



SUNSTITES-PEARCE FIRE DISTRICT

SERVING RESIDENTS OF THE SUNSTITES-PEARCE FIRE DISTRICT,
AND NEIGHBORING COCHISE COUNTY

Mailing Address: PO Box 507, 105 TRACY ROAD PEARCE, AZ 85625
PHONE: (520) 826-3645; FAX: (520) 826-3586

Sunsites-Pearce Fire District Regular Meeting December 17, 2013

1. **Call to Order.** The meeting was called to order at 10:30 a.m. by Mr. Schelling.
2. **Pledge of Allegiance.** Margaret Rydzak led the attendees in the Pledge of Allegiance.

Mr. Schelling made the statement that it looked like the District would be able to go forward and get the heat installed in the building.

3. **Call to the Public.**

Mr. Cletus Frei spoke in reference to Interim Chief Steinberg and stated that he was the basically the CEO of the District even though Tom Schelling is the Administrator. Mr. Frei would like to see more reports on the condition of the Station in the future. He further stated that he felt that Josh needed to make dramatic decisions to ensure the future of the District, making the comment that "we depend on it, we depend on you".

Mr. Frei then directed his comments to Mr. Schelling. He stated that there is no gray area concerning his appointment. He further stated that it appeared that Mr. Schelling was concerned regarding a certain finance committee member who may or may not have documentation. Mr. Frei inquired why Mr. Schelling was not concerned with the boxes of files removed from the District by former chief, Paul Petersen. In addition, Mr. Frei inquired as to why the District hasn't sought criminal charges against Petersen for destruction of public property for tearing out the heating unit in the Station which Mr. Frei understands will cost the District approximately \$14,000 to replace. Petersen had no authorization from the then current board in which former chairman, Robert Fino was in charge. Mr. Frei went on to state that he believed a permit should have been required to remove the heating unit. Mr. Frei believes criminal charges for destruction of public property are in order. In addition, Mr. Frei stated that charges should be filed against former chairman, Robert Fino, and former board member, Candace Roll, for unlawful distribution of public monies for payments made to former chief, Paul Petersen, in the form of PTO (Personal Time Off) without board approval.

Mr. Frei went on further to state that Mr. Schelling had an executive meeting several weeks ago on a Saturday with Interim Chief Steinberg which Frei believes to be a violation of Open Meeting Law. Frei wants to know what was discussed and what was decided. He further

stated that Schelling must follow the rules just like a board and if it was too much for him to step down as he did.

Mr. Frei then moved his comments regarding the lack of a heating unit in the Station. He stated that if the heating unit was not installed soon, the employees needed to file a complaint with OSHA. If the employees feel they need to worry about retaliation or retribution, they shouldn't worry about it and can get in line right behind Lori Tucker.

Mr. Frei indicated that Schelling could spend the monies however he must first amend the budget pursuant to the District rules. Submit it to the District and to the County for approval. Only then can the monies from the sale of the ambulance be used.

Frei then moved forward regarding Schelling's pay. He stated that according to Title 48 according to Richard Searle, from the Board of Supervisor's Meeting held on March 1, 2013, he said and Frei quoted:

"Mr. Tom Schelling as administrator to administer the Pearce-Sunsites Fire District, with the same duties and obligations of the elected Fire District Board pursuant to ARS 48-803.B. Chairman English seconded the motion."

Frei quoted the Statute as follows:

"If a vacancy occurs on the district board other than from expiration of a term, the remaining board members shall fill the vacancy by appointment of an interim member. If the entire board resigns or for any reason cannot fulfill its duties, the board of supervisors shall appoint an administrator to administer the district with the same duties and obligations of the elected board. If the board of supervisors fails to appoint an administrator within thirty days, a special election shall be held to fill the vacancies on the fire district board." Members of the district board shall serve without compensation, but may be reimbursed for actual expenses..... (sic)

Frei then stated that it did not say anything about Schelling getting paid or receiving insurance. Frei went on further to state that he could not find anywhere in the Statutes that Schelling could receive pay. He stated that Schelling was a Special District Administrator that he receives compensation for. He further stated that Schelling was the Administrator of this Board which was two completely different entities. Frei stated that Schelling should check into that and that Schelling may be liable to pay back his insurance benefits he received.

