

**Park City Fire Service District
Administrative Control Board – Work Session Meeting Minutes
Park City Fire District Administrative Office Building
April 4, 2023**

Meeting was held at the anchor location of the Park City Fire Service District Administrative Office Building, 736 West Bitner Rd., Park City, Utah, 84098, and electronically via Zoom

Administrative Control Board work session called to order: 5:34 p.m.

Board Members Present: Vice Chair Alex Butwinski, Treasurer Christina Miller, Board Member Steve Briley, and Chair Jeremy Rubell (joined via Zoom at 6:21 p.m.)

Board Members Absent: Secretary John Hanrahan (excused)

District Personnel Present: Chief Bob Zanetti, Deputy Chief Pete Emery, Battalion Chief Ashley Lewis, Battalion Chief Scott Greenwood, Battalion Chief Sean Briley, Fire Marshal Mike Owens, CFO Del Barney, HR Patti Berry, and Admin. Asst. Debbie Colgan

Additional Attendees: Jon Haderlie of Larson & Company

I. Welcome

Chief Zanetti said Chair Rubell is currently attending a City Council meeting and he will try to join this meeting electronically around 6:30 p.m. Secretary Hanrahan is away and will not be attending the meeting.

II. 2022 Audit

The 2022 financial audit has been completed. Jon Haderlie of Larson & Company briefly went through the audit report, which contains the independent auditor's report, basic financial statements, and required supplementary information, among other things. He said the opinion on the financial statements is a clean opinion and is unmodified and unqualified. This means there were not any material misstatements found. He also explained the communication with governance letter all Board members received, which included information on qualitative aspects of accounting practices and estimates used in the financial statements, management representations, and a schedule of findings and questioned costs.

Jon said there were a couple of new items in the audit report, one of which is regarding the process for preparing documents for the audit. If in the process of reviewing the financial reports there are conditions or events that would possibly prevent you from continuing as a going concern, then an analysis must be performed internally and provided to the external auditing agency. An example of this is the Covid pandemic, many business did not make it through Covid and could not continue for a year or two.

The other new item is the auditor's responsibility to exercise professional judgement and skepticism to identify potential significant risks. Internal controls, the application of accounting principles, and the potential for conditions or events that would prohibit you from continuing as a going concern are examined.

Jon then briefly went over the management letter from Larson & Company to the PCFD Administrative Control Board. Of note, significant risks were identified and are as follows:

- Cash disbursements: The risk that cash disbursements do not follow entity purchasing policies, proper approval, and inaccurate disbursements that do not match invoice amounts, payees, or issued to related parties. Jon said capital assets do not typically have a high risk, but cash inherently has a high risk because it is easy to manipulate or take. He said because of the way PCFD spends public money, the budget process, and the aspect of dealing with cash, cash disbursements become a significant risk.
- Improper revenue recognition: The risk that the entity improperly records revenue in the incorrect period, records revenue inaccurately, or misrepresents revenue recognized whether due to fraud or error. Jon said this is not very common in fraud, but it is the most costly. An example of this is the Enron collapse.
- Potential management bias, financial statement estimates, and management's ability to override controls. Jon said these three things are inherently a weakness in internal controls and there is nothing you can do to control that. Assets and liabilities are constantly going up and down and it is not in your control. Jon said CFO Barney needs to be able to make journal entries to correct mistakes, but this introduces the risk that CFO Barney could manipulate a journal entry and financial records.

Jon said these significant risks are very common on every government audit Larson & Company performs, and specific tests are performed around these risks to ensure there are not any misstatements in the financial statements that were caused because of these risks. He said nothing PCFD is doing is causing these risks, they are just inherently part of the audit process.

The following was reported under the schedule of findings and questioned costs:

- There were no internal control findings for the period under audit.
- There were no state compliance findings for the period under audit.
- There were no internal control findings for the prior period.
- There were no state compliance findings for the prior period.

Jon said the District's audit always runs smoothly because CFO Barney has the financial statements in impeccable order.

Vice Chair Butwinski asked about how journal entries are audited, and Jon replied the entries are generated and a sample is pulled to test for appropriate documentation and approval processes.

Vice Chair Butwinski then asked if all the risk factors are tested within the financials, and Jon replied they are. Vice Chair Butwinski asked where the District's non-depreciable assets such as land show up. Jon replied due to the way government accounting works, those assets will only show up on the first two statements, which is page 12 of the issued financial statements. The value listed is what was paid for the land, not the current value.

Moving ahead to current financials, Vice Chair Butwinski asked about an ambulance revenue increase from last year to this year, and CFO Barney replied this is because the contract was reworked.

