

## MEMORANDUM

**TO:** Board of Trustees

**THROUGH:** Indra S. Winquest  
Interim General Manager

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

**SUBJECT:** Review, discuss, and authorize a Prior Period Adjustment to Opening Net Position of the IVGID Comprehensive Annual Financial Report for June 30, 2019 for \$800,000 for a Transfer Authorized by the Board of Trustees May 9, 2018 and to reflect the full effect of the original transfer as completed during the fiscal year ending June 30, 2019, and to reflect a \$300,000 Transfer from the Workers Compensation Fund to the General Fund for the Fiscal Year Ending June 30, 2019, with the full effect of the original transfer authorized May 9, 2018 from the General Fund to the Utility Fund, Community Services Special Revenue Fund and the Beach Special Revenue Fund and to be included in the fiscal year ending June 30, 2020.

**STRATEGIC PLAN:** Long Range Principle #2 – Finance

**DATE:** September 17, 2019

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### **I. RECOMMENDATION**

Staff recommends that the Board of Trustees makes a motion to authorize:

- 1) The District to report a Prior Period Adjustment to Opening Net Position for the General Fund an increase by \$800,000 and decreases to the Utility Fund by \$120,000, Community Services Special Revenue Fund by \$645,000, and Beach Special Revenue Fund by \$35,000.
- 2) For the fiscal year ending June 30, 2019, a transfer from the General Fund in the amount of \$800,000 to be disbursed to the Utility Fund in the amount of \$120,000, Community Services Special Revenue Fund in the amount of \$645,000 and the Beach Special Revenue Fund in the amount of \$35,000.

Review, discuss, and authorize a Prior Period Adjustment to Opening Net Position of the IVGID Comprehensive Annual Financial Report for June 30, 2019 for \$800,000 for a Transfer Authorized by the Board of Trustees May 9, 2018 and to reflect the full effect of the original transfer as completed during the fiscal year ending June 30, 2019, and to reflect a \$300,000 Transfer from the Workers Compensation Fund to the General Fund for the Fiscal Year Ending June 30, 2019, with the full effect of the original transfer authorized May 9, 2018 from the General Fund to the Utility Fund, Community Services Special Revenue Fund and the Beach Special Revenue Fund and to be included in the fiscal year ending June 30, 2020

- 3) For the fiscal year ending June 30, 2019, a transfer from the Workers Compensation Fund of \$300,000 which goes to the General Fund.
- 4) For the fiscal year ending June 30, 2020, a transfer is made from the General Fund in the amount of \$300,000 and disbursed to the Utility Fund in the amount of \$45,000, Community Services Special Revenue Fund in the amount of \$241,875 and the Beach Special Revenue Fund in the amount of \$13,125.

**II. DISTRICT STRATEGIC PLAN**

Long Range Principle #2 – Finance – The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management.

- Comply with State and Federal regulations.

**III. BACKGROUND**

Attachment A: Memorandum May 9, 2018 Board of Trustees’ meeting.

Attachment B: Memorandum May 22, 2019 Board of Trustees’ meeting for Resolution 1873.

Based on further review by the Nevada Department of Taxation under Nevada Revised Statutes 354.6215 of the Workers Compensation Fund Transfers that were moved on May 9, 2018 and then resolved on May 22, 2019, the District will make a Prior Period Adjustment and subsequent related entries that alter the timing, but not the effect, of the transfers as intended May 9, 2018. The District does not want the General Fund to be unduly enriched by closing the Workers Compensation Fund. As of the date of the new motion, all resources will be in the operating funds as intended by the original motion approved May 9, 2018 but will comply with the aforementioned statute in closing the Workers Compensation Fund.

Resolution 1873 remains in effect and there is no change to the reporting of that transfer.

