

**BOARD OF SUPERVISORS MINUTES
GILA COUNTY, ARIZONA**

Date: March 31, 2009

SHIRLEY L. DAWSON
Chairman

STEVEN L. BESICH
Clerk of the Board

TOMMIE C. MARTIN
Vice-Chairman

By: Marilyn Brewer
Deputy Clerk

MICHAEL A. PASTOR
Member

Gila County Courthouse
Globe, Arizona

PRESENT: Shirley L. Dawson, Chairman; Tommie C. Martin, Vice-Chairman (via video conferencing); Michael A. Pastor, Member; Steve Besich, County Manager/Clerk; Marian Sheppard, Chief Deputy Clerk; and Bryan Chambers, Chief Deputy County Attorney.

Item 1 – Call to Order – Pledge of Allegiance – Invocation

The Gila County Board of Supervisors met in Regular Session at 10:00 a.m. this date. Bryan Chambers led the Pledge of Allegiance and Dixie Mundy delivered the Invocation.

Item 2 - Information/Discussion/Action to approve an Amendment to Operating Agreement between Gila County Community College District (Provisional), Gila County, and Graham County Community College District d/b/a Eastern Arizona College for Educational Services and Programs.

Steve Cullen, Gila Community College Senior Dean, stated that the Amendment to the Operating Agreement between the Gila Community College District (Provisional), Gila County, and Eastern Arizona College (EAC) calls for a reduction in terms of Gila County Community College's (GCCC) accountability to EAC. GCCC's present enrollment is approximately 1,000 FTSE (Full Time Student Equivalency), which has never been attained before and it has created some problems. GCCC is currently paying 25% to EAC for services; however, this Amendment calls for the service fees for enrollments of 750-1,000 to be reduced to 24.75%. In terms of dollars, GCCC will save \$300,000 in fees, which is a significant savings and in light of the State financial crisis; this is critical to GCCC. He requested that the Board approve the Amendment. Vice-Chairman Martin inquired of management or the County Attorney the reason the County is still involved in GCCC's agreements with EAC. She believes this gives the County a jurisdictional position that it

really doesn't have. Since this Agreement is being amended, Vice-Chairman Martin requested if GCCC could draw up another amendment removing the County from its contracts. Vice-Chairman Martin stated that she understands that the County holds GCCC's assets in a fiduciary position; however, she does not understand the reason the County is involved in GCCC's operations. Bryan Chambers, Chief Deputy County Attorney, stated that the County was a party in the original Operating Agreement, which resolved the past County lawsuit by EAC. Since the County was part of the original Agreement, in order to amend that Agreement, the County must be one of the signatories. He stated that as to whether or not it would be possible for the County to amend itself out of the Agreement is something that could be considered if the Board so desired. Chairman Dawson inquired if any Board member felt strongly that Gila County needs to remain a party to future contracts of GCCC, to which the other two Board members did not respond. Chairman Dawson stated, "That being the case, I would like to instruct Mr. Chambers and Stephen Cullen, Dean of the GCCC, to proceed with removing Gila County from all future agreements." She stated that the Board will continue to totally support all of GCCC's efforts and is proud of its progress. Mr. Besich stated that if the County can get House Bill 2011 that Representative Bill Konopnicki is sponsoring on behalf of the GCCC through the State Legislature, it would allow the County to transfer the real property to the GCCC governing board. He also believes it is time for Gila County staff to sit down with EAC management staff in order to clarify the County's position. He stated that a simple amendment should effectively extinguish all references to the County in EAC's Operating and Service Agreements with the GCCC governing board. He also agreed with Mr. Chambers' comment that the only reason the County is involved is because several years ago it was part of the Settlement Agreement reached with EAC in lieu of going to court. He recommended approval of this Amendment to the Operating Agreement as it potentially saves GCCC money and work could continue on another amendment to remove the County's name from all future documents. On behalf of the Board, Chairman Dawson thanked Dr. Cullen for his work at GCCC and the lives that are being changed through the numerous new programs. Dr. Cullen noted that the program with the mining industry will be renewed and the renewable, sustainable energy program will also go on line this fall, which is part of the green movement nationwide. He also wanted the Board to be cognizant of House Bill 2438, which would allow community colleges to offer 90 transferable credits to universities and would be a great savings to the taxpayers of Arizona. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously approved the Amendment to the Operating Agreement with Gila County Community College District (Provisional), Gila County, and Graham County Community College District d/b/a Eastern Arizona College for educational services and programs.

