

**HYALITE RURAL FIRE DISTRICT
BOARD OF TRUSTEES PUBLIC MEETING**

DATE: NOVEMBER 20, 2018 TIME: 7:00 p.m.

LOCATION: Cottonwood Fire Station, 10200 Cottonwood Rd., Bozeman, MT

BY: Hyalite Rural Fire District Board of Trustees

**CALL TO ORDER OF HYALITE RURAL FIRE DISTRICT
REMINDER TO PUBLIC THAT MEETINGS ARE BEING RECORDED**

PUBLIC COMMENT ON MATTERS NOT INCLUDED IN THE AGENDA

HYALITE CONSENT AGENDA

1. Approval of Financial Report
2. Approval of Warrants
3. Approval of October 30, 2018 Meeting Synopsis

[Supporting Information Attached]

REGULAR AGENDA

1. Discussion and Decision –FY2018 Audit Presentation (Sydni Tangaro from Tangaro Lofgren CPAs)
[Supporting Information Attached]
2. Discussion and Decision – Compensation Adjustment for Assistant Fire Chief During his Tenure as Acting Fire Chief
3. Discussion and Decision – 2018 Fire Chief Performance Evaluation
[Supporting Information Attached]
4. Discussion and Decision – Procedure to Review and Approve Board Policies
5. Fire Chief Report
6. Trustees' Activities
7. Announcements

WORKING SESSION

Devoted to continuing discussion and development of HRFD organization goals. No decisions will be made. The board will be happy to answer questions upon the completion of the work session.

ADJOURNMENT

This notice is posted on the door of the Administrative Building of the Sourdough Fire Station, the Rae Fire Station, The Cottonwood Fire Station and posted on the Hyalite website and/or Facebook Page at least 48 hours prior to the meeting. Notice of the meeting is published in the Bozeman Daily Chronicle at least 48 hours prior to the meeting.

Consent Agenda

11:22 AM
11/14/18
Accrual Basis

Hyalite Rural Fire District
Balance Sheet
As of October 31, 2018

	Oct 31, 18
ASSETS	
Current Assets	
Checking/Savings	
100000 · Cash/Investments	1,656,248.38
Total Checking/Savings	1,656,248.38
Accounts Receivable	
110000 · Accounts Receivable	33,545.02
Total Accounts Receivable	33,545.02
Other Current Assets	
110005 · Due from Employee	135.00
114000 · Taxes receivable - real estate	1,175,951.36
114005 · Taxes receivable - personal	44,362.70
114010 · Taxes receivable - protested	362.84
Total Other Current Assets	1,220,811.90
Total Current Assets	2,910,605.30
Fixed Assets	
180000 · Capital Assets	
181000 · Land	361,201.00
182000 · Buildings & Improvements	3,951,562.68
186000 · Machinery & Equipment	2,442,042.39
186100 · Accumulated Depreciation	-2,412,822.29
Total 180000 · Capital Assets	4,341,983.78
Total Fixed Assets	4,341,983.78
TOTAL ASSETS	7,252,589.08
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	205,083.46
Long Term Liabilities	2,056,630.16
Total Liabilities	2,261,713.62
Equity	
241000 · Unrestricted Fund Balance	412,521.45
241001 · General fixed asset acct group	4,341,983.78
241002 · General LT debt account group	-2,231,630.06
241100 · Reserved Fund Balance	
241101 · Restricted for Debt Service	354,300.35
241102 · Reserved for Capital Reserve	
241103 · Capital improvements	175,388.00
241104 · Capital replacement	
241105 · Apparatus replacement	200,000.00
241106 · Building repair/replacement	29,973.32
241104 · Capital replacement - Other	597,972.78
Total 241104 · Capital replacement	827,946.10
Total 241102 · Reserved for Capital Reserve	1,003,334.10
Total 241100 · Reserved Fund Balance	1,357,634.45
241200 · Assigned to vol firefighters	5,053.77
Net Income	1,105,312.07
Total Equity	4,990,875.46
TOTAL LIABILITIES & EQUITY	7,252,589.08

10:58 AM

11/14/18

Accrual Basis

Hyalite Rural Fire District

Profit & Loss Budget vs. Actual

July through October 2018

	Jul - Oct 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
310000 · Taxes	1,227,992.87	1,231,130.00	-3,137.13	99.7%
316000 · Entitlement Share	36,838.82	36,000.00	838.82	102.3%
320000 · Firefighter fundraising event	2,540.25	0.00	2,540.25	100.0%
360000 · Miscellaneous Revenues	2,711.06	1,336.00	1,375.06	202.9%
365000 · Contributions and Donations	0.00	0.00	0.00	0.0%
370000 · Investment Earnings	7,755.46	6,664.00	1,091.46	116.4%
Total Income	1,277,838.46	1,275,130.00	2,708.46	100.2%
Gross Profit	1,277,838.46	1,275,130.00	2,708.46	100.2%
Expense				
420000 · Public Safety Expenses	7,088.02	13,336.00	-6,247.98	53.1%
420100 · Personnel Services	54,843.82	116,664.00	-61,820.18	47.0%
420200 · Supplies	9,708.60	7,336.00	2,372.60	132.3%
420220 · Meals/Incentives	3,090.48	3,664.00	-573.52	84.3%
420240 · Fuel	6,990.97	12,000.00	-5,009.03	58.3%
420310 · Election Costs	0.00	2,336.00	-2,336.00	0.0%
420320 · Professional Subscription/Dues	386.68	1,336.00	-949.32	28.9%
420330 · Community Outreach/Education	475.00	3,336.00	-2,861.00	14.2%
420340 · Utility Services	15,761.49	17,336.00	-1,574.51	90.9%
420350 · Professional Services	5,569.50	13,336.00	-7,766.50	41.8%
420390 · Firefighter Physicals	689.00	5,000.00	-4,311.00	13.8%
420400 · Training/Travel - Trustees	305.64	1,000.00	-694.36	30.6%
420420 · Facilities	6,844.62	11,664.00	-4,819.38	58.7%
420500 · Insurance	30,922.95	12,500.00	18,422.95	247.4%
420930 · Safety Equipment	8,591.05	23,336.00	-14,744.95	36.8%
420940 · Apparatus	17,254.73	23,336.00	-6,081.27	73.9%
420970 · Capital outlay	3,833.68			
490100 · Debt Services	0.00	0.00	0.00	0.0%
66000 · Payroll Expenses	-0.02			
669100 · Other Charges	170.18	168.00	2.18	101.3%
Total Expense	172,526.39	267,684.00	-95,157.61	64.5%
Net Ordinary Income	1,105,312.07	1,007,446.00	97,866.07	109.7%
Net Income	1,105,312.07	1,007,446.00	97,866.07	109.7%

10:59 AM

11/14/18

Hyalite Rural Fire District

Missing Checks

October 2018

Type	Date	Num	Name	Memo	Amount
Paycheck	10/10/2018	7802207	Jason Revisky		-4,649.09
Liability Check	10/02/2018	7802208	Montana Firemen's ...		-202.49
Bill Pmt -Check	10/03/2018	7802209	Citi Card	September statement	-964.53
Bill Pmt -Check	10/03/2018	7802210	Citi Card	September statement	-4,442.84
Bill Pmt -Check	10/03/2018	7802211	Batteries Plus	Engine.	-75.00
Bill Pmt -Check	10/03/2018	7802212	Big Sky Fire Equipm...	E-6-1	-540.88
Bill Pmt -Check	10/03/2018	7802213	Bozeman Chronicle	347411	-26.00
Bill Pmt -Check	10/03/2018	7802214	Century Link	Sept/Oct phones.	-35.85
Bill Pmt -Check	10/03/2018	7802215	Fitness Repair	Repair exercise equipment.	-1,411.90
Bill Pmt -Check	10/03/2018	7802216	J&H INC	13753	-67.38
Bill Pmt -Check	10/03/2018	7802217	JA Gear	Repair turnouts.	-150.00
Bill Pmt -Check	10/03/2018	7802218	MasterCard		-4,506.84
Bill Pmt -Check	10/03/2018	7802219	MICHAEL HILBERT		-165.68
Bill Pmt -Check	10/03/2018	7802220	Montana Occupation...	Doug Fout	-100.00
Bill Pmt -Check	10/03/2018	7802221	Montana State Fund	03-134600-0	-4,157.90
Bill Pmt -Check	10/03/2018	7802222	Montana State Univ...	9 rolls excelsior.	-270.00
Bill Pmt -Check	10/03/2018	7802223	People Facts	September services.	-16.67
Bill Pmt -Check	10/03/2018	7802224	RAE Water		-132.19
Bill Pmt -Check	10/03/2018	7802225	Republic Services		-467.84
Bill Pmt -Check	10/04/2018	7802226	Ressler	56595	-334.49
Bill Pmt -Check	10/04/2018	7802227	Verizon	Phone Bill for September	-241.49
Bill Pmt -Check	10/04/2018	7802228	Wex Bank	0203-00-109722-9	-610.36
Bill Pmt -Check	10/04/2018	7802229	Whalen Tire Bozeman	C-6-2 tires.	-675.95
Bill Pmt -Check	10/04/2018	7802230	Kenyon Noble		-3,198.81
Bill Pmt -Check	10/04/2018	7802231	Owenhouse-Ace Har...		-119.34
Bill Pmt -Check	10/04/2018	7802232	Rebeka Godfrey [ve...	Refund of Social Security withheld quarters ended 9/30/...	-1,294.33
Bill Pmt -Check	10/18/2018	7802233	BALCO	Hard tactical-black 11.0 Med	-288.00
Bill Pmt -Check	10/18/2018	7802234	Best Rate Diesel Re...		-4,924.52
Bill Pmt -Check	10/18/2018	7802235	BlueCross BlueShiel...	Health Insurance for November 2018	-5,377.80
Bill Pmt -Check	10/18/2018	7802236	Bound Tree Medical	Pediatric reduced energy defib pads	-237.98
Bill Pmt -Check	10/18/2018	7802237	Century Link		-160.94
Bill Pmt -Check	10/18/2018	7802238	Charter Communicat...	8313200110672244	-267.13
Bill Pmt -Check	10/18/2018	7802239	General Distributing ...	56625	-60.00
Bill Pmt -Check	10/18/2018	7802240	Lawnrain Sprinklers	Winterization of Sprinkler system	-60.00
Bill Pmt -Check	10/18/2018	7802241	Lonna Braveman	Pancake breakfast-reimburse Lonna	-6.38
Bill Pmt -Check	10/18/2018	7802242	Montana Occupation...	Conner Killeen	-100.00
Bill Pmt -Check	10/18/2018	7802243	Municipal Emergenc...		-1,028.48
Bill Pmt -Check	10/18/2018	7802244	NAPA Auto Parts	12342	-44.98
Bill Pmt -Check	10/18/2018	7802245	Nick Shrauger	Trustee Association Confrence- Reg 195.00 and mileag...	-305.64
Bill Pmt -Check	10/18/2018	7802246	Northwestern Energy		-1,507.59
Bill Pmt -Check	10/18/2018	7802247	Rosie Bamdt, CPA, ...	Bookkeeping for September	-2,156.25
Bill Pmt -Check	10/18/2018	7802248	Sean Komora	Shoe shelves for mudroom Sourdough Station	-96.95
Bill Pmt -Check	10/18/2018	7802249	Sensit Technologies...	AQ monitor maintenance	-294.98
Bill Pmt -Check	10/18/2018	7802250	The UPS Store		-59.57
Bill Pmt -Check	10/18/2018	7802251	The Viking Chef	Catering for August and September	-1,850.00
Bill Pmt -Check	10/18/2018	7802252	Town and Country		-484.12
Bill Pmt -Check	10/18/2018	7802253	Unemployment Insur...	VOID: 3rd quarter Montana UI5	0.00
Bill Pmt -Check	10/23/2018	7802254	Unemployment Insur...	3rd quarter Montana UI5	-165.00

