

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

DATE: NOVEMBER 17, 2020

TIME: 7:00 p.m.

LOCATION: Sourdough Fire Station, 4541 S. 3rd Rd., Bozeman, MT

If you are unable to attend the meeting in person, please join the meeting via telephone by calling:

(800) 884-9450

Conference Passcode: 655 453

CALL TO ORDER OF HYALITE RURAL FIRE DISTRICT

Reminder to the 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 20, 2020 Meeting Synopsis
[Consent Agenda Attached]

REGULAR AGENDA

1. Discussion and Decision – Audit 2020 Presentation
Supporting Documents Attached
2. Discussion and Decision – Ambulance Transport Billing Presentation
3. Fire Chief's Report
4. Trustees' Activities
 - a. Monitoring Bond Refinance Opportunities
5. Announcements

ADJOURNMENT

This notice is posted on the door of the Administrative Building of the Sourdough Fire Station, the Rae Fire Station, and the Cottonwood Fire Station, and is 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



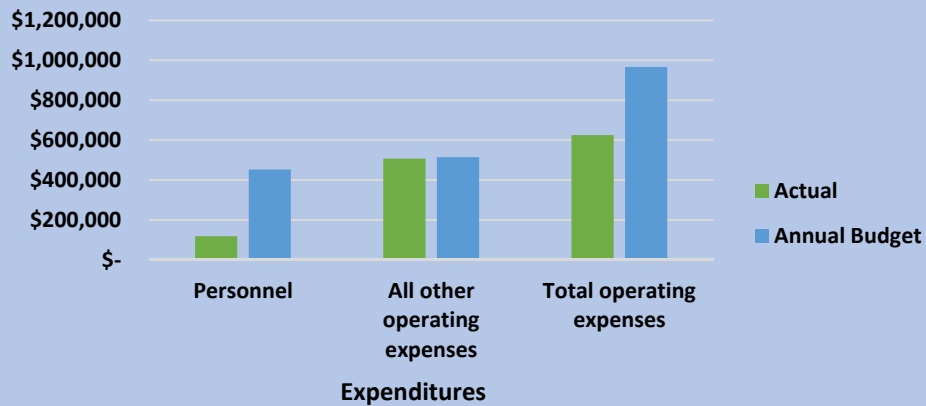
Dashboard for October 2020

At a glance...

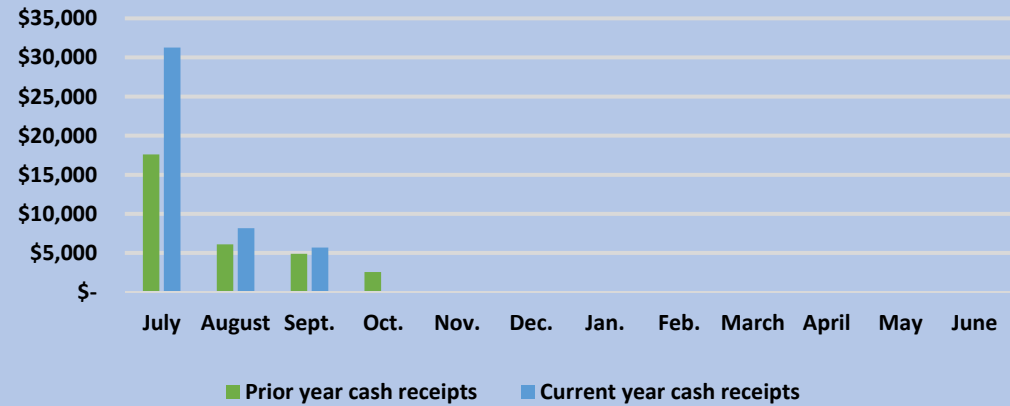
	Current month	Prior year		Calendar YTD
General Fund Cash Balance	\$ 1,035,661	\$ 897,443	Number of Calls	477
Taxes Receivable	\$ 62,726	\$ 1,485,181	Number of Volunteers	45
Short-term payables	\$ -	\$ -	Number of Training Sessions	71
			Number of Training Hours	5,977

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.

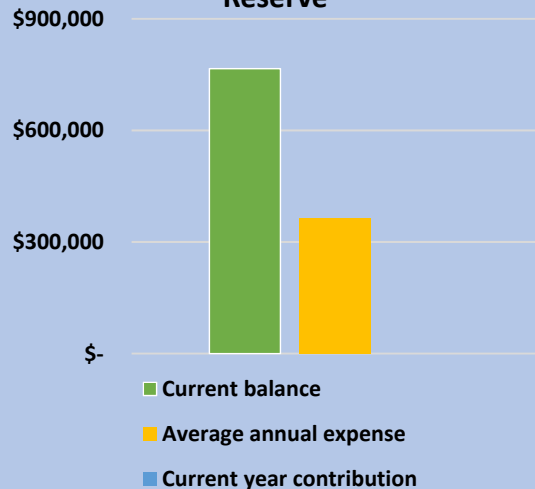
Budgetary Comparisons - for year to date



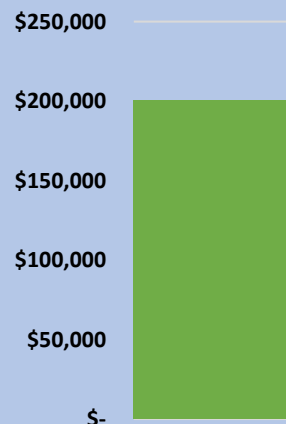
Timing of Cash Receipts



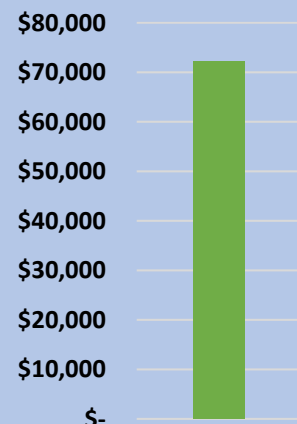
Apparatus and Equipment Reserve



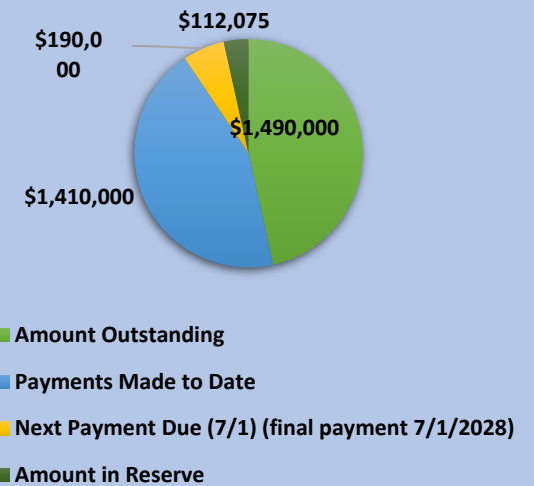
Capital Improvement Reserve



Building Repair/Replacement Reserve



Station Debt



Hyalite Rural Fire District

STATEMENT OF FINANCIAL POSITION

As of October 31, 2020

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	\$2,186,504.83
Accounts Receivable	\$54,558.65
Other Current Assets	\$151,830.30
Total Current Assets	\$2,392,893.78
Fixed Assets	
180000 Capital Assets	
181000 Land	361,201.00
182000 Buildings & Improvements	3,998,808.80
186000 Machinery & Equipment	2,742,548.14
186100 Accumulated Depreciation	(2,912,289.73)
Total 180000 Capital Assets	4,190,268.21
Total Fixed Assets	\$4,190,268.21
TOTAL ASSETS	\$6,583,161.99
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	\$9,332.29
Credit Cards	\$0.00
Other Current Liabilities	\$220,050.65
Total Current Liabilities	\$229,382.94
Long-Term Liabilities	\$1,727,130.02
Total Liabilities	\$1,956,512.96
Equity	
241000 Unrestricted Fund Balance	1,602,609.63
241001 General fixed asset acct group	4,190,268.21
241002 General LT debt account group	(1,824,639.92)
241100 Reserved Fund Balance	
241101 Restricted for Debt Service	112,075.35
241102 Reserved for Capital Reserve	0.00
241103 Capital improvements	200,388.00
241104 Capital replacement	0.00
241105 Apparatus replacement	766,117.03
241106 Building repair/replacement	72,263.20
Total 241104 Capital replacement	838,380.23
Total 241102 Reserved for Capital Reserve	1,038,768.23
Total 241100 Reserved Fund Balance	1,150,843.58
241200 Assigned to vol firefighters	8,218.43
Net Revenue	(500,650.90)
Total Equity	\$4,626,649.03

Hyalite Rural Fire District

STATEMENT OF FINANCIAL POSITION

As of October 31, 2020

	TOTAL
TOTAL LIABILITIES AND EQUITY	\$6,583,161.99

Hyalite Rural Fire District

BUDGET VS. ACTUALS: FY_2020_2021 - FY21 P&L

July - October, 2020 (33.33%)

