

1 **NORTH LAKE TAHOE FIRE PROTECTION DISTRICT**
2 **BOARD OF DIRECTORS MEETING MINUTES**

3
4 **December 12, 2018**

5
6 **LOCATION:** 863 Tanager, Incline Village, Nevada.

7
8 **MEETING CALLED TO ORDER:** Chairman McKay called the meeting to
9 order at 12:00 p.m.

10
11 **ROLL CALL OF THE NORTH LAKE TAHOE FIRE PROTECTION BOARD OF**
12 **DIRECTORS:** Upon roll call, the following Board Members were present:
13 Greg McKay, Chairman, Susan Herron, Vice-Chairman; James Costalupes,
14 Director; Dennis Perry, Director and Beckie Dunn-Spomer, Secretary.
15 Denise Bremer, Secretary Treasurer (Absent)

16
17 **GUESTS PRESENT:** Fire Chief Ryan Sommers, NLTFPD; Sharon Cary,
18 NLTFPD; Bryan Calder, NLTFPD; Mark Regan, NLTFPD; Tia Rancourt,
19 NLTFPD; Dave McClellan, NLTFPD; Art Cross, Director Elect; Felicia O'Carroll,
20 Eide Bailly; Kirk Schlicker, Eide Bailly.

21
22 **APPROVAL OF AGENDA:** Approved.

23
24 **NRS 241.020 RE: PUBLIC COMMENT: This is a Time for the Public to**
25 **Comment on any Matter, Whether or Not it is Included on the**
26 **Agenda of this Meeting.**

27 None

28
29 **CONSENT AGENDA –** Approved

30
31 **Approval of Minutes of the November 27, 2018 Board of Directors**
32 **Meeting**

33
34 **Review of Accounts Payable for November 2018.**

35
36 **Approval of the November 2018 Monthly Management Report.**

37
38 **NEW BUSINESS:**

39
40 **1. Discussion and Possible Action to accept the fiscal year 2017-**
41 **2018 audit report from Eide Bailly.**

42 Business Manager Cary thanked the Board for making arrangements to
43 review the audit and introduced Felicia O'Carroll and thanked her and the
44 staff at Eide Bailly for their continued hard work in making sure the audit
45 goes smoothly. Felicia O'Carroll thanked the Board as well for making
46 time to review the audit before the December 31, 2018 deadline. She

1 explained the delay was a combination of the many accounting standards
2 that had to be updated and a correction of an error that was created by
3 Public Employees Retirement System (PERS) last year. Ms. O'Carroll said
4 Eide Bailly issued an unmodified opinion which is an opinion based on the
5 District's prepared financial statements, and the audit involves performing
6 procedures to obtain audit evidence about the amounts and disclosures in
7 the financial statements and to look at the District's internal controls. It
8 is the responsibility of the board to oversee the financial statements and
9 the responsibility of Eide Bailly to express opinions on these financial
10 statements based on our audit. Ms. O'Carroll explained the management's
11 discussion and analysis is an easy to understand narrative of what
12 happened during the year, prepared by Business Manager Cary and is
13 attached at the end of the minutes. Ms. O'Carroll said she would be
14 retiring in 2019 and this would be her last audit presentation. She
15 introduced Kirk Schlicker who will present the financial statements. Mr.
16 Schlicker said he would be brief and highlight a couple of statements and
17 areas that need to be addressed. Mr. Schlicker pointed out the statement
18 of net position or balance sheet shows the District at a \$4.1 million
19 positive position in Net Investment of Capital Assets. The large negative
20 number of (\$9.3) million is due to the net pension liability including PERS
21 and Other Post Retirement Benefits (OPEB). These numbers are required
22 to be included in the statement of net position according to the new
23 standards set forth in Government Accounting Standards Board (GASB)
24 statement No. 75. The \$15.5 million is the Districts portion of the total
25 PERS liability. Chair McKay asked if this amount is to be paid over the
26 next 20 years, Mr. Schlicker said yes it is paid through normal monthly
27 PERS payments. These amounts are an estimate of potential liabilities to
28 the District for PERS and OPEB. Ms. O'Carroll pointed out the PERS
29 liability is 74% funded and these are estimates only. In the Governmental
30 Fund balance (everything except the Ambulance Services fund) has
31 increased by nearly \$1.6 million. This was primarily due to the result of
32 revenue in the General Fund outpacing expenditures; however, this was
33 increased by a \$252,000 correction to record the amounts due from the
34 OPEB Trust at June 30, 2017. Mr. Schlicker stated the notes are really
35 where the information is. Note 2 to the financial statement is a potential
36 statute violation, this is where expenses exceeded the budgeted amount,
37 however it qualifies for an exemption because it stems from a long term
38 Mutual Aid agreement and it's an allowable expense. Chair McKay asked
39 how big of a difference was it, Mr. Schlicker said it was \$108,000. Note 3
40 is a detail of the cash and investment balances. The District shows \$10
41 million, \$8.1 million is invested in the Local Government investment pool
42 and the \$1.9 million is as cash. Note 4 is the Capital assets fund. There
43 were additions of \$150,000 and were outpaced by depreciation of more
44 than \$600,000. Note 5 is a disclosure of the PERS Pension Plan.
45 Information on page 28 shows how the difference of 1% change on the

