

# Evergreen Fire District Board of Trustees

Minutes of the Regular Board Meeting  
August 1<sup>st</sup>, 2016

**Board members present:** *Shawn Baker, Jack Fallon, John Foust, Dave Adams, Dave Edwards*

**Board members absent:**

**District Staff/Employees:** *Fire Chief Craig Williams, Fire Marshal Ben Covington*

**Public Attendance:** *Don Davies*

## **MEETING OF AUGUST 1<sup>ST</sup>, 2016 CALLED TO ORDER AT 12:10 P.M.**

### **PUBLIC IN ATTENDANCE RECOGNIZED:**

*Don Davies*

### **ADOPT THE AGENDA:**

*Shawn Baker makes motion to adopt Agenda; John Foust requests to move Don Davies up on the Agenda; Dave Adams seconds the motion, the Agenda is adopted unanimously.*

### **PUBLIC COMMENT:**

*None*

### **NEW ITEMS/UPDATES:**

1. Audit update: Don Davies addresses The Board and shows (on page 2) this year's activities compared to last year's. Page 4 is the balancing. Page 5 is the income statement information. He will address the restatement of \$24,000.00. Don tells The Board, "Essentially, you guys are pretty stable. Your position is better after your financial challenge a few years ago. You're back on track and I think you're doing pretty well." Page 8 is the Audit Opinion and its clean opinion called an "unmodified opinion". Don helped bring Ashley up to speed on reconciliations being done fund by fund. Since QuickBooks is used, he suggests getting reconciliations done on a monthly basis. Don stated that Ashley's revenues and expenses done by class were pretty good last year but it was the balancing items that were not within classes and that are what she is working on getting reconciled out.

Jack Fallon asks, "When you set up each fund as a class, can you have accounts and subaccounts that are common to each one of the classes?" Don states that it is cumbersome and hard to not make mistakes but that is what the fund-by-fund reconciliation will do; it will take your class by class, fund by fund and make sure you've got the revenues and expenses in each class right because you have to balance off against the cash and that's where the challenge came from last year. Jack states, "I guess what I was wondering is if you were take an account of vehicles, and there may be vehicle expenditures in 3 different accounts, will you be able to look at vehicle expense across all 3 accounts or do you have to look at vehicle expense within each account in order to get an idea of what occurred?" Don replies, "That's a good 'Ashley' question." Don addresses Ben with Jack's question and Ben states that "Yes, you can see them all the way across." Don then addresses page 10 where it states "Due from/ Due to other funds" has a \$75,000.00 net between the governmental funds, fire and hydrant fund, and ambulance fund. That is a combination of prior stuff; 2014 and 2015. That is the net effect and suggests taking care of it because government account reporting says that he will need to show that as a contribution to that fund because there has been no progress towards paying for it but that it needs to be done. Jack asks, "Is that the effect of the unpaid payroll liabilities from 7204 to the ambulance fund?" Don states, "That's part of it. That's part of it." Jack asks, "There are other things, too?" Don replies, "Yeah." Jack states, "One thing we are wanting to look at is how much the ambulance contributions have been since they have been funded out of 7204 and the money placed in 7250 in order to make those purchases; what those dollar amounts will be to see how that amount will be reduced in order to finally see what would be the net amount that would clear it all away." Don recommends comparing June 30, 2015 with June 30, 2016 and making a decision to get it done in 2016. Jack states, "For 2016, I noticed on a June statement there was a \$40,000.00 payment from 7204 to the ambulance fund which, I assume, was payroll liabilities accumulated for the year." Craig confirms that is what the payment was. Jack continues, "So, 2016 should be clean and the only thing we are working on then is 2015 and prior and that is where we would want to know what the value of the ambulance purchases were in order to see what a net effect would be." Don agrees with Jack and continues, "Page 11. There's a restatement of \$24,000.00 down at the bottom of the net position. When we did 2014's audit, we tried to sort out where you were. It was kind of a mess and I think we missed one. Ashley and I went through it pretty fine this year to make sure and we both came up with too much. So, it would be a correction of where the money should have been. So, \$24,000.00 should have been in the ambulance fund that we credited to the fire fund. Jack asks, "That's in addition? That's just the opposite of the \$75,000.00." Don confirms the \$75,000.00 is the net which includes the \$24,000.00. Jack states, "This looks like the ambulance owes one of the government funds \$24,000.00 whereas on page 10 it looks like the government fund owes the ambulance \$75,000.00." Don replies, "That's correct on page 10; the net effect. This is a restatement of 2014 amount where too much..." Jack interjects, "Oh, you're taking it out of a government fund and putting it in the ambulance fund because it was overstated in the government fund." Don replies, "Yes. On page 12 and 14, we just show the major government funds that are classified so when you read this you'll know what the heck you're doing. The general fund has both the 7204 and hydrant fund due to reporting requirements that you combine them together and there is a breakout on the back. On

