TOWN OF VALIER

PONDERA COUNTY
VALIER, MONTANA

FINANCIAL AND COMPLIANCE REPORT

Fiscal Year Ended June 30, 2024

Strom & Associates, P. C.
PO BOX 1980
Billings, Montana 59103

TOWN OF VALIER

PONDERA COUNTY
VALIER, MONTANA 59486

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TOWN OF VALIER

PONDERA COUNTY
VALIER, MONTANA 59486

ORGANIZATION

MAYOR AND TOWN COUNCIL

Glenn Wunderlich	Mayor
Steve Nelson	Council Member
Janelle Nelson	Council Member
Dave Widhalm	Council Member
Angi Dodge	Council Member

OFFICIALS

Stephanie Sullivan	Clerk/Treasurer
Josh Clifford	Public Works Supervisor
Cody Shaw	Town Judge
Joe Sherwood	Town Attorney

STROM & ASSOCIATES, P.C.
Certified Public Accountants

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Billings, MT 59103

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INDEPENDENT AUDITOR'S REPORT

Mayor and Town Council
Town of Valier
Pondera County
Valier, Montana 59486

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Valier (Town) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

GAAP requires that the Schedule of Funding Progress - Postemployment Benefits Other than Pensions (page 39), the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to Montana Retirement Systems (pages 40-43), and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (pages 44-46) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC
Billings, Montana
July 1, 2025

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	$ 506,314	$ 171,366	$ 677,680	$ 89,190
Taxes Receivable	13,370	-	13,370	-
Special Assessments Receivable	13,494	19,138	32,632	-
Accounts Receivable - Net	-	68,379	68,379	-
Due from Other Governments	50,500	37,091	87,591	-
Inventories	-	20,133	20,133	-
Total Current Assets	583,678	316,107	899,785	89,190
Noncurrent Assets:				
Restricted Cash and Investments	-	301,259	301,259	-
Capital Assets:				
Land	112,100	-	112,100	-
Construction in Progress	-	197,379	197,379	-
Net Depreciable Assets	589,844	4,812,641	5,402,485	-
Total Noncurrent Assets	701,944	5,311,279	6,013,223	-
Total Assets	1,285,622	5,627,386	6,913,008	89,190
DEFERRED OUTFLOWS OF RESOURCES:				
Employer Pension Plan Related	17,177	22,607	39,784	-
Other Postemployment Benefits Related	162	239	401	-
Total Deferred Outflows of Resources	17,339	22,846	40,185	-
Total Assets and Deferred Outflows of Resources	$ 1,302,961	$ 5,650,232	$ 6,953,193	$ 89,190
LIABILITIES:				
Current Liabilities:				
Accounts Payable	$ -	$ 17,811	$ 17,811	$ -
Deposits and Refunds Payable	1,663	10	1,673	-
Unearned Revenue	-	10,389	10,389	-
Grants Received in Advance	49,514	-	49,514	-
Current Portion of Compensated Absences	3,307	6,718	10,025	-
Current Portion of Long-term Capital Obligations	-	66,857	66,857	-
Total Current Liabilities	54,484	101,785	156,269	-
Noncurrent Liabilities:				
Compensated Absences	3,307	6,718	10,025	-
Net Pension Accrual	116,772	153,693	270,465	-
Other Postemployment Benefits	8,778	12,938	21,716	-
Capital Debt Obligations	-	1,398,685	1,398,685	-
Total Noncurrent Liabilities	128,857	1,572,034	1,700,891	-
Total Liabilities	183,341	1,673,819	1,857,160	-
DEFERRED INFLOWS OF RESOURCES:				
Employer Pension Plan Related	4,165	5,482	9,647	-
Other Postemployment Benefits Related	9,922	14,626	24,548	-
Total Deferred Inflows of Resources	14,087	20,108	34,195	-
NET POSITION:				
Net Investment in Capital Assets	701,944	3,544,478	4,246,422	-
Restricted	438,970	301,259	740,229	-
Unrestricted (Deficit)	(35,381)	110,568	75,187	89,190
Total Net Position	1,105,533	3,956,305	5,061,838	89,190
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,302,961	$ 5,650,232	$ 6,953,193	$ 89,190

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Expenses	Program Revenues: Charge for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
GOVERNMENT OPERATIONS:								
General Government	$ 74,704	$ -	$ 3,443	$ -	$ (71,261)		$ (71,261)	
Public Safety	76,050	-	314	-	(75,736)		(75,736)	
Public Works	138,592	28,117	223,844	-	113,369		113,369	
Culture and Recreation	201,578	53,680	121,696	-	(26,202)		(26,202)	
Debt Service:								
Interest and Other Charges	266	-	-	-	(266)		(266)	
Total Governmental Operations	491,190	81,797	349,297	-	(60,096)		(60,096)	
BUSINESS-TYPE ACTIVITIES:								
Water	384,308	236,401	-	-		$ (147,907)	(147,907)	
Sewer	286,848	237,408	-	162,761		113,321	113,321	
Total Business-type Activities	671,156	473,809	-	162,761		(34,586)	(34,586)	
Total Primary Government	$ 1,162,346	$ 555,606	$ 349,297	$ 162,761	$ (60,096)	$ (34,586)	$ (94,682)	
COMPONENT UNITS:								
Library Foundation	2,082	-	-	-				(2,082)
Total Component Units	$ 2,082	$ -	$ -	$ -				$ (2,082)
GENERAL REVENUES:								
Taxes/Assessments					$ 86,665	$ -	$ 86,665	$ -
Local Option Taxes					14,132	-	14,132	-
Licenses and Permits					4,465	-	4,465	-
Federal/State Shared Revenues					61,216	-	61,216	-
Miscellaneous					1,517	-	1,517	-
Investment and Royalty Earnings					1,752	9,229	10,981	10,321
Total General Revenues					169,747	9,229	178,976	10,321
Change in Net Position					109,651	(25,357)	84,294	8,239
NET POSITION:								
Beginning of the Year					1,003,965	3,981,662	4,985,627	80,951
Error Correction					(8,083)	-	(8,083)	-
End of the Year					$ 1,105,533	$ 3,956,305	$ 5,061,838	$ 89,190

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	MAJOR					
			Formerly Non-Major	*Formerly Major*		
	General	Library	Gas Tax	ARPA	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	$ 81,824	$ 130,785	$ 219,517		$ 74,188	$ 506,314
Taxes Receivable	13,370	-	-		-	13,370
Special Assessments Receivable	-	-	-		13,494	13,494
Due from Other Governments	-	50,500	-		-	50,500
Total Assets	95,194	181,285	219,517		87,682	583,678
DEFERRED OUTFLOWS OF RESOURCES:						
Total Deferred Outflows of Resources	-	-	-		-	-
Total Assets and Deferred Outflows of Resources	$ 95,194	$ 181,285	$ 219,517		$ 87,682	$ 583,678
LIABILITIES:						
Current Liabilities:						
Deposits and Refunds Payable	$ 1,663	$ -	$ -		$ -	$ 1,663
Grants Received in Advance	-	-	-		49,514	49,514
Total Liabilities	1,663	-	-		49,514	51,177
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Property Taxes Receivable	13,370	-	-		13,494	26,864
Total Deferred Inflows of Resources	13,370	-	-		13,494	26,864
FUND BALANCE (DEFICITS):						
Restricted	-	181,285	219,517		24,674	425,476
Unassigned	80,161	-	-		-	80,161
Total Fund Balance	80,161	181,285	219,517		24,674	505,637
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 95,194	$ 181,285	$ 219,517		$ 87,682	$ 583,678

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balance Reported Above	$ 505,637
Assets and Deferred Outflows of Resources:	
Unavailable Property Taxes Receivable	26,864
Governmental Capital Assets	701,944
Employer Pension Plan Related Deferred Outflows of Resources	17,177
Other Postemployment Benefits Related	162
Liabilities and Deferred Inflows of Resources:	
Compensated Absences	(6,614)
Net Pension Accrual	(116,772)
Other Postemployment Benefits	(8,778)
Employer Pension Plan Related Deferred Inflows of Resources	(4,165)
Other Postemployment Benefits Related	(9,922)
Net Position of Governmental Activities	$ 1,105,533

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	MAJOR					
			Formerly Non-Major	*Formerly Major*		
	General	Library	Gas Tax	ARPA	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes and Assessments	$ 105,783	$ 104,795	$ -		$ 27,791	$ 238,369
Licenses and Permits	4,465	-	-		-	4,465
Intergovernmental Revenues	71,027	2,234	222,762		2,811	298,834
Charges for Services	51,966	2,040	-		-	54,006
Miscellaneous	1,430	9,124	-		-	10,554
Investment and Royalty Earnings	1,354	-	399		-	1,753
Total Revenues	236,025	118,193	223,161		30,602	607,981
EXPENDITURES:						
Current:						
General Government	65,901	-	-		2,811	68,712
Public Safety	70,013	-	-		-	70,013
Public Works	47,996	-	33,363		33,022	114,381
Culture and Recreation	63,207	111,703	-		-	174,910
Debt Service:						
Principal	-	-	5,968		-	5,968
Interest and Other Charges	-	-	266		-	266
Total Expenditures	247,117	111,703	39,597		35,833	434,250
Excess (Deficiency) of Revenues Over Expenditures	(11,092)	6,490	183,564		(5,231)	173,731
OTHER FINANCING SOURCES (USES):						
Fund Transfers In	-	-	16,178		-	16,178
Fund Transfers (Out)	-	-	-		(16,178)	(16,178)
Total Other Financial Sources (Uses)	-	-	16,178		(16,178)	-
Net Change in Fund Balance	(11,092)	6,490	199,742		(21,409)	173,731
FUND BALANCE:						
Beginning of the Year	99,336	174,795	-	-	65,858	339,989
Change within Financial Reporting Entity	-		19,775	-	(19,775)	-
Error Correction	(8,083)	-	-		-	(8,083)
End of the Year	$ 80,161	$ 181,285	$ 219,517	$ -	$ 24,674	$ 505,637

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net Changes in Fund Balance		$ 173,731
Revenues on the Statement of Activities not Included in Governmental Funds Statement:		
Increase (Decrease) in Taxes Receivable	(4,986)	
State Pension Aid	3,015	(1,971)
Expenses on the Statement of Activities not Included in the Governmental Funds Statement:		
Depreciation Expense	(34,068)	
Actuarial Pension Expense	(17,644)	
(Increase) Decrease in Other Postemployment Benefits	(16,207)	
(Increase) Decrease in Compensated Absence Liability	(158)	(68,077)
Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities		
Principal Payments on Debt	5,968	5,968
Change in net Position Reported on the Statement of Activities		$ 109,651

