



FY26 & FY27 INTERLOCAL APPLICATIONS

This year, we accepted applications from eligible government entities NOT currently in a 3-year interlocal agreement (ILA) with the District for the remainder of the current 3-year cycle, which includes FY26 (7/1/25-6/30/26) and FY27 (7/1/26-6/30/27). We received two applications through this process from Firelight Meadows Water & Sewer District and Gallatin Canyon Water & Sewer District.

This binder contains an overview of data from both applications as well as a hard copy of their application responses and any uploads they provided. You all also have access to view the applications digitally via Submittable. If you need assistance accessing the online applications, please reach out to Jenny. You may provide your questions for these applications online through Submittable or by emailing Jenny.

The following entities are already in a 3-year ILA with the District; below are their funding awards for each of the 3 years. The Grants Subcommittee is working on creating a reporting and accountability system for annual updates from these entities. More to come soon.

Organization	FY25 Award	FY26 Award	FY27 Award
Big Sky Fire Department	\$1,150,000	\$1,184,500	\$1,220,035
Big Sky School District	\$50,000	\$50,000	\$50,000
Big Sky Transportation District	\$1,475,000	\$1,525,000	\$1,575,000
Big Sky Trails, Recreation, and Parks District	\$675,533	\$743,086	\$817,395
Gallatin County Sheriff's Office	\$703,750	\$729,760	\$757,069
Gallatin Canyon Water & Sewer District	\$200,000	-	-

KEY INTERLOCAL APPLICATION DATES:

- **Friday, September 5:** Board Question Due
- **Wednesday, September 10:** Questions Shared with Sponsors
- **Wednesday, September 17:** Sponsor Response Due
- **Wednesday, October 8:** 2-Year ILA Funding Decisions Made at JCC

KEY NONPROFIT & CAPITAL APPLICATION DATES:

- **Wednesday, September 3:** Board Receives Binders
- **Wednesday, October 1:** Board Question Due
- **Friday, October 3:** Questions Shared with Sponsors
- **Tuesday, October 14:** Sponsor Responses Due
- **Tuesday, October 21 & Thursday, October 23:** Application Review Meetings

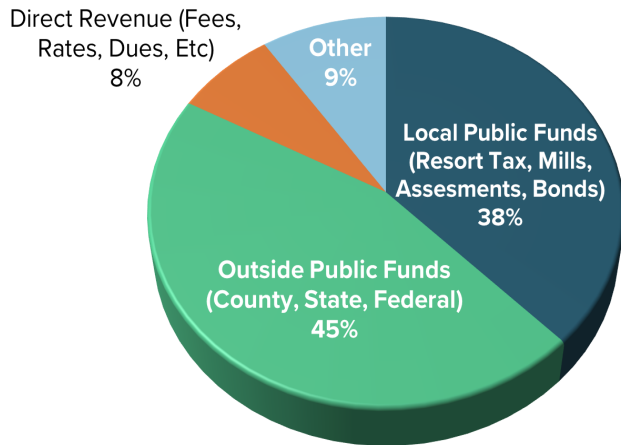
FIRELIGHT MEADOWS COUNTY WATER & SEWER DISTRICT (FMWSD)

\$100,000

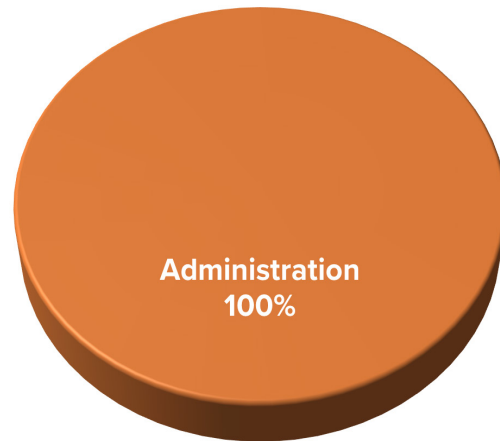


\$100,000 FY26 Operations
\$150,000 FY27 Operations

REVENUE DISTRIBUTION



EXPENSE DISTRIBUTION



FY24 Award: n/a

FY25 Award: n/a

FY26 Award: \$ 25,000

\$25,000 Firelight District Launch (Microgrant)

FY26 Request: \$100,000

FY27 Request: \$150,000

Firelight Meadows Water & Sewer District

Please note: All responses were pulled directly from the application and were provided by the sponsor.

SPONSOR INFORMATION

Organization Name: Firelight Meadows County Water and Sewer District

Are your services located within the Big Sky Resort Area District (BSRAD) boundary?

- Yes

Boundary Map: Included in supplemental materials

How many people does your organization serve on an annual basis?

- 568

How do you track or measure the number of people served?

- The Firelight Meadows County Water and Sewer District serves 216 residences, totaling 568 bedrooms. While the exact population fluctuates due to both short and long-term rentals, a conservative estimate of one occupant per bedroom suggests the District serves approximately 568 individuals.

Please upload a copy of the operating budget for your current fiscal year.

- Included in supplemental materials

Does your organization have audited financials?

- No

Please explain why your organization does not have audited financials.

- Audited financials are not yet available because the Firelight District was officially formed just two months ago and has not yet completed a full fiscal year. We anticipate having audited financials available by FY2027, once sufficient financial activity has occurred to warrant a formal audit.

Financial Uploads-All included in supplemental materials

- Year-To-Date Actual vs Budget (Current FY)
- Actual vs Budget (Previous FY)
- Current Balance Sheet
- Organizational Revenues

Firelight Meadows Water & Sewer District

- Organizational Expenses
- Growth Forecast
- Reserves on Hand
- Payroll Details

Do you anticipate any direct or indirect changes in the federal funding outlined on your revenue table?

- No

Please provide a brief explanation of any impacts (or nonimpact) you anticipate to your organizations federal funding.

- As a newly formed district, the Firelight Meadows County Water and Sewer District has not yet received federal funding. At this early stage, we are focused on securing state and local grants while developing a financing strategy that makes this critical infrastructure project, currently estimated to cost \$8-10 million, affordable for the Firelight community. This includes pursuing long-term, low-interest government loans that can be amortized over time, such as USDA Rural Development loans or State Revolving Funds. Resort Tax support is essential to position the District for these opportunities by funding the planning and engineering work required to apply. Our goal is to build a responsible financial stack that leverages every available resource—local, state, and federal—so that connection to centralized sewer becomes financially feasible for the 216 Firelight owners, while also protecting public health and water quality in the broader Big Sky community.

Please explain any upcoming major changes occurring within FY26-FY27 that are driving significant operational expansion.

- FY26 marks the first full year of operations for the Firelight Meadows County Water and Sewer District. During this time, we are focused on foundational tasks, including establishing financial systems, adopting policies and procedures, securing basic administrative support, pursuing critical startup funding, and completing preliminary engineering studies. As we transition into FY27, we anticipate a shift from early formation activities to more intensive planning and project development. This will include detailed engineering work, regulatory coordination, public engagement, and preparation for connection to the Big Sky Water and Sewer system. As a result, our operational needs and capital costs are expected to increase in FY27 and FY28. The Firelight District hopes to complete the connection by the end of FY29.

Firelight Meadows Water & Sewer District

Does your organization have revenue-generating authority using property taxes?

- Yes

Upload a map outlining the boundaries of your taxing authority.

- Included in supplemental materials (same as boundary map)

What is the current taxable value of your area?

- \$2,500,000.00 USD

Does your district levy any Mills, Bonds, Assessments, or Fees?

- No

OPERATIONS REQUEST DETAIL

Project Name: FLMCWSD: FY26-FY27

Project Description: The Firelight neighborhood relies on a failing septic system that does not meet DEQ standards and poses an environmental threat. This project funds startup operations, launches engineering work, and drives efforts to secure additional funding. The goal is to connect to Big Sky Water and Sewer to improve Firelight's sewage treatment and protect the Gallatin watershed.

Please select the Impact Area that best pertains to your operations.

- Public Works

What is the amount you are requesting from Resort Tax for FY26 (7/1/25-6/30/26) operations?

- \$100,000

What is the amount you are requesting from Resort Tax for FY27 (7/1/26-6/30/27) operations?

- \$150,000

The Project Budget Table is included in the supplemental materials

How would your operations be affected if Resort Tax funding were not awarded?

- Without Resort Tax funding, the District would face significant obstacles in securing additional state grants. Many programs, such as the Montana Coal Endowment Program and the Department of Natural Resources and Conservation, require

Firelight Meadows Water & Sewer District

matching funds, support that Resort Tax makes possible. Without BSRAD's investment, we risk delaying connection to Big Sky Water and Sewer, reducing our competitiveness for outside funding, and extending the environmental threat posed by our failing septic system. This is not just a neighborhood issue. As contamination reaches the Gallatin watershed, it becomes a broader ecological concern for the entire region. The Firelight Meadows County Water and Sewer District is committed to collaborating with the Big Sky and Gallatin Canyon districts to pursue every available funding opportunity, including those that may become accessible through Gallatin County or future economic development structures under consideration.

If applicable, provide the tax burden per \$100,000 property value, if mill levy authority would be used to fund this project rather than Resort Tax funds.

- N/A

If applicable, provide the tax burden per property, if fee or assessment authority would be used to fund this project rather than Resort Tax funds.

