

**OFFICIAL AGENDA
TUESDAY February 10, 2026
Meeting Start Time: 9:00 a.m.
Board of County Commissioners
Yellowstone County, Montana
Ostlund Building
2825 3rd Ave N, Room 309
Billings, MT
8:45 a.m. Agenda Setting**

Pledge to the Flag: Moment of Silence: Minutes

REGULAR AGENDA

9:00 a.m. BID OPENING

Bid Opening for the MetraPark PA System

PUBLIC COMMENTS ON REGULAR, CONSENT AND FILED AGENDA ITEMS

1. METRA PARK

Production Update

2. COUNTY ATTORNEY

Resolution 26-14 Appointing Commissioner White to the LURA Advisory Board

CLAIMS

CONSENT AGENDA

1. COMMISSIONERS

- a. Board Appointment - Scott Chesarek to Bicycle and Pedestrian Advisory Committee
- b. Board Reappointment - Jennifer Kondracki & Paul Miron to Lockwood TEDD

2. FINANCE

- a. 2026 VOCA Grant Signature Page
- b. Bond for Lost Warrant
- c. Resolution No. 26-12 - Annual Resolution to Set Daily Credit Rate for Inmates at the Yellowstone County Detention Facility
- d. Finance Agreement - Mailing Technical Services - Mail Processing

3. PLANNING DEPARTMENT

Final Resolution 26-13 Approving Zone Change 732 - Proposed Lone Eagle North Subdivision

4. PUBLIC WORKS

Notice of Intent to Award the Field Analysis and Intersection Improvement Study to Sanbell

5. HUMAN RESOURCES

PERSONNEL ACTION REPORT - Youth Services Center - 1 Salary & Other

FILE ITEMS

1. CLERK OF DISTRICT COURT

Checks and Disbursements for January 2026

2. COMMISSIONERS

- a.** District 7 HRDC Audited Financial Statements for June 30, 2025, and 2024
- b.** Board Minutes - County Water District of Billings Heights

3. PUBLIC WORKS

Snow Removal Contract with Marzee's Auto Body & Paint for Pheasant Brook Subdivision

PUBLIC COMMENTS ON COUNTY BUSINESS

*Public comment is an opportunity for individuals to address the Board, however, the Board cannot engage in discussion or take action on items not properly noticed on the agenda.

B.O.C.C. Regular

Meeting Date: 02/10/2026

Title: Bid Opening for the MetraPark PA System

Submitted By: Teri Reitz, Board Clerk

TOPIC:

Bid Opening for the MetraPark PA System

BACKGROUND:

N/A

RECOMMENDED ACTION:

Refer to staff.

B.O.C.C. Regular

Meeting Date: 02/10/2026

Title: Production Update

Submitted By: Teri Reitz, Board Clerk

TOPIC:

Production Update

BACKGROUND:

N/A

RECOMMENDED ACTION:

N/A

B.O.C.C. Regular

Meeting Date: 02/10/2026

Title: LURA Board Appointment

Submitted By: Steve Williams

TOPIC:

Resolution 26-14 Appointing Commissioner White to the LURA Advisory Board

BACKGROUND:

When an urban renewal agency is formed in the county, the county is entitled to a representative pursuant to 7-15-4282. This resolution appoints Chris White.

RECOMMENDED ACTION:

approve/deny

Attachments

LURA Advisory Appointment

YELLOWSTONE COUNTY BOARD OF COUNTY COMMISSIONERS

Resolution No. 26-14

**A RESOLUTION APPOINTING CHRIS WHITE TO THE LAUREL TIF URBAN
RENEWAL AGENCY ADVISORY BOARD**

WHEREAS, pursuant to § 7-15-4234, MCA, an urban renewal agency is to be administered by a board of commissioners; and

WHEREAS, pursuant to § 7-15-4234(4), MCA, when an urban renewal plan is created, an advisory committee shall be appointed, and the committee must include at least one representative from each incorporated city, town, county, or school district with boundaries that overlap the urban renewal area or targeted economic development district; and

WHEREAS, the above TIF district is located within the county, creating a vacancy on the advisory committee for a county representative; and

WHEREAS, Chris White is qualified to serve and is willing to accept appointment to the advisory board.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Yellowstone County, Montana, that Chris White is hereby appointed to the Laurel TIF Advisory Board to fill the existing vacancy.

Passed and Adopted on the 10th day of February 2026.

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA.

Mark Morse, Chair

Michael J. Waters, Member

Jeff Martin, Clerk and Recorder

B.O.C.C. Regular

1. a.

Meeting Date: 02/10/2026

Title: Board Appointment

Submitted By: Erika Guy

TOPIC:

Board Appointment - Scott Chesarek to Bicycle and Pedestrian Advisory Committee

BACKGROUND:

See Attached

RECOMMENDED ACTION:

Sign and Mail

Attachments

Scott Chesarek

Yellowstone County



COMMISSIONERS
(406) 256-2701
(406) 256-2777 (FAX)

P.O. Box 35000
Billings, MT 59107-5000
bocc@yellowstonecountymt.gov

February 10, 2026

Mr. Scott Chesarek
Po Box 31888
Billings, MT 59107

RE: Bicycle and Pedestrian Advisory Committee Board

Dear Mr. Chesarek,

The Board of County Commissioners of Yellowstone County has appointed you to represent Yellowstone County as a member on the above-named board. Your term by this appointment will be to December 31, 2027.

We wish to take this opportunity to thank you in advance for accepting this community service.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA

Mark Morse, Chair

Michael J. Waters, Member

Chris White, Member

BOCC/eg

cc: Board File - Clerk & Recorder
Mr. Mike Hayes, 316 N 26th St., Billings, MT 59101

B.O.C.C. Regular

1. b.

Meeting Date: 02/10/2026

Title: Board Reappointment

Submitted By: Erika Guy

TOPIC:

Board Reappointment - Jennifer Kondracki & Paul Miron to Lockwood TEDD

BACKGROUND:

See Attached

RECOMMENDED ACTION:

Sign and Mail

Attachments

Jennifer Kondracki

Paul Miron

Yellowstone County



COMMISSIONERS
(406) 256-2701
(406) 256-2777 (FAX)

P.O. Box 35000
Billings, MT 59107-5000
bocc@yellowstonecountymt.gov

February 10, 2026

Ms. Jennifer Kondracki
2348 N Frontage Rd
Billings, MT 59101

RE: Re-appointment to Lockwood TEDD Advisory Board

Dear Ms. Kondracki,

The Board of County Commissioners of Yellowstone County has re-appointed you to the above-named board. Your term by this appointment will be to March 31, 2029.

We wish to take this opportunity to thank you, in advance, for accepting this community service.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA

Mark Morse, Chair

Michael J. Waters, Member

Chris White Member

BOCC/eg

c: Board File - Clerk & Recorder
Ms. Dianne Lehm, 201 N Broadway, Billings, MT 59101

Yellowstone County



COMMISSIONERS
(406) 256-2701
(406) 256-2777 (FAX)

P.O. Box 35000
Billings, MT 59107-5000
bocc@yellowstonecountymt.gov

February 10, 2026

Mr. Paul Miron
3041 Barton Dr.
Billings, MT 59102

RE: Lockwood TEDD Advisory Board

Dear Mr. Miron,

The Board of County Commissioners of Yellowstone County has appointed you to represent Yellowstone County as a member on the above-named board. Your term by this appointment will be to March 31, 2029.

We wish to take this opportunity to thank you in advance for accepting this community service.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA

Mark Morse, Chair

Michael J. Waters, Member

Chris White, Member

BOCC/eg

cc: Board File - Clerk & Recorder
Ms. Dianne Lehm, 201 N Broadway, Billings, MT 59101

B.O.C.C. Regular

2. a.

Meeting Date: 02/10/2026

Title: 2026 VOCA Grant Signature Page

Submitted By: Anna Ullom, Senior Accountant

TOPIC:

2026 VOCA Grant Signature Page

BACKGROUND:

This is for the renewal of the VOCA grant that substantially funds two of the County Attorney Victim/Witness Coordinator positions. The included signature page is a requirement of the application.

RECOMMENDED ACTION:

Sign where required.

Attachments

Signature Page - 2026 VOCA Application



Signature Page (for a new application)

The officials who sign this document agree to adhere to all terms and conditions relating to this application. Duplication of responsibilities by one individual for any position listed below is NOT acceptable. Electronic and stamped signatures are not acceptable.

A change in any of these positions requires submission of a new signature page with ALL signers.

Original Signatures are Required			
A. Official Budget Representative <i>Must be a person with budget-setting authority (i.e. City/County Commissioner, Mayor, Department Head, or President of Board Directors)</i>			
Name	Mark Morse	Title	Chair, County Commission
Address	P.O. Box 35000	City/State/Zip	Billings, MT 59107
Email	mmorse@yellowstonecountymt.gov	Telephone	406-256-2701
Date	Signature		
B. Project Director <i>Must be an employee of the applicant agency</i>			
Name	Anna Ullom	Title	Senior Accountant
Address	P.O. Box 35003	City/State/Zip	Billings, MT 59107
Email	aullom@yellowstonecountymt.gov	Telephone	406-256-2783
Date	2/2/26	Signature Anna Ullom	
C. Financial Officer			
Name	Jennifer Jones	Title	Finance Director
Address	P.O. Box 35003	City/State/Zip	Billings, MT 59107
Email	jjones@yellowstonecountymt.gov	Telephone	406-256-2816
Date	Signature		
D. Primary Grant Activities Point of Contact <i>This individual does not have any authority pertaining to the grant and is simply the main point of contact for day-to-day communication. Signatures and official decision-making must come from the Official Budget Representative, Project Director, and Financial Officer.</i>			
Name	Anna Ullom	Title	Senior Accountant
Address	P.O. Box 35003	City/State/Zip	Billings, MT 59107
Email	aullom@yellowstonecountymt.gov	Telephone	406-256-2783
Date	2/2/26	Signature Anna Ullom	

Date Received by MBCC: _____

B.O.C.C. Regular

2. b.

Meeting Date: 02/10/2026

Title: Bond for Lost Warrant

Submitted By: Anna Ullom, Senior Accountant

TOPIC:

Bond for Lost Warrant

BACKGROUND:

Bond for Lost Warrant on lost/stale dated check has been returned and notarized.

RECOMMENDED ACTION:

Approve reissue.

Attachments

Bond for Lost Warrant

BOND FOR LOST WARRANT

On December 29, 2025 Yellowstone County issued a warrant numbered 24474 to Colstrip Municipal Court (Principal) in the amount of \$1,000.00. The warrant was drawn in payment of bond for Phillip Walksalong. Principal now attests that the warrant has been lost or destroyed, and it has undertaken a diligent search but has been unable to recover the warrant. Moreover, Principal has not received payment on the claim. Therefore, Principal has requested that Yellowstone County issue a duplicate warrant in the same sum of \$1,000.00 to replace the lost or destroyed warrant.

WHEREFORE, Principal agrees to indemnify and hold harmless Yellowstone County and its officers from all loss, costs, or damages incurred as a result of issuing the duplicate warrant, should Yellowstone County issue a duplicate warrant, and agrees to release any and all claims that principal may have against Yellowstone County now or in the future as related to payment of the above stated claim. Principal also agrees to pay to any person entitled to receive payment under the original warrant, as the lawful holder of the original warrant, all monies received upon the duplicate warrant.

Further, Principal agrees to bind itself, its heirs, assigns, executors, administrators, successors and assigns, jointly and severally, for twice the amount of the original warrant as required by M.C.A. 7-7-2104 (2), which is \$ 2,000.00 and may be enforced in the event the Principal cashes both the original warrant and the replacement warrant. In addition, Principal agrees to pay reasonable attorney's fees, and to cover all losses, damages, and other costs incurred by Yellowstone County in enforcing its rights under this bond.

Penny S. McPherson
Principal Signature

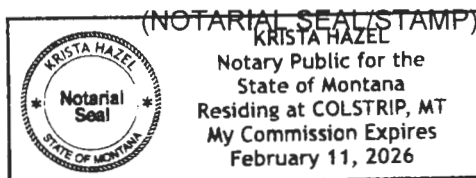
P.O. Box 1902
Mailing Address for replacement check

Colstrip MT 59323
City, State Zip

State of Montana)
County of Rosebud) : (seal/stamp)

This instrument was acknowledged before me on this 29 day of January, 2026
by Penny S. McPherson

Krista Hazel
Notary Signature



APPROVED:

Chair, Board of County Commissioners

Date

Replaced with warrant # _____, dated _____ (completed by County)

B.O.C.C. Regular

2. c.

Meeting Date: 02/10/2026

Title: Annual Resolution to Set Daily Credit Rate for Inmates

Submitted By: Anna Ullom, Senior Accountant

TOPIC:

Resolution No. 26-12 - Annual Resolution to Set Daily Credit Rate for Inmates at the Yellowstone County Detention Facility

BACKGROUND:

Daily credit rate for inmates. Rate to be \$126 per day.

RECOMMENDED ACTION:

Approve.

Attachments

Res #26-12 - Jail Daily Credit Rate

Resolution No. 26-12

**Resolution to Establish Daily Credit Rate on Fines
for the Yellowstone County Detention Facility**

WHEREAS, pursuant to Section 46-18-403(2) of the Montana Code Annotated, a board of county commissioners must annually by resolution establish the daily rate inmates will be credited towards fines for incarceration. The daily rate must be equal to the actual cost incurred by the detention facility to incarcerate an inmate.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Yellowstone County, Montana, the daily rate for confinement costs for inmates incarcerated at the Yellowstone County Detention Facility, other than for actual medical costs, as ordered by the Court and paid in advance of confinement and prior to the payment of any fine, shall at this time be \$126.00 per day, excluding negotiated, contractual rates with State or Federal agencies; and,

BE IT FURTHER RESOLVED, if a judgment is for fine and imprisonment until the fine is paid, the detainee shall be allowed a credit of \$126.00 for each day of incarceration; and,

BE IT FURTHER RESOLVED, that the Board reserves the right, during the annual allotted time to set rates, to change by a subsequent resolution daily credit rates on fines.

Passed and Adopted on the 10th day of February 2026.

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA

Mark Morse, Chairman

Michael J. Waters, Member

ATTEST:

Jeff Martin, Clerk and Recorder

Chris White, Member

B.O.C.C. Regular

2. d.

Meeting Date: 02/10/2026

Title: Finance Agreement - Mailing Technical Services - Mail Processing

Submitted For: Matt Kessler, Purchasing Agent

Submitted By: Matt Kessler, Purchasing Agent

TOPIC:

Finance Agreement - Mailing Technical Services - Mail Processing

BACKGROUND:

The Finance Department is requesting Commissioners' approval for an agreement with Mailing Technical Services that will add mail delivery and pickup to the Ostlund Building.

RECOMMENDED ACTION:

Sign agreement and return a copy to Finance.

Attachments

YC Agreement 2026 Updated

**MEMORANDUM OF UNDERSTANDING FOR DAILY
MAIL PROCESSING SERVICES
PERFORMED BY MAILING TECHNICAL SERVICES (MTS) FOR
(Yellowstone County)**

- I. MTS will pick up non-postaged United States Postal Service (USPS) first class (the MAIL) from the CUSTOMER'S place of business, which includes multiple locations each USPS business day ranging from 2:00 - 4:00 PM. MTS will process the CUSTOMER'S first class mail for subsequent delivery to the USPS per "customer option" as explained in the attached move update compliance form. Customer may additionally drop off non-postaged MAIL at MTS production building if they wish up until 6:00 PM at 850 S. 27th Street, Billings MT.
- II. CUSTOMER may terminate or change "customer option" to this agreement at any time. MTS may terminate services upon either 30 days notice to CUSTOMER or immediately upon notice to CUSTOMER if CUSTOMER is more than 30 days in arrears for any sum due and owing to MTS.
- III. The services and fees, more fully described in "Rates page", will be billed by MTS to CUSTOMER on a weekly basis.
- IV. MTS is not liable for:
- i. Any loss or damage resulting from CUSTOMER'S failure to perform under this agreement.
 - ii. Any loss or damage resulting from acts or omissions of persons who are not employees or agents of MTS; or
 - iii. Any failure in MTS' performance of any terms and conditions of this agreement caused or occasioned by acts or omissions beyond the reasonable control of MTS including but not limited to: equipment malfunctions, destruction of premises, the breakdown or failure of hardware or software, or any other delays or damages caused by strike, fire, acts of God, or any governmental authority.

Without limitation, the liability of MTS is limited to refunding the non-postage service charge paid by the CUSTOMER to MTS. The liability of MTS will not extend to any penalty or interest charges or damages of any nature, including without limitation, the loss of profits, indirect, direct, special, consequential, incidental, or exemplary damages.

- V. Services and Fees, more fully described on "Rates Page" (subject to change with 30 days written notice or immediately when USPS rates change):
- a. MTS or Customer will apply postage to the MAIL and deliver to USPS per customer option.
 - b. Postage and Fees for USPS first class MAIL (based upon weight, class and automation readability) per customer option.
 - c. Special handling items; such as Return Receipt, Registered, etc is an additional \$0.50 per item.
 - d. Optional Mail PO Box pickup and delivery to Customer in AM on or around 8:30 AM.
 - e. Customer option page must be clearly marked and initialed.

Dated this 20th day of January, 2026.

Mailing Technical Services, Inc.

(Customer)

MAILING TECHNICAL SERVICES, INC.
MOVE UPDATE COMPLIANCE FORM
“Customer Option Page”

As a client of Mailing Technical Services, Inc., we understand that the “Address Service Requested” or “Return Service Requested” endorsements will be used to insure our mail is in compliance with the United States Postal Service Move Update Requirement (effective July 1, 1997).

Please note: Mail will be forwarded using the USPS NCOA Link method for MLOCR's. Mail not being able to be forwarded by MTS will use the checked method below. If the mail is forwardable and you wish your mail to be returned to you by MTS and not forwarded as required, please consult with us.

PLEASE CHOOSE ONE OF THE FOLLOWING ENDORSEMENTS:

1. _____ In utilizing the “**Address Service Requested**” endorsement, mail with a change of address will be forwarded to the recipient at the new address and a separate change of address notification will be provided. The United States Postal Service will charge customer their prevailing address correction fee. If the mail cannot be forwarded, the new address or reason for nondelivery is indicated on the mailpiece and there is no USPS fee.

2. X In utilizing the “**Return Service Requested**” endorsement, mail with a change of address is NOT forwarded. The mailpiece will be returned by the United States Postal Service with the new address information and reason for non-delivery indicated on the mailpiece. There is no USPS address correction fee, however the mailpiece must be resent (and re-postaged) to the recipient with the new address information.

It is the Customers responsibility to update our files with the new address information received by the United States Postal Service.

AUTHORIZED CUSTOMER REPRESENTATIVE (PLEASE PRINT)

SIGNATURE

DATE

Rates as of 01/26/2026
“Rates Page”

MTS Postages mail rates:

Automation Letters:

	Weight	Rate
1)	0.0-1.0 oz.	\$0.753
2)	1.1-2.0 oz.	\$0.953
3)	2.1-2.3 oz.	\$1.153

Automation Flat mail:

USPS Published First Class Rate

Ground Advantage

USPS Published Ground Advantage Rates.

Priority Mail

USPS Published Retail Priority Rate per piece for all USPS Priority Flat Rate and Priority Mail pieces. All other Priority Mail is billed at USPS Published Retail Priority Rates.

All Other USPS First Class Mail

USPS Published Retail Rate, plus 10% surcharge. Certified and all other special handling Mail is charged an additional \$0.75 for detailed manifesting.

Optional Morning Mail PO Box delivery from USPS PO Box to Customer

\$7.00 per day - for delivery/pickup of outgoing mail

John V. Ostlund Building (caller box) *P.O. Box Delivery between 8:00-8:30 AM (Monday-Friday) – Outgoing mail Pickup 4:30-4:45 PM (Monday-Friday) - excluding holidays

Small Volume Customer Fees (to be determined based upon volume)

\$5.00 per day fee for pickup of mail and/or Interdepartment Mail

B.O.C.C. Regular

Meeting Date: 02/10/2026

Title: Final Resolution for Zone Change 732

Submitted By: Teri Reitz, Board Clerk

TOPIC:

Final Resolution 26-13 Approving Zone Change 732 - Proposed Lone Eagle North Subdivision

BACKGROUND:

See attached.

RECOMMENDED ACTION:

Approve.

Attachments

Final Resolution for Zone Change 732

RESOLUTION NO. 26-13

Final Resolution Approving Zone Change #732

WHEREAS, pursuant to Title 76, Chapter 2, Montana Code Annotated, and the regulations of the Yellowstone County Jurisdictional Area Zoning Plan, the Board of County Commissioners of Yellowstone County, Montana, held a public hearing on the 30th of December 2025 on Zone Change Request No. 732 described as follows:

A zone change request to amend the zoning designation from Agricultural (A), which requires parcels of ten acres or more, to Rural Residential 3 (RR3), which allows parcel sizes ranging from three acres up to 9.99 acres.

WHEREAS, the Board of County Commissioners adopted a Resolution of Intent on the 30th day of December, 2025, to amend the Yellowstone County Jurisdictional Area Zoning Plan by APPROVING Zone Change #732; and

WHEREAS, that for thirty (30) days the Board of County Commissioners received no written protests.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the above-described zone change be **approved** for the reasons stated in **Resolution of Intent #25-141** on file in the Clerk and Recorder's Office.

DATED this 10th day of February 2025.

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA

Mark Morse, Chair

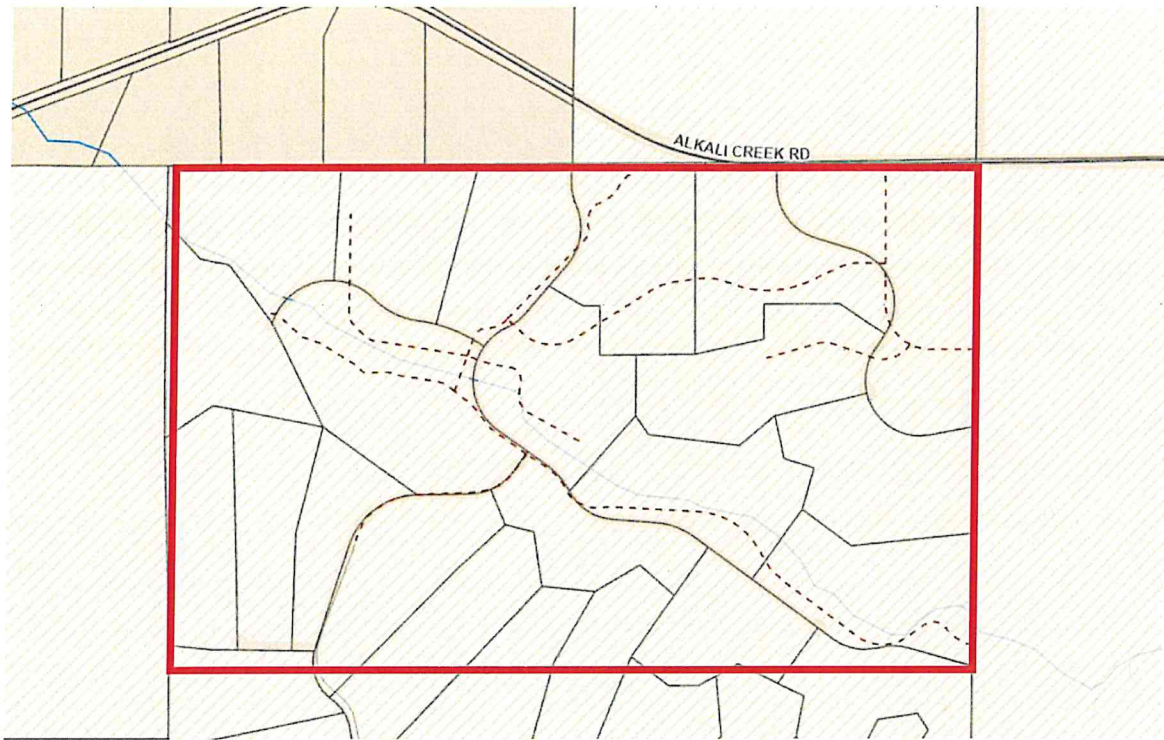
Michael J Waters, Member

Chris White, Member

ATTEST:

Jeff Martin, Clerk and Recorder

Zoning Map & Site Photos



PROPOSED ZONING TYPE
 RR3 236.82 AC - 100%
 CURRENT ZONING TYPE: AG

NO.	REVISION	BY	DATE

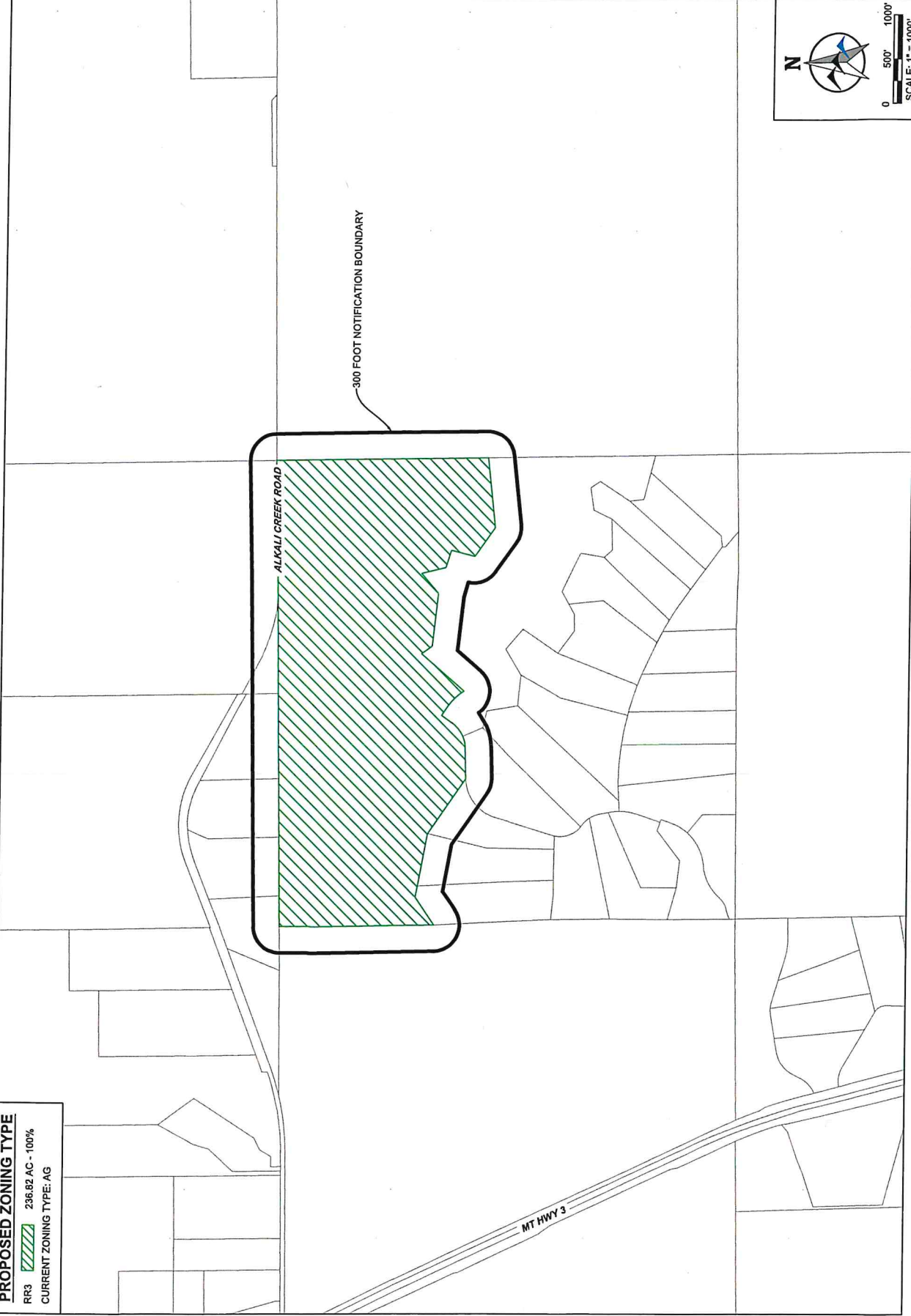
PROJECT NO. 2023-101
 PREPARED BY
 WWC ENGINEERING
 550 S. 24TH ST. W. SUITE 201
 BILLINGS, MT 59102
 (406) 894-2210
 www.wwcengineering.com

JACK RAMIREZ
 LONE EAGLE NORTH SUBDIVISION
 ZONE CHANGE EXHIBIT
 YELLOWSTONE COUNTY, MT

DESIGNED BY: JRL
 DRAWN BY: JRL
 CHECKED BY: GTR
 DATE: 10/23/2023
 SHEET
 EXHIBIT-1



0 500' 1000'
 SCALE: 1" = 1000'



B.O.C.C. Regular**Meeting Date:** 02/10/2026**Title:** NOIA Field Analysis and Intersection Improvement Study**Submitted For:** Monica Plecker, Public Works Director**Submitted By:** Jay Anderson, Deputy Public Works Director

TOPIC:

Notice of Intent to Award the Field Analysis and Intersection Improvement Study to Sanbell

BACKGROUND:

An RFP was released on December 9th, 2025, for professional engineering services to perform a field analysis and intersection improvement study for recommendations on intersection improvements of up to eight (8) intersections to be determined by Public Works. Proposals from five (5) engineering firms (DOWL, IMEG, KLJ Engineering, Performance Engineering, and Sanbell) were opened and acknowledged by the Commissioners on January 13th, 2026. On January 22nd, 2026, a selection committee comprised of Lora Mattox, a Transportation Planner Coordinator with City/County Planning, Monica Plecker, a Director for Yellowstone County Public Works, and Jay Anderson, a Deputy Director for Yellowstone County Public Works, reviewed the proposals and scored the responses in accordance with the criteria included in the RFP. Subsequent interviews were held with Sanbell and DOWL on February 3, 2026.