page 16, 17 and 18 is the ambulance fund broke up all by itself with more detail. Jack asks, "So the other government funds that exist; that would probably be the department account and the benevolent account." Don confirms, "Yep, that would be it." Jack clarifies, "Ok, so the first column would be 7204 and 7207; second one is 7288; third one 7285 and the building CIP is 7250 and the other governmental funds are the other 2 accounts of department and benevolent?" Don confirms and states "Just so you are aware, 16, 17 and 18 is the ambulance fund broke out. The reason it is a separate fund type is that you fund it mainly with charges for services and so it is more on a business type basis...the others are on a governmental basis where the budgets control what's happening and the other is controlled more by charges for services in the cost break outs. Page 31; Since you guys don't have pensions or health insurance, you're minus about 10 pages of footnotes in here that most of the local governments have to do because they had to implement the pension accounting this year and put that big negative amount. Since you don't do it you don't have that big negative amount...if we can get it all done and Ashley can get it all reconciled out we can probably get into the audit this Fall. But, if it's not reconciled I can't do anything without the numbers so Craig's monitoring with Ashley to get that done. It's imperative that The Board look at and know the numbers and follow the numbers. Mainly, if you look at the cash and the cash doesn't look right then you know...if you know you have this much coming in and this much going out and cash is not going out or is going out too fast then I'd take a peek but other than that, it's basically Craig's job to monitor the reconciliations and make sure they're being done; not to do them but to make sure they are getting done. But it is still very hard in a small organization..." Jack states, "Going back to the first one, the accounting system. I am assuming we are still in some way shape or form; either with you or with Ashley, we are spending about \$2,000.00 extra a year to make Quick Books compatible to the county fund accounting." (Don confirms) "I don't know how to come up with that; how much is yours and how much of that is Ashley's." Don says, "This year it is about half and mine and half Ashley's. I think if Ashley gets into this and gets it down into a rhythm; it should be less than that. Until she works it all out, it does take extra time." Jack states, "Well, for the benefit of everybody else, if I remember, it seems like it cost \$4,500.00 up front for a government accounting package and it was going to cost \$2,000.00 to \$2,500.00 a year for the annual maintenance on it." Don states, "The audit fees are pretty much set but it's the extra work that I ended up doing. It might be a little cheaper doing it that way but is it the most effective tool for the job? As an account, I definitely don't think Quick Books is the most effective. You can do it. It just takes some skill and time and that's what you pay Ashley for. She is pretty sharp. I was impressed working with her...even though she is not a CPA she is as sharp as a lot of them that I deal with. Keep her if you can. She's a good one...Cash account; again the State Law says all monies must be with the County Treasurer. I haven't talked to anybody else in the Stated that says that's not the correct interpretation." Jack says, "That's the correct interpretation, I won't disagree with you. It's just a hassle... a lot of inconveniences." There are other local government agencies that are using their own account for enterprise funds but they are using it incorrectly. Jack states, "If everybody wants to have it all at the county we can do that but until we are mandated to do it...we are 'required' to do it...but we haven't been 'mandated' to do it. There is no penalty. Until a resident sues us and says we are not following State Law, then at that point we can say ok we will deposit with the