- If Resort Tax does not award these funds, and the District instead assesses owners to cover the \$250,000 grant request for FY26–27, each Firelight owner would pay \$1,157. While that may seem modest, it does not reflect the true financial impact. Firelight residents already pay 166% more in base utility rates than their neighbors in the Big Sky Water and Sewer District. Yet, they also contributed to the local Resort Tax dollars used to upgrade BSCWSD's treatment plant and launch the new Canyon District. The Firelight District expects to levy its owners to help repay federal infrastructure loans as part of the funding stack needed to join BSCWSD. However, funding the entire \$8 to \$10 million-plus project through assessments would place an unsustainable burden on 216 homeowners, many of whom live in Firelight year-round and work full-time in Big Sky. Resort Tax support will reduce that burden, accelerate environmental compliance, and advance a project that protects the Gallatin watershed.

Has a member of the CCBS reached out over the last year and asked for your participation in updating SMART goals for FY26?

- No

Choose the Our Big Sky Strategy that this project best corresponds with.

- Improve and Maintain Water and Sewer Infrastructure

Firelight Meadows Water & Sewer District

Choose the SMART goal(s) that this project is working towards.

- None of the above

How will this project contribute to the progress in the above SMART goal(s), and how will you measure that progress?

- According to the BSCWSD, Firelight will use about 300 SFEs, each generating ~200 gallons of wastewater per day, for an estimated 60,000 gallons daily. A Level II septic system owned by a for-profit utility currently removes only ~60% of Firelight's nitrogen. Due to new data on the flow of groundwater from the Firelights, DEQ now requires the Firelights to treat to a 7 mg/L nitrogen limit, down from the previous 24 mg/L. The existing system cannot meet this standard. In contrast, BSCWSD's upgraded facility treats to 5 mg/L, removing ~75% of nitrogen and ~95% of phosphorus. Firelight is one of the largest remaining neighborhoods in Big Sky relying on decentralized treatment. Connecting to a centralized sewer would improve nitrogen removal efficiency by 15–20% per gallon of treated water. Applied across Firelight's full flow, this transition would virtually eliminate residual nutrient discharge and advance the Gallatin watershed's 25% net nutrient reduction SMART goal.

Are there any long-term planning documents (Strategic Plan, Capital Improvement Plan, Master Plan) that directly relate to this request? If so, please list them.

- The Firelight District does not yet have long-term planning documents. In our first year, we will complete preliminary engineering reports and initiate the development of a Capital Improvement Plan. We plan to apply for Montana Coal Endowment Program grants in FY26 to help fund this work, though awards are not guaranteed. While BSRAD has already invested significantly in the Big Sky and Gallatin Canyon districts, this is Firelight's first substantial request. Our septic system failure impacts more than just our neighborhood; it threatens shared water resources and our neighbors downstream. We will collaborate with both the Big Sky and Canyon districts to identify regional infrastructure needs and coordinate funding strategies that reduce costs for the broader community. We are also committed to exploring the formation of a Targeted Economic Development special district with Gallatin County Commissioners to support long-term, communitywide infrastructure solutions.

Firelight Meadows Water & Sewer District

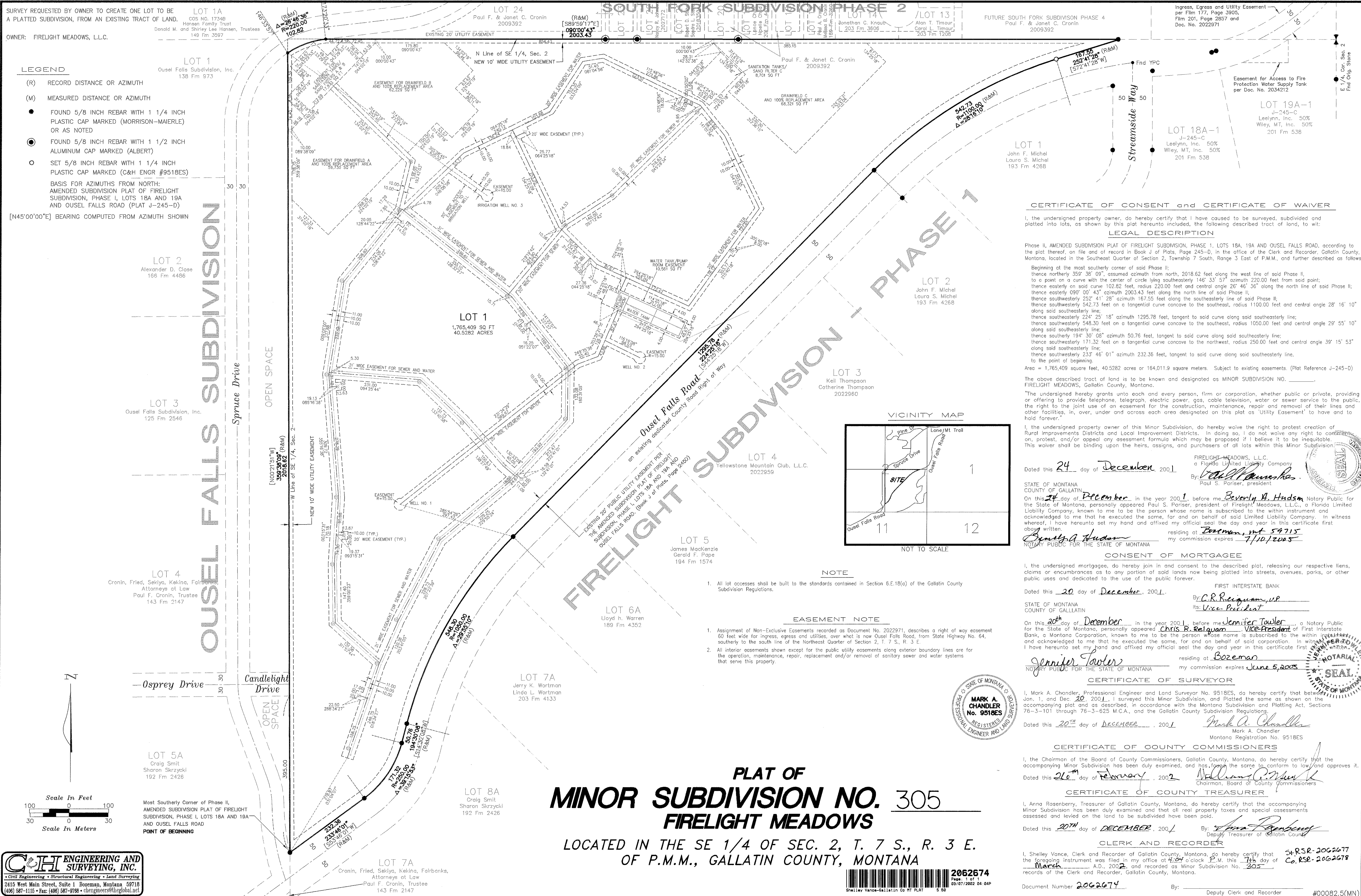
What additional information would you like to share with the District regarding this request?

- While the District is in its early stages, that timing makes Resort Tax support essential. As a volunteer-led board, we've done what we can to lay the groundwork, but advancing further requires professional support and outside resources. Connecting Firelight to BSCWSD could cost up to \$10 million, depending on project timing and cost escalation, with a total timeline of up to four years. Firelight provides year-round housing for locals who power Big Sky's resorts, schools, hospital, and small businesses. Its 152 registered voters not only contribute thousands of hours in essential work, but they also pay into the Resort Tax that helps sustain this community. However, as infrastructure demands grow and the cost of living rises, homeowners are shouldering an increasing burden to keep this neighborhood both livable and DEQ-compliant. Early support will enable us to transition from research to action, positioning Firelight to secure significant funding and protect the Gallatin watershed.

Does your organization have any forecasted capital needs beyond FY28 until FY35?

- Yes-CIP Forecast table included in supplemental materials.

EXHIBIT A

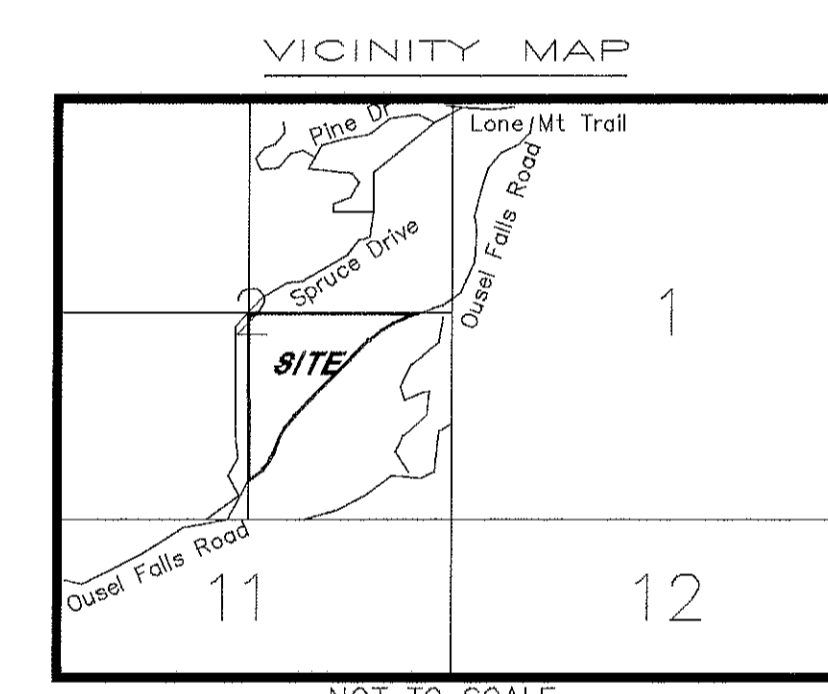


SURVEY REQUESTED BY OWNER TO CREATE ONE LOT TO BE A PLATTED SUBDIVISION, FROM AN EXISTING TRACT OF LAND.
OWNER: FIRELIGHT MEADOWS, L.L.C.
LOT 1
Ousel Falls Subdivision, Inc.
138 Fm 973
LOT 2
Alexander D. Close
166 Fm 4486
LOT 3
Ousel Falls Subdivision, Inc.
125 Fm 2546
LOT 4
Cronin, Fried, Sekiya, Kekina, Fairbanks, Attorneys at Law
Paul F. Cronin, Trustee
143 Fm 2147
LOT 5A
Craig Smit
Sharon Skrzyzcki
192 Fm 2426
LOT 7A
Cronin, Fried, Sekiya, Kekina, Fairbanks, Attorneys at Law
Paul F. Cronin, Trustee
143 Fm 2147

