



Hyalite Rural Fire District

Board Meeting Synopsis Approval Form

The written synopsis of the January 17, 2023 Hyalite Rural Fire District (HRFD) Board of Trustees Regular Board Meeting was approved by motion of the HRFD Board of Trustees on February 21, 2023.



Vice Chair Signature

Justin Miller

Printed Name



Secretary Signature

Ken Beideman

Printed Name

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

DATE: JANUARY 17, 2023

TIME: 7:00 p.m.

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

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:

Justin Miller
Jason Jarrett
Walt Zidack
Ken Beideman

STAFF IN ATTENDANCE:

Brian Nickolay, Fire Chief
Chris Dahlhauser, Assistant Fire Chief
Mac Malone, Training Captain
Sheryl Wyman, Administrative Assistant

PUBLIC IN ATTENDANCE:

Morgan Scarr, AMATICS-Audit Presentation
Collin Rose, Volunteer Firefighter
Reid Templeton, Volunteer Firefighter
Steve Kerbel, Volunteer Firefighter

0:00:11	CALL TO ORDER OF HYALITE RURAL FIRE DISTRICT Vice Chair Miller called the meeting to order and reminded everyone the meeting is being recorded. He asked for any public comment on non-agenda items. None given. HYALITE CONSENT AGENDA Vice Chair Miller asks if there are any requests to pull anything from the Consent Agenda. None given. Motion: Vice Chair Miller asks for a motion to approve the consent agendas for October 18, 2022 and December 13, 2022. Trustee Jarrett so moves.
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	<p>Trustee Zidack seconded the motion.</p> <p>Vote: Jarrett-Yes; Zidack-Yes; Beideman-Yes Miller-Yes; Unanimous approval.</p> <p><i>[See October 18, 2022 and December 13, 2022 Board Packet for Consent Agenda items Approved]</i></p>
	REGULAR AGENDA
0:00:50	<p>Agenda Item 1 – Discussion and Decision – Audit Presentation-Morgan Scarr, Amatics</p> <p>Ms. Scarr discusses the findings of the audit. This is the second year Amatics has prepared the audit. The big change this year was AZ did not prepare the financials, Amatics prepared the financial documents. The first audit report is the opinion on the financials which is clean, called unmodified. Based on the procedures as presented the financial statements are materially correct. The second audit is based on internal control and compliance. Amatics did not find any deficiencies in internal control to report. Testing was conducted based on compliance and regulations and they did not find any deficiencies. Recommendations were made from last year’s audit and those were resolved this year. There are no current year recommendations.</p> <p>Vice Chair Miller asks for a motion to approve.</p> <p>Motion: Trustee Zidack makes a motion to approve the audit as presented.</p> <p>Trustee Jarrett seconded the motion.</p> <p>Vote: Jarrett-Yes; Zidack-Yes; Beideman-Yes Miller-Yes; Unanimous approval.</p> <p><i>[See Attachment A – Audit Documents]</i></p>
0:05:46	<p>Agenda Item 2 – Discussion and Decision – Trustee Election</p> <p>Vice Chair advises that Walt and Pete are up for election. A resolution for trustee election. A resolution is needed for a trustee election for those two positions.</p> <p>Motion: Trustee Zidack moves to approve the resolution to hold a trustee election.</p> <p>Trustee Jarrett seconded the motion.</p> <p>Vote: Jarrett-Yes; Zidack-Yes; Beideman-Yes Miller-Yes; Unanimous approval.</p> <p>Trustee Zidack states for the record this will be advertised and the candidacy positions closes on the 6th of February in case there is any interest.</p> <p><i>[See Attachment B – Resolution 2023-01 Trustee Election]</i></p>

0:07:00	<p>Agenda Item 3 – Liability Renewal Information</p> <p>Administrative Assistant states there is no decision to be made but she wanted to make it known there is an increase in the rate. They are seeing an average of 15% increase however we have a 13% increase which is about \$4,500 for the new year.</p> <p>Trustee Zidack states this insurance carrier is the only game in town. Chief Nickolay states this is the only group that is competitive.</p> <p>Trustee Biedeman inquires if all the new equipment and vehicles are included in the policy. Chief Nickolay confirms.</p>
0:09:19	<p>Agenda Item 4 – Fire Chief's Report</p> <p>Chief Nickolay presents his fire chief's report. Our call volume set a record for this year. Over a five year period the calls have increased approximately 200 calls a year.</p> <p>Both the Sourdough Station and Cottonwood Station are full with residents. The Rae House had two vacancies. Two firefighters have found firefighting jobs in Billings and Livingston.</p> <p>Day staffing is continuing. However, during the holiday season the district is understaffed. Because most of our membership is college-age we lose people going home for the holidays. Incentive programs were established to try and help. They were met with marginal success. Chief Nickolay will continue to explore options to improve staffing during the holiday season.</p> <p>Training is continuing every Wednesday night and command training twice a month. The Fall firefighter recruit academy has completed.</p> <p>Training Captain Malone is preparing for the Spring 2023 firefighter academy. We are running ads on social media. Captain Malone will be attending two recruitment events at MSU.</p> <p>Chief Nickolay has attended two trainings, one in Great Falls and one in Colorado Springs.</p> <p>The Hyalite Fire District responded to a single residential structure fire on November 21st on Lancelot Lane in the King Arthur Mobile Home Park. Hyalite was assisted by our mutual aid partners from Bozeman, Central Valley, Gallatin Gateway, Fort Ellis and the Sheriffs Office. Assistant Chief Dahlhauser was IC on this fire.</p> <p>The Hyalite Fire District assisted the Central Valley Fire District with a commercial structure fire on November 21st. We provided one structure engine and crew.</p>

	<p>The Hyalite Fire District assisted the Gallatin Gateway Fire District with a commercial structure fire on November 27th. We provided one command and one structure engine.</p> <p>The Hyalite Fire District assisted the Amsterdam Fire District with a residential structure fire on December 16th. We provided one command.</p> <p>The Hyalite Fire District assisted the Gallatin Gateway Fire District with a commercial structure fire on December 21st. We provided one command and one structure engine.</p> <p>The Hyalite Fire District responded to an out building structure fire on Meadowlark Drive on December 23rd. We received mutual aid from Bozeman and Central Valley. Other auto aid partners were canceled while responding.</p> <p>The Hyalite Fire District assisted the City of Bozeman with a commercial structure fire on December 30th. We provided one command and one structure engine.</p> <p>Fire Chief Nickolay continues to chair the Gallatin County Fire Council communications committee. Assistant Chief Dahlhauser continues to chair the training committee as well.</p> <p>Our ambulance transport plan is complete. Issues with EPCRs through Emergency Reporting have been resolved. We have been actively transporting patients with our ambulances.</p> <p>We have experienced no firefighter injuries. All Hyalite Fire apparatus are currently in service.</p> <p>Trustee Beideman inquires about the fires. Discussion is held between the Chief and Board Members. Trustee Zidack asks about plans for staffing. Chief Nickolay has some ideas but will develop them further.</p> <p><i>[See Attachment C – Fire Chief’s Report and Call Reports]</i></p>
0:19:15	Trustees’ Activities
0:19:37	Announcements <ul style="list-style-type: none"> • Next board meeting set for February 21, 2023
0:20:30	Agenda Item 7 – 2022 Fire Chief’s Performance Evaluation EXECUTIVE SESSION – This portion of the meeting was closed pursuant to 2-3-203(3), MCA.
0:20:33	Agenda Item 8 – Swearing in of New Recruits Chief Nickolay welcomes everyone for the Fall 2022 Recruit firefighter ceremony. The board of trustees introduces themselves. The following firefighters introduce

	<p>themselves, Broc Altig, Joe Alexander, Will Watson, Jake Krieger, Blake Martin. Alexi Ness was unable to attend.</p> <p>Chief Nickolay discusses the training and work the firefighters completed to graduate and obtain the FF1 certification. Chief Nickolay thanks the Training Captain Mac Malone who oversees the training for the recruits. Chief Nickolay swears in the firefighters.</p> <p>Chief Nickolay presents each firefighter with their certificate of completion and firefighter badges. He thanks them for their work and service to the Hyalite district.</p> <p>Vice Chair Miller thanks the recruits on behalf of the board for their service and welcomes them aboard.</p>
0:28:00	ADJOURNMENT



AMATICS
CPA GROUP

45 Discovery Dr.
Bozeman, MT 59718

P 406.404.1925
F 406.404.1926

January 17, 2023

To the Board of Trustees
Hyalite Rural Fire District
4541 S. 3rd Street
Bozeman, MT 59718

We have audited the financial statements of the governmental activities and major funds of Hyalite Rural Fire District ("the District") for the year ended June 30, 2022. Professional standards require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated August 1, 2022, our responsibilities, 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 considered the District's internal control. Such considerations were 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 performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with such provisions was not an objective of our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practice

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 2022. 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 financial statements were capital assets' useful lives, potential impairments, and depreciation. These are all estimates made by management. We evaluated the key factors and assumptions used to develop these estimates in determining that the balances are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the summary of significant accounting policies in Note 1 and capital assets in Note 3.

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

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 January 27, 2023.

Management Consultations with Other Independent Accountant

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, our 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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Prior Year Recommendations

1. *Finding:* We noted check numbering issues during the year under audit in which the accounting system reported checks using incorrect check numbers (the check number in the accounting system differed from the check number on the physical check that was issued). Check numbers should be verified during bank reconciliation to ensure errors are detected and corrected in a timely manner.

Status: During current year audit testing we did not note any check numbering issues.

2. *Finding:* Utilizing QuickBooks Online for both fund accounting and government-wide accounting appears to result in some inconsistent reporting, since the software is not designed to run multiple bases of accounting through the same trial balance. If continuing to use QuickBooks Online, consider treating debt and fixed asset activities as separate activities ('funds') rather than grouping with both general and governmental activities.

Status: During current year, the District treated debt and fixed asset activities as separate activities ('funds') rather than grouping with both general and governmental activities.

Hyalite Rural Fire District
Report to Those Charged with Governance
Page 3

Other Matters

We applied certain limited procedures to management's discussion and analysis, schedule of proportionate share of net pension liability, schedule of contributions and budgetary comparison information, 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 information and use of management and the Board of Trustees of the Hyalite Rural Fire District and the Montana Department of Administration and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Amatics CPA Group
Bozeman, Montana

Attachment

Hyalite Rural Fire District

Year End: June 30, 2022

Adjusting journal entries

Date: 7/1/2021 To 6/30/2022

Attachment A

AJE

Prepared by	Reviewed by	Reviewed by
MS 12/12/2022		

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg
Net Income (Loss) Before Adjustments							275,093.01	
AJE-01	6/30/2022	Unrestricted Fund Balance	241000 GF	W-1	696.00			
AJE-01	6/30/2022	State Grants:Revenue - State Grants	331510 GF	W-1		696.00		
To adjust opening net assets to agree to prior audit					696.00	696.00	275,789.01	696.00
					696.00	696.00	275,789.01	696.00

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Hyalite Rural Fire District

Year End: June 30, 2022

Reclassifying journal entries

Date: 7/1/2021 To 6/30/2022

Attachment A

RJE

Prepared by	Reviewed by	Reviewed by
MS 12/12/2022		

Number	Date	Name	Account No	Reference	Debit	Credit
RJE-01	6/30/2022	Unrestricted Fund Balance	241000-GW GA	W-2		1,098,418.00
RJE-01	6/30/2022	General fixed asset account group	241001-GW GFAAG	W-2	1,098,418.00	
		To reclassify net position for financial statement presentation				
RJE-02	6/30/2022	2021 GO Bonds - current portion	223103 DSF	P-1		215,000.00
RJE-02	6/30/2022	2021 Go Bonds - current portion offset	223104 DSF	P-1	215,000.00	
		To report current portion of bonds payable for financial statement purposes.				
					1,313,418.00	1,313,418.00
		Net Income (Loss)	444,624.01			

**HYALITE RURAL FIRE DISTRICT
AUDITED FINANCIAL STATEMENTS**

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Hyalite Rural Fire District
Bozeman, MT**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Hyalite Rural Fire District ("the District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of Hyalite Rural Fire District, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Amatics CPA Group
Bozeman, Montana
January 17, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

The management's discussion and analysis of the Hyalite Rural Fire District ("the District") provides an overall review of the District's financial activities for the year ended June 30, 2022. 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 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

Statement of Net Position and Statement 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.

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.

HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2022

Overview of the Financial Statements (Continued)

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>2022</u>	<u>2021</u>	<u>Change</u>
Current and other assets	\$ 3,121,629	\$ 2,827,520	\$ 294,109
Capital assets, net	4,351,129	4,388,373	(37,244)
Total assets	<u>7,472,758</u>	<u>7,215,893</u>	<u>256,865</u>
Deferred outflows of resources	150,589	162,983	(12,394)
Current liabilities	321,555	52,068	269,487
Long-term liabilities outstanding	1,234,966	1,798,788	(563,822)
Total liabilities	<u>1,556,521</u>	<u>1,850,856</u>	<u>(294,335)</u>
Deferred inflows of resources	104,076	9,892	94,184
Net position			
Net investment in capital assets	3,056,129	2,878,373	177,756
Restricted	222,028	222,028	-
Unrestricted	2,684,593	2,417,727	266,866
Total net position	<u>\$ 5,962,750</u>	<u>\$ 5,518,128</u>	<u>\$ 444,622</u>

Net position may serve as a useful indicator of a government's financial position over time. For fiscal year 2022, assets exceeded liabilities by \$5,916,237. A large portion of the District's net position, totaling \$3,056,129, 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 \$222,028 is available for the District to use to meet its debt obligations.

Unrestricted net position totaling \$2,684,593 is available for the District to use in its ongoing obligations to citizens, vendors and creditors.

**HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2022**

The Government as a Whole (Continued)

The following is a schedule of changes in net position:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:			
General Revenues			
Property taxes	\$ 1,715,450	\$ 1,514,260	\$ 201,190
Intergovernmental	109,421	159,566	(50,145)
Interest	11,952	13,021	(1,069)
Contributions and donations	11,044	12,572	(1,528)
CARES Act grants	-	257,787	(257,787)
Miscellaneous	86,290	16,630	69,660
Total revenues	<u>1,934,157</u>	<u>1,973,836</u>	<u>(39,679)</u>
Expenses:			
Public safety	<u>1,489,535</u>	<u>1,354,429</u>	<u>135,106</u>
Total expenses	<u>1,489,535</u>	<u>1,354,429</u>	<u>135,106</u>
Change in net position	444,622	619,407	(174,785)
Net position, beginning	<u>5,518,128</u>	<u>4,898,721</u>	<u>619,407</u>
Net position, ending	<u>\$ 5,962,750</u>	<u>\$ 5,518,128</u>	<u>\$ 444,622</u>

Net position increased by \$444,622 over the prior year. Public safety expenses comprise all governmental activity expenses in 2022. Public safety expenses increased \$135,106 from the prior year. Most of this increase was due to personnel, supplies, and repair and maintenance expenses.

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, 2022, the combined ending fund balances of the District governmental funds were \$3,037,648. This is an increase of \$275,788 over the prior year ending fund balance.

