



Board Meeting Agenda

November 9th, 2022 | 9:00-11:00 am

Big Sky Resort Area District

11 Lone Peak Drive #204

PO Box 160661

Big Sky, MT 59716

www.Resorttax.org

info@resorttax.org

406.995.3234

I. Open Meeting

A. Roll Call — 9:00

B. Public Comment

C. Consent Agenda: Action — 9:05

a. Approval of Minutes: October 5th, 2022

b. Finance Report: August 2022

D. Regular Agenda

1. Old Business

a. Executive Report: Discussion — 9:10

b. Post Office Contract: Discussion — 9:15

c. Committee Reports: Action — 9:25

- 3% Renewal
- Elevate Big Sky
- Joint County
- Application Review

2. New Business

a. Contract Amendments: Action — 9:40

- Good Deeds (Big Sky Community Housing Trust)
- BSSHA Operations (Big Sky Skating & Hockey Association)
- Tuition Assistance Program (Morningstar Learning Center)

b. FY22 Audit: Action — 10:00

c. Pay Down of BSRAD Debt Service: Action — 10:10

d. 2023 Business Registration Overview: Discussion — 10:20

e. Resolution 2022-03R: Repeat Non-Compliant Businesses: Action — 10:25

f. Community Week 2023: Action — 10:30

g. Formation of & Participation in Resort Tax Association: Action — 10:35

h. Visit Big Sky: Winter Economic Forecast: Discussion — 10:40

i. Chamber of Commerce: Big Sky Country Health Insurance Program: Discussion — 10:50

E. Public Comment

BSRAD BOARD & STAFF: Sarah Blechta, Chair | Ciara Wolfe, Vice Chair | Steve Johnson, Secretary & Treasurer | Kevin Germain, Director | Grace Young, Director | Daniel Bierschwale, Executive Director | Kristin Drain, Finance & Compliance Manager | Jenny Muscat, Deputy Director | Tammy Estensen, Communications & Community Engagement Manager | Sara Huger, Office Manager

** All Board Meetings are recorded and live streamed. Please visit ResortTax.org for more information.*

Thanks
so much for
all you do for the
community & for
help us succeed!
- your friends at
the Arts Council

CHEERS! *

Brian

Jane

Julie

*Megan
Katie*

From: kyle <kyle@riverhousebbq.com>
Sent: Tuesday, November 1, 2022 3:43 PM
To: Daniel Bierschwale <daniel@resorttax.org>
Subject: Termination of Service

My name is Kyle Wisniewski and I am one of the owners of the Gallatin Riverhouse Grill at 45130 Gallatin Rd Gallatin Gateway, MT 59730. It was recently brought to my attention that several stops to the south of Buck's T-4 had recently been terminated from the public transportation route. I am writing on behalf of the school, Jake's horses, the Corral bar and grill, the Rainbow Ranch, and my own business, the Riverhouse.

I am hoping that reinstating our place on the transportation route can be reconsidered. Many of our customers, community members, and employees, utilize this service year round and feel that this service should encompass all of the resort tax district in some fashion rather than just being eliminated.

I will be attending the next meeting (11/9) to make public comment on behalf of the aforementioned members.

Thank you for your time and consideration.

Kyle Wisniewski

LOCAL GOVERNMENT AT WORK:
FALL COMMISSION/BSRAD MEETING

October 5th, 2022 | 9:00am

This meeting was conducted in person at the Wilson Hotel (145 Town Center Ave, Big Sky, MT 59716) and virtually using ZOOM.

I. Open Meeting

[00:00:10](#) Sarah Blechta, Big Sky Resort Area District Board Chair, called the meeting to order at 9:03 am.

A. Roll Call

[00:00:21](#) In attendance: Sarah Blechta, BSRAD Board; Grace Young, BSRAD Board; Scott MacFarlane, Gallatin County Commission; Kevin Germain, BSRAD Board, Zack Brown, Gallatin County Commission; Ron Nye, Madison County Commission; Joe Skinner, Gallatin County Commission; John Heckler, Madison County Commission; Ciara Wolfe, BSRAD Board.

B. Public Comment: NONE

C. Consent Agenda: Action

a. Approval of Minutes: September 14th, 2022

b. Finance Report: July 2022

[00:02:31](#) **Motion**: to approve Consent Agenda: Kevin Germain

Second: Grace Young

[00:02:43](#) **Vote: Motion Passed**

D. Regular Agenda

1. Old Business

a. Ordinance 98-01 Second Reading: Action

[00:03:00](#) Sarah Blechta explained that Ordinance 98-01 was revised for clarity related to which businesses are required to register (all businesses operating within the District, even those that may not be required to collect tax) and which businesses are required to collect and remit Resort Tax.

[00:03:25](#) **Motion**: to approve Ordinance 98-01 revision: Kevin Germain

Second: Ciara Wolfe

[00:03:36](#) **Vote: Motion Passed**

b. MT 64 TIGER Grant Update – Sanderson Stewart: Discussion

[00:03:57](#) Sarah Blechta explained that a TIGER grant presentation will not be made at this time. But will be discussed at the Panel Discussion on Transportation on Thursday October 6th.

(Watch Transportation presentations here: <https://www.youtube.com/watch?v=-lb1ZiAdTak>)

c. Big Sky Post Office – Al Malinowski: Discussion

[00:04:15](#) Al Malinowski with Gallatin Partners presented updates regarding the Big Sky Post Office. Gallatin Partners has decided to provide notice of contract termination with the US Postal Service. Al Malinowski explained they have been contracted and have operated the post office for 21 years and no longer have the space required for Big Sky. The goal is a federally operated post office in Big Sky.

[00:06:45](#) Al Malinowski explained the benefits of a federally operated Post Office and additional services which may be available. Al discussed the current challenges, needs, and possible future of the Big Sky Post Office.

[00:12:56](#) The Post Office LLC will be submitting their notice of termination to the US Postal Service this week with an effective date of termination on February 28th, 2023.

[00:13:55](#) *Public Comment:* Tally Lancey asked what will happen in March. Al Malinowski explained the decision will be made by the US Postal Service. Al discussed long-term challenges and the need for US Postal Service involvement.

[00:15:34](#) Sarah Blechta asked, and Al Malinowski believes the US Postal Service is required to offer services to Big Sky.

[00:15:46](#) *Public Comment:* Lizzie Peyton asked about historical precedents for comparison; Al Malinowski did not know of any other communities with similar situations.

[00:16:50](#) Al Malinowski discussed possible future locations and actions residents may take, such as a petition.

d. Madison County Polling Station – John Heckler: Discussion

[00:22:10](#) Commissioner John Heckler discussed needs of Madison County voters in Big Sky. A polling station will be in place before the next federal election, though a location is not yet known.

[00:25:20](#) Greg Megaard of the Fire Department suggested station 2 as a polling location.

e. Jack Creek Road – Madison County: Discussion

[00:26:46](#) Ron Nye, Madison County Commission, discussed road/bridge improvements on Jack Creek Road.

2. New Business

a. Big Sky Evacuation Plan – Sheriff Dan Springer: Discussion

Evacuation information can be found at ReadyGallatin.com

View Big Sky Evacuation Flyer:  

[00:28:17](#) Sheriff Dan Springer introduced evacuation and emergency management plans.

[00:31:11](#) Sheriff Dan Springer discussed the sheriff's response model and resources, and explained safe zones.

[00:37:22](#) Kevin Germain discussed evacuation routes and requested to add Beaver Creek Road as an additional possible route. Sheriff Dan Springer stated they were in discussions with the HOA and will need to evaluate the road and its ratings.

[00:40:56](#) Ciara Wolfe asked, and Sheriff Dan Springer explained Big Sky resident deputies and coverage.

[00:44:53](#) Sheriff Dan Springer discussed changes in Search and Rescue.

[00:48:02](#) *Public Comment:* John Kudrug asked about mobile crisis response and Sheriff Dan Springer discussed response to mental health needs.

[00:51:08](#) Sarah Blechta confirmed that dialing 988 is available for mental health.

[00:51:49](#) Zach Brown explained the process of creating and contracting a mobile crisis response team and current steps.

b. Big Sky Emergency Planning - Patrick Lonergon & Joe Brummel: *Discussion*

[00:55:39](#) Patrick Lonergon discussed Big Sky's emergency management planning.

c. Big Sky Economic Impact Report -

Northern Rocky Mountain Economic Development District: *Discussion*

[00:57:52](#) Jackie Haines with the Northern Rocky Mountain Economic Development District presented an economic profile for Big Sky.

(A more detailed presentation can be viewed here: <https://www.youtube.com/watch?v=hSZXeZaBxsA>)

[01:13:44](#) *Public Comment:* MaryBeth Moran asked about inflation adjustments.

[01:14:50](#) *Public Comment:* Max asked questions related to short-term rentals. Short-term rentals are required to collect and remit both Resort Tax and Montana State Lodging Facility Sales & Use Tax. Daniel Bierschwale explained short-term rental compliance.

[01:16:57](#) Daniel Bierschwale clarified that customers pay Resort Tax and businesses do not pay, they collect and remit the tax.

d. Gallatin Rest Home Mill Levy - Zach Brown: *Discussion*

[01:21:48](#) Zach Brown reviewed ballot initiatives and explained the Gallatin Rest Home Mill Levy.

[01:30:22](#) *Public Comment:* Question related to cemeteries. Joe Skinner explained cemeteries in Gallatin County are run by districts or privately.

E. Public Comment

[01:31:27](#) *Public Comment:* Jennifer Boyer thanked partners for hosting Community Week events.

[01:32:40](#) Motion to Adjourn

Accountant's Summary
Month Ended August 31, 2022

Balance Sheet

- Reserve funds increased from July. We adjusted the funds for the new resolution approved in FY23 that set aside the additional 3 funds (Operating, Emergency, and Capital) and moved the Big Sky Relief balance of \$93k to Emergency reserves. The general reserve fund balance used in FY22 was moved to the Operating reserve fund.
- No other significant or unusual changes.

Profit & Loss

- Interest income has significantly increased which is mostly due to the large cash balance in the repurchase account and an increase in interest rates.
- Resort tax collections were much lower than August 2021. This could be based on timing; however, most collections have been accounted from MUNIREvs.
- Expenses appear reasonable for the month. Professional fees are likely lower due to timing and when the invoices are received/entered in Bill.com.
- The Budget vs Actual report appears reasonable; however, the debt service line item includes both interest and principal payments in the actual column but does not account for principal payments associated with the bonds that were made in July. This caused the line item to be significantly over budget. Normally, principal payments are not reported on the P&L but we are reporting on a modified cash basis to closely resemble Government accounting.
- The total budgeted expenditures for FY23 are approx. \$1,221,350 and \$281,000 (23%) of the budget was expended as of August 31, 2022.