# Attachment A

## 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 authorize 1) the execution of an Acknowledgement of Self-Insurance Loss Portfolio Transfer and Assumption from IVGID to Public Agency Compensation Trust for a one-time assessment of \$58,000, and 2) upon execution and acceptance of the Loss Portfolio Transfer and Assumption by the Nevada Department of Insurance Division, authorize the execution of permanent operating transfers of \$800,000 from the Worker Compensation Fund to the Utility Fund in the amount of \$120,000, Community Services Special Revenue Fund in the amount of \$645,000 and the Beach Special Revenue Fund in the amount of \$35,000 as budgeted for fiscal 2017-2018, and 3) in anticipation of execution and acceptance of the Loss Portfolio Transfer and Assumption by the Nevada Department of Insurance Division, the Board of Trustees authorizes the Director of Finance to incorporate a permanent operating transfer of \$300,000 from the Worker Compensation Fund to the Utility Fund in the amount of \$45,000, Community Services Special Revenue Fund in the amount of \$241,875 and the Beach Special Revenue Fund in the amount of \$13,125 to be added to the budget for fiscal 2018-2019

**DATE:** April 27, 2018

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### **I. RECOMMENDATION**

Staff is recommending that the Board of Trustees makes a motion to authorize the General Manager to execute, upon review by Staff and District Legal Counsel (directing the General Manager or Director of Finance to report to the Board of Trustees as each item is completed) to:

- 1) Execute Acknowledgement of Self-Insurance Loss Portfolio Transfer and Assumption related to the District's Workers Compensation Program from

1992 through 2013, from IVGID to Public Agency Compensation Trust (PACT) for a one-time assessment of \$58,000.

- 2) Upon execution and acceptance by the Nevada Department of Insurance Division of the Acknowledgement of Self-Insurance Loss Portfolio Transfer and Assumption, the Board of Trustees authorizes the Director of Finance to execute a permanent operating transfer of \$800,000 from the Worker Compensation Fund to the Utility Fund in the amount of \$120,000, Community Services Special Revenue Fund in the amount of \$645,000 and the Beach Special Revenue Fund in the amount of \$35,000 as budgeted for Fiscal Year 2017-2018.
- 3) In anticipation of execution and acceptance by the Nevada Department of Insurance Division of the Acknowledgement of Self-Insurance Loss Portfolio Transfer and Assumption, the Board of Trustees authorizes the Director of Finance to incorporate a permanent operating transfer of \$300,000 from the Worker Compensation Fund to the Utility Fund in the amount of \$45,000, Community Services Special Revenue Fund in the amount of \$241,875 and the Beach Special Revenue Fund in the amount of \$13,125 as part of the budget for Fiscal Year 2018-2019 and to execute this transfer whenever practical following closing of the restricted deposit for the State of Nevada.

## **II. BACKGROUND**

The District was self-insured for Workers Compensation coverage from 1992 until June 30, 2013. As a self-insured entity that meant the District has financial responsibility for all costs past, present, and future for claims arising during the coverage period. The District joined the Public Agency Compensation Trust (PACT) for work compensation coverage as of July 1, 2013. The District has long been a member of the Nevada Public Agency Insurance Pool which provides general liability and property coverage to a vast majority of governments in Nevada. Both organizations are member risk pools for Nevada local governments. Pooling is considered a reduced risk approach while still capturing the benefits of risk management and cost reduction. When self-insured, the District was at risk for both the current claims cost, but also the maintenance of the stated \$1,250,000 Self-Insured Retention that was declared over the years. Current annual assessments to be a member of PACT covers those risks and frees up the resources that had been accumulated to cover the retention. The District's main issue, since 2013, has been how long to wait to determine how much of the retention could be released, while meeting its ongoing responsibility for claims liability. The District has continued to have a restricted deposit required by the State of Nevada for \$100,000, as part of meeting this responsibility. By executing the Loss Portfolio Transfer and Assumption, the District can utilize \$1,100,000 for

other needs. The remainder, \$150,000 is being retained to allow cash flow since current coverage assessments are paid in advance.