Of the ending fund balance, \$1,375,839 constitutes unassigned fund balance, which is available for current needs. Fund balance of \$1,417,497 has been committed by the Board for future capital expenditures. \$222,028 of ending fund balance has been restricted for debt service. Ending fund balance of \$22,284 is nonspendable, which represents prepaid expenses.

**HYALITE RURAL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2022**

General Fund

This is the chief operating fund of the District. At the end of the fiscal year 2022, unassigned fund balance was \$1,376,377, nonspendable fund balance was \$22,284, and committed fund balance was \$1,417,497.

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 the fiscal year 2022, restricted fund balance was \$222,028.

Where do the Resources Come From

The majority of 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, 2022.

See Note 4 to the financial statements for more detailed information on the long-term debt activity for the year ended June 30, 2022.

Fund Deficits

None.

Excess of Expenditures over Appropriations

Total expenditures were not in excess of the appropriations for the year ended June 30, 2022.

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

HYALITE RURAL FIRE DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

Governmental Activities

ASSETS

Cash and cash equivalents	\$ 3,054,786
Receivables:	
Property taxes	39,679
Other	4,880
Prepaid expenses	22,284
Capital assets, nondepreciable	361,201
Capital assets, depreciable, net	<u>3,989,928</u>
 Total assets	 <u>7,472,758</u>

DEFERRED OUTFLOWS OF RESOURCES

Contributions to pension plans in current fiscal year	<u>150,589</u>
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LIABILITIES

Accounts payable	32,751
Accrued liabilities	36,533
Long-term liabilities	
Due within one year	252,271
Due after one year	<u>1,234,966</u>
 Total liabilities	 <u>1,556,521</u>

DEFERRED INFLOWS OF RESOURCES

Pension deferrals	97,786
Bond refunding	<u>6,290</u>
 Total deferred inflows of resources	 <u>104,076</u>

NET POSITION

Net investment in capital assets	3,056,129
Restricted for:	
Debt service	222,028
Unrestricted	<u>2,684,593</u>
 Total net position	 <u><u>\$ 5,962,750</u></u>

See the accompanying independent auditor's report.

**HYALITE RURAL FIRE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

Governmental Activities

Expenses

Public safety - fire protection:

Personnel services	\$ 548,679
Materials and services	469,437
Depreciation	465,434
Interest	<u>5,985</u>

Total program expenses	<u>1,489,535</u>
------------------------	------------------

General Revenues

Property taxes	1,715,450
Intergovernmental	109,421
Interest	11,952
Contributions and donations	11,044
Miscellaneous	<u>86,290</u>

Total general revenues	<u>1,934,157</u>
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Change in net position	444,622
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Net position, beginning	<u>5,518,128</u>
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Net position, ending	<u><u>\$ 5,962,750</u></u>
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See the accompanying independent auditor's report.

**HYALITE RURAL FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,833,296	\$ 221,490	\$ 3,054,786
Receivables			
Property taxes	39,679	-	39,679
Other	4,880	-	4,880
Prepaid expenses	<u>22,284</u>	<u>-</u>	<u>22,284</u>
Total assets	<u>\$ 2,900,139</u>	<u>\$ 221,490</u>	<u>\$ 3,121,629</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 32,751	\$ -	\$ 32,751
Accrued liabilities	<u>36,533</u>	<u>-</u>	<u>36,533</u>
Total liabilities	<u>69,284</u>	<u>-</u>	<u>69,284</u>
Deferred inflows of resources			
Unavailable property taxes	<u>14,697</u>	<u>-</u>	<u>14,697</u>
Total deferred inflows of resources	<u>14,697</u>	<u>-</u>	<u>14,697</u>
Fund balances:			
Nonspendable	22,284	-	22,284
Restricted for			
Debt service	-	222,028	222,028
Committed for			
Capital	1,417,497	-	1,417,497
Unassigned	<u>1,376,377</u>	<u>(538)</u>	<u>1,375,839</u>
Total fund balances	<u>2,816,158</u>	<u>221,490</u>	<u>3,037,648</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,900,139</u>	<u>\$ 221,490</u>	<u>\$ 3,121,629</u>

See the accompanying independent auditor's report.

**HYALITE RURAL FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total fund balance, governmental funds	\$ 3,037,648
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	4,351,129
Deferred outflows and inflows of resources related to pensions and bond refunding are applicable to future periods and, therefore, are not reported in the government funds.	
Deferred outflows of resources - pensions	150,589
Deferred inflows of resources - pensions	(97,786)
Deferred inflows of resources - bond refunding	(6,290)
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	
Unavailable property taxes	14,697
Some liabilities are not due and payable in the current period and, therefore, are not included in the governmental funds.	
Compensated absences	(37,271)
Bonds payable	(1,295,000)
Net pension liability	<u>(154,966)</u>
Net position of governmental activities	<u>\$ 5,962,750</u>

See the accompanying independent auditor's report.

HYALITE RURAL FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General	Debt Service	Total Governmental Funds
REVENUES			
Property taxes	\$ 1,719,970	\$ -	\$ 1,719,970
Intergovernmental	154,688	-	154,688
Interest	11,952	-	11,952
Contributions and donations	11,044	-	11,044
Miscellaneous	86,291	-	86,291
	<u>1,983,945</u>	<u>-</u>	<u>1,983,945</u>
EXPENDITURES			
Public safety - fire protection			
Personnel services	588,501	-	588,501
Materials and services	469,437	-	469,437
Debt service			
Principal	-	215,000	215,000
Interest	-	7,028	7,028
Capital outlay	428,191	-	428,191
	<u>1,486,129</u>	<u>222,028</u>	<u>1,708,157</u>
Total expenditures	1,486,129	222,028	1,708,157
Excess of revenues over expenditures	<u>497,816</u>	<u>(222,028)</u>	<u>275,788</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	221,490	221,490
Transfers out	(221,490)	-	(221,490)
	<u>(221,490)</u>	<u>221,490</u>	<u>-</u>
Total other financing sources (uses)	(221,490)	221,490	-
Net change in fund balances	276,326	(538)	275,788
Fund balances, beginning of the year	<u>2,539,832</u>	<u>222,028</u>	<u>2,761,860</u>
Fund balances, end of the year	<u>\$ 2,816,158</u>	<u>\$ 221,490</u>	<u>\$ 3,037,648</u>

See the accompanying independent auditor's report.

**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
June 30, 2022**

Net change in fund balances - total governmental funds	\$ 275,788
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	428,191
Depreciation expense	(465,434)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:	
Change in unavailable property taxes	(4,520)
State pension aid (on-behalf payment)	(45,267)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The repayment; however, has no effect on net position.	
	215,000
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	(14,772)
Bond refunding amortization	1,043
Adjustment to actuarial pension expense	54,593
Change in net position of governmental activities	<u>\$ 444,622</u>

See the accompanying independent auditor's report.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

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 position 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, 2022, 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, 2022, 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.

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.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash is held by the Gallatin 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.

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

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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.

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.

2. CASH AND CASH EQUIVALENTS

As of June 30 2022, the District had the following investment:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Gallatin County External Investment Pool	\$ 2,833,296	\$ 221,490	\$ 3,054,786

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
June 30, 2022

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30 2022, were as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets not being depreciated:					
Land	\$ 361,201	\$ -	\$ -	\$ -	\$ 361,201
Machinery and equipment not in service	<u>26,614</u>	<u>-</u>	<u>-</u>	<u>(26,614)</u>	<u>-</u>
Total capital assets not being depreciated	<u>387,815</u>	<u>-</u>	<u>-</u>	<u>(26,614)</u>	<u>361,201</u>
Capital assets being depreciated:					
Buildings and improvements	4,012,619	102,388	-	-	4,115,007
Machinery and equipment	<u>3,164,438</u>	<u>325,803</u>	<u>(45,513)</u>	<u>26,614</u>	<u>3,471,342</u>
Total	7,177,057	428,191	(45,513)	26,614	7,586,349
Less accumulated depreciation	<u>(3,176,500)</u>	<u>(465,434)</u>	<u>45,513</u>	<u>-</u>	<u>(3,596,421)</u>
Total capital assets being depreciated, net	<u>4,000,557</u>	<u>(37,243)</u>	<u>-</u>	<u>26,614</u>	<u>3,989,928</u>
Capital assets, net	<u>\$ 4,388,372</u>	<u>\$ (37,243)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,351,129</u>

Depreciation expense for the year ended June 30 2022, totaling \$465,434, was charged to Public Safety.

4. LONG-TERM LIABILITIES

In February 2022, the District issued general obligation bonds in the amount of \$1,720,000 to refund the Series 2013 bonds. The bonds were issued at par, carry interest rates of 0.2% to 0.8%, and mature in 2028. The District reduced its debt service payments by \$176,286 over the next 8 years by refunding the prior debt and there was an economic gain on the refunding of \$172,645. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The difference is deferred and amortized over the shorter of the life of the refunded or refunding debt. At June 30 2022, the District reported deferred inflows of resources in the amount of \$6,290 related to the refunding bonds. The deferred charges are being amortized as a component of interest expense in the statement of activities.

Changes in Long-term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2022:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Amount Due within One Year</u>
Direct placement					
Bonds payable	\$ 1,510,000	\$ -	\$ (215,000)	\$ 1,295,000	\$ 215,000
Premium	-	6,290	(6,290)	-	N/A
Net pension liability	271,913	-	(116,947)	154,966	-
Compensated absences	<u>22,500</u>	<u>5,453</u>	<u>(9,318)</u>	<u>37,271</u>	<u>37,271</u>
Total	<u>\$ 1,804,413</u>	<u>\$ 11,743</u>	<u>\$ (347,555)</u>	<u>\$ 1,487,237</u>	<u>\$ 252,271</u>

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

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 2022, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 215,000	\$ 6,759
2024	215,000	6,167
2025	215,000	5,468
2026	215,000	4,662
2027	215,000	3,695
2028- 2029	220,000	3,339
	<u>\$ 1,295,000</u>	<u>\$ 30,090</u>

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).

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.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Firefighters' Unified Retirement System (Continued)

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 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.
- 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.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Firefighters' Unified Retirement System (Continued)

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.

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	
	Non-GABA	GABA		
1998-2022	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, 2021, was determined by taking the results of the June 30, 2020, 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, 2021, and 2020, 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.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Firefighters' Unified Retirement System (Continued)

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 \$122,243 and the employer's proportionate share was 0.1428%.

	Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
Employer Proportionate share	\$ 122,243	\$ 223,033	0.1428 %	0.1425 %	0.0003 %
State of Montana Proportionate share associated with Employer	277,452	502,791	0.3242 %	0.3213 %	0.0029 %
Total	<u>\$ 399,695</u>	<u>\$ 725,824</u>	<u>0.4670 %</u>	<u>0.4638 %</u>	<u>0.0032 %</u>

Changes in Actuarial Assumptions and Methods

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

1. The discount rate was lowered from 7.34% to 7.06%
2. The investment rate of return was lowered from 7.34% to 7.06%

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. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense

At June 30, 2021 measurement date, the employer recognized its proportionate share of the Plan's pension expense of \$26,476. The employer also recognized grant revenue of \$61,619 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

	Pension Expense as of June 30, 2021
Employer Proportionate share	\$ 26,476
State of Montana Proportionate share associated with Employer	61,619
Total	<u>\$ 88,095</u>

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Firefighters' Unified Retirement System (Continued)

Recognition of Deferred Inflows and Outflows

At June 30, 2021, 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	\$ 16,006	\$ 665
Changes in assumptions	62,579	-
Difference between projected and actual earnings on pension plan investments	-	83,628
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,519	-
Contributions paid subsequent to the measurement date	48,698	-
FY2022 contributions	48,698	-
Total	<u>\$ 131,802</u>	<u>\$ 84,293</u>

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$48,698 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

FURS	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
	2022	\$ 4,122
	2023	1,276
	2024	(8,714)
	2025	(15,564)
	Thereafter	17,691

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Firefighters' Unified Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions.

Investment Return (net of admin expense)	7.06%
Admin Expense as % of Payroll	.17%
General Wage Growth *	3.50%
*includes Inflation at	2.40%
Merit Increases	0% to 6.30%
Postretirement Benefit Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January <ul style="list-style-type: none"> Members hired on or after July 1, 1997 or those electing GABA Requires 12 full months of retirement before GABA will be made 	3.0%
2. Minimum Benefit Adjustment (non-GABA) <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Contributing members, Service Retired Members & beneficiaries Disabled members 	RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males RP-2000 Combined Mortality Tables with no projections

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. The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2021 Edition* by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.66%. The assumed inflation is based on the intermediate inflation of 2.40% in the 2021 OASDI Trustees Report by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. 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, 2021, are summarized below.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

5. RETIREMENT PLANS (Continued)

Firefighters' Unified Retirement System (Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic
Cash	3.0 %	(0.33)%
Domestic equity	30.0 %	5.90 %
International equity	17.0 %	7.14 %
Private investments	15.0 %	9.13 %
Natural resources	5.0 %	4.03 %
Real estate	9.0 %	5.41 %
Core fixed income	15.0 %	1.14 %
Non-core fixed income	6.0 %	3.02 %

Discount Rate

The discount rate used to measure the TPL was 7.06%. 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.

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 7.06%, 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 (6.06%)	Current Discount Rate	1.0% Increase (8.06%)
FURS Employer's proportion of Net Pension Liability	\$ 277,354	\$ 122,243	\$ (2,004)

Pension Plan Fiduciary Net Position

The stand-alone financial statements of the Montana Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports 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/about/annualreports1/annualreports>.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

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).

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).

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

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Public Employees' Retirement System (Continued)

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

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.

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.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Public Employees' Retirement System (Continued)

- 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
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Public Employees' Retirement System (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
2022	7.90 %	7.90 %	8.87 %	0.10 %
2021	7.90 %	7.90 %	8.77 %	0.10 %
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.
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 .37% of members' compensation on behalf of school district entities.
 - iii. The state contributed a Statutory Appropriation from the General Fund of \$34,290,660.

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Public Employees' Retirement System (Continued)

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, 2021, was determined by taking the results of the June 30, 2020, 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, 2021, and 2020, 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 \$32,723 and the employer's proportionate share was 0.001805%.

	Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
Employer Proportionate share	\$ 32,723	\$ 48,880	0.001805 %	0.001853 %	(0.000048)%
State of Montana proportionate share associated with Employer	9,602	15,428	0.000530 %	0.000585 %	(0.000055)%
Total	<u>\$ 42,325</u>	<u>\$ 64,308</u>	<u>0.002335 %</u>	<u>0.002438 %</u>	<u>(0.000103)%</u>

Changes in Actuarial Assumptions and Methods

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

1. The discount rate was lowered from 7.34% to 7.06%
2. The investment rate of return was lowered from 7.34% to 7.06%

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. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

5. RETIREMENT PLANS (Continued)

Public Employees' Retirement System (Continued)

Pension Expense

At June 30, 2021, the employer recognized a Pension Expense of \$14,899 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$4,333 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

	Pension Expense as of June 30, 2021
Employer Proportionate share	\$ 14,899
State of Montana Proportionate share associated with Employer	4,333
Total	<u>\$ 19,232</u>

Recognition of Deferred Inflows and Outflows

At June 30, 2021, 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	\$ 350	\$ 236
Changes in assumptions	4,847	-
Difference between projected and actual earnings on pension plan investments	-	13,257
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,476	-
Contributions paid subsequent to the measurement date FY 2022 contributions	2,114	-
Total	<u>\$ 18,787</u>	<u>\$ 13,493</u>

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$2,114 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

PERS	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
	2022	\$ 11,992
	2023	(1,379)
	2024	(3,202)
	2025	(4,232)
	Thereafter	-

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Public Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions.