Top 20 Collectors for the Month

Overall change compared to same month last fiscal year	20%
Overall change fiscal year to date vs. last FYTD	7%
Additional Notes:	

Delinquent Collectors

0-30 days past due	21
31-60 days past due	19
61-90 days past due	2
90+ days past due	5
Accounts with lawsuits in progress	3

Accounts Receivable & Payment Plans

Total balance owed (of those with sales reported/legal fees)	0
Number of active installment plans	0
Plans paid off this month & balance paid	1 - \$4,705

Registered & Tax Collecting Businesses

Number of Registered Businesses (2022)	1069
Number of Tax Collecting Registered Businesses	467
Number of New Accounts created (by or on behalf of a new business/short term rental)	14
Number of Closed Accounts	8

BIG SKY RESORT AREA DISTRICT

Balance Sheet As of August 31, 2022

	TOTAL	
	AS OF AUG 31, 2022	AS OF JUL 31, 2022 (PP)
ASSETS		
Current Assets		
Bank Accounts		
10000 Funds Available		
10100 Reserved Funds	-6,339,034.06	-4,510,117.06
10120 FSB-Checking #80073430	250,000.00	230,127.39
10121 FSB - Repurchase Checking	16,607,444.30	16,381,370.77
10125 FSB - Disbursements #1336	108.78	47.63
10140 FSB-MM #80073422 - .19	5,112.14	5,112.01
10150 FSB Office Acct #2200001403547	-617.44	1,462.20
10160 Petty Cash	200.00	200.00
10170 STIP	10,981.70	10,961.01
Total 10000 Funds Available	10,534,195.42	12,119,163.95
10500 Funds Reserved		
10502 Reserve fund	0.00	1,086,306.00
10503 TIGER Project - Resolution 2022.01R	573,329.94	573,329.94
10505 Infrastructure Tax Collected, net	2,702,733.88	2,702,733.88
10510 Emergency reserve	593,248.35	0.00
10520 Operating reserve	1,391,644.00	0.00
10530 Capital reserve	1,023,579.00	0.00
10545 Bond Account	54,498.89	54,498.89
10550 Big Sky Relief Fund	0.00	93,248.35
Total 10500 Funds Reserved	6,339,034.06	4,510,117.06
1072 Bill.com Money Out Clearing	12.00	12.00
Total Bank Accounts	\$16,873,241.48	\$16,629,293.01
Accounts Receivable		
12000 Accounts Receivable	1,637,407.45	2,070,728.16
12001 Installment Plans	0.00	25,073.00
Total Accounts Receivable	\$1,637,407.45	\$2,095,801.16

BIG SKY RESORT AREA DISTRICT

Balance Sheet As of August 31, 2022

	TOTAL	
	AS OF AUG 31, 2022	AS OF JUL 31, 2022 (PP)
Other Current Assets		
13100 Prepaid expenses		
13100.2 Prepaid software	1,249.96	1,749.96
Total 13100 Prepaid expenses	1,249.96	1,749.96
Total Other Current Assets	\$1,249.96	\$1,749.96
Total Current Assets	\$18,511,898.89	\$18,726,844.13
Fixed Assets		
15030 Capital Furnishings & Fixtures	5,228.49	5,228.49
15040 Buildings & Improvements	546,655.80	546,655.80
16000 Accumulated Depreciation	-71,300.42	-71,300.42
Total Fixed Assets	\$480,583.87	\$480,583.87
Other Assets		
19010 Deferred outflows		
19011 Deferred Outflows - BSWS Agreement	21,695,625.00	21,695,625.00
19012 Deferred Outflows - Appropriations	2,349,893.00	2,349,893.00
Total 19010 Deferred outflows	24,045,518.00	24,045,518.00
Total Other Assets	\$24,045,518.00	\$24,045,518.00
TOTAL ASSETS	\$43,038,000.76	\$43,252,946.00
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
21000 General Accounts Payable	19,651.20	801.96
Total Accounts Payable	\$19,651.20	\$801.96
Other Current Liabilities		
23000 Payroll Liabilities	0.00	0.00
23020 Accrued Leave	7,681.68	7,681.68
23100 State Unemployment	26.25	304.25
23401 Health Insurance (company paid)	-299.24	-149.62

BIG SKY RESORT AREA DISTRICT

Balance Sheet As of August 31, 2022

	TOTAL	
	AS OF AUG 31, 2022	AS OF JUL 31, 2022 (PP)
Total 23000 Payroll Liabilities	7,408.69	7,836.31
23500 General Appropriations		
Arts Council	225,000.00	225,000.00
Big Sky Chamber of Commerce	262,771.45	279,000.00
Big Sky Community Housing Trust	3,045,981.21	3,045,981.21
Big Sky Community Organization	1,167,140.03	1,789,852.00
Big Sky Discovery Academy	44,000.00	44,000.00
Big Sky Fire Department	2,500,990.00	2,750,990.00
Big Sky Owners Association	262,000.00	262,000.00
Big Sky School District #72	55,000.00	55,000.00
Big Sky SNO, Inc.	139,000.00	139,000.00
Big Sky Trails, Recreation & Parks District	20,650.00	20,650.00
Big Sky Transportation District	1,925,000.00	1,925,000.00
Food Bank	51,570.00	51,570.00
Friends of the Comm. Library	143,845.00	143,845.00
Gallatin Canyon Water & Sewer District	148,000.00	148,000.00
Gallatin Invasive Spe. Alliance	118,525.00	118,525.00
Gallatin River Task Force	684,221.99	684,221.99
Montana Land Reliance	20,000.00	20,000.00
Morningstar	414,026.70	450,000.00
Sheriff's Office	759,603.00	759,603.00
Skating and Hockey Association	38,000.00	38,000.00
Snowmobile Association	27,000.00	27,000.00
Visit Big Sky	622,100.00	622,100.00
Warren Miller Performing Arts C	225,000.00	225,000.00
Women in Action	300,000.00	300,000.00
Total 23500 General Appropriations	13,199,424.38	14,124,338.20
Total Other Current Liabilities	\$13,206,833.07	\$14,132,174.51
Total Current Liabilities	\$13,226,484.27	\$14,132,976.47
Long-Term Liabilities		
23600 WRRF Phase I Project	21,695,625.00	21,695,625.00
24000 Bonds Payable	0.00	0.00
24001 Series 2019A Bond	207,422.88	207,422.88
24002 Series 2019B Bond	171,822.88	171,822.88
Total 24000 Bonds Payable	379,245.76	379,245.76
25000 Note Payable - Suite 203	281,782.09	281,782.09
Total Long-Term Liabilities	\$22,356,652.85	\$22,356,652.85
Total Liabilities	\$35,583,137.12	\$36,489,629.32

BIG SKY RESORT AREA DISTRICT

Balance Sheet As of August 31, 2022

	TOTAL	
	AS OF AUG 31, 2022	AS OF JUL 31, 2022 (PP)
Equity		
30100 Retained Earnings	8,587,473.67	8,587,473.67
30200 Committed Fund Balance	1,752,883.94	1,752,883.94
30300 Fund Balance	5,482,842.14	5,482,842.14
30500 Investment in Fixed Assets	198,801.78	198,801.78
31000 Restricted Fund Balance	2,773,206.17	2,773,206.17
32000 Nonspendable Fund Balance	2,249.92	2,249.92
33000 Amount to be provided for LTD	-379,245.76	-379,245.76
Net Income	-10,963,348.22	-11,654,895.18
Total Equity	\$7,454,863.64	\$6,763,316.68
TOTAL LIABILITIES AND EQUITY	\$43,038,000.76	\$43,252,946.00

BIG SKY RESORT AREA DISTRICT

Budget vs Actual - Month

August 2022

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
40010 Interest Earned	20,495.62	214.58	20,281.04	9,551.51 %
40020 Interest from Tax Collections	741.86	497.16	244.70	149.22 %
40030 Late Fees from Tax Collections	1,026.99	2,857.92	-1,830.93	35.93 %
41000 Tax Collections	720,077.99	1,090,295.20	-370,217.21	66.04 %
Total Income	\$742,342.46	\$1,093,864.86	\$ -351,522.40	67.86 %
GROSS PROFIT	\$742,342.46	\$1,093,864.86	\$ -351,522.40	67.86 %
Expenses				
60000 Bad Debt		41.67	-41.67	
60010 Bank Charges		5.00	-5.00	
60080 Dues & Meeting Expenses	225.73	4,166.66	-3,940.93	5.42 %
60090 Public Information & Engagement	3,373.81	9,624.99	-6,251.18	35.05 %
61000 Facilities		0.00	0.00	
62000 Insurance	63.70	65.58	-1.88	97.13 %
63000 Office Expenses	5,108.33	4,206.40	901.93	121.44 %
64000 Professional Fees	1,698.00	14,991.72	-13,293.72	11.33 %
65000 Travel	0.00	225.44	-225.44	0.00 %
66000 Utilities	453.75	562.00	-108.25	80.74 %
67000 Personnel Expenses	39,872.18	56,063.63	-16,191.45	71.12 %
68000 Debt service		0.00	0.00	
Total Expenses	\$50,795.50	\$89,953.09	\$ -39,157.59	56.47 %
NET OPERATING INCOME	\$691,546.96	\$1,003,911.77	\$ -312,364.81	68.89 %
NET INCOME	\$691,546.96	\$1,003,911.77	\$ -312,364.81	68.89 %

BIG SKY RESORT AREA DISTRICT

Profit and Loss - Comparative by Month

August 2022

	TOTAL			
	AUG 2022	AUG 2021 (PY)	CHANGE	% CHANGE
Income				
40010 Interest Earned	20,495.62	2,829.95	17,665.67	624.24 %
40020 Interest from Tax Collections	741.86	400.48	341.38	85.24 %
40030 Late Fees from Tax Collections	1,026.99	567.84	459.15	80.86 %
41000 Tax Collections	720,077.99	1,157,167.88	-437,089.89	-37.77 %
Total Income	\$742,342.46	\$1,160,966.15	\$ -418,623.69	-36.06 %
GROSS PROFIT	\$742,342.46	\$1,160,966.15	\$ -418,623.69	-36.06 %
Expenses				
60010 Bank Charges		14.40	-14.40	-100.00 %
60080 Dues & Meeting Expenses	225.73	308.57	-82.84	-26.85 %
60090 Public Information & Engagement	3,373.81	3,530.73	-156.92	-4.44 %
61000 Facilities		1,997.64	-1,997.64	-100.00 %
62000 Insurance	63.70	63.70	0.00	0.00 %
63000 Office Expenses	5,108.33	4,290.68	817.65	19.06 %
64000 Professional Fees	1,698.00	17,891.66	-16,193.66	-90.51 %
65000 Travel	0.00		0.00	
66000 Utilities	453.75	389.78	63.97	16.41 %
67000 Personnel Expenses	39,872.18	31,764.90	8,107.28	25.52 %
80000 Big Sky Relief		888.31	-888.31	-100.00 %
Total Expenses	\$50,795.50	\$61,140.37	\$ -10,344.87	-16.92 %
NET OPERATING INCOME	\$691,546.96	\$1,099,825.78	\$ -408,278.82	-37.12 %
Other Expenses				
79000 Other expenses		49,580.00	-49,580.00	-100.00 %
Total Other Expenses	\$0.00	\$49,580.00	\$ -49,580.00	-100.00 %
NET OTHER INCOME	\$0.00	\$ -49,580.00	\$49,580.00	100.00 %
NET INCOME	\$691,546.96	\$1,050,245.78	\$ -358,698.82	-34.15 %

BIG SKY RESORT AREA DISTRICT

Budget vs Actual: YTD

July - September, 2022

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
40010 Interest Earned	31,412.29	2,575.00	28,837.29	1,219.89 %
40020 Interest from Tax Collections	1,090.20	5,966.00	-4,875.80	18.27 %
40030 Late Fees from Tax Collections	1,664.47	34,295.00	-32,630.53	4.85 %
41000 Tax Collections	1,396,717.65	18,143,882.05	-16,747,164.40	7.70 %
Total Income	\$1,430,884.61	\$18,186,718.05	\$ -16,755,833.44	7.87 %
GROSS PROFIT	\$1,430,884.61	\$18,186,718.05	\$ -16,755,833.44	7.87 %
Expenses				
60000 Bad Debt		500.00	-500.00	
60010 Bank Charges	0.20	60.00	-59.80	0.33 %
60080 Dues & Meeting Expenses	3,005.72	50,000.00	-46,994.28	6.01 %
60090 Public Information & Engagement	12,742.29	130,000.00	-117,257.71	9.80 %
61000 Facilities	4,453.97	15,018.00	-10,564.03	29.66 %
62000 Insurance	1,828.40	7,367.00	-5,538.60	24.82 %
63000 Office Expenses	13,858.86	71,835.50	-57,976.64	19.29 %
64000 Professional Fees	1,295.26	241,390.00	-240,094.74	0.54 %
65000 Travel	0.00	5,045.00	-5,045.00	0.00 %
66000 Utilities	1,362.75	7,209.00	-5,846.25	18.90 %
67000 Personnel Expenses	139,498.70	675,000.00	-535,501.30	20.67 %
68000 Debt service	103,107.22	17,926.36	85,180.86	575.17 %
Total Expenses	\$281,153.37	\$1,221,350.86	\$ -940,197.49	23.02 %
NET OPERATING INCOME	\$1,149,731.24	\$16,965,367.19	\$ -15,815,635.95	6.78 %
NET INCOME	\$1,149,731.24	\$16,965,367.19	\$ -15,815,635.95	6.78 %



EXECUTIVE REPORT 11/9/22

The following is a brief summary of items of interest NOT on the agenda.

General Updates

- The finance committee continues to explore investment opportunities with better returns than traditional bank accounts. The limiting issue is that as a local gov't we are bound to the limitations set forth by the Board of Investments. Kim asked the committee (who is working with D.A. Davidson) to provide recommendations for investments explore with the board of investments legal team.