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Revenue				
310000 Taxes	37,202.13	1,519,758.00	(1,482,555.87)	2.45 %
315000 On-behalf payment from State		86,000.00	(86,000.00)	
316000 Entitlement Share	38,837.57	36,000.00	2,837.57	107.88 %
320000 Firefighter fundraising event	1,619.07	2,500.00	(880.93)	64.76 %
360000 Miscellaneous Revenues	2,055.96	4,000.00	(1,944.04)	51.40 %
365000 Contributions and Donations	41,311.00	500.00	40,811.00	8,262.20 %
370000 Investment Earnings		30,000.00	(30,000.00)	
Total Revenue	\$121,025.73	\$1,678,758.00	\$ (1,557,732.27)	7.21 %
GROSS PROFIT	\$121,025.73	\$1,678,758.00	\$ (1,557,732.27)	7.21 %
Expenditures				
420000 Public Safety Expenses	5,457.10	40,000.00	(34,542.90)	13.64 %
420100 Personnel Services	117,735.95	452,500.00	(334,764.05)	26.02 %
420200 Supplies	11,963.96	32,000.00	(20,036.04)	37.39 %
420220 Meals/Incentives	1,793.33	14,000.00	(12,206.67)	12.81 %
420240 Fuel	4,649.92	36,000.00	(31,350.08)	12.92 %
420310 Election Costs		7,000.00	(7,000.00)	
420320 Professional Subscription/Dues	2,646.49	4,000.00	(1,353.51)	66.16 %
420330 Community Outreach/Education	2,061.64	10,000.00	(7,938.36)	20.62 %
420340 Utility Services	12,128.58	52,000.00	(39,871.42)	23.32 %
420350 Professional Services	14,059.70	40,000.00	(25,940.30)	35.15 %
420390 Firefighter Physicals	1,076.00	15,000.00	(13,924.00)	7.17 %
420400 Training/Travel - Trustees		3,000.00	(3,000.00)	
420420 Facilities	25,806.98	25,000.00	806.98	103.23 %
420500 Insurance	26,145.01	70,000.00	(43,854.99)	37.35 %
420930 Safety Equipment	13,937.67	70,000.00	(56,062.33)	19.91 %
420940 Apparatus	20,487.04	70,000.00	(49,512.96)	29.27 %
420960 Special Projects	16.98		16.98	
420970 Capital outlay	361,710.28	26,000.00	335,710.28	1,391.19 %
490100 Debt Services		246,575.00	(246,575.00)	
669100 Other Charges		500.00	(500.00)	
Total Expenditures	\$621,676.63	\$1,213,575.00	\$ (591,898.37)	51.23 %
NET OPERATING REVENUE	\$ (500,650.90)	\$465,183.00	\$ (965,833.90)	(107.62 %)
NET REVENUE	\$ (500,650.90)	\$465,183.00	\$ (965,833.90)	(107.62 %)

Hyalite Rural Fire District

TRANSACTION LIST BY VENDOR

October 2020

DATE	TRANSACTION TYPE	NUM	POSTING	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
Amazon						
10/09/2020	Credit Card Expenditure		Yes	iPad case	210580 Costco Citi Card - Prato 2005	23.39
10/14/2020	Credit Card Expenditure		Yes	vehicle extrication - sawzall blades	210570 Costco Citi Card-Nickolay 7029	439.92
American Red Cross						
10/09/2020	Credit Card Expenditure		Yes	missing receipt	210560 Costco Citi Card-Eaton 2172	210.00
Anderson ZurMuehlen						
10/16/2020	Bill	399168/142167.700	Yes	Hubdoc - 145170256 - INV399168/142167.700	202100 Accounts Payable	1,300.00
10/20/2020	Bill Payment (Check)	7803284	Yes	142167.700	101000 Cash/Investments:General Fund	-1,300.00
Best Rate Diesel Repair Inc.						
10/05/2020	Bill Payment (Check)	7803267	Yes		101000 Cash/Investments:General Fund	-2,039.05
10/20/2020	Bill Payment (Check)	7803285	Yes		101000 Cash/Investments:General Fund	-12,289.92
Big Sky Fire Equipment						
10/05/2020	Bill Payment (Check)	7803268	Yes		101000 Cash/Investments:General Fund	-3,132.06
10/30/2020	Bill	0500342	Yes	Hubdoc - 147665829 - INV0500342	202100 Accounts Payable	203.60
BlueCross BlueShield of Montana						
10/01/2020	Bill	X6A680/10.1.20	Yes	Hubdoc - 139831551 - INVX6A680/10.1.20	202100 Accounts Payable	4,115.39
10/20/2020	Bill Payment (Check)	7803286	Yes		101000 Cash/Investments:General Fund	-3,498.08
Bozeman Chronicle						
10/20/2020	Bill Payment (Check)	7803287	Yes	347411	101000 Cash/Investments:General Fund	-224.28
Budget Blinds						
10/28/2020	Bill	2125	Yes	Hubdoc - 147665828 - INV2125	202100 Accounts Payable	1,731.00
Build-Your-Own Happiness						
10/07/2020	Credit Card Expenditure		Yes	training	210560 Costco Citi Card-Eaton 2172	274.50
10/14/2020	Credit Card Expenditure		Yes	training	210560 Costco Citi Card-Eaton 2172	236.25
Burger King						
10/10/2020	Credit Card Expenditure		Yes	Food for FF2 testing	210570 Costco Citi Card-Nickolay 7029	8.48
Century Link						
10/01/2020	Bill	4066024041528B/10.1	Yes	Hubdoc - 145170259 - INV4066024041528B/10.1	202100 Accounts Payable	132.98
10/04/2020	Bill	4065876270585B/10.4	Yes	Hubdoc - 145170262 - INV4065876270585B/10.4	202100 Accounts Payable	45.32
10/10/2020	Bill	4065874149951B/10.10	Yes	Hubdoc - 145170276 - INV4065874149951B/10.10	202100 Accounts Payable	90.53
10/20/2020	Bill Payment (Check)	7803288	Yes		101000 Cash/Investments:General Fund	-268.83
Charter Communications						
10/09/2020	Bill	0672244100920	Yes	Hubdoc - 145170264 - INV0672244100920	202100 Accounts Payable	284.75
10/20/2020	Bill Payment (Check)	7803289	Yes	8313200110672244	101000 Cash/Investments:General Fund	-284.75
Citi Card						
10/16/2020	Bill		Yes	Hubdoc - 145170286	202100 Accounts Payable	5,796.05
10/20/2020	Bill Payment (Check)	7803290	Yes		101000 Cash/Investments:General Fund	-5,796.05
Delta Dental						
10/01/2020	Bill	17272-51213/9.25.20	Yes	Hubdoc - 137491652 - INV17272-51213/9.25.20	202100 Accounts Payable	175.28
10/05/2020	Bill Payment (Check)	7803269	Yes		101000 Cash/Investments:General Fund	-175.28
DirectTV						
10/13/2020	Bill	029404001X201013	Yes	Hubdoc - 145170263 - INV029404001X201013	202100 Accounts Payable	167.99
10/20/2020	Bill Payment (Check)	7803291	Yes	029404001	101000 Cash/Investments:General Fund	-167.99
Emergency Reporting						
10/30/2020	Bill	202019607	Yes	Hubdoc - 147665825 - INV202019607	202100 Accounts Payable	500.00
Fire Suppression Systems						
10/20/2020	Bill Payment (Check)	7803292	Yes	HYA004	101000 Cash/Investments:General Fund	-715.00
Firehouse Subs						
10/10/2020	Credit Card Expenditure		Yes	recruit training	210560 Costco Citi Card-Eaton 2172	158.83

Hyalite Rural Fire District

TRANSACTION LIST BY VENDOR

October 2020

DATE	TRANSACTION TYPE	NUM	POSTING	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
FURS						
10/09/2020	Check	ERIC	Yes		101000 Cash/Investments:General Fund	-5,196.13
General Distributing Co.						
10/20/2020	Bill Payment (Check)	7803293	Yes	56625	101000 Cash/Investments:General Fund	-239.17
Grantree Conoco						
10/11/2020	Credit Card Expenditure		Yes	E-6-2	210100 Conoco	35.83
Grass Monkey Lawn Care						
10/01/2020	Bill	89	Yes	Hubdoc - 145170258 - INV89	202100 Accounts Payable	555.00
10/20/2020	Bill Payment (Check)	7803294	Yes		101000 Cash/Investments:General Fund	-555.00
Heiman Fire Equipment						
10/20/2020	Bill Payment (Check)	7803295	Yes		101000 Cash/Investments:General Fund	-59.20
10/21/2020	Bill	0892902-IN	Yes	Hubdoc - 147665819 - INV0892902-IN	202100 Accounts Payable	163.65
House of Clean						
10/05/2020	Bill Payment (Check)	7803270	Yes		101000 Cash/Investments:General Fund	-118.21
J&H INC						
10/05/2020	Bill Payment (Check)	7803271	Yes	13753	101000 Cash/Investments:General Fund	-176.36
10/26/2020	Bill	594722	Yes	Hubdoc - 147665826 - INV594722	202100 Accounts Payable	132.32
Kenyon Noble						
10/05/2020	Bill Payment (Check)	7803272	Yes		101000 Cash/Investments:General Fund	-384.42
10/25/2020	Bill	789918-000/10.25.20	Yes	Hubdoc - 147665926 - INV789918-000/10.25.20	202100 Accounts Payable	648.75
L.N. Curtis and Sons						
10/09/2020	Bill	INV430513	Yes	Hubdoc - 145170255 - INVINV430513	202100 Accounts Payable	399.00
10/20/2020	Bill Payment (Check)	7803296	Yes		101000 Cash/Investments:General Fund	-399.00
Mama Macs Bakery						
10/04/2020	Credit Card Expenditure		Yes	recruit training	210560 Costco Citi Card-Eaton 2172	202.00
Michael Buffington						
10/20/2020	Bill	10.20.20	Yes	Hubdoc - 145182012 - INV10.20.20	202100 Accounts Payable	209.70
10/20/2020	Bill Payment (Check)	7803297	Yes		101000 Cash/Investments:General Fund	-209.70
Montana Dept. of Revenue						
10/12/2020	Check	FIB e-Pay	Yes	6442692-002-WTH	101000 Cash/Investments:General Fund	-1,377.00
Montana Firemen's Association						
10/09/2020	Check	7803282	Yes		101000 Cash/Investments:General Fund	-207.35
Montana Party Rentals						
10/09/2020	Credit Card Credit		Yes	refund of deposit	210580 Costco Citi Card - Prato 2005	-150.00
Montana State Fund						
10/16/2020	Bill	12986970	Yes	Hubdoc - 147665823 - INV12986970	202100 Accounts Payable	3,201.11
Montana State University						
10/23/2020	Bill	161-99	Yes	Hubdoc - 147665816 - INV161-99	202100 Accounts Payable	95.00
10/26/2020	Vendor Credit		Yes		202100 Accounts Payable	-95.00
10/26/2020	Bill Payment (Check)		Yes			0.00
NAPA Auto Parts						
10/20/2020	Bill Payment (Check)	7803298	Yes	12342	101000 Cash/Investments:General Fund	-62.45
Northwestern Energy						
10/09/2020	Bill	0180737-9/10.9.20	Yes	Hubdoc - 145170273 - INV0180737-9/10.9.20	202100 Accounts Payable	131.46
10/09/2020	Bill	3252724-4/10.9.20	Yes	Hubdoc - 145170272 - INV3252724-4/10.9.20	202100 Accounts Payable	73.26
10/09/2020	Bill	3091809-8/10.9.20	Yes	Hubdoc - 145170267 - INV3091809-8/10.9.20	202100 Accounts Payable	765.10
10/12/2020	Bill	1196979-7/10.12.20	Yes	Hubdoc - 145170271 - INV1196979-7/10.12.20	202100 Accounts Payable	452.26
10/12/2020	Bill	0180089-5/10.12.20	Yes	Hubdoc - 145170270 - INV0180089-5/10.12.20	202100 Accounts Payable	54.07
10/20/2020	Bill Payment (Check)	7803299	Yes		101000 Cash/Investments:General Fund	-1,476.15

