

REGULAR BOARD MEETING AGENDA

10:00 A.M.

CHAIRMAN JOHN ANDERSON

VICE-CHAIRMAN RICHARD KLIEWER

DIRECTOR JACK MILLER

DIRECTOR JAMES BEEM

DIRECTOR ROBERT ASHWORTH

CHIEF RICK JOYCE

ASST. CHIEF JOHNATHAN DUNCAN

SECRETARY JENNIE DAVIS

WEDNESDAY, AUGUST 3RD, 2016

ITEM:

1. Call to Order, Chaplain Paul Leeman to give Invocation, and Flag Salute.

10:03 a.m. Director Kliewer gives invocation.

2. Roll Call.

Directors Anderson, Kliewer, Miller, Beem, and Ashworth present.

3. Questions and Answers with Jennie Ebejer from County Auditor's Office. - Director Anderson

Jennie Ebejer and her assistant, Annemarie Zediker, are present.

Director Anderson states that the Board is hoping to get an update on things of concern, how we are perceived now over what happened 5 years ago, and if anyone is harboring any of that. He comments that the Board has cleaned up a lot of things since the former chief's time here.

Secretary Davis states that it was brought to her attention by the Auditor's office that payroll was not being discussed in the Board meetings as it needs to be, and that the Auditor and her staff had previously come to the District to give a presentation of sorts to the Board and the current staff. At that time they were assured that things would be done correctly. Secretary Davis states that as the Board has several new members and a new secretary, they would appreciate any guidance the Auditor may have so as to make sure they are doing things correctly.

Ms. Ebejer states that Auditor's office did not have a workshop last year, and hopes to have one this year. She states that she wasn't quite sure what questions the Board would have today, as she wasn't given any in advance, she brought the 2014 workshop packet with her to make the information available to the Board and to the Secretary. Director Anderson states that he believes all of the directors, with the exception of Mr. Ashworth, were in attendance. She offers it to Secretary Davis.

Ms. Ebejer stresses, especially coming out of the District's past situation, that transparency to the public is essential. Anything the District is paying, whether it be payroll or a bill to the local hardware store, it all has to come before the Board and needs to be transparent. The Board needs to make the members of the community comfortable with how they are spending money, and needs to review everything. When she found out that payroll was not being reviewed, she was shocked. Payroll is an expense, and needs to be reviewed.

Ms. Ebejer comments that the Auditor's office does not harbor any feelings towards the District, but is cognizant of what the District went through. She states that as much as the District may see it as a bad thing, which it was, but it was also a great learning opportunity for other special districts. Someone was in a position of trust, and the Board thought they were doing the right thing. She states that the Board learned a great lesson. As much as the Board may trust someone, the Board still has a fiduciary responsibility to oversee what they are doing. She states it is not a matter of saying the Board does not trust its current staff, but everything has to be looked at. The Board has a responsibility to make sure checks and balances are in place, as sometimes people come on hard times, and make bad choices. Ms. Ebejer comments that when the special districts fail, she fails. It is important to her that we do everything that we should be doing. She has an obligation to support us, but the law only allows support to a certain level and she can't do more. She comments that opportunities like this, being invited to the meeting, are a great forum to talk about things. She comments that Secretary Davis is doing a great job reaching out to staff [at the Auditor's office], and is working hard to do things correctly. Ms. Ebejer states that she thinks the District has come a long way.

Director Anderson comments that he thinks hearing this makes everyone feel better, as he feels the District has been treading water due to this past situation. He states that everything is open to the citizenry, but they don't attend meetings. He comments that they did 5 years ago.

Ms. Ebejer states that it is a testament to the Board, as the public is no longer concerned.

Director Anderson asks the Board if they have any questions for Ms. Ebejer.

Director Ashworth asks if there is anything the Board should be doing that they are not currently doing. Ms. Ebejer comments that the Board needs to make sure they are reviewing all financial issues in a public meeting, to assure transparency to the public. She states that she isn't currently aware of any issues, and comments that both Secretary Davis and Chief Joyce are good about reaching out to her office if they have any questions.

Ms. Ebejer states that she sent out an email to all of the special districts informing them of assembly bill AB 2613, which is regarding special district audits. She asks if they read it.

Secretary Davis comments that she remembers receiving the email, but doesn't remember including it in any agenda packets. Director Anderson comments that he doesn't recall. Director Kliever comments that he did review the email.