county.” Don recommends complying with State Law. Don states, “The other issue that we didn’t put as a column in here is Board Policies. The bond requirement; we are pretty well spending that down.” There is \$500.00 left and that money is going to go into 7288. Don warns The Board that “the public could have come back at you hard ...if you have one community member making a big stink they could have done it on that one right there. We voted this much money and you didn’t spend it within a year.” Jack clarifies that by June 30<sup>th</sup> 2016 the \$82,000.00 will read \$500.00 instead and so sometime in the next month or two, the \$500.00 will get transferred into 7288.” Ben clarifies to Jack that Ashley knows that it needs to be a zero balance and everything was explained to her. Don then talks about policies. He states, “Normally, local governments have policies and procedures to help record ...and there’s a whole bunch of positives for doing Board policies. It allows consistency; when one member quits and the next one comes up you know what’s going on. It allows the staff to know what’s going on. If you have a lawsuit and you follow policy, you are more than likely to win or prevail with the lawsuit.” Don suggests looking at the MSU local government center and fire associations for draft policies. Don states “The public’s right to know and transparency has become more and more important the last several years and it is something you want to think about...it also helps with efficiency during board meetings; you don’t have to hash and rehash what you’ve talked about.” Don then goes over the \$75,000.00 from 7204 to Ambulance Fund 9428. He states, “It is a combination of the EMS monies that haven’t been shifted over for total of \$63,000.00 and I gave Ashley a worksheet (that can be distributed in report form from Ashley) the we agreed on. 2013 was zero, 2014 there was \$57,000.00 of EMS that hadn’t been shifted and \$24,000.00 from last year. So the EMS portion was \$63,000.00 and then there was \$28,000.00 of payroll taxes from 2015 which give you \$92,000.00 due to the Ambulance Fund. The prior year there was all of those payroll taxes from 2014; \$167,000.00 that hadn’t been made. They were in last year’s report but no action had been taken. The net between EMS of \$63,000.00 and the payroll taxes due to the Ambulance Fund vs. \$167,000.00 due back to the Fire Fund leaves a net of \$75,000.00.” (There was a paragraph on page 23 that was stated backwards that will be corrected.) Don states, “Page 24. Your depreciation in the government funds is exceeding the additions but you hopefully start to do some replacement of equipment. It takes about \$140,000.00 to \$150,000.00 of equipment replacements every year to keep current and with your new ambulance (16) the ambulance fund will look like it is back up.” Don asks if we are going to refinance and Jack states that we cannot refinance until we are half way through and we have about 3 years to go. Advanced refunding was discussed but would be too early because the money has to be set aside in order to make payments when they come due. Jack states that there is only one place that handles municipal debt in Montana; any others would be Seattle, Denver or Minneapolis. Don states there used to be another in Montana a few years ago. Jack states that the only other way to refinance would be to go through a bank, however, same issue applies; money would have to be set aside. Glacier Bank is refinancing School District 5 with \$13,000,000.00 worth of debt. Rocky Mountain is available and First Interstate has expressed some interest but is limited to around \$5,000,000.00. Don closes by strongly encouraging the Board on reviewing and setting policies even it involves hiring someone to help. Jack states, “Because we are a small entity, our by-laws cover a lot of the procedures. The by-laws speak about the open meeting laws. So we already have some

cover. It doesn't mean that aren't things that couldn't be written down but a lot of it is already covered in the by-laws." Don states, "They are pretty brief." (another Board member points this out too.) Jack states, "There is simplicity with that." Don suggests that when any Board member is coming off the Board to look around and look for business people who have backgrounds that help with the finance side.

### **FINANCIALS:**

1. Discuss and Approve June Financials

*Jack Fallon moves to approve the June financials; seconded by Dave Adams; motion approved unanimously.*

### **PAST ITEMS/UPDATES:**

1. Approve Meeting Minutes of June 6<sup>th</sup>, 2016

No corrections or additions.