Hyalite Rural Fire District

TRANSACTION LIST BY VENDOR

October 2020

DATE	TRANSACTION TYPE	NUM	POSTING	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
Owenhouse-Ace Hardware						
10/05/2020	Bill Payment (Check)	7803273	Yes		101000 Cash/Investments:General Fund	-338.06
10/27/2020	Bill	191619/10.24.20	Yes	Hubdoc - 147665936 - INV191619/10.24.20	202100 Accounts Payable	201.18
PARTS FPS						
10/07/2020	Credit Card Expenditure		Yes	missing receipt - keys for bathroom @ sourdough	210580 Costco Citi Card - Prato 2005	36.14
People Facts						
10/01/2020	Bill	2020091031	Yes	Hubdoc - 142262619 - INV2020091031	202100 Accounts Payable	221.68
10/05/2020	Bill Payment (Check)	7803274	Yes		101000 Cash/Investments:General Fund	-221.68
PERS						
10/09/2020	Check	ERIC	Yes		101000 Cash/Investments:General Fund	-580.28
Radioshack of Bozeman						
10/09/2020	Credit Card Expenditure		Yes	missing receipt	210560 Costco Citi Card-Eaton 2172	19.99
RAE Water						
10/05/2020	Bill Payment (Check)	7803275	Yes		101000 Cash/Investments:General Fund	-128.79
10/23/2020	Bill	FIRE-00/GH 5370-00	Yes	Hubdoc - 147665820 - INVFIRE-00/GH 5370-00	202100 Accounts Payable	128.79
Republic Services						
10/05/2020	Bill Payment (Check)	7803276	Yes		101000 Cash/Investments:General Fund	-433.88
10/28/2020	Bill	0886-001622564	Yes	Hubdoc - 147665817 - INV0886-001622564	202100 Accounts Payable	284.33
10/28/2020	Bill	0886-001621817	Yes	Hubdoc - 147665824 - INV0886-001621817	202100 Accounts Payable	375.03
Rosas Pizza						
10/02/2020	Credit Card Expenditure		Yes	pancake breakfast setup	210560 Costco Citi Card-Eaton 2172	149.00
Rosauers						
10/02/2020	Credit Card Expenditure		Yes	pancake breakfast	210560 Costco Citi Card-Eaton 2172	27.93
10/06/2020	Credit Card Expenditure		Yes	cookies for board meeting	210570 Costco Citi Card-Nickolay 7029	17.47
10/11/2020	Bill	10112020	Yes	Hubdoc - 145170260 - INV10112020	202100 Accounts Payable	1,356.15
10/20/2020	Bill Payment (Check)	7803300	Yes		101000 Cash/Investments:General Fund	-1,356.15
Sammy Saunders						
10/02/2020	Bill	10.2.20	Yes	Hubdoc - 142262633 - INV10.2.20	202100 Accounts Payable	226.95
10/05/2020	Bill Payment (Check)	7803277	Yes		101000 Cash/Investments:General Fund	-226.95
Sidewinders						
10/11/2020	Credit Card Expenditure		Yes	extrication training	210570 Costco Citi Card-Nickolay 7029	47.75
Sign Solutions						
10/05/2020	Bill Payment (Check)	7803278	Yes		101000 Cash/Investments:General Fund	-21.79
Tangaro & Company CPAs						
10/27/2020	Bill	2017	Yes	Hubdoc - 147665808 - INV2017	202100 Accounts Payable	4,900.00
Town Pump						
10/01/2020	Credit Card Expenditure		Yes	E-6-2	210100 Conoco	20.16
10/03/2020	Credit Card Expenditure		Yes	C-6	210100 Conoco	22.04
10/05/2020	Credit Card Expenditure		Yes	C-6-2	210100 Conoco	56.20
10/10/2020	Credit Card Expenditure		Yes	water and ice for FF2 testing	210570 Costco Citi Card-Nickolay 7029	15.48
10/10/2020	Credit Card Expenditure		Yes	E-6	210100 Conoco	31.65
10/10/2020	Credit Card Expenditure		Yes	R-6	210100 Conoco	16.18
10/12/2020	Credit Card Expenditure		Yes	WT-6	210100 Conoco	67.88
10/15/2020	Credit Card Expenditure		Yes	R-6	210100 Conoco	22.25
10/21/2020	Credit Card Expenditure		Yes	R-6	210100 Conoco	19.08
10/21/2020	Credit Card Expenditure		Yes	E-6-2	210100 Conoco	33.27
10/22/2020	Credit Card Expenditure		Yes	E-6-2	210100 Conoco	31.18
Unemployment Insurance Division						
10/30/2020	Bill Payment (Check)	7803283	Yes		101000 Cash/Investments:General Fund	-107.30
United States Treasury						
10/12/2020	Check	FIB e-Pay	Yes	81-2360037	101000 Cash/Investments:General Fund	-3,537.34

Hyalite Rural Fire District

TRANSACTION LIST BY VENDOR

October 2020

DATE	TRANSACTION TYPE	NUM	POSTING	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
Verizon						
10/05/2020	Bill Payment (Check)	7803279	Yes		101000 Cash/Investments:General Fund	-355.60
10/23/2020	Bill	9865601371	Yes	Hubdoc - 147943876 - INV9865601371	202100 Accounts Payable	356.03
Wex Bank						
10/05/2020	Bill Payment (Check)	7803280	Yes	0203-00-109722-9	101000 Cash/Investments:General Fund	-615.35
10/23/2020	Bill	68185405/10.23.20	Yes	Hubdoc - 148475876 - INV68185405/10.23.20	202100 Accounts Payable	542.11
Whalen Tire Bozeman						
10/05/2020	Bill Payment (Check)	7803281	Yes		101000 Cash/Investments:General Fund	-27.14

Hyalite Rural Fire District

CHECK DETAIL

October 2020

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
100000	Cash/Investments					
101000	General Fund					
10/05/2020	Bill Payment (Check)	7803267	Best Rate Diesel Repair Inc.			-2,039.05
10/05/2020	Bill Payment (Check)	7803268	Big Sky Fire Equipment			-3,132.06
10/05/2020	Bill Payment (Check)	7803269	Delta Dental			-175.28
10/05/2020	Bill Payment (Check)	7803270	House of Clean			-118.21
10/05/2020	Bill Payment (Check)	7803271	J&H INC	13753		-176.36
10/05/2020	Bill Payment (Check)	7803272	Kenyon Noble			-384.42
10/05/2020	Bill Payment (Check)	7803273	Owenhouse-Ace Hardware			-338.06
10/05/2020	Bill Payment (Check)	7803274	People Facts			-221.68
10/05/2020	Bill Payment (Check)	7803275	RAE Water			-128.79
10/05/2020	Bill Payment (Check)	7803276	Republic Services			-433.88
10/05/2020	Bill Payment (Check)	7803277	Sammy Saunders			-226.95
10/05/2020	Bill Payment (Check)	7803278	Sign Solutions			-21.79
10/05/2020	Bill Payment (Check)	7803279	Verizon			-355.60
10/05/2020	Bill Payment (Check)	7803280	Wex Bank	0203-00-109722-9		-615.35
10/05/2020	Bill Payment (Check)	7803281	Whalen Tire Bozeman			-27.14
10/09/2020	Check	7803282	Montana Firemen's Association	Montana Firemen's Association		-207.35
10/09/2020	Check	ERIC	FURS	FURS-Employee		-5,196.13
				FURS-Employer		-2,218.62
						-2,977.51
10/09/2020	Check	ERIC	PERS	PERS-Employee		-580.28
				PERS-Employer		-275.00
						-305.28
10/12/2020	Check	FIB e-Pay	Montana Dept. of Revenue	6442692-002-WTH		-1,377.00
				MT - Withholding		-1,377.00
10/12/2020	Check	FIB e-Pay	United States Treasury	81-2360037		-3,537.34
				Federal Withholding		-2,683.00
				Medicare Company		-427.17
				Medicare Employee		-427.17
10/20/2020	Bill Payment (Check)	7803284	Anderson ZurMuehlen	142167.700		-1,300.00
10/20/2020	Bill Payment (Check)	7803285	Best Rate Diesel Repair Inc.			-12,289.92
10/20/2020	Bill Payment (Check)	7803286	BlueCross BlueShield of Montana			-3,498.08
10/20/2020	Bill Payment (Check)	7803287	Bozeman Chronicle	347411		-224.28
10/20/2020	Bill Payment (Check)	7803288	Century Link			-268.83
10/20/2020	Bill Payment (Check)	7803289	Charter Communications	8313200110672244		-284.75