After review, scoring, and the interview process, it is the committee's recommendation to award the project to Sanbell and to proceed with contract negotiations.

RECOMMENDED ACTION:

Approve and sign Notice of Intent to Award and return a copy to Public Works.

Attachments

NOIA

YCPW FAIS Scoring Sheet

Yellowstone County
Finance Department

Notice of Intent to Award

Solicitation Title: Field Analysis and Intersection Improvement Study

Solicitation Close Date: January 12, 2026

Notice of Intent to Award Posting Date: February 12, 2026

Yellowstone County intends to award a contract to the apparent successful bidder/offeror of the above-mentioned solicitation. This Notice of Intent to Award shall not be considered a binding commitment by the County.

In accordance with relevant statutes and policies, the County has made available for public inspection the relevant bid tab/scoring matrix for the above-mentioned solicitation. Comments from the public regarding the proposed award must be submitted in writing to the Purchasing Agent at the email address listed below within this seven-day notice period.

Purchasing Agent/Contact Information: Matt Kessler, mkessler@yellowstonecountymt.gov

Apparent Successful Offeror(s)

Sanbell

Unsuccessful Offeror(s)

DOWL

IMEG

KLJ Engineering, Inc

Performance Engineering

Yellowstone County Public Works

Field Analysis and Intersection Improvement Study

The selection committee used the following scoring criteria for evaluation of the proposals:

A.	Firm Qualifications and Experience	0-20 Points
B.	Project Manager	0-10 Points
C.	Proposed Project Staff and Subconsultants	0-20 Points
D.	Available Resources and Firm Location	0-10 Points
E.	Project Methodology and Approach	0-40 Points
Maximum Score		100 Points

The following is a breakdown of rankings from 1

Reviewer/TEAM	DOWL	IMEG	KLJ	PE	Sanbell
#1	90	80	84	82	92
#2	94	72	88	90	93
#3	92	45.5	87.5	86.5	94
Total Rank	276 (Interview)	197.5	259.5	258.5	279 (Interview)

Due to the total scoring, DOWL and Sanbell scored closely enough to require a subsequent interview. Interviews were held on Feb. 3, 2026. During the interviews, Sanbell separated themselves with their approach to an in-depth review of an intersection.

B.O.C.C. Regular

Meeting Date: 02/10/2026

Title: PAR

Submitted By: Teri Reitz, Board Clerk

TOPIC:

PERSONNEL ACTION REPORT - Youth Services Center - 1 Salary & Other

BACKGROUND:

See attached.

RECOMMENDED ACTION:

Approve.

Attachments

PAR

YELLOWSTONE COUNTY
PERSONNEL ACTION REPORT

FEB 03 2026

Section 1

Section 1 is to be completed by the initiating department for recommended personnel changes

Name: Karlie Bures Effective Date: 1/16/26

Current Title: JCW Gr. 7 Salary \$ 25.47

Title Change: _____ Gr. _____ Salary \$..70

Check as Applicable: 24.77

Regular Full Time: X New Hire: _____

Regular Part Time: _____ Rehire: _____

Temp Full Time: _____ Termination: _____

Temp Part Time: _____ Promotion: _____

Seasonal Hire: _____

Replaces position _____ Transfer: _____

Name _____ Demotion: ✓

New Budgeted Position _____ Reclassification: _____

Other: no longer
over nights

Funding: 2399 - 235 - 420250 - 111 Percent 100% New Account _____

Percent _____ Split Account _____

Janet Bures 1/22/26
Elected Official/Department Head Date

Section 2

Human Resources: _____ Finance: _____

Note: _____ Note: _____

Ken Yelen 1-29-26 John Jensen 2.3.26
Director Date Director Date

H.R. Comments: _____ Commissioner's Action

Approve _____ Disapprove _____

Chair MM _____

Member MAN _____

Member AD _____

Date entered in payroll _____

Clerk & Recorder - original _____

Human Resources - canary _____

Auditor - pink _____

Department - goldenrod _____

B.O.C.C. Regular

Meeting Date: 02/10/2026

Title: Checks and Disbursements for January 2026

Submitted By: Teri Reitz, Board Clerk

TOPIC:

Checks and Disbursements for January 2026

BACKGROUND:

See attached.

RECOMMENDED ACTION:

Place to file.

Attachments

Checks and Disbursements for January 2026

Yellowstone District Court

User: CUA654
Yellowstone County Commissioners
RECEIVEDEnd of Period Disbursement Detail
Bank Account: Wells Fargo - 9505883054925
From 02/03/2026 to 02/03/2026
Total Only

FEB 04 2026

MM MTWC

Check Number: None

Date	Description	Case Number	Payer	Citation No.	Amount
<u>Account 200-0001 - Adoptive Services Special Revenue 7462</u>					
Account 200-0001 Total:					\$75.00
<u>Account 200-0155 - Billings Drug Fund City 7850-000-021240</u>					
Account 200-0155 Total:					\$1,861.17
<u>Account 200-0400 - County Drug Forfeiture</u>					
Account 200-0400 Total:					\$400.00
<u>Account 200-0450 - District Court Fund</u>					
Account 200-0450 Total:					\$7,816.25
<u>Account 200-0500 - Domestic Violence Intervention Program 7468</u>					
Account 200-0500 Total:					\$1,014.00
<u>Account 200-0525 - Felony Surcharge</u>					
Account 200-0525 Total:					\$3,100.00
<u>Account 200-0550 - Fines 7466</u>					
Account 200-0550 Total:					\$12,580.60
<u>Account 200-0650 - Indigent Legal 7466</u>					
Account 200-0650 Total:					\$2,547.50
<u>Account 200-0700 - Misdemeanor Surcharge</u>					
Account 200-0700 Total:					\$209.80
<u>Account 200-0765 - Drug Violation Fines 2300.000.000.351021.000</u>					
Account 200-0765 Total:					\$1,500.00
<u>Account 200-0780 - Drug Forfeiture Due to State 7450.000.000.021220.0</u>					
Account 200-0780 Total:					\$730.00
<u>Account 200-0800 - State General 7461</u>					
Account 200-0800 Total:					\$16,161.00
<u>Account 200-0850 - State General Additional Filing Fee 7461</u>					
Account 200-0850 Total:					\$5,440.00
<u>Account 200-0900 - State General Commencement of Action 7463</u>					
Account 200-0900 Total:					\$16,110.00
<u>Account 200-0950 - State General Dissolution 7464</u>					
Account 200-0950 Total:					\$6,970.00
<u>Account 200-1000 - State General Legal Separation 7465</u>					
Account 200-1000 Total:					\$150.00
<u>Account 200-1050 - Technology Surcharge 7458</u>					
Account 200-1050 Total:					\$3,877.66

End of Period Disbursement Detail
Bank Account: Wells Fargo - 9505883054925
From 02/03/2026 to 02/03/2026
Total Only

Check Number: None					
Date	Description	Case Number	Payer	Citation No.	Amount
Account 200-1200 - Victim Witness Admin Fee					
Account 200-1200 Total:					\$65.65
Account 200-1250 - Victim Witness Surcharge					
Account 200-1250 Total:					\$2,978.96
Check Total:					\$ 83,587.59
Report Total:					\$83,587.59

Fine Fee Summary

From 01/01/2026 06:01 AM to 01/31/2026 06:00 PM
All Case Types and Sub-Types
All Clerks

Receipts

Case Payment

Billings Drug Forfeiture Fund	1,127.01
Case Payment Overage	1,935.00
Drug Forfeiture Fund County	400.00
Felony Surcharge	2,762.45
Fine	9,721.91
Legal Fee	2,508.76
MHP Drug Fund	730.00
Misdemeanor Surcharge	165.62
Public Defender Fee	1,669.00
Technology Surcharge	528.11
Victim Witness Admin Fee	56.23
Victim Witness Surcharge	2,738.45
Yellowstone County Sheriff Office Drug Fines	1,500.00
Subtotal:	25,842.54

Civil Filing Payment

Adoption	105.00
Appearance	910.00
Certification with a Seal	42.00
Commencement of Action or Proceedings / Invalidity	3,360.00
Copies - 11 Pages or More	7.00
Copies - First 10 Pages	10.00
Copies by Email, fax, etc - Outgoing	1.00
Copy of Decree of Dissolution	570.00
Guardianship/Conservatorship Probate/ Formal And Informal	300.00
Judgment Entry From Prevailing Party	1,650.00
Marriage License	4,134.00
Petition For Dissolution	5,000.00
Subtotal:	16,089.00

Misc. Payment

Authentication or Exemplification Fee	12.00
Certification With A Seal	612.00
Copies - 11 Pages or More	2,878.00
Copies - First 10 Pages	1,167.00
Copies by Email, Fax, etc - Outgoing	1,078.75
Copy of Decree of Dissolution	720.00
Copy of Marriage License	510.00
Postage	92.50
Searches - 1st Seven Years \$2 Per Name Per Year	2.00
Subtotal:	7,072.25

Fine Fee Summary

From 01/01/2026 06:01 AM to 01/31/2026 06:00 PM

All Case Types and Sub-Types

All Clerks

Receipts**Unapplied Receipt Accept**

Unapplied Receipt

34,700.36

Subtotal: 34,700.36

Total Receipts: 83,704.15

Transfers**Case Payment**

Billings Drug Forfeiture Fund 706.56

Billings Drug Fund 26.34

Billings Drug Fund City 1.26

Felony Surcharge 337.55

Fine 27.95

Legal Fee 321.98

Misdemeanor Surcharge 44.18

Public Defender 3.26

Public Defender Fee 875.24

Technology Surcharge 69.55

Victim Witness Admin Fee 9.42

Victim Witness Surcharge 240.51

Subtotal: 2,663.80

Civil Filing Payment

Appearance 2,590.00

Commencement of Action or Proceedings / Invalidity 18,120.00

Executions, Orders of Sale, Writs 2,825.00

Foreign Judgment 90.00

Guardianship/Conservatorship Probate/ Formal And Informal 4,600.00

Judgment Entry From Prevailing Party 1,250.00

Petition For Dissolution 3,200.00

Petition For Legal Separation 180.00

Substitution of Judge 700.00

Transcript of Judgment 300.00

Subtotal: 33,855.00

Total Transfers: 36,518.80

Report Total: 120,222.95

B.O.C.C. Regular

2. a.

Meeting Date: 02/10/2026

Title: HRDC Audited Financial Statements

Submitted By: Teri Reitz, Board Clerk

TOPIC:

District 7 HRDC Audited Financial Statements for June 30, 2025, and 2024

BACKGROUND:

See attached.

RECOMMENDED ACTION:

Place to file.

Attachments

HRDC Financial Statements

District 7 Human Resources
Development Council
Audited Financial Statements
For the Years Ended
June 30, 2025 and 2024

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL

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DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
District 7 Human Resources Development Council
Billings, Montana

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of District 7 Human Resources Development Council, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District 7 Human Resource Development Council as of June 30, 2025 and 2024, and the changes in its net assets and its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of District 7 Human Resources Development Council 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 District 7 Human Resources Development Council's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 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 GAAS 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 GAAS 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.
- 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 District 7 Human Resources Development Council'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the accompanying Supplemental Schedules of Statements of Net Assets and/or Statements of Revenues, Expenses, and Changes in Net Assets (Supplemental Schedules) as listed in the Table of Contents, are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Supplemental Schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2026 on our consideration of District 7 Human Resources Development Council'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 District 7 Human Resources Development Council'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 District 7 Human Resources Development Council's internal control over financial reporting and compliance.

Carver Florek & James, CPAs

Carver Florek & James, CPA's
Missoula, Montana
January 7, 2026

FINANCIAL STATEMENTS

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2025 and 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,252,325	\$ 1,735,330
Accounts receivable	21,433	62,982
Prepaid expenses	4,021	17,411
Inventory	39,133	33,031
Grants receivable	802,696	850,045
TOTAL CURRENT ASSETS	\$ 3,119,608	\$ 2,698,799
LAND, BUILDING, AND EQUIPMENT		
Land	\$ 225,028	\$ 239,002
Buildings, net	411,980	473,647
Building improvements, net	0	273
Equipment, Net	94	94
Grant equipment subject to right of rescission, net	379,206	535,871
TOTAL LAND, BUILDING, AND EQUIPMENT	\$ 1,016,308	\$ 1,248,887
OTHER NON-CURRENT ASSETS		
Operating lease right-of-use asset	\$ 88,084	\$ 128,326
Loans receivable, net of allowance of \$0 and \$3,092 as of June 30, 2025 and 2024 respectively	0	0
TOTAL OTHER NON-CURRENT ASSETS	\$ 88,084	\$ 128,326
TOTAL ASSETS	\$ 4,224,000	\$ 4,076,012

The accompanying notes are an integral part of these financial statements

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENTS OF FINANCIAL POSITION, Continued
As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued payroll	\$ 203,161	\$ 225,556
Accounts payable	222,732	295,287
Accrued leave payable	314,012	330,972
Deferred revenues and other support	114,980	132,519
Current portion of operating lease liabilities	43,138	40,242
Current portion of long-term debt	<u>17,009</u>	<u>15,726</u>
TOTAL CURRENT LIABILITIES	\$ 915,032	\$ 1,040,302
LONG- TERM LIABILITIES		
Operating lease liabilities	\$ 44,946	\$ 88,084
Long-term debt, net of current portion	<u>183,667</u>	<u>200,749</u>
TOTAL LONG-TERM LIABILTIES	\$ <u>228,613</u>	\$ <u>288,833</u>
TOTAL LIABILITIES	\$ <u>1,143,645</u>	\$ <u>1,329,135</u>
NET ASSETS		
Net assets, without donor restrictions		
Undesignated	\$ 2,270,481	\$ 1,829,851
Grant designated	<u>379,206</u>	<u>535,871</u>
	2,649,687	2,365,722
Net assets, with donor restrictions	\$ <u>430,668</u>	\$ <u>381,155</u>
TOTAL NET ASSETS	\$ <u>3,080,355</u>	\$ <u>2,746,877</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>4,224,000</u></u>	\$ <u><u>4,076,012</u></u>

The accompanying notes are an integral part of these financial statements

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2025 and 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS	2025	2024
REVENUE AND SUPPORT		
Program grants	\$ 7,124,589	\$ 8,501,431
Fees for service	983,114	612,667
Contributions	7,694	23,901
Interest	57,846	60,449
Gain on sale of assets	210,115	7,211
Miscellaneous	58,512	30,882
Rental income	35,829	41,339
In-kind contributions	225	365
Net assets released from restrictions	487	528
TOTAL REVENUE AND SUPPORT	\$ 8,478,411	\$ 9,278,773
EXPENSES		
Program		
Community development	\$ 302,904	\$ 262,249
Emergency food and housing	1,693,373	1,585,046
Energy programs	3,045,432	2,815,683
Employment assistance	1,116,055	1,840,754
Family development	1,269,318	1,727,738
Fundraising	134	3,152
General and administrative	767,230	858,133
TOTAL EXPENSES	\$ 8,194,446	\$ 9,092,755
Change in net assets without donor restrictions	\$ 283,965	\$ 186,018
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	\$ 50,000	\$ 50,000
Net assets released from restriction	(487)	(528)
Change in net assets with donor restrictions	\$ 49,513	\$ 49,472
Change in total net assets	\$ 333,478	\$ 235,490
Net assets, beginning of year	\$ 2,746,877	\$ 2,511,387
Net assets, end of year	\$ 3,080,355	\$ 2,746,877

The accompanying notes are an integral part of these financial statements

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

		Community Development	Emergency Food and Housing	Energy Programs	Employment Assistance	Family Development	TOTAL
PROGRAM							
Direct participant assistance	\$	659	\$ 632,293	\$ 2,192,489	\$ 130,795	\$ 632,689	\$ 3,588,925
Salaries and fringe benefits		54,731	859,037	482,921	781,846	520,209	2,698,744
Space		37,869	79,102	85,932	93,182	36,204	332,289
Depreciation		98,006	21,797	79,466	23,693	14,786	237,748
Travel and training		42,875	15,481	64,778	9,777	17,347	150,258
Supplies		147	15,676	31,889	13,096	12,028	72,836
Contract & direct services		59,865	43,403	65,279	34,638	18,997	222,182
Communications		3,886	13,110	16,848	15,301	9,692	58,837
Equipment rental and repairs		1,574	10,459	20,762	9,931	5,774	48,500
Interest		3,234	2,998	2,789	3,796	1,592	14,409
Returned funds		0	0	2,129	0	0	2,129
In-kind		58	17	150	0	0	225
Total program	\$	<u>302,904</u>	<u>\$ 1,693,373</u>	<u>\$ 3,045,432</u>	<u>\$ 1,116,055</u>	<u>\$ 1,269,318</u>	<u>\$ 7,427,082</u>
Fundraising activities	\$	<u>134</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>134</u>
GENERAL AND ADMINISTRATIVE							
Salaries and fringe benefits	\$	8,155	\$ 161,819	\$ 173,461	\$ 144,209	\$ 90,976	\$ 578,620
Contract services		21,131	27,152	32,687	26,167	22,205	129,342
Supplies and communications		855	2,747	2,954	2,522	2,048	11,126
Space		729	4,139	5,707	4,433	2,927	17,935
Travel and training		9,099	7,282	304	259	211	17,155
Equipment rental and repairs		283	1,942	2,015	1,721	1,397	7,358
Depreciation		503	814	1,009	1,023	724	4,073
Interest		5	368	457	463	328	1,621
Total general and administrative	\$	<u>40,760</u>	<u>\$ 206,263</u>	<u>\$ 218,594</u>	<u>\$ 180,797</u>	<u>\$ 120,816</u>	<u>\$ 767,230</u>
TOTAL EXPENSES	\$	<u><u>343,798</u></u>	<u><u>\$ 1,899,636</u></u>	<u><u>\$ 3,264,026</u></u>	<u><u>\$ 1,296,852</u></u>	<u><u>\$ 1,390,134</u></u>	<u><u>\$ 8,194,446</u></u>

The accompanying notes are an integral part of these financial statements

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

		Community	Emergency	Energy	Employment	Family	
		Development	Food and	Programs	Assistance	Development	TOTAL
PROGRAM			Housing				
Direct participant assistance	\$	669	\$ 586,925	\$ 2,024,383	\$ 149,422	\$ 420,378	\$ 3,181,777
Salaries and fringe benefits		64,074	797,376	444,376	1,407,500	1,097,856	3,811,182
Space		22,653	90,210	75,639	149,256	76,337	414,095
Depreciation		71,627	12,753	79,783	34,150	21,016	219,329
Travel and training		21,978	19,206	50,386	10,932	22,383	124,885
Supplies		4,434	16,538	67,395	19,192	27,013	134,572
Contract & direct services		69,496	35,633	55,953	37,322	31,460	229,864
Communications		5,741	16,513	15,576	15,724	21,590	75,144
Equipment rental and repairs		677	8,702	1,009	13,816	7,926	32,130
Interest		560	1,165	1,183	3,440	1,779	8,127
In-kind		340	25	0	0	0	365
Total program	\$	<u>262,249</u>	<u>\$ 1,585,046</u>	<u>\$ 2,815,683</u>	<u>\$ 1,840,754</u>	<u>\$ 1,727,738</u>	<u>\$ 8,231,470</u>
Fundraising activities	\$	<u>3,152</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,152</u>
GENERAL AND ADMINISTRATIVE							
Salaries and fringe benefits	\$	8,773	\$ 125,790	\$ 129,206	\$ 210,776	\$ 175,381	\$ 649,926
Contract services		12,855	23,905	27,790	36,965	34,726	136,241
Supplies and communications		3,365	2,435	2,537	4,153	3,427	15,917
Space		553	2,696	3,949	3,714	5,219	16,131
Travel and training		22,578	109	113	185	153	23,138
Equipment rental and repairs		278	1,258	1,291	2,115	1,744	6,686
Depreciation		559	1,217	1,385	3,374	2,001	8,536
Interest		102	222	253	616	365	1,558
Total general and administrative	\$	<u>49,063</u>	<u>\$ 157,632</u>	<u>\$ 166,524</u>	<u>\$ 261,898</u>	<u>\$ 223,016</u>	<u>\$ 858,133</u>
TOTAL EXPENSES	\$	<u>314,464</u>	<u>\$ 1,742,678</u>	<u>\$ 2,982,207</u>	<u>\$ 2,102,652</u>	<u>\$ 1,950,754</u>	<u>\$ 9,092,755</u>

The accompanying notes are an integral part of these financial statements

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from/for:		
Grantors	\$ 7,204,399	\$ 8,955,077
Services	1,024,663	578,631
Other	58,512	30,882
Rents	35,829	41,339
Interest	57,846	60,449
Contributions	7,694	23,901
Cash paid to/for:		
Employees	(3,316,719)	(4,498,753)
Suppliers, vendors and participants	(4,724,273)	(4,358,065)
Interest	<u>(16,030)</u>	<u>(9,685)</u>
Net cash flows from operating activities	\$ <u>331,921</u>	\$ <u>823,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Purchase of Equipment	\$ (23,216)	\$ (481,477)
Cash received from sale of assets	<u>224,089</u>	<u>7,211</u>
Purchase of Capital Assets		
Net cash flows from investing activities	\$ <u>200,873</u>	\$ <u>(474,266)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	\$ (15,799)	\$ (5,947)
Loan Proceeds Received	<u>0</u>	<u>222,422</u>
Net cash flows from financing activities	\$ <u>(15,799)</u>	\$ <u>216,475</u>
Net change in cash and cash equivalents	\$ 516,995	\$ 565,985
Cash and cash equivalents, beginning of year	<u>1,735,330</u>	<u>1,169,345</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,252,325</u></u>	<u><u>\$ 1,735,330</u></u>

The accompanying notes are an integral part of these financial statements

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENTS OF CASH FLOWS, Continued
For the Years Ended June 30, 2025 and 2024

RECONCILIATION OF CHANGE IN NET ASSETS
TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	<u>2025</u>	<u>2024</u>
Change in total net assets	\$ 333,478	\$ 235,490
<i>Adjustments to reconcile change in net assets to net cash flows from operating activities:</i>		
Items not affecting cash:		
Depreciation	241,821	227,865
Gain on Sale of Assets	(210,115)	(7,211)
(Increase)/Decrease in:		
Accounts receivable	41,549	(34,036)
Prepaid expenses and inventory	7,288	(12,073)
Grants receivable	47,349	392,594
Operating lease right-of-use Asset	40,242	36,986
Increase/(Decrease) in:		
Accrued payroll	(22,395)	(42,122)
Accounts payable	(72,555)	45,871
Accrued leave payable	(16,960)	6,346
Operating lease liabilities	(40,242)	(36,986)
Deferred liabilities	(17,539)	11,052
Net cash flows from operating activities	\$ <u>331,921</u>	\$ <u>823,776</u>

The accompanying notes are an integral part of these financial statements

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization Structure:

District 7 Human Resources Development Council (the HRDC) is a not-for-profit corporation organized under Internal Revenue Code Section 501(c)(3). The HRDC is located in Billings, Montana and administers a variety of federal grants, State of Montana sub-grants and contracts which provide services and activities designed to impact poverty and promote self-sufficiency. The HRDC's service area includes Yellowstone, Big Horn, Carbon, Stillwater, and Sweet Grass counties. The Board of Trustees is composed of individuals from private industry, the public sector, and low-income representatives.

Basis of Accounting:

The HRDC's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the HRDC considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables:

Accounts receivable represents miscellaneous amounts owed to the HRDC for services and are reported at unpaid principle balances less an allowance for uncollectible accounts. Allowances for uncollectible accounts are a percentage of the receivables based on past collection history. For those receivables considered fully collectible, no provision is made for bad debts. Accounts receivable at June 30, 2025 and 2024 amounted to \$21,433 and \$62,982, respectively. All amounts were considered collectible; therefore, no allowance for uncollectible accounts was considered necessary as of June 30, 2025 and 2024.

Grants receivable represents the balance of earned grant funds not received in cash. Most grants allow monthly draw-downs of cash which provide operating cash flows for program operations.

Loans receivable relates to the Home Funds Program which provided no-payment deferred home loans through the Montana Department of Commerce. (See Note 4)

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Land, Buildings and Equipment

The HRDC capitalizes equipment purchased with HRDC funds which has a purchase price of at least \$5,000 and an expected life of one year or more at cost. Straight-line depreciation is used over estimated lives of one to twenty years. Depreciation is recorded and allocated to the programs according to the approved allocation plan. The HRDC land and building are carried at cost and are the collaterals under the Mortgage Payable.

Compensated Absences:

The HRDC follows generally accepted accounting principles when accounting for compensated absences. Those principles require a liability to be accrued for vacation benefits that employees have earned but have not yet taken. However, it generally does not require a liability to be accrued for future sick pay benefits, holidays and similar compensated absences until employees are actually absent.

Eligible employees may accumulate vacation and sick leave up to 480 hours. Upon termination, employees are paid 100% of their accrued vacation and may be paid for one quarter of their unused sick leave, up to 120 hours.

The HRDC records a liability and expense for vacation as it is earned. As of June 30, 2025 and 2024, the HRDC's liabilities include \$237,959 and \$250,795, respectively, for accumulated vacation. The HRDC records a liability and expense for 25% of accrued sick leave. As of June 30, 2025 and 2024, the HRDC recorded a sick leave liability of \$49,915 and \$51,935 respectively. The HRDC accrued related payroll taxes equaling \$26,138 and \$28,242 as of June 30, 2025 and 2024, respectively.

Revenue Recognition:

Contract revenue, grant revenue and other revenues are recognized when earned. Cash contributions are recognized when received. The HRDC does not receive pledges in its fund-raising activities.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue Recognition, Continued:

In-kind revenue represents contributed goods and services that create or enhance non-financial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. These contributions are valued at their estimated fair market value at the date of donation. Various individuals and organizations contributed \$225 and \$365 for program activities to the HRDC for the years ended June 30, 2025 and 2024, respectively. These contributions consisted of operating supplies, items for clients, health care, and fundraising materials and facilities. Volunteered time to assist the HRDC has not been recorded because these contributed services do not meet the requirements for recognition under generally accepted accounting principles.

Expense Allocation and Classification:

The HRDC has a cost allocation plan under which expenses are charged to individual programs on the following basis:

- Administrative and clerical costs are allocated on the basis of direct labor hours.
- Management and general expenses are allocated on the basis of direct labor hours.
- Building and occupancy costs are allocated on the basis of square footage.

Expenses of the individual programs are classified by function. The primary functions utilized by the HRDC are:

Direct services and program operations are expenses paid for direct goods or services for clients or are directly associated with client assistance. Examples include: rent, fuel payments, day care, work experience, weatherization, direct program staff and related expenses.

Fundraising expenses are costs which relate to fundraising activities for the operation of HRDC programs. Examples include: contracted services and space, staff and the related expenses.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Expense Allocation and Classification, Continued:

General & administrative expenses allow the HRDC to operate and provide services to clients that are not directly attributed to client services. General and administrative expenses consist of the common costs associated with the general management of the HRDC. These costs are accumulated in cost centers and then are allocated to the various programs based on the approved allocation plan. Examples include: building, secretarial and accounting costs.

Fund Accounting and Program Groups:

Resources for various activities are classified for accounting and grant reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. However, in the accompanying financial statements, funds that have similar characteristics have been combined into program groups and inter-fund balances have been eliminated. The HRDC's primary program groups and their related purposes are summarized as follows:

Community Development programs provide community services, loan programs, and the general operations of the HRDC not accounted for elsewhere.

Emergency Food and Housing programs provide the distribution of commodities, housing assistance, emergency food and shelter, and indigent burial services.

Energy programs provide weatherization and fuel assistance.

Employment Assistance programs provide job counseling, career selection and prepare the eligible economically disadvantaged youth and adults for entry into the workplace.

Family Development programs provide childcare assistance and dependent care food.

Advertising Costs:

Costs incurred for outreach and advertising are expensed as incurred. The HRDC incurred outreach and advertising costs of \$9,713 and \$20,563 for the years ended June 30, 2025 and 2024, respectively.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Net Asset Classification:

Net assets without donor restrictions represent net amounts that have been earned and expended according to contract restrictions and net amounts from generally unrestricted activities. Grant designated net assets represents the book value of equipment purchased with federal funds.

Net assets with donor restrictions represent net assets subject to donor- (or certain grantor-) imposed restrictions. The HRDC had \$430,668 and \$381,155 of net assets with donor restrictions as of June 30, 2025 and 2024, respectively, relating to contributions for energy assistance.

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. There were no net assets restricted in perpetuity.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Risks:

The HRDC receives a substantial portion of its revenue from federal grants and contracts. A significant reduction in these revenues, should such an event occur, would have an effect on the HRDC's programs and activities. During the fiscal years ending June 30, 2025 and 2024, the HRDC expended \$5,807,008 and \$8,082,492 in federal grant awards. Program grants revenue represents 68.8% and 86.6% of the total revenue for the years ended June 30, 2025 and 2024, respectively.

Income Taxes:

Provisions for income taxes have not been recorded in these financial statements because the HRDC believes it had no net income unrelated to its exempt purposes in 2025 and 2024. With few exceptions, the HRDC is no longer subject to U.S. federal or state tax examinations by tax authorities for years before 2022.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Subsequent Events/Risks and Uncertainties:

Management has evaluated subsequent events through January 7, 2026, the date on which the financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,252,325	\$ 1,735,330
Accounts receivable	21,433	62,982
Prepaid expenses	4,021	17,411
Grants receivable	802,696	850,045
Less donor restricted cash	<u>(430,668)</u>	<u>(381,155)</u>
 Total financial assets available	 <u>\$ 2,649,807</u>	 <u>\$ 2,284,613</u>

As part of the HRDC's liquidity management plan, they invest cash in excess of daily requirements in government securities.