Hyalite Rural Fire District

Transaction List by Vendor

October 2018

11:00 AM
11/14/18

Type	Date	Num	Memo	Clr	Split	Amount
Active 911						
Credit Card Charge	10/04/2018	10.04.18	Active 911 renewal	X	420344 · Phone Pager Subscriptions	-470.78
BALCO						
Bill	10/05/2018	179142	Hard tactical-black 11.0 Med		420209 · Clothing & Uniforms	-288.00
Bill Pmt -Check	10/18/2018	7802233	Hard tactical-black 11.0 Med	*	202100 · Accounts Payable	-288.00
Batteries Plus						
Bill Pmt -Check	10/03/2018	7802211	Engine.	*	202100 · Accounts Payable	-75.00
Best Rate Diesel Repair Inc.						
Bill Pmt -Check	10/18/2018	7802234	E-6-2	*	202100 · Accounts Payable	-4,924.52
Bill	10/31/2018	16872	E-6-2		420941 · E-6-2	-2,348.36
Bill	10/31/2018	16872	E-6-2		420941 · E-6-2	-2,348.36
Big Sky Fire Equipment						
Bill Pmt -Check	10/03/2018	7802212	E-6-1	*	202100 · Accounts Payable	-540.88
BlueCross BlueShield of Montana						
Bill	10/11/2018	10112...	Health Insurance for November 2018		-SPLIT-	-5,377.80
Bill Pmt -Check	10/18/2018	7802235	Health Insurance for November 2018	*	202100 · Accounts Payable	-5,377.80
Bound Tree Medical						
Bill	10/01/2018	82996...	Pediatric reduced energy defib pads		420203 · Medical Supplies	-237.98
Bill Pmt -Check	10/18/2018	7802236	Pediatric reduced energy defib pads	*	202100 · Accounts Payable	-237.98
Bozeman Chronicle						
Bill Pmt -Check	10/03/2018	7802213	347411	*	202100 · Accounts Payable	-26.00
Century Link						
Bill	10/01/2018	Sept2...	Cottonwood Phone and TV/Internet		-SPLIT-	-120.78
Bill Pmt -Check	10/03/2018	7802214	Sept/Oct phones.	*	202100 · Accounts Payable	-35.85
Bill	10/04/2018	Sept 2...	RAE Phone		420342 · Phones	-40.16
Credit Card Charge	10/10/2018	10.10.18	VOID: Sourdough 1 phone line	X	420342 · Phones	0.00
Bill	10/10/2018	10.10.18	Sourdough 1 phone lin	*	420342 · Phones	-43.05
Bill Pmt -Check	10/18/2018	7802237			202100 · Accounts Payable	-160.94
Charter Communications						
Bill	10/01/2018	Sept2...	TV/Internet and Phones		-SPLIT-	-267.13
Bill Pmt -Check	10/18/2018	7802238	8313200110672244	*	202100 · Accounts Payable	-267.13
Chris Eaton [Vendor]						
Credit Card Charge	10/29/2018	10.29.17	Personal expense by Chris on company credit card	X	669100 · Other Charges	-63.57
Citi Card						
Bill Pmt -Check	10/03/2018	7802209	September statement	*	200000 · Short-Term Payables	-864.53
Bill Pmt -Check	10/03/2018	7802210	September statement	*	200000 · Short-Term Payables	-4,442.84
Bill	10/16/2018	10.16...			210560 · Costco Citi Card-Eaton 2172	-1,656.12
Bill	10/16/2018	10.16...			210570 · Costco Citi Card-Nickolay 7029	-687.83
Bill	10/31/2018		September statement		210550 · Costco Citi Card-Revisky 3990	-251.91
Costco Wholesale						
Credit Card Charge	10/04/2018	9915	Pancake breakfast		320010 · Firefighter fundraising expense	-138.51
Credit Card Charge	10/24/2018	73043...	Bottled water	X	420205 · Operation Supplies	-379.99
Custom Logo						
Bill	10/29/2018	17165	flag logos		420209 · Clothing & Uniforms	-2,475.49
DirectTV						
Bill	10/02/2018	35050...	Tv		420345 · TV/Internet Services	-155.98
Bill	10/13/2018	58819	Tv		420345 · TV/Internet Services	-155.98
Domino's Pizza						
Credit Card Charge	10/03/2018	948021	Recruit training meal	X	420386 · Training Meals	-116.50
Exxon Express pay						
Credit Card Charge	10/03/2018	007916	Plow	X	420240 · Fuel	-36.22
Firehouse Subs						
Credit Card Charge	10/13/2018	294978	Recruit training	X	420386 · Training Meals	-169.98
Fitness Repair						
Bill Pmt -Check	10/03/2018	7802215	Repair exercise equipment.	*	202100 · Accounts Payable	-1,411.90

Hyalite Rural Fire District Transaction List by Vendor October 2018

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11/14/18

Type	Date	Num	Memo	Clr	Split	Amount
FURS						
Liability Check	10/02/2018	ACH			-SPLIT-	-5,074.22
General Distributing Co.						
Bill Pmt -Check	10/18/2018	7802239	56625	*	202100 : Accounts Payable	-60.00
Bill	10/31/2018	00693...	Co2 beverage and medical cuffs		420203 : Medical Supplies	-62.00
GoDaddy						
Credit Card Charge	10/23/2018	13870...	Renewal- ORG domain		420343 : Website Fees	-20.17
Ingersoll Rand Inc.						
Credit Card Charge	10/13/2018	No Re...	Pressure regulator for Sourdough compressor	X	420932 : Safety Equipment Maintenance	-274.70
J&H INC						
Bill Pmt -Check	10/03/2018	7802216	13753	*	202100 : Accounts Payable	-67.38
Bill	10/22/2018	543012			420201 : Office Supplies and Materials	-100.73
JA Gear						
Bill Pmt -Check	10/03/2018	7802217	Repair turnouts.	*	202100 : Accounts Payable	-150.00
Bill	10/15/2018	283358	Repair turnouts, 2 jackets		420209 : Clothing & Uniforms	-60.00
Bill	10/18/2018	283359	Repair turnouts		420209 : Clothing & Uniforms	-70.00
Kenyon Noble						
Bill Pmt -Check	10/04/2018	7802230	Kenyon Noble statement	*	202100 : Accounts Payable	-3,198.81
Bill	10/25/2018	10.25...			-SPLIT-	-1,093.45
Lawnrain Sprinklers						
Bill	10/01/2018	26592	Winterization of Sprinkler system	*	420422 : Lawn/Snow Removal	-60.00
Bill Pmt -Check	10/18/2018	7802240	Winterization of Sprinkler system		202100 : Accounts Payable	-60.00
Lonna Braverman						
Bill	10/05/2018	044455	Pancake breakfast-reimburse Lonna	*	320010 : Firefighter fundraising expense	-6.38
Bill Pmt -Check	10/18/2018	7802241	Pancake breakfast-reimburse Lonna	*	202100 : Accounts Payable	-6.38
Marita Designs						
Bill	10/30/2018	10.30.18	Logo for command coats		420209 : Clothing & Uniforms	-150.00
MasterCard						
Bill Pmt -Check	10/03/2018	7802218	Brian's credit card payment for the period ended 9/21/2018.	*	202100 : Accounts Payable	-4,506.84
Bill	10/31/2018				210400 : MC Nickolay 4850	-152.60
Meta Sairs (Vendor)						
Bill	10/29/2018	TM2266	Reimbursement-dinner at Qdoba		420220 : Meals/Incentives	-30.92
MICHAEL HILBERT						
Bill Pmt -Check	10/03/2018	7802219		*	202100 : Accounts Payable	-165.68
Montana Dept. of Revenue						
Liability Check	10/02/2018	ACH	6442692-002-WTH	*	220035 : Montana withholding	-741.00
Montana Firemen's Association						
Liability Check	10/02/2018	7802208		*	220030 : MT Firemen's Association dues	-202.49
Montana Occupational Health						
Bill Pmt -Check	10/03/2018	7802220	Doug Fout	*	202100 : Accounts Payable	-100.00
Bill	10/04/2018	8483	Conner Killeen	*	420390 : Firefighter Physicals	-100.00
Bill Pmt -Check	10/18/2018	7802242	Conner Killeen	*	202100 : Accounts Payable	-100.00
Montana Party Rentals						
Credit Card Charge	10/09/2018	10.9.18	VOID: Pancake breakfast	X	420336 : Public Relations	0.00
Credit Card Credit	10/09/2018	C10.9...	VOID: Pancake Breakfast	X	420336 : Public Relations	0.00
Credit Card Credit	10/09/2018	C10.9...	Pancake Breakfast		320010 : Firefighter fundraising expense	100.00
Credit Card Charge	10/09/2018	10.9.18	Pancake breakfast	X	320010 : Firefighter fundraising expense	-152.60
Montana State Fund						
Bill Pmt -Check	10/03/2018	7802221	03-134500-0	*	202100 : Accounts Payable	-4,157.90
Bill	10/16/2018	12743...	Paynewest insurance helena		420511 : Worker's Comp Insurance	-3,885.91
Montana State University						
Bill Pmt -Check	10/03/2018	7802222	9 rolls excelsior.	*	202100 : Accounts Payable	-270.00

Hyalite Rural Fire District Transaction List by Vendor October 2018

11:00 AM
11/14/18

Type	Date	Num	Memo	Clr	Split	Amount
Municipal Emergency Services						
Bill	10/02/2018	SO121...	SCBA Masks and SCBA's		420932 · Safety Equipment Maintenance	-314.40
Bill	10/08/2018	IN127...	SCBA repair		420932 · Safety Equipment Maintenance	-323.76
Bill	10/11/2018	IN127...	Flashlights		420931 · Safety Equipment	-704.72
Bill	10/18/2018	7802243			202100 · Accounts Payable	-1,028.48
Bill	10/25/2018	IN127...	SCBA Maintenance		420932 · Safety Equipment Maintenance	-409.00
NAPA Auto Parts						
Bill	10/10/2018	038281	QRU-6		420953 · QRU-6	-37.36
Bill	10/18/2018	7802244	12342		202100 · Accounts Payable	-44.98
Bill	10/19/2018	040423	E-6-2		420941 · E-6-2	-41.99
Bill	10/31/2018	042940	SCBA Door Driver Side		420952 · E-6-1	-69.98
Nick Shrauger						
Bill	10/10/2018	Confre...	Trustee Association Conference- Reg 195.00 and mileage 110.64		420400 · Training/Travel - Trustees	-305.64
Bill	10/18/2018	7802245	Trustee Association Conference- Reg 195.00 and mileage 110.64		202100 · Accounts Payable	-305.64
Northwestern Energy						
Bill	10/09/2018	Sept/Oct	5370 Gooch Hill		420341 · Gas & Electric	-61.65
Bill	10/09/2018	Sept/Oct	4541 S 3rd		420341 · Gas & Electric	-859.14
Bill	10/09/2018	Sept/Oct	10200 Cottonwood Rd		420341 · Gas & Electric	-372.08
Bill	10/09/2018	Sept/Oct	5400 Gooch Hill Rd		420341 · Gas & Electric	-144.08
Bill	10/10/2018	Sept/Oct	4541 S 3rd Rd South		420341 · Gas & Electric	-70.64
Bill	10/18/2018	7802246			202100 · Accounts Payable	-1,507.59
Overhead Door Co. of SW MT						
Credit Card Charge	10/17/2018	17928a	VOID: Sourdough Station Garage door opener	X	420423 · Building & Site	0.00
Bill	10/17/2018	17928a	Sourdough Station Garage door opener		420423 · Building & Site	-35.00
Owenhouse-Ace Hardware						
Bill	10/04/2018	7802231	Pancake Breakfast		202100 · Accounts Payable	-119.34
Bill	10/04/2018	46724...	Pancake Breakfast-hardware		320010 · Firefighter fundraising expense	-155.10
Bill	10/05/2018	46729...	SPLIT: Pancake Breakfast and E-6-2		320010 · Firefighter fundraising expense	-3.40
Bill	10/05/2018	46732...	New Chairs at CT		-SPLIT-	-50.31
Bill	10/11/2018	46764...	Pad Felt circles		420423 · Building & Site	-20.97
Bill	10/11/2018	46769...	All Engines		420202 · Facility Supplies	-4.99
Bill	10/12/2018	46774...	Compressor at Sourdough		-SPLIT-	-28.76
Bill	10/19/2018	46825...	Sourdough-Solder + Fix PB		420205 · Operation Supplies	-113.20
Bill	10/19/2018	46826...	Batteries for station		420204 · Shop Supplies	-7.99
Bill	10/24/2018	46853...	SPLIT: All engines and Non-Burn building training		420205 · Operation Supplies	-38.97
Bill	10/26/2018	46872...	Plug In Co w/battery backup		-SPLIT-	-45.99
Bill	10/30/2018	46893...	SCBA's-Battery and No burn building		420205 · Operation Supplies	-28.99
Bill	10/31/2018	46901...	September services.		-SPLIT-	-59.95
People Facts						
Bill	10/01/2018	20181...			420335 · Subscriptions	-16.67
Bill	10/03/2018	7802223	September services.		202100 · Accounts Payable	-16.67
PERS						
Liability Check	10/02/2018	ACH			-SPLIT-	-251.91
Physio-Control, INC.						
Bill	10/18/2018	11808...	Charging cable for training AED		420932 · Safety Equipment Maintenance	-74.00
RAE Water						
Bill	10/03/2018	7802224	5400 Gooch Hill Rd		202100 · Accounts Payable	-132.19
Bill	10/23/2018	Fire-00	5370 Gooch Hill Rd		420346 · Water/Sewer	-82.25
Bill	10/23/2018	GH-53...			420346 · Water/Sewer	-42.74
Rebeka Godfrey [vendor]						
Bill	10/04/2018	7802232	Refund of Social Security withheld quarters ended 9/30/16, 3/31/17, and 6/30/17.		362011 · Other Misc Revenue	-1,294.33
Bill	10/04/2018	7802232	Refund of Social Security withheld quarters ended 9/30/16, 3/31/17, and 6/30/17.		202100 · Accounts Payable	-1,294.33
Republic Services						
Bill	10/03/2018	7802225			202100 · Accounts Payable	-467.84

