Central Valley Fire District

Financial Statements
with
Independent Auditors' Report

June 30, 2025

CENTRAL VALLEY FIRE DISTRICT
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June 30, 2025

Central Valley Fire District
2024 to 2025
ORGANIZATION

BOARD OF TRUSTEES

Ty Elliot	Chairman (ended May 5, 2025)
Darren Wilkins	Vice Chairman (ended May 5, 2025) Chairman (started May 5, 2025)
Ron Murray	Trustee (ended May 5, 2025) Vice Chairman (started May 5, 2025)
Rob Holt	Trustee
Ramie Blakeman	Trustee (started May 5, 2025)
Mark MacLeod	Secretary/Treasurer

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Central Valley Fire District
Belgrade, Montana

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Central Valley Fire District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the budgetary comparison information, and the schedule of pension liabilities and contributions as listed in the table of contents 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for 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 9, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rudd & Company, PLLC

Bozeman, Montana
June 9, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis of Central Valley Fire District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 include:

1. The District's assets and deferred outflows exceeded liabilities and deferred inflows by $16,741,548. Unrestricted net position decreased by $69,239 due to current year operations.

2. Restricted for apparatus and facilities net position increased by $630,479 due to the District spending less on capital outlay than the amount levied for that purpose.

3. The General Fund's overall revenue came in over budget.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to present a detailed outline of specific activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. For the District, their only fund, the General Fund, is considered a major fund.

Using this Financial Report

Reporting the District as a Whole

This report includes two district-wide statements that focus on operations of the District as a whole. These statements measure inputs and outflows using an economic resources measurement focus and use the accrual basis of accounting. The accrual basis of accounting is similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid. Activities that are fiduciary in nature are not included in these statements.

The view of the District as a whole looks at all financial transactions and asks the question "How did we do financially during the 2024-2025 fiscal year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets (what is owned), deferred outflows of resources (future resources to be consumed), liabilities (what is owed) and deferred inflows of resources (revenues currently unavailable) and the net position (the resources that would remain if all obligations were settled) of the District. The statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in fixed or capital assets, such as buildings, equipment, and other long-lived property; and some assets are available to fund budgets of the following year.

These two statements report the District's net position and changes in that position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current Montana property tax laws, and increases in fires. Financial factors include timeliness of tax collections, unexpected expenditures, changes to state funding, increases or decreases in the rate of return on investments, grants awarded, and other factors.

The Statement of Net Position and the Statement of Activities provide information about the governmental activities of the District. This includes all public safety expenditures. Property taxes, charges for services, state and grant revenues usually support most of the functions of the District.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the funds used by the District. State law and generally accepted accounting principles (GAAP) establish the fund structure of fire districts. State law generally requires fire districts to segregate money generated for certain specific purposes; the District may use many funds to account for a multitude of financial transactions.

The fund financial statements report balances and activities of the most significant or major funds separately and combine activities of less significant funds under a single category.

Reporting the District's Most Significant Funds (continued)

Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. The District's only fund, the General Fund, is considered a major fund.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are shown for the only governmental fund, which is the General Fund. This fund uses the modified accrual basis of accounting and represents all of the District's activities and programs.

Fund statements include a reconciliation of the governmental fund statements to the district-wide statements. Most significant differences result from the use of different presentation bases. The district-wide statements are presented using the accrual basis of accounting and the fund statements for governmental funds use the modified accrual basis. In addition, capital assets and long-term debt are reported in the district-wide statements but not in the fund statements.

Budget-to-Actual Comparisons

The budgetary comparison schedules show how actual expenditures compared to the original/final budgeted expenditures for the General Fund.

The District as a Whole

Net position may serve over time as a useful indicator of a district's financial position. Table 1 provides a summary of the District's net position for fiscal years 2025 and 2024.

Table 1 - Summarized Schedule of Net Position

	Governmental Activities		Total Change
Assets	2025	2024	2025-2024
Current Assets	$ 9,907,662	$ 9,360,270	$ 547,392
Capital Assets (net)	11,938,300	12,046,039	(107,739)
Total Assets	21,845,962	21,406,309	439,653
Deferred Outflows			
Pension related items	1,312,465	1,308,676	3,789
Liabilities			
Current Liabilities	855,846	919,096	(63,250)
Long-term Liabilities	5,482,172	5,813,478	(331,306)
Total Liabilities	6,338,018	6,732,574	(394,556)
Deferred Inflows			
Pension related items	78,861	12,430	66,431
Net Position			
Net Investment in Capital Assets	8,840,671	8,630,344	210,327
Restricted for apparatus and facilities	3,598,581	2,968,102	630,479
Unrestricted	4,302,296	4,371,535	(69,239)
Total Net Position	$ 16,741,548	$ 15,969,981	$ 771,567

The District as a Whole (continued)

Table 2 shows the change in net position for fiscal year 2025 compared to fiscal year 2024.

Table 2 - Summarized Schedule of Activities

	Governmental Activities		Total change
Revenues	2025	2024	2025-2024
Program Revenues:			
Charges for services	$ 1,226,964	$ 790,640	$ 436,324
Operating grants and contributions	1,146,841	1,292,394	(145,553)
General Revenues:			
Property taxes	8,567,993	8,204,690	363,303
Intergovernmental revenues	168,575	165,576	2,999
Investment earnings	275,881	296,579	(20,698)
Miscellaneous	17,403	5,133	12,270
TOTAL REVENUES	*11,403,657*	*10,755,012*	*648,645*
Expenses			
Public Safety	10,533,585	9,301,478	1,232,107
Interest and fiscal charges	98,505	96,396	2,109
TOTAL EXPENSES	*10,632,090*	*9,397,874*	*1,234,216*
Special Items			
Gain on disposal	-	21,897	(21,897)
TOTAL SPECIAL ITEMS	-	21,897	(21,897)
CHANGES IN NET POSITION	***771,567***	***1,379,035***	***(607,468)***
Net Position, Beginning of Year	15,969,981	14,590,946	1,379,035
Net Position, End of Year	***$ 16,741,548***	***$ 15,969,981***	***$ 771,567***

Governmental Activities

In Montana, fire districts must seek voter approval for any additional levy authority needed to operate the district over what was approved in prior years and what will be received from the state. Property taxes made up 75 percent of revenues for governmental activities for the District in fiscal year 2025.

The major categories of expenses are presented on page 11. Of these expenses, the largest function is public safety, which comprises 99 percent of district expenses.

Analysis of Financial Information

Spending Levels Compared to Resource Levels

The District's spending for governmental activities was $771,570 under the total revenues for the District, including program and governmental revenues and gains. Please see below and pages 9 and 11 for a presentation of this information.

The following analysis is provided to help the reader understand the major operations of the District, where the resources come from, what the resources are used for, and trends, decisions and events that are expected to affect the District's financial situation in the future.

General Information about Central Valley Fire District: The District provides fire prevention, mitigation and firefighting services to the urban, suburban, and rural areas in and around the City of Belgrade; north Four Corners, Dry Creek, Reese Creek, River Rock, Valley Center, and Springhill corridor. The District provides service to the Bozeman Yellowstone Airport through an Interlocal Agreement with the Gallatin Airport Authority. The District holds an Insurance Services Office Public Protection Class rating of 3. District residents pay taxes directly to Gallatin County and the County remits the payments to the District for Emergency Services.