Investment Return (net of admin expense)	7.06%
Admin Expense as % of Payroll	.17%
General Wage Growth *	3.50%
*includes Inflation at	2.40%
Merit Increases	0% to 4.80%
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

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. The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the *Survey of Capital Market Assumptions* 2021 Edition by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.66%. The assumed inflation is based on the intermediate inflation of 2.40% in the *2021 OASDI Trustees Report* used by the Chief Actuary for Social Security to produce 75-year cost projections.

HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

5. RETIREMENT PLANS (Continued)

Public Employees' Retirement System (Continued)

Combining these two results yields a nominal return of 7.06%. 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, 2021, are summarized in the table below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic
Cash	3.0 %	(0.33)%
Domestic equity	30.0 %	5.90 %
International equity	17.0 %	7.14 %
Private investments	15.0 %	9.13 %
Natural resources	5.0 %	4.03 %
Real estate	9.0 %	5.41 %
Core fixed income	15.0 %	1.14 %
Non-core fixed income	6.0 %	3.02 %

Discount Rate

The discount rate used to measure the TPL was 7.06%. 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 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

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 7.06%, 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 (6.06%)	Current Discount Rate	1.0% Increase (8.06%)
PERS Employer's proportion of Net Pension Liability	\$ 51,943	\$ 32,723	\$ 16,602

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

5. RETIREMENT PLANS (Continued)

Public Employees' Retirement System (Continued)

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.

Pension plan fiduciary net position: The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report* (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports 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/about/annualreports1/annualreports>.

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 Amounts
Net Pension Liability (NPL)	\$ 122,243	\$ 32,723	\$ 154,966
Deferred outflows of resources	\$ 131,802	\$ 18,787	\$ 150,589
Deferred inflows of resources	\$ 84,293	\$ 13,493	\$ 97,786
Pension expense	\$ 88,095	\$ 19,232	\$ 107,327

**HYALITE RURAL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

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.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 17, 2023, the date on which the 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, 2022

Year ended June 30:	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability associated with the employer	State of Montana's proportionate share of the net pension liability associated with the employer	Total	Employer's covered payroll **	Employer's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM							
2021	0.142800%	\$ 122,243	\$ 277,452	\$ 399,695	\$ 262,873	46.500%	87.720%
2020	0.142500%	\$ 223,033	\$ 502,791	\$ 725,824	\$ 248,817	89.637%	75.370%
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							
2021	0.001805%	\$ 32,723	\$ 9,602	\$ 42,325	\$ 31,878	102.650%	79.910%
2020	0.001853%	\$ 48,880	\$ 15,428	\$ 64,308	\$ 31,086	157.240%	68.900%
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.

**All employer adjustments made in the current fiscal year 2021 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report but the actuary calculates the employers proportionate share.

**HYALITE RURAL FIRE DISTRICT
SCHEDULE OF CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS*
Year Ended June 30, 2022**

Year ended June 30:	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Employer's covered payroll **	Contributions as a % of covered payroll
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM					
2022	\$ 48,698	\$ 48,698	\$ -	\$ 339,124	14.360%
2021	\$ 37,606	\$ 37,606	\$ -	\$ 262,873	14.306%
2020	\$ 36,624	\$ 36,624	\$ -	\$ 248,817	14.719%
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%

Year ended June 30:	Contractually required contributions	Plan choice rate required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Employer's covered payroll **	Contributions as a % of covered payroll
PUBLIC EMPLOYEES' RETIREMENT SYSTEM						
2022	\$ 2,114	\$ -	\$ 2,114	\$ -	\$ 23,837	8.869%
2021	\$ 2,825	\$ -	\$ 2,825	\$ -	\$ 31,878	8.862%
2020	\$ 2,724	\$ -	\$ 2,724	\$ -	\$ 31,086	8.763%
2019	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%
2018	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%
2017	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%
2016	\$ 1,172	\$ 367	\$ 1,540	\$ -	\$ 14,027	10.980%
2015	\$ 2,400	\$ 15	\$ 2,414	\$ -	\$ 29,120	8.290%

*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.

**All employer adjustments made in the current fiscal year 2021 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report but the actuary calculates the employers proportionate share.

HYALITE RURAL FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL GENERAL FUND
June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES				
Property taxes	\$ 1,690,572	\$ 1,690,572	\$ 1,719,970	\$ 29,398
Intergovernmental	130,107	130,107	154,688	24,581
Interest	30,000	30,000	11,952	(18,048)
Contributions and donations	500	500	11,044	10,544
Miscellaneous	4,000	4,000	86,291	82,291
Total revenues	<u>1,855,179</u>	<u>1,855,179</u>	<u>1,983,945</u>	<u>128,766</u>
EXPENDITURES				
Current:				
Public safety	1,280,680	1,280,680	1,057,938	(222,742)
Capital outlay	<u>334,000</u>	<u>334,000</u>	<u>428,191</u>	<u>94,191</u>
Total expenditures	<u>1,614,680</u>	<u>1,614,680</u>	<u>1,486,129</u>	<u>(128,551)</u>
OTHER FINANCING USES				
Transfers out	<u>(222,028)</u>	<u>(222,028)</u>	<u>(221,490)</u>	<u>538</u>
Net change in fund balance	<u>\$ 18,471</u>	<u>\$ 18,471</u>	276,326	<u>\$ 257,855</u>
Fund balance, beginning of the year			<u>2,539,832</u>	
Fund balance, end of year			<u>\$ 2,816,158</u>	

HYALITE RURAL FIRE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

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.

2. BUDGET BASIS OF ACCOUNTING

The budget is prepared on the same basis of accounting used in preparing the District's fund financial statements.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Total expenditures were not in excess of the total budgeted expenditures during the year ended June 30, 2022.

4. CHANGES OF BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS AND METHODS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Changes in Benefit Terms

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

2017

Working Retiree Limitations

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.

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
Year Ended June 30, 2022

4. CHANGES OF BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS AND METHODS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (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.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2020 actuarial valuation:

General Wage Growth*	3.50%
Investment rate of return	7.65%
*Includes inflation rate at	2.75%
Merit salary increases	0% to 8.47%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Healthy members)	For males and females: RP 2000 combined employee and annuitant mortality table projected to 2020 using scale BB, males set back 1 year
Mortality (Disabled members)	For males and females: RP 2000 combined mortality table, with no projections
Admin Expense as % of Payroll	0.28%

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.

The actuarial assumptions and methods utilized in the June 30, 2020 valuation, were developed in the six-year experience study for the period ending 2016.

5. CHANGES OF BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS AND METHODS - FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM (FURS)

Changes in Benefit Terms

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

2017

Working Retiree Limitations

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

HYALITE RURAL FIRE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

5. CHANGES OF BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS AND METHODS - FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

- 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 stat 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

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.
- 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 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 starting 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.

HYALITE RURAL FIRE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

5. CHANGES OF BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS AND METHODS - FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

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 Credit 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.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2020 actuarial valuation:

General Wage Growth*	3.50%
Investment rate of return	7.65%
*Includes inflation rate at	2.75%
Merit salary increases	0% to 6.30%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Healthy members)	For males and females: RP 2000 combined employee and annuitant mortality table projected to 2020 using scale BB, males set back 1 year
Mortality (Disabled members)	For males and females: RP 2000 combined mortality table, with no projections
Admin Expense as % of Payroll	0.17%

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.

The actuarial assumptions and methods utilized in the June 30, 2020 valuation, were developed in the six-year experience study for the period ending 2016.



AMATICS
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**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 Directors
Hyalite Rural Fire District
Bozeman, MT**

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 major funds of Hyalite Rural Fire District ("the District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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 District's internal control or on compliance. This report is an integral part of the 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.

Amatics CPA Group
Bozeman, Montana
January 17, 2023

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**HYALITE RURAL FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2022**

The results of our tests disclosed no instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and no internal control deficiencies considered to be a material weakness as of June 30, 2022.

DRAFT

**HYALITE RURAL FIRE DISTRICT
STATUS OF PRIOR YEAR FINDINGS
June 30, 2022**

There were no compliance findings or internal control deficiencies reported for the year ended June 30, 2021.

DRAFT



Hyalite Rural Fire District

4541 S. 3rd Rd.
Bozeman, MT 59715
Phone: (406)-586-3770
Web: www.HyaliteFire.org

January 17, 2023

Amatics CPA Group
45 Discovery Drive
Bozeman, MT 59718

This representation letter is provided in connection with your audit of the financial statements of Hyalite Rural Fire District, which comprise the respective financial position of the governmental activities and major funds as of June 30, 2022, and the respective changes in financial position, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 17, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 1, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

Representation Letter

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- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements except as made known to you related to potential longevity pay adjustments.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have taken timely and appropriate steps to remedy fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) In regard to the financial statement preparation services performed by you we have –
 - a) Assumed all management responsibilities.
 - b) Designated individuals who have suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.
 - e) Ensured that the entity's data and records are complete and received sufficient information to oversee the services.

Representation Letter

Page 4

- 30) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities in accordance with GASBS Nos. 34, as amended.
- 34) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Special and extraordinary items are appropriately classified and reported.
- 42) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 44) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

HYALITE RURAL FIRE DISTRICT

Brian Nickolay, Fire Chief

Sheryl Wyman, Administrative Assistant

Walt Zidack, Treasurer

Hyalite Rural Fire District
Year End: June 30, 2022
Adjusting journal entries
Date: 7/1/2021 To 6/30/2022

Attachment A
AJE

Prepared by	Reviewed by	Reviewed by
MS 12/12/2022		

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg
Net Income (Loss) Before Adjustments							275,093.01	
AJE-01	6/30/2022	Unrestricted Fund Balance	241000 GF	W-1	696.00			
AJE-01	6/30/2022	State Grants:Revenue - State Grants	331510 GF	W-1		696.00		
To adjust opening net assets to agree to prior audit					696.00	696.00	275,789.01	696.00
					696.00	696.00	275,789.01	696.00

Hyalite Rural Fire District
Year End: June 30, 2022
Reclassifying journal entries
Date: 7/1/2021 To 6/30/2022

Attachment A
RJE

Prepared by	Reviewed by	Reviewed by
MS 12/12/2022		

Number	Date	Name	Account No	Reference	Debit	Credit
RJE-01	6/30/2022	Unrestricted Fund Balance	241000-GW GA	W-2		1,098,418.00
RJE-01	6/30/2022	Genearl fixed asset account group	241001-GW GFAAG	W-2	1,098,418.00	
		To reclassify net position for financial statement presentation				
RJE-02	6/30/2022	2021 GO Bonds - current portion	223103 DSF	P-1		215,000.00
RJE-02	6/30/2022	2021 Go Bonds - current portion offset	223104 DSF	P-1	215,000.00	
		To report current portion of bonds payable for financial statement purposes.				
					1,313,418.00	1,313,418.00

Net Income (Loss) 444,624.01

RESOLUTION NO. 2023-001

HYALITE RURAL FIRE DISTRICT

A RESOLUTION CALLING FOR A TRUSTEES ELECTION

WHEREAS, Section 7-33-2106, MCA, requires that the trustees of the rural fire district are to be elected and can only be appointed by the county commissioners if no nominations are made for the trustee offices; and

WHEREAS, candidates for the office of trustee of the fire district to be filled by the election may file their Declaration of Candidacy form at least 85 days before the election day; and

WHEREAS, the Montana election laws require the election to be held on school election day, which is May 2, 2023 and

WHEREAS, the trustees of the fire district have determined that 2 trustee position(s) will expire in May, 2023; and

WHEREAS, the trustees find that it is necessary to elect 2 trustee(s) at the election in 2023.

NOW THEREFORE, BE IT RESOLVED:

1. A trustee election for the above-named rural fire district to elect 2 trustee(s) shall be held on May 2, 2023.
2. A Declaration of Candidacy form for trustee may be filed with the Gallatin County Election Department no later than February 6, 2023. If the number of candidates is equal to or less than the number of positions to be elected, the county governing body shall declare elected by acclamation each candidate who filed a nominating petition for a position. If a nomination is not made for one or more trustee positions, the county governing body shall appoint one or more trustees as necessary to fill those positions.

Dated this _____ day of January, 2023.

BOARD OF TRUSTEES

By: _____
Chairman



Hyalite Admin <bookkeeper@hyalitefire.org>

VFIS Renewal

1 message

Furlong, Ange (MMA) <afurlong@paynewest.com>

Mon, Dec 5, 2022 at 9:24 AM

To: Hyalite Admin <admin@hyalitefire.org>

Hi Sheryl,

Here is the VFIS renewal quote.

Your expiring premium was \$34,508 and the renewal offer is \$39,036. That is a rate increase of 13%. We are seeing the average to be around 15% due to the economy and inflation.

Let me know if you have any questions and let me know if you would like me to order the renewal coverage.

Thanks

Ange

Coverage Part	Adjusted Expiring Premium	Renewal Quote Premium
Property	9,167	10,446
Portable Equipment	2,340	2,668
Auto	14,341	15,069
General Liability	3,214	3,393
Management Liability	1,393	1,738
Excess	4,053	5,722
Total	\$34,508	\$39,036

PayneWest Insurance,

A Marsh & McLennan Agency LLC company

Ange Furlong

Account Manager, Business Insurance

PROTECT YOUR **CREW**, YOUR **ASSETS**, YOUR **FUTURE**.

HYALITE RURAL FIRE DISTRICT

PRESENTED BY: PAYNEWEST INSURANCE
P.O. BOX 6127
HELENA, MT 59604
406.442.5360

DATE: 12/05/2022

This proposal is valid for 90 days.



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THANK YOU FOR RENEWING

Thank you so much for choosing to renew your insurance with VFIS. Your choice means a lot to us.

Since 1969, we have worked to provide quality support and protection, a focus on safety and training and legendary claims service to our clients. Together, our associates boast over 760 years of combined emergency services experience, so we pride ourselves on not just serving your industry, but also on living it, respecting it and protecting it.

We hope you've felt the VFIS difference, and that it has inspired your choice to remain a client. As our client you are part of a large and growing group of emergency service organizations, including fire departments, ambulance and rescue squads and 911 centers. We take the responsibility of protecting your most important assets very seriously, and have dedicated our lives to protecting you just as you've dedicated yours to protecting others.

We understand the risks that you face each time you leave for a call, and have listened to your concerns for your family, crew, equipment and your station. It is our hope that because you have our customized insurance options, educational opportunities, training and risk management resources on your side, you can head out for those calls each day feeling more confident, secure and protected.

At VFIS, we look forward to continuing to serve you, and hope to continue to not only meet but exceed your expectations.

Please visit our website at vfi.com to learn more about the services we offer, or give us a call at 800.233.1957 to share stories and ideas or ask questions at any time.