Ms. Ebejer informs the Board that she has been fighting the fight for years now on audits, as she is concerned about the cost of audits to her special districts. She states that she was born and raised in Siskiyou County, and how special districts survive is as important to her as it is to them. She states that she couldn't get the law changed, or anyone to really hear her. A few years ago she was approached by the Placer County Auditor to serve on the legislative committee for the State Association of California Auditors. This group represents the entire state of California, and they argue for things that are of interest to their counties, and impact them on a financial basis. Ms. Ebejer has

been trying to get someone to carry the bill to get it to the legislature, but there is cost associated and she couldn't get much to happen with it. The Association decided to put something forward, but it didn't really work well with GAAP and other guidelines that guide what the Auditors do. Ms. Ebejer and the Placer County Auditor became a special committee, and worked with the Special District and the Legislative Advocate to help this bill get through. They are hoping the Governor will sign this by the end of the week. She will be back in touch with us, and will likely reach out to the special districts around the first of next month when they send out the monthly reports. They are hoping to see a change in the government code section that governs special district audits. The Legislature has looked at it [AB 2613?], and does not like that there is not more oversight by the Auditor. She comments that they [Auditor's Legislative Committee?] were trying to get out of it, as they have been involved but do not really have a mechanism with which to do certain things. The Legislative Advocate sent her an email with the new proposed language, and they have them [Auditors] even more involved. However, they were able to get some language in the bill about financial compilations versus audits versus financial review. These changes may or may not impact the MSFPD, as she is not sure if they will tie them to a threshold of revenue. She is trying to figure out a way to help reduce the cost of audit services, as it is a huge, but necessary burden. She is hoping they will be successful in making some changes.

[Director Ashworth asks a question I cannot hear]

Ms. Ebejer states that primarily they were looking at a threshold change in the amount that would trigger a review versus an audit. But some language has been added about a financial compilation, which is completely different. They have also placed a burden on the Auditor's Office, yet the original law talked about there being a conflict because special districts run funds through them. She is hoping to know in a week or two, and will update the special districts when she can.

Annemarie Zediker states that she has been helping to audit our warrants, and there had been an expense come through that she had questioned. She comments that the District needs to consider if all expenses are appropriate governmental expenses. A good rule of thumb is to consider if the Board would want the expense put on the front page of the paper. She comments that she doesn't remember the particular expense, but remembers that the auxiliary [MSVFA] reimbursed the department.

Ms. Ebejer states that there is a section in the California Constitution that covers gifts of public funds. Anything of value, including money, cannot be gifted. She states that she understands it is hard to get volunteers, and as much as we may want to recognize them for their service, it is not the best use of public funds to purchase plaques and such.

She comments that the County has certain incentive monies that are sent through the state, but they are very careful with how those monies are utilized.

Director Kliewer comments that he and Secretary Davis have been working on a list of stale dated warrants that have gone to the agency fund, and this has been a topic of discussion at several recent meetings of the Board. He asks Ms. Ebejer if she has any specific instruction on how to get those

monies back into the District's account. Ms. Ebejer comments she thought this had been resolved with former Secretary Patania, and asks for a copy of the list the Board has been working with. She states she will look into this, and get back to the Board.

Director Anderson asks the Board if they have any further questions. He thanks Ms. Ebejer and Annemarie Zediker for coming.

4. Presentation of Financial Statements from Audit for FY ending June 30th, 2015.—Steve Drageset, Aiello, Goodrich, & Teuscher

Director Anderson gives the floor to Mr. Drageset.

Mr. Drageset directs the Boards attention to page 1 of the independent auditor's report. Pages 1, 2, and 3 are a clean opinion.

Page 4 is the balance sheet, showing what is owned and owed. He points out that it is 3 columns. The first column is old governmental accounting. The middle is adjustments. The last is the business model of accounting, which they are now required to use. Fixed assets are depreciated; debt is recorded rather than expensed, etc. Director Anderson asks if it is all GAAP. Mr. Drageset confirms that it is, and comments there are two GAAPs for governments now.

Page 5 is the Profit and Loss. Again there are 3 columns. He comments that they start with expenditures, show the revenues. This shows the District had a \$1,400 [\$1386] loss for the year.

Pages 6, and on, are footnotes. He comments that the footnotes on pages 13 and 14 talk about the District's long term debt. He points out that note #7 on page 14 discusses the legal action against the former chief.

Page 15 shows the District's budget to actual. He points out the only "miss" was on property taxes. They came in much lower than had been anticipated.

Pages 16-17 are what is called a yellow book report, where any issues with compliance of laws and regulations, or internal controls are listed. Nothing major was noted.

Mr. Drageset comments on Ms. Ebejer's statements regarding audits and audit costs. He states that he supports lowering the costs. He comments that a review is much simpler.