Hyalite Rural Fire District Transaction List by Vendor October 2018

11:00 AM
11/14/18

Type	Date	Num	Memo	Clr	Split	Amount
Ressler						
Bill Pmt -Check	10/04/2018	7802226	56595	*	202100 · Accounts Payable	-334.49
Bill	10/12/2018	293536	C-6-2		420951 · C-6-2	-56.77
Bill	10/23/2018	294366	Oil change		420955 · C-6	-88.38
Rosauers						
Bill	10/30/2018	10302...	Food for Pancake breakfast		320010 · Firefighter fundraising expense	-1,749.64
Rosie Barndt, CPA, PC						
Bill Pmt -Check	10/18/2018	7802247	Bookkeeping for September		202100 · Accounts Payable	-2,156.25
Schnee's						
Credit Card Charge	10/06/2018	184815	Schnee's premium leather conditioner-uniform boots	X	420209 · Clothing & Uniforms	-8.95
Sean Komora						
Bill	10/03/2018	3983	Shoe shelves for mudroom Sourdough Station		420423 · Building & Site	-96.95
Bill Pmt -Check	10/18/2018	7802248	Shoe shelves for mudroom Sourdough Station	*	202100 · Accounts Payable	-96.95
Sensit Technologies LLC						
Bill	10/08/2018	02638...	AQ monitor maintenance	*	420932 · Safety Equipment Maintenance	-294.98
Bill Pmt -Check	10/18/2018	7802249	AQ monitor maintenance	*	202100 · Accounts Payable	-294.98
Speedy Glass						
Credit Card Charge	10/25/2018	1829144	Plow Truck back window		420954 · Plow truck	-219.00
Staples						
Credit Card Charge	10/29/2018	97928...	Copy paper and Pilot pens		420201 · Office Supplies and Materials	-68.46
Story Distributing						
Bill	10/02/2018	92170	932 gal diesel #2 dye		420341 · Gas & Electric	-2,701.86
The UPS Store						
Bill	10/01/2018	2682	Safety Equipment maintenance		420932 · Safety Equipment Maintenance	-13.95
Bill Pmt -Check	10/18/2018	7802250			202100 · Accounts Payable	-59.57
The Viking Chef						
Bill Pmt -Check	10/18/2018	7802251	Catering for August and September	*	202100 · Accounts Payable	-1,850.00
Town and Country						
Bill	10/01/2018	403	Haworth, Robertson, Sairs, Shives and Echert		420220 · Meals/Incentives	-43.53
Bill	10/03/2018	585	Wolly Wednesday night crew (Eggers, M. Johnson, Luckay, and Perry)		420220 · Meals/Incentives	-13.65
Bill	10/04/2018	425	DJ, Saunders, Marsh, Vale, Sterzick, and Prato		420220 · Meals/Incentives	-57.00
Bill	10/05/2018	No rec...	Pancake breakfast		420336 · Public Relations	-25.46
Bill	10/06/2018	35	Pancake Breakfast		320010 · Firefighter fundraising expense	-6.78
Bill	10/07/2018	439	Malone, Sairs, Fout, Luckay and Rose		420220 · Meals/Incentives	-39.60
Bill	10/08/2018	473	Echert, Haworth, Perry, Robertson and Shives		420220 · Meals/Incentives	-37.95
Bill	10/11/2018	230	Saunders, Vale, Marsh, Perry, Pickett and Prato		420220 · Meals/Incentives	-51.40
Bill	10/14/2018	305	Malone, Rose, Richard, and Lipperd		420220 · Meals/Incentives	-35.80
Bill	10/15/2018	327	Echert, Haworth, Perry, Robertson and Shives		420220 · Meals/Incentives	-47.83
Bill Pmt -Check	10/18/2018	7802252		*	202100 · Accounts Payable	-484.12
Bill	10/18/2018	170	Saunders, Komara, Vale, Pickett and Marsh		420220 · Meals/Incentives	-41.13
Bill	10/21/2018	454	Eggers, Rose, Richard, and Lipperd		420220 · Meals/Incentives	-40.63
Bill	10/22/2018	410	Cleaning supplies		420202 · Facility Supplies	-12.71
Bill	10/23/2018	407	Echert, Haworth, Perry, Robertson and Shives		420220 · Meals/Incentives	-57.76
Bill	10/25/2018	No Re...	Pancake Breakfast		420220 · Meals/Incentives	-68.89
Bill	10/28/2018	219	Malone, Lipperd, Rose and Fout		420220 · Meals/Incentives	-35.82
Bill	10/29/2018	No Re...	Pancake Breakfast		420202 · Facility Supplies	-7.63
Town Pump						
Credit Card Charge	10/01/2018	093408	E-6	X	420240 · Fuel	-39.61
Credit Card Charge	10/03/2018	172802	E-6-2	X	420240 · Fuel	-54.26
Credit Card Charge	10/04/2018	224416	E-6-3	X	420240 · Fuel	-29.24
Credit Card Charge	10/06/2018	144351	WT-6-1	X	420240 · Fuel	-34.23
Credit Card Charge	10/07/2018	205212	E-6-3	X	420240 · Fuel	-33.10
Credit Card Charge	10/15/2018	195328	E-6-3	X	420240 · Fuel	-27.96
Credit Card Charge	10/16/2018	141724	QRU-6	X	420240 · Fuel	-13.57
Credit Card Charge	10/18/2018	151339	E-6-3	X	420240 · Fuel	-26.32

Hyalite Rural Fire District Transaction List by Vendor October 2018

11:00 AM
11/14/18

Type	Date	Num	Memo	Clr	Split	Amount
Unemployment Insurance Division						
Bill Pmt -Check	10/18/2018	7802253	VOID: 3rd quarter Montana UI5	X	202100 - Accounts Payable	0.00
Bill Pmt -Check	10/23/2018	7802254	3rd quarter Montana UI5		202100 - Accounts Payable	-165.00
United States Treasury						
Liability Check	10/02/2018	ACH	81-2360037	*	-SPLIT-	-1,559.38
USPS						
Credit Card Charge	10/10/2018	3816 57	Mailing citi card payment	X	420201 - Office Supplies and Materials	-6.70
Credit Card Charge	10/10/2018	3744 37	Mailing VFCA annual reports	X	420201 - Office Supplies and Materials	-6.70
Verizon						
Bill Pmt -Check	10/04/2018	7802227	Phone Bill for September	*	202100 - Accounts Payable	-241.49
Wex Bank						
Bill Pmt -Check	10/04/2018	7802228	0203-00-109722-9	*	202100 - Accounts Payable	-610.36
Bill	10/16/2018		0203-00-109722-9		210100 - Conoco	-637.48
Whalen Tire Bozeman						
Bill Pmt -Check	10/04/2018	7802229	C-6-2 tires.	*	202100 - Accounts Payable	-675.95

**HYALITE RURAL FIRE DISTRICT
BOARD OF TRUSTEES PUBLIC MEETING
SYNOPSIS**

DATE: OCTOBER 30, 2018 TIME: 7:00 p.m.
LOCATION: Sourdough Fire Station, 4541 S. 3rd Rd.
BY: Hyalite Rural Fire District Board of Trustees

In compliance with MCA 2017 2-3-212 and the Hyalite Rural Fire District Bylaws, the minutes of HRFD Board of Trustees open public meetings are comprised of an audio recording and a written synopsis. The audio recording is designated as the official record of a meeting. The written synopsis serves to assist the public in accessing portions of the audio recording and is a good faith attempt to provide the public with another method to be informed about the actions of the Board. The minutes are available to the public at www.hyalitefire.org/board-meeting-minutes/ or at the Hyalite Rural Fire District Administrative Offices, 4541 S. 3rd Rd., Bozeman, MT, during its standard business hours.

TRUSTEES IN ATTENDANCE:

Pete Geddes, Chair
Walt Zidack, Treasurer
Nick Shrauger, Trustee

Not in Attendance:

Chuck Tate, Vice Chair and Secretary
Justin Miller, Trustee

STAFF IN ATTENDANCE:

Jason Revisky, Fire Chief (departed the meeting at approx. the 1:07:00 mark)
Brian Nickolay, Assistant Fire Chief (departed the meeting at approx. the 1:07:00 mark)
Lonna Braverman, Administrative Assistant

PUBLIC IN ATTENDANCE:

Bob Ogren
Larry Thomas
Sandy Taylor

0:00:00	
0:00:05	CALL TO ORDER OF HYALITE RURAL FIRE DISTRICT Chair Geddes called the meeting to order and reminded the public that the meeting was being recorded.
0:00:11	PUBLIC COMMENT ON MATTERS NOT INCLUDED IN THE AGENDA Chair Geddes asked for public comment on non-agenda items. There was no comment.
0:00:18	HYALITE CONSENT AGENDA Chair Geddes asked for any information that Trustees want removed from the consent agenda. There were no requests to remove items from the consent agenda. Motion: Trustee Zidack made motion to approve consent agenda as presented.

	<p>Second: Trustee Shrauger seconded the motion.</p> <p>Vote: Unanimous approval [Trustees Tate and Miller not present].</p> <p>[See Board Packet for the Consent Agenda items approved.]</p>
	<p>REGULAR AGENDA</p>
0:00:39	<p>Discussion – Financial Dashboard</p> <p>Trustee Zidack presented the general direction of the dashboard. The Capital Reserves section is still evolving – wants to show an annualized flow of reserves. In the budget section, the personnel will be separated from operating.</p> <p>Further discussion on definition of capital replacement vs. capital improvement. Capital Replacement should include what HRFD is saving for 1) reasonable foreseeable facilities maintenance and upkeep expenses and 2) rolling stock maintenance and replacement.</p> <p>Action Item: Continue working on dashboard, with target to have is ready to put on the website by end of 2018.</p> <p>Chair Geddes called for public comment.</p> <p>Sandy Taylor wanted to clarify that funds within the various reserve funds could be reallocated as needed. Trustee Zidack stated there just needs to be Board action to make a reallocation of funds.</p> <p>[Attachment A shows the current version of the dashboard.]</p>
0:19:25	<p>Discussion and Decision – Updated Board and Operating Policies</p> <p>Lonna Braverman presented the policies that have been updated in the new format. Any approved policy that already has an assigned document number will continue under that same number, in the format yyyy-nnn. There is also now version control on documents. She suggested the Board should carefully review the Agenda Policy. There is also an approval form to be signed when a document is approved by Board action or by Fire Chief.</p> <p>Chair Geddes commented that any changes need to go through a notice, then have final review and decision.</p> <p>Trustee Zidack asked if changes were made to the Agenda Policy. Lonna stated that while she made no changes, there is some confusion on review of the draft agenda.</p>
0:29:06	<p>Trustee Shrauger suggested changing “or” to “and” in the first bullet item. He also would like a clear statement of how a member of the public can request that an item placed on the agenda. It was determined that the policy should include the following: “be updated to allow a member of the public to bring any item of interest for the agenda to the Admin Assistant, who will include it on the draft agenda, which is then finalized by the Trustees”.</p> <p>Action Item: Lonna will amend the procedure to:</p> <ul style="list-style-type: none"> • Reflect the discussion of how the draft agenda should be managed and finalized. • Members of the public wishing to bring an item before the Board should contact the Admin Assistant during normal business hours.

	<ul style="list-style-type: none"> • Change “or” to “and” in the first bullet. • Change “6” to “9” in the second bullet to reflect decision reflected in the 9/20/2016 Board meeting minutes. <p>Chair Geddes called for public comment. There was no public comment.</p> <p>Follow up: on next agenda, have decision to adopt revised policies. List each one on agenda. They will be approved as a lot.</p> <p>Trustee Shrauger wants to make sure that policies are complete and enforceable. Also, we should have a meeting policy, to include items such as prescribing the amount of time that any member of the public can have the floor. He would also like to see a regular review of all policies</p> <p>Chair Geddes suggested that each board member review all the policies and bring comments to the November meeting. Comments will be discussed at the meeting, then agreed to updates will be made, with an approval vote at the December meeting. He also stated review of policies is already covered by the Bylaws.</p> <p>Chair Geddes also suggested that if a Trustee would like additional policies added, they should work with Lonna to create them and bring them to the Board for approval.</p>
0:39:45	<p>Discussion and Decision – Public Information Request Policy</p> <p>Lonna stated she created this policy based on initial feedback from Erin Arnold, Gallatin County attorney. The attorney’s office is backlogged and we have to submit a review request form, signed by the Board.</p> <p>Trustee Zidack suggested this policy be considered a first review draft, then it go to the County attorney for review.</p> <p>There was further discussion about specifics of what is covered by the policy.</p> <p>Chair Geddes called for public comment. There was no public comment.</p> <p>Chair Geddes asked for further Board comment. Trustee Shrauger asked Board or County Attorney has final say on the policy. It was agreed the HRFD Board has final say on the policy content.</p>
0:50:11	<p>Motion: Trustee Zidack made motion to approve the current version of the Public Record Request Policy upon first reading and submit it to Gallatin County Attorney’s office for review.</p> <p>Second: Trustee Shrauger seconded the motion.</p> <p>Vote: Unanimous approval [Trustees Tate and Miller not present].</p> <p>[Attachment B shows the first reading version of the Public Record Request Policy and the signed request for Gallatin County Attorney legal services.]</p>
0:50:38	<p>Discussion and Decision – Command and Utility Vehicle Replacement Plan</p> <p>Assistant Chief Nickolay presented need to replace command vehicle C-6-2. It is having more mechanical issues, and it’s time to look at replacing it. As a Command vehicle, it gets a lot of use. Chief Revisky indicated we have obtained Command</p>

	<p>vehicles through different avenues – purchasing new, purchasing used, getting it free from government program or private party. There are expenses with getting any command vehicle set up, such as radios, light bars, etc. Since command vehicles do get so much use, it might make sense to look at new vehicles so that the department can maximize the time the vehicle will be used.</p> <p>Looking at mid-sized SUV or small pickup truck – want to weigh fuel costs, cost of tires/maintenance, etc.</p> <p>Trustee Zidack suggested that staff come back with a concrete proposal for replacing C-6-2. Trustee Shrauger asked if current number of Command vehicles is appropriate. Chief Revisky indicated the current number of 3 Command vehicles is sufficient.</p> <p>Action Item: Chief and Assistant Chief should propose general replacement plan for command vehicles and propose specifically C-6-2 replacement.</p> <p>Chair Geddes asked for public comment. No public comment. Chair Geddes asked for further Board discussion. No further discussion.</p>
1:02:19	<p>Discussion and Decision – Budget Allocation to Capital Reserve Funds</p> <p>Trustee Zidack reviewed that HRFD wants to allocate excess capital reserves in a judicious manner, to meet operating expenses and to maintain a reserve for unforeseen operating expenses. He presented a snapshot for end of FY2018 (June 30, 2018) operating expenses and explained how the calculations were made.</p> <p>Trustee Zidack suggest HRFD allocate of all remaining cash (\$229,973.32) to capital reserves.</p> <p>Capital Improvement is adding new rolling stock or new facilities. Capital Replacement correlates to the capital replacement plan – replacing existing rolling stock and replacing existing facilities.</p> <p>Trustee Shrauger clarified we have identified 3 separate capital reserve “buckets”, although we currently fund only 2 of them – Existing Building Replacement (currently \$0), Existing Rolling Stock Replacement (currently \$597,972.78) , and New Building/Rolling Stock (currently \$175,388.00).</p>
1:27:00	<p>Chair Geddes asked for public comment. Sandy Taylor suggested to use terminology “Capital Replacement or Repair”, and couple it with a dollar threshold to determine if something is paid for from operating funds or capital reserve funds.</p> <p>Chair Geddes asked for additional Board comment. Trustee Shrauger asked if capital reserve funds can be moved from one category to another. Trustee Zidack suggested we could put all excess into “Capital Replacement” now, then can disaggregate it later, depending on final definition and labels used to describe reserve funds. Trustee Shrauger suggested that some money be assigned to the Existing Building Replacement fund now, so that it remains visible. Chair Geddes agreed.</p>
1:33:35	<p>Motion: Chair Geddes made motion to establish the new building repair and replacement fund by allocating \$29,973.32 out of the \$229,973.32 excess funds.</p> <p>Second: Trustee Shrauger seconded the motion.</p>

