



# **Central Valley Fire District**

## **Financial Statements with Independent Auditors' Report**

**June 30, 2023**

**Central Valley Fire District**  
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**June 30, 2023**

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Central Valley Fire District  
2022 to 2023  
ORGANIZATION

BOARD OF TRUSTEES

Ty Elliot	Chair
Tim Sheehy	Vice Chair
Justin Varley	Trustee
Ron Murray	Trustee
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, 2023, 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, 2023, 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 Auditor's 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 25, 2024, 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 25, 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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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, 2023. 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 2023 include:

1. The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$14,590,946. Unrestricted net position decreased by \$492,992 due to current year operations.
2. 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**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 2022-2023 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**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, amended, and final budgeted expenditures for the General Fund. The District did not amend its budget for the 2023 fiscal year.

**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**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 2023 and 2022.

Table 1  
Summarized Schedule of Net Position

	Governmental Activities		Total Change 2023-2022
	2023	2022	
<b>Assets</b>			
Current Assets	\$ 7,844,441	\$ 7,040,273	\$ 804,168
Capital Assets (net)	11,885,946	12,586,892	(700,946)
Total Assets	19,730,387	19,627,165	103,222
<b>Deferred Outflows</b>			
Pension related items	1,509,958	1,235,636	274,322
<b>Liabilities</b>			
Current Liabilities	673,864	533,164	140,700
Long-term Liabilities	5,948,357	5,394,898	553,459
Total Liabilities	6,622,221	5,928,062	694,159
<b>Deferred Inflows</b>			
Pension related items	27,178	699,538	(672,360)
<b>Net Position</b>			
Net Investment in Capital Assets	8,154,843	8,431,484	(276,641)
Restricted for apparatus and facilities	2,062,266	936,888	1,125,378
Unrestricted	4,373,837	4,866,829	(492,992)
Total Net Position	\$ 14,590,946	\$ 14,235,201	\$ 355,745

**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**The District as a Whole (continued)**

Table 2 shows the change in net position for fiscal year 2023 compared to fiscal year 2022.

Table 2  
Summarized Schedule of Activities

	Governmental Activities		Total change 2023-2022
	2023	2022	
<b>Revenues</b>			
<i>Program Revenues:</i>			
Charges for services	\$ 915,784	\$ 1,052,681	\$ (136,897)
Operating grants and contributions	1,025,650	839,664	185,986
<i>General Revenues:</i>			
Property taxes	6,494,829	5,910,881	583,948
Intergovernmental revenues	154,943	46,815	108,128
Investment earnings	117,523	26,142	91,381
Miscellaneous	21,288	146,826	(125,538)
<b>TOTAL REVENUES</b>	<b>8,730,017</b>	<b>8,023,009</b>	<b>707,008</b>
<b>Expenses</b>			
Public Safety	7,807,586	6,684,038	1,123,548
Interest and fiscal charges	118,649	134,859	(16,210)
<b>TOTAL EXPENSES</b>	<b>7,926,235</b>	<b>6,818,897</b>	<b>1,107,338</b>
<b>CHANGES IN NET POSITION</b>	<b>803,782</b>	<b>1,204,112</b>	<b>(400,330)</b>
<b>Net Position, Beginning of Year</b>	14,235,201	13,001,344	1,233,857
Prior Period Restatement	(448,037)	29,745	(477,782)
Restated Net Position	13,787,164	13,031,089	756,075
<b>Net Position, End of Year</b>	<b>\$ 14,590,946</b>	<b>\$ 14,235,201</b>	<b>\$ 355,745</b>

*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 74.40 percent of revenues for governmental activities for the District in fiscal year 2023.

The major categories of expenses are presented on page 11. Of these expenses, the largest function is public safety, which comprises 98.50 percent of district expenses.

The prior year PERS and FURS on-behalf payments were reclassified from Intergovernmental revenue to Operating grants and contributions to conform with the current year presentation.

