

**CORTEZ FIRE PROTECTION DISTRICT
REGULAR BOARD MEETING
July 10, 2013**

CALL TO ORDER

President Bridgewater called the meeting to order at 6:01 p.m. in the meeting room at Station #1. Roll call followed and the board members present were Lori Johnson, Orly Lucero, and Jim Bridgewater. Kent Lindsay and Keenan Ertel were absent. Administrative Assistant Wendy Mimiaga, Asst. Chief Charles Balke and Chief Jeff Vandevoorde were present for the meeting.

Lori Johnson made a motion to excuse both Kent Lindsay and Keenan Ertel from the meeting, Orly Lucero seconded. The motion passed on the following vote:

Ertel	Lindsay	Lucero	Johnson	Bridgewater
Absent	absent	yes	yes	yes

APPROVAL OF MINUTES

The minutes from the workshop meeting and the regular meeting, both held on June 12, 2013, were brought before the board for approval.

Lori Johnson made a motion to approve the minutes for both the workshop meeting and the regular Board of Directors meeting held on June 12, 2013, Orly Lucero seconded. The minutes for both meetings were approved on the following vote:

Ertel	Lindsay	Lucero	Johnson	Bridgewater
Excused	excused	yes	yes	yes

BILLS AND ACCOUNTS

The board reviewed the list of bills and accounts and the financials included in the Board packet. Due to recent events with other entities, Ms. Johnson requested that copies of the credit card statements, the three First Bankcard and Walmart, be included with the lists of bills and accounts in the future. Ms. Johnson also inquired what the Administrative Miscellaneous line item (5111), on the profit and loss budget vs. actual report, contained, and what type of purchases are put in that line item. Ms. Mimiaga replied that this month all the charges from the deployment, two firefighters sent to the West Fork Fire in Pagosa Springs, were put in that line item. The charges showed up on the credit card statement, but the firefighters had not returned from the fire with the receipts, so we did not yet know what they were for. Upon receipt, the charges will be re-allocated to the proper line items. This line item is used for purchases that do not fit under any other specific line item, i.e. board meals, lunch meetings, flower cottage, background checks, etc., and the majority was from the awards dinner held last January. Also included with the financials was a profit and loss report that listed the amounts paid per line item for the last three months as requested by Ms. Johnson. This report will make it easier for the Board to track amounts paid and to compare them from one month to the next. A question arose about the negative amount listed for May, 2013 in the line item for PPE Fire (5207). It was explained that we had received a refund that month for some bunker gear, so the amount was credited to the line item it had originally been paid out of. This will better help track the budget. This is acceptable as we only have one general fund that all line items are paid from.

Lori Johnson made a motion to accept the bills and financials including the supplemental list of bills, Orly Lucero seconded. The motion passed as follows:

Ertel	Lindsay	Lucero	Johnson	Bridgewater
Excused	excused	yes	yes	yes

PUBLIC COMMENT

There was no public comment.

CORRESPONDENCE

Included in the packet were inclusions from the Cortez Journal from 6/28 and 7/2, 2013 and a thank you letter from Linda Carter.

REPORT FROM THE ADMINISTRATIVE ASSISTANT

A report of the current financial accounts was included in the packet. The county treasurers' office distributed a total of \$157,775.86 to the district for the month of June, 2013. \$113,975.60 for the general mill levy, and \$43,800.26 for the additional two (2) mill levy.

The business money market account at 1st Southwest Bank had a balance of \$128,782.69 as of June 28, 2013 with Interest earned in June, 2013 of \$24.70, and year to date \$317.89. The annual percentage yield decreased from 0.28% to 0.25%. The 24 month jumbo CD of \$252,500 at 0.90% earned \$195.25 on June 13, 2013. Total interest paid in 2013 is \$1,144.21 and total to date is \$3,044.01. The current balance is \$255,544.01.

The balance in the State Farm account, as of June 30, 2013, was \$987,032.19 with interest earned in June, 2013 of \$527.18. Interest earned year to date is \$3,262.59. The interest rate remained at 0.65%. The total in our reserve accounts is \$1,371,358.89.