1:36:55	<p>Public Comment: Chair Geddes called for public comment. Larry Thomas questioned why separate funds were needed if funds can be moved around. Chair Geddes indicated it's a philosophical approach. Trustee Shrauger also related the approach to separate funds to personal budgeting.</p> <p>Vote: Unanimous approval [Trustees Tate and Miller not present].</p> <p>Motion: Chair Geddes made motion to allocate the remaining \$200,000 of excess funds to the Apparatus (Rolling Stock) Replacement fund.</p> <p>Second: Trustee Zidack seconded the motion.</p> <p>Public Comment: Chair Geddes called for public comment. There was no public comment.</p> <p>Vote: Unanimous approval [Trustees Tate and Miller not present].</p> <p>[Attachment C shows FY2019 summary of reseres.]</p>
1:37:45	<p>Fire Chief Report</p> <p>Motion: Trustee Shrauger moved to accept the Fire Chief Report as written.</p> <p>Second: Trustee Zidack seconded the motion.</p> <p>Public Comment: Chair Geddes called for public comment. There was no public comment.</p> <p>Vote: Unanimous approval [Trustees Tate and Miller not present].</p> <p>[Attachment D shows the Fire Chief Report.]</p>
1:38:33	<p>Trustees' Activities</p> <p>Trustee Shrauger presented highlights from his written information summary from the 2018 Fire Trustees' Conference he recently attended. The information fell into the categories of governance, risk management, and legal.</p> <p>Trustee Shrauger believes HRFD is generally doing a good job being proactive in those areas, he believes we should be striving to continually improve.</p> <p>Chair Geddes asked for public comment. Bob Ogren stated that the HRFD Admin. Assistant would be a key person to attend some of these training opportunities in the future.</p> <p>[Attachment E shows Trustee Shrauger's written summary.]</p>
1:48:58	<p>Announcements</p> <p>Chair Geddes suggested the next meeting be held at the Cottonwood station, to give the public an opportunity to see that facility and equipment.</p> <p>The November meeting will be Tuesday, November 20, 2018, at the Cottonwood station.</p> <p>Action Item: Look at the ability for Trustees to participate in meeting telephonically.</p> <p>Trustee Shrauger recently attended the "Jaws of Life" training and indicated it was very impressive. He suggested other Board members attend occasional HRFD training session.</p>

	Trustee Shrauger will sign warrants on November 9, since Trustee Zidack will be out of town.
	<p>WORKING SESSION</p> <p>Work session not held. Chair Geddes asked that Lonna send the GoogleDocs document on the sessions so far to the Board members again. He would like to have the work on goal setting wrapped up by early 2019.</p> <p>Action Item: Lonna will send goal setting GoogleDocs document to Board members for review.</p> <p>Chair Geddes reviewed the approach and progress to date on the goal setting.</p>
1:58:34	ADJOURNMENT

Attachment A

Current Version of Financial Dashboard



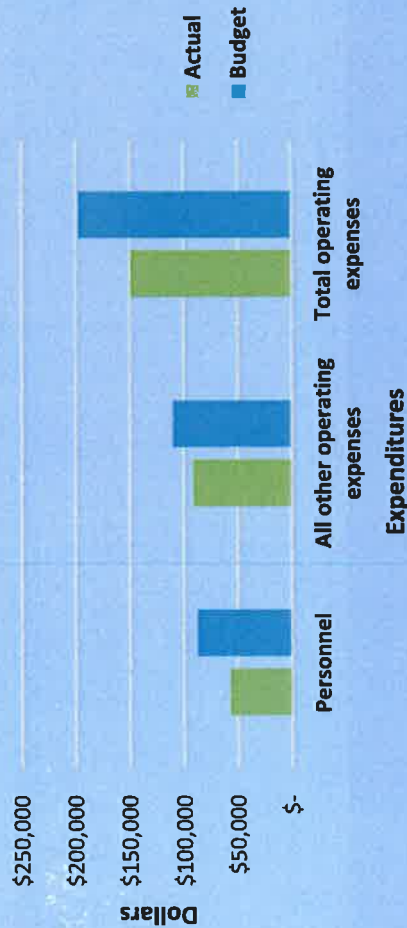
Dashboard for September 2018

At a glance...

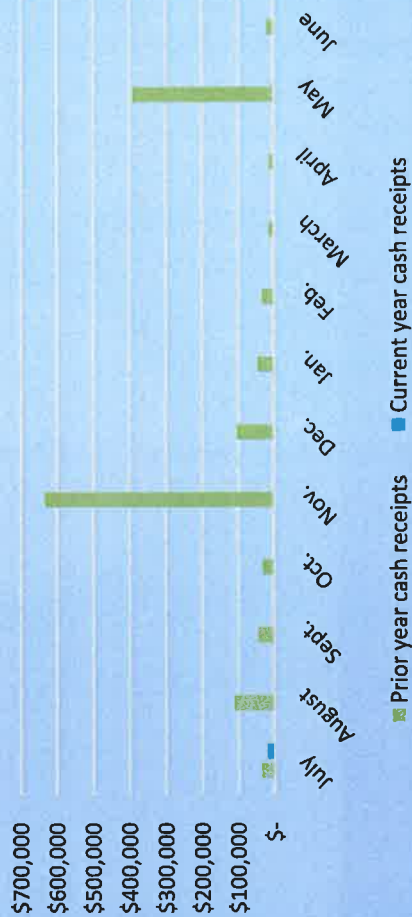
	Current month	Prior year			Calendar YTD
General Fund Cash Balance	\$ 777,732	\$ 939,389	Number of Calls		386
Taxes Receivable	\$ 50,850	\$ 110,247	Number of Volunteers		47
Short-term payables	\$ 44,700	\$ 40,571	Number of Training Sessions		82
			Number of Training Hours		6,379

The inconsistent nature of our cash flows dictates that we maintain a minimum cash balance of \$400,000. See the graph, which shows the timing of cash receipts below.

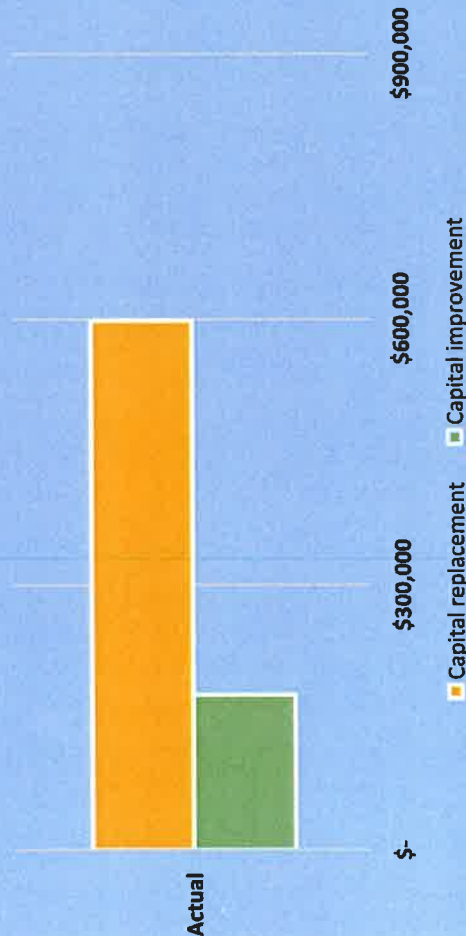
Budgetary Comparisons - for year to date



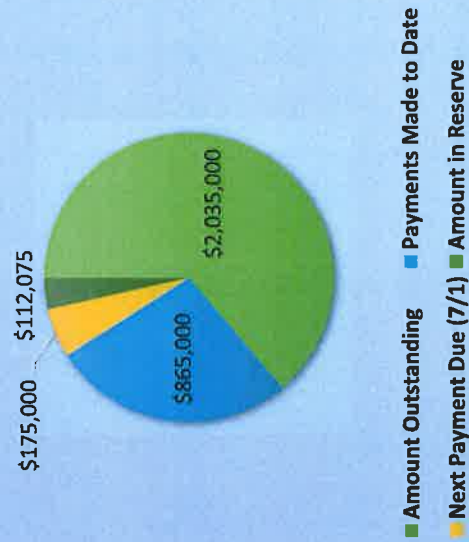
Timing of Cash Receipts



Capital Reserves



General Obligation Bond



Attachment B

**First Reading Version of Public Record
Request Policy and signed request for
Gallatin County Attorney legal review**



Hyalite Rural Fire District

Public Record Request Policy

DOCUMENT INFORMATION

Document Type:	Board Policy
Document Number:	2018-xxx

VERSION CONTROL

Version	Approved By	Approved Date	Summary of Changes
1.0	Board of Trustees		Original, document number assigned.

POLICY

The purpose of this Public Records Request Policy is to provide guidance on how Hyalite Rural Fire District (HRFD) is to properly coordinate and respond to public records requests from any individual or entity, in accordance with [MCA Title 2, Chapter 6, Part 10](#).

Public Records

Public records of HRFD means information prepared, owned, used, or retained by HRFD relating to the transaction of official business, regardless of form – paper, electronic, or other format. All records kept by HRFD are public information, so the public has the right to examine and obtain a copy except for confidential information that must be protected against public disclosure under applicable law.

HRFD can define which information the public can see and what format to provide it in – for example, HRFD could provide the requested information in written format with private information redacted.

Employees' Privacy Interest

Before asserting any privacy interest on its employees' (including volunteer members of HRFD) behalf, HRFD must communicate with employees, asking them if they have an issue with their private information (such as social security number or date of birth) being made public. Only if the employee asserts their privacy interest in their private information can HRFD then redact the information on behalf of the employee.

Requests and Fees

The person(s) making a public records request should make the request in writing to HRFD, indicating the information they want to see. HRFD must respond promptly, in writing, with an estimate of how long it will take to produce the information and any fee associated with producing the information. In accordance with [2-6-1006\(3\) MCA](#), the fee may not exceed the actual costs directly incident to fulfilling

the request in the most cost efficient and timely manner possible. HRFD may require payment of the estimated fee prior to identifying and gathering the requested information.

HRFD cannot honor “standing” public records requests that demand future copying or production (i.e., “please forward all future meeting minutes...”).

Records Manager

The HRFD Fire Chief is designated as the Records Manager, responsible for coordinating the efficient and effective management of the agency's public records and information. The Records Manager will confer with the Gallatin County Attorney’s Office to clarify any questions or issues pertaining to responding to a public information request.

PROCEDURE

When HRFD receives a public records request, the following procedures shall be followed:

1. The HRFD employee receiving the public records request will:
 - a. Capture as much information as possible about the request, such as contact information, what documents are being requested, and any specific information such as dollar amount threshold, delivery expectations, time expectations, etc. (NOTE: While a public records request does not have to be in writing as a prerequisite for completing a request, a written request is preferable.)
 - b. Forward the request to the HRFD Administrative Assistant.
2. The Administrative Assistant will:
 - a. Confer with the Records Manager and other appropriate resources to determine effort, resources, and time needed to meet the request and any fees associated with meeting the request. This determination should consider how any confidential information will be handled.
 - b. Respond promptly, in writing, to the requester with what information will be produced, what format the information will be in, an estimate of how long it will take to produce the information, and any fee associated with producing the information.
 - c. Arrange for payment of any fees due from the requester, if needed.
 - d. File hard and electronic copies of the original request and the response in HRFD files.
 - e. If needed, coordinate communication with employees regarding assertion of their privacy information, and retain documentation of communication to and from the employees.
 - f. Coordinate compilation and review of the information.
 - g. Obtain the approval of the Records Manager to release the compiled information.
 - h. Provide the compiled information to the requester.
 - i. File hard and electronic copies of the compiled information and associated correspondence in HRFD files.

REQUEST FOR LEGAL SERVICES

GALLATIN COUNTY ATTORNEY

Date: 10/30/2018

Department/Official/District/Board: Hyalite Rural Fire District

Authorized Contact Person: Lonna Braverman 406-586-3770

Nature of Legal Issue: Review and advice on
HRFD's Public Record Request Policy (draft).

Documents Attached?: ☒ yes ☐ no


Authorized Signature

* * * CA OFFICE USE ONLY * * *

FILE OPENING MEMORANDUM
GALLATIN COUNTY ATTORNEY

Date: _____

File Name: _____

File Number: _____

Digital File Created?: ☐ Yes ☐ No

Responsible Attorney: _____

Approved or Declined

Reason for Decline: _____

Approved/Declined (CA OR CHIEF DEPUTY): _____

Attachment C

FY2019 Summary of Reserves

Summary of Reserves at June 30, 2018

Calculation of reserves for operations:

Budgeted operating expenses for FY19	\$	830,500.00
Reserve at 80% of operating expenses	\$	664,400.00

Summary of reserves:

Total cash at June 30, 2018	\$	1,779,809.45
Less:		
Reserves for capital improvements*	\$	(175,388.00)
Reserves for capital replacement*	\$	(597,972.78)
Reserve for debt service	\$	(112,075.35)
Reserve for operations	\$	(664,400.00)
Remaining cash	\$	<u>229,973.32</u>

* Approved by the Board through June 30, 2018

Attachment D

Fire Chief Report

Hyalite Rural Fire District

Fire Chief's Report

October 2018

Prepared by: Assistant Fire Chief Brian Nickolay

1. The Hyalite Fire Department has responded to 419 calls in 2018 (as of 10/24/2018).
2. Our current roster is at 47 members.
3. We currently have 8 resident firefighters living at Sourdough station.
4. We still are staffing the Cottonwood Fire Station with our sleeper program Sunday – Thursday nights with a crew of 5 each night.
5. We still have 3 resident renters at the Rae house.
6. We continue to perform regular training every Wednesday night at 7pm.
7. We continue to perform our twice a month command training. Command trainings are the second and last Monday of each month at 7pm at Sourdough station.
8. We had a very successful pancake breakfast on October 6th. We served just over 700 people. Everyone had great things to say about the department and the event.
9. The fall firefighter recruit academy is going very well. The academy just completed their first round of firefighter 1 testing with the state fire school. Firefighters were evaluated on exterior and interior firefighting. All recruits passed their testing on their first attempt.
10. On September 29th we had a mobile home structure fire on Elmwood Dr. Firefighters spend 5 hours putting the fire out. The home received severe fire damage. We had great help from our mutual aid partners. We were able to respond to the fire with one command, three engines, two water tenders, one rescue and the QRU ambulance.
11. The fire department assisted the Gallatin Gateway Fire District with a structure fire on September 23rd. We sent one engine, two water tenders and one command to assist with the fire.
12. All of our apparatus are in service at this time.
13. We have experienced no firefighter injuries or significant mechanical breakdowns in the last month.