Troy A. Markel
President

**WE LIVE IT.
WE RESPECT IT.
WE PROTECT IT.**

THE VFIS ADVANTAGE

Nothing is created equal. You clearly know the best fire truck manufacturer and the best place to get your gear. You wouldn't sacrifice quality for cost on these items, so why skimp on your insurance coverage?

At VFIS, we've seen the front lines and we pioneered insurance specifically for emergency services. We understand the risks you face every time you leave for a call. That's why we not only offer customized insurance options, but education, training and risk management resources to keep your skills on point. Add in our responsiveness, quality service and legendary claims handling and you can see what separates us from the rest.

Don't be fooled by a knock-off. You, your equipment and your crew deserve the best coverage. You dedicate your life to protecting others. We dedicate ours to protecting you.

On top of all of the best-in-class coverages and features ESO's have come to expect from VFIS, we also offer some **unique benefits our competitors just can't match.**

Accident & Sickness

- 200% of the Principal Sum for quadriplegia and paraplegia and 100% for hemiplegia
- Illness Loss of Life Benefit paying for death due to heart attack or stroke within 48 hours of an emergency response or physical training exercise vs. requiring such a death to be "caused by" a covered activity

Risk Management

- 100+ "Manage Your Risk" best practice guidelines available for download
- Self-evaluation program to identify areas for improvement
- Technical assistance in interpreting and applying codes/standards and regulations
- Building replacement cost estimates
- On-site hazard identification and risk control surveys
- Industry cause of loss statistical reviews and individual loss trending studies
- On-site seminars regarding key loss exposures
- Safety focused ride along observation programs
- Provide resources that help with Human Resources

Specialty Benefits

- Minimum 3% guaranteed rate of return on LOSAP funds
- Accidental burn and disfigurement and burial benefits
- Optional 200% line of duty coverage
- Critical illness coverage for heart attack, stroke, kidney failure and cancer
- Benefits paid out at lump sum upon diagnosis – not as an expense reimbursement
- 24 hour on-and-off duty benefits

Education Training & Consulting

- Industry alliances with CFSI, NVFC, NFPA, IAFC, NFFF, NEMSMA, NAEMSO, VCOS, ISFSI, NAEMSE
- 350+ online training classes in addition to those offered in-person
- Train the Trainer programs

EDUCATION, TRAINING & CONSULTING SERVICES

We have a proud tradition and history of being a leader in providing our emergency services clients with quality training programs and other risk management tools. VFIS provides clients access to:

- 25+ training programs
- 50+ online training programs
- 7 downloadable training booklets
- 40+ safety posters
- 20+ downloadable safety forms
- Self-audit guides

A brief overview of the training materials we offer can be found in our education and training resource catalog.

Distance Learning

Our distance learning site (VFIS University) is hosted by TargetSolutions. VFIS University can provide access to more than 350 online distance learning courses. (VFIS classes would be offered free and TargetSolutions classes would be available at a preferred rate - fee per class.)

RISK MANAGEMENT SERVICES

VFIS is more than just a company that you can use to transfer risk. As a valuable service to your organization, VFIS provides Risk Control, Education and Training Services. Our Risk Control team is staffed by active emergency service personnel with more than 200 years of combined emergency service experience.

Employment Practices

It's important to keep up with the latest on employment law liability issues. Through our VFIS HR Help portal, we work to keep our clients up to date and provide timely resources that educate and inspire good employment practices. Through VFISHRHelp.com we provide:

- Web-based EPL training that tracks employees' progress and completion
- Tools to evaluate your current HR policies
- Articles highlighting relevant workplace issues
- Checklists to discover areas of exposure
- Lawsuit and court decision summaries
- Free model HR policies and forms for download

Communiqués/Safety Bulletins/Checklists

VFIS has over 100 technical reference bulletins covering fire and EMS operations, vehicle operations, employment practices and ESO administration.

On-site Risk Assessments

VFIS can provide on-site risk control assessments in evaluating the effectiveness of existing procedures for controlling potential loss exposures. These assessments, where requested, will be provided by a Certified Safety Professional with experience in fire and emergency medical services.

Self-Assessment Tools

VFIS provides a web-based self-assessment guide (Mutual Aid by VFIS) which highlights known loss producing exposures and directs users to resources available to assist their organization in addressing them.

Newsletters

VFIS provides quarterly newsletters covering emerging topics of concern to emergency service leaders and personnel.

YOUR INSURANCE PROPOSAL

This proposal is prepared from information supplied to VFIS on the application submitted by your insurance representative.

The lines of business shown in this proposal are offered as a complete portfolio. Purchase of individual lines of business requires underwriting approval. This proposal may or may not contain all terms requested on the application. Proposed coverages are provided by the VFIS insurance policy forms and are subject to the terms, exclusions, conditions and limitations of those policy forms. Actual policies should be reviewed for specific details. Your insurance representative can provide specimen policies upon request.

Your exposure to loss changes over time. Keep your insurance representative informed of any changes, so your coverage can be updated. We strongly recommend frequent reviews of your operations and VFIS coverage with your insurance representative.

The proposed Property and Casualty coverage is underwritten by National Union Fire Insurance Company of Pittsburgh, Pa. (A.M. Best #19445). National Union Fire Insurance Company of Pittsburgh, Pa. is rated A (Excellent) in Financial Size Category XV by A.M. Best Company.

VFIS Claims Management provides the claims management services for VFIS Program insureds exclusively.

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The VFIS Program is administered by Volunteer Firemen's Insurance Services, Inc. CA Insurance Producer License #0B39073. Volunteer Firemen's Insurance Services, Inc., an American International Group, Inc. (AIG) company, is a premier manager and specialist of specialty commercial insurance markets in the U.S. This proposal provides a brief description of proposed insurance coverages for your consideration. It is not a contract of insurance. Refer to the actual insurance policy for a description of coverage, exclusions and conditions. Specimen policies are available for your review. All products and services are written or provided by subsidiaries or affiliates of AIG. Products or services may not be available in all countries, and coverage is subject to actual policy language. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.

PROPOSAL

GENERAL INFORMATION

This Proposal reflects the renewal of policies listed below:

Policy Number	Effective Date	Expiration Date
VFNU-TR-0001510-02	01/01/2022	01/01/2023
VFNU-CM-0001511-02	01/01/2022	01/01/2023

First Named Insured: HYALITE RURAL FIRE DISTRICT

Mailing Address: 4541 SOUTH 3RD AVENUE
BOZEMAN, MT 59715

Other Named Insured(s):

- RAE FIRE SERVICE AREA
- SOURDOUGH RURAL FIRE DISTRICT
- SOURDOUGH FIREFIGHTERS ASSOCIATION
- RAE VOLUNTEER FIRE COMPANY

PROPERTY

Insurer: National Union Fire Insurance Company of Pittsburgh, Pa.

Schedule of Locations

<u>Premises</u>	<u>Item</u>	<u>Address</u>	<u>Occupancy</u>
1	1	5400 GOOCH HILL RD BOZEMAN, MT 59718	FIRE STATION
2	1	10200 COTTONWOOD RD BOZEMAN, MT 59718	FIRE STATION
2	2	10200 COTTONWOOD RD BOZEMAN, MT 59718	TRAINING BUILDING
3	1	4541 S 3RD AVE BOZEMAN, MT 59715	FIRE STATION
3	2	4541 S 3RD AVE BOZEMAN, MT 59715	STORAGE
4	1	5370 GOOCH HILL RD BOZEMAN, MT 59718	DWELLING

Schedule of Limits & Deductibles

Property Deductible: \$2,500

Blanket Contents Limit: \$610,677 * below indicates Contents included in Blanket Limit

<u>Premises/ Item</u>	<u>Building Limit</u>	<u>Building Valuation</u>	<u>Contents Limit</u>	<u>Contents Valuation</u>	<u>Earthquake Deductible</u>	<u>Flood Deductible</u>
1 / 1	\$588,306	GRC	\$66,605 *	RC	5%	\$1,000
2 / 1	\$1,545,188	GRC	\$166,233 *	RC	5%	\$1,000
2 / 2	\$136,219	GRC	\$8,325 *	RC	5%	\$1,000
3 / 1	\$3,500,799	GRC	\$342,143 *	RC	5%	\$1,000
3 / 2	\$256,598	GRC	\$27,371 *	RC	5%	\$1,000
4 / 1	\$342,143	RC	Not Covered	N/A	5%	\$1,000

Valuation Basis

VFIS insures property on a **guaranteed replacement cost (GRC)**, **replacement cost (RC)**, **actual cash value (ACV)** or **functional replacement cost (FRC)** basis. The Schedule of Limits shows how your property was quoted.

Descriptions

Guaranteed replacement cost pays to replace your property, without deduction for depreciation, even if the replacement cost is greater than the limit on the policy. Here's an example:

	<u>With GRC</u>	<u>Without GRC</u>
Policy limit:	\$100,000	\$100,000
Actual cost to replace:	\$125,000	\$125,000
Policy pays:	\$125,000	\$100,000
You would have to pay:	\$0	\$25,000

Replacement cost pays to replace your property, without deduction for depreciation, but is subject to the limit on the policy.

Actual cash value pays the cost to replace your property, subject to depreciation and subject to the limit on the policy.

Functional replacement cost pays to replace your property with similar property intended to perform the same function, when replacement with identical property is impossible or unnecessary; it's subject to the limit you select.

PROPERTY – COVERAGE HIGHLIGHTS

The following apply unless noted otherwise in this proposal:

Loss of Income

Protects your organization's loss of income if your operations are interrupted because of a covered loss to your buildings or contents.

Includes increased time due to enforcement of an ordinance or law.

No dollar limit; covers the actual loss of income you sustain during the period of restoration for up to 24 months.

Example: Because of serious wind damage to the roof of the fire station, a volunteer fire company is unable to hold the twice-weekly bingo games they count on to fund their operations. This coverage would pay for the lost income until the roof is repaired and the bingo games can resume.

Extra Expense

Protects your organization from extra expense you incur if your operations are interrupted because of a covered loss to your buildings or contents, provided the extra expense is necessary to minimize your down-time and continue operations.

Includes increased time due to enforcement of an ordinance or law.

No dollar limit; covers the extra expense (over and above your normal operating expense) incurred during the period of restoration for up to 24 months.

Example: An ambulance squad suffers a total loss to their main garaging location due to a fire. In order to continue responding to calls, they must lease space from the local municipality for the time it takes to rebuild their garage. This coverage would pay for the extra costs (rent, phone installation, furniture leasing and so forth) needed to do so.

Utility Service Interruption

Loss of Income and extra expense is extended to cover an interruption in utility services to your premises, if utility interruption occurs as a result of a covered cause of loss.

Subject to a 72 hour waiting period.

Ordinance Coverage

Applies to buildings insured on a guaranteed replacement cost basis or on a replacement cost basis.

Will pay for the loss of value of the undamaged portion of a building that must be torn down, following a covered loss, because of applicable local, state or federal building codes. If the building is written on a replacement cost basis, the amount paid for such loss is included in your building limit and does not increase it.

Will pay for the cost to demolish the undamaged portion of the building, clear the site, and repair or rebuild according to code. These costs are covered up to 100% of the amount paid for the initial direct physical loss or damage to the building.

Examples of costs covered by this extension include updated electrical systems to comply with local building codes, or improved rest room facilities that are accessible to disabled people.

PROPERTY – COVERAGE HIGHLIGHTS – continued

Earthquake	<p>Applies to the full amount of coverage you carry on buildings and contents (no sub-limit).</p> <p>Includes volcanic action.</p> <p>A special 5% deductible applies to the value of the building and personal property for each item.</p>
Flood	<p>Applies to the full amount of coverage you carry on buildings and contents (no sub-limit).</p> <p>A special \$1,000 deductible applies per premises.</p>
Equipment Breakdown	<p>Covers the mechanical breakdown of equipment or the explosion of pressure vessels at your premises. Covered equipment includes such things as refrigeration equipment, air conditioners, cascade units and boilers.</p> <p>Covers the mechanical breakdown of certain types of portable equipment (mobile cascade units, mobile generators, portable pumping units, jaws-of-life) away from your premises.</p> <p>Covers loss of income or extra expense your organization may suffer if your utilities are interrupted as a result of an accident to covered equipment owned by your landlord or utility company.</p> <p>No dollar limit.</p>
Other Perils (not covered by many property policies)	<p>Damage caused by the back-up of sewers and drains.</p> <p>Damage caused by artificially generated electrical currents.</p> <p>Damage caused by changes in temperature or humidity.</p>
Arson Reward	<p>Limit of \$25,000.</p> <p>For the reimbursement of your payment of rewards which provide information related to arson fire.</p> <p>No deductible.</p>
Crisis Incident Response Coverage	<p>We will pay up to \$25,000 for any one crisis incident that results in crisis management expenses (to restore your public image) or post-crisis counseling services.</p>
Debris Removal	<p>Covered without limit if the expense is incurred as a result of a covered cause of loss.</p>
Contents Off-Premises	<p>Pays the greater of \$25,000 or your highest contents limit at any location.</p> <p>Does not apply to portable equipment.</p>
Newly Acquired Property	<p>Automatically covers newly acquired buildings, buildings under construction, and contents at newly acquired locations.</p> <p>The automatic feature lasts for 90 days or the end of the policy period, whichever is later.</p> <p>Limits are \$2,500,000 for buildings and \$500,000 for contents.</p>

PROPERTY – COVERAGE HIGHLIGHTS – continued

Fine Arts	Limit of \$50,000 when there is a certified appraisal; otherwise the limit is \$25,000 subject to \$1,500 limit per item.
Money & Securities	Covers theft, disappearance or destruction on-premises or off-premises. Automatic \$30,000 limit; higher limits are available.
Trees, Shrubs, Plants & Lawns	Covered against loss by fire, lightning, explosion, civil commotion, aircraft, vehicles and vandalism. No dollar limit.
Glass Deductible Waiver	Property deductible is waived when loss only involves building glass.
Personal Effects	Applies on-premises only. Primary coverage (not excess over a homeowners policy, for example). For members, full replacement cost with no dollar limit. For non-members, a limit of \$1,500 per person applies. No deductible.
Member's Property (other than personal effects)	Limit of \$5,000 (for items such as computers, all-terrain vehicles, snowmobiles, golf carts, personal watercraft, tools and firearms). Primary Coverage and not excess over a homeowners policy. No deductible.
Member's Real Property Deductible Reimbursement	We will provide up to \$1,000 deductible reimbursement for damage to members residence when responding to an emergency on your behalf. No deductible.
Pollution Clean-Up	Applies on-premises only. Limit of \$100,000 for remediation expense you incur resulting from fire, lightning, windstorm, hail, explosion, civil commotion, vehicles, aircraft, smoke, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, the weight of ice / snow / sleet, or water damage. Limit of \$25,000 for all other covered causes of loss.
Sirens & Antennas	Sirens, antennas, towers and similar structures and their associated equipment are automatically covered away from your scheduled premises, if you have building coverage with VFIS. No sub-limit applies.
Permanently Installed Property Off-Premises	Limit of \$125,000. Applies to outdoor property permanently installed away from your premises. Includes traffic control devices, statues, signs, monuments and fire hydrants.