NOTE 3. CASH AND CASH EQUIVALENTS

The HRDC participates in a Master Sweep Repurchase Agreement through a local financial institution. This agreement, entered into September 2003 and revised April 11, 2012, increases interest earnings while maintaining access to funds. After the close of the business day, the HRDC's available funds are lent to the financial institution for overnight investment and are re-deposited before the opening of business the next day. Interest earnings for the use of these funds are deposited the day after the redeposit. The funds swept in the Agreement are considered to be immediately available funds by the financial institution.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 3. CASH AND CASH EQUIVALENTS, (CONTINUED)

Daily, the financial institution secures the funds from the HRDC with a specific undivided fractional interest in the principal amount of government securities. The securities must be direct obligations of, and guaranteed by, the United States, its agencies, or instrumentalities. Market risks associated with this agreement are similar to market risks of any government security. Potential credit risks associated with this agreement are similar to risks of a creditor if the financial institution defaulted and the security collateral did not perfect with the creditor. The securities have a current market value equal to or greater than the principal amount of the transaction. The funds invested in the Sweep Agreement are not considered deposits and are not insured by the Federal Deposit Insurance Corporation. However, the funds are collateralized by the government securities pledged by the financial institution. Due to the short-term nature of the repurchase agreement, funds swept through the agreement are considered to be cash and cash equivalents. Although Management has expressed no intention to do so, the HRDC may terminate the agreement at any time.

The interest rate was 2.89% and 4.25% for the repurchase agreement account for the years ended June 30, 2025 and 2024, respectively.

The HRDC maintains cash balances primarily in one financial institution located in Billings, Montana. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC). The HRDC's primary financial institution has pledged securities for the federal portions of dollars in excess of the FDIC limits.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 4. LOANS RECEIVABLE

During the year ended June 30, 2011, eleven clients received no-payment deferred home loans through the Montana Department of Commerce. The loans are for a period of 10 to 15 years. The loans are not repayable as long as the home is occupied by the owner, the owner is not in default under any mortgage applicable to the property, and the property is not rented. If all loan requirements are met, the borrower is released from obligations to re-pay the amounts due under the loan. Should a condition be violated, or the home is sold to a non-qualifying occupant, the HRDC shall share in the appreciation in the value of the property and interest and principal payments then become due. The total amount loaned under the program was \$450,898. Due to the high likelihood that these amounts will not be collected in future years under the program, the HRDC has recorded an allowance for the full amount of the loans.

Loan loss reserves have been established at a percentage of the principal amount of the loans outstanding based upon the past history of the type of loan and risk rating of the loan recipients. The HRDC uses multiple bases to estimate the allowance for credit losses including historical losses of loan program, existing economic conditions related to the industry in which the loan recipient operates, collateral and personal guarantees of the loan recipient, loan payment history and actual or likely events which have or will occur. The HRDC operates loan programs for recipients who cannot generally obtain conventional financing under the requirements and restrictions placed on them by federal and state loan funding sources. Therefore, due to the nature of the loan programs operated, the HRDC's loan portfolio is generally of inherently higher risk than the typical conventional financing loans. Impaired loans are valued at the estimated value of the remaining recoverable assets after consideration of collateral and guarantees. An allowance for bad debt is recorded against these impaired loans for the difference between the balance of the loan and estimated recovery value.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 4. LOANS RECEIVABLE (CONTINUED)

The following table summarizes the allowance for credit losses and recorded investment in financing receivables for the years ended June 30, 2025 and 2024:

RESIDENTIAL HOUSING:	
Financing Receivables, June 30, 2024	\$ 3,092
Allowance for Credit Losses, July 1, 2023	(3,092)
Charge-offs	0
Recoveries	0
Current Year Provision for Losses	0
Allowance for Credit Losses, June 30, 2024	<u>(3,092)</u>
Financing Receivables, Net, at June 30, 2024	<u>\$ 0</u>
Receivables Individually Evaluated for Impairment	\$ 0
Allowance for Credit Losses	0
Receivables Collectively Evaluated for Impairment	3,092
Allowance for Credit Losses	(3,092)
Loans Acquired with Deteriorated Credit Quality	0
Allowance for Credit Losses	0
Financing Receivables, Net, at June 30, 2024	<u>\$ 0</u>
Financing Receivables, June 30, 2025	\$ 0
Allowance for Credit Losses, July 1, 2024	0
Charge-offs	0
Recoveries	0
Current Year Provision for Losses	0
Allowance for Credit Losses, June 30, 2025	<u>0</u>
Financing Receivables, Net, June 30, 2025	<u>\$ 0</u>
Receivables Individually Evaluated for Impairment	\$ 0
Allowance for Credit Losses	0
Receivables Collectively Evaluated for Impairment	0
Allowance for Credit Losses	0
Loans Acquired with Deteriorated Credit Quality	0
Allowance for Credit Losses	0
Financing Receivables, Net, June 30, 2025	<u>\$ 0</u>

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 4. LOANS RECEIVABLE (CONTINUED)

The following table summarizes credit exposure for credit risk profile by internally assigned grade:

	Residential Housing	
	<u>2025</u>	<u>2024</u>
Pass - Performing Loans	\$ 0	\$ 3,092
Pass with Collateral Deficiencies	0	0
Non-Performing, Collateralized	0	0
Non-Performing, Collateral Deficiencies	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 3,092</u>

An analysis of past due financing receivables for June 30, 2025 and 2024 is as follows:

	Residential Housing	
	<u>2025</u>	<u>2024</u>
30-59 Days Past Due	\$ 0	\$ 0
60-89 Days Past Due	0	0
Greater than 90 Days Past Due	<u>0</u>	<u>0</u>
Total Past Due	0	0
Current Financing Receivables	<u>0</u>	<u>3,092</u>
Total Financing Receivables	<u>\$ 0</u>	<u>\$ 3,092</u>
Recorded Investment Over 90 Days and Accruing Interest	<u>\$ 0</u>	<u>\$ 0</u>
Non Accrual Status Financing Receivables	<u>\$ 0</u>	<u>\$ 0</u>

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 4. LOANS RECEIVABLE (CONTINUED)

An analysis of impaired loans for the years ended June 30, 2025 and 2024 is as follows:

		<u>Recorded Investment</u>		<u>Unpaid Principal Balance</u>		<u>Related Allowance</u>		<u>Average Recorded Investment</u>		<u>Interest Income Recognized</u>
June 30, 2025										
With an Allowance Recorded										
Residential	\$	0	\$	0	\$	0		0	\$	0
June 30, 2024										
With an Allowance Recorded										
Residential	\$	3,092	\$	3,092	\$	(3,092)		0	\$	0

There were no modified loans for the years ended June 30, 2025 and 2024.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 5. LAND, BUILDINGS, AND EQUIPMENT

Activity for the years ended June 30, 2025 and 2024 is as follows:

	Equipment	Equipment Purchased With Grant	Building	Building Improvements	Parking Lot	Land
June 30, 2025						
Land, Building, and Equipment						
Balance, July 1, 2024	\$ 127,948	\$ 1,509,362	\$ 1,841,107	\$ 697,979	\$ 77,820	\$ 239,002
Additions	0	23,216	0	0	0	0
Deletions	0	(86,545)	(260,586)	0	0	(13,974)
Balance, June 30, 2025	<u>\$ 127,948</u>	<u>\$ 1,446,033</u>	<u>\$ 1,580,521</u>	<u>\$ 697,979</u>	<u>\$ 77,820</u>	<u>\$ 225,028</u>
Accumulated Depreciation						
Balance July 1, 2024	\$ 127,854	\$ 973,491	\$ 1,367,460	\$ 697,706	\$ 77,820	\$ 0
Additions	0	179,881	61,667	273	0	0
Deletions	0	(86,545)	(260,586)	0	0	0
Balance, June 30, 2025	<u>\$ 127,854</u>	<u>\$ 1,066,827</u>	<u>\$ 1,168,541</u>	<u>\$ 697,979</u>	<u>\$ 77,820</u>	<u>\$ 0</u>
June 30, 2024						
Balance, July 1, 2023	\$ 127,948	\$ 1,320,625	\$ 1,575,116	\$ 697,979	\$ 77,820	\$ 239,002
Additions	0	215,486	265,991	0	0	0
Deletions	0	(26,749)	0	0	0	0
Balance, June 30, 2024	<u>\$ 127,948</u>	<u>\$ 1,509,362</u>	<u>\$ 1,841,107</u>	<u>\$ 697,979</u>	<u>\$ 77,820</u>	<u>\$ 239,002</u>
Accumulated Depreciation						
Balance July 1, 2023	\$ 127,854	\$ 833,931	\$ 1,342,277	\$ 661,333	\$ 77,820	\$ 0
Additions	0	166,309	25,183	36,373	0	0
Deletions	0	(26,749)	0	0	0	0
Balance, June 30, 2024	<u>\$ 127,854</u>	<u>\$ 973,491</u>	<u>\$ 1,367,460</u>	<u>\$ 697,706</u>	<u>\$ 77,820</u>	<u>\$ 0</u>

Equipment purchased with grant funds is subject to rights of rescission of the grantors. Equipment purchased with grant monies are limited to use by the grant program that purchases the equipment. Should the program terminate, grantors may invoke claim to that equipment purchased through the grant agreement terms. Grant equipment purchases are not considered available for collateral purposes.

Depreciation Expense was \$241,821 and \$227,865 for the years ended June 30, 2025 and 2024, respectively.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 6. DEFERRED LIABILITIES

The HRDC records a grant award as a deferred liability until it is expended for the purpose of the grant, at which time it is recognized as revenue. For financial reporting purposes, deferred revenues and other support represent unearned revenues which correspond with cash advances received for grant contracts. The HRDC has additional grant commitments of \$3,281,166 and \$4,108,387 respectively, as of June 30, 2025 and 2024. The deferred revenues and other support activity are as follows:

	<u>2025</u>	<u>2024</u>
Deferred revenue and support, beginning of year	\$ 132,519	\$ 121,467
Grant awards received	9,070,635	12,201,931
Grant awards expended	<u>(5,807,008)</u>	<u>(8,082,492)</u>
Gross deferred revenues and support	3,396,146	4,240,906
Amounts not received in cash	<u>(3,281,166)</u>	<u>(4,108,387)</u>
Net deferred revenues and support, end of year	\$ <u><u>114,980</u></u>	\$ <u><u>132,519</u></u>

NOTE 7. LONG-TERM DEBT

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

	<u>2025</u>	<u>2024</u>
Note payable in monthly payments of \$2,683 including interest at 7.87% at June 30, 2025 and 2024); Resetting to Federal Home Loan Bank 5 year long-term rate plus 3.25% after 60 months; maturing February 2034	\$ <u>200,676</u>	\$ <u>216,475</u>
Total debt	200,676	216,475
Less current portion	<u>(17,009)</u>	<u>(15,726)</u>
	\$ <u><u>183,667</u></u>	\$ <u><u>200,749</u></u>

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 7. LONG-TERM DEBT, (CONTINUED)

Annual maturities of long-term debt are as follows:

Years ending June 30,

2026	\$	17,009
2027		18,397
2028		19,898
2029		21,522
2030		23,278
Thereafter		100,572
Total	\$	<u>200,676</u>

During the year ended June 30, 2024 the HRDC entered into a loan agreement for a roof improvement. Interest paid on the note for the years ending June 30, 2025 and 2024 was \$16,030 and \$9,685, respectively. The note is secured by the building.

NOTE 8. EMPLOYEE BENEFITS

Employees of the HRDC may participate in a Tax Shelter Annuity Plan (TSA). Employees may participate at the time of employment.

After an initial two-year period, with at least 1,000 hours of service per year, employees are eligible for a 3% match of their gross earnings, provided the employee contributes at least 3%. The employer's match may increase to 6% and 8% depending on years of service. Year-to-year funding of these plans is based upon available resources. The HRDC contributed \$105,501 and \$126,231, respectively, to employee TSAs during the years ended June 30, 2025 and 2024.

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 9. OPERATING LEASES/ACCOUNTING CHANGES

The HRDC adopted ASC 842 Accounting for Leases. The HRDC classifies its leases as either operating or capitalized leases. Currently all leases are operating leases on fixed monthly payments. The HRDC has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The HRDC leased office equipment under 3 long-term leases for use in its program operations. As a result of the adopting of the new lease accounting guidance, the HRDC recognized right-of-use-assets and lease liabilities of \$88,024 and \$128,326 as of June 30, 2025 and 2024, respectively. Lease expense totaled \$26,471 and \$28,763 for June 30, 2025 and 2024, respectively.

The HRDC rents warehouse and office space for the Food Distribution Program in Hardin, Montana on a month-to-month basis. The monthly rental amount is \$2,000 beginning in February 2019 and increased to \$2,300 in January 2024. The HRDC leases office space in Hardin, Montana, on an annual basis, for the Big Horn County Work Readiness Component. The monthly rental amount is \$2,300 and \$2,150 for calendar years 2025 and 2024, respectively.

The HRDC rents storage and office space for the Weatherization Program in Billings, Montana on a month-to-month basis. The office space for Weatherization staff is for \$670 per month. The storage of Weatherization vehicles and inventory used by the Weatherization Program is for \$1,400 a month through September of 2023, \$1,504 a month through April of 2024, \$1,546 a month through April of 2025, and \$1,589 a month through June of 2025.

The future minimum lease payments under non-cancelable operating leases with terms greater than one year are as follows:

Years ending June 30,

2026	\$	26,471
2027		24,935
2028		24,544
2029		1,794
2030		0
Total	\$	<u><u>77,744</u></u>

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 10. UNRECORDED VALUE OF SERVICES PROVIDED

The HRDC contracts with various State of Montana departments to determine eligibility, process client benefits and provide administrative and program support. Since the client benefits are distributed directly by the State, the value of these services is not recorded in these financial statements. During the years ended June 30, 2025 and 2024, the HRDC provided administrative and program support for the following direct services (per information provided by the State of Montana):

	<u>2025</u>	<u>2024</u>
Program		
Child Day care assistance	\$ 1,981,215	\$ 5,688,578
Low-income energy assistance	2,683,201	2,750,422
Section 8 housing (estimate)	<u>1,353,225</u>	<u>946,707</u>
 Total Financial Assistance	 6,017,641	 9,385,707
Crow reservation food distribution	<u>268,676</u>	<u>246,489</u>
 Total financial and commodity services	 \$ <u><u>6,286,317</u></u>	 \$ <u><u>9,632,196</u></u>

Child day care assistance provides financial support for an eligible child's day care, while low-income energy assistance provides assistance for heating fuel to qualified house-holds. Clients participating in the Pathways program receive various assistance to prepare them and/or enable them to obtain and maintain employment.

The HRDC distributes food commodities to Crow Reservation eligible households. Section 8 housing provides rental cost subsidies to eligible households and escrow assistance through the Family Self Sufficiency program for those participating households.

NOTE 11. RELATED PARTY TRANSACTIONS

The HRDC performs a bidding process to select companies to provide weatherization contract services for its eligible clientele. Any staff with an apparent or actual conflict of interest are not allowed to participate in the bid evaluations. During the fiscal year ending June 30, 2025 and 2024, one contractor selected under the bid process was a friend of the Weatherization Director. The Weatherization Director was not a participant in the selection or evaluation committee. The total amount paid to the contractor was \$69,980 and \$92,670 for the years ended June 30, 2025 and 2024, respectively.

SUPPLEMENTAL
SCHEDULES

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO THE SUPPLEMENTAL SCHEDULES
For the Year Ended June 30, 2025

NOTE1. BUDGET COLUMN

The grant award budget column is based upon the last formally approved budget provided by the grantor. In addition, the grantee is allowed to make certain budget transfers within prescribed limits. These latter transfers are not reflected. The intention of the HRDC is to show the budget based upon the final budget including all transfers, to provide a more meaningful presentation.

NOTE 2. PROGRAM SCHEDULES

Program schedules are included for all grants, contracts, and projects with ending dates that occurred during the reporting period July 1, 2024 through June 30, 2025. Because the HRDC administers programs with varying ending dates, the schedules that follow are based upon the program period. Many of the programs started in the previous period, but were completed in the current fiscal year and, consequently; amounts shown differ from amounts reported in the accompanying financial statements. Acronyms used are as follows:

CCDBG	Child Care and Development Block Grant
CCDF	Child Care and Development Fund
CDBG	Community Development Block Grant
CRF	Contingency Revolving Fund
CSBG	Community Services Block Grant
DHS	Department of Homeland Security
DOC	Montana Department of Commerce
DOE	U.S. Department of Energy
DOL	Montana Department of Labor
ED	Education
FEMA	Federal Emergency Management Agency
HHS	Montana Department of Public Health and Human Services
HOPWA	Housing Opportunities for Persons with Aids
HUD	U.S. Department of Housing and Urban Development
LIHEAP	Low-Income Home Energy Assistance Program
MDU	Montana Dakota Utilities
N W E	Northwestern Energy
SEP	Subsidized Employment Program
SNAP	Supplemental Nutrition Assistance Program
SSI	Social Security Insurance
TANF	Temporary Assistance for Needy Families
USB	Universal System Benefit
USDA	U.S. Department of Agriculture
VITA	Volunteer Income Tax Assistance
WIA	Workforce Investment Act
WoRC	Work Readiness Component
WX	Weatherization Assistance

See independent auditor's report

Supplemental Schedule
District 7
HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
Billings, Montana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

COMMUNITY SERVICES BLOCK GRANT

GRANT PERIOD: January 1, 2023 to September 30, 2024

GRANT NUMBER: 23-028-10005-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 531,133	\$ 531,127
Equipment & Space Rental Revenue		51,157
Interest Income		4,468
Gain on Equipment Disposal		2,589
In Kind		<u>300</u>
TOTAL REVENUE	<u>531,133</u>	<u>589,641</u>
EXPENSES		
Salaries & Fringe Benefits	27,507	58,853
Program Operations	104,411	76,484
Travel and Training	14,000	46,140
Equipment/Vehicle Lease	42,000	81,591
Contractual/Consultants	46,500	80,723
Public Awareness/Community		3,798
Direct Service Costs	7,500	887
Program Enhancement (Transfers Out)	289,215	240,871
In Kind		<u>300</u>
TOTAL EXPENSES	<u>531,133</u>	<u>589,647</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(6)</u>
TRANSFER IN		<u>6</u>
NET ASSETS AT 01/01/23		<u>0</u>
NET ASSETS AT 09/30/24		<u>0</u>

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HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

CROW COMMODITIES DISTRIBUTION

GRANT PERIOD: October 1, 2023 to September 30, 2025

GRANT NUMBER: 24-027-25006-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 422,656	\$ 422,656
TOTAL REVENUES	<u>422,656</u>	<u>422,656</u>
EXPENSES		
Salaries & Fringe Benefits	190,659	190,659
Equipment	124,615	124,615
Occupancy	32,070	32,070
Travel & Training	6,377	6,377
Program Operations	27,189	27,189
Administration	<u>41,746</u>	<u>41,746</u>
TOTAL EXPENSES	<u>422,656</u>	<u>422,656</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>0</u>
TRANSFER IN		<u>0</u>
NET ASSETS AT 10/01/23		<u>0</u>
NET ASSETS AT 09/30/25		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

CROW FOOD DISTRIBUTION PROGRAM NUTRITION EDUCATION

GRANT PERIOD: October 01, 2022 to September 30, 2024

GRANT NUMBER: 23-027-25011-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 17,500	\$ 17,500
	<u>17,500</u>	<u>17,500</u>
TOTAL REVENUE	<u>17,500</u>	<u>17,500</u>
EXPENSES		
Equipment Purchases	11,883	11,883
Program Operations	2,828	2,828
Administration	<u>2,789</u>	<u>2,789</u>
TOTAL EXPENSES	<u>17,500</u>	<u>17,500</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>0</u>
NET ASSETS AT 05/01/22		<u>0</u>
NET ASSETS AT 09/30/24		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FEMA - BIG HORN COUNTY

GRANT PERIOD: October 01, 2022 to December 31, 2024

GRANT NUMBER: 41-5530-00

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant- Big Horn County	\$ 6,195	\$ 6,195
	<u>6,195</u>	<u>6,195</u>
TOTAL REVENUES	<u>6,195</u>	<u>6,195</u>
EXPENSES		
Direct Food	6,071	6,071
Program Cost	<u>124</u>	<u>994</u>
	<u>6,195</u>	<u>7,065</u>
TOTAL EXPENSES	<u>6,195</u>	<u>7,065</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(870)</u>
TRANSFER IN		<u>870</u>
NET ASSETS AT 11/01/22		<u>0</u>
NET ASSETS AT 12/31/24		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

CHILD CARE AND DEVELOPMENT BLOCK GRANT
CHILD CARE SERVICES

GRANT PERIOD: October 1, 2023 to September 30, 2025

GRANT NUMBER: DPHHS 2425CCRR0094

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 1,714,990	\$ 1,411,138
Provider Financial Assistance	36,000	35,945
Fee For Service Revenues		3,432
Equipment Lease/Rental Revenues		585
Other Revenue		<u>1,000</u>
TOTAL REVENUE	<u>1,750,990</u>	<u>1,452,100</u>
EXPENSES		
Salaries & Fringe Benefits	1,117,883	942,494
Provider Financial Assistance	36,000	35,945
Program Operations	417,982	320,833
Administration	<u>179,125</u>	<u>216,704</u>
TOTAL EXPENSES	<u>1,750,990</u>	<u>1,515,976</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(63,876)</u>
TRANSFER IN		<u>63,876</u>
NET ASSETS AT 10/01/23		<u>0</u>
NET ASSETS AT 09/30/24		<u>0</u>

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HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

CHILD AND ADULT CARE FOOD PROGRAM

GRANT PERIOD: October 1, 2023 to September 30, 2024

GRANT NUMBER: Permanent Agreement

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Operating Grant	\$ 69,351	\$ 65,950
Other Revenue		3,373
Food Grant	<u>381,558</u>	<u>381,558</u>
TOTAL REVENUE	<u>450,909</u>	<u>450,881</u>
EXPENSES		
Provider Food Payments	381,558	383,533
Salaries & Fringe Benefits	42,663	45,919
Program Operations	17,731	14,447
Administration	8,958	8,958
Audit		<u>1,241</u>
TOTAL EXPENSES	<u>450,909</u>	<u>454,098</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(3,216)</u>
TRANSFER IN		<u>3,216</u>
NET ASSETS AT 10/01/23		<u>0</u>
NET ASSETS AT 09/30/24		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

DOE - WEATHERIZATION

GRANT PERIOD: July 1, 2024 to June 30, 2025

GRANT NUMBER: 24-028-30025-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant - DOE	\$ 469,133	\$ 359,926
TOTAL REVENUES	<u>469,133</u>	<u>359,926</u>
EXPENSES		
Program Operations	249,971	241,038
Health and Safety	62,493	26,997
Travel & Training	37,350	20,207
Liability Insurance	19,500	8,314
Readiness	48,995	29,680
Administrative Expenses	<u>50,824</u>	<u>33,966</u>
TOTAL EXPENSES	<u>469,133</u>	<u>360,202</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(276)</u>
TRANSFER IN		<u>276</u>
NET ASSETS AT 07/01/24		<u>0</u>
NET ASSETS AT 06/30/25		<u>(0)</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

DOE - CROW TRIBE WEATHERIZATION

GRANT PERIOD: July 1, 2024 to June 30, 2025

GRANT NUMBER: 24-028-30031-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant-	\$ <u>31,276</u>	\$ <u>23,855</u>
TOTAL REVENUES	<u>31,276</u>	<u>23,855</u>
EXPENSES		
Program Operations	17,705	18,136
Travel & Training	2,490	1,499
Readiness Program Operations	3,266	250
Health and Safety	4,427	1,623
Administrative Expenses	<u>3,388</u>	<u>2,348</u>
TOTAL EXPENSES	<u>31,276</u>	<u>23,855</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>0</u>
TRANSFER IN		<u>(0)</u>
NET ASSETS AT 07/01/24		<u>0</u>
NET ASSETS AT 06/30/25		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

DOE - NORTHERN CHEYENNE TRIBE WEATHERIZATION

GRANT PERIOD: July 1, 2024 to June 30, 2025

GRANT NUMBER: 24-028-30034-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant-	\$ 31,276	\$ 29,432
TOTAL REVENUES	<u>31,276</u>	<u>29,432</u>
EXPENSES		
Program Operations	17,705	30,876
Travel & Training	2,490	662
Readiness Program Operations	3,266	3,250
Health and Safety	4,427	6,554
Administrative Expenses	<u>3,388</u>	<u>4,278</u>
TOTAL EXPENSES	<u>31,276</u>	<u>45,619</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(16,187)</u>
TRANSFER IN		<u>16,187</u>
NET ASSETS AT 07/01/24		<u>0</u>
NET ASSETS AT 06/30/25		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LIHEAP WEATHERIZATION ASSISTANCE

GRANT PERIOD: July 1, 2023 to September 30, 2024

GRANT NUMBER: 23-028-16005-0

	LIHEAP	
	BUDGET	ACTUAL
REVENUE		
Grant	\$ 784,776	\$ 522,430
TOTAL REVENUE	<u>784,776</u>	<u>522,430</u>
EXPENSES		
Program Operations	595,299	408,359
Administrative Expenses	78,477	45,952
Travel & Training	26,000	5,477
Liability Insurance	15,000	13,619
Co-Funding	20,000	9,006
Readiness Program Operations	<u>50,000</u>	<u>40,120</u>
TOTAL EXPENSES	<u>784,776</u>	<u>522,533</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(103)</u>
TRANSFER IN		<u>103</u>
NET ASSETS AT 07/01/23		<u>0</u>
NET ASSETS AT 09/30/24		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LIHEAP CROW TRIBE WEATHERIZATION ASSISTANCE

GRANT PERIOD: July 1, 2023 to September 30, 2024

GRANT NUMBER: 23-028-16011-0

	LIHEAP - CROW	
	BUDGET	ACTUAL
REVENUE		
Grant	\$ 115,193	\$ 111,361
TOTAL REVENUE	115,193	111,361
EXPENSES		
Program Operations	107,008	107,007
Administrative Expenses	8,185	4,354
TOTAL EXPENSES	115,193	111,361
REVENUE OVER (UNDER) EXPENSES	0	0
TRANSFER IN		0
NET ASSETS AT 07/01/23		0
NET ASSETS AT 09/30/24		0

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LIHEAP NORTHERN CHEYENNE TRIBE WEATHERIZATION ASSISTANCE

GRANT PERIOD: July 1, 2023 to September 30, 2024

GRANT NUMBER: 23-028-16013-0

	LIHEAP - CROW	
	BUDGET	ACTUAL
REVENUE		
Grant	\$ 54,207	\$ 33,171
TOTAL REVENUE	54,207	33,171
EXPENSES		
Program Operations	47,634	30,456
Administrative Expenses	6,573	2,715
TOTAL EXPENSES	54,207	33,171
REVENUE OVER (UNDER) EXPENSES	0	0
TRANSFER IN		0
NET ASSETS AT 07/01/23		0
NET ASSETS AT 09/30/24		0

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

NORTHWESTERN ENERGY FREE WEATHERIZATION

CONTRACT PERIOD: January 1, 2024 to December 15, 2024

CONTRACT NUMBER: 24-028-33005-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Contract	\$ 147,844	\$ 106,610
TOTAL REVENUES	<u>147,844</u>	<u>106,610</u>
EXPENSES		
Program Operations	51,947	66,783
Health & Safety	16,513	12,938
Production Overhead	53,484	19,771
Co-funding	12,950	
Readiness Program Operations	<u>12,950</u>	<u>7,118</u>
TOTAL EXPENSES	<u>147,844</u>	<u>106,610</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>0</u>
TRANSFER IN		<u>0</u>
NET ASSETS AT 01/01/24		<u>0</u>
NET ASSETS AT 12/15/24		<u>0</u>

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ENERGY SHARE FURNACE AND WATER HEATER SAFETY & EFFICIENCY PROGRAM

GRANT PERIOD: July 1, 2024 to June 30, 2025

GRANTOR: Energy Share of Montana

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 106,671	\$ 71,360
TOTAL REVENUES	<u>106,671</u>	<u>71,360</u>
EXPENSES		
Furnace & Water Heater Assistance	90,399	59,611
Administrative Expenses	<u>16,272</u>	<u>401</u>
TOTAL EXPENSES	<u>106,671</u>	<u>60,012</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>11,349</u>
TRANSFER OUT		<u>(11,349)</u>
NET ASSETS AT 07/01/24		<u>0</u>
NET ASSETS AT 06/30/25		<u>0</u>

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ENERGY SHARE-MDU WEATHERIZATION

GRANT PERIOD: July 1, 2024 to June 30, 2025

GRANTOR: Energy Share of Montana MDU Weatherization

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ <u>26,793</u>	\$ <u>26,336</u>
 TOTAL REVENUES	 <u>26,793</u>	 <u>26,336</u>
 EXPENSES		
Program Operations	21,970	22,556
Administrative Expenses	<u>4,823</u>	<u>263</u>
 TOTAL EXPENSES	 <u>26,793</u>	 <u>22,819</u>
 REVENUE OVER (UNDER) EXPENSES	 <u>0</u>	 <u>3,516</u>
 TRANSFER OUT		<u>(3,516)</u>
 NET ASSETS AT 07/01/24		<u>0</u>
 NET ASSETS AT 06/30/25		<u>0</u>

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LOW INCOME ENERGY ASSISTANCE PROGRAM