**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**Analysis of Financial Information**

*Spending Levels Compared to Resource Levels*

The District's spending for governmental activities was \$803,782 under the total revenues for the District, including program and governmental revenues and gains. Please see below and pages 9 and 10 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 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
<i>Current revenues:</i>		
Property taxes	\$ 6,494,829	74.40%
Intergovernmental revenues	154,943	1.77%
Investment earnings	117,523	1.35%
Miscellaneous	21,288	0.24%
<b>Total general revenues</b>	<b>6,788,583</b>	<b>77.76%</b>
Charges for services	915,784	10.49%
Operating grants and contributions	1,025,650	11.75%
<b>TOTAL REVENUES</b>	<b>\$ 8,730,017</b>	<b>100.00%</b>

**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**Analysis of Financial Information (continued)**

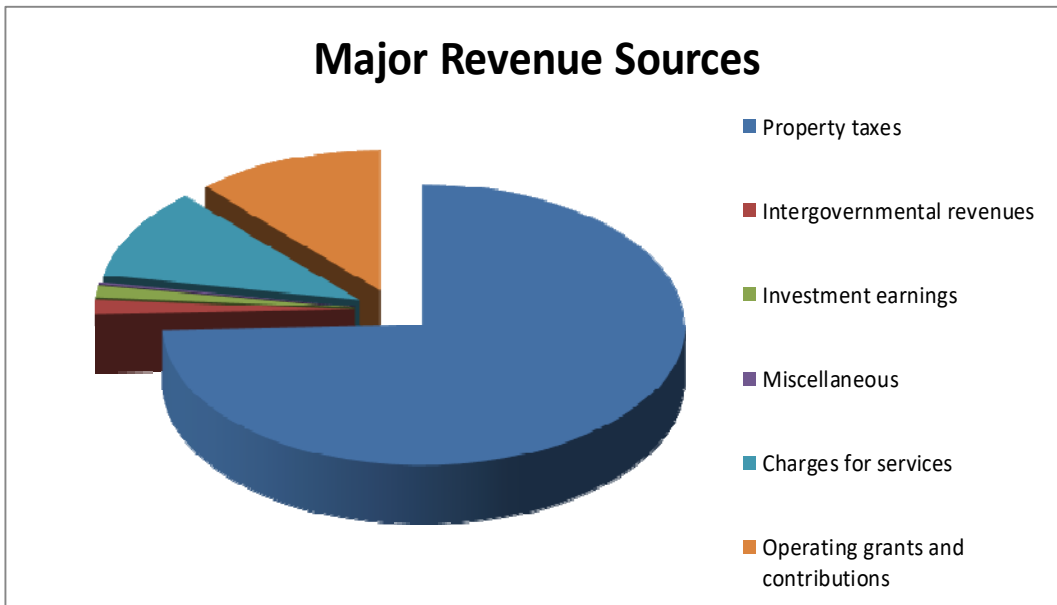


Table 4  
Major Expenses

<i>Expenses</i>	Governmental Activities	Percent of Total
Public Safety	\$ 7,807,586	98.50%
Interest and fiscal charges	118,649	1.50%
<b><i>TOTAL EXPENSES</i></b>	<b>\$ 7,926,235</b>	<b>100.00%</b>



**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**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 \$5,000 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
Construction in progress	1,595,082
Buildings and improvements	10,742,781
Equipment	1,868,859
Vehicles	4,860,125
<b>Total capital assets</b>	<b>19,899,923</b>
Less accumulated depreciation	(8,013,977)
<b>Total capital assets, net of accumulated depreciation</b>	<b>\$ 11,885,946</b>

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 2024, the District is working to continue its work in reducing the risk to the communities that we serve. The District is anticipating a record number of requests for emergency service. For the upcoming fiscal year, we plan on continuing to execute upon the District's apparatus replacement plan. In 2024 we will place into service two new structure engines which were purchased in 2021, a new ambulance, and four command vehicles. The district is planning to invest operational funds to develop a strategic plan, to better inform the future planning efforts of the district

**CENTRAL VALLEY FIRE DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**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 Districts' accountability for the resources it receives. If you have questions about this report or need additional information, contact the Acting Fire Chief, Jake Zlomie, at 215 Wings Way, Belgrade, MT 59714.

