TOWN OF VALIER

PONDERA COUNTY
VALIER, MONTANA

FINANCIAL AND COMPLIANCE REPORT

Fiscal Year Ended June 30, 2025

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
Rick Tomsheck	Council Member
Angi Dodge	Council Member
Bob Cannady	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

3203 3rd Ave N. Suite 208
PO Box 1980
Billings, MT 59103

Phone: 406-252-2765
E-mail: audit@stromcpa.net

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, 2025 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, 2025, 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 40), the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to Montana Retirement Systems (pages 41-43), and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (pages 44-47) 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2026 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
June 3, 2026

Town of Valier
Pondera County
Valier, Montana 59486

STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	$ 444,736	$ 216,838	$ 661,574	$ 98,580
Taxes Receivable	16,843	-	16,843	-
Special Assessments Receivable	12,337	23,466	35,803	-
Accounts Receivable - Net	-	53,167	53,167	-
Due from Other Governments	73,164	31,929	105,093	-
Inventories	-	42,174	42,174	-
Prepaid Expenses	9,433	11,917	21,350	-
Total Current Assets	556,513	379,491	936,004	98,580
Noncurrent Assets:				
Restricted Cash and Investments	-	142,324	142,324	-
Capital Assets:				
Land	112,100	1,460	113,560	-
Construction in Progress	-	254,266	254,266	-
Net Depreciable Assets	608,616	4,728,930	5,337,546	-
Total Noncurrent Assets	720,716	5,126,980	5,847,696	-
Total Assets	1,277,229	5,506,471	6,783,700	98,580
DEFERRED OUTFLOWS OF RESOURCES:				
Employer Pension Plan Related	13,754	20,404	34,158	-
Total Deferred Outflows of Resources	13,754	20,404	34,158	-
Total Assets and Deferred Outflows of Resources	$ 1,290,983	$ 5,526,875	$ 6,817,858	$ 98,580
LIABILITIES:				
Current Liabilities:				
Accounts Payable	$ 15,983	$ 23,655	$ 39,638	$ -
Deposits and Refunds Payable	1,663	(79)	1,584	-
Unearned Revenue	-	10,299	10,299	-
Grants Received in Advance	33,666	-	33,666	-
Current Portion of Compensated Absences	1,417	3,972	5,389	-
Current Portion of Long-term Capital Obligations	-	69,827	69,827	-
Total Current Liabilities	52,729	107,674	160,403	-
Noncurrent Liabilities:				
Debt Obligations	-	-	-	-
Compensated Absences	1,417	3,972	5,389	-
Net Pension Accrual	110,158	163,416	273,574	-
Other Postemployment Benefits	8,245	16,566	24,811	-
Capital Debt Obligations	-	1,327,860	1,327,860	-
Total Noncurrent Liabilities	119,820	1,511,814	1,631,634	-
Total Liabilities	172,549	1,619,488	1,792,037	-
DEFERRED INFLOWS OF RESOURCES:				
Employer Pension Plan Related	2,450	3,634	6,084	-
Other Postemployment Benefits Related	1,285	2,583	3,868	-
Total Deferred Inflows of Resources	3,735	6,217	9,952	-
NET POSITION:				
Net Investment in Capital Assets	720,716	3,586,969	4,307,685	-
Restricted	431,221	142,324	573,545	-
Unrestricted (Deficit)	(37,238)	171,877	134,639	98,580
Total Net Position	1,114,699	3,901,170	5,015,869	98,580
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,290,983	$ 5,526,875	$ 6,817,858	$ 98,580

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, 2025

		Program Revenues			Net (Expenses) Revenues			
					Primary Government			
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
PRIMARY GOVERNMENT:								
GOVERNMENT OPERATIONS:								
General Government	$ 67,878	$ -	$ -	$ -	$ (67,878)		$ (67,878)	
Public Safety	82,834	-	-	-	(82,834)		(82,834)	
Public Works	126,866	30,588	62,586	-	(33,692)		(33,692)	
Culture and Recreation	155,906	40,203	129,608	-	13,905		13,905	
Total Governmental Operations	433,484	70,791	192,194	-	(170,499)		(170,499)	
BUSINESS-TYPE ACTIVITIES:								
Water	326,885	193,051	1,094	-		$ (132,740)	(132,740)	
Sewer	272,622	232,628	17,021	56,199		33,226	33,226	
Total Business-type Activities	599,507	425,679	18,115	56,199		(99,514)	(99,514)	
Total Primary Government	$ 1,032,991	$ 496,470	$ 210,309	$ 56,199	$ (170,499)	$ (99,514)	$ (270,013)	
COMPONENT UNITS:								
Library Foundation	1,101	-	-	-				$ (1,101)
Total Component Units	$ 1,101	$ -	$ -	$ -				$ (1,101)
GENERAL REVENUES:								
Taxes/Assessments					$ 92,442	$ -	$ 92,442	$ -
Local Option Taxes					14,550	-	14,550	-
Licenses and Permits					5,068	-	5,068	-
Federal/State Shared Revenues					64,239	-	64,239	-
Miscellaneous					1,134	-	1,134	-
Investment and Royalty Earnings					2,232	19,022	21,254	10,491
Unusual or Infrequent items					-	25,357	25,357	
Total General Revenues					179,665	44,379	224,044	10,491
Change in Net Position					9,166	(55,135)	(45,969)	9,390
NET POSITION:								
Beginning of the Year					1,105,533	3,956,305	5,061,838	89,190
End of the Year					$ 1,114,699	$ 3,901,170	$ 5,015,869	$ 98,580

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, 2025

	MAJOR				
	General	Library	Gas Tax	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	$ 52,398	$ 90,152	$ 169,522	$ 132,664	$ 444,736
Taxes Receivable	16,843	-	-	-	16,843
Special Assessments Receivable	-	-	-	12,337	12,337
Due from Other Governments	15,835	57,329	-	-	73,164
Prepaid Expenses	9,433	-	-	-	9,433
Total Assets	94,509	147,481	169,522	145,001	556,513
DEFERRED OUTFLOWS OF RESOURCES:					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 94,509	$ 147,481	$ 169,522	$ 145,001	$ 556,513
LIABILITIES:					
Current Liabilities:					
Accounts Payable	$ 9,433	$ -	$ 6,462	$ 88	$ 15,983
Deposits and Refunds Payable	1,663	-	-	-	1,663
Grants Received in Advance	-	-	-	33,666	33,666
Total Liabilities	11,096	-	6,462	33,754	51,312
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Property Taxes Receivable	16,843	-	-	12,337	29,180
Total Deferred Inflows of Resources	16,843	-	-	12,337	29,180
FUND BALANCE (DEFICITS):					
Nonspendable	9,433	-	-	-	9,433
Restricted	-	147,481	163,060	98,910	409,451
Unassigned	57,137	-	-	-	57,137
Total Fund Balance	66,570	147,481	163,060	98,910	476,021
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficits)	$ 94,509	$ 147,481	$ 169,522	$ 145,001	$ 556,513