PROPERTY – COVERAGE HIGHLIGHTS – continued

Commandeered Property of Others	<p>Replacement cost coverage for any commandeered property other than autos.</p> <p>Includes the owner's loss of use.</p> <p>No dollar limit.</p> <p>No deductible if commandeered property belongs to volunteer, employee, director, officer or trustee.</p>
Computer Software	<p>Automatic coverage for the cost of restoring or replacing your organization's data and the media on which it is stored.</p> <p>Covered causes of loss include computer virus and the breakdown of computer hardware.</p> <p>Applies on-premises or off-premises.</p> <p>Automatic limit of \$250,000, higher limits are available.</p>
Unintentional Errors and Omissions	<p>Limit of \$500,000.</p> <p>Covers for unintentionally omitting real property at the time of application or unintentionally failing to report all real property prior to the beginning of the policy period.</p>
Vehicle Parts	<p>Limit of \$25,000.</p> <p>Automatically covers vehicle stock owned by you and stored inside a building or at your location.</p>
Valuable Papers & Records	<p>Pays the costs you incur to restore or replace any such documents following a covered loss.</p> <p>No dollar limit.</p> <p>Applies on-premises or off-premises.</p>
Accounts Receivable	<p>Pays the costs you incur in restoring your accounts receivable records following a covered loss.</p> <p>Also pays amounts you can't collect if your accounts receivable records can't be restored.</p> <p>No dollar limit.</p> <p>Applies on-premises or off-premises.</p>
Lock and Key Replacement	<p>Limit of \$25,000 to reimburse you for lock and key replacement after theft at your location.</p> <p>No deductible.</p>

PROPERTY – COVERAGE HIGHLIGHTS – continued

Recharge Costs

Will pay the cost to recharge fire extinguishing equipment at your premises regardless of whether the discharge was accidental or was the result of a covered cause of loss.

No dollar limit.

No deductible.

**Limited Coverage
for Fungus, Wet Rot,
Dry Rot or Bacteria**

A standard exclusion applies to loss or damage caused by fungus, wet rot, dry rot or bacteria.

However, the exclusion doesn't apply if the fungus, wet rot, dry rot or bacteria results from fire or lightning.

An extension has been added to provide a \$25,000 sub-limit if the fungus, wet rot, dry rot or bacteria arises from flood or from a specified cause of loss, as defined in the policy. This sub-limit is the most that will be paid in any policy term regardless of the number of occurrences.

Deductible Waiver

If a Property claim occurs in conjunction with a claim under a VFIS Auto Physical Damage or Portable Equipment coverage, the various deductibles will not be stacked.

Only one deductible, the largest, will apply.

Coinurance

Does not apply to your buildings if they're insured on a guaranteed replacement cost basis.

Does not apply to your contents if they're insured on a replacement cost basis or on a guaranteed replacement cost basis.

PORTABLE EQUIPMENT

Insurer: National Union Fire Insurance Company of Pittsburgh, Pa.

Blanket Portable Equipment Coverage

<u>Covered For</u>	<u>Limit</u>	<u>Deductible</u>
All causes of physical loss unless excluded	Guaranteed Replacement Cost	\$500

If Portable Equipment coverage is provided on a blanket basis, coverage is provided for all portable firefighting, ambulance and rescue related equipment owned or furnished for your regular use. Note that boats over 100 horsepower are not covered under blanket; they must be scheduled.

Scheduled Portable Equipment Coverage

Deductible: \$500

<u>Description of Equipment</u>	<u>Serial Number</u>	<u>Limit</u>
2015 POLARIS MRZR4 SIDE BY SID	4XAVXE903GB339617	\$12,500

Scheduled Portable Equipment coverage is provided for equipment specifically listed in the schedule above. Coverage can be scheduled for portable firefighting, ambulance and rescue related equipment and for watercraft over 100 horsepower owned by you or furnished to you for your regular use. Coverage is provided on a *replacement cost* basis up to the limit shown in the schedule.

PORTABLE EQUIPMENT – COVERAGE HIGHLIGHTS

The following apply unless noted otherwise in this proposal:

Personal Effects	<p>Applies on and off premises while on authorized duty.</p> <p>Primary coverage (not excess over a homeowners policy, for example).</p> <p>Full replacement cost with no dollar limit.</p> <p>No deductible.</p>
Non-owned Portable Equipment	<p>Coverage for portable equipment of others temporarily in your possession.</p> <p>Automatic \$50,000 limit.</p>
Unmanned Aircraft (Drones)	<p>Pays to repair or replace your lost or damaged unmanned aircraft.</p> <p>Coverage does not apply when the unmanned aircraft is:</p> <ol style="list-style-type: none">1. rented, leased or loaned to others without an operator who is your employee or volunteer2. used in any professional or organized racing, demolition or stunting activity. This includes practicing for such activity. <p>\$500 deductible applies.</p> <p>Pays up to \$25,000 in any one occurrence.</p>
Deductible Waiver	<p>If a Portable Equipment claim occurs in conjunction with a claim under a VFIS Auto Physical Damage or Property coverage, the various deductibles will not be stacked.</p> <p>Only one deductible, the largest, will apply.</p>
Coverage to Replace Obsolete Chargers	<p>We will pay for new compatible mobile or stationary chargers when associated covered portable equipment is damaged and replaced.</p>
Theft of Portable Equipment by Member	<p>At your request we will pay up to \$5,000 for portable equipment taken by a volunteer or employee no longer affiliated with your organization provided the equipment is reported as stolen.</p> <p>The most we will pay in one year is \$10,000.</p>
Trailers Used to Transport Covered PE	<p>Physical damage coverage is provided automatically if the primary use of the trailer is to provide mobility to other covered portable equipment.</p> <div><p>Example: A portable generator is installed on a small trailer that can be pulled to an emergency scene by a number of vehicles; both the generator and its trailer would be covered under Blanket Portable Equipment.</p></div>
Blanket Coverage	<p>Applies to:</p> <ol style="list-style-type: none">1. All boats up to 100 horsepower, and2. All jet skis and waverunners regardless of horsepower.
Scheduled Coverage	<p>Required for boats in excess of 100 horsepower.</p>
Reporting	<p>No need to determine equipment values if you select blanket coverage.</p> <p>VFIS will rate the coverage based on the number and type of vehicles you use.</p> <p>If you have properly reported all such vehicles, your portable equipment is covered up to its full replacement cost.</p>

AUTO

Insurer: National Union Fire Insurance Company of Pittsburgh, Pa.

<u>Coverage</u>	<u>Symbols</u>	<u>Limits</u>
Bodily Injury / Property Damage Combined Single Limit	1	\$1,000,000
"No Fault" or Statutory Personal Injury Protection		Not Included
Medical Payments	7	\$1,000
Uninsured Motorists	2	\$500,000
Underinsured Motorists Insurance	2	\$500,000
Hired & Borrowed Vehicles		Included
Commandeered Vehicles		Included
Volunteers/Employees as Insureds Under Non-Owned Autos		Included (Excess)
Temporary Substitute Vehicles		Included
Fellow Member Liability		Included
Incidental Garage Liability		Included
Physical Damage Comprehensive	7,8	see Schedule of Vehicles
Physical Damage Collision	7,8	see Schedule of Vehicles

Schedule of Vehicles

<u>Vehicle No.</u>	<u>Year</u>	<u>Make & Model</u>	<u>VIN</u>	<u>PE</u>	<u>ACV</u>	<u>Agreed Value</u>	<u>Comp. Ded.</u>	<u>Coll. Ded.</u>
1	1998	GMC FIRST RESPONDER	1GTHK33J1WF003577	FR		\$25,000	\$1,000	\$5,000
2	1985	PIERCE PUMPER TANKER	1M2H145CXFM001163	PT		\$250,000	\$1,000	\$5,000
3	2002	INTERNATIONAL PUMPER	1HTXGAET63J052589	PR		\$495,000	\$1,000	\$5,000
4	2003	INTERNATIONAL PUMPER	1HTXGAET43J052588	PR		\$495,000	\$1,000	\$5,000
5	2012	INTERNATIONAL PUMPER TANKER	1HTGRSJ77CJ423569	PT		\$495,000	\$1,000	\$5,000
6	2000	FORD FIRST RESPONDER	1FDFX47F7YEA28435	FR		\$40,000	\$1,000	\$5,000
7	2011	CHEVROLET FIRST RESPONDER	1GNWK5EGXBR211042	FR		\$46,910	\$1,000	\$5,000
8	2013	INTERNATIONAL PUMPER TANKER	1HTGSSJT8DJ300319	PT		\$329,000	\$1,000	\$5,000
9	2006	TOYOTA FIRST RESPONDER	5TBDT44146S502687	FR		\$25,000	\$1,000	\$5,000
10	2016	KENWORTH PUMPER TANKER	2NKHJ9X1GM490959	PT		\$254,000	\$1,000	\$5,000
11	2018	DODGE RAM COMMAND VEH	3C6UR5CJ8JG336170	FR		\$42,585	\$1,000	\$5,000
12	2019	PIERCE PUMPER TANKER	4P1BAAFF8KA020136	PT		\$595,043	\$1,000	\$5,000
13	2007	FORD SERVICE PICKUP	1FDAF57R28EB48813	OTH	X	N/A	\$1,000	\$5,000
14	2021	DODGE RAM COMMAND VEH	3C6UR5CJ9MG679977	FR		\$46,249	\$1,000	\$5,000
15	2021	DODGE RAM COMMAND VEH	1C6RFMT4MN788108	FR		\$48,710	\$1,000	\$5,000

<u>Vehicle No.</u>	<u>Year</u>	<u>Make & Model</u>	<u>VIN</u>	<u>PE</u>	<u>ACV</u>	<u>Agreed Value</u>	<u>Comp. Ded.</u>	<u>Coll. Ded.</u>
16	1996	INTERNATIONAL RESCUE HVY	1HTSEAAR1TH351361	RTH		\$150,000	\$1,000	\$5,000
17	2021	FORD AMB BLS	1FDBR2CG66MKA525466	BLS		\$104,680	\$1,000	\$5,000
18	2005	FORD AMB BLS	1FDXF47P15EC65944	BLS		\$104,680	\$1,000	\$5,000
19	2022	ADAMS TRAILER	1A9U11210N1374205	OTH		\$3,000	\$1,000	\$5,000

Schedule of Vehicles – Insured's Identifiers

Only vehicles with an insured's identifier are shown below.

Vehicle No.	Year	Make & Model	VIN	Insured's Identifier (How YOU refer to this vehicle)
1	1998	GMC FIRST RESPONDER	1GTHK33J1WF003577	U6
2	1985	PIERCE PUMPER TANKER	1M2H145CXFM001163	WT6-2
3	2002	INTERNATIONAL PUMPER	1HTXGAET63J052589	E6-3
4	2003	INTERNATIONAL PUMPER	1HTXGAET43J052588	E6-2
5	2012	INTERNATIONAL PUMPER TANKER	1HTGRSJ7CJ423569	E6
6	2000	FORD FIRST RESPONDER	1FDFX47F7YEA28435	AMB 6
7	2011	CHEVROLET FIRST RESPONDER	1GNWK5EGXBR211042	C6
8	2013	INTERNATIONAL PUMPER TANKER	1HTGSSJT8DJ300319	WT6
9	2006	TOYOTA FIRST RESPONDER	5TBDT44146S502687	C6-4
10	2016	KENWORTH PUMPER TANKER	2NKHLJ9X1GM490959	WT6-1
11	2018	DODGE RAM COMMAND VEH	3C6UR5CJ8JG336170	C6-3
12	2019	PIERCE PUMPER TANKER	4P1BAFF8KA020136	E 6-1
13	2007	FORD SERVICE PICKUP	1FDAF57R28EB48813	U-6-1
14	2021	DODGE RAM COMMAND VEH	3C6UR5CJ9MG679977	C6-1
15	2021	DODGE RAM COMMAND VEH	1C6RFMT4MN788108	C6-2
16	1996	INTERNATIONAL RESCUE HVY	1HTSEAAR1TH351361	S-6
17	2021	FORD AMB BLS	1FDBR2CG66MKA525466	AMB 6-1

AUTO LIABILITY – COVERAGE HIGHLIGHTS

The following apply unless noted otherwise in this proposal:

Non-Owned Automobile	<p>Covers your liability for vehicles hired, borrowed, or otherwise used on your behalf on an <i>excess basis</i>.</p> <p>Covers your liability for commandeered vehicles used on your behalf on a <i>primary basis</i>.</p>
Volunteers/Employees as Insureds Under Non-Owned Automobiles	<p>Volunteers/employees are covered while operating their own personal vehicle on behalf of the emergency service organization.</p> <p>Coverage is on an <i>excess basis</i>.</p>
Additional Insured-Automatic	<p>Any person or organization for which you have agreed in writing in a contract to be added as an additional insured.</p>
Expected or Intended Injury	<p>Included for Bodily Injury or Property Damage when resulting from actions taken to protect persons or property.</p>
Temporary Substitute Vehicle	<p>Coverage is provided when a replacement vehicle is loaned to you while a covered vehicle is temporarily out of service.</p> <p>Coverage is on a <i>primary basis</i>.</p> <div>Example: A department is temporarily loaned an ambulance while their covered ambulance is being serviced. The loaner is involved in an intersection accident injuring civilians. Liability coverage would be provided to the department on a primary basis up to the policy limit.</div>
Owner of Commandeered Auto as an Insured	<p>The owner of a commandeered auto in your temporary care, custody or control that is being used as part of an emergency operation is an insured.</p> <p>Coverage is on a <i>primary basis</i>.</p>
Uninsured Motorist/Underinsured Motorist	<p>Covers your organization for bodily injury and/or property damage sustained by an eligible party caused by a negligent uninsured/underinsured motorist or hit-and-run motorist, based on your state laws.</p>
Fellow Member Liability	<p>Covers your volunteers and employees should they accidentally injure a co-volunteer or co-employee arising out of the use of a covered vehicle.</p> <p>Note that the protection applies to the <i>individual</i> against whom the claim is made, whether or not a claim is made against you (the insured organization).</p> <div>Example: A fire truck is responding to an emergency call with lights and sirens activated. The vehicle operator fails to see a civilian vehicle resulting in a collision, injuring several passenger firefighters. Fellow member auto liability coverage would be provided to the fire truck driver up to the limit of the policy for claims arising from the injured passenger firefighters.</div>
Incidental Garage Liability	<p>Provides liability arising from autos used in connection with an insured's garage operations.</p> <p>Coverage is primary.</p> <p>Provides coverage for your organization if you service or store vehicles owned by others.</p>

AUTO PHYSICAL DAMAGE – COVERAGE HIGHLIGHTS

Agreed Value

Physical damage coverage on emergency vehicles is provided on an *Agreed Value* basis. In the event of a loss, you will receive the **lesser of**:

1. The **cost to repair** the covered vehicle; or
2. The **cost to replace** the part with a part of like kind and quality, *without deduction for depreciation*; or
3. The **cost to replace the entire vehicle with a comparable new vehicle**, manufactured to current specifications set by the NFPA, the U. S. Department of Transportation, or similar organization; or
4. The **agreed value** shown in the policy.