Where do the resources come from? The majority of resources utilized by the District come from local property taxes, state aid, grants, and charges for services. See below for the percent of the resource (revenue) components listed above to the total resources (revenues) of the District.

What does it cost? The major expenditure function of the District is public safety. Page 11 illustrates the costs of major functions and their relative size, compared to total expenditures.

Table 3 - Major Revenue Sources

	Governmental Activities	Percent of Total
Current revenues:		
Property taxes	$ 8,567,993	75.13%
Intergovernmental revenues	168,575	1.48%
Investment earnings	275,881	2.42%
Miscellaneous	17,403	0.04%
Total general revenues	**9,029,852**	**79.18%**
Charges for services	1,226,964	10.76%
Operating grants and contributions	1,146,841	10.06%
TOTAL REVENUES	**11,403,657**	**100.00%**

Analysis of Financial Information (continued)

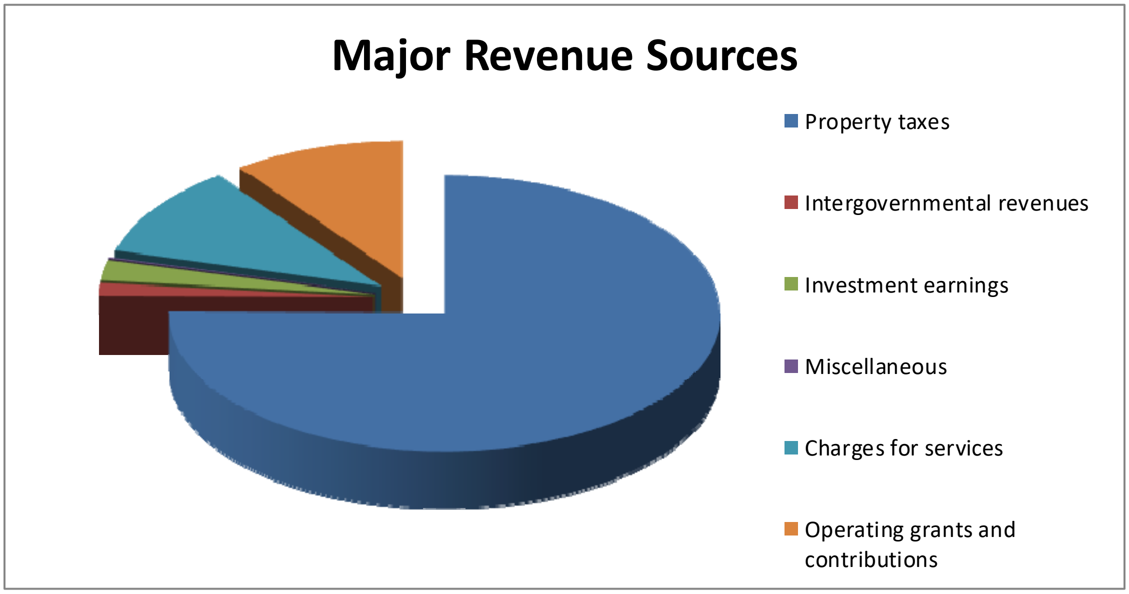
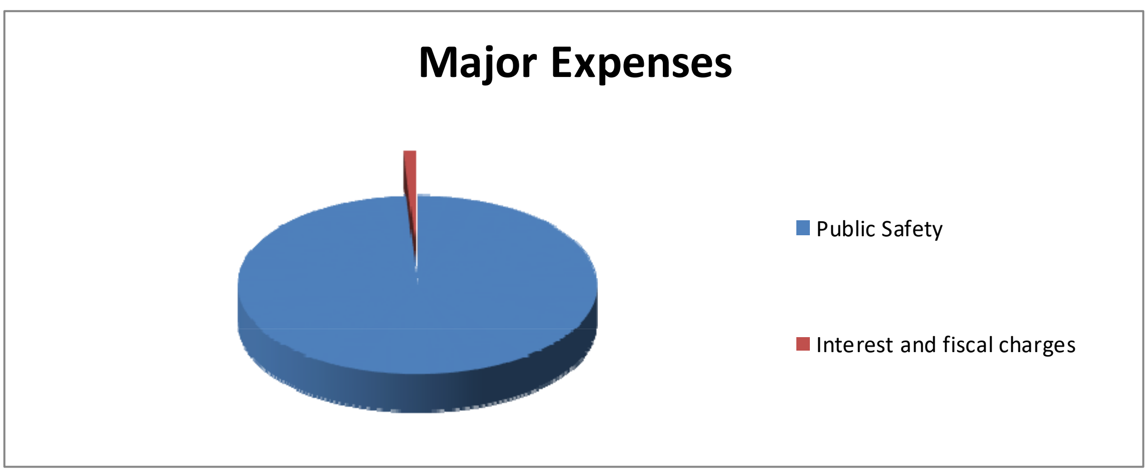


Table 4 - Major Expenses

		Governmental Activities	Percent of Total
Expenses			
Public Safety	$	10,533,585	99.07%
Interest and fiscal charges		98,505	0.93%
TOTAL EXPENSES	**$**	**10,632,090**	**100.00%**



Analysis of Financial Information (continued)

What are the Capital Assets and Debt of the District? Capital assets of the District are assets purchased for over $10,000 with a useful life of five years or more. The majority of items included in the capital assets are buildings and building improvements, fire trucks and equipment. The following table summarizes the capital assets for the District. Please refer to Note 3 for further information on the District's capital assets.

Table 5 - Capital Assets

	Governmental Activities	
Land	$	833,076
Buildings and improvements		10,923,633
Equipment		2,361,572
Vehicles		7,152,961
Total capital assets		**21,271,242**
Less accumulated depreciation		(9,332,942)
Total capital assets, net of accumulated depreciation	***$***	***11,938,300***

The long-term debt of the District is comprised of a general obligation note, compensated absences and the net pension liability. Please refer to notes 6 and 8 for further information on the District's debt.

What changes and trends affect the District's future? In fiscal year 2026, the District is continuing its work in reducing the risk to the communities that we serve. The District completed its strategic plan to address the needs of an ever-growing community and is currently working towards becoming an accredited agency with the Center for Public Safety Excellence. The District has also begun the construction of a Fleet Shop Building and anticipate its completion in June 2026. The District has also expanded technical rescue capabilities by creating both a Heavy Rescue team as well as a Swift Water Rescue team. The District has increased our wildland/urban interface with training and certifications as well as added seasonal wildland crews to our personnel. For the upcoming fiscal year, the district will continue to implement the apparatus replacement plan by placing into service a three ambulance as well as a rescue pickup.

Contact for Further Information

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the resources it receives. If you have questions about this report or need additional information, contact Fire Chief, Jay Wittwer, at 215 Wings Way, Belgrade, MT 59714.