GRANT PERIOD: October 1, 2022 to September 30, 2024

GRANT NUMBER: 23-028-13005-0

	LIHEAP ADMIN		LIHEAP CRF
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
REVENUE			
Grant	\$ 188,319	\$ 188,319	\$ 994,981
Equipment/Rental Revenues		2,338	
TOTAL REVENUES	<u>188,319</u>	<u>190,657</u>	<u>994,981</u>
EXPENSES			
Salaries & Fringe Benefits	88,589	113,955	
Program Operations	30,387	28,968	
Administrative Expenses	69,343	47,735	
Direct Assistance -- Furnace			662,582
Direct Assistance -- Water Heater			234,304
Direct Assistance -- Utilities & Others			98,094
TOTAL EXPENSES	<u>188,319</u>	<u>190,657</u>	<u>994,981</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>0</u>	<u>0</u>
TRANSFER IN		0	0
NET ASSETS AT 10/01/22		0	0
NET ASSETS AT 09/30/24		0	0

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LOW INCOME ENERGY ASSISTANCE PROGRAM - CLIENT ED

GRANT PERIOD: October 1, 2022 to September 30, 2024

GRANT NUMBER: 23-028-13005-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 174,346	\$ 121,303
TOTAL REVENUES	174,346	121,303
EXPENSES		
Salaries & Fringe Benefits	144,247	96,029
Program Operations	30,099	25,274
TOTAL EXPENSES	174,346	121,303
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>0</u>
TRANSFER IN		<u>0</u>
NET ASSETS AT 10/01/22		<u>0</u>
NET ASSETS AT 09/30/24		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LOW INCOME ENERGY ASSISTANCE PROGRAM - OUTREACH

GRANT PERIOD: October 1, 2022 to September 30, 2024

GRANT NUMBER: 23-028-13005-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 51,898	\$ 51,898
TOTAL REVENUES	51,898	51,898
EXPENSES		
Salaries & Fringe Benefits	42,647	40,869
Program Operations	9,251	11,029
TOTAL EXPENSES	51,898	51,898
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>0</u>
TRANSFER IN		<u>0</u>
NET ASSETS AT 10/01/22		<u>0</u>
NET ASSETS AT 09/30/24		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

ENERGY SHARE FUEL FUND

GRANT PERIOD: July 1, 2024 to June 30, 2025

GRANTOR: Energy Share of Montana

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 1,138,993	\$ 576,645
Grant Service Fees		73,826
	<u>1,138,993</u>	<u>650,471</u>
TOTAL REVENUE		
	<u>1,138,993</u>	<u>650,471</u>
EXPENSES		
Utilities Assistance - Fuel Fund	390,947	22,290
Utilities Assistance - Deposit FF	29,430	18,626
Utilities Assistance - Team	0	2,801
Utilities Assistance - Team Deposit	0	1,628
Utilities Assistance - MDU USB	44,000	38,097
Utilities Assistance - MDU Deposit	1,000	667
Utilities Assistance - NWE USB	506,141	369,500
Utilities Assistance - Yellowstone Valley Electric	26,825	13,555
Utilities Assistance - Stillwater Mine USB	58,957	36,868
Utilities Assistance - Tongue River Electric	14,880	13,173
Utilities Assistance - Unrestricted	0	0
Utilities Assistance - ATLAS USB	66,813	59,440
Program Operations		4,945
Salaries & Fringe Benefits		28,182
Communications		1,545
Occupancy		1,619
Travel & Training		0
Supplies		327
Allocated Common Costs		1,453
Administrative Expenses		7,774
	<u>1,138,993</u>	<u>617,546</u>
TOTAL EXPENSES		
	<u>1,138,993</u>	<u>617,546</u>
REVENUE OVER EXPENSES	<u>0</u>	<u>32,925</u>
TRANSFER OUT		<u>(32,925)</u>
NET ASSETS AT 07/01/24		<u>0</u>
NET ASSETS AT 06/30/25		<u>(0)</u>

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WORKFORCE INVESTMENT ACT - YOUTH

GRANT PERIOD: July 1, 2023 to December 31, 2024

GRANT NUMBER: DOL DLISFY20CONWSD_100 Amendment #9

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 286,556	\$ 286,556
	<u>286,556</u>	<u>286,556</u>
TOTAL REVENUE	<u>286,556</u>	<u>286,556</u>
EXPENSES		
In-School Youth		
Administration	11,815	11,151
Training & Program Cost	89,212	64,115
Direct Supportive Service Assistance	42,251	5,373
Out-of-School Youth		
Administration	11,815	19,405
Training & Program Cost	89,213	111,966
Direct Supportive Service Assistance	42,250	74,547
	<u>286,556</u>	<u>286,556</u>
TOTAL EXPENSES	<u>286,556</u>	<u>286,556</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>0</u>
NET ASSETS AT 07/01/23		<u>0</u>
NET ASSETS AT 12/31/24		<u>0</u>

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

WORKFORCE INVESTMENT ACT - YOUTH

GRANT PERIOD: July 1, 2024 to December 31, 2025

GRANT NUMBER: DOL DLISFY20CONWSD_100 Amendment #10

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 293,463	\$ 293,463
	<u>293,463</u>	<u>293,463</u>
TOTAL REVENUE	<u>293,463</u>	<u>293,463</u>
EXPENSES		
In-School Youth		
Administration	12,666	11,004
Training & Program Cost	87,367	59,523
Direct Supportive Service Assistance	46,700	23,484
Out-of-School Youth		
Administration	12,666	20,128
Training & Program Cost	87,366	107,712
Direct Supportive Service Assistance	46,700	78,519
	<u>293,463</u>	<u>300,370</u>
TOTAL EXPENSES	<u>293,463</u>	<u>300,370</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(6,907)</u>
TRANSFER IN		<u>6,907</u>
NET ASSETS AT 07/01/24		<u>0</u>
NET ASSETS AT 12/31/25		<u>(0)</u>

Supplemental Schedule
District 7
HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
Billings, Montana

HOPE 3 SALES FUND

STATEMENT OF NET ASSETS

As of June 30, 2025

ASSETS

ASSETS	
Cash	\$ 10,162
Land Held for Resale	16,000
Land	42,250
House net of Depreciation	<u>1,701</u>
TOTAL ASSETS	<u><u>70,113</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	<u>0</u>
TOTAL LIABILITIES	<u>0</u>
NET ASSETS	
Unrestricted Net Assets	<u>70,113</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>70,113</u></u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2025

REVENUES	
Interest Revenue	\$ <u>336</u>
TOTAL REVENUE	<u>336</u>
EXPENSES	
House Depreciation	<u>715</u>
TOTAL EXPENSES	<u>715</u>
REVENUE OVER (UNDER) EXPENSES	(379)
NET ASSETS AT 07/01/24	<u>70,492</u>
NET ASSETS AT 06/30/25	<u><u>70,113</u></u>

Supplemental Schedule
District 7
HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
Billings, Montana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

SECTION 8 HOUSING PROGRAM

GRANT PERIOD: July 1, 2024 to June 30, 2025

GRANT NUMBER: **24-745-0005A**

	<u>CONTRACT</u>	<u>ACTUAL</u>
REVENUE		
Contract Fee for Service	\$ 105,571	\$ 135,646
Other Revenue		<u>1,686</u>
TOTAL REVENUES	<u>105,571</u>	<u>137,333</u>
EXPENSES		
Salaries & Fringe Benefits	50,994	57,475
Program Operations	45,976	31,926
Administrative Expenses	<u>8,601</u>	<u>12,690</u>
TOTAL EXPENSES	<u>105,571</u>	<u>102,091</u>
REVENUE OVER (UNDER) EXPENSES	<u><u>0</u></u>	<u><u>35,241</u></u>
TRANSFER OUT		<u>(35,241)</u>
NET ASSETS AT 07/01/24		<u>0</u>
NET ASSETS AT 06/30/25		<u>0</u>

Supplemental Schedule
District 7
HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
Billings, Montana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

EMERGENCY SOLUTIONS GRANT - SHELTER

GRANT PERIOD: April 1, 2024 to March 31, 2025

GRANT NUMBER: 23-028-51005-0

	BUDGET	ACTUAL
REVENUE		
Grant	\$ 137,751	\$ 137,751
Private Donations		1,000
Other Revenue		15,000
In Kind revenue		25
TOTAL REVENUES	137,751	153,776
EXPENSES		
Homeless Prevention	31,992	65,163
Rapid Rehousing	99,210	153,883
Administrative Support	6,549	17,179
TOTAL EXPENSES	137,751	236,225
REVENUE OVER (UNDER) EXPENSES	0	(82,449)
TRANSFER IN		82,449
NET ASSETS AT 04/01/24		0
NET ASSETS AT 03/31/25		0

Supplemental Schedule
District 7
HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
Billings, Montana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

HOPWA PLUS GRANT

GRANT PERIOD: September 1, 2022 to September 12, 2024

GRANT NUMBER: 22-028-53002-0

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 358,935	\$ 358,935
	<u>358,935</u>	<u>358,935</u>
TOTAL REVENUES	358,935	358,935
EXPENSES		
Rental Assistance	227,896	229,832
ST Emergency Assistance	40,540	41,507
Supportive Services	53,577	54,492
Permanent Housing Placement	11,659	11,659
Administration	25,263	25,263
	<u>358,935</u>	<u>362,753</u>
TOTAL EXPENSES	358,935	362,753
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(3,818)</u>
TRANSFER IN		<u>3,818</u>
NET ASSETS AT 09/01/22		<u>0</u>
NET ASSETS AT 09/12/24		<u>0</u>

Supplemental Schedule
District 7
HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
Billings, Montana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

HUD - YOUTH DEMONSTRATION PROJECT

GRANT PERIOD: October 1, 2023 to September 30, 2024

GRANT NUMBER: MT0076Y8T002101

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE		
Grant	\$ 103,150	\$ 89,025
Match	<u>32,050</u>	
TOTAL REVENUES	135,200	<u>89,025</u>
EXPENSES		
Salaries & Fringe Benefits	59,395	59,711
Supportive Services	7,250	3,855
Housing/Rental Assistance	43,800	29,675
Program Operations	13,572	13,697
Administrative Expenses	<u>11,183</u>	<u>11,856</u>
TOTAL EXPENSES	<u>135,200</u>	<u>118,795</u>
REVENUE OVER (UNDER) EXPENSES	<u>0</u>	<u>(29,770)</u>
TRANSFER IN		<u>29,770</u>
NET ASSETS AT 10/01/23		<u>0</u>
NET ASSETS AT 09/30/24		<u>0</u>

SINGLE AUDIT SECTION

**DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025**

Federal Grantor/ Pass-through Grantor/ Program Title	Begins	Ends	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Passed Through to Subrecipients	Federal Expenditures
US Department of Agriculture							
<i>MT Department of HHS</i>							
Child & Adult Care Food Progr. 2023-24	10/1/2023	9/30/2024	10.558	Permanent agreement	444,493		116,533
Child & Adult Care Food Progr. 2023-25	10/1/2024	9/30/2025	10.558	Permanent agreement	591,256		587,233
					<u>1,035,750</u>	<u>0</u>	<u>703,766</u>
Crow Food Distribution	10/1/2023	9/30/2025	10.567	24-027-25006-0	422,656		228,903
Crow Food Alleviate Emergency Supply Chain	9/1/2024	9/30/2025	10.193	24-027-25009-0	37,800		4,172
Crow Food Distribution	10/1/2024	9/30/2026	10.567	25-027-25006-1	114,845		67,291
Crow Food Nutrition Program	10/1/2022	9/30/2024	10.594	23-027-25011-0	17,500		10,444
Crow Food Nutrition Program	10/1/2023	9/30/2025	10.594	24-027-25011-0	45,000		23,074
					<u>637,801</u>	<u>0</u>	<u>333,884</u>
Total Department of Agriculture					<u>1,673,551</u>	<u>0</u>	<u>1,037,650</u>

The accompanying notes are an integral part of this schedule
See independent auditor's report

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Begins	Ends	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Passed Through to Subrecipients	Federal Expenditures
US Department of Housing & Urban Development							
<i>MT Department of HHS</i>							
HUD Emergency Solutions Grant (ESG)	04/01/2024	03/31/2025	14.231	23-028-51005-0	137,751		87,281
HUD Emergency Solutions Grant (ESG)	04/01/2025	03/31/2026	14.231	24-028-51005-0	133,651		57,950
HUD Emergency Shelter Dist 3	04/01/2025	03/31/2026	14.231	24-028-51013-0	56,923		53
City of Billings Housing	10/01/2024	03/31/2026	14.239	M-21-MC-30-0213	200,000		141,231
HOPWA RENEWAL	09/01/2023	09/30/2026	14.241	24-028-52002-0A1	227,595		141,576
HOPWA Plus	09/01/2022	09/30/2024	14.241	22-028-53002-0	358,935		31,363
HOPWA Plus	09/01/2024	08/31/2027	14.241	24-028-53002-0	155,657		122,890
HUD Youth Demonstration Project	10/01/2023	09/30/2024	14.267	MT0076Y8T002202	103,150		12,837
HUD Youth Demonstration Project	10/01/2024	09/30/2025	14.267	MT0076Y8T002303	106,402		79,950
Total Department of HUD					1,480,064	0	675,131
US Department of Labor							
<i>MT Department of Labor</i>							
WIOA Cluster							
Work Innovation & Opportunities Act	07/01/2023	12/31/2024	17.259	DLISFY20CONWDS_100	286,556		3,422
Work Innovation & Opportunities Act	07/01/2024	12/31/2025	17.259	DLISFY20CONWSD_100	293,463		293,463
Total Department of Labor WIOA Cluster					580,019	0	296,885
US Department of Treasury							
<i>Internal Revenue Service--Montana Credit Unions for Community Development</i>							
Emergency Rental/Housing Stability (NAAP)	10/01/2022	09/30/2025	21.023	23-028-17005-0	744,652		275,274
Total Department of Treasury					744,652	0	275,274

The accompanying notes are an integral part of this schedule
See independent auditor's report

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Begins	Ends	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Passed Through to Subrecipients	Federal Expenditures
US Department of Energy							
<i>MT Department of HHS</i>							
DOE WX 2024-25	07/01/2024	06/30/2025	81.042	24-028-30025-0	469,133		359,926
Crow DOE WX 2024-25	07/01/2024	06/30/2025	81.042	24-028-30031-0	31,276		23,855
Northern Cheyenne DOE WX 2024-25	07/01/2024	06/30/2025	81.042	24-028-30034-0	31,276		29,432
DOE WX-BIL 2024-2027	07/01/2024	06/30/2027	81.042	24-028-30045-0	894,548		169,532
DOE Crow Tribe WX 2024-2027	07/01/2024	06/30/2027	81.042	24-028-30051-0	147,132		30,931
DOE Northern Cheyenne WX 2024-2027	07/01/2024	06/30/2027	81.042	24-028-30054-0	148,290		15,614
Total Department of Energy					1,721,655	0	629,291
US Department of Health and Human Services							
<i>MT Department of HHS</i>							
TANF Cluster							
Second Chance Homes	07/01/2024	09/30/2025	93.558	25-022-28053-0	125,000		61,736
Total WORC/TANF Cluster					125,000	0	61,736

The accompanying notes are an integral part of this schedule
See independent auditor's report

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Begins	Ends	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Passed Through to Subrecipients	Federal Expenditures
US Department of Health and Human Services							
<i>MT Department of HHS</i>							
LIEAP WX 2023-24	07/01/2023	09/30/2024	93.568	23-028-16005-0	784,776		120,223
LIEAP WX 2024-25	07/01/2024	09/30/2025	93.568	24-028-16005-0	613,960		308,305
LIEAP WX Northern Cheyenne 24-25	07/01/2024	09/30/2025	93.568	24-028-16013-0	23,544		23,544
LIEAP WX CT 2023-24	07/01/2023	09/30/2024	93.568	23-028-16011-0	115,193		468
LIEAP WX CT 2024-25	07/01/2024	09/30/2025	93.568	24-028-16011-0	87,494		84,384
LIEAP Administration 23-25	10/01/2023	09/30/2025	93.568	24-028-13005-0	226,417		208,507
LIEAP Administration 24-26	10/01/2024	09/30/2026	93.568	25-028-13005-0	226,417		7,180
LIEAP Education Advocacy 22-24	10/01/2022	09/30/2024	93.568	23-028-13005-0	174,346		29,235
LIEAP Education Advocacy 23-25	10/01/2023	09/30/2025	93.568	24-028-13005-0	46,023		46,022
LIEAP Education Advocacy 24-26	10/01/2024	09/30/2026	93.568	25-028-13005-0	25,000		0
LIEAP CRF 2023-25	10/01/2023	09/30/2025	93.568	24-028-13005-0			318,644
LIEAP CRF 2024-26	10/01/2024	09/30/2026	93.568	25-028-13005-0			386,677
LIEAP Outreach 2022-2024	10/01/2022	09/30/2024	93.568	23-028-13005-0	51,898		5,679
LIEAP Outreach 2023-2025	10/01/2023	09/30/2025	93.568	24-028-13005-0	182,794		132,436
LIEAP Outreach 2024-2026	10/01/2024	09/30/2026	93.568	25-028-13005-0	203,817		0
Total LIEAP					<u>2,761,679</u>	<u>0</u>	<u>1,671,305</u>
CSBG 2023	01/01/2023	09/30/2024	93.569	23-028-10005-0	531,133		110,999
CSBG 2024	01/01/2024	09/30/2025	93.569	24-028-10050-0	531,132		451,061
CSBG 2025	10/01/2024	09/30/2026	93.569	25-028-10005-0	245,083		0
Total CSBG					<u>1,307,348</u>	<u>0</u>	<u>562,060</u>
CCDF Cluster							
CCS/CCC (Child Care R&R)	10/01/2023	09/30/2024	93.575	2425CCRR0094	1,714,990		318,555
CCS/CCC (Child Care R&R) Scholarship	10/01/2024	09/30/2024	93.575	2425CCRR0094	36,000		4,313
Total CCDBG, CCDF Cluster					<u>1,750,990</u>	<u>0</u>	<u>322,868</u>
Total Department of HHS					<u>5,820,017</u>	<u>0</u>	<u>2,556,233</u>

The accompanying notes are an integral part of this schedule
See independent auditor's report

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Begins	Ends	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Passed Through to Subrecipients	Federal Expenditures
US Department of Homeland Security							
<i>Emergency Food and Shelter National Board Program, United Way, Fairfax, VA</i>							
Big Horn FEMA Phase 41	10/1/2022	12/31/2024	97.024	41-5530-01	6,195	6,071	6,132
Total FEMA / Homeland Security					6,195	6,071	6,132
TOTAL FEDERAL CASH AWARDS					\$ 12,151,153	\$ 6,071	\$ 5,538,332
NON-CASH ASSISTANCE							
US Department of Agriculture							
<i>MT Department of HHS</i>							
Commodities -- Crow			10.567				\$ 268,676
						Total	\$ 268,676

The accompanying notes are an integral part of this schedule
See independent auditor's report

DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of District 7.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The HRDC has elected not to use the 10 percent *de minimis* indirect cost rate allowed under Uniform Guidance.



CARVER
FLOREK &
JAMES, CPA's

CERTIFIED PUBLIC ACCOUNTANTS

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 Trustees of
District 7 Human Resources Development Council
Billings, Montana

We have audited 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, the financial statements of District 7 Human Resources Development Council, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 7, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered District 7 Human Resources Development Council's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District 7 Human Resources Development Council's internal control. Accordingly, we do not express an opinion on the effectiveness of District 7 Human Resources Development Council'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District 7 Human Resources Development Council'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.

Carver Florek & James, CPAs

Carver Florek & James, CPA's
Missoula, Montana
January 7, 2026



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
District 7 Human Resources Development Council
Billings, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited District 7 Human Resources Development Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on District 7 Human Resources Development Council's major federal programs for the year ended June 30, 2025. District 7 Human Resources Development Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, District 7 Human Resources Development Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of District 7 Human Resources Development Council and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of District 7 Human Resources Development Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to District 7 Human Resources Development Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on District 7 Human Resources Development Council's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District 7 Human Resources Development Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District 7 Human Resources Development Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of District 7 Human Resources Development Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of District 7 Human Resources Development Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance what we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carver Florek & James, CPA's

Carver Florek & James, CPA's
Missoula, Montana
January 7, 2026

**DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
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Internal control over financial reporting: Material weakness(es) identified?	No
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Significant deficiencies identified not considered to be material weaknesses?	No
--	----

Noncompliance material to financial statements noted?	No
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Federal Awards

Internal control over major programs: Material weaknesses identified?	No
--	----

Significant deficiencies identified not considered to be material weaknesses?	No
--	----

Type of auditor’s report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of Major Programs:

U. S. Department of Health and Human Services	
Child & Adult Care Food Program	ALN 10.558
U.S. Department of Health and Human Services	
Community Services Block Grant	ALN 93.569

The dollar threshold used to distinguish between Type A and Type B programs as described in the Uniform Guidance was \$750,000.

Auditee qualified as a low-risk auditee?	Yes
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**DISTRICT 7 HUMAN RESOURCES DEVELOPMENT COUNCIL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025**

Section II – Financial Statement Findings – None Noted.

Section III – Federal Awards Findings & Questioned Costs – None Noted.

Section IV – Summary Schedule of Prior Audit Findings – None.

B.O.C.C. Regular

2. b.

Meeting Date: 02/10/2026

Title: Board Minutes

Submitted By: Erika Guy

TOPIC:

Board Minutes - County Water District of Billings Heights

BACKGROUND:

Minutes from February 2025 to December 2025

RECOMMENDED ACTION:

File

Attachments

2.19.25

5.8.25

6.4.25

7.16.25

8.20.25

9.17.25

9.23.25

10.15.25

11.10.25

11.19.25

12.1.25

12.17.25



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

February 19, 2025 at 6:00 PM

County Water District of Billings Heights 1540 Popelka Dr., Board room

The meeting is open to any interested member of the public. Agendas are prepared for the meetings; the agenda may be requested from the General Manager and are available at <https://heightswaterdistrict.com/agendas-and-minutes>. Agenda packets, due to their size, will not be printed for the meetings or at the public's request. The public can access and view the agenda packet online and print them.

CALL MEETING TO ORDER: President Doug Kary called the meeting to order at 6:00 PM.

WELCOME AND INTRODUCTIONS

Board Members present: Doug Kary, Frank Ewalt, Tom Zurbuchen, Ming Cabrera (Zoom) Jeff Essmann (Zoom), & Greg Erpenbach
 Suzie McKethen (Board Secretary)

Staff Members present: Bo Andersson and Adam Kuchin

Also present: Evelyn Pyburn (YCN), Dianne Crees, Pam Ellis and John Kaderavek

PRESIDENT'S REMARKS: Read by Doug Kary

During the course of the meeting, the Public may be heard before a vote is cast by the Board. The President will acknowledge the Public once the motion is made and discussed by the Board for their input. The President will recognize speakers who raise their hand. Once recognized, the speaker should move to the side of the board table so comments may be heard, identify themselves by name, and limit their comments to three minutes. Each speaker will have one opportunity to speak on any agenda item. Once the public comment period is over, there will be no additional comments unless specifically requested by the President, or presiding officer, of the meeting.

PUBLIC COMMENT on Non-Agenda Items: Read by Doug Kary

Any member of the public may be heard on any subject that is not on the agenda. Comments are limited to three minutes. You may speak once. The board will not take any action on items at this time but may choose to add the item to the agenda for the next scheduled board meeting.

PUBLIC COMMENT:

Two guests did not make comments because they were regarding agenda items.

MINUTES:

Tom asked to have Item #6 (Annexation) under New Business be removed because the documents were not included in the packet. Frank seconded. Motion passed 6-0.

No discussion.

Minutes from January 14 Consolidation meeting: Tom asked about no minutes being included from the Consolidation meeting that was held January 14. There was lengthy discussion about the Open Meeting Laws and the training the board received by Dan Clark; which entity is to take minutes; and if the CWDBH board members present at the Consolidation meetings are considered a quorum. Doug called for a motion to discontinue the Consolidation Committee. No motion made. Bo said they had gotten the minutes that morning.

Bo previously emailed the board the documents from the Open Meeting training Dan Clark did for the board members which included photos of the overheads. Bo will resend.

Public Comment:

Pam Ellis commented that regardless of legality, the City does keep minutes of sub-committee meetings.

Minutes from January 15 board meeting: Jeff Essman would like to make a motion to correct the minutes. Jeff emailed the correction to the board regarding the last sentence in the Managers Report to read as follows: "Jeff reported that he contacted the law firm of which the person who was reported to have sent the message to determine if in fact, that person had been the source of the message. Jeff was informed that firm was not the source of the Facebook message." Jeff stated that this type of information should not be made public until the authenticity has been verified. Such communications can place the District in legal jeopardy. He believed that was a faithful rendition of the recording of the minutes. Greg seconded the motion.

Discussion: Tom could not support the change unless someone has reviewed the tape. If we are going to go verbatim, it needs to be backed up by the tape. Jeff would withdraw the motion if Director Zurbuchen would allow Jeff to bring it back to the next meeting after he had time to review the tape.

Motion and Vote: Doug asked if Jeff would withdraw the motion, and do a substitute motion to take the board minutes for January 15 for approval in March? Jeff said so moved. Frank seconded. No discussion. Motion passed unanimously.

Frank questioned Item 2 in the minutes under Old Business - Consolidation Study Update. Not much has been happening except trying to get all the information needed. Minutes were also included from the February 5th meeting.

Motion: Doug made a motion to approve the January 5th Special meeting (should be February 5th). Greg seconded. Tom did not attend that meeting so he would abstain from voting

Discussion: Pam commented on the January 15 minutes regarding Interstate Engineering report and the minutes stated they would respond to Lou and Pam's written comment, but they did not respond. Bo said he would follow up and didn't. The other question was why we were paying Interstate to send pipe off for testing. Also, on page 5, Bo stated MOU should be changed to MOA. Pam stated the Resolution states MOU even though it is written correctly as MOA, which wasn't corrected. The Resolution is written correctly, but it is named incorrectly on the website.

Motion and Vote: Doug stated there was a motion and second to approve the minutes from February 5th Special Meeting. Motion carried unanimously with Tom abstaining.

CONSENT AGENDA:

Motion and Vote:

Tom made a motion to approve the Consent Agenda. Frank seconded. No discussion. Motion carried unanimously.

MANAGERS REPORT:

- Staff remained the same. We did see frozen pipes with colder temperatures.
- Non-Revenue water: Buy X and Sell Y. Bo stated water sold for previous years has been fairly consistent. The inconsistency has come from the water purchased. The City has been informed that we suspect something could be wrong with the meter at Swords Park/Walter Pump Station. Bo wrote a non-revenue water policy. AWWA outlined a strategy for water loss. Frank and Bo met with Louis (City). Louis said it would only take a couple of days for installation. Heights Water has volunteered to pay approximately \$16,000. The meter could be connected to our Scata system.
- Financials: Bo pointed out \$174,000 which is part of the Capital Improvement Plan (CIP). It sits there until it is capitalized. Once it is capitalized, it becomes an asset.
- Education and Training: Adam and Josh will be attending the Rural Water School in March. Josh will be presenting the Echologic report at the school.
- NW Transmission Line: Bo will address that under the agenda item.
- Expenses: Water purchased is the highest expense. Meter repair is next. The salary budget is higher than last year because we now have a GM salary. Bo said our expenses are within the budget guidelines. Doug questioned page 17, Payroll Taxes (Item 149) and asked if they are paid quarterly? Frank clarified where they are on the line items.
- Empty lot to the south of our building: Mark Wright would like to build there and asked Bo about a 40' of right of way. There is no other access to the lot. Bo will provide what Mark proposes so the board can review. Tom mentioned that the owner knew the property was land locked.
- New meter for Walter Pump Station: The meter would be in the City's building, they would install and own it. Everything is prepped to go. We are waiting on the information to be provided from Jennifer. Bo estimates \$16,000 for the meter, and another \$16,000 for the Scata System. The Scata System is important so we can see usage 24-7. We would like to have our own Scata System independent from the City. Frank asked if we were paying for the installation or just the meter? Bo stated they hadn't talked about that, but their policy is to have the customer pay for the meter. They purchase and install. Bo also asked for Heights Water to have a key to the building. Greg suggested getting a written agreement to include who owns and maintains the meter. The track record with the City has not been very good. Bo went over the specs of the meter we currently have. The new meter would be a Mag meter that has no moving parts and told the specs of the meter. It would be a win-win for both entities.

Public Comment: Mr. Kaderavek commented there is a weeping wall at Two Moon Park to see where the water is going. Also, when the servicemen go to the Water School, they could check out newer options for GPR.

OLD BUSINESS:

1. **Consolidation Study Update:** Frank and Bo met with the City. There are 25 requests by the consolidation firm. Heights Water has completed all requested items but the City has not. One of the items the consultant asked for the District invoicing for a 12 month period (water sold, cost etc.) to determine the payment tiers, and then how that would dovetail into the City's rate structure. Frank commented that this is the minutes from the meeting yesterday. We are less expensive than the City. Frank thought at the next meeting the consultant would have a report with the District's information.

Public Comment: Dianne Crees stated that most of the customers in the District do not know about the possibility of a consolidation with the City. The Board is supposed to represent the rate payers, and why wasn't there some communication? She also asked who initiated these talks and why? What benefit would it be to Heights Water customers? Doug explained that we don't know yet what the benefit would be until we have the facts, then the Board would notify the public. It was a board decision. She asked if we went to the City? It was not a consolidation. What the board approved was to explore possibilities. Jeff stated that Dianne made a good point. When the study is done, we do need to do some written communication.

Pam Ellis stated that the reason Heights Water rates are lower is because the City has been collecting funds for the West End treatment plant.

