitive to the age of the City's employees.

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Employees covered by benefit terms as of June 30, 2018:

- Inactive employees or beneficiaries currently receiving benefit payments -1-
- Inactive employees entitled to but not yet receiving benefit payments -0-
- Active employees = 22

Methods and Assumptions: The Montana Municipal Interlocal Authority (MMIA) contracted with Actuaries NW to calculate the actual cost of retiree medical coverage and subsequently calculated the pre-age 65 (not Medicare eligible) and age 65 and older (Medicare eligible) per individual premium subsidy as of June 30, 2018. Actuaries NW used the following assumptions in calculating the subsidy rate:

- Average age of retirement based on historical data - 57.7 years
- Turnover rate – 0%
- Discount rate – 3.87%
- Average salary increase – 4%
- Healthcare cost trend rate

From Year	To Year	Annual % Increase
2018	2019	3.65%
2019	2020	6.50%
2020	2021	6.00%
2021	2022	5.90%
2022	2023	5.70%
2023	2024	5.60%
2024	2025	5.50%
2025	2026	5.30%
2026	2027	5.20%
2027	2028	5.10%

Funded Status and Funding Progress: As calculated using the alternative method for smaller governments and applying the participation rate, the actuarial accrued liability (AAL) for benefits was immaterial to the financial statements. The City will continue to fund benefit costs on a pay-as-you-go basis.

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NOTE G - INTERFUND TRANSFERS

The following is an analysis of governmental operating transfers in and out during fiscal year 2018:

	General Fund (Major)	Street Maintenance (Major)	Special Gas Tax (Non- Major)	Capital Projects- Street Construction (Non-Major)	Capital Equipment (Non Major)	Total Transfers Out
Transfers out:						
General Fund	\$ -	\$ -	\$ -	\$ 100,000	\$ 50,000	\$ 150,000
Permissive Medical Levy	98,423.00	31,902.00	-	-	-	130,325
Street Maintenance	-	-	1,714.00	-	-	1,714
Gas Tax Fund	-	-	-	-	17,498.00	17,498
Total Transfers in:	\$ 98,423	\$ 31,902	\$ 1,714	\$ 100,000	\$ 67,498	\$ 299,537

The following is an analysis of enterprise fund transfers in and out during fiscal year 2018:

	Sewer (Major)	Total Transfers Out
Transfers out:		
General Fund	\$ 340,000	\$ 340,000
Total Transfers in:	\$ 340,000	\$ 340,000

Capital contributions made from enterprise funds to governmental funds of \$142,615 are reported in the enterprise funds within the non-operating section as capital contributions. However, no entry was made in the governmental funds because there was no flow of current financial resources. In the Statement of Activities, both sides of the capital contributions are reported as transfers.

NOTE H - INTERFUND LOANS

Special Improvement Districts 34 and 36 - During fiscal year 2006 the City's Water and Sewer Enterprise Funds loaned funds for construction costs for the upgrade and expansion of water and sewer lines and appurtenances for 4th Avenue and 5th Avenue within the City. The City Council approved the formation of Special Improvement Districts 34 and 36 and the homeowners are assessed annually on the tax bill to pay back the City for construction costs for a period of twenty (20) years. The payments are due in equal installments on November 30 and May 30.

Long-term interfund loans receivable have been recorded in the Water and Sewer Enterprise Funds and at June 30, 2018, the combined balance of the interfund loans was \$55,558 which is the same amount owed to the City by homeowners within the special improvement districts. The City's special improvement funds 34 and 36 are debt service funds and these funds record the special assessments receivable and receipts and pay back the interfund loans to the Water and Sewer Enterprise Funds. The interfund loan payable is reported as long-term debt in the general long-term debt account group in the fund financial statements and is eliminated in the government-wide financial statements as interfund activity.

Annual maturity of the long-term special assessment receivable for the 2018 FY is \$6,564, subject to interest at 4.75%.

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Cedar Creek Trust Fund – During fiscal year 2008, general obligation debt, in the form of a loan from Cedar Creek Trust was issued by the City to provide funds for the improvement of city streets, as approved by the voters and repaid with property taxes levied and recorded in a Debt Service Fund. This loan is accurately reported as an external debt borrowing pursuant to generally accepted accounting principles. Accordingly, the debt is not reported as an Advance to/from other fund, long-term portion, or as a Due to/from other fund, short-term portion. The loan is recorded and reported in the general long-term debt account group within the fund financial statements and as general obligation debt within the government-wide financial statements. See Note E for further disclosure and debt maturity schedule.

NOTE I - RESTRICTED CASH AND INVESTMENTS

In compliance with the City’s policies, debt covenants and Cedar Creek Trust, the governmental and enterprise funds restricted cash and investments at June 30, 2018 are as follows:

Fund	Fund Type	Description	Amount
1000-General	Major	Reserved by Council/cash flow	\$ 582,728
2372-Permissive Medical Levy	Non-Major	Reserved by Council/cash flow	44,598
2394-Building Code Enforcement	Non-Major	Reserved by Council/cash flow	77,321
2400-Special Lighting District	Non-Major	Reserved by Council/cash flow	15,432
2500-Special Street Maint District	Major	Reserved by Council/cash flow	125,420
2700-Cedar Creek Trust	Major	Reserved by Trust Document	920,280
3010-GO Pool Debt Service	Non-Major	Reserved by Council for debt payments	18,146
3020-GO Street Debt Service	Non-Major	Reserved by Council for debt payments	36,642
3538-SID 38 Riverwood	Major	Reserved by Debt covenant	15,964
4000-Capital Projects-Bldg Improv	Non-Major	Reserved by Council for building improv	14,748
4010-Capital Projects-Park Impr	Non-Major	Reserved by Council for improv/cash in lieu	214,344
4020-Capital Projects-Gen EQPT	Non-Major	Reserved by Council for future eqpt	88,207
4020-Capital Projects-Gen EQPT	Non-Major	Reserved by Council for road eqpt-Gas Tax	47,622
4040-Capital Projects-Street Const	Non-Major	Reserved by Council for Street construction	229,721
5210-Water	Major	Replacement/Depreciation	246,754
5210-Water	Major	Reserved for Future Debt Service	35,308
5210-Water	Major	Reserved for new projects	261,733
5211-Water Expansion	Non-Major	System Expansion	1,215,888
5310-Sewer	Major	Replacement/Depreciation	200,000
5310-Sewer	Major	Reserved for Future Debt Service	256,051
5310-Sewer	Major	Reserved for new projects	313,894
5310-Sewer	Major	Reserved for WWTP Project/Debt	481,735
5311-Sewer Expansion	Non-Major	System Expansion	674,061
			\$ 6,116,596

NOTE J - GOVERNMENT FUND BALANCE REPORTING

The City implemented Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions during 2011, and therefore required to classify fund balances into specifically defined classifications (see Note A). The City spends restricted amounts first. When expenditure is incurred for purposes for which committed, assigned

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or unassigned funds are available, the City spends first committed, then assigned and finally unassigned funds.

Fund Balance	General	Street Maintenance	Cedar Creek Trust	SID 38-Riverwood	Other Governmental	Total Governmental Funds
Non-Spendable:						
Long-Term receivable	\$0	\$0	\$301,926	\$0	\$0	\$301,926
Restricted:						
Trust Agreement	-	-	920,280	-	-	920,280
Grantor or contributors	-	-	-	-	112,881	112,881
State statute	-	232,872	-	870	677,182	910,924
Committed:						
Designated by City Mgr/Finance Dir	582,728	-	-	-	-	582,728
Restricted by state law & grantors	-	-	-	-	905,278	905,278
Assigned						
Designated by City Mgr/Finance Dir	-	-	73,552	-	-	73,552
Un-Assigned	391,345	-	-	-	-	391,345
Total Fund Balance	\$974,073	\$232,872	\$1,295,758	\$870	\$1,695,341	\$4,198,914

The Council is the City’s highest level of decision-making authority, and they adopted a resolution authorizing the City Administration to define and utilize the fund types in accordance with GASB 54 pursuant to actions authorized by the commission, such as budget adoption and letting of contracts. Assigned fund balances include funds committed by the council to spend interest earnings of the Cedar Creek Trust Fund. By resolution, the City will apply restricted and unrestricted resources within the City’s Governmental fund-types in the following order: restricted, committed, assigned and unassigned.

The City maintains two major special revenue funds, the Street Maintenance Fund and the Cedar Creek Trust Fund. The purpose of the Street Maintenance Fund is to finance street repair, maintenance, snow removal and street signage. The purpose of the Cedar Creek Trust Fund is to account for the sale of City-owned land. GASB 54 requires disclosure of revenues for each major special revenue fund. Revenues are as follows:

Street Maintenance:	
Special assessments	\$305,766
Charges for service	1,100
Interest earnings	2,486
Miscellaneous	<u>5,842</u>
	<u>\$315,194</u>
Cedar Creek Trust:	
Interest earnings	<u>19,240</u>
	<u>\$19,240</u>

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
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The City also maintains one major debt service fund, Riverwood Debt Service. This fund is used to account for the accumulation of resources used for the payment of principal and interest on special assessment debt. Revenues for the fund are as follows:

Riverwood Debt Service	
Special assessment	\$25,568
Interest earnings	<u>165</u>
	\$25,733

NOTE K - RISK MANAGEMENT

The City faces a number of risks of loss including damage to and loss of property and contents, employee torts, professional liability, (i.e. errors and omission), environmental damage, worker's compensation, and medical insurance costs of employees. Commercial policies, transferring all risk of loss except for relatively small deductible amounts, are purchased for commercial property and boiler insurance. The City participates in a statewide public risk pool operated by the Montana Municipal Interlocal Authority (MMIA) for property and contents, business auto, contractors' equipment, bonding of public officials, workers' compensation and for tort liability coverage. In addition, the City contracts with the Montana Municipal Insurance Authority for the City employee medical, dental and vision benefit plans. MMIA provides an environmental damages fund of \$10 million each year, with maximum coverage of \$2 Million per incident. The City has no coverage for potential losses from environmental damages once the \$10 million is expended.

Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are allocated between the governmental General Fund and the business-type Water and Sewer Funds based upon the insurance needs of the funds. Settled claims resulting from these risks did not exceed commercial insurance coverage for the past three years.

In 1986, the City joined with other Montana cities to form the Montana Municipal Interlocal Authority which established a workers' compensation plan and a tort liability plan. Both public entity risk pools currently operate as common risk management and insurance programs for the member governments. The liability limits for damages in tort actions are \$750,000 per individual and \$1.5 million per occurrence with a \$1,500 deductible per incident. State tort law limits the City's liability to \$1.5 million. The City pays an annual premium for its employee injury insurance coverage, which is allocated to the employer funds based on total salaries and wages. The agreements for formation of the pools provide that they will be self-sustaining through member contributions.

The City offers employees health benefits for medical, vision, and dental through the MMIA's multiple-employer health insurance plan. MMIA provides four medical plans with varying rates, benefits and deductibles from which City employees can select. The purpose of these plans is to pay medical claims of the City employees, retirees, participating elected officials and other enrolled family members. Rates are actuarially determined and approved by MMIA's Board each spring for the next fiscal year. The City pays a monthly premium.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
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NOTE L - LEASING ARRANGEMENTS

The City of Columbia Falls leases property to Weyerhaeuser under two lease agreements:

1. There is a 99-year lease for Tract 7E in 8-30-20 (Land) with a minimum annual payment of \$10 plus street maintenance assessments. (This lease was cancelled in September 2017 when the City granted title to this tract of land to Weyerhaeuser).
2. There is a 15-year lease for Tract 13 in 8-30-20 (Land) with no minimum annual payment outstanding commencing March 1994. The lease automatically renews for a period of one year until the landfill is complete and closure is approved by the State.

NOTE M - COMMITMENTS

City Park Commitment - The City is committed to construct a City park on land leased from the City to Plum Creek Manufacturing using Plum Creek Manufacturing lease funds. Currently Plum Creek Manufacturing is using the land as a Class III landfill for wood chips and related products. The land is scheduled for reclamation upon completion of the Class III landfill and closure of the landfill has been approved by the Montana Solid Waste Bureau. The landfill is not expected to be completed in the upcoming fiscal year.

Pursuant to the terms of the lease agreement, Plum Creek Manufacturing paid \$100,000 in prior fiscal years to be used for the park. During fiscal year 2003, Plum Creek Manufacturing approved the use of the funds for general recreation purpose and the City elected to use \$69,100 of the funds to construct a bike path. The balance of \$30,900 was transferred to the Park Improvement Fund for future development of the park. The City is obligated to provide the funding for the development of the park.

NOTE N - INTERLOCAL AGREEMENTS

Building Code Enforcement Program

The City of Columbia Falls and the City of Whitefish signed an interlocal agreement to provide for plan review, site review, and site inspection relating to the enforcement of State and City of Columbia Falls technical, building, and plumbing codes within the extended jurisdictional limits of Columbia Falls. Plan review, site review, and site inspection is provided by Whitefish through its Building Department. In consideration of the services provided, the City of Columbia Falls has agreed to pay the City of Whitefish a sum equal to 65% of the permitting fees paid by the permit applicant, or a minimum of \$2,000 per month, on the project inspected payable on a monthly basis according to Columbia Falls' standard procedure.

911 Dispatch Services

Effective July 1, 2010, the City of Columbia Falls began receiving emergency dispatch services through an Interlocal agreement between the City and Flathead County, City of Kalispell, and the City of Whitefish. Pursuant to an April 2009 Interlocal Agreement, the entities established the Flathead Emergency Communications Center Governing Board. The Board adopts an annual budget that is presented for approval to the four parties. The costs of operating the center are prorated amongst the parties based on the latest US census population. The City's proportionate share of the 2017 FY operating budget is \$115,183 and for 2018 FY the share is \$119,214.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE O - SERVICES PROVIDED FROM OTHER GOVERNMENTS

Flathead County provides various financial services to the City. The County serves as cashier and treasurer for the City for tax and assessment collections and other revenues received by the County. The collections made by the County on behalf of the City are accounted for in an agency fund in the City's name and are periodically remitted to the City by the County Treasurer. No service charges have been recorded by either the City or the County.

Flathead County and the City of Columbia Falls have also signed interlocal agreements whereby the County provides Animal Control and Transit Service to the City. Columbia Falls has agreed to pay \$4,250 for Animal Control and \$5,500 for Transit Services.

The City of Columbia Falls has entered into an agreement with Columbia Falls School District to provide recreational programs. The City has agreed to pay \$7,000 for those services.

NOTE P – TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses for New and Expanding Industry and New Industrial Improvements to promote economic development within the City. The taxpayer must ask for some tax relief for expansion. If granted, the tax rate for the first 5 years is 50%. The rate then increases at the rate of 10% per year. At the 10th year, the tax rate is for the full 100%.

For the fiscal year ended June 30, 2018, the City abated property taxes totaling \$3,999. The following tax abatement agreements were in effect for FY2018:

- A forty (40) percent property tax abatement to OKO Properties. The abatement amounted to \$3,775. This property is in the sixth year of ten year abatements.
- A twenty (20) percent property tax abatement to WBC Trusses & Wall Panels. The abatement amounted to \$224. This property is in the eighth year of ten year abatements.

NOTE Q – RECENT ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 83, Certain Asset Retirement Obligations which is effective for the City beginning in FY 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations.

GASB has issued Statement No. 84, Fiduciary Activities which is effective for the City beginning in FY 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB has issued Statement No 87, Leases, which is effective for the City beginning in FY 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

GASB has issued Statement No 88, Certain Disclosures Related to Debt, which is effective for the City beginning in FY2019. This standard provides guidance on note disclosures related to debt, including direct borrowings and direct placements. It also clarified which liabilities governments should include when disclosing information related to debt.

GASB has issued Statement No 89, Accounting for Interest Cost Incurred before the End of a Construction Period which is effective for the City beginning in FY2020. This standard provides guidance and consistency on accounting for interest costs incurred prior to construction completion of an asset.

GASB has issued Statement No 90, Accounting and Financial Reporting for Majority Equity Interests which is effective for the City beginning in FY2019. The objective of this standard is to clarify when a government should report a majority equity interest in a legally separate organization as either a component unit or an investment.

The City has not fully assessed the impact of Statements No. 83, 84, 87, 88, 89 and 90 on its financial position and results of operations, but does not believe the adoption of these statements will have a material effect on its basic financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Columbia Falls
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED
June 30, 2018

OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS

	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013
Actuarial Valuation Date	6/30/2016	6/30/2016	6/30/2016	6/30/2013	6/30/2013	6/30/2013
Actuarial Value of Assets						
Actuarial Accrued Liability						
Unfunded Actuarial Accrued Liability (UAAL)						
Funded Ratio						
Annual Covered Payroll	\$1,576,860	\$1,498,832	\$1,370,440	\$1,356,071	\$1,217,443	\$1,196,978
Ratio of UAAL to Annual Covered Payroll						

Note: An actuarial valuation was completed effective 6/30/16.
The City of Columbia Falls' actuarial accrued liability is \$0.00 as calculated pursuant to the Alternative Measurement Method. The notes to the Financial Statements provide detailed information on this calculation. The City is required to have a triennial actuarial valuation.

City of Columbia Falls, Flathead County, Montana
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund (1000) - Budget and Actual
For Fiscal Year Ended June 30, 2018

Description	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 1,154,820	\$ 1,154,820	\$ 1,167,244	\$ 12,424
Licenses and Permits	68,000	68,000	70,417	2,417
Intergovernmental	943,637	943,637	924,711	(18,926)
Charges for services	135,460	135,460	145,595	10,135
Fines and forfeitures	158,200	158,200	169,098	10,898
Miscellaneous	-	-	2,778	2,778
Investment Earnings	6,500	6,500	12,557	6,057
Total Revenue	2,466,617	2,466,617	2,492,400	25,783
Expenditures				
Current				
General Government				
Personal services	379,800	379,800	389,366	9,566
Supplies/services/materials,etc	405,531	405,531	303,004	(102,527)
Capital outlay	-	-	-	-
Total General Government	785,331	785,331	692,370	(92,961)
Public Safety				
Personal services	1,067,777	1,067,777	1,097,662	29,885
Supplies/services/materials,etc	319,734	319,734	295,860	(23,874)
Capital outlay	-	-	-	-
Total Public Safety	1,387,511	1,387,511	1,393,522	6,011
Public Works				
Personal services	2,984	2,984	2,986	2
Supplies/services/materials,etc	92,825	92,825	5,703	(87,122)
Capital outlay	-	-	-	-
Total Public Works	95,809	95,809	8,689	(87,120)
Public Health				
Personal services	-	-	-	-
Supplies/services/materials,etc	4,250	4,250	4,250	-
Capital outlay	-	-	-	-
Total Public Health	4,250	4,250	4,250	-
Culture and Recreation				
Personal services	120,902	120,902	102,330	(18,572)
Supplies/services/materials,etc	136,705	136,705	97,167	(39,538)
Capital outlay	70,000	70,000	-	(70,000)
Total Culture and Recreation	327,607	327,607	199,497	(128,110)
Debt Service				
Principal	11,531	11,531	11,530	(1)
Interest and fiscal charges	1,557	1,557	1,557	-
Total Debt service	13,088	13,088	13,087	(1)
Miscellaneous				
Total Expenditures	2,766,346	2,766,346	2,392,250	(374,096)