Recommendations were as follows:

- **0-2/3 year time horizon (#1):** Begin with about \$8mil in this account, using a combination money market / FDIC insured funds, and a laddered CD or T-bill approach – ladderding CDs and/or T-bills to mature within a 3–24-month period. As funds mature, we can discuss rolling CD/bond proceeds into another CD/bond based on cash needs.
- **3-5 year time horizon (#2):** Begin with about \$4mi in this account, using US Government-backed Treasuries ranging in a 1–3-year time horizon. This would increase yield over #1, and keep funds liquid and stable, with a steady stream of liquidity via security maturities.
- **5+ year time horizon (#3 / reserves):** This would be “rainy day funds”, and geared towards higher spread fixed income products, using a mix of investment grade corporate and government bonds to further increase income and return potential. This would use a maturity schedule of 3-10 years and be an actively managed fixed income trading account.
- The RFP for the US 191/MT64 feasibility study was recently released. The consultant hired for the project will be a wonderful asset in 1) Including of MT64 in planning efforts – a major win for Transportation in Big Sky! 2) Moving the study into more actionable and outcome driven purpose. The RFP can be found @ <https://www.mdt.mt.gov/business/consulting/rfq.aspx>
- The team is beginning to move into the second phase of tax education building on our prior efforts: <https://resorttax.org/tax-ed/>. This next phase will move away from 101 basic building blocks and into more complicated layers of understanding line-item detail including Special Purpose Districts. We are all aware that 87%+ of Madison County property tax revenue comes from the boundaries of BSRAD but we need to begin to unpack that topic as it's complicated and there a ton of myths to dispel.
- As a reminder, we have been working towards strategically growing reserves with the intention of having an operating reserve goal, emergency (think Big Sky Relief) reserve goal, and capital reserve goal. Current balances:

- *Emergency:* \$593,248
- *Ops :* \$305,338
- *Capital:* \$2,109,885
- **TOTAL:** \$3,008,471

FY24 Budget	FY25 Budget
329017	340785
1500000	2500000
3000000	4000000
\$ 4,829,017	\$ 6,840,785

BSRAD Board Members,

As you are aware, at the October 5th joint county commission and BSRAD meeting, I informed the Big Sky community that I would provide notice to the USPS to terminate the contract to operate the Big Sky Post Office, effective 2/28/23. As you are also aware, this step occurred after several years of failed efforts to convince the USPS that our operations had severely outgrown our current facility. My communications with the USPS also recognized that while working on a solution to solve the Big Sky capacity issue, it would also be wise to address other postal issues in our community, including the limited services and resources we can currently provide as a contact station, and the division of our community between two zip codes and the related confusion it causes for our customers and inefficiencies for Big Sky Post Office employees.

Adding to my frustration is that there is a potential solution to many if not all of the above issues being constructed next door to the current facility. To date, the USPS has not been willing to evaluate that option. I provided the USPS with the contact information for the developer with my termination notice, but as of October 28th, there had been no attempt by USPS to contact him. I have not been contacted by any USPS decision-makers to discuss long-term solutions either.

Since the termination was announced and sent, both Explore Big Sky and KBZK have covered the issue. Links to those stories are attached:

[Understanding the past, present and future of the Big Sky Post Office as contract set to terminate](#)

Understanding the past, present and future of the Big Sky Post Office as...

Jack Reaney

Big Sky had outgrown the current facility a decade ago or more, sources say. By Jack Reaney STAFF WRITER Conc...

[Big Sky post office set to close in 2023 without USPS help](#)

Big Sky post office set to close in 2023 without USPS help

After being in its current facility for almost 21 years, the Big Sky post office will be closing its doors in Fe...

For community members who are interested in expressing their concerns, we have been sharing the mailing address of Leslie Johnson-Frick. Ms. Johnson-Frick is the USPS representative that received the May letter, endorsed by our local, state and federal legislative leaders, asking that the USPS dedicate resources to assist the Big Sky community in identifying and implementing a long-term postal solution. That letter resulted in no results.

Leslie Johnson-Frick
United States Postal Service Headquarters
475 L'Enfant Plaza SW
Washington, DC 20590

Finally, Gallatin Partners, Inc., operating as The Post Office, LLC, remains committed to assisting with the transition to a long-term solution provided the USPS agrees to engage with The Post Office, LLC and other Big Sky community leaders to collaborate on a long-term solution. In my opinion, it is imperative, to avoid another "band aid" approach to our postal challenges, that the USPS is involved to identify the various solutions that could be implemented to provide better service to Big Sky that the current contract model of service cannot. The Big Sky community cannot effectively implement those changes, nor can it address the two zip code issue, without USPS guidance and assistance.

Respectfully,

Al Malinowski
Vice President, Gallatin Partners, Inc.
Managing Member - The Post Office, LLC



FOR IMMEDIATE RELEASE

CONTACT:

Ruthi Solari, Elevate Big Sky, hello@elevatebigsky.org

Elevate Big Sky seeks partner-driven solutions for housing crisis

Big Sky, Montana, October 26th, 2022 – Elevate Big Sky is announcing a request for proposals related to resident workforce, single family housing initiatives in Big Sky, Montana. Proposals will be accepted from December 1st, 2022 - December 30th, 2022. The goal is to increase the housing inventory for the resident workforce based on identified needs by leveraging resources, organizations, partnerships and plans unique to the Big Sky community.

Successful projects will:

- Demonstrate community need in the form of increasing the inventory of single-family homes (for long-term rent or home ownership) for the resident workforce
- Address affordability of buying or renting single family homes in the Big Sky Resort Area District (BSRAD) for the resident workforce
- Demonstrate a partnership with a nonprofit entity(s); multi-stakeholder commitment
- Target long-term livability with single family housing for rent or home ownership
- Include deed restrictions that guarantee accessible, long-term single-family housing for the resident workforce for perpetuity

In 2022 Elevate Big Sky was launched as a community-led effort to identify and support sustainable solutions for the most pressing issues facing Big Sky today: livability, behavioral health, and the environment. This collaborative impact funding framework was created in response to the Our Big Sky Community Vision and Strategy. "We have a great sense of community. Even with the current challenges we are facing, Big Sky is a phenomenal community, and we band together when people are in need," said John Seelye, Elevate Big Sky Committee Member.

Project proposals will be reviewed starting in 2023 and efforts to coordinate with existing funding cycles of Foundations and BSRAD are underway. The lead organization must be a 501(c)3 nonprofit and list all public/private stakeholders, and implementation plan/timeline. "We are at a critical juncture in Big Sky where the pressures are exceeding what the community can provide," said Ciara Wolfe, YCCF's Vice President for Philanthropy. "Instead of letting outside pressures steer the direction of the community we love, we are strategically partnering to develop community infrastructure necessary to maintain both the quality of life and culture that all of us fell in love with."

Learn more about Elevate Big Sky and find the RFP by visiting elevatebigsky.org/grants

###

FY24 APPLICATION SUBCOMMITTEE RECOMMENDATIONS

In order to ensure that the District is improving processes based on continually collected feedback a sub-committee was formed to evaluate and improve the application process for the upcoming FY24 funding cycle. It is important that the application process ensures accountability, transparency, and clarity for all involved. The sub-committee met in September 2022 and is recommending eligibility criteria, meeting schedule adjustments, and additional acknowledgments. For consistency's sake, there will be minimal changes made to application questions and the scoring system for FY24. More significant changes should be revisited leading into the FY25 application cycle.

Recommendation 1: Eligibility Criteria

After submission of Letters of Inquiry (LOIs) staff will assemble sponsor one-pagers for public record. Upon District review of LOIs, invitations to complete project applications will be sent to sponsors based on eligibility. If flagged requests are identified on LOIs a special meeting will be held to make a formal decision. A unanimous vote of the Board of Directors is required to disqualify a request that does meet the following eligibility requirements.

- Sponsor must receive a score of 16 or higher.
- LOI is deemed complete.
 - All uploads are included and fully completed
 - Submission deadline met
 - Responses are complete and accurate
- Sponsor is registered with the District prior to LOI submission.
- Project request is larger than \$25,000.
 - Smaller requests are allowed with documentation of at least a 1:1 match in funding.
- Project requests with pass-through funding to another sponsor must have a management agreement in place prior to LOI submission.
- Sponsoring organizations must not be an HOA/Membership group.
- Blackmail or bribery of staff or Board Members is strictly prohibited and will result in disqualification.

Recommendation 2: Meeting Schedule Adjustments

- Add a prescheduled virtual meeting in late February, either February 24th or February 27th to review and vote on any eligibility requirements not met.
- Add a 3rd Application Review meeting on Tuesday, June 6th to split up project review by Impact Area over 2 days.
 - We rushed at the end of Review Meeting 1 in June 2022.

Recommendation 3: Expanded Acknowledgments

Applicant survey responses and the subcommittee have suggested more expansive acknowledgments. The following are new or updated acknowledgments, for FY23 acknowledgments log into the application portal.

All sponsors submitting an LOI, and/or Project Application must accept and agree to District acknowledgments.

- **Public Information:**
 - All information and documents related to District funding are available to the public upon request.

- Upon funding, the sponsor will keep the public up to date on deliverables, goals, and milestones of the associated project(s) using methodologies facilitated by the District.
- The sponsor is responsible for collaborating with the Coordinating Council of Big Sky ensuring all efforts are reflected in annual “Our Big Sky” updates.
- **Timeline:**
 - At least one executive-level employee and/or Board Chair will be present at all applicable Application Review meetings.
 - Scores are reflective of the information received by the District on or before the deadlines.
 - No unsolicited materials or information will be accepted.
 - Request reductions or removals made after submission deadlines must be submitted via email and will not be reflected in Board or public materials (printed or digital).
 - All post-submission reductions or removals must be shared with the District by May 1st, 2023, and will be summarized at the May 10th, 2023, Board Meeting.
 - Any subsequent reductions or removals will be reviewed at the June 5th, 2023 meeting.
- **Follow Up Materials:**
 - Contracts
 - A contract for each funded project must be signed and returned to the District no later than July 30th, 2023.
 - The Board of Directors reserves the right to place additional contingencies in project contracts at their discretion.
 - Contract dates are established by the District and will typically run from July 1st, 2023 to July 15th, 2024.
 - Payment Requests
 - Payment requests are to be submitted to the District following the schedule and procedures established by the District.
 - Funding is awarded and reimbursed on a project-by-project basis.
 - Payment requests (funding) are on an expense reimbursement basis, and documentation for all expenses must be provided with payment requests.
 - Payment requests may be reimbursed beginning on July 15th, 2023, so long as a contract is signed, and contract contingencies (as applicable) have been met.
 - Reimbursements submitted must align with the line item project budget provided by the Sponsor in the application process.
 - Unspent funds shall not be disbursed to the Sponsor but shall be retained by the District and reallocated for other purposes at the sole discretion of the District.
 - The District shall not be obligated to re-award unspent funds from the prior year.
 - Project budget(s) submitted with application will be used when reimbursing expenses. Reimbursement requests that exceed or do not adhere to submitted budget(s) will not be reimbursed.

**FIRST AMENDMENT TO
AGREEMENT FOR RECEIPT OF RESORT TAX FUNDS
FISCAL YEAR 2023
*BSCHT- Deed Restriction Incentive Project***

THIS FIRST AMENDMENT TO AGREEMENT for the receipt of resort tax funds (“First Amendment”) is entered into by and between the Big Sky Resort Area District (“District”) and Big Sky Community Housing Trust (“Contractor”) for the BSCHT- Deed Restriction Incentive Project.

RECITALS

1. The District and the Contractor entered into that certain Agreement for Receipt of Resort Tax Funds for fiscal year 2023 related to the Deed Restriction Incentive Project (“Agreement”).

2. The Agreement contained certain deadlines and procedures for the expenditure of the Award and contemplated distribution of the Award periodically over the Term of the Agreement.

3. Because the closing dates on the transactions which will use Award proceeds are both unpredictable and have their own deadline and timing logistics, and because the Districts payment procedures may not permit for the distribution of the Award on the schedule required to facilitate closings of the transactions needing a portion of the Award, the Parties agree the Award shall be distributed in one lump sum to the Contractor upon its written request, provided the Contractor shall also provide all required documentation to the District for each transaction receiving any portion of the Award within five (5) business days following the closing of such transaction.

4. At a duly noticed and held public meeting on November 9th, 2022, the District agreed to the amended terms as described in this First Amendment.