## FINANCIAL STATEMENTS

GOVERNMENT – WIDE FINANCIAL STATEMENTS

**CENTRAL VALLEY FIRE DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 7,378,843
Receivables	
Ambulance fees, net	248,342
Property taxes	173,665
Other	43,591
Total Current Assets	<u>7,844,441</u>
Capital Assets	
Land	833,076
Construction in progress	1,595,082
Equipment	1,868,859
Buildings and improvements	10,742,781
Vehicles	4,860,125
Less: Accumulated depreciation	<u>(8,013,977)</u>
Net Property and Equipment	<u>11,885,946</u>
Total Assets	<u>\$ 19,730,387</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pension related items	<u>1,509,958</u>
Total Deferred Outflows of Resources	<u>1,509,958</u>

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

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 160,297
Accrued interest payable	118,649
Accrued payroll liabilities	76,685
Credit cards payable	12,577
Current portion of compensated absences	27,504
Current portion of long-term debt	<u>305,656</u>
Total Current Liabilities	<u>701,368</u>
Noncurrent liabilities	
Compensated absences	311,613
Long-term debt, net of current portion	3,425,447
Net pension liability	<u>2,183,793</u>
Total Noncurrent Liabilities	<u>5,920,853</u>
Total Liabilities	<u>6,622,221</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pension related items	<u>27,178</u>
Total Deferred Inflows of Resources	<u>27,178</u>
<b>Net Position</b>	
Net investment in capital assets	8,154,843
Restricted for apparatus and facilities	2,062,266
Unrestricted	<u>4,373,837</u>
Total Net Position	<u>\$ 14,590,946</u>

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

**Central Valley Fire District**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes In Net Position
				Total Governmental Activities
Governmental Activities				
Public safety	\$ 7,807,586	\$ 915,784	\$ 1,025,650	\$ (5,866,152)
Interest and fiscal charges	118,649	-	-	(118,649)
<b>Total Governmental Activities</b>	<b>\$ 7,926,235</b>	<b>\$ 915,784</b>	<b>\$ 1,025,650</b>	<b>\$ (5,984,801)</b>
General Revenues:				
				6,494,829
				154,943
				21,288
				117,523
				<u>6,788,583</u>
				803,782
				14,235,201
				(448,037)
				<u>13,787,164</u>
				<u>\$ 14,590,946</u>

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

FUND FINANCIAL STATEMENTS

**CENTRAL VALLEY FIRE DISTRICT**  
**Balance Sheet – Governmental Fund**  
**June 30, 2023**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 7,378,843
Receivables:	
Ambulance fees, net	248,342
Property taxes	173,665
Other	<u>43,591</u>
 Total Assets	 <u>\$ 7,844,441</u>
 <b>Liabilities, Deferred Inflows and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 160,297
Accrued payroll liabilities	76,685
Credit cards payable	<u>12,577</u>
 Total Liabilities	 <u>249,559</u>
 Deferred inflow of resources	
Unavailable revenue - property taxes	57,427
Unavailable revenue - ambulance	<u>80,995</u>
 Total Deferred Inflows of Resources	 <u>138,422</u>
 Fund balances	
Restricted for apparatus and facilities	2,062,266
Committed	124,102
Unassigned	<u>5,270,092</u>
 Total Fund Balance	 <u>7,456,460</u>
 Total Liabilities, Deferred Inflows and Fund Balance	 <u>\$ 7,844,441</u>

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, 2023**

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Total Fund Balance - Governmental Fund	\$ 7,456,460
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$19,899,923 and the accumulated depreciation is \$8,013,977.	11,885,946
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.	57,427
Ambulance revenue is recognized when earned rather than when "available". All of the deferred ambulance inflows reported in the governmental funds is not available.	80,995
The deferred outflows of resources related to the pension activity are not reported in the fund statements.	1,509,958
The deferred inflows of resources related to the pension activity are not reported in the fund statements.	(27,178)
Long-term liabilities and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,372,662)</u>
Total Net Position - Governmental Activities	<u>\$ 14,590,946</u>

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, 2023**

	<u>General Fund</u>
Revenues:	
Property taxes	\$ 6,472,357
Intergovernmental	154,943
Changes for services	834,789
Grants	1,025,650
Miscellaneous	21,288
Investment earnings	117,523
	<hr/>
Total Revenues	8,626,550
	<hr/>
Expenditures:	
Current:	
Public safety - fire protection:	
Personnel services	5,696,954
Supplies	592,759
Purchased services	561,933
Fixed Charges	43,825
Capital outlay	457,327
Debt service expenditures:	
Principal	289,446
Interest	134,859
	<hr/>
Total Expenditures	7,777,103
	<hr/>
Excess of Revenues Over Expenditures	849,447
Fund Balance, Beginning of Year	6,607,013
	<hr/>
Fund Balance, End of Year	\$ 7,456,460
	<hr/>

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, 2023**

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Net Change in Fund Balance - Governmental Fund	\$ 849,447
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.	(252,909)
Inflows in the property tax funds that do not provide current financial resources are not reported as inflows in the statement of activities.	22,472
Inflows in the ambulance funds that do not provide current financial resources are not reported as inflows in the statement of activities.	80,995
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	(26,001)
The governmental funds report repayment of loan principal as an expenditure. This payment has no effect on net position and is therefore not shown on the statement of activities.	305,656
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.	<u>(175,878)</u>
Change in Net position of Governmental Activities	<u>\$ 803,782</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**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.