An SDA workshop was held in Durango on June 17, 2013 and was attended by Ms. Johnson, Mr. Lucero, Chief Vandevorde and Ms. Mimiaga. The topic of the workshop was "Real Life Problems and Real Solutions" and was very informative for both staff and Board members. The SDA Conference will be held September 18 – 20, 2013 in Keystone, Colo. this year. Ms. Mimiaga asked the Board to let her know if anyone was interested in attending.

Unemployment remained unchanged at 7.6% in June adding only 195,000 jobs, but better than the 155,000 expected. April and May were both revised upward, with April adding an additional 50,000 jobs and May 20,000. The majority of the jobs that were added are in the private sector, but are in the lower wage earning areas. The Federal Government lost another 5,000 jobs for a total of 65,000 jobs being eliminated over the last 12 months, mostly due to the sequestration. Unfortunately, government jobs are the better paying jobs in our area. The labor participation rate also remained unchanged at 63.5%. The FOMC will continue their quantitative easing, continuing to purchase \$85 billion in Treasuries and Mortgage Backed Securities each month to help keep interest rates low, and they will keep the fed. funds rate between 0 - .25% as long as the unemployment rate remains above 6.5%.

Also included was information from the IRS website that further explains why the volunteer firefighters must be issued a W-2 as opposed to a 1099.

REPORT FROM THE ASST. CHIEF

Asst. Chief Balke went over his report that was included in the packet along with a list of the trainings, meetings and events he attended. Asst. Chief Balke reported that two of the trainings were canceled as no-one showed up for them. We were able to do the first portion of the rope rescue training with Mesa Verde National Park, but have had to postpone the second part till August due to all the fires in the area.

Chief Balke worked on the 4th of July events with the Chamber of Commerce and the Rotary Club.

It still has not been decided if the AFG grant will be opened this year, 2013. Since it is late in the year, if they do open the grant it will have to be done quickly, possible only a week long window of opportunity. We should know by the 13th of next month, August, if they are going to open the grant.

Some equipment testing was done in June, 2013. UL performed the ladder testing, which we had one ladder fail due to rub ware on one rung. The ladder was tested and it theoretically passed, but the tester could not certify it. That particular ladder was removed from service and has been dedicated to training. The SCBA flow testing was also done in June. There were several regulators that had to be repaired along with some other issues that were able to be repaired here. We do the SCBA flow testing every year, and each year there have been problems that have been found and able to be repaired, while they, the testers, were here.

Also included in the report was a graph of the monthly calls and response times for June broken down by district. The weighted average response time for the month of June, taking into consideration all districts, was five minutes, fifty-four seconds.

Mr. Lucero thanked Asst. Chief Balke for all his help with the Fourth of July events and the training he did out at Empire Electric. There was only two and half weeks to get all the events put together for the Fourth.

REPORT FROM THE FIRE CHIEF

Chief Vandevoorde went over his report and list of meetings that was included in the packet. The Chief reported that we deployed two firefighters, Jared Miller and Corey Adamy, and Tender 3 to the West Fork Fire for two weeks. They returned home on July 3, 2013. On July 5, 2013 we sent Michael McCoach and Stanton Morford and a Brush Truck over to the West Fork Fire.

The quarterly Fire Department meeting was held on June 24, 2013. A power point on the budget and the power point that has been presented to the Board and will be presented to the public in conjunction with the upcoming election where we will be asking for a mil levy increase, were presented, as well as a critique of the Dollar Store fire. Listening to the tape (from dispatch) again, and some of the first-hand accounts from Brian Balfour and other firefighters that were there was very helpful. The members really appreciated the meeting, especially the Board members who attended, Ms. Johnson, Mr. Lucero and President Bridgewater.

There were 149 calls during the month of June, 106 EMS, 29 fire and 14 vehicle accidents. The total calls for the year, 2013, is 767.

There was a fire at the Sears store. We had a four minute response. A patrol officer on duty that night saw a glow in the sky and went to check it out, thus finding the fire and calling it in, just in time before it got more into the eaves.

A SWOT, Strengths Weaknesses Opportunities and Threats, Analysis was put out to the membership to fill out and return. Only eight (8) were turned in. Ms. Johnson commented that there was a consistent theme throughout, poorly maintained equipment, but it appears that this is already being addressed. The Chief's replied that the equipment is safe, but the amount of work that needs to be done cannot be done overnight. It is hard to keep up with the age of the apparatus. The same is true with the radios. Most were old when purchased from the Police Department. They are currently being replaced based on the plan that has been implemented in the past year. Safety is not overlooked. It was disappointing that more members did not fill out a SWOT Analysis. Ms. Johnson also commented that the NFPA Standards had been mentioned on one of the analysis, and inquired if it is really feasible to meet all of the NFPA Standards due to financial constraints. Chief Balke replied that this is true, but we do strive to meet the standards that are pertinent, i.e. qualifications.