Chairman Dawson, requested that the Board skip agenda item number 3 at this time because an upcoming agenda item required that the Board meet in executive session with its attorney at 10:45 a.m. and she would like to

complete the remainder of the agenda items before that time. The Board would then return to agenda item number 3 in order to allow ample time for the audit presentation.

Item 4 - Information/Discussion/Action to begin the process of disposing of an unnecessary public roadway shown as a portion of Christopher Creek Loop providing access to Assessor's tax parcels 303-09-015S and 303-09-015R.

Chairman Dawson requested that Steve Sanders, Public Works Division Deputy Director, present agenda item numbers 4, 5, 6 and 7 together as they all pertain to a portion of Christopher Creek loop with varying parcels. Mr. Sanders stated that Christopher Creek Loop is the old part of Highway 260 that the Arizona Department of Transportation returned to the County when the bypass was completed. This road runs through the community of Christopher Creek. In places the right-of-way is 200 feet wide, which is a lot wider than is needed by the County. A good right-of-way map of the area has been completed and people have approached the County requesting that it dispose of some of the unnecessary right-of-way. The public roadway as listed in the 4 agenda items has been reviewed by surveyors and there are no issues in disposing of this unnecessary right-of-way. It will not affect any roads that the County is currently maintaining. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously approved the beginning of the process to dispose of an unnecessary public roadway shown as a portion of Christopher Creek Loop providing access to Assessor's tax parcels 303-09-015S and 303-09-015R (Item 4); Assessor's tax parcel 303-10-107 (Item 5); Assessor's tax parcel 303-08-005 (Item 6); and Assessor's tax parcels 303-08-006A and 303-08-006B (Item 7).

Item 5 - Information/Discussion/Action to begin the process of disposing of an unnecessary public roadway shown as a portion of Christopher Creek Loop providing access to Assessor's tax parcel 303-10-107.

See Agenda item number 4 above for a motion on this item.

Item 6 - Information/Discussion/Action to begin the process of disposing of an unnecessary public roadway shown as a portion of Christopher Creek Loop providing access to Assessor's tax parcel 303-08-005.

See Agenda item number 4 above for a motion on this item.

Item 7 - Information/Discussion/Action to begin the process of disposing of an unnecessary public roadway shown as a portion of Christopher Creek Loop providing access to Assessor's tax parcels 303-08-006A and 303-08-006B.

See Agenda item number 4 above for a motion on this item.

Item 8 - Information/Discussion/Action to approve an Intergovernmental Agreement (ADOT file no. IGA/JPA 08-1321) between the Arizona Department of Transportation (ADOT) and Gila County for design of a bridge and approaches over Tonto Creek near Punkin Center, Arizona, and adopt Resolution No. 09-03-10, which authorizes the Board of Supervisors to sign said Agreement.