A Loss Portfolio Assumption and Transfer effectively agrees that PACT will step into the shoes of the District for the entire time the District was self-insured. This includes assumption of all liability for open or re-opened claims, administration, and re-insurance.

### **III. FINANCIAL IMPACT AND BUDGET**

The District has held the Worker Compensation Fund and its assets and liabilities essentially as they were when the self-insurance coverage was discontinued. One update to the Actuarially Liability was made in 2016. Another update by the Actuary was planned for 2020. The District hoped seven years was a sufficient timeframe to allow evaluation of the condition of the past claims history so as to consider buying a run off or tail coverage policy, which would transfer all liability from the District to another provider. In the insurance industry these policies are paid with a one-time premium. No quote was ever requested, but anecdotal information from our Third Party Administrator indicated a possible premium at or above \$300,000. The District choose to wait to see if the perceived risk could be reduced and allow the District to keep more of the freed up retention, rather than paying it out and permanently reduce assets. At July 1, 2013, the Claims Liability was estimated at \$323,000. For June 30, 2016, it was reduced to \$156,000. The proposed assessment comprises \$49,000 for the actuarial liability and \$9,000 to cover the costs for record conversion, to a digital form to facilitate ongoing administration by PACT, from our Third Party Administrator records for 1992 through 2013.

The District has already budgeted a transfer for the fiscal year 2017-18 for \$800,000 from the Workers Compensation Fund to the Utility Fund in the amount of \$120,000, Community Services Special Revenue Fund in the amount of \$645,000 and the Beach Special Revenue Fund in the amount of \$35,000. This action further validates this transfer as planned and budgeted. Staff intended to highlight this transfer as part of the budget adoption for the next year since it is reflected in expected results for 2017-18.

District Staff has had several conversations with the representative of the State of Nevada Division of Insurance regarding the situation for our Third Party Administrator. This led to the inquiries about alternative forms of administration and eventual elimination of the exposure. This included inquiring if PACT would be willing to consider providing coverage. Through this process, the State has provided a sample of the agreement to be executed, which is currently being assembled by PACT for further review, and unavailable at this time to the District. With completion of the Agreement, the District would also close the posted

restricted deposit that has been held for decades relative to covering claims liability. Once unrestricted, these funds would be part of the resources retained in the Internal Services Fund to cover cash flow, since all other commitments to the State would have been met. The newly budgeted transfer of \$300,000 would not be made until these restriction have been lifted.

#### **IV. ALTERNATIVES**

The District could continue to wait until 2020 or after in the hopes of further reduction. While it is possible, it is not assured. On April 18, 2018, the District was alerted to a determination by the Nevada Division of Insurance regarding its Third Party Administrator. The Administrator is no longer licensed to provide services and has been given nine months to wind down its affairs and transfer files. It is possible the District could change Administrators, and in doing so incur even greater costs, or take on more risks for compliance. The opportunity to take an action that was planned all along, at what seems like a fair cost, and several years in advance, are all good choices. The costs of a record conversion would be occurring regardless of our choice of how to accomplish the Third Party Administration.

#### **V. COMMENTS**

For the purposes of full disclosure, IVGID is a member of the Executive Committee which provides oversight of both the Nevada Public Agency Insurance Pool (POOL) and the Public Agency Compensation Trust (PACT). When the matter of the IVGID Loss Portfolio Transfer and Assumption Agreement was considered at the Executive Committee meeting April 18, 2018, IVGID recused itself from the voting.