(continued)

City of Columbia Falls, Flathead County, Montana
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund (1000) - Budget and Actual
For Fiscal Year Ended June 30, 2018

Description	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final		
Excess (deficiency) of revenue over expenditures	<u>(299,729)</u>	<u>(299,729)</u>	<u>100,150</u>	<u>399,879</u>
Other financing sources (uses)				
Bond Proceeds	-	-	340,000	340,000
Transfers in	101,974	101,974	98,423	(3,551)
Transfers (out)	(150,000)	(150,000)	(490,000)	(340,000)
Proceeds on sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(48,026)</u>	<u>(48,026)</u>	<u>(51,577)</u>	<u>(3,551)</u>
Net change in fund balances	<u>\$ (347,755)</u>	<u>\$ (347,755)</u>	48,573	<u>\$ 396,328</u>
Fund balances				
Beginning of year			<u>925,500</u>	
End of year			<u>\$ 974,073</u>	

See accompanying notes to the financial statements

City of Columbia Falls, Flathead County, Montana
Statement of Revenue, Expenditures and Changes in Fund Balance
Special Street Maintenance (2500) - Major Special Revenue Fund - Budget and Actual
For Fiscal Year Ended June 30, 2018

Description	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 301,500	\$ 301,500	\$ 305,766	\$ 4,266
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	800	800	1,100	300
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	5,842	5,842
Investment Earnings	1,200	1,200	2,486	1,286
Total Revenue	303,500	303,500	315,194	11,694
Expenditures				
Current				
Public Works				
Personal services	242,609	242,609	234,910	(7,699)
Supplies/services/materials,etc	127,605	127,605	98,215	(29,390)
Capital outlay	61,000	61,000	-	(61,000)
Total Public Works	431,214	431,214	333,125	(98,089)
Miscellaneous	-	-	-	-
Total Expenditures	431,214	431,214	333,125	(98,089)
Excess (deficiency) of revenue over expenditures	(127,714)	(127,714)	(17,931)	109,783
Other financing sources (uses)				
Transfers in	34,269	34,269	31,902	(2,367)
Transfers (out)	(1,750)	(1,750)	(1,714)	36
Proceeds on sale of capital assets	-	-	-	-
Total other financing sources (uses)	32,519	32,519	30,188	(2,331)
Net change in fund balances	\$ (95,195)	\$ (95,195)	12,257	\$ 107,452
Fund balances				
Beginning of year			220,615	
End of year			\$ 232,872	

See accompanying notes to the financial statements

City of Columbia Falls, Flathead County, Montana
Statement of Revenue, Expenditures and Changes in Fund Balance
Cedar Creek Trust (2700) - Major Special Revenue Fund - Budget and Actual
For Fiscal Year Ended June 30, 2018

Description	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	62,725	62,725	19,240	(43,485)
Total Revenue	62,725	62,725	19,240	(43,485)
Expenditures				
Current				
Public Works				
Personal services	-	-	-	-
Supplies/services/materials,etc	-	-	-	-
Capital outlay	81,400	81,400	9,300	(72,100)
Total Public Works	81,400	81,400	9,300	(72,100)
Miscellaneous	-	-	-	-
Total Expenditures	81,400	81,400	9,300	(72,100)
Excess (deficiency) of revenue over expenditures	(18,675)	(18,675)	9,940	28,615
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ (18,675)	\$ (18,675)	9,940	\$ 28,615
Fund balances				
Beginning of year			1,285,818	
End of year			\$ 1,295,758	

See accompanying notes to the financial statements

City of Columbia Falls, Flathead County, Montana
Statement of Revenue, Expenditures and Changes in Fund Balance
Riverwood SID (3538) - Major Debt Service Fund - Budget and Actual
For Fiscal Year Ended June 30, 2018

Description	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 25,555	\$ 25,555	\$ 25,568	\$ 13
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	165	165
Total Revenue	25,555	25,555	25,733	178
Expenditures				
Debt Service				
Principal	11,180	11,180	15,693	4,513
Interest and fiscal charges	14,029	14,029	9,170	(4,859)
Total Debt service	25,209	25,209	24,863	(346)
Miscellaneous	-	-	-	-
Total Expenditures	25,209	25,209	24,863	(346)
Excess (deficiency) of revenue over expenditures	346	346	870	524
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 346	\$ 346	870	\$ 524
Fund balances				
Beginning of year			-	
End of year			\$ 870	

See accompanying notes to the financial statements

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO THE BUDGET AND ACTUAL SCHEDULES

JUNE 30, 2018

Budget Process – The State of Montana’s budget law stipulates that money, other than payments from agency funds, may not be drawn from the treasury of a municipality except pursuant to an appropriation. Therefore, a legally adopted budget is required for all funds, with the exception of agency funds. The City legally adopts a budget for the required funds.

Budgets are prepared on the modified accrual basis of accounting. Budgeted fund expenditures are limited by State law to the total budgeted amount which may be amended as defined by State law. Amendments to the budget can be made for unanticipated revenue with the approval of the City Council.

The City Council must meet prior to the budget adoption for the purpose of holding a public hearing on the final budget. This hearing can be continued until the budget is finally approved and adopted, and tax levies set, on or before the first Thursday after the first Tuesday in September or within 30 calendar days after receiving certified taxable values from the State Department of Revenue. The total value of the property within the City as determined by the County Assessor is the assessed valuation.

The City budgets may also include encumbrances, which represent commitments to expend funds under current budget appropriations. All appropriations lapse at the end of the fiscal year except for accounts payable and encumbrances. There were no encumbrances in 2018.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

FOR YEAR ENDED JUNE 30, 2018

PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years*

As of measurement date:	2017	2016	2015	2014
City's proportion of the net pension liability (percentage)	0.0592%	0.0612%	0.0650%	0.0639%
Employer's net pension liability	\$ 1,152,441	\$ 1,042,789	\$ 908,287	\$ 796,071
State's net pension liability	15,579	12,742	11,157	9,721
Total	\$ 1,168,020	\$ 1,055,531	\$ 919,444	\$ 805,792
Employer's covered payroll	\$ 733,823	\$ 733,308	\$ 758,285	\$ 727,369
Employer's proportionate share as a percentage of covered payroll	157.05%	142.20%	119.78%	109.45%
Plan fiduciary net position as a percentage of total pension liability	73.75%	74.71%	78.40%	79.87%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years*

As of reporting date:	2018	2017	2016	2015
Contractually required contributions	\$ 79,823	\$ 61,439	\$ 61,294	\$ 62,486
Plan Choice Rate Required Contributions	-	-	1,340	2,140
Contributions in relation to the contractually required contribution	79,823	61,439	62,634	64,626
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 942,423	\$ 733,823	\$ 733,308	\$ 758,285
Contributions as a percentage of covered payroll	8.47%	8.37%	8.54%	8.52%

* The requirement is to illustrate information for 10 years. However, until a full 10-year trend is compiled, the schedule(s) present information for those year(s) for which information is available.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

PUBLIC EMPLOYEES RETIREMENT 2018

Changes of Benefit Terms

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

2015 Legislative Changes

General Revisions – House Bill 101, effective January 1, 2016

Second Retirement Benefit – for PERS

1. Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - a. Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - b. No service credit for second employment;
 - c. Start same benefit amount the month following termination; and
 - d. GABA starts again in the January immediately following second retirement.
2. For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - a. Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - b. GABA starts in the January after receiving recalculated benefit for 12 months.
3. For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - a. Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - b. No service credit for second employment;
 - c. Start same benefit amount the month following termination; and,
 - d. GABA starts again in the January immediately following second retirement.
4. For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
 - a. Member receives same retirement benefit as prior to return to service;
 - b. Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
 - c. GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws – House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan – for PERS

The PCR was paid off effective March 2016 and the contributions of 2.37%, .47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution member's account.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

PUBLIC EMPLOYEES RETIREMENT 2018

2017 Legislative Changes

General Revisions – House Bill 101, effective July 1, 2017

Working Retiree Limitations – for PERS

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

Terminating Employers-Recovery of actuary costs – for PERS

Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds

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

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

PERS Statutory Appropriation – House Bill 648, effective July 1, 2017

Revenue from coal severance taxes and interest income from the coal severance tax permanent fund previously statutorily-appropriated to the PERS defined benefit trust fund will be replaced with the following statutory appropriations:

1. FY2018 - \$31.386 million
2. FY2019 - \$31.958 million.
3. Beginning July 1, 2019 through at least June 30, 2025, 101% of the contribution from the previous year from the general funds to the PERS defined benefit trust funds, as follows:
 - a. FY2020 - \$32.277 million
 - b. FY2021 - \$32.6 million
 - c. FY2022 - \$32.926 million
 - d. FY2023 - \$33.255 million
 - e. FY2024 - \$33.588 million
 - f. FY2025 - \$33.924 million

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

PUBLIC EMPLOYEES RETIREMENT 2018

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following addition was adopted from the June 30, 2017 actuarial valuation:

Admin Expense as % of Payroll	0.26%
General Wage Growth*	3.50%
*Includes inflation at	2.75%
Merit increase	0% to 6.3%
Investment rate of return	7.65 percent, net of pension plan investment expense, and including inflation
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of pay, open
Mortality (Healthy members)	For Males and Females: RP2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

FOR YEAR ENDED JUNE 30, 2018

MUNICIPAL POLICE OFFICERS RETIREMENT SYSTEM (MPORS)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years*

