

BOARD OF SUPERVISORS

GILA COUNTY, ARIZONA

Date: July 16, 2007

JOSÉ M. SANCHEZ

Chairman

STEVEN L. BESICH

Clerk of the Board

TOMMIE C. MARTIN

Vice-Chairman

By: Marilyn Brewer

Deputy Clerk

SHIRLEY L. DAWSON

Member

Gila County Courthouse

Globe, Arizona

PRESENT: Jose M. Sanchez, Chairman; Tommie C. Martin, Vice-Chairman; Shirley L. Dawson, Member; Steve Besich, County Manager/Clerk; Marian Sheppard, Chief Deputy Clerk; and, June Ava Florescue, Deputy County Attorney.

The Gila County Board of Supervisors met in Regular Session at 10:00 a.m. on Monday, July 16, 2007. Steve Besich led the Pledge of Allegiance and Dixie Mundy delivered the Invocation.

Frank Owens, Probation Department Director, had requested that Peter Cahill, Presiding Judge of the Superior Court, administer the oaths of office to Deputy Probation Officer Edward Reyes and Surveillance Officer Wendra Griffin in recognition of Probation, Parole and Community Supervision Week.

Chairman Sanchez advised that Mr. Owens did not realize that this week's Board meeting was to be held on Monday so he requested that this item be tabled to the following week. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously tabled this item to the following week.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board convened as the Gila County Library District Board of Directors in order to address agenda item number 3, the adoption of the tentative 2007/2008 fiscal year budget for Gila County in the amount of \$1,077,250. Jacque Griffin, County Librarian/Assistant County Manager, stated that the

Gila County Library District budget is adopted separately from the remainder of the budget process because it is a special taxing district. She supplied the Board with a copy of the proposed budgets for each library and explained that the line item listed in the Gila County Library District Budget, Page 11, as “Assistance to Public Libraries” in the amount of \$640,067 is what the County proposes to give to the 8 public libraries in Gila County, as follows: (rounded off figures) Globe-\$107,100; Hayden-\$47,800; Isabelle Hunt-\$96,100; Miami Memorial-\$40,000; Payson-\$210,300; San Carlos-\$30,200; Tonto Basin-\$55,600; and, Young-\$52,900. She stated that for 5 of the libraries, the County matches the contributions of the cities and towns up to a maximum amount. For smaller communities, which do not have a city or town to fund them such as Pine (Isabelle Hunt Library), Tonto Basin and Young, the Library District fully funds those libraries for maintenance and operations. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously adopted the tentative 2007-2008 fiscal year budget for the Gila County Library District in the total amount of \$1,077,250.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board reconvened as the Board of Supervisors.

Steve Besich, County Manager/Clerk, requested the adoption of the tentative 2007-2008 fiscal year budget for Gila County. A copy of the tentative budget was presented to the Board. Mr. Besich stated that the County is proposing a primary property tax rate of \$4.11 per \$100 of assessed valuation, which is down \$.24 from last year and \$.30 from when the current Board took office. The County has reserved \$389,000 for the Board of Supervisors’ priorities, which can be used for emergencies, subsidizing road crews for fighting forest fires, the costs of calling for a bond election, etc. He proposed that the contingency fund be \$1.5 million, which is up \$400,000 from last year, and is based on the fact the County is going to the public and asking for support to build new courts and jails. He also requested that no new positions be funded at this time. In reviewing the budget, Mr. Besich stated that general fund expenditures are up 5.3%, which is primarily due to the implementation

of a Countywide Position Class and Compensation Plan as recommended by Public Sector Personnel Consultants that includes a 2.5% salary increase effective July 9, 2007, and a 10-12% increase for health benefits, which the employees don't always recognize as a contribution, but will be absorbed by the County with no other proposed changes to employee deductibles or dependent coverage. Lastly, he stated that 10 years ago the County set a goal of having \$10 million for the unrestricted fund balance, which has been met this year. There are two reasons that is important, as follows: 1) At a possible bond sale, the underwriters will look favorably at the County as being a financially solvent municipal corporation; and, 2) the County still has a catastrophic fire danger and hopefully the reserves would not have to be used in order for the County to operate in the event of a catastrophic fire. He then called on Richard Gaona, Director of Finance, to continue the budget presentation. Mr. Gaona stated that the tentative budget is required by statute to be presented to the Board for approval no later than the third Monday in July. It is being proposed to set the upper expenditure limitations of the budget at \$74,910,553, which can be lowered, but not increased between now and the time the final budget is adopted on July 31, 2007. The proposed tax rate of \$4.11 per \$100 of assessed valuation is below the truth in taxation (TNT) level. The decrease in the tax rate more than offsets the increase in the assessed value on existing properties. All continuing programs have been funded and no new additional positions have been budgeted. Mr. Gaona requested that the Board adopt the tentative budget of \$74,910,553. The Board entered into a discussion on the need for an additional accountant in the Finance Department. Supervisor Dawson expressed a concern about the pressure Mr. Gaona has been under trying to get the New World financial accounting system on line at the same time as completing the budget process and getting the audits current. Supervisor Dawson recommended that the \$139,485 spent on a part-time financial consultant would be better spent on hiring a full-time accountant for the Finance Department, so she was not in favor of no new positions being funded in light of the needs in the Finance Department. Mr. Gaona thanked