#### **VI. ATTACHMENTS**

- ✓ Board of Trustees Staff Report from June 12, 2013 regarding the change from Self Insured Workers Compensation
- ✓ April 1, 2016 Actuarial Study Cover Letter
- ✓ Acknowledgement of Self-Insurance Loss Portfolio Transfer and Assumption

## MEMORANDUM

**TO:** Board of Trustees

**THROUGH:** William B. Horn  
General Manager

**FROM:** Gerry Eick  
Director of Finance, Accounting and Risk Management

**SUBJECT:** Insurance Coverage and Programs for Fiscal Year 2013-14: Awards for coverage and brokerage services

**DATE:** May 31, 2013

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### **I. RECOMMENDATION**

That the Board of Trustees makes a motion to:

- A. Award individual insurance coverage for Fiscal Year 2013-14 for policies, effective July 1, 2013, for:
  - i. Ski Commercial General Liability to Granite State Insurance Company, premium \$57,895;
  - ii. Ski Umbrella Liability to Granite State Insurance Company, premium \$24,752;
  - iii. Comprehensive Liability to the Nevada Public Agency Insurance Pool (NPAI POOL) – Liability, Property, Auto, Errors & Omissions, and Boiler & Machinery, premium at \$360,004; and
  - iv. Brokerage services to Mike Menath Insurance, Inc. for an annual fee of \$15,000.
  
- B. Award Workers Compensation insurance coverage for Fiscal Year 2013-14, effective July 1, 2013, to Nevada Public Agency Compensation Trust (NPACT) for a member assessment of \$336,257.

### **II. BACKGROUND**

Each fiscal year, the District seeks Board approval for its overall insurance program. Every third year, the District requests competitive bids from other insurance markets and compares those bids with its current insurers. For the 2011-12 year, both brokerage and insurance coverage was determined by bids. District Staff believes the current broker has served the District needs well and recommends continuation of their services. The broker sought quotes from a variety of insurers on behalf of the District.



The District's insurance program is delineated into three separate programs - Comprehensive Liability from the NPAI POOL; specified coverage obtain based on additional needs, most notably the ski resort; and Workers Compensation benefits.

As was discussed at the January 2013 budget workshop, Staff requested our broker to seek quotes, including the NV Public Agency Insurance POOL, for all lines of insurance as a way to compare providers. We also considered moving to a traditional Workers Compensation plan versus the current self insured program. The District's ability to meet statutory coverage and reserves places added burden on the internal charges to accumulate sufficient resources. Recent rate increase have barely been able to meet claims cost and the District has not increased reserves significantly since the 2011 Actuarial Survey set a goal of over \$1,500,000. The District's Self Insured Retention (SIR) remains at \$1,250,000 and no additional reserves are held by that internal services fund. If a large loss was incurred, reserves in the Utility and Community Services Funds would have to be used to replenish the SIR immediately to maintain regulatory compliance.

### III. RESULTS

Ski Commercial and Umbrella Liability – The District's broker sought quotes from 10 insurers, who all declined to quote to the ski industry. One other insurer was contacted; however, they require direct brokerage for their coverage, which conflicts with the District's decision to select brokers separate from insurers to assure competition. We did not seek a quote.

Comprehensive Liability Coverage - The District sought quotes from 4 other insurers for its liability insurance program. Since binding coverage in 1989 with the Nevada Public Agency Insurance Pool, the District has entered the insurance market seven times to compare the coverage provided by the Pool with other insurance programs. All markets declined to provide a quote indicating they did not expect to be competitive to the POOL, especially on the property coverage rates. The District is a member of the POOL. The POOL works to combine insurance risks, excess liability and provide its 80 plus members with Risk Management and Loss Control Services. Each year, the POOL negotiates with underwriters to enhance programs and provide in renewal rates. Rates are approved by the Membership Board. The District holds an elected seat on the Executive Committee for the POOL.