Attachment E

Trustee Shrauger's written summary

Information Summary from 2018 Fire Trustees' Conference

Nick Shrauger, Hyalite Rural Fire Trustee

October 8, 2018

The theme of this year's conference was to provide information useful to fire board members. There were three major topics:

1. Core Duties of board members including governance practices, meeting preparation and facilitation, and strategic planning. Ned Cooney was the presenter.
2. Identification of communication issues, risk management, and public expectations by presenter Don Cox.
3. Legal Issues for Trustees: Legal pitfalls and how these issues may be addressed. Catherine "Kate" Dinwiddie was the presenter.

Attendance was a mixture of Trustees, Chiefs, and firefighters. While a goal of these topics was to train new board members, the diverse questions showed that conference information was useful to both experienced and inexperienced fire service members.

These three topics covered many subjects. This report will identify some that may be relevant to HRFD.

1. Board Member Duties

Presenter Ned Cooney has many years of work on, and educating others about nonprofit boards. While his fire board experience is limited, he is an expert on volunteer board issues. He provided several appropriate handouts applicable to volunteer boards.

CORE DUTIES FOR BOARD MEMBERS

Duty of Care: Trustees must prepare for each meeting by reviewing minutes, financial, and other issue reports or material. This allows them to prepare relevant questions before hand to help them to exercise independent judgement and good governance.

Mr. Cooney explained that "Good governance requires the board to balance its role as an oversight body with its role as a force supporting the organization. The difference between *responsible* and *exceptional* boards lies in thoughtfulness and intentionality, action and engagement, knowledge and communication." He provided a handout "Twelve Principles of Governance that Power Exceptional Boards."

Duty of Loyalty: Serve in the best interests of the organization and avoid conflicts of interest.

Duty of Obedience: Serve to support the core purposes of the organization, its governing policies, rules, bylaws, and applicable laws and regulations.

Fiduciary Duty: A duty to act in a position of trust and responsibility not only financially, but also for the good of the District.

Discussion of Duties included several questions and topics which may be germane to HRFD, and to current evaluation of Board and Operational Policies and strategic planning process:

- Policies must be enforceable
- Assessing Board Performance
- Enhancing Board's public image
- Use of Social Media (e.g. Facebook, by Board, by staff, by volunteers)
- Board member attendance; consistent meeting date/location
- Job descriptions/Staff evaluations
- Handling of closed session minutes
- Public comment time limits
- Use of consent agenda
- Strategic Planning including time lines for future needs listing (development and regular review). This includes Listing and refining community issues (current and future) which might effect HRFD
- Use of Robert's rules

2. Risk Management

Presenter Don Cox is an Education Specialist for Volunteer Firefighter Insurance (VFIS). Don has served as a Fire Chief and in other fire service capacities. His educational work throughout the country causes him to be aware of risk issues to the fire service throughout the U.S).

This presentation began with a tour of the web site of VFIS (www.vfis.com, and www.uvfis.com). This firm offers many packages for training, some are free, and some have a cost.

The word risk encompasses all facets of Emergency Service Organizations (ESOs) including fire districts. Risk Control was defined as any "Any conscious effort to act (or not) to manage probable damage.

Several (new-to-me) fire district risk possibilities were noted:

- Media Focus: Constant presence and use of live cam feeds, cell phone videos monitor all activities
- Scandals
- Risk defense is data driven. These are types of data that attorneys may seek in a law suit: Documentation of response times, training, age of tires, need for volunteer CDLs, how many volunteers are active vs how many answer calls; how much is made from donations and how are donations handled; accurate call logs to provide accurate "show me data" such as cardiac arrests, most common emergencies.
- Data driven Decision Making; Computer dispatching
- Terrorism responses
- Communications risks: Blogs, Tweets, Flaming, Emails
- Sexual harassment, opioids, PTSD, Suicide prevention (fire service suicides are 10x the national rate),
- Fire District accreditation
- Community Risk Reduction
- Fire fighter arson
- Documentation of District's Standard of Response. (Use of National Grid system of response zones)

All Boards should:

1. Identify all main risks; 2. Evaluate and Prioritize; 3. Identify Risk Control Measures; 4. Implement Controls; 5. Monitor Risk Control results

His final admonition to all was "Don't ever think that any type of risk will not happen, or cannot happen to your District".

3. Legal

Kate Dinwiddie, JD has been practicing law for 16 years including 6 years as a Gallatin County deputy attorney. During this period one of her duties was to provide legal advice to fire districts and service areas.

This session began with legal questions from the audience. These ranged from taking and archiving executive session minutes, who can close a meeting, District hiring practices, permission to record sessions, public comment policies, documents, money received by districts, showing invoices in public meetings, children in fire stations (attractive nuisance) to name a few. She also cited a number of negligence cases against fire services since January 2018.

Kate supplied a handout of Legal Pitfalls which is attached.

It is my opinion that based on conference presentations, questions, and discussions, that HRFD is currently working in a prudent and reasonable manner to deal with Governance, Risk, Legal, and other issues. Even though this Board is proactive in updating policies, doing future planning, and studying ways of collecting and using data, additional effort is needed to insure continued improvement.

Attachments:

1. Twelve Principles of Governance That Power Exceptional Boards
2. Legal Pitfalls Handout

¹ Twelve Principles of Governance that Power Exceptional Boards. Washington, DC: BoardSource 2005, www.boardsource.org

The Source:

Twelve Principles of Governance That Power Exceptional Boards

Exceptional boards add significant value to their organizations, making a discernible difference in their advance on mission. Good governance requires the board to balance its role as an oversight body with its role as a force supporting the organization. The difference between *responsible* and *exceptional* boards lies in thoughtfulness and intentionality, action and engagement, knowledge and communication. The following twelve principles offer **chief executives** a description of an empowered board that is a strategic asset to be leveraged. They provide **board members** with a vision of what is possible and a way to add lasting value to the organization they lead.

CONSTRUCTIVE PARTNERSHIP¹

Exceptional boards govern in constructive partnership with the chief executive, recognizing that the effectiveness of the board and chief executive are interdependent. They build this partnership through trust, candor, respect, and honest communication.

MISSION DRIVEN²

Exceptional boards shape and uphold the mission, articulate a compelling vision, and ensure the congruence between decisions and core values. They treat questions of mission, vision, and core values not as exercises to be done once, but as statements of crucial importance to be drilled down and folded into deliberations.

STRATEGIC THINKING³

Exceptional boards allocate time to what matters most and continuously engage in strategic thinking to hone the organization's direction. They not only align agendas and goals with strategic priorities, but also use them for assessing the chief executive, driving meeting agendas, and shaping board recruitment.

CULTURE OF INQUIRY⁴

Exceptional boards institutionalize a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision making. They seek more information, question assumptions, and challenge conclusions so that they may advocate for solutions based on analysis.

INDEPENDENT-MINDEDNESS⁵

Exceptional boards are independent-minded. They apply rigorous conflict-of-interest procedures, and their board members put the interests of the organization above all else when making decisions. They do not allow their votes to be unduly influenced by loyalty to the chief executive or by seniority, position, or reputation of fellow board members, staff, or donors.

ETHOS OF TRANSPARENCY⁶

Exceptional boards promote an ethos of transparency by ensuring that donors, stakeholders, and interested members of the public have access to appropriate and accurate information regarding finances, operations, and results. They also extend transparency internally, ensuring that every board member has equal access to relevant materials when making decisions.

COMPLIANCE WITH INTEGRITY⁷

Exceptional boards promote strong ethical values and disciplined compliance by establishing appropriate mechanisms for active oversight. They use these mechanisms, such as independent audits, to ensure accountability and sufficient controls; to deepen their understanding of the organization; and to reduce the risk of waste, fraud, and abuse.

SUSTAINING RESOURCES⁸

Exceptional boards link bold visions and ambitious plans to financial support, expertise, and networks of influence. Linking budgeting to strategic planning, they approve activities that can be realistically financed with existing or attainable resources, while ensuring that the organization has the infrastructure and internal capacity it needs.

RESULTS-ORIENTED⁹

Exceptional boards are results-oriented. They measure the organization's progress towards mission and evaluate the performance of major programs and services. They gauge efficiency, effectiveness, and impact, while simultaneously assessing the quality of service delivery, integrating benchmarks against peers, and calculating return on investment.

INTENTIONAL BOARD PRACTICES¹⁰

Exceptional boards purposefully structure themselves to fulfill essential governance duties and to support organizational priorities. Making governance intentional, not incidental, exceptional boards invest in structures and practices that can be thoughtfully adapted to changing circumstances.

CONTINUOUS LEARNING¹¹

Exceptional boards embrace the qualities of a continuous learning organization, evaluating their own performance and assessing the value they add to the organization. They embed learning opportunities into routine governance work and in activities outside of the boardroom.

REVITALIZATION¹²

Exceptional boards energize themselves through planned turnover, thoughtful recruitment, and inclusiveness. They see the correlation between mission, strategy, and board composition, and they understand the importance of fresh perspectives and the risks of closed groups. They revitalize themselves through diversity of experience and through continuous recruitment.

LEGAL PITFALLS HANDOUT

Questions Board Trustees Should Ask

- Ask your fire chief to give you a tour of the fire station and describe the apparatus, what they do, when they go out on a call and what equipment you own.
- Ask how the fire department receives a call and the priority that is assigned to each call.
- Ask about the leading causes of injury and death of firefighters.
- Ask for and read all bylaws, policies, procedures and guidelines for the fire department.
- Get copies of the budgets and ask questions.
- Ask what laws and constitutional provisions you need to follow.
- Ask how Board meetings are publically posted, how public comment is incorporated into the decision making process and when you are supposed to “close” a public meeting.
- Ask about how the department recruits and retains volunteers.
- Ask how a trustee is to react when they receive a call from a member of the public, a volunteer or an employee.
- Ask for the department chain of command.
- Ask about insurance coverage.
- Ask about benefits.

Agreements

- Enter into written agreements signed by the parties
- Retain the agreements and file in multiple locations for future use
- Periodically review the agreements to see if they need to be revised.

Budgets

What do you anticipate doing in the upcoming year?

- Emergency responses
- Prevention and education programs
- Training
- Change in services or service level

What capital needs to be replaced or bought this year?

- Facility upgrades or replacement
- Equipment replacement
- Apparatus replacement

What resources do you need to accomplish what you want to do? For example:

- Personnel/Volunteer Incentives
- Administration – Bookkeeper
- Firefighting and EMS supplies

- Communications
- Apparatus operation, maintenance and upgrades
- Facilities operation, maintenance and upgrades
- New equipment or apparatus

Internal Controls

- Segregation of duties
- Two signatures on warrants
- Inventories
- Price checks and comparisons
- Review and approval of expenditures
- Policies – Credit card, grants, purchasing

Policies

- Anti-harassment, safe workplace and anti-discrimination
- Probationary period (one year?)
- Posting of positions (promotions)
- Discipline & grievance
- Compensation, benefits, insurance and employee classification
- Alcohol & drug-free workplace
- Cell phone and electronic device usage
- Social media guidelines
- Information security policies: computers, e-mail, and voicemail;
- Annual physicals

Board Policies

- Duties and Responsibilities of Officers/Trustees
- Compliance with Open Meeting Laws
- Public Participation
- Procedure for Hiring or Appointing a Fire Chief
- Code of Conduct, Ethics & Conflicts of Interest
- Purchasing
- Warrant Signatory Authority and Amounts
- Reimbursement for Actual Expenses
- Evaluations
- Credit Card Guidelines

Statutes

Montana Human Rights Act

49-1-102 Freedom from discrimination

49-2-303 Discrimination in employment

49-2-308 Discrimination by the state

49-3-201 Employment of state and local government personnel

49-3-205 Governmental services

Fire Protection

7-33-2001 Fire chief -- powers and duties

7-33-2101 et. seq. Rural Fire Districts

7-33-2201 et. seq. Rural Fire Protection

7-33-2301 et. seq. Fire Protection in Unincorporated Places

7-33-2401 et. seq. Fire Service Areas

Ethics and Conduct

2-2-105 Ethical Requirements for Public Officers and Public Employees

2-2-121 Rules of Conduct for Public Officers and Public Employees

Cases

Bull Lake Fire Dist. v. Lincoln County 2013 MT 342

Zunski v. Frenchtown Rural Fire Department Board of Trustees, 2013 MT 258.

Constitution

Article II Section 8 Right of participation.

Article II Section 9 Right to know.

Article II Section 10 Right of privacy.