Government-Wide Financial Statements - 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.

Fund Financial Statements - 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**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, 2023.

**Adoption of New Accounting Standard**

During the year, the District implemented GASB Statement 96: *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The District has evaluated the present value of all the District's future subscription payments, and the amount is not material to the financial statements as a whole. The adoption of this standard resulted in no additional disclosures related to subscription-based information technology arrangements.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. Summary of Significant Accounting Policies (continued)**

**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.

**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, the receivable and related revenue have been reduced by approximately \$144,574 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. Summary of Significant Accounting Policies (continued)**

**Property Taxes (continued)**

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.

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, 2023.

**Capital Assets**

The District capitalizes all assets purchased during the year over \$5,000. 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. Summary of Significant Accounting Policies (continued)**

**Deferred Outflows and Inflows of Resources (continued)**

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.

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, 2023 for unavailable revenues-property taxes and unavailable revenues - ambulance is \$57,427 and \$80,995, 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. Summary of Significant Accounting Policies (continued)**

**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.

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 has collected 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. Summary of Significant Accounting Policies (continued)**

**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. For additional disclosure on the reporting of Fund Balances, see Note 5 of these financial statements.

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

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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. Summary of Significant Accounting Policies (continued)**

**Net Position (continued)**

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

As of June 30, 2023, the District had a restricted net position of \$2,062,266 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.

**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**

The District has evaluated subsequent events through June 25, 2024, the date which the financial statements were issued. There were no subsequent type events required to be disclosed.

**2. Cash and Cash Equivalents**

At June 30, 2023, the District had \$7,378,843 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.

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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. Cash and Cash Equivalents (continued)**

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 activities:	Beginning June 30, 2022	Additions	Retirements and Transfers	Ending June 30, 2023
Capital assets not subject to depreciation:				
Land	\$ 530,227	\$ 302,849	\$ -	\$ 833,076
Construction in progress	-	89,890	1,505,192	1,595,082
Capital assets subject to depreciation:				
Buildings and improvements	10,742,781	-	-	10,742,781
Equipment	1,808,990	59,869	-	1,868,859
Vehicles	6,360,598	4,719	(1,505,192)	4,860,125
Total	18,912,369	64,588	-	17,471,765
Less: accumulated depreciation (see note 11)	(7,303,741)	(710,236)	-	(8,013,977)
Capital assets, being depreciated, net	11,608,628	(645,648)	-	9,457,788
Total capital assets, net of accumulated depreciation	\$ 12,138,855	\$ (252,909)	\$ -	\$ 11,885,946

Depreciation expense has been charged to the public safety function for the year ended June 30, 2023.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**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 the State Unemployment and Workers’ Compensation programs for losses due to employee life and health risk. There have been no significant reductions in insurance coverage.

**5. Fund Balances**

The District has a policy to expend restricted amounts first when an expenditure has been incurred for purposes for which both restricted and unrestricted fund balances are available. The policy states the order of releasing fund balance for current expenditures is restricted, committed, assigned and then unassigned.

The following is a schedule of fund balance by fund type and restrictions as of June 30, 2023:

	<u>General Fund</u>
Restricted	\$ 2,062,266
Committed	124,102
Unassigned	5,270,092
Total Fund Balances	<u>\$ 7,456,460</u>

**6. Long-term Liabilities**

**Summary of long-term liabilities**

Long-term liability activity for the year ended June 30, 2023 was as follows:

Description	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023	Due Within One Year
Stockman Bank Facilities Loan	\$ 4,020,549	\$ -	\$ (289,446)	\$ 3,731,103	\$ 305,656
Compensated Absences	313,116	26,001	-	339,117	27,504
Pension Liability	1,061,233	1,122,560	-	2,183,793	-
Total	<u>\$ 5,394,898</u>	<u>\$ 1,148,561</u>	<u>\$ (289,446)</u>	<u>\$ 6,254,013</u>	<u>\$ 333,160</u>

