

BIGFORK FIRE DISTRICT
FLATHEAD COUNTY, MONTANA
Fiscal Years Ended June 30, 2013 and 2014

AUDIT REPORT

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BIGFORK FIRE DISTRICT

FLATHEAD COUNTY, MONTANA

Fiscal Years Ended June 30, 2013 and 2014

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BIGFORK FIRE DISTRICT
FLATHEAD COUNTY, MONTANA

ORGANIZATION

Fiscal Years Ended June 30, 2013 and 2014

BOARD OF TRUSTEES

Bill Taylor
Kristy Oster
Leland Leivo
Zack Anderson
Robert "Mick" Borges

Chairperson
Vice-Chairperson
Trustee
Trustee
Secretary/Treasurer

DISTRICT OFFICIALS

Wayne Loeffler
Vicky Christ
Ed Corrigan

Fire Chief
Financial Manager
County Attorney

**Bigfork Fire District
Management's Discussion and Analysis
Fiscal Year 2013 & 2014**

The Bigfork Fire District (the District) submits this discussion and analysis of the District's financial activities for the fiscal year 2013 and 2014. In addition to this overview and analysis based on currently known facts, decisions and conditions, the district would encourage readers to consider the information presented in the District's letter of transmittal and the District's financial statements.

FINANCIAL HIGHLIGHTS

The District financial operations have remained steady, increasing marginally each year.

Tax based revenues increased \$20,153 in fiscal year 2013 and \$5,841 in fiscal year 2014.

The District participates in the annual Ralph Barton Scholarship award that assist, individuals who qualify, financially to further their education.

In fiscal year 2013 the Bigfork Fire District Board of Trustees accepted a very gracious memorial donation, donated in memory of Miriam Burns in honor of charter member, Doug Smith in the amount of \$200,000 from the Miriam Burns Estate. It is planned that this wonderful gift be used to purchase a new ambulance, new cardiac monitors and new extrication rescue tools. The Board hopes to sell the old ambulance we currently have once the new one is delivered and resale our outdated extrication tools once they're replaced as well.

Friends of Bigfork Fire sponsors annual fundraisers for the District to purchase safety equipment and help fund special projects for the fire fighters and medical responders. In fiscal year 2013 the Friends of Bigfork Fire donated \$36,517.14 to the Fire Department.

USING THIS REPORT

The general format of this report is required by Statement No. 34 of the Government Accounting Standards Board (GASB). This report consists of series of financial statements. The Statement of Activities, The Statement of Net Position and the Statement of Standard Revenues, Expenses and Changes in the Net Position provide information about the activities of the District as a whole. These statements tell how the governmental services were financed in the short term as well as what remains for the future spending.

REPORTING THE DISTRICT AS A WHOLE

Net Position may serve over time as a useful indicator of a government's financial position. For the District, assets exceed liabilities by \$2,237,563 as of June 30, 2013, and assets exceed liabilities by \$2,309,110 as of June 30, 2014.

As a whole revenues exceeded the expenditures.

In fiscal years 2013 & 2014 both volunteer shifts and paid ALS staffing positions increased to better fiscally manage the fire and medical responsibilities of the district and provide a higher quality of service to our community.

The district has acquired a new third party billing company, Pintler Billing Service, to help manage the fire/medical charges and payments. Rates are determined by the Board of Trustees and are reviewed annually. Financial hardship cases are reviewed monthly, on a case by case basis in hopes to assist those that qualify for financial assistance.

The Board of Trustees received a donated easement located on the east shore. The lot is 2 miles north of Yellow Bay Bio Station and 5 miles south of Woods Bay Station. This benefit is long term and could be used toward developing a satellite station which goes right along with our goal planning for the department.

The Statement of Revenues, Expenses and Changes in Net Position

The statement of Revenues, Expenses and Changes in Net Position reflect the types of revenue as well as how funds were spent in the course of doing business. (See attached Financial Statements)

Reporting the District's Most Significant Funds

At the end of fiscal year 2013 and 2014 the District had three funds. Revenues exceed expenses without incurring additional debt in these two fiscal years.

REPORTING THE DISTRICT'S FIDUCIARY RESPONSIBILITIES

The District's Funds

The District maintains bank accounts that are insured by FDIC. The District had available cash on June 30, 2013 in the amount of \$712,210 to be used as Capitol Investments and Cash Reserves for the fiscal year. On June 30, 2014 the district had available cash in the amount of \$766,340.

Capital Asset and Debt Administration

The District's Net investment in capital assets as of June 30, 2013 totaled \$1,914,536 and as of June 30, 2014 totaled \$1,803,899. The investment includes land, buildings, building improvements, fire apparatus, ambulances, fire equipment, and medical equipment.

In fiscal year 2013 we upgraded the main fire hall's phone and networking systems which has increased overall performance along with computer upgrades in fiscal year 2014.

Our main conference room chairs have been replaced to better accommodate our membership and public trainings and meetings. The aprons at all three stations have been resealed and the all garage doors have been replaced except one.

The medical equipment upgrades for fiscal year 2013 & 2014 include replacing; two M series Zolls cardiac monitors with two new X series Zolls cardiac monitors, one of our old cots with a new power cot, and a new pro stair chair to assist in safe lifting practices. In fiscal year 2013 we upgraded the suspension on one of our ambulance chassis to an air ride suspension.