Hyalite Rural Fire District

CHECK DETAIL

October 2020

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
10/20/2020	Bill Payment (Check)	7803290	Citi Card			-5,796.05
10/20/2020	Bill Payment (Check)	7803291	DirectTV	029404001		-167.99
10/20/2020	Bill Payment (Check)	7803292	Fire Suppression Systems	HYA004		-715.00
10/20/2020	Bill Payment (Check)	7803293	General Distributing Co.	56625		-239.17
10/20/2020	Bill Payment (Check)	7803294	Grass Monkey Lawn Care			-555.00
10/20/2020	Bill Payment (Check)	7803295	Heiman Fire Equipment			-59.20
10/20/2020	Bill Payment (Check)	7803296	L.N. Curtis and Sons			-399.00
10/20/2020	Bill Payment (Check)	7803297	Michael Buffington			-209.70
10/20/2020	Bill Payment (Check)	7803298	NAPA Auto Parts	12342		-62.45
10/20/2020	Bill Payment (Check)	7803299	Northwestern Energy			-1,476.15
10/20/2020	Bill Payment (Check)	7803300	Rosauers			-1,356.15
10/30/2020	Bill Payment (Check)	7803283	Unemployment Insurance Division			-107.30

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

DATE: OCTOBER 20, 2020

TIME: 7:00 p.m.

LOCATION: Sourdough Fire Station, 4541 S. 3rd Rd., Bozeman, MT

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
Justin Miller
Nick Shrauger
Walt Zidack
Jason Jarrett

STAFF IN ATTENDANCE:

Jason Revisky, Fire Chief
Brian Nickolay, Assistant Fire Chief
Sheryl Wyman, Administrative Assistant

PUBLIC IN ATTENDANCE:

Pat Wilson
Steve White
Alice Siebecker
Alan Harper
Colin Rose, Volunteer Firefighter
Conner Killeen, Volunteer Firefighter
Alex Phillips, Volunteer Firefighter
Michael Hilbert, Volunteer Firefighter
Michael Buffington, Volunteer Firefighter

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. Chair Geddes asked for any public comment on non-agenda items. None given. Chair Geddes reads a letter recognizing Chief Jason Revisky for his 20 consecutive years of National EMT Certification.
0:02:59	HYALITE CONSENT AGENDA Chair Geddes asked if there were any requests to remove items from the Consent Agenda.

	<p>Trustee Zidack makes a clarification from the last meeting regarding the capital replacement fund.</p> <p>Chair Geddes asks for more board discussion comment on the Consent Agenda – None given.</p> <p>Motion: Chair Geddes made the motion to approve consent agenda as presented. Trustee Miller seconded the motion.</p> <p>Vote: Jarrett-Yes; Zidack-Yes; Shrauger-Yes; Miller-Yes; Geddes-Yes. Unanimous approval.</p> <p><i>[See October 20, 2020 Board Packet for Consent Agenda items approved.]</i></p>
	<p>REGULAR AGENDA</p>
0:04:45	<p>Discussion and Decision – Ambulance Transport</p> <p>Chair Geddes provides summary of past meeting discussions. Chief Revisky states he has no new points to provide.</p> <p>Chair Geddes asks for board discussion. None given.</p> <p>Chair Geddes asks for public comment. Steve White, community member and on the ambulance committee. Mr. White thanks the board for allowing him to be involved in the project. Mr. White makes points and asks that they be incorporated into the decision. His first point is that this model of positive revenue will only work with volunteers. The positive revenue will evaporate if the need to hire EMTs occurs. See Attachment A for his considerations.</p> <p>Community member Alice Siebecker comments she thinks this is a great opportunity. Great for both the patients who are going to be transported but also great for the first responders and EMTs. She relates an excellent experience her neighbor’s parents received on a call.</p> <p>Chair Geddes asks for more public comment. None given.</p> <p>Trustee Zidack makes comments. He feels given the limited resources this is a great path to follow and supports the proposal.</p> <p>Chair Geddes asks for more board discussion. None given.</p> <p>Motion: Trustee Jarrett made a motion to accept the Chief’s proposal for on an intro ambulance transport process to be re-evaluated in a year.</p> <p>Chair Geddes asks for any board discussion on the motion. None given. Chair Geddes asks for any public comment on the motion. None given.</p> <p>Second: Trustee Miller seconded the motion.</p> <p>Vote: Jarrett-Yes; Zidack-Yes; Shrauger-Yes; Miller-Yes; Geddes-Yes-Unanimous approval.</p> <p>Chief Revisky asks for clarification from the board to be able to move forward with an RFP to replace the ambulance. Discussion was held to amend the motion. Chair Geddes makes a motion to amend the motion to provide direction for the Chief to proceed with a request for proposals for replacement ambulance.</p>

	<p>Second: Trustee Zidack seconded the motion.</p> <p>Chair Geddes asks for public comment on the motion. None given.</p> <p>Chair Geddes asks for board discussion on the motion. Trustee Shrauger requests clarification on the replacement of the ambulance. Chief Revisky states he always brings to the board before he makes any capital expenditures.</p> <p>A Second Motion is made by Trustee Zidack to provide the Chief to pursue and RFP for an ambulance.</p> <p>Chair Geddes asks for any public comment on the motion. None given. Chair Geddes asks for any board discussion on the motion. Trustee Zidack makes comments and provides some historical reference on providing direction to staff for capital replacement.</p> <p>Second: Trustee Miller seconded the motion.</p> <p>Vote: Jarrett-Yes; Zidack-Yes; Shrauger-Yes; Miller-Yes; Geddes-Yes-Unanimous approval.</p>
0:22:17	<p>Discussion – CARES Act Reimbursement</p> <p>Administrative Assistant Wyman reports that under the CARES Act HRFD can be reimbursed for personnel costs of the Fire Chief, Assistant Fire Chief, and Maintenance Captain. A request was also made to reimburse the conference speakerphone and the monthly board meetings call in service. The total amount to be reimbursed is \$104,421.75 and the amount received to date is \$45,617.54.</p> <p>Chair Geddes asks for any public comment. None given. Chair Geddes asks for any board discussion. None given.</p> <p><i>[See Attachment B for Letter from Public Health Department]</i></p>
0:23:21	<p>Discussion – Audit 2020</p> <p>Administrative Assistant Wyman states the 2020 audit is currently underway by Sydni Tangaro with Tangaro and Company. The field work portion is currently in progress this week. Both Brian and I have been interviewed. A board member will be contacted soon.</p> <p>Chair Geddes asks for any public comment. None given. Chair Geddes asks for any board discussion. Trustee Zidack advises we had already requested their services.</p> <p><i>[See Attachment C for Engagement Letter from Tangaro and Company]</i></p>
0:24:29	<p>Discussion and Decision – Capital Replacement Fund Allocation for New Radios</p> <p>Chief Revisky provides information regarding the request. If the county puts in a combined order, Motorola will give a 48% discount off of government pricing. Chief Revisky is asking the board to authorize a not to exceed \$350,000 for the replacement of radios. The capital replacement plan had budgeted \$660,000 for replacement of the radios so well below budget.</p>

	<p>Chair Geddes asks for board discussion.</p> <p>Chair Geddes inquires what other entities are replacing their radios. Chief Revisky details the other fire districts involved. Trustee Zidack asks questions. Alan Harper provides information.</p> <p>Chair Geddes asks for any public comment. Alan Harper provides information regarding advantages and disadvantages of radio systems. Chair Geddes points out this will be an improvement for the county communication systems overall.</p> <p>Chair Geddes asks for any board discussion. None given.</p> <p>Motion: Trustee Miller made a motion to accept the do not exceed \$350,000 to replace the radios.</p> <p>Chair Geddes asks for any board discussion on the motion. None given. Chair Geddes asks for any public comment on the motion. None given.</p> <p>Second: Trustee Jarrett seconded the motion.</p> <p>Vote: Jarrett-Yes; Zidack-Yes; Shrauger-Yes; Miller-Yes; Geddes-Yes-Unanimous approval.</p>
0:34:24	<p>Fire Chief's Report</p> <p>Chair Geddes asks for any board questions on the Chief's report. Chair Geddes asks for an update on the COVID situation. Chief Revisky advises we have had our first case with a volunteer recruit. The exposure was very small with the department and we are working with the health department. The exposure was not through going on calls, but rather social interaction.</p> <p>The Pancake Breakfast went very well. The attendance was about half of what we usually see.</p> <p>Chair Geddes asks for board questions for the Chief. Trustee Shrauger asks that the number of calls listed in the Fire Chief's Report be broke out to type. This will be done for future Chief's Report. Chair Geddes makes clarifications.</p> <p>Trustee Zidack asks about having someone come in to discuss ambulance billing. A representative from Pintler Billing will be added to the November agenda for a presentation.</p> <p><i>[See Attachment D for Fire Chief's Report]</i></p>
0:40:43	<p>Trustees' Activities</p> <p>None</p>
0:40:58	<p>Announcements</p> <ul style="list-style-type: none"> Next board meeting will be held November 17, 2020.
0:41:26	<p>ADJOURNMENT</p>

Ambulance Program Considerations - Steve White

- Establish and maintain the program as an 'Enterprise' function
- Establish a budget
- Try to use the charge amounts as projected in spreadsheet
- Maintain a operation log
- Maintain log of repairs and maintenance
- Keep track of supplies used
- Maintain tight control over the Capital Reserve amount
- Develop a policy to use surplus to pay for training, etc
- Develop a reporting template for quarterly board reports
-



A RESOURCE FOR HEALTHY LIVING FROM THE
GALLATIN CITY-COUNTY HEALTH DEPARTMENT

HUMAN SERVICES • 406.582.3100, hs@gallatin.mt.gov
ENVIRONMENTAL HEALTH • 406.582.3120, ehs@gallatin.mt.gov
WIC • 406.582.3115, wic@gallatin.mt.gov

healthygallatin.org

Date: 9/22/2020 10:37 AM
To: Jamie Grabinski, Grants Coordinator, Gallatin County
From: Keith Wilson, Finance Officer, GCCHD
Subject: MT CRF LGS #3 HRFD

I have reviewed the documentation submitted by Hyalite Rural Fire District for costs incurred from March 12 – August 29, 2020 and have found HRFD eligible for reimbursement under the MT CRF Local Government Reimbursement Program for \$104,421.75.

