



Board Meeting Agenda for Tuesday, October 21, 2025 @ 6:30 pm

At The

Four Corners Water & Sewer District Office, 495 Quail Run Road,

Bozeman, MT, 59718

Regular Monthly Meeting

- 1) Call to Order
- 2) Approval of Draft Meeting Minutes: August 19, 2025
- 3) Public Comment: Non-Agenda Items- Time Limit on public comment 5 minutes

I. General Business

- 1) Audit Presentation
- 2) Ordinance 2025-07: 2nd reading Jeremy & Michele Shea
- 3) Ordinance 2025-08: 1st reading Rae Holdings LLC
- 4) Resolution 2025-07: Finance Committee Approval
- 5) Monthly Financial Report
- 6) O&M Report & General Manager Topics
- 7) Board Member Topics
- 8) Closed meeting- Montana Code 2-3-203(4)(a)

II. Next Meeting Date – Tuesday- November 18,2025

III. Adjourn Meeting

**FOUR CORNERS WATER AND SEWER DISTRICT MINUTES DRAFT
REGULAR MEETING, August 19, 2025**

Call to Order

President Nancy Flikkema called the regular meeting of the Four Corners Water and Sewer District (FCWSD) to order at 6:34 pm on August 19, 2025, at the office of the Four Corners Water & Sewer District at 495 Quail Run Road, Bozeman, Montana.

Board Members present: Vice President Jeff Sipes, Member Brad Early (by phone) and Member Michele Piazza.

Staff/Public present: Phil George, General Manager (GM) from FCWSD; Amy Ellingson, District Administrator (DA) from FCWSD and Libby Kueneke, Secretary

Approval of Minutes

June 17, 2025 Board Meeting

Motion: Member Michelle Piazza moved to approve the Minutes as written. Member Brad Early seconded. No public comment occurred. The Minutes were approved 3-0.

Public Comment on Non-Agenda Items:

No public comment occurred.

GENERAL BUSINESS

Ordinance 2025-06 2nd Reading

Ordinance 2025-06: An Ordinance Accepting the Annexation Petition of Bobcat Auto Investments, LLC for annexation into the Four Corners Water and Sewer District

The property is located at the northwest corner of Baxter and Jackrabbit. The petition is for 4 EDUs. Phil recommends approval.

Motion: Member Michelle Piazza moved to pass the 2nd reading of Ordinance 2025-06; member Brad Early seconded. No public comment occurred. The Motion passed 3-0.

Ordinance 2025-07 1st Reading

Ordinance 2025-07: An Ordinance Accepting the Annexation Petition of Jeremy and Michele Shea for annexation into the Four Corners Water and Sewer District

The property is located in the Coolwater Subdivision. The petition is for 2.5 EDUs. An ADU will be included. Phil recommends approval.

Motion: Member Michelle Piazza moved to pass the 1st reading of Ordinance 2025-07; member Brad Early seconded. No public comment occurred. The Motion passed 3-0.

Resolution 2025-05: Special Assessment

Resolution 2025-05 : A Resolution of the Four Corner County Water and Sewer District Special Assessment

This Resolution reduces the tax per parcel from about \$507.19 to \$477.10 for the new tax year. Two bond payments a year will continue to occur.

Motion: Member Michelle Piazza moved to approve Resolution 2025-05; Member Brad Early seconded. No public comment occurred. The Motion passed 3-0.

Resolution 2025-06: Suspension on the Reserve Rate

Resolution 2025-06 : A Resolution of the Four Corners County Water and Sewer to Suspend the Reserve Rate

This Resolution suspends the Reserve Rate. Suspension will take place in the October billing cycle. Notification will occur in the September bill to let all members know their bill will go down \$4.

Motion: Member Michelle Piazza moved to approve Resolution 2025-06; Member Brad Early. No public comment occurred. The Motion passed 3-0.

Monthly Financial Report

Amy Ellingson provided the report.

- The DA reviewed upcoming annexations.
- FCWSD's audit is underway. The Auditor's field day will occur on 9/10/25 and they will present at the 10/25 Board Meeting.
- The DA reviewed returned EDU's.
- Boy Scouts painted hydrants for FCWSD this summer and hope to continue next summer, likely finishing the project.
- The Stip Bond water status is at \$1,533,833 and sewer status is at \$48,759.
- The DA reviewed contracts for 4 year billing.
- The DA reviewed the July 2025 budget vs. actual for the shared, sewer, and water expenses.

Monthly Operations and Maintenance Report

Phil George offered the report.

- The Tertiary Filtration startup will occur in September.
- All the Odor Control Improvement equipment is installed; startup will occur in September.
- The Northstar Lift Station construction is complete and operating but still waiting for VFD #3.
- Scheduled installation of the new Valley Center equipment will be completed by September.
- Zoot Wells, Status 1 and 2 are operational. Well 3 needs work.
- The Baxter waterline extension is in the bid process.
- Utility Solutions, a client of FCWSD, is drawing water from FCWSD wells to provide water for the Crazy Mountain Ranch Golf Course. FCWSD water supply won't be impacted.