Note: If the estimated repair costs for a damaged vehicle covered on an *Agreed Value* basis exceed 75% of the *Agreed Value*, and you choose not to accept payment under paragraph 1. or 2. (above), VFIS will pay the lesser of paragraph 3. or 4. (above). Under this arrangement, VFIS has the rights to all recovery and salvage.

Furthermore, for repairs or replaced parts under paragraph 1. or 2. (above), VFIS will pay up to an additional 25% of the amount of the loss to cover the costs you incur in bringing the repaired or replaced parts into compliance with the latest safety standards. If recertification is required, we will also pay those costs.

Example: A fire department has a 1976 Mack pumper with an Agreed Value of \$50,000. While responding during an ice storm they lose control and slide into a tree. Damages are appraised at \$40,000. The replacement cost of the truck at the time of the loss is \$100,000. Since the Agreed Value selected by the insured is \$50,000 and 75% of the Agreed Value is \$37,500, the insured has the option to either repair the vehicle, taking the \$40,000 settlement, or be reimbursed the Agreed Value of \$50,000 with VFIS having the rights to the salvage.

We use this method for emergency vehicles and, at the insured's option, for private passenger vehicles less than five years old.

Actual Cash Value

Settles the claim based on the current market value of the damaged vehicle or part (old for old).

We use this method for most private passenger vehicles, service vehicles, some trailers and other non-emergency vehicles.

Stated Amount

Settles the claim by paying the lesser of:

1. The current market value of the damaged vehicle or part (old for old).
- or**
2. The amount stated in the policy.

We do not offer stated amount coverage because it is less advantageous to your organization than other methods.

AUTO PHYSICAL DAMAGE – COVERAGE HIGHLIGHTS – continued

Deductible Waiver

If an Automobile Physical Damage claim occurs in conjunction with a claim under a VFIS Portable Equipment or Property coverage, the various deductibles will not be stacked.

Only one deductible, the largest, will apply.

Additionally, regardless of the number of covered autos suffering a physical damage loss while engaged in a single firefighting, ambulance and/or rescue emergency, only one deductible, the largest, shall apply to the entire event.

Example: A fire department's rescue truck is responding with lights and siren when it is struck by another vehicle in an intersection and flipped over on its side. The rescue truck sustains \$20,000 of damages and the equipment inside the vehicle is broken and strewn across the roadway. The Waiver of Deductible clauses in the Automobile Physical Damage coverage and the Portable Equipment coverage provide that only one deductible, the largest, would be applied to the loss settlement.

Collision

Damages from overturn or collision with another object.

Comprehensive

Damages from causes other than collision or overturn.

Freezing

Coverage for permanently attached special equipment for loss caused by freezing, unless caused by failure to maintain the equipment.

Includes, but is not limited to, pumps, gauges and tanks.

No freezing coverage for loss to vehicle engines.

**Volunteers' or
Employees' Personal
Automobiles**

Covers damage to a member's personally owned vehicle:

1. while enroute to, during, or returning from an emergency or other activity on behalf of your organization, and
2. resulting from a covered cause of loss.

Reimburses the members deductible up to \$1,000 if insurance is carried or actual cash value if no insurance is carried. Member is required to maintain minimum state liability coverage.

Airbag Coverage

Covers loss caused by accidental discharge of an airbag.

**Hired, Borrowed or
Commandeered
Vehicles**

Coverage for hired, borrowed or commandeered vehicles on an actual cash value basis.

Comprehensive deductible - \$50.

Collision deductible - \$100.

Coverage is primary.

**Temporary Substitute
Vehicles**

Coverage for fire trucks and ambulances with loss to be settled based on the valuation method of the owner's policy, up to \$1,000,000. Subject to the insured's deductible.

**Customized Vehicle
Extension**

Applies to vehicles, such as chief's cars, insured on an actual cash value basis.

Cost to replace custom features such as gold leaf lettering, light bars, sirens and radios on a *replacement cost basis*.

Extended to equipment owned by the organization that's permanently installed in non-owned autos.

AUTO PHYSICAL DAMAGE – COVERAGE HIGHLIGHTS – continued

Towing and Labor	Coverage is provided for vehicles carrying comprehensive coverage. Labor must be performed at the disablement location. No mileage limit. Includes the cost to tow the disabled auto to multiple facilities as necessary, prior to delivery to the final repair facility. \$2,500 limit applies.
Recertification	Included in claims settlement for covered losses. No limit applies.
Removal of Apparatus from Environmentally Sensitive Areas	Following a covered loss, the cost of uprighting, retrieving or towing the vehicle is part of the claim adjustment expense. No sub-limit applies.
Rental Reimbursement coverage for Fire Trucks	If no spare or reserve units are available, we provide automatic coverage for rental expenses for firefighting and rescue vehicles. Limit of \$250 any one day for up to 40 days.
Rental Reimbursement for member's personally owned vehicles	Coverage provided when loss occurs while enroute, during, returning from an emergency or while at the direction and knowledge of an officer of the insured. Limit of \$30 per day for up to 30 days.
Full Glass Coverage	No glass deductible for vehicles with comprehensive coverage.
Garagekeepers Insurance	\$50,000 coverage for vehicles while left with an insured's garage operation. Comprehensive deductible - \$250. Collision deductible - \$500. Coverage is primary. Provides coverage for your organization if you service or store vehicles owned by others.

GENERAL LIABILITY / PROFESSIONAL HEALTH CARE LIABILITY

Insurer: National Union Fire Insurance Company of Pittsburgh, Pa.

This coverage contains the following four sections:

- **Coverage A. Bodily Injury and Property Damage Liability** protects you when claims are made against you because of injury to others or damage to their property, unless caused by an auto.
- **Coverage B. Personal and Advertising Injury Liability** protects you when claims are made against you because of offenses such as false arrest, wrongful eviction or slander.
- **Coverage C. Professional Health Care Liability** protects you when claims are made against you as a result of your handling of patients, or providing, or failing to provide, medical services.
- **Coverage D. Medical Expense** protects you when claims are made against you as a result of injuries suffered by the public (not your volunteers or employees) because of your premises or operations. These expenses are payable even if the injury occurred through no fault of your own.

Coverages

Limits

Each Occurrence or Medical Incident	\$1,000,000
Personal and Advertising Injury (each offense)	\$1,000,000
Fire Damage Legal Liability (any one fire)	\$1,000,000
Medical Expense (any one person)	\$5,000
General Aggregate (the total payable in any policy term)	\$10,000,000
Products / Completed Operations Aggregate (the total payable in any policy term)	\$10,000,000

Optional Coverages (apply only if checked)

☐ Employer's (Stop Gap) Liability

- Provides General Liability and Auto Liability coverage to you (the insured organization) if a volunteer or employee alleges they were injured on the job and are entitled to sue the organization and seek damages beyond the benefits available under the applicable Workers' Compensation statute.
- Needed when the insured's Workers' Compensation policy provided for your volunteers and/or employees does not contain Part Two – Employer's Liability.

☐ Owned Watercraft Liability (boats exceeding 100 horsepower)

GENERAL LIABILITY – COVERAGE HIGHLIGHTS

The following apply unless noted otherwise in this proposal:

Volunteers and Employees as Insureds

Covers all volunteers (whether or not they are members of your organization) and employees are covered while acting on behalf of your organization.

Other insureds include your officers, directors, commissioners or trustees.

Also included are the owners of any property you commandeer.

VFIS coverage is primary for all of the above insureds, not excess of any personal insurance that may apply.

Your medical director (if any) is an insured for actions taken on your behalf, with these stipulations:

1. Coverage doesn't apply to liability arising from any physician's providing or failing to provide on-line medical direction or medical command via a telecommunications device, and
2. Hands-on treatment of a patient by a physician is excess of any medical malpractice insurance carried by the physician.

Blanket Additional Insureds

Automatically covers any person or organization required by contract to be an additional insured, but only for their liability arising out of your premises or operations.

The contract must be in effect before the injury or damage occurs.

Fellow Member Liability

Covers your volunteers and employees should they accidentally injure a co-volunteer or co-employee while working on your behalf.

Note that the protection applies to the individual against whom the claim is made, whether or not a claim is made against you (the insured organization).

"Good Samaritan" Liability

Covers your volunteer members and employees for liability arising from actions on their own to render services at the scene of an emergency requiring immediate action.

Applies to professional health care or any other services.

To qualify as a "Good Samaritan," the individual must act independently of your organization or any other organization.

Unlimited Defense Costs

The cost to defend you against covered claims is the responsibility of the company and will not erode your liability limits.

Intentional Acts

Provides liability protection if, in an attempt to save lives or protect property, your volunteers or employees intentionally cause bodily injury or property damage.

Example (bodily injury): A distraught relative of a heart attack victim must be restrained in order for you to administer care to the patient, and in the process the relative is injured.

Example (property damage): In order to gain access to a small fire in one apartment unit, a firefighter breaks down a door to a different unit that is not in imminent danger.

GENERAL LIABILITY – COVERAGE HIGHLIGHTS – continued

Pollution Liability

Covers you for bodily injury or property damage arising out of a pollution incident resulting from any of the following:

1. emergency operations away from your premises,
2. training activities, or
3. water runoff from the cleaning of equipment.

Covers you for bodily injury or property damage arising out of an asbestos incident resulting from either of the following:

1. emergency operations away from your premises, or
2. training activities away from your premises.

Liquor Liability

Covers you for bodily injury or property damage arising out of the serving or selling of alcoholic beverages.

If alcoholic beverages are sold, VFIS requires that you obtain the proper license or permit, comply with our liquor loss control recommendation, and pay the applicable premium charge.

Contractual Liability

Covers you for the liability you agreed to assume of another party, either orally or in writing.

The claim must be otherwise covered (not excluded).

Example: Farmer Brown agrees to allow a fire department to use his pasture to hold a flea market, as long as any injuries to the public are agreed to be the responsibility of the fire department and not of Farmer Brown.

Watercraft Liability

Automatic coverage for injury or damage arising from your use of the following:

1. non-owned boats,
2. owned boats that are not powered by motors,
3. owned boats that are powered by motors of not more than 100 horsepower, and
4. jet skis and waverunners regardless of horsepower.

Unmanned Aircraft (Drones)

Covers you for unmanned aircraft owned, operated, rented or loaned to you.

Unmanned aircraft means an aircraft weighing 15 pounds or less that is not designed, manufactured or modified after manufacture to be controlled directly by a person from within or on the aircraft.

Unmanned aircraft includes equipment used with the unmanned aircraft, provided such equipment is attached to or essential for its operation.

Fire Damage Legal Liability

Covers you for liability for fire damage to buildings your organization may rent or otherwise occupy with the permission of the owner.

A similar provision covers your liability for other than fire damage to buildings or contents rented or loaned to you for not more than 30 consecutive days.

Damage to Property of Persons Receiving Services

Covers you for liability for a personal property loss suffered by a member of the public receiving services from you, provided the loss is caused by theft, physical damage or disappearance.

Subject to a \$100 deductible each occurrence.

Example: A patient transported by ambulance to the hospital notices shortly after arrival that his wallet and Rolex watch are missing; he files a claim against the ambulance squad alleging theft of the property.

Expanded Aggregate Limit

The General Aggregate Limit shown in the schedule applies separately to:

1. each named insured (unless you have selected a \$10,000,000 aggregate limit), and
2. each location you own or rent.

MANAGEMENT LIABILITY

Insurer: National Union Fire Insurance Company of Pittsburgh, Pa.

Limits

Each Offense or Wrongful Act	\$1,000,000
Aggregate (the total payable in any policy term)	\$10,000,000
Defense Expense for Injunctive Relief	\$50,000

☒ "Claims made" basis

- This means that coverage is provided only for claims that are reported during the policy period, regardless of when the incident giving rise to a claim occurred. VFIS covers claims arising from incidents that occurred prior to the initial policy period as long as you had no reason to suspect that a claim might be presented as a result of the incident.
- If you are aware of any such incidents, be sure to report them to your agent immediately.

A signed and dated application is required before coverage can be bound.

☐ "Occurrence" basis

- This means that coverage is provided only for claims arising out of incidents that occur during the policy period, regardless of when the claim is eventually reported.
- You should not purchase occurrence coverage unless:
 - You are currently insured on an occurrence basis, or
 - You are currently insured on a claims made basis and you have decided to purchase a supplemental extended reporting period from your current carrier.

Cyber Liability and Privacy Crisis Management Expense

- **Cyber Liability** protects you when claims are made against you for monetary damages arising out of an electronic information security event.
- **Privacy Crisis Management Expense** reimburses for expenses you incur as a result of a privacy crisis management event first discovered during the policy period. This first party coverage is intended to provide professional expertise in the identification and mitigation of a privacy breach while satisfying all Federal and State statutory requirements.
- **Cyber Extortion Expense** reimburses for expenses you incur as a result of a cyber extortion threat first made against you during the policy period.

Cyber Liability

Each Event Limit:	\$1,000,000	Each Electronic Information Security Event
Retroactive Date:	None	

Privacy Crisis Management Expense

Each Event Limit:	\$50,000	Each Privacy Event
Retroactive Date:	None	
Deductible:	\$0	Each Privacy Event

Cyber Extortion Expense

Each Event Limit:	\$20,000	Each Cyber Extortion Threat
Deductible:	\$0	Each Cyber Extortion Threat

Privacy Crisis Management Expense and Cyber Extortion Expense

Aggregate Limit:	\$50,000	Aggregate
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MANAGEMENT LIABILITY – COVERAGE HIGHLIGHTS

Management Liability coverage protects you against claims for monetary damages arising out of:

Employment-related practices, such as wrongful termination, failure to promote or sexual harassment.

***Example:** A paid firefighter is terminated in July of 1999, and she is unable to find other similar employment until January of 2001. At a trial held later that year, she is successful in proving that she was wrongfully terminated and is awarded lost wages for the eighteen months she was unemployed. The organization's liability for these wages would be covered; liability for back wages, overtime or similar damages required by law or regulation are the obligation of the organization and would not be covered. This coverage would provide you with the cost of your legal defense, and pay an award up to the limit of liability.*

Errors in the **administration of employee benefit plans**, such as Accident and Sickness coverage, Group Life or Workers' Compensation.

***Example:** A paramedic covered under an Accident & Sickness policy gives instructions to the squad's insurance administrator to name his daughter as his beneficiary. Following his death from an on-the-job traffic accident, his daughter learns that she is not entitled to any benefits under the policy because the change of beneficiary card was misplaced and never processed. She brings suit to recover the money she would have received had the change of beneficiary been handled properly. This coverage would provide you with the cost of your legal defense, and pay an award up to the limit of liability.*

Other **wrongful acts** not specifically excluded.

***Example:** A taxpayer group brings suit against their fire district and its commissioners, alleging the improper spending of public funds. They argue that the commissioners have wasted their tax money by purchasing a state-of-the-art aerial device for \$750,000 even though there are no structures in the district more than two stories tall. This coverage would provide you and your commissioners with the cost of your legal defense, and pay an award up to the limit of liability.*

***Example:** Bids are solicited from outside contractors to build a new ambulance garage. The lowest bid is not accepted, even though it was made by a fully qualified contractor of good reputation. The contractor sues the ambulance district, arguing that his bid was rejected for no good reason and alleging favoritism in the awarding of the contracts. This coverage would provide you with the cost of your legal defense, and pay an award up to the limit of liability.*

MANAGEMENT LIABILITY – COVERAGE HIGHLIGHTS

The following apply unless noted otherwise in this proposal:

Defense Expense for Injunctive Relief

A plaintiff may sue your organization not for money but to require action of some type. They're seeking injunctive relief; they want your organization to do something or to stop doing something.