Director Kliever comments that in the past the District was all over the map in regards to finances and records. Mr. Drageset had suggested a number of changes, which the Board worked on. Director Kliever asks Mr. Drageset for his opinion concerning how the Board is doing, and asks if there are any other changes the Board may need to make. Mr. Drageset comments that he thinks the Board is doing a good job, it is much more active than in the past, and he doesn't have any suggested changes.

Director Anderson thanks Mr. Drageset for his time.

5. Approval of Minutes for the Regular Board Meeting of June 13th, Special Board Meeting of June 30th, and Regular Board Meeting of July 11th.

Director Miller points out an error in the July 11th minutes in Item 6b.

Director Miller motions to approve the regular meeting minutes of June 13th, the special meeting minutes of June 30th, and the regular meeting minutes of July 11th.

Director Beem seconds. Motion carries, 5-0.

6. **Public Comment on Open/Closed Session Items:** This is an opportunity for members of the public to address the Board on subjects within its jurisdiction, whether or not on the agenda for this meeting. The Board reserves the right to reasonably limit the length of individual comments and/or the total amount of time allotted to public comments. Speakers may request their comments be heard during Public Comment instead of the time when the item is to be acted upon by the Board. The Board may ask questions but may take no action on items addressed during the Public Comment period except to direct staff to prepare a report or to place the item on a future agenda. If you desire a written response, please provide the secretary with your mailing address.

No public present.

7. **Cash Report**

Interfund cash balance as of July 31st, 2016 is \$168,644.75

8. **Old Business and Board Directives from Previous Meetings**

8a. Discussion and Possible Action regarding 2015 Audit and Audit costs. —Director Kliewer

Director Anderson directs the Boards attention to page 25 of the agenda packet, and comments that the proposed costs for the next 3 years audits are \$6000, \$6200, and \$6500. He states that he recalls that this is close to the price the District was paying the old auditor's down south.

Chief Joyce comments that the District had special audits, as previous administration had never had one done. He recalls two separate occasions where 3 years were done at once.

Director Anderson comments that Director Kliewer wanted this proposal, and for the Board to discuss whether to accept it or get bids from other companies. He turns the item over to Director Kliewer.

Director Kliewer comments that the he feels the Board needs to review this expenditure as our contract renewal is coming up.

Director Anderson asks the Board if anyone has any issues with the proposal or has any comments or suggestions.

Chief Joyce suggests tabling this issue until the Board has heard back from Ms. Ebejer regarding the Assembly Bill. He hesitates approving any audit costs, when we may not need one. Director Anderson agrees.

Secretary Davis asks if this item is resolved or if the Board would like a new agenda item.

Director Kliewer comments that the agenda item should clearly reflect what is being discussed, and therefore should be a new agenda item that reflects the new audit proposal.

Director Anderson agrees.

8b. Discussion and Possible Action regarding stale-dated warrants that have gone to agency fund. — Director Kliewer

Director Kliewer informs the Board that he, Chief Joyce, and Secretary Davis met a few times to review some particular items. He asks Secretary Davis to inform the Board of the few items she was able to resolve.

Secretary Davis informs the Board that they [Director Kliewer, Chief Joyce, and herself] had decided to focus on 4 fairly recent items: National City Commercial Capitol, Anthem, Andrew Ayala, and Joshua Pultz.

As Chief Joyce has previously stated, National City Commercial Capitol had carried the loan for 4601. National City Commercial Capital either changed its name, or PNC took over the loan. This debt has been paid off. Secretary Davis contacted Teresa Ferrari at the Auditor's Office to ask what information she would need to resolve this warrant. We need: 1) documentation that National City Commercial Capital either changed its name, or PNC acquired the loan, 2) a statement from PNC that this lease was paid in full, 3) an explanation of what happened (whether this warrant was issued in error, or a duplicate), and 4) Board approval to have these funds re-deposited. Secretary Davis states that she has all of the required documentation, but recommends the Board wait until we hear back from Ms. Ebejer.

The District last paid premiums to Anthem in April. Secretary Davis requested a zero balance statement from Shawn at Toreson Insurance.

Director Anderson thanks Secretary Davis for the information. He tables this item until the September meeting.

8c. Discussion and Possible Action to change Chairperson's job description in the MSFPD Bylaws with Resolution #08032016. -Director Anderson

Director Kliewer asks what document was required to allow Chief Joyce to sign payroll documents. Secretary Davis states that the resolution the Board approved [Resolution #07112016-B] in July authorized both the Chairperson and the Chief to sign payroll documents. She also sent an updated authorized signature page, including Chief Joyce's, to the Auditor's Office. She asks if the Board would like her to draft a resolution to change the Chief's job description as well.