General Manager Topics

Phil George offered the report.

- The capacity status is at 977

Board Member Topics

No Board Member topics arose.

Closed Meeting- Montana Code 2-3-203(4)(a)

A closed meeting occurred under Montana Code 2-3-203(4)(a).

Next Meeting Date: September 16, 2025

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of August 19, 2025 adjourned at 7:42 p.m.

Libby Kueneke
Secretary

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT

AUDITED FINANCIAL STATEMENTS

June 30, 2025 and 2024

DRAFT

**FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Four Corners County Water and Sewer District
Bozeman, Montana**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Four Corners County Water and Sewer District ("the District") as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic 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 financial position of Four Corners County Water and Sewer District as of June 30, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Four Corners County Water and Sewer 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 these 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 a substantial doubt about Four Corners County Water and Sewer 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.

Auditors' 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 auditors' report that includes our opinion. 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 Four Corners County Water and Sewer 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 Four Corners County Water and Sewer District's ability to continue as a going concern for a reasonable period of time.

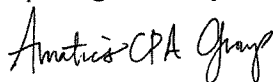
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management 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 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with the *Government Auditing Standards*, we have also issued our report dated PENDING, 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.



Bozeman, Montana
PENDING

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
STATEMENTS OF NET POSITION
June 30, 2025 and 2024

ASSETS		2025	2024
CURRENT ASSETS			
Cash and cash equivalents, unrestricted	\$	1,359,452	\$ 638,081
Board designated cash and cash equivalents		323,717	399,705
Board designated investments		3,726,212	6,832,579
Accounts receivable, net		503,523	638,859
Taxes receivable		48,441	31,369
Unbilled service revenue		183,022	164,120
Notes receivable, current portion		166,776	152,280
Due from other governments		62,639	32,947
Inventory		113,596	111,981
Prepaid expenses		900	5,354
Total current assets		<u>6,488,278</u>	<u>9,007,275</u>
NONCURRENT ASSETS			
Restricted cash and cash equivalents		1,321,329	1,273,107
Notes receivable, net of current portion		273,484	445,406
Prepaid bond insurance		<u>262,382</u>	<u>275,567</u>
Total noncurrent assets		<u>1,857,195</u>	<u>1,994,080</u>
PROPERTY AND EQUIPMENT , net of depreciation		<u>60,443,214</u>	<u>55,861,642</u>
Total assets	\$	<u><u>68,788,687</u></u>	<u><u>\$ 66,862,997</u></u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$	1,014,046	\$ 547,745
Payroll liabilities		53,465	59,944
Note payable, current		-	17,100
Water and wastewater system bonds, current		954,000	922,000
Accrued interest		<u>402,825</u>	<u>419,113</u>
Total current liabilities		<u>2,424,336</u>	<u>1,965,902</u>
LONG-TERM LIABILITIES			
Water and wastewater system bonds, noncurrent		<u>26,746,240</u>	<u>27,796,391</u>
Total liabilities		<u>29,170,576</u>	<u>29,762,293</u>
NET POSITION			
Restricted for debt service		1,321,329	1,273,107
Net invested in capital assets		32,742,974	27,126,151
Unrestricted		<u>5,553,808</u>	<u>8,701,446</u>
Total net position		<u>39,618,111</u>	<u>37,100,704</u>
Total liabilities and net position	\$	<u><u>68,788,687</u></u>	<u><u>\$ 66,862,997</u></u>

See the accompanying independent auditors' report.

**FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	Years Ended June 30	
	2025	2024
OPERATING REVENUES		
Charges for services	\$ 5,665,959	\$ 9,200,354
OPERATING EXPENSES		
Personnel	1,155,014	1,022,098
Accounting	27,975	26,695
Bank charges	1,370	1,554
Bad debt	15,016	-
Consulting	44,976	36,224
Engineering	24,887	-
Insurance	162,533	106,023
Legal fees	12,840	27,416
Licenses and permits	12,134	16,832
Miscellaneous	2,445	3,733
Office expenses and supplies	184,459	160,097
Utilities, water and sewer use	986,390	704,134
Total operating expenses	2,630,039	2,104,806
Operating income	3,035,920	7,095,548
NON-OPERATING REVENUE (EXPENSES)		
Interest income	282,083	419,167
Gain on disposal of property and equipment	10,100	-
Depreciation expense	(1,571,008)	(1,482,669)
Interest expense	(710,594)	(745,390)
Bond issuance costs	(13,185)	(13,185)
Property taxes levied	1,484,091	1,472,814
Total non-operating revenues (expenses)	(518,513)	(349,263)
Contributed capital	-	761,079
CHANGE IN NET POSITION	2,517,407	7,507,364
NET POSITION, beginning of year	37,100,704	29,593,340
NET POSITION, end of year	\$ 39,618,111	\$ 37,100,704

See the accompanying independent auditors' report.

**FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
STATEMENTS OF CASH FLOWS**

	Years Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 5,782,393	\$ 9,075,285
Payments to employees	(1,161,493)	(1,014,227)
Payments to suppliers and agencies	(1,005,885)	(1,081,000)
Net cash provided by operating activities	<u>3,615,015</u>	<u>6,980,058</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of water and wastewater assets	(6,152,580)	(6,931,810)
Issuance of notes receivable	-	(364,600)
Payments received on notes receivable	157,426	87,787
Net proceeds from sale of (purchases of) investments	3,106,367	396,917
Investment income	<u>279,104</u>	<u>414,774</u>
Net cash used by investing activities	<u>(2,609,683)</u>	<u>(6,396,932)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax receipts and other income (expense)	1,447,427	1,470,465
Interest received on delinquent tax notices	<u>2,979</u>	<u>4,393</u>
Net cash provided by noncapital financing activities	<u>1,450,406</u>	<u>1,474,858</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on long term debt	(939,100)	(906,340)
Interest paid	<u>(823,033)</u>	<u>(857,241)</u>
Net cash used by capital and related financing activities	<u>(1,762,133)</u>	<u>(1,763,581)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	693,605	294,403
Cash and cash equivalents at beginning of year	<u>2,310,893</u>	<u>2,016,490</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,004,498</u></u>	<u><u>\$ 2,310,893</u></u>
Classified As:		
Cash and cash equivalents - unrestricted	\$ 1,359,452	\$ 638,081
Board designated cash and cash equivalents	323,717	399,705
Restricted cash and cash equivalents	<u>1,321,329</u>	<u>1,273,107</u>
Total cash and cash equivalents	<u><u>\$ 3,004,498</u></u>	<u><u>\$ 2,310,893</u></u>

See the accompanying independent auditors' report.

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
STATEMENTS OF CASH FLOWS (Continued)

	<u>Years Ended June 30</u>	
	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 3,035,920	\$ 7,095,548
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in operating assets		
Accounts receivable	135,336	(95,774)
Unbilled service revenue	(18,902)	(29,295)
Inventory	(1,615)	65,626
Prepaid expenses	4,454	3,671
Increase (decrease) in operating liabilities		
Accounts payable	466,301	(67,589)
Payroll liabilities	(6,479)	7,871
	<u>579,095</u>	<u>(115,490)</u>
Net cash provided by operating activities	<u>\$ 3,615,015</u>	<u>\$ 6,980,058</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Non-cash transactions:		
Capital contributed	<u>\$ -</u>	<u>\$ 761,079</u>
Amortization of bond premium reducing interest expense	<u>\$ 96,151</u>	<u>\$ 96,151</u>
Amortization of prepaid bond insurance costs	<u>\$ 13,185</u>	<u>\$ 13,185</u>

See the accompanying independent auditors' report.

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Four Corners County Water and Sewer District (the 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.

Reporting Entity

The Four Corners County Water and Sewer District ("the District") was created on April 15, 2003, voted by the residents and landowners within the designated boundaries of the water and sewer district in the unincorporated area known as Four Corners located within the boundaries of Gallatin County, Montana pursuant to Title 7, Chapter 13, Parts 22 and 23 of the Montana Code Annotated. The purpose of the District is to provide a public water supply and distribution system and a wastewater collection and treatment facility within its boundaries, and to do all things necessary and proper to maintain and operate these facilities as required by law and bylaws of the District.

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and 34*.

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, deferred outflows of resources and liabilities (whether current or noncurrent), deferred inflows or resources 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 full accrual basis accounting, with revenues recorded when earned and expenses recorded when incurred, even though actual payment, billing or receipt may not occur until after the period ends.

Pursuant to GASB Statement No. 62, the District follows all GASB pronouncements and may apply Financial Accounting Standards Board (FASB) pronouncements for accounting issues not addressed by GASB literature.

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, repurchase agreements, and the State Short-Term Investment Pool (STIP). The District does not have a policy regarding credit risk and interest rate risk in relation to the District's deposits. For the purpose of the cash flow statement, cash and cash equivalents are considered to be cash on hand, deposits in demand accounts and money market accounts.

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board Designated Cash and Investments

Certain resources are classified as board designated assets on the statement of net position because their use has been designated by the Board for system replacements and repairs.

Restricted Cash and Investments

Certain resources are classified as restricted assets on the statement of net position because their use is limited by applicable bond requirements and covenants.

Accounts Receivable

The District's accounts receivable relate to utility services provided to the customers of the District. The District is able to apply tax liens to properties for unpaid utility bills, therefore, there is no allowance for uncollectible accounts as determined by the Board.

Inventory

Inventory consists of water meters stated at cost.

Prepaid Bond Insurance

As a result of the Series 2021A and 2021B bond issuances, the District paid bond insurance premiums. The bond insurance is being amortized over the life of the bonds.