LEGEND
(R) RECORD DISTANCE OR AZIMUTH
(M) MEASURED DISTANCE OR AZIMUTH
● FOUND 5/8 INCH REBAR WITH 1 1/4 INCH PLASTIC CAP MARKED (MORRISON-MAIERLE) OR AS NOTED
● FOUND 5/8 INCH REBAR WITH 1 1/2 INCH ALUMINUM CAP MARKED (ALBERT)
○ SET 5/8 INCH REBAR WITH 1 1/4 INCH PLASTIC CAP MARKED (C&H ENGR #9518ES)
BASIS FOR AZIMUTHS FROM NORTH:
AMENDED SUBDIVISION PLAT OF FIRELIGHT SUBDIVISION, PHASE I, LOTS 18A AND 19A AND OUSEL FALLS ROAD (PLAT J-245-D) [N45°00'00"E] BEARING COMPUTED FROM AZIMUTH SHOWN

C&H ENGINEERING AND SURVEYING, INC.
Civil Engineering • Structural Engineering • Land Surveying
2415 West Main Street, Suite 1, Bozeman, Montana 59718
(406) 587-1115 • Fax: (406) 587-9786 • cheingneers@leglobal.net

PLAT OF
MINOR SUBDIVISION NO. 305
FIRELIGHT MEADOWS
LOCATED IN THE SE 1/4 OF SEC. 2, T. 7 S., R. 3 E.
OF P.M.M., GALLATIN COUNTY, MONTANA



- NOTE
1. All lot accesses shall be built to the standards contained in Section 6.E.18(a) of the Gallatin County Subdivision Regulations.
- EASEMENT NOTE
1. Assignment of Non-Exclusive Easements recorded as Document No. 2022971, describes a right of way easement 60 feet wide for ingress, egress and utilities, over what is now Ousel Falls Road, from State Highway No. 64, southerly to the south line of the Northeast Quarter of Section 2, T. 7 S., R. 3 E.
2. All interior easements shown except for the public utility easements along exterior boundary lines are for the operation, maintenance, repair, replacement and/or removal of sanitary sewer and water systems that serve this property.

CERTIFICATE OF CONSENT and CERTIFICATE OF WAIVER
I, the undersigned property owner, do hereby certify that I have caused to be surveyed, subdivided and platted into lots, as shown by this plat hereunto included, the following described tract of land, to wit:
LEGAL DESCRIPTION
Phase II, AMENDED SUBDIVISION PLAT OF FIRELIGHT SUBDIVISION, PHASE I, LOTS 18A, 19A AND OUSEL FALLS ROAD, according to the plat thereof, on file and of record in Book 1 of Plats, Page 245-D, in the office of the Clerk and Recorder, Gallatin County, Montana, located in the Southeast Quarter of Section 2, Township 7 South, Range 3 East of P.M.M., and further described as follows:
Beginning at the most southerly corner of said Phase II;
thence northerly 35° 38' 09" assumed azimuth from north, 2018.62 feet along the west line of said Phase II,
to a point on a curve with the center of circle lying southeasterly 146° 33' 57" azimuth 220.00 feet from said point;
thence easterly on said curve, center of circle 220.00 feet and central angle 26° 46' 36" along the north line of said Phase II;
thence easterly 090° 00' 43" azimuth 2003.43 feet along the north line of said Phase II;
thence southeasterly 252° 41' 28" azimuth 167.55 feet along the southeasterly line of said Phase II;
thence southeasterly 542.73 feet on a tangential curve concave to the southeast, radius 1100.00 feet and central angle 28° 16' 10" along said southeasterly line;
thence southeasterly 224° 25' 18" azimuth 1295.78 feet, tangent to said curve along said southeasterly line;
thence southeasterly 548.30 feet on a tangential curve concave to the southeast, radius 1050.00 feet and central angle 29° 55' 10" along said southeasterly line;
thence southerly 194° 30' 08" azimuth 50.76 feet, tangent to said curve along said southeasterly line;
thence southeasterly 171.32 feet on a tangential curve concave to the northwest, radius 250.00 feet and central angle 39° 15' 53" along said southeasterly line;
thence southeasterly 233° 46' 01" azimuth 232.36 feet, tangent to said curve along said southeasterly line,
to the point of beginning.
Area = 1,765,409 square feet, 40.5282 acres or 164,011.9 square meters. Subject to existing easements. (Plat Reference J-245-D)
The above described tract of land is to be known and designated as MINOR SUBDIVISION NO. _____
FIRELIGHT MEADOWS, Gallatin County, Montana.
The undersigned hereby grants unto each and every person, firm or corporation, whether public or private, providing or offering to provide telephone, telegraph, electric power, gas, cable television, water or sewer service to the public, the right to the joint use of an easement for the construction, maintenance, repair and removal of their lines and other facilities, in, over, under and across each area designated on this plat as 'Utility Easement' to have and to hold forever.
I, the undersigned property owner of this Minor Subdivision, do hereby waive the right to protest creation of Rural Improvements Districts and Local Improvement Districts. In doing so, I do not waive any right to comment on, protest, and/or appeal any assessment formula which may be proposed if I believe it to be inequitable. This waiver shall be binding upon the heirs, assigns, and purchasers of all lots within this Minor Subdivision.

Dated this 24 day of December, 2001.
By: *Paul S. Pariser*
Paul S. Pariser, president
FIRELIGHT MEADOWS, L.L.C.
a Florida Limited Liability Company
STATE OF MONTANA
COUNTY OF GALLATIN
On this 24 day of December, in the year 2001, before me, Beverly A. Hudson, Notary Public for the State of Montana, personally appeared Chris R. Reigum, Vice President of Firelight Meadows, L.L.C., a Florida Limited Liability Company, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same, for and on behalf of said Limited Liability Company. In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.
Beverly A. Hudson, Notary Public for the State of Montana, my commission expires 7/10/2005

CONSENT OF MORTGAGEE
I, the undersigned mortgagee, do hereby join in and consent to the described plat, releasing our respective liens, claims or encumbrances as to any portion of said lands now being platted into streets, avenues, parks, or other public uses and dedicated to the use of the public forever.
FIRST INTERSTATE BANK
Dated this 20 day of December, 2001.
By: *C.R. Reigum, VP*
C.R. Reigum, VP
Its: Vice President
STATE OF MONTANA
COUNTY OF GALLATIN
On this 20th day of December, in the year 2001, before me, Jennifer Towler, a Notary Public for the State of Montana, personally appeared Chris R. Reigum, Vice President of First Interstate Bank, a Montana Corporation, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same, for and on behalf of said corporation. In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.
Jennifer Towler, Notary Public for the State of Montana, my commission expires June 5, 2005

CERTIFICATE OF SURVEYOR
I, Mark A. Chandler, Professional Engineer and Land Surveyor No. 9518ES, do hereby certify that between Jan 1, and Dec 20, 2001, I surveyed this Minor Subdivision, and Platted the same as shown on the accompanying plat and as described in accordance with the Montana Subdivision and Platting Act, Sections 76-3-101 through 76-3-625 M.C.A., and the Gallatin County Subdivision Regulations.
Dated this 20th day of December, 2001.
Mark A. Chandler
Mark A. Chandler
Montana Registration No. 9518ES

CERTIFICATE OF COUNTY COMMISSIONERS
I, the Chairman of the Board of County Commissioners, Gallatin County, Montana, do hereby certify that the accompanying Minor Subdivision has been duly examined, and has found the same to conform to law and approves it.
Dated this 26th day of February, 2002.
William R. Fisher, Jr.
Chairman, Board of County Commissioners

CERTIFICATE OF COUNTY TREASURER
I, Anna Rosenberry, Treasurer of Gallatin County, Montana, do hereby certify that the accompanying Minor Subdivision has been duly examined and that all real property taxes and special assessments assessed and levied on the land to be subdivided have been paid.
Dated this 20th day of DECEMBER, 2001.
By: *Anna Rosenberry*
Anna Rosenberry
Deputy Treasurer of Gallatin County

CLERK AND RECORDER
I, Shelley Vance, Clerk and Recorder of Gallatin County, Montana, do hereby certify that the foregoing instrument was filed in my office at 4:04 o'clock P.M. this 7th day of March, A.D., 2002, and recorded as Minor Subdivision No. 305 records of the Clerk and Recorder, Gallatin County, Montana.
Shelley Vance-Gallatin Co. Mt. Plat
2062674
Page: 1 of 1
02/07/2002 04:04 P.M.
Document Number 2062674
By: _____ Deputy Clerk and Recorder #00082.5(MN)