2. **NW Transmission Main PER Update:** We had a meeting with Interstate Engineering to review a 128 page proposal. The growth in the Heights for the last five years has been slow. The PER is to identify the projects. We have to look at the budget vs cost components. It would be beneficial for the future of Heights Water. We would like to present this proposal to the Board on March 5 at 5 p.m. at Interstate Engineering. Public notice March 7 and March 14; and a public hearing at the District office on March 19. Environmental March 19. Bo will send a copy of all the dates. A vote would be April 16 meeting. If the board and public approve, we will start the design process April 17. Tom suggested moving the meeting on March 5 from Interstate's office to the District office at 6 p.m. Ming suggested having a Zoom link for the meeting. Jeff asked if they have updated the cost of construction (the pipe and the labor). Bo answered the numbers were for the complete buildout. The proposal is for a section of it, which would be half of the price.

Public Comment: Pam stated the March 5 meeting has to be noticed and open to the public.

NEW BUSINESS:

Item 1: CWDBH Internal Financial Policies and Targets (Resolution 006-25): Bo stated it important to have a guide for the budget process, cash management, internal controls, and debt/equity ratio.

Motion and vote: Tom made a motion for approval. Greg seconded. No discussion by the board.

Public Comment: Pam noticed a typo on page 26: 1.8 (Liquidity Target) – maintain a current ratio of at least 1:5 not 1.5. Bo stated it is not a typo. She noted the policy states that you only invest surplus funds in low risk-guaranteed funds, which is not what we do. Pam said if we adopt this, the funds can not stay in Stifel – money market because that money is not guaranteed. The CD's are. The other

comment was that the policy states we will follow Montana law. Pam said Montana Law states what you can invest in.

Jeff stated he did not like the word guarantee in this policy. I could prohibit us investing in Montana Short Term Investment Pool (STIP). From a technical standpoint, those funds are not guaranteed. They have done well for the District, are available in 48 hours, and he would hate to lose the ability to invest in those funds.

Motion: Jeff made a substitute motion to adopt this policy but strike the word guarantee. Ming seconded. There was discussion about the word guaranteed, and FDIC insured. Doug repeated the motion and Jeff added the words to the original motion: “and adopt the policy”. Vote: Passed unanimously.

Item 2: CWDBH Purchasing Policy (Resolution 010-25): Bo explained the policy for Capital Improvements greater than \$7,500 to be submitted and approved by the board with more than one bid. Jeff thanked Bo for doing all the work on the policies.

Motion: Jeff made a motion to adopt Resolution 010-25. Tom seconded.

Public Comment: Pam did not care for the statement “the final quote will be presented to the board for approval.” This does not comply with Open Meeting Laws. The board would need to see all the bids. Doug made a clarification that the General Manager would present the recommendation, but all bids would be available to the board for review. Pam would like the wording clarified. Discussion was had about the board being part of the operations. Greg recommended acknowledging bids.

Vote: Doug called for the vote on accepting Resolution 010-25 as written. Motion passed unanimously.

Item 3: CWDBH Building Improvements – Garage heater (Resolution 007-25): We would like to purchase of ceiling mounted infrared heater that was originally intended to be installed when the building was built. The price is \$3,487 plus installation. Adam commented there would be a benefit to operations. Doug would be a no vote because he would like more bids.

Motion: Tom made a motion for approval. Ming seconded. Discussion to was to state the total cost of \$6262 to the resolution. Ming stated the price is realistic. Would there be a warranty? Frank asked when it would be installed? We don’t need it right now. Adam commented that Comfort Heating has heater in stock.

Public Comment: None.

Vote: Motion carried with one nay.

Item 4: CWDBH New meter reading equipment (Resolution 008-25 and Item 5: Cellular Endpoints: Bo said our equipment is 15 years old. There is a lot of time spent getting re-reads manually which are all around the District. Bo would like to separate the District into two sections. The technology would be updated and more efficient.

Motion: Tom made a motion to approve the request. Greg seconded.

Discussion: Frank asked if the reads come directly to the office? No, the servicemen drive around the district. Bo explained the other proposal included is the Cellular Endpoint which would allow us to read the meters via cellular means. Frank asked what the major cause of mis-reads was? The batteries in the meters last 20 years. Jeff asked will this be needed for the long-term plan? Bo stated the long-term plan to be phased in over several years. The first phase is \$30,000, cellular, no trucks, read when we want.

Motion and vote: Jeff made a motion to postpone consideration of this resolution until the next meeting. Frank seconded. (Clarification that the motion is for Resolution 008-25.) Vote 5 for; 1 against.

Item 6: Possible Annexation: Item tabled.

Item 7: Finishing Touches janitorial service contract renewal (Resolution 009-25: We received a 20% price increase. This item would fall to the General Managers duties.

Discussion: Frank asked if we don't accept Finishing Touches bid, who is going to clean next month, do we have a contract with them, and do we have notification of cancellation. Greg suggested a contract for a two-year term might get a price break, and to add a cancellation clause. Also, we need to include the schedule of activities. Jeff felt this would be a great exercise from the Purchasing Policy standpoint.

Motion and vote: Frank made a motion to leave this up to Bo as the manager and to see if he can fit it into the office budget. Doug seconded. Motion carried unanimously.

Meeting adjourned at 8:58 pm

March 5 Work Session at the District Office with Interstate Engineering presenting NW Transmission and PER at 6:00 p.m.

Next Board meeting Wednesday, March 19, 2025 at 6:00 PM

Board Secretary, Suzie McKethen

Board President, Doug Kary



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Emergency Meeting Minutes

May 8, 2025 at 6:00 PM

County Water District of Billings Heights 1540 Popelka Dr., Board room

The meeting is open to any interested member of the public. Agendas are prepared for the meetings; the agenda may be requested from the General Manager and are available at <https://heightswaterdistrict.com/agendas-and-minutes>. Agenda packets, due to their size, will not be printed for the meetings or at the public's request. The public can access and view the agenda packet online and print them.

CALL MEETING TO ORDER: President Doug Kary called the meeting to order at 6:00 PM.

WELCOME AND INTRODUCTIONS

Roll call of Board Members present: Doug Kary, Frank Ewalt, Tom Zurbuchen, Jeff Essmann, and Greg Erpenbach

Staff Members present: Bo Andersson and Josh Simpson

Also present: Evelyn Pyburn (YCN), Pam Ellis, Walter O'Fallon, Vickie O'Fallon, Dave Graves, Jennifer Duray, Andrew Reehm, Kristy Savaria

PRESIDENT'S REMARKS: Read by Doug Kary

During the course of the meeting, the Public may be heard before a vote is cast by the Board. The President will acknowledge the Public once the motion is made and discussed by the Board for their input. The President will recognize speakers who raise their hand. Once recognized, the speaker should move to the side of the board table so comments may be heard, identify themselves by name, and limit their comments to three minutes. Each speaker will have one opportunity to speak on any agenda item. Once the public comment period is over, there will be no additional comments unless specifically requested by the President, or presiding officer, of the meeting.

PUBLIC COMMENT on Non-Agenda Items: Read by Doug Kary

Any member of the public may be heard on any subject that is not on the agenda. Comments are limited to three minutes. You may speak once. The board will not take any action on items at this time but may choose to add the item to the agenda for the next scheduled board meeting.

Approval of Agenda; Moved by Doug, 2nd by Tom Unanimous Vote

MANAGERS REPORT:

- 1. Background and current water leak situation**
- 2. EchoLogics Proposal**
- 3. EchoShore-DX information**

4. LeakFinder-ST information**5. Software as a service agreement****NEW BUSINESS:**

Item 1: CWDBH Board fund request for additional Leak detection equipment (Resolution 023-25)

Moved by Frank, 2nd by Greg. Discussion and Public Comments, Vote by Board, 4,voted for and 1 (Tom Zurbuchen) voted against.

2.) motion by Frank, 2nd by Jeff to spend up to \$50,000 under the discretion of the GM to immediately start calling in resources available to the District. Discussion and Public Comment were listened to Vote 4 yes and 1 no (Tom)

Item 2: New rate proposal by the City of Billings

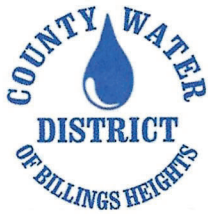
Andrew Reehm, Raftelis Financial Consultants, Inc. presented a summary for the City of Billings proposed rates to the Water District. No action was taken on this information this evening.

Meeting adjourned **at 8:30 pm**

Next Board meeting Wednesday, May 21, 2025 at 6:00 PM.



Board President, Doug Kary



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board Meeting Agenda

June 4th, 2025 at 2:30 pm

Off campus location, Felt Martin 550 N 31st Street Suite 500. Billings, MT

2:37 PM

This Board Meeting is open to any interested member of the public. Agendas are prepared for the meetings; agendas may be requested by email and are available at <https://heightswaterdistrict.com/agendas-and-minutes..> Agenda packets, due to their size, will not be printed off for the meetings or at the public's request. The public can access and view the agenda packet on line and can download them or print them at their own expense.

During the course of this meeting the Public may be heard on any agenda item before the board discussions. The Chairman will acknowledge the Public now for any comments. All public comments will be limited to three minutes. Please identify yourself by name and please spell your last name. Once the public comment period is over there will be no additional comments unless specifically requested by the presiding officer of the meeting.

via Zoom
Call to Order; Time: 2:30 p.m.

Roll Call; Pam Ellis, Greg Erpenbach, Jeff Essmann, Frank Ewalt, David Graves, Doug Kary
AGENDA ITEMS

Oath of Office;

Swearing in of Greg Erpenbach, Pam Ellis and David Graves as elected Board member

Election of Officers:

Board President; Nominations

Doug - David 11
Jeff - Frank 1111

Board Vice President, Nominations

Frank by Jeff 11
Doug by Frank 1111

ADJOURN

Time: 2:45 p.m.

Secretary;

Doug Kary

July 16, 2025

Pledge of Allegiance

CALL MEETING TO ORDER: Director Essmann called the meeting to order at 6:02 p.m.

WELCOME AND INTRODUCTIONS:

Board Members present: President Essmann, Director Kary, Director Ewalt, Director Erpenbach, Director Ellis, Director Graves. Board Secretary Lena Loftsgaard was also present.

Staff members present: Bo Andersson, Josh Simpson

Also Present: Jim Brown, Tim Goodridge, Mr. Odea, Doug Walters, Patricia Walters, Craig Favero, Paul Evanson, Dan Vierthaler, Jim Kane, Karie Kane, Lyle Fogle, Patti Vierthaler, Joyce Engelhardt, Leon Scheeler, Cynthia Finch, Evelyn Pyburn

PUBLIC HEARING ON PROPOSED RATE INCREASE:

- a. Rate Increase Documents (Pg 2-4)
- a. Resolution 027-25 (Pg. 5)

Dir. Kary moves to adopt the proposed rate increase. Dir. Ewalt seconds the motion.

Mr. Andersson describes the proposed rate increase. Discusses the components to an individual's monthly charge, a volumetric component and the service line fee. The new proposed rate would increase the volumetric component in response to the City of Billings new rates charged for delivery of water to the District.

Public Comment:

Jim Brown says City of Billings has been working on the water plant for several years. He says the City has been incrementally increasing the rates whereas the Heights has not. He asks why the Heights did not act similarly.

Tim Goodridge is opposed to a rate increase. Says he can understand the reasoning behind the increase but disagrees with the idea that he should pay more for the same water, especially compared to the rate paid by ratepayers in Billings. Mentions that he believes that this is only the first increase of several to come.

Mr. ODea. Opposed to the rate increase. He agrees with Mr. Goodridge and says it is poor planning on the City Council's part.

Doug Walters disagrees with the increase. He wants to know why we are paying for something going in on the West side of town. He asks if we will be charged if something goes in in Laurel too.

Patricia Walters says that her husband and her are retired and live on social security. They cannot pay any more for water, especially after her social security check was lowered. The rate increase is only the beginning.

Paul Evanson says that there needs to be better planning in the future. He believes things were not well thought out and now the people are stuck paying for these rate increases.

Craig Favero states that he worked for more than forty years in construction, much of that was for municipal projects which involved water infrastructure in the heights. He says he has a good idea on the costs of infrastructure. He thinks the City has been getting a break as the Heights funds its own infrastructure, but the water rates for the City as a whole includes the costs of infrastructure in the rest of the City. He believes that since the Heights has paid for its own infrastructure, it is unfair that our rate payers should have to also pay for the City of Billings. He thinks that the Heights is not being dealt with fairly by the City.

Dan Vierthaler says he has lived in his home for twenty-five or more years. It was just a field when he moved in, now, after a lot of effort and money it is a nice lawn. His highest utility concern is his water bill. His family has discussed moving to the West End in order to avoid the Heights water rates. He has looked into alternatives and cannot find a good solution. He also asked about the tiered system. Why is it the more water you use, the more you pay?

Discussion on the motion

Dir. Ellis says our rates are currently significantly higher than the City of Billings. The Heights rate for the meter rate is \$19.70, the City pays \$8.75 which is a 225% difference. Legally, the City cannot charge us for infrastructure that doesn't directly benefit us. Dir. Ellis mentions that the tier system was theoretically designed to encourage conservation, but it does not work. She also says that our system development fees are dramatically higher than the city. Businesses say that the Heights water rates are a barrier to development in the Heights. She says she will vote "no" on the rate increase as she does not believe it will be necessary.

Dir. Kary disagrees with Dir. Ellis. He states that the base rate for the City of Billings is less, but they have significantly more meters than the Heights which makes the comparison misleading. He asks what the solution is, if not the rate increase. Will we take money out of the ten million dollar set aside? He says the City of Billings has built the new plant and it will service us. The issue was pushed off for years and pushing it off further will not solve the problem.

Dir. Ewalt talks about the cost of the infrastructure. He says the city doesn't pay for the infrastructure; the developer pays for it. The City only maintains after the infrastructure is put in. The cost of pipe is roughly 3.3 million dollars per mile. There are more than five miles of pipes in the Heights. If the District has to replace a line on Main Street, it will likely cost everything in the ten-million-dollar emergency fund. He also mentions that Montana is technically a desert, making a nice, green lawn less reasonable. This is part of the reason for the tiered system.

Dir. Erpenbach says that he has been worrying about the Heights Water District's operation. He will vote yes on the rate increase, but he will also work to lower operational expenses.

Dir. Graves asks about the ten million dollars in reserves. He asks about what happens to that fund if we go forward with consolidation as consolidation with the City Of Billings was mentioned multiple times.

President Essmann says that it would be highly dependent on negotiations if there is interest on their part which we have not seen yet.

Dir. Graves also mentioned that Laurel increased their rates over the last several years. We are not the only ones.

President Essmann says that the Heights water board is in a difficult position. Mentions a grey water system as a possible option for lawn maintenance. He is concerned about the cast iron pipes in Main Street. Recent tests have shown that some of our piping may be in poor condition. Neither the current board nor the board manager were here when these choices were made or the contract with the City was entered into.

Dir. Kary responds to the public comments. Mr. Brown had asked why they weren't put in before. Dir. Kary asks what he meant by before? He explains that the City could not legally charge the Heights until the new plant went into use. Previous boards decided not to increase rates like the City did. This is why the rate did not increase earlier. Mr. ODea asked about the tier rate. Dir. Kary responds that the incentive of the tier system is designed to help conserve water. To the Walters he says we will start paying for the West end as the facility will start providing water for the Heights.

Dir. Ewalt says that we recently received information from the city that they will be working to rebuild Wicks from Hawthorne to Bitterroot over the next few years. He says it will take three years with the new increase to pay for replacement.

Dir. Graves says in the past there were rate raises enacted that did not include a public hearing, the hearing is a step in the right direction.

President Essmann moves to separate the bulk water increase of 12.2% so that he could recuse himself from voting on the issue due to a potential conflict of interest. Seconded by Dir. Ewalt.

Dir. Ellis states that at the last meeting the board voted not to include system development fees or fire line fees in the rate schedule. Those were removed and the board should not be voting on them.

Vote on the volumetric rate increase of 12.2% on bulk resale customers: Dirs. Erpenbach, Ewalt, and Kary approve. Dirs. Ellis and Graves oppose. Motion passes 3-2

Vote on the balance of the Volumetric Rate Increase: Dirs. Erpenbach, Ewalt, Kary, and President Essmann approve. Dirs. Ellis and Graves oppose. Motion passes 4-2

JULY 16 BOARD MEETING

Public Comment on Non-Agenda items

Tim Goodridge asks about the consolidation item on the agenda. He says from his point of view, consolidation seems like the best long-term solution.

Jim Brown agrees that consolidation looks like the best option at the moment due to previous mismanagement of the District.

Lyle Fogle states that the Independent Subdivision he lives in is at least thirty years old and the fire plugs have never been tested. He brought up this concern at a board meeting three or four years ago, but his concerns were never addressed. He asks when the fire plugs will be tested.

President Essmann says that it is on the agenda and that the Board manager will discuss it in his report.

Approval of Minutes

Motion to approve June 18 Minutes by Dir. Ewalt, seconded by Dir. Graves.

Ellis moves to withhold voting on June 18th minutes until the next meeting so they can be corrected.

Vote Ellis moves to withhold voting on June 18th minutes until the next meeting so they can be corrected. Seconded by Dir. Erpenbach.

Motion approved unanimously.

Consent Agenda

Dir. Ewalt Moves to approve all items except the Interstate Engineering prepaid bill, item #1. Seconded by Dir. Erpenbach.

Dir. Ellis asks to separate the report from Stifel.

Dir. Kary moves to approve consent agenda items 2, 3, 4, 5, and 7. Motion seconded by Dir. Ewalt.

Vote to approve consent agenda items 2, 3, 4, 5, and 7: Motion unanimously passed.

Dir. Ewalt talks about Interstate Engineering Invoice 58406. The bill received was for \$25,000 to do the second connection engineering again. He asks why it is so much when the only change is moving from a double check valve to a single valve. Why are we paying to redo the study?

Mr. Andersson says that he had a meeting to discuss the bills with Interstate Engineering. The Heights had them change a few things. Hydraulics is the major hang up. We still do not have them from the City.

Mr. Simpson says that in 2024 the modeling wasn't done because it wasn't feasible. Now they have to readdress it.

Further discussion was had about the charges on the Interstate Engineering bill.

Dir. Ewalt moves to defer Interstate Engineering invoice 58406. Dir. Graves seconds.

Vote to defer Interstate Engineering Invoice 58406: Motion passed unanimously.

Dir. Ewalt asks why Interstate Engineering invoiced us invoice 58407

Mr. Andersson says that that is part of the adjustments.

Dir. Ewalt moves to defer invoice 58407 until next month. Second by Dir. Erpenbach.

Vote to defer Invoice 58407 until next month: Motion passed unanimously.

Dir. Ellis moves to transfer funds from the CDs that come due for Stifel into the STIP fund. Seconded by Dir. Kary.

Vote to transfer funds from the CDs that come due for Stifel into the STIP fund: Motion passed unanimously.

Dir. Ewalt mentions a repair item from Blue Creek Excavation for a repair on Pemberton and Wicks. There is no possible way to be on Pemberton and Wicks.

Dir. Essmann asks the General Manager to produce the invoices for the next meeting as there seems to be some clerical errors

Mr. Simpson says he will check on it.

Manager's report: Bo Andersson

Mr. Andersson says that they think we will find a few more leaks. The non-revenue water was around 20% for 6 years. The nationwide average is roughly 16-17%. We are currently aiming for 11.4% which is what we had in May and June.

Dir. Ewalt asks about the newest leak found at 2244 Main. He asks how many leaks will have to happen before we consider replacing lines on Main Street.

Mr. Andersson says that there will almost certainly be additional leaks found on Main. Our biggest problem is with our service lines. There is now a program in place to check the Hydrants every year.

Dir. Kary asks about when they will get out to check the area out by Independence School Subdivision.

Mr. Simpson says they are going page by page through the atlas, odds and evens by two teams, but is not sure exactly where that area is on the list.

Further discussion was had regarding timelines for hydrant checks and excavating AC pipes identified by Echologics in West Wicks and Hilltop to confirm the accuracy of Echologics testing and the condition of the AC pipes. The Assistant Manager said he would schedule the locates so that the excavations could be scheduled.

Old Business:

Item # 1: Consolidation Study Progress Report

Dir. Ewalt discussed the meeting on the 14th regarding the consolidation study. He reviewed the schedule:

- Discussion of Financial Consideration Preliminary Information at Teams Meeting (week of July 14)
 - Comments from District/City Due July 16
- Incorporation of comments into TM – July 22
- Draft Consolidation Report – July 31
 - Comments from the District/City due August 7
- Final Consolidation Report – August 15
- Presentation at District Board Meeting – August 20

Discussion was had regarding the best venue for the meeting on August 20th

Dir. Ellis suggests the board send out a postcard to all ratepayers to inform them about the consolidation study meeting.

Item # 2: City rate review

- a. Raftelis Invoice 39576 (Pg. 46)

Mr. Andersson says that it looks like the Heights will be charged for the West end plant before the plant begins to provide value to the district, which would be illegal. When the asset is put in place, it can be depreciated. When it is not in use, it cannot be depreciated.

President Essmann says that they will likely need someone to negotiate the contract.

Dir. Ewalt asks if we would be better off having our attorney or Raftelis look at the contract.

Pres. Essmann agrees that it would be good to go straight to the attorney.

Mr. Andersson says that we have to get the facts. He does not recommend calling the attorney at this point.

President Essmann says he is willing to wait more information.

Further discussion was had regarding the attorney and the potential next steps

Dir. Ellis moves to require an itemized bill from Raftelis. Dir. Erpenbach seconds.

Vote to require an itemized bill from Raftelis: Dirs. Ellis and Erpenbach in favor. Ewalt, Kary, and Graves against. Motion dies 2-3.

New Business:

Item #1 RTP for Rate Study (Pg. 47-50)

a. Resolution 028-25 (Pg. 51)

Dir. Kary moves to consider Resolution 028-25. Second by Dir. Erpenbach.

Dir. Ewalt believes that this resolution is premature by at least a month.

Dir. Essmann says that the rate has some problems.

Further discussion was had regarding RTP for the Rate Study.

Dir. Kary withdraws his motion.

Item #2 Appoint a committee to study use of GPS System to develop data on use of GPS System to develop data on use of District Vehicles.

a. Resolution 029-25 (Pg. 52)

Dir. Ewalt moves to accept resolution 029-25 (Pg. 52) seconded by Dir. Kary.

Public comment: None

Dir. Ellis says it is a great idea. It is standard procedure for government vehicles to have GPS tracking.

Vote on Resolution 029-25: Motion passed Unanimously.

Mr. Andersson says that he sent an email regarding his disagreement with the motion. He says that the issue is more of an administrative issue than a board issue.

Dir. Ellis makes a Point of order as the time for discussion has passed.

Item #3 Appoint a committee to study use of Preferred Provider Plan for employee health plan

a. Resolution 030-25 (Pg. 54)

Dir. Ellis moves to approve Resolution 030-25 (pg.54). Seconded by Dir. Erpenbach.

Public Comment: None

Dir. Ellis says that our employees have nearly triple the benefits than the city employees receive. To pay for our portion of the West End water plant, we can either raise the rates or cut our expenses. She says it is important to look at where we can save.

Dir. Kary says that he saw on the news that they expect a 7% increase this year nationally on insurance.

Dir. Ewalt clarifies that this resolution is just a study to look into the issue. He is in favor of seeing where we can save some money.

Vote to approve Resolution 030-25: Motion passes unanimously.

Dir. Ellis moves to send postcards to all ratepayers to inform them about the August consolidation report meeting. Seconded by Dir. Erpenbach

Public comment: None

Dir. Ewalt says that dates are tentative. He asks if we will send out additional postcards if the timeline changes.

President Essmann agrees that deadlines have not been consistently hit.

Dir. Ellis says that they don't need a date, can they send out postcards when a date is decided.

Further discussion was had regarding the timeline.

Vote to send postcards to all ratepayers as soon as we know the date of the meeting: Motion passes unanimously.

Dir. Ewalt asks to stop chain emails as information gets lost.

Items for future Board Meeting:

1. Potential Revision of Resolution on Fireline charges
2. Preparation and approval of Employee Handbook
3. RFQ for Audit of FY2025 Financials

Announcements:

August Board meeting will be @ 6:00 pm on August 20th, 2025

ADJOURN 8:26 p.m.



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

August 20, 2025 at 6:00 PM

County Water District of Billings Heights 1540 Popelka Dr., Board room

Pledge of Allegiance

CALL MEETING TO ORDER: President Essmann called the meeting to order at 6:00 p.m.

WELCOME AND INTRODUCTIONS:

Board Members present: President Essmann, Director Kary, Director Ewalt, Director Erpenbach, Director Ellis, Director Graves. Board Secretary Lena Loftsgaard was also present.

Staff members present: Bo Andersson, Josh Simpson, Adam

Also Present: Evelyn Pyburn, Nancy McManus, Ed Melcher, Ming Cabrera, Joyce Evanson, Paul Evanson, Butch Baily, Dan Vierthaler, Mike Macki, John Odea, Andrew Reid (Via Zoom)

Public Comment on Non-Agenda items

Mike Macky asked about how the consolidation meeting got changed to this meeting.

Dir. Essmann responds, saying that there was no change. The consolidation meeting will likely be held in September or later. He mentions that the meeting times and agendas are posted on the website a week before.

Ming Cabrera claims that the meeting was posted to happen at the senior center. He says that the merger would result in a forty-year lawsuit. People will worry about their SIDs.

Dan Vierthaler Passed out an outline of his comments for his meeting. He discussed a letter he had sent to the board. He went over the key concerns he had and requested several safeguards to be put in place should the board go forward with the merger. He also requested that the board release all financial records and studies that are produced.

Nancy McManus stated that she agreed with several of Dan Viethaler's points and appreciates that there will be open dialogue about the needs of the ratepayers and the transparency of the board

Agenda Approval

Dir. Essmann said that he received a request from the general manager to move item #2 on the agenda to item #1 and asks for a motion.

Dir. Graves moves to change item #2 to #1. Seconded by Dir. Ewalt.

Vote to change item #2 to #1: Motion was unanimously approved.

Approval of Minutes

- Board minutes July 16th, 2025 (Pg. 3-9)
- Board minutes June 18th, 2025 (Pg. 10-14)

Dir. Ellis moves to approve June 18th as corrected. Dir. Kary seconds.

Dir. Ellis says that it was sent to the county uncorrected and we need to ensure that the corrected ones are sent in.

Vote to approve June 18th as corrected: Approved unanimously.

Dir. Ellis moves to approve July 16th minutes. Seconded by Dir. Erpenbach.

Vote to approve July 16th minutes: Motion unanimously approved.

Consent Agenda

Dir Ellis requests to separate items #1, #2, and #6.

Dir. Ewalt moves to approve agenda items #3, # 4, 5, and #7. Dir. Kary seconds.

Vote to approve agenda items #3, # 4, 5, and #7: unanimously approved.

Item #1 Prepaid Bills for approval

Dir. Ellis asks about item #1. She says in July we withheld invoices 58406 and 58407, because several board members had questions and that they were told the General Manager was negotiating a reduction in some of those charges. She asks for a status update.

Mr. Andersson says we were issued credit.

Dir. Ellis asks that all the information be included in the September agenda.

Item #2 Balance Sheet.

Dir. Ellis says that our balance sheet shows refunds payable of \$10,523.79. She believes that represents deposits collected from ratepayers and never returned to them. She asks if this is an accurate representation. She also states that she doesn't believe that legally we can keep that and it should go to the state.

Mr. Simpson says deposits are already done. The refunds payable is from a billing issue. A meter got changed, a multiplier was put in incorrectly and the bill was multiplied by ten. It got sent out as the large bill, but we caught the mistake. It had to be shown as a refund for accounting purposes when the bill was corrected to the actual amount. The ratepayers never paid the higher amount, but the adjustment is put in that way.

Item #6 Stifel Statement.

Dir. Ellis says \$536,499 in a Stifel smart rate fund which is not FDIC insured and pays 1% less than STIP. She wants to make a motion to move the money from Steifel to STIP.

Dir. Essmann says that should be taken up in Old Business.

Dir. Ellis also asks about \$322,476 in mutual funds. She says Stifel has high charges on mutual funds as well as other charges. There are also two CDs that she thought we were transferring as they came due. There was one that came due July 28th and was moved to Stifel on August 5th. There is another CD that came due August 4th that we have yet to move. Dir. Ellis says she will bring these issues up in old business.

Dir. Kary moves to approve items #1, #2, and #6. Second by Dir. Graves

Dir Ewalt makes a substitute motion to approve items #1 and #2 and to move item #6 to old business. Second by Dir. Ellis.

Vote to approve items #1 and #2 and to move item #6 to old business: Motion passed unanimously.

Manager's report: Bo Andersson

1. Monthly Report (Pg. 34-51)

Mr. Andersson asks Andrew Rheem of Raftelis to explain his proposed plan to tackle the city's rate report.

Mr. Rheem explained his background, the theoretical timeline, and the plan going forward. He says that the district has been meeting with the City. The City Council considered the purposed water rates and included adjusted rates that went into effect July 1st, 2025 and an increase that will go into effect July 1st, 2026. There are two main concerns about the calculations for the district service. The first is the timing of when assets are included in the rate calculation for the Heights District. It seems that the City is recognizing those costs earlier than they should. The second concern regards how the peaking factors and units of service are incorporated in the second year. Mr. Rheem and his firm believes what they are doing is incorrect and it is distorting how the units of service are being applied. The next step is to informally initiate a clause within the contract that allows for arbitration. The process would take roughly three to four months.

Dir. Ellis says the process was very different with the two refineries over sewer issues. They wrote out exactly what their concerns were. We have two pages with only two unique paragraphs. The rest was pulled from our contract. She asks about his disagreement with the timing of assets and where in the AWA manual does it say they can't depreciate it until it is complete. She wants a memo from him that references the AWA manual.