Revenue and Expenses

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are water and wastewater user charges. Revenue from user charges and sales of services is recognized as the related services are provided. Refunds to customers are charged to income in the period in which those refunds are paid. Operating expenses include the costs associated with the conveyance of water and wastewater, treatment of wastewater, and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Unbilled Service Revenue

Unbilled service revenue consists of service revenue earned but not yet billed.

Tax Revenue

Property taxes levied in accordance with Title 7, Chapter 13, Part 23, Montana Code Annotated. The District provides the amount of taxes to be levied on each applicable property submits this information to the County Treasurer by September 15. Real property taxes are generally billed in October and are payable one half by November 30 and on half by May 31. After these dates, taxes and assessments become delinquent and become a lien on the property. Taxes and assessments that become delinquent are charged interest at the rate of 5/6 of 1% per month from the time of delinquency until paid plus a penalty of 2%. Real property on which taxes and assessments remain delinquent and unpaid may be sold at tax sales.

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The District's capital assets are recorded at historical cost or estimated historical cost if actual cost is unavailable. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life is not capitalized. Donated capital assets, including developer-constructed infrastructure, are recorded as assets on the books of the District and depreciated accordingly. The recorded value of the asset is recognized as income in the year of conveyance. Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated useful lives:

Utility infrastructure system	20 years
Utility piping system	40 years
Furniture, machinery, equipment	5-5 years

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).

Capital Contributions

Contributions are recognized in the statement of revenues, expenses and changes in net position when received. Contributions include developer contributed utility systems.

Net Position

Proprietary fund net position is classified in the following categories:

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.

Restricted net position – consists 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 government or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net position is reported in this category.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

Budget

The District is not legally required to adopt a budget; therefore, budgetary comparison information is not included in the District's financial statements.

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.

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Cash - checking and savings	\$ 1,650,600	\$ 787,070
Money market funds	202,503	387,231
Held by bond trustee - money market funds	<u>1,151,395</u>	<u>1,136,592</u>
	<u>\$ 3,004,498</u>	<u>\$ 2,310,893</u>

The District maintains cash balances in separate bank accounts at a financial institution. Account balances are insured up to \$250,000 by the FDIC. The balances in excess of the federally insured limits totaled \$1,621,129 and \$1,229,296 for the years ended June 30, 2025 and 2024, respectively.

As a result of the refunding bond issuances during the year ended June 30, 2022, the District has money market funds held by the bond trustee to be used for debt service and other bond requirements, which is reported in restricted cash and cash equivalents on the statement of net position.

3. INVESTMENTS

The District voluntarily participates in the STIP (Short Term Investment Pool) administered by the Montana Board of Investments (MBOI). A local government's 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. 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 Montana Board of Investments or any other entity against investment losses and there is no guaranteed rate of return on funds invested in STIP shares.

The Montana Board of Investments 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 Montana Board of Investments website at <http://investment.com/AnnualReportAudits>. Investments in the STIP included in board designated and restricted investments totaled \$3,726,212 and \$6,832,579 for the years ended June 30, 2025 and 2024, respectively.

4. NOTES RECEIVABLE

Notes receivable consist of balances due from existing customers for the purchase of additional water capacity. The notes require monthly payments for four to seven years and bear interest at effective rates of 2.3 - 3.3%.

The following is a summary of changes in notes receivable for the years ended June 30, 2025 and 2024:

	<u>Balance, June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2025</u>	<u>Due within one year</u>
Notes receivable	\$ 597,686	\$ -	\$ (157,426)	\$ 440,260	\$ 166,776

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

4. NOTES RECEIVABLE (Continued)

	<u>Balance, June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2024</u>	<u>Due within one year</u>
Notes receivable	\$ 320,873	\$ 364,600	\$ (87,787)	\$ 597,686	\$ 152,280

5. RISK MANAGEMENT

The District faces a considerable number of risks of loss, including a) general liability, b) auto liability (non-owned/hired), and c) professional liability (i.e. errors and omissions). The District utilizes commercial insurance policies to cover these risks. The Board believes such coverage is sufficient to preclude any significant uninsured losses to the District.

6. CAPITAL ASSETS

Capital assets of the District for the years ended June 30, 2025 and 2024, consisted of the following:

	<u>Balance, June 30, 2024</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2025</u>
Water and wastewater infrastructure	\$ 30,150,402	\$ 2,138,679	\$ 14,350,434	\$ 46,639,515
Water and wastewater piping	15,496,577	-	-	15,496,577
Construction in progress	18,414,690	3,995,901	(14,350,434)	8,060,157
Vehicles	413,533	-	(24,495)	389,038
Sewer equipment	114,138	-	-	114,138
Office equipment	21,766	18,000	-	39,766
	64,611,106	6,152,580	(24,495)	70,739,191
Less: accumulated depreciation	(8,749,464)	(1,571,008)	24,495	(10,295,977)
Property and equipment, net	\$ 55,861,642	\$ 4,581,572	\$ -	\$ 60,443,214
	<u>Balance, June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2025</u>
Website	\$ 17,030	\$ -	\$ -	\$ 17,030
Less: accumulated amortization	(17,030)	-	-	(17,030)
Intangible assets, net	\$ -	\$ -	\$ -	\$ -