NOW THEREFORE, for good and valuable consideration, the form, receipt and sufficiency of which is hereby acknowledged by the Parties, the District and Contractor agree to the amend certain provisions of the Agreement as specified below:

FIRST AMENDMENT

1. **RECITALS.** The Recitals to this First Amendment are incorporated herein by this reference as if fully set forth in this First Amendment.

2. **DISTRIBUTION OF THE AWARD; SUBMISSION OF DOCUMENTATION.**
The provisions of Section 5(D) and (E) of the Agreement notwithstanding, the Parties hereby agree the Award shall be distributed in one lump sum to the Contractor upon its written request, provided the Contractor shall also provide all required documentation to the District for each transaction receiving any portion of the Award within five (5) business days following the closing of such transaction.

3. **FULL FORCE AND EFFECT.** All provisions, rights, and obligations under the Agreement not specifically amended by this First Amendment shall remain in full force and effect and shall be binding upon the parties.

BIG SKY RESORT AREA DISTRICT:

CONTRACTOR:

Name: Daniel Bierschwale

Name: David O'Connor

Title: Executive Director

Title: Executive Director

Date:

Date:

**FIRST AMENDMENT TO
AGREEMENT FOR RECEIPT OF RESORT TAX FUNDS
FISCAL YEAR 2023
*BSSHA- Operations Funding Project***

THIS FIRST AMENDMENT TO AGREEMENT for the receipt of resort tax funds ("First Amendment") is entered into by and between the Big Sky Resort Area District ("District") and Big Sky Skating & Hockey Association, Inc. and its assigns, the Big Sky Community Organization ("BSCO") (collectively BSSHA and BSCO are referred to herein as "Contractor") for the BSSHA – Operations Funding Project.

RECITALS

1. The District and BSSHA entered into that certain Agreement for Receipt of Resort Tax Funds for fiscal year 2023 related to the BSSHA's Operations Funding Project ("Agreement").
2. On or about September 26, 2022, BSSHA advised the District that effective as of September 1, 2022, BSCO assumed responsibility for the assets and programming of BSSHA. BSSHA provided a copy of the Letter of Intent between BSSHA and BSCO related to its ongoing programming, and requested consent of the District for BSCO to submit requests for reimbursement of the Award to BSCO instead of to BSSHA.
3. At a duly noticed and held public meeting on November 9th, 2022, the District agreed to the amended terms as described in this First Amendment.

NOW THEREFORE, for good and valuable consideration, the form, receipt and sufficiency of which is hereby acknowledged by the Parties, the District and Contractor agree to the amend certain provisions of the Agreement as specified below:

FIRST AMENDMENT

1. **RECITALS.** The Recitals to this First Amendment are incorporated herein by this reference as if fully set forth in this First Amendment.

2. **AMENDMENT OF CONTRACTOR DESIGNATION.** The Parties agree the Agreement shall be amended to designate BSCO, together with BSSHA, collectively as the “Contractor” contemplated by the Agreement for any request and receipt of the Award. To ensure proper accounting, project tracking, and bookkeeping reconciliation, any request for disbursement of the Award for BSSHA Operations Funding shall be made by BSCO on a monthly basis, and such request shall be made separately from any other requests of BSCO for any other awards for any other BSCO projects. By executing this First Amendment, BSCO specifically agrees to be bound by the terms, conditions, and obligations of the Agreement as the Contractor, and specifically agrees to comply with all such terms, conditions, and obligations.

3. **FULL FORCE AND EFFECT.** All provisions, rights, and obligations under the Agreement not specifically amended by this First Amendment shall remain in full force and effect and shall be binding upon the parties.

BIG SKY RESORT AREA DISTRICT:

Name: Daniel Bierschwale

Title: Executive Director

Date:

CONTRACTORS:

Big Sky Skating & Hockey Association

Name: Ryan Blechta

Title: President

Date:

Big Sky Community Organization

Name: Whitney Montgomery

Title: Chief Executive Officer

Date:

Morningstar Learning Center Notes
Resort Tax Board Meeting 11/9/22

Town Hall (10/12) Summary

- Purpose: Share data from MLC, Montana, and US and address parent questions and comments regarding MLC's reduction in hours
- Data on the field
 - o Early childhood education as a field suffers from high turnover, high burnout, and extremely low pay (16% of childcare workers in MT live in poverty)
 - o As a result, Montana currently only serves 40% of need for childcare. Gallatin County is at 50%.
- Data on MLC
 - o Since 2016, median time an MLC employee stays is 6 months. This is not a new problem, nor is it unique to MLC – we are reflective of the field, and it will take an innovative solution with stakeholders across the community.
 - o What is different is the quality of what's happening in the classrooms at MLC.
- Outcome: MLC will have to close on Fridays to legally operate with the number of teachers on staff and students enrolled.

Request for Amendment to FY23 Award

Morningstar Learning Center is projected to have approximately \$70,000 remaining from our Tuition Assistance award at the end of this fiscal year. This is due to having lower enrollment than anticipated at the time of our request, which is in turn due to four main factors: students attending the officially launched 4K, licensing limitations prohibiting us from caring for toddlers and infants (95% of our waitlist) in the physical space vacated by 4K students, closing on Fridays, and number of teachers on staff. We have a projected deficit for the year even with the closure and would benefit greatly from still being able to utilize these funds to remain solvent, including supporting the administration put into TAP.

We are requesting to reallocate any leftover TAP funds to our Operations award. This keeps us at 27% funding from Resort Tax overall and only increases Resort Tax support of operations from 6% to 10-12%.

Thank you for your consideration.



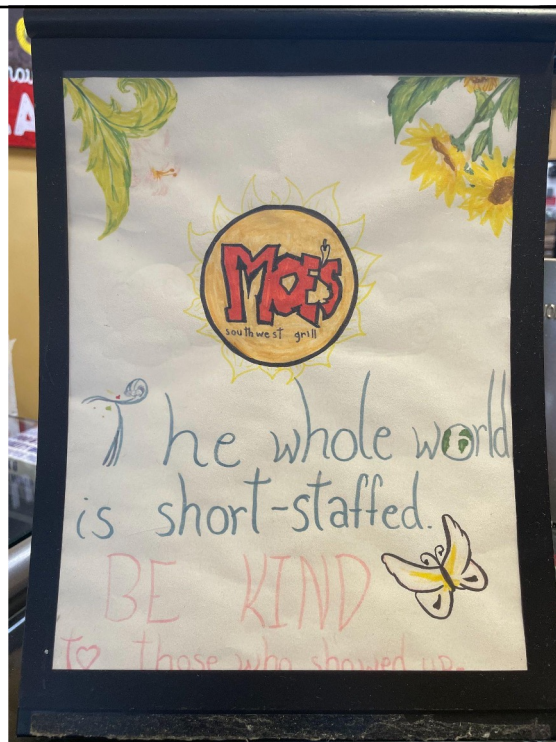
Town Hall

October 11, 2022
Morningstar Learning Center

Agenda

1. Childcare Crisis Snapshot
 - a. Availability
 - b. Pay
 - c. Retention
2. What MLC Is Doing
3. Survey Comments/Questions
4. Next Steps
5. Q&A

1



2

Childcare Crisis Snapshot



1. Availability
2. Pay
3. Retention

3

Childcare Availability



1. Montana
 - a. 40% of childcare needs met
 - b. Rank 40th in the nation for childcare availability
 - c. 320 of 859 licensed providers closed during Covid
2. Gallatin County
 - a. 50% of childcare needs met
3. Big Sky
 - a. MLC is the only provider for children under 3
 - b. 830-530 already doesn't meet need of the town
 - c. 45 children enrolled, over 20 on waitlist, all but 2 are under 3
 - d. Admins are in classroom when 1 teacher calls out



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Notes from meeting:

Discussed how we need to involve all stakeholders (employers, govt) in finding solutions
Shared that centers across the state are reducing hours and/or days due to staffing



Childcare Pay

Average early childhood teacher pay as of September 2022 in...

Montana: \$27,705

The US: \$36,016

MLC: \$47,663



In other words...

15.6% of childcare workers in MT are living in poverty
(compared to 8.7% of all workers)

Big Sky rental market (\$1,428+) is not affordable for teachers

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Childcare Retention

Nationwide:

- 40% annual teacher turnover *before* Covid
- Recruiting and retaining qualified staff is more difficult than before Covid

In Big Sky: 84% of working age people work at least one job

At MLC:

- 34 people employed or hired since May 2021
 - 17 no longer at MLC
 - 12 did not live in or left Big Sky
 - 17 still with MLC
 - 14 are in Big Sky, 4 in employee housing
- Retention Interviews
 - Burnout, how long the day is, workload (no mention of housing or pay)

- 6 Notes from meeting:
Shared that we know housing and pay are issues, just not top of mind for interviewees

Childcare Retention



Year	# Hired	# Still at MLC	Average Tenure	Possible Tenure
2016	6	0	1.83*	7
2017	18	4	1.81*	6
2018	10	0	.8	5
2019	12	2	.97	4
2020	18	1	.78	3
2021	12	3	.66	2
2022	13	7	.31	.75

*data is only from people who stayed employed beyond 08/2017

Current Teacher Average Tenure:

2.07 years

Median teacher tenure since 2016*:

6 months

Average teacher tenure since 2016*:

1 year

Teachers hired since 2016*:

89

Teachers who've stayed 2+ years:

14 (7 still on staff)

Teachers with less than 1 year:

62 (including 8 recent hires)

7

What MLC Is Doing



1. Program
2. Pay and Retention Efforts
3. Grants and Finances

8

Program



Our **vision**: a thriving, healthy community where all families feel a sense of belonging

Our **mission**: to develop and connect Big Sky's young children and families by providing reliable childcare, quality early education, and supportive resources from pregnancy through parenthood

Our **values**: MLC strives to foster a love of learning and stewardship for our community in an excellent early education environment

We do this through our core values of:

- 1) **Our Village**: family, community, kindness
- 2) **Excellence in Early Learning**: safety, belonging, joy
- 3) **Stewardship**: responsibility, friendship, peace

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MLC Pay and Retention Efforts



Average Teacher Wage October 2020: \$16.45/hour

Average Teacher Wage after Big Sky Relief: \$22.21/hour

Average Teacher Wage October 2022: \$25.28/hour

Benefits: PTO, 3% IRA match, \$500/month towards health/vision/dental/HSA, \$600 annual wellness reimbursement, paid professional development

Culture/Morale: celebrating birthdays and work anniversaries, MLC stars, holiday party, teacher appreciation week, sessions with Lori Addicks

Retention Interviews (what teachers want): more staff, shorter days, not being overworked/burnt out, growth opportunities

10



MLC Grants & Finances

	FY22 Actual	FY23 Projected
Tuition Income	\$421,570	\$387,540*
Community Grants	\$480,000	\$625,000
Personnel Expenses	\$876,495^	\$1,200,000**
Non-personnel Expenses	\$125,212	\$300,000***
Deficit covered by fundraising and other grants	\$100,137	\$487,460

^budgeted \$994,674

*if open 5 days per week

**if fully staffed

***campus expansion, employee housing

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Survey Comments & Questions

Close Fridays:

58% families, 83% teachers

No extended day/after care:

35% families, 17% teachers

1. Current Hours
2. Tuition Adjustments
3. Other Measures Taken
4. Communication about Teacher Transitions
5. Incentive Shifts and Subbing
6. How Many Teachers Needed
7. Housing

12

Notes from meeting:

On the left are the survey results: what would be least disruptive to families/teachers?

On the right are topics of comments/questions from the survey that we addressed live.

Next Steps

Immediate

- How to support teachers now?
- What will MLC's schedule be?

Long Term

- What model will attract the best teachers to create the best experience for children?
- What other services are necessary to meet the need in our community?
- What partnerships can be developed to achieve these goals?

1. Looking into cleaners
2. Implementing today's decision
3. Continuing to work with partners

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What Can You Do?

1. Read brightwheel messages, newsletters, and classroom postings - we are all working SO HARD to make your child's first learning experience a great one
2. Join the PTO
3. Join a board committee
4. Sign up to be a volunteer and/or substitute teacher
5. Help us secure employee housing



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Q&A

Thank you!!



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October 26, 2022

Board of Directors
Big Sky Resort Area District
Big Sky, Montana

We have audited the financial statements of the governmental activities and general fund of Big Sky Resort Area District for the year ended June 30, 2022. Professional standards require that we provide you with the following related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated February 14, 2022, our responsibility, as described by professional standards, was to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with such provisions was not an objective of our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.