FINANCIAL STATEMENTS

GOVERNMENT – WIDE FINANCIAL STATEMENTS

CENTRAL VALLEY FIRE DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 9,125,541
Receivables	
Ambulance fees, net	240,760
Property taxes	281,464
Other	259,897
Total Current Assets	9,907,662
Capital Assets	
Land	833,076
Equipment	2,361,572
Buildings and improvements	10,923,633
Vehicles	7,152,961
Less: Accumulated depreciation	(9,332,942)
Net Property and Equipment	11,938,300
Total Assets	21,845,962
Deferred Outflows of Resources	
Deferred outflows - pension related items	1,312,465
Total Deferred Outflows of Resources	$ 1,312,465

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

		Governmental Activities
Liabilities		
Current liabilities		
Accounts payable	$	156,507
Credit cards payable		19,419
Accrued interest payable		98,505
Accrued payroll liabilities		241,368
Current portion of compensated absences		13,977
Current portion of long-term debt		326,070
Total Current Liabilities		855,846
Noncurrent liabilities		
Compensated absences, net of current portion		610,241
Long-term debt, net of current portion		2,771,559
Net pension liability		2,100,372
Total Noncurrent Liabilities		5,482,172
Total Liabilities		6,338,018
Deferred Inflows of Resources		
Deferred inflows - pension related items		78,861
Total Deferred Inflows of Resources		78,861
Net Position		
Net investment in capital assets		8,840,671
Restricted for apparatus and facilities		3,598,581
Unrestricted		4,302,296
Total Net Position	$	16,741,548

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

Central Valley Fire District
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes In Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
Public safety	$ 10,533,585	$ 1,226,964	$ 1,146,841	$ (8,159,780)
Interest and fiscal charges	98,505	-	-	(98,505)
Total Governmental Activities	$ 10,632,090	$ 1,226,964	$ 1,146,841	$ (8,258,285)
General Revenues:				
Property taxes				$ 8,567,993
Intergovernmental				168,575
Miscellaneous				17,403
Investment earnings				275,881
Total General Revenues				9,029,852
Changes in Net Position				771,567
Net Position, Beginning of Year				15,969,981
Net Position, End of Year				$ 16,741,548

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

FUND FINANCIAL STATEMENTS

CENTRAL VALLEY FIRE DISTRICT
Balance Sheet – Governmental Fund
June 30, 2025

		General Fund
Assets		
Cash and cash equivalents	$	9,125,541
Receivables:		
Ambulance fees, net		240,760
Property taxes		281,464
Other		259,897
Total Assets		9,907,662
Liabilities, Deferred Inflows and Fund Balance		
Liabilities		
Accounts payable		156,507
Credit cards payable		19,419
Accrued payroll liabilities		241,368
Total Liabilities		417,294
Deferred inflow of resources		
Unavailable revenue - property taxes		80,957
Unavailable revenue - ambulance		95,201
Total Deferred Inflows of Resources		176,158
Fund balances		
Restricted for apparatus and facilities		3,598,581
Committed		121,463
Assigned		298,309
Unassigned		5,295,857
Total Fund Balance		9,314,210
Total Liabilities, Deferred Inflows and Fund Balance	$	9,907,662

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

CENTRAL VALLEY FIRE DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Fund	$ 9,314,210
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $21,271,242 and the accumulated depreciation is $9,332,942.	11,938,300
Property tax revenue is recognized when earned (and the claim to resources is established) rather than when "available". All of the deferred property tax inflows reported in the governmental funds is not available.	80,957
Ambulance revenue is recognized when earned rather than when "available". All of the deferred ambulance inflows reported in the governmental funds is not available.	95,201
The deferred outflows of resources related to the pension activity are not reported in the fund statements.	1,312,465
The deferred inflows of resources related to the pension activity are not reported in the fund statements.	(78,861)
Long-term debt, pension liability and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(5,920,724)
Total Net Position - Governmental Activities	$ 16,741,548

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

CENTRAL VALLEY FIRE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Fund
For the Year Ended June 30, 2025

		General Fund
Revenues:		
Property taxes	$	8,578,175
Intergovernmental		168,575
Changes for services		1,182,278
Grants		1,387,188
Miscellaneous		17,403
Investment earnings		275,881
Total Revenues		11,609,500
Expenditures:		
Current:		
Public safety - fire protection:		
Personnel services		8,226,497
Supplies		774,231
Purchased services		781,586
Fixed Charges		53,473
Capital outlay		766,455
Debt service expenditures:		
Principal		318,066
Interest		106,238
Total Expenditures		11,026,546
Excess of Revenues Over Expenditures		582,954
Fund Balance, Beginning of Year		8,731,256
Fund Balance, End of Year	$	9,314,210

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

CENTRAL VALLEY FIRE DISTRICT
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balance - Governmental Fund	$	582,954
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay.		(107,739)
Inflows in the property tax funds that do not provide current financial resources are not reported as inflows in the statement of activities.		(10,182)
Inflows in the ambulance funds that do not provide current financial resources are not reported as inflows in the statement of activities.		44,686
The current period increase in compensated absences did not require the use of current financial resources, therefore, generated no expenditure to be reported in the governmental funds		(69,383)
The governmental funds report repayment of loan principal and the difference between current and prior year accrued interest. This payment has no effect on net position and is therefore not shown on the statement of activities.		325,799
Pension expense as reported in the funds is based on contributions made by the employer, however in the statement of activities it is based on the actuarial study performed for pension plans. This is the amount by which the actual pension expense exceed the contributions to the plan.		5,432
Change in Net position of Governmental Activities	$	771,567

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The financial statements of Central Valley Fire District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Nature of Operations

The District is organized and operated under the provisions of Title 7, Chapter 33, Part 21, Montana Code Annotated, to provide fire protection for the rural area in the vicinity of Belgrade, Montana. It is a separate political entity established by the Gallatin County Commissioners, the affairs of which are governed and managed by five elected Board of Trustees (the Board). The County levies and collects taxes to fund the District's budget, and the Gallatin County Treasurer serves as Treasurer of the District. The District is not a component unit of another entity and has no component units.

Government Wide and Fund Financial Statements

The District's financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

<u>Government-Wide Financial Statements</u> - The Statement of Net Position and Statement of Activities report information on all of the non-fiduciary activities of the primary government.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents the results of direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of firefighting services. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

<u>Fund Financial Statements</u> - Separate financial statements are provided for governmental funds. The focus of governmental fund financial statements is on major funds. For the District, the General Fund is the only major fund of the District.

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability or deferred inflow is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as 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. For this purpose, the government considers revenues to be available if they are collected by the last day of the fiscal year. Therefore, all revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental fund:

> The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. There are no other funds for the fiscal year ended June 30, 2025.

Budgets

State law requires that the District adopt budgets for certain funds, generally those supported by property taxes.

The General Fund budget is based primarily on expected revenues and expenditures. Budgeted fund expenditures are limited by State law to budgeted amounts however budgets may be amended for emergencies as defined by State law. Budget authority may be transferred between expenditure classifications within the same fund.

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash is held by the Gallatin County Treasurer and invested in the State Short-Term Investment Pool (STIP) as provided in MCA 17-6-204. Allowable investments include time and savings deposits with a bank, savings and loan association, or credit union in the state, obligations of the United States Government, securities issued by agencies of the United States, repurchased agreements, and the State Short-Term Investment Pool (STIP).

The audited financial statements of Gallatin County, which include information about the investment pool, are available at https://lgs.mt.gov/.

