

**OFFICIAL PROCEEDINGS OF THE APACHE COUNTY
BOARD OF SUPERVISORS MEETING
March 21, 2017
St. Johns, Arizona**

Present were: Chairman Joe Shirley, Jr., Vice Chairman Doyel Shamley and Supervisor Alton Joe Shepherd. Also present, County Manager/Clerk of the Board Delwin Wengert, County Attorney Michael Whiting and Chief Deputy County Attorney Joe Young.

Chairman Shirley called to order the Board of Supervisors meeting at 8:32 a.m. in the Board of Supervisors chambers, County Annex Building, 75 West Cleveland Street, St. Johns, Arizona, and welcomed all in attendance.

Beth Bond led the Pledge of Allegiance.

Bruce Greco gave the invocation.

Chairman Shirley called for the Apache County Flood Control District item.

Ferrin Crosby, County Engineer, presented the item, following a public hearing, discussion and possible approval to amend the Apache County Flood Damage Prevention Ordinance to comply with Arizona Department of Water Resources (ADWR) State Ordinance. ADWR administers the National Flood Insurance Program. Mr. Crosby stated this item was previously brought before the Board and at that time, there was some concern regarding proper notice so it notice was again published for another public hearing. Chairman Shirley opened the floor for a public hearing. there was no one wanting to address the Board during the public hearing portion. Mr. Shamley moved to adjourn the public hearing portion, seconded by Mr. Shepherd. Vote was unanimous. Mr. Shamley moved to approve changes to comply with the state ordinance, seconded by Mr. Shepherd. Vote was unanimous.

Mr. Shamley moved to adjourn the Flood Control meeting, seconded by Mr. Shepherd. Vote was unanimous.

Chairman Shirley called for the regular meeting items.

Sueanne Czarnyszka, on behalf of Superior Court: Pursuant to A.R.S. §12-121 & §12-144, request approval for the re-appointment of Judge Kay H. Wilkins and Judge Steve Williams, as part-time Superior Court Judges Pro Tempore – both salaries are paid from state grant funds; Judge C. Allan Perkins as a full-time Superior Court Judge Pro Tempore. The Superior Court also requests approval for the re-appointment, on an as needed basis, of Michael P. Roca and Paul Julien (Administrative Office of the Courts), as Superior Court Judges Pro Tempore. The re-appointments shall begin July 1, 2017 and end June 30, 2018. Mr. Shepherd moved approval, seconded by Mr. Shamley. Vote was unanimous.

Dan Bevier and Jason Baran, Salt River Project: provided an update on recent Environmental Protection Agency requirements for Coronado Generating Station and the status of the Navajo Generating Station. No action was needed or taken.

Rochelle Hubble, 4-H, along with club president Faith Shirley, presented a sponsorship award presentation to the Apache County Attorney's Office. Ms. Hubble and Faith expressed their appreciation for the contribution Michael Whiting and Stephanie McCarthy. Mr. Whiting stated he appreciated all the good work the 4-H club, especially the time Ms. Hubble dedicates to the program. No action was needed or taken.