The most sensitive estimates affecting the financial statements were management's estimate of the capital asset balances as the useful lives, potential impairments, and depreciation are estimates. We evaluated the key factors and assumptions used to develop the estimates in determining that the capital asset balance is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosure of the summary of significant accounting policies in Note 1, the disclosure of amounts due to other governments in Note 7, and disclosure of Big Sky Relief COVID-19 funds (special item) in Note 10.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 26, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

Restriction of Use

This information is intended solely for the information and use of management, the District's Board of Directors, and the Montana Department of Administration and is not intended to be, and should not be, used for any other purpose.

Sincerely,

Amatics CPA Group
Bozeman, Montana

BIG SKY RESORT AREA DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

BIG SKY RESORT AREA DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Big Sky Resort Area District
Big Sky, Montana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major funds of Big Sky Resort Area District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of Big Sky Resort Area District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of Big Sky Resort Area District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Amatics CPA Group
Bozeman, Montana
October 26, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Big Sky Resort Area District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

The discussion and analysis of the Big Sky Resort Area District's (District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

Using this Annual Financial Report

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

Government-wide financial statements – Reporting the Big Sky Resort Area District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position presents information on all the Big Sky Resort Area District's assets and liabilities, with the difference between the two reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the Big Sky Resort Area District is improving or deteriorating. Both the Statement of Net Position and the Statement of Activities use the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

Fund Financial Statements – Reporting the Big Sky Resort Area District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major fund. The District's major governmental funds are the General fund and the Infrastructure Tax fund.

Governmental Funds

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

Big Sky Resort Area District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Financial Highlights

Government-wide Financial Analysis – Big Sky Resort Area District as a Whole

As noted earlier, the Statement of Net Position looks at the Department as a whole and can prove to be a useful indicator of the District's financial position.

Table 1 provides a summary of the District's net position at June 30, 2022.

(Table 1)
Net Position

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 19,743,259	\$ 12,205,628
Capital assets, net	<u>480,584</u>	<u>450,338</u>
Total assets	<u>20,223,843</u>	<u>12,655,966</u>
Deferred outflows of resources	<u>27,821,784</u>	<u>24,412,500</u>
Total assets and deferred outflows	<u>48,045,627</u>	<u>37,068,466</u>
Liabilities		
Current liabilities	7,964,862	5,082,102
Noncurrent liabilities	<u>21,761,179</u>	<u>22,472,874</u>
Total liabilities	<u>29,726,041</u>	<u>27,554,976</u>
Net position		
Invested in capital assets	198,802	160,919
Restricted	2,773,206	815,019
Unrestricted	<u>15,347,578</u>	<u>8,537,552</u>
Total net position	<u>\$ 18,319,586</u>	<u>\$ 9,513,490</u>

Total assets increased 60% from FY 2021. This is mostly attributable to an increase in resort tax collections throughout the year in addition to the 1% infrastructure tax. Capital assets increased approximately 7% due to office renovations that occurred during the year.

Deferred outflows increased from FY 2021 due to multi-year appropriation contracts that were approved in FY 2022. The multi-year contracts were awarded to recurring recipients that requested funds to supplement their annual operations. The majority of these funds were awarded to small local government entities that are directly impacted by tourism (public safety and transit). These appropriation contracts were awarded for 3-year periods.

Big Sky Resort Area District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Current liabilities increased 57%. This is due to the current portion of the multi-year appropriations contracts mentioned above.

Noncurrent liabilities slightly decreased since the District did not issue any more debt and has continued to meet its debt obligations.

Table 2 shows the changes in net assets for the fiscal year 2022 and corresponds to the Statement of Activities on page 9.

(Table 2)
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
General Revenues		
Resort tax revenue	\$ 18,089,374	\$ 12,871,918
Intergovernmental	134,524	504,879
Interest & penalties	13,931	35,271
Investment income	22,224	52,983
Miscellaneous	<u>-</u>	<u>387</u>
Total General Revenues	<u>18,260,053</u>	<u>13,465,438</u>
 Program Expenses		
General government	882,628	803,919
Community development	8,133,351	8,573,052
Interest	<u>26,801</u>	<u>29,999</u>
Total program expenses	<u>9,042,780</u>	<u>9,406,970</u>
Special item - Big Sky Relief	<u>411,177</u>	<u>925,838</u>
Change in net position	8,806,096	3,132,630
Net position, beginning	9,513,490	6,771,755
Prior period adjustment	<u>-</u>	<u>(390,895)</u>
Net position, ending	<u><u>\$ 18,319,586</u></u>	<u><u>\$ 9,513,490</u></u>

Big Sky Resort Area District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Resort tax revenue increased 41% from FY 2021. This is mainly due to the local economy recovering and continued growth within the District's boundary. The District has also increased its public outreach and education regarding compliance for resort tax which is also a contributing factor.

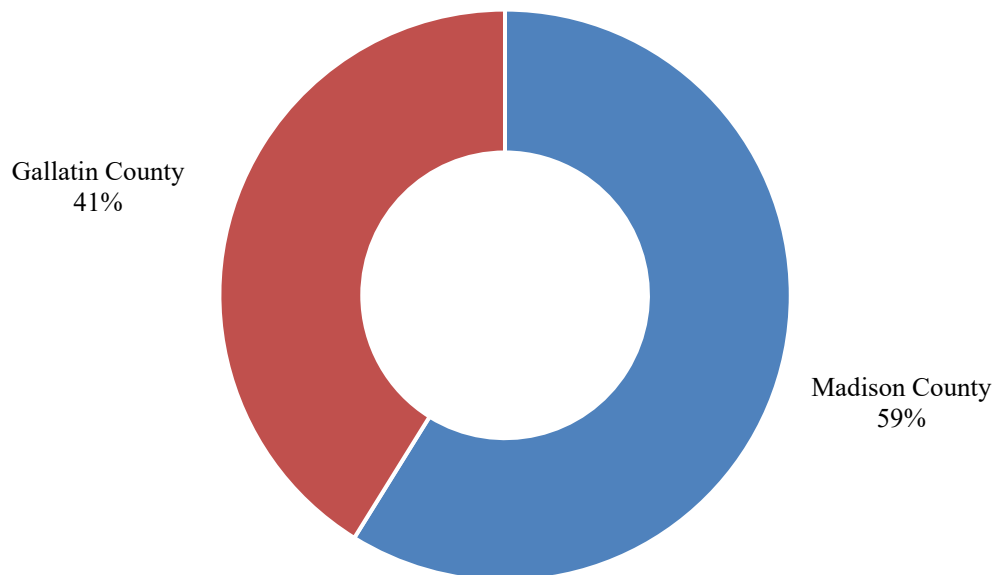
In FY 2021 the District received reimbursements from the both Gallatin and Madison Counties for COVID-19 related expenditures which were mostly incurred in FY 2020. A few additional reimbursements were received in FY 2021 however the impacts of COVID-19 began to decrease which led to less intergovernmental revenue in FY 2022.

Investment income decreased due to decreasing interest rates.

General government expenses increased approximately 10% in FY 2022. The majority of this increase was attributable to the District's efforts in public information and outreach. Community development decreased in FY 2022. This was due to a change in the appropriation method and unspent funds (approximately \$ 212,000).

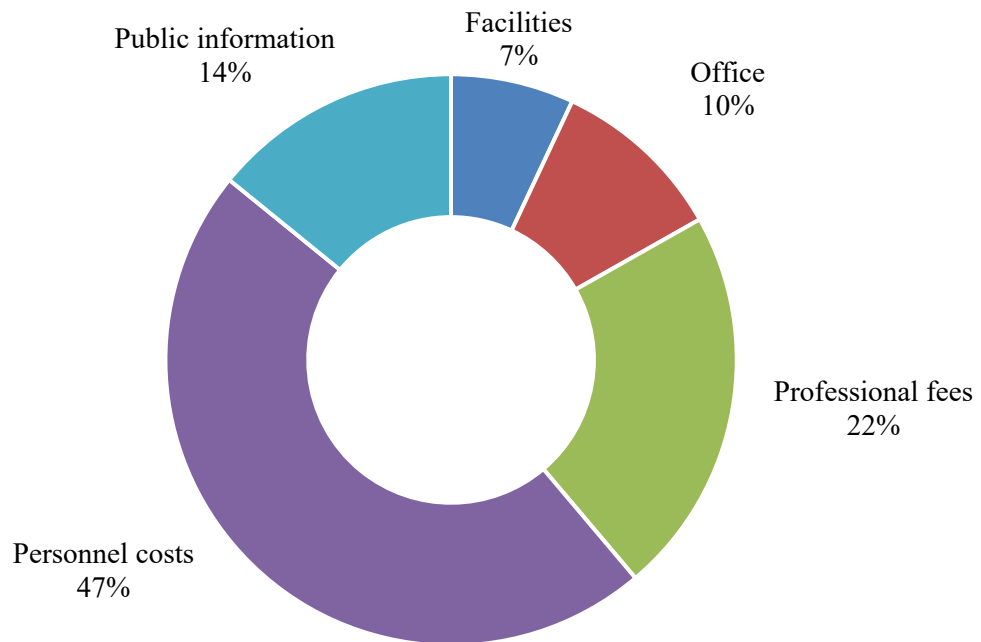
Big Sky Relief expenses decreased in FY 2022 by approximately 56% as cases began to decrease.

Tax Revenue by Business Area



Big Sky Resort Area District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

General Government Expenses



BASIC FINANCIAL STATEMENTS

BIG SKY RESORT AREA DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Current assets	
Cash and investments	\$ 16,191,448
Taxes receivable	1,001,058
Prepaid expenses	2,250
Total current assets	<u>17,194,756</u>
Noncurrent assets	
Restricted cash	2,548,503
Capital assets, net of accumulated depreciation	480,584
Total noncurrent assets	<u>3,029,087</u>
Total assets	<u>20,223,843</u>
DEFERRED OUTFLOWS OF RESOURCES	
WRRF interlocal agreement	21,695,625
Appropriations	6,126,159
Total deferred outflows of resources	<u>27,821,784</u>
LIABILITIES	
Current liabilities	
Accounts payable	86,220
Payroll taxes payable	950
Accrued interest payable	7,382
Appropriations payable, current	4,826,018
Long-term debt, current	191,573
Due to other governments, current	2,852,719
Total current liabilities	<u>7,964,862</u>
Noncurrent liabilities	
Appropriations payable	2,349,893
Due to other governments	18,842,906
Compensated absences	7,682
Long-term debt	560,698
Total noncurrent liabilities	<u>21,761,179</u>
Total liabilities	<u>29,726,041</u>
NET POSITION	
Net investment in capital assets	198,802
Restricted	2,773,206
Unrestricted	15,347,578
Total net position	<u>\$ 18,319,586</u>

See accompanying notes to the financial statements and the independent auditor's report.

BIG SKY RESORT AREA DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Net (Expense) Revenue and Changes in Net Position
	Expenses	Governmental Activities
FUNCTIONS/PROGRAMS:		
Governmental activities		
General government	\$ 882,628	\$ (882,628)
Community development	8,133,351	(8,133,351)
Interest	26,801	(26,801)
Total governmental activities	<u>9,042,780</u>	<u>(9,042,780)</u>
General revenues		
Resort tax revenue		18,089,374
Intergovernmental		134,524
Interest and penalties		13,931
Investment earnings		22,224
Total general revenues		<u>18,260,053</u>
Special item - Big Sky Relief		<u>(411,177)</u>
Change in net position		<u>8,806,096</u>
Net position, beginning		<u>9,513,490</u>
Net position, ending		<u><u>\$ 18,319,586</u></u>

See accompanying notes to the financial statements and the independent auditor's report.