Ambulance Receivable

The District charges for the ambulance services which it provides. Most of the invoices are submitted to insurance companies and are subject to billing adjustments. Based on the District's estimate as of June 30, 2025, the receivable and related revenue have been reduced by approximately $125,768 as an allowance for uncollectibles.

Property Taxes

Property tax levies are set by the County, in connection with the budget process, and are based on taxable values listed as of January 1 for all real property located in the District. 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.

Real property taxes and special assessments are generally billed in October and are payable one half by November 30 and one half by May 31. After these dates, taxes and assessments become delinquent and become a lien on the property. Personal property is assessed and personal property taxes are billed throughout the year, with a significant portion generally billed in May, June, and July. Personal property taxes are based on levies set during the prior August.

These taxes become delinquent 30 days after billing. Taxes and assessments that become delinquent are charged interest at the rate of 5/6 of 1% per month from the time of delinquency until paid plus a penalty of 2%. Real property on which taxes and assessments remain delinquent and unpaid may be sold at tax sales. In the case of personal property, the property is seized and sold after the taxes become delinquent.

Because of the collection procedures described above, estimated uncollectible taxes receivable are minimal and therefore not recorded.

1. Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

Taxes paid under protest are placed in an escrow fund by the County pending settlement of the protest. Under State Law (MCA 15-1-402), the District may demand payment from the protested tax escrow fund for all or part of the protested taxes from the second and subsequent years of the protest. The District policy is to not recognize this revenue until the protest is settled and taxes are distributed.

The District does not have any tax abatements for the fiscal year ended June 30, 2025.

Capital Assets

The District capitalizes all assets purchased during the year over $10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Land, buildings and improvements, equipment and vehicles are stated on the basis of historical cost. Donated assets are recorded at their estimated fair market value at the time of donation.

Depreciation is recorded using the straight-line method with the following lives:

Buildings and improvements	5-40 Years
Equipment	3-10 Years
Vehicles	5-15 Years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has several types of deferred outflows of resources and all relate to the net pension liability. They relate to the District's allocable share of the difference between actual and expected contributions, the difference between actual and expected experience and the effect of changes of assumptions during the year on the valuation of the net pension liability. It also includes the contributions paid to the pension plans subsequent to the measurement date. This amount is reported only in the government-wide financial statements. See Note 8 for detailed information.

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Inflows of Resources (continued)

In addition to liabilities, the Statement of Financial Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The District, in its fund financial statements, has two types of item which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The amount reported as of June 30, 2025 for unavailable revenues-property taxes and unavailable revenues - ambulance is $80,957 and $95,201, respectively.

The District also has deferred inflows of resources related to the net pension liability. They relate to the difference between projected and actual earnings on the pension plans and changes in proportion and differences between employer contributions and proportionate share of contributions. See Note 8 for detailed information.

Pensions

The Montana Public Employee Retirement Administration (MPERA) prepared its financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the net pension liability; deferred inflows of resources and deferred outflows of resources related to pensions; pension expense; the fiduciary net position; and, additions to/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 adhered to all accounting principles generally accepted by the United State of America. MPERA applied all applicable pronouncements of the GASB.

Liability for Compensated Absences

District employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. The governmental fund type (i.e. the general fund) recognizes the expenditure when the benefits are paid. The balance of vested employee's vacation and sick leave is recorded as a liability in the statement of net position.

1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences (continued)

District employees earn vacation leave at the rate of 15 days per year during the first ten 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. Any excess leave must be used by March 30 of the following year. At termination, employees are paid for any accumulated vacation leave, up to the maximum accumulation, at the current rate of pay.

District employees earn sick leave at the rate of one day per month. There is no limit on the accumulation of sick leave days. However, upon termination, only 25% of accumulated sick leave is paid.

Fire Protection Impact Fee Revenues

Gallatin County collects fire protection impact fees from subdivisions within the District's benefit area and accounts for the collections in a separate deposit fund for the District. The impact fees may be used only to pay for planning, land acquisition, engineering, design, construction, construction inspection, equipment purchases, and financing costs associated with a specific project to construct or acquire new or expanded fire protection facilities, buildings, and/or equipment that expand the capacity of the District to provide fire protection services within the District and have an average useful life of at least ten years. Any monies in the fire protection impact fee fund that have not been spent or encumbered within ten years of receipt shall be refunded to the land owner with interest accrued at ten percent from the original date of payment. Upon written request from the District, the Gallatin County Commissioners will consider the transfer of monies from the impact fee fund to the District for use on a specific acquisition or construction project.

Fund Equity

In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor how those amounts may be spent. Designations of fund balances as non-spendable, restricted, committed, assigned or unassigned are based upon the types of constraints placed upon the outstanding balances.

Fund balance is classified on the relative strength of the spending constraints placed on the purpose for which resources can be used as follows:

1. Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors or laws, or regulations or other governments, or through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action (to establish, modify or rescind a fund balance commitment) of the government's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority. Funds may be committed by adoption of a resolution.

Assigned fund balance – amounts that are constrained by the governments' intent to be used for specific purposes, but are neither restricted nor committed. Funds can be assigned by Fire Chief or the Board of Trustees.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

Fund balances restricted, committed, or assigned for the purpose of capital outlay are only spent upon Board approval. So, it is possible that capital outlay expenditures would reduce unassigned fund balance.

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, granters, or laws and regulations of other governments.

Net position restricted for the purpose of capital outlay is only spent upon Board approval.

As of June 30, 2025, the District had a restricted net position of $3,598,581 for unspent property taxes which are restricted for payment of construction of improvements on land owned or leased by the District and the purchase of firefighting and emergency response apparatus and equipment.

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through June 9, 2026, the date of report was available to be issued. See Note 10.

Encumbrances

Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if unperformed purchase orders or contracts in process at year-end were completed. They do not constitute expenditures or liabilities in the fund financial statements, but are included as expenditures in the budget basis financials.

Encumbrances are included as an assignment of fund balance in the fund balance sheet and have no effect on the statement of revenues, expenditures and changes in fund balance. See Note 9, for additional disclosure on the District's encumbrance commitments.

Implementation of New Accounting Standards

Effective July 1, 2024, District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes a unified recognition and measurement framework for all types of compensated absences, including vacation, sick leave, paid time off, and other leave types.

Under GASB 101, a liability for compensated absences is recognized when the leave:

1. Is attributable to services already rendered,
2. Accumulates and may be carried forward to future periods, and
3. Is more likely than not to be used for time off or otherwise paid or settled.

The implementation of GASB 101 did not result in a material change to the financial statements. The District previously recognized liabilities for compensated absences in accordance with GASB 16, and the transition to GASB 101 did not significantly alter the measurement or recognition of these liabilities. Accordingly, no restatement of prior period balances was necessary.

1. Summary of Significant Accounting Policies (continued)

Upcoming Accounting Pronouncements (continued)

GASB Statement No. 103 – Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information. The Statement requires that governments display the inflows and outflows related to unusual or infrequent items separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide and governmental fund statements of resource flows. The Statement requires governments to present budgetary comparison information using a single method of communication – RSI. Governments are also required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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 No. 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. This Statement also requires additional disclosure for capital assets held for sale and requires that capital assets held for sale be evaluated each reporting period. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

2. Cash and Cash Equivalents

At June 30, 2025, the District had $9,125,541 in cash and cash equivalents which are reported in the basic financial statements as governmental activities.