Mr. Rheem responds, saying that you shouldn't necessarily air all of your complaints at a board meeting. Arbitration is set up for two sets of experts to present their cases. Then the independent arbitrator takes that information and compares it to the manual. There is a process to getting a decision and there are advantages to not arguing the complaints in a public setting.

Mr. Andersson says he contacted Jennifer early on asking if we could be included in the wastewater dispute and it would not work.

Dir. Ellis says they solved the problem openly and publicly.

President Essmann asks how much money the board will have to spend.

Andrew explains how his firm will generate the report. Says it is uncertain what the other party will do. He posits that it will be around \$75,000.

Further discussion was had regarding the previous rate studies and costs of going forward with arbitration.

Manager's report continued:

Mr. Andersson says the ratepayers should know that if we are not successful, we will pay 1.8 million a year. We are trying to reduce the rate. If we are not successful it becomes an annuity.

Dir. Ellis says the report says we need more money despite 12.2 rate increase. That number should be corrected to 12.5. She also says that converting the audio file to post with the agenda should not be a big problem.

Old Business:

1. Consolidation Study Progress Report

Dir. Ewalt talked about the July 16th meeting. What was gone over was a work in progress with a lot of numbers. The City has not been quick to give us their input. We are waiting for the information from the City, the lack of communication has slowed everything down.

2. Report of GM on Capital Equipment Replacement Policy

Mr. Andersson discussed the proposed policy. He says that Dir. Kary and him have put a lot of work into this. They are following the City's outline and acting based on President Essmann's input. Schedule on Pg. 54. Proposed policy on Pg. 52, Resolution 032-25.

3. Report of Committee to study use of GPS System to monitor District

Equipment use -Director Ewalt

Dir. Ewalt discusses his and Dir. Ellis' work researching GPS systems and suppliers. They went over several possible companies. They found that Samsara is likely the best choice.

Dir. Graves asks how much it will cost.

Dir. Ewalt says \$19.50 per month per unit.

Dir. Kary asks where the committee got the authorization to order the piece currently sitting in the office.

Dir. Essmann said that it was not authorized.

Dir. Ellis says that two companies offered to send equipment for us to test, we said yes to Samsara.

Dir. Graves asked how much equipment will cost upfront.

Dir. Ewalt responds that equipment costs are included in the monthly cost of \$19.50.

4. Report of Committee to study use of Preferred Provider Plan for employee health plan – Director Erpenbach

Dir. Erpenbach says the committee has not met yet, but has been gathering information on the existing plans. There will be a meeting will be scheduled soon.

Discussion on Item #6 from the Stifel statement from the consent agenda.

Dir. Ellis moves to moves to transfer all the funds from the CD that matured on August 4th totaling \$100,000, all the money from the mutual fund totaling \$322,476.40, and all of the money from the Stifel smart rate totaling \$536,499.99 to STIP. Dir. Erpenbach seconds.

Dir Kary says that he believes that \$500,000 is for monthly expenses.

Mr. Andersson asks about what the numbers are.

Dir. Ellis says that it is not FDIC ensured and therefore not legal.

Further discussion was had regarding the optimal investment rate.

Dir. Ellis moves to amend her previous motion to transfer all the money from the mutual fund of \$322,476.40 and all of the money from the Stifel smart rate of \$536,499.99 to STIP. (removing any reference to the CDs from August 4th. Dir. Erpenbach agrees to the amendment.

Public comments:

Ming says we have large bills to pay that we have to pay. He says this will take options away from the General Manager to run the business. He says the board should leave the money be.

Vote to transfer all the money from the mutual fund totaling \$322,476.40 and all of the money from the Stifel smart rate totaling \$536,499.99 to STIP.: Dirs. Ellis, Erpenbach, Ewalt, and Essmann approve. Dirs. Kary and Graves oppose. The motion passes 4-2.

New Business:

Item #1: Commence arbitration of differences with City on Water Rate

a. Resolution 032-25 (Pg. 56)

Dir. Kary Moves to put Resolution 032-25 forward for discussion, seconded by Dir. Essmann.

Dir. Kary says he does not believe that the board is knowledge enough to argue this case themselves. He believes it will be worth bringing in a professional.

Dir. Ellis states that she will vote against the resolution. She says there is a fundamental misunderstanding that this can be discussed privately. There are open record laws. The arbitrator will be costly.

Dir. Ewalt says he has reservations about Raftelis. He says he would not hire them himself.

Public comment:

Dan Vierthaler says the board are not experts on this and they should rely on the experts. He also asks if there are other services that could be considered as the board clearly has reservations.

Ming Cabrera says we should have gone with Raftelis eight months ago. The board's indecision caused lost revenue. He says to let Raftelis do its job and mediate with the city.

Dir. Essmann responds that under our contract, unless the parties engage in sidebar discussions to negotiate a settlement, the arbitrator is limited to siding with one side or the other and will not be a negotiator.

Mr. Andersson says his job is to give as much information as possible so the board can make the best decision. This consultant has previously beat the city. Unless we can win, the district will be in limbo. He urges the board to hire Andrew Rheem of Raftelis.

Mr. Macki says that if number and figures are too much they really need to hire an expert to take out the guessing.

President Essmann states that there is a lot of money at stake. This is a slim shot, but it's the only one we have.

Vote to adopt Resolution 032- 25: Commence arbitration of differences with City on Water Rate. (Pg. 56): Dirs. Essmann, Kary, Ewalt, Erpenbach, and Graves approve. Dir. Ellis opposed. Motion passes 5-1.

Item # 2: Capital Equipment Replacement Policy (Pg. 52-54)

a. Resolution 033-25 (Pg. 55)

Dir. Kary moves to approve Resolution 033-25: Capital Equipment Replacement Policy. Dir. Ewalt seconds

Dir Ewalt asks if the resolution states that we will set a certain amount of money aside per year in order to pay for replacements in cash rather than taking out a loan.

Mr. Andersson discusses depreciation. He explained that since the water district is a nonprofit organization, we fund our depreciation. In a private business, depreciation gets deducted from the income tax, but the district does not pay income tax. He says that the money is there for the replacement.

Dir. Ellis mentions that the policy is based on the City's equipment plan. All of the departments in the city have to put a certain amount of money aside to pay for equipment replacements in cash.

Dir. Kary says he went outside of the City and checked a number different government entities and found that they all essentially worked the same way.

Vote to adopt Resolution 033-25: Capital Equipment Replacement Policy: Motion unanimously passes.

Item #3: Adopt GPS System to monitor District equipment and appoint a committee to propose a policy for its use.

a. Resolution 036-25 (Pg. 59-60)

Dir. Ewalt moves to approve Resolution 033-25. Dir. Ellis seconds.

Dir. Kary says he will vote against the motion on principle, because of the way it was handled.

Dir. Graves says he will also vote against it.

Mr. Andersson states that Dirs. Ellis and Ewalt did good work on the project. Mentions that the GPS may help encourage less mileage which will lower costs.

President Essmann says they are characterizing the opinions of the board.

Dir. Ellis read a comment from the district's insurance agent: "GPS tracking systems are becoming more widespread for business practice. Some transportation industries already require this system to help minimize claims and track driving habits. It is highly supported by the insurance industry. At this point there is no discount that the service would be communicated to your insurance provider for future auto rate renewal discussions."

Further discussion was had regarding the benefits and drawbacks of Samsara and GPS.

Public comment:

Paul Evanson says he runs a small business, and all of his trucks have GPS, not necessarily to track his employees, but to protect them. More of a safety issue than a trust issue.

Ming Cabrera stated that the GPS idea came up because a former employee took her child to school. He says that we are a small enough entity that GPS should not be necessary.

Adam says that the City didn't put GPS in every truck, only problem trucks. Later they put GPS in additional trucks to see who's closest to an issue when a need arises.

Vote to adopt resolution 036-25: Adopt GPS system to monitor District equipment and appoint a committee to propose a policy for its use: Dirs. Essmann, Ewalt, Erpenbach, and Ellis approved. Dirs. Kary and Graves. Motion passes 4-2.

Item #4: Adjust employee wages and adopt a Performance Rewards Program

a. Resolution 031-25 (Pg. 61-63)

Dir. Ewalt makes a motion to adopt resolution 031-25 excluding the performance rewards program. Seconded by Dir. Erpenbach.

Dir. Ewalt says that the performance incentive is unnecessary. It would be like giving a 4% raise rather than 3%.

Dir. Ellis asked Mr. Andersson about a revision of staff layout where Jennifer Burnside and Clay McCaffree were promoted. She asked if there was a change in their salaries.

Mr. Andersson says there was no change in job title or salary.

Public comment:

Paul Evanson says he has an issue with the percentage of the rate increase. He found the National average to be 3.5. He says the wage is a little excessive. He also mentions that the benefits Heights employees receive are more than the City's plan, careful of disgruntled employees when their benefits are cut if the merger goes forward.

Dan Vierthaler says it is also costly when employee morale is down. There are savings to be had with an efficient, motivated team.

Mr. Simpson asks about the adopted budget. Budget was four percent and now its gone to three.

When the preliminary budget was presented for the year, employee salary wages were at 4%. The justification for that was based on the City's collective bargaining agreement. We are budgeted for 4%. He points out that the 1% is still in the budget.

Dir. Essmann agrees that the 1% is still in the budget and could theoretically be awarded at a later date. The motion on the floor is for a 3% increase retroactive to the beginning of the fiscal year.

Dir. Ewalt says when comparing it to the City's increase we have to take the City's health benefits into account. You can't get the good without the bad.

Further discussion was had regarding potential incentives and the up to date non-revenue water rate.

Dir. Graves agrees that you have to include the health insurance in this decision.

Vote to approve modified resolution 031-25: Adjust employee wages: Unanimously passed.

Item #5: Approve the replacement of two District desktop computers (Pg. 64-68)

a. Resolution 034-25 (Pg. 69)

Dir Graves moves to approve Resolution 034-25, second by Erpenbach.

Dir. Ellis says that the contract has the assistant manager's signature, but it should be Board president's signature.

President Essmann says they will fix that.

Vote to adopt Resolution 034-35: Approve the replacement of two District desktop computers:

Motion passes unanimously.

Item #6: Accept settlement offer on hail damage to District vehicle from June storm (Pg. 70-78)

a. Resolution 035-25 (Pg. 79)

Dir. Kary moves to approve Resolution 034-35. Dir. Graves seconds.

Dir. Ewalt clarifies that they will pay us \$19,680 to buy our vehicle or \$14,680 if we keep it. The vehicle is worth \$20,000, why not try and sell it to make a profit.

Mr. Simpson says that there will be a salvage title on it that may impede the sale.

Further discussion was had regarding the possible sale.

Vote to adopt resolution 035-25: Accept settlement offer on hail damage to District vehicle from June storm: Dirs. Kary, Erpenbach, Ellis, and Graves vote in favor. Dirs. Ewalt and Essmann opposed. Motion passes 4-2.

Items for future Board Meeting:

1. RFQ for Audit of FY2025 Financials
2. Potential for revision of Fireline Policy to provide better clarity
3. Preparation and approval of Employee Handbook
4. Approval of Bid policy for replacement of one Service Truck

Announcements:

August Board meeting will be @ 6:00 pm on August 20th, 2025

ADJOURN 8:14 p.m.

Board Secretary,

Board President, Doug Kary



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

September 17, 2025, at 6:00 PM

County Water District of Billings Heights 1540 Popelka Dr., Board room

Pledge of Allegiance

CALL MEETING TO ORDER: President Essmann called the meeting to order at 6:00 p.m.

WELCOME AND INTRODUCTIONS:

Board Members present: President Essmann, Director Kary (via Zoom), Director Ewalt, Director Erpenbach, Director Ellis, Director Graves. Board Secretary Lena Loftsgaard was also present.

Staff members present: Bo Andersson, Josh Simpson

Also Present: Evelyn Pyburn, Mark Koerber

President's Remarks:

President Essmann discussed feedback he had received from the public who felt that their questions were not being answered. He stated his intention to improve moving forward.

Public Comment on Non-Agenda items:

None.

Agenda approval

President Essmann makes a motion to delete item #2 under New Business, RFQ for Audit of FY2025 Financials (Pg. 86-99). He says that RFQ means request for qualifications. He feels that that would mean that you would advertise, make the availability known, and solicit interested parties. What we have is a resolution already signed by the party that has done the audits in the past. He wants us to go through the RFQ process and see if there is any interest out there and to get the financials cleaned up. He believes that we would benefit from a fresh view of the financials.

Dir. Ewalt seconds.

Dir. Ellis states her agreement.

Josh Simpson mentions that there might not be enough time to do the RFQ and turn in the documents by their due dates.

Dir. Ellis mentions that the audit does not necessarily need to be complete by the due date. The state only requires the opening balance by the date.

Bo Andersson says that the audits need to be timely, accurate, and verifiable. He agrees with the president that we need to review the way the audits are made.

Dir. Erpenbach says he believes that we do need an audit to keep people honest and to assist in future ventures. He is in favor of getting another party to do the audit.

Vote to delete item #2: RFQ for Audit of FY2025 Financials: Motion passes unanimously.

Dir. Ewalt moves to remove item #1 under new business, Approval of Second Metered City Connection (Pg. 79-84).

President Essmann seconds for discussion.

Dir. Ewalt says we paid for three options from Interstate Engineering. The option in the resolution is the only one with a price associated with it. He looked at the other two options and found things he liked in the second option. He doesn't want to vote on one without examining all three options that we paid for.

Dir. Ellis says that she doesn't believe that we have received a price quote on any of the plans. We have already spent thousands of dollars on their studies and modeling. She would feel more comfortable if we got a second opinion from a second engineering firm.

Bo Andersson says the original was pegged at \$930,000. He highlights the benefits of the option to be voted on in the resolution. He thinks the worst thing the board could do is make no decision. He mentions that he and Josh Simpson discussed the options, and they preferred the scenario in the resolution. The other options do not come close cost wise.

President Essmann says he will support the motion to delete this item as he is unimpressed with the process. District staff and Interstate engineering have input, but the board has not. He believes that the board has not been given the information necessary to properly evaluate the best course of action.

Dir. Ewalt says he read over the report that Bo Andersson sent to the board. He asks to clarify that the report said that the new installation would support the area for twenty years.

Bo Andersson responds that all three scenarios would solve the issue. It boils down to the cost, timing, and convenience. He has had discussions with them. He will suggest that Interstate engineering make a presentation of the three options.

Further discussion was had regarding the board's frustration with the lack of cost information provided.

Vote to delete item #1 under new business: Motion passed unanimously.

Dir. Kary suggests that the board should put a date on this.

President Essmann agrees and says that it should be done by the next board meeting.

Approval of the minutes:

Dir. Ewalt moves to accept the August 20th minutes. Second by Dir. Graves.

Dir. Ellis mentions several corrections she would like to be made to the minutes.

Ellis moves to approve minutes with clerical amendments. **Second by Dir. Erpenbach.**

Vote to approve August 20th minutes with clerical corrections: Dirs. Essmann, Ewalt, Erpenbach, Ellis, and Graves approve. Dir. Kary opposed.

Approval of Consent Agenda:

Ewalt asks to separate item #2.

Ellis asks to separate Item #1

Dir. Ewalt moves to accept consent agenda items 3-9. Seconded by Dir. Graves.

Vote to approve consent agenda items 3-9: Motion passed unanimously.

Dir. Ellis asks about Item #1 Prepaid bills. The last few months there have been several charges for lead and copper testing. She asks if that is for any federal purpose.

Josh Simpson says that they are done every three years.

Dir. Ellis also asks about the expenditure on meters. Last year we spent \$2,300 and this year we budgeted \$117,000. She asks if that is because the meters are failing.

Bo Andersson says that much of the difference is because many of the batteries are reaching the end of their twenty-year life cycle.

Dir. Ellis asks if we know how many meters are reaching the end of that twenty-year life cycle.

Josh Simpson says it's around 15-25 a month that are failing. He mentions that he has to order the batteries ahead of time. We are sitting on more inventory than we would typically need to.

Further discussion was had regarding the life of the batteries and the possible implementation of a schedule to replace them.

Dir. Ellis also mentions that we have an item for \$2948 to pay for an AWWA membership for two employees, Josh and clay. She asks whether this is a necessary purchase.

Bo Andersson says it's a corporate membership and you get two members for free. Two names needed to be assigned. It's not a membership for the two employees, rather the employees' names happened to be the ones used for the membership.

Dir Ewalt moves to approve Item #1 Prepaid bills on the consent agenda. Dir. Graves seconds.

Vote to approve Item #1: Prepaid Bills on the Consent Agenda: Unanimously approved.

Dir. Ewalt wants to know why we are paying Interstate Engineering for leak detection. He asks why we don't get the guy who found the last leak. He is not impressed with the way Interstate has been dealing with us.

Bo Andersson responds that he agrees with Dir. Ewalt. He has noticed odd charges from Interstate Engineering such as a charge for them reading our reports. We have to be more careful when contacting Interstate without a task order.

Dir. Motion to approve item #2 on the consent agenda.

Dir. Erpenbach says the board needs to set up a formal change order process for Interstate Engineering. Further discussion was had regarding Interstate Engineering and the possible implementation of a new, formal task order system.

Dir. Ewalt moves that we do not pay the bill from Interstate Engineering until the general manager has had a chance to talk with Interstate and remove the charges that are not justified. Seconded by Dir. Ellis.

Vote to hold off payment to Interstate Engineering until the general manager can discuss removal of the unjustified charges on the invoice: Motion unanimously approved.

Manager's Report: Bo Andersson

Bo Andersson talks about the district's current assets at \$10.5 million versus the Liability at \$76,000. He thinks we should hire someone to manage the Height's Water District's portfolio.

Dir. Essmann asks about four fire hydrants found to be out of order on the report.

Bo Andersson says that they have been repaired. He mentions that 93% of the hydrants have been checked.

Dir. Ellis says that there haven't been any updates since the general manager originally reported that 26% of the hydrants needed repairs but were operational. She asks if the repairs have been made.

Josh Simpson says they have. Many of the hydrants labeled "in need of repair" were simple repairs such as needing oil or an O-ring replacement.

Dir. Ellis moves to approve posting contracts and agreements on the website. Dir. Erpenbach seconds.

Dir. Essmann said he will support the motion.

Bo Andersson asks if they want all of the agreements or just the contracts with the City. He asks how far back we want to go.

President Essmann suggests posting all of the contacts that are currently enforced.

Dir. Ellis accepts amendment.

Public comment:

Jenn Burnside mentions that it may take some time to get those contracts up as there is sensitive information that will need to be redacted.

Vote to post all currently enforced contracts on the website: Motion unanimously approved.

Old Business:

- a. Reconsideration of Resolution 032-25 on Arbitration of Dispute with City
 - Resolution 039-25 (Pg. 138)

President Essmann mentions new information that was not posted forty-eight hours before the meeting. He does not want to go forward with this item today in order to avoid possible legal action for

a lack of proper disclosure. President Essmann asks to have a special meeting in order to do the proper posting and fulfill our needs to honor the law.

Discussion was had regarding an acceptable time for the board to meet and discuss the issue. The special meeting will be held on Tuesday, September 23rd at 9 a.m. to discuss reconsideration of resolution 03-25.

- b. Reconsideration of Resolution 030-25 on Appointment of Committee to study a Preferred Provider Plan (to allow the President to appoint a District employee and two Directors to the Committee)

Dir Ellis moves for the reconsideration of Resolution 030-25 and to allow the President to appoint a District employee and two Directors to the Committee. Second by Dir. Erpenbach.

Vote to reconsider Resolution 030-25 and to allow the President to appoint a District employee and two Directors to the Committee: Unanimously approved.

- c. Consolidation Study Committee report

Dir. Ewalt gives a status update on the consolidation study. We are still waiting to hear from the City.

President Essmann adds that it is his impression that Assistant Director Duray needed time to go through some information. We may be waiting for her to provide information to Kurtis DeShaw.

- d. Preferred Provider Study Committee report

Dir. Erpenbach says that he is ready to meet as soon as we find an employee name for the committee and set enough time aside.

New Business:

Item #3: Potential for revision of Fireline Policy (Pg. 101-103)

Bo Andersson states that there are standards on how you calculate your fire line rate. He suggests that we need to adopt a policy on the fire line.

President Essmann says we have a duty to the people in our district. Fireline is a cost that has discouraged new businesses and restaurants from coming to the Heights. We have to provide the public with potable water, but we don't want to be a barrier to businesses coming in.

4. Approval of Service Truck Bid policy (Pg. 104-105)

- a. Resolution 040-25 (Pg. 106)

Dir. Kary moves to pass Resolution 040-25. Second by Dir. Erpenbach.

Bo Andersson briefly describes the truck bid policy.

Dir. Ellis says she objects to the scope. She reads "applies to all staff, board members, and contractors in the accrual of vehicles or equipment exceeding \$3,000." She points out that this is a vehicle purchasing policy and that everything else should be taken out of the resolution.

Dir. Kary says there could be a number of things that exceed the amount. This is equipment, not just vehicles.

Dir. Ellis says it is a vehicle policy for new service trucks.

Dir. Ewalt moves to make an amendment to change the resolution language from “service trucks” to “Vehicles.” Dir. Ellis seconds.

Vote to amend the bid policy to “vehicles” and to remove the sentence about the scope of the bill:

Dirs. Essmann, Ewalt, Erpenbach, Ellis, and Graves approve. Dir. Kary opposed.

Dir. Ellis moves to accept the motion as amended. Second by Dir. Erpenbach.

Vote to adopt Resolution 040-25 as amended: Dirs. Essmann, Ewalt, Erpenbach, Ellis, and Graves approve. Dir. Kary opposed.

5. Approval of new service Truck Bids (Pg. 107-129)
 - a. Resolution 041-25 (Pg. 130)

Dir. Ewalt moves to approve Resolution 041-25. Dir Erpenbach seconds.

Vote to approve resolution 041-25: Unanimously approved.

6. Revised Employee Performance Rewards (Pg. 131-136)
 - a. Resolution 042-25 (Pg. 137)

No motion.

7. Black Mountain Customer Billing (Pg. 144-157)
 - a. Resolution 044-25 (Pg. 143)

Dir. Ellis moves to approve Resolution 044-25. Second by Dir. Erpenbach.

President Essmann mentions that he approves of the change as he enjoys autopay for his bills for his personal businesses. He asks Bo Andersson how the extra employee time will be used to provide value to the customer.

Bo Andersson discusses the value gained by the new software.

President Essmann mentions consolidating employees to save on costs in the future.

Dir. Erpenbach asks if you can see history of use or payment.

Bo Andersson confirms.

Dir. Ewalt asks if the Black Mountain Software will be more user friendly in the autopay than it has been in budgeting.

Bo Andersson says it should aid operations.

President Essmann asks what the timeline for implementation looks like.

Josh Simpson says it will likely be in the next month or so.

Vote to approve resolution 044-25: Motion passed unanimously.

Bo Andersson briefly discussed the proposed resolution 043-25.

No motion.

Items for future Board Meeting:

Tuesday meeting

Announcements: October Board meeting will be @ 6:00 pm on October 15th, 2025

ADJOURN 8:23 p.m.

Board Secretary, Lena Loftsgaard

Board President, Jeff Essmann



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

September 23rd, 2025 at 9:00 AM

County Water District of Billings Heights 1540 Popelka Dr., Board room

The meeting is open to any interested member of the public. Agendas are prepared for the meetings; agendas may be requested from the General Manager and are available at <https://heightswaterdistrict.com/agendas-and-minutes>. Agenda packets, due to their size, will not be printed off for the meetings or at the public's request. The public can access and view the agenda packet online and can download them or print them at their own expense.

Pledge of Allegiance

CALL MEETING TO ORDER: President Jeff Essmann called the meeting to order a 9 AM Welcome and Introductions

Board members present: Doug Kary, Greg Erpenbach, Frank Ewalt, David Graves, Pam Ellis, Jeff Essmann

Also present: Evelyn Pyburn and Carolyn Bakker

PRESIDENT'S REMARKS

During the course of the meeting the Public may be heard before a vote is cast by the Board. The President will acknowledge the Public once a motion has been made and discussed by the board for their input, The President will recognize speakers who raise their hand. Once recognized, the Speaker should move to the side of the board table so comments may be heard, please identify yourself by name and please spell your last name. You will be allowed to comment for up to three minutes. Each speaker will have one opportunity to speak on the agenda item. Once the public comment period is over there will be no additional comments unless specifically requested by the President or presiding officer of the meeting.

PRESIDENT'S REPORT TO BOARD

President Essmann reported that he has submitted a request to have the email provider forward messages from the old Board email address to the new Board

members email address to ensure that messages from the public are being delivered. Additionally, he requested that arrangements be made that group messages to the Directors group that the sender receive confirmation that the emails were received by group members.

Public Comment on non-agenda items: None

Agenda Approval: Director Kary moves to accept agenda as printed, Director Graves seconds. Agenda approved unanimously.

Old business:

Discussion of Consideration of Resolution 039-25

Motion was made to put Resolution 039-25 be put on the floor for discussion by Director Kary and 2nd by Director Ewalt.

Redrafted by Director Essmann, the new draft includes a history of the issues involving the proposed rate increase from the City of Billings. The resolution includes how communication is to occur to ensure all parties are informed of the back-and-forth communications between district representatives, the board, the city and public. The Directors discussed the resolution.

When terms of the revised contract are approved, the consultant will be directed to proceed with the contract and the process with the city. The Board was reminded that if an agreement does not occur, they would need to consider reviving Resolution 032-25 that specified arbitration, which will be suspended by this resolution 039-25.

Director Ellis brought up that the cost of the depreciation charges is already built into the current rate structure.

She questioned the purpose of spending more money for the rate consultant if the depreciation charge is addressed in the manual. Further study won't change that.

In the resolution, rate consultant is required to report to the board and provide more detail in billing so Board is aware of how the money is being spent.

Director Ellis questioned if detail was provided for the Raftelis bill of \$16,000. The President indicated he would ask the GM to make that inquiry.

President Essmann called for a voice vote to adopt Resolution 039-25. It was approved unanimously.

Discussion of compensation of Carolyn Bakker for her service as the acting secretary for today's meeting. A motion made by Director Graves and 2nd by Director Ewalt and approved to compensate her for \$100.

ADJOURNED at 9:45 AM

**Board Secretary, Jennifer
Burnside**

Board President, Doug Kary



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

October 15, 2025, at 6:00 PM

County Water District of Billings Heights 1540 Popelka Dr., Board room

Pledge of Allegiance

CALL MEETING TO ORDER: President Essmann called the meeting to order at 6:00 p.m.

WELCOME AND INTRODUCTIONS:

Board Members present: President Essmann, Director Kary, Director Ewalt, Director Erpenbach, Director Ellis, Director Graves.

Staff members present: General Manager Bo Andersson, Assistant Manager Josh Simpson, Adam Kuchin, Board Secretary Lena Loftsgaard

Also Present: Evelyn Pyburn, Dan Vierthaler, Mike Macki, Butch Bailey, Ming Cabrera

Public Comment on Non-Agenda items:

Ming Cabrera spoke about a conversation he had with a member of the Evergreen Kalispell board. He discusses the difference between the Kalispell water district and the Heights. They told him the residential rates were around \$35 a month. He believes we need to discuss better rates with the City.

Agenda Approval

Dir. Ewalt moves to approve the agenda. Second by Dir. Graves.

Vote to approve the agenda: unanimously approved.

Approval of Minutes

- Board minutes for September 17th, 2025
- Board minutes for September 23rd, 2025

Dir. Ewalt moves to approve the September 17th minutes. Dir. Erpenbach seconds.

Dir. Ellis sites several corrections to the minutes she would like made.

Dir. Ellis moves to approve the minutes for September 17th as amended with the corrections and additions she noted. Second by Erpenbach.

Vote to approve minutes for September 17th as amended with the corrections and additions from Dir. Ellis: Unanimously approved.

Dir. Kary moved to approve the September 23rd minutes. Dir. Graves seconded.

Dir. Ellis cited the September 23rd minutes for a question she had asked about if detail was provided for the Raftelis bill for \$16,000. President Essmann indicated that he would ask the general manager to make the inquiry. She pointed out that the board has not seen an itemized bill and still do not know what the \$16,000 was billed for.

President Essmann said that the current motion was about approving the September 23rd minutes.

Vote to approve September 23rd minutes: Motion unanimously approved.

Consent Agenda

Dir Ellis requests to separate item #6.

Dir. Ewalt moves to approve the consent agenda excluding item #6. Second by Erpenbach.

Vote to approve the consent agenda excluding item #6: Unanimously approved. Item #6 Stifel statement

Dir. Ellis mentioned a CD the Board has coming due on October 24th for \$250,000. She asks to move it to STIP.

Dir. Ellis moves to transfer the money in the CD maturing on October 24th and the balance of funds in the cash sweep account to STIP. Second by Dir. Erpenbach.

Public Comment:

Ming Cabrera advises against moving the money in the cash reserve as that account is for everyday expenses to be used at the General Manager's discretion.

General Manager Bo Andersson says the advantage of the STIP account is that you can withdraw from it as needed.

Vote to transfer the money in the CD maturing on October 24th and the balance of funds in the cash sweep account to STIP: motion passed unanimously.

Manager's report: Bo Andersson

1. Monthly Report (Pg. 28-62)

President Essmann asks about the Maintenance, Equipment, and Vehicles line item under Fixed Assets at \$956,966. He asks for the details on that item before the next meeting as it seems like an excessive amount of money to have for rolling stock.

Dir. Ellis asked about the Miscellaneous Water Revenue. \$542 vs \$20,200. She asks what goes into Miscellaneous water revenue.

Assistant Manager Josh Simpson explained that Miscellaneous Water Revenue mostly includes system development fees. Bo Andersson says it's not year to date. It's just a bump in September.