Basic Workers Compensation Coverage – The District began a self insured program in 1992. Initially, it had a SIR of \$250,000. This was increased over time and was last set in 2007 at \$1,250,000. The District receives an Actuarial Survey every few years. The 2011 survey indicated the District's risk for large claims dictates funding beyond the SIR because we self insure. The survey suggested increased funding of approximately \$300,000 over and above the SIR. The 2011 survey suggested a

targeted average funding at \$4.39 per \$100 of payroll as a way to increase reserves. The last three years have been 2011-12 \$1.74, 2012-13 budgeted \$2.37 and budget 2013-14 budget \$2.80. At those levels, we have only been able to stay even with claims and costs, there hasn't been significant increase in reserves in the Workers Compensation Fund. Our 2013-14 budget plans for internal charges of \$285,100 and paid costs of \$308,000 with the difference covered by investment income of \$22,900. If we join the NV PACT, their premium is \$336,000 and a quote was received from another insurer for coverage was at \$351,000 given our claims history. These higher premiums reflect the added risk which the District is not funding under its present plan. Our third party administrator and our broker both have indicated they feel our assumption of risk has grown to where it is difficult to maintain a balance of internal funding and purchased excess coverage.

**IV. FINANCIAL IMPACT AND BUDGET**

The FY 2013-14 general and property liability premiums are within budget. The higher premium due to the POOL is a factor of adding buildings and equipment for Burnt Cedar Water Disinfection Plant and about a 3% rate increase. Our broker has also increased their fee, but continues to waive all other commissions.

Coverage Type	Insurer/Provider	2013-14 Premium	2012-13 Premium
Effective 7/1/13			
Ski Commercial General Liability	Granite State Insurance Company	\$57,985	\$52,216
Ski Umbrella Liability	Granite State Insurance Company	\$24,752	\$21,429
Comprehensive Liability (Property & Casualty)	Nevada Public Agency Insurance Pool (POOL)	\$360,004	\$340,426
Brokerage Services	Mike Menath Insurance, Inc.	\$15,000	\$10,000
Effective 11/8/13			
District Umbrella Liability	Public Officials Management	\$17,000	\$15,490
<b>Total General Liability &amp; Property Coverage</b>		<b><u>\$474,741</u></b>	<b><u>\$439,561</u></b>
<b>Operating Budget</b>		<b><u>\$482,400</u></b>	<b><u>\$443,000</u></b>
Effective 7/1/13			
Workers Compensation	Nevada Public Agency Compensation Trust	<b><u>\$336,257</u></b>	N/A

## **V. ALTERNATIVES**

The Board can conclude remaining self insured is the best use of public funds and purchase Workers Compensation Excess & Aggregate Liability from Midwest Employers for \$47,007. However, under this arrangement our exposure is for individual claims up to the SIR, \$1,250,000 each loss and additional aggregate limits up to \$994,602. The District has never had an individual claim over \$250,000, but as the actuary reminds us, the longer we remain self insured the more the exposure probabilities increase and thus the added funding suggestions.

## **VI COMMENTS**

During the process of considering insurance coverage for 2012-13, Staff sought an alternative to the workers compensation excess limits coverage. We contacted the Nevada Public Agency Compensation Trust (NVPACT). While they were not able to offer just excess limits, they did approve IVGID for membership and quoted an assessment of \$379,833 for that year based on claims history. The District passed at that time since the difference was not cost effective to consider NV PACT. As we continue to raise our own rates to meet actuarial suggested levels, the NV PACT has actually dropped their rates and it becomes reasonable to consider making a change in our approach. The NV PACT has a policy to not change assessments year to year by more than 10% to its members. The 2013-2014 quoted premium is \$336,257.

The District's Workers Compensation Fund is positioned to absorb this transition and allow a repurposing of the remaining amounts once we meet our open claims. The change would be effective July 1, 2013, but the District would be responsible to pay any claims for incidents prior to that date. We currently have actual claim reserves of about \$225,000. The actuarial expense allowance is another \$50,000. Based on current financial position of the Fund, there should be at least \$1,000,000 available by sometime in 2014-15 to be repurposed after paying claims, expenses and dealing with the transition during 2013-14.

## **VII. BUSINESS IMPACT**

This item is a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, but it does not impose a direct and significant economic burden on a business, or directly restrict the formation, operation or expansion of a business, and therefore does not require a Business Impact Statement.



