

**MINUTES OF THE REGULAR MEETING OF THE
GROOM CREEK FIRE DISTRICT BOARD OF DIRECTORS
HELD
October 4, 2022**

The Regular Meeting of the Groom Creek Fire District Board of Directors was called to order on Tuesday October 4, 2022, 18:00 hours, at 1110 E. Friendly Pine\$ Road - Prescott, Arizona

Agenda: Regular Meeting –

Meeting called to order.

Pledge of Allegiance

Roll Call

Present at the meeting were the following members of the Groom Creek Fire Board of Directors Andy Nilsen, Chairman, Board Treasurer Jennifer Haslip, Board Clerk Michael Valenza, Board Member Eric Rogers and Board Member Andy Lamar. This represents a quorum, and the meeting was continued and chaired by Board Chairman Andy Nilsen, according to district bylaws. Also, present were Robert Miller, Attorney for the District and Administrative Assistant to the District Pat DeGraff.

Notice: The following acronyms may be used throughout this document GCFD = Groom Creek Fire District, GCFFA = Groom Creek Fire Fighters Association, PSPRS = Public Service Personnel Retirement System, Haz Mat = Hazardous Materials.

Approval of minutes:

Regular Meeting September 6, 2022

Motion

Nilsen

Seconded

Rogers

Vote

Unanimous

Public Appearances:

In accordance with the Audit requirement for the Financial Results of the District for the year ended June 30, 2021, Jim Saunders from the CPA firm of Saunders Co. was connected to the meeting by telephone. Mr. Saunders reviewed the purpose and findings of the Audit and stated that the Financial Statements were fairly presented in all material respects and in correct format. He also noted that the information reviewed supported the clean opinion reported. He noted that they also reviewed the system of internal controls and noted that there were certain deficiencies related to cash controls as well as unrecorded liabilities.

It was noted that the outside bookkeeper overrode internal controls resulting in the theft of approximately \$187,000, which was subsequently prosecuted for the theft perpetrated. The District has since hired a new accountant and implemented additional internal controls to help prevent a similar embezzlement from occurring in the future. It should be noted that the enhanced controls cannot ensure that future fraud or theft will not occur rather the new controls should support in the early detection of similar matters unless collusion of multiple staff is involved. In addition, there were certain payroll related accruals that were not recorded in the correct periods and were recorded in the current fiscal period in the amount of approximately \$23,000. New policies were adopted to avoid the carryover of significant payroll liabilities.

Community Comments: Community member thanked the District for the Spaghetti Dinner.

Chief's Report:

Calls for service for August: 14 EMS calls, 8 public assistance, 1 false alarm and 1 car accident.

Calls for service for September: 9 EMS calls, 2 public assistance and 1 car accident.

Chief reviewed the experience of the team during the Off-District assignment in northern California. A significant amount of experience was gained. Chief noted that the cost of the assignment was substantially covered by the agency benefited by the assignment.

Chief updated the Board regarding the BC/BS Health Insurance refund and that no amounts were due to the participants. The full refund of \$1,495 will benefit the District.

The Chief then reviewed in detail the 5-Year Capital Improvement Plan with the Board. If any community members would like to see the Plan Details, it will be available at the station. As an introduction to the presentation the Chief voiced his concerns that the communication between the Board and the Chief needs to be improved to enhance the efficiency of the operation of the District. Motion was made to approve the plan as stated and to grant the Bonus to be paid at the end of the current Fiscal Year. Motion made by Mike Valenza, seconded by Andy Nilsen and unanimously approved.

Financial Reporting: Jennifer Haslip, Board Treasurer reviewed August 31, 2022, Financial Statements

Financial Report for August 31, 2022:

1) General Fund	\$ 4,107
2) PNC Payroll Acct	\$6,000
3) Line of Credit/Warrants	\$22,551
4) Capital Reserve	\$5,215

Note that the bank only requires \$5,000 as an imprest amount but we will hold \$6,000 to assure we do not fall below due to unexpected charges.

Variances to Budget Noted:

Overall, the YTD Budget to Actual was favorable by approximately \$13,500. Tax Revenue was favorable by approximately \$4,000, Off-District Income \$4,000 and Donations \$2,100. Expenses were net unfavorable by approximately \$2,800, including increases in Payroll, and various positive and negative amounts due mostly to timing of payments for expenses.

Chairman Nilsen reiterated that the process for the Line of Credit vs Registered Warrants is different than what we understood. He noted that borrowings under the Line of Credit will be used first and then any additional funding needed will come from Registered Warrants. The county informed us that the Line of Credit interest rate is currently 5% and the Warrant interest rate is 3.3%.

Motion to Approve the August 31, 2022, Financials was made by Michael Valenza and seconded by Jennifer Haslip. No discussion. Vote all in favor. Motion Passed.

Old Business: None

New Business:

Jennifer Haslip notified the Board that a PSPRS excess contribution was discovered by the State, dating back to 2016. These amounts will need to be refunded to the participants at the employer level. The excess contribution amounted to approximately \$55,000 for 6 participants. The District will be required to refund the amount and then receive credits against future required payments to the PSPRS. The timing of the payments and credits are being negotiated with PSPRS. Based on the monthly credits the District will receive it will take approximately 10 months to receive the full credit from PSPRS. In order to avoid having to borrow against the Line of Credit, we will wait to see the amount of Tax Revenues received to set the timing of the payment to the Participants.

Board Member Comments:

Jennifer Haslip commented that her intention in being on the board is to be helpful and to determine ways to be more helpful to the District. Mike Valenza voiced the same intention that we are here to help and will be better at communicating with the District.

Chairman Nilsen also noted and thanked Jeanne Burton and Jan Simmons for their donations to the District.

Community Comments: A Community member voiced her concerns that there appears to be friction between the Board and the Chief and particularly with Mike Valenza's and Jennifer Haslip's comments regarding the Chief's need for training in Financial Matters and to the Chief's Bonus criteria. She noted the extreme problems in the past, which pre-date most of the members of the current Board, and the role that the Chief played in solving the problems needs to be acknowledged. She also noted that she has concerns about the Chief being able to develop a 5/10 Year Capital Improvement plan.

Adjournment:

Andy Nilsen, Board Chairman made a motion to adjourn. Eric Rogers seconded the motion and there was no discussion, the motion passed unanimously. The meeting was adjourned at 19:32 hours.

November 1, 2022 by: _____ Board Clerk, Michael Valenza