Mr. Sanders stated that in 2005, Congressman Renzi placed a request into the Highway Transportation Bill known as Safety Lieu for approximately \$3.1 million to design a bridge across Tonto Creek. At that time, the County's match was 20%. Last year through the work of Representative Mitchell, Senator Kyle and others of the Arizona Delegation, the County's match was reduced to 5.7%. The approval of this Intergovernmental Agreement (IGA) will authorize acceptance of those funds and allow work to begin on designing a bridge and approaches over the Tonto Creek including surveying, right-of-ways, environmental permitting studies, preliminary engineering and a design concept. There is a ½ to ¾ mile section of the Tonto Creek that is preferable for a bridge location. These funds will probably pay for a 30% set of plans for the bridge, address all environmental issues and NEPA (National Environmental Policy Act) planning for the project. The County's match would be \$178,918, which would be paid by the half-cent sales tax/transportation tax. Chairman Dawson expressed a concern about building a bridge in that area because the problem of silt still coming back has not been addressed or resolved, and the course of the Creek is still changing, which is "in the lap" of the U. S. Army Corps of Engineers. Until those issues are addressed, she questioned if it could end up flooding more residents and creating a worse problem. She also stated that no matter where the bridge is located, there will be people on the east side of the Creek who will not be happy with their access to the bridge. It was suggested to her that a helicopter could be stationed onsite for less than \$3.1 million and operate for emergency services at all times. Mr. Sanders was unsure of the costs for a helicopter to travel back and forth. He stated that the bridge area has been identified as all U.S. Forest Service land, so there shouldn't be any impacts to private property and it would be located outside of the floodway. Chairman Dawson questioned the final cost of the bridge. Mr. Sanders stated that in 2005, the estimated cost was \$18 million more, which was a rough estimate, but he was not sure of the cost in 2009 dollars. Supervisor Pastor spoke of the many times residents had been stranded on the other side of the creek, which last year was approximately 5 months and that 10-12 lives have been lost in the flooding. He is in favor of moving forward on the project and believes it is important to the constituents of the County. Vice-Chairman Martin stated that she believes the bridge is needed as it is a growing problem, but she also believes that ultimately some of the residents need to be relocated up on the high banks. She believes without a bridge the time will come that the U.S. Corps of Engineers will stop all driving

across the creek and especially if the County turns down the bridge project. She advised that the County's Washington, D.C. lobbyists worked very hard to get this portion of the project funded in conjunction with Representative Mitchell at the congressional level along with Senator Kyle. She expressed a concern that the County is running behind in getting this request into the Safety Lieu Bill, which is to be finalized by Memorial Day as it requires the County to work with the lobbyists, who would proceed to get this lined up. Vice-Chairman Martin stated that in order for Congress to approve additional funding of the next portion of the project, which she believes they will, they need to know what has been accomplished with the \$3.1 million and that there has been a showing of good faith by the local government. She stated that upon approval of this Agreement, the County must be ready to commit to this project as being a priority and move it along at a fast pace. Vice-Chairman Martin stated that it is her understanding that if the second portion of funding is not received or if the County uses the \$3.1 million, but doesn't proceed with building the bridge, the County may be liable for repayment of the \$3.1 million back to the federal government. Steve Stratton, Public Works Division Director, stated that in regard to the County's match, \$125,000 has been budgeted in the capital improvement plan for 2009; \$125,000 in 2010; \$700,000 in 2011; and \$700,000 in 2012. These figures were budgeted intentionally because the County will need help from consultants to lead the County through the process as none of his staff has the expertise or the time to follow through. In regard to having to repay the \$3.1 million, Mr. Stratton received some information and he believes it can be interpretive, so he submitted it to the County Attorney's office for review and requested the Mr. Chambers give his opinion. Mr. Sanders stated that there was a right-of-way or design provision and ADOT representatives stated that at times the funds were required to be repaid and at other times they weren't. Mr. Chambers stated, "It is probably fair to say that it's something the Board might want to consider that there might be a requirement if the bridge doesn't get built to pay the money back." Mr. Stratton stated that originally his interpretation was the same as Vice-Chairman Martin's that the funds would have to be repaid if the bridge was not built. However, after reading the information he received, and prior to submitting this issue to Mr. Chambers for an opinion, Mr. Stratton believed that it would be more likely that the funds would have to be repaid if they were not used as intended, which was only to find a location and begin the design of the bridge. Mr. Besich stated that if the County puts its commitment in writing, stating what it is committed to doing and abides by the terms of the agreement, "we have to have faith in our partners." Mr. Besich acknowledged that there is probably some risk; however, if the County has its own owner representative, someone who is experienced in bridge design and construction in order to protect the County's interest, he would be fine with completing this project. Vice-Chairman Martin advised that once this IGA is signed, the County must continue with the project and agreed with Supervisor Pastor that the County is committing to a fast track and doing whatever it takes to get the next request for funding into the Safety Lieu Bill; otherwise, the County will not