Director Kliewer comments that he thinks it is fine the way she has done it, but doesn't think the word Chief should be used, as we have recently combined employees with the City. He states that having Chief Joyce's signature logged with the Auditor's office is sufficient. Going forward, if there were to be a change in Chief, the Board would have to decide if they wanted this to continue.

Director Anderson asks why it would differ, and if Director Kliewer thinks it [the resolution?] should state 'Rick Joyce' rather than 'Chief'. Director Anderson comments that he thinks it should remain 'Chief', as it is part of the Chief's job description.

Director Kliewer comments that we do not have a Chief, technically. Chief Joyce, Director Anderson, and Director Miller disagree.

Chief Joyce states that any new Chief would also have to sign a new signature page before being authorized to sign. Director Kliewer comments that his concern is giving a blank check, so to speak, to anyone to sign payroll documents. Director Beem comments that it wouldn't be handing over a blank check, as the Board reviews everything.

Director Miller asks if one signature is agreeable with the Auditor's office. Director Anderson states that this is what the resolution is saying.

Secretary Davis interjects and reminds the Board that the issue of who is authorized to sign payroll was previously handled. The resolution being discussed right now [Resolution # 08032016] is strictly to update the Chairperson's job description in the Bylaws. She comments to Director Kliewer that she is not sure she understands his original question, and asks if he would like her to update the Chief's job description as well. Director Anderson states that he doesn't think it is necessary.

Director Kliewer motions to approve Resolution #08032016. Director Beem seconds. Motion carries, 5-0.

9. NEW BOARD BUSINESS AND POSSIBLE ACTION

9a. Discussion and Possible Action regarding use tax owed to California Board of Equalization. — Director Anderson

Director Anderson asks Secretary Davis to explain this issue to the Board.

Secretary Davis explains this issue was brought to her attention by Diane Olson [The Districts Fiscal Tech from the Auditor's office] while she was reviewing the Cal Card statements and receipts. Many vendors being paid with the Cal Card are not charging the District sales tax. It is the District's responsibility to track sales tax for any out of state vendor, and pay it to the state quarterly.

Director Miller states that if the District purchases something from Cascade Fire, located in Oregon, and picks it up there would be no tax applied to the purchase. Secretary Davis states that she would look into that.

Secretary Davis informs the Board that she contacted AGT for direction on this issue. Businesses usually have a resale license tax or pay use tax with their income taxes. The District does/has neither. Kim suggested calling the California Board of Equalization. Lisa at CA BOE checked a few laws and codes, and informed Secretary Davis that the District qualifies for the voluntary disclosure program. She directs the Board to page 35 of the agenda packet. This would allow the District to report and pay use tax going back 3 years, versus 8 years had they caught this problem.

Secretary Davis states that she needs to go through the Cal Card receipts and monthly warrant folders, and calculate the use tax owed. She comments that this is also something that will need to be tracked going forward. She asks for the Board's permission and direction.

Director Ashworth asks if other Districts are doing this as well. Secretary Davis informs the Board that this was mentioned in a memo from the Auditor's office that was sent to all the Special Districts.

Secretary Davis directs the Board to page 37 of the agenda packet. It is the application that needs to be filled out and mailed to the CA BOE, along with an electronic registration. She asks the Board's permission to do this. Director Miller states it is a good idea to comply with the law. Director Anderson states the District is being proactive. Director Ashworth asks if there is an exception to going back 3 years, asking if the District can report going forward. Director Anderson instructs Secretary Davis to ask.

Secretary Davis comments that she can ask the BOE if we'd have to mail a check or pay electronically every quarter. She plans to start a spreadsheet that will keep track of all use tax owed.

Director Anderson proposes granting permission for Secretary Davis to register online, and send in the application.

Director Beem suggests going back 3 years first, and gathering the needed information, then applying. Director Ashworth agrees, as it would be good to have the information ready before any possible imposed deadlines. Director Anderson thanks Director Beem for the good suggestion.

Director Kliewer motions to approve the request. Director Ashworth seconds. Motion carries, 5-0.

9b. Discussion and Possible Action to approve the complete parcel and direct assessment listing, including all modifications, in electronic format to be added to the 2016/2017 Secured Current tax bill. – Chief Joyce

Director Kliewer motions to approve the Secured Current Tax bill parcel paperwork for 2016/2017. Director Ashworth seconds. Motion carries, 5-0.

9c. Discussion and Possible Action regarding the Calcard policy. – Chief Joyce

Chief Joyce states that this is on the agenda for the Board to review. This is due to the concern brought out by using the Cal Card on behalf of the MSVFA, and the suggestion of putting a policy in place to allow or prevent this in the future.