Chief Vandevoorde asked the Board if the date for the next Board of Directors meeting could be changes as both he and Asst. Chief Balke will be in Chicago on August 14, 2013 for the Fire Rescue International Conference. The meeting was rescheduled for Wednesday, August 7, 2013. It will be noticed in the Legal Section of the Cortez Journal.

The Chief also expresses that he would also like to schedule a budget workshop meeting in September. Last year a workshop was scheduled and attended by Ms. Johnson, Mr. Lucero and Mr. Lindsay. We

could again have just a financial committee of three or the whole board. Either way, it was very beneficial last year to review the budget before the first presentation at the October Board of Directors meeting.

The firefighters put together a memorial to have taken down to Prescott Arizona for the memorial wall for the nineteen wildland hot shot firefighters killed while fighting the Yarnell Hill Fire in Arizona. Don Harwood of Mancos was a member of the Hot Shot crew, went down to the service and hung our memorial.

The Chief also asked the Board again for their assistance in helping put together a list of clubs they may know or be involved with, and meetings that we may be able to make a presentation to before the election.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Audit – Heidi Trainor presented the 2012 Audit to the Board. She went over a few changes and some of the information included in the audit. Pages one through seven are the Management Discussion which is a narrative of the financial activities of the District written so that the general reader can follow. Page eight is the first page of the financial statement, the Statement of Net Positions. There were a few changes this year in the governmental accounting standards. The property taxes receivable are the taxes that are levied in December, and by law belong to the District. They are reported as a receivable. Because they are not collected until the next year, we cannot list them as income in 2012. They were formerly listed as a liability, as deferred revenue. However, a liability means you owe someone. This year it has been changed to Deferred Inflows of Resources. Another change is in the wording from Net Assets to Net Positions. This year we also have the Board restricted net positions (reserve funds)

Page nine, the Statement of Activities, includes the depreciation expense broken out into activities, the largest amount being Fire Protection. The transfer to fiduciary funds is the amount transferred to the pension fund.

Page ten is the balance sheet of the governmental funds. This statement does not include the fixed assets. The deferred inflows of resources has remained the same, but another change on this statement is the Fund Equity from Fund Balance, with the terminology under the Fund Equity being committed rather than temporarily restricted or unrestricted. Just a change in words. The funds listed under Committed can be changed by the Board of Directors by motion. The definition of committed is listed on page 21.

Page eleven is a reconciliation between the fund equity and the net position. On page twelve is the profit and loss. This is in the presentation of governmental type accounting where capital outlay is considered an expense and not a fixed asset under expenditures. This does not include depreciation.

Page fourteen is the pension fund. It shows the assets and the net positions. There are no liabilities in the pension fund. What was paid out is an expense. Page fifteen is the profit and loss statement for the pension fund and shows the contributions, the change in the fair value of the investments, the earnings, and the expenditures paid out. There was an increase of \$81,688 in the net positions.

Page sixteen begins with the notes to the financial statements and talks about the accounting policies the District has adopted. Page eighteen talks about the budget and page nineteen addresses the fund equity reserve, TABOR, 3% of expenditures excluding debt service. Page twenty starts talking about the net position, and the description of "committed" is on page twenty-one. Cash and Investments explains how much there is in the bank, the difference between the book balance and the bank balance is usually outstanding checks.

Page twenty-two gives a breakdown of where the funds are held and describes the risk. Under the Colorado Public Deposit Protection Act (PDPA) protects all public money. All the investments held by the District in 2012 are listed on page twenty-four, and those in 2011 are listed on page twenty-five. A list of all of the assets owned by the District are listed on page twenty-six along with the additions made and the calculated depreciation.