Schelling responded that a Resolution was passed by the Board of Supervisors. Frei interrupted Schelling inquiring if Schelling was to initiate a conversation. Schelling responded that he was able to respond to criticism. Schelling continued stating that the Board of Supervisors passed a Resolution which has an amount set by them for an Administrator appointed by them to govern a District. Schelling agreed that an administrator was different than an elected official. Elected officials do not get reimbursed but an

administrator is like a management company that was hired to take care of the District and that is why he gets reimbursed for his time.

Frei stated that the Board of Supervisors are not able to pass a Resolution in violation of ARS. Schelling responded by stating that Frei should take the matter up with the Board of Supervisors.

Next to speak at the Call to the Public was Louise Lance. Mrs. Lance began by stating that she was disappointed in Schelling. She thought that when Schelling came to the District he would teach the correct way to do things. She was upset when Schelling stated that the insurance matter was a gray area with Josh sitting there listening to it. She expects more of Josh or anyone in the position of Chief. She further stated that there is only one way to do things; and it is the correct way.

Mrs. Lance went on to say that she felt the tax dollars were being wasted and referenced Ann Carl's bills for September and October in the amount of \$1,202.50 in reference to the EEOC matter when the insurance attorney is free. Lance inquired if Carl read all of the documents in reference to the IRS matter and the emails between Lori and the County prior to talking with the EEOC. Lance stated that the matter should have been turned over to the insurance attorney at the very beginning.

Lance then moved on to state that she was upset with Schelling when she brought up the matter with Lori Tucker. She stated that Schelling rolled his eyes when she stated that Lori did a good job except she wasn't trained. Lance stated that Carl charged \$647 for attending the last board meeting and last month's bill was \$1,868. Lance stated that Carl sat at the last board meeting and did nothing. Lance went on to say that everything the employees have given up Schelling is using for attorney fees. She brought up the loss of mileage reimbursements for work related duties.

Lance then moved on to the heating matter. She indicated that the District did not have the money to fix health issues, water pipes and computers for the lack of heat. She is concerned about health issues in the office and recommended that everyone contact OSHA and file complaints and she will back every individual even if it means going to newspapers and TVs as she has in the past with the Tax District.

Lance believes that Schelling and Carl have a conflict of interest. She feels that Carl is a co-administrator. She further stated that Schelling has turned political and is not working for the benefit of the Fire District and not providing transparency.

4. **Consent Agenda**

A. Approval of Warrants. Mr. Schelling approved all Warrants.

B. Approval of Expenses. Mr. Schelling approved all expenses

C. Approval of Minutes from the November 19, 2013 Meeting. Mr. Schelling approved the Minutes from the November 19, 2013 Meeting.

5. **Financial Reports.** Jill Schultz went over the Financial Reports with Mr. Schelling. See Attached Report. Schultz indicated that the District received real and personal property taxes in the amount of \$77,181.40 in November which was approximately \$10,000 more than the District received in November of last year. However, the District will not see the amount of tax revenue received last year due to the reduced tax rate and the foreclosures. Schultz stated that the District is now receiving monthly statements from Cochise Collections and she is working with them if any additional information is needed to assist them in their collection procedures. Schelling inquired as to the current balance; Schultz stated that the current balance as of today is \$61,147.32. Schultz stated that all bills have been paid, the accounts payable is 0 and payroll has been covered.

Mrs. Lance inquired as to the Cochise Collections matter. Schultz responded that Mrs. Patience had assisted her in the matter and it had been referenced in past Minutes. Fry Fire turns past due accounts over to Cochise Collections. There were no records of Cochise Collections existing and the account had become stagnant. Schultz contacted them and began working with them. Administrator Schelling approved the financial report.

6. **Fire Chief's Report.** Due to Interim Josh Steinberg's absence, Administrator Tom Schelling read the Chief's Report. See attached.