*Dave Adams moves to approve the meeting minutes of June 6<sup>th</sup>, 2016; seconded by Dave Edwards; motion approved unanimously.*

2. Trustee Election of Officers

Shawn states, "Dave Adams and Jack Fallon have been nominated. Nominations are then closed." John Foust is nominated as Vice Chairman. Dave Adams declines nomination. Nomination for Secretary/Treasurer is Shawn Baker which he accepts.

*Shawn Baker moves to vote; Trustee Fallon wins with vote of 3-2; Shawn Baker is Secretary/Treasurer; John Foust is Vice Chairman; officers are unanimously approved.*

### **CHIEF'S REPORT:**

1. Call Volume

Craig states that there have been 181 calls.

2. 831 – Update; Board member asks if 31 (32 now) is still being test. Craig states, "It's good to go. It's going to remain second due. It's scheduled for pump testing on the 12<sup>th</sup> along with 31 (the white one). We are going to see how it performs on the pump test. That way, in my mind, as long as we have

something that if it was to fail in an instant that we'd have a fall back to say it recently completed the pump test." We have had issues with that in the past so we are hesitant to use it until the 12<sup>th</sup>. We'll put it through its trials. It's going to be a hot day and we will know whether something is going to develop with that other than electrical. Electrical gremlins still remain in that truck. We haven't seen them yet but I have lost a lot of faith in that truck..." Board member states "I would personally really like to see some options on getting what we got to do to get a new truck." Craig states, "I agree." Board member, "I don't know what we got to do...I don't know if that's something you can look into and get us some options? I think we are in dire straits." Craig states, "Yeah, we need to be looking because it's going to be a ways out before we can get something else." Board member asks, "Is that an engine that if we did keep you could send that out for structure protection?" Craig states, "In theory, my preference would be to have 832, the white one." Regarding the red engine, Craig states, "We would have to leave it open to 'best offer'. I don't even know what we could list that for because it is the only one in the country. We have no schematics, no diagrams for it. I think it would be very difficult if we went with a buyer and he began to ask questions. We would have to have full disclosure on the issues." Board member asks, "How much money would it cost for us to keep it...if we did use it...if we sent the white for structure protection?" Craig states "Well it certainly could be used as a backup and I would have no problem with that if we had a new Type I as first due. Right now we are not in a position where we could send that out if we received a Type I resource order. Not that we have but I would anticipate it will come... My thought in all of this is to start to indentify, like I spoke a few months ago, to start to assemble a truck committee...we need to have good Board direction in terms of what the Board would like to do with financing; whether it's lease, we kill the CIP and we finance the rest...those are just discussions we have to start first before we even look at make/model on a specific truck." Jack asks, "Why would you have to look at funding first before you look at make/model?" Craig states, "In line with that we need to determine cost, base price and then all the options that come up front with the vehicle." Jack states, "Isn't it more important for us to know what we want to accomplish with the next truck we are going to get and identify what the needs are for it and then see what the dollar amount is and figure out how to fund the dollar amount?" Craig states, "Yeah, we already have all of that established. We have established the need. It's just the cost." Jack asks, "If you have established the need and all of the parameters associated with that need, doesn't that arrive at a dollar cost?" Craig says "Yes. Which we presented...\$300,000.00." Jack states, "Well, \$300,000.00 seems to match the dollar value of the truck that was here before that whereas prior to that truck showing up I thought the dollar value was between \$450,000.00 and \$500,000.00. So, why all of a sudden difference between the \$300,000.00 truck and the \$450,000.00 truck. What does one give you that the other doesn't give you and why are we saying some things are apparently not as important as they were the first time through?" Craig states, "There is no