RECONCILIATION TO THE STATEMENT OF NET POSITION	
Total Fund Balance Reported Above	$ 476,021
Assets and Deferred Outflows of Resources:	
Unavailable Property Taxes Receivable	29,180
Governmental Capital Assets	720,716
Employer Pension Plan Related Deferred Outflows of Resources	13,754
Liabilities and Deferred Inflows of Resources:	
Compensated Absences	(2,834)
Net Pension Accrual	(110,158)
Other Postemployment Benefits	(8,245)
Employer Pension Plan Related Deferred Inflows of Resources	(2,450)
Other Postemployment Benefits Related	(1,285)
Net Position of Governmental Activities	$ 1,114,699

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, 2025

	MAJOR				
	General	Library	Gas Tax	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes and Assessments	$ 104,676	$ 113,929	$ -	$ 30,448	$ 249,053
Licenses and Permits	5,068	-	-	-	5,068
Intergovernmental Revenues	67,478	2,071	61,389	-	130,938
Charges for Services	39,890	452	-	-	40,342
Miscellaneous	1,134	15,048	-	-	16,182
Investment and Royalty Earnings	1,674	-	558	-	2,232
Total Revenues	219,920	131,500	61,947	30,448	443,815
EXPENDITURES:					
Current:					
General Government	68,265	-	-	-	68,265
Public Safety	76,797	-	-	-	76,797
Public Works	16,867	-	83,585	21,533	121,985
Culture and Recreation	50,997	99,983	-	-	150,980
Capital Outlay	20,585	-	34,819	-	55,404
Total Expenditures	233,511	99,983	118,404	21,533	473,431
Excess (Deficiency) of Revenues Over Expenditures	(13,591)	31,517	(56,457)	8,915	(29,616)
OTHER FINANCING SOURCES (USES):					
Fund Transfers In	-	-	-	65,321	65,321
Fund Transfers (Out)	-	(65,321)	-	-	(65,321)
Total Other Financial Sources (Uses)	-	(65,321)	-	65,321	-
Net Change in Fund Balance	(13,591)	(33,804)	(56,457)	74,236	(29,616)
FUND BALANCE:					
Beginning of the Year	80,161	181,285	219,517	24,674	505,637
End of the Year	$ 66,570	$ 147,481	$ 163,060	$ 98,910	$ 476,021

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, 2025

Net Changes in Fund Balance		$ (29,616)
Revenues on the Statement of Activities not Included in Governmental Funds Statement:		
Increase (Decrease) in Taxes Receivable	2,316	
State Pension Aid	1,528	3,844
Expenses on the Statement of Activities not Included in the Governmental Funds Statement:		
Depreciation Expense	(36,632)	
Actuarial Pension Expense	3,378	
(Increase) Decrease in Other Postemployment Benefits	9,008	
(Increase) Decrease in Compensated Absence Liability	3,780	(20,466)
Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities		
Capital Outlays	55,404	55,404
Change in net Position Reported on the Statement of Activities		$ 9,166

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, 2025

	MAJOR		
	Water	Sewer	Total Enterprise Funds
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 15,120	$ 201,718	$ 216,838
Special Assessments Receivable	5,052	18,414	23,466
Accounts Receivable - Net	25,701	27,466	53,167
Due from Other Governments	-	31,929	31,929
Inventories	30,787	11,387	42,174
Prepaid Expenses	6,101	5,816	11,917
Total Current Assets	82,761	296,730	379,491
Noncurrent Assets:			
Restricted Cash and Investments	82,137	60,187	142,324
Capital Assets:			
Land	-	1,460	1,460
Construction in Progress	-	254,266	254,266
Net Depreciable Assets	2,196,299	2,532,631	4,728,930
Total Noncurrent Assets	2,278,436	2,848,544	5,126,980
Total Assets	2,361,197	3,145,274	5,506,471
DEFERRED OUTFLOWS OF RESOURCES:			
Employer Pension Plan Related	9,847	10,557	20,404
Total Deferred Outflows of Resources	9,847	10,557	20,404
Total Assets and Deferred Outflows of Resources	$ 2,371,044	$ 3,155,831	$ 5,526,875
LIABILITIES:			
Current Liabilities:			
Accounts Payable	$ 6,101	$ 17,554	$ 23,655
Deposits and Refunds Payable	(29)	(50)	(79)
Unearned Revenue	10,299	-	10,299
Current Portion of Compensated Absences	2,132	1,840	3,972
Current Portion of Long-term Capital Obligations	17,651	52,176	69,827
Total Current Liabilities	36,154	71,520	107,674
Noncurrent Liabilities:			
Compensated Absences	2,132	1,840	3,972
Net Pension Accrual	78,867	84,549	163,416
Other Postemployment Benefits	7,957	8,609	16,566
Capital Debt Obligations	686,218	641,642	1,327,860
Total Noncurrent Liabilities	775,174	736,640	1,511,814
Total Liabilities	811,328	808,160	1,619,488
DEFERRED INFLOWS OF RESOURCES:			
Employer Pension Plan Related	1,754	1,880	3,634
Other Postemployment Benefits Related	1,241	1,342	2,583
Total Deferred Inflows of Resources	2,995	3,222	6,217
NET POSITION:			
Net Investment in Capital Assets	1,492,430	2,094,539	3,586,969
Restricted for Debt Service	82,137	60,187	142,324
Unrestricted (Deficit)	(17,846)	189,723	171,877
Total Net Position	1,556,721	2,344,449	3,901,170
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,371,044	$ 3,155,831	$ 5,526,875

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, 2025

	MAJOR		
	Water	Sewer	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Services	$ 192,777	$ 232,185	$ 424,962
Miscellaneous	274	443	717
Total Operating Revenues	193,051	232,628	425,679
OPERATING EXPENSES:			
Personal Services	105,303	113,283	218,586
Supplies	27,764	7,715	35,479
Purchased Services	93,705	53,571	147,276
Fixed Charges	8,994	9,099	18,093
Depreciation	67,053	69,262	136,315
Total Operating Expense	302,819	252,930	555,749
Operating Income (Loss)	(109,768)	(20,302)	(130,070)
NONCAPITAL SUBSIDIES:			
Intergovernmental	1,094	17,021	18,115
Total noncapital subsidies	1,094	17,021	18,115
Operating income (loss) and noncapital subsidies	(108,674)	(3,281)	(111,955)
OTHER NONOPERATING REVENUES (EXPENSES):			
Interest	7,915	11,107	19,022
Capital Contributions	-	56,199	56,199
Debt Service Interest	(24,066)	(19,692)	(43,758)
Total other nonoperating revenues and expenses	(16,151)	47,614	31,463
Income (loss) before unusual or infrequent items	(124,825)	44,333	(80,492)
UNUSUAL OR INFREQUENT ITEMS:			
Insurance Recovery for Water Tower	25,357	-	25,357
Total unusual or infrequent items	25,357	-	25,357
Increase (decrease) in fund net position	(99,468)	44,333	(55,135)
NET POSITION:			
Beginning of the Year	1,656,189	2,300,116	3,956,305
End of the Year	$ 1,556,721	$ 2,344,449	$ 3,901,170