Attorney General Opinions

46 Op. Att'y. Gen. No.8 (1995)

Resources

- CDC - Fire Fighter Fatality Investigation and Prevention Program
www.cdc.gov/niosh/fire
- National Fire Service Library
www.fireservicelibrary.com

- International Association of Fire Chiefs
www.iafc.org
- Law Office of Catherine Locke Dinwiddie, PLLC
Kate Dinwiddie
Katelawoffice@earthlink.net
406-577-2353

Example of Agenda

BULL THORN FIRE DISTRICT BOARD OF TRUSTEES PUBLIC MEETING

DATE: Thursday, October 4, 2018
 TIME: 7:30 P.M.
 PLACE: FIRE STATION, 845 Thorpe Road, Sidney
 BY: Bull Thorn Fire District Board of Trustees

Call to Order and Roll

PUBLIC COMMENT

REGULAR AGENDA

1. Discussion and Decision on Warrants and Financial Report.
2. Approval of Minutes for Regular Board Meeting held on September 6, 2018.
3. Consideration of Fire Chief Report.
4. Discussion and Decision on the Adoption of Credit Card Usage Policy.
5. Discussion and Decision on Preliminary FY19 Budget.
6. Update from Engine 8-1 Replacement Committee.
7. Announcements.

Regular Agenda Item 1

HYALITE RURAL FIRE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

DRAFT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Hyalite Rural Fire District
Bozeman, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of the Hyalite Rural Fire District (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 funds of the Hyalite Rural Fire District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 3 through 6 and 34 through 41 be presented to supplement the basic financial statements. Such information, 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 management's discussion and analysis and the other required supplemental 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 [DATE] on our consideration of the Hyalite Rural Fire 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 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 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 Hyalite Rural Fire District's internal control over financial reporting and compliance.

[DATE]

HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The management's discussion and analysis of Hyalite Rural Fire District (the District) provides an overall review of the District's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

USING THIS ANNUAL FINANCIAL REPORT

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Overview of the Financial Statements

Government-wide Financial Statement – Reporting the District as a Whole

Statements of Net Position and Statements of Activities

The statement of net position includes all assets, deferred outflows, liabilities, deferred inflows, and net position using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The statement of activities includes all of the current year's revenues and expenses, regardless of when cash is received or paid.

The statement of net position and statement of activities report the District's net position and its change in net position in the current year. Net position is the residual of assets plus deferred outflows less liabilities and deferred inflows, which is one way to measure the District's financial health or financial position. Over time, an increase or decrease in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, you need to consider other nonfinancial factors in making an assessment of the District's health, such as changes in the economy.

Governmental Activities

The District's functions include emergency response to fires (structure, vehicle, and wild land), medical emergencies, and accidents. Functions include regular firefighting training, public education classes, and testing of area firefighting resources.

Fund Financial Statements – Reporting the District's Most Significant Funds

The fund statements provide detailed information about the funds used by the District. State law generally requires fire districts to segregate money generated for certain specific purposes in separate funds. The District is required to report its activities in these governmental funds: general fund and debt service fund.

HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Overview of the Financial Statements (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds.

The Government as a Whole

Following is a schedule of net position:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current and other assets	\$ 1,875,444	\$ 2,242,057	\$ (366,613)
Capital assets, net	<u>4,434,402</u>	<u>4,049,237</u>	<u>385,165</u>
Total assets	<u>6,309,846</u>	<u>6,291,294</u>	<u>18,552</u>
Deferred outflows of resources	<u>64,136</u>	<u>67,466</u>	<u>(3,330)</u>
Current liabilities	230,987	296,891	(65,904)
Long-term liabilities outstanding	<u>2,059,764</u>	<u>2,238,946</u>	<u>(179,182)</u>
Total liabilities	<u>2,290,751</u>	<u>2,535,837</u>	<u>(245,086)</u>
Deferred inflows of resources	<u>14,752</u>	<u>1,412</u>	<u>13,340</u>
Net position			
Net investment in capital assets	2,389,035	1,826,848	562,187
Restricted	112,075	112,100	(25)
Unrestricted	<u>1,567,369</u>	<u>1,882,563</u>	<u>(315,194)</u>
Total net position	<u>\$ 4,068,479</u>	<u>\$ 3,821,511</u>	<u>\$ 246,968</u>

HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The Government as a Whole (Continued)

Following is a schedule of changes in net position:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ -	\$ -
Capital grants and contributions	-	-	-
General revenues			
Property taxes	1,165,032	1,129,431	35,601
Intergovernmental	96,492	78,142	18,350
Interest	28,825	17,168	11,657
Miscellaneous	16,736	4,185	12,551
Total revenues	<u>1,307,085</u>	<u>1,228,926</u>	<u>78,159</u>
Expenses:			
Public safety	<u>1,060,117</u>	<u>1,138,162</u>	<u>(78,045)</u>
Total expenses	<u>1,060,117</u>	<u>1,138,162</u>	<u>(78,045)</u>
Change in net position	246,968	90,764	156,204
Net position, beginning	<u>3,821,511</u>	<u>3,730,747</u>	<u>90,764</u>
Net position, ending	<u>\$ 4,068,479</u>	<u>\$ 3,821,511</u>	<u>\$ 246,968</u>

Where do the Resources Come From

The majority of the revenue comes from general property taxes.

What does it Cost

The major costs are for personnel services.

Capital Asset and Debt Administration

The capital assets are land and buildings, which include fire stations, and equipment including fire trucks, water tenders, and other related vehicles and equipment.

Fund Deficits

None

HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Excess of Expenditures over Appropriations

Total expenditures were not in excess of the appropriations for the year ended June 30, 2018.

The Government's Future

The District is rapidly growing and, as a result of this growth, seeing an increase in demand for its services. The Board strives to manage the District in a way that balances the increased need for services with the constituent's desire for a stable mill levy. The District expects a steady increase in tax revenue due to continued development growth in the district. This will substantially support the expected increase in operational expenses. The District continues to fund the capital replacement and improvement reserves through unspent revenues from each fiscal year. It is the intent of the District to manage financial resources in a manner that funds expected capital expenditures through these reserves which will result in a steady mill levy.

CONTACT FOR FURTHER INFORMATION

Walt Zidack, Treasurer
Hyalite Rural Fire District
(406) 586-3770

DRAFT

HYALITE RURAL FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

Governmental Activities:

ASSETS

Cash and cash equivalents	\$ 1,779,809
Receivables:	
Property taxes	72,709
Other	4,177
Prepaid expenses	18,749
Capital assets, nondepreciable	957,779
Capital assets depreciable, net	<u>3,476,623</u>
Total assets	<u>6,309,846</u>

DEFERRED OUTFLOWS OF RESOURCES

64,136

LIABILITIES

Accounts payable	36,133
Accrued liabilities	19,854
Long-term liabilities:	
Due within one year	175,000
Due after one year	<u>2,059,764</u>
Total liabilities	<u>2,290,751</u>

DEFERRED INFLOWS OF RESOURCES

14,752

NET POSITION

Net investment in capital assets	2,389,035
Restricted for:	
Debt service	112,075
Unrestricted	<u>1,567,369</u>
Total net position	<u>\$ 4,068,479</u>

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

HYALITE RURAL FIRE DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Governmental Activities:

Expenses:

Public Safety - fire protection:

Personnel services	\$ 390,068
Materials and services	328,064
Depreciation	271,260
Interest	<u>69,714</u>
Total program expenses	<u>1,059,106</u>

General revenues:

Property taxes	1,165,032
Intergovernmental	96,492
Interest	27,814
Miscellaneous	<u>16,736</u>
Total general revenues	<u>1,306,074</u>

Change in net position 246,968

Net position - beginning 3,821,511

Net position - ending \$ 4,068,479

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

HYALITE RURAL FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,667,734	\$ 112,075	\$ 1,779,809
Receivables:			
Property taxes	72,709	-	72,709
Other	4,177	-	4,177
Prepaid expenses	<u>18,749</u>	<u>-</u>	<u>18,749</u>
Total assets	<u>\$ 1,763,369</u>	<u>\$ 112,075</u>	<u>\$ 1,875,444</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 36,133	\$ -	\$ 36,133
Accrued liabilities	<u>19,854</u>	<u>-</u>	<u>19,854</u>
Total liabilities	<u>55,987</u>	<u>-</u>	<u>55,987</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>44,246</u>	<u>-</u>	<u>44,246</u>
Total deferred inflows of resources	<u>44,246</u>	<u>-</u>	<u>44,246</u>
Fund balances:			
Nonspendable	18,749	-	18,749
Restricted for:			
Debt service	-	112,075	112,075
Committed for:			
Capital	500,000	-	500,000
Unassigned	<u>1,144,387</u>	<u>-</u>	<u>1,144,387</u>
Total fund balances	<u>1,663,136</u>	<u>112,075</u>	<u>1,775,211</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,763,369</u>	<u>\$ 112,075</u>	<u>\$ 1,875,444</u>

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

HYALITE RURAL FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balance, governmental funds	\$ 1,775,211
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	4,434,402
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the government fund.	
Deferred outflows of resources - pensions	64,136
Deferred inflows of resources - pensions	(14,752)
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds:	
Unavailable property taxes	44,246
Some liabilities, including compensated absences and bonds payable, are not due and payable in the current period and, therefore, are not included in the governmental funds.	<u>(2,234,764)</u>
Net position of governmental activities	<u>\$ 4,068,479</u>

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

HYALITE RURAL FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 949,467	\$ 245,700	\$ 1,195,167
Intergovernmental	111,314	-	111,314
Interest	27,814	-	27,814
Miscellaneous	16,736	-	16,736
Total revenues	<u>1,105,331</u>	<u>245,700</u>	<u>1,351,031</u>
Expenditures:			
Public safety - fire protection:			
Personnel services	396,391	-	396,391
Materials and services	328,064	-	328,064
Debt service:			
Principal	-	175,000	175,000
Interest	-	70,725	70,725
Capital outlay	656,425	-	656,425
Total expenditures	<u>1,380,880</u>	<u>245,725</u>	<u>1,626,605</u>
Excess of revenues over expenditures	(275,549)	(25)	(275,574)
Fund balances - beginning	<u>1,938,685</u>	<u>112,100</u>	<u>2,050,785</u>
Fund balances - ending	<u>\$ 1,663,136</u>	<u>\$ 112,075</u>	<u>\$ 1,775,211</u>

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

HYALITE RURAL FIRE DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds \$ (275,574)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	656,425
Depreciation expense	(271,260)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Increase (decrease) in unavailable property taxes	(30,135)
State pension aid (on-behalf payment)	(14,822)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The repayment, however, has any effect on net position.

Repayment of principal on bonds	175,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(15,224)
Bond premium amortization	1,011
Adjustment to actuarial pension expense	21,547

Change in net position of governmental activities	\$ 246,968
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The accompanying notes are an integral part of these financial statements.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Hyalite Rural Fire District (the District) is organized and operated under the provisions of Title 7, Chapter 33, Part 21, Montana Code Annotated, to provide life, safety, and fire protection systems to the Hyalite community. It is a separate political entity established by the Gallatin County Commissioners, the affairs of which are governed and managed by an 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.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the activities of the District. Governmental activities, which are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the year ended June 30, 2018, the District did not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. For the year ended June 30, 2018, the District did not have any program revenue. Property taxes and other items are reported as general revenues.

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund – The general fund is the District's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The debt service fund is used to account for and report the accumulation of funds restricted or committed for the periodic payment of principal and interest on general long-term debt.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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 is incurred, regardless of the timing of related cash flows. On an accrual basis, revenues from property taxes and benefit assessments are recognized in the year for which the taxes and assessments are levied and revenue from investments is recognized when earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Cash and Investments

Cash is held by the County Treasurer and pooled in the County external investment pool. The fair value of the position in the pool is the same as the value of the pool shares. The County Treasurer invests the pooled cash pursuant to state law (MCA 20-9-213[4]). 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/>.

E. Taxes Receivable

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

Real property taxes and special assessments are generally billed in October and are payable one half by November 30 and one half by May 31. After these dates, taxes and assessments become delinquent and become a lien on the property. Personal property is assessed and personal property taxes are billed throughout the year, with a significant portion generally billed in May, June, and July. Personal property taxes are based on levies set during the prior August. These taxes become delinquent 30 days after billing. Taxes and assessments that become delinquent are charged interest at the rate of 5/6 of 1% per month from the time of delinquency until paid plus a penalty of 2%. Real property on which taxes and assessments remain delinquent and unpaid may be sold at tax sales. In the case of personal property, the property is seized and sold after the taxes become delinquent.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets, which include land, buildings and improvements, and machinery and equipment, are reported on the statement of net position. All capital assets with a purchase price over \$5,000 are capitalized. Such assets are recorded at historical cost. Donated property and materials are recorded at fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Buildings and improvements and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	7-40
Machinery and equipment	3-7

G. Compensated Absences

Liabilities associated with accumulated vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. District employees earn vacation leave ranging from 15 to 24 days per year, depending on the individual's years of service. The maximum permissible accumulation is the amount earned in a 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. Upon termination, only 25% of accumulated sick leave is paid.

H. Net Pension Liability and Deferred Outflows/Inflows of Resources

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

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-term Obligations

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond issuance costs are expensed. Bond premiums/discounts are reported along with the debt as valuation accounts and amortized as a component of interest expense.

J. Fund Balance

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

In accordance with GASB 54, the District reports fund balance in two general classifications: non-spendable and spendable. Non-spendable represents the portion of fund balance that is not in spendable form such as prepaid expenses. Spendable fund balance is further categorized as restricted, committed, assigned, and unassigned.

The restricted fund balance category contains balances that can be spent only for the specific purposes stipulated by external parties. External parties include grantors, debt covenants, votes, and laws and regulations of other governments.

The committed fund balance category includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Board of Trustees. The Board needs to formally adopt a Resolution in order to establish, modify, or rescind a fund balance commitment.

Amounts in the assigned fund balance are to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund.

When an expense is incurred for purposes for which both restricted and unrestricted fund balance are available, the District's policy is to apply restricted fund balance first.