have another opportunity for funding from the Safety Lieu Bill for 6 years minimum. Whatever is decided today would not be valid in 6 years and the County would have to start over again. The Board also needs to understand that paying back the initial monies might be up for interpretation, but the legal ability is there. She believes it is imperative to continue with the project and she is willing to take the risk. Mr. Stratton advised that the timing for securing a design firm is good right now and the County stands to get a better quote due to the current economic situation and the fact that companies are looking for work. Chairman Dawson stated that Ms. Power, the County's lobbyist in Washington D.C., has not been to the Tonto Basin area and has no knowledge of the area; therefore, she recommended hiring someone who has experience building a bridge and can assist in moving through the Safety Lieu Bill process. Supervisor Pastor stated that the process has begun and he believes the County should continue to move forward on the project. He would not feel comfortable going back to his constituents in Tonto Basin and advising them that the Board wants to stop the process. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously approved an Intergovernmental Agreement (ADOT File No. IGA/JPA 08-1321) with the Arizona Department of Transportation for the design of a bridge and approaches over Tonto Creek and adopted Resolution No. 09-03-10 authorizing the Board to sign said Agreement. Vice-Chairman Martin stated that the lobbyists have in fact been to Punkin Center twice, so she's not sure how Chairman Dawson got the impression that they had not been in this area. Chairman Dawson advised that Patty Power had told her she had never been out here and wanted to come out and visit the site. **(A copy of the Resolution is permanently on file in the Board of Supervisors' Office.)**

Item 9 - Information/Discussion/Action regarding the Gila County Census 2010 Complete Count Committee to include the appointment of members and the budget.

Jacque Griffin, Assistant County Manager/Librarian, stated that she had previously advised the Board that upon creation of a committee and adoption of the resolution, invitations to participate were being sent out to all cities, towns, school districts, community college, tribal officials, libraries, chambers of commerce, etc, asking them to recommend someone to serve on the Census Committee. She is anticipating the Committee will comprise approximately 30 members. The first Committee meeting will be held on April 23, 2009, at the Globe Board Hearing Room with the Payson members participating via ITV. The second meeting will be on around May 14th and at that time the census coordinator from Tucson will make a presentation and give the Committee some training to help focus the Committee in the right direction. The primary focus of this Committee is to ensure that every person in Gila County gets counted in the 2010 Census. The initial names received for inclusion as members of the Committee who are willing to serve are as follows: Ellen Kretsch, Linda Cheney, Mike McKinney, Cathy Melvin and Robert Gould. Ms.

Griffin stated that the Census Bureau will be awarding a mini grant of \$2,000+ for this year and the following, but she may also request of the Board some additional funding at a later date to keep the process orderly and flowing. Ms. Griffin emphasized the importance of counting every single person who resides in Gila County because there are so many things that depend on census numbers. She also requested that each Board member submit some names of interested parties representing the unincorporated areas of the County. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board approved the appointments of Ellen Kretsch, Linda Cheney, Mike McKinney, Cathy Melvin and Robert Gould to the Gila County Census 2010 Complete Count Committee.

At this time, Chairman Dawson requested that the Board move into Executive Session to address agenda item number 11 in a meeting with its attorneys.