President Essmann asked Josh Simpson about the system development fees and if there is anything in the policies that would prevent someone who was planning on developing a lot in the next year or two from coming in and paying the fee. Joah Simpson confirmed that customers could pay ahead of time

Dir. Ellis asked if the Heights District is 55 fire hydrants short of what is legally required.

Bo Andersson says we do have those 53 fire hydrants; they are not on the grid map yet. There are also possible plans to paint them next year.

President Essmann asked about our retention liability if they don't work. What is the time period

when the 58 were installed and added to the system?

Josh Simpson explained that the last time the atlas was updated was two years ago and all the hydrants were checked.

Adam Kuchin mentioned that they are checking the hydrants systematically, not according to the online numbering system, so they have not yet documented it.

Dir. Ellis asked what Interstate Engineering did regarding the hydrants.

Bo Adersson asked Interstate how many hydrants the District needed to have for liability purposes. The number they came up with was incorrect.

Old Business:

a. Consolidation study – Committee report

Dir. Ewalt reported that:

As of yesterday, the City has relayed their comments and changes to the third party for the study. According to the current schedule, a rough draft will be provided to the committee by the end of November, and the tentative future schedule will be established by the end of January.

Bo Andersson asks to draft a press release to inform the public about this ongoing project and to tell them that we will release additional information as time goes on.

President Essmann agrees that this is not something that will be done without public input, information, and study.

Dir. Ellis says she would like to see a section on the website regarding the consolidation, so everything is in one place and easy to find.

President Essmann agrees that it would be a good idea and asks Bo Andersson to begin that project within the next couple of weeks.

Public Comment:

Ming Cabrera says this was supposed to be done in June and that the City is the one delaying the consolidation. He says we paid our bill, and the city didn't have to pay anything.

President Essmann says that the contract with the City details the share of the study that each party is required to pay, \$100,000.

b. Preferred Provider Study – committee report

Dir. Erpenbach discusses the intent of the preferred provider study, to look at the employer/employee medical insurance to see if there was anywhere we could cut costs. The insurance company has some new information and we will be meeting with them next week. They think there are some other options to look at.

c. GPS Vehicles Policy – Pg. (94-97) Resolution 049-25

Dir. Ellis moves to adopt Resolution 049-25. Seconded by Ewalt.

Bo Andersson says they reviewed most of the equipment and the policy is straightforward. He just wants to ensure that the policy is driven by operation rather than the Board. He says most utility companies our size have GPS systems.

President Essmann responds that it is not his intention to constantly monitor employees. President Essmann will refer issues to the General Manager for follow-up. Employees need to know it can be a defense.

Dir. Ewalt asks about a blank in the resolution, he says the Board should put a number in before signing.

President Essmann mentioned that they are waiting for an estimate, but Samsara said it should not cost more than \$75 per unit. He believes that \$1,000 should cover all vehicles.

GM Andersson asked Director Ellis about the contract. She clarified that it is a 3 year contract. We pay annually. If we consolidate with the city, the contract language allows cancellation.

Dir. Ewalt moves to amend the resolution to fill in the blank for \$1,000. Amendment approved by Dir. Ellis.

Director Kary asked if there is additional cost for each administrative access. Dir. Ellis said the platform is on line and is accessible to any employee with access at no additional cost.

Public Comment:

Ming Cabrera says that he believes \$1,000 is too much money.

Vote on the amendment to Dir Ewalt's motion to complete the blank to read "costs not to exceed \$1000 for installation of the equipment": Motion approved unanimously.

Move to consider the motion as adopted.

Public Comment:

Ming Cabrera disagrees with the Board director having access to the data collected by the GPS systems. He feels that this should be left to the General Manager to avoid micromanaging from the Board. He says the District hired good employees and we should trust them. He wants to remove the Board's administrative access from the policy.

Board Discussion

President Essmann responds that he has no desire to actively monitor the vehicles. He intends to consult with other entities to discover what reports they look at and use that information to choose some reports that will not be time consuming for him to review. If he sees something unusual, he can report it to the General Manager for him to address.

Dir. Graves agrees with Ming Cabrera that it should be the General Manager reviewing the data. He thinks we should strike "Board President" from the policy and insert "General Manager".

Dir. Kary says that the General Manager would also have administrative access to the data according to the policy. Both the Board President and GM will have administrative access.

President Essmann asks if Dir. Graves would be more comfortable if the words "data and" were struck, limiting the President to only reviewing reports.

Dir. Graves responds that he still thinks it is overstepping their position as Board members.

Adam Kuchin asks if Mr. Andersson could send the Board President GPS reports every month,

rather than the president having administrative access.

President Essmann says he is hesitant to add another step to the process.

Further discussion was had regarding who should have administrative access to the GPS data.

President Essman said the Board's role is to set the agenda and establish policy. What we are talking about is policy. This is not day-to-day. The Board reviews financial reports, etc. The policy is about establishing what reports we want to see.

GM Andersson believes the policy is out of line. Sends a signal to our team; the board is trying to implement for all the wrong reasons. President Essmann objected to the GM's value judgment.

Director Ellis supports the policy as written. The policy is unclear about how employees would receive copies of their vehicle reports. The system allows the reports to go directly to the employees but now they do not have District emails. Employees could get copies of the report from the GM or Assistant Manager. The GPS units monitor the engines and send notice about required oil changes or engine malfunction which may save maintenance costs. Dir. Ellis disagrees with the GM's analysis and supports the policy as written.

Dir. Kary moves to strike the words "choose, create, administer, or revise reports" from resolution 049-25 after which it would read "the Board President will have administrative access to review data and reports and refer issues identified in reports to the General Manager for investigation. Dir. Ewalt seconds.

President Essmann asks to keep the word "choose" in the resolution so he can choose the reports he can look at. If the GM has a problem with the reports selected, he can come back to the board.

Dir. Kary agrees with the change to his motion. Change accepted by Dir. Ewalt.

Public Comment on the motion to amend: None

Dan Viethaler says these proceedings seem odd. He thinks that monitoring day-to-day operations is under the General Manager's duties. The Manager would be able bring issues to the attention of the Board. He does not think it is necessary for the Board President to have administrative access.

Dir. Ellis points out that one of the reasons we went with Samsara is because they have so many options for prewritten reports. Samsara has a list of reports available that is 18 pages. The ability to choose reports is necessary. She mentions an employee who took their child to school every day for a year using a District vehicle. That could have put the District at risk from an insurance standpoint; typically the county does not allow anyone else in a District vehicle. She also clarified that the ability to revise is the ability to change what data is seen on the report, not the ability to alter the data itself.

Dir. Graves says that he does not believe that is relevant to the discussion of who is going to be in charge of the reports. He believes it should be the General Manager. He also reiterates that he does not want the Board to be micromanaging.

Vote to strike the words "create, administer, or revise reports" from resolution 049-25: Dirs. Ewalt, Essmann, and Kary approve. Dirs. Ellis, Erpenbach, and Graves oppose. Motion fails on a tie.

Dir Ewalt calls a question on the original motion.

Vote to cut off debate and move to final vote: Unanimously approved

Vote to adopt resolution 049-25 with the completed blank to reading “costs not to exceed \$1000 for installation of the equipment”: Dirs. Ellis, Erpenbach, Ewalt, Kary, and Essmann approve. Director Graves opposed. Motion passes 5-1.

President Essman gave his commitment to GM Andersson that if implementation of the policy creates operational issues, he should bring those to the board. GM Andersson this is another thing where the employees may disagree with the board. GM Andersson responded that this would not help the Board’s relationship with the team.

d. Discussion of AC pipe testing

Bo Andersson stated that a 16-inch line would not be worth the cost to install. It may also put in two new leak vulnerabilities. He says we should reconsider in around five years.

Dir. Ewalt asks if the General Manager already has the data back from Wicks and if they sent the findings to Ecologics.

GM Andersson says he does not believe we have, but it that would be helpful.

Dir. Ellis says that one of the things holding back the City from the consolidation consideration is that they are worried about the cost of replacing the AC pipes. She thought that Hilltop was one of the areas they had concerns about. Asks if we will have problems with the City if we do not go forward with the AC pipe replacement.

President Essmann says that there are several miles of pipes that are relatively stable. Every time we pull up some AC pipe we will continue the testing. We need to build a database of pipe integrity. The smaller pipes are a bigger problem because the walls are thinner.

e. Negotiations with City on Proposed FY2027 Rate Increase

Mr. Andersson says that we have concluded the contract with Raftelis to proceed with the work. It is a very detailed contract. It will be put in writing for the Board. Currently, it is very general, but within the week we will get specific.

President Essmann clarifies that Raftelis now supposed to develop their report and recommendations and provide the specifics to the Board in fifteen to twenty days.

Dir. Ellis asks if the contract will be sent to the Board and posted online.

President Essmann confirms that it will be.

f. Second Meter City Connection

Mr. Andersson discusses the three scenarios and explains what some of the depictions mean. He still recommends Scenario 1 which is the most cost effective. Recommends presenting information to the Consolidation Committee. Louis Engels recommended upsizing to a 16” T that will reduce the friction losses.

Director Ellis asked how the \$16 million on Task Order 31 relates to the second connection. GM Andersson said it is not related to the Second Connection.

Dir. Ewalt asks what size main pipe Inverness Lane has. Mr. Andersson says it is 8 inches.

Discussion was had regarding Scenario 1 and its viability. Dir. Ewalt recommended connecting at north end of Gleneagles with 24”. Interstate does not show any specific information about the vault size.

Dir. Kary moves to move forward with Scenario 1 with 16-inch tie ins. Second by Dir. Erpenbach. Scenario as the 8-inch line is too small.

Vote to move forward with Scenario 1 with 16-inch tie ins: Dirs. Kary, Erpenbach, Graves, and Essmann approve, Dirs. Ewalt and Ellis oppose. Motion passes 4-2.

g. Interstate Engineering Invoices.

Bo Andersson discussed a meeting he had with Interstate Engineering to review invoices. There were a few that were reduced, but some that he still found questionable. He recommends the board pay the invoices under protest. He also mentioned receiving two new invoices that will be reviewed thoroughly.

Dir. Ewalt makes a motion to pay the invoices, seconded by Dir. Graves. Dir. Kary states that he thinks they should be paid under protest.

President Essmann asks if Mr. Andersson discusses the conditions for presenting invoices with Interstate Engineering.

Mr. Andersson says he has discussed the monthly billing. He would like to send a formal letter to tell them that anything they bill us for must be task order or purchase order associated going forward. He suggested the board set up a committee or empower the Assistant Manager and GM to make suggestions for engineering firms the board interviews.

Director Ewalt makes a motion that we pay Interstate only for work completed and billed within 30 days. Dir. Graves seconds.

Dir. Kary recommends the motion include paying the invoices under protest and sending a letter with conditions as outlined by the General Manager for future invoicing. Accepted by Director Ewalt and Director Graves.

Dir. Ellis asks to amend the motion to stop paying for monthly reports. Director Ewalt accepts the friendly amendment. Dir. Graves accepts.

Public Comment:

Mike Macki mentions that he was in construction for many years. They resolved many issues by withholding 10% back from engineering firms. The Board reviews the work that was done before the final 10% is paid out to the contractor or engineering firm. This prevents the problems that the district seems to be having.

Vote to pay the invoices that have been on hold under protest, to be accompanied by a letter from the General Manager outlining the conditions in accordance with his report to the board for the payment of future invoices and directing them not to prepare further monthly reports: motion passed unanimously.

**h. RFQ for Audit for
FY2025 Resolution
048-25 (Pg. 87)**

Dir. Ewalt moves to approve Resolution 048-25, second by Dir. Ellis.

Bo Andersson suggests that we pass the Resolution for next year and take the time to do it right. He suggests putting together a Board committee. We are almost to November and the report is

due December 31st. The GM does not want to take one hour out of day to deal with an audit firm; recommends a board committee.

Dir. Kary says he thinks we need to pass the Resolution and that the General Manager should request an extension from the State.

Dir. Ellis mentions that she previously stated that all we must submit by the due date is our opening balances. Director Kary's recommendation is solid. She would like to see the RFQ go out.

Dir. Kary moves to amend the motion to include a request for an extension to the filing deadline, second by Director Erpenbach.

Vote to amend the motion: unanimously approved

Public Comment:

Ming Cabrera asks to clarify who will be doing the audit. Recommends staying with Summers McNea.

President Essmann responds that anyone can apply to do the audit.

Vote to approve Resolution 048-25 with an extension of time request to the state authority:

Motion passes unanimously.

New Business:

1. Annexation of 1012 Brandywine Lane (Pg. 80-82)

a. Resolution 045-25 (Pg. 83)

Dir. Kary moves to approve Resolution 045-25, Second by Graves. Dir. Ellis asks if they paid no fees.

Josh Simpson says there are no annexation fees.

Vote to approve resolution 045-25: Motion passed unanimously.

2. Customer Formal Demand for Reimbursement (09-23-2025) – Up-date

Bo Andersson defers the question to Josh as the event in question happened before his time with the district. Josh Simpson says it was likely a non-covered event under our policy. It has now resurfaced more than a year later.

Dir. Ellis mentions a similar instance the City had. None of the houses affected were reimbursed. President Essmann asks Josh Simpson what his recommendation is.

Bo Andersson says our policy states that an event like this is not covered, rather it should be covered by homeowner's insurance. The District's insurance agent has contacted the customer.

Dir. Ewalt moves for the general manager to respond to the request with a letter of denial. Dir. Kary seconds.

Vote for the General Manager to respond to the request with a letter of denial: motion passes unanimously

5. GM to prepare RFQ for Engineering Services Dir. Ewalt moves for the General Manager to prepare RFQ for Engineering Services to be brought forward in November for discussion. Second by Dir. Erpenbach.

Vote for the general manager to prepare RFQ for Engineering Services to be brought forward in November for discussion: Motion passed unanimously.

3. Resolution to appoint Committee to Review Employee Handbook. Dir. Ellis moves to approve Resolution 046-25. Second by Dir. Kary

Vote to approve Resolution 046-25: Motion unanimously approved.

4. Cultural assessment interviews - Proposal by Associated Employers (slide to the next meeting)

a. Resolution 047-25 (Pg. 86)

Dir. Ewalt makes a motion for discussion. President Essmann makes a substitute motion to defer Resolution 047-25 until the November meeting. Second by Dir Kary. Motion approved unanimously.

Announcements:

November Board meeting will be @ 6:00 pm on November 19th, 2025

Corrected minutes approved.

A handwritten signature in blue ink, reading "Carolyn B Bakker", written over a horizontal line.

Board Secretary, Carolyn B Bakker



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

November 10, 2025, at 10:00 AM

County Water District of Billings Heights 1540 Popelka Dr., Board room

The meeting is open to any interested member of the public. Agendas are prepared for the meetings and are available at <https://heightswaterdistrict.com/agendas-and-minutes>. Agenda packets, due to their size, will not be printed for the meetings or at the public's request. The public can access and view the agenda packet online and print them.

1. Pledge of Allegiance
2. President Jeff Essmann called the meeting to order at 10:00 a.m.
3. Roll call: Director Ellis, Director Erpenbach, Director Graves, Director Kary, Director Ewalt, and Director Essmann were all present.
4. Staff Present: Bo Andersson, General Manager; Suzie McKethen Acting Board Secretary
5. Also present: Tom Zurbuchen, Evelyn Pyburn (Yellowstone County News), Andrew Rheem (Raftelis via Zoom), and Harold Smith (Raftelis via Zoom)

President's remarks on Conduct of Meeting

There are two opportunities for members of the public, our customers, and employees to make their voice heard on issues with the Water District. The first is the next agenda item. Any member of the public may be heard on any subject that is NOT on the agenda. You will have one opportunity to speak which is limited to 3 minutes. Please come to the lectern so your comments may be recorded by the microphone and may be heard. Please identify yourself by name and address and spell your last name for the Secretary. This is a good time to request items for consideration at future Board meetings. The Board will not engage in debate but will attempt to provide brief answers to relevant questions. There is also an opportunity for you to be heard on the Agenda items before a vote. The Board President will acknowledge the Public after a motion has been made and discussed by the Board for their input. The President will recognize speakers who raise their hand. You may comment for up to three minutes. Each speaker will have only one opportunity to speak on an agenda item.

PUBLIC COMMENT and Questions to the Board on Non-Agenda Items: None

APPROVAL OF AGENDA: Director Ellis made a motion to approve the agenda. Director Erpenbach seconded. President Essmann called for a vote. Motion passed unanimously.

AGENDA:

President Essmann asked Andrew Rheem to move briskly through his presentation. Director Ellis asked if any of the numbers had been changed from those presented on Saturday (November 8, 2025). Mr. Rheem said they had not.

A. **City Rate Negotiations** – Andrew Rheem presented an analysis of the city's proposed water rates for the district. He explained that the city uses the "Utility Approach" for contract customers and outlined the proposed rates:

- FY26: A proposed rate of \$3.42/1,000 gallons, with the city adopting \$3.41.
- FY27: A proposed rate of \$4.40/1,000 gallons, with the city adopting \$4.38.

The significant increase in FY27 was attributed primarily to the timing of the West End project.

Mr. Rheem indicated he was scheduled to release a report next week that is more of a report style documentation and analysis. There are timelines that are driving the specific deadlines.

Director Ellis indicated she could not vote to approve or disapprove the recommendations without seeing the complete report. She asked if he could complete the report by Monday, November 17th so it could be in the agenda packet for the November 19th meeting. President Essmann stated that the 30 days were up November 20th. Director Essmann stated that by MT case law, anything the board votes on has to be posted to the public 48 hours in advance. If Raftelis wants the board to support moving forward, the report will have to be available to the board on Monday, Nov 17th, 5:00 pm is the deadline. Mr. Rheem said he would "make it happen."

Director Essmann noted that our contract with the city notes that these rates be based on the AWWA Manual. He asked if Mr. Rheem can cite the provision in the AWWA manual that would support your argument? Andrew Rheem said he had the references to the AWWA Manual included within the report. President Essmann noted that these changes impact the city's cash flow. We better have some language in that manual that supports our argument if they don't accept it and you want to make a case that we go through a very expensive arbitration process. Put the language in front of the board before we pull the trigger.

Director Ellis cited an email Jennifer Duray sent November 19, 2021, to Andrew Rheem, Duke Nieskins, Peyton Brookshire, Harold Smith and herself stating "We book assets when they are substantially complete/in-use". The District has known for four years that those assets would be booked. I don't see that there is any advantage to push it out another year. It seems like there is more interest that we haven't paid which would increase our total costs. This is the second time the Board asked to see the actual wording from the manual and Raftelis has not provided it.

Harold Smith said there were multiple references in the Utility Manual as to the proper use of the Utility approach. You do not collect on any asset that is not used and useful.

Mr. Rheem noted there is a change in calculating peaking factors in FY 27 that doesn't make any sense. He is recommending going back to the formula the city used in FY26 which is more in line with industry standards or actual demands.

President Essmann asked if there was language in the AWWA Manual that supports change #3 that Mr. Rheem could provide to the board. Mr. Rheem said he did not believe the manual spoke directly to a requirement for a 3-year rolling average. He said they would cite the support they have for this change. President Essmann asked if he was suggesting the manual had inferential support but not direct support. Mr. Rheem said there was direct support for using multiple years which they accomplish using a recent 3-year period.

GM Andersson said the M1 Manual gives a rough estimate of what to do and how to do it. The manual is a guideline, but it is not an XYZ type of calculation.

#4 City is proposing a step up. Goes back to a master plan for the source. Proposing to use more recent information. President Essmann said that the city needed to build to support future growth for their customers which includes the District. So, the city needs to project how big a plant they need to build. Have you asked the city what we provided to them when they were planning the new water treatment plant? The city assumed the projections we gave them were accurate. Mr. Rheem said this is the one that is less clear because of the problem President Essmann identified. The District engineers based it on 2021 demand data.

#5 GM noted the proposal took 4 million gallons off the Oxbox tank in calculations. Director Essmann asked if there was basis in the manual for the argument? Mr. Rheem confirmed there was. President Essmann asked him to please provide the citation.

Director Ellis noted she wasn't clear what expenses he was talking about. If he was talking about the telemetry, our contract specifies that the City will be responsible for cost of purchasing, installing, and operating the telemetry system. This is standard, and similar to the statement that the City will "... at all times furnish, operate, and maintain, at its own expenses, water transmission mains and pumping facilities capable of providing water at a pressure and quantity sufficient to meet the demands of the District...". Jennifer Duray told Duke Nieskins in May 2021 that "Section II of the water contract specifies that the District shall pay reasonable and just rates for water purchased and the City shall receive reasonable and just compensation for water sold to the District. The City's cost of service-based approach, utilized since 1998 and reviewed/revised in 2009 according to the MOU, fairly identifies the O&M and capital revenue requirements associated only with system components/operations that provide a benefit to Heights Water District. The telemetry system is critical to ensure the reliable delivery of water to the Heights. As a result, the portion of capital and O&M costs associated with the telemetry system that enables delivery of water to the District is a reasonable component of the water rate charged to the District." Director Ellis was unclear if that is what #5 is challenging; the management has complained about telemetry charges for a long time. Dir. Ellis believes that the reasoning is solid on the city's part.

Andrew Rheem said that telemetry is part of the expenses, but it is more than that. It is \$60,000 that is assigned to the District under the methodology for the Oxbow District. By removing the Oxbow Reservoir, we are saying it is city facility, city costs that is driving this. \$60,000 maybe just the cost for telemetry, but I think it is more than telemetry that is being recovered. GM Andersson said there is no telemetry at the Oxbow cost. The city has no cost. They fill the Lanier tank; we fill the Oxbow tank.

\$29,600 difference. President Essmann said we are talking about 3 cents per thousand gallons, so this is not a big item—let's move on.

Director Ewalt noted that the proposal was to take off the Oxbow tank. But that water still goes through the Walter Pump Station. It doesn't just appear out of thin air into the Oxbow Reservoir. President Essmann said the board would have monitors watching both GM Andersson and Mr. Rheem.

Five Proposed Changes to the City's Rate Calculation Methodology

Andrew detailed five proposed changes to the city's rate-setting methodology, intended to form the basis for negotiations.

1. Timing of Capital Facilities Recognition:

- **Proposal:** Recognize capital costs for ratemaking in the year after a project is funded and in service, not on day one of the construction year.
- **Impact:** This timing change would increase the FY26 rate by \$0.06 but decrease the FY27 rate by approximately \$1.05, pushing significant costs to FY28.
- **Discussion:** President Essmann noted this is just about pushing a big step increase into a later year. The increase will still hit, just a year later. He asked to see what the impact would be in FY28. If it increases the city's costs, it may make the rates higher. Before we pull the trigger, we need to see what the impact is going to be in 28. Mr. Rheem said he did not think he had enough information to project FY28. Raftelis has information about capital expenses, but they would have to make assumptions about the other components. Director Essmann asked Andrew Rheem to estimate FY28 based on prior patterns of increase.

Director Ellis noted that FY26 began July 1, 2025, and we are paying \$3.41 per KG. How does the city recover the additional 7 cents per KG that you propose we owe them and how do we pay for it? Mr. Rheem suggested city may agree that what was paid was paid and the differences aren't significant. Raftelis is focused on FY27; we cannot wind back in time.

Harold Smith noted that Raftelis is proposing alternatives. The board can decide if we want to pursue them further.

2. System Peaking/Demand Allocation Factors:

- **Proposal:** Revert to the FY26 methodology for calculating system peaking factors in FY27, as the change appears to be a calculation error inconsistent with industry practice.
- **Impact:** This would incrementally reduce the FY27 rate by \$0.10 per thousand gallons.
- Director Ellis noted that the slide says FY27 was calculated incorrectly. Mr. Rheem said he could provide the language from the manual that proves the calculations are incorrect. He suggested what the city provided makes no sense.

3. Demand Data Period:

- **Proposal:** Use a consistent, rolling three-year average (2022-2024) for demand data for all customers, including the district, to ensure consistency.
- **Impact:** This would incrementally reduce the FY27 rate by \$0.17 per thousand gallons.

4. Annual Volume Demand Projections:

- Proposal: Adjust the district's projected water use for FY26 and FY27 based on more recent data, rather than older master plan projections and the city's assumed 1.9% growth rate for the district (vs. 0.5% for other customers).
- Impact: This would *increase* the district's FY27 rate by \$0.08.

5. Pumping System Cost Allocation:

- Proposal: Remove the district's 4 million gallons of Oxbow Reservoir capacity from the cost allocation formula for a specific set of city pumping facilities, as it is not operationally accurate.
- Impact: This would reduce the district's allocated costs by just under \$30,000 per year, a rate reduction of \$0.03 per thousand gallons in both FY26 and FY27.
- Board discussion:
 - President Essmann asked if he was talking about storage, is this confined to storage of treated water or does it include storage of untreated water as well. Mr. Rheem said it was treated water, but a lot of the costs have to do with pumping costs and not just the tanks. President Essmann asked him to clarify that in the final report.
 - Director Ellis said our current PER from 2024 shows that the District is growing by 2% per year; the Raftelis report says we are growing by a little over 1%. What is key for #4 is that our contract requires us to tell the city our growth rate. Depending on what we told them, that seems to be the controlling factor. We can't go back after the fact and say we didn't know what we were talking about. Andrew Rheem said the District used 2021 data as this was being planned. Item #4 was not just the growth but also the initial base demands before growth was applied. Do agree that if that question is asked in the future, maybe you want to answer that a little differently.

SUMMARY DISCUSSION Director Ewalt noted that the big change is when the cost of capital comes on line. You are just delaying all the costs by one year. Is that true? Harold Smith noted that they are recommending that the rates be calculated based upon standard rate making processes. President Essmann noted that the board needs to know how the proposed changes are going to impact our customers in FY28. That's why he wants to see the estimated calculations. Harold Smith said unless there are major capital costs added in FY28, it is basically just moving the costs forward. Mr. Rheem did note that the city plans the third year of the west end project will be added in FY28. To be consistent, the current fiscal projects the city projects would be pushed to FY29. Mr. Rheem suggested the District could increase our interim rates in FY27 to moderate the projected FY 28 and FY29 rate increase impact from city rate increases. The District doesn't have to wait until the third year and have significant increases for your customers.

Director Ellis asked if Mr. Rheem had proof that the city wasn't anticipating completing the water treatment plant and holding ponds in FY28 which would increase rates dramatically for District customers. Mr. Rheem said the City provided a 5 year estimate that the recommendations were based on.

President Essmann noted that the board will wait for the final report which we need a week from today.

- Public comments: Mr. Zurbuchen noted that he printed the information on Saturday morning. He didn't get squat of what was on the screen and what board members had available. There is nothing on the website even this morning saying the packet had been amended. He asked who represented the rate payer in this? He also has concerns about paying in advance for a project that has yet to be completed. He has heard plenty on representing the City. Director Essmann addressed the issue and is working with General Manager Bo Andersson to improve the process.
- Director Ewalt said the city anticipated completing the project mid-year. So then do we owe the city for the time it is completed in FY27? He indicated that when he was in business, there were several times when he bought a pickup in late December, and he depreciated it for the full year—and he hadn't even used the pick up that year.
- President Essmann noted that this would be on the November 19th agenda. If Mr. Rheem does not get his report to the board in time to post on Monday, November 17th, the project ends.
- Director Ellis noted that she looked at the packet on Saturday after it was reposted. Typically, pages are added at the end of the packet. She asked what changed and got no response. It is critical that we come up with a system that alerts the public and the board when there are changes and what the changes are. It's been a pattern to drop things in on Monday night, not change the agenda and not communicate to the board, and then nobody reads the addition.

B. Revise RFQ for Audit of 2025 to clarify Board participation in selection process.

Director Ellis made a motion to approve Resolution 052-25 modified RFQ. Director Erpenbach seconded the motion.

Board discussion: Director Ellis stated changes were made when the General Manager's asked for assistance. We don't actually need to complete the audit until June 2026. We changed the timelines to make them more reasonable and added some things the board wanted. We added meeting with the board with a draft and correcting errors made in the past 2 years. Given that the board wants to seek a new auditor, the board needs to be active in soliciting RFQ's.

Public comments: Mr. Zurbuchen asked why the wait? A new auditor should have been requested in the spring. Audits are not for correcting errors but to guarantee accuracy.

President Essmann responded that an RFQ was requested last spring. The staff did not bring an RFQ for an audit. They brought a signed contract they wanted us to sign. The last firm failed to ask an obvious question, which is "was there any personal employee use of District vehicles?" It should be reported to the IRS. In fact, there has been for years. Has it been reported for the last 3 years. No, we were informed of that. They weren't asking the right questions. We need to find an audit firm that asks the right questions.

Motion: Director Essmann asked all in favor of the motion to adopt Resolution 052-25, indicate by saying aye. Motion passed unanimously.

C. Engage the services of Associated Employers of Montana to engage in a Conflict Resolution process

Director Graves made a motion to approve Resolution 053-25. Seconded by Director Kary.

Board discussion: President Essmann noted we obviously have conflict in this district that we need to get resolved. I think it bothers the employees. I have asked the representative from Associated Employers to talk to the employees first to make sure their voices are heard. Then conduct interviews with the General Manager and the board.

Director Ellis said, "I had District staff trespassing on my property, leaving stolen property. ...the decision about whether or not to pursue the staff member for trespassing is a decision of my husband and I, not of the board. I want to clarify that under no circumstances, ever, should a staff member be on my property after dark to do nothing but deliver stolen property. This is unbelievable behavior. And the staff member was visible on camera. . . at this point my husband and I haven't decided whether to take further action...but I am extremely unhappy about what happened."

Public comments: None

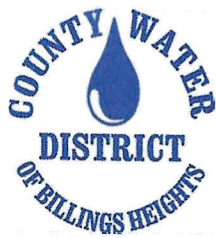
Motion: Director Essmann asked all in favor of adopting Resolution 053-25, indicate by saying aye.
Motional passed unanimously.