K. 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.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Position (continued)

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. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

NOTE 2. CASH AND INVESTMENTS

As of June 30, 2018, the District had the following investment:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Gallatin County External Investment Pool	<u>\$ 1,667,734</u>	<u>\$ 112,075</u>	<u>\$ 1,779,809</u>

The District participates in an investment pool managed by the Gallatin County Treasurer. The pool is not registered with the Securities and Exchange Commission as an investment company and is not subject to regulatory oversight. Investments of the pool consist primarily of repurchase agreements, the State of Montana's Short-Term Investment Pool (STIP), U.S. Treasury Bills, and securities of the U.S. Government, its agencies, or government sponsored entities and are carried at quoted market prices. The fair value of investments is determined annually, and is based on quoted market prices.

The District's balance in the investment pool is 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 the District's month end balance in relation to the total pool investments.

Montana law allows the local governing body to require security for the portion of deposits not guaranteed or insured. Deposit insurance is administered by the FDIC. Since the District invests in pool managed by the County Treasurer, pledged securities for the various individual deposits and repurchase agreements are managed by the County Treasurer.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2018 were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Capital assets not being depreciated:</u>				
Land	\$ 361,201	\$ -	\$ -	\$ 361,201
Vehicle in process	-	596,578	-	596,578
Total capital assets not being depreciated	<u>361,201</u>	<u>596,578</u>	<u>-</u>	<u>957,779</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	3,951,563	-	-	3,951,563
Machinery and equipment	1,785,617	59,847	-	1,845,464
Total	5,737,180	59,847	-	5,797,027
Less accumulated depreciation	(2,049,144)	(271,260)	-	(2,320,404)
Total capital assets being depreciated, net	<u>3,688,036</u>	<u>(211,413)</u>	<u>-</u>	<u>3,476,623</u>
Capital assets, net	<u>\$ 4,049,237</u>	<u>\$ 385,165</u>	<u>\$ -</u>	<u>\$ 4,434,402</u>

Depreciation expense for the year ended June 30, 2018 totaled \$271,260 and was charged to Public Safety.

NOTE 4. LONG-TERM LIABILITIES

During 2014, the District issued general obligation bonds in the amount of \$2,900,000 to provide funds for the purpose of constructing, equipping and financing the Hyalite Fire Station. The bonds carry interest rates of 2.0% to 3.875%, and mature in 2028.

Changes in Long-term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2018:

	July 1, 2017	Additions	Reductions	June 30, 2018	Amount due Within One Year
Bonds payable	\$ 2,210,000	\$ -	\$ 175,000	\$ 2,035,000	\$ 175,000
Premium	11,378	-	1,011	10,367	-
Net pension liability	162,962	-	23,395	139,567	-
Compensated absences	34,606	15,224	-	49,830	-
Total	<u>\$ 2,418,946</u>	<u>\$ 15,224</u>	<u>\$ 199,406</u>	<u>\$ 2,234,764</u>	<u>\$ 175,000</u>

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

Debt service requirement to maturity

The approximate annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2018 are as follows:

Year ending		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 175,000	\$ 67,225
2020	180,000	61,975
2021	190,000	56,575
2022	195,000	50,875
2023	200,000	45,025
2024-2028	<u>1,095,000</u>	<u>124,356</u>
	<u>\$ 2,035,000</u>	<u>\$ 406,031</u>

NOTE 5. RETIREMENT PLANS

Plan Description – Firefighter’ Unified Retirement System (FURS)

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, MCA. This plan provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire districts 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.

Plan Description –Public Employee Retirement System (PERS)

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, MCA. This plan provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System, and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. All new members from the universities also have a third option to join the university system’s Montana University System Retirement Program (MUS-RP).

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

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

The following information uses the June 30, 2017 and 2016 measurement dates for the June 30, 2018 and 2017 reporting dates, respectively. All dates noted on the following pages are reporting dates, unless otherwise specified.

Summary of Benefits – FURS

Eligibility for benefit and benefit formulas

Service retirement:

- Hired on or after July 1, 1981, or has elected to be covered by GABA:
 - 20 years of membership service
 - 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) x years of service credit and
 - If membership services is greater or equal to 20 years:
 - 50% of HMC + 2% of HMC x years of service credit in excess of 20

Early retirement:

- Age 50 with 5 years of membership service

Vesting

5 years of membership service.

Member's compensation period used in benefit calculation

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

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

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

Minimum Benefit Adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA – the minimum benefit adjustment is provided equal to 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Summary of Benefits – PERS

Eligibility for benefit

Service retirement:

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

Early retirement (actuarially reduced):

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

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

- 1) Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
 - a. A refund of member's contributions plus regular interest (currently 0.77% effective July 1, 2017);
 - b. No service credit for second employment;
 - c. Start the same benefit amount the month following termination; and
 - d. GABA starts again the January immediately following second retirement.
- 2) Retire before January 1, 2016 and accumulate at least 2 years of additional service credit:
 - a. A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - b. GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- 3) Retire on or after January 1, 2016 and accumulate 5 or more years of service credit:
 - a. The same retirement as prior to the return to service;
 - b. A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - c. GABA starts on both benefits in January after receiving the original and new benefit for 12 months.

Vesting

5 years of membership service.

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.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Summary of Benefits – PERS (continued)

Compensation Cap

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

Monthly benefit formula

- 1) Members hired prior to July 1, 2011
 - a. Less than 25 years of membership service: 1.785% of HAC per year of service credit;
 - b. 25 years of membership service or more: 2% of HAC per year of service credit.
- 2) Members hired on or after July 1, 2011
 - a. Less than 10 years of membership service: 1.5% of HAC per year of service credit;
 - b. 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
 - c. 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 all 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% 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.

Overview of Contributions

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

FURS:

Fiscal Year	Member		Employer	State
	Non-GABA	GABA		
1998-2018	9.500%	10.700%	14.360%	32.610%
1997	7.800%		14.360%	32.610%

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Overview of Contributions (continued)

PERS:

Fiscal Year	Member		Local Government	
	Hired before 7/1/2011	Hired after 7/1/2011	Employer	State
2018	7.90%	7.90%	8.47%	0.10%
2017	7.90%	7.90%	8.37%	0.10%
2016	7.90%	7.90%	8.27%	0.10%
2015	7.90%	7.90%	8.17%	0.10%
2014	7.90%	7.90%	8.07%	0.10%
2012-2013	6.90%	7.90%	7.07%	0.10%
2010-2011	6.90%		7.07%	0.10%
2008-2009	6.90%		6.94%	0.10%
2000-2007	6.90%		6.80%	0.10%

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.

Employer contributions to the system:

- a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
- b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Non Employer Contributions:

Special Funding

The state contributed 0.1% of members' compensation on behalf of local government entities.

Not Special Funding

The state contributed a portion of Coal Severance Tax income and earnings from the Coal Severance Tax fund.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Stand-Alone Statements

The financial statements of the Montana Public Employees Retirement Board (PERB) *Comprehensive Annual Financial Report* (CAFR) and the GASB 68 Report disclose the Plans' fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or both are available on the MPERA website at <http://mpera.mt.gov>

Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2016 actuarial valuation and applying standard roll forward procedures to update the TPL to June 30, 2017 (measurement date). There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2017 (measurement date) valuation were based on the results of the last actuarial experience study, dated May 2017, for the six- year period July 1, 2010 to June 30, 2016. Among those assumptions were the following.

FURS

- Investment Return (net of admin expense) 7.65%
- Admin Expense as % of Payroll 0.23%
- General Wage Growth* 3.50%
- *includes Inflation at 2.75%
- Merit Increases 0% to 6.3%
- Postretirement Benefit Increases
 - i. **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.
 - ii. **Minimum Benefit Adjustment (non-GABA)**
If hired before July 1, 1997 and member did not elect GABA – the minimum benefit adjustment is provided equal to 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter.
- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using Scale BB, males set back one year.
- Mortality assumptions among Disabled Members were based on RP 2000 Combined Mortality Tables.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (continued)

PERS

- | | |
|--|------------|
| • Investment Return (net of admin expense) | 7.65% |
| • Admin Expense as % of Payroll | 0.26% |
| • General Wage Growth* | 3.50% |
| *includes Inflation at | 2.75% |
| • Merit Increases | 0% to 6.3% |
| • Postretirement Benefit Increases | |

i. Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of all 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% 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 contributing members, service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among disabled members were based on RP 2000 Combined Mortality Tables with no projections.

Discount Rate

The discount rate used to measure the TPL was 7.65%. 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. For FURS, the State contributed 32.61% of salaries paid by employers; for PERS, the State contributed 0.10% of the salaries paid by local governments. In addition, the state contributed coal severance tax and interest money from the general fund. The interest was contributed monthly and the severance tax was contributed quarterly. 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 2121 and 2124 for PERS and FURS, respectively. 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.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Target Allocations

The long-term expected return on pension plan assets was reviewed as part of the regular experience study prepared for the Plan. The most recent analysis, performed for the period of July 1, 2010 to June 30, 2016, was outlined in a report dated May 2017 and can be located on the MPERA website. The long-term expected rate of return on pension plan investments was determined by considering information from various sources, including historical rates of return, rate of return assumptions adopted by similar public sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017, are summarized below.

Asset Class	Target Asset Allocation	Real Rate of Return - Arithmetic Basis	Long-term Expected Real Rate of Return
	(a)	(b)	(a)*(b)
Cash equivalents	2.60%	4.00%	0.10%
Domestic Equity	36.00%	4.55%	1.64%
Foreign Equity	18.00%	6.35%	1.14%
Fixed Income	23.40%	1.00%	0.23%
Private Equity	12.00%	7.75%	0.93%
Real Estate	8.00%	4.00%	0.32%
Total	100.00%		4.37%
Inflation			2.75%
Portfolio-Return-Expectation			7.12%

The long-term expected nominal rate of return above of 7.12% is an expected portfolio rate of return provided by Board of Investments (BOI), which differs from the total long-term assumed rate of return of 7.65% in the experience study. The assumed investment rate is comprised of a 2.75% inflation rate and a real rate of return of 4.90%.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown 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 7.65%, 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 (6.65%)	Current Discount Rate	1.0% Increase (8.65%)
FURS Employer's proportion of			
Net Pension Liability	\$ 231,925	\$ 139,567	\$ 64,946
PERS Employer's proportion of			
Net Pension Liability	\$ -	\$ -	\$ -

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Net Pension Liability

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 (PERS) and Firefighters' Unified Retirement System (FURS) (the Plans). Employers are required to record and report their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Net Pension Liability (continued)

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). As GASB Statement 68 allows, a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2017 (measurement date) was determined by taking the results of the June 30, 2016 actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Special Funding

The Plan has a special funding situation in which the state of Montana is legally responsible for making contributions directly to the Plan on behalf of the employers. Due to the existence of this 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.

Not Special Funding

The state of Montana, as the non-employer contributing entity, paid to the Plan coal tax contributions that are not accounted for as special funding for all participating employers.

The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2018, and 2017, 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 a particular employer to the total state contributions paid. The employer recorded a liability of \$139,567 and \$- and the employer's proportionate share was .1235% and 0.0000% for FURS and PERS, respectively.

	Net Pension Liability as of 6/30/2018	Net Pension Liability as of 6/30/2017	Percent of Collective NPL as of 6/30/2018	Percent of Collective NPL as of 6/30/2017	Change in Percent of Collective NPL
FURS					
Employer					
Proportionate Share	\$ 139,567	\$ 143,015	0.1235%	0.1252%	-0.0017%
State of Montana					
Proportionate Share					
associated with Employer	<u>316,941</u>	<u>324,027</u>	<u>0.2804%</u>	<u>0.2837%</u>	<u>-0.0033%</u>
Total	<u>\$ 456,508</u>	<u>\$ 467,042</u>	<u>0.4039%</u>	<u>0.4089%</u>	<u>-0.0050%</u>

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Net Pension Liability (continued)

	Net Pension Liability as of 6/30/2018	Net Pension Liability as of 6/30/2017	Percent of Collective NPL as of 6/30/2018	Percent of Collective NPL as of 6/30/2017	Change in Percent of Collective NPL
PERS					
Employer					
Proportionate Share	\$ -	\$ 19,947	0.0000%	0.0012%	-0.0012%
State of Montana					
Proportionate Share associated with Employer	-	244	0.0000%	0.0015%	-0.0015%
Total	<u>\$ -</u>	<u>\$ 20,191</u>	<u>0.0000%</u>	<u>0.0027%</u>	<u>-0.0027%</u>

Changes in actuarial assumptions and methods

Effective July 1, 2017, the following assumption changes were used:

- Lowered the interest rate from 7.75% to 7.65%.
- Lowered the inflation rate from 3.00% to 2.75%.
- Updated non-disabled mortality to the RP-2000 Combined Employee and Annuitant Mortality Table projected to 2020 using scale BB, males set back 1 year.
- Increased rates of withdrawal.
- Lowered the merit component of the total salary increase (PERS only).
- Lowered the wage base component of the total salary increase from 4.00% to 3.50%.
- Decreased the administrative expense load from 0.27% to 0.26% (PERS only).
- Increased the administrative expense load from 0.19% to 0.23% (FURS only).

Effective July 1, 2017, the following method changes were used:

- Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount will vary from year to year based on the prior year's actual administrative expenses.
- To be consistent with the wage base growth change, the payroll growth assumption for amortization as a level percent of pay was reduced from 4.00% to 3.50%.

Changes in benefit terms – PERS

Effective July 1, 2017, the following benefit changes were:

- The interest rate credited to member accounts increased from 0.25% to 0.77%.
- Lump sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Net Pension Liability (continued)

Changes in benefit terms – FURS

Effective July 1, 2017, the following benefit changes were:

- The interest rate credited to member accounts increased from 0.25% to 0.77%.
- Working Retiree Limitations applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- Second Retirement Benefit applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- Lump sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

Changes in proportionate share: Between the measurement date of the collective NPL and the employer's reporting date there were no changes in proportion that would have an effect on the employer's proportionate share of the collective NPL.

