

MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Gerald W. Eick, CPA CGMA
Director of Finance

SUBJECT: Review, discuss and possibly adopt Resolution Number 1873:
A Resolution Approving the Residual Equity Transfer of
\$174,356 from the Workers Compensation Internal Services
Fund to the General Fund in the Fiscal Year 2018-2019

STRATEGIC PLAN: Long Range Principle #2 - Finance

DATE: May 14, 2019

I. RECOMMENDATION

That the Board of Trustees makes a motion to adopt Resolution Number 1873 to:

1. The Board of Trustees finds that the balance of \$174,356 remaining in the Worker's Compensation Internal Services Fund is deemed no longer required to provide self-insured worker's compensation benefits, and therefore in accordance with NRS 354.6215 authorizes a residual equity transfer to the General Fund effective June 30, 2019; and
2. The Board directs Staff to provide notice to the Nevada Department of Taxation Local Government Finance within the requisite 30 days from execution.

II. DISTRICT STRATEGIC PLAN

Long Range Principle #2 – Finance

Comply with State and Federal regulations –

Report results and demonstrate value- -

Develop and maintain a long term plan to sustain financial resources

III. BACKGROUND

An activity of the Internal Services Fund provided self-insured Workers Compensation Coverage from 1992 through June 30, 2013. The District is in a fully insured plan through the Nevada Public Agency Compensation Trust. The self-insurance retention from that

former coverage was held by the Internal Services Fund. The District completed an Absorption and Loss Transfer Agreement effective July 1, 2018 that removes all liability and risk from the self-insured activity. Over the course of two fiscal years the excess retention was returned to the operating funds. A transfer of \$800,000 occurred during 2017-2018 from the Internal Services Fund to return excess resources to operating funds. Another transfer of \$300,000 was completed in 2018-19. The Utility Fund, Community Services Special Revenue and Beach Special Revenue Funds receive the transfers. Since all self-insurance matters are closed, this function can cease as an Internal Service as of June 30, 2019, and \$174,356 will be transferred to the General Fund. The General Fund will account for the quarterly assessment for Workers Compensation coverage in the same manner as other benefits. The amount of the transfer is adequate to cover those assessments made in advance,

*The applicable **NRS 354.6215 Limitation on use of reserves or balances of funds created to insure risks.** Except as otherwise provided in [NRS 354.6241](#), if a local government provides a fund for self-insurance of property, for any form of insurance for the benefit of its employees, or for any other risk that it is permitted by law to assume, the reserves or balance of a fund thus provided must not be expended for any purpose other than that for which the fund was established, except that when the governing body deems the reserve or balance to be no longer required, either in whole or in part, it shall transfer the excess balance to the general fund of the local government. Any such transfer must be reported to the Department of Taxation within 30 days. Money so transferred is not available as a basis for augmentation of the local government's budget during the year of transfer.*

IV. COMMENTS

Staff conferred with the Nevada Department of Taxation on the proper approach to applying NRS 354.6215. The recommended that it be completed for the current fiscal year and reflected in the District's Estimated Actual results for June 30, 2019.

V. ALTERNATIVES

The Board could choose to delay this action to another time. However, there is no advantage as you will note under the NRS these funds cannot be used for an augmentation. Therefore recognition in the current year is preferred.



RESOLUTION NO. 1873

A RESOLUTION APPROVING THE RESIDUAL EQUITY TRANSFER OF \$174,356 FROM THE WORKERS COMPENSATION INTERNAL SERVICES FUND TO THE GENERAL FUND, BASED ON A FINDING THAT SUCH BALANCE IS NO LONGER REQUIRED TO PROVIDE SELF-INSURANCE WORKER'S COMPENSATIONS BENEFITS

RESOLVED by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, that

WHEREAS, pursuant to Nevada Revised Statutes (NRS) 354.6215 this Board makes a finding that the balance of \$174,356 held by the Worker's Compensation Internal Services Fund is deemed no longer required to provide self-insured worker's compensation benefits, and;

WHEREAS, this Board has previously approved a Loss Portfolio Transfer and Assumption effective July 1, 2018, and;

WHEREAS, this Board has previously authorized the District seek release of the State of Nevada Division of Insurance Reserve account held by the State Treasurer, and;

WHEREAS, as of August 3, 2018 the District had fully executed the Loss Portfolio Transfer and Assumption and had gained the release of the reserve account, and;

WHEREAS, the District has provided and administered its worker's compensation benefit program since July 1, 2018 through the Public Agency Compensation Trust and has no evidence of the need to continue to account for this function under the Internal Services Fund;

NOW, THEREFORE, IT IS ORDERED as follows:

1. The Board of Trustees finds that the balance of \$174,356 remaining in the Worker's Compensation Internal Services Fund is deemed no longer required to provide self-insured worker's compensation benefits, and therefore in accordance with NRS 354.6215 authorizes a residual equity transfer to the General Fund effective June 30, 2019,



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2. The Board directs staff to provide notice to the Nevada Department of Taxation Local Government Finance within the requisite 30 days from execution.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 22nd day of May, 2019, by the following vote:

AYES, and in favor thereof, Trustees Tim Callicrate, Matthew Dent, Phil Horan, Peter Morris, and Kendra Wong
NOES, Trustees: None
ABSENT, None: None

/s/ Tim Callicrate
Tim Callicrate
Secretary, IVGID Board of Trustees