The majority of funds are held by the County Treasurer and invested in the STIP. All funds are reported as cash and cash equivalents in the accompanying financial statements, as the District has full access to these funds upon request. Interest earnings are allocated to the individual funds of the District based on average month end cash balances. Interest earnings are distributed to the District periodically. Funds are withdrawn from the investment program as needed to pay warrants.

2. Cash and Cash Equivalents (continued)

The District voluntarily participates in the STIP administered by the Montana Board of Investments (MBOI). A local government's STIP ownership is represented by shares, the prices of which are fixed at $1.00 per share, and participants may buy or sell shares with one business day's notice. STIP administrative expenses are charged daily against the STIP income, which is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares. STIP is not registered with the Securities and Exchange Commission. STIP is not FDIC-insured or otherwise insured or guaranteed by the federal government, the State of Montana, the MBOI or any other entity against investment losses, and there is no guaranteed rate of return on funds invested in STIP shares. The MBOI maintains a reserve fund to offset possible losses and limit fluctuations in STIP's valuation.

The STIP investment portfolio consists of securities with a maximum maturity of two years. Information on investments held in the STIP can be found in the Annual Report on the MBOI website at http://investmentmt.com/AnnualReportsAudits.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is minimized by compliance with State law, which limits local governments to certain investment types. The District has no formal investment policy that would further limit its exposure to credit risk.

Credit quality ratings of investments held by STIP, by major credit rating services, may be found in the MBOI's Annual Report.

3. Capital Assets

A summary of capital assets follows:

Governmental activites:	Beginning June 30, 2024	Additions and Transfers	Retirements and Transfers	Ending June 30, 2025
Capital assets not subject to depreciation:				
Land	$ 833,076	$ -	$ -	$ 833,076
Capital assets subject to depreciation:				
Buildings and improvements	10,793,039	130,594	-	10,923,633
Equipment	2,012,524	349,048	-	2,361,572
Vehicles	6,866,148	286,813	-	7,152,961
Total	19,671,711	766,455	-	20,438,166
Less: accumulated depreciation	(8,458,748)	(874,194)	-	(9,332,942)
Capital assets, being depreciated, net	11,212,963	(107,739)	-	11,105,224
Total capital assets, net of accumulated deprecation	$ 12,046,039	$ (107,739)	$ -	$ 11,938,300

Depreciation expense has been charged to the public safety function for the year ended June 30, 2025.

4. Risk Management

The District's risk management activities are recorded in the general fund. Significant losses for public officials, automobile, property and general liability are covered by commercial insurance policies. The District also participates in programs for losses due to employee life and health risk; Unemployment through the State sponsored insurance plan and Workers' Compensation through Benchmark Insurance Company. There have been no significant reductions in insurance coverage.

5. Inter-Local Agreements

The District entered into an interlocal agreement with the Gallatin Airport Authority (Airport) which was effective September 14, 2017. The agreement states that the District is responsible to provide incident management for all accidents or incidents at the Airport and establishes each entity's responsibility for training and planning necessary to be prepared for emergencies at the Airport. The agreement also states that each entity will enter into a ground lease for the approximate 3.5 acres of land on which station one was built. The initial term of the lease is for 40 years with the option to renew for two 20-year terms. Management has determined that this lease does not meet the requirements of GASB 87, *Leases*.

5. Inter-Local Agreements (continued)

The District entered into an interlocal agreement with the City of Belgrade (the City) which was effective December 14, 2022. The agreement states that the District will provide approximately 500 square feet of office space, with desks at the District's fire station. The initial term of the lease is for one year, and shall continue thereafter month to month until such time either party provides a 30 day written notice to terminate. Management has determined that this lease does not meet the requirements of GASB 87, *Leases*. The District and City of Belgrade terminated the agreement on March 31, 2024.

6. Long-term Liabilities

Summary of Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

Description	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025	Due Within One Year
Stockman Bank Facilities Loan	$ 3,415,695	$ -	$ (318,066)	$ 3,097,629	$ 326,070
Compensated Absences	554,835	69,383	-	624,218	13,977
Pension Liability	2,168,446	-	(68,074)	2,100,372	-
Total	$ 6,138,976	$ 69,383	$ (386,140)	$ 5,822,219	$ 340,047

General Obligations

During the year ended June 30, 2019, the District issued a General Obligation Note directly to a local bank for the purpose of financing the construction of Station One. The Note is to be amortized over 15 years, with interest accruing at the rate of 3.18% and payable in annual installments of principal and interest commencing June 30, 2020 and continuing through June 30, 2034. Interest will be added to any delinquent installments at 3.18% from the due date of the installment until payment thereof. The full faith, credit and taxing powers of the District are pledged to the payment of the note and interest thereon.

6. Long-term Liabilities (continued)

The approximate annual debt service requirements to maturity for the General Obligation Note as of June 30, 2025 are as follows:

Fiscal Year Ending	Principal	Interest	Payment
2026	$ 326,070	$ 98,235	$ 424,305
2027	336,169	88,136	424,305
2028	346,859	77,445	424,304
2029	357,708	66,597	424,305
2030	369,265	55,040	424,305
2031-3034	1,361,558	98,993	1,460,551
Totals	$ 3,097,629	$ 484,446	$ 3,582,075

7. OPEB Liability

The District does not currently offer post-employment benefits and there are no retirees on the District's health plan. Accordingly, no liability for other post-employment benefits has been accrued.

8. Net Pension Liability

Public Employees' Retirement System

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with their participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent plans. The information is provided to employers who are using a June 30, 2024 measurement date for the 2025 reporting.

8. Net Pension Liability (continued)

Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) prepared its financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA 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 the Additions to or 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 adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, and local governments, and 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 may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

8. Net Pension Liability (continued)

Benefits Provided

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.

Service retirement:

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

Early Retirement

Hired prior to July 1, 2011:	Age 50, 5 years of membership service; or Any age, 25 years of membership service.
Hired on or after July 1, 2011:	Age 55, 5 years of membership service.

Second Retirement *(requires returning to PERS-covered employer or PERS service):*

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

8. Net Pension Liability (continued)

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months.
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months.

Compensation Cap

- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation.

Monthly benefit formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members 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;
- 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 applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3.0% 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. 1.5% for each year PERS is funded at or above 90%
  2. 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
  3. 0% whenever the amortization period for PERS is 40 years or more.

8. Net Pension Liability (continued)

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

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.

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.

Fiscal Year	Hired <07/01/11	Hired >07/01/11	Employer	State
2024	7.90%	7.90%	8.80%	0.370%
2023	7.90%	7.90%	8.70%	0.370%
2022	7.90%	7.90%	8.60%	0.370%
2021	7.90%	7.90%	8.50%	0.370%
2020	7.90%	7.90%	8.40%	0.370%
2019	7.90%	7.90%	8.30%	0.370%
2018	7.90%	7.90%	8.20%	0.370%
2017	7.90%	7.90%	8.10%	0.370%
2016	7.90%	7.90%	8.00%	0.370%
2015	7.90%	7.90%	7.90%	0.370%
2014	7.90%	7.90%	7.80%	0.370%
2012-2013	6.90%	7.90%	6.80%	0.370%
2010-2011	6.90%		6.80%	0.370%
2008-2009	6.90%		6.80%	0.235%
2000-2007	6.90%		6.80%	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.