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, 2025

	MAJOR		
	Water	Sewer	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 207,100	$ 229,284	$ 436,384
Payments to Employees	(106,856)	(113,053)	(219,909)
Payments to Suppliers	(146,552)	(82,410)	(228,962)
Net Cash Provided (Used) by Operating Activities	(46,308)	33,821	(12,487)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Subsidies from Other Governments	-	15,848	15,848
Cash Received from Insurance Recovery	25,357	-	25,357
Net Cash Provided (Used) by Non-capital Financing Activities	25,357	15,848	41,205
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Contributions	-	61,361	61,361
Purchases of Capital Assets	(26,302)	(84,649)	(110,951)
Principal Paid on Capital Debt	(17,070)	(50,785)	(67,855)
Interest Paid on Capital Debt	(24,066)	(19,692)	(43,758)
Net Cash Provided (Used) by Capital and Related Financing Activities	(67,438)	(93,765)	(161,203)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	7,915	11,107	19,022
Net Cash Provided (Used) by Investing Activities	7,915	11,107	19,022
Net Increase (Decrease) in Cash and Cash Equivalents	(80,474)	(32,989)	(113,463)
BALANCE:			
Beginning of the Year	177,731	294,894	472,625
End of the Year	$ 97,257	$ 261,905	$ 359,162
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (109,768)	$ (20,302)	$ (130,070)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	67,053	69,262	136,315
Other Postemployment Benefits Expense	(4,222)	(3,954)	(8,176)
GASBS No. 68 Pension Expense	4,657	7,688	12,345
Changes in Assets and Liabilities:			
Accounts Receivable	15,407	(195)	15,212
Special Assessments Receivable	(1,234)	(3,094)	(4,328)
Prepaid Expenses	(6,101)	(5,816)	(11,917)
Accounts Payable	6,101	(257)	5,844
Customer Deposits	(34)	(55)	(89)
Compensated Absences	(1,988)	(3,504)	(5,492)
Inventory	(16,089)	(5,952)	(22,041)
Unearned Revenue	(90)	-	(90)
Net Cash Provided (Used) by Operating Activities	$ (46,308)	$ 33,821	$ (12,487)
Supplemental Schedule of Noncash Activities:			
GASBS No. 68 State Contribution	$ 1,094	$ 1,173	$ 2,267

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, 2025

	Custodial Funds Aggregate Other Custodial Funds
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 531
Total Assets	$ 531
LIABILITIES:	
Current Liabilities:	
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, 2025

	Custodial Funds Aggregate Other Custodial Funds
ADDITIONS:	
Contributions from State of Montana	1,401
Total Additions	1,401
DEDUCTIONS:	
Distributions to Individuals and Organizations	1,401
Total Deductions	1,401
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 2025, the Town adopted the following GASB Statements:

- Governmental Accounting Standards Board (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.

- Governmental Accounting Standards Board (GASB Statement) 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.

- 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 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. 104 – Disclosure of Certain Capital Assets.

  This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

  This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

  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 recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. With respect to property taxes only, such time shall not exceed 60 days and the Town records property tax collects as revenues upon receipt. 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 occur, 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. As such, the elementary and high school General funds have been combined and are reported as one major fund. 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 reported 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 reported as expenditures when acquired in governmental funds (using the purchases method) since the focus of governmental funds is on the use of current financial resources. At year-end, inventories were not material.

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.

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.

Other Postemployment Benefits Liability – Deferred Outflows and Inflows – The Town recognizes a net pension liability for each other postemployment benefits (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.

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 – Classified Town employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. Classified 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 – Classified 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, 2025, the amount expected to be paid within one year related to governmental activities amounted to $1,417. At June 30, 2025, the amount expected to be paid within one year related to business-type activities amounted to $3,972 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.

The governmental fund *Balance Sheet* includes the following fund balances:

- Nonspendable – This balance includes amounts that cannot be spent either because they are not in a spendable form or because of legal or contractual constraints.

- 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, 2025, fund balance components other than unassigned fund balance were as follows:

Purpose	Nonspendable	Restricted
General Government	$ 9,433	$ 0
Public Works	0	193,519
Culture and Recreation	0	150,611
Future Capital Costs	0	65,321
Total	$ 9,433	$ 409,451

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.

The Town may adjust the beginning fund balances that were reported in the prior year. These adjustments may result from:

- A change in a fund status as major or nonmajor
- A correction of an error that affected a prior period balance
- The adoption of a change in accounting principle
- Other items as may be required by the circumstances.

The Town discloses these adjustments on face of the financial statements or in the notes to the financial statements.

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.

1. d. 3. UNUSUAL IN NATURE OR INFREQUENT IN OCCURRENCE

The Town reports events or transactions as either unusual in nature or infrequent in occurrence when they meet the following criteria:

- Unusual in nature - the underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the government, taking into account the environment in which the government operates. The event is highly abnormal and not closely related to the government's typical operations in its specific environment.

- Infrequency of occurrence - the underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the government operates. The event is not reasonably expected to recur in the foreseeable future given the government's operating environment.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2025, cash, cash equivalents, and investments 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	$ 444,736	$ 216,838	$ 98,580	$ 531	$ 760,685
Restricted Cash and Investments	0	142,324	0	0	142,324
Total	$ 444,736	$ 359,162	$ 98,580	$ 531	$ 903,009

The carrying amounts of cash on hand, deposits, and investments at June 30, 2025 were as follows:

Account Type	Amount
Cash	$ 100
Demand Accounts	369,546
Time Deposits	142,324
Mutual Funds	84,896
STIP	306,143
Total	$ 903,009

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, 2025, the Town's bank balances were exposed to custodial credit risk as follows:

Deposits	Fair Value
Covered by Depository Insurance	$ 389,849
Collateral Held by the Pledging Bank's Trust Department but not in the Town's Name	131,364
Uninsured and Uncollateralized	0
Total Bank Balance	$ 521,213

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, 2025, 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)	$ 306,143	N/A	N/A	N/A
Equity Securities				
Exchange Traded and Closed End Funds	45,155	45,155	0	0
Equity Mutual Funds	39,741	39,741	0	0
Total Equity Securities	84,896	84,896	0	0
Total Investments	$ 391,039	$ 84,896	$ 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, 2025, 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	$ 5,082	$ 5,082	$ 0	$ 0	$ 0	3 star
iShares Cr TI US Bd	3,952	3,952	0	0	0	4 star
Vanguard Em Mkt Gv BD	716	716	0	0	0	3 star
Vanguard Growth Index	13,528	13,528	0	0	0	4 star
Vanguard Value Index	9,187	9,187	0	0	0	4 star
Vanguard Mid Cap Index	4,186	4,186	0	0	0	4 star
Vanguard S&P 500	8,504	8,504	0	0	0	5 star
Bridge Builder Core Bond	724	724	0	0	0	2 star
Bridge Builder Core Plus Bond	5,753	5,753	0	0	0	4 star
Bridge Builder INTL Equity	5,236	5,236	0	0	0	Not Rated
Bridge Builder Large Growth	3,961	3,961	0	0	0	3 star
Bridge Builder Large Value	4,329	4,329	0	0	0	4 star
Bridge Builder Small/Mid Growth	2,533	2,533	0	0	0	3 star
Bridge Builder Small/Mid Value	2,478	2,478	0	0	0	3 star
Delaware Emerging Markets R6	860	860	0	0	0	2 star
DFA Intl Small Company I	1,799	1,799	0	0	0	4 star
Federated Instl Hi-Yield BD R6	762	762	0	0	0	3 star
Goldman Fs Government I	375	375	0	0	0	Not Rated
Invesco INTL Sm-Mid Company R6	863	863	0	0	0	3 star
Invesco Small Cap Equity R6	1,645	1,645	0	0	0	4 star
MacQuarie Emerging Markets R6	3,952	3,952	0	0	0	Not Rated
Principal Midcap R6	3,657	3,657	0	0	0	5 star
TRP Mid-Cap Growth I	814	814	0	0	0	3 star
Total Fair Value	$ 84,896	$ 84,896	$ 0	$ 0	$ 0	
Total Book Value	$ 84,896					

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, 2025 as follows:

Fund	Amount	Purpose
Proprietary Funds		
Water *	82,137	Debt reserve
Sewer *	60,187	Debt reserve
Total	$ 142,324	

* 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, 2025, 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, 2024, upon which the levy for the 2025 fiscal year was based, amounted to $938,444 for the Town. The tax rates assessed for the year ended June 30, 2025 to finance Town operations and applicable taxes receivable were as follows:

Fund	Mill Levies	Taxes Receivable	Assessments Receivable
Governmental Funds			
General *	100.63	$ 16,843	$ 0
Streetlights	-	0	12,337
Totals	100.63	$ 16,843	$ 12,337
Proprietary Funds			
Water *			5,052
Sewer *			18,414
Totals			$ 23,466

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, sewer, and solid waste. 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 *	$ 36,000	$ (10,299)	$ 25,701
Sewer *	27,466	0	27,466
Total	$ 63,466	$ (10,299)	$ 53,167

* Denotes Major Fund

NOTE 5. 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, 2025 were as follows:

Fund	Amount	Due From	Reason
General *	$ 15,835	State of Montana	State entitlement shares
Library *	57,329	Pondera County	County contributions for library operations
Sewer *	31,929	State of Montana	ARPA competitive grants for wastewater project
Total	$ 105,093		

* 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 fiscal year ended June 30, 2025 follows:

	Primary Government		
Governmental Activities	Balance July 1, 2024	Additions	Balance June 30, 2025
Non-depreciable Capital Assets:			
Land	$ 112,100	$ 0	$ 112,100
Depreciable Capital Assets:			
Buildings	666,647	0	666,647
Improvements Other than Buildings	138,555	20,585	159,140
Machinery and Equipment	224,748	0	224,748
Infrastructure	31,290	34,819	66,109
Total Depreciable Capital Assets	1,061,240	55,404	1,116,644
Less Accumulated Depreciation For:			
Buildings	(241,139)	(13,584)	(254,723)
Improvements Other than Buildings	(57,317)	(5,797)	(63,114)
Machinery and Equipment	(169,811)	(13,945)	(183,756)
Infrastructure	(3,129)	(3,306)	(6,435)
Total Accumulated Depreciation	(471,396)	(36,632)	(508,028)
Net Depreciable Capital Assets	589,844	18,772	608,616
Net Governmental Activities Capital Assets	$ 701,944	$ 18,772	$ 720,716

Depreciation expense charged to governmental functions was as follows:

Function	Amount
General Government	$ 2,436
Public Safety	6,037
Public Works	14,136
Culture and Recreation	14,023
Total Depreciation Expense	$ 36,632

6. b. BUSINESS-TYPE CAPITAL ASSETS

The schedule of changes in business-type capital assets for the fiscal year ended June 30, 2025 follows:

	Primary Government		
Business-type Activities	Balance July 1, 2024	Additions	Balance June 30, 2025
Non-depreciable Capital Assets:			
Land	$ 0	$ 1,460	$ 1,460
Construction in Progress	197,379	56,887	254,266
Total Non-depreciable Capital Assets	197,379	58,347	255,726
Depreciable Capital Assets:			
Buildings	354,286	0	354,286
Machinery and Equipment	93,020	52,604	145,624
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	3,305,802	0	3,305,802
Total Depreciable Capital Assets	7,510,651	52,604	7,563,255
Less Accumulated Depreciation For:			
Buildings	(116,840)	(7,982)	(124,822)
Machinery and Equipment	(82,364)	(7,781)	(90,145)
Source of Supply	(257,105)	(19,778)	(276,883)
Pumping Plant	(27,075)	(1,425)	(28,500)
Treatment Plant	(1,370,717)	(33,233)	(1,403,950)
Transmission and Distribution	(843,909)	(66,116)	(910,025)
Total Accumulated Depreciation	(2,698,010)	(136,315)	(2,834,325)
Net Depreciable Capital Assets	4,812,641	(83,711)	4,728,930
Net Business-type Capital Assets	$ 5,010,020	$ (25,364)	$ 4,984,656

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 REVENUES

Unearned revenue, sometimes referred to as deferred revenue, is payment received by the Town from an exchange transaction which has not actually happened at that time of the collections has been received. Once the transaction has been performed by the Town, the revenues will be recognized.

