

**APPROVED MINUTES OF A REGULAR MEETING OF THE MESCAL-J6 FIRE DISTRICT
HELD ON MONDAY, March 7, 2016**

Meeting called to order at 18:32 by Board Chair Lee. Present at roll call were Board Members Mark Lee, Jerry Conrad, Dan Simmons, Sue Dupee, and Mary Bowen. A quorum existed.

Item 1: Minutes: Mr. Lee asked the Board to review the draft meeting minutes from the regular Board Meeting held on February 2, 2016. Ms. Stites notified Mr. Lee that on the minutes, page 3, Item 9, after it says, "which carried 3-1," it should say, "Mr. Lee voted nay." Mrs. Dupee made a motion to approve the draft minutes with the correction noted by Mr. Lee. Mr. Simmons seconded the motion, which carried 5-0.

Item 2: Financial Report: This item was postponed to discuss agenda item 5: Annual Review, Fiscal Year 2015 first. Mr. Lee asked Chief Moran to give the Board a summary of the Annual Review, recently completed and submitted to Cochise County. Chief Moran explained that the Review is mandatory, yearly, by the state of Arizona, so it was expected and budgeted for. Also included in the Financial Summary is a receipt from Cochise County, which confirms their receipt of the Review.

Chief said that the Review discovered some bookkeeping errors and discrepancies in the last fiscal year. The District is not in receipt of the complete report at this time, which will detail the errors discovered. These errors, although not known exactly, will have to have carried over into the current financial snapshot and affected balances ever since. This is the primary reason there was no presentation of a complete Financial Report at this meeting.

Chief explained it was his intention to submit the corrected HB 2527 reports for June, July, and August 2015 at this meeting, but after the revelation of the Annual Report Summary, decided that anything reported was subject to change anyway. Chief noted that it is disappointing to learn of these problems nine months into the fiscal year, so this year the goal is to have the District's documentation submitted by July 15, 2016, so that anything that may be concerning from this year's review can be discovered on a more time sensitive schedule.

Chief Moran is awaiting a communication from Accounting Professionals, LLC regarding the specifics of the errors and discrepancies, and will move forward with appropriate action to correct the mistakes.

Chief presented the invoice from Accounting Professionals, LLC, for \$2,500.00. He needed Board approval since the amount is higher than his approval limit. Mr. Simmons made a motion to pay the balance of the invoice, upon receipt of detailed report from Accounting Professionals, LLC. Mrs. Dupee seconded the motion, which carried 5-0.

Item 3: Chief's Report: The Chief's Report will be postponed so that Item 2: Financial Report may be discussed.

Chief Moran presented a document which reported activity from February 2016. The chart listed Warrants, checks, EFTs, etc. but contains no balances, either beginning or ending. The reason for this is there are unknown discrepancies from past errors and he was reticent to publish balances that are already known to be affected. Chief gave the following current balances to each of the District's bank accounts. They are:

- National Bank: \$9,747.19
- Pima County: \$11,794.62
- Warrant Account: \$33,271.24
- Reserve Account: \$65,006.20
- Petty Cash: \$300.94

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This is a total of \$120,120.19 for all accounts, and there is another sum of \$25,354.61 of unrecorded deposits for December, and \$7,538.92 of unrecorded deposits for January, for a combined total of \$32,893.53. This amount is in the District's account, but is not reflected in the above stated balances. Chief Moran explained that the reason for these unrecorded deposits is due to a communication error with the accountant.

Chief noted that we are 67% through the fiscal year and have collected approximately 62% of budgeted revenue. There are two major expenses coming up, they are: \$14,772.00 Tender payment due in June, and \$5,000.00 for Dispatch, due in March. With all of the line items, the District has expended 75% of budgeted payroll, is within budget for supplies and equipment, and insurance and significantly under budget in all other accounts.

Chief Moran said that although he wished he could present some more definitive numbers, he is confident the District is fiscally sound and will be able to carry over plenty of money into the summer. There is also still a balance of approximately \$50,000.00 in tax revenue due, based on past year's collection.

Mr. Simmons asked Chief Moran if we are making progress correcting the accounting errors, transition to the new accountant, etc. Chief Moran said that progress is being made, and he is confident that our financial status is sound, but unfortunately the negative result from the Annual Review is a set-back that will have to be worked through on top of the other corrections and adjustments to be made.

Mr. Lee said that a check from the Reserve Account was written for \$6,153.98 to B-J Drilling. Initially the company was called to assess the problem with the well at Station Two. In the end, a new well had to be drilled and because of the series of events, the District was unable to collect bids and choose the company based on those bids.