Jon asked if there were any further questions regarding the 2022 audit, and there were none. The Board thanked Jon for his presentation.

III. January and February 2023 Financial Update

CFO Barney commented he sent the January and February financials to the Board, but he is just going to review February because we did not record any property taxes in January because we did not receive them until February. As of the end of February, the District is at 13.5% of expenditures and 16.6% of the budget for the year is gone. This results in an under-budget status of approximately 3.5% so far this year in the general fund, which is about normal for this time of year. Overall the District is 6% under budget, and this is because we did not pay for any Station 34 costs until March. Consequently, we will catch up to being near budget as those costs are paid out.

There has been \$439K revenue in delinquent taxes, and none of that is current tax. Interest income is rising rapidly, we have already collected \$175K of \$240K budgeted.

Regarding the 8-year financial plan, 2022 numbers have been updated to actuals and the next 8 years has been projected accordingly. Truth in taxation is projected for 2027, which would take effect in 2028. Vice Chair Butwinski commented the financial plan looks like it has changed a bit, and CFO Barney replied it has. HR Berry commented she was being very conservative with her estimations.

Vice Chair Butwinski said with the amount of reserves being represented, it does not seem like truth in taxation is warranted. CFO Barney said when looking at gains and losses, the District starts losing money every year beginning with 2023, and truth in taxation in 2028 would help gain it back. It will need to be performed at some point. The District is in a healthy state if it has around \$8.5M in reserves, and that is where it will be if truth in taxation happens by 2030.

CFO Barney said the approximate \$4.7M loss that will occur at the end of this year will be mainly due to Station 34 building costs, the 10% COLA, and the payment for two trucks that will happen this year. Last year expenses were very volatile, and we will need to see what happens this year. There are many unknowns and we need to stick to what we know and make adjustments along the way.

IV. EMS Update

Chief Zanetti introduced Chief Greenwood to the Board. Chief Greenwood is attending his first Board meeting as the Training Officer. Chief Greenwood commented last night Park City Hospital needed to transport a very sick patient to an ICU in the valley and there were no flight options due to the storm. Three PCFD critical care paramedics plus a driver were able to transport the patient without incident using the advanced techniques of our critical care program. Chief Greenwood said it was very exciting for PCFD to be able to perform this transport when Park City Hospital had no other options, and what we perceived as a need for the community has come to fruition.

Chief Zanetti said March was busy with a variety of different calls including fires, gas leaks, and medical calls. April typically slows down by the second week of the month, but with the resorts staying open longer, that will probably not be the case this year. Chief Zanetti said PCFD has been stocking up for the impending warming trend.

Chief Zanetti said he talked to Summit County Manager Shayne Scott about previewing the EMS study report, and County Manager Scott replied he thought it would be best for everyone to see it at the same time, including himself. His reasoning for this is to prevent bias from forming. Chief Zanetti said he told Summit County Manager Shayne he just wanted to make sure the data is correct, and Summit County Manager Shayne replied he was not too concerned about that.

Chief Zanetti said the preliminary report will be presented to the Council of Governments on April 17 and then to the stakeholders on April 20. Chief Emery commented it is important to understand the study was not focused on Park City Fire District, it was a study of the EMS system in Summit County. Chief Zanetti said when the study comes out, he is certain the cost of the service PCFD is providing is going to be shown to be much more than what we projected, and that will come as a shock to some. How the cost is going to be paid will become an issue.

V. Station 34 Update

Chief Zanetti said not much progress has been made on the Station 34 rebuild due to the weather, and he does not anticipate anything really happening until the weather gets better.

VI. Grant Funding through Summit County

Chief Lewis said PCFD is always looking for funding mechanisms. Every year we qualify and apply for an EMS per capita grant, and there is a competitive grant through the state we apply for as well. This year there is a rural EMS data grant and a homeland security grant managed through the Summit County emergency manager we will be applying for. Chief Lewis said there are other grants we will be looking at as well.

In 2020 PCFD received over \$76K through grants, and in 2021 we received a large grant through the state for \$147K, it was a big year. In 2022 we received the per capita grant, which is basically

a reimbursement of EMS expenses. We have applied for grants to aid in the recruitment and retention of EMTs, and we are always looking for ways to qualify for additional grants.

Chief Lewis mentioned the county emergency manager wants to make changes to the SHSP grant. In the past this grant was allocated to entities based on per capita, and the county emergency manager wants to change how the money is dispersed. This potentially means \$20-30K in funds PCFD has historically received every year could go away. For the greater good, the new approach would be to take the money and purchase an asset Summit County needs that everyone could utilize.