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	MAJOR		
	Water	Sewer	Total Enterprise Funds
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 53,481	$ 117,885	$ 171,366
Special Assessments Receivable	3,818	15,320	19,138
Accounts Receivable - Net	41,108	27,271	68,379
Due from Other Governments	-	37,091	37,091
Inventories	14,698	5,435	20,133
Total Current Assets	113,105	203,002	316,107
Noncurrent Assets:			
Restricted Cash and Investments	124,250	177,009	301,259
Capital Assets:			
Construction in Progress	-	197,379	197,379
Net Depreciable Assets	2,237,050	2,575,591	4,812,641
Total Noncurrent Assets	2,361,300	2,949,979	5,311,279
Total Assets	2,474,405	3,152,981	5,627,386
DEFERRED OUTFLOWS OF RESOURCES:			
Employer Pension Plan Related	11,126	11,481	22,607
Other Postemployment Benefits Related	117	122	239
Total Deferred Outflows of Resources	11,243	11,603	22,846
Total Assets and Deferred Outflows of Resources	$ 2,485,648	$ 3,164,584	$ 5,650,232
LIABILITIES:			
Current Liabilities:			
Accounts Payable	$ -	$ 17,811	$ 17,811
Deposits and Refunds Payable	5	5	10
Unearned Revenue	10,389	-	10,389
Current Portion of Compensated Absences	3,126	3,592	6,718
Current Portion of Long-term Capital Obligations	17,072	49,785	66,857
Total Current Liabilities	30,592	71,193	101,785
Noncurrent Liabilities:			
Compensated Absences	3,126	3,592	6,718
Net Pension Accrual	75,639	78,054	153,693
Other Postemployment Benefits	6,354	6,584	12,938
Capital Debt Obligations	703,867	694,818	1,398,685
Total Noncurrent Liabilities	788,986	783,048	1,572,034
Total Liabilities	819,578	854,241	1,673,819
DEFERRED INFLOWS OF RESOURCES:			
Employer Pension Plan Related	2,698	2,784	5,482
Other Postemployment Benefits Related	7,183	7,443	14,626
Total Deferred Inflows of Resources	9,881	10,227	20,108
NET POSITION:			
Net Investment in Capital Assets	1,516,111	2,028,367	3,544,478
Restricted for Debt Service	124,250	177,009	301,259
Unrestricted (Deficit)	15,828	94,740	110,568
Total Net Position	1,656,189	2,300,116	3,956,305
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,485,648	$ 3,164,584	$ 5,650,232

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	MAJOR		
	Water	Sewer	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Services	$ 234,448	$ 226,974	$ 461,422
Special Assessments	-	8,418	8,418
On-Behalf Pensions	1,953	2,016	3,969
Total Operating Revenues	236,401	237,408	473,809
OPERATING EXPENSES:			
Personal Services	114,441	116,292	230,733
Supplies	71,907	29,038	100,945
Purchased Services	97,732	40,916	138,648
Fixed Charges	11,174	12,731	23,905
Depreciation	64,422	66,632	131,054
Total Operating Expense	359,676	265,609	625,285
Operating Income (Loss)	(123,275)	(28,201)	(151,476)
NONOPERATING REVENUES (EXPENSES)			
Interest	3,137	6,092	9,229
Debt Service Interest	(24,632)	(21,239)	(45,871)
Total Nonoperating Revenue (Expenses)	(21,495)	(15,147)	(36,642)
CONTRIBUTIONS AND TRANSFERS			
Capital Contributions	-	162,761	162,761
Change in Net Position	(144,770)	119,413	(25,357)
NET POSITION:			
Beginning of the Year	1,800,959	2,180,703	3,981,662
End of the Year	$ 1,656,189	$ 2,300,116	$ 3,956,305

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	MAJOR		
	Water	Sewer	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 219,014	$ 231,273	$ 450,287
Payments to Employees	(98,269)	(100,464)	(198,733)
Payments to Suppliers	(164,724)	(76,733)	(241,457)
Net Cash Provided (Used) by Operating Activities	(43,979)	54,076	10,097
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Net Cash Provided (Used) by Non-capital Financing Activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Contributions	-	136,760	136,760
Purchases of Capital Assets	-	(237,951)	(237,951)
Principal Paid on Capital Debt	(16,504)	(49,048)	(65,552)
Interest Paid on Capital Debt	(24,632)	(21,239)	(45,871)
Net Cash Provided (Used) by Capital and Related Financing Activities	(41,136)	(171,478)	(212,614)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	3,137	6,092	9,229
Net Cash Provided (Used) by Investing Activities	3,137	6,092	9,229
Net Increase (Decrease) in Cash and Cash Equivalents	(81,978)	(111,310)	(193,288)
BALANCE:			
Beginning of the Year	259,709	406,204	665,913
End of the Year	$ 177,731	$ 294,894	$ 472,625
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ (123,275)	$ (28,201)	$ (151,476)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	64,422	66,632	131,054
Pension on-behalf revenue	(1,953)	(2,016)	(3,969)
Other Postemployment Benefits Expense	11,824	12,271	24,095
GASBS No. 68 Pension Expense	3,160	2,326	5,486
Changes in Assets and Liabilities:			
Accounts Receivable	(25,656)	(2,046)	(27,702)
Special Assessments Receivable	(172)	(2,078)	(2,250)
Customer Deposits	5	5	10
Compensated Absences	1,188	1,231	2,419
Unearned Revenue	10,389	-	10,389
Inventory	16,089	5,952	22,041
Net Cash Provided (Used) by Operating Activities	$ (43,979)	$ 54,076	$ 10,097
Supplemental Schedule of Noncash Activities:			
GASBS No. 68 State Contribution	$ -	$ -	$ -

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2024

	Custodial Funds Aggregate Other Custodial Funds
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 531
Total Assets	$ 531
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ -
Total Liabilities	-
NET POSITION:	
Restricted For:	
Individuals and Organizations	$ 531
Total Net Position	$ 531

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2024

	Custodial Funds Aggregate Other Custodial Funds
ADDITIONS:	
Property Taxes Collected for Other Governments	$ -
Total Additions	-
DEDUCTIONS:	
Total Deductions	-
Change in Net Position	-
NET POSITION:	
Beginning of the Year	531
End of the Year	$ 531

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

The basic financial statements of the Town of Valier (Town) have been prepared on a prescribed basis of accounting that demonstrates compliance with the accounting and budget laws of the State of Montana (State), which conforms to Generally Accepted Accounting Principles (GAAP), as applied to governmental units. The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In fiscal year 2024, the Town adopted the following GASB Statements:

- GASB Statement No. 100 – *Accounting Changes And Error Corrections – An Amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

- GASB Statement No. 101 – *Compensated Absences.* This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2024.

The following is a listing of GASB Statements which have been issued and the Town's assessment of effects to the financial statements when implemented.

- GASB Statement No. 102 – *Certain Risk Disclosures.* This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Town plans to implement this Statement once it has identified how it affects the Town and has reviewed the Q&A on this Statement.

- GASB Statement No. 103 – *Financial Reporting Model Improvements.* This Statement:

    - Continues the requirement that the basic financial statements be preceded by management's discussion and analysis, which is presented as required supplementary information (RSI);
    - Describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence;
    - Requires governments to present each major component unit separately in the reporting entity's *Statement of Net Position* and *Statement of Activities* if it does not reduce the readability of the statements; and
    - Requires budgetary comparison information to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts.

The provisions of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Town plans to implement this Statement once it has identified how it affects the Town and has reviewed the Q&A on this Statement.

Services Provided: The Town provides a full range of governmental services to the citizens of the Town. These services include but are not limited to construction, reconstruction, maintenance, and repair of roads, streets, and alleys, parks and recreation, library, public safety, and other municipal services. Water and sewer services are provided and accounted for in enterprise funds. The Mayor and Town council are elected by the public and have the authority to make decisions, appoint administrators and managers, and significantly influence operations.

Incorporation: The Town was incorporated under the laws of the State of Montana and, as required by GAAP, the financial statements of the reporting entity include those of the Town (the primary government) and any component units. The criteria for including organizations as component units within the Town's reporting entity are set forth in Section 2100 of the *GASB Codification of Government Accounting and Financial Reporting Standards*. The basic criteria include appointing a voting majority of an organization's governing body, as well as the Town's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the Town. Based on those criteria, the Town has no material component units.

Discretely presented component unit: The Valier Library Foundation (Foundation) was established to provide funding for the Valier Public Library (Library). The Foundation is run by a separate board of directors and performs fundraising and investing activities for the purpose of maintaining and improving the Library. The component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

1. b. BASIS OF PRESENTATION AND ACCOUNTING

1. b. 1. GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements include the *Statement of Net Position* and the *Statement of Activities*. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds (primary government). Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The component unit column incorporates data from certain legally separate component units where the Town is financially accountable.

The government-wide financial statements report using the economic resource measurement focus and the accrual basis of accounting and generally include the elimination of internal activity between or within funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes and assessments are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

The *Statement of Activitie*s reports the direct expenses of a given governmental function or business-type segment offset by program revenues directly connected with the functional program or segment. Direct expenses are those that are specifically associated with a function or segment. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and
- Operating and Capital grants that are restricted to a particular function or segment.

Property taxes, investment earnings, state entitlement payments, and other revenue sources not properly included with program revenue are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business-type segment is self-supporting or drawing from general revenues.

1. b. 2. FUND ACCOUNTING

The fund financial statements provide information about the government's funds, including its fiduciary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Separate

statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds.

- Revenues are recorded when they are both measurable and available. Available means collectible within the current period – collections that occur after June 30 are generally not material. Unavailable income is recorded in governmental funds for delinquent taxes and assessments.

  Revenues from local sources consist primarily of property taxes and assessments. Property tax and assessments revenue and revenues received from Pondera County (County) are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Cost reimbursement grant funds are considered to be both measurable and available to the extent the related expenditures were made under the provisions of the grant. When such funds are received before the expenditure was incurred, they are recorded as unearned grant revenues. When applicable, the proceeds from long-term debt or capital leases are reported as other financing sources. All other revenue items are considered to be measurable and available only when cash is received by the Town.

- Expenditures are recorded when the related fund liability is incurred or when the flows of current financial resources related to long-term debt items occur. For example, principal and interest on general long-term debt and compensated absence payments. In addition, capital assets are functional expenditures in governmental funds.

Proprietary fund financial statements use the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from special assessments is recognized in the fiscal year for which the assessments are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, and sewer funds are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Resources received for capital acquisition or construction are reported as separate items.

Fiduciary fund financial statements use the economic resources measurement focus and are reported using the accrual basis of accounting. For fiduciary activities, a liability to the beneficiaries of a fiduciary activity should be recognized when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. For example, a liability is recognized when tax collections for other governments occurs, even though it may not be required to distribute the taxes to those governments until a specified time in the future.

Major fund determination – GASB Statement No. 34 requires the General fund be reported as a major fund and that only one General fund be reported. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total (assets, liabilities, etc.) for all funds of that category or type (e.g., total governmental or total enterprise funds).and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major governmental funds:

- General Fund – The General fund is the general operating fund of the Town and accounts for all revenues and expenditures of the Town not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

- Library Fund – This fund is a special revenue fund established to account for financial resources received and the use of those resources for the operations of the City Library.

- Gas Tax – a special revenue fund established to account for financial resources received and the use of for the maintenance of streets, roads, and alleyways.

The Town reports the following major enterprise funds:

- Water Fund – This fund is a proprietary fund established to account for financing the activities of the Town's water distribution operations and to collect and administer water impact fees.

- Sewer Fund – This fund is a proprietary fund established to account for financing the activities of the Town's sewer collection and treatment operations and includes the storm sewer system.

1. b. 3. OTHER FUND TYPES

- Custodial Funds report resources, not in a trust, which are held by the Town for other parties outside of Town's reporting entity. The following custodial funds are maintained by the Town.

    - Fire Department Relief Association (FDRA) – This fund accounts for the resources collected, held, and disbursed by the Town for the FDRA pension plan.

1. c. ASSETS, LIABILITIES AND NET POSITION (FUND BALANCE)

1. c. 1 CASH AND INVESTMENTS

Allowable Depositories – Cash includes amounts in demand deposits, as well as short-term investments as authorized by the State statutes. Montana Code Annotated (MCA) allows Montana local governments to invest public money not necessary for immediate use in:

- United States government treasury bills, notes, or bonds.
- Certain United States treasury obligations.
- United States government security money market fund, if investments consist of those listed above.
- Time or savings deposits with a bank or credit union which is Federal Deposit Insurance Corporation (FDIC) or National Credit Union Association insured.
- Repurchase agreements as authorized by MCA.
- State of Montana Short-Term Investment Pool (STIP).

Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. Investments are recorded at fair market value.

Clearing Funds – Warrants written but not redeemed are reported in the Town's payroll and claims clearing funds. A warrant is an order by which the drawer (the person with authority to make the order) directs the Town trustee to pay a particular sum of money to a payee (person or entity) from funds in the Town treasury which are or may become available. For financial reporting purposes clearing fund cash balances are reclassified. The *unregistered* warrants are liability payments paid to applicable vendors and the government has no further obligation (like a check) since the cash resulted in financial resources spent by the government. The cash balance relating to unredeemed warrant is just a method for the government to keep track of outstanding warrants that have not cleared the government's financial institution. Other liabilities in the payroll clearing fund and *registered* warrants are reclassified as accruals since those amounts are liabilities of the Town.

Statement of Cash Flows – For purposes of the *Statement of Cash Flows*, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash – Restricted cash accounts of the enterprise fund are restricted for specific use as required by the bond indenture agreement covenants established with the issuance and sale of the revenue bonds that represent a liability to the enterprise fund. These restricted cash accounts are used to repay current debt, establish a reserve for future debt, and to establish a replacement and deprecation reserve for the purpose of replacing the system in the future.

1. c. 2. TAXES AND SPECIAL ASSESSMENTS

Property Tax Levies – Property tax levies are set in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the Town. Taxable values are established by the Montana Department of Revenue based on market values. A revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by Montana statute as a fixed percentage of market value.

Special Assessments – Special Assessments are set in connection with the budget process and are based on an assessable area. Assessable area means the portion of a lot or parcel of land that is benefited by the special district. The assessable area may be less than but may not exceed the actual area of the lot or parcel. The governing body shall estimate annually, as near as practicable, the costs and expenses covered by the special assessment.

Collections – Property taxes and special assessments are collected by the County Treasurer, who credits to the Town funds its respective share of the collections. Tax levies are collectible in two installments, which become delinquent after November 30 and May 31. After a period of three years, the County may begin foreclosure proceedings and sell the property at auction.

Delinquency – Unpaid property taxes are liens on the property being taxed. Taxes and special assessments that become delinquent are charged interest at the rate of 5/6 of 1% per month plus a penalty of 2%. After a period of three years, the County may begin foreclosure proceedings and sell real property at auction. In the case of personal property, the property may be seized and sold after the taxes become delinquent. The Town receives its share of the sale proceeds of any such auction.

1. c. 3. RECEIVABLES

Accounts receivable represent amounts the Town expects to receive for providing goods or services delivered or used but not yet paid for by customers or amounts due from governmental agencies for costs incurred but not yet reimbursed. All receivables are current and therefore due within one year. An allowance account is not maintained by the Town and the amount estimated uncollectible is considered immaterial.

MCA allows delinquent water and sewer to be levied as a tax against the lot or parcel of real estate to which sewer or water service was furnished after proper notice to the rate payer.

1. c. 4. INVENTORIES

Materials and supplies inventory are carried in an inventory account at average cost and are subsequently charged to expenditures when consumed (using the consumption method) rather than when purchased.

1. c. 5. CAPITAL ASSETS

The Town's property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, lighting) are stated at historical cost and comprehensively reported in the government-wide financial statements. Historical cost was established when the capital assets were initially recorded by determining the actual cost or estimating the cost using standard costing procedures. The Town considers capital assets to be items with a historical cost in excess of $5,000 and with a useful life in excess of one year. The costs of normal maintenance and repair are not capitalized. Depreciation on capital assets is provided over their estimated useful lives on the straight-line method. Land and construction in progress are not depreciated. The useful life of depreciable assets has been estimated as follows:

Capital Asset Classes	Useful Life
Buildings	20-40 years
Improvements Other than Buildings	10-50 years
Machinery and Equipment	5-20 years
Infrastructure	20-50 years

1. c. 6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position reports a separate section for Deferred Outflows of Resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and, as such, will not be recognized as an outflow of resources (e.g., expense/expenditure) until that time.

In addition to liabilities, the Statement of Financial Position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an increase to net position that applies to a future period(s) and, as such, will not be recognized as an inflow of resources (e.g., revenue) until that time.

Pension Liability – Deferred Outflows and Inflows – The Town recognizes a net pension liability for each qualified pension plan in which it participates. Changes in the net pension liability during the fiscal year are recorded as pension expense, deferred inflows of resources, or deferred outflows of resources depending on the nature of the change and the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense.

Other Postemployment Benefits Liability – Deferred Outflows and Inflows – The Town recognizes a net pension liability for each OPEB liability plan participant. Changes in OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other OPEB related changes.

Property Taxes and Special Assessments – Deferred Inflows – The Town reports deferred inflows under the modified accrual basis of accounting in the governmental funds for property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. In the governmental fund Balance Sheet, they are reported as unavailable from property taxes and special assessments receivable.

1. c. 7. LEASE RELATED ACTIVITIES

In accordance with stipulations set out in GASB No. 87, the Town considers leases that meet certain criteria as an exchange of the right to use an underlying nonfinancial asset (e.g., vehicle, building, land, office space). For such qualifying leases, when material, at commencement of the lease term:

- Town as Lessor – The Town recognizes a lease receivable and a deferred inflow of resources on its government-wide financial statements and fund statements. The Town initially measures these elements at the present value of the payments expected to be made during the lease term. The receivable is amortized and the deferred inflow is recognized as the lease payments are made over the lease term.
    - The lessor retains ownership of the underlying asset and continues to report it as a capital asset net of accumulated depreciation in the Town's financial statement during the lease term.
- Town as Lessee – The Town recognizes an intangible right-to-use lease asset and a lease liability on its government-wide financial statements and a capital outlay and other revenue on its governmental funds financial statements. The Town measures these items at the commencement of the lease at the present value of the payments expected to be made during the lease term. The lease liability is amortized over the lease term and the right-to-use lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

1. c. 8. VACATION AND SICK LEAVE

Vacation Leave – Town employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. Town employees earn vacation leave at the rate of 15 days per year during the first 10 years of employment and at increasing rates thereafter to a maximum of 24 days per year after 20 years of employment. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is the amount earned in the most recent two-year period. Excess vacation time is not forfeited if taken within 90 calendar days from the last day of the calendar year in which the excess was accrued, unless management ensures the employee will use the excess vacation leave before the end of the calendar year in which the leave would have been forfeited. At termination, employees are paid for any accumulated vacation leave at the current rate of pay.

Sick Leave – Town employees earn sick leave at the rate of one day per month. There is no limit on the accumulation of unused sick leave. At termination, 25% of accumulated sick leave is paid at the employee's current rate of pay.

Reporting – Liabilities incurred because of unused vacation and sick leave are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds. Expenses are accrued when earned in Enterprise funds and on the *Statement of Activities*. At June 30, 2024, the amount expected to be paid within one year related to governmental activities amounted to $3,307. At June 30, 2024, the amount expected to be paid within one year related to business-type activities amounted to $6,718 and is paid out of the fund that incurred the liability.

1. c. 9. NET POSITION AND FUND BALANCE

The *Statement of Net Position* includes the following:

- Net Investment in Capital Assets – This component of net position is comprised of the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted – This component of net position is restricted externally by creditors (e.g., debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position is the difference between assets and liabilities that are not reported in the other components of net position.

Governmental fund financial statements include the following fund balances:

- Restricted – This balance includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Unassigned – This balance includes amounts that are available for any purpose. These amounts are reported only in the General fund.

At June 30, 2024, fund balance components other than unassigned fund balance were as follows:

Purpose	Restricted
Public Works	$ 241,061
Culture and Recreation	184,415
Total	$ 425,476

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first.

1. d. OTHER

1. d. 1. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. d. 2. COUNTY PROVIDED SERVICES

The Town is provided various financial services by the County. The County also serves as cashier and treasurer for the Town for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in the County. The collections made by the County on behalf of the Town are accounted for in a fiduciary fund in the Town's name and are periodically remitted to the Town by the County Treasurer. No service charges have been recorded by the Town or the County.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2024, cash and cash equivalents for governmental activities, business-type activities, component units, and fiduciary funds were as follows:

	Governmental Activities	Business-type Activities	Component Units	Fiduciary Funds	Total
Cash and Cash Equivalents	$ 506,314	$ 171,366	$ 89,190	$ 531	$ 767,401
Restricted Cash and Investments	0	301,259	0	0	301,259
Totals	$ 506,314	$ 472,625	$ 89,190	$ 531	$ 1,068,660

The carrying amounts of cash on hand, deposits, and investments at June 30, 2024 were as follows:

Account Type	Amount
Demand Accounts	$ 565,880
Time Deposits	135,866
STIP	291,347
Mutual Funds	75,567
Total	$ 1,068,660

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk. On June 30, 2024, the Town's bank balances were exposed to custodial credit risk as follows:

Deposits	Fair Value
Covered by Depository Insurance	$ 399,489
Collateral Held by the Pledging Bank's Trust Department but not in the Town's Name	329,310
Uninsured and Uncollateralized	0
Total Bank Balance	$ 728,799

Fair Value of Investments – The Town measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2: Investments whose values are based on observable inputs other than quoted market prices that a government can access at the measurement date.
- Level 3: Unobservable inputs for an asset and may require a degree of professional judgment that a government can access at the measurement date.

At June 30, 2024, the Town had the following recurring fair value measurements.

		Fair Value Measurements Using		
Investments	Amount	Level 1	Level 2	Level 3
Debt Securities				
STIP (State of Montana)	$ 291,347	N/A	N/A	N/A
Equity Securities				
Exchange Traded and Closed End Funds	40,337	40,337	0	0
Equity Mutual Funds	35,230	35,230	0	0
Total Equity Securities	75,567	75,567	0	0
Total Investments	$ 366,914	$ 75,567	$ 0	$ 0

- Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Custodial Credit Risk – Investments – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2024, the Town's investments were exposed to custodial credit risk as follows:

		Investment Maturities - Book Value				
Investment	Fair Value	Less than 1 Year	1-5 years	6-10 Years	10 or more years	Credit Quality Rating
iShares MSCI EAFE	$ 5,811	$ 5,811	$ 0	$ 0	$ 0	3 star
Ish Cr TI US Bd	3,883	3,883	0	0	0	4 star
Vanguard Em Mkt Gv BD	692	692	0	0	0	3 star
Vanguard Growth Index	10,846	10,846	0	0	0	4 star
Vanguard Value Index	9,464	9,464	0	0	0	4 star
Vanguard Mid Cap Index	2,179	2,179	0	0	0	4 star
Vanguard S&P 500	6,002	6,002	0	0	0	5 star
Vanguard Small Cap Value	1,460	1,460	0	0	0	4 star
American Capital World Bond F3	642	642	0	0	0	2 star
Bridge Builder Core Plus Bond	5,383	5,383	0	0	0	4 star
Bridge Builder INTL Equity	4,344	4,344	0	0	0	Not Rated
Bridge Builder Large Growth	3,518	3,518	0	0	0	3 star
Bridge Builder Large Value	3,868	3,868	0	0	0	4 star
Bridge Builder Small/Mid Growth	1,490	1,490	0	0	0	3 star
Bridge Builder Small/Mid Value	1,487	1,487	0	0	0	3 star
Delaware Emerging Markets R6	3,397	3,397	0	0	0	2 star
DFA Intl Small Company I	1,367	1,367	0	0	0	4 star
Federated Instl Hi-Yield BD R6	697	697	0	0	0	3 star
Goldman Fs Government I	777	777	0	0	0	Not Rated
Invesco INTL Sm-Mid Company R6	1,437	1,437	0	0	0	3 star
Invesco Small Cap Equity R6	1,422	1,422	0	0	0	4 star
Principal Midcap R6	3,124	3,124	0	0	0	5 star
TRP Emerging Markets Bond I	747	747	0	0	0	3 star
TRP Mid-Cap Growth I	1,530	1,530	0	0	0	4 star
Total Fair Value	$ 75,567	$ 75,567	$ 0	$ 0	$ 0	
Total Book Value	$ 75,567					

Morningstar assigned ratings on a 5-star system based on a fund's past risk and load adjusted returns versus category peers, for stocks trading at a discount or premium to the estimate of their fair values. They have assigned a rating of 4 or 5 stars for stocks trading at large discounts compared to the fair value estimates and 1 or 2 stars for stocks trading at large premiums to the fair value estimates. Stocks trading very close to the fair value estimates receive a 3-star rating. Also, Morningstar assigned a summary expression forward looking analysis of a fund using a five-tier scale with three positive ratings of Gold, Silver, and Bronze, a Neutral rating, and a Negative rating.

2. a. SHORT TERM INVESTMENT POOL

STIP is an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. STIP invests the operating funds of Montana, participating local government entity funds, and the liquidity requirements of the various pension and trust funds managed by MBOI.

STIP is a commingled pool for investment purposes. The use of a commingled pool allows for simplified investing and accounting, as well as broader investment diversification, and it provides opportunities for fee savings.

STIP is not registered with the SEC as an investment company and therefore is not required to abide by the SEC's rule 2a-7 of the Investment Company Act of 1940. For financial reporting purposes, the STIP portfolio will be reported on a Net Asset Value basis versus amortized cost starting in fiscal year 2016.

The shareholder's STIP ownership is represented by shares. Shareholders having funds to invest and owning shares are required to give one business days' notice to buy or sell shares. Share prices are fixed at $1.00 per share for transactional purposes. The STIP investment portfolio consists of securities with maximum maturity of 2 years or less. The portfolio is reported at net asset value for financial reporting purposes.

Purchases of securities other than U.S. government or U.S. Agency obligations are restricted to those which are pre-approved and part of an "Approved List." STIP may invest only in the following securities and investment vehicles: (1) U.S. Treasury or U.S. dollar denominated securities fully guaranteed by the U.S. Government; (2) U.S. Government Agency securities denominated in U.S. dollars; (3) Publicly traded U.S. dollar-denominated corporate bonds, notes, and medium term notes; (4) U.S. dollar-denominated Commercial Paper (CP); (5) U.S. dollar-denominated Bankers' Acceptance (BA); (6) U.S. dollar-denominated certificates of deposits; (7) U.S. dollar-denominated Asset-Backed Securities collateralized by credit cards, automobile loans and leases, student loans, and equipment leases; (8) U.S. dollar-denominated Asset-Backed commercial paper; (9) Repurchase or Reverse Repurchase Agreements with an approved primary dealer or the custodial bank and under the terms of a written master repurchase agreement; (10) investments required to implement the bond credit enhancement authorized by Resolution 219; (11) SEC registered 2a-7 Institutional Money Market Funds that are considered "U.S. Treasury" or "U.S. Government" money market mutual funds according to the SEC regulations; and (12) short-term investment vehicles available through the custodial bank.

Fair Value Measurement – STIP categorizes its fair value measurements using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date;
- Level 2: Investments whose values are based on observable inputs other than quoted market prices that a government can access at the measurement date; and,
- Level 3: Unobservable inputs for an asset and may require a degree of professional judgment that a government can access at the measurement date.

For additional information contact the Montana Board of Investments, P.O. Box 200126, Helena, MT 59620-0126 – Telephone (406)-444-0001 or on web at http://https://investmentmt.com

2. b. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments were held by the Town Treasurer at June 30, 2024 as follows:

Fund	Amount	Purpose
Proprietary Funds		
Water *	$ 124,250	Debt service reserve
Sewer *	177,009	Debt service reserve
Total	$ 301,259	

* Denotes Major Fund

The ordinances authorizing the water and sewer system revenue bonds require that the Town establish sinking funds or cash restricted for payment of principal and interest on all revenue bonds. At June 30, 2022, the sinking fund balances were sufficient to satisfy such bond ordinance requirements.

NOTE 3. TAXES AND ASSESSMENTS RECEIVABLE

The Town is permitted by Montana statutes to levy taxes up to certain fixed limits for various purposes. The assessed value of the roll as of January 1, 2023, upon which the levy for the 2024 fiscal year was based, amounted to $946,287. The tax rates assessed for the year ended June 30, 2024 were as follows:

Fund	Mill Levies	Taxes Receivable	Assessments Receivable	Total
Governmental Funds				
General *	96.79	$ 13,370	$ 0	$ 13,370
Streetlights	-	0	13,494	13,494
Totals	96.79	$ 13,370	13,494	26,864
Proprietary Funds				
Water *			3,818	3,818
Sewer *			15,320	15,320
Totals			19,138	19,138

Property taxes or special assessments assessed may be paid under protest and held by the County Treasurer until the action is finally determined to be in favor of or against the governmental entity levying the tax or assessment. Money paid under protest is accounted for by the County in a protested tax fiduciary fund until the final determination. The amount reported above includes $0 of taxes paid under protest.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable represent the outstanding balances of amounts billed for services the Town has provided for water and sewer. An allowance for doubtful accounts has not been established since the outstanding amount is not material. In addition, Montana law allows the Town to place delinquent utility balances on the tax rolls for collection.

Fund	Accounts Receivable	Unbilled But Paid in Advance	Net Accounts Receivable
Water *	$ 51,497	$ (10,389)	$ 41,108
Sewer *	27,271	0	27,271
Total	$ 78,768	$ (10,389)	$ 68,379

* Denotes Major Fund

NOTE 5. OTHER ASSETS

5. a. DUE FROM OTHER GOVERNMENTS

Due from other governments represent amounts due to the Town for costs incurred but not reimbursed by third party governments. The amounts due from other governments as of June 30, 2024 were as follows:

Fund	Amount	Due From	Reason
Library *	$ 50,500	Pondera County	County library tax contribution
Sewer *	37,091	Montana	ARPA grant
Total	$ 87,591		

* Denotes Major Fund

NOTE 6. CAPITAL ASSETS, DEPRECIATION, AND NET CAPITAL ASSETS

6. a. GENERAL CAPITAL ASSETS

The schedule of changes in general capital assets for the year ended June 30, 2024 follows:

	Primary Government		
Governmental Activities	Balance July 1, 2023	Additions	Balance June 30, 2024
Non-depreciable Capital Assets:			
Land	$ 112,100	$ 0	$ 112,100
Total Non-depreciable Capital Assets	112,100	0	112,100
Depreciable Capital Assets:			
Buildings	666,647	0	666,647
Improvements Other than Buildings	138,555	0	138,555
Machinery and Equipment	224,748	0	224,748
Infrastructure	31,290	0	31,290
Total Depreciable Capital Assets	1,061,240	0	1,061,240

Governmental Activities	Balance July 1, 2023	Additions	Balance June 30, 2024
Less Accumulated Depreciation For:			
Buildings	(227,555)	(13,584)	(241,139)
Improvements Other than Buildings	(52,343)	(4,974)	(57,317)
Machinery and Equipment	(155,865)	(13,946)	(169,811)
Infrastructure	(1,565)	(1,564)	(3,129)
Total Accumulated Depreciation	(437,328)	(34,068)	(471,396)
Net Depreciable Capital Assets	623,912	(34,068)	589,844
Net Governmental Activities Capital Assets	$ 736,012	$ (34,068)	$ 701,944

Depreciation expense charged to governmental functions was as follows:

Function	Amount
General Government	$ 2,436
Public Safety	6,037
Public Works	12,395
Culture and Recreation	13,200
Total Depreciation Expense	$ 34,068

6. b. BUSINESS-TYPE CAPITAL ASSETS

The schedule of changes in business-type capital assets for the year ended June 30, 2024 follows:

	Primary Government		
Business-type Activities	Balance July 1, 2023	Additions	Balance June 30, 2024
Non-depreciable Capital Assets:			
Construction in Progress	$ 34,474	$ 162,905	$ 197,379
Total Non-depreciable Capital Assets	34,474	162,905	197,379
Depreciable Capital Assets:			
Buildings	354,286	0	354,286
Machinery and Equipment	93,020	0	93,020
Source of Supply	988,867	0	988,867
Pumping Plant	57,000	0	57,000
Treatment Plant	2,711,676	0	2,711,676
Transmission and Distribution	3,219,754	86,048	3,305,802
Total Depreciable Capital Assets	7,424,603	86,048	7,510,651
Less Accumulated Depreciation For:			
Buildings	(108,857)	(7,983)	(116,840)
Machinery and Equipment	(79,843)	(2,521)	(82,364)
Source of Supply	(237,328)	(19,777)	(257,105)
Pumping Plant	(25,650)	(1,425)	(27,075)
Treatment Plant	(1,337,485)	(33,232)	(1,370,717)
Transmission and Distribution	(777,793)	(66,116)	(843,909)
Total Accumulated Depreciation	(2,566,956)	(131,054)	(2,698,010)
Net Depreciable Capital Assets	4,857,647	(45,006)	4,812,641
Net Business-type Capital Assets	$ 4,892,121	$ 117,899	$ 5,010,020

NOTE 7. CURRENT LIABILITIES

Current liabilities represent amounts due to creditors, suppliers, or others within a period of time less than one year.

7. a. UNEARNED REVENUE

Balances reported as due to other governments as of June 30, 2024 were as follows:

Fund	Amount	Reason
Water *	$ 10,389	Prepaid utility accounts

* Denotes Major Fund

7. b. GRANTS RECEIVED IN ADVANCE

Grants received in advance, sometimes referred to as deferred or unearned revenue, are payments received by the Town from a nonexchange transaction for which not all applicable eligibility requirements have been met. Once the eligibility criteria have been met, the revenues and expenditure/expenses will be recognized.

Fund	Amount	Purpose
ARPA	$ 49,514	ARPA funds received but not expended

NOTE 8. LONG-TERM DEBT

8. a. GENERAL LONG-TERM DEBT

The schedule of changes in general long-term debt for the year ended June 30, 2024 follows:

Governmental Activities	Balance July 1, 2023	New Debt and Other Additions	Principal Payments and Other Reductions	Balance June 30, 2024	Amounts Due within One Year
Bonds and Notes Payables:					
Intercap Loan	$ 5,968	$ 0	$ (5,968)	$ 0	$ 0
Total Bonds and Notes Payables	5,968	0	(5,968)	0	0
Other Liabilities:					
Compensated Absences *	6,456	158	0	6,614	3,307
Accrued Pension	106,764	10,008	0	116,772	0
Other Postemployment Benefits	13,764	0	(4,986)	8,778	0
Total Other Liabilities	126,984	10,166	(4,986)	132,164	3,307
Governmental Activities - Long-term Debt	$ 132,952	$ 10,166	$ (10,954)	$ 132,164	$ 3,307

* Increases and decreases of compensated absences are presented as a net change.

8. a. 1 INTERCAP LOAN

The Town entered into an Intercap loan in a prior year through the Intercap Revolving Program (IRP) with Montana Board of Investments for the acquisition of equipment. Total payments made in fiscal year 2024 amounted to $5,968 which included $0 interest. The loans were issued for the terms and payment schedules as follows:

Description	Issue Date	Interest Rate	Term	Maturity Date	Amount Issued	Outstanding June 30, 2024
IRP 2757-01	1/20/17	1.55 to 3.37%	7 years	2/15/24	$ 49,000	$ 0

8. b. BUSINESS-TYPE LONG-TERM DEBT

The schedule of changes in business-type long-term debt for the year ended June 30, 2024 follows:

Business-type Activities	Balance July 1, 2023	New Debt and Other Additions	Principal Payments and Other Reductions	Balance June 30, 2024	Due within One Year
Bonds and Notes Payables:					
Revenue Bonds	$ 1,531,094	$ 0	$ (65,552)	$ 1,465,542	$ 66,857
Total Bonds and Notes Payables	1,531,094	0	(65,552)	1,465,542	66,857
Other Liabilities:					
Compensated Absences *	11,017	2,420	0	13,437	6,718
Accrued Pension	161,770	0	(8,077)	153,693	0
Other Postemployment Benefits	19,070	0	(6,132)	12,938	0
Total Other Liabilities	191,857	2,420	(14,209)	180,068	6,718
Business-type Activities - Long-term Debt	$ 1,722,951	$ 2,420	$ (79,761)	$ 1,645,610	$ 73,575

* Increases and decreases of compensated absences are a net amount.

8. b. 1 REVENUE BONDS

The town issued revenue bonds in prior years under United States Department of Agriculture – Rural Development (USDA-RD) and Secure Rural Schools (SRS) programs. Revenue Bonds constitute special obligations of the Town solely secured by a lien on and pledge of the net revenues of the water and sewer systems. These bonds were issued for the terms and payment schedules as follows:

Description	Issue Date	Interest Rate	Term	Maturity Date	Amount Issued	Outstanding June 30, 2024
USDA-RD #91-01	1/28/11	3.38%	40 years	1/28/51	$ 902,000	$ 720,939
SRF #07155R	5/7/13	2.25%	13 years	7/1/26	449,000	75,000
USDA-RD #92-03	8/19/15	2.75%	40 years	8/1/55	775,000	669,603
Totals					$ 2,126,000	$ 1,465,542

Debt service requirements to maturity for principal and interest for these bonded long-term obligations were as follows:

For the year ended June 30:	Principal	Interest
2025	$ 66,857	$ 44,161
2026	69,827	42,370
2027	33,832	40,516
2028	33,858	39,270
2029	34,922	38,206
2030-2034	191,799	173,841
2035-2039	223,962	141,678
2040-2044	261,584	104,056
2045-2049	305,599	60,041
2050-2054	207,446	16,837
2055-2056	35,856	558
Totals	$ 1,465,542	$ 701,534

The revenue bonds are collateralized by the revenues of the water and sewer systems and the various special funds established by the bond ordinances. The ordinances provide that the revenues of the systems are to be used first to pay operating and maintenance expenses of the systems and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose.

The bond ordinances also require that water and sewer rates be sufficient to provide net revenues of not less than 110%. The more significant covenants: 1) require that cash be restricted and reserved for operations, construction, debt service, and replacement and depreciation; 2) specify minimum required operating revenue; and 3) provide specific and timely reporting of financial information to bond holders and the registrar. The Town complied with the applicable covenants.

NOTE 9. DEFERRED INFLOWS OF RESOURCES

The Town reported deferred property taxes and assessments at June 30, 2024 as follows:

Fund	Amount	Reason
General *	$ 13,370	Taxes receivable
Streetlights	13,494	Assessments receivable
Total	$ 26,864	

* Denotes Major Fund

NOTE 10. PRIOR PERIOD ADJUSTMENTS

10. a. ERROR CORRECTIONS

The Town recorded changes in accounting principles and/or error corrections that resulted in adjustments and restatements of beginning net position and fund balances as follows:

	Fund Balance			
	June 30, 2023 (Original)	Changes In Major Fund Status	Error Corrections	June 30, 2023 (As Adjusted)
Government-Wide				
Governmental Activities	$ 1,003,965	$ 0	$ (8,083)	$ 995,882
Governmental Funds				
General	$ 99,336	$ 0	$ (8,083)	$ 91,253
Library	174,795	0	0	174,795
Gas Tax	0	19,775	0	19,775
ARPA	0	0	0	0
Aggregate Remaining	65,858	0	0	65,858
Total	$ 339,989	$ 19,775	$ (8,083)	$ 351,681

Changes to or within the financial reporting entity result from:

- A change in a fund's classification as major or nonmajor.

The Town recorded error corrections that resulted in adjustments to and restatements of beginning net position and fund net position as follows:

Governmental Funds and Governmental Activities

Fund	Amount	Reason
Governmental Funds		
General *	$ (8,083)	Prior year unrecorded accounts payable
Governmental Activities		
Governmental Internal Service (Net)	0	
Total Governmental Activities	$ (8,083)	

NOTE 11. INTERFUND OPERATING TRANSFERS

The Town recorded interfund transfers during the year ended June 30, 2024 as follows:

Operating Fund - In	Amount	Operating Fund - Out	Purpose
Gas Tax *	$ 16,178	Special Gas Tax	Residual equity transfer

* Denotes Major Fund

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

12. a PLAN DESCRIPTION

The Town provides its retiring employees with at least five years of service and who are at least 50 years of age, along with their eligible spouses and dependents, the option to continue participating in the Town group health insurance plan until the retiree becomes eligible for Medicare coverage. This option creates a defined benefit other postemployment benefits (OPEB) plan.

12. b FUNDING POLICY

The Town pays OPEB liabilities on a pay as you go basis. A trust fund for future liabilities has not been established.

12. c BENEFITS PROVIDED

The Town provides healthcare benefits for retirees and their dependents. The Town provides the same health care plan to all of its members. Retirees are required to pay 100% of the health insurance premium to retain the healthcare benefits. The Town covers 100% of the premiums for active employees.

12. d. EMPLOYEES COVERED BY BENEFIT TERMS

As of June 30, 2024, the measurement date, the plan's participants were comprised of:

Active employees	6
Inactive employees (may include spouses)	0

12. e. TOTAL OPEB LIABILITY

The Town's total OPEB liability amounted to $21,716 at June 30, 2024. The liability was measured as of June 30, 2024 and was determined by an Alternative Measurement Method valuation as of that date.

12. f. ASSUMPTIONS AND OTHER INPUTS

The Town had fewer than 100 plan participants and thus qualified to use an Alternative Measurement Method instead of an Actuarial valuation to determine the OPEB liability. Valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future and estimated amounts are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for the plan are based on types of benefits provided under the current plan. The valuation assumed that 5% of plan participants would elect to continue coverage after retirement.

The total OPEB liability at June 30, 2024 was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average salary increases	3.50%
Discount rate	4.34%
Retiree's share of benefit related costs	100.00%
Healthcare cost trend rate	8.02% down to 5.00%

12. g. CHANGES IN THE TOTAL OPEB LIABILITY

Balance July 1, 2023	$ 32,834
Changes for the Year:	
Service Cost (OPEB Expense)	11,121
Interest	1,908
Changes of Benefit Terms	(24,548)
Changes in Assumptions or Other Inputs	401
Benefit Payments	0
Net Changes	(11,118)
Balance June 30, 2024	$ 21,716

Changes in benefit terms and assumptions and other inputs are composed of the following:

- Changes assumptions about the discount rate and the cost of healthcare.
- Changes in employee demographics.

12. h. SENSITIVITY ANALYSIS

The following illustrates the estimated effect on the Town's OPEB liability if the *discount rate* and *healthcare cost trend rate* were 1% lower or 1% higher than the current discount rate and healthcare cost trend rate:

	Discount Rate *(4.34%)*		
	1.0% Decrease	**Current**	**1.0% Increase**
Total OPEB Liability	$ 23,202	$ 21,716	$ 20,176

	Healthcare Cost Trend Rate		
	1.0% Decrease	**Current**	**1.0% Increase**
Total OPEB Liability	$ 18,912	$ 21,716	$ 25,175

12. i. OPEB EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

For the year ended June 30, 2024, the Town reported $(11,118) in expense related to OPEB.

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference Between Expected and Actual Experience	$ 0	$ (24,548)
Changes of Assumptions	401	0
Total	$ 401	$ (24,548)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	**Net Deferred Outflows/Inflows of Resources**
2025	$ (24,147)

NOTE 13. RISK MANAGEMENT

The Town faces a considerable number of risks of loss, including:

- Damage to and loss of property and contents
- Employee torts
- Professional liability, e.g., errors and omissions
- Environmental damage
- Workers' compensation
- Medical insurance costs of employees

A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risk of loss except for relatively small deductible amounts, are purchased for property and content damage and professional liabilities. Given the lack of coverage available, the Town has no coverage for potential losses from environmental damages. The Town participates in three statewide public risk pools operated by the Montana Municipal Interlocal Authority, for workers' compensation, tort liability, and property coverage.

Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are allocated between the Town's general fund and other funds based upon the insurance needs of the funds. Settled claims resulting from these risks did not exceed commercial insurance coverage for each of the past three years.

In 1986, the Town joined other Montana cities in the Montana Municipal Interlocal Authority which established a workers' compensation plan and a tort liability plan. In 1996, the Montana Municipal Interlocal Authority created a property insurance plan. The public entity risk pools currently operate as common risk management and insurance programs for the member governments. The liability limits for damages in tort action are $750,000 per claim and $1.5 million per occurrence with a $750 deductible per government. State tort law limits the Town's liability to $1.5 million. The Town pays an annual premium for its employee injury insurance coverage, which is allocated to the employer funds based on total salaries and wages. The agreements for formation of the pools provide that they will be self-sustaining through member premiums.

Separate audited financial statements are available from the Montana Municipal Interlocal Authority.

NOTE 14. EMPLOYEE RETIREMENT SYSTEM

The Town participates in one state-wide, cost-sharing multiple employer defined benefit retirement plan which covers all Town employees. The plan is established under Montana law and is administered by the State. The Town participates in the following Montana administered retirement plan:

- The Public Employees' Retirement System (PERS) covers nonteaching employees.

The plan issues publicly available annual reports, stand-alone financial statements, actuarial valuations, experience studies, and plan audited financial statements. Those reports may be obtained from the following:

Montana Public Employee Retirement Administration
P.O. Box 200131
100 N. Park Avenue Suite 200
Helena, MT 59620-0131
Phone: 406-444-3154
www.mpera.mt.gov

14. a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF RETIREMENT SYSTEMS

The Montana Public Employee Retirement Administration (MPERA) prepares their financial statements using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, and information about the fiduciary net position and additions to and deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they

are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value.

Investments are reported at fair value. MPERA adheres to all applicable GASB statements.

14. b. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The PERS - Defined Benefit Retirement Plan (Defined Benefit plan), administered by the MPERA, is a multiple-employer, cost-sharing plan established July 1, 1945 and is governed by Title 19, chapters 2 & 3, MCA. This plan covers the state, local governments, certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

All new members are initially members of the Defined Benefit plan and have a 12-month window during which they choose to remain in the Defined Benefit plan or join the defined contribution plan by filing an irrevocable election. Members may not be participants of both the *defined benefit* and *defined contribution* retirement plans.

The Defined Benefit provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the State Legislature.

14. b. 1. SUMMARY OF BENEFITS

Eligibility for benefits

Service Retirement:	• Hired prior to July 1, 2011:
	  o Age 60, 5 years of membership service;
	  o Age 65, regardless of membership service; or
	  o Any age, 30 years of membership service.
	• Hired on or after July 1, 2011:
	  o Age 65, 5 years of membership service; or
	  o Age 70, regardless of membership service.

Early Retirement: (actuarially reduced)	• Hired prior to July 1, 2011:
	  o Age 50, 5 years of membership service; or
	  o Any age, 25 years of membership service.
	• Hired on or after July 1, 2011:
	  o Age 55, 5 years of membership service.

Second Retirement: (requires returning to PERS-covered employer or PERS service)	• Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
	  o A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018);
	  o No service credit for second employment;
	  o Start the same benefit amount the month following termination; and
	  o Guaranteed Annual Benefit Adjustment (GABA) starts again in January immediately following the second retirement.
	• Retire before January 1, 2016 and accumulate at least 2 years additional service credit:
	  o A recalculated retirement benefit based on provision in effect after the initial retirement; and
	  o GABA starts recalculating benefits in the January after receiving the new benefit for 12 months.
	• Retire on or after January 1, 2016 and accumulate 5 or more years additional service credit:
	  o The same retirement as prior to the return to service;
	  o A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
	  o GABA starts on both benefits in January after receiving the original and the new benefit for 12 months.

Vesting:	5 years of membership service

Member's Highest Average Compensation (HAC):
- Hired prior to July 1, 2011:
  - HAC during any consecutive 36 months.
- Hired on or after July 1, 2011:
  - HAC during any consecutive 60 months.

Compensation Cap:
- Hired on or after July 1, 2013:
  - 110% annual cap on compensation considered as part of a member's HAC.

Monthly Benefit Formula:
- Hired prior to July 1, 2011:
  - Less than 25 years of membership service - 1.785% of HAC per year of service credit; or
  - 25 years of membership service or more - 2% of HAC per year of service credit.
- Hired on or after July 1, 2011:
  - Less than 10 years of membership service - 1.5% of HAC per year of service credit;
  - 10 years or more, but less than 30 years of membership service - 1.785% of HAC per year of service credit; or
  - 30 years or more of membership service - 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment:

After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of other adjustments to the member's benefit:
- 3% for members hired **prior** to July 1, 2007
- 1.5% for members hired **between** July 1, 2007 and June 30, 2013
- Members hired on or **after** July 1, 2013:
  - 1.5% for each year PERS is funded at or above 90%;
  - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
  - 0% whenever the amortization period for PERS is 40 years or more.

14. b. 2. OVERVIEW OF CONTRIBUTIONS

Contributions: Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The State Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are shown in the table below.

Special Funding: The State of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as *special funding.* Those employers who received *special funding* are all participating employers.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

	Member		State & Universities	Local Government		School Districts	
Fiscal Year	Hired <07/01/11	Hired >07/01/11	Employer	Employer	State	Employer	State
2024	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

2. Employer contributions to the system:
   a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions, including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
   b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
   c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

3. Non-Employer Contributions:
   a. Special Funding - The State of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.
      i. The State contributed 0.10% of the members' compensation on behalf of local government entities.
      ii. The State contributed 0.37% of the members' compensation on behalf of school district entities.
      iii. The State contributed a Statutory Appropriation from the General Fund amounting to $34,979,900.

14. b. 3. ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) used to calculate the Net Pension Liability (NPL) as of June 30, 2023 was determined by taking the results of the June 30, 2023 actuarial valuation and applying standard roll forward procedures. There were several significant assumptions and other inputs used to measure the TPL. Among those assumptions were the following:

- Investment Return (net of admin expenses) 7.30%
- General Wage Growth (includes inflation at 2.75%) 3.50%
- Merit Increases 0.00% to 4.80%
- Postretirement Benefit Increases:
  - GABA. After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of all other adjustments to the member's benefit:
    - 3% for members hired prior to July 1, 2007
    - 1.5% for members hired between July 1, 2007 and June 30, 2013
    - Members hired on or after July 1, 2013:
      - 1.5% for each year PERS is funded at or above 90%;
      - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
      - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality
  - *Mortality among contributing members* -PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
  - *Mortality among disabled members* - PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
  - *Mortality among beneficiaries* - PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
  - *Mortality among healthy retirees* - PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

14. b. 4. DISCOUNT RATE

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

14. b. 5. TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2023, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.00%	(0.33)%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Total	100.00%	

14. b. 6. DEFINED CONTRIBUTION PLAN

The Town contributed to the State of Montana Public Employees' Retirement System Defined Contribution Retirement Plan (Defined Contribution plan) for employees that have elected the Defined Contribution plan. The Defined Contribution plan is administered by the Montana Public Employees' Retirement Board (PERB) and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the Defined Benefit plan and have a 12-month window during which they may choose to remain in the Defined Benefit plan or join the PERS- Defined Contribution Retirement Plan (Defined Contribution plan) by filing an irrevocable election. Members may not be participants of both the *Defined Benefit* and *Defined Contribution* retirement plans.

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The State Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the Defined Contribution plan.

At the plan level for the measurement period ended June 30, 2022, the Defined Contribution plan employer did not recognize any net pension liability or pension expense for the Defined Contribution plan. Plan level non-vested forfeitures for the 344 employers that have participants in the PERS-DCRP totaled $1,409,309.

14. c. SENSITIVITY ANALYSIS

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the below table presents the net pension liability calculated using the discount rate of 7.30% as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate (7.30%)	1.0% Increase (8.30%)
PERS			
Net Pension Liability	$ 3,525,082,234	$ 2,440,353,916	$ 1,530,363,754
Town's Net Pension Liability	390,685	270,465	169,610

14. d. NET PENSION LIABILITY

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers are required to recognize, and report certain amounts associated with their participation in the PERS Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective NPL, Pension Expense, and Deferred Inflows and Deferred Outflows of resources associated with pensions. In accordance with Statement 68, PERS have special funding situations in which the State of Montana is legally responsible for making contributions directly to PERS and TRS that are used to provide pension benefits to the retired members. Due to the existence of this special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer.

The TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2023, and 2022, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid.

At June 30, 2024, the employer recorded a liability for its proportionate share of the NPL as noted below:

	NPL		Percent of Collective NPL		Change in Percent of
As of measurement date	as of 6/30/23	as of 6/30/22	as of 6/30/23	as of 6/30/22	Collective NPL
PERS					
Town Proportionate Share	$ 270,465	$ 268,534	0.011083%	0.011293%	(0.000210)%
State of Montana Proportionate Share associated with Employer	74,447	79,883	0.003051%	0.003359%	(0.000308)%
Totals	$ 344,912	$ 348,417	0.014134%	0.014652%	(0.000518)%

The NPL was measured as of June 30, 2023, and the TPL used to calculate the net pension liability was determined by an actuarial valuation as of:

- PERS – June 30, 2023

	PERS
Changes in actuarial assumptions, other inputs, and methods:	There have been no changes to the assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.
Changes in benefit terms:	There have been no changes in benefit terms since the previous measurement date.
Changes in proportionate share:	There were no changes to the Plan between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

14. e. PENSION EXPENSE

At June 30, 2024, the employer recognized a pension expense and grant revenue as noted below:

(as of measurement date)	Pension Expense as of 6/30/23	Pension Expense as of 6/30/22
PERS		
Town's Proportionate Share	$ 36,121	$ 46,884
Employer Grant Revenue – Montana Proportionate Share with the Employer	6,984	8,280
Totals	$ 43,105	$ 55,164

14. f. DEFERRED INFLOWS AND OUTFLOWS

At June 30, 2024, the employer reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	PERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected economic experience	$ 10,722	$ 0
Changes in actuarial assumptions	0	9,647
Difference between projected and actual investment earnings	686	0
Changes in proportion and differences between actual and expected contributions	0	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,379	0
Contributions paid subsequent to the measurement date –FY 2024 Contributions *	19,997	0
Totals	$ 39,784	$ 9,647

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

	PERS
Year Ended June 30	Amount of Deferred Outflows (Inflows) to be Recognized as an Increase (Decrease) to Pension Expense
2024	$ 2,671
2025	(6,832)
2026	15,993
2027	(1,642)
Thereafter	0

14. g. EMPLOYER'S PROPORTION OF PENSION AMOUNTS

	PERS
	Employer's Proportionate Share
Total Pension Liability	$ 1,037,457
Fiduciary Net Position	766,992
Net Pension Liability	270,465
Deferred Outflows of Resources	39,784
Deferred Inflows of Resources	9,647
Pension Expense	43,105

NOTE 15 FIRE DEPARTMENT RELIEF ASSOCIATION DISABILITY AND PENSION FUND

Town volunteer firefighters are covered by the Fire Department Relief Association Disability and Pension Fund (the Association), which is established by Montana Law. The Association is managed by a Board of Trustees made up of members of the fire department. A member of a volunteer fire department who has served 20 years or more is entitled to benefits after attaining age 50. Volunteers serving less than 20 years but more than 10 years may receive reduced benefits. The amount of the pension benefits is set by the Association's Board of Trustees.

Montana law requires that the disability and pension fund contain at least three times but no more than five times the benefits paid by the fund in the previous or current fiscal year, whichever is greater. The Town's contribution to the plan for the fiscal year ended June 30, 2024 was $0. The State contributes, out of moneys received for insurance premium taxes, an amount equal to 1½ mills times the total taxable value of the Town, but not less than $100. The State's contribution to the plan for the fiscal year was $1,094. The plan's benefits are established by the Association's Board of Trustees. Total benefits paid in the fiscal year ended June 30, 2024 amounted to $465.

The number of employees covered by the benefit terms was:

- Inactive members currently receiving benefits 2
- Active members 20

NOTE 16. RELATED PARTY TRANSACTIONS

The School District did business with Sullivan Excavating, owned by the clerk and the clerk's husband. During the fiscal year ending June 30, 2024, the School District contracted for the Iowa project for the amount of $69,242.

NOTE 17. FEDERAL AWARDS CONTINGENCIES

The Town participated in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

TOWN OF VALIER

SCHEDULE OF FUNDING PROGRESS
Other Postemployment Benefits Other Than Pensions
For the year ended June 30, 2024

CHANGE IN LIABILITY

Fiscal Year End	Service Cost (a)	Interest (b)	Changes in Benefit Terms (c)	Changes in Assumptions or Other Inputs (d)	Benefit Payments (e)	Net Change in Total OPEB Liability Sum of (a) to (e)=(f)	Total OPEB Liability Beginning (g)	Total OPEB Liability Ending (f)+(g)=(h)
6/30/23	7,212	296	0	27,273	(1,947)	32,834	0	32,834
6/30/24	11,121	1,908	401	(24,548)	0	(11,118)	32,834	21,716

PAYROLL RATIO

Fiscal Year End	Covered Employee Payroll (i)	Total OPEB Liability as a Percentage of Covered Employee Payroll (h)/(i)=(j)
6/30/23	207,460	15.83%
6/30/24	219,924	9.87%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF VALIER

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
(Determined as of the measurement date)
For the year ended June 30, 2024

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Year Ended June 30:	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a)	State of Montana's Proportionate Share of the Net Pension Liability Associated with the Employer (b)	Total (a)+(b)=(c)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll (a)/(d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.012197%	$ 151,981	$ 1,856	$ 153,837	$ 138,075	111.22%	79.87%
2015	0.013149%	183,808	2,258	186,066	153,453	119.78%	78.40%
2016	0.011857%	201,968	2,468	204,436	142,027	142.20%	74.71%
2017	0.011420%	222,415	2,658	225,073	141,663	157.00%	73.75%
2018	0.008633%	180,185	60,076	240,261	141,976	126.91%	73.47%
2019	0.008646%	180,726	58,589	239,314	142,656	126.69%	73.85%
2020	0.009656%	254,745	79,921	334,666	162,010	157.24%	68.90%
2021	0.009751%	176,811	51,880	228,691	172,243	102.65%	79.91%
2022	0.011293%	268,534	79,883	348,417	182,050	147.51%	73.66%
2023	0.011083%	270,465	74,447	344,912	206,050	131.26%	73.93%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF VALIER

SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS
(Determined as of the reporting date)
For the year ended June 30, 2024

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Year Ended June 30:	Contractually Required Contributions (a)	Plan Choice Rate Required Contribution (b)	Contributions in Relation to Contractually Required Contributions (c)	Contribution Deficiency (Excess) (a)+(b)-(c)=(d)	Employer's Covered Payroll (e)	Contributions as a Percentage of Covered Payroll ((a)+(b))/(e)
2015	$ 12,645	$ 0	$ 12,645	$ 0	$ 153,453	8.24%
2016	11,871	0	11,871	0	142,027	8.36%
2017	11,857	0	11,857	0	141,663	8.37%
2018	12,025	0	12,025	0	141,976	8.47%
2019	12,269	0	12,269	0	142,656	8.60%
2020	14,194	0	14,194	0	162,010	8.76%
2021	15,264	0	15,264	0	172,243	8.86%
2022	17,650	0	17,650	0	182,050	9.70%
2023	18,637	0	18,637	0	206,050	9.04%
2024	19,997	0	19,997	0	219,158	9.12%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

NOTE 1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Changes of Benefit Terms

The following changes to the Public Employees' Retirement System (PERS) plan provision were made as identified:

2017:

Working Retiree Limitations – for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
2) Terminating members with accumulated contributions between $200 and $1,000 who wish to rollover their refund must do so within 90 days of termination of service.
3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0.00% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Active Participants)	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Disabled Retirees)	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
Mortality (Contingent Survivors)	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
Mortality (Health Retirees)	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General			Library		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Taxes and Assessments	$ 107,391	$ 107,391	$ 105,783	$ -	$ -	$ 104,795
Licenses and Permits	3,450	3,450	4,465	-	-	-
Intergovernmental Revenues	61,728	61,728	71,027	-	-	2,234
Charges for Services	52,300	52,300	51,966	400	400	2,040
Miscellaneous	7,000	7,000	1,430	112,619	112,619	9,124
Investment and Royalty Earnings	1,197	1,197	1,354	-	-	-
Total Revenues	233,066	233,066	236,025	113,019	113,019	118,193
EXPENDITURES:						
Current:						
General Government	75,538	75,538	65,901			-
Public Safety	73,385	73,385	70,013			-
Public Works	49,069	49,069	47,996			-
Culture and Recreation	67,004	67,004	63,207	108,212	108,212	111,703
Debt Service:						
Principal			-			-
Interest and Other Charges			-			-
Capital Outlay			-	4,012	4,012	-
Total Expenditures	264,996	264,996	247,117	112,224	112,224	111,703
Excess (Deficiency) of Revenues Over Expenditures	(31,930)	(31,930)	(11,092)	795	795	6,490
OTHER FINANCING SOURCES (USES):						
Fund Transfers In			-			-
Total Other Financial Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balance	(31,930)	(31,930)	(11,092)	795	795	6,490
FUND BALANCE:						
Beginning of the Year			99,336			174,795
Error Correction			(8,083)			-
End of the Year			$ 80,161			$ 181,285

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Gas Tax		
	Original Budget	Final Budget	Actual
REVENUES:			
Taxes and Assessments	$ -	$ -	$ -
Licenses and Permits	-	-	-
Intergovernmental Revenues	239,051	239,051	222,762
Charges for Services	-	-	-
Miscellaneous	-	-	-
Investment and Royalty Earnings	399	399	399
Total Revenues	239,450	239,450	223,161
EXPENDITURES:			
Current:			
General Government			-
Public Safety			-
Public Works	133,285	133,285	33,363
Culture and Recreation			-
Debt Service:			
Principal			5,968
Interest and Other Charges			266
Capital Outlay			-
Total Expenditures	133,285	133,285	39,597
Excess (Deficiency) of Revenues Over Expenditures	106,165	106,165	183,564
OTHER FINANCING SOURCES (USES):			
Fund Transfers In			16,178
Total Other Financial Sources (Uses)	-	-	16,178
Net Change in Fund Balance	106,165	106,165	199,742
FUND BALANCE:			
Beginning of the Year			19,775
Error Correction			-
End of the Year			$ 219,517

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

NOTE 1. BUDGETS

Budgets were adopted in accordance with Montana budget laws which are consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets were adopted for all funds of Town of Valier (Town). All annual appropriations lapsed at fiscal year end, unless the Town elected to encumber supplies and personal property ordered but not received at year end. The Town did not use a formal encumbrance system.

1. a. GENERAL BUDGET POLICIES

Budgeted funds were those for which a legal budget must be adopted to have expenditures as noted above. The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual was prepared on the modified accrual basis of accounting and contains financial information for only the major and special revenue budgeted funds.

- The Water and Sewer funds were major funds but were not included because they are enterprise funds.

1. b. BUDGET OPERATIONS

The Town operated within the budget requirements for incorporated cities or towns as specified by Montana law. The financial report reflected the following budgetary standards:

- A local government shall submit a complete copy of the final budget together with a statement of tax levies to the Department of Administration by the later of October 1 or 60 days after receipt of taxable values from the Department of Revenue.
- Local government officials may not make a disbursement or expenditure, or incur an obligation, in excess of the total budgeted appropriations for a fund.
- The governing body may amend the budget during the fiscal year by conducting public hearings at regularly scheduled meetings. Budget amendments providing for additional appropriations must identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the appropriations.
- The governing body and each municipal city or town are legally limited to the amount of appropriations and to the classifications in the annual appropriation resolution when making disbursements or expenditures or incurring liabilities, except where appropriations have been adjusted according to procedures authorized by the governing body for:
    - Debt service funds for obligations related to debt approved by the governing body
    - Trust funds for obligations authorized by trust covenants
    - Any fund for federal, state, local, or private grants and shared revenue accepted and approved by the governing body
    - Any fund for special assessments approved by the governing body
    - The proceeds from the sale of land
    - Any fund for gifts or donations
    - Money borrowed during the fiscal year
- If an expenditure is to be financed from a tax levy required to be authorized and approved at an election, the expenditure may not be made or an obligation may not be incurred until the tax levy is authorized and approved.
- At the end of a fiscal year, unencumbered appropriations lapse unless specifically obligated by the Town.

NOTE 2. BUDGET AMENDMENTS

The Town approved a budget amendment to spend unbudgeted ARPA money pursuant to Montana Code Annotated 7-6-4006 for The budget amendment was for $2,810.

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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

INDEPENDENT AUDITOR'S REPORT

Mayor and Town Council
Town of Valier
Pondera County
Valier, Montana 59486

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Valier (Town) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 1, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses we identified certain deficiencies in internal control which we consider to be material weaknesses or significant deficiencies.

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 Town's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies, as described in the accompanying Schedule of Findings and Responses as items 2024-001, 2024-003 and 2024-004, to be material weaknesses.

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. We consider the deficiencies, as described in the accompanying Schedule of Findings and Responses as item 2024-002, to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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*.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit report and described in the accompanying Corrective Action Plan. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

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.

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
July 1, 2025

Prior year findings/status

The following is the status of prior year findings and updated for the fiscal year ended June 30, 2024.

2023-001 – Due From Other Funds	Implemented
2023-002 – American Rescue Plan Act Revenue Recognition	Implemented
2023-003 – Account Payable	Repeated as finding 2024-004 below

Current year findings

2024-001	**Annual Financial Reporting**
Criteria:	Montana Town's are required to prepare an annual financial report which accurately reflects the financial position of the Town each fiscal year.
Condition:	The annual financial report for the Town of Valier has not properly reported the Library Foundation component unit, and has not properly reported as restricted amounts required to be restricted for debt service requirements in the Water and Sewer funds.
Effect:	The Statement of net position and statement of activities on the annual financial report do not properly show the Library Foundation component unit. This has been corrected for financial reporting. The Water and Sewer funds show cash which is required to be restricted per debt service requirements as unrestricted cash. This has been corrected for financial reporting.
Context:	The Annual Financial report is prepared each year without disclosing the component unit. As each year's Annual financial report flows from the prior year, this has been missed in annual financial report presentation. Cash required to be restricted for debt service is held in the Town's checking account, which through the accounting systems bank reconciliation process shows the cash as unrestricted on the Town's accounting system, therefore requiring the Town to calculate and adjust the restricted cash for annual financial report preparation.
Cause:	The Library foundation has not been added to reporting on the Annual financial report, and an adjustment for cash restrictions in the Water and Sewer funds has not been made for preparing the Annual Financial report.
Recommendation:	We recommend these adjustments be made to the annual financial report each year during preparation.

2024-002	**Over-expended budget**
Criteria:	The governing body is limited to the amount of appropriations when making disbursements or expenditures or incurring liabilities. Money may not be disbursed, expended, or obligated except pursuant to an appropriation. A local government official is liable for the amount of the excess disbursement, expenditure, or obligation personally; and the subsequent claims approval process may not be considered as the making of a disbursement or an expenditure or as incurring an obligation and does not otherwise limit or mitigate the local government official's personal (MCA 7-6-4005, 7-6-4006 and 7-6-4033)
Condition:	The Town over-expended the budgeted $274,003 Water fund budget for fiscal year 2024.
Effect:	Non-compliance with MCA.
Context:	The Town had significant costs in the current year related to Water Tower repairs which appear to be above and beyond the normal operating costs of the Town.

Cause:	The Town expended $31,315 more in the Water fund than budgeted, excluding non-cash non-budgeted items ($64,422 depreciation expense, $16,090 reduction of inventory, $11,824 OPEB expense, and $3,159 pension expense)
Recommendation:	We recommend the Town identify a source of funding and amend the budget for major repair projects before expenditures are incurred..

2024-003 Overstated taxes receivable

Criteria:	Taxes receivable by the Town are maintained and tracked by Pondera County. Taxes receivable and related deferred inflows of tax revenue should therefore be reported based on County confirmations received by the Town each month.
Condition:	Taxes receivable and related deferred inflows were overstated in the General fund by $13,493 at June 30, 2024.
Effect:	The Town had overstated assets and deferred inflows, this has been corrected for financial reporting.
Context:	The Town adjusts the balance of taxes receivable and deferred inflows to agree with the County each year and inadvertently recorded too much.
Cause:	Overstating the accrual of taxes receivable and deferred inflows at year end.
Recommendation:	We recommend the Town verify taxes receivable and deferred inflows agree with County records at June 30 each year.

2024-004 Prior year Accounts payable

(Repeat of prior year 2023-003, and updated as applicable)

Criteria:	Under the accrual basis of accounting, most transactions are recognized when they occur, regardless of when cash is received or disbursed. The measurement focus of *governmental fund financial statements* is on expenditures —decreases in net financial resources — rather than expenses. Most expenditures and transfers out are measurable and should be reported when the related liability is incurred. Governmental Accounting Standards Board (GASB) Codification 1600.
Condition:	Costs were incurred in fiscal year 2024 related to repair work done in 2023 which should have been a 2023 expenditure.
Effect:	Expenditures and beginning fund balance were overstated in the General fund by $8,083.
Context:	Costs incurred near the year-end cutoff require procedures outside of the normal claims process to ensure the costs are reported in the proper accounting period.
Cause:	Costs were incurred before June 30 but run through the claims process after June 30.
Recommendation:	We recommend a review of all costs paid near year-end cutoff and the Town record accounts payable in the prior fiscal year for any costs incurred in the prior fiscal year.

TOWN OF VALIER

CORRECTIVE ACTION PLAN
For the year ended June 30, 2024

This is in response to the audit finding- 2024-001 annual financial reporting.

The Clerk/Treasurer has contacted Eric Nelson, sec/treas. for the library foundation. We have agreed he will supply the necessary financial statements by September 15th of each year. This way we will have plenty of time to have them included in the AFR and the audit as a component unit and going forward not have a repeat audit finding. Included you find the email agreeing to this obligation.

This is in response to the audit finding-2024-002 Over-expended budget.

The town had an unexpected repair cost from a leak on the water tower that caused the water fund to go over budget. It was paid by cash reserve from the fund and a budget amendment was not done prior to incurring the obligation. In the future the clerk/treasurer will be sure and review the budget vs actual expenditure monthly to make sure we don't go over in a fund. If we do the clerk will notify the Mayor we need do a budget amendment immediately prior to incurring the obligation.

This is in response to the audit finding 2024-003 overstated taxes receivable

The Town contracts with a 3rd party to perform closing procedures and suggest closing adjustments prior to preparation of the Town's financial statements. The adjustment to agree taxes receivable to county reports caused the overstatement of taxes receivable and associated deferred inflows of resources in the general fund. In the future, the Clerk/Treasurer will review the suggested closing adjustment to agree taxes and assessments receivable and related deferred inflows of resources to assure amounts reported by the Town are in agreement with the county report.

This is in response to the audit finding 2024-004 Prior year accounts payable.

The town had an invoice for a part that was dated 6/30/2024. The bill for that invoice was not paid until 7/2024. The bill should have been posted in the prior period of 6/2024. In the future the clerk/treasurer will pay close attention to all costs that are due near year-end cutoff and will record accounts payable in the prior fiscal year for any cost incurred in the prior fiscal year.