level of importance there. The need still remains the same. The dollar amount between the two is that we have found a local manufacturer and a local rep with local maintenance whereas we never had that option before. So when we quoted the \$400,000.00 that was something we were doing to try and derive in conjunction with the City of Missoula because that was our closest maintenance facility and with that came a specific manufacturer. But now that we have a local manufacturer, that cost comes down.” Jack interjects, “We don’t have a local manufacturer. We have a local rep.” Craig continues, “Yes, that carries that in line with the maintenance.” Another Board member states, “Kyle is doing the maintenance.” Craig states, “That is a different vehicle and different manufacturer.” Jack states, “But, \$50,000.00 or \$100,000.00...but I thought you were speaking more close to \$450,000.00 than \$400,000.00 vs. the \$300,000.00 now. But even \$100,000.00 cost between vehicles; that tells me that there are some things that are on this vehicle that was the first choice that doesn’t exist on this vehicle.” Craig states, “Not necessarily. It is just all manufacturer...” Jack interjects, “Then what’s the \$100,000.00 difference then?” Craig answers, “The \$100,000.00 is the difference between the vehicle we are looking at vs. a Pierce which is, when you look at commercial over consumer vehicle; that is the Cadillac vehicle in comparison to say an American made or something of lesser quality...Everything that we’ve bought has been pre used which I support, however, we always have to farm it out either to Spokane, Missoula, Great Falls...first time ever, we have a local maintenance shop as well as a local rep and so with that comes that lower cost that is associated between the two. There really is no difference in the need or really, in terms of the equipment. It was the cost associated with the name brand with that piece of apparatus.” Board member asks, “The pump’s the same? It’s just a different chassis...” Craig states, “It’s a Pierce vs.. Ahrens-Fox and so there’s \$125,000.00 just between the two names even though it’s the same pump capacity, same tank. There’s really no need difference. It’s just a commercial Type I engine. So, that’s what we were talking about initially. So, now it’s \$300,000.00 with stock option. Bare bones stock option of what we really need in terms of first and foremost, we need that additional storage space. We don’t carry a rescue, we don’t have a rescue. We could go down 250 gallons to get us a little more space for our jaws but it’s difficult right now because we have the amount of rescue support equipment that often times we can’t carry on our apparatus now. So we are trying to find something with a lower capacity/same pump; knowing it’s going to be first due; supported by hydrants, we can reduce our tank capacity a little bit to gain a little more compartmentation for the jaws, airbags, and all the stuff we’re picking up. So, that is the stock/bare bones cost.” Jack states, “But that only helps us with 20% of our district. The other 80% of our district doesn’t have hydrants.” Craig states, “Correct. But we have other apparatus as well as a tender that will support that as well as first in/mutual aid...” Jack states, “I understand that but will we always have the...what size tank are you looking at then in the bare bones vs. ...” Craig states, “750 tank compared to 1250 gallons doesn’t make that much of a