OPERATING BUDGET		
Item	FY26 Budget	Description
Operating Income		
1. 216 FLM Rate Payers	\$0	Need to purchase infrastructure from HLH/Westfork Utilities
2. Total FY2026 Operating Income	\$0	
Operating Expenses		
3. District Administration	\$15,000	County/State filings, Insurance, Website development, Board meetings, subscriptions, etc.
4. Project Funding	\$10,000	Grant writing, Project Finance Structure Planning, etc.
5. Accounting and Legal Services	\$10,000	Negotiated hourly billing to start since no funds are available for a retainer
6. Engineering and Infrastructure Planning Service	\$40,000	Preliminary Design
7. Appraisal	\$40,000	Price of HLH's infrastructure
8. Board Monthly Salary	\$0	\$60/month/board member per MCA 7.13.2273 (\$3,600 annually) waived
9. Total FY2026 Operating Expenses	\$115,000	
Other Income		
10. BSRAD Opportunity Funding	\$25,000	Apply for FY26 as upstart funds while other income is pending
11. BSRAD Seed Funding for FLMCWSD	\$250,000	Apply FY26 for \$250,000 for FY26 & FY27 (2 years remaining of Government Grant Cycle)
12. Firelight Homeowners Seed Funding	\$20,000	Pending approval at September 2025 HOA Annual Meeting
13. Total FY2026 Other Income	\$295,000	
Net Incomes		
14. Net Operating Income	-\$115,000	
15. Net Income	\$180,000	

Year-To-Date Actual vs Budget (Current FY)			
Item	FY26 Budget	FY26 Actual	Variance
Operating Income			
1. 216 FLM Rate Payers	\$ -	\$ -	\$ -
2. Total FY2026 Operating Income	\$ -	\$ -	\$ -
Operating Expenses			
3. District Administration	\$ 15,000.00	\$ -	\$ (15,000.00)
4. Project Funding	\$ 10,000.00	\$ -	\$ (10,000.00)
5. Accounting and Legal Services	\$ 10,000.00	\$ -	\$ (10,000.00)
6. Engineering and Infrastructure Planning Services	\$ 40,000.00	\$ -	\$ (40,000.00)
7. Appraisal	\$ 40,000.00	\$ -	\$ (40,000.00)
8. Board Monthly Salary	\$ -	\$ -	\$ -
9. Total FY2026 Operating Expenses	\$ 115,000.00	\$ -	\$ (115,000.00)
Other Income			\$ -
10. BSRAD Opportunity Funding	\$ 25,000.00	\$ -	\$ (25,000.00)
11. BSRAD Seed Funding for FLWCWSD	\$ 250,000.00	\$ -	\$ (250,000.00)
12. Firelight Homeowners Seed Funding	\$ 20,000.00	\$ -	\$ (20,000.00)
13. Total FY2026 Other Income	\$ 295,000.00	\$ -	\$ (295,000.00)
Net Incomes			\$ -
14. Net Operating Income	\$ (115,000.00)	\$ -	\$ 115,000.00
15. Net Income	\$ 180,000.00	\$ -	\$ (180,000.00)

Actual vs Budget (Previous FY)			
Item	FY25 Budget	FY25 Actual	Variance
Operating Income			
1. 216 FLM Rate Payers	\$ -	\$ -	\$ -
2. Total FY2025 Operating Income	\$ -	\$ -	\$ -
Operating Expenses			
3. Gallatin County Election	\$ -	\$ 2,319.76	\$ 2,319.76
4. Election Marketing	\$ 10,000.00	\$ 7,400.00	\$ (2,600.00)
5. Total FY2025 Operating Expenses	\$ 10,000.00	\$ 9,719.76	\$ (280.24)
Other Income			\$ -
6. Firelight HOA	\$ 10,000.00	\$ 10,000.00	\$ -
7. Total FY2025 Other Income	\$ 10,000.00	\$ 10,000.00	\$ -
Net Incomes			\$ -
8. Net Operating Income	\$ -	\$ 280.24	\$ 280.24
9. Net Income	\$ -	\$ 280.24	\$ 280.24

Current Balance Sheet

ASSETS

Checking Account	\$	50.00
Grant Receivables (BSRAD Microgrant)	\$	25,000.00
TOTAL ASSETS	\$	25,050.00

LIABILITIES & EQUITY

LIABILITIES

Grant Payable(BSRAD Mi	\$	25,000.00
TOTAL LIABILITIES	\$	25,000.00

EQUITY

Checking Account	\$	50.00
TOTAL EQUITY	\$	50.00

TOTAL LIABILITIES &

EQUITY	\$	25,050.00
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FMWSD SPONSOR EFFICIENCY WORKSHEET

1) REVENUE (Cash only, do not include in-kind)	FY24 (Actual)	FY25 (Budget)	FY26 (Budget)	FY27 (Budget)	% of total (FY26)
Local Public Funds-Resort Tax			\$ 100,000	\$ 150,000	38%
Local Public Funds-Mills, assessments, or bonds					0%
Outside Public Funds-County					0%
Outside Public Funds-State			\$ 120,000	\$ 200,000	45%
Outside Public Funds-Federal					0%
Direct Revenue-Fees, rates, dues, etc			\$ 20,000		8%
Other-Explain below			\$ 25,000		9%
Total	\$ -	\$ -	\$ 265,000	\$ 350,000	100%
Other Explanation	BSRAD Microgrant	-	-	-	-
YOY % Change by Revenue Category	FY24-FY25	FY25-FY26	FY26-FY27	-	-
Local Public Funds-Resort Tax			50%	-	-
Local Public Funds-Mills, assessments, or bonds				-	-
Outside Public Funds-County				-	-
Outside Public Funds-State			67%	-	-
Outside Public Funds-Federal				-	-
Direct Revenue-Fees, rates, dues, etc			-100%	-	-
Other			-100%	-	-
2) EXPENSES	FY24 (Actual)	FY25 (Budget)	FY26 (Budget)	FY27 (Budget)	% of total (FY26)
Administration			\$ 115,000	\$ 150,000	100%
Programming					0%
Total	\$ -	\$ -	\$ 115,000	\$ 150,000	100%
% Change by Expense Category	FY24-FY25	FY25-FY26	FY26-FY27	-	-
Administration			30%	-	-
Programming				-	-
3) GROWTH FORECAST	FY24 (Actual)	FY25 (Budget)	FY26 (Budget)	FY27 (Budget)	
Total # of FTE					
Payroll & Benefits					
Total Operating Budget (including payroll & benefits)			\$ 115,000	\$ 150,000	
Capital Expenditures (exclude from line above)				\$ 1,500,000	
-	FY24-FY25	FY25-FY26	FY26-FY27	-	
Operating Budget Growth			30%	-	
4) RESERVES (on hand)	Amount	Purpose			
Restricted	0	Reserves are not an organization focus yet since			
Unrestricted	0	-			
Goal	0	-			
5) PAYROLL DETAILS	Level of Position	Salary Range	Benefits Summary		
	Tier 1 (Eg Executive)	0	NA		
	Tier 2 (Eg Vice President)	0	NA		
	Tier 3 (Eg Director)	0	NA		
	Tier 4 (Eg Manager)	0	NA		
	Tier 5 (Eg Coordinator/Assistant)	0	NA		

FMWSD PROJECT BUDGET

1) REVENUES	FY26 Request	FY27 Request	FY26 Matching
Cash only, not including In-Kind	(7/1/25-6/30/26)	(7/1/26-6/30/27)	Funds %
Resort Tax	\$ 100,000	\$ 150,000	38%
Other Public Funding	\$ 120,000	\$ 200,000	45%
Private Donations			0%
Corporate Donations & Sponsorships			0%
Grants			0%
Events			0%
Dues, Fees, Sales	\$ 20,000		8%
Other* (explain below)	\$ 25,000		
TOTAL	\$ 265,000	\$ 350,000	
-	-	-	-
Other Revenue Amount	Source	-	-
	BSRAD Microgrant	-	-
2) EXPENSES	FY26 Resort Tax	FY26 Total Project	
	Request		
Contract Services	\$ 90,000	\$ 100,000	
Marketing, Advertising, and Commu	\$ 9,000	\$ 14,000	
Materials and Supplies			
Payroll and Benefits			
Repairs and Maintenance			
Travel & Training			
Insurance (Liability, D&O, Vehicle, Ur	\$ 1,000	\$ 1,000	
Office Expenses			
Rent and Mortgage			
Other (explain below, if significant)			
EXPENSES TOTAL	\$ 100,000	\$ 115,000	
-	-	-	
Other Expenses Amount	Brief explanation	-	
		-	

CIP FORECAST

	Short Project Name	Estimated total Project Cost	Estimated Resort Tax Request
FY28	Connect to BSCWSD	\$ 1,500,000	\$ 600,000
FY29	Connect to BSCWSD	\$ 1,500,000	\$ 600,000
FY30	Connect to BSCWSD	\$ 1,500,000	\$ 600,000
FY31			
FY32			
FY33			
FY34			
FY35			