Mr. Wengert presented the Consent Agenda items **A-D. Mr. County Manager/Clerk of the Board:**
Mr. Shamley moved approval, seconded by Mr. Shepherd. **A.** Request approval of demands as distributed to the Apache County Board of Supervisors between March 7, 2017 to March 21, 2017. Demands are payments made or to be made, by the County. Payee Amount ABEITA GLASS CO 1,621.20 ARIZONA DEPARTMENT OF WATER RESOURCES 6,000.00 ARIZONA STATE FORESTRY DIVISION 2,130.08 AZ DEPT OF RISK MANAGEMENT 1,298.18 AZ SUPREME COURT 1,517.50 BOLDPLANNING INC 42,000.00 BRADCO 9,816.59 CONSOLIDATED ELECTRICAL DISTRIBUTORS 2,070.07 COORDINATED CONSULTING SERVICES 12,720.00 CURLEY, RITA L 3,500.00 DELL COMPUTER CORPORATION 22,390.15 DOYLES AUTO BODY INC 2,707.75 EARTH MOVER TIRE SALES INC 1,697.24 FRONTIER 1,755.40 GILA COUNTY 19,504.00 GRAINGER 1,446.23 HILLYARD INC 2,062.21 INGRAM LIBRARY SERVICES 1,112.49 INHEALTH SYSTEMS AND SERVICES 1,532.17 KIMBALL EQUIPMENT COMPANY 2,350.44 NATIONAL ASSOC COUNTY AND CITY HEALTH OFF 1,635.00 NATIONAL BANK OF ARIZONA 0127 2,976.99 NATIONAL BANK OF ARIZONA 1389 1,186.81 NATIONAL BANK OF ARIZONA 1587 6,662.51 NATIONAL BANK OF ARIZONA 0085 2,317.63 NATIONAL BANK OF ARIZONA 0301 2,311.13 NATIONAL BUSINESS FURNITURE 5,488.17 NATIONAL DISTRICT ATTORNEYS ASSOC 1,075.00 NAVAJO TRIBAL UTILITY AUTHORITY 2,784.89 OVERDRIVE INC 1,330.21 PITNEY BOWES RESERVE ACCOUNT 5,000.00 QUILL CORP 1,552.98 RIGG LAW FIRM PLLC 2,075.00 ROADS SAFE TRAFFIC SYSTEMS INC 4,443.91 SAN DIEGO POLICE EQUIPMENT 7,885.18 SECURUS TECHNOLOGIES INC 1,801.65 SOURCEHOV 34,847.74 SPRINGVILLE AUTOMOTIVE SERVICE 1,037.18 ST JOHNS CITY 6,549.84 ST JOHNS EMERGENCY SERVICES 1,003.75 THE AARONS COMPANY LLC 3,000.00 THE LAW OFFICE OF ELIZABETH M HALE 1,522.95 TJP COMMUNICATIONS 1,392.64 TRINITY SERVICES GROUP INC 14,974.22 TYLER TECHNOLOGIES INC 1,430.00 VALLEY AUTO PARTS 1,267.03 WORLD OF TRAVEL 1,065.40 Jones, Dennise 1,343.76 Shirley, Joe Junior 2,087.11 Rogers, Kent 1,134.07 Stradling, Reed 1,437.76 Orona, Timothy 4,442.91 King, Walter Scott 1,188.66 Burbank, Lorenzo 1,263.59 Bia, Johnnie Senior 1,487.98 APACHE COUNTY HSA 2,269.58 APACHE COUNTY MEDICAL 155,363.70 APACHE COUNTY TAX WITHHOLDING 138,765.88 ASRS LEGACY EORP 1,089.96 AZ STATE RETIREMENT SYSTEM 92,787.07 COLONIAL LIFE AND ACCIDENT INS 1,302.33 CORRECTIONS OFFICER RET PLAN 6,369.61 CORRECTIONS OFFICER RETIREMENT PLAN 520 4,994.41 EORP LEGACY 1,288.26 NATIONWIDE 1,155.00 NATIONWIDE RETIREMENT SOL EODCRS 1,030.62 PUBLIC SAFETY PERSONNEL 401 8,801.84 PUBLIC SAFETY SHERIFF RET 44,087.56 SUPPORT PAYMENT CLEARINGHOUSE 2,187.13 NATIONAL BANK OF ARIZONA 0285 3,849.08 MONUMENT RESOURCES 17,000.00 A TO Z TIRE & BATTERY INC 1,309.14 AMIGO CHEVROLET 2,736.12 ASHTONS REPAIR INC 1,053.10 AZ BRAKE & CLUTCH SUPPLY 1,795.89 AZ DEPT OF HEALTH SERVICES 1,705.00 AZ SUPREME COURT 19,500.00 AZ SUPREME COURT 2,625.00 AZ SUPREME COURT 1,500.00 BAUMAN HOME AND AUTO INC 1,338.92 BEGAY, MARLEITA 1,365.84 BILLS DISCOUNT AUTO PARTS (NAPA) 2,356.47 BLUE HILLS ENVIRONMENTAL 1,709.62 BRADCO 35,448.99 BREWER LAW OFFICE PLLC 8,500.00 CDW GOVERNMENT LLC 3,687.69 CRESCENT ELECTRIC SUPPLY CO 2,573.84 CROWNE PLAZA DENVER DOWNTOWN 1,094.70 DELL COMPUTER CORPORATION 5,861.52 DIAMOND DRUGS INC 1,309.27 EARTH MOVER TIRE SALES INC 8,350.21 ELECTIONS SYSTEMS AND SOFTWARE 30,718.40 EMBASSY SUITES 1,141.44 EMPIRE MACHINERY 6,796.61 FERRELLGAS 1,122.56 FOUR CORNERS WELDING & GAS SUPPLY 2,079.18 GALLUP LUMBER & SUPPLY 1,852.30 GRAVES PROPANE CO INC 3,688.24 INGRAM LIBRARY SERVICES 2,088.00 KATHLEEN M MCGUIRE PSY D LLC 2,850.00 LAW OFFICE OF DIRK LEGATE PLLC 8,500.00 MOORE LAW FIRM PLLC