Fund	Amount	Reason
Water *	$ 10,299	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	$ 33,666	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, 2025 follows:

Governmental Activities	Balance July 1, 2024	Principal Payments and Other Reductions	Balance June 30, 2025	Due within One Year
Other Liabilities:				
Compensated Absences *	6,614	$ (3,780)	$ 2,834	$ 1,417
Accrued Pension	116,772	(6,614)	110,158	0
Other Postemployment Benefits	8,778	(533)	8,245	0
Total Other Liabilities	132,164	(10,927)	121,237	1,417
Governmental Activities - Long-term Debt	$ 132,164	$ (10,927)	$ 121,237	$ 1,417

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

8. b. BUSINESS-TYPE LONG-TERM DEBT

The schedule of changes in business-type long-term debt for the fiscal year ended June 30, 2025 follows:

Business-type Activities	Balance July 1, 2024	New Debt and Other Additions	Principal Payments and Other Reductions	Balance June 30, 2025	Due within One Year
Bonds and Notes Payables:					
Revenue Bonds	$ 1,465,542	$ 0	$ (67,855)	$ 1,397,687	$ 69,827
Other Liabilities:					
Compensated Absences *	13,437	0	(5,492)	7,945	3,972
Accrued Pension	153,693	9,723	0	163,416	0
Other Postemployment Benefits	12,938	3,628	0	16,566	0
Total Other Liabilities	180,068	13,351	(5,492)	187,927	3,972
Business-type Activities - Long-term Debt	$ 1,645,610	$ 13,351	$ (73,347)	$ 1,585,614	$ 73,799

* 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, 2025
USDA-RD #91-01	1/28/11	3.38%	40 years	1/28/51	$ 902,000	$ 703,869
SRF #07155R	5/7/13	2.25%	13 years	7/1/26	449,000	38,000
USDA-RD #92-03	8/19/15	2.75%	40 years	8/1/55	775,000	655,818
Totals					$ 2,126,000	$ 1,397,687

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
2026	$ 69,817	$ 42,370
2027	33,826	40,302
2028	33,858	39,270
2029	34,922	38,206
2030	36,021	37,107
2031-2035	197,835	167,805
2036-2040	231,022	134,618
2041-2045	269,843	95,797
2046-2050	315,262	50,378
2051-2055	171,842	11,299
2056	3,439	7
Totals	$ 1,397,687	$ 657,159

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

9 a. PROPERTY TAXES AND ASSESSMENTS

The Town reported deferred property taxes and assessments at June 30, 2025 as follows:

Fund	Amount	Reason
General *	$ 16,843	Taxes receivable
Streetlights	12,337	Assessments receivable
Total	$ 29,180	

* Denotes Major Fund

NOTE 10. INTERFUND OPERATING TRANSFERS

The Town recorded interfund transfers during the year ended June 30, 2025 as follows:

Operating Fund In	Amount	Operating Fund Out	Purpose
Library Depreciation Reserve	$ 65,321	Library *	Transfer of loan forgiveness funds

* Denotes Major Fund

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

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.

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

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.

As of June 30, 2025, the measurement date, the plan's participants were comprised of:

Active employees	5
Inactive employees (may include spouses)	0

The Town's total OPEB liability amounted to $24,811 at June 30, 2025. The liability was measured as of June 30, 2025 and was determined by an Alternative Measurement Method valuation as of that date.

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, 2025 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	4.93%
Retiree's share of benefit related costs	100.00%
Healthcare cost trend rate	8.04% down to 4.10%

CHANGES IN THE TOTAL OPEB LIABILITY

Balance July 1, 2024	$	21,716
Changes for the Year:		
Service Cost (OPEB Expense)		5,616
Interest		1,347
Changes of Benefit Terms		0
Changes in Assumptions or Other Inputs		(3,868)
Benefit Payments		0
Net Changes		3,095
Balance June 30, 2025	$	24,811

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.

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		
	1.0% Decrease	Current	1.0% Increase
Total OPEB Liability	$ 26,470	$ 24,811	$ 23,233

	Healthcare Cost Trend Rate		
	1.0% Decrease	Current	1.0% Increase
Total OPEB Liability	$ 22,266	$ 24,811	$ 27,891

OPEB EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

For the year ended June 30, 2025, the Town reported $3,095 in expense related to OPEB.

At June 30, 2025, 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	$ (3,745)
Changes of Assumptions	0	(123)
Total	$ 0	$ (3,868)

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
2026	$ (3,868)
2027	0
2028	0
2029	0
2030	0
Thereafter (8 years)	0

NOTE 12. RISK MANAGEMENT

The Town is exposed to distinct types of risk, including risks of:

- Decreased public funding
- Concentrations of high-dollar taxpayers
- Other losses

Risks related to decreases in public funding relate to possible future decreases in County, State, and federal funding. Risks related to concentrations of high-dollar taxpayers, such as heavy industry or commercial development, relate to the possibility that such taxpayers may close or move locations or otherwise decrease their tax dollars through incentives or decreased business.

Such funding is used in the provision of services and maintenance and improvements to infrastructure. In the event of such a decrease, the Town would likely need to seek funding from other sources such as increased tax levies and fees, private donations, and increased borrowing. Alternately, the Town could curtail municipal services such as garbage collection, community centers, or recreational facilities.

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 13. EMPLOYEE RETIREMENT SYSTEM

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

- The Public Employees' Retirement System (PERS) covers 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

13. 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. The same accrual basis was used by MPERA and TRS for the purposes of determining the net pension liability (NPL), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, the fiduciary net position, and additions to and deductions from fiduciary net position. 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 in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value.

MPERA and TRS comply with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) statements.

13. b. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The PERS - Defined Benefit Retirement Plan (DBRP or Plan), administered by the MPERA, is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, MCA. This plan provides retirement benefits to covered employees of 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 PERS-DBRP and have a 12-month window during which they choose to remain in the PERS-DBRP or join the PERS defined contribution retirement plan (PERS-DCRP) by filing an irrevocable election. Members may not be participants of both the *defined benefit* and *defined contribution* retirement plans.

The PERS_DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

SUMMARY OF 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: o HAC during any consecutive 36 months. • Hired on or after July 1, 2011: o HAC during any consecutive 60 months.
Compensation Cap:	• Hired on or after July 1, 2013: o 110% annual cap on compensation is 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 (GABA):

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.

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.

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 and employer contribution rates are shown in the table below.

	Member		State & Universities	Local Government		School Districts	
Fiscal Year	Hired<07/01/11	Hired>07/01/11	Employer	Employer	State	Employer	State
2025	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	.0370%
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. For fiscal years beginning after June 30, 2024, the additional contribution amount stays at 2.27%. 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
      i. The State contributed 0.1% 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 $35,329,705.

ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) as of June 30, 2024, was determined on the results of an actuarial valuation date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- Investment Return (net of pension plan investment expense, including inflation) 7.30%
- General Wage Growth (includes inflation at 2.75%) 3.50%
- Merit Increases 0.00% to 4.80%
- Postretirement Benefit Increases:
  - GABA each January. After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) 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% (the 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%
      - 0% whenever the amortization period for PERS is 40 years or more.
      -
- Mortality
  - *Active Participants* - PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
  - *Disabled Retirees* - PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
  - *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.
  - *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, 2024 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.

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 MCA. 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 2128. 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.

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, 2024, 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%	

DEFINED CONTRIBUTION PLAN

The Town contributed to the State of Montana PERS-DCRP for employees that have elected the DCRP. The PERS-SCRP is administered by the Montana Public Employees' Retirement Board 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 PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DBRP 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 PERS-DCRP.

At the plan level for the measurement period ended June 30, 2024, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the *defined contribution* plan. Plan level non-vested forfeitures for the 351 employers that have participants in the PERS-DCRP totaled $1,345,278.

13. c. SENSITIVITY ANALYSIS

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 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	$ 3,114,210,038	$ 2,440,353,916	$ 1,566,800,567
Town's Net Pension Liability	398,812	273,574	168,556

13. 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 has special funding situations in which the State of Montana is legally responsible for making contributions directly to PERS 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.

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the TPL as of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The TPL minus the Fiduciary Net Position equals the NPL. The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2024, and 2023, 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, 2025, 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 6/30/24	as of 6/30/23	as of 6/30/24	as of 6/30/23	Collective NPL
PERS					
Town Proportionate Share	$ 273,574	$ 270,465	0.011186%	0.011083%	0.000103%
State of Montana Proportionate Share associated with Employer	70,813	74,447	0.002895%	0.003051%	(0.000156)%
Totals	$ 344,387	$ 344,912	0.014081%	0.014134%	(0.000053)%

The NPL was measured as of June 30, 2024, and the TPL used to calculate the net pension liability was determined by an actuarial valuation as of:

- PERS – June 30, 2024

	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.

13. e. PENSION EXPENSE

At June 30, 2025, the employer recognized a pension expense and grant revenue as noted below:

(as of measurement date)	Pension Expense as of 6/30/24	Pension Expense as of 6/30/23
PERS		
Town's Proportionate Share	$ 25,521	$ 36,121
Employer Grant Revenue – Montana Proportionate Share with the Employer	3,795	6,984
Totals	$ 29,316	$ 43,105

13. f. DEFERRED INFLOWS AND OUTFLOWS

At June 30, 2025, 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	$ 13,825	$ 0
Changes in actuarial assumptions	0	0
Difference between projected and actual investment earnings	0	6,084
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	0	0
Contributions paid subsequent to the measurement date –FY 2024 Contributions *	20,325	0
Totals	$ 34,157	$ 6,084

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

Year Ended June 30	PERS Amount of Deferred Outflows (Inflows) to be Recognized as an Increase (Decrease) to Pension Expense
2025	$ (4,188)
2026	18,834
2027	(4,277)
2028	(2,620)
Thereafter	0

13. g. EMPLOYER'S PROPORTION OF PENSION AMOUNTS

	PERS
	Employer's Proportionate Share
Total Pension Liability	$ 1,084,320
Fiduciary Net Position	810,746
Net Pension Liability	273,574
Deferred Outflows of Resources	34,158
Deferred Inflows of Resources	6,084
Pension Expense	29,316

NOTE 14 LOCAL RETIREMENT PLANS

14. a. FIRE DEPARTMENT RELIEF ASSOCIATION DISABILITY AND PENSION FUND

Town volunteer firefighters are covered by the FDRA 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, and is accounted for as a pension trust fund of the Town. 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, 2025 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 $1,401. The plan's benefits are established by the Association's Board of Trustees. Total benefits paid in the fiscal year ended June 30, 2025 amounted to $465.

No actuarial valuation or report of unfunded past service costs had been prepared for the Association.

The number of employees covered by the benefit terms was:

- Inactive members currently receiving benefits 2
- Inactive members eligible for benefits but not receiving benefits 0
- Active members 20

NOTE 15. SUBSEQUENT REPORTABLE EVENTS

The Town evaluated subsequent events after June 30, 2025 through the date on which the financial statements were available to be issued and noted the events below:

- The Town started construction of Phase III of the Wastewater System Improvements project in FY 2026, with the bid being awarded to Sullivan Excavating. The total estimated cost to the town will be about $2,000,000. The town is financing the project with Federal and State awards and a $210,000 USDA loan.

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, 2025, the School District contracted for the Iowa project and cleanup of Collier's lot for the amount of $26,803.

NOTE 17. CONTINGENCIES

17. a. FEDERAL AWARDS

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 portion of expenditures that may be disallowed, if any, 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, 2025

CHANGE IN LIABILITY

Year Ended June 30:	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
6/30/25	5,616	1,347	0	(3,868)	0	3,095	21,716	24,811

PAYROLL RATIO

Year Ended June 30:	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%
6/30/25	192,205	12.91%

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, 2025

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

As of Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Net Pension Liability (a)	State's Net Pension Liability (b)	Total (a)+(b)=(c)	Employer's Covered Payroll (d)	Employer's Proportionate Share as a Percentage of Covered Payroll (a)/(d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2024	0.011186%	273,574	70,813	344,387	219,158	124.83%	74.77%

These schedules are intended to show information for the most recent 10 years.

TOWN OF VALIER

SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS
(Determined as of the reporting date)
For the year ended June 30, 2025

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Year Ended June 30:	Contractually Required Defined Benefit Contributions (a)	Plan Choice Rate Required Contribution (b)	Contributions in Relation to the 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)
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	19,970	0	19,970	0	219,158	9.11%
2025	20,333	0	20,333	0	224,096	9.07%

These schedules are intended to show information for the most recent 10 years.

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.