**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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**6. Long-term Liabilities (continued)**

The approximate annual debt service requirements to maturity for the General Obligation Note as of June 30, 2023 are as follows:

Fiscal Year Ending	Principal	Interest	Payment
2024	\$ 305,656	\$ 118,649	\$ 424,305
2025	315,376	108,929	424,305
2026	325,404	98,900	424,304
2027	335,752	88,552	424,304
2028	346,429	77,876	424,305
2029-2033	1,904,569	216,955	2,121,524
2034	197,917	6,294	204,211
Totals	<u>\$ 3,731,103</u>	<u>\$ 716,155</u>	<u>\$ 4,447,258</u>

**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 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, 2022 measurement date for the 2023 reporting.



**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

***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 retire 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.

***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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

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

**Overview of Contributions**

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.

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

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

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

Member and employer contribution rates are shown in the table below.

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

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
  - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increased an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

- 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 directed to member accounts.

3. Non Employer Contributions

a. Special Funding

- i. The State contributes 0.1% of members' compensation on behalf of local government entities.
- ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
- iii. The state contributed a Statutory Appropriation from the General Fund of \$34,633,570.

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 as of June 30, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2023, and 2022, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$321,524 and the employer's proportionate share was 0.013521 percent.

	Net Pension Liability as of 6/30/2023	Net Pension Liability as of 6/30/2022	Percent of Collective NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2022	Change in Percent of Collective NPL
District's Proportionate Share	\$ 321,524	\$ 116,301	0.013521%	0.006414%	0.007107%
State of Montana Proportionate Share associated with employer	95,650	34,125	0.004022%	0.001882%	0.002140%
Total	<u>\$ 417,174</u>	<u>\$ 150,426</u>	<u>0.017543%</u>	<u>0.008296%</u>	<u>0.009247%</u>

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

***Changes in actuarial assumptions and methods:***

The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

- a. The discount rate was increased from 7.06% to 7.30%.
- b. The investment rate of return was increased from 7.06% to 7.30%.
- c. Updated all mortality tables to the PUB2010 tables for general employees.
- d. Updated the rates of withdrawal, retirement, and disability.
- e. Lowered the payroll growth assumption from 3.50% to 3.25%.
- f. The inflation rate was increased from 2.40% to 2.75%.

***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 the June 30, 2023 reporting date, the employer recognized a Pension Expense of \$118,122 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$9,914 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 6/30/2023
District's Proportionate Share	\$ 118,122
State of Montana	
Proportionate Share for Employer	9,914
Total	\$ 128,036

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

**Recognition of Deferred Inflows and Outflow**

At June 30, 2023, the employer reported its proportionate share of the Plans' deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>\$</u>	<u>\$</u>
Earnings vs. Actual Experience	4,099	-
Projected Investment Earnings vs. Actual Investment Earnings	9,449	-
Changes in Assumptions	11,982	23,539
Changes in Proportionate and Differences between Employer Contributions and Proportionate Share of Contributions	133,037	-
Employer Contributions Subsequent to the Measurement Date - FY 2023 Contributions	20,127	-
<b>Total</b>	<u>\$ 178,694</u>	<u>\$ 23,539</u>

Other amounts reported as deferred outflows and 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
<u>2024</u>	<u>\$ 82,705</u>
2025	\$ 41,001
2026	\$ (10,192)
2027	\$ 21,514
Thereafter	\$ -

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

**Actuarial Assumptions**

The total pension liability as of June 30, 2022, was determined on the results of an actuarial valuation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

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 4.8%

• Postretirement Benefit Increases

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage 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%;
  - The 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 were based on PUB-2010 General Amount Weight Employer Mortality projected to 2021 for males and females, projected generationally using MP-2021.
- Mortality assumptions among disabled retirees were 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 were 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 were based on PUB-2010 General Amount Weighted Health Retiree Mortality projected to 2021 with ages set forward one year and adjusted 104% for males and 103% for females, projected generationally using MP-2021.