This automatic coverage will reimburse your organization up to \$50,000 for reasonable legal fees incurred in your defense.

Example: A person who was denied volunteer membership by you brings legal action to be admitted as a member.

Example: A resident seeks an injunction to stop the fire department's installation of a siren directly behind her house.

Outside Directorship Liability

Automatically covers your volunteers or employees who choose to serve on the board of directors of an outside organization as long as that organization:

1. is not-for-profit, and
2. is related to the emergency services.

Coverage is excess of any insurance.

MANAGEMENT LIABILITY – COVERAGE HIGHLIGHTS – continued

Volunteers and Employees as Insureds	<p>Covers all volunteers (whether or not they are members of your organization) and employees while acting on behalf of your organization.</p> <p>Other insureds include your officers, directors, commissioners or trustees.</p> <p>Also included is your medical director (if any).</p> <p>VFIS coverage is primary for all of the above insureds, not excess of any personal insurance that may apply.</p>
Estates, Heirs, and Legal Representatives	<p>Included as insureds.</p>
Spousal Liability	<p>Included, but only for acts within the course and scope of your operations.</p>
Unlimited Defense Costs	<p>The cost to defend you against covered claims is the responsibility of the company and will not erode your liability limits.</p>
Fair Labor Standards Act Suit Defense Coverage	<p>Limit of \$100,000 each claim incurred provided for the defense of any claim for violation of the Fair Labor Standards Act.</p>
Blanket Additional Insureds	<p>Automatically covers any person or organization that may be liable for your employment practices, your administration of employee benefit plans or other wrongful acts, but only to the extent of that liability.</p>
Unintentional Release of HIPAA Information	<p>Limit of \$100,000 provided for the payment of fines and penalties assessed upon the insured for HIPAA violations.</p>
Expanded Aggregate Limit	<p>The Aggregate Limit shown in the schedule applies separately to each named insured (unless you have selected a \$10,000,000 aggregate limit).</p>

MANAGEMENT LIABILITY – COVERAGE HIGHLIGHTS

– *Cyber Liability and Privacy Crisis Management*

The following apply unless noted otherwise in this proposal:

Cyber Liability

Coverage applies to each electronic information security event which includes:

1. Transmission of malware from your computer system to a third party;
2. The inability of an authorized user to access your web site or your computer system because of a denial of service attack;
3. A personal identity event or corporate privacy event caused by information that is obtained or released directly from your computer system.

As used in this definition, a denial of service attack means an intentional attack directly on your computer system that prevents or slows down access to your web site or your computer network. However, a denial of service attack which affects the internet at large and is not directed at your computer system is not an electronic information security event.

Personal Identity Event or Corporate Privacy Event

What is a personal identity event or corporate privacy event?

1. Unauthorized disclosure of or failure to protect identifiable or confidential corporate information from misappropriation;
2. The failure to disclose or warn of an actual or potential disclosure of misappropriation of personally identifiable or confidential corporate information;
3. Violation of any federal or state privacy statute pertaining to the disclosure or misappropriation of personally identifiable or confidential corporate information.

Privacy Crisis Management Expense Coverage

Pays on behalf applicable reasonable and necessary fees because of a privacy event which includes:

1. To conduct a computer forensic analysis to determine the cause and extent of the privacy event;
2. Provide a crisis management review and advice by an approved independent crisis management or legal firm;
3. Notification to affected parties for printing, advertising, mailing of materials or other costs;
4. Travel expenses by directors and employees to mitigate damages;
5. Call center services for credit monitoring as well as identity theft education and assistance for affected individuals.

Privacy crisis management expenses shall not include:

1. Compensation, fees, benefits or overhead of any insured or "employee" of any insured;
2. Costs or expenses that would have been incurred in the absence of the "privacy event;"
3. Costs or expenses associated with upgrading, maintaining, improving, repairing or remediating any "computer system," procedures, services or property as a result of a "privacy event."

MANAGEMENT LIABILITY – COVERAGE HIGHLIGHTS

– *Cyber Liability and Privacy Crisis Management* – continued**Privacy Event**

What is a privacy event?

1. Unauthorized disclosure by you of personally identifiable or confidential corporate information or your failure to protect personally identifiable or confidential corporate information from misappropriation;
2. Failure to disclose or warn of an actual or potential disclosure or misappropriation of personally identifiable or confidential corporate information;
3. Violation of any federal or state privacy statute pertaining to the disclosure or misappropriation of personally identifiable or confidential corporate information.

Cyber Extortion Expense

Reimburses you for expenses paid in response to a cyber extortion threat.

Cyber Extortion Threat

What is a cyber extortion threat?

A cyber extortion threat is a demand for monetary payment based on a credible threat directly involving your computer system (not the internet at large) to:

1. Launch a denial of service attack;
2. Steal, release or publish personally identifiable information or confidential corporate information;
3. Alter, damage or destroy electronic data;
4. Cause you to transfer, pay or deliver any funds or property without your authorization.

Coverage Territory

For cyber liability, privacy crisis management expense and cyber extortion expense coverage, the coverage territory means worldwide, but the event and suit must take place in the U.S., Puerto Rico or Canada.

EXCESS LIABILITY

Insurer: National Union Fire Insurance Company of Pittsburgh, Pa.

Excess Liability coverage protects you with the following:

1. It provides excess coverage over your primary liability insurance stated on a schedule of underlying insurance.
2. It will automatically take the place of primary liability policies whose aggregate limits have been exhausted.

	<u>Limits</u>
Each Occurrence	\$5,000,000
Annual Aggregate.....	\$10,000,000
Self-Insured Retention.....	None

Excess over the following underlying coverages:

- ☒ Auto
- ☒ General Liability and Professional Liability
- ☒ Management Liability

Liquor Liability	Follows form with underlying coverages.
Pollution Liability	Follows form with underlying coverages.
Management Liability	Follows form with underlying coverages.
Employer's Liability	Follows form with underlying coverages.
Unlimited Defense Costs	The cost to defend you against covered claims is the responsibility of the company and will not erode your liability limits.
Expanded Aggregate Limit	The aggregate limit shown in the schedule applies separately to each location.
Unmanned Aircraft (Drones)	Coverage is included for unmanned aircraft that is owned, operated, rented or loaned to you. \$1,000,000 each occurrence/aggregate sublimit applies.

PROPOSAL NOTES

Auto

Note: The Medical Payments limit of \$1,000 applies to the following vehicle(s):

Vehicle Number(s)

All Covered Autos

Note: The Uninsured Motorist Coverage limit is provided on a non-stacked basis.

PREMIUM SUMMARY

HYALITE RURAL FIRE DISTRICT (MT) C46513

	<u>Premium</u>
Property	\$10,446
Crime.....	Not Quoted
Portable Equipment	\$2,668
Auto	\$15,069
General Liability.....	\$3,393
Management Liability.....	\$1,738
Excess Liability	\$5,722
Total Estimated Annual Premium	\$39,036

PLUS MORE VALUE!

Risk Management Included

- Employment practices
- Manage your risk – resources, check lists
- Risk Management Consultants
- On-site assessments/self-assessments

Education, Training & Consulting..... Included

- Classroom seminars, training, resources – vfis.com
- Distance learning – VFIS University
- Consulting Available

Volunteer Firemen's Insurance Services, Inc.®

VFIS®, VFIS® with design and Volunteer Firemen's Insurance Services, Inc.® are all
registered service marks of the same PA Corporation.

OTHER VFIS PRODUCTS AVAILABLE

Accident & Sickness Coverage - provides "on duty" coverage for members, auxiliary members, junior members, members in training, officers, deputized by-standers, trustees and board members, and volunteers asked by the organization to help with non-emergency events. Coverage listed below is provided when a member performs any normal duty of the department, whether it is an emergency or not. Insurance coverage underwritten by National Union Fire Insurance Company of Pittsburgh, PA.

- Death Benefit
- Lump Sum Living Benefit
- Disability Income Benefit
- Medical Benefit

Critical Illness Insurance Program - a lump sum cash benefit is available to emergency service personnel, when diagnosed with a heart attack, stroke or life threatening cancer. Underwritten by ACE American Insurance Company, Philadelphia, PA. Coverage includes:

- 24-hour, On and Off Duty Coverage
- Lump Sum Living Benefit (for qualifying illnesses)

Group Term Life Insurance - available for all members which includes active, retired, volunteers, career or auxiliary members. Underwritten by AIG, American General. Coverage includes:

- 24-hour, On and Off Duty Coverage
- Accidental Death and Dismemberment
- Guaranteed Issue Life Insurance for Any Age

Length of Service Award Program (LOSAP) - an incentive program to effectively retain existing volunteers, increase their level of participation and recruit new members. Life insurance underwritten by AIG Life Insurance Company and American Life Assurance Company of New York (Maine and New York). Group annuity contracts underwritten by Hartford Life Insurance Company. Coverage provided:

- 24-hour, On and Off Duty Death Benefit
- Monthly Income During Retirement Years
- Disability Benefit

VFIS ORDER FORM**HYALITE RURAL FIRE DISTRICT (MT) C46513**

Coverage	Effective/ Expiration Dates	Accept <i>Initial to accept coverage</i>	Decline <i>Initial to decline coverage</i>	Premium Quoted
Property				
Crime				
Portable Equipment				
Auto				
General Liability				
Management Liability				
Excess Liability				
Total				

Payment Plans**Installment Option:** (no installment fee)

- ☐ Ten Pay (\$10,000 P&C account minimum and 25% down payment)
☐ Semi-Annual (\$2,500 P&C account minimum)
☐ Quarterly (\$3,500 P&C account minimum)

Signature of Insurance Representative_____
DateAgency Name/Address _____

Producer/Service Rep. _____

Before you return this form, you must:

1. Provide the INSURED'S Federal ID#: 81-2360037
2. Identify all mortgagees, loss payees and (for Auto only) additional insureds/lessors (provide address).
3. Choose \$1,000,000 underlying limits when there is Excess Liability.

This is not a binder, nor should it be used as one. This form is solely for the purpose of ordering property and casualty insurance coverages for which VFIS has provided a valid quote.

Signature of Insured_____
Date**Comments/Notes:** _____

Internal Use Only:		C46513	MT	Qt	Eff	Dt: 01/01/2023	Doc ID: 45de1f49662f400ebee90ee68bfd272
		Property:	34428410000000	Crime:	0	PE:	34428410000000 Auto: 44428410000000
		GL:	34428410000000	ML:	34428410000000	Excess:	34428410000000

CLAIMS-MADE MANAGEMENT LIABILITY SUPPLEMENTAL APPLICATION

This application is only required when Claims Made Management Liability coverage is new.

1. Legal name of applicant: HYALITE RURAL FIRE DISTRICT
2. Address: 4541 SOUTH 3RD AVENUE, BOZEMAN, MT 59715
3. Desired effective date of coverage: _____
4. Limits of liability requested (cannot be greater than the General Liability limit):
 - ☐ \$300,000 each offense or wrongful act / \$1,000,000 aggregate
 - ☐ \$500,000 / \$1,000,000
 - ☐ \$1,000,000 / \$2,000,000
 - ☐ \$1,000,000 / \$3,000,000
 - ☒ \$1,000,000 / \$10,000,000 (aggregate limit does not apply to each named insured with this option)
5. Does the applicant have knowledge of any incidents which would cause a reasonable person to believe that a claim or suit might result? ☐ Yes ☐ No
If yes, please give complete details, including date: _____
6. Name of person designated to receive any and all notices from the company or agent concerning this insurance: _____

COVERAGE CANNOT BECOME EFFECTIVE PRIOR TO THE DATE THIS SIGNED APPLICATION IS APPROVED BY THE COMPANY.

THE APPLICANT ACCEPTS NOTICE THAT ANY POLICY WHICH MAY BE ISSUED AND ANY RENEWALS THEREOF WILL APPLY ON A "CLAIMS MADE" BASIS.

The applicant agrees that in the event they become aware of any fact which would serve to alter any answer previously given to one or more of the foregoing questions, they will so advise the agent. The applicant further agrees that based on such revised information, the agent may revise or withdraw any quotation previously given.

The undersigned, being authorized by and acting on behalf of the applicant, declares that to the best of his / her knowledge and after having made proper inquiry, the responses to the foregoing are true and that no facts have been suppressed or any material facts misstated. The applicant further agrees that this application shall be the basis of any policy issued. The application is valid for 90 days from the date it is signed.

Agent's Signature: _____ Applicant's Signature: _____

Address: _____ Title: _____

City / State / Zip: _____ Date: _____



Hyalite Rural Fire District

Fire Chief's Report

January 2023

Prepared by: Fire Chief Brian Nickolay

1. The Hyalite Fire District responded to 673 incidents in 2022. Our annual call volume set a record for highest call volume.

- Call volume 2021 - 630
- Call volume 2020 - 583
- Call volume 2019 - 536
- Call volume 2018 - 488
- Call volume 2017 - 494

2. Our current roster is at 43 members (effective 1/1/2023).

- 1 Career Fire Chief
- 1 Career Assistant Fire Chief
- 2 Career Captains
- 5 Volunteer Captains
- 4 Volunteer Reserve Captains
- 6 Volunteer Lieutenants
- 9 Volunteer Firefighters
- 13 Volunteers Apprentice Firefighters
- 1 Volunteer Reserve Firefighter
- 1 Volunteer Reserve Driver/Operator

3. We currently have 8 resident firefighters living at the Sourdough Fire Station.

- Sourdough resident firefighters continue to fill weekend shifts Friday 7pm – Monday 7am

4. We currently have 4 resident firefighters living at the Cottonwood Fire Station.

- Cottonwood resident firefighters continue to fill weekday night shifts Monday – Thursday 7pm – 7am.

5. We currently have 2 resident renters at the Rae house.

- We lost 2 of our Rae renters at the end of 2022. Cameron Ash moved to Billings, Montana as a career firefighter with the City of Billings. Jake Switzer moved to Livingston, Montana as a career firefighter with Livingston Fire Department.
- We are actively recruiting to bring two new residents at the Rae Fire Station House.

- Rae renters continue to be offered incentive in discounted rent for responding to 30% of the call volume per month.

6. Non-resident volunteer firefighters continue to cover 6 hour shifts at the Sourdough Fire Station on Monday – Friday 7am – 7pm.

7. We went through the holiday season very understaffed as we have in the past several years. Given so many of our members are college age, we lose a lot during the holidays to people returning home. We implemented new incentives with meals per diem to encourage members to stay in the area and help with calls. We had marginal success with the incentives. I will continue to explore options to improve staffing during the holiday season to ensure we are delivering standard and adequate service.

8. We continue our regular multi company fire and EMS training every Wednesday night and command training twice a month.

9. Our fall 2022 firefighter recruit academy has completed. All six recruits who started the academy successfully finished and are now responding members of the fire department.

