

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**FINANCIAL &
COMPLIANCE
REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2014**

**DONALD NOLAN DAVIES
CERTIFIED PUBLIC ACCOUNTANT**

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**TABLE OF CONTENTS
JUNE 30, 2014**

ELECTED OFFICIALS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
INDEPENDENT AUDITOR'S REPORT	8
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Government Funds	12
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Government Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Fund	16
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Notes to Financial Statements	19
SUPPLEMENTAL SCHEDULES:	
Schedule of Revenues, Expenditures, and Other Sources (Uses) - Budget and Actual - General Fund	28
Notes to the Budget and Actual Schedule	29
INDEPENDENT AUDITOR'S REPORT on:	
Internal Control over Financial Reporting and on Compliance and Other Matters	30

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

ELECTED OFFICIALS

JUNE 30, 2014

Chair Jack Fallon

Vice-Chair Shawn Baker

Secretary Julie Reid

Trustee Frank Miller

Trustee vacant

Fire Chief Craig Williams

Fire Marshall Ben Covington

Administrative Assistant Laurie Pein

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of Evergreen Fire District (District) for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's net position increased \$188,000 due to several factors:

- Reduction in existing long term debt,
- and reduction of operating expense in both fire and rescue department and the ambulance department.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The *statement of net position* (page 10) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* (page 11) presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. As a result, revenues and expenses are reported in the statement for some items that will only require cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Government activities included fire suppression and rescue. The business-type activity is providing ambulance services.

2. Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: (a) government funds, and (b) proprietary funds.

- a. **Government Funds.** Government funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements report using the modified accrual basis of accounting which focuses on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Under this method, revenues are recognized when measurable and available. State and other government revenues applicable to the current fiscal year and collected soon after year-end are recognized as revenue. Property tax revenues are reported on the cash basis because most property taxes receivable are delinquent at June 30 and amounts collected soon after year-end are not significant. Deferred inflow of resources are recorded in the government funds for these receivables.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences which are recognized as expenditures when paid. Capital asset acquisitions are reported as expenditures in government funds and the proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation between government funds and government activities view of financial position. These statements are found on pages 12-15.

The District maintains several government funds. Major funds are defined as the general fund and any other fund where the assets, liabilities, revenues, or expenditures exceed certain thresholds (see page 22). Information is presented separately for the General Fund, Debt Service Fund, and the Building CIP Fund which are considered major government funds. Data for the other non-major funds are combined into a single column.

Schedules providing budgetary comparison for the major government funds have been provided within this report to demonstrate compliance with budgets.

- b. **Proprietary funds.** There are two types of proprietary funds: enterprise and internal service funds. The District maintains only one enterprise fund, the Ambulance fund. This is used to report the same functions as business-type activities in the government-wide statements. This fund is considered to be a major fund of the District. The District has no internal funds. These statements can be found on pages 16-18.

3. **Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-27.

DISTRICT-WIDE FINANCIAL ANALYSIS

The following table provides a summary comparison of the District's government-wide net position for fiscal year 2014 to fiscal year 2013.

EVERGREEN FIRE DISTRICT
Net Position

	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Assets				
Current and Other Assets	\$667,000	\$611,000	\$49,000	\$148,000
Capital Assets	4,102,000	4,242,000	112,000	107,000
Total Assets	4,769,000	4,853,000	161,000	255,000
Liabilities and Deferred Inflows				
Current Liabilities	\$195,000	\$268,000	\$13,000	\$139,000
Long-term Liabilities	3,520,000	3,687,000	3,000	4,000
Total Liabilities and Deferred Inflows	3,715,000	3,955,000	16,000	143,000
Net Position				
Net Investment in Capital Assets	\$417,000	\$387,000	\$112,000	\$107,000
Restricted	381,000	422,000		
Unrestricted	256,000	89,000	33,000	5,000
Total Net Position	\$1,054,000	\$898,000	\$145,000	\$112,000

The increase in Net Investment in Capital Assets was due to the continued payment of debt and the net effect of the purchase of the vehicles. The net increase in Restricted and Unrestricted Net Position was mostly due to reduced operating expenses.

The Business-type activities (Ambulance) had reduced operating expenses and decreased charges for services in 2014 with net position remaining relatively stable.

The following table shows the changes in net position for governmental and business-type activities in 2014.

**EVERGREEN FIRE DISTRICT
Changes in Net Position**

	Government Activities		Business-Type Activities	
	2014	2013	2014	2013
Revenues				
Program Revenues:				
Charges for Services	\$47,000	\$83,000	\$420,000	\$508,000
Operating Grants		19,000		
General Revenues:				
Property Taxes	641,000	759,000		
Intergovernmental Revenue	39,000	56,000	58,000	69,000
Transfers	(13,000)		13,000	
Other General Revenues	55,000	18,000	10,000	
Prior Year Restatements		(10,000)		(18,000)
Total Revenues	769,000	925,000	501,000	559,000
Expenses				
Public Safety	427,000	637,000	468,000	672,000
Interest Expense	186,000	192,000		
Total Expenses	613,000	829,000	468,000	672,000
Change in Net Position	\$156,000	\$96,000	\$33,000	(\$113,000)

The fiscal year 2014 change in net position for governmental activities, as mentioned above, increased due to reduced operating expenses.

The Business-type activities (Ambulance) net position remained relatively stable due to reduced operating expenses while charges for services decreased.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Government Funds Overview

The District has these major government funds: the General Fund, Debt Service Fund, and Building CIP Fund.

1. General Fund - This is the primary operating fund of District's government. It accounts for many of the District fire and rescue operations.
2. Debt Service Fund - This fund accounts for the revenues collected to pay the general obligation bonds.

3. Building CIP Fund -This fund accounts for remaining bond proceeds. These funds are to be used for the new fire hall and equipment

The District reports the following major proprietary funds:

Ambulance - This fund is used to account for the activities of the District's ambulance services.

Budgetary Comparisons. Evergreen Fire District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided as a supplemental schedule for its General Fund on page 28 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2014 totals \$4,102,000 (net of accumulated depreciation) and \$112,000 (net) for its enterprise activity. The District purchased an ambulance and a pickup truck in 2014. They also sold a water tender. The District has no infrastructure assets. See Note 5 to the Financial Statements for detailed information on the capital assets.

Long-term debt. In 2009, the District financed the building of the new fire station with a general obligation bond. The District continues to make its bond payments annually. It also has compensated absences liability at June 30, 2014. See Note 6 to the Financial Statements.

FUTURE OF THE DISTRICT

During the challenging economic issues in the past several years, the District has continued to maintain a strong financial position through prudent budgeting and management of costs. The District continues to explore various approaches for operating reserves and capital reserves so that it can sustain operations and capital needs during prolonged downward economic times. With the threat of reduced state funding and the increase in expenses, the District must continue to explore and develop strategies for more efficient operation and replacing capital assets so that they can continue to keep up with demand for services with little if any, increase in available funds.

The District anticipates stable ambulance/EMS and tax revenues with the potential increased ambulance/EMS revenues dependant upon the availability of other EMS transport agencies.

Evergreen Fire District is most fortunate to have a qualified pool of leaders, both elected and appointed, running its programs, as well as a talented and dedicated staff. We continue to be optimistic that the challenges we are faced with will be dealt with thoughtfully, efficiently and effectively.

REQUESTS FOR INFORMATION - This financial report is designed to provide a general overview of Evergreen Fire District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire Chief, Craig Williams at 2236 Highway 2 East,, Kalispell, MT 59901

This page intentionally left blank.

DONALD NOLAN DAVIES
CERTIFIED PUBLIC ACCOUNTANT
8281 PHILPOTT COURT
CLINTON, MONTANA 59825

:
TELEPHONE:
(406) 544-9410

E-Mail:
rpfdavies@yahoo.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Evergreen Fire District
Kalispell, Montana

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Evergreen Fire District, Kalispell, Montana, as of and for the year ended June 30, 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 U.S. generally accepted accounting principles; 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Audit Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of Evergreen Fire District, Kalispell, Montana, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

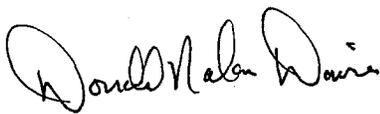
Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 7 and the schedule of revenues, expenditures, and other sources (uses) - budget and actual - general fund on page 28 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. I have applied certain limited procedures to the required supplemental information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures applied do not provide me with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, I have also issued a report dated June 29, 2015 on my consideration of Evergreen Fire District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Evergreen Fire District's control over financial reporting and compliance.



June 29 , 2015

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and Investments	\$472,462	\$32,626	\$505,088
Property Taxes Receivable	59,963		59,963
Accounts Receivable - (net of allowance for uncollectible) ..		150,539	150,539
Due From (To) Other Funds	134,304	(134,304)	0
Total Current Assets	666,729	48,861	715,590
Capital Assets	5,093,666	153,550	5,247,216
Less Accumulated Depreciation	(991,184)	(41,186)	(1,032,370)
Capital Assets - Net	4,102,482	112,364	4,214,846
Total Assets	4,769,211	161,225	4,930,436
LIABILITIES:			
Current Liabilities:			
Accounts Payable	9,508		9,508
Current Portion of Long-term Debt	185,896	12,974	198,870
Total Current Liabilities	195,404	12,974	208,378
Non-current Liabilities:			
Bonds Payable	3,510,000		3,510,000
Compensated Absences	9,858	3,043	12,901
Total Non-current Liabilities	3,519,858	3,043	3,522,901
Total Liabilities	3,715,262	16,017	3,731,279
NET POSITION:			
Net Investment in Capital Assets	417,482	112,364	529,846
Restricted	380,475		380,475
Unrestricted	255,992	32,844	288,836
Total Net Position	\$1,053,949	\$145,208	\$1,199,157

See Notes to Financial Statements

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	- - Program Revenue - -			Net (Expenses) Revenue		
	Expenses	Charges for Services	Operating Grants	Government Activities	Business-type Activities	Total
Primary Government:						
GOVERNMENT ACTIVITIES:						
Public Safety	\$426,819	\$46,596		(\$380,223)		(\$380,223)
Interest Expense	185,712			(185,712)		(185,712)
Total governmental activities	\$612,531	\$46,596	\$0	(565,935)		(565,935)
Business-type activities						
Ambulance Service	467,886	419,668			(\$48,218)	(48,218)
Total Business-type activities	467,886	419,668	0		(48,218)	(48,218)
Total primary government .	\$1,080,417	\$466,264	\$0	(565,935)	(48,218)	(614,153)
GENERAL REVENUES:						
Property Taxes				640,787		640,787
Intergovernmental				39,406	57,944	97,350
Other				49,641	9,775	59,416
Investment Earnings				4,827		4,827
Transfers In (Out)				(13,000)	13,000	
Total General Revenues				721,661	80,719	802,380
CHANGE IN NET POSITION				155,726	32,501	188,227
NET POSITION:						
Beginning of the Year				898,223	112,707	1,010,930
End of the Year				\$1,053,949	\$145,208	\$1,199,157

See Notes to Financial Statements

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2014

	----- Major Funds -----				
	General	Debt Service	Building CIP	Other Government Funds	Total Government Funds
ASSETS:					
Cash and Investments	\$93,882	\$227,792	\$99,300	\$51,488	\$472,462
Property Taxes Receivable	27,429	32,534			59,963
Due From (To) Other Funds	134,304				134,304
Total Assets	\$255,615	\$260,326	\$99,300	\$51,488	\$666,729
LIABILITIES:					
Accounts Payable	\$9,508				\$9,508
DEFERRED INFLOWS:					
Deferred Tax Revenues	27,429	\$32,534			59,963
Total Liabilities and Deferred Inflows	36,937	32,534	0	0	69,471
FUND BALANCE:					
Restricted		227,792	\$99,300	\$20,849	347,941
Assigned				30,639	30,639
Unassigned	218,678				218,678
Total Fund Balance	218,678	227,792	99,300	51,488	597,258
Total Liabilities, Deferred Inflows and Fund Balance	\$255,615	\$260,326	\$99,300	\$51,488	\$666,729

See Notes to Financial Statements

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

JUNE 30, 2014

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

Fund balance as reported above		\$597,258
Add assets not reported in the governmental funds statements:		
Capital assets	\$5,093,666	
Less accumulated depreciation	<u>(991,184)</u>	4,102,482
Less compensated absences liabilities not reported in the governmental funds statements		(20,754)
Less bonds payable not reported in the governmental funds statements		(3,685,000)
Deferred property tax revenue recognized as revenue in the government-wide statements		59,963
		<hr/>
Net position of governmental activities reported in the government-wide statements		<u>\$1,053,949</u>

See Notes to Financial Statements

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

----- Major Funds -----

	General Fund	Debt Service	Building CIP	Other Governmental Funds	Total
REVENUES:					
Property Taxes	\$287,491	\$362,778			\$650,269
Intergovernmental	35,126	44	\$4,236		39,406
Charges for Services	46,596				46,596
Interest Earnings	36		4,492	\$299	4,827
Other	8,680			14,781	23,461
Total Revenues	377,929	362,822	8,728	15,080	764,559
EXPENDITURES:					
Public Safety	255,233		4,113	3,739	263,085
Capital Outlay	13,775			13,000	26,775
Debt Service		355,712			355,712
Total Expenditures	269,008	355,712	4,113	16,739	645,572
Excess (Deficiency) of Revenues Over Expenditures	108,921	7,110	4,615	(1,659)	118,987
Other Sources (Uses):					
Sale of Assets	26,500				26,500
Transfers In (Out)	12,143		(12,143)		
Change in Fund Balance	147,564	7,110	(7,528)	(1,659)	145,487
Fund Balance:					
Beginning of the Year	71,114	220,682	106,828	53,147	451,771
End of the Year	\$218,678	\$227,792	\$99,300	\$51,488	\$597,258

See Notes to Financial Statements

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2014

Change in fund balances as reported in the governmental funds statement	\$145,487
(Decrease) in property taxes receivable not reflected in revenue in the governmental funds statement	(9,482)
(Increase) Decrease in compensated absences not reflected as a reduction in expenditures in the governmental funds statement	(10,891)
Amounts reported as expenditures in the governmental funds statement not included as expenses in the statement of activities:	
Capital outlays	26,775
Principal payments on bonds payable	170,000
Net book value of asset deletions	(320)
Capital Asset (Ambulance) contributed to proprietary fund	(13,000)
Depreciation expense reported on the statement of activities not included in the governmental funds statement	<u>(152,843)</u>
Change in net position of governmental activities on the statement of activities . .	<u>\$155,726</u>

See Notes to Financial Statements

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**PROPRIETARY FUNDS - AMBULANCE SERVICE
STATEMENT OF NET POSITION**

JUNE 30, 2014

ASSETS:

Current Assets:

Cash and Investments	\$32,626
Other Receivables (net of allowance for uncollectible receivables)	150,539
Due From (To) Other Funds	<u>(134,304)</u>

Total Current Assets

	<u>48,861</u>
--	---------------

Noncurrent Assets:

Machinery and Equipment	153,550
Less accumulated Depreciation	<u>(41,186)</u>

Total Noncurrent Assets

	<u>112,364</u>
--	----------------

Total Assets

	<u>\$161,225</u>
--	------------------

LIABILITIES:

Current Liabilities:

Compensated Absences - current portion	\$12,974
--	----------

Noncurrent Liabilities:

Compensated Absences	<u>3,043</u>
----------------------------	--------------

Total Liabilities

	<u>\$16,017</u>
--	-----------------

NET POSITION:

Net Investment in Capital Assets	\$112,364
Unrestricted	<u>32,844</u>

Total Net Position

	<u>\$145,208</u>
--	------------------

See Notes to Financial Statements

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**PROPRIETARY FUNDS - AMBULANCE SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES FUND NET POSITION**

JUNE 30, 2014

OPERATING REVENUES:	
Charges for Services	<u>\$419,668</u>
Total Operating Revenues	<u>419,668</u>
OPERATING EXPENSES:	
Personal Services	360,364
Supplies	61,526
Purchased Services	37,894
Depreciation Expense	8,102
Total Operating Expenses	<u>467,886</u>
OPERATING INCOME (LOSS)	<u>(48,218)</u>
NONOPERATING REVENUES, EXPENSES AND TRANSFERS IN:	
Intergovernmental	57,944
Miscellaneous	<u>9,775</u>
Total Nonoperating Revenues, Expenses and Transfers In	<u>67,719</u>
Capital Contribution	<u>13,000</u>
Increase (Decrease) in Net Position	32,501
BEGINNING NET POSITION	<u>112,707</u>
ENDING NET POSITION	<u>\$145,208</u>

See Notes to Financial Statements

EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA
PROPRIETARY FUNDS - AMBULANCE SERVICES
STATEMENT OF CASH FLOWS
JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$383,362
Cash paid to suppliers	(187,016)
Cash paid to employees	(399,403)
 Cash Provided (Used) by Operating Activities	 <u>(203,057)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Advance from other funds	167,945
Cash received from other governments	50,770
Other sources	9,775
 Cash Proved (Used) by Noncapital Financing Activities	 <u>228,490</u>

Increase (Decrease) in cash and cash equivalents	25,433
Cash and cash equivalents - June 30, 2013	<u>7,193</u>
Cash and cash equivalents - June 30, 2014	<u>\$32,626</u>

Reconciliation of operating income to cash provided (used) by operating activities:

Operating Income	(\$48,218)
Adjustments to reconcile operating income to cash provided (used) by operating activities:	
Depreciation expense	8,102
Increase (Decrease) in compensated absences	(5,258)
(Increase) decrease in accounts receivable	(36,306)
Increase (decrease) in accounts payable	<u>(121,377)</u>

Cash provided (used) by operating activities	<u>(\$203,057)</u>
--	--------------------

Non-cash activity:

Capital Contribution (Ambulance)	\$13,000
--	----------

See Notes to Financial Statements

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

	<u>Note</u>	<u>Page</u>
Summary of Significant Accounting Policies:		
Reporting Entity	1A	20
Basis of Presentation and Basis of Accounting	1B	20
Cash and Investments	1C	21
Property Taxes	1D	22
Inventories	1E	22
Capital Assets	1F	22
Compensated Absences	1G	22
Cash and Investments	2	23
Property Taxes Receivable	3	23
Inter-fund Transfers and Balances	4	23
Capital Assets	5	24
Long-Term Debt	6	24
Retiree Health Care Costs	7	25
Government-wide Restricted Net Position	8	25
Governmental Fund Balance Reporting	9	26
Retirement Plans	10	27
Risk Management	11	27
Services provided by other Governments	12	27

Evergreen Fire District 2014 Notes to Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Evergreen Fire District is governed by an elected five-member Board of Trustees and is considered to be an independent government. The accompanying financial statements include the activities of the District controlled by the Board of Trustees. Evergreen Fire District has no component units.

B. Basis of Presentation and Basis of Accounting

Government-wide Financial Statements - The statement of net position and the statement of activities show information about the overall financial position and activities of the District.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The governmental activities of the District are generally financed through property taxes, and federal and state grants while the business-type activities are financed through charges for services. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function. The District does not charge indirect expenses to programs or functions. Program revenues include fees for services and grants and contributions that are restricted to a particular program. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues. The District generally applies restricted resources to expenses incurred before using unrestricted resources when both components of restricted and unrestricted net position are available.

Fund Financial Statements - These statements provide information about the District's funds, including a separate statements for the District's proprietary and fiduciary funds. The emphasis of fund financial statements is on major governmental funds. 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.

Governmental Funds

These funds 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. State and other governmental revenues applicable to the current fiscal year and collected soon after year-end (generally within 60 days) are recognized as revenue. However, most property taxes receivable are delinquent at June 30 and amounts

Evergreen Fire District 2014 Notes to Financial Statements (continued)

collected soon after year-end are not significant. Deferred property tax revenues are recorded as deferred inflows of resources in the government funds for these receivables.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences which are recognized as expenditures when paid. 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.

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the District applies cost-reimbursement funds first to finance such programs with remaining costs paid for with general revenues.

U.S. generally accepted accounting principles (GAAP) requires that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% or more of the total for all government funds or 5% of the total amounts for combined government funds and proprietary funds also be reported as major funds. GAAP also allows governments to report funds that do not exceed this 10% threshold if the government officials believe it is important to the users of the financial statements. The District reports the following major governmental funds:

General fund. This is the District's primary operating fund which accounts for all financial resources of the District except those required to be accounted for in other funds. The Hydrant fund is combined with the District's general fund for reporting purposes.

Building CIP fund. - This fund accounts for the bond proceeds which was used to build and equip the new fire hall.

Debt Service fund - This fund accounts for the revenues collected to pay for the District general obligation bonds.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for services provided. Operating expenses include the cost of providing such services and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Ambulance Services fund. This fund accounts for the activities of the District-owned ambulance services.

Evergreen Fire District 2014 Notes to Financial Statements (continued)

C. Cash and Investments - Except for certain specific bank deposits, all cash is held by the District Treasurer. The District cash and cash equivalents are considered to be cash on hand, demand and other time deposits.

D. Property Taxes - Property tax levies are approved on or before the second Monday in August or within 45 calendar days of receiving certified taxable values from the Department of Revenue. Real property (and certain attached personal property) taxes are billed in October and are due in equal amounts on November 30 and the following May 31. After those dates they become delinquent (and a lien placed upon the property). After three years the County may exercise the lien and take title to the property. Personal property taxes (other than those billed with real estate) are generally billed in May or June and are normally due 30 days after billing.

State law limits the number of mills the District can levy to the amount of property tax dollars levied in the prior fiscal year plus amounts related to the taxable value for the annexation of real property, new construction and improvements, debt service, and certain other exceptions.

Taxable valuations (which are a small percentage of assessed valuations), mill values, and mill levies for November 2013 property tax billings were as follows:

	<u>Taxable Valuation</u>	<u>Value of Mill</u>	<u>Mills levied</u>
District-wide levies	\$17,563,563	\$17,563	38.34

E. Inventories - Inventories are considered to be immaterial and are not recorded.

F. Capital Assets - Capital assets are carried at cost or estimated cost if actual cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Major additions and betterments with a cost in excess of capitalization thresholds are recorded as additions to capital assets.

Capital assets, other than infrastructure assets, are defined by the District as assets with an initial cost of more than \$5,000. Repair and maintenance costs are not capitalized. The District has no infrastructure. Depreciation on assets is provided over their estimated useful lives on the straight-line method.

The useful lives of these assets have been estimated as follows:

Buildings	50 year
Vehicles, Machinery and Equipment	3 - 20 years

G. Compensated Absences - District employees earn vacation and sick leave as required by State law. Up to two years of accumulated vacation leave and 25% of accumulated sick leave is payable to the employee on termination. The amounts reported as compensated absences payable is based on the termination benefits.

Evergreen Fire District 2014 Notes to Financial Statements (continued)

2. CASH AND INVESTMENTS - A summary of cash and investments at June 30, 2014 was as follows:

Cash on Hand	\$1,410
Cash and Deposits with Banks	53,475
Cash with the County Treasurer	<u>450,203</u>
Total	<u>\$505,088</u>

Custodial credit risk is the risk that in the event of a bank failure, the governments's deposits may not be returned to it. All of the cash on deposit with the bank is insured by FDIC. The District participates in the Flathead County Treasurer's investment program. Funds deposited with the County Treasurer are pooled and invested in accordance with State law. Funds are withdrawn from the investment program as needed to pay warrants. Earnings are allocated to the District based on average month-end cash balances and are distributed monthly.

3. RECEIVABLES

Changes in property taxes receivable were as follows:

Balance - June 30, 2013	\$69,445
Taxes Levied	661,293
Collections	(640,787)
Other Changes	<u>(29,988)</u>
Balance - June 30, 2014	<u>\$59,963</u>

Other changes include rebates and tax abatements due to revaluations of taxable values.

The Ambulance Fund accounts receivable is reported net of the \$150,539 allowance for uncollectible receivables.

4. INTER-FUND TRANSFERS AND BALANCES

The District transferred \$12,143 from the Construction CIP fund to the General Fund to purchase equipment. The District also purchased an ambulance for \$13,000 out of the Capital Improvement Fund and then transferred the asset to the Ambulance Fund.

The District's Ambulance fund owes the General fund \$157,945 for advances cover short term cash flow needs. In addition, the General fund owes the Ambulance fund \$33,641 for the EMS funds deposited in the General fund and yet to be moved to the Ambulance fund.

Evergreen Fire District 2014 Notes to Financial Statements (continued)

5. CAPITAL ASSETS - Changes in general government capital assets were as follows:

	Balance June 30, 2013	Additions	Deletions	Other Changes	Balance June 30, 2014
Cost:					
Buildings	3,984,875			\$39,375	\$4,024,250
Machinery and Equipment .	1,136,360	\$26,775	(\$80,719)	(13,000)	1,069,416
Construction in progress ...	39,375			(39,375)	0
Total	5,160,610	26,775	(80,719)	(13,000)	5,093,666
Accumulated Depreciation:					
Buildings	(380,071)	(79,697)			(459,768)
Machinery and Equipment .	(538,669)	(73,146)	80,399		(531,416)
Total	(918,740)	(152,843)	80,399	0	(991,184)
Capital Assets - Net	\$4,241,870	(\$126,068)	(\$320)	(\$13,000)	\$4,102,482

Depreciation expense for general governmental assets was charged to the public safety function.

Changes in Business-type capital assets were as follows:

	Balance June 30, 2013	Additions	Deletions	Other Changes	Balance June 30, 2014
Machinery and Equipment	\$140,550			\$13,000	\$153,550
Less Accumulated Depreciation .	(33,084)	(\$8,102)			(41,186)
Capital Assets - Net	\$107,466	(\$8,102)	\$0	\$13,000	\$112,364

6. LONG TERM DEBT - Changes in long-term debt were as follows:

	Balance June 30, 2013	Increase	Decrease	Balance June 30, 2014	Amount due in 2015
Governmental Activities:					
Compensated Absences	\$9,863	\$10,891		\$20,754	\$10,896
Bonds Payable	3,855,000		(\$170,000)	3,685,000	175,000
Total	\$3,864,863	\$10,891	(\$170,000)	\$3,705,754	\$185,896
Business-type Activities:					
Compensated Absences	\$21,275		(\$5,258)	\$16,017	\$12,974

General Obligation Bonds - In March of 2009, the District issued \$4,400,000 of general obligation bonds to build and equip a new fire hall. These bond are payable over 20 years with a variable payments due annually on July1 and interest payments due semiannually on July 1

Evergreen Fire District 2014 Notes to Financial Statements (continued)

and January 1. Interest rates range from 4.0% to 5.25%. Bonds maturing on or after July 1, 2020 at the option of the District on July 1, 2019 and thereafter at a price equal to the unpaid principal plus accrued interest.

Compensated Absences - The District generally liquidates governmental compensated absences with the general fund.

The District was in compliance with all significant contractual provisions of its long-term debt except filing the annual disclosure requirements.

FUTURE DEBT SERVICE PAYMENTS

Debt service principal and interest payments required on the loans payable and capital leases are as follows:

Year Ended June 30,	Loans Payable		Combined
	Principal	Interest	
2015	175,000	178,138	353,138
2016	185,000	170,700	355,700
2017	190,000	162,746	352,746
2018	200,000	154,432	354,432
2019	205,000	145,182	350,182
2020	215,000	135,446	350,446
2021	225,000	125,986	350,986
2022	240,000	115,748	355,748
2023	250,000	104,468	354,468
2024	260,000	92,468	352,468
2025	275,000	79,728	354,728
2026	290,000	65,978	355,978
2027	305,000	51,188	356,188
2028	325,000	35,176	360,176
2029	345,000	18,112	363,112
Total	<u>\$3,685,000</u>	<u>\$1,635,496</u>	<u>\$5,320,496</u>

7. RETIREE HEALTH CARE COSTS

The District does not offer health insurance to its employees. Consequently, the District has no liability for post employment benefits.

8. GOVERNMENT-WIDE RESTRICTED NET POSITION

Restricted Net Position - are resources that were received by the District with an understanding between the District and the provider that the funds would be used for specific purposes. The debt service, building CIP fund and all special revenue funds.

Evergreen Fire District 2014 Notes to Financial Statements (continued)

9. GOVERNMENTAL FUNDS BALANCE REPORTING

Government Accounting Standards Board (GASB) Statement No. 54 requires classifying fund balances into specifically defined classifications. There were no non-spendable funds at June 30, 2014. Committed and assigned funds must be so designated by the District's Board of Trustees and/or assigned by the Fire Chief.

The District spends restricted amounts first. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the District spends first committed, then assigned, and lastly unassigned funds. The District had \$99,300 restricted by grantors or contributors, and \$248,641 restricted by enabling legislation.

Restricted fund balances consist of the following:

Capital Projects	\$99,300
Special Revenue	20,849
Debt Service	227,792

Assigned fund balances consist of the following:

Capital Projects	30,639
------------------------	--------

Unassigned fund balances consist of the following:

General Fund	<u>218,678</u>
--------------------	----------------

Total Fund Balances	<u>\$597,258</u>
---------------------------	------------------

For financial statement reporting purpose, the District has combined the Hydrant fund with the general fund. This is shown on the following table:

	General Fund	Hydrant Fund	Combined
Assets	\$239,126	\$16,489	\$255,615
Liabilities and Deferred Inflows	(36,377)	(560)	(36,937)
Fund Balances	<u>\$202,749</u>	<u>\$15,929</u>	<u>\$218,678</u>
Revenues	\$362,635	\$15,294	\$377,929
Expenses	252,302	16,706	269,008
Excess (Deficiency) of Revenues Over Expenses	110,333	(1,412)	108,921
Other Sources (Uses)	38,643		38,643
Change in Fund Balances	148,976	(1,412)	147,564
Fund Balances:			
Beginning	53,773	17,341	71,114
Ending	<u>\$202,749</u>	<u>\$15,929</u>	<u>\$218,678</u>

Evergreen Fire District 2014 Notes to Financial Statements (continued)

10. RETIREMENT PLANS

The District does not participate in any retirement plans.

11. RISK MANAGEMENT

The District faces a number of risks of loss including (a) loss or damage to property, (b) general and professional liability, (c) workers' compensation, and (d) employee torts, and (e) environmental damages. There were no significant changes in how the District covered its risks in 2014. The District manages these risks through a combination of commercial insurance, participation in a risk pool, and self-insurance. Given the lack of coverage available, the District has no coverage for potential losses from environmental damages. Commercial policies transferring all risks of loss, except for small deductible amounts are purchased for property and content damage, employees torts, and general and professional liability.

12. SERVICES PROVIDED BY OTHER GOVERNMENTS

Flathead County provides various financial services for the District including tax and assessment collections. 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.

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

SCHEDULE OF REVENUE, EXPENDITURES, AND OTHER SOURCES (USES)
BUDGET AND ACTUAL

**GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES:			
Property Taxes	\$299,433	\$299,433	\$274,911
Intergovernmental	80,978	80,978	32,412
Charges for Services	70,000	70,000	46,596
Sale of Assets			
Interest Earnings	420	420	36
Other			8,680
Total Revenues	450,831	450,831	362,635
EXPENDITURES:			
Public Safety	357,350	357,350	248,527
Capital Outlay			3,775
Total Expenditures	357,350	357,350	252,302
Excess (Deficiency) of Revenues over Expenditures	93,481	93,481	110,333
Other Sources and Uses:			
Proceeds from Sale of Assets			26,500
Transfers In (Out)	(105,600)	(105,600)	12,143
Excess (Deficiency) of Revenues over Expenditures and Other Sources (Uses)	(\$12,119)	(\$12,119)	\$148,976

See Notes to the Budget and Actual Schedule

**EVERGREEN FIRE DISTRICT
KALISPELL, MONTANA**

**NOTES TO THE BUDGET AND ACTUAL SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

State law requires the District to prepare budgets for all funds. Budgets are prepared on the modified accrual basis. Budgeted fund expenditures are limited by State law to the total budgeted amount which may be amended as defined by State law. Amendments to the budget can be made for unanticipated state and federal revenue with the approval of the District Trustees.

The Board approves the original budgets on or before the second Monday in August or within 45 calendar days of receiving certified taxable values from the Department of Revenue.

The District budgets may also include encumbrances, which represent commitments to expend funds under current budget appropriations. All appropriations lapse at the end of the fiscal year except for accounts payable and encumbrances. There were no encumbrances in 2014 or 2013.

DONALD NOLAN DAVIES
CERTIFIED PUBLIC ACCOUNTANT
8281 PHILPOTT COURT
CLINTON, MONTANA 59825

TELEPHONE:
(406) 544-9410

E-Mail:
rpfdavies@yahoo.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

Board of Commissioners
Evergreen Fire District
Kalispell, Montana

I have audited, in accordance with U.S. generally accepted auditing standards 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, the business-type activities, each major fund, and the aggregate remaining fund information of Evergreen Fire District, Kalispell, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Evergreen Fire District's basic financial statements, and have issued my report thereon dated June 29, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, I 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 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. I consider the deficiency described to be material weakness as identified as items 2014-001.

A *significant deficiency* is a deficiency, or 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. I consider the deficiencies described below to be significant deficiencies as identified as items 2014-002 through 2014-006.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Evergreen Fire District's financial statements are free from material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

FINDING - MATERIAL WEAKNESS:

2014-001 Accounting System

The District continues to use Quickbooks as its bookkeeping software. Quickbooks was not designed to be used for fund accounting as required for government entities. Additional reconciliations, information, and adjustments were required at year end to prepare the annual governmental funds, proprietary, and government-wide financial statements. Accounting for the District's activities must be done on a fund by fund basis to ensure compliance with statutory and reporting requirements.

I recommend the District implement internal control procedures to ensure the financial records are complete and accurate and is providing adequate information on a fund by fund basis to ensure compliance and regulatory requirements are being met.

Auditee Response: The District cannot afford the upfront or annual costs related to accounting packages that support county fund reporting. The District is implementing class accounting consistent with county reports and is reviewing and updating its chart of accounts.

FINDINGS - SIGNIFICANT DEFICIENCIES:

2014-002 Segregation of Accounting Duties

Ideal segregation of accounting duties is not always possible in an organization with a small staff as is the case with the Evergreen Fire District. The District has made improvements in 2014 in their segregation of duties by contracting with an outside accounting firm to prepare the payroll and maintain the general ledger.

Accordingly, I recommend the Board continue to monitor the District's activities and transactions.

Auditee Response: Due to the District's small size, we have implemented as many checks and balances as possible by way of contracting with an outside accounting firm for payroll and general ledger at a greater cost. The District will continue to monitor District activities and transactions.

2014-003 Interfund Activity

As noted in the prior audit, the District had significant payroll related tax liabilities to pay during 2014. As such, the District transferred cash from General Fund #7204 to the Ambulance Fund # 9428 to ensure adequate cash was available to make the prior year tax payments and cover

the fund current operating expenses. The District did not prepare adequate documentation of such activity.

I recommend that all transaction involving interfund balances and activity be properly documented and authorized by the Board.

Auditee Response: The District will properly document transactions involving interfund balances and Board authorization. Generally accepted accounting principles (GAAP) will be followed when transferring money between funds subject to statutory limitations.

2014-004 Cash Accounts

As noted in the prior audit, the District continues to have bank accounts that are not held by the County. The District indicated that they needed the ability to see the daily cash balances were required and the County has not been able to provide that information on a timely basis. State law (MCA 7-33-2105 (2) states "All money received by the trustees must be deposited in the County treasurer's office and credited to the Fired District" Multiple accounts weakens internal control and complicates the District's bookkeeping.

I recommend that all District funds be deposited with the County Treasurer as required by state law.

Auditee Response: We are working on consolidating accounts.

2014-005 Bond Requirements

Remaining debt proceeds from the 2008 general obligation bonds should be transferred from the Building CIP fund to debt service fund as required by the bond resolution.

I recommend the District transfer the remaining bond proceeds to the debt service fund as required by the bond resolution/requirements.

Auditee Response: The District is using the final bond proceeds to complete the equipping and furnishing and the new fire station.

2014-006 Budget Authority Exceeded

The District purchased an ambulance out of Capital Improvement Fund #7250 for \$13,000 which exceeded the \$10,000 budget for that fund.

I recommend the District develop internal controls over budget to ensure budget limitations are not exceeded.

Auditee Response: The District will improve monitoring of budget vs actual for budget amendments as necessary.

Prior Year Audit Findings

- 13-1** Cash - see 2014-004 comment above.
- 13-2** Gift Cards - Implemented.
- 13-3** Management's Discussion and Analysis - Implemented.
- 13-4** Bond Requirements - see 2014-005 comment above.
- 13-5** Operating Transfer between Funds - see 2014-003 above.

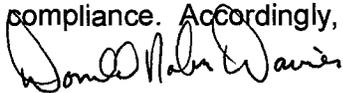
- 13-6 Internal Controls - Segregation of Duties - inherent weakness - see 2014-002 above
- 13-7 Disbursements - implemented - adequate documentation of claims was maintained.
- 13-8 Credit Card Claims - Implemented
- 13-9 Negative Trends in the Ambulance Fund - Implemented
- 13-10 Bank Reconciliations - Implemented
- 13-11 Accurate Accounting system Records - see 2014-001 above
- 13-12 Payroll Tax and Liability Payments - Implemented.
- 13-13 Exceeding Budget Authority - see 2014-006

EVERGREEN FIRE DISTRICT'S RESPONSE TO FINDINGS

Evergreen Fire District's response to the findings identified in my audit is described above. Evergreen Fire District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

PURPOSE OF THIS REPORT

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



June 29, 2015