



City of Libby Libby Montana

www.cityoflibby.com

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Libby MT, 59923
(406) 293-2731
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REGULAR COUNCIL MEETING #1678

MONDAY, JUNE 2, 2025 @ 7:00 PM

COUNCIL CHAMBERS – CITY HALL

CALL TO ORDER:

- Pledge of Allegiance
- Prayer by Jeff O'Connell
- Roll Call
- Welcome/Announcements
- Approve minutes for Regular Council meetings #1676 held May 5, 2025 and Regular Council meeting #1677 held May 19, 2025.

REPORTS:

DEPARTMENT HEADS:

- City Administrators Report
- Streets
- Police
- Finance

COUNCIL COMMITTEES:

- Budget
- Building
- Cemetery/Parks
- Fire
- Lights/Streets/Sidewalks
- Ordinance
- Water/Sewer
- Wildlife

BOARDS/COMMISSIONS:

- Planning /Zoning

PUBLIC COMMENT ON NON-AGENDA ITEMS: This is an opportunity for the public to offer comments related to issues that are not currently on the agenda that the council has jurisdiction over. Public comment is limited to 3 minutes.

PUBLIC HEARING - Annexation request:

- Introduction.
- Council discussion/questions.
- Public comment.
- Close Public Hearing.

NEW BUSINESS: The mayor will introduce each new agenda item with a description of the item and an explanation for the recommended action to be taken. Following council discussion on each item, there will be an opportunity for public comment. Public comment is limited to 3 minutes concerning the agenda item being discussed only.

1. Approve Resolution # 2055 to annex JB Tires, 1115 W. 9th St. (32032 US Hwy 2).
2. Approve propane bid from City Service Valcon.
3. Approve Audit Contract with Nexus CPA Group for Fiscal Years 2025 ,2026, 2027.
4. IP Water Agreement update.
5. Request for Community Development funds for Skateboard cost overage.
6. Approve all claims received to date.
7. Approve all business license applications received to date.
 - a. Bowles Handyman Services, 1664 Schoolhouse Lake Rd., Troy, LLC, Handyman services.
 - b. Mountain Edge Media LLC, 1318 Minnesota Ave., LLC, Marketing and social media services.

UNFINISHED BUSINESS: Each item will be introduced by the mayor (or assigned liaison) with a description of the item. Following council discussion on each item, there will be an opportunity for public comment. No action will be taken. Public comment is limited to 3 minutes concerning each item.

1. Street Committee's recommendation regarding the abandonment of the city owned right-of-way off City Service Road.

GENERAL COMMENTS FROM COUNCIL: Public comment will not be taken during this portion of the meeting

ADJOURNMENT:

The manner of Addressing Council:

- Each person, not a Council member, shall address the Council at the time designated in the agenda or as directed by the Council, by stepping to the podium or microphone, giving that person's name and address in an audible tone of voice for the record, unless further time is granted by the Council, shall limit the address to the Council to three minutes.
- All remarks shall be addressed to the Council as a body and not to any member of the Council or Staff with no personal remarks allowed.
- No person, other than the Council and the person having the floor, shall be permitted to enter any discussion either directly or through a member of the Council, without the permission of the Presiding Officer.
- Any person making personal, impertinent, or slanderous remarks or who shall become boisterous or disruptive during the council meeting shall be forthwith barred from further presentation to the council by the presiding officer unless permission to continue is granted by a majority vote of the council.

ATTENTION:

To access this meeting electronically with **ZOOM**,
Dial: 253-215-8782
Meeting ID: **4042719951**
Password: **151041**
Posted: 5/29/25

MCA 2-3-212. Minutes of meetings. Minutes must include without limitation: (a) the date, time, and place of the meeting; (b) a list of the individual members of the public body, agency, or organization who were in attendance; (c) the substance of all matters proposed, discussed, or decided; and (d) at the request of any member, a record of votes by individual members for any votes taken.

UNAPPROVED MINUTES

The Libby City Council held regular meeting #1676 on Monday, May 5, 2025, in the Council Chamber at Libby City Hall.

Call to Order:

The meeting was called to order at 7:00 pm by Mayor Williams.

Present were Mayor Williams, Councilors Melissa Berke, Gail Burger, Ethan Kolp, Kristin Smith, Hugh Taylor, Administrator Sam Sikes, Clerk/Treasurer Leann Monigold, and (via Zoom) City Attorney Dean Chisholm. Councilor Brian Zimmerman was not in attendance.

Announcements: Mayor Williams welcomed all those present. Kristin wished all the mothers a Happy upcoming Mother's Day. Mayor Williams mentioned the new Farmers Market location and how nice it looks. No other announcements.

Approve minutes for Regular Council meetings #1675 held April 21, 2025:

Councilor Berke **MADE A MOTION** to approve City Council meeting minutes 1674, Councilor Smith **SECONDED**.

Mayor Williams asked if there was any discussion or corrections. None mentioned.

Public comment: None

Councilors Berke, Burger, Kolp, Smith, and Taylor, voted **FOR**.

MOTION PASSED.

Department Head Reports:

Administrator: Administrator Sikes reported that he has been working with the Police Department and determined there is no efficient way to enforce parking within the city right-of-ways. He prepared a packet and would like to put it into the committee to look at changes to the ordinance.

Mayor Williams suggested Mr. Sikes might add that this is problematic in the winter with snowplowing.

Water: Mr. Sikes reported that with the seasonal runoff, the water plant has been working hard to keep turbidity at acceptable levels to hopefully avoid a city boil order. Plant operators and streets crew have been doing an incredible job.

Sewer: Mr. Sikes has been in contact with Jim Dunnigan, MT FWP Libby Dam Mitigation Coordinator concerning the discharge permit for our sewage treatment plant. FWP, US Army Corps of Engineers, and Bonneville Power are working on a fisheries mitigation project which would involve adding 3.4 parts per billion phosphorus to deal with the “didymo algae,” a.k.a “rock snot” to enhance the food web for the local trout population. Part of the project is looking at how much phosphorus, if any, is being discharged from the sewage plant.

Other: The Contract was finalized with NRDP and WWC Engineering on the Hydrology Study and Spoils Pile engineering plan. Sikes stresses that this phase only covers the hydrology study and spoils pile analysis. Sponsored by the NRDP as Phase 1, it will cost just under \$60k and is part of a \$250,000 grant. Once analysis is complete, it will be presented to the council who will make the decision whether to move onto Phase II, removing the pile and building a parking lot or not.

Good news: HB-6 has approved \$125,000 for the lift station; Libby will receive \$500,000 from MCEP also for the lift station.

Streets Supervisor: Supervisor Justin Williams reported the continuation of jetting, patching and sweeping. Ball fields have been getting spruced up and are looking great. Screens at lower reservoir plugging with algae, keeping crews busy. Skateboard ramp at Fireman Park progressing and due to open May 10. Rambo Memorial at Riverfront Park has been a joint effort with MDOT. The base is in the ground for the plaque and the event is scheduled for May 25. The crew has been doing topsoil work around Spruce trees in the overflow parking at Riverfront Park. Street shop employees attended a defensive driving course put on by MMIA.

Three failing trees were removed at Fireman Park. Concrete work at FVFD near completion.

Seasonal employees, Derek returned April 8 and new employee, Troy begins May 7.

The department had 9 water leaks and replacements, 1 new sewer service line, 6 new water service line requests and installations.

TCI began water leak repairs on April 8 and finished on April 29. Total of 10 leaks with accumulative loss of 20,404,000 gallons figured based off actual hole size.

The city has started water leak survey repairs today and should be wrapped up by the end of the month.

Councilor Smith asked about a street opening permit process instituted a couple of years ago and how it works.

Mr. Williams stated it is going well with people getting permits at City Hall, paperwork is tracked, when asphalt plants are open, he notifies those with permits. When repairing leaks, if workers run into lead service lines, they are removed and replaced with updated lines.

Police: Chief Ercanbrack reported that May 1 was his second year as Chief. The council and Mayor thanked him for his service. The Chief reports April had 180 calls, compared to 107 in 2024. We had three assault cases, eight disturbances, two threatening calls, three thefts, 10 suspicious calls, seven crashes, six DUIs, two mental health calls, six vagrant calls, seven welfare checks, 14 public assists, three juvenile problems, five city ordinances. Officers completed 24 walk-throughs in bars and 22 traffic stops.

The special Olympics was May 1, showing a great turnout and officers were ecstatic about participating.

The new patrol car turned out phenomenally well and the electronics are great.

Unfortunately, the Road to Zero grant was not approved.

The shed built at the gun range with the LOR grant turned out great and is a good environment for training.

Finance: None, as the Clerk is out this week.

Committee Reports:

Budget: Mayor Williams reports the budget committee had a meeting, because Gail and Ethan are new, they walked through the process of putting the budget together. They will work on this in upcoming meetings.

Building: Committee meeting on April 22 to discuss the Blackburn proposal. Discussion followed to allow a one-year agreement at \$200 a month at the Riverfront Park location. Recommendation of the committee is to move this forward to the council. They are inspecting cracks in logs at Fred Brown Pavilion and the roof at the ball fields.

Cemetery/Parks: None

Fire: None

Ordinance: None

Wildlife: None

Public Comment on Non- Agenda Items:

Mayor Williams explained that the Fire Marshall, Steve Lauer had asked to be on the agenda regarding their Fireman's Convention, however, that missed somehow. She offered Mr. Laurer the opportunity to speak at this time.

Mr. Laurer asked for a street closure from the front of the fire station to the alley on June 13-14 for this event.

Mayor Williams assured him it will be on the next agenda.

No other public comments on non-agenda items.

Old Business: None

New Business:

Approve Resolution # 2054 Intention to annex JB Tires, 1115 W. 9th St. (32032 US Hwy 2):

Approve Resolution #2054 Intention to annex JB Tires, 1115 W. 9th St (32032 US Hwy 2.) Mayor Williams explained the resolution, reading it aloud. Councilor Smith made a correction on the clause saying the Zoning Commission meeting on May 5, should be changed to April 28. Mayor Williams acknowledged the error to be corrected.

Councilor Berke **MADE A MOTION** to approve Resolution # 2054 Intention to annex JB Tires, 1115 W. 9th St. (32032 US Hwy 2), Councilor Burger **SECONDED**.

Councilors Berke, Burger, Kolp, Smith, and Taylor, voted **FOR**.

MOTION PASSED.

Approve awarding bid for Spruce Street reconstruction – Phase II to Thompson Contracting, Inc:

Mayor Williams explains there were two bids, TCI was the lowest.

Councilor Berke **MADE A MOTION** to approve awarding bid for Spruce Street reconstruction – Phase II to Thompson Contracting, Inc, Councilor Burger **SECONDED**.

Councilors Berke, Burger, Kolp, Smith, and Taylor, voted **FOR**.

MOTION PASSED.

Approve Land Use Agreement with National Guard for us of Riverfront Park for training:

Councilor Berke **MADE A MOTION** to approve Land Use Agreement with National Guard for us of Riverfront Park for training, Councilor Smith **SECONDED**.

Councilors Berke, Burger, Kolp, Smith, and Taylor, voted **FOR**.

MOTION PASSED.

Approve Resolution #2053 Western Montana Region Hazard Mitigation Plan:

Councilor Berke **MADE A MOTION** to approve Resolution #2053 Western Montana Region Hazard Mitigation Plan, Councilor Taylor **SECONDED**.

Councilors Berke, Burger, Kolp, Smith, and Taylor, voted **FOR**.

MOTION PASSED.

Building Committee recommendation on Blackburn request for land use at Riverfront Park:

Councilor Taylor reports: the Building Committee met on April 22 and settled on a \$200 per month, one-year trial, to see how it goes. Mayor Williams asked if there are any restrictions. Councilor Smith inquired if the recommendation is for the area on the railroad tracks side. It is to be a 12-14' by 24' fly shop, per Mr. Taylor.

Councilor Smith **MADE A MOTION** to approve the proposal, Councilor Kolp **SECONDED**.

Councilors Berke, Burger, Kolp, Smith, and Taylor, voted **FOR**.

MOTION PASSED.

Approve all claims received to date:

Councilor Smith **MADE A MOTION** to approve all claims received to date, Councilor Smith **SECONDED**.

Councilors Berke, Burger, Kolp, Smith, and Taylor, voted **FOR**.

MOTION PASSED.

Approve all business license applications received to date:

Azure's Mobile Ice Cream, Flawless Fleet, Julie's, WD Wuest Plumbing, Wylee's Frozen Treats Co.

Councilor Berke **MADE A MOTION** to approve all business license applications received to date, Councilor Burger **SECONDED**.

Councilors Berke, Burger, Kolp, Smith, and Taylor, voted **FOR**.

MOTION PASSED.

Unfinished Business:

Discussion to amend Libby Development Fund Policy and application process:

Mayor Williams had listened to the tape and made changes in red. No loans to local businesses, comments?

Councilor Burger comments the first and second parts look good. The third part should be changed from grants to matching funds.

Mayor Williams asked for any questions or comments, and if this version meets everyone's requirements.

Councilor Smith: A really good practice (requiring receipts for disbursement of funds), which we started doing with the Golf Clubhouse. People must provide proof of where the money is used.

Councilor Burger: Did not care for the questions on the form about "Are you current on all Payroll, Income and Property taxes.

Mayor Williams said a person could write NA in that section. Mayor Williams will get this on the agenda for approval at the next council meeting.

Street Committee's recommendation regarding the abandonment of the city owned right-of-way off City Service Road:

Mayor Williams stated we are not ready to move forward with a decision just yet. Mr. Sikes previously called the Sooters to let them know the decision would not be made tonight.

General Comments from Council:

Councilor Smith commented with concerns about the hateful rhetoric online and the really divisive language, that just doesn't help each other. Imploring landlords to please be mindful people are struggling to find affordable housing and asks with the new housing being built, to figure how they could do their part to help the community.

Mayor Williams commented on Montana League's summary of the laws passed are on their way to the governor's signature, and it is unknown now, how those are going to affect us, especially the ones regarding property tax and the 4% cap. Hoping for clarification when Leann returns from training.

It was noted that distracted driving did not pass at the State level.

IP- Mayor Williams said they met in early April with a changed attitude, but not much follow-through on that conversation. IP attorney putting together a draft of a continuation of the 2010 agreement. We are cautiously optimistic at this point. The mayor entertains a motion to adjourn.

ADJOURNMENT:

Councilor Burger **MADE A MOTION** to adjourn, Councilor Smith **SECONDED**.

Councilors Berke, Burger, Kolp, Smith, and Taylor voted **FOR**.

MOTION PASSED.

Mayor Williams adjourned the meeting at 7:47 pm.

Mayor Peggy Williams

Attest: _____
Deputy Clerk Glenda Cady

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UNAPPROVED MINUTES

The Libby City Council held regular meeting #1677 on Monday, May 19, 2025, in the Council Chamber at Libby City Hall.

Call to Order:

The meeting was called to order at 7:00 pm by Chair Councilor Brian Zimmerman.

Present were Chair Councilor Brian Zimmerman, Councilors Gail Burger, Ethan Kolp, Kristin Smith, Hugh Taylor, Administrator Sam Sikes, Clerk/Treasurer Leann Monigold, and (via Zoom) City Attorney Dean Chisholm. Mayor Williams and Councilor Melissa Berke were not in attendance.

Announcements: Have a safe Memorial Day.

Committee Reports:

Budget: Budget: Councilor Zimmerman announced a Budget Committee meeting is scheduled for Wednesday May 21st at noon.

Ordinance: Councilor Smith announced she is trying to schedule an Ordinance Committee meeting for next week.

City/County Health: Councilor Smith reported there were two brief action items to update contact information for the foodborne illness response plan and their truck rec protocol, other items where staff updates.

Public Comment on Non- Agenda Items: None

Old Business: None

New Business:

Approve Libby Development Fund Policy and Application:

Councilor Burger **MADE A MOTION** to approve Libby Development Fund Policy and Application, Councilor Smith **SECONDED**.

Councilor Smith commented they made some good revisions and can tinker with it as needed when they see it in use.

Councilors Burger, Kolp, Smith, Taylor, and Zimmerman voted **FOR**.

MOTION PASSED.

Approve Fire Department request for closure of one half of 6th St. between Montana and the alley during the June fire convention:

Councilor Smith **MADE A MOTION** to approve the Fire Department request for closure, Councilor Burger **SECONDED**.

Councilors Burger, Kolp, Smith, Taylor, and Zimmerman voted FOR.

MOTION PASSED.

Approve all claims received to date:

Councilor Smith **MADE A MOTION** to approve all claims received to date, Councilor Burger **SECONDED**.

Councilors Burger, Kolp, Smith, Taylor, and Zimmerman voted FOR.

MOTION PASSED.

Approve all business license applications received to date:

Westgate Animal Clinic and Northwest Living Assistance.

Councilor Burger **MADE A MOTION** to approve all business license applications received to date, Councilor Kolp **SECONDED**.

Councilor Smith expressed excitement about a new business going into the building across from the VFW where the Fly Shop had been.

Councilors Burger, Kolp, Smith, Taylor, and Zimmerman voted FOR.

MOTION PASSED.

Unfinished Business:

Street Committee's recommendation regarding the abandonment of the city owned right-of-way off City Service Road (Sooters are out of town and have requested we postpone discussion until the June 2nd meeting):

Administrator Sikes informed Council Mr. and Mrs. Sooter had been in to go over paperwork and some discrepancies were found between plats, and they are going to have a meeting with Byron, the surveyor, to get that ironed out, so Council has accurate information.

General Comments from Council:

Councilor Taylor announced the Local Government Study Commission will have a town hall meeting on Thursday at 7pm in the Maki Theater.

Councilor Kolp announced he had attended the grand opening of the skatepark, and it was the most fun he had had in the city limits. There was a great turnout with lots of first-time skaters and older people helping them out and showing the ropes. Everyone kept everything clean and safe. Councilor Zimmerman inquired if there was any more sod or grass seed that will cover the dirt that was left, will wait to get an update from Ms. Berke.

ADJOURNMENT:

Councilor Smith **MADE A MOTION** to adjourn.

Councilor Zimmerman repeated the information about the Local Government Study Commission Town Hall meeting.

Chair Councilor Zimmerman adjourned the meeting at 7:11 pm.

Mayor Peggy Williams

Attest: _____

Clerk/Treasurer Leann Monigold



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PETITION FOR ANNEXATION AND INITIAL ZONING

Project Name: JB TIRES
Name of Applicant: JB Wages Testament
Residuary Trust
Address: PO Box 744
Applicant E-mail Address:

Property Address: 1115 W. 9th St., Libby MT 59923
Phone:
City, State, Zip: Libby MT, 59923

If not current owner, please attach a letter from the current owner authorizing the applicant to proceed with the application

Name of Owner: JB Wages Testament
Residuary Trust
Address: PO Box 744
E-mail Address:

Phone:
City, State, Zip: Libby MT, 59923

Name of Engineer:
Address:
E-mail Address:

Phone:
City, State, Zip:

List ALL owners (any individual or other entity with an ownership interest in the property):

Legal Description (please provide a full legal description for the property and attach a copy of the most recent deed):

A 1.140 and a .464 acre tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4 Section 4, T.30N., R.31W., P.M., MT., and more particularly described as Parcels A and B on COS 4869RB that is attached and fully described as attached.

____ Please initial here indicating that you have verified the description with the Lincoln County Clerk and Recorder and that the description provided is in a form acceptable to record at their office.

1. Land in project (acres): Parcel A 1.140, Parcel B .464 (1.604 acres)

2. Current estimated market value: Parcel A \$644,800, Parcel B \$57,117 (\$701,917)

A. Estimated market value at 50% build out: NA

B. Estimated market value at 100% build out: NA

3. Is there a Rural Fire Department SID or Bond on the property(s): No

4. Present Zoning of property: Non-zoned in the County

5. Proposed Zoning of property: Highway Commercial

6. State the changed or changing conditions that make the annexation necessary:

The property received the addition of sewer services in 2020 which requires annexation into city corporate limits.

How will the proposed Zoning District accomplish the intent and purpose of the following (attach a separate sheet w/answers):

a. Promoting the Growth Policy:

b. Lessening congestion in the streets and providing safe access:

c. Promoting safety from fire, panic and other dangers:

d. Promoting the public interest, health, comfort, convenience, safety and general welfare:

e. Preventing the overcrowding of land:

f. Avoiding undue concentration of population:

g. Facilitating the adequate provision of transportation, water, sewer, schools, parks, and other facilities:

h. Giving reasonable consideration to the character of the District:

i. Giving consideration to the peculiar suitability of the property for particular uses:

j. Protecting and conserving the value of buildings:

k. Encouraging the most appropriate use of land by assuring orderly growth:

I hereby certify under penalty of perjury and the laws of the State of Montana that the information submitted herein, on all other submitted forms, documents, plans or any other information submitted as a part of this application, to be true, complete, and accurate to the best of my knowledge. Should any information or representation submitted in connection with this application be incorrect or untrue, I understand that any approval based thereon may be rescinded, and other appropriate action taken. The signing of this application signifies approval for the Libby City staff to be present on the property for routine monitoring and inspection during the approval and development process

Applicant Signature:

 Jeanette Mahfeld, POA

Date signed:

3/17/25

- a. Promoting the Growth Policy: An existing business that provides necessary services.
- b. Lessening congestion in the streets and providing safe access: Access from US Hwy 2.
- c. Promoting safety from fire, panic and other dangers: NA
- d. Promoting the public interest, health, comfort, convenience, safety and general welfare:
Provides tires and vehicle maintenance for safe transportation.
- e. Preventing the overcrowding of land: NA
- f. Avoiding undue concentration of population: Has adequate dedicated parking for customers.
- g. Facilitating the adequate provision of transportation, water, sewer, schools, parks, and other facilities:
Has existing water and sewer services.
- h. Giving reasonable consideration to the character of the District: Existing business suited for the district.
- i. Giving consideration to the peculiar suitability of the property for particular uses:
Property is well suited for the use in the Highway Commercial District.
- j. Protecting and conserving the value of buildings: Business is well kept and productive.
- k. Encouraging the most appropriate use of land by assuring orderly growth: Contiguous with city limits.

Property Descriptions:

PARCEL A - A tract of land in Libby, Montana, Lincoln County, and lying within the SW 1/4 NE 1/4, Section 4, T.30N., R.31W., P.M.,MT., and more particularly described as follows: Commencing at the southwest corner of the 1.150 acre tract, COS No. 381, a 5/8 inch diameter uncapped rebar and the TRUE POINT OF BEGINNING; Thence along the west boundary of said 1.150 acre tract N00°38'57"W, 140.93 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence continuing along said west boundary N33°47'53"E, 177.36 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the southerly right-of-way limit of U.S. Highway No. 2; Thence along said highway right-of-way limit through a curve to the right: Delta 02°29'09", Radius 2825.00 feet, arc length 122.57 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said highway right-of-way limit along the east boundary of the 1.150 acre tract, COS No. 381, S03°51'31"W, 213.94 feet to an unmarked computed point; Thence continuing along said east boundary S03°51'31"W, 16.36 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said east boundary S79°12'44"W, 9.38 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S14°16'29"E, 39.60 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the south boundary of the 1.150 acre tract, COS No. 381, N72°28'04"W, 171.17 feet to a 5/8 inch diameter uncapped rebar and the TRUE POINT OF BEGINNING, containing 1.140 acres. Subject to and together with all appurtenant easements of record.