Item 11 - Information/Discussion/Action to consider a settlement proposed to resolve two tax appeals; BHP Copper v. Gila County et. al., TX2008-000482, and Washington Group International v. Gila County et. al., TX2008-000481, which would have the combined effect of amending the properties' 2009 full cash value and limited property value from \$208,492,846 to \$178,492,846 and a loss of approximately \$657,000 in tax revenues. The Board of Supervisors may vote to go into executive session to receive legal advice from its attorneys and to instruct its attorneys regarding the Board's position regarding settlement discussions to resolve the litigation pursuant to A.R.S. §38-431.03 (A) (3)-(4).

Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board convened into Executive Session at 10:46 a.m.

At 11:31 a.m., Chairman Dawson reconvened the regular session.

Supervisor Pastor made the motion to consider a settlement proposal to resolve two tax appeals, BHP Copper v. Gila County et. al., TX2008-000482, and Washington Group International v. Gila County et. al., TX2008-000481, which would have the combined effect of amending the properties' 2009 full cash value and limited property value from \$208,492,846 to \$178,492,846 and a loss of approximately \$657,000 in tax revenues. Mr. Chambers advised Supervisor Pastor that his motion should be to "approve or disapprove" a settlement proposal, not to "consider." Supervisor Pastor amended his motion to approve the proposed settlement. The motion was seconded by Vice-Chairman Martin and passed unanimously. Chairman Dawson stated, "We understand that the mines have lost value and this valuation took into consideration the improved situation when copper was \$4 per pound so this is a loss to all taxing entities in Gila County and we share this loss."

Item 10 - Information/Discussion/Action to approve a Liquor License Application, Gila County Order No. LL-09-01, for a person to person transfer of a Series 6 Bar License with an interim permit to operate at Sidewinders, located in Pine, Arizona.

Marian Sheppard, Chief Deputy Clerk, stated that this is a Liquor License Application for a person to person transfer of a Series 6 Bar License located at the Sidewinders in Pine. The statutory process was followed for posting the Application at the site. Ms. Sheppard stated that no opposition was received; therefore, she recommended approval of same. Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board unanimously approved the Liquor License Application, Gila County Order No. LL-09-01, for a person to person transfer of a Series 6 Bar License with an interim permit to operate at Sidewinders.

Item 12 - CONSENT AGENDA ACTION ITEMS:

- A. Approval to appoint David (Smokey) Slaughter to the Northern Gila County Range Commission to fill a position vacated due to the death of Ron Haar. This appointment is for a period of three years, which begins on the date of Board of Supervisors' approval.**
- B. Approval to appoint Tom Moody to the Gila County Personnel Commission to fill a position vacated due to the death Ingo Radicke. This position will expire on December 31, 2009.**
- C. Approval of a request submitted by the Gila County Rodeo Committee to use the Fairgrounds' rodeo arena for gymkhanas on April 4, May 2, June 6, July 11, and August 8, 2009, with a waiver of fees.**
- D. Approval of a request submitted by the Gila County Rodeo Committee to use the Fairgrounds' rodeo arena for the Gila County Rodeo on April 25-26, 2009, with a waiver of fees.**
- E. Approval of a Low Income Evaporative Cooler Tune-Up and Repair Agreement between Kwik Kool and the Gila County Division of Health and Community Services to expend a not to exceed amount of \$10,200 on 60 units qualified to receive services under the Gila County Low Income Evaporative Cooler Tune-Up and Repair Program for the period March 31, 2009, through November 30, 2009.**
- F. Approval to renew a Memorandum of Understanding between Gila County (Housing Department) and the Town of Star Valley whereby the County will administer Community Development Block Grant funds allocated by the Arizona Department of Housing to the Town for the rehabilitation of three homes located in Star Valley and owned by low-**

income qualified home owners for the period March 31, 2009, through March 31, 2011.

G. Approval of Amendment No. 2 to an Intergovernmental Agreement (Contract No. HG85465) between Gila County and the Arizona Department of Health Services to decrease funding to \$18,476 for the Tuberculosis Control Program for the budget term of July 1, 2008, through June 30, 2009.