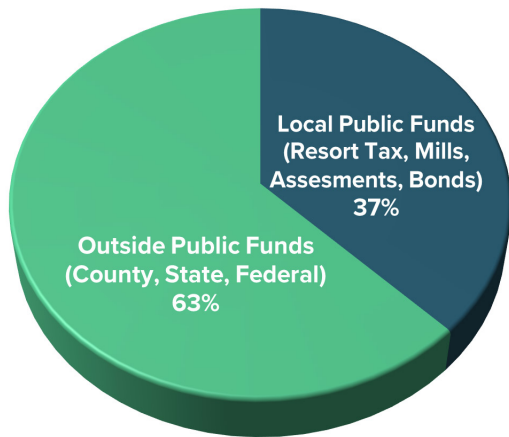
GALLATIN CANYON COUNTY WATER & SEWER DISTRICT (GCWSD)

\$200,000

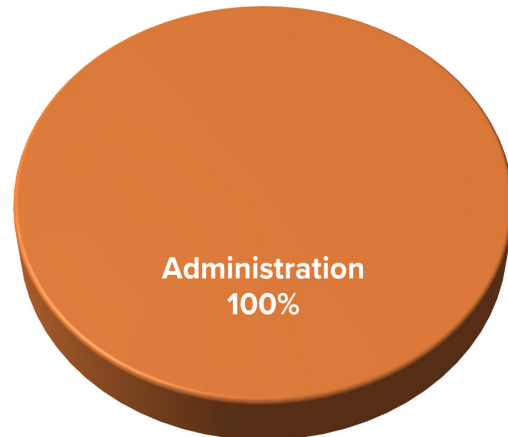


\$200,000 FY26 Operations
\$200,000 FY27 Operations

REVENUE DISTRIBUTION



EXPENSE DISTRIBUTION



FY24 Award: \$421,305

\$200,000 Operations
\$221,305 Canyon Pipeline Feasibility

FY25 Award: \$200,000

\$200,000 Operations

FY26 Request: \$200,000

FY27 Request: \$200,000

Gallatin Canyon Water & Sewer District

Please note: All responses were pulled directly from the application and were provided by the sponsor.

SPONSOR INFORMATION

Organization Name: Gallatin Canyon County Water and Sewer District

Are your services located within the Big Sky Resort Area District (BSRAD) boundary?

- Yes

Boundary Map: Included in supplemental materials

How many people does your organization serve on an annual basis?

- 0

How do you track or measure the number of people served?

- The Canyon Sewer Preliminary Engineering Report identifies current and future "population equivalent" (PE) based on projected wastewater collection flow rates. Upon completion of infrastructure the PE is estimated at 763. The 20-year PE is estimated to be 3,343. Note that the PE calculation includes commercial related flow rates such that the estimates and projections should not be construed as full-time resident population served (i.e. PE captures tourist / transient population served). Flow metering will be used to track the number of people served upon the GCCWSD becoming full operational.

Please upload a copy of the operating budget for your current fiscal year.

- Included in supplemental materials

Does your organization have audited financials?

- Yes-Auditor Report included in supplemental materials

Financial Uploads-All included in supplemental materials

- Year-To-Date Actual vs Budget (Current FY)
- Actual vs Budget (Previous FY)
- Current Balance Sheet
- Organizational Revenues
- Organizational Expenses
- Growth Forecast

Gallatin Canyon Water & Sewer District

- Reserves on Hand
- Payroll Details

Do you anticipate any direct or indirect changes in the federal funding outlined on your revenue table?

- No

Please explain any upcoming major changes occurring within FY26-FY27 that are driving significant operational expansion.

- There is potential that the GCCWSD will need to add full time staff in FY27.

Does your organization have revenue-generating authority using property taxes?

- No

OPERATIONS REQUEST DETAIL

Project Name: GCCWSD FY26

Project Description: Provide operational funding for GCCWSD to cover legal, accounting, engineering, and administrative services that are not currently eligible for coverage using other grant funding.

Please select the Impact Area that best pertains to your operations.

- Public Works

What is the amount you are requesting from Resort Tax for FY26 (7/1/25-6/30/26) operations?

- \$200,000

What is the amount you are requesting from Resort Tax for FY27 (7/1/26-6/30/27) operations?

- \$200,000

The Project Budget Table is included in the supplemental materials

How would your operations be affected if Resort Tax funding were not awarded?

- Without an operational sewer system to implement rates and charges, the GCCWSD would have to seek operational funding from a different source to continue to pursue the development of the Canyon District Sewer project.

If applicable, provide the tax burden per \$100,000 property value, if mill levy authority would be used to fund this project rather than Resort Tax funds.

- Mill Levy

If applicable, provide the tax burden per property, if fee or assessment authority would be used to fund this project rather than Resort Tax funds.

- Fees or Assessments

Has a member of the CCBS reached out over the last year and asked for your participation in updating SMART goals for FY26?

- No

Choose the Our Big Sky Strategy that this project best corresponds with.

- Improve and Maintain Water and Sewer Infrastructure

Choose the SMART goal(s) that this project is working towards.

- 200,000 GPD Canyon Area Disposal/Reuse Capacity by 6/30/27
- 50,000 GPD existing Wastewater System Connections by 6/30/27
- 25% Net Nutrient Reduction - Reduce Canyon Area Nutrient Loading by 6/30/27

How will this project contribute to the progress in the above SMART goal(s), and how will you measure that progress?

- Planning studies completed to date have identified approximately 100,000 gallons per day (gpd) of existing septic based wastewater loads and an additional 100,000+ gpd of future wastewater generation. Disposal and reuse planning completed to date has identified 200,000-600,000 gpd of potential capacity, with the ultimate capacity target dependent on the final scale of the Canyon Sewer project collection limits and disposal needs of the Big Sky County Water and Sewer District (BSCWSD). The proposed infrastructure will facilitate measurement of both collected wastewater flow rates and disposal / reuse flow rates.

Are there any long-term planning documents (Strategic Plan, Capital Improvement Plan, Master Plan) that directly relate to this request? If so, please list them.

- Strategic Plan: Improve and maintain water and sewer infrastructure.
- Capital Improvement Plan: Canyon Sewer Project advancement and potential future central water system.
- Canyon Sewer PER and supporting documents:
www.gallatincanyonwsd.com/canyonsewer

What additional information would you like to share with the District regarding this request?

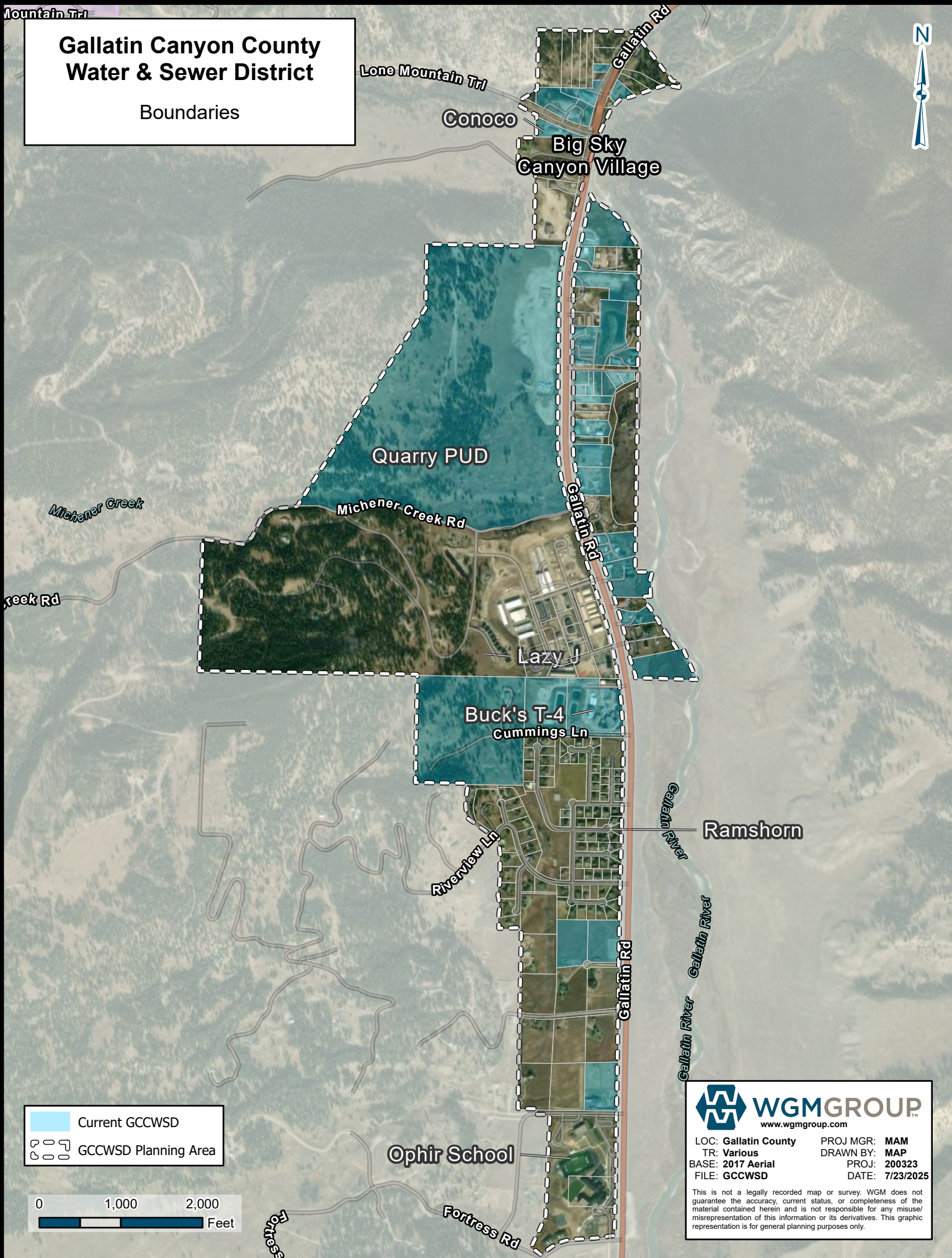
- BSRAD operations funding has been critical to solidifying the GCCWSD and supporting the effort to secure expanded funding to advance the Canyon Sewer Project. The project benefits and potential role that the the GCCWSD plays in the long-term vision of Big Sky is notable and broad reaching. The GCCWSD mission statement (provided below) only partially captures the significance of the district in the long term.
- "Provide central sewer to the Gallatin Canyon corridor in order to protect the Gallatin River water quality and public health by reducing septic wastewater loading to the aquifer while facilitating higher density workforce housing and reducing resource intensive sprawl."