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

6. CAPITAL ASSETS (Continued)

	<u>Balance, June 30, 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2024</u>
Water and wastewater infrastructure	\$ 27,363,948	\$ 1,894,044	\$ 892,410	\$ 30,150,402
Water and wastewater piping	15,496,577	-	-	15,496,577
Construction in progress	13,573,194	5,733,906	(892,410)	18,414,690
Vehicles	348,594	64,939	-	413,533
Sewer equipment	114,138	-	-	114,138
Office equipment	21,766	-	-	21,766
	56,918,217	7,692,889	-	64,611,106
Less: accumulated depreciation	<u>(7,266,795)</u>	<u>(1,482,669)</u>	<u>-</u>	<u>(8,749,464)</u>
Property and equipment, net	<u>\$ 49,651,422</u>	<u>\$ 6,210,220</u>	<u>\$ -</u>	<u>\$ 55,861,642</u>
	<u>Balance, June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2024</u>
Website	\$ 17,030	\$ -	\$ -	\$ 17,030
Less: accumulated amortization	<u>(17,030)</u>	<u>-</u>	<u>-</u>	<u>(17,030)</u>
Intangible assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the years ended June 30, 2025 and 2024, was \$1,571,008 and \$1,482,669, respectively.

Construction in progress for the year ended June 30, 2025, includes various projects that have do not have contracts to complete. The estimated costs to complete the other projects included in construction in progress at June 30, 2025, are \$2,150,000 and all projects are expected to be completed in the years ending June 30, 2026 and 2027.

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the years ended June 30, 2025 and 2024:

	<u>Balance, June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2025</u>	<u>Due within one year</u>
Wastewater System Special Assessment Bond Series 2019B	\$ 10,093,000	\$ -	\$ (287,000)	\$ 9,806,000	\$ 294,000
Special Assessment Refunding Bonds, Series 2021A	13,015,000	-	(380,000)	12,635,000	395,000
Revenue Refunding Bonds, Series 2021B	3,985,000	-	(255,000)	3,730,000	265,000
GM Financial	8,563	-	(8,563)	-	-
GM Financial	8,537	-	(8,537)	-	-
	<u>27,110,100</u>	<u>-</u>	<u>(939,100)</u>	<u>26,171,000</u>	<u>954,000</u>
Unamortized bond premiums					
Series 2021A	995,794	-	(44,755)	951,039	-
Series 2021B	629,597	-	(51,396)	578,201	-
	<u>1,625,391</u>	<u>-</u>	<u>(96,151)</u>	<u>1,529,240</u>	<u>-</u>
	<u>\$ 28,735,491</u>	<u>\$ -</u>	<u>\$ (1,035,251)</u>	<u>\$ 27,700,240</u>	<u>\$ 954,000</u>
	<u>Balance, June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2024</u>	<u>Due within one year</u>
Wastewater System Special Assessment Bond Series 2019B	\$ 10,373,000	\$ -	\$ (280,000)	\$ 10,093,000	\$ 287,000
Special Assessment Refunding Bonds, Series 2021A	13,380,000	-	(365,000)	13,015,000	380,000
Revenue Refunding Bonds, Series 2021B	4,230,000	-	(245,000)	3,985,000	255,000
GM Financial	16,748	-	(8,185)	8,563	8,563
GM Financial	16,692	-	(8,155)	8,537	8,537
	<u>28,016,440</u>	<u>-</u>	<u>(906,340)</u>	<u>27,110,100</u>	<u>939,100</u>
Unamortized bond premiums					
Series 2021A	1,040,549	-	(44,755)	995,794	-
Series 2021B	680,993	-	(51,396)	629,597	-
	<u>1,721,542</u>	<u>-</u>	<u>(96,151)</u>	<u>1,625,391</u>	<u>-</u>
	<u>\$ 29,737,982</u>	<u>\$ -</u>	<u>\$ (1,002,491)</u>	<u>\$ 28,735,491</u>	<u>\$ 939,100</u>

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

7. LONG-TERM DEBT (Continued)

Long-term debt obligations consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Obligation to the State of Montana, requires estimated semi-annual payments of \$269,000, including interest at 2.50%, matures July 2049. The loan is secured by the special assessments against all taxable properties in the District.	\$ 9,806,000	\$ 10,093,000
Special Assessment Refunding Bonds Series 2021A, requires semi-annual interest payments at 4.0% and annual principal payments, maturing on July 2046. The bonds are secured by special assessments against all taxable properties in the District.	12,635,000	13,015,000
Revenue Refunding Bonds Series 2021B, requires semi-annual interest payments at 4.0% and annual principal payments, maturing July 2036. The bonds are secured by revenues generated from purchased assets.	3,730,000	3,985,000
Note payable to GM Financial, requires annual payments of \$8,958 including interest at 4.52%, maturing July 2025. The note is secured by a vehicle.	-	8,563
Note payable to GM Financial, requires annual payments of \$8,935 including interest at 4.57%, maturing July 2025. The note is secured by a vehicle.	-	8,537
	<u>26,171,000</u>	<u>27,110,100</u>
Less current portion	(954,000)	(939,100)
Plus unamortized bond premiums	<u>1,529,240</u>	<u>1,625,391</u>
	<u><u>\$ 26,746,240</u></u>	<u><u>\$ 27,796,391</u></u>