Friday, April 1, 2016

Mr. Gerald W. Eick  
Director of Finance, Accounting, Risk Management and Information Technology  
Incline Village General Improvement District  
893 Southwood Boulevard  
Incline Village, NV 89451

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Mr. Eick:

As you requested, we have completed our review of Incline Village General Improvement District's (the District) self-insured workers' compensation program. Specifically, we have analyzed the outstanding liability of claims occurring prior to the District becoming fully insured as a member of Public Agency Compensation Trust (PACT) effective July 1, 2013.

We estimate the program's liability for outstanding claims from 2012-13 and prior to be \$156,000 as of June 30, 2016. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of the District's claims, assuming a 2.5% return on investments per year.

The \$156,000 estimate is the minimum liability to be booked by the District at June 30, 2016 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires the District to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding the District's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2016 are summarized in the table below.

Incline Village General Improvement District  
Self-Insured Workers' Compensation Program  
Estimated Liability for Unpaid Loss and LAE  
at June 30, 2016

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$157,000					
ULAE	15,000					
Investment Income Offset	(16,000)					
Discounted Loss and LAE	\$156,000	\$187,000	\$204,000	\$224,000	\$249,000	\$283,000

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on the District's financial statements.

Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

Given that estimated outstanding liabilities are lower than the historical SIR of \$1,250,000 for all confidence levels, we recommend that the District fund for liabilities at the 90% confidence level or higher. Historically, the District has only had three claims in excess of \$100,000. However, there is still a possibility for a much larger claim either from the existing open claims developing upward, or from a closed claim reopening. For these reasons, a conservative approach would be appropriate.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for the District's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Incline Village General Improvement District in preparing this report. Please feel free to call Derek Burkhalter at (916) 244-1167 or Mike Harrington at (916) 244-1162 with any questions you may have concerning this report.

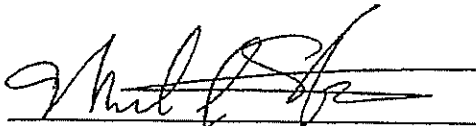
Sincerely,

Bickmore



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Derek Burkhalter, ACAS, MAAA  
Manager, Property and Casualty Actuarial Services, Bickmore  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries



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Mike Harrington, FCAS, MAAA  
Director, Property and Casualty Actuarial Services, Bickmore  
Fellow, Casualty Actuarial Society  
Member, American Academy of Actuaries

**ACKNOWLEDGEMENT OF  
SELF-INSURANCE  
LOSS PORTFOLIO TRANSFER AND  
ASSUMPTION**

(hereinafter "Acknowledgement")  
by Public Agency Compensation Trust (hereinafter "Trust")

**RECITALS**

WHEREAS, effective July 1, 2018, Incline Village General Improvement District – IVGID (hereinafter "IVGID") transferred its claims and liabilities as a self-insurer to the Trust, an association of self-insured public employers pursuant to NRS 616A.270.2;

**ARTICLE 1 - BUSINESS COVERED**

A. The Trust hereby assumes 100% of the liabilities and obligations of the IVGID for all of its specific and aggregate liability for workers' compensation and employers' liability losses, including unpaid losses and loss adjustment expenses, from the time period of July 1, 1992 through July 1, 2013, including all existing and incurred but not reported ("IBNR") claims (hereinafter "Assumed Claims"), pertaining to the Policies set forth below, and subject to the terms and conditions contained herein.