Does your organization have any forecasted capital needs beyond FY28 until FY35?

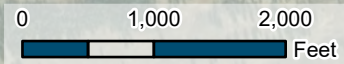
- Yes-CIP Forecast table included in supplemental materials.


Gallatin Canyon County Water & Sewer District

Boundaries



Current GCCWSD
 GCCWSD Planning Area





WGM GROUP
www.wgmgroup.com

LOC: Gallatin County	PROJ MGR: MAM
TR: Various	DRAWN BY: MAP
BASE: 2017 Aerial	PROJ: 200323
FILE: GCCWSD	DATE: 7/23/2025

This is not a legally recorded map or survey. WGM does not guarantee the accuracy, current status, or completeness of the material contained herein and is not responsible for any misuse/misrepresentation of this information or its derivatives. This graphic representation is for general planning purposes only.

Fiscal Year 2026 Budget

July 2025 - June 2026

Prepared by: WGM Group



Description: The Gallatin Canyon County Water and Sewer District (GCCWSD) is applying for \$200k in annual operations funding for FY26 ,from the Big Sky Area Resort Tax District (BSRAD). An additional \$600,000 (+/-) of grant funding is available for pre-construction design and permitting services associated with the Canyon Sewer Project. Currently \$750k of grant funding is available for the construction phase for the Canyon Sewer Project. There is an additional \$12M of BSRAD-BSCWSD managed funding associated with the Canyon Sewer Project that is available to support project advancement. The budget below outlines expense estimates for fiscal year 2026.

#	Item	Available Funds	FY26 Budget	Description
Operating Income				
1	NONE	\$0		No customers, no services provided, no income
2	BSRAD Seed Funding for GCCWSD	\$13,500	\$13,500	FY25 Annual Operations (bridge to November)
3	BSRAD Seed Funding for GCCWSD	\$200,000	\$200,000	FY26 Annual Operations (pending BSRAD Award)
4	Total Operating Income	\$213,500	\$213,500	
Other Income				
5	ARPA Competitive Grant	\$348,712	\$348,712	Sewer Engineering/Permitting (12/31/26 expiration)
6	Gallatin County Minimum Allocation Grant	\$0	\$0	Sewer Engineering/Permitting (12/31/24 expiration)
7	Gallatin County Local Fiscal Recovery Funds	\$9,559	\$9,559	Sewer Engineering/Permitting (12/31/24 expiration)
8	Gallatin County Minimum Allocation Grant	\$200,000	\$200,000	\$200,000 - CMGC Scope (12/31/26 expiration)
9	Montana Coal Endowment Program	\$0	\$0	\$750,000 - Construction Phase (12/31/24 expiration)
10	Renewable Resource Grant & Loan Program	\$47,595	\$47,595	Sewer Engineering/Permitting (12/31/26 expiration)
11	BSCWSD Interlocal Funds	\$12,000,000	\$150,000	Use as contingency and/or funding "match" \$
12	Total Funding Based Income	\$12,605,866	\$755,866	
Operating Expenses				
13	District Administration		\$80,000	
14	Legal		\$10,000	Assumes \$10,000 covered via grant funds
15	Accounting/Audits		\$20,000	Assumes \$20,000 covered via grant funds
16	Communications/Outreach		\$20,000	Assumes \$20,000 covered via grant funds
17	Grant Administration		\$10,000	Assumes \$30,000 covered via grant funds
18	Grant Writing		\$20,000	
19	Funding Package Development		\$30,000	
20	Misc. / Contingency		\$23,500	
21	Total Operating Expenses	\$213,500	\$213,500	
Capital Improvement Expenses (grant eligible)				
22	Legal & Professional Services		\$10,000	
23	Audit Fees		\$20,000	
24	Grant Administration		\$30,000	
25	Public Outreach (project specific)		\$20,000	
26	Discharge Permitting		\$100,000	
27	90% Engineering Design		\$425,000	
28	Construction Contract Documents		\$100,000	
29	Contingency		\$50,866	
30	Total Capital Improvement Expenses	\$755,866	\$755,866	
Net Incomes				
31	Net Operating Income	\$0		
32	Cash Reserves	\$44,191	\$20,000	
33				

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2024

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT

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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gallatin Canyon County Water and Sewer District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Gallatin Canyon County Water & Sewer District (the District), as of and for the year ended June 30, 2024 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the 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 opinion.

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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2025, on our consideration of the 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.



Holmes & Turner
Bozeman, Montana
April 15, 2025

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 49,938
Due from other government, current	551,892
Total current assets	601,830

Noncurrent assets

Due from other government, noncurrent	400,000
Construction in progress	1,396,625
Total noncurrent assets	1,796,625
Total assets	2,398,455

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	\$ 330,802
---------------------------------------	------------

DEFERRED INFLOWS OF RESOURCES

Interlocal agreement	600,000
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NET POSITION

Net investment in capital assets	1,396,625
Unrestricted	71,028
Total net position	\$ 1,467,653

The accompanying notes are an integral part of these financial statements.

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2024

OPERATING EXPENSES

General and administrative

Insurance	\$ 9,744
Professional fees	198,505
	\$ (208,249)

NONOPERATING REVENUES AND (EXPENSES)

Resort tax appropriations	292,652
Capital grants	1,211,533
	1,295,936
Increase (decrease) in net position	171,717
Net position, beginning	\$ 1,467,653
Net position, ending	\$ 1,467,653

The accompanying notes are an integral part of these financial statements.

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Payments for contract services	<u>\$ (151,225)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Nonoperating resort tax appropriation	<u>219,961</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(1,201,255)
Proceeds from capital grants	<u>1,030,840</u>
Net cash flows from capital and related financing activities	<u>(170,415)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash and cash equivalents, beginning of year	<u>151,617</u>
Cash and cash equivalents, end of year	<u><u>\$ 49,938</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income (loss)	<u>\$ (208,249)</u>
Increase (decrease) in current liabilities:	
Accounts payable and accrued liabilities	<u>57,024</u>
Net cash flows from operating activities	<u><u>\$ (151,225)</u></u>

The accompanying notes are an integral part of these financial statements.

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gallatin Canyon County Water and Sewer 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 formed by petition on December 29, 2020 pursuant to Title 7, Chapter 13, Parts 22 and 23 of the Montana Code Annotated ("MCA"). The Board of Gallatin County Commissioners approved the petition on the named date and adopted Resolution 2020-152 which is an order declaring the territory of the District to be organized. A Certificate of Incorporation for the District was thereafter issued by the Montana Secretary of State on April 6, 2021.

The purpose of the District is to collect information and data, and to analyze the same, in order to determine what wastewater treatment system is best adapted to provide wastewater collection and treatment to not only the present District, but other properties in the canyon area that may elect to join the District, and to gather information and analyses for water and water distribution systems. In the event that such wastewater and water systems can be identified, it is also the intent of the District to finance, construct, operate and maintain such systems. The District does not intend to compel landowners to join the District, or to otherwise compel any landowner within the District to remain within the boundaries of the District should that landowner determine that because of costs or the necessary delays in construction and financing, such systems will not benefit them.

b. Measurement Focus and Basis of Accounting

The term measurement focus is used to denote what is being measured and reported in the District's operating statements. The District is accounted for on the flow of "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported and equity is reported as net position.

The term basis of accounting is used to determine when a transaction or event is recognized on the District's financial statements. The District uses the full accrual basis of accounting, with revenues recorded when earned and expenses recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Pursuant to GASB 62, Gallatin Canyon County Water and Sewer District follows all GASB pronouncements and may apply FASB pronouncements for accounting issues not addressed by GASB literature, unless it conflicts or contradicts GASB pronouncements.

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Revenues and Expenses

As of June 30, 2024, the District remains in the feasibility and planning stage and has not commenced operations or provided water and sewer services. During this stage, the District is conducting studies, securing necessary regulatory approvals, and assessing funding options to determine the viability of providing services in the future. As a result, the District has not generated operating revenues and continues to incur expenditures related to administrative functions, feasibility assessments, and preliminary planning activities.

The District's future operations are contingent upon the successful completion of feasibility studies, securing necessary funding, and obtaining required regulatory approvals. Until these conditions are met, no assurances can be given as to when or if water and sewer services will commence.

d. Use of Restricted Resources

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

e. Cash and Cash Equivalents

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, repurchase agreements, and the State of Montana Short-Term Investment Pool (STIP).

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent.

f. Capital Assets

The District's capital assets are recorded at historical cost or, if acquired through donation, at their estimated fair market value when received. The District capitalizes individual asset purchases and improvements that exceed \$2,500 and have a useful life of more than one year.