PARCEL B - A tract of land in Libby, Montana, Lincoln County, and lying within the SW 1/4 NE 1/4, Section 4, T.30N., R.31W., P.M.,MT., and more particularly described as follows: Commencing at the southeast corner of the 1.150 acre tract, COS No. 381, a found railroad spike; Thence along the east boundary of said 1.150 acre tract N05°51'31"E, 45.27 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING; Thence continuing along said east boundary the following two courses: N03°51'31"E, 16.36 feet to an unmarked computed point; Thence N03°51'13"E, 213.94 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the southerly right-of-way limit of U.S. Highway No. 2; Thence along said highway right-of-way limit through a curve to the right: Delta 03°34'33", Radius 2825.00 feet, arc length 176.32 feet to an unmarked computed point; Thence continuing along said highway right-of-way limit through a curve to the right: Delta 00°08'22", Radius 2825.00 feet, arc length 6.88 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said highway right-of-way limit S42°16'28"W, 102.10 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S54°39'44"W, 10.95 feet to an unmarked computed point lying on the east boundary of the 0.445 acre tract, COS No. 381; Thence leaving said east boundary S54°39'44"W, 46.45 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S79°12'44"W, 23.04 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S79°12'44"W, 22.26 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING, containing 0.464 acres. Subject to and together with all appurtenant easements of record.

X Jeannie Macdonald, POA 3/17/25
Owner Date

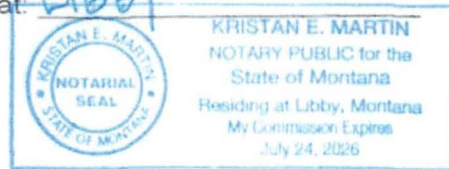
STATE OF MONTANA
Lincoln County

On this 17 day of March, 2025, before me, the undersigned, a Notary Public for the State of Montana, personally appeared JEANNIE MACDONALD, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notary Seal the day and year in this certificate first above written.

X Kristane E. Martin
Signature, Notary Public, State of Montana
Printed Name: KRISTANE E. MARTIN
My Commission expires: July 24, 2026

Residing at: LIBBY



X _____
Owner Date

STATE OF MONTANA
Lincoln County

On this _____ day of _____, 20____, before me, the undersigned, a Notary Public for the State of Montana, personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notary Seal the day and year in this certificate first above written.

X _____
Signature, Notary Public, State of Montana
Printed Name: _____ Residing at: _____
My Commission expires: _____

CERTIFICATE OF SURVEY

"BOUNDARY LINE ADJUSTMENT"

COS No. 381, TRACT C, COS No. 2150, PARCEL 1A, COS No. 4807RB
SW1/4 NE1/4, SECTION 4, T.31N., R.31W., P.M., MT., LINCOLN COUNTY, MT.
FOR: TORGISON PROPERTIES, LLC DATE: APRIL, 2022
J.B. WAGES TESTAMENTARY RESIDUARY TRUST

PURPOSE OF SURVEY AND OWNER'S EXEMPTION

Re, Torgison Properties, LLC and J.B. Wages Testamentary Residuary Trust, record owners, hereby certify that the purpose of this survey and division of land is the relocation of common boundaries pursuant to MCA 76-3-207(1)(a) divisions made outside of platted subdivisions for the purpose of relocating common boundary lines between adjoining properties. Furthermore, Parcels A, B, C and 1A1 are excluded from sanitation review by the Department of Environmental Quality pursuant to ARM 17.36.605(2)(c) a parcel that will be affected by a proposed boundary line adjustment, if the parcel has existing facilities for water supply, wastewater disposal, storm drainage, or solid waste disposal that were not subject to review, and have not been reviewed, under Title 76, chapter 4, part 1, MCA, and (i) no facilities, other than those in existence prior to the boundary line adjustment, or those that were previously approved as replacements for the existing facilities, will be constructed on the parcel; (ii) existing facilities on the parcel complied with state and local laws and regulations, including permit requirements, which were applicable at the time of installation; and (iii) the local health officer determines that existing facilities are adequate for the existing use. As a condition of the exemption, the local health officer may require evidence that (A) existing septic tanks have been pumped within the previous three years; (B) the parcel includes acreage or features sufficient to accommodate a replacement drainfield; (C) existing wells are adequate for the proposed uses; and (D) adequate storm drainage and solid waste disposal are provided.

HISTORY OF SURVEY

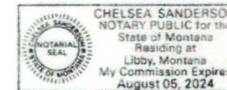
1976 - COS No. 381, Occasional Sale, J.W. Ninneman, 534ES
1993 - COS No. 2150, Boundary Adjustment, Kenneth E. Davis, 4975S
2021 - COS No. 4807RB, Boundary Adjustment, Kenneth E. Davis, 4975S

BASIS OF BEARING

The basis of bearing for this survey is S00°05'31"E, derived from Survey Grade GPS system calibrated to local control between the Southwest Section corner, Section 30 and a 3/4 inch diameter uncapped rebar lying on the south right-of-way limit of Montana Highway No. 37. Angular variation between this survey and Plat No. 7152 is 0°05'31".

METHOD OF SURVEY

A Trimble R10 GNSS GPS system was used with RTK radial procedures to tie the previously set controlling corners and road alignments by Eric Stafford and Brandon Hunter, September, 2021.



Diana L. Torgison 4-25-22
Torgison Properties, LLC, Diana L. Torgison, Member Date
J.W. Wages 4-25-22
Torgison Properties, LLC, Daniel W. Torgison, Member Date
Mary Jim Wages 4-25-22
J.B. Wages Testamentary Residuary Trust Date
Mary Jim Wages, Representative

ACKNOWLEDGMENT

The foregoing Exemptions were subscribed and acknowledged before me a Notary Public for the State of Montana County of Lincoln

by Torgison Properties, LLC, Diana L. Torgison, Member
Daniel W. Torgison, Member

on this 25 day of April 2022
In witness whereof, I have hereunto set my hand and affixed my notarial seal.
Chelsea Sanderson
residing in Libby, MT My Commission expires 8-5-24

ACKNOWLEDGMENT

The foregoing Exemptions were subscribed and acknowledged before me a Notary Public for the State of Idaho County of Boundary

by J.B. Wages Testamentary Residuary Trust
Mary Jim Wages, Representative
on this 25 day of April 2022
In witness whereof, I have hereunto set my hand and affixed my notarial seal.
Shaulline Delaney
residing in Bonanza, ID My Commission expires 10-13-27

LAND SURVEYOR'S CERTIFICATION

I hereby certify that I am a Registered Land Surveyor in the State of Montana, that the survey shown on this "Certificate of Survey" has been prepared under my supervision and in accordance with the Montana Code Annotated, Sections 76-3-101 through 76-3-625, and the Lincoln County Regulations adopted pursuant thereto.

Byron Sanderson 4-25-22
Byron Sanderson, 704006S Date

EXAMINING LAND SURVEYOR'S CERTIFICATION

Examined 25th April 2022, A.D.
Steven A. Boyer
Steven A. Boyer, PLS 70400, Lincoln County Examining Land Surveyor

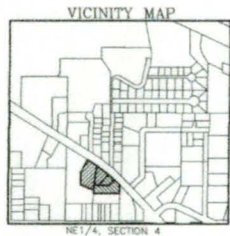
COUNTY TREASURER'S CERTIFICATION

I hereby certify that all real property taxes and special assessments assessed and paid on the parcel shown herein are paid pursuant to Section 76-3-207(3), M.C.A.
Robin A. Benson 4-25-2022
Lincoln County Treasurer Date

CLERK AND RECORDER'S CERTIFICATION

State of Montana, County of Lincoln, filed this 26th day
of April 2022 A.D. at 9:53 AM o'clock
by Robin A. Benson
Lincoln County Clerk and Recorder Deputy

CERTIFICATE OF SURVEY No. 4869RB



LEGEND

- ① FOUND 5/8 INCH DIAMETER REBAR WITH PLASTIC CAP MARKED KED, 4975S
- ② FOUND 5/8 INCH DIAMETER REBAR WITH PLASTIC CAP MARKED MDL, 4232S
- ③ FOUND 5/8 INCH DIAMETER REBAR WITH PLASTIC CAP MARKED JHN, 4561S
- ④ FOUND 5/8 INCH DIAMETER UNCAPPED REBAR
- ⑤ RAILROAD SPIKE
- SET 5/8 INCH DIAMETER REBAR WITH PLASTIC CAP MARKED SANDERSON 704006S
- COMPUTED POINT
- NEW BOUNDARY LINE
- ADJOINING BOUNDARIES
- - - SECTION DIVISION LINE
- HIGHWAY CENTERLINE
- EASEMENT LIMITS
- OLD BOUNDARY LINE
- () PLAT No. 4397RB, RECORD
- [] PLAT No. 7152, RECORD

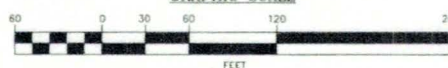
LINE TABLE

L1	N39°58'18"E	7.25'
	[N40°17'00"E	7.28'
L2	N07°49'06"E	53.22'
	[N40°03'40"E	53.31'
L3	N64°07'49"E	47.48'
L4	N72°28'04"W	16.70'
L5	N14°16'29"E	39.60'
L6	N79°12'44"E	9.38'
L7	N79°12'44"E	22.28'
L8	S59°39'19"E	26.73'
L9	S03°51'31"W	16.36'
L10	S54°39'44"W	10.95'
L11	S54°39'44"W	46.45'
L12	S79°12'44"W	23.04'
L13	S03°51'31"W	45.27'
L14	S39°58'18"W	51.05'
L15	S59°39'19"E	24.06'
L16	N39°58'18"E	112.56'

SURVEYORS NOTE

The area that is being removed from one tract of record and joined with another tract of record is not a tract of record. Said area shall not be available as a reference legal description in any subsequent real property transfer after the initial transfer associated with this certificate of survey on which said area is described, unless said area is included with or excluded from adjoining tracts of record.

GRAPHIC SCALE



CERTIFICATE OF SURVEY

"BOUNDARY LINE ADJUSTMENT"

COS No. 381, TRACT C, COS No. 2150, PARCEL 1A, COS No. 4807RB
SW1/4 NE1/4, SECTION 4, T.31N., R.31W., P.M., MT., LINCOLN COUNTY, MT.
FOR: TORGISON PROPERTIES, LLC DATE: APRIL, 2022
J.B. WAGES TESTAMENTARY RESIDUARY TRUST

LEGAL DESCRIPTION: PARCEL 1A1

A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M., MT., and more particularly described as follows:
Commencing at the southeast corner of the 0.445 acre tract, COS No. 381, a railroad spike and the TRUE POINT OF BEGINNING; Thence along the southeast boundary of said 0.445 acre tract N39°58'18"E, 7.25 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the south boundary of Tract C, COS No. 2150, S89°41'40"E, 113.78 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the southeast boundary of said Tract C, N47°50'47"E, 90.69 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the southerly right-of-way limit of U.S. Highway No. 2; Thence along said highway right-of-way limit through a curve to the right: Delta 02°32'14", Radius 2825.00 feet, arc length 125.10 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said highway right-of-way limit along the east boundary of Parcel 1A, COS No. 4807RB, S00°20'57"E, 61.92 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 4232S; Thence continuing along said east boundary of Parcel 1A, COS No. 4807RB, N72°28'04"W, 16.70 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the north boundary of Parcel 1C, COS No. 4807RB, N89°46'43"W, 532.66 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the west boundary of Parcel 1A, COS No. 4807RB, N03°49'06"E, 53.22 feet to a 5/8 inch diameter rebar with plastic cap marked KED, 4975S; Thence continuing along said west boundary N04°07'49"E, 47.48 feet to a 5/8 inch diameter uncapped rebar; Thence along the south boundary of the 1.150 acre tract, COS No. 381, N72°28'04"W, 16.70 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said south boundary N14°16'29"E, 39.60 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence N79°12'44"E, 9.38 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the east boundary of the 1.150 acre tract, COS No. 381; Thence leaving said east boundary N79°12'44"E, 22.26 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the southwest boundary of the 0.445 acre tract, COS No. 381; Thence along said southwest boundary S59°39'19"E, 26.73 feet to a railroad spike and the TRUE POINT OF BEGINNING, containing 1.171 acres. Subject to and together with all appurtenant easements of record.