The fire equipment upgrades for fiscal year 2013 included an eclipse thermal imager and powerhouse charger. In fiscal year 2014 the fire equipment upgrades included 52 new SCBA cylinders, and another new thermal imager and charger.

In fiscal year 2014 the district sold an ambulance to a neighboring fire district in the amount of \$13,000.

The District's capital asset threshold is \$5,000. Items costing less than this threshold are not capitalized.

In fiscal year 2013:

	Prior Years Balance	Additions	Ending Balance
Current and other assets	\$ 528,319		\$ 815,263
Capital Assets (less accumulated Depreciation)	\$1,966,434		\$1,914,536
Total Assets	\$2,494,753		\$2,729,799

Total current liabilities as of June 30, 2013 totaled \$79,302. Total liabilities for fiscal year 2013 are \$492,236. The current outstanding debt for a105' aerial ladder fire apparatus purchased in FY 2009 is \$409,005 as of June 30, 2013.

The current outstanding compensated absences are \$12,148 as of June 30, 2013.

In fiscal year 2014:

	Prior Years Balance	Additions	Ending Balance
Current and other assets	\$ 815,263		\$ 901,444
Capital Assets (less accumulated Depreciation)	\$1,914,536		\$1,803,899
Total Assets	\$2,729,799		\$2,705,343

Total current liabilities as of June 30, 2014 totaled \$78,042. Total liabilities for fiscal year 2014 are \$396,233.

The current outstanding debt for a105' aerial ladder fire apparatus purchased in FY 2009 is \$312,384 as of June 30, 2014.

The current outstanding compensated absences are \$14,128 as of June 30, 2014.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The district has established a short and long term priority list for upgrading fire and medical equipment, facility improvement, and apparatus / ambulance rotation and replacement for each budget season.

In next fiscal year's budget we will be applying for a grant to possibly help with the replacement costs of our exhaust system at the main station. Current plans for repairing the main facility include the soffit repairing, repainting the main station, remodeling the work bench area and upgrading the bathrooms.

Current plans for improving the District are securing real estate for future needs, improving our ISO ratings and continue efforts to improve volunteer membership numbers and retention.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Chief or District Financial Officer, at 810 Grand Dr., Bigfork, Montana 59911.

Fiscal year 2013 Changes in Net Position

	Governmental Activities		
	<u>FY13</u>	<u>FY12</u>	<u>Change Inc (Dec)</u>
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 307,852	\$ 269,727	\$ 38,125
Operating grants and contributions	35,551	9,317	26,234
<i>General revenues (by major source):</i>			
Property taxes for general purposes	404,342	384,189	20,153
Miscellaneous	7,404	14,735	(7,331)
Interest/investment earnings	2,524	4,526	(2,002)
State entitlement	25,449	24,554	895
Grants and entitlements not restricted to specific programs	6,726	750	5,976
Contributions & donations	252,295	42,974	209,321
Total revenues	<u>\$ 1,042,143</u>	<u>\$ 750,772</u>	<u>\$ 291,371</u>
Program expenses			
Public safety	\$ 686,517	\$ 556,761	129,756
Debt service - interest	7,514	23,600	(16,086)
Total expenses	<u>\$ 694,031</u>	<u>\$ 580,361</u>	<u>\$ 113,670</u>
Excess (deficiency) before special items and transfers	348,112	170,411	177,701
Gain (loss) on sale of capital assets	-	(1,174)	1,174
Increase (decrease) in net position	<u><u>\$ 348,112</u></u>	<u><u>\$ 169,237</u></u>	<u><u>\$ 178,875</u></u>

Fiscal year 2014 Changes in Net Position

	Governmental Activities		
	<u>FY14</u>	<u>FY13</u>	<u>Change Inc (Dec)</u>
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 264,503	\$ 307,852	\$ (43,349)
Operating grants and contributions	-	35,551	(35,551)
<i>General revenues (by major source):</i>			
Property taxes for general purposes	410,183	404,342	5,841
Miscellaneous	10,029	7,404	2,625
Interest/investment earnings	5,799	2,524	3,275
State entitlement	26,213	25,449	764
Grants and entitlements not restricted to specific programs	1,010	6,726	(5,716)
Contributions & donations	11,369	252,295	(240,926)
Total revenues	<u>\$ 729,106</u>	<u>\$ 1,042,143</u>	<u>\$ (313,037)</u>
Program expenses			
Public safety	\$ 672,038	\$ 686,517	(14,479)
Debt service - interest	4,341	7,514	(3,173)
Total expenses	<u>\$ 676,379</u>	<u>\$ 694,031</u>	<u>\$ (17,652)</u>
Excess (deficiency) before special items and transfers	\$ 52,727	\$ 348,112	(295,385)
Gain (loss) on sale of capital assets	(38,177)	-	(38,177)
Increase (decrease) in net position	<u><u>\$ 14,550</u></u>	<u><u>\$ 348,112</u></u>	<u><u>\$ (333,562)</u></u>

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bigfork Fire District
Flathead County
Bigfork, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bigfork Fire District, Flathead County, Montana, as of and for the years ended June 30, 2013 and 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bigfork Fire District, Flathead County, Montana, as of and for the years ended June 30, 2013 and 2014, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2013 and 2014, the Bigfork Fire District, Flathead County, Montana adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information on pages 2 through 6, and 36 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2015, on our consideration of the Bigfork Fire District, Flathead County, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Bigfork Fire District, Flathead County, Montana's internal control over financial reporting and compliance.

Derring, Downey and Associates, CPA's, P.C.

June 17, 2015

Bigfork Fire District, Flathead County, Montana
Statement of Net Position
June 30, 2013

		Governmental Activities
ASSETS		
Current assets:		
Cash and investments	\$	712,210
Taxes and assessments receivable, net		17,200
Accounts receivable - net		85,853
Total current assets	\$	815,263
Noncurrent assets		
Capital assets - land	\$	31,500
Capital assets - depreciable, net		1,883,036
Total noncurrent assets	\$	1,914,536
Total assets	\$	2,729,799
LIABILITIES		
Current liabilities		
Accrued payroll	\$	18,000
Current portion of long-term capital liabilities		49,154
Current portion of compensated absences payable		12,148
Total current liabilities	\$	79,302
Noncurrent liabilities		
Noncurrent portion of long-term capital liabilities	\$	409,005
Noncurrent portion of compensated absences		3,929
Total noncurrent liabilities	\$	412,934
Total liabilities	\$	492,236
NET POSITION		
Net investment in capital assets	\$	1,456,377
Unrestricted		781,186
Total net position	\$	2,237,563

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Net Position
June 30, 2014

		Governmental Activities
ASSETS		
Current assets:		
Cash and investments	\$	766,340
Taxes and assessments receivable, net		17,338
Accounts receivable - net		60,769
Total current assets	\$	844,447
Noncurrent assets		
Capital assets - land	\$	31,500
Capital assets - depreciable, net		1,772,399
Total noncurrent assets	\$	1,803,899
Total assets	\$	2,648,346
LIABILITIES		
Current liabilities		
Accrued payroll	\$	13,798
Current portion of long-term capital liabilities		50,116
Current portion of compensated absences payable		14,128
Total current liabilities	\$	78,042
Noncurrent liabilities		
Noncurrent portion of long-term capital liabilities	\$	312,384
Noncurrent portion of compensated absences		5,807
Total noncurrent liabilities	\$	318,191
Total liabilities	\$	396,233
NET POSITION		
Net investment in capital assets	\$	1,441,399
Unrestricted		810,714
Total net position	\$	2,252,113

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>
				<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
Public safety	\$ 686,517	\$ 307,852	\$ 35,551	\$ (343,114)
Debt service - interest	7,514	-	-	(7,514)
Total primary government	<u>\$ 694,031</u>	<u>\$ 307,852</u>	<u>\$ 35,551</u>	<u>\$ (350,628)</u>
General Revenues:				
			\$	404,342
				7,404
				2,524
				25,449
				6,726
				252,295
Total general revenues, special items and transfers			\$	<u>698,740</u>
Change in net position			\$	<u>348,112</u>
Net position - beginning			\$	1,922,728
Restatements				(33,277)
Net position - beginning - restated			\$	<u>1,889,451</u>
Net position - end			\$	<u>2,237,563</u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
<u>Primary government:</u>		<u>Charges for Services</u>	<u>Primary Government</u>
			<u>Governmental Activities</u>
Governmental activities:			
Public safety	\$ 672,038	\$ 264,503	\$ (407,535)
Debt service - interest	4,341	-	(4,341)
Total primary government	<u>\$ 676,379</u>	<u>\$ 264,503</u>	<u>\$ (411,876)</u>
		General Revenues:	
		Property taxes for general purposes	\$ 410,183
		Miscellaneous	10,029
		Interest/investment earnings	5,799
		State entitlement	26,213
		Grants and entitlements not restricted to specific programs	1,010
		Contributions & donations	11,369
		Gain (loss) on sale of capital assets	(38,177)
		Total general revenues, special items and transfers	<u>\$ 426,426</u>
		Change in net position	<u>\$ 14,550</u>
		Net position - beginning	\$ 2,237,563
		Net position - end	<u>\$ 2,252,113</u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Balance Sheet
Governmental Funds
June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Current assets:			
Cash and investments	\$ 712,459	\$ (249)	\$ 712,210
Taxes and assessments receivable, net	17,200	-	17,200
Accounts receivable - net	85,853	-	85,853
Total assets	\$ 815,512	\$ (249)	\$ 815,263
Current liabilities:			
Accrued payroll	\$ 18,000	\$ -	\$ 18,000
Total liabilities	\$ 18,000	\$ -	\$ 18,000
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	\$ 17,200	\$ -	\$ 17,200
Total deferred inflows of resources	\$ 17,200	\$ -	\$ 17,200
FUND BALANCES			
Unassigned fund balance	\$ 780,312	\$ (249)	\$ 780,063
Total fund balance	\$ 780,312	\$ (249)	\$ 780,063

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Current assets:			
Cash and investments	\$ 766,589	\$ (249)	\$ 766,340
Taxes and assessments receivable, net	17,338	-	17,338
Accounts receivable - net	60,769	-	60,769
Total assets	\$ 844,696	\$ (249)	\$ 844,447
Current liabilities:			
Accrued payroll	\$ 13,798	\$ -	\$ 13,798
Total liabilities	\$ 13,798	\$ -	\$ 13,798
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	\$ 17,338	\$ -	\$ 17,338
Total deferred inflows of resources	\$ 17,338	\$ -	\$ 17,338
FUND BALANCES			
Unassigned fund balance	\$ 813,560	\$ (249)	\$ 813,311
Total fund balance	\$ 813,560	\$ (249)	\$ 813,311

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2013

Total fund balances - governmental funds	\$ 780,063
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,914,536
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	17,200
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(474,236)
Total net position - governmental activities	\$ <u>2,237,563</u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2014

Total fund balances - governmental funds	\$ 813,311
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,803,899
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	17,338
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(382,435)
Total net position - governmental activities	\$ <u><u>2,252,113</u></u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes and assessments	\$ 410,474	\$ -	\$ 410,474
Intergovernmental	32,175	35,551	67,726
Charges for services	307,852	-	307,852
Miscellaneous	259,699	-	259,699
Investment earnings	2,524	-	2,524
Total revenues	<u>\$ 1,012,724</u>	<u>\$ 35,551</u>	<u>\$ 1,048,275</u>
EXPENDITURES			
Public safety	\$ 543,266	\$ 35,611	\$ 578,877
Debt service - principal	92,486	-	92,486
Debt service - interest	7,514	-	7,514
Capital outlay	52,844	-	52,844
Total expenditures	<u>\$ 696,110</u>	<u>\$ 35,611</u>	<u>\$ 731,721</u>
Net Change in Fund Balance	<u>\$ 316,614</u>	<u>\$ (60)</u>	<u>\$ 316,554</u>
Fund balances - beginning	\$ 453,387	\$ 43,399	\$ 496,786
Restatements	10,311	(43,588)	(33,277)
Fund balances - beginning, restated	<u>\$ 463,698</u>	<u>\$ (189)</u>	<u>\$ 463,509</u>
Fund balance - ending	<u>\$ 780,312</u>	<u>\$ (249)</u>	<u>\$ 780,063</u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes and assessments	\$ 410,045	\$ -	\$ 410,045
Intergovernmental	27,223	-	27,223
Charges for services	264,503	-	264,503
Miscellaneous	21,398	-	21,398
Investment earnings	5,799	-	5,799
Total revenues	\$ 728,968	\$ -	\$ 728,968
EXPENDITURES			
Public safety	\$ 567,975	\$ -	\$ 567,975
Debt service - principal	95,659	-	95,659
Debt service - interest	4,341	-	4,341
Capital outlay	40,745	-	40,745
Total expenditures	\$ 708,720	\$ -	\$ 708,720
Excess (deficiency) of revenues over expenditures	\$ 20,248	\$ -	\$ 20,248
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of general capital asset disposition	\$ 13,000	\$ -	\$ 13,000
Total other financing sources (uses)	\$ 13,000	\$ -	\$ 13,000
Net Change in Fund Balance	\$ 33,248	\$ -	\$ 33,248
Fund balances - beginning	\$ 780,312	\$ (249)	\$ 780,063
Fund balance - ending	\$ 813,560	\$ (249)	\$ 813,311

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds \$ 316,554

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Capital assets purchased	52,844
- Depreciation expense	(104,742)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

- Long-term receivables (deferred revenue)	(6,132)
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The change in compensated absences is shown as an expense in the Statement of Activities

(2,898)

Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:

- Long-term debt principal payments	92,486
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Change in net position - Statement of Activities \$ 348,112

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Reconciliation of the Statement of Revenues, Expenditures.
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$ 33,248
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
- Capital assets purchased	40,745
- Depreciation expense	(100,205)
In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from the sale of these assets:	
- Proceeds from the sale of capital assets	(13,000)
- Gain on the sale of capital assets	(38,177)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
- Long-term receivables (deferred revenue)	138
The change in compensated absences is shown as an expense in the Statement of Activities	
	(3,858)
Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:	
- Long-term debt principal payments	95,659
Change in net position - Statement of Activities	\$ <u>14,550</u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2013

		<u>Private Purpose Trust Funds</u>
ASSETS		
Trust restricted cash		32,720
Total assets	\$	<u>32,720</u>
 NET POSITION		
Assets held in trust	\$	<u>32,720</u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2014

		<u>Private Purpose Trust Funds</u>
ASSETS		
Trust restricted cash		32,134
Total assets	\$	<u>32,134</u>
 NET POSITION		
Assets held in trust	\$	<u><u>32,134</u></u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

		<u>Private Purpose Trust Funds</u>
ADDITIONS		
Investment earnings:	\$	193
Total additions	\$	<u>193</u>
DEDUCTIONS		
Other deductions	\$	750
Total deductions	\$	<u>750</u>
Change in net position	\$	<u>(557)</u>
Net Position - Beginning of the year	\$	-
Restatements		<u>33,277</u>
Net Position - Beginning of the year - Restated	\$	<u>33,277</u>
Net Position - End of the year	\$	<u><u>32,720</u></u>

See accompanying Notes to the Financial Statements

Bigfork Fire District, Flathead County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

		Private Purpose Trust Funds
ADDITIONS		
Investment earnings:	\$	164
Total additions	\$	164
DEDUCTIONS		
Other deductions	\$	750
Total deductions	\$	750
Change in net position	\$	(586)
 Net Position - Beginning of the year	 \$	 32,720
 Net Position - End of the year	 \$	 32,134
		32,134

See accompanying Notes to the Financial Statements

BIGFORK FIRE DISTRICT
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

GASBS No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard is effective for fiscal years ending June 30, 2013 and 2014.

Financial Reporting Entity

In determining the financial reporting entity, the District complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity*, as amended by GASB statement No. 61, *The Financial Reporting Entity: Omnibus*, and includes all component units of which the District appointed a voting majority of the component units' board; the District is either able to impose its' will on the unit or a financial benefit or burden relationship exists. In addition, the District complies with GASB statement No. 39 *Determining Whether Certain Organizations Are Component Units* which relates to organizations that raise and hold economic resources for the direct benefit of the District.

Primary Government

The District is a separate legal District created under the provisions contained in Title 7, Chapter 33, Part 21, MCA. The District is managed by an elected five member Board of Trustees. The District is considered a primary government because it is a general purpose local government. Further, it meets the following criteria: (a) It has a separately elected governing body (b) It is legally separate and (c) It is fiscally independent from the State and other local governments.

Friends of Bigfork Fire

In prior fiscal years, the District had reported the Friends of Bigfork Fire as a discretely presented component unit. The non-profit financial activity was not material to the financial statements as of the end of June, 30 2013 and 2014, and is not included in the District's financial statements.

BIGFORK FIRE DISTRICT
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2014

Basis of Presentation, Measurement Focus and Basis of Accounting.

Government-wide Financial Statements:

Basis of Presentation

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole and its component units. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. The types of transactions reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) operating grants and contributions, and 3) capital grants and contributions. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

In prior years there District has reported the Fire Department fund and the Ralph Barton trust as special revenue funds. Starting in fiscal year 2013 the Fire Department fund was combined into the General fund in accordance with GASB 54. The Ralph Barton Trust fund is a fiduciary fund. The fund was removed as a special revenue and will be presented as private purpose trust fund in the financial statements.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

BIGFORK FIRE DISTRICT
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2014

Fund Financial Statements:

Basis of Presentation

Fund financial statements of the reporting District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are organized into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is displayed in a separate column in the governmental funds statements. All of the remaining funds are aggregated and reported in a single column as non-major funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Measurement Focus and Basis of Accounting

Governmental Funds

Modified Accrual

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The District defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be upon receipt. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

BIGFORK FIRE DISTRICT
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2014

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Major Funds:

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund and it accounts for all financial resources of the District except those required to be accounted for in other funds.

Fiduciary Funds

Fiduciary funds presented using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans). The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net assets. The fiduciary funds are:

Private-purpose Trust Funds – To report all other trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District’s cash, except for savings and time deposits as described below, is held by the County Treasurer and pooled with other County cash. District cash, which is not necessary for short-term obligations, is invested in a County-wide investment program whereby all available cash is distributed to each contributing District and fund on a pro rata basis. The County’s investment portfolio as of June 30, 2013 and 2014, consisted of certificate of deposit, savings deposits, federal home loans, and U.S. Government Securities. The Flathead County external investment pool is not rated.

The District does not own specific identifiable investment securities in the pool. Information regarding credit risk, custodial credit risk, concentration of credit risk, and interest rate risk for Flathead County deposits and investments are available from the Flathead County Treasurer’s office, 800 S. Main Street Kalispell, Montana 59901. Fair value approximates carrying value as of June 30, 2013 and 2014.

BIGFORK FIRE DISTRICT
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013 and 2014

Composition of cash, deposits and investments at fair value on June 30, 2013 and 2014, are as follows:

June 30, 2013

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash in banks:	
Demand deposits	\$ 305
Time deposits	32,746
Held with the County Treasurer	746,826
Total	<u>\$ 779,877</u>

June 30, 2014

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash in banks:	
Demand deposits	\$ 305
Time deposits	32,161
Held with the County Treasurer	788,418
Total	<u>\$ 820,884</u>

Credit Risk

Section 7-6-202, MCA, limits investments of public money of a local government in the following eligible securities:

(a) United States government treasury bills, notes and bonds and in the United States treasury obligations, such as state and local government series (SLGLS), separate trading of registered interest and principal of securities (STRIPS), or similar United States treasury obligations;

(b) United States treasury receipts in a form evidencing the holder's ownership of future interest or principal payments on specific United States treasury obligations that, in the absence of payment default by the United States, are held in a special custody account by an independent trust company in a certificate or book entry form with the federal reserve bank of New York; or

(c) Obligations of the following agencies of the United States, subject to the limitations in subsection 2 (not included):

- (i) federal home loan bank;
- (ii) federal national mortgage association;
- (iii) federal home mortgage corporation; and
- (iv) federal farm credit bank.

With the exception of the assets of a local government group self-insurance program, investments may not have a maturity date exceeding 5 years except when the investment is used in an escrow account to refund an outstanding bond issue in advance.

BIGFORK FIRE DISTRICT
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2014

Section 7-6-205 and Section 7-6-206, MCA, state that demand deposits may be placed only in banks and Public money not necessary for immediate use by a county, city, or town that is not invested as authorize in Section 7-6-202 may be placed in time or savings deposits with a bank, savings and loan association, or credit union in the state or place in repurchase agreements as authorized in Section 7-6-213.

Section 7-6-202, MCA, as amended, now limits authorized investments in certain securities that previously were permissible investments. The amendment does not apply to and does not require the sale of securities that were legal investments before the effective date of this act. However, the investments reported as collateralized mortgage obligations above are not authorized investments at the current time.

The government has no investment policy that would further limit its investment choices.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. All deposits are carried at cost plus accrued interest. As of June 30, 2013 the government's bank balance of \$33,024 equaled the book balance and was fully insured by FDIC. As of June 30, 2014 the government's bank balance of \$32,439 equaled the book balance and was fully insured by the FDIC.

NOTE 3. RECEIVABLES

An allowance for uncollectible accounts was not maintained for real and personal property taxes receivable. The direct write-off method is used for these accounts.

Property tax levies are set in August, after the County Assessor delivers the taxable valuation information to the County, in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the Entity. Taxable values are established by the Montana Department of Revenue, and 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 (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, they become delinquent (and a lien upon the property). After three years, the County may exercise the lien and take title to the property. Special assessments are either billed in one installment due November 30 or two equal installments due November 30 and the following May 31. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November's levies. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are billed in two halves, the first due thirty days after billing; the second due September 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges.

BIGFORK FIRE DISTRICT
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2014

Taxes that become delinquent are charged interest at the rate of 5/6 of 1% a month plus a penalty of 2%. Real property on which taxes remain delinquent and unpaid may be sold at tax sales. In the case of personal property, the property is to be seized and sold after the taxes become delinquent.

The District assessed collectability of accounts receivable at 75% for Fire District and 45% for Ambulance receivables.

NOTE 4. INVENTORIES

The costs of inventories are recorded as expenditures when purchased.

NOTE 5. CAPITAL ASSETS

The District's assets are capitalized at historical cost or estimated historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market value when received. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	50 years
Improvements	20 years
Equipment/Vehicles	7 - 40 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the District has no infrastructure to report in the 2013 and 2014 Basic Financial Statements. The government has elected not to retroactively report general infrastructure assets.

BIGFORK FIRE DISTRICT
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013 and 2014

A summary of changes in governmental capital assets was as follows:

June 30, 2013

	Balance <u>July 1, 2012</u>	<u>Additions</u>	Balance <u>June 30, 2013</u>
Capital assets not being depreciated:			
Land	\$ 31,500	\$ -	\$ 31,500
Other capital assets:			
Buildings	\$ 567,873	\$ 34,324	\$ 602,197
Machinery and equipment	2,205,421	18,520	2,223,941
Total other capital assets at historical cost	\$ 2,773,294	\$ 52,844	\$ 2,826,138
Less: accumulated depreciation	\$ (838,360)	\$ (104,742)	\$ (943,102)
Total	<u>\$ 1,966,434</u>	<u>\$ (51,898)</u>	<u>\$ 1,914,536</u>

June 30, 2014

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 31,500	\$ -	\$ -	\$ 31,500
Other capital assets:				
Buildings	\$ 602,197	\$ 40,745	\$ -	\$ 642,942
Machinery and equipment	2,223,941	-	(69,863)	2,154,078
Total other capital assets at historical cost	\$ 2,826,138	\$ 40,745	\$ (69,863)	\$ 2,797,020
Less: accumulated depreciation	\$ (943,102)	\$ (100,205)	\$ 18,686	\$ (1,024,621)
Total	<u>\$ 1,914,536</u>	<u>\$ (59,460)</u>	<u>\$ (51,177)</u>	<u>\$ 1,803,899</u>

Governmental activities depreciation expense was charged to functions as follows:

	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Governmental Activities:		
Public Safety	\$ <u>104,742</u>	\$ <u>100,205</u>

NOTE 6. LONG TERM DEBT OBLIGATIONS

In the governmental-wide financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period.

Changes in Long-Term Debt Liabilities - During the years ended June 30, 2013 and June 30, 2014, the following changes occurred in liabilities reported in long-term debt:

BIGFORK FIRE DISTRICT
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013 and 2014

June 30, 2013

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>	Due Within <u>One Year</u>
Intercap loans	\$ 550,645	\$ -	\$ (92,486)	\$ 458,159	\$ 49,154
Compensated absences	13,179	2,898	-	16,077	12,148
Total	<u>\$ 563,824</u>	<u>\$ 2,898</u>	<u>\$ (92,486)</u>	<u>\$ 474,236</u>	<u>\$ 61,302</u>

June 30, 2014

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>	Due Within <u>One Year</u>
Intercap loans	\$ 458,159	\$ -	\$ (95,659)	\$ 362,500	\$ 50,116
Compensated absences	16,077	3,858	-	19,935	14,128
Total	<u>\$ 474,236</u>	<u>\$ 3,858</u>	<u>\$ (95,659)</u>	<u>\$ 382,435</u>	<u>\$ 64,244</u>

In prior years the general fund was used to liquidate compensated absences and claims and judgments.

Intercap Loans

Intercap loans have variable interest rates. Interest rates are subject to change annually. Interest rates to the borrower are adjusted on February 16th of each year and are based on a spread over the interest paid on one-year term, tax-exempt bonds which are sold to fund the loans.

Intercap loans outstanding as of June 30, 2013 and 2014 were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Balance June 30, 2013</u>	<u>Balance June 30, 2014</u>
Ladder Truck (Refinance)	02/15/12	Varies	10 yrs	02/15/22	\$ <u>602,145</u>	\$ <u>458,159</u>	\$ <u>362,500</u>

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2015	50,116	3,964
2016	51,098	3,463
2017	52,099	2,952
2018	53,120	2,431
2019	57,161	1,900
2020	55,223	1,328
2021	43,683	777
Total	<u>\$ 362,500</u>	<u>\$ 16,815</u>

BIGFORK FIRE DISTRICT
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013 and 2014

Compensated Absences

Compensated absences are absences for which employees will be paid for time off earned for time during employment, such as earned vacation and sick leave. It is the District's policy and state law to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from District service. Employees are allowed to accumulate and carry over a maximum of two times their annual accumulation of vacation, but no more than 90 days into the new calendar year. There is no restriction on the amount of sick leave that may be accumulated. Upon separation, employees are paid 100 percent of accumulated vacation and 25 percent of accumulated sick leave. The liability associated with governmental fund-type employees is reported in the governmental activities.

NOTE 7. LOCAL RETIREMENT PLANS

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all District employees permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 8. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

The government considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The government considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE 9. DEFICIT FUND BALANCES/NET POSITION

<u>June 30, 2013 and 2014</u>			
<u>Fund Name</u>	<u>Amount</u>	<u>Reason for Deficit</u>	<u>How Deficit will be Eliminated</u>
Fire Plan Grant	\$ <u>249</u>	Overspent Grant Revenues	General fund reimbursement

BIGFORK FIRE DISTRICT
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013 and 2014

NOTE 10. RESTATEMENTS

During fiscal year 2013, the following adjustments relating to prior years' transactions were made to fund balance and net position.

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
Fire Department	\$ (10,311)	To combine the Fire Department fund with the General fund in accordance with GASB 54
General	\$ 10,311	To combine the Fire Department fund with the General fund in accordance with GASB 54
Ralph Burton Trust	\$ 33,277	Reclassify to trust fund from a special revenue fund

NOTE 11. SERVICES PROVIDED TO OTHER GOVERNMENTS

The District is provided various financial services by Flathead County. The County also serves as cashier and treasurer for the District for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in the County. The collections made by the County on behalf of the District are accounted for in an agency fund in the District's name and are periodically remitted to the District by the County Treasurer. No service charges have been recorded by the District or the County.

NOTE 12. RISK MANAGEMENT

The District faces considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers' compensation, i.e., employee injuries, and (f) medical insurance costs of employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Insurance Policies:

Commercial policies transferring all risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employees torts, and professional liabilities. Employee medical insurance is provided for by a commercial carrier. And, given the lack of coverage available, the District has no coverage for potential losses from environmental damages.

NOTE 13. SUBSEQUENT EVENTS

The Fire District purchased a new \$182,000 ambulance in March 2015. The purchase was funded partially by a \$150,000 donation from the Miriam Estate in fiscal year 2013.

**REQUIRED SUPPLEMENTAL
INFORMATION**

Bigfork Fire District, Flathead County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Taxes and assessments	\$ 365,415	\$ 365,415	\$ 410,474	\$ 45,059
Intergovernmental	90,673	90,673	32,175	(58,498)
Charges for services	247,500	247,500	307,852	60,352
Miscellaneous	11,100	11,100	243,593	232,493
Investment earnings	1,500	1,500	2,524	1,024
Amounts available for appropriation	\$ 716,188	\$ 716,188	\$ 996,618	\$ 280,430
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public safety	\$ 596,784	\$ 613,090	\$ 533,706	\$ 79,384
Debt service - principal	100,000	100,000	92,486	7,514
Debt service - interest	-	-	7,514	(7,514)
Capital outlay	167,055	150,749	52,844	97,905
Total charges to appropriations	\$ 863,839	\$ 863,839	\$ 686,550	\$ 177,289
Net change in fund balance			\$ 310,068	
Fund balance - beginning of the year			\$ 453,387	
Fund balance - end of the year			\$ 763,455	

Bigfork Fire District, Flathead County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL	(BUDGETARY BASIS) See Note A	WITH FINAL BUDGET
RESOURCES (INFLOWS):				
Taxes and assessments	\$ 374,883	\$ 374,883	\$ 410,045	\$ 35,162
Intergovernmental	31,437	31,437	27,223	(4,214)
Charges for services	247,500	247,500	264,503	17,003
Miscellaneous	11,100	11,100	8,730	(2,370)
Investment earnings	2,000	2,000	5,799	3,799
Amounts available for appropriation	\$ 666,920	\$ 666,920	\$ 716,300	\$ 49,380
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public safety	\$ 647,250	\$ 647,250	\$ 558,378	\$ 88,872
Debt service - principal	100,000	100,000	95,659	4,341
Debt service - interest	-	-	4,341	(4,341)
Capital outlay	410,000	410,000	40,745	369,255
Total charges to appropriations	\$ 1,157,250	\$ 1,157,250	\$ 699,123	\$ 458,127
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ 13,000	\$ 13,000
Net change in fund balance			\$ 30,177	
Fund balance - beginning of the year			\$ 763,455	
Fund balance - end of the year			\$ 793,632	

Bigfork Fire District, Flathead County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

Note A - Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures

		<u>General</u>
Sources/Inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	996,618
Combined funds (GASBS 54) revenues		16,106
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	\$	<u>1,012,724</u>
Uses/Outflows of resources		
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	686,550
Combined funds (GASBS 54) expenditures		9,560
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$	<u>696,110</u>

Bigfork Fire District, Flathead County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

Note A - Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures

	General
Sources/Inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 716,300
Combined funds (GASBS 54) revenues	12,668
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	\$ 728,968
Uses/Outflows of resources	
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 699,123
Combined funds (GASBS 54) expenditures	9,597
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 708,720

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

**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***

Board of Trustees
Bigfork Fire District
Flathead County
Bigfork, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bigfork Fire District, Flathead County, Montana, as of and for the years ended June 30, 2013 and 2014, and the related notes to the financial statements, which collectively comprise the Bigfork Fire District's basic financial statements and have issued our report thereon dated June 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bigfork Fire District, Flathead County, Montana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bigfork Fire District, Flathead County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Bigfork Fire District's internal control over financial reporting.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses as identified as items 2014-001, 2014-002, and 2014-003.

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. We did not identify any deficiencies in internal control that we consider to be significant deficiency. However, significant deficiencies may exist that have not been identified.

2014-001 Internal Control

Condition:

The Fire District allowed expenditures and revenues to run through a member's personal account.

Context:

The District paid an initial deposit on the annual Fourth of July t-shirt fund raiser. The remainder of the fund raiser ran through a member's personal account with expenditures totaling \$1,528.21. The revenues generated were all under control of the member and not the District.

Criteria:

The District should not run expenditures or revenues outside of the District's control or accounting software.

Effect:

The District lost control of proper expenditure and revenue policy.

Cause:

The District allowed a member to expend and collect money on behalf of the fire district. The expenditures and revenues were not recorded in the Districts books in a timely manner.

Recommendation:

All expenditures and revenues should be run through the government. The District should not allow individuals to expend on behalf of the District.

Auditee Response:

The Fire District recognizes the error and has taken steps to not let this situation happen again.

2014-002 Overstatement of Accounts Receivable

Condition:

The District reported accounts receivable in General fund of \$117,766 as of June 30, 2014.

Context:

Per review of the third party billing services aged accounts receivable listing, the receivable balance was \$60,769.

Criteria:

The third party billing service applies write-off of accounts and an allowance for doubtful accounts according to the Fire District's policy.

Effect:

Accounts receivable and charges for service revenue were overstated by \$56,997. This has been corrected for the audit report.

Cause:

The Fire District did not adjust accounts receivable balances in the accounting records as the third party billing service reports were presented.

Recommendation:

We recommend the Fire District reconcile the accounts receivable account and charges for services to the third party billing service on a monthly basis.

Auditee Response:

The Fire District will reconcile accounts receivable to the billing agency reported accounts receivable.

2014-003 Outstanding Warrants

Condition:

The Fire District has \$11,021 of outstanding warrants, some of which date back to 2006.

Context:

Outstanding warrants ranging from \$.08 to \$7,902 have been outstanding on the Fire District's books ranging from 2006 to 2012 per review of the outstanding subsidiary listing in the accounting system.

Criteria:

The District may cancel warrants that remain outstanding for over 1 year and report the amount and the payee to the Department of Revenue.

Effect:

Outstanding warrants will continue be overstated if not removed.

Cause:

Outstanding items were not being reviewed monthly to ensure timely redemption.

Recommendation:

Review and research the outstanding listing and determine the necessary action to take which may include reporting the unclaimed warrant to the Department of Revenue.

Auditee Response:

The Fire District will be contacting the Department of Revenue and eliminating claims older than one year.

Compliance and Other Matters

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

Bigfork Fire District's Response to Findings

Bigfork Fire District's response to the findings identified in our audit is described above. Bigfork Fire District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Derringer, Downey and Associates, CPA's, P.C.

June 17, 2015

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS

Board of Trustees
Bigfork Fire District
Flathead County
Bigfork, Montana

The prior audit report contained two recommendations. The action taken on each recommendation is as follows:

<u>Recommendation</u>	<u>Action Taken</u>
Friends of Bigfork Fire – Segregation of Duties	Not Repeated
Uncollectible Accounts Receivable	Repeated

Denning, Downey and Associates, CPA's, P.C.

June 17, 2015