Administrator Schelling approved the Fire Chief's Report.

7. **Fiscal Year 2012-2013 District Audit.**

A. Follow-up Presentation/2nd Review of Independent Audit by Monika Patience. Mrs. Patience began by indicating why the District has an audit. She stated that the District has to account to the taxpayers and the taxpayers need to know where the money is going and to receive the service they expect. In addition, other interested entities such as the Board of Supervisors and the Auditor General all need to know that the funds are being used appropriately.

Mrs. Patience briefly explained the new Senate Bill 2572 that became effective in September of 2013 and how it affects the budget process.

Mrs. Patience then stated that the District was doing well. She explained that a majority of the revenue received by the District was directly deposited into the District's bank account and the largest expense of the District was payroll. She stated that all of the monies of the District were accounted for.

B. Comments and Questions by Administrator. Administrator Schelling inquired of Ms. Patience if during the course of preparing the audit did she find any deficiencies in the billing process that were corrected. Patience responded that in the previous year ambulance billing was going through the recertification, which takes time. An error was made as to the zip code and Medicare will not pay unless everything balances out. When that was corrected, Medicare made the payments. Schultz inquired of Patience if she was referring to the Post Office Box; Patience responded that she was referring to the Post Office Box, not the Zip Code.

Patience indicated that there are no problems and that she spoke with Fry Fire about any calls they received or second billings and they indicated that they used to receive calls from patients inquiring as to why they were being billed when their bills had been paid, however that does not happen anymore.

Schelling then inquired if there were any deficiencies regarding Minutes or Agendas. Patience responded that all Minutes were accounted for. She indicated that at the beginning of the year she found minutes from an emergency meeting, however all postings were correct.

Schelling then inquired of Patience of addition calculation errors. Patience responded that she had made an error of \$200 from a typographical error. She further stated that Schultz had contacted the Auditor General and they recommended leaving it as it was. Schelling inquired if the bottom calculation was correct and Patience stated that it was.

C. Public comments regarding audit. Mr. Frei inquired as to the amount of work that Ms. Patience did in working with Schultz in getting the books in order, such as chart of accounts, Fry Billing and other matter that were not being done that she had to do in order to do the audit. Frei stated that he was familiar with audits and that the audit was very good, other than the minor typographical error. Frei stated that he realized that there was a lot of work to be done and that Schultz assisted her and he wanted the District to know how much work she did with Schultz to get the books corrected and in order and understandable to complete the audit. Patience responded that there were some entries that were not correct but Schultz knew about them and told her about them. Schultz had inquired of Patience how to correct them due to her being told she could not change anything and could not make journal entries. Frei inquired as to who told Schultz that. Patience responded that she believed it was the accountant. Further discussion was had whereby Schultz responded to the question regarding the journal entries that she was instructed by the former chief and the former board to not make journal entries and they were to be left to the account. Frei then inquired as to who was the accountant. Patience responded James Saunders. Frei further inquired if Saunders could be the accountant and the auditor at the same time. Patience responded that there was an individual working for him that made the entries. Frei inquired if that would be a conflict of interest. Patience indicated that you are not supposed to do journal entries when you do an audit. Frei stated that he was talking about the auditor and the accountant at the same time and wanted to know if it was Oberrueter that was making the entries and what his association was with Saunders. Patience responded that she had no idea.

Frei then inquired if the former board's chairman and treasurer instructed Schultz not to make journal entries. Schultz responded by stating she was told by the former chief and James Saunders. Frei inquired if Schultz was referring for former chief, Paul Petersen. Schultz stated that was correct.

Frei then stated that caused the District's residents concern about where funds went especially considering the statements Paul Petersen made about \$1 million mistakes, embezzlements and erroneous statements to the IRS which got the District into this mess

which caused all these problems. Frei stated to Schelling the residents wanted the whole truth and were pushing for a sound District. Frei stated that Schultz and Steinberg had really stepped up. Frei is just trying to get to the bottom of all the uproar within the community and the District and he believes it was Paul Petersen, who had a great influence over the employees of the District, Robert Fino and Candace Roll.