The required annual payments for debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2026	\$ 954,000	\$ 790,625	\$ 1,744,625
2027	987,000	756,325	1,743,325
2028	1,025,000	720,725	1,745,725
2029	1,063,000	683,725	1,746,725
2030	1,096,000	645,425	1,741,425
2031 to 2035	6,123,000	2,585,263	8,708,263
2036 to 2040	5,651,000	1,541,013	7,192,013
2041 to 2045	5,841,000	815,213	6,656,213
2046 to 2050	<u>3,431,000</u>	<u>168,275</u>	<u>3,599,275</u>
	<u><u>\$ 26,171,000</u></u>	<u><u>\$ 8,706,589</u></u>	<u><u>\$ 34,877,589</u></u>

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

7. LONG-TERM DEBT (Continued)

Interest expense during the years ended June 30, 2025 and 2024 was \$710,594 and \$745,390, respectively.

The Series 2021A and Series 2021B refunding resulted in bond premiums of \$1,118,870 and \$770,936, respectively, that are being amortized over the life the bonds. Amortization of the bond premiums for both the years ended June 30, 2025 and 2024 was \$96,151.

8. COMPENSATED ABSENCES

All full-time employees accumulate vacation and sick leave hours in proportion to the hours they work. Employees earn annual leave at the rate of 10 days per year for each of their first 5 years of employment. Between 6 and 10 years of employment, they earn increasing rates up to 20 days per year, with a maximum of 20 days after 10 years of employment. There is no requirement that annual leave be taken. However, the maximum accumulation is two times the annual rate, determined at the end of the calendar year. At termination, employees are paid for any accumulated annual leave. Sick leave is earned at the rate of twelve days per year. There is no limit on the accumulation of sick leave. At termination, employees are paid for one-fourth of their accumulated sick leave.

The balance of compensated absences payable is included in payroll liabilities on the statement of net position. Changes in compensated absences during the years ended June 30, 2025 and 2024, were as follows:

<u>Balance,</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2025</u>
\$ 59,613	\$ 73,759	\$ (80,216)	\$ 53,156
<u>Balance,</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2024</u>
\$ 51,603	\$ 76,870	\$ (68,860)	\$ 59,613

9. RETIREMENT PLANS

The District sponsors a Section 457 defined contribution plan. Employees are eligible to participate when they attain age 21 and complete one year of service. Participating employees may make contributions up to allowable limits. The District will match up to 6% of employee contributions, which are subject to vesting. Employer contributions totaled \$27,583 and \$28,685 for the years ended June 30, 2025 and 2024, respectively.

The District also sponsors a 401(a) money purchase plan. Employees are eligible to participate when they attain age 21 and complete one year of service. Participating employees are required to contribute 6.6% of gross wages. The District contributes 6.6% of employees' gross wages to the plan on the employee's behalf, which the employee is fully vested. The District also contributes an additional 2% of an employee's gross wages, which are subject to vesting. Employer contributions totaled \$80,099 and \$75,531 for the years ended June 30, 2025 and 2024, respectively.

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

10. CONTINGENCIES AND LITIGATION

The District is involved in ongoing litigation with a party regarding the District's wastewater reclamation facility. Settlement discussions are underway and discovery have commenced. The District is vigorously defending the case. The likelihood of the outcome is not quantifiable at this time.

11. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through PENDING, the date on which the financial statements were available to be issued.

DRAFT

**INDEPENDENT AUDITORS' 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
Four Corners County Water and Sewer District
Bozeman, Montana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Four Corners County Water and Sewer District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated PENDING.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the District as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of 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 the 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 the 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 District's internal control or on compliance. This report is an integral part of the 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.

Amatis CPA Gray

Bozeman, Montana
PENDING

DRAFT

**FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2025**

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, 2025.

DRAFT

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
STATUS OF PRIOR YEAR FINDINGS
June 30, 2025

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, 2024.

DRAFT

PENDING

To the Board of Directors
Four Corners County Water and Sewer District
Bozeman, Montana

We have audited the financial statements of the Four Corners County Water and Sewer District for the year ended June 30, 2025. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated May 30, 2025, our responsibility, as described by professional standards, is to express opinion 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 District's internal control. 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 Four Corners County Water and Sewer 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, 2025. 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 capital assets' useful lives, potential impairments, and depreciation. These are all estimates made by management. We evaluated the methods, assumptions and data used to develop these estimates in determining that the balances are 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 summary of significant accounting policies in Note 1, capital assets in Note 6, and long-term debt in Note 7.

