

**Sun Lakes Fire District
Budget & Finance Committee Meeting Minutes
March 9, 2010**

Call to Order:

A meeting of the Sun Lakes Fire District Budget and Finance Committee was called to order by Board Chair Sellers at 9:00 A.M. at the Fire Station 232 Training Room. Board Chair Sellers and Board Treasurer Price were present. Others in attendance included Fire Chief Wilson, Deputy Chief Guerra, Finance Manager Elikan, Union President Kenyon and Vice President Puchta.

Introduction

Chief Wilson opened the meeting by explanation of the budget projections presented were based on reductions made by staff and the presentation was a preliminary 2020/11 budget. He then introduced Finance Manager Elikan to go through the details of the Agenda.

Agenda Item 1 - A presentation was made by Finance Manager using graphs showing fiscal years 07/08 through 13/14 of the District's actual and estimated 2010 Net Assessed Property Valuation, Tax Rate to Support Services and Median Home Value (Graphs are available as part of the Agenda packet- labeled Page One).

Finance Manger Elikan pointed out fiscal years (FY) 07/08, 08/09 and 09/10 were actual numbers and FY's 10/11 and 11/12 were County Assessor and Treasurer projected number (which historically have been within 1% variance) and FY 12/13/ and 13/14 were SLFD staff forecasts.

Treasurer Price asked about the tax rates and the implication for a District Tax Override. Fire Chief Wilson indicated that staff believed, with the support of Labor and the approval of the Board, that balancing the FY 10/11 budget was possible, without an override election in November of 2010. It would require an increase in the tax rate, to correspond to the reduced property valuation, and applying FY 09/10 carry-over and ½ of the capital improvement reserve funds to the operating budget.

Chairman Sellers stated he wasn't too concerned about an adjustment to the tax rate, as long as the taxpayers continue to pay less or the same as their previous tax year amount, to the Fire District.

Finance Manager Elikan mentioned she had a good rapport with the County Assessor's and Treasurer's Office staff and believed they were providing the District accurate information.

Agenda Item 2 - Finance Manager Elikan continued her presentation with a chart of revenues, projected tax rates and expenditures for FY 2008/09 through 2013/14 (Chart is available as part of the Agenda packet- labeled Page Two).

Finance Manger Elikan concluded her presentation with a summary level spreadsheet of the FY 10/11 Operating Budget, which illustrated revenues, expenditures and reduction of expenses by program managers and administration (Spreadsheet is available as part of the Agenda packet- labeled Page Three).

Union VP Puchta asked what the Acct # 4592 of 959 Interest amount of \$7,500. was and why it had been reduced by \$17,500.? Finance Manager Elikan responded it was interest earned from the County after

the property taxes were collected and deposited, but not yet been requested as warrants, by the District. She indicated the reduction was due to a very low interest rate, paid by the County. There was discussion by Chairman Sellers and Treasurer Price about some of the details of the FY 10/11 Preliminary Budget, with responses provided by Finance Manager Elikan

Chief Wilson indicated the Union and Administration had agreed there would be no Cost of Living Adjustments (COLA) for FY 10/11 or 11/12. Chief Wilson stated the Meet & Confer process was going very well. Labor and Management are schedule to continue Meet & Confer on march 23rd and the goal is to have a two year MOU agreed to prior to May 2010.

Chairman Sellers commented he had no raise in his Pension or Social Security, for the first time in 21 years, since he retired.

Chief Wilson asked for direction from the Budget & Finance Committee, Based on the assumptions of:

- 1.) the FY 10/11 tax rate would need to adjust from the current rate of \$2.3288 to \$2.60 AND
- 2.) the FY 09/10 carry-over funds estimated at \$350K would need to be applied to the FY 10/11 Operating Budget AND
- 3.) the FY 09/10 funding of the Capital Improvement Fund would need to be reduced by ½ which equates to \$200K would need to be applied to the FY 10/11 Operating Budget.

Was the Budget & Finance Committee comfortable with the approach staff had taken in preparing the FY 10/11 preliminary budget?

Chairman Sellers and Treasurer Price both indicated they were O.K. with the FY 10/11 preliminary budget preparation assumptions.

Treasurer Price asked if the Union representatives had any comments?

Union President Kenyon responded their members knew what the economic situation was and they were working as a group to come up with a proposal that would keep everyone working and maintain wages & benefits intact, as much as possible.

He stated they believed, as firefighters, EMT's and paramedics, they deliver quality customer service which creates support from the residents for the District services, regardless of the tax rate.

He stated the members of Local 3560 would be there, for the residents, regardless of the economic challenges.

Chief Wilson stated he was proud of the process which allowed Labor, Elected officials and Management to meet in this type of forum to discuss the budget preparation. He stated that was not the norm for other organizations, however in Sun Lakes it is appreciated and builds trust between the parties involved.

Chief Wilson stated the Insurance Committee was scheduled to meet on March 17th to determine the Property, Auto, & Liability Insurance Costs for FY 10/11. Additionally, the Insurance Committee is scheduled for a 2nd meeting on April 20th to determine the Medical, Dental, Life and Disability Insurance costs for FY 10/11. After those meetings, the goal is to have a consensus on the FY10/11 & 11/12 MOU

with Labor. Staff would prepare a final version of the FY 10/11 Preliminary Budget and proposes to have a Budget & Finance Committee Mtg. on May 5, 10 @ 9:00 a.m. to review the budget.

Chairman Sellers and Treasurer Price indicated their calendars were available for the May 5th meeting.

Agenda Item 3 - Discussion of the Professional Audit Services currently provided by Heidenreich & Heidenreich CPA's.

Chief Wilson stated the reason staff wanted direction on this issue is the Auditor reports directly to the Board of Directors. The District used Daggett & Daggett CPA's for approx. 12 years prior to 2008 when Heidenreich & Heidenreich CPA's was engaged to perform the District audit. It is common practice to retain audit firms for 3-5 years, and Heidenreich & Heidenreich CPA's has only completed two audits for the District . However, if audit proposals were solicited from other audit firms it might give the District an advantage in negotiating with Heidenreich & Heidenreich CPA's, if the District Board wanted to continue with their firm, as the auditor.

Chairman Sellers and Treasurer Price both indicated they were O.K. with soliciting proposals for audit services from Heidenreich & Heidenreich and other audit firms.

Adjournment

There being no further business to come before the Budget & Finance Committee, Board Chair Sellers declared the meeting adjourned at 10:10 a.m.