8. Net Pension Liability (continued)

2. Employer contributions to the system:
   a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increased 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 actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reductions 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 members' compensation on behalf of local government entities.
      ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
      iii. The state contributed a Statutory Appropriation from the General Fund of $35,329,705.

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

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2024, and June 30, 2023, are displayed on page 38. 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. The employer recorded a liability of $268,973 and the employer's proportionate share was 0.010997 percent.

8. Net Pension Liability (continued)

	Net Pension Liability as of 6/30/2025	Net Pension Liability as of 6/30/2024	Percent of Collective NPL as of 6/30/2025	Percent of Collective NPL as of 6/30/2024	Change in Percent of Collective NPL
District's Proportionate Share	$ 268,973	$ 294,511	0.010997%	0.012068%	-0.001071%
State of Montana Proportionate Share associated with employer	69,613	81,047	0.002846%	0.003321%	-0.000475%
Total	$ 338,586	$ 375,558	0.013843%	0.015389%	-0.001546%

Changes in actuarial assumptions 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.

Pension Expense
At June 30, 2024, the employer recognized a Pension Expense of $48,169 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of $3,731 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

	Pension Expense as of 6/30/2025
District's Proportionate Share	$ 48,169
State of Montana Proportionate Share for Employer	3,731
Total	$ 51,900

8. Net Pension Liability (continued)

Deferred Inflows and Outflows

At June 30, 2025, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Earnings vs. Actual Experience	$ 13,592	$ -
Projected Investment Earnings vs. Actual Investment Earnings	-	5,981
Changes in Assumptions	-	-
Changes in Proportionate and Differences between Employer Contributions and Proportionate Share of Contributions	-	28,748
Employer Contributions Subsequent to the Measurement Date - FY 2025 Contributions	18,980	-
Total	$ 32,572	$ 34,729

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are recognized in the employer's pension expense as follows:

For the year ended June 30:	Amount of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2026	$ (23,405)
2027	$ 9,049
2028	$ (4,205)
2029	$ (2,576)
Thereafter	-

8. Net Pension Liability (continued)

Actuarial Assumptions

The total pension liability 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* 3.50%
  *includes Inflation at 2.75%
- Merit Increases 0% to 4.80%
- Postretirement Benefit Increases
  Guaranteed Annual Benefit Adjustment (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 other adjustments to the member's benefit.
  - 3.0% for members hired prior to July 1, 2007
  - 1.5% for members 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 2.0% PERS is funded below 90%; and
    - 0% whenever the amortization period for PERS is 40 years or more
- Mortality assumptions among active participants based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
- Mortality assumptions among disabled retirees based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Mortality assumptions among contingent survivors based on 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 assumptions among healthy retirees based on 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.

8. Net Pension Liability (continued)

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 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 Montana Code Annotated. The State contributed 0.10% of salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

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 in the experience study. 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 weighting 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 to the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

8. Net Pension Liability (continued)

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 and Equivalents	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investment	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%	

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.

	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
District's Proportionate Share of the Net Pension Liability at June 30, 2025	$ 392,104	$ 268,973	$ 165,721

Stand-Alone Statements
The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report* (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena, MT 59620-0131, (406) 444-3154 or are available on the MPERA website at
http://mpera.mt.gov/about/annualreports1/annualreports.

8. Net Pension Liability (continued)

Firefighters' United Retirement System

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Firefighters' Unified Retirement System (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent pension plans. This report provides information for employers who are using a June 30, 2024 measurement date for the 2025 reporting.

Summary of Significant Accounting Policies
MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA 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 or 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 adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Plan Description
The Firefighters' Unified Retirement System (FURS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, Montana Code Annotated (MCA). This plan provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature.

The FURS 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.

8. Net Pension Liability (continued)

Summary of Benefits
Service retirement and monthly benefit formula:

- Hired on or after July 1, 1981, or member has elected to be covered by GABA:
  - 20 years of membership service, regardless of age
  - 2.5% of HAC x years of service credit

- Hired prior to July 1, 1981, and who had not elected to be covered by GABA, the greater of above, or:
  - If membership service is less than 20 years: 2% of the highest monthly compensation (HMC) for each year of service credit; or
  - If membership service is greater or equal to 20 years: 50% of HMC plus 2% of HMC for each year of service credit in excess of 20

- Early retirement: Age 50 with 5 years of membership service – Normal retirement benefit calculated using HAC and service credit

Second retirement:
Applies to retirement system members re-employed in a FURS Position on or after July1, 2017:

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
  - is not awarded service credit for the period of reemployment,
  - is refunded the accumulated contributions associated with the period of reemployment;
  - starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
  - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
  - is awarded service credit for the period of reemployment;
  - starting the first month following termination of service, receives:
    - the same retirement benefit previously paid to the member; and
    - a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the members' rehire date, and
  - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
    - on the initial retirement benefit in January immediately following second retirement, and
    - on the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- A member who returns to covered service is not eligible for a disability benefit.

8. Net Pension Liability (continued)

Member's compensation period used in benefit calculation:
- Hired prior to July 1, 1981 and not electing GABA: highest monthly compensation (HMC);
- Hired after June 30, 1981 and those electing GABA: highest average compensation (HAC) during any consecutive 36 months (or shorter period of total service).
- Part-time firefighter: 15% of regular compensation of a newly confirmed full-time firefighter.

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

Guaranteed Annual Benefit Adjustment (GABA):
- Hired on or after July 1, 1997, or those electing GABA, and has been retired for at least 12 months – the member's benefit increases by 3.0% each January.

Minimum Benefit Adjustment (non-GABA):
- A member with 10 or more years of membership service who has not elected to be covered under GABA - the minimum benefit provided may not be less than 50% of the monthly compensation paid to a newly confirmed active firefighter of the employer that last employed the member as a firefighter in the current fiscal year.

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

Special Funding: MCA 19-13-604 requires the State of Montana to contribute a percentage of total compensation directly to the Plan annually after the end of each fiscal year. Member, Employer and State contribution rates are shown in the table below.

	Member			
Fiscal Year	Non-GABA	GABA	Employer	State
1998-2025	9.50%	10.70%	14.36%	32.61%
1997	7.80%		14.36%	32.61%

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

8. Net Pension Liability (continued)

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2025, and 2024, 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. Due to the existence of the special funding situation, the state is required to report a proportionate share of a local government's collective NPL that is associated with the non-state employer. The state's proportionate share for a particular employer equals the ratio the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of $1,831,399 and the employer's proportionate share was 1.3519 percent.

	Net Pension Liability as of 6/30/2025	Net Pension Liability as of 6/30/2024	Percent of Collective NPL as of 6/30/2025	Percent of Collective NPL as of 6/30/2024	Change in Percent of Collective NPL
District's Proportionate Share	$ 1,831,399	$ 1,873,935	1.3519%	1.2412%	0.1107%
State of Montana Proportionate Share associated with employer	4,154,979	4,253,175	3.0672%	2.8170%	0.2502%
	$ 5,986,378	$ 6,127,110	4.4191%	4.0582%	0.3609%

Changes in Actuarial assumptions and methods:
There have been no changes to the actuarial 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.