difference and then the increased compartment space because we have stuff literally jumbled on top of each other to the point where I am scared someone is going to get hurt. Stuff tumbles out of the cabinets right now just trying to fit everything in.” Jack states, “You’re saying the bare bones is \$300,000.00 and I guess...what is it that we want to have with it and where does it put that price at because that’s what we will be funding and that’s what we need to know is what we will be funding.” Craig states, “Sure and those are things we can look at. I don’t see any significant changes. I definitely would not go with what’s called ‘custom’. We wouldn’t need a custom chassis.” Jack asks, “Is there a minimum/maximum wheel base? Are mean, are we getting the minimum wheel base or are we getting the maximum wheel base and what would be more beneficial for us?” Craig states, “Sure. Those are things we can ...” Board member asks “Is there a reason we are looking at brand new? I mean we currently had a motto of having 15 to 20 year old vehicles. Is that something we want to move away from...should we maybe be looking at 3 to 5 year old vehicles or is that even in your market? Craig states, “That is something we will continue to look at as long as that is available. I do support that but it is nice also to have the support of the maintenance and everything that comes with a new vehicle too. So, I am looking at both sides of it. If we can find a reasonably priced new vehicle where we could lease or finance a small portion of it, it’s supported so much better than what we have currently and that would reduce our overall maintenance costs, too. There are 2 things that work for us.” Board member states “Yeah, something where the wheels aren’t falling off but maybe there are a few scratches in the paint.” Craig states, “Correct. Or a demo. I support demo programs. It’s new but it’s a demo. It’s usually \$20,000.00 to \$50,000.00 off. Or a prototype demo where it’s the only one in the country.” Shawn states, “John, am I understanding that you would like the Board to give direction to Craig to move forward and come up with an option?” John states, “I think Craig can come up with...” Craig states, “We have the options available and we can present it accordingly. I do want assemble a few more people here and get some good objective looks at different things but we’ve got a very good idea of what we need.” Jack states, “In my mind, we need to know what the cost of the vehicle is going to be within \$25,000.00 or more precisely and then we can figure out the financing.” Craig states, “Okay, we can do that.” ... “It’s always scary when I talk to Steve and he says ‘I’ll give you \$3,000.00 a piece’ because these technically shouldn’t be in service with our ambulances. They’re going straight to plumbing outfits. We can remain to have them in service while they’re still in service but then once they are released from service they can’t come back in. That’s, unfortunately, that’s what will very well happen if we ever sell the white one, too. So, your market goes down because NFPA is 20 years shelf life and you can retain those as long as you stay in service but you can’t transfer that to another fire department and have it be NFPA compliant. So we are up on that window of having to be careful when we get ready to try and get trade in value for some of these vehicles that would have to go to a private fire department. It couldn’t go to any fire department that receives tax



money. The only private fire departments are the ones that are protecting the multimillion dollar houses down there in Hamilton right now. Insurance companies will pay for the private fire department. They will bring in an engine they can get away with.” Jack states, “One thing that will be critical and will help with timelines a little bit is that because we are going to have to borrow money or lease (not my option) but I will just put that in there; whatever financial institution we’re going to work with is going to want to have our most recent audit and/or some type of financials to go along with it. So, my inclination would be to try and make sure Ashley can get all of the reconciliations the way Don would like to have them so that this audit can get completed by November or December at the latest so that we would only have to supply 6 months worth of something to whatever financial institution we are going to go with; however we’re going to fund this; whether we use the STIP program in Helena or we use Glacier Bank, for example. So to me, anything that is going to get purchased probably won’t get purchased any sooner than sometime in 2017.” Craig states, “Ashley’s done. She did it this month...”

### 3. Candidate Interviews

Craig tells the Board that he will be interviewing 5 candidates for Laurie’s position. Seven or eight applications were received total and a couple had been purged out. Craig requests that an extensive background check be done on candidate(s). Craig asks for input on any companies who capture nationwide because applicants are not from the area and what the fees cost. Jack suggests, “If you have a pretty good one and you just do a couple of local things with their approval and then...” We are going to identify 2 out of the 5 and pair them down and do a secondary and at that point we thought that’s when we’ll start ‘contingent upon your background, credit’...

### 4. Bay Door 1

Board member asks “Any word on Bay Door 1?” Craig states that he will call them and see if they have located a panel. Craig states that the department did research and identify where all of the ambulances came from regarding what was paid, the date and etc. He can distribute the information via email. It will show the history of the ambulance purchases. Craig states, “All of them were 7204 into 7250 with the exception of the last 2...I keep saying the “2 for 1”. We either paid \$10,000.00 for one or \$5,000.00 for the both. That came straight off of 9428. All the rest were 7250.” Jack states, “My thought is yes, email that out to everyone but provide that with Ashley so that it can provide a net amount of the \$75,000.00.”

In closing, Craig asks that the Board be patient as he continues with the plan in place with Ashley and until a new secretary is hired and can get caught up with meeting minutes and other office things. Until then, personnel will answer phones and the basics.

Meeting adjourned at 1:24 p.m.

Submitted by: \_\_\_\_\_  
Secretary

Signed by: \_\_\_\_\_  
Jack Fallon- Chairman