Non-personnel costs	\$1,074.36
FY2020 Personnel Costs, presumptively eligible	\$52,599.67
FY2021 Personnel Costs, presumptively eligible	\$50,747.72
	<u>\$104,421.75</u>

FY2020 Personnel Costs for presumptively eligible employees included hours worked from 3/12/2020 – 06/27/2020. Costs disallowed for this period totaled \$6,602.97 in paid time off.

FY2021 Personnel Costs included hours worked from 06/28/2020 – 08/29/2020. Costs disallowed for this period totaled \$5,138.46 in paid time off.

I recommend including \$104,421.75 of HRFD costs in Gallatin County's MT CRF LGS Submission #3.



KEITH WILSON, CGFM / Finance Officer

GALLATIN CITY-COUNTY HEALTH DEPARTMENT

P 406 582 3103 / F 406 582 3112 / E keith.wilson@gallatin.mt.gov



September 24, 2020

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

We are engaged to audit the financial statements of the governmental activities and each major fund of the Hyalite Rural Fire District for the year ended June 30, 2020. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated June 7, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of Hyalite Rural Fire District. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of Hyalite Rural Fire District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability, and the schedule of contributions, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

September 24, 2020
To the Board of Trustees
Hyalite Rural Fire District
Page 2

Planned Scope, Timing of the Audit, and Other (Continued)

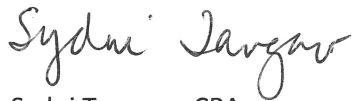
Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately September 28, 2020 and issue our report no later than December 31, 2020. Sydni Tangaro is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of Board of Trustees and management of Hyalite Rural Fire District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

TANGARO & COMPANY CPAS, PLLC



By: Sydni Tangaro, CPA

Hyalite Rural Fire District

Fire Chief's Report

October 2020

Prepared by: Fire Chief Jason Revisky

1. The Hyalite Fire Department has responded to 426 calls in 2020 (as of 10/01/2020).
2. Our current roster is at 50 members (effective 10/01/2020).
3. We currently have 8 resident firefighters living at the Sourdough Fire Station.
4. We had re-instated staffing at the Cottonwood Fire Station but due to COVID-19 concerns staffing has again been suspended at the Cottonwood Fire Station.
5. We still have 3 resident renters at the Rae house.
6. We have experienced no firefighter injuries or significant mechanical breakdowns in the last month.
7. The Recruit Academy is going well and about half way completed.
8. The Pancake Breakfast was a great success. The volunteer firefighters received over \$1,500 in donations.

Consent Agenda End

[Date]

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

We have audited the financial statements of the governmental activities and the major funds of Hyalite Rural Fire District (the District) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 24, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Net pension liability and the related deferred inflows and deferred outflows of resources are based on the audited pension schedules of the Montana Public Employee Retirement Administration.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

[Date]
Hyalite Rural Fire District
Page two

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The attached schedule of proposed audit adjustments includes material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated [Date].

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

[Date]
Hyalite Rural Fire District
Page three

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Hyalite Rural Fire District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

DRAFT

Hyalite Rural Fire District: GOVERNMENT WIDE

Year End: June 30, 2020

Adjusting journal entries (Proposed Audit Adjustments)

Date: 7/1/2019 To 6/30/2020

Prepared by	Reviewed by
ST 10/21/2020	

GAC 1. 2

Number	Date	Name	Account No	Reference	Debit	Credit
AJE.01	6/30/2020	Prepaid Expenditures	120010 01	AA 3. 2		26,614.00
AJE.01	6/30/2020	Accounts Payable	202100 01	AA 3. 2	26,614.00	
Proposed audit adjustment for solar project - commitment only at 6/30/20; no prepaid at 6/30/20 as it was paid on 7/1/20.						
AJE.02	6/30/2020	Accounts Receivable	110000 01	10. 3		41,000.00
AJE.02	6/30/2020	Contributions and Donations - other	365000 01	10. 3	41,000.00	
Proposed audit adjustment for the Northwestern Energy grant for the solar project. Grant agreement signed in October 2020. Solar project a commitment only at 6/30/20.						
AJE.03	6/30/2020	Accounts Receivable	110000 01	10. 4. 1	45,617.54	
AJE.03	6/30/2020	Other Misc Revenue	362011 01	10. 4. 1		45,617.54
Proposed audit adjustment for CARES Act grant reimbursement received in September 2020 for FY 20 costs.						
					113,231.54	113,231.54

Net Income (Loss) 532,437.75

Hyalite Rural Fire District: GOVERNMENT WIDE

Year End: June 30, 2020

Unrecorded journal entries

Date: 7/1/2019 To 6/30/2020

Prepared by	Reviewed by
ST 10/21/2020	

GAC 1. 5

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit
PAJE.01	6/30/2020	Deferred Inflows - property taxes	205000 01	GG 2			3,715.99
PAJE.01	6/30/2020	Real Property Taxes	311010 01	GG 2		3,715.99	
To record passed adjustment of deferred property taxes for actual amounts received in August vs. estimated amount.							
PAJE.02	6/30/2020	Prepaid insurance	120000 01	AA 2		4,115.39	
PAJE.02	6/30/2020	Accounts Payable	202100 01	AA 2			4,115.39
Prepaid health insurance is a negative balance in Accounts Payable							
						7,831.38	7,831.38
			Net Income (Loss)	528,721.76			

Regular Agenda Item 1

Audit Report and Correspondence

HYALITE RURAL FIRE DISTRICT

FINANCIAL REPORT

June 30, 2020

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, 2020, 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, 2020, 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 7 and 41 through 48 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]

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

HYALITE RURAL FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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, 2020. 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 (CONTINUED)

June 30, 2020

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

The following is a schedule of net position:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 2,834,824	\$ 2,187,852	\$ 646,972
Capital assets, net	3,928,349	4,229,270	(300,921)
Total assets	<u>6,763,173</u>	<u>6,417,122</u>	<u>346,051</u>
Deferred outflows of resources	<u>92,490</u>	<u>100,132</u>	<u>(7,642)</u>
Current liabilities	227,429	223,812	3,617
Long-term liabilities outstanding	<u>1,723,234</u>	<u>1,910,307</u>	<u>(187,073)</u>
Total liabilities	<u>1,950,663</u>	<u>2,134,119</u>	<u>(183,456)</u>
Deferred inflows of resources	<u>6,279</u>	<u>16,946</u>	<u>(10,667)</u>
Net position			
Net investment in capital assets	2,240,004	2,359,914	(119,910)
Restricted	112,075	112,075	-
Unrestricted	<u>2,546,642</u>	<u>1,894,200</u>	<u>652,442</u>
Total net position	<u>\$ 4,898,721</u>	<u>\$ 4,366,189</u>	<u>\$ 532,532</u>

HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2020

The Government as a Whole (Continued)

Net position may serve as a useful indicator of a government's financial position over time. For fiscal year 2020, assets exceeded liabilities by \$4,898,721. A large portion of the District's net position (\$2,240,004) reflects the District's investment in capital assets (e.g. land, buildings and improvements, machinery and equipment, net of depreciation, less any related debt used to acquire those assets that is still outstanding). The District uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position totaling \$112,075 is available for the District to use to meet its debt obligations.

Unrestricted net position totaling \$2,546,642 is available for the District to use in its ongoing obligations to citizens, vendors and creditors.

The following is a schedule of changes in net position:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
General revenues			
Property taxes	\$ 1,477,668	\$ 1,199,049	\$ 278,619
Intergovernmental	123,906	114,245	9,661
Interest	40,084	32,186	7,898
Contributions and donations	1,932	-	1,932
Miscellaneous	85,710	44,664	41,046
Total revenues	<u>1,729,300</u>	<u>1,390,144</u>	<u>339,156</u>
Expenses:			
Public safety	<u>1,196,768</u>	<u>1,092,434</u>	<u>104,334</u>
Total expenses	<u>1,196,768</u>	<u>1,092,434</u>	<u>104,334</u>
Change in net position	532,532	297,710	234,822
Net position, beginning	<u>4,366,189</u>	<u>4,068,479</u>	<u>297,710</u>
Net position, ending	<u>\$ 4,898,721</u>	<u>\$ 4,366,189</u>	<u>\$ 532,532</u>

Net position increased by \$532,532 over the prior year. Public safety expenses comprise all governmental activity expenses in 2020. Public safety expenses increased \$104,334 from the prior year. Most of this increase was due to personnel, supplies, and repair and maintenance expenses.

HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2020

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

For the fiscal year ended June 30, 2020, the combined ending fund balances of the District governmental funds were \$2,761,671. This is an increase of \$649,905 over the prior year ending fund balance.

Of the ending fund balance \$1,729,564 constitutes unassigned fund balance, which is available for current needs. Fund balance of \$900,479 has been committed by the Board for future capital expenditures. \$112,075 of ending fund balance has been restricted for debt service. Ending fund balance of \$19,553 is nonspendable, which represents prepaid expenses.

