

**Sun Lakes Fire District  
Budget and Finance Committee  
November 9, 2010  
Station 232 Classroom  
Meeting Minutes**

The Sun Lakes Fire District Insurance and Legal Committee met November 9, 2010 in the Station 232 Classroom. The meeting began at 10:25 AM. Attendees included Board Members Sellers and Price, Fire Chief Wilson, Deputy Chiefs Guerra and McCoy, Finance Manager Elikan and Union Local 3560 President Kenyon and Vice President Puchta.

**Item 1. Review and Discuss Proposed Addition to Policy Manual—Section 100.20  
“Accounting Fund Balance and Contingency”.**

This item was presented by Fin. Mgr. Elikan.

Ms. Elikan explained that Government Accounting standards necessitate Fire Districts and other similar agencies to have an Accounting Fund Balance and Contingency Policy in place. This policy covers balances, what the money can be spent on and how it is accounted for. Additionally, the policy requires Fire Board approval by Resolution of expenditures from the fund. She reviewed the allowable uses of this fund for things such as catastrophic liability expenses, fuel increase of over 50%, etc.

Ms. Elikan noted that this policy puts in writing essentially what the District has been doing historically. She also stated that the policy as proposed does not establish either a minimum or a maximum amount that can be in the fund.

Discussion followed on allowed uses of the fund with Ms. Elikan stating that the proposed policy provides criteria for the Contingency Fund, however, the Board can change or override the policy by Resolution for cause.

There was general consensus that the proposed policy should be presented to the Board with the recommendation to enact the policy.

**Item 2. Review and Discuss Two Proposals:**

**a. Amend the District’s Fiscal Year 2011/12 Capital Budget.**

**b. Transfer FY 2009/10 Ambulance Revenues to the Capital 960 Account.**

This item was presented by Fin. Mgr. Elikan.

Ms. Elikan explained that she was proposing amending the FY 2011/12 Capital Budget by moving funds from prior years into the Capital 960 Account to cover additional expenses incurred as part of the recent Engine and Ambulance purchase. The additional expenses were caused by Transaction Privilege Taxes imposed on both purchases. The amounts are \$38,260 and \$11,500 respectively.

Additionally, \$24,775 was recovered from Medicare by Medclaim Data Services, Inc. for ambulance billings from the FY 2009/10 period.

A brief discussion followed. There was a general consensus that the two proposals should be presented to the full Board at the next meeting as written.

**Item 3. Review and Discuss the District's Fiscal Years 2011/12 Financial Forecast:**

This item was presented by Chief Wilson and Fin. Mgr. Elikan.

Ms. Elikan reviewed the Maricopa County tax revenue projections for 2010, 2011 and 2012. She noted that the current tax rate is \$2.60 and the County is predicting a 12%+ decrease in the property valuation for 2011. To date the County predictions have been very accurate with the 2010 prediction within ½% of the actual tax revenue. If the tax rate is maintained at the same level in 2011, there will be a \$1.2 million shortfall in revenue over 2010. Several scenarios were presented with different tax rates with most showing a decrease in total revenue over FY 2010.

Discussion followed on ways to maintain a break-even (same total revenue as 2010). Chief Wilson stated that the tax rate would need to rise to \$3.17 next year and \$3.55 the following year. He noted that this would bring the District tax assessment up to the limit and over possibly requiring an Override Assessment vote. Chief Wilson noted that if an override vote would be needed, preparation work would need to begin in 2011 for a 2012 vote due to the time required for filing with the County. The Chief also stated that in order for the District to request an Override vote in 2010, there would have to be a 20% decrease in total revenue for the two preceding years of 2010 and 2011.

Board Chair Sellers asked the Chief if he could arrange for someone familiar with Override issues to attend a full Board meeting and make a presentation to the Board concerning the ramifications of putting an Override vote before the residents. Chief Wilson agreed to arrange such a presentation in the first part of 2011. He suggested John Flynn who is the lobbyist for AFDA and also a State expert on Overrides.

Chief Wilson suggested that after the Holidays, the Budget Committee should begin deliberations on the tax rate issue for the coming years as that would determine the total amount of money available for expenditures and define the budget goals for FY 2011/2012. The Budget Committee Members indicated support for a \$2.80 tax rate, so staff will begin the preparation on the 2011/12 Preliminary Budget.

**Item 4. Review and Discuss a Proposed Two Year M.O.U. with Local 3560 for Fiscal Years 2011/12 and 2012/13:**

This item was presented by Chief Wilson.

Chief Wilson recommended that the Board enter into a two (2) year M.O.U. with Local 3560 such that a core document is developed and agreed upon for a two year period. If the Board chooses to revisit particular elements of the agreement in the second year of the M.O.U. that is a possibility. Chief Wilson noted that a large amount of work goes into developing an M.O.U.

whether it is a one year or a two year agreement. Having a two year agreement will also enable the District to better budget expenses in the next two years.

Union President Kenyon stated that the two year agreement concept would need to be presented to the Union Membership for their agreement. He noted that a one year agreement is much more acceptable to the Union because it makes adapting to changing economic factors much easier.

Chief Wilson replied that the two most challenging issues in the next two years will be Cost of Living Raises and Health Insurance. How each is decided will significantly affect the District's ability to retain and recruit employees as well as how the budget balances. He also noted that a two year agreement impacts the Union because by the Meet and Confer Agreement, they are required to provide management with a list of items that they wish to negotiate before December 15, 2010 and that list will change depending on whether the M.O.U. agreement is a 1 year or a 2 year agreement.

As part of this issue, a discussion was held on the potential changes reported to be coming in the health insurance field. The changes at this point are not well defined but are expected to impose more requirements and most likely more cost. No conclusions were reached other than to closely monitor Congressional developments on the health care issue.

A consensus of agreement on the One Year versus the Two Year M.O.U. was not reached. Management will continue to recommend a Two Year M.O.U. to the full Board and the Union will continue to ask for a One Year M.O.U.

**Item 5. Review and Discuss Prior Year Adjustments for Fiscal Year 2009/10:**

This item was presented by Fin. Mgr. Elikan and Fire Chief Wilson.

Ms. Elikan began her presentation by calling the Committee's attention to good news. She noted that in FY 09/10 the total interest cost to SLFD for the use of the Tax Anticipation Credit Line was about \$400. The total interest earned from all sources was \$10,500.

Ms. Elikan went on to explain the adjustments that were made for FY 2009/2010 which among other items included funding of the accrued vacation and sick time currently on the books.

**Item 6. Review and Discuss Development of the District's Fixed Asset Ledger:**

This item was presented by Fin. Mgr. Elikan and Fire Chief Wilson.

Ms. Elikan stated that a Ledger has been developed that lists all of the Districts Property and Equipment with a value in excess of \$2,500. The list includes when the item was bought or put in service, what the expected life is and the appreciation that is booked each year.

Chief Wilson noted that this list will be very valuable in setting up "sinking funds" for replacements of items as small as nozzles.

The meeting concluded with Chief Wilson stating that the Proposals presented in Items 1, 2, and 4 will be on the agenda for the next regular Board Meeting (November 16, 2010). Union President Kenyon reiterated that the 2 Year M.O.U. concept would need to be presented to the Union Membership for their agreement.

There being no further business, the meeting was adjourned at 11:55 AM.