H. Approval of the February 2009 monthly departmental activity reports submitted by the Payson Regional Justice of the Peace and the Recorder.

I. Approval of personnel reports/actions for the week of March 31, 2009.

Departure from County Service:

1. Regina Contreras – County Attorney – Legal Secretary – 03-19-09 – General Fund – DOH 05-19-06 – Terminated for cause
2. Chris Martin – Board of Supervisors – Director – 04-17-09 – Southern Gila Economic Development Fund – DOH 10-16-06 – Resigned

Request Permission to Post:

3. Health and Community Services – Career and Employment Specialist

SHERIFF'S PERSONNEL ACTION ITEMS

Departure from County Service:

4. Brett Rye – Sheriff's Office/Globe – Detention Officer – 03-30-09 – General Fund – DOH 03-30-09 – Declined Offer
5. Misty Osborn – Sheriff's Office/Globe – Detention Officer – 05-18-09 – General Fund – DOH 04-16-07 – Resigned
6. Laura Schluns – Sheriff's Office/Globe – Detention Officer – 05-18-09 – General Fund – DOH 02-04-08 – Resigned

J. Approval of finance reports/demands/transfers for the week of March 31, 2009. (separate handout)

\$404,337.92 was disbursed for County expenses by check numbers 216615 through 216762. **(An itemized list of disbursements is permanently on file in the Board of Supervisors' Office.)**

Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously approved Consent Agenda Action items 12A-12J.

Item 13 - CALL TO THE PUBLIC: Call to the Public is held for public benefit to allow individuals to address issue(s) within the Board's jurisdiction. Board members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to Arizona Revised Statute §38-431.01(G), action taken as a result of public

comment will be limited to directing staff to study the matter, responding to criticism, or scheduling the matter for further discussion and decision at a future date.

There were no requests to speak from the public.

At this time, the Board returned to Agenda Item number 3.

Item 3 - Presentation of the 2005-2006 audit in Gila County.

Richard Gaona, Finance Division Director, presented the Single Audit Report and Annual Expenditure Limitation Report for Fiscal Year (FY) Ended June 30, 2006, a complete copy of which had previously been presented to the Board by Miller, Allen & Company, PC, (MA&C). MA&C is an independent auditing firm which was hired by the Arizona State Auditor General, but paid for by County funds. Mr. Gaona also provided copies of the reports on the Single Audit, which included the Independent Auditor's Report; an Explanation of the Auditor's Results; Financial Highlights including a Statement of Net Assets—Governmental Activities and Statement of Revenues, Expenditures and Changes in Fund Balance; and Financial Statement Findings. The Independent Auditor's Report stated that the audit was conducted in accordance with U.S. generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the U.S. The auditors can issue 4 opinions which include the following: Adverse—do not present fairly; Disclaimer—not able to audit; Qualified—the auditors are able to issue an opinion with one or more exceptions; and Unqualified—presented fairly, which is commonly referred to as a “clean opinion” and the best opinion that can be issued. Mr. Gaona stated that for the 2005-2006 audit, Gila County received an Unqualified opinion, which is the best and certifies GASB 34 compliance and OBM Circular 133 Single Audit requirements, which refers to grant funds. He reviewed the County's Financial Highlights, which show that the County's assets exceeded its liabilities at the close of FY 2006 by \$36,621,722 (net assets). Of that amount, \$21,401,548 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors. The Statement of Revenues shows that at the close of FY 2006, the County's combined ending funds balance was \$24,827,158, an increase of \$2,390,383 compared to the prior year. Mr. Gaona reviewed the Financial Statement Findings as recommended by the auditors, which showed that out of 17 findings, 4 have not been completed to date, but each one did reflect an anticipated completion date. Chairman Dawson inquired about how much the County is identifying for capital assets. Mr. Gaona advised that the capital assets have now been entered into the new accounting system and questioned if Chairman Dawson wanted a dollar amount. Chairman Dawson was concerned about a capital asset inventory list, and specifically if laptop computers were accounted for and if ownership was being tracked and registered, which was to be completed by