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*	7.30%, net of pension plan investment and administrative expenses
*Includes inflation at	2.75%
Merit salary increase	0.00% to 4.80%
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, 2023 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, 2025

	General				
	Original Budget	Final Budget	Budget Variance with Original vs Final Budget - Over (Under)	Actual	Actual Variance with Final Budget - Over (Under)
REVENUES:					
Taxes and Assessments	$ 110,235	$ 110,235	$ -	$ 104,676	$ (5,559)
Licenses and Permits	4,000	4,000	-	5,068	1,068
Intergovernmental Revenues	64,539	64,539	-	67,478	2,939
Charges for Services	51,400	51,400	-	39,890	(11,510)
Miscellaneous	2,230	2,230	-	1,134	(1,096)
Investment and Royalty Earnings	1,196	1,196	-	1,674	478
Total Revenues	233,600	233,600	-	219,920	(13,680)
EXPENDITURES:					
Current:					
General Government	65,549			68,265	
Public Safety	76,054			76,797	
Public Works	11,460			16,867	
Culture and Recreation	80,466			50,997	
Capital Outlay				20,585	
Total Expenditures	233,529	233,529	-	233,511	(18)
Excess (Deficiency) of Revenues Over Expenditures	71	71	-	(13,591)	(13,662)
OTHER FINANCING SOURCES (USES):					
Fund Transfers (Out)				-	
Total Other Financial Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	71	71	-	(13,591)	(13,662)
FUND BALANCE:					
Beginning of the Year				80,161	
End of the Year				$ 66,570	

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 (continued)
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Library				
	Original Budget	Final Budget	Budget Variance with Original vs Final Budget - Over (Under)	Actual	Actual Variance with Final Budget - Over (Under)
REVENUES:					
Taxes and Assessments	$ 114,546	$ 114,546	$ -	$ 113,929	$ (617)
Licenses and Permits	-	-	-	-	-
Intergovernmental Revenues	-	-	-	2,071	2,071
Charges for Services	400	400	-	452	52
Miscellaneous	3,026	3,026	-	15,048	12,022
Investment and Royalty Earnings	-	-	-	-	-
Total Revenues	117,972	117,972	-	131,500	13,528
EXPENDITURES:					
Current:					
General Government				-	
Public Safety				-	
Public Works				-	
Culture and Recreation	138,103			99,983	
Capital Outlay				-	
Total Expenditures	138,103	138,103	-	99,983	(38,120)
Excess (Deficiency) of Revenues Over Expenditures	(20,131)	(20,131)	-	31,517	51,648
OTHER FINANCING SOURCES (USES):					
Fund Transfers (Out)	(65,321)			(65,321)	
Total Other Financial Sources (Uses)	(65,321)	-	(65,321)	(65,321)	-
Net Change in Fund Balance	(85,452)	(20,131)	(65,321)	(33,804)	51,648
FUND BALANCE:					
Beginning of the Year				181,285	
End of the Year				$ 147,481	

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 (continued)
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Gas Tax				
	Original Budget	Final Budget	Budget Variance with Original vs Final Budget - Over (Under)	Actual	Actual Variance with Final Budget - Over (Under)
REVENUES:					
Taxes and Assessments	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental Revenues	62,733	62,733	-	61,389	(1,344)
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Investment and Royalty Earnings	399	399	-	558	159
Total Revenues	63,132	63,132	-	61,947	(1,185)
EXPENDITURES:					
Current:					
General Government				-	
Public Safety				-	
Public Works	163,684			83,585	
Culture and Recreation				-	
Capital Outlay				34,819	
Total Expenditures	163,684	163,684	-	118,404	(45,280)
Excess (Deficiency) of Revenues Over Expenditures	(100,552)	(100,552)	-	(56,457)	44,095
OTHER FINANCING SOURCES (USES):					
Fund Transfers (Out)				-	
Total Other Financial Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	(100,552)	(100,552)	-	(56,457)	44,095
FUND BALANCE:					
Beginning of the Year				219,517	
End of the Year				$ 163,060	

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 original budgets were not amended.

STROM & ASSOCIATES, P.C.
Certified Public Accountants

3203 3rd Ave N. Suite 208
PO Box 1980
Billings, MT 59103

Phone: 406-252-2765
E-mail: audit@stromcpa.net

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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 3, 2026.

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 2025-001 and 2025-002, 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 2025-003, to be 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
June 3, 2026

Prior year findings/status

The following is the status of prior year findings and updated for the fiscal year ended June 30, 2025.

2024-001 – Annual Financial Reporting	Implemented
2024-002 – Over-Expended Budget	Implemented
2024-003 – Overstated Taxes Receivable	Implemented
2024-004 – Prior Year Accounts Payable	Implemented

Current year findings

2025-001 Unreported Revenues and Accruals

Criteria: Financial statements for governmental funds should be presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term liabilities, which should be recognized when due. (GASB Cod. 1600)

Condition: The Town did not report the fourth quarter state entitlement payment of $15,835 due at June 30, 2025.

Effect: Revenues and Assets in the General fund are understated by $15,835 in the Annual Financial Report.

This misstatement has been corrected with the accompanying financial statements.

Context: During the closing of fiscal year 2024-2025, the Town did not recognize the 4th quarter state entitlement revenue of $15,835 from the State of Montana, causing revenues and assets to be underreported by $15,835.

Cause: The fourth quarter entitlement payment applicable to fiscal year 2025 was not received by the Town until July, and no accrual was made to report the revenue and due-from other governments in June 2025.

Recommendation: We recommend the Town properly recognizes all state-remitted revenues, checking for proper accrual near year-end to ensure that all revenues are reported in the proper period.

2025-002 Unreported Accounts Payable

Criteria: Generally Accepted Accounting Principle indicates that when goods or services are provided in advance of payment the applicable goods or services are to be accrued as accounts payable at that point in time. In other words, liabilities are accrued and expenditures/expenses are reported in the period in which the government incurs the liability. (NCGAS1, para 70)

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. (GASB Cod 1600)

A government accrues a governmental fund liability and expenditure for most expenditures and transfers in the period in which the government incurs the liability. However, unmatured long-term indebtedness (the portion of general long-term indebtedness that is not yet due for payment) be reported as general long-term liabilities of the government, rather than as governmental fund liabilities. That requirement applies not only to formal debt issues such as bonds, but also to other forms of general long-term indebtedness, including leases, compensated absences, claims and judgments, pensions, termination benefits, landfill closure and post-closure obligations and other asset retirement obligations, pollution remediation obligations, and "other commitments that are not current liabilities properly recorded in governmental funds." (GASB Cod 1600.116, .118)

Condition: The Town did not report an expense of $6,426 in the proper period, due upon reception of the goods.

Effect: Expenditures and liabilities in the Gas Tax fund (2820) are understated by $6,426 in the Annual Financial Report.

This misstatement has been corrected with the accompanying financial statements.

Context: A claim for which goods were received on June 13, 2025 was not recognized as an expenditure during fiscal year 2024-2025, causing liabilities and expenditures to be underreported by $6,462.

Cause: The expense applicable to fiscal year 2024-2025 was not paid until July, and no accrual was made to report the expense and accounts payable in June 2025.

Recommendation: We recommend the Town recognizes all expenses upon reception of goods and/or services, checking for proper accrual near year-end to ensure that all expenses are reported in the proper period.

2025-003 Cash Reconciliation – Unrecorded STIP Interest

Criteria: One of the basic principles in internal control activities relates to proper handling of cash. General cash handling processes including security of funds and accuracy of the amounts reported in applicable governmental funds.