Director Anderson asks which employees have Cal Cards. Chief Joyce responds that he and Assistant Chief Duncan each have one, and cards for the Captains are available, but only handed out when they go on assignment. Director Anderson asks who pays for the expenditures when out on strike team. Chief Joyce replies that all expenses are paid for by the incident. Any charges made on the Cal Card, are reimbursed from the strike team payment.

8. Next regularly scheduled Board Meeting tentatively scheduled for Wednesday, September 7th, 2016 at 10:00 a.m.

Secretary Davis points out that tentatively is a mistake, and she will remove from future agendas.

9. Chief's Report and MSFPD Information Report to the Board. —Chief Joyce

Chief Joyce reads the July report. See attached.

Training report:

Wildland Fire Arrival drills with Dunsmuir.

Low Angle Rope Rescue training in Dunsmuir.

Information to the Board:

Engine 4613 is out on Strike Team; Engine 4612 was in the shop to repair the air conditioning; City Engine 1610 has been rented by McCloud CalFire.

SCBA testing was recently completed.

10. Fund Transfers

No fund transfers.

11. Payment of the Bills

Secretary Davis informs the Board that due to the recent change in the regularly scheduled board meeting day all invoices are not being received in time for the monthly meeting. She asks the Boards permission to switch to paperless billing where possible. Director Anderson states that this is acceptable as long as there is a paper trail.

Director Beem motions to pay the bills. Director Ashworth seconds. Motion carries, 5-0.

12. Ratify Payroll Claims

Secretary Davis states that there are four payroll items that were approved by Chief Joyce outside of a board meeting that need to be reviewed and ratified. She informs the Board that she made copies of the payroll to be ratified and attached to the corresponding warrant folders which contain all of the information the Board would need to review.

Director Anderson asks if this has to be brought before the Board monthly. Secretary Davis replies that it does, and the Board previously approved adding this as a permanent agenda item.

Secretary Davis states that she is not sure what exactly needs to be discussed during this agenda item. Director Anderson comments that it should be specific. Director Kliewer suggests adding bullet points to the agenda item to list exactly what items are to be reviewed.

Chief Joyce suggests processing the quarterly stipend payroll, and the quarterly tax payments if possible, with the monthly meetings.

The following payroll items were reviewed and ratified by the board:

- \$304.13 Regular Payroll period 07/08-07/21/2016
- \$50.40 Payroll taxes for Regular Payroll period 07/08-07/21/2016
- \$225.11 Strike Team Payroll for Mill Fire (Federal)
- \$37.28 Payroll taxes for Strike Team Payroll for Mill Fire (Federal)
- \$540.149 Quarterly CA UI and Employment Training Tax for 04/01-06/30/2016

Director Kliewer motions to approve the ratification of the above payroll items. Director Ashworth seconds. Motion carries, 5-0.

13. Board Comments and Questions: At this time, members of the Board may ask questions of staff, request that reports be made at a later date, or ask to place an item on a subsequent agenda on any subject within the Committee's jurisdiction. In addition, the Board members may take this opportunity to make comments on any topic that is not on this agenda; however, no deliberation may be conducted and no decision may be made on such topics.

Director Kliewer asks Chief Joyce about the District's activity regarding calls to the campground. Chief Joyce replies that they have responded to approximately 3 calls this summer. Director Kliewer states that it costs the District resources to service the campground, and comments that it is technically owned by the county. He suggests charging the county for services rendered if it becomes a burden on the District. He states that it is an economic advantage to the county to have a campground. If they are able to make money from having it, the District should be able to charge them for our safety services.

Director Anderson states that the property is leased by Reynolds, and asks who would pay for the services. Director Kliewer states that the county owns the property, and should be charged for services if they become a burden. Director Anderson agrees.

Director Kliewer suggests having the campground contract with the District for services. Chief Joyce comments that the ambulance will take any medical aids, and bill the patient for services. Director Kliewer suggests considering a base fee, and a fee per call. He comments that the District residents should not be supplementing the county's income by covering medical services.

Director Kliewer instructs Secretary Davis to add this to September's agenda for further discussion.

Secretary Davis informs the Board that one Board member's ethics and harassment training is still overdue.

Director Anderson asks the Board if anyone has any candidates for the upcoming election. Director Kliewer asked a member of the community, but they declined. Director Anderson asks where the Notice of Election was posted. Secretary Davis informs him that it was posted at both the District's stations, and the resort.

14. Adjournment

11:59 a.m.