BIG SKY RESORT AREA DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Infrastructure Tax Fund	Total Governmental Funds
<hr/>			
ASSETS			
Cash and investments	\$ 16,191,448	\$ -	\$ 16,191,448
Restricted cash	54,499	2,494,004	2,548,503
Taxes receivable	776,355	224,703	1,001,058
Prepaid expenses	2,250	-	2,250
Total assets	<hr/> 17,024,552	<hr/> 2,718,707	<hr/> 19,743,259
<hr/>			
DEFERRED OUTFLOWS OF RESOURCES			
WRRF interlocal agreement	-	2,852,719	2,852,719
Appropriations	3,776,266	-	3,776,266
Total deferred outflows of resources	<hr/> 3,776,266	<hr/> 2,852,719	<hr/> 6,628,985
Total assets and deferred outflows of resources	<hr/> \$ 20,800,818	<hr/> \$ 5,571,426	<hr/> \$ 26,372,244
<hr/>			
LIABILITIES			
Accounts payable	\$ 86,220	-	86,220
Payroll taxes payable	950	-	950
Appropriations payable	4,826,018	-	4,826,018
Due to other governments	-	2,852,719	2,852,719
Total liabilities	<hr/> 4,913,188	<hr/> 2,852,719	<hr/> 7,765,907
<hr/>			
DEFERRED INFLOWS OF RESOURCES			
Unavailable tax revenue	<hr/> 4,705	<hr/> -	<hr/> 4,705
<hr/>			
FUND BALANCE			
Nonspendable	2,250	-	2,250
Restricted	54,499	2,718,707	2,773,206
Committed	1,752,884	-	1,752,884
Unassigned	<hr/> 14,073,292	<hr/> -	<hr/> 14,073,292
Total fund balance	<hr/> 15,882,925	<hr/> 2,718,707	<hr/> 18,601,632
Total liabilities, deferred inflows of resources, and fund balance	<hr/> \$ 20,800,818	<hr/> \$ 5,571,426	<hr/> \$ 26,372,244
<hr/>			

See accompanying notes to the financial statements and the independent auditor's report.

BIG SKY RESORT AREA DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2022

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

Total fund balance, governmental funds	\$ 18,601,632
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds balance sheet.	480,584
Some liabilities, including compensated absences, are not due and payable in the current period and therefore, are not included in governmental funds.	(7,682)
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the statement of net position.	(752,271)
Unavailable tax revenue is recorded in the funds, but is not recorded under the measurement focus used in the statement of net position.	4,705
Interest accrued on long-term debt obligations is reported as a liability in the statement of net position but does not get reported in the fund statements.	(7,382)
Total net position of governmental activities	<u>\$ 18,319,586</u>

See accompanying notes to the financial statements and the independent auditor's report.

BIG SKY RESORT AREA DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Infrastructure Tax Fund	Total Governmental Funds
REVENUES			
Resort tax revenue	\$ 13,354,822	\$ 4,746,231	\$ 18,101,053
Intergovernmental	134,524	-	134,524
Interest and penalties	13,931	-	13,931
Investment earnings	22,224	-	22,224
Total revenues	<u>13,525,501</u>	<u>4,746,231</u>	<u>18,271,732</u>
EXPENDITURES			
Current			
General government	886,663	-	886,663
Community development	5,345,306	2,788,045	8,133,351
Debt service			
Principal	185,639	-	185,639
Interest	29,538	-	29,538
Capital outlay			
Capital expenditures	43,709	-	43,709
Total expenditures	<u>6,490,855</u>	<u>2,788,045</u>	<u>9,278,900</u>
Excess (deficiency) of revenues over expenditures	<u>7,034,646</u>	<u>1,958,186</u>	<u>8,992,832</u>
OTHER FINANCING SOURCES (USES)			
SPECIAL AND EXTRAORDINARY ITEMS			
Big Sky Relief	(411,177)	-	(411,177)
Net change in fund balance	<u>6,623,469</u>	<u>1,958,186</u>	<u>8,581,655</u>
Fund balance, beginning	<u>9,259,456</u>	<u>760,521</u>	<u>10,019,977</u>
Fund balance, ending	<u><u>\$ 15,882,925</u></u>	<u><u>\$ 2,718,707</u></u>	<u><u>\$ 18,601,632</u></u>

See accompanying notes to the financial statements and the independent auditor's report.

BIG SKY RESORT AREA DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$ 8,581,655
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(13,463)
Capital outlay	43,709
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net position.	
	185,639
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	
Increase (decrease) in taxes receivable	(11,679)
Accrued interest on long-term debt obligations is reported in the governmental activities but is not reported in the government fund statements. This is the decrease in accrued interest expense.	
	2,738
Decrease in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net position.	
	17,497
Change in net position of governmental activities in the statement of activities	<u>\$ 8,806,096</u>

See accompanying notes to the financial statements and the independent auditor's report.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Big Sky Resort Area District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

a. Reporting entity

The District was created on April 7, 1998. With the formation of the District, all collection and administration responsibilities with respect to the resort tax were transferred from the Counties. The District has sole responsibility for collection of the resort tax from area businesses.

County Ordinance 92-01 passed by the County Commissioners of the Gallatin and Madison Counties in Montana created a 5-member Big Sky Resort Area Board of Advisors, whose role is to make recommendations as to the spending of the resort tax monies collected by the District. The District's Board appropriates funds each year and expends it for infrastructure, public services, and for payment of costs associated with the collection and administration of the resort tax. The District's term expires on June 1, 2032.

As required by accounting principles generally accepted in the United States of America, these financial statements present Big Sky Resort Area District (the primary government) and any component units. The District has no component units.

b. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the year ended June 30, 2022, the District did not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. For the year ended June 30, 2022, the District did not receive any program revenues. Taxes and other items are reported as general revenues.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned with the exception of tax revenue that is not measurable. Tax revenue does not become measurable until the vendors submit a tax remittance form, which reports the amount of resort tax due to the District.

Revenue is recognized for tax remittance forms received within 60 days of the fiscal year end; any tax revenue that has been earned but for which a tax remittance form has not been submitted is not measurable after this time. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

The District reports the following major governmental fund:

General Fund – This is the District’s primary operating fund. It accounts for all financial resources of the general government.

Infrastructure Tax Fund - This is a special revenue fund. It accounts for the assessments and expenditures of the additional 1% resort taxes approved for infrastructure projects.

d. Cash and investments

The District is authorized by statute to invest in time and savings deposits with a bank, savings and loan association, or credit union in the state. In addition, it may also invest in obligations of the United States Government, securities issued by agencies of the United States, repurchased agreements, and the State Short-Term Investment Pool (STIP).

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined annually, and requires the use of valuation techniques, a specific method or combination of methods using one or more of three approaches: market, cost or income approach.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Taxes receivable

Taxes receivable are recognized for revenue that has been earned and is measurable, but for which payment has not been received. Taxes that are recorded as receivable as of June 30, 2022, but were not received within 60 days of the fiscal year end are reported as unavailable tax revenue on the balance sheet – governmental fund.

f. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid expenses is recorded as expenditures/expenses when consumed rather than when purchased.

g. Capital assets

Capital assets, which include building, furniture, and equipment, are reported in the governmental activities column in the government-wide financial statements. The District's capitalization policy requires individual assets to be capitalized if the original cost is at least \$5,000. Such assets are recorded at historical cost.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Building, furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Asset	Est. Life
Buildings	40
Equipment	5
Furniture and fixtures	7-10
Improvements	15

h. Deferred outflows of resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for this type of reporting. Deferred outflows includes the sum of future minimum payments to Big Sky County Water & Sewer District as a result of the interlocal agreement disclosed in Note 7, and the portion of multi-year appropriations applicable to future periods.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Compensated absences

The District accrues accumulated paid time off (PTO) when earned by the employee. An employee may accumulate PTO up to two times the eligible accrual rate per year. The accumulated unpaid balance is reported only as a general long-term obligation in the government-wide statement of net position and represents a reconciling item between the fund and government-wide presentations.

j. Long-term debt

In the government-wide financial statements long term debt and other long term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond issuance costs are expensed at issuance.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

k. Fund balance

Net position in government-wide financial statements is classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through state statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

i. Nonspendable fund balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

ii. Restricted fund balance

This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors, or imposed by law.

iii. Committed fund balance

The portion of fund balance that can only be used for specific purposes imposed by majority vote of the Board of Directors. Any changes or removal of specific purposes requires majority action by the Board of Directors.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Fund balance (Continued)

iv. Assigned fund balance

The portion of fund balance that has been identified by the Board of Directors for a specific purpose.

v. Unassigned fund balance

All amounts not included in other spendable classifications.

l. Use of restricted and unrestricted net position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

m. Use of estimates

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

n. Budget

The Board of Directors of the District approves a formal expenditure budget in July for the following year. The budget covers operational expenditures as well as appropriations of monies to the community entities. The District is not legally required to adopt a budget; therefore, management has decided not to present the budget in the financial statements.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. CASH AND INVESTMENTS

The District voluntarily participates in the Short Term Investment Program (STIP) administered by the Montana Board of Investments (MBOI). A local government's STIP ownership is represented by shares, the prices of which are fixed at \$1.00 per share, and participants may buy or sell shares with one business days' notice. STIP administrative expenses are charged daily against the STIP income, which is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares.

Short Term Investment Program (STIP) is not registered with the Securities and Exchange Commission. STIP is not FDIC-insured or otherwise insured or guaranteed by the federal government, the State of Montana, the MBOI or any other entity against investment losses, and there is no guaranteed rate of return on funds invested in STIP shares. The MBOI maintains a reserve fund to offset possible losses and limit fluctuations in STIP's valuation. The STIP investment portfolio consists of securities with maximum maturity of 2 years.

Information on investments held in the STIP can be found in the Annual Report on the MBOI website at <http://investmentmt.com/AnnualReportsAudits>.

a. Custodial credit-risk deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover pledged (collateral) securities that are in the possession of an outside party. To minimize custodial credit risk in relation to the District's deposits, it is the District's policy to have uninsured deposits covered by collateral held by the pledging bank's agent in the District's name.

As of June 30, 2022, the District had \$200 cash on hand. The carrying amount of the District's deposit balance (cash and an interest-bearing money market accounts) was \$18,739,951, and the bank balance was \$18,739,739. Account balances are covered by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per bank, per depositor, except for the repurchase account with First Security Bank which is covered by a repurchase agreement. Balances in excess of the FDIC limit, including the repurchase account, are covered by collateral held by the pledging bank's agent in the District's name. The uninsured deposit balance as of June 30, 2022 was \$10,946, which was the balance invested in the Short Term Investment Pool (STIP).

b. Risks related to STIP

Effective June 30, 2005, the State of Montana Board of Investments implemented the provisions of GASB Statement No. 40 – *Deposit and Investment Risk Disclosures*. The unaudited financial statements as of June 30, 2022 have disclosures pertaining to STIP's exposure to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and legal and credit risk.

Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. CASH AND INVESTMENTS (CONTINUED)

c. Security lending

STIP is eligible to participate in securities lending. Securities lending transactions for fiscal year ended June 30, 2022 are disclosed in STIP's financial statements.

An unaudited copy of the STIP fiscal year 2022 financial statements is available online at the Montana Board of Investments' website.

3. RESTRICTED CASH

As of June 30, 2022, restricted cash was comprised of the following:

	Balance
Debt service	\$ 54,499
Infrastructure Tax	2,494,004
Total restricted cash	<u>\$ 2,548,503</u>

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4. CAPITAL ASSETS

All of the District's capital assets are depreciated as described in Note 1. Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reclass	Ending Balance
Buildings	\$ 485,324	\$ 43,709	\$ 17,623	\$ 546,656
Leasehold improvements	17,623	-	(17,623)	-
Furniture and fixtures	5,228	-	-	5,228
Total	508,175	43,709	-	551,884
Less accumulated depreciation for:				
Buildings	(54,916)	(12,948)	(698)	(68,562)
Leasehold improvements	(698)	-	698	-
Furniture and fixtures	(2,223)	(515)	-	(2,738)
Total accumulated depreciation	(57,837)	(13,463)	-	(71,300)
Capital assets, net	\$ 450,338	\$ 30,246	\$ -	\$ 480,584

Depreciation expense was charged to the following function/program of the District:

Governmental activities:	
General government	\$ 13,463

5. APPROPRIATIONS PAYABLE

On July 14, 2021, the board approved resolution No. 2021-03R authorizing the appropriation of resort tax funds for fiscal year ended June 30, 2022. The appropriations payable balance as of June 30, 2022 represents the remaining balance of appropriations that were requested and paid prior to the July 15th deadline and the unpaid portion of multi-year appropriation contracts. Unspent funds that were not rolled over in accordance with Ordinance 99-01 were removed from the appropriations payable balance as of June 30, 2022. See Note 14 for more information.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

6. LONG-TERM DEBT

During 2019, the District issued revenue bonds in the amount of \$914,185. The bonds were issued to provide funds for the Community Center Project (Series 2019A) totaling \$500,000 and the Public Safety Communications Project (Series 2019B) totaling \$414,185. The bonds carry interest rates at 3.20% and mature in 2025. As of June 30, 2022, the balance of the Series 2019A and 2019B bonds were \$257,327 and \$213,162, respectively.