As of June 30, 2024, the District's capital assets consist solely of Construction in Progress (CIP) related to the development of water and sewer infrastructure. Costs associated with ongoing construction projects, including engineering, permitting, and construction expenditures, are accumulated as CIP until the asset is substantially complete and placed into service. At that time, the District will reclassify the completed assets into their respective capital asset categories and begin depreciation over their estimated useful lives.

Since all capital assets are currently classified as Construction in Progress, no depreciation has been recorded for the fiscal year ended June 30, 2024. Depreciation will commence once assets are placed into service, based on the District's established useful life schedules for water and sewer infrastructure and related equipment.

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Net Position

Proprietary fund net position is divided into three components:

i. Net investment in capital assets

Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus capital asset related deferred outflows of resources less capital asset related deferred inflows of resources related to those assets.

ii. Restricted

Consist of assets that are restricted as a result of external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

iii. Unrestricted

All other net position is reported in this category.

h. Budget

The District is not legally required to adopt a budget; therefore management has decided not to present the budget in the financial statements.

i. Use of Estimates

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

j. Tax Exempt Status

The District is a municipal corporation and, therefore, is not liable for federal and state income taxes pursuant to Internal Revenue Code 501(c)(1).

k. Deferred Inflows of Resources

The District's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). This deferred inflow of resources is attributed to the multi-year interlocal agreement with Big Sky Resort Area District to support the District's operations.

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. CASH AND CASH EQUIVALENTS

As of June 30, 2024, the carrying amount of the District's deposits (cash accounts) at a local bank was \$49,938. The bank balance as of June 30, 2024 was \$170,167. The total bank balance was covered by federal depository insurance.

3. DUE FROM OTHER GOVERNMENTS

At June 30, 2024, the District reports amounts classified as Due from Other Governments, which represent receivables from federal, state, and local governments for grants, reimbursements, or interlocal agreements. The components of Due from Other Governments as of June 30, 2024 are as follows:

Government Entity	Description	Total
Big Sky Resort Area District	Interlocal agreement to support operations.	\$ 742,415
Big Sky Resort Area District	Reimbursements for feasibility study costs.	36,130
Department of Natural Resources and Conservation (DNRC)	American Rescue Plan Act (ARPA) Water & Sewer Grant	165,694
Gallatin County	American Rescue Plan Act (ARPA) Water & Sewer Grant	<u>15,000</u>
	Total	959,239
	Less: current portion	<u>(559,239)</u>
	Total Due from Other Governments, noncurrent	<u>\$ 400,000</u>

Amounts classified as Due from Other Governments are considered fully collectible and no allowance for doubtful accounts has been recorded.

4. CAPITAL ASSETS

Capital assets for the year ended June 30, 2024:

	Balance			Balance
	June 30, 2023	Additions	Disposals	June 30, 2024
Nondepreciable capital assets:				
Construction in progress	\$ 195,369	\$ 1,201,256	\$ -	\$ 1,396,625

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5. COMMITMENTS AND CONTINGENCIES

a. Consultant Agreement

The District entered into a master services agreement for professional services with WGM Group, Inc. (the "Consultant") on March 31, 2023 to provide consulting and other services. Under this agreement, the Consultant shall provide a scope of services and budget for each new task as a separate Work Order. Each Work Order will define the term of the agreement.

b. Interlocal Agreement between Big Sky County Water & Sewer District and Big Sky Resort Area District for the WRRF Phase I Project, Canyon Project and Financing

On February 4, 2020, the Big Sky County Water & Sewer District and Big Sky Resort Area District entered into an interlocal agreement which included the Canyon Project and the payment or financing of the costs thereof. Under the agreement the Resort Area District agreed to cause a mail ballot election for the imposition of the Infrastructure Resort Tax (an additional 1% tax), with the proceeds to be used to pay a portion of the costs of the Big Sky County Water & Sewer WRRF Phase I Project and the Canyon Project. The election was held on May 5, 2020 and passed.

The Canyon Project consists of a lift station near the intersection of U.S. Route 191 and Highway 64; a wastewater forcemain up the Highway 64 corridor to the WRRF; a pipeline conveying treated water back to the Canyon Area; and related improvements which will provide wastewater treatment capacity to properties located within the Resort Area District in Gallatin Canyon.

The Resort Area District agrees to fund all costs of the Canyon Project from revenues collected from the Infrastructure Resort Tax (the "Canyon Project Contribution"); however, in no event shall the contribution exceed \$12,000,000.

6. CONCENTRATIONS OF REVENUE SOURCES

The District received all of its funding from three governmental entities. Two of the entities are considered flow-through entities that granted a sub-award to the District under the same federal funding source. The third entity provided funding through an interlocal agreement to support operations. All of these revenues were reported as nonoperating revenues.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2025, the date on which these financial statements were available to be issued.

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

To the Board of Directors
Gallatin Canyon County Water and Sewer District

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gallatin Canyon County Water and Sewer District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Gallatin Canyon County Water and Sewer District's basic financial statements, and have issued our report thereon dated April 15, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gallatin Canyon County Water and Sewer District's internal control over financial reporting (internal control) to determine the 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 Gallatin Canyon County Water and Sewer District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gallatin Canyon County Water and Sewer 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gallatin Canyon County Water and Sewer 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Holmes & Turner
Bozeman, Montana
April 15, 2025

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2024

Current Year Findings:

None.

Prior Year Findings:

Not applicable.

CURRENT FY ACTUAL VS BUDGET

Fiscal Year 2025 Budget

July 2024 - June 2025

Prepared by: WGM Group



Description: The Gallatin Canyon County Water and Sewer District (GCCWSD) has been granted \$200k in annual operations funding for FY25 from the Big Sky Area Resort Tax District (BSRAD). An additional \$1.7M (+/-) of grant funding is available for pre-construction design and permitting services associated with the Canyon Sewer Project. Currently \$1.2M of grant funding is available for the construction phase for the Canyon Sewer Project. There is an additional \$12M of BSRAD-BSCWSD managed funding associated with the Canyon Sewer Project that is assumed to be unavailable for GCCWSD financial planning purposes. The budget below outlines expenses for fiscal year 2025.

#	Item	Available Funds	FY25 Budget	Billing to Date (06/30/25)	Description
Operating Income					
1	NONE	\$0			No customers, no services provided, no income
2	BSRAD Seed Funding for GCCWSD	\$200,000		\$200,000	FY25 Annual Operations
3	Total FY 2024 Operating Income	\$200,000			
Other Income					
4	ARPA Competitive Grant	\$1,266,373	\$600,000	\$917,661	Sewer Engineering/Permitting (12/31/25 expiration)
5	Gallatin County Minimum Allocation Grant	\$227,480	\$227,480	\$227,480	Sewer Engineering/Permitting (12/31/25 expiration)
6	Gallatin County Local Fiscal Recovery Funds	\$207,520	\$207,520	\$197,961	Sewer Engineering/Permitting (12/31/25 expiration)
7	Gallatin County Minimum Allocation Grant	\$0	\$0	\$0	\$200,000 - Construction Phase (12/31/26 expiration)
8	Montana Coal Endowment Program	\$0	\$0	\$0	\$750,000 - Construction Phase (12/31/24 expiration)
9	Renewable Resource Grant & Loan Program	\$0	\$0	\$0	\$125,000 - Construction Phase (12/31/24 expiration)
10	Other	\$0	\$0	\$0	
11	Total Funding Based Income	\$1,701,373	\$1,035,000	\$1,343,102	
Operating Expenses					
12	District Administration		\$50,000	\$83,027	
13	Legal		\$10,000	\$8,200	
14	Accounting		\$10,000	\$3,336	
15	Grant Writing		\$20,000	\$0	
16	Misc. / Contingency		\$30,000	\$11,454	
17	Total Operating Expenses	\$200,000	\$120,000	\$106,017	
Capital Improvement Expenses (grant eligible)					
18	Legal & Professional Services		\$10,000	\$15,689	Bond Counsel
19	Audit Fees		\$10,000	\$12,500	
20	Grant Administration		\$40,000	\$36,651	WO#6A
21	Funding Package Development		\$20,000	\$108,086	Funding Package WO#6, TEDD/TIF WO#9
22	Communications/Outreach		\$40,000	\$32,314	
23	Discharge Permitting		\$350,000	\$381,832	WO#5 and WO#10
24	Final Feasibility		\$149,000	\$184,774	WO#4
25	30% & 60% Engineering Design		\$450,000	\$723,767	WO#2 and WO#7
26	Contractor Procurement		\$100,000	\$36,695	CM/GC WO#8
27	Contingency		\$95,000	\$35,100	WO#10 Subconsultant
28	Total Capital Improvement Expenses	\$1,701,373	\$1,264,000	\$1,567,408	
Net Incomes					
29	Net Operating Income	\$0			
30	Cash Reserves	\$49,938	\$10,000	\$44,191	

PREVIOUS FY ACTUAL VS BUDGET

Fiscal Year 2024 Budget

July 2023 - June 2024

Prepared by: WGM Group



Description: The Gallatin Canyon County Water and Sewer District (GCCWSD) has been granted \$574,000 (\$74k in FY22, \$200k in FY23, \$300k in FY24) of initial external funding from the Big Sky Area Resort Tax District (BSRAD) to help GCCWSD get established. These funds will fund the District's operating expenses from July 2021 through June 2024. During this time, the District will have no customers or regular income. Canyon Sewer Project expenses will be predominately funded through secured grants and \$400,000 in BSRAD funds allocated to the project through the joint interlocal agreement with Big Sky County Water & Sewer District (BSCWSD). A portion of those funds are allocated for BSCWSD utilization as outlined in the agreement. The budget below outlines expenses for fiscal year 2024.