Supervisor Dawson for bringing up the situation in staffing at the Finance Department; however, he stated that other departments are also in need of additional staff, but the recommendation remains that no new staff will be hired this fiscal year. Supervisor Dawson stated that as far as everyone needing more staff, she feels that everyone depends on the Finance Department to help them do their job and if there was one more qualified and capable accountant, it would help every office in Gila County. Vice-Chairman Martin stated that she was delighted at the proposed reduction in the tax rate and agreed with the budget recommendations made by Mr. Besich and Mr. Gaona. She stated to Mr. Gaona that she was pleased with the job he is doing and understands that it can be quite frustrating and time consuming with all the large projects that the Board has requested of him over the past couple of years. She also thanked Mr. Besich; John Nelson, Deputy County Manager; and, Dennis Miller, County financial consultant, for their work on the County finances. She stated, "It is a lot of work, thought and effort to get us to this stage and I appreciate it." Mr. Besich stated that the work was accomplished through a team effort and team approach. Chairman Sanchez stated, "I like the team and what it's done, including the consultant, Dennis Miller." Vice-Chairman Martin stated, "I would like to see if we're not close to being able to do with what we've got." Mr. Besich stated that he had requested that Dennis Miller be present today to give the Board an update on the audits as it is relevant to the budget discussion. Chairman Sanchez inquired about an accounting position's salary. Mr. Besich stated, "One of the intricacies is the fact that a government/bond accountant is totally different than a private sector, private business-type accountant and that's something the County has always had a problem with because there are very few accountants in the world and the state that understand governmental fund accounting. Denis Miller happens to be one of them and John Nelson is another excellent one. I think we get, and I don't want to be argumentative because Supervisor Dawson and I have had this discussion, more mileage out of Dennis Miller than we will ever pay for...and we're darn lucky that he is available." He then called on Mr.

Miller to give an update to the Board. Mr. Miller gave the Board a brief update on the status of the audits. Gila County's 2004 audit is contracted out by the Arizona State Auditor General's Office to the firm of Miller & Allen (not related to Dennis Miller). The Auditor General, who is short on staff, has loaned Gila County a person, who is very qualified to help get everything ready for those audits. The staff of Miller & Allen has turned in all information for 2004 to the auditors in anticipation of completing the 2004 audit by the end of August. He stated that the staff also has most of the information required for the 2005 audit completed and that information has been given to Miller & Allen. Miller & Allen, after a meeting in the Auditor General's Office, has committed to staying in the field and completing the 2004 and 2005 audits back to back. Those audits are expected to be completed by late fall. Mr. Miller stated that basically the County staff has done everything it can do and is waiting on the auditors. Mr. Miller also stated that he agrees with Supervisor Dawson that the Finance Department needs an additional accountant, but primarily for handling grants. Mr. Miller also stated, "I'm not taking Supervisor Dawson's comments personally. I'm just on the record saying what it is. I am a consultant and I don't intend to stay forever, so whenever my services aren't needed I'm okay with that and it's a question of what the majority of the Board wants. I enjoy working here and feel a lot has been accomplished." Supervisor Dawson stated it was very likely that the County election to pass the general obligation bond will be favorable and the finances look great, but she had a problem with the audits being 4 years behind. She said that early on Mr. Miller had stated that the rest of the counties were also behind in audits, but she did not believe they were as far behind as Gila County. Mr. Miller stated that was not correct; there are a number of them. Supervisor Dawson stated that she would appreciate a report from him showing that information. Mr. Miller stated that the contracted firm is holding up the completion of the audits and that the same firm has not completed Greenlee County. Navajo County's audits are also not current. Mr. Miller stated that he wasn't saying it was good to be delinquent; however, there was nothing else that could be done to bring