	Pension Expense as of June 30, 2018	Pension Expense as of June 30, 2017
FURS		
Employer Proportionate Share	\$ 25,531	\$ 23,412
State of Montana Proportionate Share associated with Employer	60,193	42,007
Total	<u>\$ 85,724</u>	<u>\$ 65,419</u>
PERS		
Employer Proportionate Share	\$ 300	\$ 6,192
State of Montana Proportionate Share associated with Employer	-	20
State of Montana Coal Tax for Employer	-	349
Total	<u>\$ 300</u>	<u>\$ 6,561</u>

At June 30, 2017, the employer recognized \$25,531 and \$300 for its proportionate share of the FURS' and PERS' pension expense, respectively. The employer also recognized grant revenue of \$60,193 and \$- for the state of Montana proportionate share of the pension expense associated with the employer for FURS' and PERS', respectively. Additionally, the employer recognized grant revenue of \$- from the Coal Severance Tax fund.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Recognition of Deferred Inflows and Outflows

At June 30, 2018, 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
FURS		
Differences between actual and expected experience	\$ 919	\$ 1,055
Changes in assumptions	17,405	-
Difference between projected and actual earnings on pension plan investments	115	-
Changes in proportion differences between employer contributions and proportionate share of contributions	11,840	-
Difference between actual and expected contributions	-	-
#Contributions paid subsequent to the measurement date - FY 2018/2017 Contributions	<u>33,029</u>	<u>-</u>
Total	<u>\$ 63,308</u>	<u>\$ 1,055</u>
PERS		
Differences between actual and expected experience	\$ -	\$ -
Changes in assumptions	-	-
Difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion differences between employer contributions and proportionate share of contributions	-	13,697
Difference between actual and expected contributions	-	-
#Contributions paid subsequent to the measurement date - FY 2018/2017 Contributions	<u>828</u>	<u>-</u>
Total	<u>\$ 828</u>	<u>\$ 13,697</u>

Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

Recognition of Deferred Inflows and Outflows (continued)

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

Year ended June 30:	Amount recognized in pension expense as an increase or (decrease) to pension expense	
	FURS	PERS
2018	\$ 1,410	\$ -
2019	7,395	-
2020	4,815	-
2021	99	-
Thereafter	3,665	-

Employer's proportion of FURS and PERS Pension Amounts Combined

	Employer's proportionate share associated with FURS	Employer's proportionate share associated with PERS	Employer's Total Pension
Net pension liability (NPL)	\$ 139,567	\$ -	\$ 139,567
Deferred outflows of resources	\$ 63,308	\$ 828	\$ 64,136
Deferred inflows of resources	\$ 1,055	\$ 13,697	\$ 14,752
Pension expense	\$ 85,724	\$ 300	\$ 86,024

PERS Disclosure for the defined contribution plan

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

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

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

HYALITE RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. RETIREMENT PLANS (CONTINUED)

PERS Disclosure for the defined contribution plan (continued)

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

At the plan level for the measurement period ended June 30, 2017, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 300 employers that have participants in the PERS-DCRP totaled \$396,650.

NOTE 6. 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.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

HYALITE RURAL FIRE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE LAST TEN FISCAL YEARS *
YEAR ENDED JUNE 30, 2018

Year ended June 30:	Employer's proportion of the net pension liability	Employer's		State of Montana's		Total	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
		proportionate share of the net pension liability associated with the employer	proportionate share of the net pension liability associated with the employer						
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM									
2018	0.123500%	\$	139,567	\$	316,941	\$ 456,508	\$ 184,583	75.612%	77.770%
2017	0.125200%	\$	143,015	\$	324,027	\$ 467,042	\$ 176,328	81.107%	75.480%
2016	0.131210%	\$	134,197	\$	298,893	\$ 433,090	\$ 176,326	76.107%	76.900%
2015	0.101091%	\$	98,681	\$	222,621	\$ 321,302	\$ 131,314	75.149%	76.700%
PUBLIC EMPLOYEES RETIREMENT SYSTEM									
2018	0.000000%	\$	-	\$	-	\$ -	\$ 38,930	0.000%	73.750%
2017	0.001200%	\$	19,947	\$	244	\$ 20,191	\$ 14,027	142.204%	74.710%
2016	0.002495%	\$	34,880	\$	429	\$ 35,309	\$ 29,120	119.780%	78.400%
2015	0.000000%	\$	-	\$	-	\$ -	\$ -	111.220%	79.870%

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

HYALITE RURAL FIRE DISTRICT
SCHEDULE OF CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS *
YEAR ENDED JUNE 30, 2018

Year ended June 30:	Contractually required contributions		Contributions in relation to the contractually required contributions		Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
	Contractually required contributions		Contractually required contributions				
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM							
2018	\$ 33,029	\$	33,029	\$	-	\$ 230,006	14.360%
2017	\$ 26,506	\$	26,506	\$	-	\$ 184,583	14.360%
2016	\$ 25,210	\$	25,210	\$	-	\$ 176,328	14.297%
2015	\$ 25,813	\$	25,813	\$	-	\$ 176,326	14.639%
PUBLIC EMPLOYEES RETIREMENT SYSTEM							
2018	\$ 828	\$	828	\$	-	\$ 9,770	8.475%
2017	\$ 3,258	\$	3,258	\$	-	\$ 38,930	8.369%
2016	\$ 1,539	\$	1,540	\$	-	\$ 14,027	10.979%
2015	\$ 2,415	\$	2,415	\$	-	\$ 29,120	8.293%

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

HYALITE RURAL FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES				
Property taxes	\$ 1,169,970	\$ 1,169,970	\$ 949,467	\$ (220,503)
Intergovernmental	36,000	36,000	36,299	299
Interest	500	500	27,814	27,314
Miscellaneous	4,000	4,000	16,736	12,736
Reappropriated reserves	<u>1,429,255</u>	<u>1,429,255</u>	<u>-</u>	<u>(1,429,255)</u>
Total revenues	<u>2,639,725</u>	<u>2,639,725</u>	<u>1,030,316</u>	<u>(1,609,409)</u>
EXPENDITURES				
Current:				
Public safety	2,039,725	2,039,725	649,440	(1,390,285)
Capital outlay	<u>600,000</u>	<u>600,000</u>	<u>656,425</u>	<u>56,425</u>
Total expenditures	<u>2,639,725</u>	<u>2,639,725</u>	<u>1,305,865</u>	<u>(1,333,860)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(275,549)	<u>\$ (275,549)</u>
Fund balance - beginning			<u>1,938,685</u>	
Fund balance - ending			<u>\$ 1,663,136</u>	
Total revenues per statement of revenues, expenditures, and changes in fund balance			\$ 1,105,331	
Less on behalf payment			<u>(75,015)</u>	
Total revenues, budgetary basis			<u>\$ 1,030,316</u>	
Total expenditures per statement of revenues, expenditures, and changes in fund balance			\$ 1,380,880	
Less on behalf payment			<u>(75,015)</u>	
Total expenditures, budgetary basis			<u>\$ 1,305,865</u>	

HYALITE RURAL FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

NOTE 1. BUDGET COMPLIANCE

In accordance with Section 7-33-2105, Montana Code Annotated, the District's Board annually presents its budget to the Board of County Commissioners at the regular budget meetings as prescribed by law and therewith certifies the amount of money necessary and proper for the ensuing year. Based on this statute, the total budget is the legal level of budgetary authority. State law requires only that a fund's total expenditures not exceed total budgeted expenditures. Budgets may be amended as defined by State law.

NOTE 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.

NOTE 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Total expenditures were not in excess of the total budgeted expenditures during the years ended June 30, 2018.

NOTE 4. CHANGES OF BENEFIT TERMS

The following changes to the plan provision were made as identified:

2015 Legislative Changes - PERS:

General Revisions - House Bill 101, effective January 1, 2016

Second Retirement Benefit - for PERS

- 1) Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again the January immediately following second retirement.
- 2) For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts the January after receiving recalculated benefit for 12 months.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

NOTE 4. CHANGES OF BENEFIT TERMS (Continued)

- 3) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and,
 - GABA starts again the January immediately following second retirement.
- 4) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
 - Member receives same retirement benefit as prior to return to service;
 - Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws - House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP

The PCR was paid off effective March 2016 and the contributions of 2.37%, .47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

2017 Legislative Changes:

General Revisions – House Bill 101, effective July 1, 2017

Working Retiree Limitation – for PERS

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.

Terminating Employers – Recovery of actuary costs – for PERS

Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds

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

HYALITE RURAL FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

NOTE 4. CHANGES OF BENEFIT TERMS (Continued)

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

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 become 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.

PERS Statutory Appropriation – House Bill 648, effective July 1, 2017

Revenue from coal severance taxes and interest income from the coal severance tax permanent fund previously statutorily – appropriated to the PERS defined benefit trust fund will be replaced with the following statutory appropriations:

1. FY2018 - \$31.386 million
2. FY2019 - \$31.958 million
3. Beginning July 1, 2019 through at least June 30, 2025, 101% of the contribution from the previous year from the general fund to the PERS defined benefit trust fund, as follows:
 - a. FY2020 - \$32.277 million
 - b. FY2021 - \$32.6 million
 - c. FY2022 - \$32.926 million
 - d. FY2023 - \$33.255 million
 - e. FY2024 - \$33.588 million
 - f. FY2025 - \$33.924 million

2015 Legislative Changes - FURS:

If a PERS member transfers employment to a FURS covered position and fails to elect FURS membership within 90 days, the default is PERS membership.

2017 Legislative Changes – FURS:

General Revisions – House Bill 101, effective July 1, 2017

Working Retiree Limitations – for FURS

- 1) Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- 2) Members who return for less than 480 hours in a calendar year:
 - a. May not become an active member in the system; and
 - b. Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
- 3) Members who return for 480 or more hours in a calendar year:
 - a. Must become an active member of the system;
 - b. Will stop receiving a retirement benefit from the system; and
 - c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.

HYALITE RURAL FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

NOTE 4. CHANGES OF BENEFIT TERMS (Continued)

- 4) Employee, employer and state contributions, if any, apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit – for FURS

- 1) Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- 2) 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:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of employment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. 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.
- 3) If the member works more than 480 hours in a calendar year and accumulates at least 5 year of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- 4) A member who returns to covered service is not eligible for a disability benefit.

Terminating Employers – Recovery of actuarial costs – for FURS

Employers who terminate participation in FURS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds

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

HYALITE RURAL FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

NOTE 4. CHANGES OF BENEFIT TERMS (Continued)

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Eligibility to Participate – for FURS Part-Paid Firefighters

Part-paid firefighters become eligible to participate in FURS once they have earned \$300 in a fiscal year. Previously, statute was unclear on whether the limit applied to a calendar year or a fiscal year.

NOTE 5. CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2017 actuarial valuation:

	FURS	PERS
General Wage Growth*	3.50%	3.50%
Investment rate of return*	7.65%	7.65%
*Includes inflation at	2.75%	2.75%
Merit salary increases	0% to 6.3%	0% to 6.3%
Asset valuation method	4-year smoothed market	4-year smoothed market
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of pay, open	Level percentage of pay, open
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.	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	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.23%	0.26%

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

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

To the Board of Trustees
Hyalite Rural Fire District
Bozeman, Montana

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 funds of the Hyalite Rural Fire District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Hyalite Rural Fire District's basic financial statements and have issued our report thereon dated [DATE].

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hyalite Rural Fire District's internal control over financial reporting (internal control) to determine the 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 Hyalite Rural Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hyalite Rural Fire 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 may exist that have not been identified.

[DATE]
Board of Trustees
Page two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hyalite Rural Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

[DATE]

HYALITE RURAL FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018

None.

DRAFT

HYALITE RURAL FIRE DISTRICT
CURRENT STATUS OF PRIOR YEAR RECOMMENDATIONS
YEAR ENDED JUNE 30, 2018

There were no findings, questioned costs, or significant deficiencies reported for the year ended June 30, 2017.

DRAFT

Regular Agenda Item 3

Hyalite Rural Fire District

Fire Chief Review Form

Please assess the Fire Chief on the following criteria:

1. Managing Emergency Services set by the agency and consistent with national standards, including: Incident Command, fire suppression, fire prevention, ambulance service, extrication from vehicles.

1	2	3	4	5
Unacceptable	Needs Improvement	Successful	Exceeds Expectations	Outstanding

Comments/Remarks:

2. Development and implementation of agency programs and procedures, including: District/Service Area fire plan, maintenance testing of sites in the community, subdivision and developer interactions, political relations.

1	2	3	4	5
Unacceptable	Needs Improvement	Successful	Exceeds Expectations	Outstanding

Comments/Remarks:

3. Demonstrated leadership abilities with the membership, staff, board, community, and other county entities.

1	2	3	4	5
Unacceptable	Needs Improvement	Successful	Exceeds Expectations	Outstanding

Comments/Remarks:

4. Asset Management

- a. Fire Stations: General use, equipping, maintenance and upkeep/replacement.
- b. Apparatus maintenance/replacement.

1	2	3	4	5
Unacceptable	Needs Improvement	Successful	Exceeds Expectations	Outstanding

Comments/Remarks:

5. Human Resources

- a. Staff: Training, duties, review of performance.
- b. Volunteers: Training, duties, advancement, review of performance, recruitment, sleeper program, resident programs.

1	2	3	4	5
Unacceptable	Needs Improvement	Successful	Exceeds Expectations	Outstanding

Comments/Remarks:

6. Community Relations, including: Communications, education, interaction, relationships.

1	2	3	4	5
Unacceptable	Needs Improvement	Successful	Exceeds Expectations	Outstanding

Comments/Remarks:

7. Positive and supportive working relationship with Trustees: Monthly Chief Report, timeliness with directives, chain of command.

1	2	3	4	5
Unacceptable	Needs Improvement	Successful	Exceeds Expectations	Outstanding

Comments/Remarks:

8. Overall Job Performance Ranking

1	2	3	4	5
Unacceptable	Needs Improvement	Successful	Exceeds Expectations	Outstanding

Comments/Remarks: