

TAHOE DOUGLAS FIRE PREVENTION DISTRICT
BOARD OF TRUSTEES MEETING
December 30, 2014

Those Present:

Chairman Kevin Kjer	Captain Ralph Jones
Vice Chairman Larry Schussel	Firefighter/Paramedic Brad Petersen
Trustee Greg Felton	Office Manager Kate Warner
Fire Chief Ben Sharit	Accounting Specialist Carrie Nolting
Legal Counsel Mike McCormick	Administrative Assistant Casey O'Neill
Trustee Ann Grant (Via phone conference)	Bill Johnson, David, Johnson & Larson, LTD
Assistant Chief Mark Novak	Guest Speakers Kara Griffin, Senior Audit Manager and Brian Wallace, Managing Partner – Grant Thornton
Battalion Chief Richard Nalder	

1. Call to Order.

Meeting was called to order at 4:03 pm.

2. Pledge of Allegiance.

Pledge of allegiance was led by Trustee Felton.

3. Roll Call.

Chairman Kjer, Vice Chairman Schussel and Trustee Felton were present. Trustee Grant was present via phone conference. Trustee Seibel was absent. A quorum was present.

4. Approval of Agenda.

Trustee Felton motioned to approve the agenda. Vice Chairman Schussel seconded the motion. No discussion. Motion approved 4-0.

5. Public Comment.

None.

6. Approval of the Consent Calendar.

Items:

- a. Financials 09/30/14

Trustee Felton motioned to approve the Consent Calendar item as presented. Vice Chairman Schussel seconded the motion. Motion approved 4-0.

7. For Possible Action: Consent items moved forward.

None.

8. For Possible Action: Discussion and possible approval of the Grant Thornton Annual Audit FY 2013-14.

Kara Griffin, Senior Audit Manager – Grant Thornton

Brian Wallace, Managing Partner - Grant Thornton

Wallace thanked the fire district for allowing Grant Thornton to be their independent auditor. The 2013-14 fiscal year audit is essentially complete with a few more review processes to go through before it is finalized by January 1, 2015. In connection with the audit, Grant Thornton looks at controls to determine the extent of our audit procedures in order to identify the risks. The auditor's found that the fire district's financial statements were materially correct, however, there were two significant deficiencies found. Significant deficiencies are the auditor's recommendations for possible improvements that should be considered by the Trustees and are as follows:

1. Medical billings for ambulance services-recommended looking further into ambulance billing and following up with collections. In order to make sure nothing is overlooked, the auditors felt that the district may need to appoint someone with a high financial background to oversee the entire ambulance billing and financial recording process.
2. Journal entries-were not as clean as they should be. Again, they recommended appointing someone with a high level of expertise to reconcile all revenue and expense transactions. This is something for the district to consider ensuring all guidelines are followed and reported correctly.

Trustee Felton voiced concern that the fire district received similar comments in last year's audit and a year later, we are receiving the same comments without correction.

Griffin found that there was a significant decrease in collections compared to last year's audit. Also, she mentioned that the number of claims was different from what actually took place on the ambulance billing. This raises certain questions. Is that timing? Are things not being followed up as much as previous years? Or, is there a valid reason for the differences and they should be lower? Again, utilizing the financial statements and having someone internally reconcile the differences is important to do.

Trustee Felton asked if the percentage of total potential revenue has gone down or number of collections?

Griffin stated that the percentages show a significant decrease in collections compared to the previous year (gross and net bills). This raises questions, again, on if there is a valid reason for this or not, and does someone need to follow up in order to ensure what needs to be done is done correctly.

Trustee Felton would like to have a better understanding as to why there has been a long history of significant differences in gross billings and net revenue. Are we maximizing it?

Griffin stated that the rates have gone up, but she does not know all the answers for the differences and there should be a valid reason for these differences. Wallace added that looking at revenues in ambulance billing, charges for services went up \$100,000, at the same time bad debts also went up \$150,000 from the previous year. This is a trend we should look into and make allowances if needed.

Trustee Felton raised another question on the attachment to the report regarding consolidated adjusting journal entries. He pointed out that there is about \$3,000,000 in adjusted journal entries. And about 75% of those were just two entries on the list: one due to absences and the other with health insurance threshold, which he does not think are related to the previous comments made by Griffin or Wallace.

It is somewhat related to the last comment. It would be good to have someone within the district to follow up with the actuaries to ensure amounts are posted to the records. Currently, Griffin will work with the actuary to make sure the amount is correct on this.

Trustee Felton asked if we booked the wrong amount or if we booked it to the wrong place.

Griffin stated that it was just not adjusted with the actuary. Griffin added further that Office Manager Warner has been doing a great job on compensating absences and getting schedules together. However, need to take that next step in coming up with the dollar values and posting that entry to the records. In looking at the long term compensated absences, they are not booked in typical governmental funds. Booking the long term amounts due for sick and vacation, are done with district obligations, not with regular funds. This is an important dollar figure that needs to be understood and tracked. Now working on getting more staff involved with taking on producing the accounting records (dollar amounts for absences, etc.).

Trustee Felton asked if we now have an appropriate process in place to avoid another audit adjustment in the next fiscal year.

Chief Sharit stated that yes; we do have a process in place. We now have three administrative staff members, including one position for the Accounting Specialist (Nolting) who has been working directly with our accountants. Also, Administrative Assistant O'Neill and Accounting

Specialist Nolting will now handle ambulance billing. Response plan is sound and in place moving forward.

Trustee Grant asked if part of the reason for not making the appropriate corrections from the last audit's findings is from the delay of training.

Chief Sharit explained that the audit review is from July 1, 2013 – June 30, 2014 and the third administrative staff member and the Accounting Specialist position were not brought on until one month before the audit period was done in June. Chief Sharit's commitment to the board and the district is that we will not have these findings in next year's audit.

Trustee Felton asked if there were any other areas that we should anticipate working on in the future.

Griffin stated that overall someone from the district, not a service provider, must take responsibility for the financial statements and ensuring accuracy.

Trustee Felton noted that the audit report is labeled as a draft. Are we going to have a final report to review?

Wallace stated that if something comes up that is significantly different from what was discussed at this meeting than the board will be made aware of those final changes. Chief Sharit added that he and the accountant will review the draft and will get back to the board if anything needs to be changed.

Vice Chairman Schussel motioned to approve the annual audit draft for fiscal year 2013-14. Trustee Felton seconded the motion. No discussion. Motion approved 4-0.

9. For Possible Action: Discussion and possible approval of the Interlocal Contract Between Public Agencies – State of Nevada Employees' Deferred Compensation Committee and Tahoe Douglas Fire Protection District.

Fire Chief Ben Sharit

This is the Interlocal agreement between the fire district and Nevada Public Employees' Deferred Compensation Program. The contract expires tomorrow (12/31/14). Noted that there was a change at the state level and has two vendors available, Hartford (now MassMutual) and ING (now VOYA). Nevada Public Employees' Deferred Compensation Board renewed only one provider, which was VOYA. Current employees and retirees that still have funds in the program will transition over to that. The state itself has a pooled program statewide for deferred comp., thus we receive a lower fee structure, but investments are limited. Chief Sharit will go to board

in the future about possibly adding a second provider in conjunction with VOYA for any employees that want to invest.

Trustee Felton asked for clarification. In the past district employees were only offered NDC (NV Deferred Comp.) and now we are going to offer an alternative private path?

Chief Sharit stated that the insurance committee is reviewing the possibility of having a second program because of the limited number of funds provided by the statewide program; however, there is more research to be done before being brought back to the board for their approval.

Trustee Felton motioned to approve the action. Trustee Grant seconded the motion. No discussion. Motion approved 4-0.

10. Discussion: Confirm next meeting with a proposed date of Wednesday, January 21, 2015 with a start time of 3:00 PM and possible agenda items.

Meeting confirmed for Wednesday, January 21, 2015 at Station 23 in the classroom.

Suggested agenda items:

- Trustee Grant recognition for her service to the board

Adjourn

Vice Chairman Schussel motioned that the meeting be adjourned. Trustee Felton seconded the motion. Motion approved 4-0.

This meeting was recorded on audio tape.

Casey O'Neill
BOT Secretary
Tahoe Douglas Fire Protection District