General Fund

This is the chief operating fund of the District. At the end of the fiscal year 2020, unassigned fund balance was \$1,729,564, nonspendable fund balance was \$19,553, and committed fund balance was \$900,749.

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. At the end of fiscal year 2020, restricted fund balance was \$112,075.

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. See Note 3 to the financial statements for more detailed information on the capital asset activity for the year ended June 30, 2020.

See Note 4 to the financial statements for more detailed information on the long-term debt activity for the year ended June 30, 2020.

Fund Deficits

None.

Excess of Expenditures over Appropriations

Total expenditures were not in excess of the appropriations for the year ended June 30, 2020.

**HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

June 30, 2020

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

FINANCIAL STATEMENTS

DRAFT

HYALITE RURAL FIRE DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

Governmental Activities:

ASSETS

Cash and cash equivalents	\$ 2,689,256
Receivables:	
Property taxes	77,839
Other	48,176
Prepaid expenses	19,553
Capital assets, nondepreciable	361,201
Capital assets depreciable, net	<u>3,567,148</u>
Total assets	<u>6,763,173</u>

DEFERRED OUTFLOWS OF RESOURCES	<u>92,490</u>
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LIABILITIES

Accounts payable	9,516
Accrued liabilities	27,913
Long-term liabilities:	
Due within one year	190,000
Due after one year	<u>1,723,234</u>
Total liabilities	<u>1,950,663</u>

DEFERRED INFLOWS OF RESOURCES	<u>6,279</u>
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NET POSITION

Net investment in capital assets	2,240,004
Restricted for:	
Debt service	112,075
Unrestricted	<u>2,546,642</u>
Total net position	<u>\$ 4,898,721</u>

The Notes to Financial Statements are an integral part of this statement.

HYALITE RURAL FIRE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Governmental Activities:

Expenses:

Public safety - fire protection:

Personnel services	\$ 446,678
Materials and services	362,709
Depreciation	326,417
Interest	60,964
Total program expenses	<u>1,196,768</u>

General revenues:

Property taxes	1,477,668
Intergovernmental	123,906
Interest	40,084
Contributions and donations	1,932
Miscellaneous	85,710
Total general revenues	<u>1,729,300</u>

Change in net position 532,532

Net position, beginning 4,366,189

Net position, ending \$ 4,898,721

The Notes to Financial Statements are an integral part of this statement.

HYALITE RURAL FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,577,181	\$ 112,075	\$ 2,689,256
Receivables:			
Property taxes	77,839	-	77,839
Other	48,176	-	48,176
Prepaid expenses	<u>19,553</u>	<u>-</u>	<u>19,553</u>
Total assets	<u>\$ 2,722,749</u>	<u>\$ 112,075</u>	<u>\$ 2,834,824</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,516	\$ -	\$ 9,516
Accrued liabilities	<u>27,913</u>	<u>-</u>	<u>27,913</u>
Total liabilities	<u>37,429</u>	<u>-</u>	<u>37,429</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>35,724</u>	<u>-</u>	<u>35,724</u>
Total deferred inflows of resources	<u>35,724</u>	<u>-</u>	<u>35,724</u>
Fund balances:			
Nonspendable	19,553	-	19,553
Restricted for:			
Debt service	-	112,075	112,075
Committed for:			
Capital	900,479	-	900,479
Unassigned	<u>1,729,564</u>	<u>-</u>	<u>1,729,564</u>
Total fund balances	<u>2,649,596</u>	<u>112,075</u>	<u>2,761,671</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,722,749</u>	<u>\$ 112,075</u>	<u>\$ 2,834,824</u>

The Notes to Financial Statements are an integral part of this statement.

HYALITE RURAL FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balance, governmental funds \$ 2,761,671

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. 3,928,349

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 92,490
Deferred inflows of resources - pensions (6,279)

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds:

Unavailable property taxes 35,724

Some liabilities, including compensated absences, bonds payable and net pension liability, are not due and payable in the current period and, therefore, are not included in the governmental funds.

(1,913,234)

Net position of governmental activities \$ 4,898,721

HYALITE RURAL FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 1,232,246	\$ 241,975	\$ 1,474,221
Intergovernmental	119,859	-	119,859
Interest	40,084	-	40,084
Contributions and donations	1,932	-	1,932
Miscellaneous	65,710	-	65,710
Total revenues	<u>1,459,831</u>	<u>241,975</u>	<u>1,701,806</u>
Expenditures:			
Public safety - fire protection:			
Personnel services	441,717	-	441,717
Materials and services	362,709	-	362,709
Debt service:			
Principal	-	180,000	180,000
Interest	-	61,975	61,975
Capital outlay	25,500	-	25,500
Total expenditures	<u>829,926</u>	<u>241,975</u>	<u>1,071,901</u>
Excess of revenues over expenditures	629,905	-	629,905
Other financing sources:			
Proceeds from sale of capital assets	20,000	-	20,000
Net change in fund balances	649,905	-	649,905
Fund balances, beginning of the year	<u>1,999,691</u>	<u>112,075</u>	<u>2,111,766</u>
Fund balances, end of the year	<u>\$ 2,649,596</u>	<u>\$ 112,075</u>	<u>\$ 2,761,671</u>

The Notes to Financial Statements are an integral part of this statement.

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, 2020

Net change in fund balances - total governmental funds	\$ 649,905
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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	25,500
Depreciation expense	(326,417)

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

Increase in unavailable property taxes	3,449
State pension aid (on-behalf payment)	4,047

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	180,000
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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	(1,354)
Bond premium amortization	1,011
Adjustment to actuarial pension expense	<u>(3,609)</u>

Change in net position of governmental activities	<u>\$ 532,532</u>
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HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2020, 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, 2020, 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.

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.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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.

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/>.

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 FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Buildings and improvements	7-40 years
Machinery and equipment	3-7 years

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.

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 FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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: nonspendable and spendable. Nonspendable 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.

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 FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the District had the following investment:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Gallatin County External Investment Pool	<u>\$ 2,577,181</u>	<u>\$ 112,075</u>	<u>\$ 2,689,256</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, 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 Federal Deposit Insurance Corporation. Since the District invests in a 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 FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, were as follows:

	Balance June 30, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 361,201	\$ -	\$ -	\$ -	\$ 361,201
Vehicle in process	596,578	-	-	(596,578)	-
Total capital assets not being depreciated	957,779	-	-	(596,578)	361,201
Capital assets being depreciated:					
Buildings and improvements	3,951,563	25,500	-	611,114	4,588,177
Machinery and equipment	1,922,820	-	(116,814)	(14,536)	1,791,470
Total	5,874,383	25,500	(116,814)	596,578	6,379,647
Less accumulated depreciation	(2,602,892)	(326,417)	116,810	-	(2,812,499)
Total capital assets being depreciated, net	3,271,491	(300,917)	(4)	596,578	3,567,148
Capital assets, net	\$ 4,229,270	\$ (300,917)	\$ (4)	\$ -	\$ 3,928,349

Depreciation expense for the year ended June 30, 2020, totaled \$326,417 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, 2020:

	June 30, 2019	Additions	Reductions	June 30, 2020	Amount Due within One Year
Direct placement					
Bonds payable	\$ 1,860,000	\$ -	\$ 180,000	\$ 1,680,000	\$ 190,000
Premium	9,356	-	1,011	8,345	-
Net pension liability	168,194	2,584	-	170,778	-
Compensated absences	52,757	7,336	5,982	54,111	-
Total	\$ 2,090,307	\$ 9,920	\$ 186,993	\$ 1,913,234	\$ 190,000

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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, 2020, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 190,000	\$ 56,575
2022	195,000	50,875
2023	200,000	45,025
2024	205,000	39,025
2025	210,000	32,875
2026-2028	<u>680,000</u>	<u>52,456</u>
	<u>\$ 1,680,000</u>	<u>\$ 276,831</u>

NOTE 5. RETIREMENT PLANS

Firefighters' Unified Retirement System

Summary of Significant Accounting Policies

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

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

Service retirement and monthly benefit formula:

- Hired on or after July 1, 1981, or member has elected to be covered by GABA:
 - 20 years of membership service, regardless of age
 - 2.5% of HAC x years of service credit
- Hired prior to July 1, 1981, and who had not elected to be covered by GABA, the greater of above, or:
 - If membership service is less than 20 years: 2% of the highest monthly compensation (HMC) for each year of service credit, or
 - If membership service is greater or equal to 20 years: 50% of HMC plus 2% of HMC for each year of service credit in excess of 20
- Early retirement: Age 50 with 5 years of membership service - Normal retirement benefit calculated using HAC and service credit

Second retirement:

Applies to retirement system members re-employed in a FURS position on or after July 1, 2017:

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - is not awarded service credit for the period of reemployment;
 - is refunded the accumulated contributions associated with the period of reemployment;
 - starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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

Member's compensation period used in benefit calculation:

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

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

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

Minimum Benefit Adjustment (non-GABA)

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

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions

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

Special Funding

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

Fiscal Year	Member		Employer	State
	Non-GABA	GABA		
1998-2020	9.500%	10.700%	14.360%	32.610%
1997	7.800%		14.360%	32.610%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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, 2019, was determined by taking the results of the June 30, 2018, 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 roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2019, and 2018, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. Due to the existence of the special funding situation, the state is required to report a proportionate share of a local government's collective NPL that is associated with the non-state employer. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$170,778 and the employer's proportionate share was 0.1489%.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Net Pension Liability as of 6/30/2019	Net Pension Liability as of 6/30/2018	Percent of Collective NPL as of 6/30/2019	Percent of Collective NPL as of 6/30/2018*	Change in Percent of Collective NPL
Employer					
Proportionate share	\$ 170,778	\$ 168,194	0.1489%	0.1460%	0.0029%
State of Montana					
Proportionate share					
associated with Employer*	413,027	384,585	0.3600%	0.3339%	0.0261%
Total	<u>\$ 583,805</u>	<u>\$ 552,779</u>	<u>0.5089%</u>	<u>0.4799%</u>	<u>0.0290%</u>

*To be consistent with this year's calculation of the State of Montana Proportionate Share Associated with Employer Percent of Collective NPL, the June 30, 2018 percentage has been recalculated using the actual State percentage presented on the allocation calculation instead of the 100% displayed last year. This does not change the dollar amount of the Net Pension Liability as of June 30, 2018, just the percentage.