1,045.00 NATIONAL BUSINESS FURNITURE 8,369.81 NATIONAL TACTICAL OFFICE ASSN
1,454.00 NAVAJO COUNTY 7,500.00 NAVAJO TRIBAL UTILITY AUTHORITY 1,990.48 NAVAJO
TRIBAL UTILITY AUTHORITY 2,410.36 NAVOPACHE ELECTRIC COOPERATIVE 11,592.13
OVERDRIVE INC 1,187.38 PITNEY BOWES 3,657.51 POWERLINE TECHNOLOGIES INC
1,108.78 PRO PETROLEUM 15,485.36 PROFORCE LAW ENFORCEMENT 1,014.58 QUILL CORP
7,203.89 SHI INTERNATIONAL CORP 149,661.82 SIERRA PROPANE 1,931.27 ST JOHNS CITY
1,530.47 THE CONTAINER GUY 3,699.00 THORNHILL, JAMES DEWEY 2,040.00 TYCO
INTEGRATED SECURITY LLC 1,361.80 VALLEY AUTO PARTS 1,449.96 WAGNER EQUIPMENT
CO 2,841.54 WHITE MOUNTAIN RADIOLOGY 1,030.00 WHITE MOUNTAIN REGIONAL MEDICAL
CENTER 1,250.00 WOODLAND BUILDING CENTER 1,870.92 YOUNGS FUTURE TIRE 1,671.98

Specific details of the demands may be requested through the County public record request process. **B.** Request approval of minutes dated March 7, 2017. **C.** Request approval of an Arizona Department of Liquor License permanent Extension of Premises/Patio Permit application for Jon Dahl, Stanford General Store, #4 Apache County Road 8235, Concho Arizona. **Personnel Items: D. Recorder's Office:** Request approval to extend the temporary employment of Sonia Griego through June 30, 2017. Mr. Shamley thanked Mr. and Mrs. Dahl for their contribution to the local economy. Vote as unanimous.

Ferrin Crosby, County Engineer, requested approval to cancel the private vendor contractors for the sale of limestone from the Apache County Limestone pit. Mr. Shamley moved approval, seconded by Mr. Shepherd. Mr. Crosby provided an overview of the history of the pit. A discussion was held regarding the reason for the closure. Mr. Whiting stated the Board can cancel the contracts with the private contractors if they choose but it is completely legal for the county to sell the limestone. Mr. Shamley stated he would like more time to obtain more information on this issue and asked to table the item. Chairman Shirley asked if Mr. Shamley was withdrawing his motion. Mr. Shamley stated yes and Mr. Shepherd withdrew his second. Mr. Shamley moved to table the item to obtain more information, seconded by Mr. Shepherd. Vote was unanimous to table the item.

Ferrin Crosby, County Engineer requested the item to repair a John Deere motor grader using RDO Equipment as the vendor at a cost of \$54,093.63, utilizing District I carryover funds be tabled. Chairman Shirley tabled the item.

Mr. Wengert requested action regarding the state of emergency entered into on January 20, 2017 due to snow and residual mud throughout Apache County. Mr. Shepherd moved to lift the state of emergency, seconded by Mr. Shamley. Vote was unanimous.

Mr. Wengert requested approval of a resolution supporting the Arizona Corporations Commissions action to amend the Arizona Universal Service Fund. Mr. Shamley moved approval, seconded by Mr. Shepherd. Mr. Shamley asked for a presentation on this issue at a later meeting. Vote was unanimous.