LEGAL DESCRIPTION: PARCEL A

A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M., MT., and more particularly described as follows:
Commencing at the southwest corner of the 1.150 acre tract, COS No. 381, a 5/8 inch diameter uncapped rebar and the TRUE POINT OF BEGINNING; Thence along the west boundary of said 1.150 acre tract N00°38'57"W, 140.93 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence continuing along said west boundary N33°47'33"E, 177.36 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the southerly right-of-way limit of U.S. Highway No. 2; Thence along said highway right-of-way limit through a curve to the right: Delta 02°29'09", Radius 2825.00 feet, arc length 122.57 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said highway right-of-way limit along the east boundary of the 1.150 acre tract, COS No. 381, S03°51'31"W, 213.94 feet to an unmarked computed point; Thence continuing along said east boundary S03°51'31"W, 16.36 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said east boundary S79°12'44"W, 9.38 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S14°16'29"E, 39.60 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the south boundary of the 1.150 acre tract, COS No. 381, N72°28'04"W, 171.17 feet to a 5/8 inch diameter uncapped rebar and the TRUE POINT OF BEGINNING, containing 1.140 acres. Subject to and together with all appurtenant easements of record.

LEGAL DESCRIPTION: PARCEL B

A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M., MT., and more particularly described as follows:
Commencing at the southeast corner of the 1.150 acre tract, COS No. 381, a found railroad spike; Thence along the east boundary of said 1.150 acre tract N03°51'31"E, 45.27 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING; Thence continuing along said east boundary the following two courses: N03°51'31"E, 16.36 feet to an unmarked computed point; Thence N03°51'31"E, 213.94 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the southerly right-of-way limit of U.S. Highway No. 2; Thence along said highway right-of-way limit through a curve to the right: Delta 03°34'33", Radius 2825.00 feet, arc length 176.32 feet to an unmarked computed point; Thence continuing along said highway right-of-way limit through a curve to the right: Delta 00°08'22", Radius 2825.00 feet, arc length 6.88 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said highway right-of-way limit S42°16'28"W, 102.10 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S54°39'44"W, 10.95 feet to an unmarked computed point lying on the east boundary of the 0.445 acre tract, COS No. 381; Thence leaving said east boundary S54°39'44"W, 46.45 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S79°12'44"W, 23.04 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING, containing 0.464 acres. Subject to and together with all appurtenant easements of record.

LEGAL DESCRIPTION: PARCEL C

A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M., MT., and more particularly described as follows:
Commencing at the southeast corner of the 0.445 acre tract, COS No. 381, a railroad spike and the TRUE POINT OF BEGINNING; Thence along the south boundary of said 0.445 acre tract N59°39'19"W, 26.73 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said southwest boundary N79°12'44"W, 23.04 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence N54°39'44"E, 46.45 feet to an unmarked computed point lying on the southeast boundary of the 0.445 acre tract, COS No. 381; Thence leaving said southeast boundary N54°39'44"E, 10.95 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence N42°16'28"E, 102.10 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the southerly right-of-way limit of U.S. Highway No. 2; Thence along said highway right-of-way limit through a curve to the right: Delta 01°53'21", Radius 2825.00 feet, arc length 93.14 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said highway right-of-way limit along the southeast boundary of Tract C, COS No. 2150, S47°50'47"W, 90.69 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the south boundary of said Tract C, N89°41'40"W, 113.78 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the southeast boundary of the 0.445 acre tract, COS No. 381, S39°58'16"W, 7.25 feet to a railroad spike and the TRUE POINT OF BEGINNING, containing 0.269 acres. Subject to and together with all appurtenant easements of record.

LEGAL DESCRIPTION: PARCEL D

A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M., MT., and more particularly described as follows:
Commencing at the southeast corner of the 1.150 acre tract, COS No. 381, a 5/8 inch diameter uncapped rebar and the TRUE POINT OF BEGINNING; Thence along the south boundary of said 1.150 acre tract N72°28'04"W, 16.703 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said south boundary N14°16'29"E, 39.60 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence N79°12'44"E, 9.38 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the east boundary of the 1.150 acre tract, COS No. 381, S03°51'31"W, 45.27 feet to a 5/8 inch diameter uncapped rebar and the TRUE POINT OF BEGINNING, containing 0.012 acres. Subject to and together with all appurtenant easements of record.

LEGAL DESCRIPTION: PARCEL E

A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M., MT., and more particularly described as follows:
Commencing at the southeast corner of the 0.445 acre tract, COS No. 381, a railroad spike and the TRUE POINT OF BEGINNING; Thence along the southwest boundary of said 0.445 acre tract N59°39'19"W, 26.73 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said southwest boundary N79°12'44"W, 23.04 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence N54°39'44"E, 46.45 feet to an unmarked computed point lying on the southeast boundary of the 0.445 acre tract, COS No. 381; Thence leaving said southeast boundary S39°58'16"W, 51.05 feet to a railroad spike and the TRUE POINT OF BEGINNING, containing 0.013 acres. Subject to and together with all appurtenant easements of record.

LEGAL DESCRIPTION: PARCEL F

A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M., MT., and more particularly described as follows:
Commencing at the southeast corner of the 1.150 acre tract, COS No. 381, a 5/8 inch diameter uncapped rebar; Thence along the east boundary of said 1.150 acre tract N03°51'31"E, 45.27 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING; Thence continuing along said east boundary N03°51'31"E, 16.36 feet to an unmarked computed point; Thence along the southeast boundary of said 1.150 acre tract S59°39'19"E, 24.06 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said southwest boundary S79°12'44"W, 22.26 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING, containing 0.004 acres. Subject to and together with all appurtenant easements of record.

LEGAL DESCRIPTION: PARCEL G

A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M., MT., and more particularly described as follows:
Commencing at the northeast corner of the 0.445 acre tract, COS No. 381, an unmarked computed point lying on the south right-of-way limit of U.S. Highway 2; Thence through a curve to the right: Delta 00°08'22", Radius 2825.00 feet, arc length 6.88 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING; Thence leaving said highway right-of-way limit S42°16'28"W, 102.10 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S54°39'44"W, 10.95 feet to an unmarked computed point lying on the southeast boundary of the 0.445 acre tract, COS No. 381; Thence along said southeast boundary N39°58'16"E, 112.58 feet to an unmarked computed point lying on the south right-of-way limit of U.S. Highway 2; Thence through a curve to the right: Delta 00°08'22", Radius 2825.00 feet, arc length 6.88 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING, containing 0.012 acres. Subject to and together with all appurtenant easements of record.

RESOLUTION NO. 2055

A RESOLUTION EXTENDING THE CORPORATE LIMITS OF THE CITY OF LIBBY, MONTANA, TO ANNEX WITHIN THE BOUNDRIES OF THE CITY TWO TRACTS OF LAND ALONG US HIGHWAY 2, FOR WHICH THE OWNERS HAVE PETITIONED FOR ANNEXATION AND DESCRIBED HEREIN. (S4, T30 N, R31 W, Parcels A and B on C.O.S. 4869RB, ACRES 1.140 and .464)

LEGAL DESCRIPTION: Parcel A - A tract of land in Libby, Montana, Lincoln County, and lying within the SW 1/4 NE 1/4, Section 4, T.30N., R.31W., P.M.,MT., and more particularly described as follows: Commencing at the southwest corner of the 1.150 acre tract, COS No. 381, a 5/8 inch diameter uncapped rebar and the TRUE POINT OF BEGINNING; Thence along the west boundary of said 1.150 acre tract N00°38'57"W, 140.93 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence continuing along said west boundary N33°47'53"E, 177.36 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS lying on the southerly right-of-way limit of U.S. Highway No. 2; Thence along said highway right-of-way limit through a curve to the right: Delta 02°29'09", Radius 2825.00 feet, arc length 122.57 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said highway right-of-way limit along the east boundary of the 1.150 acre tract, COS No. 381, S03°51'31"W, 213.94 feet to an unmarked computed point; Thence continuing along said east boundary S03°51'31"W, 16.36 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said east boundary S79°12'44"W, 9.38 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S14°16'29"E, 39.60 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence along the south boundary of the 1.150 acre tract, COS No. 381, N72°28'04"W, 171.17 feet to a 5/8 inch diameter uncapped rebar and the TRUE POINT OF BEGINNING, containing 1.140 acres. Subject to and together with all appurtenant easements of record.

PARCEL B - A tract of land in Libby, Montana, Lincoln County, and lying within the SW1/4 NE1/4, Section 4, T.30N., R.31W., P.M.,MT., and more particularly described as follows: Commencing at the southeast corner of the 1.150 acre tract, COS No. 381, a found railroad spike; Thence along the east boundary of said 1.150 acre tract NOS51°31"E, 45.27 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING; Thence continuing along said east boundary the following two courses: N03°51'31"E. 16.36 feet to an unmarked computed point; Thence N03°51'13"E. 213.94 feet to a 5/8 inch diameter rebar with plastic cop marked SANDERSON, 70400LS lying on the southerly right-of-way limit of U.S. Highway No. 2; Thence along said highway right-of-way limit through a curve to the right: Delta 03°34'33", Radius 2825.00 feet, arc length 176.32 feet to an unmarked computed point; Thence continuing along said highway right-of-way limit through a curve to the right: Delta 00°08'22", Radius 2825.00 feet, arc length 6.88 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence leaving said highway right-of-way limit S42°16'28"W, 102.10 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S54°39'44"W, 10.95 feet to an unmarked computed point lying on the east boundary of the 0.445 acre tract. COS No. 381; Thence leaving said east boundary S54°39'44"W. 46.45 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS;

Thence S79°12' 44"W, 23.04 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS; Thence S79°12' 44"W, 22.26 feet to a 5/8 inch diameter rebar with plastic cap marked SANDERSON, 70400LS and the TRUE POINT OF BEGINNING, containing 0.464 acres. Subject to and together with all appurtenant easements of record.

WHEREAS, JB Wages Testament Residuary Trust, 100% owner of the property described herein, filed a petition with the City Attorney on 17 March 2025 requesting annexation; and therefore, the City Council considered this petition for annexation pursuant to the statutory Annexation by Municipalities Providing Services method set forth in Title 7 Chapter 2 Part 46 Section 4605; and

WHEREAS, the property described herein is currently non-zoned within the county, it is the intention of the City of Libby to annex the property with a 4I tax district designation and city zoning of Highway Commercial; and

WHEREAS, the Zoning Commission did on May 5th, 2025, recommend accepting the application; and

WHEREAS, the City Council did on May 5th, 2025, pass a Resolution of Intention and set a Public Hearing for June 2nd, 2025, to hear all matters pertaining to the annexation of the above-described parcels; and

WHEREAS, the City Clerk/Treasurer published notice of such proposed extension of the city limits on May 7th and 16th, 2025, as provided by Section 76-2-303 M.C.A.; and

WHEREAS, the City Council did on June 2nd, 2025, hold a Public Hearing during its regularly scheduled City Council Meeting to hear all matters pertaining to the annexation and zoning of the herein before described parcels; and

WHEREAS, it is hereby determined by the Libby City Council to be in the best interest of the City of Libby and the inhabitants thereof as well as the current and future inhabitants of the lands to be annexed that are described herein, which lands are contiguous to the corporate limits of the City of Libby, to be annexed into the City of Libby and hereby be declared to be the intent of the City of Libby that the corporate limits of the City of Libby be extended to include said lands described herein within the limits of the City of Libby.

