

VASHON ISLAND FIRE & RESCUE BOARD OF FIRE COMMISSIONERS

Minutes

Date: 11/24/14

Time: 10:00 a.m.

Place: 10020 SW Bank Rd., Vashon, EOC Room

1 SPECIAL MEETING

2 **Present:** Camille Staczek, Chair

3 Candy McCullough, Commissioner

4 Rex Stratton, Commissioner

5 Ron Turner, Commissioner

6 Hank Lipe, Fire Chief

7 George Brown, Assistant Chief

8 Susan Wolf, Minute Taker

9 **Absent:** David Hoffmann, Vice-Chair

10 **Guests:** Peter Lake and Barbara Huff of Island CPAs; Natalie Martin, editor of the Vashon
11 Beachcomber; Jojo Weller, Administrative Assistant.

12 Introduction of Auditors

13 Carol Ehlinger, Audit Manager and Dave Smolko, Auditor, introduced themselves and handed out
14 their exit documents.

15 Results of Audit of 2013

16 The auditors are reporting on two areas categorized as Accountability and Financial.

17 Financial

- 18 • The auditors noted that VIFR is a “cash basis” entity. They compared total revenues and
19 expenses based on the Ganser (accounting software brand) reports that VIFR submits to King
20 County to see if they agree. Those reports are in agreement.
- 21 • This year, because of the BARS accounting system used by District, the state auditors are
22 issuing dual opinions on financials. One opinion is an unmodified or clean opinion on
23 BARS. The second is an adverse opinion according to General Acceptable Accounting
24 Principles (GAAP) due to the cash basis of accounting. The American Institute of CPAs
25 (AICPA) doesn’t accept the cash basis method of accounting, they prefer the accrual method.
26 The State Auditor’s Office is subject to peer review and auditors from other states audit
27 Washington state auditors. Many states, small cities use BARS/cash basis but the AICPA
28 says that’s not an acceptable presentation of the reports.

29 Accountability

- 30 • Auditors conduct an analysis of risk for non-compliance based on the state auditors’
31 experience, including contract and bid law and the District had a large remodel project last
32 year. So the auditor looked at our contract with NW Regency (contractors), TCA architects,
33 interlocal agreements and expenses. They also examined receipting at the front desk and
34 payroll; the volunteer point system, how scheduling and reviewing/authorizing of points
35 occurs. There were no findings as a result of that examination.
- 36 • The last page mentions three exit items relating to accountability. When bids are received,
37 the District needs to date and time stamp the packets. The District did stamp them received
38 with the time, but no date. Providing a date and time stamp will protect the District against
39 claims of unfairness in the bidding process.
- 40 • Deposits of receipts need to be performed once per week or more often if over \$500 is
41 received. During a three month period during the last quarter of 2013, there were gaps
42 ranging from 11-19 days.
- 43 • When contracting for professional services, such as with an architect or engineer, the
44 company selected needs to be updated annually. So advertise, receive Requests for
45 Qualifications and select one annually – it can even be the same one, but we have to advertise
46 and update our selection. The District advertised and selected TCA in 2010 and then
47 continued to use them through 2013, without updating.
- 48 • The reports will be issued online (www.sao.wa.gov) next week. The schedule for 2015 will
49 be about the same time, which would be the last week of October.

50
51 The auditor thanked the VIFR staff and CPA firm for their cooperation to conduct the audit.

52 **General Comments**

53 None.

54 **For the Good of the Order**

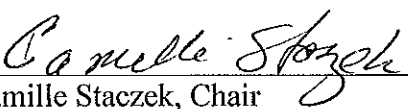
55 Motion by Commissioner McCullough:

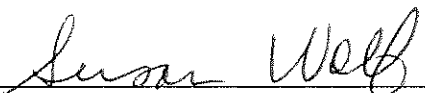
56 “I move we adjourn.”

57 **MOTION PASSES, 4-0**

58 *The next Regular Meeting will be on 11/25/14 at 6:30 p.m. at 10020 SW Bank Rd, Vashon, EOC Room*

Approved this 30 day of Dec., 2014.


Camille Staczek, Chair


Susan Wolf, Minute Taker



Vashon Island Fire and Rescue Exit Conference November 24, 2014

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Meeting Agenda

The purpose of our exit conference is to share the results of our independent audit and to provide a forum for open discussion. We are pleased to review our draft reports and discuss other topics as listed below with you.

- Accountability audit report
- Financial statement audit report and other required communications

Preliminary audit results and recommendations were shared in detail with District management and personnel as they were developed during the audit. We would like to thank staff for their cooperation and timely response to our requests during the audit.

We take seriously our responsibility to hold state and local governments accountable for the use of public resources. We believe it is critical to citizens and the mission of the District that we work together as partners in accountability to prevent problems and constructively resolve issues. As such, we encourage your comments and questions.

Accountability Audit

Report

Our draft accountability report summarizes the results of our risk-based audit work related to safeguarding of public resources and legal compliance. The report does not include any findings.

Financial Statement Audit

Report

Our draft financial statement report includes our opinion on the financial statements. It also includes our report on internal control over financial reporting and on noncompliance and other matters as required by *Government Auditing Standards*.

We will be issuing a dual opinion on the financial statements as follows: An unmodified opinion will be issued with respect to regulatory requirements in BARS. This means we believe the statements are presented fairly, in all material respects. An adverse opinion will be issued with respect to Generally Accepting Accounting Principles (GAAP). This is because the cash basis form of financial statement presentation is no longer considered generally accepted.

In relation to our report, we would like to bring to your attention:

- There were no uncorrected misstatements in the audited financial statements.
- There were no material misstatements in the financial statements corrected by management during the audit.
- No significant deficiencies in internal control over financial reporting were identified.
- No instances of noncompliance were identified that could have a direct and material effect on the determination of financial statement amounts.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management's consideration. They are not referenced in the audit report.

Concluding Comments

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/saoportal/Login.aspx>

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in October/November of 2015 and will cover the following general areas:

- Accountability for Public Resources
- Financial Statement

The estimated cost for the next audit based on the current billing rate is \$9,735 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

If expenditures of federal awards are \$500,000 or more in any fiscal year, notify our Office so we can schedule your audit to meet federal single audit requirements. Federal awards can include grants, loans, and non-cash assistance such as equipment and supplies.

Customer Service Survey

An invitation to complete a customer service survey will be emailed to Chief Lipe. Your feedback is important to our commitment to continually develop and improve our audit process.

Please don't hesitate to contact our Office throughout the year when you have questions. Our website also offers many resources, including a client HelpDesk for your auditing and accounting questions.