Page twenty-eight talks about the pension plan and the actuarial report. The actuary looks at the number of people, their ages, years of service and the Districts policies and projects how long people

will live, their benefits and those of their spouse, and determine the overall health of the fund. They can guide the District in the amount of a contribution that needs to be made to insure the soundness of the fund. The report shows that the fund is healthy and there are no problems with the fund. A summary of the actuarial report is on page twenty-eight of the audit. Note 5 addresses the amount of money moved from the general fund to the pension fund in 2012 and 2011. And note 9 addresses TABOR and that we believe we are in compliance.

Page thirty-one starts the comparison of the budget to actual and states the variance, if it is favorable or unfavorable. The original budget is the one that is filed with the State in December after it is approved by the Board. The final budget would show if there was a supplemental budget filed or a change in the budget. The original and final budget are the same as there were no changes in the budget for 2012. The District operated within its budget, so there will be no contact from the State.

Page thirty-five is additional information not required for the audit, but it show the contributions to the pension fund from 2000, and the schedule of funding progress from the actuarial report. The unfunded obligation is the amount of money that the actuarial report has projected will need to be invested for the fund to be fully funded. The last two pages of the audit are the pension funds budget to actual.

Ms. Trainor added that from an overall prospective, the District has a large reserve, but every year you lose money and the future is unstable. It is hard for the fire district to raise money. The District cannot charge fees for their services, and the only funding source is a tax levy. The findings are in a separate management letter. Ms. Trainor stated there was nothing added to the letter for noncompliance. A deficiency would be in terms of accounting, i.e. proper substantiation for disbursements, cash accounts not reconciled properly, payroll. Ms. Trainor went on to explain that the Board should be "nose in and hands out." The Board is an integral part of internal control in terms of oversight. If the Board is too involved in daily operations, they cannot be oversight. If, for example, the Board was not meeting monthly and discussing the financials and the budget, that would be considered a deficiency.

Ms. Johnson had a question about Ms. Mimiaga relying on Ms. Trainor when it comes to Quickbooks, the Districts accounting program, and if Ms. Mimiaga might need more training on the program. Ms. Mimiaga explained that the use of the program is not a problem, but when changes arise that involve payroll, and thus state and federal reporting, Ms. Mimiaga will consult with Ms. Trainor so as not to create any problems with the program in those areas. Ms. Trainor explained that she does not get involved in any of the Districts accounting practices, except the audit adjustment suggestions associated with the audit. She has no control or say on the accounting. Ms. Johnson commented that the Board had discussed that at the last meeting, using Ms. Trainor as the auditor for the district and an advisor. Ms. Trainor further explained that she has to remain independent in fact and in appearance, which is sometimes harder in a small community. Ms. Trainor reiterated that she cannot have any control or say in the Districts financial statements. For example, she can help with a 1099, or the function of the computer program, but cannot say to do this or that when it involves the District's finances.

Asst. Chief Balke also explained that we are working on completely rebuilding the accounts, and making sure they are coded correctly with the corresponding line item, i.e. breaking down "benefits" to reflect each area, FPPA, health insurance, retirement, etc., so the Board knows exactly how much is associated with each item in benefits. Also consolidating all the different bank accounts that were open so there is only one general fund, and not a multitude of "other" bank accounts with differing amount of money.

Ms. Trainor commented that the District operates on a cash basis, which is the best way for the District to understand and manage its money. Generally Accepted Accounting Principles requires that she reports on an accrual basis. The only time Ms. Trainor said she would comment on any practices of the District is if there were a deficiency she had to report on. The only things she observed were normal accounting discrepancies, i.e a credit in accounts payable, is it valid or should it be written off. We had a few of those from several years ago. Chief Vandevoorde commented that we have been working hard to get the accounts cleaned up.

Ms. Johnson said she would like to have a copy of the Internal Control Memo in the Board packets in August.

Lori Johnson made a motion to accept the audit as presented by Ms. Trainor, Orly Lucero seconded. The motion passed as follows:

Ertel	Lindsay	Lucero	Johnson	Bridgewater
Excused	excused	yes	yes	yes

EXECUTIVE SESSION

There was no executive session.

ADJOURNMENT

Having no further business to come before the board, Orly Lucero made a motion to adjourn the meeting, Lori Johnson seconded. The motion passed as follows:

Ertel	Lindsay	Lucero	Johnson	Bridgewater
excused	excused	yes	yes	yes

The meeting adjourned at 7:22 p.m.

Jim Bridgewater – President

Attest:

Kent Lindsay – Secretary/Treasurer