the Information Technology (IT) Department. Two years earlier, she had requested an inventory report and only received a jumbled mess and would still like to know what items are being identified as capital assets. Mr. Gaona advised that the finding on capital assets was because the items were listed on a spreadsheet and not entered into the accounting system; however, the entries have since been completed through 2006 on August 1, 2008. He also noted that a physical inventory of capital assets should have been completed every 2 years; however, the County was only completing the inventory every 3 years, which is being corrected by staff who are at the present time completing the physical inventory for all items over \$5,000 with the assistance of all County departments. Chairman Dawson inquired how the laptop computers were being tracked. Mr. Gaona advised that the County has a policy whereby all computerized equipment will be inventoried regardless of value, tagged for identification purposes and a list compiled by the Information Technology Department. The Roads Department is responsible for inventorying the heavy equipment items. All inventories will be completed by the end of this fiscal year. Chairman Dawson inquired about the findings regarding cash disbursements for the County School Superintendent's Office and if a procedure was provided for correcting same. Mr. Gaona advised that he had failed to follow up in a timely manner in providing a policy to the Superintendent's Office because at the time his department was dealing with the same issues and the necessary corrections were made in his department. He should have gone to the Superintendent's Office, but failed to do so because they have an independent system of checks and balances. Chairman Dawson stated that the Superintendent's Office will probably be perturbed to find out they have not been notified of 3 findings regarding cash disbursements in the audit for 2006 and that have probably not been corrected for 2007 and 2008. Mr. Gaona stated "that was duly noted" and he did not wish to get into a defensive position; however, the financial statements would not normally have included the School Superintendent's Office activities. Because of new rules, changes and procedures, he missed those items that do not have activity coming out of the Finance Department. Mr. Gaona will follow up on making those corrections. Supervisor Pastor inquired about the findings regarding grants and if those corrections had been made. Mr. Gaona stated that he is ensuring that internal controls and audits are in place so that the general ledgers for grants are reconciled through Gila County's accounting system rather than reconciling the accounts using individual accounting systems. For the Annual Expenditure Limitation Report, Mr. Gaona provided copies of the Independent Auditor's Report also completed by Miller, Allen & Company, PC, and an Annual Expenditure Limitation Report, which were completed at the same time as the Independent Audit. The opinion provided by MA&C was also an "Unqualified" opinion, the best opinion that can be issued. The Annual Expenditure Limitation Report shows that the County is \$1,900,578 under the expenditure limitation, which means that the County is in good standing with State requirements and did not exceed the expenditure limitation at any time. He also provided an update on the FY 2007 and FY 2008 audits that are

ongoing. The FY 2007 audit is currently at the Arizona Auditor General's Office for final review and he believes the County will receive an "Unqualified" opinion. The FY 2008 audit is currently being worked on by staff with a targeted completion date of mid-summer 2009. In conclusion, Mr. Gaona stated that it is recognized that the Single Audit reports are past due. He and staff are working closely with the Arizona Auditor General to bring the audit reports current. The audits are very difficult and require a lot of staff time; however, he believes good progress is being made. Each Board member expressed their appreciation to Mr. Gaona and his staff for the diligent work in getting these audits completed and up to date and for the "Unqualified" opinions issued several years in a row. Chairman Dawson advised Mr. Gaona that if he is in need of additional staff in order to complete the audits, the Board would certainly consider his request.

Item 14 - At any time during this meeting pursuant to A.R.S. §38-31.02(K), members of the Board of Supervisors and the Chief Administrator may present a brief summary of current events. No action may be taken on issues presented.

Each Board member and Mr. Besich presented information on current events.

There being no further business to come before the Board of Supervisors, Chairman Dawson adjourned the meeting at 12:18 a.m.

APPROVED:

Shirley L. Dawson, Chairman

ATTEST:

Steven L. Besich, County Manager/Clerk