8. Net Pension Liability (continued)

Pension Expense
At June 30, 2025 measurement date, the employer recognized its proportionate share of the Plan's pension expense of $529,961. The employer also recognized grant revenue of $1,029,540 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

	Pension Expense as of 6/30/2025
District's Proportionate Share	$ 529,961
State of Montana	
Proportionate Share for Employer	1,029,540
Total	$ 1,559,501

Recognition of Deferred Inflows and Outflows
At June 30, 2025, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Earnings vs. Actual Experience	$ 201,831	$ -
Projected Investment Earnings vs. Actual Investment Earnings	-	44,132
Changes in Assumptions	314,888	-
Changes in Proportionate and Differences between Employer Contributions and Proportionate Share of Contributions	202,487	-
Employer Contributions Subsequent to the Measurement Date - FY 2025 Contributions	560,687	-
Total	$ 1,279,893	$ 44,132

8. Net Pension Liability (continued)

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

For the year ended June 30:	Amount of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense	
2026	$	125,579
2027	$	380,879
2028	$	113,000
2029	$	25,291
Thereafter	$	30,325

Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined by 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* 3.50%
  *includes Inflation at 2.75%
- Merit Increases 1% to 6.40%
- Postretirement Benefit Increases
  1. Guaranteed Annual Benefit Adjustment (GABA) each January
     - Members hired on or after July 1, 1997 or those electing GABA
       - 3%
     - Requires 12 full months of retirement before GABA will be made

  2. Minimum Benefit Adjustment (non-GABA)
     - Members with 10 or more years of membership service and member did not elect GABA
       - The minimum benefit provided should be less than 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a fire fighter

8. Net Pension Liability (continued)

- Mortality
  - Active Participants
    - PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
  - Healthy Retirees
    - PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year for males, adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
  - Contingent Survivors
    - PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.
  - Disabled Retirees
    - PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, set forward one year for males.

The actuarial assumptions and methods utilized in the June 30, 2024 valuation, were developed in the five-year experience study for the period ending June 30, 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expense 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 the Montana Code Annotated. The state contributed 32.61% of the salaries paid by employers. 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 2133. 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.

8. Net Pension Liability (continued)

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 in the experience study. 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 weighting 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 rate 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 and Equivalents	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investment	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%	

8. Net Pension Liability (continued)

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.

	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
District's Proportionate Share of the Net Pension Liability at June 30, 2025	$ 3,618,703	$ 1,831,399	$ 404,648

Pension Plan Fiduciary Net Position

The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620- 0131, (406) 444-3154 or are available on the MPERA website at https://mpera.mt.gov/about/annualreports1/annualreports.

9. Encumbrances

Encumbrances are commitments made by the District at year end that have not been fulfilled as of June 30, 2025. They do not constitute expenditures or liabilities in the fund financial statements, but are included in the expenditures in the budget basis financials. Encumbrances are reported as part of assigned and restricted fund balances for each fund. As of June 30, 2025, there were $298,309 of encumbrances recorded as assigned in the General Fund.

10. Subsequent Events

During fiscal year 2026, the District signed on two loans with a local financial institution. One loan was for $1,300,000 for the purchase of a Heavy Rescue Vehicle. The second loan was for up to $3,700,000 for the construction of a Fleet Shop Building. The District will have the final loan amount in June 2026.

REQUIRED SUPPLEMENTAL INFORMATION

CENTRAL VALLEY FIRE DISTRICT
Statement of Revenues and Expenditures – Budget to Actual – General Fund
For the Year Ended June 30, 2025

	General Fund	
	Original/Final Budget	Actual Results
Revenues:		
Property taxes	$ 8,583,475	$ 8,578,175
Intergovernmental	159,324	168,575
Charges for Service	800,000	1,182,278
Grants	90,000	113,570
Miscellaneous	104,700	17,403
Investment earnings	100,000	275,881
Total Revenues	9,837,499	10,335,882
Expenditures:		
Public safety - fire protection		
Personnel services	7,334,575	6,952,879
Supplies	679,617	774,231
Purchased services	851,312	781,586
Fixed charges	60,000	53,473
Capital outlay	1,415,238	766,455
Debt Service:		
Principal	315,408	318,066
Interest	108,897	106,238
Total Expenditures	10,765,047	9,752,928
Revenues Over/(Under) Expenditures	$ (927,548)	$ 582,954

The accompanying notes are an integral part of the required supplemental information.

CENTRAL VALLEY FIRE DISTRICT
Schedule of Proportionate Share of the Net Pension Liability – Public Employee's Retirement System
For the Year Ended June 30, 2025

As of measurement date	2024	2023	2022	2021	2020
District's proportion of the net pension liability	0.0110%	0.0121%	0.0135%	0.0064%	0.0031%
District's proportionate share of the net pension liability	$ 268,973	$ 294,511	$ 321,524	$ 116,301	$ 80,478
State of Montana's proportionate share of the net pension liability associated with the District	69,613	81,047	95,650	34,125	25,248
Total	$ 338,586	$ 375,558	$ 417,174	$ 150,426	$ 105,726
District's covered-employee payroll	$ 215,472	$ 224,373	$ 237,624	$ 113,297	$ 51,182
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124.83%	131.26%	135.31%	102.65%	157.24%
Plan fiduciary net position as a percentage of the total pension liability	74.77%	73.93%	73.66%	79.91%	68.90%

As of measurement date	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0022%	0.0022%	0.0029%	0.0028%	0.0045%
District's proportionate share of the net pension liability	$ 45,962	$ 45,089	$ 57,125	$ 47,843	$ 62,708
State of Montana's proportionate share of the net pension liability associated with the District	14,901	15,033	683	585	770
Total	$ 60,863	$ 60,122	$ 57,808	$ 48,427	$ 63,478
District's covered-employee payroll	$ 36,279	$ 35,527	$ 36,637	$ 33,644	$ 52,352
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	126.69%	126.91%	155.92%	142.20%	119.78%
Plan fiduciary net position as a percentage of the total pension liability	73.85%	73.47%	73.75%	74.71%	78.40%

*The amounts presented above for each fiscal year were determined as of June 30th, the measurement date.

The accompanying notes are an integral part of the required supplemental information.

CENTRAL VALLEY FIRE DISTRICT
Schedule of Proportionate Share of the Net Pension Liability – Firefighters' Unified Retirement System
For the Year Ended June 30, 2025

As of measurement date	2024	2023	2022	2021	2020
District's proportion of the net pension liability	1.3519%	1.2412%	1.1723%	1.1042%	1.1360%
District's proportionate share of the net pension liability	$ 1,831,399	$ 1,873,935	$ 1,862,269	$ 944,931	$ 1,777,574
State of Montana's proportionate share of the net pension liability associated with the District	4,154,979	4,253,175	4,213,305	2,144,697	4,007,241
Total	$ 5,986,378	$ 6,127,110	$ 6,075,574	$ 3,089,628	$ 5,784,815
District's covered-employee payroll	$ 3,171,465	$ 2,673,621	$ 2,271,644	$ 2,031,999	$ 1,983,073
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.75%	70.09%	81.98%	46.50%	89.64%
Plan fiduciary net position as a percentage of the total pension liability	83.97%	81.00%	78.76%	87.72%	75.34%

As of measurement date	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.9562%	0.8479%	0.6893%	0.6287%	0.5784%
District's proportionate share of the net pension liability	$ 1,096,852	$ 976,511	$ 779,118	$ 718,115	$ 591,619
State of Montana's proportionate share of the net pension liability associated with the District	2,652,749	2,232,850	1,769,290	1,627,023	1,317,692
Total	$ 3,749,601	$ 3,209,361	$ 2,548,408	$ 2,345,138	$ 1,909,311
District's covered-employee payroll	$ 1,658,080	$ 1,335,352	$ 1,032,324	$ 885,391	$ 777,348
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	66.15%	73.13%	75.47%	81.11%	76.11%
Plan fiduciary net position as a percentage of the total pension liability	80.08%	79.03%	77.77%	75.48%	76.90%

*The amounts presented above for each fiscal year were determined as of June 30th, the measurement date.