On September 15, 2020, the District closed on the purchase of 11 Lone Peak Drive, Unit 203 for additional office space. The total sales price was \$295,000 and financed by a loan through First Security Bank. The note is payable in quarterly installments of \$4,481 including principal and interest at 3.59%. The note matures June 2045 and is secured by the unit.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Resort tax revenue bonds	\$ 648,492	\$ -	\$ (178,003)	\$ 470,489	\$ 183,659
Suite 203 Mortgage	289,419	-	(7,637)	281,782	7,914
Total long-term debt	<u>\$ 937,911</u>	<u>\$ -</u>	<u>\$ (185,640)</u>	<u>\$ 752,271</u>	<u>\$ 191,573</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2022 are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2023	\$ 191,573	\$ 23,604	\$ 215,177
2024	197,785	17,392	215,177
2025	105,829	10,978	116,807
2026	8,809	9,116	17,925
2027	9,130	8,795	17,925
2028-2032	50,880	38,745	89,625
2033-2037	60,835	28,789	89,624
2038-2042	72,738	16,886	89,624
2043-2046	54,692	3,508	58,200
	<u>\$ 752,271</u>	<u>\$ 157,813</u>	<u>\$ 910,084</u>

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

7. DUE TO OTHER GOVERNMENTS

On February 4, 2020, the District and Big Sky County Water & Sewer District No. 363 entered into an interlocal agreement with respect to the WRRF Phase I Project, the Canyon Project and the payment or financing costs thereof. Pursuant to the agreement, the electors of the District approved the imposition of the additional 1% infrastructure resort tax commencing July 1, 2020 and terminating June 1, 2032. The additional infrastructure tax will be used to pay the lesser of 60% of the total costs of the WRRF Phase I Project or \$27,000,000, and \$12,000,000 for the costs of the Canyon Project if it is determined to be feasible in accordance with Section 3.3. On April 4, 2021, the interlocal agreement was amended to account for various changes including the source of funding obtained by the Water & Sewer District, the estimated cost of the project, and the agreed upon minimum contributions required by the District. The future minimum annual contributions for the District are as follows.

	Minimum Contributions
2023	\$ 2,852,719
2024	2,995,335
2025	3,145,122
2026	3,302,379
2027	3,467,497
Thereafter	5,932,573
Total	<u>\$ 21,695,625</u>

During the year ended June 30, 2022, the District paid the minimum annual contribution of \$2,716,875. The total remaining balance due at year end was \$21,695,625 and is reported as a Deferred Outflow of Resources since it represents the consumption of net assets that apply to future periods.

As of June 30, 2022, the Canyon Project has not met the conditions of Section 3.3 of the amended interlocal agreement. Therefore, the \$12,000,000 has not been recognized as a Deferred Outflow of Resources or included in the Due to Other Governments balance.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

8. GOVERNMENTAL FUND BALANCES

a. Nonspendable fund balance

At June 30, 2022, governmental fund balances in the amount of \$2,250 were nonspendable. This balance represents prepaid expenses that were not in spendable form.

b. Restricted fund balance

At June 30, 2022, governmental fund balances were restricted for the following purposes.

	Total
Debt service account ("Bond Account")	\$ 54,500
Infrastructure tax account	2,718,707
Total	<u>\$ 2,773,207</u>

Bond Account: As stated in the bond resolution for the 2019A and 2019B series bonds, the District is required to maintain a Bond Account within the Resort Tax Fund. The District is required to deposit, on a monthly basis, one-twelfth of the principle and premium due on outstanding bonds on the next succeeding principle payment date, plus one-sixth of the interest due on outstanding bonds on the next succeeding interest payment date.

Infrastructure Tax Account: This represents the remaining balance of infrastructure tax collections after minimum annual payments for the WRRF project (see Note 7).

c. Committed fund balance

At June 30, 2022, governmental fund balances in the amount of \$1,752,884 were committed to general government for the following purposes.

	Total
Reserve fund - Resolution No. 2021-04R	\$ 1,086,306
Resolution 2022-01R - TIGER Grant	573,330
Big Sky Relief fund	93,248
Total	<u>\$ 1,752,884</u>

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

9. RETIREMENT PLAN

On April 8, 2009, the District entered into an agreement with the Montana Public Employees' Retirement Board to allow its employees to participate in the State of Montana 457 Deferred Compensation Plan (Plan). The agreement was effective as of July 1, 2009. The Plan is sponsored by the Montana Public Employees' Retirement Board and is authorized by Internal Revenue Code Section 457(b) and is subject to specific Internal Revenue Service laws and requirements.

During the 2021 calendar year, the maximum contribution that the participant can make to the Plan is \$19,500. The District is not required to contribute to the plan but may match up to 6.8% of the participant's earnings. As of June 30, 2022, the District elected to match the max percentage of 6.8%.

During the fiscal year ended June 30, 2022, both the participant and District contributed a total of \$46,815 to the plan.

10. BIG SKY RELIEF

As a result of COVID-19, the Board adopted the Resolution to Delegate Limited Authority to Address Impacts of COVID-19 in the Big Sky Resort Area District on April 8, 2020. The resolution established a special fund in an amount up to but not to exceed \$500,000 for emergency appropriations pursuant to Section 4 of District Ordinance 99-01. This fund will provide needed funding for organizations within the District to address the social and economic impacts of COVID-19. During the year ended June 30, 2022, the District appropriated \$9,624 of the Big Sky Relief fund. As of June 30, 2022, the remaining balance of Big Sky relief funds totaled \$93,248.

In addition, the District adopted Resolution No. 2021-04R to purchase test kits for community members and support Big Sky Medical Center. The total amount of expenditures incurred as a result of Big Sky Relief during the year were \$411,177 and were reported as a special item in the District's basic financial statements.

11. RELATED PARTY TRANSACTIONS

In fiscal year ended June 30, 2022, the District distributed \$529,056 in appropriations to entities that had Board or family members in common at the time of the appropriation. At June 30, 2022, \$50,960 of appropriations were payable to these organizations.

12. CONCENTRATION

Two taxpayers provided approximately 43% of the total resort tax revenue received by the District during the fiscal year ended June 30, 2022.

13. INSURANCE

The District is considered a "local government or political subdivision" as the term is used in Montana Code Annotated (MCA) section 2-9-101(5). MCA limits these types of entities' liability on tort actions for damages suffered as a result of an act or omission of an officer, agent, or an employee of that entity, in an amount not to exceed \$750,000 for each claim and \$1,500,000 per occurrence (MCA Sec. 2-9-108). Accordingly, the District has purchased insurance coverage for adequate coverage.

BIG SKY RESORT AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

14. SUBSEQUENT EVENTS

The District has evaluated all subsequent events through October 26, 2022, the date the financial statements were available to be issued.

a. Resolution No. 2021-03R Unspent Appropriations

The District is aware that \$212,418 of fiscal year 2022 appropriations were unspent by the July 15, 2022 request deadline. Both the Appropriations Payable and Current Appropriations were reduced by the amount of unspent funds as of June 30, 2022.

b. FY23 Appropriations (Resolution 2022-02R)

On August 10, 2022, the District passed resolution number 2022-02R authorizing the appropriations of resort tax funds for the period of July 1, 2022 through June 30, 2023.

Appropriations	\$ 7,998,179
Operating Reserve Fund	305,338
Emergency Reserve Fund	500,000
Capital Reserve Fund	\$ 1,023,579



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Big Sky Resort Area District
Big Sky, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major funds of Big Sky Resort Area District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 26, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Sky Resort Area District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Sky Resort Area District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Sky Resort Area District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Amatics CPA Group
Bozeman, Montana
October 26, 2022

**BIG SKY RESORT AREA DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2022**

The results of our tests disclosed no instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and no material weaknesses to be reported under *Government Auditing Standards* as of June 30, 2022.

**BIG SKY RESORT AREA DISTRICT
STATUS OF PRIOR YEAR FINDINGS
June 30, 2022**

The following internal control deficiencies considered to be material weaknesses were required to be reported under *Government Auditing Standards* as of June 30, 2021.

2021-1 Appropriations Payable

Criteria: In accordance with generally accepted accounting principles (GAAP), the District should record community development appropriations in the proper accounting period based on the underlying award/contract.

Condition: The District awards community development appropriations to applicants within the District on an annual basis. Requests for appropriations disbursements are typically due by July 15 following year end (for example, requests for fiscal year 2021 appropriations were due by July 15, 2021). In specific circumstances, appropriations agreements have been amended to allow for a longer appropriation disbursement period.

Effect: The District's fiscal year 2020 appropriations expense and payables were understated by \$390,895, requiring a prior period adjustment in the fiscal year 2021 beginning fund balance and net position.

Cause: There was a failure of the information and communication component of internal control to provide complete and accurate output because of deficiencies in timeliness. The District incorrectly reduced appropriations payable at June 30, 2020 for amounts due under an appropriations agreement that had been amended to extend the appropriation disbursement period, due to a lack of timely communication related to the contract amendment.

Recommendation: The District should communicate information on any changes to appropriation periods and agreements that could have a financial statement impact, taking into account the appropriation disbursement periods on agreements that extend beyond the standard period through July 15 following year end.

Status: Resolved

From: Kristin Drain <Kristin@resorttax.org>

Sent: Tuesday, October 18, 2022 1:10 PM

To: Daniel Bierschwale <daniel@resorttax.org>; Steve Johnson <steve@resorttax.org>

Subject: RE: Payoff

Here are the current balances FYI:

279,851 Unit 203 Mortgage

207,385 BSCO Bond

171,792 Gall Co 911 Bond

659,028 Total

Next payments will be due 12/15 and 12/31 totaling about 103k.