NOW THEREFORE, BE IT RESOLVED, that the corporate limits of the City of Libby be extended to annex the tracts of land, herein described and shown on Exhibit A attached hereto; and

BE IT FURTHER RESOLVED that the tracts of land herein are zoned Highway Commercial within the 4I tax district; and

BE IT FURTHER RESOLVED that the minutes of City Council of the City of Libby, Montana, incorporate this resolution; and

BE IT FURTHER RESOLVED that the City Clerk/Treasurer is hereby instructed to certify a copy of said resolution so entered upon said minutes. **FURTHER**, this document shall be filed with the Office of the Clerk and Recorder of Lincoln County. Pursuant to Section 7-2-4607, Montana Code Annotated, this annexation shall become effective from and after the date of the filing of said document with the Lincoln County Clerk and Recorder.

PASSED AND ADOPTED this 2nd day of June 2025.

Attest:

Peggy Williams, Mayor

Leann Monigold, Clerk/Treasurer

Your bids for the Propane, Unleaded Gasoline and Diesel Fuel must disclose the following:

	Unleaded	Diesel	Propane
Supply Rack	_____	_____	Kiva _____
Posted Price	_____	_____	0.75 _____
Discount (if any)	_____	_____	N/A _____
Freight to Libby	_____	_____	Included in rack _____
State Tax	_____	_____	_____
DST Fee/Super	_____	_____	_____
Fund Fee	_____	_____	_____
Subtotal	_____	_____	_____
Minimum Mark up at 7%	_____	_____	_____
Additional Margin	_____	_____	.25 _____
Total Bid	_____	_____	1.00 _____

Please quote your bid for prices effective on July 1st, 2025 through June 30th, 2026 and include a copy of the OPTS posting for the supply rack involved.

Jim Woody
CityServiceValcon
36205 Highway 2
Libby, MT 59923
P- 406-293-5042
F- 406-293-3476



LIBBY OFFICE
PO BOX 989
Libby, MT 59923
406-283-3524

May 14, 2025

RE: 2025 / 2026 City of Libby Propane bid

Good Morning City of Libby,

CHS Mountain West Co-op Libby would like to submit a bid proposal of \$0.65 over the **national daily posted price of Conway distribution terminal**. Conway pricing fluctuates with market conditions.

Example: Conway pricing May 14, 2025 is \$.7350 which would translate to a delivery price on that day to \$1.385 (\$0.65 over Conway terminal price)

One other pricing option available: Locked in price of \$1.70 a gallon for all gallons delivered in the contract period.

If awarded the bid, we would re-level propane tanks as necessary and do an initial system safety check on each installation at no charge.

Thank you for your consideration

A handwritten signature in black ink, appearing to read "Rocky Bothman", with a long horizontal flourish extending to the right.

Rocky Bothman
CHS Propane
Libby MT

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

*P.O. Box 1957, Kalispell, MT 59903-1957
(406) 756-6879 • FAX (406) 257-7879 • E-Mail dda@ddaudit.com
Robert K. Denning, CPA, CGFM, CFF, CITP*

Bob Denning is Retiring!!

The rumor is true. I am finally retiring after auditing for 38 years. My last day will be June 30, 2025. I really love what I do and love the people I have had the pleasure to work with, but it is time to pass the torch to the next generation.

I do not plan on leaving anyone out in the cold as far as their audits go. We are still on track to issue all Fiscal Year 2024 audits before June, 30, 2025.

Most of you know Jon Mahrt, CPA. Jon has worked for me for the past 11 years. He is a good guy; not only is he incredibly intelligent, but he is almost as good-looking as I am 😊. I trust him and give him my full backing. Jon has created his own firm "Nexus CPA Group" to perform governmental audits. Attached to this letter is a little introduction letter from Jon.

Q. Will the contact phone numbers and emails with Denning, Downey & Associates still work for the Nexus CPA Group?

A. Yes, for the time being you can contact the staff using the same phone numbers and emails. The staff are all the same and they are physically located in the same building as well.

Q. When we have changed auditors in the past, the new auditors have a different philosophy and the transition is not always smooth.

A. As I noted above Jon has worked with me for the past 11 years. Over that time, we have developed our audit philosophies together. Jon is committed to the same quality audits you are used to seeing.

Q. Will there be new staff?

A. Quality staffing is an issue for everyone. As noted above, Jon is retaining all the existing staff.

Q. I have a current audit contract with Denning, Downey and Associates CPAs, does this mean that our contract will be cancelled on June 30, 2025?

A. Yes, all audit contracts with Denning, Downey and Associates CPAs will be cancelled as of June 30, 2025. As stated above Jon's new firm, Nexus CPA Group, is taking over most of the audit contracts.



April 21, 2025

To Whom it May Concern,

We're excited to share some big news about the next chapter for Denning, Downey, & Associates, CPA's! As we turn the page, we're proud to introduce our new identity: Nexus CPA Group. This transition marks a fresh start while staying true to the foundation that has served you so well over the years.

First, we want to extend a heartfelt thank-you to Bob Denning, whose guidance and vision built this firm into what it is today. Bob's retirement is well-earned, and we're grateful for the opportunity he's given us to continue providing the exceptional services you rely on. *(Don't worry—we've promised to send him a ten key-shaped retirement cake in honor of his ten-key champion days!)*

The good news? You'll still see the same familiar team, energized for a new age, and carrying forward the tradition of Denning, Downey, & Associates, CPA's. Leading the charge is Jonathan Mahrt, who brings over a decade of experience with the firm. With a deep understanding of our clients and a steady hand, Jonathan is guiding the Nexus CPA Group team into the future with confidence and clarity. Our commitment to delivering quality services remains unwavering—we're here to keep your financial reporting on track with the same expertise and care you've come to expect.

To ensure uninterrupted service, we have enclosed new engagement letters, contracts, and consent agreement for Nexus CPA Group. If you have any questions—or just want to reconnect—the team is here for you: same phone number, same dedication, new name.

Thank you for your continued trust in us. We're excited to build on Bob's legacy and serve you as Nexus CPA Group. To a future of transparent reporting and GASB-approved excellence—Here's to continued partnership and progress!

Sincerely,

Nexus CPA Group

Nexus CPA Group

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1957, Kalispell, MT 59903-1957
(406) 756-6879 • FAX (406) 257-7879 • E-Mail dda@ddaudit.com
Robert K. Denning, CPA, CGFM, CFF, CITP

Client Consent Agreement

Effective Date: July 1, 2025

Parties:

- **Assignor:** Denning, Downey & Associates, CPAs, P.C.
- **Assignee:** Nexus CPA Group, PLLC
- **Client:** City of Libby

Consent:

Client consents to the transfer of all prior audit documentation, working papers, and client-provided files from Denning, Downey & Associates, CPA's, P.C. to Nexus CPA Group, PLLC. Client acknowledges and approves that these materials may be used by Nexus CPA Group, PLLC for the purpose of continuing professional services.

Acknowledgment:

By signing below, Client affirms its consent to the above.

Client: City of Libby

By: _____

Name: _____

Title: _____

Date: _____





April 21, 2025

City of Libby
Attn: Leann Monigold, Clerk
P.O. Box 1428
Libby, MT 59923

Audit Engagement Services

We are pleased to confirm our understanding of the services we are to provide City of Libby for the year ended June 30, 2025, June 30, 2026, and June 30, 2027. We will audit the financial statements of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements, of City of Libby as of and for the year ended June 30, 2025, June 30, 2026, and June 30, 2027. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Libby's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Libby's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis (MD&A)
- Schedule of Changes in the Total Other Post-Employment Benefits (OPEB) Liability and Related Ratios
- Budgetary Comparison Schedules
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Pension Supplementary Information

Audit Objectives

The objective of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (GAAP). Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) and *Governmental Audit Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgement of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and aware agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Affirmations

- Our firm has the skill and the staffing to complete your audit within the required timeframe.
- Our firm is licensed with the State of Montana, on the roster of qualified auditors and members of the AICPA government audit quality control center.
- Our firm will comply with all appropriate state statutes in the performance of your audit.
- We have no ethics violations or disciplinary actions filed against us with either the State board of accountants or the AICPA.
- All of the professional staff are current in their continuing education requirements.
- Our firm is independent of your government.
- We carry \$2M in professional liability coverage.
- We will report to the board immediately upon discovery of any illegal acts or irregularities (Fraud).
- All working paper files are the property of Nexus CPA Group, PLLC. We keep all working paper files for at least three years as required by professional standards.

Our Audit Requirements

- We believe in full transparency in the audit process. As such, all exit meetings (preliminary and final) must have at least one member of your board present.
- To provide consistency with our staff and audit schedule we will only sign 3-year audit contracts.
- If you are preparing the GASB #34 financial statements and footnotes we require a final copy before we start any audit work. To ensure a quality audit we need at least 45 days to complete the audit from the time a final copy of the financial statements and footnotes are prepared.
- Staffing continues to be our greatest struggle. As such, in order to meet your audit reporting deadline, your staff must prepare and submit the information needed to perform the audit by the agreed upon dates. Failure of your staff to meet those deadlines will result in any of the following: (1) your audit being late (2) additional audit fees (3) cancellation of the contract.
- If your government applies for the Certificate of Excellence through the GFOA we will gladly assist you by answering your technical questions in this endeavor. However, it is your responsibility to ensure your report complies with all the requirements of the Certificate of Excellence.

Auditors Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the

accounting records of City of Libby and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the

confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

Audit Procedures – Internal Controls

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*.

Audit Procedures – Compliance

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

Management Responsibilities

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the

selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America (GAAP), and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Governmental Audit Standards*.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements that we report.

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

prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

Other Services

We will also assist with the services described in more detail in the "Non-Audit Advisory Services" engagement letter and contract. These services will be performed in accordance with accounting principles generally accepted in the United States of America, based on information provided by you. Please note that these non-audit services do not constitute an audit under *Government Auditing Standards* and, therefore, these services will not be conducted in accordance with *Government Auditing Standards*. However, we will perform them in accordance with applicable professional standards. We reserve the right, in our sole professional judgment, to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities related to the services outlined in the "Non-Audit Advisory Services" and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with these services, confirm that you have reviewed and approved these services prior to issuance and have accepted full responsibility for them. Additionally, you agree to oversee the non-audit services by designating an individual—preferably from senior management—with suitable skill, knowledge, or experience; to evaluate the adequacy and results of those services; and to accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. You will provide us access to the internet and copy machines while we are on-site.

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

The audit documentation for this engagement is the property of Nexus CPA Group, PLLC and constitutes confidential information. However, subject to applicable laws or regulations, audit documentation and appropriate individuals will be made available upon request and in a timely

manner to the Montana Department of Administration or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Nexus CPA Group, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Montana Department of Administration. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Our fee for these services is listed below:

	Non-Federal
<u>Fiscal Year</u>	<u>Audit</u>
June 30, 2025	\$ 21,500
June 30, 2026	\$ 22,140
June 30, 2027	\$ 22,800

If it is later determined that the audit must be conducted in accordance with the Single Audit Act Amendments of 1996 and the provisions of the Uniform Guidance, this engagement letter will need to be amended accordingly. In such a case, an additional fee will apply to cover the services necessary to comply with those standards, as outlined below:

	Federal
<u>Fiscal Year</u>	<u>Audit Fee</u>
June 30, 2025	\$ 6,000
June 30, 2026	\$ 6,200
June 30, 2027	\$ 6,400

If in the course of this engagement or the result of this engagement we are compelled by a court or regulatory authority to provide testimony or assist in any way in relation to any work performed for City of Libby, time or additional services it is understood that City of Libby will pay us our standard hourly fee plus related travel expenses for all time required.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

This engagement does not include an audit of any component unit or related district as required by GASB #14, #39, or #61. Additionally, this engagement does not include preparation of the financial statements in accordance with GASB #34.