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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements (see attached Adjusting Journal Entries and Reclassifying Journal Entries schedules). In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 PENDING.

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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction of Use

This information is intended solely for the use of management and the Board of Directors of the Four Corners County Water and Sewer District and the Montana Department of Administration and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



Bozeman, Montana

Attachment

Prepared by	Reviewed by	Reviewed by
JRG 9/16/2025		

AJE

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg
Net Income (Loss) Before Adjustments							2,551,947.44	
AJE-1	6/30/2025	Accumulated Depreciation - Water Infrastruc	170.01	J-3		817.04		
AJE-1	6/30/2025	Accumulated Depreciation - Sewer Infrastruc	170.02	J-3		33,579.91		
AJE-1	6/30/2025	Accumulated Depreciation - Administration	170.05	J-3		150.00		
AJE-1	6/30/2025	G&A - Asset Depreciation- Office	530.11	J-3	150.00			
AJE-1	6/30/2025	DEP (W) - Water Infrastructure	650.01	J-3	817.04			
AJE-1	6/30/2025	DEP (S) - Sewer Infrastructure	750.01	J-3	33,579.91			
To properly record FY2025 depreciation					34,546.95	34,546.95	2,517,400.49	(34,546.95)
					34,546.95	34,546.95	2,517,400.49	(34,546.95)

DRAFT

Four Corners County Water and Sewer District

Year End: June 30, 2025

Reclassifying journal entries

Date: 7/1/2024 To 6/30/2025

Prepared by	Reviewed by	Reviewed by
JRG 9/16/2025		

RJE

Number	Date	Name	Account No	Reference	Debit	Credit
RJE-1	6/30/2025	NON-OP (W) - WATER	810		4,000.00	
RJE-1	6/30/2025	NON-OP (other) - Infrastructure Capacity Fees	860.04			4,000.00
		PBC entry to reclass revenue				
					4,000.00	4,000.00

Net Income (Loss) 2,517,400.49

DRAFT

Ordinance 2025-07

ORDINANCE ANNEXING JEREMY & MICHELE SHEA, TRACT 13
MINOR SUBDIVISION, BOZEMAN, MT 59718., GALLATIN COUNTY
MONTANA INTO THE FOUR CORNERS WATER & SEWER DISTRICT
(COOLWATER)

WHEREAS, JEREMY & MICHELE SHEA with mailing address of 200 Tinkers Lane, Bozeman, MT 59718, as owner of the Property described herein, submitted a petition for annexation of a parcel of land described as Tract 13 Minor Subdivision No. _____ being Tract 13 of Dependent Survey 8A, located in Section 12, T02 S, R04 E, Gallatin County Montana hereinafter also referred to as "Property" requesting that the Property be annexed into the Four Corners County Water and Sewer District for water and sewer services; and

WHEREAS, the Property is contiguous to the District boundary; and

WHEREAS, on June 17, 2025, at a duly noticed meeting of the Board of Directors, the Board considered the Petition to annex the Property as contiguous property and determined that the systems will have sufficient future capacity to provide service to the Property.

WHEREAS, the Property will need to provide its own irrigation water.

WHEREAS, JEREMY & MICHELE SHEA will provide evidence of purchased water rights to serve the Property need to be provided for 2.5 EDU (400 gpd total) average daily flow of 160 gallons per day per EDU and have agreed to pay the water and wastewater fee per EDU to the District.

NOW THEREFORE, be it ordained by the board of directors of the Four Corners County Water and Sewer District Board, by passage of this ordinance, the District does agree to annex the Property, described above, into the District after transfer of water rights and payment of fees water and sewer service for 2.5 EDUs (640 gpd total) average daily flow of 160 gallons per day per EDU.

The District shall not provide water for irrigation.

Landowners/petitioners acknowledge prior to the second reading that should additional structures which utilized water or sewer on the property, the District makes no representation that the District will have sufficient water or sewer capacity to service future structures.

ADOPTED by the Board of Directors of the Four Corners County Water and Sewer District after first reading on Aug 19, 2025 with a vote of 3 in favor and 0 against and second reading on _____, 2025 with a vote of _____ in favor and _____ against.

This Ordinance shall be in effect 30 days after the date of the second reading.

1st Read and approved:

Four Corner's County Water and Sewer District

Dated: Aug 19, 2025

[Signature]
Its: Vice President

Attested: [Signature]
Secretary

2nd Read and approved:

Four Corner's County Water and Sewer District

Dated: _____, 2025

Its: _____

Attested: _____
Secretary

Ordinance 2025-08

ORDINANCE ANNEXING RAE HOLDINGS LLC, 7130 SPRINGHILL
COMMUNITY ROAD, BELGRADE, MT 59714., GALLATIN COUNTY
MONTANA INTO THE FOUR CORNERS WATER & SEWER DISTRICT

WHEREAS, RAE HOLDINGS LLC with address of 7130 Springhill Community Road, Belgrade, MT 59714, as owner of the Property described herein, submitted a petition for annexation of a parcel of land described as Lot 79-83, of Rainbow Subdivision, located in Section 14, T01 S, R04 E, Gallatin County Montana hereinafter also referred to as "Property" requesting that the Property be annexed into the Four Corners County Water and Sewer District for water and sewer services; and

WHEREAS, the Property is contiguous to the District boundary; and

WHEREAS, on August 19, 2025 at a duly noticed meeting of the Board of Directors, the Board considered the Petition to annex the Property as contiguous property and determined that the systems will have sufficient future capacity to provide service to the Property.