Mr. Lee made the following statement: The Board is aware of concerns regarding the District's financial reports and we are taking steps to address those concerns. To date, the District has incurred "out of pocket" expenses in excess of \$2,500.00 and expect to spend another \$2,500.00 before this matter is resolved, if in fact it is resolved to the public's satisfaction. That does not include the significant amount of staff time dedicated to this project.

Some may applaud tenacity, but in this case it is counterproductive, diverting financial and human resources for more worthwhile projects. One may have the legal right to pursue this course of action, but you have a moral obligation to our fellow taxpayers, to give the process time to work itself out.

Item 3: Fire Chief Report: Chief Moran presented his Chief's report.

- There were 46 incidents during the month of February 2016.
- Training consisted of patient assessment, AED Training/Vehicle extrication.
- Apparatus maintenance included minor repairs and modification to B171 in preparation for Wildland season, R171 pump was serviced by MJFD staff. Modifications to T173 have been stalled as funding is reviewed.
- The first payments collected by the District's new billing service are coming in. It isn't much yet, but we have great expectations.
- The well house at Station Two froze a few weeks ago and caused a needed repair. Chief said he will budget funds to insulate that building for next winter.
- The County wide Mutual Aid agreement has finally been signed by all parties

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- From July 1, 2016 through March 7, 2016, The District has run 311 calls, while in the same time period in 2015 ran 255 calls. The increase is due to increased MVA on the I10 during construction, but more 911 calls in general. There is also an increase in out of District calls. Chief feels like there is a moral and ethical duty to respond to these calls but only permits it if the staffing is such that the District isn't left without representation while on an out of District call.
- The prediction for Wildland season is severe. The District received a red-flag warning on Sunday, March 6, 2016, and there were in fact two small fires.
- The Edmund's Land Purchase, adjacent to Station Two is complete and finalized.
- ADOT 2015 Crash Statistics – 891 MVA fatalities for 2015, which surpasses the 2014 number of 773 fatalities. Speeding, impaired driving, and failure to use seat belts were factors in more than a third of MVA fatalities.

Item 4 Rules and Procedure for Governing Board Meetings: Chief Moran presented the already discussed and revised document, for Board approval. Because the rule says that the document must be approved at the next regular meeting directly after being discussed and passed. Due to this fact, it was decided that approving this movement would again appear on the agenda for approval in April 2016.

Item 5 Annual Review, Fiscal Year 2015: Please see discussion and detail regarding this agenda item, in the section for Item 2 above.

Item 6: Policies and Procedures: Time did not allow time to prepare to present these revised Policies and Procedures.

Item 7: Upcoming Budget Process: Chief presented the Combined Tax Levy Limit. He stated that last year our levy was \$1.3249 and this year our levy, combined, is \$1.4599. This needs to be published on line and in a public place for a minimum of 20 days then have a public hearing to approve. The timeline is as follows:

- May 2, 2016 – Submit Draft Budget to the Board for discussion and approval. This would need to be posted on line and in three public places by May 9, 2016 for a minimum period of 20 days
- June 6, 2016 regular Board Meeting should include the Public Hearing to approve the final budget. This meeting could include any final changes that arise. This approved budget would need to be posted on line by June 8, 2016.
- On July 15, 2016 the information for the current Fiscal Year Annual Review will be sent to the Accounting Professionals, LLC.
- August 1, 2016 we have the Budget certification and Budget submitted to Cochise County.

Chief suggested an additional meeting before the May 2, 2016 meeting to ensure every issue has an opportunity to be discussed.

Chief will also be consulting with Curtis Ohlhauser, CPA to be sure that every line item is captured this year, to help avoid mistakes in the new fiscal year.

The Five-Year Plan will also be discussed and updated during this process.

Chief Moran confirmed this will include the Reserve Budget as well.

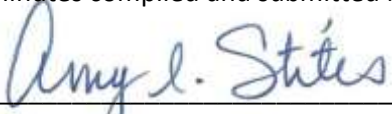
Mrs. Mary McCool, a member of the Community asked if "Before the budget is presented, will the current accounting be brought up to date? Mr. Lee responded, "That that is the District's expectation."

Item 8 Call to the Public: There were no comment by anyone member of the public.

Item 9: Adjourn: Motion to adjourn the meeting by Mr. Conrad, second by Mr. Simmons, motion carried 5-0. Board Chair Lee declared the meeting adjourned at 19:24 hours.

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Minutes compiled and submitted by:



Amy Stites, March 9, 2016

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