Changes in Actuarial Assumptions and Methods

There were no changes in assumptions or other inputs that affected the measurement of the TPL.

Changes in Benefit Terms

There have been no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Pension Expense

At June 30, 2019 measurement date, the employer recognized its proportionate share of the Plan's pension expense of \$44,696. The employer also recognized grant revenue of \$86,044 for the support provided by the State of Montana for the proportionate share of the pension expense that is associated with the employer.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension Expense (Continued)

	Pension Expense as of June 30, 2019	Pension Expense as of June 30, 2018
Employer Proportionate share	\$ 44,696	\$ 33,375
State of Montana Proportionate share associated with Employer	86,044	77,406
Total	<u>\$ 130,740</u>	<u>\$ 110,781</u>

Recognition of Deferred Inflows and Outflows

At June 30, 2019, 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
Differences between actual and expected experience	\$ 15,353	\$ 1,772
Changes in assumptions	12,591	-
Difference between projected and actual earnings on pension plan investments	5,691	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,932	-
Difference between actual and expected contributions	-	-
Contributions paid subsequent to the measurement date FY 2019/2020 contributions	<u>35,730</u>	<u>-</u>
Total	<u>\$ 89,297</u>	<u>\$ 1,772</u>

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Recognition of Deferred Inflows and Outflows (Continued)

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$35,730 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the measurement year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2020	\$ 19,618
2021	8,059
2022	13,443
2023	10,465
Thereafter	210

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions.

Investment Return (net of admin expense)	7.65%
Admin Expense as % of Payroll	0.25%
General Wage Growth *	3.50%
*includes Inflation at	2.75%
Merit Increases	0% to 6.30%
Postretirement Benefit Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January	3.0%
• Members hired on or after July 1, 1997 or those electing GABA	
• Requires 12 full months of retirement before GABA will be made	
2. Minimum Benefit Adjustment (non-GABA)	
• Members with 10 or more years of membership service and member did not elect GABA	The minimum benefit provided should be less than 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a fire fighter.
Mortality:	RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males
• Contributing members, Service Retired Members & beneficiaries	
• Disabled members	RP-2000 Combined Mortality Tables with no projections

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions (Continued)

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. Several factors are considered in evaluating the long-term rate of return assumption 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 (78c & 78f) as of June 30, 2019, are summarized below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic
Cash equivalents	3.0%	4.09%
Domestic equity	36.0%	6.05%
Foreign equity	18.0%	7.01%
Fixed income	23.0%	2.17%
Private equity	12.0%	10.53%
Real estate	8.0%	5.65%
Total	100.0%	

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. The state contributed 32.61% of the salaries paid by employers. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2133. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the employer's sensitivity of the NPL to the discount rate in the table on below. A small change in the discount rate can create a significant change 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	\$ 298,267	\$ 170,778	\$ 67,982

Pension Plan Fiduciary Net Position

The stand-alone financial statements of the Montana Public Employees Retirement Board (PERB) Comprehensive Annual Financial Report (CAFR) and the GASB 68 Report disclose the Plan's 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/index.shtml>.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plan

Plan Description

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

All new members are initially members of the PERS-DBRP and have a 12-month window during which they 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).

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).

Benefits Provided

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

Service retirement:

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

Early retirement:

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

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Member's highest average compensation (HAC)

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

Compensation Cap

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

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Monthly benefit formula

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

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, **inclusive** of 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.

Contributions

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

Special Funding

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

Not Special Funding

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

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

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

Fiscal Year	Member		Local Government	
	Hired before 7/1/2011	Hired after 7/1/2011	Employer	State
2020	7.90%	7.90%	8.67%	0.10%
2019	7.90%	7.90%	8.57%	0.10%
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%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following 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.
 - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

3. Non-Employer Contributions:
 - a. Special Funding
 - i. The state contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The state contributed 0.37% of members' compensation on behalf of school district entities.
 - iii. The state contributed a Statutory Appropriation from the General Fund of \$33,615,000.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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, 2019, was determined by taking the results of the June 30, 2018, 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 roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2019, and 2018, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The State's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$-0- and the employer's proportionate share was 0.000000%.

	Net Pension Liability as of 6/30/2019	Net Pension Liability as of 6/30/2018	Percent of Collective NPL as of 6/30/2019	Percent of Collective NPL as of 6/30/2018*	Change in Percent of Collective NPL
Employer					
Proportionate share	\$ -	\$ -	0.0000%	0.0000%	0.0000%
State of Montana					
Proportionate share					
associated with Employer*	-	-	0.0000%	0.0000%	0.0000%
Total	<u>\$ -</u>	<u>\$ -</u>	<u>0.0000%</u>	<u>0.0027%</u>	<u>0.0000%</u>

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

*To be consistent with this year's calculation of the State of Montana Proportionate Share Associated with Employer Percent of Collective NPL, the June 30, 2018 percentage has been recalculated using the actual State percentage presented on the allocation calculation instead of the 100% displayed last year. This does not change the dollar amount of the Net Pension Liability as of June 30, 2018, just the percentage.

Changes in Actuarial Assumptions and Methods

There were no changes in assumptions or other inputs that affected the measurement of the TPL.

Changes in Benefit Terms

There have been no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Pension Expense

At June 30, 2019, the employer recognized \$(9,472) for its proportionate share of the Plan's pension expense and recognized grant revenue of \$-0- for the State of Montana proportionate share of the pension expense associated with the employer. Additionally, the employer recognized grant revenue of \$-0- from the State Statutory Appropriation from the General Fund. (Two years of pension expense are documented in the table below but are not necessary for the employer's disclosures.)

	Pension Expense as of June 30, 2019	Pension Expense as of June 30, 2018
Employer Proportionate share	\$ (9,472)	\$ 282
State of Montana Proportionate share associated with Employer	-	-
State of Montana State Appropriation for Employer	-	-
Total	<u>\$ (9,472)</u>	<u>\$ 282</u>

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Recognition of Deferred Inflows and Outflows

At June 30, 2019, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ -
Changes in assumptions	-	-
Difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,507
Difference between actual and expected contributions	-	-
Contributions paid subsequent to the measurement date		
FY 2019/2020 contributions	<u>3,193</u>	<u>-</u>
Total	<u>\$ 3,193</u>	<u>\$ 4,507</u>

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$3,193 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the measurement year ended June 30:</u>	<u>Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense</u>
2020	\$ (4,507)
2021	-
2022	-
2023	-
Thereafter	-

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions.

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 6.30%
Postretirement Benefit Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January	
• After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.	
• Members hired prior to July 1, 2007	3.0%
• Members hired between July 1, 2007 & June 30, 2013	1.5%
• Members hired on or after July 1, 2013	
• For each year PERS is funded at or above 90%	1.5%
• The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%	
• 0% whenever the amortization period for PERS is 40 years or more	0%
Mortality:	
• Contributing members, service retired members & beneficiaries	RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males
• Disabled Members	RP-2000 Combined Mortality Tables, with no projections

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions (Continued)

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. Several factors are considered in evaluating the long-term rate of return assumption 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 (78c & 78f) as of June 30, 2019, are summarized in the table below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic
Cash equivalents	3.0%	4.09%
Domestic equity	36.0%	6.05%
Foreign equity	18.0%	7.01%
Fixed income	23.0%	2.17%
Private equity	12.0%	10.53%
Real estate	8.0%	5.65%
Total	100.0%	

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. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. 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 FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.65%, 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%)
PERS Employer's proportion of Net Pension Liability	\$ -	\$ -	\$ -

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 PERB and is reported as a multiple- employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the 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 State Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Nonvested 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, 2019, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level nonvested forfeitures for the 320 employers that have participants in the PERS-DCRP totaled \$714,024.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 5. RETIREMENT PLANS (CONTINUED)

PERS Disclosure for the Defined Contribution Plan (Continued)

Pension plan fiduciary net position: The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) Comprehensive Annual Financial Report (CAFR) and the GASB 68 Report disclose the Plan's 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/index.shtml>.

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)	\$ 170,778	\$ -	\$ 170,778
Deferred outflows of resources	\$ 89,297	\$ 3,193	\$ 92,490
Deferred inflows of resources	\$ 1,772	\$ 4,507	\$ 6,279
Pension expense	\$ 130,740	\$ (9,472)	\$ 121,268

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.

NOTE 7. COMMITMENT

The District entered into a contract in June 2020 for installation of solar panels at the fire station. The amount of the contract was \$51,250 and the project is scheduled to be completed by the end of October 2021. The District received a grant from Northwestern Energy in October 2021 in the amount of \$41,000 for this project.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 8. SUBSEQUENT EVENT

Management has evaluated subsequent events through [Date], the date on which the financial statements were available to be issued.

In early 2020, the global economy was disrupted by the novel coronavirus (COVID-19) pandemic, including the industry in which the District operates. Management is unable to determine the impact the pandemic will have on future operations as of the date these financial statements were available to be issued.