Schelling commented that whatever former chief Petersen, Fino or Roll did or didn't do, Ms. Patience has gone through and put things in order and completed a decent audit which is a clear audit. Those matters are in the past and the District is trying to move forward. Obviously there were issues with former chief Petersen and that is why he is former chief Petersen. There are some matters the District is looking into such as pay which was discussed at the last meeting. Schelling further stated that the District was not even required to do an audit due to the budget amount, however due to the issues the District went forward and had the audit performed at the additional expense. In addition the District went to an outside auditor because Schelling did not wish to use Saunders again.

Schultz stated that she wanted to thank Monika that she had assisted the District in obtaining funds that were due to them. There was no paperwork or paper trail to even know there were any outstanding funds. She went on to say that Patience was a huge help to her. She also has been there for follow up assistance. She does not do the work however she explains it so that I can do it. Schelling stated that it was due to not having written instructions or the training which Schultz and Steinberg are doing to keep it up to date so it doesn't happen again.

Mrs. Lance also thanked Patience for the audit and the work she did in reading the AFDA book, the SOP's and the minutes. Patience responded that it was required. Lance indicated that even if it is required she wanted to thank her because she felt she went above of what was actually required.

8. Discussion of matters not a part of FY 2012-2013 District Audit.

A. IRS abatement of penalties and interest; release of lien. Schelling indicated that the past IRS deficiencies that occurred from the previous administration have been taken care of. They had not paid attention as it went over a year that the IRS was requesting payment. Schultz came in and worked with the IRS and had all of the penalties and interest abated. All withholding taxes have been paid and have been current. Whatever has been said by former chiefs as to who is at fault for it will be determined by the EEOC as they have been provided the information.

B. EEOC Complaint, specifically our insurance coverage and legal representation. (Comments here will be brief, given that the case is ongoing.)

Schelling indicated that when the District got the notice they wanted some information and he contacted Ms. Carl as to what documents we could or could not release to the insurance company. The insurance company did not respond right away so Ms. Carl contacted the EEOC and let them know that the District wanted to work the matter out through the conciliation process as the EEOC report stated we had the option to do. Schelling stated that

the matter is now in the hands of the insurance attorney. Schelling went on to say that in his conversation with the insurance attorney he inquired if the insurance company would go back on former board members whereby the insurance company stated that they did not. Schelling indicated that he assumed an individual could do that. Schelling indicated that it is unfortunate that the District is going through this due to the fact that there is no one at the District who is at fault. It is from people in the past. He further stated that it is thankful we have the insurance coverage to cover whatever the settlement may be.

9. **Adjourn** – There being no further business, the meeting was adjourned at 11:40 a.m.

Respectfully submitted,

Jill Schultz

SUNSITES PEARCE FIRE DISTRCT NOVEMBER 2013 FINANCIAL INFORMATION

BANK ACCOUNT INFORMATION:

M&O ACCOUNT	\$76,270.32
PAYROLL ACCT:	\$5,781.48
RESERVE ACCT:	\$14,317.51
PETTY CASH:	\$135.97

TOTAL BANK ACCOUNTS:	\$96,505.28
----------------------	-------------

REVENUES:

FIRE DISTRICT ASSISTANCE TAX:	\$ 21,744.76
REAL & PERSONAL PROPERTY TAXES:	\$ 77,181.40
SUBSCRIPTION SERVICE REVENUES:	\$ 516.19
AMBULANCE REVENUE:	\$ 12,968.17
WILDLAND REVENUE	\$ 19,780.52
DONATIONS	\$ 20.02
FIRE INS. PREMIUM TAX	\$ 317.60
LOCK BOX PROGRAM	\$ 35.00
EQUIPMENT SALES - MEDIC 304	\$ 6,000.00
INSURANCE REFUNDS	\$ 732.00

TOTAL REVENUES	\$ 139,295.66
----------------	---------------

ACCOUNTS RECEIVABLE:

WILDLAND	\$ 42,275.55
OUT OF DISTRICT	\$ 14,446.18
AMBULANCE REVENUE	
November Charges	32,147.15
RECEIVED	12,968.17
Med write off	-8,296.25
	\$ 10,882.73
AMBULANCE REVENUE 30-60 DAYS	\$ 11,166.89
60-90 DAYS	\$ 12,525.41
OVER 90 DAYS	\$ 12,767.36
OVER 400 DAYS	\$ 2,026.37
Total 30+ DAYS	\$38,486.03

TOTAL CURRENT RECEIVABLES:	\$ 106,090.49
----------------------------	---------------

ACCOUNTS PAYABLE:	\$ -
-------------------	------

CREDIT LINE ADVANCE:	\$ -
----------------------	------

Sunsites-Pearce Fire District
Profit & Loss
 November 2013

Nov 13

Ordinary Income/Expense	
Income	
INCOME	
Taxes	
Fire District Assistance Tax	21,744.76
Real & Personal Property Taxes	77,181.40
Total Taxes	98,926.16
Charges for Service	
Ambulance Revenue	12,968.17
Fire subscriptions	516.19
Lockbox Program	35.00
Wildland Revenue	19,780.52
Total Charges for Service	33,299.88
Misc Revenue	
Donations	20.02
Equipment Sold	6,000.00
Refunds	732.00
Total Misc Revenue	6,752.02
Total INCOME	138,978.06
Total Income	138,978.06
Expense	
OPERATIONS	
Uniforms	125.98
PPE	1,040.49
Property Maint	
Supplies	108.08
Total Property Maint	108.08
Repair & Maint/vehicles	
T-303 2001 Freightliner Tender	125.60
E-301 1994 Ford	429.56
M-301 2005 Chevy Ambulance	383.59
Total Repair & Maint/vehicles	938.75
Small Tools/Equip	
Repair/Maint. EMS Equip	196.91
Small Tools/Equip - Other	1,431.19
Total Small Tools/Equip	1,628.10
Utilities	
Electricity	
Arts and Crafts Room Qtrs	93.39
Main Station	208.54
Richland Station	19.33
Street Light #6115101	12.43
Street Light #6121101	11.81
Total Electricity	345.50
Garbage Collection	40.00
Natural Gas	47.33
Propane	241.00
Telephone	
Stations Telephone	442.24
Telephone Verizon Wireless	219.77
Total Telephone	662.01
Total Utilities	1,335.84
Medical Supplies	
Medical Supplies-Disposable	703.94
Medical Supplies - Other	1,968.24
Total Medical Supplies	2,672.18
Fuel	1,621.47

Sunsites-Pearce Fire District
Profit & Loss
 November 2013

	Nov 13
Fire Prevention	
Fire Prevention Expense	258.60
Total Fire Prevention	258.60
General Expense	
Meals	158.50
Bottled Water Purchased	19.90
Total General Expense	178.40
Mileage Reimbursement	26.10
Miscellaneous Expenses	40.00
Total OPERATIONS	9,973.99
ADMINISTRATION COST	
Administrative Fees	198.55
Department Functions	24.99
Janitorial Expenses	264.31
Professional/Contract Services	
EMS Billing	1,132.00
Legal Notices	25.90
Auditing Fees	10,300.00
Legal Fees	1,202.50
Total Professional/Contract Services	12,660.40
VFIS	28,269.00
Office/Misc Supplies	
Bank Fees	82.98
Lic/Taxes-Dues & subscriptions	700.00
Office Supplies/Postage	500.99
Total Office/Misc Supplies	1,283.97
Total ADMINISTRATION COST	42,701.22
PERSONNEL	
Benefit Costs	
Retirements 457/PSPRS	3,583.51
Workers Compensation Insurance	156.23
Employee Health & Safety	3.00
Total Benefit Costs	3,742.74
Payroll Tax Cost	
Payroll Taxes	2,468.05
Total Payroll Tax Cost	2,468.05
Wages & Salary Cost	
PTO	1,214.50
Wages	
Captain	3,030.00
Paramedic	7,651.48
EMT	9,359.44
Fire Fighters	1,958.56
Administrative	1,637.50
Fire Chief	
Salary	4,230.76
Total Fire Chief	4,230.76
Total Wages	27,867.74
Wages & Benefits	1,888.20
Overtime	
Administrative Overtime	93.75
Fire Fighters Overtime	0.00
EMT Overtime	752.70
Paramedic Overtime	682.50
Captain Overtime	45.00
Total Overtime	1,573.95
Wages & Salary Cost - Other	335.70