10. Training Captain Malone is preparing for our spring 2023 firefighter academy. We will be trying new social media recruitment in February. We will run paid ads on Facebook and Instagram in an attempt to reach new recruits. Captain Malone will also be attending recruitment events at Montana State University in February and March. The spring firefighter academy will begin in March.

11. Fire Chief Nickolay attended a ICS 300 course in Great Falls in the beginning of December. The training goal was to expand ICS knowledge and bring more to the fire district, county and state.

12. Fire Chief Nickolay attended the Colorado Wildfire and Incident Command Academy in Colorado Springs, CO January 7th - 10th. Chief Nickolay completed S-339 Division/Group Supervisor at the academy. Some of the cost for the training will be reimbursed through Gallatin County DES.

13. The Hyalite Fire District responded to a single residential structure fire on November 21st on Lancelot Lane in the King Arthur Mobile Home Park. Hyalite was assisted by our mutual aid partners from Bozeman, Central Valley, Gallatin Gateway, Fort Ellis and the Sheriffs Office.

14. The Hyalite Fire District assisted the Central Valley Fire District with a commercial structure fire on November 21st. We provided one structure engine and crew.

15. The Hyalite Fire District assisted the Gallatin Gateway Fire District with a commercial structure fire on November 27th. We provided one command and one structure engine.

16. The Hyalite Fire District assisted the Amsterdam Fire District with a residential structure fire on December 16th. We provided one command.

17. The Hyalite Fire District assisted the Gallatin Gateway Fire District with a commercial structure fire on December 21st. We provided one command and one structure engine.

18. The Hyalite Fire District responded to an out building structure fire on Meadowlark Drive on December 23rd. We received mutual aid from Bozeman and Central Valley. Other auto aid partners were canceled while responding.

19. The Hyalite Fire District assisted the City of Bozeman with a commercial structure fire on December 30th. We provided one command and one structure engine.

20. Fire Chief Nickolay continues to chair the Gallatin County Fire Council communications committee. Assistant Chief Dahlhauser continues to chair the training committee as well.

21. Our ambulance transport plan is complete.

- We have Ambulance 6, Ambulance 6-1 and Ambulance 6-2 in service.
- Staff has resolved final issues with Medicare and Medicaid to get billing in place.
- Staff has met with our medical control doctor at Bozeman Health and finalized our transport plan.
- Our firefighter/EMTs are trained for ambulance transport functions. Training will be a continuous effort.
- All needed equipment has been purchased.
- Issues with EPCRs through Emergency Reporting have been resolved.
- We have been actively transporting patients with our ambulances.
- We are awaiting reports from the Gallatin County Treasurer for our income on ambulance transports.

22. We have experienced no firefighter injuries.

23. All Hyalite Fire apparatus are currently in service.

- Engine 6-2 was out of service from November 8th to November 9th due to a foam leak.
- Engine 6 was out of service from December 16th to December 30th due to foam check valves issues.
- Ambulance 6 was out of service from December 16th to December 28th due to an electrical issue.
- Engine 6 was out of service from January 10th - January 11th due to an EGR exhaust issue.

Hyalite Fire Department

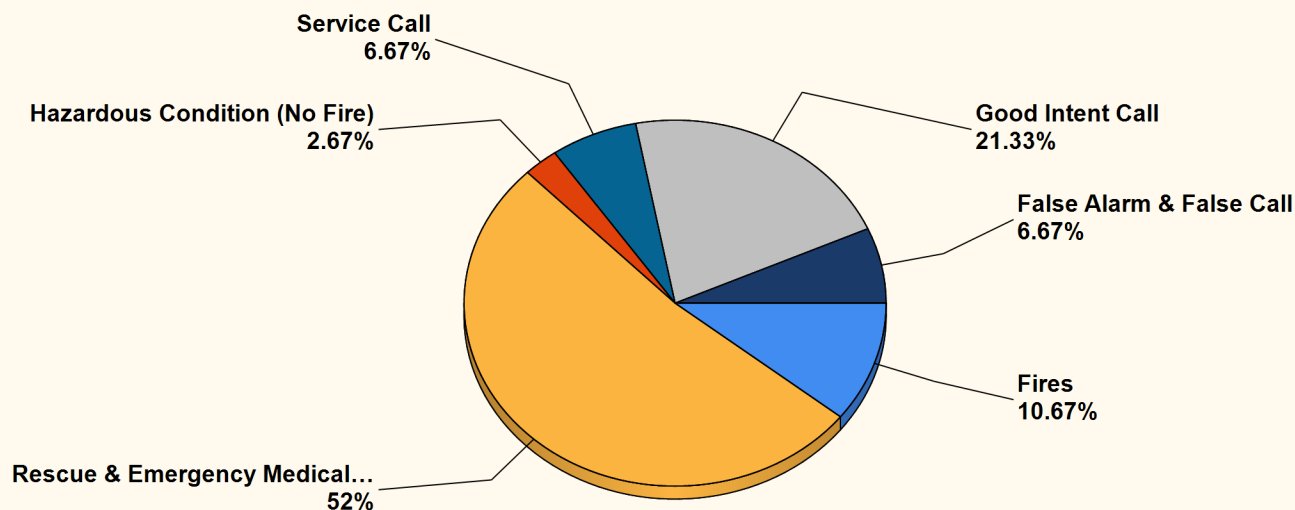
Bozeman, MT

This report was generated on 1/11/2023 10:08:46 AM



Breakdown by Major Incident Types for Date Range

Zone(s): All Zones | Start Date: 12/01/2022 | End Date: 12/31/2022



MAJOR INCIDENT TYPE	# INCIDENTS	% of TOTAL
Fires	8	10.67%
Rescue & Emergency Medical Service	39	52%
Hazardous Condition (No Fire)	2	2.67%
Service Call	5	6.67%
Good Intent Call	16	21.33%
False Alarm & False Call	5	6.67%
TOTAL	75	100%

Only REVIEWED and/or LOCKED IMPORTED incidents are included. Summary results for a major incident type are not displayed if the count is zero.

Detailed Breakdown by Incident Type

Attachment D

INCIDENT TYPE	# INCIDENTS	% of TOTAL
111 - Building fire	4	5.33%
113 - Cooking fire, confined to container	3	4%
114 - Chimney or flue fire, confined to chimney or flue	1	1.33%
311 - Medical assist, assist EMS crew	2	2.67%
321 - EMS call, excluding vehicle accident with injury	29	38.67%
322 - Motor vehicle accident with injuries	3	4%
324 - Motor vehicle accident with no injuries.	5	6.67%
444 - Power line down	1	1.33%
463 - Vehicle accident, general cleanup	1	1.33%
500 - Service Call, other	3	4%
522 - Water or steam leak	1	1.33%
550 - Public service assistance, other	1	1.33%
611 - Dispatched & cancelled en route	15	20%
650 - Steam, other gas mistaken for smoke, other	1	1.33%
735 - Alarm system sounded due to malfunction	3	4%
745 - Alarm system activation, no fire - unintentional	2	2.67%
TOTAL INCIDENTS:	75	100%

Only REVIEWED and/or LOCKED IMPORTED incidents are included. Summary results for a major incident type are not displayed if the count is zero.

Hyalite Fire Department

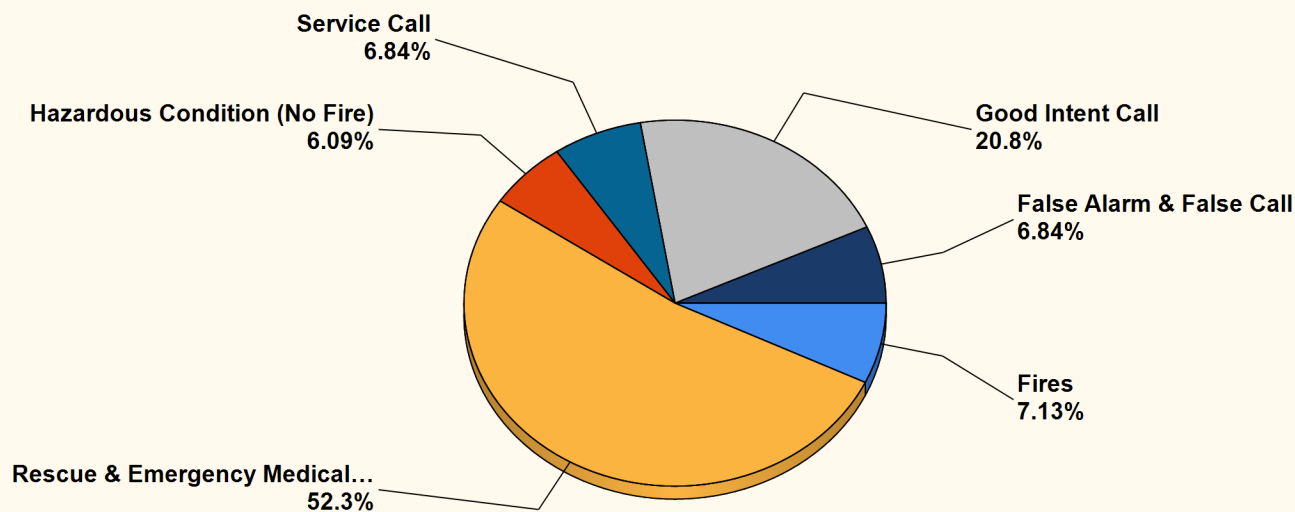
Bozeman, MT

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Breakdown by Major Incident Types for Date Range

Zone(s): All Zones | Start Date: 01/01/2022 | End Date: 12/31/2022



MAJOR INCIDENT TYPE	# INCIDENTS	% of TOTAL
Fires	48	7.13%
Rescue & Emergency Medical Service	352	52.3%
Hazardous Condition (No Fire)	41	6.09%
Service Call	46	6.84%
Good Intent Call	140	20.8%
False Alarm & False Call	46	6.84%
TOTAL	673	100%

Only REVIEWED and/or LOCKED IMPORTED incidents are included. Summary results for a major incident type are not displayed if the count is zero.

Detailed Breakdown by Incident Type

Attachment D

INCIDENT TYPE	# INCIDENTS	% of TOTAL
111 - Building fire	27	4.01%
112 - Fires in structure other than in a building	1	0.15%
113 - Cooking fire, confined to container	3	0.45%
114 - Chimney or flue fire, confined to chimney or flue	1	0.15%
131 - Passenger vehicle fire	3	0.45%
140 - Natural vegetation fire, other	1	0.15%
141 - Forest, woods or wildland fire	2	0.3%
142 - Brush or brush-and-grass mixture fire	2	0.3%
143 - Grass fire	4	0.59%
150 - Outside rubbish fire, other	1	0.15%
151 - Outside rubbish, trash or waste fire	2	0.3%
171 - Cultivated grain or crop fire	1	0.15%
300 - Rescue, EMS incident, other	1	0.15%
311 - Medical assist, assist EMS crew	6	0.89%
321 - EMS call, excluding vehicle accident with injury	260	38.63%
322 - Motor vehicle accident with injuries	29	4.31%
323 - Motor vehicle/pedestrian accident (MV Ped)	3	0.45%
324 - Motor vehicle accident with no injuries.	49	7.28%
341 - Search for person on land	2	0.3%
372 - Trapped by power lines	1	0.15%
381 - Rescue or EMS standby	1	0.15%
400 - Hazardous condition, other	1	0.15%
411 - Gasoline or other flammable liquid spill	1	0.15%
412 - Gas leak (natural gas or LPG)	28	4.16%
424 - Carbon monoxide incident	3	0.45%
440 - Electrical wiring/equipment problem, other	2	0.3%
444 - Power line down	4	0.59%
463 - Vehicle accident, general cleanup	2	0.3%
500 - Service Call, other	19	2.82%
510 - Person in distress, other	6	0.89%
512 - Ring or jewelry removal	1	0.15%
520 - Water problem, other	2	0.3%
522 - Water or steam leak	1	0.15%
531 - Smoke or odor removal	1	0.15%
542 - Animal rescue	1	0.15%
550 - Public service assistance, other	1	0.15%
553 - Public service	5	0.74%
554 - Assist invalid	7	1.04%
561 - Unauthorized burning	2	0.3%
600 - Good intent call, other	2	0.3%
611 - Dispatched & cancelled en route	124	18.42%
622 - No incident found on arrival at dispatch address	3	0.45%
631 - Authorized controlled burning	4	0.59%
650 - Steam, other gas mistaken for smoke, other	2	0.3%
651 - Smoke scare, odor of smoke	1	0.15%
671 - HazMat release investigation w/no HazMat	4	0.59%
700 - False alarm or false call, other	4	0.59%
733 - Smoke detector activation due to malfunction	6	0.89%
734 - Heat detector activation due to malfunction	1	0.15%
735 - Alarm system sounded due to malfunction	6	0.89%
736 - CO detector activation due to malfunction	2	0.3%
743 - Smoke detector activation, no fire - unintentional	9	1.34%
744 - Detector activation, no fire - unintentional	3	0.45%
745 - Alarm system activation, no fire - unintentional	13	1.93%

Only REVIEWED and/or LOCKED IMPORTED incidents are included. Summary results for a major incident type are not displayed if the count is zero.

Detailed Breakdown by Incident Type

Attachment D

INCIDENT TYPE	# INCIDENTS	% of TOTAL
746 - Carbon monoxide detector activation, no CO	2	0.3%
TOTAL INCIDENTS:	673	100%

Only REVIEWED and/or LOCKED IMPORTED incidents are included. Summary results for a major incident type are not displayed if the count is zero.

Patient Transport and Refusal Counts per Incident Type for Date Range (NEMSIS 3 Incidents Only)

Incident Status(s): All Incident Statuses | Start Incident Type: 100 | End Incident Type: 911 | Start Date: 12/01/2022 | End Date: 12/31/2022

INCIDENT TYPE	INCIDENT COUNT	PATIENT COUNT	PATIENT TRANSPORTS	PATIENT REFUSALS
321 - EMS call, excluding vehicle accident with injury				
Total:	9	9	9	0
322 - Motor vehicle accident with injuries				
Total:	1	2	1	1
324 - Motor vehicle accident with no injuries.				
Total:	3	5	0	2
Totals for All Incidents Types:	13	16	10	3

Patient Transport and Refusal Counts per Incident Type for Date Range (NEMSIS 3 Incidents Only)

Incident Status(s): All Incident Statuses | Start Incident Type: 100 | End Incident Type: 911 | Start Date: 01/01/2022 | End Date: 12/31/2022

INCIDENT TYPE	INCIDENT COUNT	PATIENT COUNT	PATIENT TRANSPORTS	PATIENT REFUSALS
311 - Medical assist, assist EMS crew				
Total:	1	1	1	0
321 - EMS call, excluding vehicle accident with injury				
Total:	76	77	54	12
322 - Motor vehicle accident with injuries				
Total:	13	20	6	8
323 - Motor vehicle/pedestrian accident (MV Ped)				
Total:	1	1	0	1
324 - Motor vehicle accident with no injuries.				
Total:	10	16	0	11
463 - Vehicle accident, general cleanup				
Total:	1	2	0	2
500 - Service Call, other				
Total:	1	1	0	0
Totals for All Incidents Types:	103	118	61	34