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

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

**Discount Rate**

The discount rate used to measure the Total Pension Liability 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 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. 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, 2022, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**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.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return Arithmetic Basis</b>
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	<u>100.00%</u>	

**Sensitivity Analysis**

The following presents the employer's sensitivity of the Net Pension Liability to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The Net Pension Liability was calculated using the discount rate of 7.30%, as well as what the Net Pension Liability would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	<u>1.0% Decrease (6.30%)</u>	<u>Current Discount Rate</u>	<u>1.0% Increase (8.30%)</u>
District's Proportionate Share of the Net Pension Liability at June 30, 2023	\$ 463,492	\$ 321,524	\$ 202,415

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**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, 2022 measurement date for the 2023 reporting.

**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.

**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

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

***Second retirement:***

Applies to retirement system members re-employed in a FURS Position on or after July 1, 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 employment;
  - 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.

***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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

***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.

Fiscal Year	Member		Employer	State
	Non-GABA	GABA		
1998-2023	9.50%	10.70%	14.36%	32.61%
1997	7.80%	0%	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, 2022, is on an actuarial valuation performed by the Plan’s actuary as of June 30, 2022.

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, 2023, and 2022, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. 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 \$1,862,269 and the employer’s proportionate share was 1.1723 percent.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

	Net Pension Liability as of 6/30/2023	Net Pension Liability as of 6/30/2022	Percent of Collective NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2022	Change in Percent of Collective NPL
District's Proportionate Share	\$ 1,862,269	\$ 944,932	1.172300%	1.104200%	0.068100%
State of Montana Proportionate Share associated with employer	4,213,305	2,144,697	2.652400%	2.506200%	0.146200%
	<u>\$ 6,075,574</u>	<u>\$ 3,089,629</u>	<u>3.824700%</u>	<u>3.610400%</u>	<u>0.214300%</u>

***Changes in Actuarial assumptions and methods:***

The Following changes in assumptions or other inputs were made that affected the measurement of the TPL.

1. The discount rate was increased from 7.06% to 7.30%.
2. The investment rate of return was increased from 7.06% to 7.30%.
3. The payroll growth rate was reduced from 3.50% to 3.25%.
4. All mortality tables were updated to the PUB2010 tables for public safety employees.
5. Updated the rates of withdrawal, retirement, disability and merit increase scales.
6. The inflation rate was increased from 2.40% to 2.75%.

***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, 2023 measurement date, the employer recognized its proportionate share of the Plan's pension expense of \$464,162. The employer also recognized grant revenue of \$862,132 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 6/30/2023
District's Proportionate Share	\$ 464,162
State of Montana Proportionate Share for Employer	862,132
Total	<u>\$ 1,326,294</u>

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

**Recognition of Deferred Inflows and Outflows**

At June 30, 2023, 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	\$ 162,418	\$ 3,639
Projected Investment Earnings vs. Actual Investment Earnings	116,961	-
Changes in Assumptions	483,959	-
Changes in Proportionate and Differences between Employer Contributions and Proportionate Share of Contributions	184,064	-
Employer Contributions Subsequent to the Measurement Date - FY 2023 Contributions	383,862	-
<b>Total</b>	<b>\$ 1,331,264</b>	<b>\$ 3,639</b>

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
2024	\$ 251,008
2025	\$ 173,407
2026	\$ 104,018
2027	\$ 325,404
Thereafter	\$ 89,926

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

**Actuarial Assumptions**

The total pension liability as of June 30, 2022, was determined by an actuarial valuation date of June 30, 2022, 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
- 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, 2022 valuation, were developed in the five-year experience study for the period ending June 30, 2021.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

**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.

**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, 2022, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by 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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. Net Pension Liability (continued)**

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%	

**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, 2023	\$ 3,227,614	\$ 1,862,269	\$ 772,049

**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>.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**9. 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*.

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*. Subsequent to year end the District and City of Belgrade terminated the agreement on March 31, 2024.

**10. Prior Period Adjustment**

The accompanying financial statements of the Central Valley Fire District have been restated to correct an error made in prior years. The error related to a \$448,037 understatement of accumulated depreciation in the Governmental Activities. The restatement decreased net position as of June 30, 2022 by \$448,037. Net position as of June 30, 2022 has been adjusted for the restatement.