DRAFT

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, 2020

<u>Year ended June 30:</u>	<u>Employer's proportion of the net pension liability</u>	<u>Employer's share of the net pension liability associated with the employer</u>	<u>State of Montana's proportionate share of the net pension liability associated with the employer</u>	<u>Total</u>	<u>Employer's covered payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM							
2019	0.148900%	\$ 170,778	\$ 413,027	\$ 583,805	\$ 258,159	66.152%	80.080%
2018	0.146000%	\$ 168,194	\$ 384,585	\$ 552,779	\$ 230,001	73.128%	79.030%
2017	0.123500%	\$ 139,567	\$ 316,941	\$ 456,508	\$ 184,583	75.612%	77.770%
2016	0.125200%	\$ 143,015	\$ 324,027	\$ 467,042	\$ 176,328	81.107%	75.480%
2015	0.131210%	\$ 134,197	\$ 298,893	\$ 433,090	\$ 176,326	76.107%	76.900%
2014	0.101100%	\$ 98,681	\$ 222,621	\$ 321,302	\$ 131,314	75.149%	76.710%
PUBLIC EMPLOYEES' RETIREMENT SYSTEM							
2019	0.000000%	\$ -	\$ -	\$ -	\$ -	0.000%	73.850%
2018	0.000000%	\$ -	\$ -	\$ -	\$ 9,770	0.000%	73.470%
2017	0.000000%	\$ -	\$ -	\$ -	\$ 38,930	0.000%	73.750%
2016	0.001171%	\$ 19,947	\$ 244	\$ 20,191	\$ 14,027	142.204%	74.710%
2015	0.002495%	\$ 34,880	\$ 429	\$ 35,309	\$ 29,120	119.780%	78.400%
2014	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, 2020

<u>Year ended June 30:</u>	<u>Contractually required contributions</u>	<u>Contributions in relation to the contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Employer's covered payroll</u>	<u>Contributions as a % of covered payroll</u>
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM					
2020	\$ 35,730	\$ 35,730	\$ -	\$ 248,817	14.360%
2019	\$ 35,577	\$ 35,577	\$ -	\$ 258,159	13.781%
2018	\$ 33,853	\$ 33,853	\$ -	\$ 230,001	14.719%
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					
2020	\$ 3,193	\$ 3,193	\$ -	\$ 37,263	8.569%
2019	\$ -	\$ -	\$ -	\$ -	0.000%
2018	\$ -	\$ -	\$ -	\$ -	0.000%
2017	\$ -	\$ -	\$ -	\$ -	0.000%
2016	\$ 1,540	\$ 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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES				
Property taxes	\$ 1,477,629	\$ 1,477,629	\$ 1,232,246	\$ (245,383)
Intergovernmental	36,000	36,000	37,862	1,862
Interest	20,000	20,000	40,084	20,084
Contributions and donations	500	500	1,932	1,432
Miscellaneous	<u>6,500</u>	<u>6,500</u>	<u>65,710</u>	<u>59,210</u>
Total revenues	<u>1,540,629</u>	<u>1,540,629</u>	<u>1,377,834</u>	<u>(162,795)</u>
EXPENDITURES				
Current:				
Public safety	1,092,475	1,092,475	722,429	(370,046)
Capital outlay	<u>-</u>	<u>-</u>	<u>25,500</u>	<u>25,500</u>
Total expenditures	<u>1,092,475</u>	<u>1,092,475</u>	<u>747,929</u>	<u>(344,546)</u>
Net change in fund balance	<u>\$ 448,154</u>	<u>\$ 448,154</u>	629,905	<u>\$ 181,751</u>
Fund balance, beginning of the year			<u>1,999,691</u>	
Fund balance, end of the year			<u>\$ 2,629,596</u>	
Total revenues per statement of revenues, expenditures, and changes in fund balance			\$ 1,459,831	
Less on behalf payment			<u>(81,997)</u>	
Total revenues, budgetary basis			<u>\$ 1,377,834</u>	
Total expenditures per statement of revenues, expenditures, and changes in fund balance			\$ 829,926	
Less on behalf payment			<u>(81,997)</u>	
Total expenditures, budgetary basis			<u>\$ 747,929</u>	

HYALITE RURAL FIRE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2020

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 year ended June 30, 2020.

NOTE 4. CHANGES OF BENEFIT TERMS

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

2017:

Working Retiree Limitations – for PERS

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

Refunds

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

HYALITE RURAL FIRE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2020

NOTE 4. CHANGES OF BENEFIT TERMS (CONTINUED)

2017 (Continued):

Working Retiree Limitations – for FURS

Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.

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

Second Retirement Benefit – for FURS

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

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - is not awarded service credit for the period of reemployment;
 - is refunded the accumulated contributions associated with the period of employment;
 - starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

HYALITE RURAL FIRE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2020

NOTE 4. CHANGES OF BENEFIT TERMS (CONTINUED)

2017 (Continued):

Second Retirement Benefit – for FURS (Continued)

- 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:
 - is awarded service credit for the period of reemployment;
 - starting the first month following termination of service, receives:
 - * The same retirement benefit previously paid to the member, and
 - * A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - * On the initial retirement benefit in January immediately following second retirement, and
 - * On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- A member who returns to covered service is not eligible for a disability benefit.

Refunds

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

Interest Credited to Member Accounts

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

Lump-sum Payouts

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

HYALITE RURAL FIRE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2020

NOTE 4. CHANGES OF BENEFIT TERMS (CONTINUED)

2017 (Continued):

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 disable 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.

NOTE 5. CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions for FURS and PERS were adopted from the June 30, 2018 actuarial valuation and the June 30, 2016 experience study, respectively:

	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 8.47%
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
Remaining amortization period		30 years
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year.	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, with no projections
Admin Expense as % of Payroll	0.25%	0.26%

HYALITE RURAL FIRE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2020

NOTE 5. CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS
(CONTINUED)

Method and assumptions used in calculations of actuarially determined contributions
(Continued)

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.

DRAFT

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, 2020, 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.

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, 2020

None.

DRAFT

HYALITE RURAL FIRE DISTRICT
CURRENT STATUS OF PRIOR YEAR RECOMMENDATIONS
YEAR ENDED JUNE 30, 2020

There were no findings, questioned costs, or significant deficiencies reported for the year ended June 30, 2019.

DRAFT

[Date]

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

In planning and performing our audit of the financial statements of Hyalite Rural Fire District (the District) for the year ended June 30, 2020, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of an opportunity for strengthening internal controls or operating efficiency. This is listed on the following page.

Please feel free to contact us at your convenience if we may assist you in implementing these recommendations.

Sincerely,

Sydni Tangaro, CPA
Managing Member

Hyalite Rural Fire District
Management Letter Recommendations
June 30, 2020

Capital Outlay Expenditures in Annual Budget

During our audit of the financial statements, we noted that capital outlay expenditures were not included in the approved budget (the budget submitted to Gallatin County) for fiscal year 2020 or fiscal year 2021 (see the attached budget for fiscal year 2021). We also noted that the District incurred capital outlay expenditures of \$361,710 in August 2020 and has plans for additional capital outlay expenditures in fiscal year 2021.

Annual capital outlay expenditures should be estimated and included in the budget, whether they will be funded by the capital reserves or the current year tax revenues.

Recommendation:

We recommend the District estimate capital outlay expenditures and include them in the budget submitted to Gallatin County each year.

We also recommend the District review the budget and the planned capital outlay expenditures for fiscal year 2021 to determine if a budget amendment is needed.

DRAFT

**GALLATIN COUNTY
SPECIAL DISTRICT & LIBRARY BUDGET FORM
FY 2020-2021**

FUND NUMBER 7720

DISTRICT NAME Hyalite Rural Fire District

ANNUAL EXPENDITURE REQUESTED BUDGET

DESCRIPTION	FY 19-20 CURRENT BUDGET	FY 19-20 ESTIMATED YEAR END	FY 2020-2021 REQUEST	COMMENT
Salaries & Wages	365,000	355,000	366,500	
Employer Contributions				
<u>subtotal</u>	365,000	355,000	366,500	
Office / Operating Supplies	117,000	107,000	127,000	
Oil & Gas	36,000	27,000	36,000	
Utilities	52,000	47,000	52,000	
Repair & Maintenance	105,000	76,000	95,000	
Travel	3,000	500	3,000	
Training	51,000	40,000	54,000	
Professional Services	121,500	118,000	121,500	
Contract/Donations				
Debt Payment – Principal	180,000	180,000	190,000	
Debt Payment – Interest	61,975	61,975	56,575	
<u>Subtotal</u>	727,475	657,475	735,075	
<u>USE OF FIRE IMPACT FEES</u>				
<u>Subtotal</u>				
Capital Outlay (spend this yr.)		28,068		
Capital Reserve (future yr.)	445,654	539,064	453,632	
<u>Subtotal</u>	445,654	567,132	453,632	
TOTAL	1,538,129	1,579,607	1,555,207	

BOARD APPROVAL:

We hereby submit for your review and approval our Fiscal Year 2020-2021 budget request.

Chairman _____ Phone _____

Trustee _____ Phone _____

Trustee _____ Phone _____

Trustee _____ Phone _____

Trustee _____ Phone _____

Trustee _____ Phone _____

Regular Agenda Item 3

Fire Chief's Report

Hyalite Rural Fire District

Fire Chief's Report

November 2020

Prepared by: Fire Chief Jason Revisky

1. The Hyalite Fire Department has responded to 477 calls in 2020 (as of 11/01/2020).
2. Our current roster is at 45 members (effective 11/01/2020).
3. We currently have 8 resident firefighters living at the Sourdough Fire Station.
4. Staffing at the Cottonwood Fire Station is currently suspended due to COVID-19 concerns.
5. We have 3 resident renters at the Rae house.
6. We have experienced no firefighter injuries or significant mechanical breakdowns in the last month.
7. Discussion regarding budget and tracking ambulance transport expenses.
8. Discussion of appropriation of CARES reimbursement.