- Are timely bank reconciliations performed?
- Are all bank accounts reconciled?
- Are the bank reconciliations reviewed by a second person?
- Are all bank accounts on the general ledger?
- Are all cash on hand balances reported on the general ledger
- Are transactions appropriately cut off at period-end (with no subsequent period transactions appearing in the current year)?

Condition: Cash reported in the Short Term Investment Pool (STIP) was understated at June 30, 2025 by the amount of interest earned during the prior fiscal year.

Effect: Cash is understated by $16,104 in the Annual Financial Report.

Context: The June 30, 2025 statement for the Town of Valier's STIP indicated a balance of $322,247. In the Annual Financial Report, $306,143 was reported in the account. Upon inquiry it was noted that the variance of $16,104 was the amount of interest earned in a prior period but not booked in the accounting system.

Cause: It was noted that in the prior year, no entry was made to book the interest earnings applicable to fiscal year 2024. This was overlooked during fiscal year 2025, resulting in cash being understated by $16,104 at June 30. A correcting entry was made during the audit.

Recommendation: We recommend that the Town report all monies held in its bank accounts whether in checking, savings, certificates of deposit, or investments in their accounting records.

TOWN OF VALIER

CORRECTIVE ACTION PLAN
For the year ended June 30, 2025

AUDIT FINDING

Entity Name: Town of Valier

Fiscal Year Ending: June 30, 2025

WORK PAPER REFERENCE *(WP 610CI, WP 802.J)*

2025-001	**Unreported Revenues and Accruals**
Criteria:	Financial statements for governmental funds should be presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term liabilities, which should be recognized when due. (GASB Cod. 1600)
Condition:	The Town did not report the fourth quarter state entitlement payment of $15,835 due at June 30, 2025.
Effect:	Revenues and Assets in the General fund are understated by $15,835 in the Annual Financial Report. This misstatement has been corrected with the accompanying financial statements.
Context:	During the closing of fiscal year 2024-2025, the Town did not recognize the 4th quarter state entitlement revenue of $15,835 from the State of Montana, causing revenues and assets to be underreported by $15,835.
Cause:	The fourth quarter entitlement payment applicable to fiscal year 2025 was not received by the Town until July, and no accrual was made to report the revenue and due-from other governments in June 2025.
Recommendation:	We recommend the Town properly recognizes all state-remitted revenues, checking for proper accrual near year-end to ensure that all revenues are reported in the proper period.

Auditee Response: The Clerk/Treasurer will establish and implement year-end review procedures to identify and accrue revenues in the proper fiscal period. The year-end accrual review will be documented and reviewed by Town management to verify completeness and accuracy and to prevent similar misstatements in future reporting periods.

AUDIT FINDING

Entity Name: Town of Valier

Fiscal Year Ending: June 30, 2025

WORK PAPER REFERENCE *(WP 804)*

2025-002	**Unreported Accounts Payable**
Criteria:	Generally Accepted Accounting Principle indicates that when goods or services are provided in advance of payment the applicable goods or services are to be accrued as accounts payable at that point in time. In other words, liabilities are accrued and expenditures/expenses are rep011ed in the period in which the government incurs the liability. (NCGAS I, para 70) 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. (GASB Cod 1600) A government accrues a governmental fund liability and expenditure for most expenditures and transfers in the period in which the government incurs the liability. However, unmatured long-term indebtedness (the portion of general long-term indebtedness that is not yet due for payment) be reported as general long-term liabilities of the government, rather than as governmental fund liabilities. That requirement applies not only to formal debt issues such as bonds, but also to other forms of general long-term indebtedness, including leases, compensated absences, claims and judgments, pensions, termination benefits, landfill closure and postclosure obligations and other asset retirement obligations, pollution remediation obligations, and "other commitments that are not current liabilities properly recorded in governmental funds." (GASB Cod 1600.116,.118)
Condition:	The Town did not repo11 an expense of $6,426 in the proper period, due upon reception of the good.
Effect:	Expenditures and liabilities in the Gas Tax fund (2820) are understated by $6,426 in the Annual Financial Report. This misstatement has been corrected with the accompanying financial statements.
Context:	A claim for which goods were received on June 13, 2025 was not recognized as an expenditure during fiscal year 2024-2025, causing liabilities and expenditures to be underreported by $6,462.
Cause:	The expense applicable to fiscal year 2024-2025 was not paid until July, and no accrual was made to report the expense and accounts payable in June 2025.
Recommendation:	We recommend the Town recognizes all expenses upon reception of goods and/or services, checking for proper accrual near year-end to ensure that all expenses are reported in the proper period.

Auditee Response: The Clerk/Treasurer will implement year-end review procedures to ensure that accounts payable goods are recorded in the correct fiscal period. Town management will document and review the process to verify completeness and accuracy and reduce the risk of similar misstatements in future reporting periods.

AUDIT FINDING

Entity Name: Town of Valier

Fiscal Year Ending: June 30, 2025

WORK PAPER REFERENCE *(WP 601A, WP 601F3)*

2025-003	**Cash Reconciliation - Unrecorded STIP Interest**
Criteria:	One of the basic principles in internal control activities relates to proper handling of cash. General cash handling processes including security of funds and accuracy of the amounts reported in applicable governmental funds. • Are timely bank reconciliations performed? • Are all bank accounts reconciled? • Are the bank reconciliations reviewed by a second person? • Are all bank accounts on the general ledger? • Are all cash on hand balances repo1ied on the general ledger • Are transactions appropriately cut off at period-end (with no subsequent period transactions appearing in the current year)?
Condition:	Cash reported in the Sh01i Term Investment Pool (STIP) was understated at June 30, 2025 by the amount of interest earned during the prior fiscal year.
Effect:	Cash is understated by $16,104 in the Annual Financial Rep01i.
Context:	The June 30, 2025 statement for the Town of Valier's STIP indicated a balance of $322,247. In the Annual Financial Rep01i, $306,143 was repo1ied in the account. Upon inquiry it was noted that the variance of $16,104 was the amount of interest earned in a prior period but not booked in the accounting system.
Cause:	It was noted that in the prior year, no entry was made to book the interest earnings applicable to fiscal year 2024. This was overlooked during fiscal year 2025, resulting in cash being understated by $16,104 at June 30. A correcting entry was made during the audit.
Recommendation:	We recommend that the Town repo1i all monies held in its bank accounts whether in checking, savings, ce1iificates of deposit, or investments in their accounting records.

Auditee Response: The Clerk/Treasurer will implement procedures to ensure STIP interest earnings are recorded in the proper fiscal year and included in the accounting records by June 30, 2026.