WHEREAS, the Property will need to provide its own irrigation water.

WHEREAS, RAE HOLDINGS LLC will provide evidence of purchased water rights to serve the Property need to be provided for 1 EDU (160 gpd total) average daily flow of 160 gallons per day per EDU and have agreed to pay the water and wastewater fee per EDU to the District.

NOW THEREFORE, be it ordained by the board of directors of the Four Corners County Water and Sewer District Board, by passage of this ordinance, the District does agree to annex the Property, described above, into the District after transfer of water rights and payment of fees water and sewer service for 1 EDUs (160 gpd total) average daily flow of 160 gallons per day per EDU.

The District shall not provide water for irrigation.

Landowners/petitioners acknowledge prior to the second reading that should additional structures which utilized water or sewer on the property, the District makes no representation that the District will have sufficient water or sewer capacity to service future structures.

ADOPTED by the Board of Directors of the Four Corners County Water and Sewer District after first reading on _____, 2025 with a vote of ____ in favor and ____ against and second reading on _____, 2025 with a vote of ____ in favor and ____ against.

This Ordinance shall be in effect 30 days after the date of the second reading.

1st Read and approved: Four Corner's County Water and Sewer District

Dated: _____, 2025

Its: _____

Attested: _____

Secretary

2nd Read and approved: Four Corner's County Water and Sewer District

Dated: _____, 2025

Its: _____

Attested: _____

Secretary

RESOLUTION 2025-07

A Resolution of the Four Corner County Water and Sewer District to allow the Finance Committee and General Manager to approve Water Rights Purchase.

RECITALS

WHEREAS, the Four Corners County Water and Sewer District ("District") is a county water and sewer district duly established in 2003;

WHEREAS, the District Board approves the Finance Committee and General Manager the ability to approve the purchase of Water Rights from Utility Solutions.

WHEREAS, the General Manager and Finance Committee will report back to the board on all decisions made;

NOW THEREFORE, the Four Corners County Water and Sewer Approves the Finance Committee and General Manager ability to approve the purchase of Water Rights from Utility Solutions.

Dated this __ day of October 2025.

Nancy Flikkema, President

ATTESTED:

Libby Kueneke , Secretary



October 2025

General Administration Actives and Issues:

- **Upcoming Annexations**
- **Employee's**
- **Bulk H2O**
- **Gallatin Gateway**
- **Insurance Renewal**
- **Audit Renewal**

Current Stip

Bond \$ 1,738,687 (275K is bond reserve)

Water \$ 1,451,617

Sewer \$159,871

Contract Charge +4 years

Collected: \$224,221

Past due: \$47,470

Bulk water: \$29,291



Month End YTD Budget vs. Actual

September 2025

Shared Expenses

	<u>September 2025</u>	<u>Budget</u>
500-Shared General Admin Expenses		
510- Board Members	225	999
520- Personnel Expenses	289,816	350,001
530- Office Expenses	15,620	27,501
540- Vehicle Expenses	5,590	9,999
550- Professional Services (Shared)	13,081	35,001
560- Other Expenses (Shared)	35,668	30,000
Total	360,000	453,501

September 2025



Month End YTD Budget vs. Actual

September 2025

Sewer

	<u>September 2025</u>	<u>Budget</u>
Income/Expense		
Income		
400- Operating Revenues		
420- Sewer Revenues	614,212	558,750
Expense		
700- Sewer O&M Expenses		
710- System Operating Exp (Sewer)	74,141	87,501
720- Repairs/ Maintenance Expenses	66,463	84,999
730- Professional Services (Sewer)	0.00	3,000
Total 700- Sewer O&M Expenses	140,604	175,500
Half of Shared Expenses	180,000	226,750
Series B Loan	66,897	66,897
Capital Equipment Replacement- 940	82,384	62,499
Total Expenses	469,885	531,646



Operation & Maintenance Report. October 2025

- The Tertiary Filtration- Startup in October.
- All the Odor Control Improvement equipment is installed, startup in September.
- The Northstar Lift Station construction is complete and operating. Still investigating pump issues.
- Valley Center, schedule installation of new equipment to be completed by October 2025.
- Zoot Wells, Status 1 and 2 are operational well 3 needs work.
- Baxter waterline extension bid complete
- New rail system installed at Durston, Black Bull 2 and Valley Center.

General Manager Topics: October 2025

- Capacity Status- 938