Treasurer Miller asked for an example of something that could be purchased that would benefit everyone, and Chief Emery replied right now there are discussions regarding a portable radio repeater. Communications in certain parts of the county are challenging, and a trailer repeater could be taken to such areas. All the fire departments, police, and search and rescue would benefit from this.

Chief Zanetti commented PCFD did not receive the SCBA grant, and the recent SCBA purchase was almost a half million dollars. This is one of the biggest expenses we have in terms of personal protective equipment (PPE). There were two companies competing for the purchase and we ended up getting almost twice the bottles for the price.

Work Session Concluded: 6:44 p.m.

**Park City Fire Service District
Administrative Control Board – Regular Meeting Minutes
Park City Fire District Administrative Office Building
April 4, 2023**

Meeting was held at the anchor location of the Park City Fire Service District Administrative Office Building, 736 West Bitner Rd., Park City, Utah, 84098, and electronically via Zoom

Administrative Control Board regular meeting called to order: 6:35 p.m.

Board Members Present: Chair Jeremy Rubell, Vice Chair Alex Butwinski, Treasurer Christina Miller, and Board Member Steve Briley

Board Members Absent: Secretary John Hanrahan (excused)

District Personnel Present: Chief Bob Zanetti, Deputy Chief Pete Emery, Battalion Chief Ashley Lewis, Battalion Chief Scott Greenwood, Battalion Chief Sean Briley, Fire Marshal Mike Owens, CFO Del Barney, HR Patti Berry, and Admin. Asst. Debbie Colgan

I. Roll Call

Vice Chair Butwinski began the meeting by conducting a roll call.

II. Approval of March 7, 2023, Meeting Minutes

Board Member Briley made a motion to approve the minutes of the March 7, 2023, Administrative Control Board meeting. The motion was seconded by Treasurer Miller. Those in favor were Chair Rubell, Vice Chair Butwinski, Treasurer Miller, and Board Member Briley; the motion passed unanimously, 4-0.

III. Public Input

There was no public input.

IV. Board Member Reports and Business

A. Correspondence

There were no questions regarding the correspondence.

B. Financial

There were no questions about the financial reports.

V. Old Business

There was not any old business.

VI. New Business

A. Possible Acceptance of 2022 Audited Financial Statements

Treasurer Miller made a motion to approve the 2022 audited financial statements as discussed in the work session. Board Member Briley seconded the motion. Those in favor were Chair Rubell, Vice Chair Butwinski, Treasurer Miller, and Board Member Briley; the motion passed unanimously, 4-0.

VII. Staff Reports and Input

There were no comments on the staff reports.

VIII. Discussion of Possible Future Agenda Items/Additional Comments

Open meetings training will be held during the work session on May 2 at a start time of 5:00 p.m. Chief Zanetti mentioned J.R. Bruce has been hired as the new mechanic and will be a huge asset to the organization.

IX. Closed Meeting

Board Member Briley made a motion to close the regular meeting of the Administrative Control Board and convene a closed meeting to discuss personnel issues; the motion was seconded by Treasurer Miller. Those in favor were Chair Rubell, Vice Chair Butwinski, Treasurer Miller, and Board Member Briley; the motion passed unanimously, 4-0.

The Administrative Control Board met in closed session to discuss personnel issues from 6:40 to 7:05 p.m. Those in attendance were Chair Rubell, Vice Chair Butwinski, Treasurer Miller, Board Member Briley, Chief Zanetti, Chief Emery, and HR Berry.

Treasurer Miller made a motion to dismiss from closed session and reconvene the regular meeting; the motion was seconded by Board Member Briley. Those in favor were Chair Rubell, Vice Chair Butwinski, Treasurer Miller, and Board Member Briley; the motion passed unanimously, 4-0.

Those attending the remainder of the regular meeting were Chair Rubell, Vice Chair Butwinski, Treasurer Miller, Board Member Briley, Chief Zanetti, Chief Emery, and HR Berry.

X. Adjournment

Treasurer Miller made a motion to adjourn the regular meeting and it was seconded by Board Member Briley. Those in favor were Chair Rubell, Vice Chair Butwinski, Treasurer Miller, and Board Member Briley; the motion passed unanimously, 4-0. The regular meeting of the Park City Fire District Administrative Control Board adjourned at 7:05 p.m.

The next regularly scheduled meeting of the Park City Fire District Administrative Control Board will be May 2, 2023, beginning at 6:30 p.m. in the PCFD Administrative Offices, 736 West Bitner Road, Park City, UT 84098.