Kristin Drain

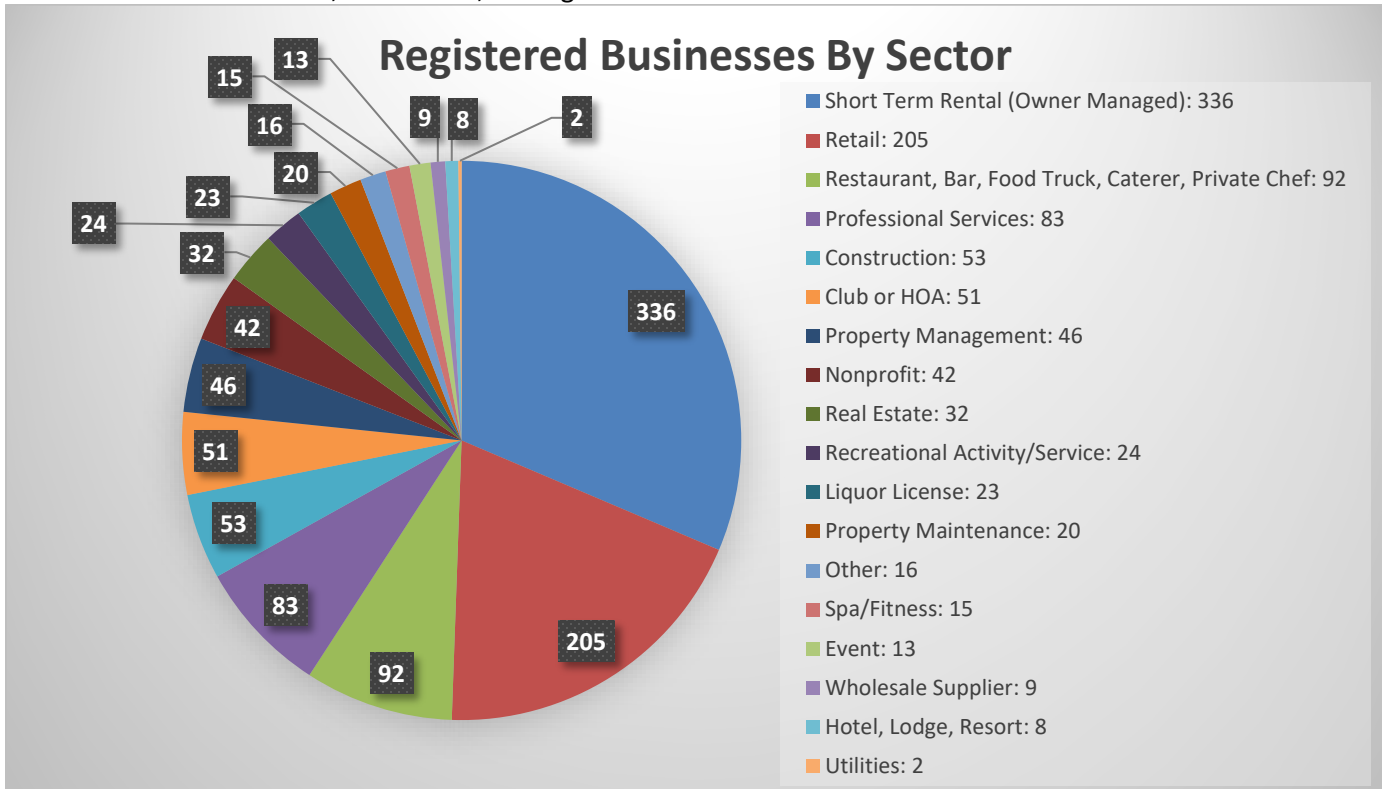
Finance & Compliance Manager

ResortTax.org

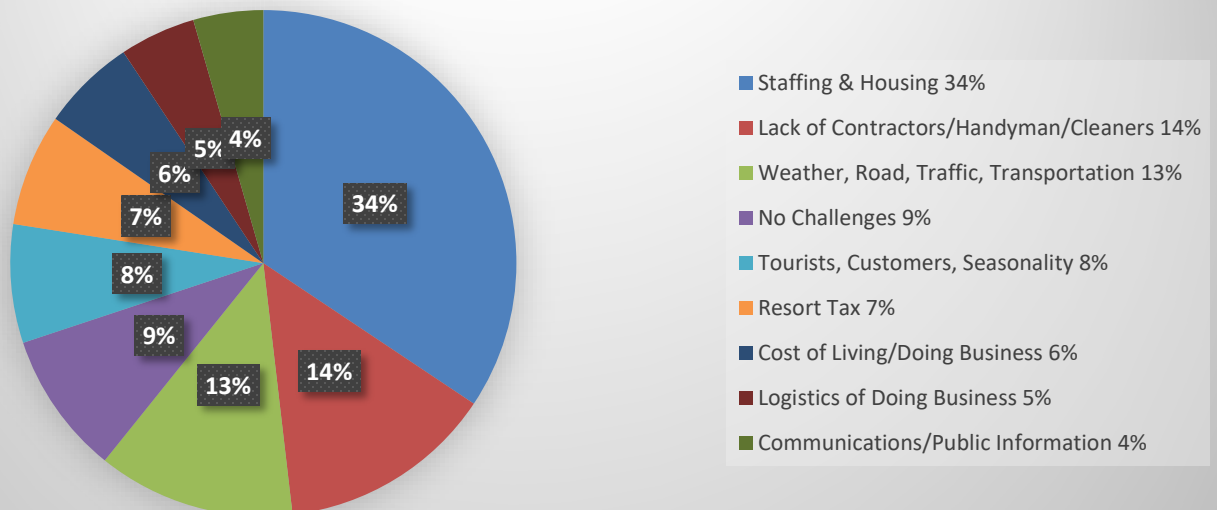


ANNUAL BUSINESS REGISTRATION UPDATE

- The Annual Business Registration process launched in Fall of 2019, with approximately 500 businesses registered in 2020.
- Registered businesses increased to 818 in 2021.
- As of October 2022, there are 1,070 registered businesses.



Summary of Responses: Biggest Challenge for Doing Business in Big Sky (515 Total Responses)



RESOLUTION NO. 2022-03R
TO PUBLISH LIST OF NON-COMPLIANT BUSINESSES

WHEREAS, pursuant to District Ordinance No. 2008-1, as amended, all businesses conducting business within the Big Sky Resort Area District (“District”) are required to register their business with the District; and

WHEREAS, pursuant to such Ordinance, all Establishments selling Luxuries or Good and Services within the District are required to report sales, collect Resort Taxes from customers, and remit Resort Taxes to the District; and

WHEREAS, the District has adopted rules, procedures and deadlines for all actions described above, and takes steps to remind non-compliance businesses of their obligations; and

WHEREAS, on occasion, certain business fail to comply with the District’s registration, reporting, tax collecting, and tax remittance requirements despite repeated reminders and communications from the District; and

WHEREAS, pursuant to Ordinance 2008-1, as amended, Section 7, the District is permitted to periodically publish and update a list of non-complaint and/or delinquent businesses.

NOW THEREFORE, to ensure all businesses are fully compliant with the District’s rules, processes, and procedures for the benefit of all residents of the District, the District’s Board hereby gives notice of its intent to periodically publish a list of non-compliant and/or delinquent businesses, and to periodically update such list removing those businesses that come into compliance and adding new non-compliant and/or delinquent businesses. The Board hereby delegates authority to its Executive Director and Staff to carry out all such actions consistent with this Resolution No. 2022-03R.

Done, dated, and effective this 9th day of November, 2022 by a vote of _____ in favor and _____ opposed.

Sarah Blechta, Chair

Ciara Wolfe, Vice Chair

Steve Johnson, Secretary/Treasurer

Kevin Germain, Director

Grace Young, Director

COMMUNITY WEEK 2023

SEPTEMBER 2023

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

OCTOBER 2023

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER 2023

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Notable Dates & Holidays

- Monday, September 4th-Labor Day
- Monday, September 25th-Yom Kippur
- Monday, October 9th-Columbus Day
- Tuesday, October 31st-Halloween
- Tuesday, November 7th-Election Day

Potential 2023 Homecoming Weeks

Homecoming dates are set based on the 2023 academic and athletics calendars. Dates will be established in spring or summer of 2023. Homecoming week may vary year-to-year.

Future Community Week Schedule

• 1st Full Week of October (2023: Oct 2nd-6th)

○ Pros:

- Would be the same week as 2022 Community Week
- Allows time for a voter education event prior to election day
- More part time or seasonal residents may be in town still

○ Cons:

- Chance of overlapping with LPHS Homecoming
- Overlapping with fall youth sports
- During big game archery season

• 3rd Full Week of October (2023: Oct 16th-20th)

○ Pros:

- No chance of overlapping with LPHS Homecoming
- Most fall youth sports have concluded
- Allows time for a voter education event prior to election day
- Between big game archery and rifle seasons

○ Cons:

- More part time or seasonal resident may be out of town for shoulder season
- Inconsistent with 2022 dates

MONTANA RESORT TAX ASSOCIATION

Articles of Incorporation

November 9, 2022

ARTICLE I: NAME AND DESIGNATION

The name of this Corporation shall be the Montana Resort Tax Association.

The Corporation is designated as a nonprofit Mutual Benefit Corporation as that term is defined in the Montana Nonprofit Corporation Act.

ARTICLE II: DURATION

The term for which the Corporation is organized is perpetual.

ARTICLE III: PURPOSE

The Corporation is organized exclusively for sharing of best practices, lobbying efforts, and resources, such as bookkeeping, audits, and legal documentation, and to develop a consistent platform for the resort tax communities, areas, and districts within the State of Montana.

ARTICLE IV: MEMBERS

The Corporation shall have members. The initial Members of the Corporation are: Big Sky Resort Area District, City of Columbia Falls, Cooke City Resort Area, Craig Resort Area, Gardiner Resort Area District, City of Red Lodge, St. Regis Resort Area, Town of Virginia City, Town of West Yellowstone, City of Whitefish, and Wolf Creek Resort Area. Membership in the Corporation shall be subject to such regulations as are prescribed in the Corporation's Bylaws.

ARTICLE V: PROHIBITED ACTIVITIES

No part of the net earnings of the Corporation shall benefit or be distributable to its directors, trustees, officers, or other private persons, except those the Corporation shall be authorized and empowered to a reasonable compensation for services rendered and to make payments and distribution of furtherance of the purposes set forth in Article III herein.

ARTICLE VI: DISSOLUTION AND DISPOSITION OF ASSETS

A two-thirds (2/3) supermajority of all the Board of Directors may dissolve the Corporation by delivering an Article of Dissolution to the Montana Secretary of State. The Corporation shall give notice of any meeting at which dissolution will be considered and the notice must state that dissolution will be considered. At the time Articles of Dissolution are delivered to the Montana Secretary of State, the Board of Directors shall provide the Montana Attorney General notice that it intends to dissolve and the Board of Directors shall contemporaneously provide the Montana Attorney General with a copy of the Plan of Dissolution.

Upon dissolution of the Corporation, the assets, if any, shall be distributed, subject to any contractual or legal requirements, to the Members of the Corporation on a pro rata basis, or by means adopted through a Plan of Dissolution indicating to whom the assets owned or held by the Corporation will be distributed after all creditors have been paid.

ARTICLE VII: OFFICE, REGISTERED AGENT, AND INCORPORATOR

The office of the Corporation shall be in Helena, Montana. The initial office of the Corporation shall be:

Montana Resort Tax Association
c/o Kimberly A. Beatty, Esq.
Browning, Kaleczyc, Berry & Hoven, P.C.
800 N. Last Chance Gulch, Ste. 101
Helena, MT 59601

The initial registered agent for the Corporation shall be:

Kimberly A. Beatty, Esq.
Browning, Kaleczyc, Berry & Hoven, P.C.
800 N. Last Chance Gulch, Ste. 101
Helena, MT 59601

The Incorporator for the Corporation is:

Daniel Bierschwale
c/o Big Sky Resort Area District
11 Lone Peak Drive, Suite #204
P.O. Box 160661
Big Sky, MT 59716

The registered agent may be changed by the Board of Directors at any time at the discretion of the Board of Directors.

ARTICLE VIII: BOARD OF DIRECTORS

The Corporation shall be governed by the Board of Directors pursuant to the Bylaws of the Corporation. The Board shall be comprised of representatives of the Corporation's Member resort tax communities, areas, and districts. If a vacancy on the Board of Directors is due to the removal, death, or resignation of a Director, the vacancy shall be filled in accordance with the Bylaws.

A Director shall not be personally liable to the Corporation or members of the Corporation for breach of a Director's duties to the Corporation and its members except for:

- (a) For a breach of the Director's duty of loyalty to the Corporation or its members;
- (b) For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (c) For a transaction from which a Director derived an improper personal economic benefit; and
- (d) Liability imposed by a non-waivable provision of the Montana Nonprofit Corporation Act.

The affairs of the Corporation shall be managed by a Board of not more than three (3) Directors elected or appointed as set forth in the Bylaws of the Corporation. The initial Directors shall be the following:

Daniel Bierschwale
Director, Big Sky Resort Area District
11 Lone Peak Drive, Suite #204
P.O. Box 160661
Big Sky, MT 59716

[insert additional 2 representative]

ARTICLE IX: REMOVAL OF DIRECTORS

A Director may only be removed by a vote of at least two-thirds (2/3) of the entire Board of Directors or by a judicial proceeding as provided by law.

ARTICLE X: RESIGNATION OF DIRECTORS

A Director may resign at any time by delivering written notice to the Board of Directors, its presiding officer, the chair, or the secretary.

ARTICLE XI: OFFICERS

The Corporation shall have as Officers a Chair, Vice Chair, Secretary, Treasurer, and such other officers as the Board of Directors sees fit. A person may simultaneously hold more than one office in the Corporation except that the offices of Chair and Secretary must be occupied by different individuals. The Board of Directors shall select the Officers of the Corporation according to the Bylaws.

ARTICLE XII: AMENDMENT

These Articles of Incorporation may be amended from time to time at any meeting by an affirmative vote of a majority of all Board members, provided that at least two weeks' notice has been given to all members of the Board of Directors of the character of the proposed amendment, or amendments, to be voted upon.

ARTICLE XIII: EFFECTIVE DATE

The effective date of these Articles of Incorporation shall be dated when these Articles are filed with the Montana Secretary of State.

Done and dated this 9th day of November, 2022.

Name: Daniel Bierschwale

Title: Incorporator of the Montana Resort Tax Association



Built for healthier businesses in Big Sky Country

Team up for a quality health plan through Big Sky Chamber

As a chamber—whether it’s Big Sky or an affiliated chamber—you can get a UnitedHealthcare health plan with wide network access, possible lower costs and a mountain of other benefits.



Learn more at uhc.com/bigskychamber