As of measurement date:	2017	2016	2015	2014
City's proportion of the net pension liability (percentage)	0.3260%	0.3041%	0.2957%	0.2898%
Employer's net pension liability	\$ 580,032	\$ 547,337	\$ 489,194	\$ 455,416
State's net pension liability	1,182,200	1,086,487	991,153	919,995
Total	\$ 1,762,232	\$ 1,633,824	\$ 1,480,347	\$ 1,375,411
Employer's covered payroll	\$ 487,536	\$ 429,223	\$ 409,292	\$ 388,866
Employer's proportionate share as a percentage of covered payroll	118.97%	127.52%	119.52%	117.11%
Plan fiduciary net position as a percentage of total pension liability	68.34%	65.62%	66.90%	67.01%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years*

As of reporting date:	2018	2017	2016	2015
Contractually required contributions	\$ 65,586	\$ 70,254	\$ 62,876	\$ 59,331
Plan Choice Rate Required Contributions	-	-	-	-
Contributions in relation to the contractually required contribution	65,586	70,254	62,876	59,331
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 455,143	\$ 487,536	\$ 429,223	\$ 409,292
Contributions as a percentage of covered payroll	14.41%	14.41%	14.65%	14.50%

* The requirement is to illustrate information for 10 years. However, until a full 10-year trend is compiled, the schedule(s) present information for those year(s) for which information is available.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

MUNICIPAL POLICE OFFICERS RETIREMENT SYSTEM (MPORS)

FOR YEAR ENDED JUNE 30, 2018

Changes of Benefit Terms

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

2015 Legislative Changes

General Revisions – House Bill 101, effective January 1, 2016

MPORS DROP Survivor Benefits – for MPORS

Allow statutory beneficiary (spouse or dependent child) of a deceased DROP participant to receive a DROP benefit and a survivorship benefit rather than accumulated contributions or a lump sum payment. MCA 19-9-1206(1)

2017 Legislative Changes

General Revisions – House Bill 101, effective July 1, 2017

Working Retiree Limitations – for MPORS

1. Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
2. Members who return for less than 480 hours in a calendar year:
 - a. May not become an active member in the system; and
 - b. Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
3. Members who return for 480 or more hours in a calendar year:
 - a. Must become an active member of the system;
 - b. Will stop receiving a retirement benefit from the system; and
 - c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
4. Employee, employer and state contributions, if any, apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit – for MPORS

1. Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
2. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

MUNICIPAL POLICE OFFICERS RETIREMENT SYSTEM (MPORS)

FOR YEAR ENDED JUNE 30, 2018

3. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
4. A member who returns to covered service is not eligible for a disability benefit.

Terminating Employers-Recovery of actuarial costs – for MPORS

Employers who terminate participation in MPORS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds

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

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following addition was adopted from the June 30, 2017 actuarial valuation:

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

MUNICIPAL POLICE OFFICERS RETIREMENT SYSTEM (MPORS)

FOR YEAR ENDED JUNE 30, 2018

Admin Expense as % of Payroll	0.24%
General Wage Growth*	3.50%
*Includes inflation at	2.75%
Merit increase	0% to 6.6%
Investment rate of return	7.65 percent, net of pension plan investment expense, and including inflation
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of pay, open
Mortality (Healthy members)	For Males and Females: RP2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

FOR YEAR ENDED JUNE 30, 2018

FIREFIGHTERS UNIFIED RETIREMENT SYSTEM (FURS)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years*

As of measurement date:	2017	2016	2015	2014
City's proportion of the net pension liability (percentage)	0.0430%	0.0445%	0.0452%	0.0453%
Employer's net pension liability	\$ 48,641	\$ 50,782	\$ 46,238	\$ 44,179
State's net pension liability	110,459	115,056	102,984	99,666
Total	<u>\$ 159,100</u>	<u>\$ 165,838</u>	<u>\$ 149,222</u>	<u>\$ 143,845</u>
Employer's covered payroll	\$ 64,330	\$ 62,611	\$ 60,753	\$ 58,789
Employer's proportionate share as a percentage of covered payroll	75.61%	81.11%	76.11%	75.15%
Plan fiduciary net position as a percentage of total pension liability	77.77%	75.48%	76.90%	76.71%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years*

As of reporting date:	2018	2017	2016	2015
Contractually required contributions	\$ 9,601	\$ 9,238	\$ 8,952	\$ 8,894
Plan Choice Rate Required Contributions	-	-	-	-
Contributions in relation to the contractually required contribution	9,601	9,238	8,952	8,894
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 66,860	\$ 64,330	\$ 62,611	\$ 60,753
Contributions as a percentage of covered payroll	14.36%	14.36%	14.30%	14.64%

* The requirement is to illustrate information for 10 years. However, until a full 10-year trend is compiled, the schedule(s) present information for those year(s) for which information is available.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

FIREFIGHTERS UNIFIED RETIREMENT SYSTEM (FURS)

FOR YEAR ENDED JUNE 30, 2018

Changes of Benefit Terms

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

2015 Legislative Changes

If a PERS member transfers employment to a FURS covered position and fails to elect FURS membership within 90 days, the default is PERS membership.

2017 Legislative Changes

General Revisions – House Bill 101, effective July 1, 2017

Working Retiree Limitations – for FURS

1. Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
2. Members who return for less than 480 hours in a calendar year:
 - a. May not become an active member in the system; and
 - b. Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
3. Members who return for 480 or more hours in a calendar year:
 - a. Must become an active member of the system;
 - b. Will stop receiving a retirement benefit from the system; and
 - c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
4. Employee, employer and state contributions, if any, apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit – for FURS

1. Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
2. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
3. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

FIREFIGHTERS UNIFIED RETIREMENT SYSTEM (FURS)

FOR YEAR ENDED JUNE 30, 2018

- b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
4. A member who returns to covered service is not eligible for a disability benefit.

Terminating Employers-Recovery of actuary costs – for FURS

Employers who terminate participation in FURS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds

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

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following addition was adopted from the June 30, 2017 actuarial valuation:

Admin Expense as % of Payroll	0.23%
General Wage Growth*	3.50%
*Includes inflation at	2.75%
Merit increase	0% to 6.3%
Investment rate of return	7.65 percent, net of pension plan investment expense, and including inflation
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

FIREFIGHTERS UNIFIED RETIREMENT SYSTEM (FURS)

FOR YEAR ENDED JUNE 30, 2018

Amortization method	Level percentage of pay, open
Mortality (Healthy members)	For Males and Females: RP2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

COLUMBIA FALLS FIREFIGHTERS RELIEF ASSOCIATION PENSION PLAN

A component unit of the City of Columbia Falls

FOR YEAR ENDED JUNE 30, 2018

Ten Year Trends:

The following schedules are presented using the City’s reporting date. These schedules represent a 10 year trend, however, until a full 10-year trend is compiled, the schedules present information for those years for which information is available.

Schedule of Total Pension Liability

As of Reporting Date:	2018
Total pension liability	\$ 736,453
Covered-Employee payroll	-
Total pension liability as a % of covered-employee payroll	N/A

Schedule of Changes in Total Pension Liability

As of Reporting Date:	2018
Beginning balance of Total Pension Liability (TPL)	\$ 786,457
Service cost	13,484
Interest on total pension liability	(6,585)
Difference between expected and actual experience in measurement of TPL	(848)
Benefit payments	(56,055)
Net change in Total Pension Liability	\$ (50,004)

Schedule of Contributions to Non-Governmental Pension Plans

As of Reporting Date:	2018
Required contributions per prior year actuary	\$ 89,836

There were no changes in assumptions, benefit terms or other inputs affecting the total pension liability since the measurement date.

**OTHER
SUPPLEMENTARY
INFORMATION**

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non-Major Governmental Funds
Assets				
Current assets:				
Cash and Cash Equivalents	\$ 471,031	\$ 1,442	\$ 404,726	\$ 877,199
Taxes and assessments receivable, net	15,364	60,501	-	75,865
Due from other governments	56,901	13,996	-	70,897
Total Current Assets	<u>543,296</u>	<u>75,939</u>	<u>404,726</u>	<u>1,023,961</u>
Non-current assets:				
Restricted Cash and cash equivalents	137,351	54,788	594,642	786,781
Total Noncurrent Assets	<u>137,351</u>	<u>54,788</u>	<u>594,642</u>	<u>786,781</u>
Total Assets	<u>\$ 680,647</u>	<u>\$ 130,727</u>	<u>\$ 999,368</u>	<u>\$ 1,810,742</u>
Liabilities				
Current Liabilities:				
Accounts payable	25,535	-	14,000	39,535
Total Current Liabilities	<u>25,535</u>	<u>-</u>	<u>14,000</u>	<u>39,535</u>
Total Liabilities	<u>25,535</u>	<u>-</u>	<u>14,000</u>	<u>39,535</u>
Deferred Inflows of Resources				
Deferred property tax/special assmt rev	15,364	60,502	-	75,866
Total Deferred Inflows of Resources	<u>15,364</u>	<u>60,502</u>	<u>-</u>	<u>75,866</u>
Fund Balance				
Restricted for:				
General Government	462,758	-	-	462,758
Public Safety	111,662	-	-	111,662
Public Works	65,328	-	-	65,328
Culture & Recreation	-	-	80,090	80,090
Debt Service	-	70,225	-	70,225
Committed for				-
Capital Projects	-	-	905,278	905,278
Total Fund Balance	<u>639,748</u>	<u>70,225</u>	<u>985,368</u>	<u>1,695,341</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 680,647</u>	<u>\$ 130,727</u>	<u>\$ 999,368</u>	<u>\$ 1,810,742</u>