Our standard hourly rates vary to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment or any other reason, our engagement will be deemed to have been completed upon written notification or termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

This engagement does not include non-attest services. If non-attest services such as financial statement preparation are performed it is understood that these services do not constitute an audit under *Government Auditing Standards*. A separate engagement letter is prepared for these services.

Reporting

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

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the government's internal control on compliance, and, (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the government's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during the audit we become aware that City of Libby is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U. S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

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

We expect to begin our audit on approximately April 1, 2026 and to issue our report(s) no later than June 30, 2026, June 30, 2027, and June 30, 2028. Jonathan Mahrt, CPA is the managing member that has been assigned to your engagement. If you have any questions, please feel free to contact him directly.

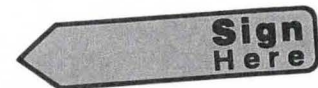
Very truly yours,

Jonathan Mahrt, CPA, CFE

RESPONSE:

This letter correctly sets forth the understanding of City of Libby.

Governance Signature: _____



Title: _____

Date: _____



April 21, 2025

City of Libby
Attn: Leann Monigold, Clerk
P.O. Box 1428
Libby, MT 59923

Non-Audit Advisory Services

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for City of Libby for the year ending June 30, 2025, June 30, 2026, and June 30, 2027.

Nexus CPA Group, PLLC is not an employee or part of the management of the City. Therefore, Nexus CPA Group, PLLC will only assist the City's management. This is further evidenced by the City designating Leann Monigold as the City employee with the skills, knowledge and experience (SKE) to oversee these procedures. The City will establish and monitor the performance of the below described services to ensure that they meet the government's objectives. As such, management of the government accepts full responsibility for any decisions made.

Responsibilities

Following a review of your request for Non-Audit Advisory Services identified below, and our review of Leann Monigold SKE, we will mutually decide on services and personnel we can provide. We can then mutually establish the time and place for the services to be performed. While performing those services we may assist, advise, and train you and your staff about accounting principles and their application and may assist in the preparation of your financial statements, but the responsibility of the financial statements including all proposed adjustments remains with you. This responsibility includes the establishment and maintenance of adequate records and effective internal controls over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for reviewing the entries and adjusting the financial statements to correct any misstatements. Because the services attached do not constitute an examination, we will not express an opinion. In addition, we have no obligation to perform any procedures beyond those listed in this letter. Nexus CPA Group, PLLC refuses to take any action that could be construed as making management decisions or performing management functions. These are the responsibilities of the City's management. The purpose of this engagement is NOT to discover fraud or theft. However, if in the normal course of our work we identify fraud or theft we will notify the City immediately.

Fees

Our fees for these services are described in the schedule below. The following list may include services that either will not be applicable to your entity or you may choose to perform them yourself. The fees are only for the Non-Audit Advisory Services and do not include travel expenses related with these services. Our invoices for these fees will be rendered when the work is complete or monthly if the work spans several months. In accordance with the AICPA rules

on independence, the fees for all Non-Audit Advisory Services must be paid before we can begin work on the audit. If we elect to terminate our services for any reason, our engagement will be deemed to have been completed even if we have not completed the work. You will be obligated to compensate us for all time expended at our standard hourly rates and to reimburse us for all travel costs through the date of termination. If in the course of this engagement or the result of this engagement we are compelled by a court to provide testimony, time or additional services it is understood the City will compensate us at our standard hourly rate plus related travel expenses for all time required.

Services (may not need all services)

From the information provided by the City, we will assist the City in performing the services described below. **It is understood that the City may not need all the services listed below.**

<u>Service</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>
Footnotes	NC	NC	NC
Data Collection Form	\$1,000	\$1,000	\$1,000
Preparation of SEFA	\$3,200	\$3,200	\$3,200
Preparation of GASB 34 Financials	\$4,500	\$4,680	\$4,900
Notes/Adjustments for Pensions G68	\$1,250	\$1,250	\$1,250
Preparation of GASB 75 (OPEB)	\$2,500	\$2,500	\$2,500
Cash Flow Statement preparation	\$850/each	\$850/each	\$850/each
Consulting per hour	\$315/hour	\$325/hour	\$335/hour

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign where indicated below and return this letter to us.

Jonathan Mahrt, CPA is the managing member that has been assigned to your engagement. If you have any questions, please feel free to contact him directly.

Should you have any questions, please feel free to contact us.

Nexus CPA Group, PLLC

Date



City of Libby

Date

DEPARTMENT OF ADMINISTRATION

STANDARD AUDIT CONTRACT

This Contract is made this 21st day of April, 20 25, by and among

Nexus CPA Group

Certified Public Accountant
("Contractor"),

City of Libby

Governmental Entity
("Entity"),

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

1. **Effective Date:** This contract is not effective with respect to any party until it is approved and signed by the State, as required by Section 2-7-506(3), MCA. The Contractor may not begin any audit work until the State gives this approval. If the Contractor begins work before the State's approval of the contract and the State subsequently does not approve the contract, the Contractor is not entitled to receive any compensation for the work performed.

2. **Audit Period and Payment:** This contract covers the following audit period(s):
July 1, 2024 to June 30, 2027.

A. The Entity shall pay the Contractor for the audit work on the basis of time and necessary out-of-pocket expenses, which will not exceed:

\$ 21,500 for initial (or sole) audit covering 07 / 01 / 24 to 06 / 30 / 25.
\$ 22,140 for subsequent audit covering 07 / 01 / 25 to 06 / 30 / 26.
\$ 22,800 for subsequent audit covering 07 / 01 / 26 to 06 / 30 / 27.

The Entity shall pay the fees listed in Appendices A, B & C, as applicable, which are attached hereto and incorporated by reference. Any change to the audit fees requires a contract amendment.

B. The contract payments do not include the cost of additional work that may be required if the Contractor discovers a defalcation or material irregularity. Any change in the scope of the audit services to be provided under this contract requires a contract amendment.

C. The Contractor may submit interim bills to the Entity each month, based upon the estimated percentage of contract completion. The Entity may retain ten percent (10%) of each of these estimates until the Contractor has delivered the final audit report, at which time the Entity shall release the amount retained.

3. **Peer Review:** The Contractor shall provide the Entity with a copy of its most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received

during the contract period.

4. **Audit Scope:** The Contractor shall perform the following:

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

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

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

- B. The Contractor shall perform tests of internal control over financial reporting. Findings resulting from these tests shall be reported in accordance with Government Auditing Standards

- C. The Contractor shall perform tests of the Entity's compliance with provisions of laws, regulations, contracts, and grant agreements. The Contractor shall use the local government compliance supplement prepared by the State, as required by Section 2-7-505(2), MCA, in conjunction with Government Auditing Standards to determine the compliance testing to be performed during the audit. Findings resulting from these tests shall be reported in accordance with Government Auditing Standards. If the Contractor becomes aware of fraud, waste or abuse, the Contractor shall report related findings in accordance with Government Auditing Standards. The Contractor shall perform tests, including but not limited to the following, to determine whether:

- (1) the Entity has complied with all appropriate statutes and regulations, as required by Section 2-7-502, MCA;
- (2) the Entity has complied with the provisions of each of its debt covenants and agreements;
- (3) if the audit is of a county, city or town, the Entity has retained money in a local charge for services fund contrary to the requirements of Sections 17-2-301 through 17-2-303, MCA, as required by Section 17-2-302, MCA. **The Contractor shall report any findings of noncompliance with the provisions of these statutes, regardless of materiality;** and
- (4) if the audit is of a county or consolidated city/county government, the Entity has complied with state laws relating to receipts and disbursements of agency or custodial funds maintained by the Entity, as required by Section 2-7-505, MCA.

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

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

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

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

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

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

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

controls related to the prevention and detection of fraud;

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

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

12.A.; and

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

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

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

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

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

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

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

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

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

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

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

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

A. a schedule of the district's enrollment as reported to the Office of Public Instruction for the fiscal year or years being audited. The schedule must contain the enrollment both as reported in the Fall and Spring

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

18. **Entity Response:** If not included in the audit report as provided in paragraphs 11.F. and 12.E., within 30 days after receiving the audit report, the Entity shall notify the State in writing as to what action it plans to take to correct any deficiencies or implement any recommendations identified or contained in the audit report as required by Section 2-7-515, MCA, and ARM 2.4.409. This notification must also address any findings and recommendations identified in any report to management or those charged with governance described in 11.C. above. If the audit is a single audit conducted in accordance with Uniform Guidance, this corrective action plan must also meet the requirements of Uniform Guidance. If the Entity is a school district or special education cooperative, the Entity shall also send a copy of this notification to the Office of Public Instruction.
19. **Entity's Attorney:** If requested by the State, the attorney for the Entity shall report to the State on the actions taken or the proceedings instituted or to be instituted relating to violations of law and nonperformance of duty as required by Section 2-7-515(4), MCA. The attorney shall report to the State within 30 days after receiving the request.
20. **Certification of Auditor Independence:** The Contractor certifies that, as required by generally accepted government auditing standards, it and its principals and employees are independent in all matters regarding this engagement. This contract must not include non-audit services. The Contractor shall neither arrange for nor accept other work with the Entity that could in any way impair the Contractor's compliance with professional independence standards. If required by the State, the Contractor shall provide documentation that independence has been maintained in both mind and appearance as required by professional auditing standards.
21. **Contractor and Subcontractors:** The Contractor shall not assign any rights, or subcontract or delegate any duties of the contract without the Entity's and State's prior written consent.
- The Contractor is the prime contractor and is responsible, in total, for all work of any subcontractors. Any subcontractors performing audit work shall be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the State. The Contractor is responsible to the Entity and the State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors or agents. There is no contractual relationship between any subcontractor and the State.
22. **State Participation in Conferences:** The State may participate in all entrance and exit conferences between the Entity and Contractor, as well as all major conferences held in conjunction with the audit of the Entity.
23. **Access to Records:** The Contractor shall give the State and, when required by law, the Montana Legislative Audit Division, access to the Contractor's work programs, supporting working papers, time records, and all other documents relating to the audit. Access to these documents must be provided at the State's offices in Helena, Montana. Access to working papers includes the right of the State to obtain copies of working papers, as is reasonable and necessary. The Contractor shall make the work programs and supporting working papers available to the State for use by the State or other public accounting firms as directed by the State in future audits of the Entity. The Contractor shall make the audit programs and supporting working papers available to the cognizant or oversight agency for audit or its designee, federal agencies providing direct or indirect funding, or the U.S. General Accounting Office, if requested. Access to working papers includes the right of federal agencies to obtain copies of working papers, as is reasonable and necessary. The Contractor shall retain the audit report, work programs, and supporting working papers for a minimum of five years from the date of the audit report, unless the State notifies the Contractor to extend the retention period. If professional standards or other applicable laws, rules, or regulations require a longer retention period, the Contractor shall retain the above materials for that specified period.

24. **State Review of Report:** As provided by Section 2-7-522, MCA, the State shall review the Contractor's audit

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

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

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

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

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

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

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

29. **Compliance with Laws:**
 - A. The Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, regulations, and executive orders including but not limited to, the

Montana Human Rights Act, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. The Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119]. Any subcontracting by the Contractor subjects subcontractors to the same provisions.

B. In accordance with 49-3-207, MCA, and Executive Order No. 04-2016 the Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status by the persons performing this contract.