RESOLUTION #2017-04
A RESOLUTION OF THE APACHE COUNTY BOARD OF SUPERVISORS,
SUPPORTING ARIZONA CORPORATION COMMISSION'S ACTION TO AMEND
THE ARIZONA UNIVERSAL SERVICE FUND

WHEREAS technology and the digital age are significant drivers of the twenty first century economy; and

WHEREAS our youth are our future in meeting the needs of the digital age; and

WHEREAS a robust, reliable and affordable connection to digital infrastructure is in abundance in the metropolitan regions of Arizona; and

WHEREAS rural areas of Arizona are significantly underserved by high speed broadband at affordable rates; and

WHEREAS said rural areas are at a considerable economic disadvantage due to disparities in population densities and geography; and

WHEREAS are youth in rural areas are consequently also at a disadvantage; and

WHEREAS the Arizona Department of Education seeks to obtain federal E-rate funds in order to extend high speed broadband connectivity to schools and libraries in rural Arizona; and

WHEREAS a 10% match in funding is required in order to obtain federal E-rate funding for the state of Arizona; and

WHEREAS the Arizona Corporation Commission (ACC) is considering an expedited action in amending the Arizona Universal Service Fund in order to provide matching funding in obtaining the larger federal E-rate grant; and

WHEREAS the action being contemplated by the ACC would have limited duration in that a one-time distribution would take place to qualified schools and libraries.

NOW, THEREFORE, BE IT RESOLVED, the Board of Supervisors of Apache County hereby supports the Arizona Corporation Commission's action to amend the Arizona Universal Service Fund to create a 10% matching fund of approximately \$8,000,000 to match the federal E-rate fund for the state of Arizona and further urges other rural counties, school districts, cities and towns to support the same.

PASSED, ADOPTED AND APPROVED by the Apache County Board of Supervisors on this 21st day of March, 2017.

APACHE COUNTY BOARD OF SUPERVISORS

/s/ Joe Shirley, Jr.

Chairman of the Board

ATTEST:

/s/ Delwin Wengert

Clerk of the Board

Mr. Wengert requested approval of a contract with Bruce Greco as the Apache County Natural Resource Coordinator, utilizing general funds. Mr. Shepherd moved approval, seconded by Mr. Shamley. Vote was unanimous.

Mr. Wengert presented the item, following a possible executive session for legal advice pursuant to A.R.S. 38-431.03 (A)(3), possible discussion and/or action relating to County Budget reconciliations and questions with respect to Treasurer's Office. Mr. Shamley moved to go into executive session for legal advice, seconded by Mr. Shepherd. Vote was unanimous.

Executive session was held.

Chairman Shirley reconvened the meeting. Mr. Shepherd moved to end the executive session, seconded by Mr. Shamley. Vote was unanimous.

Mr. Wengert stated Treasurer Begay was present if the Board had any questions regarding the reconciliations in her office. Chairman Shirley stated there are some things going on that should not be and the County is losing money and don't want that to continue. Chairman Shirley stated the books have not been reconciled for a while and needs to be resolved as soon as possible and asked Treasurer Begay to give an explanation on where she is at with the reconciliation. Treasurer Marleita Begay addressed the Board and provided an explanation on why she is behind with reconciling the accounts; stating it was partially due to the several different software systems that have been used over the years and the change in banking services.

Mr. Shamley asked when the treasurer could provide a timeline when the accounts would be reconciled. Treasurer Begay stated her staff is working beyond the 40 hours a week to reconcile. Mr. Shamley asked if the treasurer had a few days, could she provide a date when the reconciliation would be done. Treasurer Begay stated she could. Treasurer Begay stated the accounts are not short on cash; they have more money in the bank than what is on the books, they just need to find where it goes. Mr. Shepherd stated he is aware of the history and the suspension of the previous treasurer and the state auditors were brought in and reconciled the accounts and his understanding was everything balanced and asked if Treasurer Begay was questioning the state auditor's audit. Mr. Shepherd stated it frustrates him to know the 4.5 million in grants he has applied for will not be approved because the audit isn't complete and the reconciliation needs to be completed as soon as possible and the issues and problems need to be fixed. Mr. Shamley stated there is funding out there that cannot be applied for until the audit is completed because the grants will not be approved at the state and/or federal level and is concerned with this issue and wants answers as to why the accounts are not reconciled. Mr. Shepherd stated this has been going on for a year and he isn't taking this lightly; he does not want it as a write off, it needs to be fixed and if a forensic audit is needed, that will cost money. Mr. Shepherd stated the sheriff's office grant is currently being delayed because the accounts are not reconciled and his grants will be held up as well. A discussion was held regarding the State's audit that was conducted and completed in 2012. Treasurer Begay stated the previous audit only cleared the investments, not the ledgers and she welcomes a forensic audit. Treasurer Begay asked for Finance Director Ryan Patterson to provide a report that shows the accounts were in balance. Mr. Patterson stated at the time the audit in 2012 the auditor general was given all cash accounts including the investments they began the reconciliation process and the errors they found were due to the investments so when you read the report, the corrections were made to the investments, all bank accounts were brought together and the errors that were found were in the investments, so the report shows the corrections that were made. The auditor general finished the audit in July, 2012 and around the end of the third quarter of 2012 the auditor general provided help with a journal entry to bring all funds and cash accounts to zero. Mr. Patterson stated that journal entry was not done under his direction; it was overseen by the treasurer's office.