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 FISCAL YEAR ENDING JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues:				
Property Taxes/Assessments	\$ 386,645	\$ 160,542	\$ -	\$ 547,187
License and Permits	157,911	-	-	157,911
Intergovernmental	129,410	-	-	129,410
Charges for Services	-	-	-	-
Fines and Forfeitures	5,086	-	-	5,086
Miscellaneous	55,748	-	9,625	65,373
Investment Earnings	5,306	1,133	12,270	18,709
Total Revenues	<u>\$ 740,106</u>	<u>\$ 161,675</u>	<u>\$ 21,895</u>	<u>\$ 923,676</u>
Expenditures:				
General Government	5,086	-	-	5,086
Public Safety	130,266	-	-	130,266
Public Works	152,662	-	-	152,662
Housing and Community Development	25,876	-	-	25,876
Debt Service	-	145,466	-	145,466
Principal Interest	-	15,949	-	15,949
Capital Outlay	-	-	127,541	127,541
Miscellaneous	622	-	-	622
Total Expenditures	<u>314,512</u>	<u>161,415</u>	<u>127,541</u>	<u>603,468</u>
Excess (Deficiency) Revenues over Expenditures	425,594	260	(105,646)	320,208
Other Financing Sources (Uses):				
Transfers in	1,714	-	167,498	169,212
Transfer (Out)	(147,823)	-	-	(147,823)
Proceeds from the sale of capital assets	-	-	3,250	3,250
Total other financing sources and (uses)	<u>(146,109)</u>	<u>-</u>	<u>170,748</u>	<u>24,639</u>
Change in Fund Balance	279,485	260	65,102	344,847
Fund Balance:				
Beginning of the Year	360,263	69,965	920,266	1,350,494
Prior Period Adjustment	-	-	-	-
End of the Year	<u>\$ 639,748</u>	<u>\$ 70,225</u>	<u>\$ 985,368</u>	<u>\$ 1,695,341</u>

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

COMBINING BALANCE SHEET
ALL NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	2310	2311	2372	2394	2400	2820	2821	2917	2940 CDBG_HOME	Total Non-Major Special Revenue Funds
	Tax Increment District	TEDD Industrial Park	Permissive Medical Levy	Building Code Enforcement	Special Lighting District	Gas Tax Fund	Special Gas Tax Fund	Crime Victims Assistance	Investment Partnership Program	
Assets										
Current assets:										
Cash and Cash Equivalents	\$ 260,159	\$ 2,180	\$ -	\$ 44,998	\$ 24,517	\$ 19,859	\$ 5,956	\$ 481	\$ 112,881	\$ 471,031
Taxes and assessments receivable, net	10,220	-	4,179	-	965	-	-	-	-	15,364
Due from other governments	42,461	23	12,385	-	2,032	-	-	-	-	56,901
Total Current Assets	<u>312,840</u>	<u>2,203</u>	<u>16,564</u>	<u>44,998</u>	<u>27,514</u>	<u>19,859</u>	<u>5,956</u>	<u>481</u>	<u>112,881</u>	<u>543,296</u>
Non-current assets:										
Restricted Cash and cash equivalents	-	-	44,598	77,321	15,432	-	-	-	-	137,351
Total Noncurrent Assets	-	-	44,598	77,321	15,432	-	-	-	-	137,351
Total Assets	<u>\$ 312,840</u>	<u>\$ 2,203</u>	<u>\$ 61,162</u>	<u>\$ 122,319</u>	<u>\$ 42,946</u>	<u>\$ 19,859</u>	<u>\$ 5,956</u>	<u>\$ 481</u>	<u>\$ 112,881</u>	<u>\$ 680,647</u>
Liabilities										
Current Liabilities:										
Accounts payable	11,929	-	-	10,263	2,468	-	-	481	-	25,141
Accrued payables	-	-	-	394	-	-	-	-	-	394
Total Current Liabilities	<u>11,929</u>	<u>-</u>	<u>-</u>	<u>10,657</u>	<u>2,468</u>	<u>-</u>	<u>-</u>	<u>481</u>	<u>-</u>	<u>25,535</u>
Total Liabilities	<u>11,929</u>	<u>-</u>	<u>-</u>	<u>10,657</u>	<u>2,468</u>	<u>-</u>	<u>-</u>	<u>481</u>	<u>-</u>	<u>25,535</u>
Deferred Inflows of Resources										
Deferred property tax/special assmt rev	10,220	-	4,179	-	965	-	-	-	-	15,364
Total Deferred Inflows of Resources	<u>10,220</u>	<u>-</u>	<u>4,179</u>	<u>-</u>	<u>965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,364</u>
Fund Balance										
Restricted for:										
General government	290,691	2,203	56,983	-	-	-	-	-	112,881	462,758
Public Safety	-	-	-	111,662	-	-	-	-	-	111,662
Public Works	-	-	-	-	39,513	19,859	5,956	-	-	65,328
Housing & community development	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	<u>290,691</u>	<u>2,203</u>	<u>56,983</u>	<u>111,662</u>	<u>39,513</u>	<u>19,859</u>	<u>5,956</u>	<u>-</u>	<u>112,881</u>	<u>639,748</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 312,840</u>	<u>\$ 2,203</u>	<u>\$ 61,162</u>	<u>\$ 122,319</u>	<u>\$ 42,946</u>	<u>\$ 19,859</u>	<u>\$ 5,956</u>	<u>\$ 481</u>	<u>\$ 112,881</u>	<u>\$ 680,647</u>

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	Tax Increment District (2310)				TEDD Industrial Park (2311)			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments		\$ 221,000	\$ 220,002	\$ (998)	\$ -	\$ -	\$ 2,187	\$ 2,187
Intergovernmental	-	-	-	-	-	-	-	-
Other revenue								
Investment Earnings	150	150	2,351	2,201	-	-	16	16
Total Revenue	<u>150</u>	<u>221,150</u>	<u>222,353</u>	<u>1,203</u>	<u>-</u>	<u>-</u>	<u>2,203</u>	<u>2,203</u>
Expenditures								
Current								
Housing and Community Development				-				-
Personal Services	-	-	-	-	-	-	-	-
Operations	94,363	130,000	25,876	(104,124)	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-	-	-
Capital Outlay	-	185,000	-	(185,000)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Expenditures	<u>94,363</u>	<u>315,000</u>	<u>25,876</u>	<u>(289,124)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(94,213)	(93,850)	196,477	290,327	-	-	2,203	2,203
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (94,213)</u>	<u>\$ (93,850)</u>	196,477	<u>\$ 290,327</u>	<u>\$ -</u>	<u>\$ -</u>	2,203	<u>\$ 2,203</u>
Fund balances								
Beginning of year			94,214				-	
End of year			<u>\$ 290,691</u>				<u>\$ 2,203</u>	

(continued)

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	Permissive Medical (2372)				Building Code Enforcement (2394)			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments	\$ 128,447	\$ 128,447	\$ 130,207	\$ 1,760	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	107,400	164,764	157,911	(6,853)
Intergovernmental	-	-	3,014	3,014	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other revenue								
Miscellaneous	-	-	-	-	-	-	44	44
Investment Earnings	-	-	929	929	400	400	1,519	1,119
Total Revenue	<u>128,447</u>	<u>128,447</u>	<u>134,150</u>	<u>5,703</u>	<u>107,800</u>	<u>165,164</u>	<u>159,474</u>	<u>(5,690)</u>
Expenditures								
Current								
Public Safety								
Personal Services	-	-	-	-	34,492	34,492	24,347	(10,145)
Operations	-	-	-	-	78,440	110,193	105,919	(4,274)
Public Works								
Personal Services	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	623	623	622	(1)
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,555</u>	<u>145,308</u>	<u>130,888</u>	<u>(14,420)</u>
Excess (deficiency) of revenue over expenditures	128,447	128,447	134,150	5,703	(5,755)	19,856	28,586	8,730
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	(136,243)	(136,243)	(130,325)	5,918	-	-	-	-
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(136,243)</u>	<u>(136,243)</u>	<u>(130,325)</u>	<u>5,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (7,796)</u>	<u>\$ (7,796)</u>	<u>3,825</u>	<u>\$ 11,621</u>	<u>\$ (5,755)</u>	<u>\$ 19,856</u>	<u>28,586</u>	<u>\$ 8,730</u>
Fund balances								
Beginning of year			53,158				83,076	
End of year			<u>\$ 56,983</u>				<u>\$ 111,662</u>	

(continued)

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	Special Lighting (2400)				Gas Tax Fund (2820)			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments	\$ 33,998	\$ 33,998	\$ 34,249	\$ 251	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	92,119	92,119	92,119	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other revenue								
Miscellaneous	-	-	3,077	3,077	-	-	-	-
Investment Earnings	300	300	491	191	400	400	-	(400)
Total Revenue	<u>34,298</u>	<u>34,298</u>	<u>37,817</u>	<u>3,519</u>	<u>92,519</u>	<u>92,519</u>	<u>92,119</u>	<u>(400)</u>
Expenditures								
Current								
Public Works				-				-
Personal Services	-	-	-	-	-	-	-	-
Operations	54,286	54,286	35,952	(18,334)	106,934	106,934	86,675	(20,259)
Culture and Recreation								
Personal Services	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Expenditures	<u>54,286</u>	<u>54,286</u>	<u>35,952</u>	<u>(18,334)</u>	<u>106,934</u>	<u>106,934</u>	<u>86,675</u>	<u>(20,259)</u>
Excess (deficiency) of revenue over expenditures	(19,988)	(19,988)	1,865	21,853	(14,415)	(14,415)	5,444	19,859
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(17,498)	(17,498)	(17,498)	-
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,498)</u>	<u>(17,498)</u>	<u>(17,498)</u>	<u>-</u>
Net change in fund balances	<u>\$ (19,988)</u>	<u>\$ (19,988)</u>	<u>1,865</u>	<u>\$ 21,853</u>	<u>\$ (31,913)</u>	<u>\$ (31,913)</u>	<u>(12,054)</u>	<u>\$ 19,859</u>
Fund balances								
Beginning of year			37,648				31,913	
End of year			<u>\$ 39,513</u>				<u>\$ 19,859</u>	