#	Item	FY24 Budget	Billed through 6/30/24	Description
Operating Income				
1	NONE	\$0		No customers, no services provided, no income
2	BSRAD Seed Funding for GCCWSD	\$200,000	\$200,000	FY24 Annual Operations
3	Total FY 2022 Operating Income	\$200,000		
Other Income				
4	ARPA Competitive Grant	\$1,850,000	\$733,627	Awarded, Phase 1.1 eligible (Sewer Engineering)
5	Gallatin County Minimum Allocation Grant	\$542,480	\$315,000	Awarded, Phase 1.1 eligible (Sewer Engineering)
6	Gallatin County Local Fiscal Recovery Funds	\$207,520	\$0	Awarded, Phase 1.1 eligible (Sewer Engineering)
7	Gallatin County Local Fiscal Recovery Funds	\$25,000	\$25,000	Awarded, Phase 1.1 eligible (Water PER Grant)
8	Interlocal Agreement	\$380,000	\$350,178	Joint BSRAD-GCCWSD-BSCWSD agreement
9	Gallatin County Minimum Allocation Grant	\$0	\$0	Awarded, Phase 1.2 (\$200,000)
10	Montana Coal Endowment Program	\$0	\$0	Awarded, Phase 1.2 (\$750,000)
11	Renewable Resource Grant & Loan Program	\$0	\$0	Pending, Phase 1.2 (\$125,000)
12	Other	\$0	\$0	Pending, Phase 1.2 (\$125,000)
13	Total FY24 Funding Based Income	\$3,005,000		
Operating Expenses				
14	District Administration	\$30,000	\$81,839	County/State filings, 'general manager' role/responsibility
15	General Outreach and Education	\$50,000	\$28,188	Graphics, flyers, event attendance, presentations, etc.
16	Project Funding	\$30,000	\$58,872	WO#6
17	Accounting and Legal Services, Misc	\$90,000	\$16,141	accounting, legal, insurance, etc.
18	Total FY24 Operating Expenses	\$200,000	\$185,040	
Capital Improvement Expenses (grant eligible)				
19	Grant Administration	\$37,500	\$44,050	
20	Audit Fees	\$12,500	\$0	
21	District Planning & Outreach (project specific)	\$50,000	\$0	combined with op expenses above
22	Discharge Permitting	\$100,000	\$229,675	WO#1
23	Final Engineering Design	\$100,000	\$523,759	WO#2, WO#3, WO#5
24	Treatment Capacity Purchase / Disposal	\$0	\$0	
25	Contingency	\$100,000	\$0	
26	Miscellaneous (studies, engineering, etc.)	\$400,000	\$225,838	BSRAD required studies, Water System PER
26	Total FY24 Capital Improvement Expenses	\$800,000	\$1,023,322	
Net Incomes				
27	Net Operating Income	\$0		
28	Cash Reserves	\$50,000	\$49,938	
29	Funding Reserves (Year End)	\$2,005,000		

Gallatin Canyon County Water & Sewer District
Balance Sheet
Stmnt of Cash Flows & Substantially All Disclosures Omitted

Jun 30, 25

ASSETS

Current Assets

Checking/Savings

 First Security Bank 44,191.49

Total Checking/Savings 44,191.49

Other Current Assets

 19100 · Due from other govts,noncurrent 400,000.00

 12100 · Due from other govts, current 551,892.01

Total Other Current Assets 951,892.01

Total Current Assets 996,083.50

Fixed Assets

 15000 · Construction in Progress 1,396,625.31

Total Fixed Assets 1,396,625.31

TOTAL ASSETS 2,392,708.81

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

 20000 · Accounts Payable 136,528.43

Total Accounts Payable 136,528.43

Other Current Liabilities

 29100 · Deferred inflows-interlocal agr 600,000.00

Total Other Current Liabilities 600,000.00

Total Current Liabilities 736,528.43

Total Liabilities 736,528.43

Equity

 32000 · *Unrestricted Net Assets 1,173,775.81

 30000 · Unrestricted Net Assets 293,877.71

 Net Income 188,526.86

Total Equity 1,656,180.38

TOTAL LIABILITIES & EQUITY 2,392,708.81

GCWSD SPONSOR EFFICENCY WORKSHEET

1) REVENUE					
(Cash only, do not include in-kind)	FY24 (Actual)	FY25 (Budget)	FY26 (Budget)	FY27 (Budget)	% of total (FY26)
Local Public Funds-Resort Tax	\$ 200,000	\$ 200,000	\$ 363,500	\$ 5,000,000	37%
Local Public Funds-Mills, assessments, or bonds	\$ 1	\$ 1	\$ 1	\$ 1	0%
Outside Public Funds-County	\$ 315,000	\$ 435,000	\$ 209,559	\$ -	22%
Outside Public Funds-State	\$ 590,000	\$ 600,000	\$ 396,307	\$ -	41%
Outside Public Funds-Federal	\$ 1	\$ 1	\$ 1	\$ 1	0%
Direct Revenue-Fees, rates, dues, etc	\$ 1	\$ 1	\$ 1	\$ 1	0%
Other-Explain below	\$ 1	\$ 1	\$ 1	\$ 10,000,000	0%
Total	\$ 1,105,004	\$ 1,235,004	\$ 969,370	\$ 15,000,003	100%
Other Explanation					
YOY % Change by Revenue Category	FY24-FY25	FY25-FY26	FY26-FY27		
Local Public Funds-Resort Tax	0%	82%	1276%		
Local Public Funds-Mills, assessments, or bonds	0%	0%	0%		
Outside Public Funds-County	38%	-52%	-100%		
Outside Public Funds-State	2%	-34%	-100%		
Outside Public Funds-Federal	0%	0%	0%		
Direct Revenue-Fees, rates, dues, etc	0%	0%	0%		
Other	0%	0%	999999900%		
2) EXPENSES					
	FY24 (Actual)	FY25 (Budget)	FY26 (Budget)	FY27 (Budget)	% of total (FY26)
Administration	\$ 149,689	\$ 200,000	\$ 200,000	\$ 200,000	100%
Programming	\$ 1	\$ 1	\$ 1	\$ 1	0%
Total	\$ 149,690	\$ 200,001	\$ 200,001	\$ 200,001	100%
% Change by Expense Category	FY24-FY25	FY25-FY26	FY26-FY27	-	-
Administration	34%	0%	0%	-	-
Programming	0%	0%	0%	-	-
3) GROWTH FORECAST					
	FY24 (Actual)	FY25 (Budget)	FY26 (Budget)	FY27 (Budget)	
Total # of FTE	\$ -	\$ -	\$ -	\$ -	
Payroll & Benefits	\$ -	\$ -	\$ -	\$ -	
Total Operating Budget(including payroll & benefits)	\$ 149,689	\$ 200,000	\$ 200,000	\$ 200,000	
Capital Expenditures (exclude from line above)					
	FY24-FY25	FY25-FY26	FY26-FY27	-	
Operating Budget Growth	34%	0%	0%	-	
4) RESERVES (on hand)					
	Amount	Purpose			
Restricted	\$ 605,866	Sewer project funds			
Unrestricted	\$ 44,191				
Goal	\$ 500,000				
5) PAYROLL DETAILS					
	Salary Range	Benefits Summary			
Level of Position	Salary Range	Benefits Summary			
Tier 1 (Eg Executive)	NA				
Tier 2 (Eg Vice President)	NA				
Tier 3 (Eg Director)	NA				
Tier 4 (Eg Manager)	NA				
Tier 5 (Eg Coordinator/Assistant)	NA				

GCWSD OPERATIONS PROJECT BUDGET

1) REVENUES Cash only, not including In-Kind	FY26 Request (7/1/25-6/30/26)	FY27 Request (7/1/26-6/30/27)	FY26 Matching Funds %
Resort Tax	\$ 200,000	\$ 200,000	80%
Other Public Funding			0%
Private Donations			0%
Corporate Donations & Sponsorships			0%
Grants			0%
Events			0%
Dues, Fees, Sales			0%
Other* (explain below)	\$ 50,000		20%
TOTAL	\$ 250,000	\$ 200,000	100%
-	-	-	-
Other Revenue Amount	Source	-	-
	General reserve funds	-	-
2) EXPENSES	FY26 Resort Tax Request	FY26 Total Project	
Contract Services	\$ 200,000		
Marketing, Advertising, and Communications			
Materials and Supplies			
Payroll and Benefits			
Repairs and Maintenance			
Travel & Training			
Insurance (Liability, D&O, Vehicle, Umbrella, etc)	\$ 2,000		
Office Expenses			
Rent and Mortgage			
Other (explain below, if significant)	\$ 11,500		
EXPENSES TOTAL	\$ 213,500	\$ -	
-	-	-	
Other Expenses Amount	Brief explanation	-	
	General expenses	-	

GCWSD CIP FORECASTS

	Short Project Name	Estimated total Project Cost	Estimated Resort Tax Request
FY28	Canyon Sewer Project	\$ 50,000,000	\$ 20,000,000
FY29			
FY30			
FY31			
FY32			
FY33			
FY34			
FY35			