

Mayer Fire District

GENERAL SESSION MINUTES

February 21, 2024

1. Call to order

Chairman Thurman called the meeting to order at 4:40 p.m.

2. Pledge of allegiance

3. Roll call of members

Present: Chairman Thurman; Clerk Tang, Board Members, Junkins, Lundeen, Perry. All members present.

4. Call to the public (Public comments are limited to two minutes each. The Fire Board can only respond to items on the agenda)

None

5. Chief's report:

a. Monthly and year-to-date financials

Last month there were 170 calls.

b. Current event report

Paramedic school started yesterday. There are 15 students, 3 from Mayer and 11 from outside agencies. The 11 paying students are able to cover the cost of our paramedic's tuition and the instructor cost. We've previously spent \$40,000 - \$60,000 on paramedic tuition so this will now be a nice sustaining revenue. This was a 2-year long project. We are only the 3rd department in Arizona to have an accredited paramedic program. And there are only 20 nationwide.

Ambulance revenue is down a touch however we are substantially in the black. Normally by this time of year we would have had to pull a warrant from the county. We should be fine into April until the next round of taxes comes in.

One last thing with regards to the increase in personnel costs. Although we had pay increases and promotions, we also sent out a lot of personnel on wildland fires which we were reimbursed for.

We are finishing up grants for this year. We are putting in for additional heart monitors and a water tender. Also, a "safer grant" which would be reimbursement for 3 positions. And a regional grant through WVFD for hose, nozzles, tools, and adapters and that would be for everyone to share. Senator Kelly's office is saying they should be opening the congressionally directed funding again, but it is an election year so we will see.(Continued.)

We received an award from VFIS for safety. According to our insurance agent he has only given 5 in the last 20 years.

6. Mayer Chapter of the International Association of Fire Fighters Local #3066 (the Union) report

None

7. Consent Agenda:

- a. **Profit & Loss for January 2024**
- b. **County Treasurer's Report for January 2024**
- c. **Balance Sheets for January 2024**
- d. **Check registers for January 2024**
- e. **Petty Cash Report for January 2024**
- f. **Call Report for January 2024**
- g. **Out of District Report for January 2024**
- h. **Regular Meeting Minutes from January 17, 2024**

Member Lundeen motions to accept the consent agenda items a – h as posted.

Clerk Tang seconded the motion. The board unanimously approved the consent agenda.

8. Zoom (electronic) presentation of the June 30, 2023, audit by Lisa Parke with Walker and Armstrong LLP

Lisa Parke starts her presentation of the audit explaining her goal is to gain a common understanding of the financial performance of the district for fiscal year 2023. She thanks Suzanne & Patricia for providing the documentation for the audit.

Revenue in the general fund has increased by about \$292,000. The ambulance fund and wildland fund had a slight decrease. The district received about \$320,000 more dollars in grants. There were also some additional funds from a refund payment, physicals and training the district did.

On the expense side the district had an increase of about 1.4 million. The contributions to that were in emergency services, capital outlays, debt service payments and line of credit usage.

Lisa explains what the required communications are. It is information that they are required to tell you as part of the audit. Accounting process the district was required to implement the provisions of GASB Statement Number 96. It means that the district is now required to include long term liability on contracts for subscription arrangements that you have. An example of that would be Mayer Fire District, now has an emergency reporting software and that is now included in the long term liabilities. There are no other changes in the accounting policies or practices.

Financial Reports:

Pages 1-3 "Auditors Reports" - There is a concern, because of the districts negative cash position that raises financial doubt about the ability to continue. However, they have prepared these financial statements assuming the district will be able to meet all of its obligations. These financial statements are prepared on a modified cash basis which is allowed under the Arizona Revised Statutes. It also explains the responsibilities of management and the auditors.

Page 4 "Governmental Funds Financials Statement" – Consists of the general fund and the debt services fund. The debt services fund is the property taxes that are coming in from the bond that the taxpayers approved. Toward the bottom there is a transfer of \$59,000 due to the

USDA loan that was refinanced. When the loan was paid off the reserve was no longer required, and the money was transferred to the general fund. On the first column is "Operations" in the general fund. Interim governmental revenue of \$528,000, that increased by over \$300,000 primarily due to grant money. Next line "Charges for Services" is \$1.6 million which is down approximately \$150,000 from the previous year. "Other Revenue" went up a little. Under "Cash Disbursements" is emergency services which increased significantly mostly due to personal and workers comp. "Capital Outlay" increased over \$300,000 due to grants the district received.

Page 6 "Required Notes to Financial Statements" – Note 1 is significant accounting policies. There is one change, that is the subscription-based information technology arrangement. Those subscriptions must be disclosed the same as other long-term liabilities.