(continued)

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	Special Gas Tax Fund (2821)				Crime Victims Assistance (2917)			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	34,999	34,999	34,277	(722)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	4,500	5,700	5,086	(614)
Other revenue								
Miscellaneous	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-
Total Revenue	<u>34,999</u>	<u>34,999</u>	<u>34,277</u>	<u>(722)</u>	<u>4,500</u>	<u>5,700</u>	<u>5,086</u>	<u>(614)</u>
Expenditures								
Current								
General Government								
Personal Services	-	-	-	-	-	-	-	-
Operations	-	-	-	-	4,500	5,700	5,086	(614)
Public Works								
Personal Services	-	-	-	-	-	-	-	-
Operations	36,749	36,749	30,035	(6,714)	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Internal Services								
Capital Outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Expenditures	<u>36,749</u>	<u>36,749</u>	<u>30,035</u>	<u>(6,714)</u>	<u>4,500</u>	<u>5,700</u>	<u>5,086</u>	<u>(614)</u>
Excess (deficiency) of revenue over expenditures	(1,750)	(1,750)	4,242	5,992	-	-	-	-
Other financing sources (uses)								
Transfers in	1,750	1,750	1,714	(36)	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,750</u>	<u>1,750</u>	<u>1,714</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>5,956</u>	<u>\$ 5,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances								
Beginning of year			-				-	
End of year			<u>\$ 5,956</u>				<u>\$ -</u>	

(continued)

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	CDBG HOME Funds (2940)				Total of all Non-major Special Revenue Funds			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ 162,445	\$ 383,445	\$ 386,645	\$ 3,200
Licenses and Permits	-	-	-	-	107,400	164,764	157,911	(6,853)
Intergovernmental	-	-	-	-	127,118	127,118	129,410	2,292
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	4,500	5,700	5,086	(614)
Other revenue	-	-	-	-	-	-	-	-
Miscellaneous	-	-	52,627	52,627	-	-	55,748	55,748
Investment Earnings	-	-	-	-	1,250	1,250	5,306	4,056
Total Revenue	-	-	52,627	52,627	402,713	682,277	740,106	57,829
Expenditures								
Current								
General Government								
Personal Services	-	-	-	-	-	-	-	-
Operations	-	-	-	-	4,500	5,700	5,086	(614)
Public Safety								
Personal Services	-	-	-	-	34,492	34,492	24,347	(10,145)
Operations	-	-	-	-	78,440	110,193	105,919	(4,274)
Public Works								
Personal Services	-	-	-	-	-	-	-	-
Operations	-	-	-	-	197,969	197,969	152,662	(45,307)
Culture and Recreation								
Personal Services	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-
Housing and Community Development								
Personal Services	-	-	-	-	-	-	-	-
Operations	60,254	60,254	-	(60,254)	154,617	190,254	25,876	(164,378)
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	185,000	-	(185,000)
Miscellaneous	-	-	-	-	623	623	622	(1)
Total Expenditures	60,254	60,254	-	(60,254)	470,641	724,231	314,512	(409,719)
Excess (deficiency) of revenue over expenditures	(60,254)	(60,254)	52,627	112,881	(67,928)	(41,954)	425,594	467,548
Other financing sources (uses)								
Transfers in	-	-	-	-	1,750	1,750	1,714	(36)
Transfers (out)	-	-	-	-	(153,741)	(153,741)	(147,823)	5,918
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(151,991)	(151,991)	(146,109)	5,882
Net change in fund balances	\$ (60,254)	\$ (60,254)	52,627	\$ 112,881	\$ (219,919)	\$ (193,945)	279,485	\$ 473,430
Fund balances								
Beginning of year			60,254				360,263	
End of year			<u>\$ 112,881</u>				<u>\$ 639,748</u>	

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

COMBINING BALANCE SHEET
ALL NON-MAJOR DEBT SERVICE FUNDS
June 30, 2018

	3010	3020	3534	3536	Total Non-Major Debt Service Funds
	GO Bond Pool	GO Street Improvements	SID 34	SID 36	
Assets					
Current assets:					
Cash and Cash Equivalents	\$ -	\$ -	\$ 298	\$ 1,144	\$ 1,442
Taxes and assessments receivable, net	2,123	2,705	33,359	22,314	60,501
Due from other governments	6,035	7,690	-	271	13,996
Total Current Assets	<u>8,158</u>	<u>10,395</u>	<u>33,657</u>	<u>23,729</u>	<u>75,939</u>
Non-current assets:					
Restricted Cash and cash equivalents	18,146	36,642	-	-	54,788
Total Noncurrent Assets	<u>18,146</u>	<u>36,642</u>	<u>-</u>	<u>-</u>	<u>54,788</u>
Total Assets	<u>\$ 26,304</u>	<u>\$ 47,037</u>	<u>\$ 33,657</u>	<u>\$ 23,729</u>	<u>\$ 130,727</u>
Liabilities					
Current Liabilities:					
Accounts payable	-	-	-	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Deferred property tax/special assmt rev	<u>2,123</u>	<u>2,706</u>	<u>33,359</u>	<u>22,314</u>	<u>60,502</u>
Total Deferred Inflows of Resources	<u>2,123</u>	<u>2,706</u>	<u>33,359</u>	<u>22,314</u>	<u>60,502</u>
Fund Balance					
Restricted for:					
Debt Service	<u>24,181</u>	<u>44,331</u>	<u>298</u>	<u>1,415</u>	<u>70,225</u>
Total Fund Balance	<u>24,181</u>	<u>44,331</u>	<u>298</u>	<u>1,415</u>	<u>70,225</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 26,304</u>	<u>\$ 47,037</u>	<u>\$ 33,657</u>	<u>\$ 23,729</u>	<u>\$ 130,727</u>

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Debt Service Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	GO Bond Pool (3010)				GO Street Improvements (3020)			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments	\$ 65,355	\$ 65,355	\$ 66,251	\$ 896	\$ 83,276	\$ 83,276	\$ 84,349	\$ 1,073
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other revenue								
Miscellaneous	-	-	-	-	-	-	-	-
Investment Earnings	300	300	585	285	225	225	480	255
Total Revenue	<u>65,655</u>	<u>65,655</u>	<u>66,836</u>	<u>1,181</u>	<u>83,501</u>	<u>83,501</u>	<u>84,829</u>	<u>1,328</u>
Expenditures								
Current								
Debt Service								
Principal	60,000	60,000	60,000	-	78,903	78,903	78,902	(1)
Interest	6,600	6,600	6,600	-	6,399	6,399	6,398	(1)
Internal Services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>66,600</u>	<u>66,600</u>	<u>66,600</u>	<u>-</u>	<u>85,302</u>	<u>85,302</u>	<u>85,300</u>	<u>(2)</u>
Excess (deficiency) of revenue over expenditures	(945)	(945)	236	1,181	(1,801)	(1,801)	(471)	1,326
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (945)</u>	<u>\$ (945)</u>	236	<u>\$ 1,181</u>	<u>\$ (1,801)</u>	<u>\$ (1,801)</u>	(471)	<u>\$ 1,330</u>
Fund balances								
Beginning of year			23,945				44,802	
End of year			<u>\$ 24,181</u>				<u>\$ 44,331</u>	

(continued)

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Debt Service Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	SID 34 (3534)				SID 36 (3536)			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments	\$ 5,715	\$ 5,715	\$ 5,853	\$ -	\$ 3,802	\$ 3,802	\$ 4,089	\$ 287
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other revenue								
Miscellaneous	-	-	-	-	-	-	-	-
Investment Earnings	-	-	26	26	-	-	42	42
Total Revenue	<u>5,715</u>	<u>5,715</u>	<u>5,879</u>	<u>26</u>	<u>3,802</u>	<u>3,802</u>	<u>4,131</u>	<u>329</u>
Expenditures								
Current								
Debt Service								
Principal	3,942	3,942	3,942	-	2,622	2,622	2,622	-
Interest	1,773	1,773	1,772	(1)	1,180	1,180	1,179	(1)
Internal Services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>5,715</u>	<u>5,715</u>	<u>5,714</u>	<u>(1)</u>	<u>3,802</u>	<u>3,802</u>	<u>3,801</u>	<u>(1)</u>
Excess (deficiency) of revenue over expenditures	-	-	165	25	-	-	330	328
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>165</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>330</u>	<u>\$ 330</u>
Fund balances								
Beginning of year			133				1,085	
End of year			<u>\$ 298</u>				<u>\$ 1,415</u>	

(continued)

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Debt Service Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	Total of All Non-Major Debt Service Funds			
	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final		
Revenue				
Taxes and Assessments	\$ 154,346	\$ 158,148	\$ 160,542	\$ 2,256
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Other revenue				
Miscellaneous	-	-	-	-
Investment Earnings	525	525	1,133	608
Total Revenue	<u>154,871</u>	<u>158,673</u>	<u>161,675</u>	<u>2,864</u>
Expenditures				
Current				
Debt Service				
Principal	145,467	145,467	145,466	(1)
Interest	15,952	15,952	15,949	(3)
Internal Services	-	-	-	-
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>161,419</u>	<u>161,419</u>	<u>161,415</u>	<u>(4)</u>
Excess (deficiency) of revenue over expenditures	(2,746)	(2,746)	260	2,860
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Proceeds of general long term debt	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (6,548)</u>	<u>\$ (2,746)</u>	260	<u>\$ 2,868</u>
Fund balances				
Beginning of year			69,965	
End of year			<u>\$ 70,225</u>	