Sunsites-Pearce Fire District
Profit & Loss
November 2013

	Nov 13
Total Wages & Salary Cost	32,880.09
Total PERSONNEL	39,090.88
Reconciliation Discrepancies voided checks	0.00
Total Reconciliation Discrepancies	0.00
Total Expense	91,766.09
Net Ordinary Income	47,211.97
Other Income/Expense	
Other Income	
Fire Ins. Premium Tax	317.60
Total Other Income	317.60
Net Other Income	317.60
Net Income	<u>47,529.57</u>



SUNSTITES-PEARCE FIRE DISTRICT

SERVING RESIDENTS OF THE SUNSTITES-PEARCE FIRE DISTRICT,
AND NEIGHBORING COCHISE COUNTY
Mailing Address: PO Box 507, 105 TRACY ROAD PEARCE, AZ 85625
PHONE: (520) 826-3645; FAX: (520) 826-3586

Fire Chief's Report for December 2013

1. **EMS Calls= 27**
 - A. In District Calls=22
 - B. Out of District Calls=5
 - C. Number of Patients Transported=16
 - D. Number of Patients Flown Out=1
 - E. Number of Patient Refusals or Public Assists=9
 - F. Number of rollover or Motor Vehicle Accidents=0
 - G. Number of Mutual Aide Calls=1 given
 - H. Number of Dead on Arrival Calls=1

2. **Fire Calls=4**
 - A. In District Calls=2
 - B. Out of District Calls=2
 - C. Brush Fires=1
 - D. Structure Fires=0
 - E. Car Fires=0
 - F. Hazardous Materials=0
 - G. Other=3
 - H. Mutual Aide Calls=0

Total Fire and EMS Calls Year to Date=523

Training:

1. On duty crews have been completing weekly training sessions. These sessions included Propane Natural Gas, Hospice & DNR and 2 Minute Drills.
2. LZ Class was held at AEPCO on December 11, 2013.
3. OSHA Training was held on December 7, 2013.

Wildland:

1. We have not been on any additional Wildland assignments since the last meeting. We currently have \$ 42,377.79 billed out for the Butler, Rough, Bisbee, and Texas summit fire.

"Sunsites-Pearce Fire District is an Equal Opportunity Provider and Employer."



SUNSTITES-PEARCE FIRE DISTRICT

SERVING RESIDENTS OF THE SUNSTITES-PEARCE FIRE DISTRICT,
AND NEIGHBORING COCHISE COUNTY

Mailing Address: PO Box 507, 105 TRACY ROAD PEARCE, AZ 85625

PHONE: (520) 826-3645; FAX: (520) 826-3586

Hazardous Materials:

Nothing to Report

Maintenance:

1. Bay door damaged, in process of being repaired through insurance. The Insurance Reimbursement has been received and the Door has been ordered.
2. Engine 301 still needs air conditioning, rear main oil seal and transmission splitter repair.
3. Engine 307 has a possible head gasket leak.
4. The Richland station has a hole in the roof and sky light area. The main water line from the pressure tank is in the process of being fixed.. The roof and sky light parts are being priced.

Communication:

1. Thank you to LifeNet Arizona for class and upcoming support.
2. On December 21 we will be participating with LifeNet 8, Taste of Home and Santa on Frontage Road for the Holiday Festival.
3. Omni Advantage class will be held at the Lions Tale Meeting on December 19, at 10:30 hours at the Community Center.
4. Congratulations to Rich Ziemann, Rich McMullen for Firefighters of the Year and to Jill Schultz for Outstanding Performance.

“Sunsites-Pearce Fire District is an Equal Opportunity Provider and Employer.”