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

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

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

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

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

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

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

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

Certified Public Accountant

Nexus CPA Group

Firm Name

By: _____

Authorized Representative

Date: _____

Governmental Entity

City of Libby

Entity Name

By: _____

Authorized Representative

Date: _____

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

By: _____

Approved By

Date: _____



APPENDIX A

Initial or Sole Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY):

City of Libby

(406)293-2731 Address: P.O. Box 1428
Telephone: _____ (Street Address or P.O. Box)
Libby, MT 59923
_____, _____ (City/Town) (Zip Code)
Leann Monigold, Clerk clerk.treasurer@cityoflibby.com
Contact Person(s) and E-Mail Address(es)

PUBLIC ACCOUNTANT/ACCOUNTING FIRM (CONTRACTOR):

Nexus CPA Group

(406)756-6879 Address: P.O. Box 1957
Telephone: _____ (Street Address or P.O. Box)
Kalispell, MT 59903
_____, _____ (City/Town) (Zip Code)
Jonathan Mahrt, CPA dda@ddaudit.com
Contact Person(s) and E-Mail Address(es)

1. Audit Period and Dates of Engagement:

- A. This audit will cover the fiscal year(s) ending
June 30, 2025 (and _____).
(Month & Day) (Year) (Year)
B. Date to commence audit work: April 1, 2026
C. Date to submit final audit report
to Entity and State: June 30, 2026

2. Time and Price for Engagement:

- A. Estimated total hours - 100
B. Price for audit personnel \$ 21,500
Price for Travel _____
Price for typing, clerical
and report preparation _____
Total price for this
engagement \$ 21,500

3. The reporting entity contains the following discretely presented component units: N/A

4. Date Annual Financial Report or a trial balance will be available: December 31, 2025

5. Number of copies of audit report Contractor will provide to Entity: Three (3)

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

Photocopier

Internet Access

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

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

OR

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

Certified Public Accountant

Nexus CPA Group

Firm Name

By: _____

Authorized Representative

Date: _____

Governmental Entity

City of Libby

Entity Name

By: _____

Authorized Representative

Date: _____

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

By: _____

Approved By _____

Date: _____

AuditContract.11-2020

APPENDIX B

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY):

City of Libby
Address: P.O. Box 1428
(Street Address or P.O. Box)
Libby, MT 59923
(City/Town) (Zip Code)
Leann Monigold, Clerk clerk.treasurer@cityoflibby.com
Contact Person(s) and E-Mail Address(es)

PUBLIC ACCOUNTANT/ACCOUNTING FIRM (CONTRACTOR) :

Nexus CPA Group
Address: P.O. Box 1957
(Street Address or P.O. Box)
Kalispell, MT 59903
(City/Town) (Zip Code)
Jonathan Mahrt, CPA dda@ddaudit.com
Contact Person(s) and E-Mail Address(es)

1. Audit Period and Dates of Engagement:

- A. This audit will cover the fiscal year(s) ending
June 30, 2026 (and).
(Month & Day) (Year) (Year)
B. Date to commence audit work: April 1, 2027
C. Date to submit final audit report
to Entity and State: June 30, 2027

2. Time and Price for Engagement:

- A. Estimated total hours - 100
B. Price for audit personnel \$ 22,140
Price for Travel
Price for typing, clerical
and report preparation
Total price for this
engagement \$ 22,140

3. The reporting entity contains the following discretely presented component units: N/A

APPENDIX C

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY):

City of Libby
Address: P.O. Box 1428
(Street Address or P.O. Box)
Libby, MT 59923
(City/Town) (Zip Code)
Leann Monigold, Clerk clerk.treasurer@cityoflibby.com
Contact Person(s) and E-Mail Address(es)

PUBLIC ACCOUNTANT/ACCOUNTING FIRM (CONTRACTOR):

Nexus CPA Group
Address: P.O. Box 1957
(Street Address or P.O. Box)
Kalispell, MT 59903
(City/Town) (Zip Code)
Jonathan Mahrt, CPA dda@ddaudit.com
Contact Person(s) and E-Mail Address(es)

1. Audit Period and Dates of Engagement:

- A. This audit will cover the fiscal year(s) ending
June 30, 2027 (and).
(Month & Day) (Year) (Year)
B. Date to commence audit work: April 1, 2028
C. Date to submit final audit report
to Entity and State: June 30, 2028

2. Time and Price for Engagement:

- A. Estimated total hours - 100
B. Price for audit personnel \$ 22,800
Price for Travel
Price for typing, clerical
and report preparation
Total price for this
engagement \$ 22,800

3. The reporting entity contains the following discretely presented component units: N/A

4. Date Annual Financial Report or a trial balance will be available: December 31, 2027
5. Number of copies of audit report Contractor will provide to Entity: Three (3)
6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:
Photocopier
Internet Access
7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

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

OR

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

Certified Public Accountant

Nexus CPA Group
Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

City of Libby
Entity Name

By: _____
Authorized Representative

Date: _____

Montana Department of Administration, Local Government Services

By: _____
Approved By

Date: _____



Previous Contract

containing privileged and confidential information, copies of our reports are to be made available for public inspection.

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

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Montana Department of Administration. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Our fee for these services is listed below:

<u>Fiscal Year</u>	<u>Non-Federal Audit</u>
June 30, 2022	\$ 25,300
June 30, 2023	\$ 26,820
June 30, 2024	\$ 28,430

If in the course of this engagement or the result of this engagement we are compelled by a court or regulatory authority to provide testimony or assist in any way in relation to any work performed for City of Libby, time or additional services it is understood that City of Libby will pay us our standard hourly fee plus related travel expenses for all time required.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

This engagement does not include non-attest services. If non-attest services such as financial statement preparation are performed it is understood that these services do not constitute an audit under *Government Auditing Standards*. A separate engagement letter is prepared for these services.

This engagement does not include an audit of any component unit or related district as required by GASB #14, #39, or #61. Additionally, this engagement does not include preparation of the financial statements in accordance with GASB #34.

Our standard hourly rates vary to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may

Previous Contract

Fees

Our fees for these services are described in the schedule below. The following list may include services that either will not be applicable to your entity or you may choose to perform them yourself. The fees are only for the Non-Audit Advisory Services and do not include travel expenses related with these services. Our invoices for these fees will be rendered when the work is complete or monthly if the work spans several months. In accordance with the AICPA rules on independence, the fees for all Non-Audit Advisory Services must be paid before we can begin work on the audit. If we elect to terminate our services for any reason, our engagement will be deemed to have been completed even if we have not completed the work. You will be obligated to compensate us for all time expended at our standard hourly rates and to reimburse us for all travel costs through the date of termination. If in the course of this engagement or the result of this engagement we are compelled by a court to provide testimony, time or additional services it is understood the City will compensate us at our standard hourly rate plus related travel expenses for all time required.

Services (may not need all services)

From the information provided by the City, we will assist the City in performing the services described below. **It is understood that the City may not need all the services listed below.**

<u>Service</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>
Footnotes	NC	NC	NC
Cost of Federal Audit	\$6,500	\$6,850	\$7,250
Data Collection Form	\$750	\$800	\$850
Preparation of SEFA	\$2,950	\$3,150	\$3,350
Preparation of Financials G84	\$525	\$575	\$625
Preparation of GASB34 Financials	\$3,900	\$4,200	\$4,450
Annual Financial Report (AFR) Preparation	\$1,750	\$1,950	\$2,150
Data Ledger Load (DLL)	\$800	\$850	\$925
Notes/Adjustments for Pensions G68	\$1,000	\$1,050	\$1,100
Cash Flow Statement preparation	\$750/per	\$800/per	\$850/per
Consulting per hour	\$255/hour	\$270/hour	\$285/hour

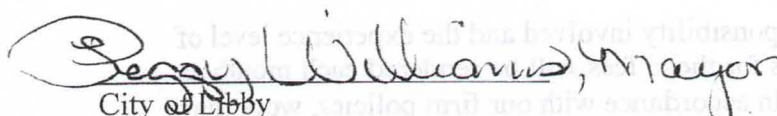
We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign where indicated below and return this letter to us.

Robert Denning CPA is the partner that has been assigned to your engagement. If you have any questions please feel free to contact him directly.

Should you have any questions, please feel free to contact us.

Denning, Downey and Associates CPA's P.C.

Date


Peggy Williams, Mayor
City of Libby

9/7/2022
Date



City of Libby Libby Montana

www.cityoflibby.com

PO Box 1428
952 E. Spruce Street
Libby MT, 59923
(406) 293-2731
Fax (406) 293-4090

To: Libby City Council

06/02/2025

From: Peggy Williams, Mayor

Subject: INTERNATIONAL PAPER WATER AGREEMENT

After an arduous process spanning four years, the city's legal counsel has secured an offer from IP for a new water agreement that is in line with the previous 2010 Water Agreement (attached). IP has offered to continue the annual payments at the same level as they would have been under the 2010 agreement for a period of ten years, plus an additional ten years, on the condition that EPA continues to require that the City keep Well Ban Ordinance No. 1353 in place (an almost certainty). After that initial 20-year period, the agreement can be cancelled by either party with one year's notice. Under IP's offer the first annual payment of \$381,892.00 is due on July 1. Each subsequent annual payment would be increased by the CPI rate of inflation. IP's offer also includes a lump sum payment of \$1,358,850.00 as a "catch-up" for the four missed annual payments from 2021 to 2024. Substantially, this is the agreement we have been seeking.

There are some other details still to be worked out. It is thought IP should pay interest on the missed payments so that the city does not lose purchasing power due to IP's foot-dragging on the new agreement. That interest will bring the 2021-2024 total to \$1,469,079.00, if IP agrees. IP's offer also contains a requirement that the City not object to whatever restrictions other agencies may seek to place on the groundwater in the Libby area and to even expand the Well Ban Ordinance's effective area if EPA requests it. There are some serious concerns about those new requirements, and our legal council is in negotiations with IP to remove them from the final proposed agreement that will come to the Council for consideration. Hopefully, the final proposed agreement will be presented to the Council for approval very soon.

WATER PAYMENT AND TOLLING AGREEMENT

THIS AGREEMENT is made and entered into by and between International Paper Company ("International Paper") and the City of Libby, Lincoln County, Montana ("the City") (hereinafter International Paper and the City may be referred to individually as "Party" and collectively referred to as "the Parties").

WHEREAS, International Paper is the corporate successor to the owner and operator of a former wood treating facility located in the City and nearby unincorporated areas (the Site);

WHEREAS, groundwater and soil contamination at the Site has caused or contributed to groundwater contamination beneath the City of Libby;

WHEREAS, International Paper is under federally enforceable orders to address and remediate the groundwater and soil contamination associated with the Site;

WHEREAS, part of the remedy for the Site includes the use of institutional controls to prohibit the installation of wells that could affect the contaminated groundwater and International Paper has requested the City's assistance in keeping in place such institutional controls;

WHEREAS, the City has determined that at this time it is in the best interests of the citizens of Libby to prohibit the installation of any non-industrial water wells within the City through the maintenance of the existing Groundwater Ordinance enacted by the City in 1986;

WHEREAS, the Parties agree that International Paper should ameliorate the increased financial burden on citizens of the City which results from the maintenance and enforcement of the Groundwater Ordinance;

WHEREAS, the City contends it has common law, contractual and statutory claims arising from or associated with the Site against International Paper and its subsidiaries and predecessors-in-interest; and

WHEREAS, the interests of the Parties will be served if the burden, distraction and expense of litigating any claim between the Parties are avoided at this time. The Parties desire to avoid prejudice by the expiration of any unexpired applicable time-based defenses, including but not limited to applicable statutes of limitations or repose or other time-based defenses or claims, resulting from the deferral in filing or commencing of a legal action during the effective period of this Agreement (such defenses or claims, statutes of limitation, statutes of repose, assertions, defenses and arguments, whether based in law or equity, are collectively referred to as the "Time-Based Defenses").