CITY OF COLUMBIA FALLS, FLATHEAD COUNTY, MONTANA

COMBINING BALANCE SHEET
 ALL NON-MAJOR CAPITAL PROJECT FUNDS
 June 30, 2018

	4000	4010	4020	4040	Total Non-Major
	Capital Project- Building Improv	Capital Project- Parks Improv	Capital Project- General Eqpt	Capital Project- Street Construction	Capital Project Funds
Assets					
Current assets:					
Cash and Cash Equivalents	\$ 24,518	\$ 150,490	\$ -	\$ 229,718	\$ 404,726
Total Current Assets	<u>24,518</u>	<u>150,490</u>	<u>-</u>	<u>229,718</u>	<u>404,726</u>
Non-current assets:					
Restricted Cash and cash equivalents	14,748	214,344	135,829	229,721	594,642
Total Noncurrent Assets	<u>14,748</u>	<u>214,344</u>	<u>135,829</u>	<u>229,721</u>	<u>594,642</u>
Total Assets	<u>\$ 39,266</u>	<u>\$ 364,834</u>	<u>\$ 135,829</u>	<u>\$ 459,439</u>	<u>\$ 999,368</u>
Liabilities					
Current Liabilities:					
Accounts payable	-	-	-	14,000	14,000
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>14,000</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>14,000</u>
Fund Balance					
Restricted for:					
Culture & Recreation	-	80,090	-	-	80,090
Committed for					
Capital Projects	<u>39,266</u>	<u>284,744</u>	<u>135,829</u>	<u>445,439</u>	<u>905,278</u>
Total Fund Balance	<u>39,266</u>	<u>364,834</u>	<u>135,829</u>	<u>445,439</u>	<u>985,368</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 39,266</u>	<u>\$ 364,834</u>	<u>\$ 135,829</u>	<u>\$ 459,439</u>	<u>\$ 999,368</u>

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Capital Project Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	Capital Project-Building Improvements (4000)				Capital Project-Park Improvements (4010)			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other revenue								
Miscellaneous	-	-	-	-	4,000	4,000	9,625	5,625
Investment Earnings	400	400	621	221	2,500	2,500	4,960	2,460
Total Revenue	<u>400</u>	<u>400</u>	<u>621</u>	<u>221</u>	<u>6,500</u>	<u>6,500</u>	<u>14,585</u>	<u>8,085</u>
Expenditures								
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-	-	-
Capital Outlay	40,000	40,000	15,703	(24,297)	165,000	165,000	22,595	(142,405)
Miscellaneous	-	-	-	-	-	-	-	-
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>15,703</u>	<u>(24,297)</u>	<u>165,000</u>	<u>165,000</u>	<u>22,595</u>	<u>(142,405)</u>
Excess (deficiency) of revenue over expenditures	(39,600)	(39,600)	(15,082)	(24,076)	(158,500)	(158,500)	(8,010)	(134,320)
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (39,600)</u>	<u>\$ (39,600)</u>	<u>(15,082)</u>	<u>\$ 24,518</u>	<u>\$ (158,500)</u>	<u>\$ (158,500)</u>	<u>(8,010)</u>	<u>\$ 150,490</u>
Fund balances								
Beginning of year			54,348				372,844	
End of year			<u>\$ 39,266</u>				<u>\$ 364,834</u>	

(continued)

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Capital Project Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	Capital Project-General Equipment (4020)				Capital Project-Street Construction (4040)			
	Budgeted Amounts		Actual	Over (under) Final Budget	Budgeted Amounts		Actual	Over (under) Final Budget
	Original	Final			Original	Final		
Revenue								
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	199,824	199,824	-	(199,824)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other revenue								
Miscellaneous	-	-	-	-	-	-	-	-
Investment Earnings	800	800	1,275	475	1,100	1,100	5,414	4,314
Total Revenue	<u>200,624</u>	<u>200,624</u>	<u>1,275</u>	<u>(199,349)</u>	<u>1,100</u>	<u>1,100</u>	<u>5,414</u>	<u>4,314</u>
Expenditures								
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Internal Services								
Capital Outlay	270,797	270,797	40,647	(230,150)	260,000	260,000	48,596	(211,404)
Miscellaneous	-	-	-	-	-	-	-	-
Total Expenditures	<u>270,797</u>	<u>270,797</u>	<u>40,647</u>	<u>(230,150)</u>	<u>260,000</u>	<u>260,000</u>	<u>48,596</u>	<u>(211,404)</u>
Excess (deficiency) of revenue over expenditures	(70,173)	(70,173)	(39,372)	(429,499)	(258,900)	(258,900)	(43,182)	(207,090)
Other financing sources (uses)								
Transfers in	67,498	64,798	67,498	2,700	100,000	100,000	100,000	-
Transfers (out)	-	-	-	-	-	-	-	-
Proceeds of general long term debt	-	-	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	3,250	-	-	-	-	-
Total other financing sources (uses)	<u>67,498</u>	<u>64,798</u>	<u>70,748</u>	<u>2,700</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,675)</u>	<u>\$ (5,375)</u>	<u>31,376</u>	<u>\$ 33,501</u>	<u>\$ (158,900)</u>	<u>\$ (158,900)</u>	<u>56,818</u>	<u>\$ 215,718</u>
Fund balances								
Beginning of year			104,453				388,621	
End of year			<u>\$ 135,829</u>				<u>\$ 445,439</u>	

(continued)

City of Columbia Falls, Flathead County, Montana
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
Non-Major Capital Project Funds - Budget and Actual
For Fiscal Year Ended June 30, 2018

	Total of All Non-Major Capital Project Funds			
	Budgeted Amounts		Actual	Over (under)
	Original	Final		Final Budget
Revenue				
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	199,824	199,824	-	(199,824)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Other revenue				
Miscellaneous	4,000	4,000	9,625	5,625
Investment Earnings	4,800	4,800	12,270	7,470
Total Revenue	208,624	208,624	21,895	(186,729)
Expenditures				
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Internal Services				
Capital Outlay	735,797	735,797	127,541	(608,256)
Miscellaneous	-	-	-	-
Total Expenditures	735,797	735,797	127,541	(608,256)
Excess (deficiency) of revenue over expenditures	(527,173)	(527,173)	(105,646)	(794,985)
Other financing sources (uses)				
Transfers in	167,498	164,798	167,498	2,700
Transfers (out)	-	-	-	-
Proceeds of general long term debt	-	-	-	-
Proceeds on sale of capital assets	-	-	3,250	-
Total other financing sources (uses)	167,498	164,798	170,748	2,700
Net change in fund balances	\$ (359,675)	\$ (362,375)	65,102	\$ 424,227
Fund balances				
Beginning of year			920,266	
Restatments			-	
End of year			\$ 985,368	

City of Columbia Falls, Flathead County, Montana
Statement of Net Position
Non-Major Proprietary Funds
June 30, 2018

	5211	5311	
	Water Capital	Sewer Capital	
	Expansion	Expansion	Total
ASSETS			
Current Assets			
Cash and investments	\$ 1,215,889	\$ 674,060	\$ 1,889,949
Accounts receivable - net	24,626	16,217	40,843
Interest receivable	-	-	-
Total Current Assets	<u>1,240,515</u>	<u>690,277</u>	<u>1,930,792</u>
Total Assets	<u>\$ 1,240,515</u>	<u>\$ 690,277</u>	<u>\$ 1,930,792</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for public works expansion	1,240,515	690,277	1,930,792
Unrestricted	-	-	-
Total Net Position	<u>1,240,515</u>	<u>690,277</u>	<u>1,930,792</u>
Total liabilities and net position	<u>\$ 1,240,515</u>	<u>\$ 690,277</u>	<u>\$ 1,930,792</u>

City of Columbia Falls, Flathead County, Montana
Statement of Revenue, Expenses and Changes in Fund Net Position
Non-Major Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	5211	5311	
	Water Capital	Sewer Capital	Total
	Expansion	Expansion	
Operating Revenues:			
Charges for services	\$ 198,795	\$ 189,686	\$ 388,481
Total Operating Revenues	<u>198,795</u>	<u>189,686</u>	<u>388,481</u>
Operating Expenses:			
Supplies	-	-	-
Purchased Services	-	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income	<u>198,795</u>	<u>189,686</u>	<u>388,481</u>
Nonoperating Revenues (Expenses):			
Investment Earnings	16,556	8,938	25,494
Total Nonoperating Revenues (Expenses)	<u>16,556</u>	<u>8,938</u>	<u>25,494</u>
Net Income before Transfers	<u>215,351</u>	<u>198,624</u>	<u>413,975</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>215,351</u>	<u>198,624</u>	<u>413,975</u>
Total Net Position - Beginning of Year	1,025,164	491,653	1,516,817
Total Net Position - End of Year	<u>\$ 1,240,515</u>	<u>\$ 690,277</u>	<u>\$ 1,930,792</u>

City of Columbia Falls, Flathead County, Montana
Statement of Cash Flows
Non-Major Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	5211 Water Capital Expansion	5311 Sewer Capital Expansion	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 203,531	\$ 195,330	\$ 398,861
Cash payments to vendors	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>203,531</u>	<u>195,330</u>	<u>398,861</u>
Cash Flows from Non-capital financing Activities:			
Transfers from (to) other funds	-	-	-
Intergovernmental operating grants	-	-	-
Net Cash Provided by Non-capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Interest paid on debt	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest on investments	16,556	8,938	25,494
Net Cash Provided by Investing Activities	<u>16,556</u>	<u>8,938</u>	<u>25,494</u>
Net Increase in Cash and Cash Equivalents	220,087	204,268	424,355
Cash and Cash Equivalents at Beginning of Year	995,802	469,792	1,465,594
Cash and Cash Equivalents at End of Year	<u>\$ 1,215,889</u>	<u>\$ 674,060</u>	<u>\$ 1,889,949</u>
	-	-	
Reconciliation of Income from Operations to Cash from Operations			
Operating Income	\$ 198,795	\$ 189,686	\$ 388,481
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) in accounts receivable, net	4,736	5,644	10,380
(Decrease) in accounts payable	-	-	-
Net Cash provided (used) by operating activities	<u>\$ 203,531</u>	<u>\$ 195,330</u>	<u>\$ 398,861</u>