The accompanying notes are an integral part of the required supplemental information.

CENTRAL VALLEY FIRE DISTRICT
Schedule of Contributions to Retirement System – Public Employee's Retirement System
For the Year Ended June 30, 2025

As of reporting date	2025	2024	2023	2022	2021
District's contractually required DB contribution	$ 18,980	$ 19,543	$ 20,294	$ 21,133	$ 10,040
District's Contribution in relation to the contractually required contribution	18,980	19,543	20,294	21,133	10,040
District's Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 209,266	$ 215,472	$ 224,373	$ 237,624	$ 113,297
Contributions as percentage of Covered Payroll	9.07%	9.07%	9.04%	8.89%	8.86%

As of reporting date	2020	2019	2018	2017	2016
District's contractually required DB contribution	$ 4,484	$ 3,120	$ 3,009	$ 3,045	$ 2,812
District's Contribution in relation to the contractually required contribution	4,484	3,120	3,009	3,045	2,812
District's Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 51,182	$ 36,279	$ 35,527	$ 36,637	$ 33,644
Contributions as percentage of Covered Payroll	8.76%	8.60%	8.47%	8.31%	8.36%

*The amounts presented above for each fiscal year were determined as of June 30th, the District's most recent fiscal year end.

The accompanying notes are an integral part of the required supplemental information.

CENTRAL VALLEY FIRE DISTRICT
Schedule of Contributions to Retirement System – Firefighters' Unified Retirement System
For the Year Ended June 30, 2025

As of reporting date	2025	2024	2023	2022	2021
District's contractually required DB contribution	$ 560,687	$ 455,422	$ 384,546	$ 328,570	$ 290,695
District's Contribution in relation to the contractually required contribution	560,687	455,422	384,546	328,570	290,695
District's Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,904,508	$ 3,171,460	$ 2,673,621	$ 2,271,644	$ 2,031,999
Contributions as percentage of Covered Payroll	14.36%	14.36%	14.38%	14.46%	14.31%

	2020	2019	2018	2017	2016
District's contractually required DB contribution	$ 291,891	$ 228,503	$ 196,543	$ 147,968	$ 126,587
District's Contribution in relation to the contractually required contribution	291,891	228,503	196,543	147,968	126,587
District's Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,983,073	$ 1,658,080	$ 1,335,352	$ 1,032,324	$ 885,391
Contributions as percentage of Covered Payroll	14.72%	13.78%	14.72%	14.33%	14.30%

*The amounts presented above for each fiscal year were determined as of June 30th, the District's most recent fiscal year end.

The accompanying notes are an integral part of the required supplemental information.

1. Budget Compliance

The District annually adopts an operating budget for the fiscal year beginning on July 1. The Board may amend the budget during the fiscal year by conducting public hearings at regularly scheduled meetings. Without a public hearing, the budget cannot be increased except by a public emergency that could not have been reasonably foreseen at the time of its adoption. Expenditures are limited to the amount of the budget appropriation for each line item; however, budgeted amounts may be adjusted by means of transfers between line items by resolution of the Board. All budget appropriations lapse at the end of the fiscal year. The budget was not amended during the fiscal year.

2. Budget Basis of Accounting

The budget is prepared on the same basis of accounting used in preparing the District's fund financial statements, except for noncash on-behalf payments which are not included in the District's budget. The on-behalf payments for the year 2025 were $1,269,887 and $3,731 for FURS and PERS, respectively.

3. Net Pension Liability

PERS
Change in benefit terms: The following changes to the plan provisions 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
- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 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.
- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

3. Net Pension Liability (continued)

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

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. The following actuarial assumptions and methods were used to determine contribution rates reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Returns*	7.30%, net of pension plan investment and administrative expenses
*Includes inflation at	2.75%
Merit salary increases	0% 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 Retiree mortality table, projected to 2021, set forward one year for both males and females.

3. Net Pension Liability (continued)

Mortality (Contingent Survivors)	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with age set forward one year for males and females. Projected generationally suing MP-2021
Mortality (Health Retirees)	PUB-2010 General Amount Weighted 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 20, 2023 valuation, were developed in a five-year experience study for the period ending 2021.

FURS
Change in benefit terms: The following changes to the plan provisions were made as identified:

2017:
Working Retiree Limitations – for FURS
Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system for which they retired.

- Members who return for less than 480 hours in a calendar year:
  - may not become an active member in the system; and
  - are subject to a $1 reduction in their retirement benefit for each $3 earned in excess of $5,000 in the calendar year.
- Members who return for 480 or more hours in a calendar year:
  - must become an active member of the system;
  - will stop receiving a retirement benefit from the system; and
  - will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment
- Employee, employer and state contributions, if any, apply as follows:
  - employer contributions and state contributions (if any) must be paid on all working retirees;
  - employee contributions must be paid in working retirees who return to covered employment for 480 or more hours in a calendar year.

3. Net Pension Liability (continued)

Second Retirement Benefit – for FURS
Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
  - is not awarded service credit for the period of reemployment;
  - is refunded the accumulated contributions associated with the period of reemployment;
  - starting the first month following termination of service, receives the same retirement benefit previously paid to the member, and
  - does not accrue post-retirement benefit adjustments during the term of reemployment, but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- If the member works for more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
  - is awarded service credit for the period of reemployment;
  - starting the first month following termination of service, receives;
    - the same retirement benefit previously paid to the member, and
    - a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
  - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
    - on the initial retirement benefit in January immediately following second retirement, and
    - on the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- A member who returns to covered service is not eligible for a disability benefit.

Refunds

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 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.
- 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.

3. Net Pension Liability (continued)

Changes in Actuarial Assumptions and Methods

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. The following actuarial assumptions and methods were used to determine contribution rates reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return	Investment Rate of Returns* 7.30%, net of pension plan investment and administrative expenses
*Includes inflation at	2.75%
Merit salary increases	0% to 6.40%
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 Safety Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021
Mortality (Health Retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one yar for males and adjusted 105% for males and 100% for females. Projected generationally using MP-2021
Mortality (Disabled Retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality projected to 2021, set forward one year for males.
Mortality (Contingent Survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. 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.

INTERNAL CONTROL AND COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Central Valley Fire District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Central Valley Fire District ("the District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 0, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 is required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rudd & Company, PLLC

Bozeman, Montana
June 9, 2026

Current Year Audit Findings:

None reported

Prior Year Findings:

None reported