Page 8 Note 2 – is cash and investment notes. A breakdown of the district cash and provides information with regards to risk for investments.

Page 10 – The breakdowns of cash. The negative \$92,811 is a registered warranty with the county which is offset by the money in the payroll account. The county does charge 5% interest for the warrants. Note 4 describes the debt in future payments that are required for long term liabilities.

Page 12 – Note 5 Line of Credit. The district has a line of credit through the count of \$400,000. The district borrowed and repaid \$483,000 in fiscal year 2023. Note 6 – Other comments and it describes the terms of all the IGA's.

Page 17 – Pension Liability is up by over \$900,000.

Note 10 – The auditors felt this was required due to the district's cash position and its significant obligations. It didn't appear that the district would have sufficient funds to cover necessary expenses based on where it was at. Starting with inner governmental agreements there the district paid \$29,000 more than
(Continued)

taken in. The personnel cost increased by \$335,000 and the charges for services decreased by \$150,000. Capital outlays out of pocket expense was \$124,600.

Wildland revenue was down a little by approximately 7%. The primary concern is if the reserve is used up to pay primarily employee cost, those are reoccurring cost, they aren't one times fees. Chief Smith mentioned an increased tax rate which would give the district and additional \$140,000 in tax revenue.

Internal Control Report:

Determines what we can rely on and base our audit procedures on the risks that we perceive there to be. "Compliance & Other Matters" – Noted the district was out of compliance with Title 48 of the Statute (Arizona Revised Statute). Which means the district incurred unsecured debt through the use of a registered warrant in excess of the taxes that it levied and collected and it was not properly recorded in the districts adopted budget. The district was required to notify the county.

Comments on Report:

Member Lundeen states that overall, the report looks good however there is one thing that he takes exception too. And that is the statement that "the district has incurred loss of operations, has a cash deficit. It raised substantial doubt of the ability to continue is a growing concern." When the remainder of the report is read, we paid balances down. The notion of "substantial doubt" is a little too strongly worded. He also brings up the district was able to repay its registered warrant and is no longer operating in the deficit and shouldn't that argue against the language about the growing concern. As of now we are 7 months into the fiscal year and are in the positive \$287,000.

Several board members agree with Member Lundeen's statement. Also agreeing the language is harsh and contradictory.

Chief Smith added that there were expenses that had not been originally accounted for. For example, an ambulance remounted and the SCBD grant was lowered so we either had to turn down the grant or come up with the extra money needed. The SCBA's needed to be replaced because they were no longer in compliance and were unsafe.

A modified motion by Member Lundeen That the board acknowledges receipt of the auditor's report for the previous fiscal year. Member Junkins seconds. The board unanimously acknowledges receipt.

9. Flashing beacon – update from Member Lundeen

All the hardware has arrived. Yesterday Quail Construction started the installation, however it is going to be a little bigger of a project then they originally thought. The original quote was for \$2,200 and that was a blind quote so it will be a little more. It should be installed by Tuesday. However, that does not mean "working". For it to work we must install an antenna at the fire station. In order to (Continued.)

install the antenna, we will need to order some additional feet of coax cable due to only 50' being provided originally. It will take a couple weeks to get. The trucks will have remotes and a button at the station with a delay of 2, 3 or 5 minutes. This will help raise awareness that there is an emergency vehicle entering the roadway. **No action taken.**

10. Joint Power of Authority with Williamson Valley Fire District

Chairman Thurman and Member Lundeen met yesterday with the Chairman of the Williamson Valley Fire Board. We learned where their district boundaries are, and it is very sparsely populated. They have a lot of money in the bank due to their contract with the Freeport mine which has been using them for about 13 years. At this time, they are not in agreement to do a JPA. Because "if it's not broke why fix it"? However, we will continue to meet with them every 6 months to discuss the JPA and its future benefits. As of right now the IGA is working fine, we share equipment and salaries. **No action taken.**

11. Insurance coverage

Chairman Thurman would like to inquire about obtaining Director and Officers insurance for the board. We currently have a GL policy and not a DL policy. Can we add it to the next meeting agenda, so the council has time to do some research. **No action taken.**

12. Future Agenda items

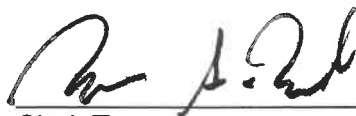
Possible DL policy. IGA's with Williamson Valley Fire District and Crown King Fire District. Update on Crown King Fire District progress.


13. Future meeting dates

March 20, 2024

14. Adjournment

Meeting adjourned at 6:40 p.m.


Clerk Tang


Date