1 discount rate of 7.5% can impact the liability. Mr. Schlicker discussed the
2 information in Note 10 explaining the \$7.4 million in health care costs and
3 the implementation of GASB 75 has impacted the OPEB costs and how it
4 is calculated under the new standards. Note 13 is the summary of the
5 three restatements, the first one was the adoption of GASB 75 from GASB
6 45. The second was the restatement of errors in the financial statements
7 sent out by PERS. The amounts needed to be changed to reflect the
8 corrected amount. The third is the accounting for the OPEB trust
9 receivables. The budget to actual, on pages 43 to 48, is an accounting of
10 all the funds in the District, with the General fund increasing by \$2.4
11 million plus the \$252,000 as discussed earlier.

12 The District had one reported finding related to the accounting for the
13 OPEB Trust and how that was impacted by the implementation of GASB
14 No. 75. There was a Journal entry made to adjust the difference and as
15 so it is required to report as a finding. It was complicated this year by the
16 fact that the OPEB Trust reports on a calendar year end and the District
17 reports on a June 30 year end. As a result, there will always be amounts
18 due to the District from the Trust at June 30, unless a midyear true-up is
19 performed. Ms. O'Carroll mentioned it is was a very fluid situation with all
20 of the changes and now that Business Manager Cary has been made of
21 aware of how it must be entered she will be able to avoid this in the
22 future. Mr. Schlicker asked for questions. Director Herron asked if under
23 recommendation it was suggested to do a six month review of the OPEB
24 Trust. Ms. O'Carroll said yes and it is a requirement that the OPEB Trusts
25 be audited now, so it would have been caught by their audit, however
26 Eide Bailly's audit was first so it shows up here as a finding. Mr. Schlicker
27 asked for more questions. Chair McKay asked is the limited staff for a
28 District this size normal. Ms. O'Carroll said yes however, normally the
29 finding are in the General fund and you do not have that situation here.
30 This finding is because of the situation with the OPEB Trust and the
31 changes to the requirements that this situation has arisen. Chair McKay
32 asked if there is any advanced warning of any new requirements. Mr.
33 Schlicker said they do their best to make the information available with
34 trainings and seminars, however they do not always work for everyone's
35 schedules and this situation was new and very complicated. Ms. O'Carroll
36 said the GASB sets the standard and then waits for the audits to
37 implement and make the changes, as with the correction to the PERS
38 numbers as discussed before this was a result from an audit of PERS and
39 the State as well.

40 Chair McKay asked for further questions. Hearing none.

41 Director Herron made a motion to accept the fiscal year 2017-2018 audit
42 report from Eide Bailly as presented. Director Perry seconded the motion.
43 Chair McKay asked for a vote, motion passed 5- 0.

44 Director Herron and Chair McKay thanked Ms. O'Carroll for her time and
45 years of service and wished her the best in her future endeavors.

1 Business Manager Cary said she wanted to thank Ms. O'Carroll and Mr.
2 Schlicker for their hard work and her staff for all their support and
3 assistance in making her job easier.

4

5 **NRS 241.020 RE: PUBLIC COMMENT. This is a time for the public to**
6 **comment on any matter, whether or not it is Included on the agenda**
7 **of this meeting.**

8 Fire Chief Sommers said congratulation to Ms. Carroll's for her retirement
9 and thanked her for her time working with the District. He then thanked
10 Director Perry for his help and support as a Board member, making his
11 tasks easier as Fire Chief. He said the District had a cake for him for after
12 the meeting. Director Perry said thank you, he appreciates the time he
13 has been able to serve on the Board and all the hard work everyone has
14 put into making this District what it is today. He thanked Directors
15 Bremer and Herron for their continued work on the committee with the
16 Board of Realtors to ensure the campaign to improve Public safety in
17 Vacation rentals is continued and he knows Director Elect Cross will
18 continue this endeavor as well. Chair McKay said thank you to Director
19 Perry for his intelligence and loyalty to the District as a board member
20 and as a retired employee. Director Herron said thank you to Director
21 Perry for his time and assistance to the Board and District. Chair McKay
22 asked for any other comments. Hearing none.

23

24 **Meeting Adjournment.** Chair McKay adjourned the meeting at 12:35 p.m.

25

26

27

28

29

30

31

Beckie Dunn-Spomer, Secretary

Greg McKay, Chairman