B. The term "Policies" shall mean all specific and aggregate excess workers' compensation and employers' liability agreements, and/or all other agreements, policies, binders, contracts, certificates and other obligations, whether oral or written, of insurance, issued by other insurers, pertaining to the liabilities assumed hereunder, including the following agreements or policies:

Insurer	Policy	Effective	Expiration
General Reinsurance Corporation	X-14068	7/1/1992	7/1/1993
National Union Fire Insurance Company of Pittsburgh	415 35 05	7/1/1993	7/1/1994
Employers Reinsurance Corporation	0550269	7/1/1994	7/1/1995
Employers Reinsurance Corporation	0550269	7/1/1995	7/1/1996
Gulf Insurance Company	GA5820132	7/1/1996	7/1/1997
Gulf Insurance Company	GA5820167	7/1/1997	7/1/1998
Gulf Insurance Company	GA5820193	7/1/1998	7/1/1999
Gulf Insurance Company	GA0291459	7/1/1999	7/1/2000
Gulf Insurance Company	GA0291481	7/1/2000	7/1/2001
Gulf Insurance Company	GA0291499	7/1/2001	7/1/2002
Gulf Insurance Company	GA1272307	7/1/2002	7/1/2003
Midwest Employers Casualty Company	5133-SA-NV	7/1/2003	7/1/2004
Midwest Employers Casualty Company	EWC006918	7/1/2004	7/1/2005
Midwest Employers Casualty Company	EWC006918	7/1/2005	7/1/2006
Midwest Employers Casualty Company	EWC006918	7/1/2006	7/1/2007
Midwest Employers Casualty Company	EWC006918	7/1/2007	7/1/2008
Midwest Employers Casualty Company	EWC006918	7/1/2008	7/1/2009
Midwest Employers Casualty Company	EWC006918	7/1/2009	7/1/2010
Midwest Employers Casualty Company	EWC006918	7/1/2010	7/1/2011
New York Marine and General Insurance Company	MW100472	7/1/2011	7/1/2012
New York Marine and General Insurance Company	WC2012EPP00054	7/1/2012	7/1/2013

C. Pursuant to this Agreement, IVGID transfers to the Trust all rights IVGID may have now or in the future with respect to IVGID's liability for workers' compensation, employers' liability and/or related losses, or under or with respect to the Policies.

**ARTICLE 2- EFFECTIVE DATE**

This Agreement shall be effective as of 12:01 a.m., Pacific Standard Time, July 1, 2018.

**ARTICLE 3- CONSIDERATION**

In consideration of the Trust's agreement to assume the liabilities of IVGID, IVGID will pay the Trust, among other things, an assessment in the amount of \$58,000 and assign all rights and remedies to all deposits and policies relating to the Assumed Claims to the Trust.

**ARTICLE 4- ADMINISTRATION AND CLAIM PAYMENTS**

A. From and after the effective date hereof, the Trust will be solely liable for the administration and disposition of all aspects of the Assumed Claims, including, without limitation, the defense, adjustment, settlement, and payment of all losses and expenses arising under or relating to the Assumed Claims. The Trust will bear all expenses and costs incurred by it in connection with the administration and disposition of such losses, claims, expenses, defenses, adjustments, settlements, and payments.

B. The Trust shall have the right to select a third-party administrator to perform claims administration services pertaining to the Assumed Claims.

C. All losses and expenses regarding the Assumed Claims that the Trust determines to be payable will be paid directly and promptly by the Trust.

**ARTICLE 5- REQUIRED REGULATORY APPROVAL**

This Acknowledgement remains subject to the approval of the Nevada Department of Business and Industry, Division of Insurance ("Division"). The Trust shall take all steps necessary to obtain requisite regulatory approval of this Agreement, if any, and the transactions described herein.

**ARTICLE 6- ERRORS OR OMISSIONS**

Inadvertent delays, errors, or omissions made in connection with the transfer and assumption or any transaction hereunder will not relieve the Trust from any liability that would otherwise have attached had such delay, error, or omission not occurred. Regardless, the Trust will rectify each such delay, error, or omission as promptly as practicable after discovery.

By: \_\_\_\_\_  
Name: Steven J. Pinkerton  
Title: General Manager  
Entity: Incline Village General Improvement District  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Wayne Carlson  
Title: Executive Director  
Entity: Public Agency Compensation Trust  
Date: \_\_\_\_\_



# Attachment B

## 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

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### **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,



RESOLUTION NO. 1873

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Page 2 of 2

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