**CITY OF COLUMBIA FALLS
 SCHEDULE OF FEDERAL/STATE GRANTS,
 ENTITLEMENTS, AND SHARED REVENUES
 FISCAL YEAR ENDING JUNE 30, 2018**

	REVENUE CODE	RECEIVING FUND	AMOUNT
FEDERAL GRANTS/ENTITLEMENTS - (LIST)			
DNRC Forestry Grant/VFA CFDA #10.664	331081	1000	2,980.19
Alcohol Compliance Check Program	331179	1000	1,700.00
Total Federal Grants/Entitlements			4,680.19
FEDERAL SHARED REVENUES - (LIST)			
Total Federal Shared Revenues			0.00
STATE GRANTS/ENTITLEMENTS - (LIST)			
DNRC Grant-Arbor Day	334122	1000	750.00
Total State Grants/Entitlements			750.00
STATE SHARED REVENUES - (LIST)			
State Grants/Hwy Safety	334000	1000	4,740.46
Gas Tax Apportionment	335040	2820	92,118.82
Special Road/Street Allocation Program	335041	2821	34,277.40
Gambling License and Permits	335120	1000	18,225.00
State Entitlement Share	335230	1000	701,477.46
State Entitlement Share	335230	2372	3,013.86
State on Behalf Payments (Retirement System)	336020	1000	155,478.57
State on Behalf Payments (Retirement System)	336020	5210	3,464.61
State on Behalf Payments (Retirement System)	336020	5310	4,110.24
Total State Shared Revenues			1,016,906.42
LOCAL GRANTS - (LIST)			
Flathead County (EMS)	337340	1000	7,359.00
Flathead County (SRO)	337350	1000	25,000.00
School District #6 (SRO)	337360	1000	7,000.00
			39,359.00
TOTAL			1,061,695.61

ALL FUNDS
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUNDS
FISCAL YEAR ENDING JUNE 30, 2018

Account number	Description	Cash balance 7/1/2017	Receipts	Transfers in	Disbursements	Transfers Out	Cash balance 6/30/2018
1000	GENERAL	877,161.38	2,625,873.18	3,867.29	321,866.38	2,212,477.91	972,557.56
2000	SPECIAL REVENUE FUNDS						
2310	TIF	83,746.18	232,823.92	0.00	51,490.43	4,921.00	260,158.67
2311	TEDD Industrial Park	0.00	2,202.93	0.00	22.78	0.00	2,180.15
2372	Permissive Medical Levy	43,207.92	157,026.43	0.00	155,636.48	0.00	44,597.87
2394	Building Code Enforcement Fund	87,346.28	162,710.36	0.00	3,600.51	124,136.84	122,319.29
2400	Light maintenance districts (all)	38,077.54	44,612.63	1,007.14	6,599.71	37,148.27	39,949.33
2500	Maintenance districts (all)	208,056.83	417,951.72	1,127.46	79,427.35	330,526.57	217,182.09
2700	Cedar Creek Trust	940,016.82	63,115.36	0.00	0.00	9,300.00	993,832.18
2805	Youth Recreation Grant FY17	(1,539.11)	1,539.11				0.00
2820	Gas tax	31,913.05	92,118.82	691.55	17,498.00	87,366.64	19,858.78
2821	Special Road/Street Allocation	0.00	35,991.27	300.35	0.00	30,335.55	5,956.07
2917	Crime Victims Assistance Fund	622.00	5,086.00	0.00	0.00	5,227.50	480.50
2940	C.D.B.G./HOME Grant	60,254.00	52,627.00	0.00	0.00	0.00	112,881.00
	TOTAL SPECIAL REVENUE	1,491,701.51	1,267,805.55	3,126.50	314,275.26	628,962.37	1,819,395.93

ALL FUNDS							
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUNDS							
FISCAL YEAR ENDING JUNE 30, 2018							
Account number	Description	Cash balance 7/1/2017	Receipts	Transfers in	Disbursements	Transfers Out	Cash balance 6/30/2018
3000	DEBT SERVICE FUNDS (list)						
3010	GO Bond-Pool	19,082.19	80,471.29	0.00	14,807.09	66,600.00	18,146.39
3020	GO Street Improvements	38,275.12	102,589.31	0.00	63,033.94	41,188.39	36,642.10
3534	SID 34	133.06	5,879.44	0.00	5,714.26	0.00	298.24
3536	SID 36	1,085.04	4,130.23	0.00	4,071.65	0.00	1,143.62
3538	SID 38	0.00	43,768.93	0.00	2,942.68	24,862.70	15,963.55
	TOTAL DEBT SERVICE FUNDS	58,575.41	236,839.20	0.00	90,569.62	132,651.09	72,193.90
4000	CAPITAL PROJECTS FUNDS (list)						
4000	Capital Projects-Building Improvements	54,347.98	10,070.17	149.80	9,449.00	15,852.55	39,266.40
4010	Capital Project-Parks Improvements	372,844.07	84,439.54	0.00	69,855.00	22,595.00	364,833.61
4020	Capital Project-General Equipment	104,453.34	123,468.13	0.00	51,446.05	40,646.57	135,828.85
4040	Capital Project-Street Construction	430,053.13	209,160.90	0.00	94,721.00	85,054.15	459,438.88
	TOTAL CAPITAL PROJECTS FUNDS	961,698.52	427,138.74	149.80	225,471.05	164,148.27	999,367.74
5000	ENTERPRISE FUNDS (list)						
5210	Water	828,528.51	805,909.88	9,141.29	124,415.09	822,529.40	696,635.19
5211	Water Capital Expansion	995,801.77	225,521.48	0.00	5,435.06	0.00	1,215,888.19
5310	Sewer	1,545,218.11	1,815,592.76	87,158.42	562,466.71	1,585,783.89	1,299,718.69
5311	Sewer Capital Expansion	469,791.55	210,852.78	0.00	6,583.49	0.00	674,060.84
	TOTAL ENTERPRISE FUNDS	3,839,339.94	3,057,876.90	96,299.71	698,900.35	2,408,313.29	3,886,302.91
6000	INTERNAL SERVICE FUNDS (list)						0.00
	TOTAL INTERNAL SERVICE FUNDS	0.00	0.00	0.00	0.00	0.00	0.00
7000	TRUST FUNDS (list)						0.00
7100	AGENCY FUNDS (list)						
7120	Fire Relief Disability/Pension Fund	1,835.58	97,856.05	4.76	6,778.62	92,963.71	(45.94) *
7196	Flex Spending Account	5,890.49	4,683.75	0.00	3,881.24	0.00	6,693.00

ALL FUNDS							
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUNDS							
FISCAL YEAR ENDING JUNE 30, 2018							
Account number	Description	Cash balance 7/1/2017	Receipts	Transfers in	Disbursements	Transfers Out	Cash balance 6/30/2018
							0.00
7900	AGENCY - OTHER						
7910	Payroll fund	37,534.92	17,427.27	2,267,103.00	2,270,921.08	55.42	51,088.69
7930	Claims fund	88,406.51	0.00	3,269,021.00	3,330,341.84	0.00	27,085.67
	TOTAL TRUST AND AGENCY FUNDS	133,667.50	119,967.07	5,536,128.76	5,611,922.78	93,019.13	84,821.42
8000	PERMANENT FUNDS						
	TOTALS (to be accounted for)	7,362,144.26	7,735,500.64	5,639,572.06	7,263,005.44	5,639,572.06	7,834,639.46
**PROPERTY TAXES COLLECTED							
Fund number	Description	Receipts		Disbursements		Undisbursed receipts 06/30/20__	
7820	Transportation H.S./Elementary						
7830	Retirement H.S.						
7840	Retirement elementary						
**THIS INFORMATION CAN BE TAKEN FROM FP-6b REPORT (TREASURER'S REPORT OF COUNTY WIDE SCHOOL FUNDS.)							
* This fund is shown as a component unit							

**ALL FUNDS
CASH RECONCILIATION
FISCAL YEAR ENDING JUNE 30, 2018**

Account Description (not full acct #)	BANK NAME				Cash in all depositories
	Glacier Bank	STIP	MBS	Agency Fund	
BALANCE PER STATEMENTS	892,970.47	4,438,802.13	2,495,000.00	6,693.00	7,833,465.60
ADD					
Deposits in transit	16,943.21				16,943.21
Service charges					0.00
					0.00
					0.00
					0.00
Total to add	16,943.21	0.00	0.00	0.00	16,943.21
SUBTRACT					
Outstanding checks					0.00
Outstanding Electronic Checks	1,913.84				1,913.84
Payroll-State	2,835.00				2,835.00
Payroll-PERS	11,520.51				11,520.51
					0.00
					0.00
Total to subtract	16,269.35	0.00	0.00	0.00	16,269.35
TOTAL CASH IN DEPOSITS	893,644.33	4,438,802.13	2,495,000.00	6,693.00	7,834,139.46
ADD					
Investments					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Total to add	0.00	0.00	0.00	0.00	0.00
TOTAL IN DEPOSITORIES	893,644.33	4,438,802.13	2,495,000.00	6,693.00	7,834,139.46
ADD					
Cash and cash items on hand	500.00				500.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Total to add	500.00	0.00	0.00	0.00	500.00
**TOTAL ACCOUNTED FOR	894,144.33	4,438,802.13	2,495,000.00	6,693.00	7,834,639.46

***Total cash must agree with total cash reported within report**

Cash reconciles X Cash does not reconcile

**GENERAL
INFORMATION
SECTION**