REQUIRED SUPPLEMENTAL INFORMATION

**CENTRAL VALLEY FIRE DISTRICT**  
**Statement of Revenues and Expenditures – Budget to Actual – General Fund**  
**For the Year Ended June 30, 2023**

	General Fund	
	Original/Final Budget	Actual Results
Revenues:		
Property taxes	\$ 6,498,797	\$ 6,472,357
Intergovernmental	145,000	154,943
Charges for Service	785,637	834,789
Grants	144,304	153,604
Miscellaneous	89,100	21,288
Investment earnings	15,000	117,523
Total Revenues	<u>7,677,838</u>	<u>7,754,504</u>
Expenditures:		
Public safety - fire protection		
Personnel services	4,881,909	4,824,908
Supplies	718,700	592,759
Purchased services	742,801	561,933
Fixed charges	47,700	43,825
Capital outlay	1,008,992	457,327
Debt Service:		
Principal	289,446	289,446
Interest	134,859	134,859
Total Expenditures	<u>7,824,407</u>	<u>6,905,057</u>
Revenues Over/(Under) Expenditures	<u>\$ (146,569)</u>	<u>\$ 849,447</u>

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, 2023**

As of measurement date	2023	2022	2021	2020	2019
District's proportion of the net pension liability	0.0135%	0.0064%	0.0031%	0.0022%	0.0029%
District's proportionate share of the net pension liability	\$ 321,524	\$ 116,301	\$ 80,478	\$ 45,962	\$ 45,089
State of Montana's proportionate share of the net pension liability associated with the District	95,650	34,125	25,248	14,901	15,033
Total	\$ 417,174	\$ 150,426	\$ 105,726	\$ 60,863	\$ 60,122
District's covered-employee payroll	\$ 237,624	\$ 113,297	\$ 51,182	\$ 36,279	\$ 35,527
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.31%	102.66%	157.24%	126.69%	126.91%
Plan fiduciary net position as a percentage of the total pension liability	73.66%	79.91%	68.90%	73.85%	73.47%
As of measurement date	2018	2017	2016	2015	
District's proportion of the net pension liability	0.0029%	0.0028%	0.0045%	0.0038%	
District's proportionate share of the net pension liability	\$ 57,125	\$ 47,843	\$ 62,708	\$ 47,352	
State of Montana's proportionate share of the net pension liability associated with the District	683	585	770	578	
Total	\$ 57,808	\$ 48,428	\$ 63,478	\$ 47,930	
District's covered-employee payroll	\$ 36,637	\$ 33,644	\$ 52,352	\$ 43,019	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	155.92%	142.20%	119.78%	111.22%	
Plan fiduciary net position as a percentage of the total pension liability	73.75%	74.71%	78.40%	79.87%	

\*The amounts presented above for each fiscal year were determined as of June 30<sup>th</sup>, the measurement date. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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, 2023**

As of measurement date	2023	2022	2021	2020	2019
District's proportion of the net pension liability	1.1723%	1.1042%	1.1360%	0.9562%	0.8479%
District's proportionate share of the net pension liability	\$ 1,862,269	\$ 944,932	\$ 1,777,574	\$ 1,096,852	\$ 976,511
State of Montana's proportionate share of the net pension liability associated with the District	4,213,305	2,144,697	4,007,241	2,652,749	2,232,850
Total	\$ 6,075,574	\$ 3,089,629	\$ 5,784,815	\$ 3,749,601	\$ 3,209,361
District's covered-employee payroll	\$ 2,271,644	\$ 2,031,999	\$ 1,983,073	\$ 1,658,080	\$ 1,335,352
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	81.98%	46.50%	89.64%	66.15%	73.13%
Plan fiduciary net position as a percentage of the total pension liability	78.76%	87.72%	75.34%	80.08%	79.03%
As of measurement date	2018	2017	2016	2015	
District's proportion of the net pension liability	0.6893%	0.6287%	0.5784%	0.5341%	
District's proportionate share of the net pension liability	\$ 779,118	\$ 718,115	\$ 591,619	\$ 521,404	
State of Montana's proportionate share of the net pension liability associated with the District	1,769,290	1,627,023	1,317,692	1176262	
Total	\$ 2,548,408	\$ 2,345,138	\$ 1,909,311	\$ 1,697,666	
District's covered-employee payroll	\$ 1,032,324	\$ 885,391	\$ 777,348	\$ 693,825	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.47%	81.11%	76.11%	75.15%	
Plan fiduciary net position as a percentage of the total pension liability	77.77%	75.48%	76.90%	76.71%	