them current any faster than what has already been completed. He stated that hiring another accountant, if one could be found with governmental experience, would not help in getting the audits completed any faster; however, an additional accountant would definitely help with the grants. He stated that of all the financial headaches in the County, the grants are by far the most problematic because grants don't follow the same fiscal year as the County. Under the New World financial accounting system, the grant module will handle the grants regardless of when the fiscal year is closed; however, the grant module needs to be installed, people need to be trained and assisted, and the current grant amounts need to be corrected because the figures on the general ledger and what is reported to the granting agency isn't always the same. He stated that was the single biggest problem with grants and there are about 150 of them. Mr. Besich stated that Santa Cruz County is current on their audits and has been current because their audits are done by the Auditor General's staff. He stated, "We've been angling for Gila County to have the Auditor General's staff do the audits for Gila County also. Santa Cruz doesn't have to mess around with contract accounting firms; they deal directly with the Auditor General...and with the New World system coming up and the changes that the Auditor General is going to see in counties that have adopted this type of a system, it may give us a little more impetus to be that second county." Mr. Miller stated that beginning this year Santa Cruz County's audits will be also be contracted out, which Santa Cruz County is not happy about. Vice-Chairman Martin stated that she felt if the accounting position was really needed, it would have been recommended so she would like to leave the budget as it is. She also stated that the grants position will need to be looked at because the number of grants being awarded to Gila County are going to increase. Chairman Sanchez stated that he appreciated Mr. Gaona's comments and that he doesn't have a problem with the way the audits are proceeding. Vice-Chairman Martin stated after all the discussion this morning, if a request comes to the Board it would absolutely be in order at some time in the future, but at this time she preferred to adopt the budget as recommended.

Upon motion by Vice-Chairman Martin, seconded by Chairman Sanchez, the Board adopted the tentative 2007-2008 fiscal year budget for Gila County as presented by a 2-1 vote. Supervisor Dawson voted “nay.” **(A copy of the tentative 2007-2008 fiscal year budget for Gila County is permanently on file in the Board of Supervisors’ Office.)**

Steve Stratton, Public Works Division Director, requested the adoption of Resolution No. 07-07-04 officially accepting a parcel of land being a portion of that property described in Fee No. 2007-010208 for the future realignment of a portion of Ice House Canyon Road to make it come into Six Shooter Canyon Road in “T” intersection. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board adopted Resolution No. 07-07-04. **(A copy of the Resolution is permanently on file in the Board of Supervisors’ Office.)**

Mr. Stratton requested that Sealed Bids No. 051707-1 be awarded for the purchase and installation of an overhead bridge crane for the Gila County Timber Shop in Star Valley. He stated that the building was not designed for an overhead crane; however, this design allows for beams to be installed in the building and the crane will be installed by being attached to the beams. He recommended that the contract be awarded to Quality Crane Services, Inc. in the amount of \$62,880, which includes all equipment and labor for the installation. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously awarded Request for Sealed Bids No. 051707-1 for the purchase and installation of a bridge crane for the Gila County Timber Shop in Star Valley to Quality Crane Services Inc. in the amount of \$62,880, which includes equipment and labor.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board approved Consent Agenda item numbers 7A-7C as follows:

A. Approval to adopt Resolution No. 07-07-05 naming a road in Tonto Basin to be called Lizard Leap Lane. **(A copy of the Resolution is permanently on file in the Board of Supervisors’ Office.)**

B. Approval of the June 2007 monthly departmental activity report submitted by the Globe Regional Justice of the Peace.

C. Approval of the finance reports/demands/transfers for the week of July 17, 2007, as follows:

\$104,987.52 was disbursed for County expenses by check numbers 131 and 132. **(An itemized list of disbursements is permanently on file with the Board of Supervisors.)**

(Note for the Record: There were no personnel reports/actions for the week of July 16, 2006.)

At this time each Board member and the Chief Administrator were presented the opportunity to give a brief summary of current events as allowed by A.R.S. §38-431.02(K). No action was taken by the Board.

There being no further business to come before the Board of Supervisors, Chairman Sanchez adjourned the meeting at 11:36 a.m.

Jose M. Sanchez, Chairman

ATTEST:

Steven L. Besich, County Manager/Clerk