Mr. Shamley stated the auditor general's report has said the audit was only completed on the investments, and Mr. Patterson has stated all cash accounts were taken into consideration. Mr. Shamley stated there should be a copy of the audit conducted by the auditor general. Mr. Wengert stated it should be easy to obtain verification of the zero balance; doing journal entries seems to be a common practice to get to a zero point so we just need to see what the report says.

Mr. Shamley stated he wants proof from the auditor general's office that all accounts were taken into consideration and brought to a zero balance, and he does not care who obtains the information, the verification needs to be done. Mr. Shamley made the motion, directing the treasurer to provide in writing as to when the reconciliation bringing all accounts to a zero balance can be completed, to be submitted to the Board, by 11:00 a.m. Monday, March 27, 2017. Mr. Shepherd seconded the motion.

Treasurer Begay stated she cannot promise a zero balance because she has proof checks were written in 2011 that her office is currently scrubbing, so that is why she wants to know when the zero balance was established. Ms. Begay stated in order to provide the information by the deadline, she would need the information from the auditor general because the only report she has is for the investment portion of the audit. Treasurer Begay stated Ryan Patterson was the interim treasurer at that time so when he refers to the treasurer, he is referring to himself. Treasurer Begay stated she will submit a response Monday at 11:00 a.m. and her goal is a zero balance but it will take some time. Treasurer Begay stated she wants to wrap up the audit so the county can receive the grant funding. Mr. Patterson stated he wanted to clarify the Board had allowed him to help the treasurer's office during the time frame being referenced, and when he refers to the treasurer he is not referring to himself, he was allowed to assist the treasurer's office for only 120 days and at the end of that

time, the previous treasurer returned to the office and was reinstated during the audit process. Mr. Patterson stated the fact that there are outstanding checks that still exist does not indicate there was not a zero balance. Mr. Patterson stated he is as interested as Treasurer Begay to confirm if the auditor general did review all accounts in the audit.

David Romero, Chief Deputy Treasurer provided an overview of the research he has done on the old accounts. Mr. Romero stated he has not seen any document that shows the accounts were at a zero balance in 2012 and believes the accounts were never at zero. Chairman Shirley stated he would like Mr. Romero to put his explanation and the challenges facing the Treasurer's Office, in the report that is to be submitted to the Board by Monday at 11:00 a.m. Mr. Romero stated he would.

Treasurer Begay asked if she was allowed to communicate with the auditor general. Mr. Whiting stated the treasurer can communicate with the auditor general's office. Treasurer Begay stated she is hoping the county can work as a team to solve this issue. Chairman Shirley stated we are all a team and should work together and this reconciliation is an important issue; the county has already lost \$300,000 and we cannot afford to lose revenue and the books need to be reconciled as soon as possible. Treasurer Begay stated it was not \$300,000 that the county lost, it is \$35,000 so she isn't sure where the extra zero came from and she spoke with Mr. Patterson last week and he had told her there county has not lost any money yet. Chairman Shirley stated every year the department apply for grants and this year there is no point in submitting the grants because without the lack of reconciliations, the grants won't be approved, so not being able to apply is a loss of funding.

Vote was unanimous.

There was no one wanting to address the Board during call to the public.

Mr. Shepherd moved approval, seconded by Mr. Shamley. Vote was unanimous.

Approved this 4th day of April, 2017.

/s/ Joe Shirley, Jr.
Chairman of the Board

/s/ Delwin Wengert
Clerk of the Board