\*The amounts presented above for each fiscal year were determined as of June 30<sup>th</sup>, the measurement date. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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, 2023**

<u>As of reporting date</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's contractually required DB contribution	\$ 20,126	\$ 21,133	\$ 10,040	\$ 4,484	\$ 3,120
District's Contribution in relation to the contractually required contribution	<u>20,126</u>	<u>21,133</u>	<u>10,040</u>	<u>4,484</u>	<u>3,120</u>
District's Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 224,373	\$ 237,624	\$ 113,297	\$ 51,182	\$ 36,279
Contributions as percentage of Covered Payroll	8.97%	8.89%	8.86%	8.76%	8.60%
<u>As of reporting date</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
District's contractually required DB contribution	\$ 3,009	\$ 3,045	\$ 2,812	\$ 4,314	
District's Contribution in relation to the contractually required contribution	<u>3,009</u>	<u>3,045</u>	<u>2,812</u>	<u>4,314</u>	
District's Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll	\$ 35,527	\$ 36,637	\$ 33,644	\$ 52,352	
Contributions as percentage of Covered Payroll	8.47%	8.31%	8.36%	8.24%	

\*The amounts presented above for each fiscal year were determined as of June 30<sup>th</sup>, the District’s most recent fiscal year end. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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, 2023**

As of reporting date	2023	2022	2021	2020	2019
District's contractually required DB contribution	\$ 383,862	\$ 328,570	\$ 290,695	\$ 291,891	\$ 228,503
District's Contribution in relation to the contractually required contribution	383,862	328,570	290,695	291,891	228,503
District's Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,673,137	\$ 2,271,644	\$ 2,031,999	\$ 1,983,073	\$ 1,658,080
Contributions as percentage of Covered Payroll	14.36%	14.46%	14.31%	14.72%	13.78%
	2018	2017	2016	2015	
District's contractually required DB contribution	\$ 196,543	\$ 147,968	\$ 126,587	\$ 113,799	
District's Contribution in relation to the contractually required contribution	196,543	147,968	126,587	113,799	
District's Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll	\$ 1,335,352	\$ 1,032,324	\$ 885,391	\$ 777,348	
Contributions as percentage of Covered Payroll	14.72%	14.33%	14.30%	14.64%	

\*The amounts presented above for each fiscal year were determined as of June 30<sup>th</sup>, the District’s most recent fiscal year end. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Required Supplemental Information**  
**For the Year Ended June 30, 2023**

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**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 2023 were \$862,132 and \$9,914 for FURS and PERS, respectively.

**3. Excess of Expenditures Over Appropriations**

There was no excess of expenditures over appropriations during the year.

**4. 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.

Interest credited to member accounts

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

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Required Supplemental Information**  
**For the Year Ended June 30, 2023**

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**4. 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

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

General Wage Growth*	3.50%
Investment Rate of Returns*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as % of Payroll	0.29%

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Required Supplemental Information**  
**For the Year Ended June 30, 2023**

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**4. Net Pension Liability (continued)**

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

The actuarial assumptions and methods utilized in the June 30, 2021 valuation were developed in the six-year experience study for the period ending 2016.

**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.

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.

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Required Supplemental Information**  
**For the Year Ended June 30, 2023**

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**4. Net Pension Liability (continued)**

Second Retirement Benefit – for FURS (continued)

- 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.

Interest credited to member accounts

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

Lump-sum payouts

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

**CENTRAL VALLEY FIRE DISTRICT**  
**Notes to the Required Supplemental Information**  
**For the Year Ended June 30, 2023**

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**4. Net Pension Liability (continued)**

Changes in Actuarial Assumptions and Methods

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

General Wage Growth*	3.50%
Investment Rate of Returns*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0% to 6.30%
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 (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.13%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the system. This amount varies from year to year based on the prior year's actual administrative expenses

The actuarial assumptions and methods utilized in the June 30, 2021 valuation, were developed in the six-year experience study for the period ending 2016.

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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 25, 2024.

**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 25, 2024

**CENTRAL VALLEY FIRE DISTRICT**  
**Schedule of Findings and Responses and Summary of Prior Year Audit Findings**  
**For the Year Ended June 30, 2023**

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**Current Year Audit Findings:**

None reported

**Prior Year Findings:**

2022-001 The District's responsibility is to properly record transactions in its financial statements in accordance with U.S. generally accepted accounting principles.

Status: Implemented