THEREFORE, in consideration of the mutual promises and undertakings set forth below, it is hereby agreed as follows:

1. International Paper shall pay the City \$400,000 to subsidize the City's citizen's increased financial burden associated with having the Groundwater Ordinance in place for the City's fiscal years 2008-2009 and 2009-2010. Payment shall be made prior to January 1, 2009.
2. The City agrees to keep the Groundwater Ordinance in effect until the end of fiscal year 2010 or, if the Groundwater Ordinance is withdrawn prior to the end of the City's fiscal year 2010, the City will return the full \$400,000 payment under this Agreement to International Paper.
3. The Parties agree to continue to negotiate in good faith to resolve any and all open disputes regarding the Site through a dialogue between responsible representatives of each Party, including those individual representatives involved in the negotiation of this agreement, to the extent those individual representatives remain available to their respective Party principals. If the Parties have not reached an acceptable global resolution of open issues by January 1, 2010, the Parties will submit to a formal non-binding mediation with authorized decision makers for both parties in attendance at a mutually agreeable place and time and with a mutually agreeable mediator. The mediation process shall continue until the first to occur of (A) resolution of the dispute, (B) the forty fifth (45th) day after the Parties agree on the identity of the neutral for such mediation, or (C) a determination by the neutral that resolution is not reasonably possible in a mediation proceeding. The costs of any such mediation shall be equally shared by each Party in the dispute.
4. Each Party will forebear commencing any lawsuit or asserting any claim against the other Party with regard to the Site from the effective date of this Agreement until after January 1, 2010 and after completion of the mediation procedures set forth in Paragraph 3 of this Agreement. Notwithstanding the Parties' express agreement to forebear commencing any lawsuit or asserting any claim against the other with regard to the Site, each Party explicitly reserves the right to protect its respective rights by asserting any applicable claims or defenses, including but not limited to claims for indemnity and/or contribution, against the other Party in any lawsuit or action initiated by third parties against any Party or all Parties to this Agreement for claims arising in any manner out of the Site.
5. The Parties agree to the tolling of all Time-Based Defenses applicable to any and all claims or suits relating to or arising out of the Site as of the date of this Agreement. It is the intention of the Parties that the time period from the date of this Agreement and during the effective period of this Agreement shall not be considered in computing the time in which any Time-Based Defenses or any claims or suits should have been brought in any action that any of the Parties may file against the others. Each of the Parties expressly waives and agrees not to assert any Time-Based Defenses to claims brought by the other Party(ies), based upon delay in commencing a suit or meeting conditions precedent to the filing of a suit during the effective period of this Agreement.

6. If after January 1, 2010 and the completion of the mediation procedures in Paragraph 3, either Party seeks to commence a lawsuit against the other, the suing Party should give the other Party twenty (20) business days written notice of its intent to file suit, the notice to be sent by certified mail, return receipt requested, at the last known address of the recipient. Notice shall be deemed to be effective ten (10) days after it is received, at which time the running of any applicable statutes of limitation or repose shall resume. The time period between the effective date of this Agreement and the effective date of any termination (the "effective period" of this Agreement) shall be excluded in determining the date by which any Time-Based Defenses should be asserted.

7. The effective date of this Agreement is December 16, 2008.

8. This Agreement does not constitute and shall not be construed as: (a) an admission against interest; or (b) as a waiver of any position presently available to either Party. Further, this Agreement does not revive any claim which is already barred by any Time-Based Defenses as of the date of this Agreement.

9. This Agreement shall not be used as evidence in any action or proceeding for any purpose other than the enforcement of its terms.

10. This Agreement shall be governed by the laws of the State of Montana. This Agreement may be executed in separate counterparts and assembled into one or more originals.

11. This Agreement constitutes the entire understanding of the Parties with respect to its subject matter.

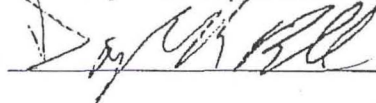
12. All notices and other communications with or to a Party shall be sent to the representative designated by the Parties as follows:

City of Libby
R. Allan Payne

International Paper Company
Brian Heim

IN WITNESS HEREOF, the Parties have executed this Agreement, effective as of December 16, 2008.

Brian E. Heim
Attorney with Express Authority for International Paper Company



Doug Roll, Mayor, City of Libby

Defenses to claims brought by the other Party(ies), based upon delay in commencing a suit or meeting conditions precedent to the filing of a suit during the effective period of this Agreement.

6. If after January 1, 2010 and the completion of the mediation procedures in Paragraph 3, either Party seeks to commence a lawsuit against the other, the suing Party should give the other Party twenty (20) business days written notice of its intent to file suit, the notice to be sent by certified mail, return receipt requested, at the last known address of the recipient. Notice shall be deemed to be effective ten (10) days after it is received, at which time the running of any applicable statutes of limitation or repose shall resume. The time period between the effective date of this Agreement and the effective date of any termination (the "effective period" of this Agreement) shall be excluded in determining the date by which any Time-Based Defenses should be asserted.

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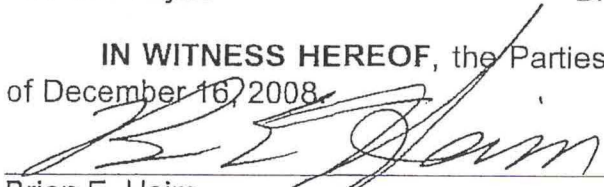
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City of Libby
R. Allan Payne

International Paper Company
Brian Heim

IN WITNESS HEREOF, the Parties have executed this Agreement, effective as of December 16, 2008.


Brian E. Heim

Attorney with Express Authority for International Paper Company

Doug Roll, Mayor, City of Libby

GRANT REQUEST

Short Description of the Project: Completion and improvement of
Fire line mini ramp project
(see attached)

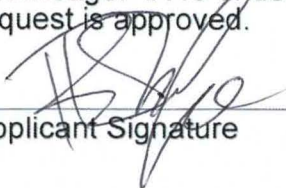
* LOR is not able to
give more to this project

Total Project Cost: \$4447.85
Other Sources:

Amount Requested from Community Fund: \$4447.85

Use of Grant Request: Fire line mini ramp

Everything that I/we have stated in this application is correct to the best of my/our knowledge. I/We understand that you will retain this application whether or not my/our request is approved.


Applicant Signature

5/29/25
Date

Applicant Signature

Date

City of Libby Community Development Fund Application	Application Date: <u>5/29/25</u> Received by the City: _____
---	---

APPLICANT INFORMATION

Project Owner: City of Libby

Is this a business? ☐ Sole Prop. ☐ Corporation ☐ LLC ☐ LLP ☐ Partnership

☒ Other ~~City project~~ Community member for Fire line mini ramp

Legal Entity N/A

Name

Ben Montgomery

Year Business

Started

Mailing Address:

Physical Address:

Libby MT 59923

Tax ID N/A

Phone No.:

Are you current on all Payroll, Income and Property Taxes?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is your entity registered with the Secretary of State?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is your entity qualified to do business in Montana?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the entity or any members a defendant in a suit or legal action?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Has the entity or any members gone through bankruptcy or has a judgment against them?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Community Development Fund Request

The funds requested are to offset final costs incurred for the mini-ramp and to complete and improve the park feature.

We were \$2,121.85 over the projected budget due to increases in freight costs, as well as contractors and services charging more than initially quoted.

The current outstanding charges are reflected below:

-\$1071.85	Welding Solutions (Fabrication and crane)
-\$500.	Sod
-\$250.	Skid steer rental
-\$300.	Custom park sign

Total

-\$2121.85

Projected cost for improvements

\$1040.	Sod (Delivery and installation supplies)
\$1286.	Benches x 2

Total

\$2326

Total amount requested for overages and improvements:

\$4447.85

GRANT DISTRIBUTION START

DATE: 1/16/2025

Awarded To: City of Libby

Grant ID: Building a Skate Park Feature in Libby

Grant award received from LOR	\$	28,160.00
Total grant awards expensed	\$	-
Total grant awards remaining from last invoicing	\$	28,160.00

Invoice #	Invoice Date	Paid to:	Expenditure Description	Amount	# Of Invoices Attatched
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				Total \$ -	
				Net funds remaining after invoices	\$ 28,160.00

Draw #1

DATE: 2/3/2025

Awarded To: City of Libby

Grant ID: Building a Skate Park Feature in Libby

Grant award received from LOR	\$	28,160.00
Total grant awards expensed	\$	-
Total grant awards remaining from last invoicing	\$	28,160.00

Invoice #	Invoice Date	Paid to:	Expenditure Description	Amount	# Of Invoices Attatched
132	2/3/2025	Omega Ramps, LLC	50% of \$19,160 estimate to begin production	\$ 9,580.00	1
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				Total	\$ 9,580.00
				Net funds remaining after invoices	\$ 18,580.00

Draw #2

DATE: 4/18/2025

Awarded To: City of Libby

Grant ID: Building a Skate Park Feature in Libby

Grant award received from LOR \$ 28,160.00

Total grant awards expensed \$ 9,580.00

Total grant awards remaining from last invoicing \$ 18,580.00

Invoice #	Invoice Date	Paid to:	Expenditure Description	Amount	# Of Invoices Attatched
Email	4/18/2025	Jason Wise	26'8 mono slab with #4 on 2' centers edge thickened 1'x2' thick 6" thick slab	\$ 6,000.00	1
			2 walls 17'8" with #4 rebar on 1ft centers, excavation, concrete, and labor	\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				Total \$ 6,000.00	
				Net funds remaining after invoices \$ 12,580.00	

Draw #3

DATE: 5/19/2025

Awarded To: City of Libby

Grant ID: Building a Skate Park Feature in Libby

Grant award received from LOR	\$	28,160.00
Total grant awards expensed	\$	15,580.00
Total grant awards remaining from last invoicing	\$	12,580.00

Invoice #	Invoice Date	Paid to:	Expenditure Description	Amount	# Of Invoices Attatched
9324	5/9/2025	Noble Excavating	64.38 Common Fill - wt#4593 @ \$7.50	\$ 482.85	1
9324	5/9/2025	Noble Excavating	4.00 Deleiver per load @ \$81.00	\$ 324.00	
9307	5/8/2025	Noble Excavating	2.50 4000 PSI Ext Exterior Slabs - tkt#1996	\$ 455.00	1
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				Total \$	1,261.85
				Net funds remaining after invoices	\$ 11,318.15

Draw #4

DATE: 5/20/2025

Awarded To: City of Libby

Grant ID: Building a Skate Park Feature in Libby

Grant award received from LOR	\$	28,160.00
Total grant awards expensed	\$	16,841.85
Total grant awards remaining from last invoicing	\$	11,318.15

Invoice #	Invoice Date	Paid to:	Expenditure Description	Amount	# Of Invoices Attached
40	5/6/2025	Omega Ramps, LLC	50% of \$19,160 estimate to begin production - FINAL Payment	\$ 9,980.00	1
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				Total \$ 9,980.00	
				Net funds remaining after invoices	\$ 1,338.15

Draw #5

DATE: 5/28/2025

Awarded To: City of Libby

Grant ID: Building a Skate Park Feature in Libby

Grant award received from LOR	\$	28,160.00
Total grant awards expensed	\$	26,821.85
Total grant awards remaining from last invoicing	\$	1,338.15

Invoice #	Invoice Date	Paid to:	Expenditure Description	Amount	# Of Invoices Attached
184	5/13/2025	Welding solutions	CNC Plasma table cutting	\$ 280.00	
			10 GA Plate steel	\$ 720.00	
			Crane Service	\$ 1,260.00	
			Labor for installation of steel cut outs	\$ 650.00	
			Discount	\$ (500.00)	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				Total	\$ 2,410.00
				Net funds remaining after invoices	\$ (1,071.85)