Director Ewalt stated he talked with Steve Beggar at Bench Auto who could install the GPS in vehicles. The cost would be \$70 per vehicle and take about ½ hour for each. The backhoe would be \$140/hour. We will need to add an agenda item to include installation of the GPS units under Old Business.

Meeting adjourned at 11:40 a.m.

Corrected minutes corrected and approved.


Board Secretary, Carolyn B. Bakker



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board Meeting Minutes

November 19, 2025 at 6:00 pm

Board Room, County Water District of Billings Heights, 1540 Popelka Dr.

PLEDGE OF ALLEGIANCE

CALL MEETING TO ORDER: President Jeff Essmann called the meeting to order at 6 pm.

WELCOME AND INTRODUCTIONS

Board members present: Director Ewalt, Director Kary, Director Graves, Director Erpenbach, Director Ellis, President Essmann were all present.

Staff Present: Bo Andersson, General Manager; Josh Simpson, Assistant Manager; Carolyn Bakker, Secretary

Also present: Mike Macki, Butch Bailey, Corine Davies, Adam Kuchin, Evelyn Pyburn (Yellowstone County News), Andrew Rheem (Raftelis via Zoom).

PRESIDENT'S REMARKS ON CONDUCT OF MEETING

During the course of the meeting the Public may be heard before a vote is cast by the Board President will acknowledge the Public once a motion has been made and discussed by the Board for their input. The President will recognize speakers who raise their hand. Once recognized, the Speaker should move to the side of the board table so comments may be heard, please identify yourself by name and please spell your last name. You will be allowed to comment for up to three minutes. Each speaker will have one opportunity to speak on the agenda item. Once the public comment period is over there will be no additional comments unless specifically requested by the President or presiding officer of the meeting.

PUBLIC COMMENT ON NON- AGENDA ITEMS:

Corine Davies addressed the board requesting clarification regarding hooking up to the Billings Heights Water system. There was a brief discussion about fees and annexation. President Essmann recommended that she meets with Assistant Manager Simpson to discuss the process.

APPROVAL OF AGENDA

Director Ewalt made a motion to move Item 11 1a – Resolution 055-25 Employment of New Board Secretary to beginning of the meeting so that the Board would have a

legally designated secretary in place for the duration of the meeting. Motion to move item was seconded by Director Graves.

Director Ellis moved to remove Item 2a (Resolution 060-25) from New Business. Second by Erpenbach. Passed unanimously.

Director Ellis made the motion to approve Resolution 055.25. Director Ewalt 2nd the motion. Motion passed unanimously.

APPROVAL OF MINUTES

Director Ellis made mention that the minutes of the October 15th meeting had several spelling errors. She made a motion that the minutes corrected with the spelling corrections. Director Erpenbach second the motion. No further comments were made, and the motion was passed.

Director Kary made a motion to approve the November 10th Special meeting; Director Graves seconded it. Director Ellis noted that the minutes as prepared were not complete and some items were out of chronological order. She made corrections and requested that the minutes be corrected be resubmitted at the next meeting for approval. The board directed the Secretary to incorporate the corrections the Director Ellis suggested. The corrected minutes will be reviewed for approval at the December meeting. Substitute motion was made by Director Kary. Director Ewalt seconded the motion, and it was approved 5-1.

CONSENT AGENDA

Director Kary made a motion to accept the Consent Agenda. Director Graves seconded the motion. Director Ewalt posed a question regarding an item on the financials. The question will be addressed during the Manager's Report.

MANAGER'S REPORT

Bo Andersson presented his manager's report. Director Ewalt requested clarification of the Cost of Goods sold. Manager Andersson explained that the unusual increase in this time was a result of timing of the bills from the City of Billings. The District is on a cash basis. There were two months' bills that had been received during the same reporting period.

Director Ellis asked to receive a more detailed report on payroll expenses. She was specifically looking for clarification of the variance the Serviceman salaries. Assistant Manager Simpson said that during the month-to-month variance is the number of weekends in a month. The more weekends in a month result in more payroll expenses for on-call personnel. Director Ellis made a motion to have the payroll checking register included monthly in the Managers' report. Director Ewalt 2nd the motion. The motion passed 4-2.

Director Ellis asked about a payment for a monthly engineering report. In a prior meeting, there had been a Resolution to cease receiving a monthly report and the corresponding expense. Assistant Manager Simpson explained that it was a bill for a month prior before the request to stop the monthly reporting.

President Essmann asked if the employee that had removed the GPS units from District property and later returned the same had received a written reprimand, and if this was the only disciplinary action on the employee's record. Bo Anderson confirmed that the reprimand had been issued and was the only one on the employee's record.

President Essmann asked for clarification of how the cash draw for receiving customer's payments is being managed. Assistant Manager Simpson told the board that the drawer is balanced nightly and deposited weekly. The deposits are made more frequently when needed. The payments are posted to the respective customer accounts. It was requested that this procedure be clearly explained to an auditor.

Director Ellis asked for clarification on how the personal use of District vehicles is reported in accordance with IRS rules. President Essmann suggested that the Personnel Manual Committee address the definition of "personal use" in the manual. It was suggested that the auditor or legal counsel give directions to the Board on how to handle this year's reporting.

OLD BUSINESS

Mutual Aid Agreement (Resolution 012-25) Passed March 2025: General Manager Andersson reported that he had emailed the parties that would be part of the Resolution on November 19. President Essmann requested that passed Resolutions be acted on in a timelier basis.

RRGL Planning Grant (Resolution 051-25): Director Ellis made a motion to adopt the resolution. Director Erpenbach seconded it. Resolution was passed unanimously.

Rate Negotiation Final Presentation (Resolution 058-25): Andrew Rheem made a presentation recapping the study conducted by Raftelis reviewing the water rate proposed by the City of Billings for fiscal year 2027.

Director Ellis wanted to know if the District had missed the opportunity to submit the projected water demand.

President Essmann asked how the new water treatment plant depreciation will be applied. Mr. Rheem replied that it would be spread over years 2027, 2028 and 2029. How it is applied will depend on when the city completes the project and bill the District for their share of the depreciation.

Director Ewalt made the motion to approve Resolution 058-25, authorizing the Negotiation Team to bring specific objections to the City of Billings during the

negotiation process. The motion was seconded by Director Kary. Director Ellis requested a separate vote for each element.

- | | |
|--|--------------------|
| 1. Capital Project Booking timing: | Passed, 5-1 |
| 2. System Peaking Factors: | Passed unanimously |
| 3. Three Year Historical Water Use Period: | Passed unanimously |
| 4. Annual Volume Demand Projections: | Passed, 5-1 |
| 5. Allocated Pumping Costs: | Passed unanimously |

BOARD COMMITTEE REPORTS

Consolidation Study Committee: Director Ewalt reported that the committee is meeting on Friday, November 21 at 1 pm. A public meeting is being planned for January for the community.

Preferred Provider Study (Resolution 054-25): Director Ewalt gave an overview of the policies reviewed by the committee for health insurance and associated employee benefit programs and premiums for the 2026 calendar year. The premiums for both types of policies have increased from the prior year. The Director Erpenbach made a motion to approve Resolution 054-25 to accept the proposed renewals for both the Associated Employer Plan and the Guardian Insurance Plan. President Essmann seconded the motion and expressed his support for the resolution.

During public comments, Steve Swidler stated that he understands why the costs are going up. He also noted that with the advent of the internet it is easy to research options.

The Resolution was passed unanimously.

Employee Manual Review: Director Erpenbach reported that the committee has met twice and have gone through the entire manual. There are many topics to cover. President Essmann requested that the committee is ready to present its finding at the December meeting.

GPS Installation: Director Ewalt reported that the GPS units for the District vehicles have been ordered. GM Andersson and the provider will work on scheduling the installation.

President Essmann said he would not be reviewing any of the reports for the GPS system until the Employee Manual is complete and a procedure is in place. The GM will be reviewing the reports until that time.

RFQ For Audit: Director Ellis reported that the Request for Quote (RFQ) has been submitted the Montana firms listed on the State of Montana website that do government audits. It is also posted on the Montana Society of CPAs. She has requested that GM Andersson have it posted in the Yellowstone County News. There

was a delay in getting that submitted due to a missing signature, but that has been resolved.

Discussion of Investigation of Alternative Meter Replacement (Resolution 060-25):

President Essmann requested that this time be moved to the December meeting.

Without objection, this was moved to December.

Resolution to Update and Amend Systemwide Preliminary Engineering Review and Capital Improvement Plan (Resolutions 056-25 & 059-25):

Director Ewalt made a motion to approve the Resolution 059-25. Director Ellis seconded the motion.

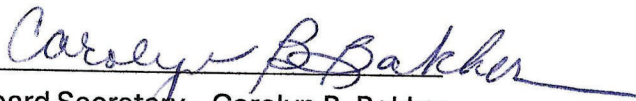
President Essmann made a motion to amendment to the resolution to strike certain language as on pages one and two and add the handwritten language. Director Ellis seconded the motion.

Director Ewalt asked if this resolution would hire a full-time engineering firm or just for the specific project described in the resolution. President Essman explained that it was just for this specific item. An engineering firm could be considered for future projects.

Resolution 059-25 passed unanimously.

Remove Resolutions not adopted from posting on District website and inclusion in the District Resolution book (Resolution 057-25): The resolution was moved to the December Meeting.

The meeting was adjourned at 8:30 pm.


Board Secretary – Carolyn B. Bakker



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Special Meeting Minutes

December 1, 2025, at 10 am

Board Room, County Water District of Billings Heights, 1540 Popelka Dr.

CALL MEETING TO ORDER: President Jeff Essmann called the Special meeting to order at 10 am.

Pledge of Allegiance

WELCOME AND INTRODUCTIONS

Board members present: Directors Ellis, Ewalt, Graves, Erpenbach, Kary & President Essmann,

Also present: General Manager- Bo Andersson, Assistant Manager Josh Simpson, & Carolyn Bakker, Board Secretary

PRESIDENT'S REMARKS ON CONDUCT OF MEETING

Since no members of the public were present, President Essmann didn't give the instructions for public comment.

APPROVAL OF AGENDA

Director Ewalt made a motion to approve the agenda. Director Graves seconded it. The motion passed unanimously.

NEW BUSINESS:

Application for a MONTANA COAL ENDOWMENT PROGRAM (MCEP) Resolution 060-25

Director Ewalt made the motion to put Resolution 060-25, authorizing the application for a grant from the Montana Coal Endowment Program (MCEP) on the table for discussion. Director Ellis seconded the motion.

The application was discussed. General Manager Bo Andresson noted it was incomplete because essential personnel were unavailable on short notice. A project and cost estimate are required to submit the grant application, which is due by midnight, December 1, 2025.

Director Ewalt made substitute motion to table the submission of the application. The grants are available annually and should be considered for the following year. Director Erpenbach seconded the motion.

The motion passed unanimously.


Director Kary suggested that management come to the Board with an alternative project for grant process for Fiscal year 2028. Motion was withdrawn.

DISCUSSION OF ITEMS FOR FUTURE BOARD MEETINGS

Several topics were discussed for consideration.

ANNOUNCEMENT: Next board meeting December 17, 2025

Meeting was adjourned at 10:34 a.m.


Board Secretary – Carolyn Bakker



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board Meeting Minutes

December 17, 2025, at 6:00 pm

Board Room, County Water District of Billings Heights, 1540 Popelka Dr.

Pledge of Allegiance

President Essmann called the meeting to order a 6 pm.

Roll Call of Board Members and Introduction of Guests and Visitors

Directors Ellis, Ewalt, Erpenbach, Kary, Graves, & President Essmann were in attendance.

Also in attendance: Bo Andersson, General Manager; Josh Simpson, Assistant Manager; and Carolyn Bakker, Board Secretary

Guests in attendance: Darrell Mann, Evelyn Pyburn (Yellowstone County News), Denis Pitman, & Ming Cabrera

President's Remarks on Conduct of Meeting

There are two opportunities for members of the public, our customers, and employees, to make their voice heard on issues with the Water District. The first is the next agenda item. Any member of the public may be heard on any subject that is NOT on the agenda. You will have one opportunity to speak which is limited to 3 minutes. Please come to the lectern so your comments may be recorded by the microphone and may be heard. Please identify yourself by name and address and spell your last name for the Secretary. This is a good time to request items for consideration at future Board meetings. The Board will not engage in debate but will attempt to provide brief answers to relevant questions.

There is also an opportunity for you to be heard on the agenda items before a vote. The Board President will acknowledge the Public after a motion has been made and discussed by the Board for their input. The President will recognize speakers who raise their hand. You may comment for up to three minutes. Each speaker will have only one opportunity to speak on an agenda item.

PUBLIC COMMENT and Questions to the Board on Non-Agenda Items:

Daryl Mann addressed the Board to voice objection of consolidation with the City of Billings Water. He stated that if the County Water District would consolidate with the City, the County Water customers would be bailing out the City of Billings with their current problems.

Ming Cabrera expressed concerns that the study committee meetings are attended by a quorum of the Board and should be posted and open to the public. President Essmann replied with a legal explanation that a study committee of the three members is less than the majority and is not a quorum that can take action and therefor public notice is not required.

Mr. Cabrera further expressed concern regarding the consolidation studies and what firms are in attendance of the consolidation meetings. He also expressed concern that President Essmann, as an appointee of the city, shouldn't be involved in the consolidation committee as a conflict of interest. He further expressed concern that the Board was going to push to

consolidation regardless of what he and others thought.

Director Ewalt replied that, HDR, the long-term engineering firm for the City, and Interstate Engineers, our engineering firm, were not in attendance at the consolidation study committee meetings. Morrison-Maierle is a contractor for the study committee.

President Essmann explained that he was encouraged to apply for the position on the board. has been a customer of the District for 42 years and is trying to do the best job he can, exercising his best judgment for the small businesses and residents of the district. He is one vote out of 6 on the board.

Denis Pitman introduced himself as a new member of Billings City Council. He expressed his wish to work closely with the County Water District.

President Essmann told the group about his experience with the billing issues with the City. His review of his bills seemed to average out the same as prior years except for the new storm water billing which was added. The billing process change, done at peak water use during the summer, caused the issue. Denis is intending to work towards figuring out where the issue is with the city and getting the customers who haven't paid their bill caught up.

Director Graves brought up the issue that the City had a billing error in what they under charged the Water District by \$3 million dollars and wanted to charge late fees that would have brought the bill up to \$5 million. It was settled for considerably less.

APPROVAL OF AGENDA

The next order of business was the Approval of the Agenda. Director Kary made the motion to approve the agenda, and Director Graves seconded it. The motion was passed unanimously.

APPROVAL OF MINUTES

Director Ewalt made the motion to approve the minutes for the October 15, November 10 and November 19th meetings. Director Kary seconded the motion. Motion was approved unanimously.

CONSENT AGENDA

President Essmann asked if there were any separation of the Consent Agenda. Several potential items were brought up, and it was suggested that those items be covered during the General Managers report. Director Ewalt made a motion to approve the consent agenda. Director Graves seconded the motion. The discussion continued and Director Ewalt rescinded the motion, so the Directors could ask their questions.

Director Ellis had a question about an error on the balance sheet. The entry for Stifel shows an incorrect amount in a cash account. The funds had been transferred several months ago, but apparently, the District's bookkeeper hadn't recorded the transfer or hadn't gone to the November source document to propagate the balance sheet. The General Manager was instructed to get this corrected.

Director Ellis also brought up the issue that when a bill that is questioned by a board member is not to be paid. The bill was paid anyway. The Board member had asked for an itemized bill for their review prior to payment. The General Manager, Bo Andersson stated that he has asked for an itemized bill and hasn't received it. The vendor told him that they don't customarily breakdown of their bill. President Essmann stated that it isn't unreasonable to request the detail of the work being done. The request for an itemized bill that shows the date of the service, what was done and the number of hours should be requested from Raftelis regarding the invoice for \$34,000.

Director Ewalt asked a question on Cost of Goods Sold report. He noted that it looks like the District was paying for more water than it sold. President Essmann requests a transaction report with the detail. This will help the Board understand.

Director Ellis asked where the refund of the State Fund had been deposited in the General Fund. And was it credited to the insurance expense? General Manager Andersson will verify how it was posted.

The discussion concluded and Director Ewalt made the motion to approve the Consent Agenda. Director Graves seconded the motion. The motion was approved unanimously.

MANAGERS' REPORT

Director Ellis reminded the group that the Board has requested that the District Contract information be posted on the website. Assistant Manager Josh Simpson said the water purchase contract is on the site as one big document. The separated version has not been created yet.

President Essmann and Board are requesting a specific area be created on the website for the Consolidation Information so our customers and constituents can easily locate the information. He noted that this request was made three or four months ago and has not been completed.

ENGINEERING REPORT: Director Ewalt asked to be on record that the pipe described in the Manager's report should be 16" pipe throughout rather than different sizes within the project. General Manager Andersson stated that the diagram in the report is not the final. President Essmann requested that the project is designed with 16" so we don't have to re-do in the future. General Manager Andersson will communicate that to Interstate Engineering.

INSURANCE CLAIM: Director Ellis asked if the District had received a formal Demand letter the customer's insurance company that had a flood. General Manager Andersson said the letter was a rejection letter that was over a year old.

EMPLOYEMENT POLICIES: Director Ewalt asked about how a recent position was filled without the position being advertised to the public. This is part of the procedure in being an equal opportunity employer. General Manager Andersson answered that the new hire in question was a former employee and well qualified. He agreed that in the future all positions be advertised. This was a unique situation. Director Kary-

asked if the new hire was on probation. Assistant Manager Simpson said he's on probation. President Essmann reminded the group that new hires qualify for health insurance and related benefits on day one.

President Essmann posed the question if considering hiring seasonal employees would reduce the cost of employees. General Manager Anderson said that it takes about a year to fully train a new hire.

ONLINE BILL PAY: Director Ellis has experienced some issues using the Water Board's online bill pay portal. She wanted to know if anyone else had a similar experience. General Manager Andersson said it was a known issue and that it was being worked on.

The discussion was concluded and Director Kary made a motion to accept the Managers Report. The motion was seconded by Director Graves. Motion carried.

OLD BUSINESS:

Board Committee Reports

Consolidation Study - Committee report Director Ewalt report no change at this time. The committee is waiting for a response from city about ac pipe and cost of meters.

GPS Vehicles Policy - Committee report

Director Ewalt said that the GPS units have been installed in all of the trucks. The Freightliner trucks are next.

Employee Handbook – Committee report

Director Erpenbach said the updated handbook has been forwarded to Associated Employers Group. They have recommendations for the handbook. The committee will review their recommendations when they are received.

City Rate Negotiations – Committee report

Director Kary: Nothing new to report. They are meeting on Thursday morning. Director Kary will send an update after the meeting.

RFQ for Audit – Committee report

Director Ellis said that there is only one applicant, Strom & Associates. The committee was happy with the applicant. The Audit is due in June and if needed, the Board can apply for an extension. An engagement letter has been sent. Director Erpenbach stated that the quote is for an audit only. There may be other expenses. For example, they do not give legal opinions, so the Board may need to refer questions to the attorney.

To proceed, the 2025 Year End financial report needs to be complete when submitted to the Auditor. The Board asked the General Manager to review that statement carefully before they are submitted to make sure it contains no errors

Director Ellis made the motion to pass Resolution 061-25, Authorizing Employment of Auditing firm. The motion was seconded by Director Erpenbach. It was suggested that Strom added to the resolution. The motion passed as amended.

RFQ for Preparation of PER and CIP – Committee Report

Resolution 059-25 Authorizing Employment of Engineering Firm

Director Ewalt reported that only three engineering firms applied. The committee reviewed the three applications and recommended that the board hires Morrison-Maierle Systems. Director Ewalt made the motion that Resolution 059-25 be passed with Morrison-Maierle Systems being added. Director Kary seconded the motion.

PUBLIC COMMENT: Ming Cabrera expressed concern about a conflict of interest in the matter.

Motion was pass, 5-1. Directory Graves voting no.

Remove Resolutions not adopted from posting on District website and District Resolutions Book- 057-25

President Essmann expressed his opinion that only the resolutions that passed should be included in the book and posted on the District's website. The purpose is to not confuse the public with things that didn't pass. The Resolution would remove those items from the book and website.

Assistant General Manager Josh Simpson expressed his disagreement with this policy. He feels that failed resolutions should be included for transparency. President Essmann mentioned that a resolution that had not been passed had been posted to the site, but not with the original language.

President Essmann, in reviewing the posted resolutions noted Resolution 008-25 that was on the website, appeared to be modified from its original form that appeared in the February minutes. He questioned how that happened. It is against the law in the State of Montana to falsify an official document and that it was fortunate that it had not been signed.

It was suggested that the resolutions not be numbered until the Resolution is passed. The President and Secretary will assign the numbers. This will keep the book clean.

President Essmann made the motion to approve the resolution, Director Ellis seconded it and the resolution was approved unanimously.

New Business:

Resolution authorizing Investment Account with Stifel

Director Ellis made the motion and Director Ewalt second it to authorize the signing of the Stifel Resolution. Resolution was passed unanimously.

Presentation on alternatives with respect to Replacement Meters

General Manager Andersson and Assistant Manager Simpson made a brief presentation on the newer technology available for the water meters. The meters would transmit water usage to the Board office using cellular technology. No action was taken at this time as the study on consolidation is still underway.

Resolution for Printing & Mailing President's Year End Report for 2025 Resolution 062-25

The Board decided that to ensure that all of the County Water District's customers are up to date with the activity of the Board the President's Year End Report be mailed to each customer. Director Ewalt made the motion, and Director Ellis seconded it. The motion passed unanimously.

RENEWAL OF MATURING CD'S WITH STIFEL

Director Ellis made a motion to Move to move the funds in the maturing CD with Stifel upon maturity to the Montana Board of Investments STIP account. Erpenbach seconded the motion. It passed unanimously.

Items for future Board Meetings:

- Proposal of a Resolution to move funds from maturing CD's to STIP on an ongoing basis.
- Employee manual
- Employment Guidelines

Announcements:

- **Board Work Session, 1 PM, December 29, 2025**, Conference Room of Associated Employers Group, 3435 Mountain Pass Rd Billings MT 59106
- **Next Board Meeting: January 21, 2026**

ADJOURNED: 8 PM



Carolyn B. Bakker, Board Secretary

B.O.C.C. Regular

Meeting Date: 02/10/2026

Title: Snow Removal Contract with Marzee's Auto Body & Paint

Submitted For: Monica Plecker, Public Works Director

Submitted By: Trasee Field, Senior Secretary

TOPIC:

Snow Removal Contract with Marzee's Auto Body & Paint for Pheasant Brook Subdivision

BACKGROUND:

Snow Removal Contract with Marzee's Auto Body & Paint for Pheasant Brook Subdivision RSID 701

RECOMMENDED ACTION:

File

Attachments

Contract

**Standard Form of Agreement for Snow Removal between
Yellowstone County and Contractor on the Basis of a Stipulated Price
Pheasant Brook Sub RSID 701**

This agreement is dated as of the 21st day of January 2026, by and between Yellowstone County, Montana (the County), and Marzee's Auto Body & Paint, Laurel, Montana (hereinafter called Contractor).

Owner and Contractor, in consideration of the material covenants hereinafter set forth, agree as follows:

1. Scope of Work:

Snow plowing in Pheasant Brook Subdivision see attached scope of work

Contractor shall provide all labor and equipment necessary to fulfill the Scope of Work specification sheet, attached.

2. Contract Times

This contract will be in effect from January 21, 2026 until May 1st, 2026. Should any work, outside the Scope of Work need to be performed, both parties must agree in writing.

3. Contract Price

The County shall pay the contractor \$1,300.00 per plowing
\$125.00 per hour for drift plowing

4. Contractors Representation

- 4.1 Contractor has examined and reviewed the Contract Documents and other related paperwork.
- 4.2 Contractor has visited the site and become familiar with and is satisfied as to the general, local and site conditions that may affect cost, progress, performance and furnishing of the work.
- 4.3 Contractor is familiar with and is satisfied as to all federal, state and local laws and regulations that may affect cost, progress, performance and furnishing of the work.
- 4.4 Contractor has given the County written notice of all conflicts, errors, ambiguities or discrepancies that the Contractor has discovered in the Contract Documents and that the Contract Documents are generally sufficient to indicate and convey the understanding of all terms and conditions for performance and furnishings of the work.

5. Contract Documents

The Contract Documents, which comprise the entire agreement between the County

and Contractor, consist of the following:

- 5.1 This Agreement.
- 5.2 Scope of Work Specification Sheet dated October 17, 2019.
- 5.3 Contractor's current Certificate of Insurance, current Independent Contractor designation and Workers Compensation coverage.

6. Miscellaneous

- 6.1 Contractor shall not assign this agreement in whole or in part without written consent by the County, which consent shall not be unreasonably withheld.
- 6.2 Contractor shall maintain at its sole cost and expense, commercial general liability insurance naming Yellowstone County/ Public Works, as additional insured against liability for damages for bodily injury, including death and completed operations and property damages in a minimum amount of Seven Hundred Fifty Thousand Dollars (\$750,000.00) for each claim and One Million Five Hundred Thousand Dollars , (\$1,500,000.00), in the aggregate arising from incidents which occur as the result of Contractors negligence while performing any work or service and for which Yellowstone County / Public Works, sole basis of liability is vicarious liability for the acts or omissions of the Contractor or/and subcontractors. Contractor shall maintain at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability which may arise from or in connection with work or service by Contractor, agents, employees, representatives, assigns and sub-contractors. This insurance shall cover claims as may be caused by any negligent act or omission. The policy of insurance shall be an occurrence policy with a Best Rating of A- or better and must be in force throughout the period.

Contractor shall name on the Certificate of liability insurance Yellowstone County /Public Works, as additional insured for on-site work or Maintenance Service. In addition, Contractor will furnish to Yellowstone County a copy of the policy endorsement, CG 32 87 05 10, indicating that Yellowstone County / Public Works, are named as an additional insured under the Contractors insurance policy.

Contractor agrees to furnish both the Certificate of insurance and policy endorsement at least ten (10) days prior to beginning work.

Contractor agrees to defend, indemnify and hold harmless Yellowstone County / Public Works from and against any and all claims demands, obligations causes of action, lawsuits and all damages and liabilities fines, judgments, costs, (including settlement costs), and expenses associated therewith (including reasonable attorney's fees and disbursements), arising from incidents that occur the result of Contractors negligence. And for which Yellowstone County / Public Works, sole basis of liability is vicarious liability for the acts or omissions of Contractor. The defense and indemnification obligations under this paragraph of the Invitation to Bid shall not be limited by any assertions or finding that Yellowstone County/ Public Works, is liable for any damages by reason of a non-delegable duty.

- 6.3 Contractor is required to maintain workers' compensation insurance, or an independent contractor's exemption issued by the Montana Department of Labor

covering Contractor and Contractor's employees. Contractor is not, nor is Contractor's workers, employees of Yellowstone County/Yellowstone County Public Works. Workers Compensation insurance, or the exemption from the workers' compensation obligation must be valid for the entire period.

- 6.7 The Parties agree that the laws of the State of Montana shall govern this contract, and that venue shall be in the Thirteenth Judicial District Court, Yellowstone County, Montana
- 6.8 Contractor agrees to defend, indemnify and hold harmless the County against all claims for injuries to person or damages to property occurred from or in Connection with the Contractors performance under the Agreement.
- 6.9 In the event of litigation between Contractor and the County, the prevailing party shall be entitled to reimbursement of Court costs and reasonable attorney fees by the non-prevailing party.

- 7.0 The Contractor must, in performance of work under this contract, fully comply with all applicable federal, state or local laws, rules, regulations, including the Montana Human Rights Act, Civil Rights Act of 1964, The Age Discrimination Act of 1975 and the American with Disabilities Act of 1990. Any subletting or subcontracting by the Contractor subjects contractors to the same provisions. In accordance with section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualification and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the person performing under the contract.

8.0 Termination

This Agreement shall terminate in its entirety in accordance with the terms found in paragraph 2. However, either party may terminate this contract on thirty (30) calendar days written notice, or if prior to such action, the other party materially breaches any of its representations or obligations under this Agreement. Except as may be otherwise provided in this Agreement, such breach by either party will result in the other party being responsible to reimburse the non-defaulting party for all costs incurred directly as a result of the breach of this Agreement, and shall be subject to such damages as may be allowed by law including attorneys' fees and costs of enforcing this Agreement.

IN WITNESS WHEREOF, the County and Contractor have signed this Agreement in duplicate. One counterpart each will be delivered to the County and Contractor. All portions of the Contract Documents have been signed, initialed or identified by the County and Contractor.

This Agreement will be effective January 21, 2026.

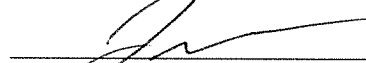
OWNER:
Yellowstone County
Billings, Montana 59101



Monica Plecker
Public Works Director

CONTRACTOR:

Laurel, MT 59044



Jason Mares
Owner

Scope of Work – Specifications
October 17, 2019

The scope of work includes but is not limited to the following:

- All paved roads and cul-de-sacs in Pheasant Brook Subdivision are to be plowed, drive ways and mailboxes are to be left clear of snow piles and windrows.
- Snow plowing will automatically be expected once 4 or more inches of snow have accumulated on the road surfaces to be plowed. If there is 6 inches or more of snow the school bus route must be plowed before 7:00am. The Ad-Hoc committee chairperson, Jerr. Lamerton, may request snow plowing if less than 4 inches of snow have accumulated but he must request it.
- Coordinate with property owners and RSID Ad-Hoc members as necessary.
 - After completion of the work provide copies of the invoice to:

Yellowstone County Public Works- PO Box 35024 Billings, MT 50107