

PURSUANT TO A.R.S. SECTION 38-431.01, THE GILA COUNTY BOARD OF SUPERVISORS WILL HOLD AN OPEN MEETING IN THE SUPERVISORS' AUDITORIUM, 1400 EAST ASH STREET, GLOBE, ARIZONA. ONE OR MORE BOARD MEMBERS MAY PARTICIPATE IN THE MEETING BY TELEPHONE CONFERENCE CALL OR BY INTERACTIVE TELEVISION VIDEO (ITV). **ANY MEMBER OF THE PUBLIC IS WELCOME TO ATTEND THE MEETING VIA ITV WHICH IS HELD AT 610 E. HIGHWAY 260, BOARD OF SUPERVISORS' CONFERENCE ROOM, PAYSON, ARIZONA.** THE AGENDA IS AS FOLLOWS:

WORK SESSION - TUESDAY, JULY 30, 2013 - 10:00 A.M.

1 CALL TO ORDER - PLEDGE OF ALLEGIANCE

2 REGULAR AGENDA ITEMS:

- A Presentation of the Gila County FY2012 Financial Audit summary by Dennis Osuch, partner of CliftonLarsonAllen. **(Don McDaniel)**
- B Information/Discussion regarding the 4th and final phase of Arizona Public Service Energy Services Company, Inc.'s (APSES) Energy Audit Report, which is the design and installation of energy conservation measures as described and recommended by APSES in the Energy Audit Report. **(Steve Stratton)**

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(H), action taken as a result of public comment will be limited to responding to criticism made by those who have addressed the Board of Supervisors, may ask staff to review the matter or may ask that a matter be put on a future agenda for further discussion and decision at a future date.

IF SPECIAL ACCOMMODATIONS ARE NEEDED, PLEASE CONTACT THE RECEPTIONIST AT (928) 425-3231 AS EARLY AS POSSIBLE TO ARRANGE THE ACCOMMODATIONS. FOR TTY, PLEASE DIAL 7-1-1 TO REACH THE ARIZONA RELAY SERVICE AND ASK THE OPERATOR TO CONNECT YOU TO (928) 425-3231.

THE BOARD MAY VOTE TO HOLD AN EXECUTIVE SESSION FOR THE PURPOSE OF OBTAINING LEGAL ADVICE FROM THE BOARD'S ATTORNEY ON ANY MATTER LISTED ON THE AGENDA PURSUANT TO A.R.S. SECTION 38-431.03(A)((3).

THE ORDER OR DELETION OF ANY ITEM ON THIS AGENDA IS SUBJECT TO MODIFICATION AT THE MEETING.

Work Session

Meeting Date: 07/30/2013

Submitted By: Don McDaniel Jr., County
Manager, County Manager

Department: County Manager

Information

Request/Subject

Presentation of 2012 Financial Report, Single Audit Report and Findings, and Expenditure Limitation Report

Background Information

As stated in their May 18, 2012 engagement letter, the Auditor's responsibility as described by professional standards, is to express opinions about whether the financial statements prepared by management with the Board of Supervisors oversight are fairly presented in all material respects, in conformity with U.S. generally accepted accounting principles (GAAP). In planning and performing the audit the auditors considered the County's internal control over financial reporting and internal control over compliance. This Audit is for the year ended June 30, 2012.

Evaluation

The Annual Financial Report for the year ended June 30, 2012 as prepared by County Staff, indicates that Assets exceeded Liabilities by \$70,267,348 (Net Assets). Of the \$70,267,348, \$24,182,980 are considered Unrestricted Net Assets.

In the Auditors Single Audit Report, the Schedule of Findings and Questioned Costs list 20 Findings.

In terms of Internal Control over Financial Reporting, 2 Findings (01 and 12) are considered Material Weaknesses, while 1 Finding (13) is considered a significant deficiency.

In terms of Internal Control over Financial Compliance, 5 Findings (14, 15, 16, 19, and 20) are considered Material Weaknesses, while 2 Findings (17 and 18) are considered Significant Deficiencies.

The Audit also contains 8 Items of Prior Audit Findings with the Auditors comments on the Status of each.

Staff has reviewed all of the Findings in the Audit and has responded (contained in the Audit) with our comments and Corrective Actions on each.

Conclusion

The resignation of the County Finance Director in April coupled with several vacancies in the Department delayed the completion of the Audit and may have contributed to the reasons for some of the Findings, particularly Finding 14 regarding reconciling records in a timely manner to allow sufficient time to complete the audit within 9 months following the end of the fiscal year. In addition, Finding 18 regarding grant cash management reports not being submitted timely and not being reviewed by supervisory personnel, can be attributed in large part to the lack of a Director and other key staff vacancies.

Corrective Actions have been identified on All Findings. County Management is actively recruiting for a Director and other vacancies are being filled in a timely manner to provide for implementation of the Corrective Actions.

Recommendation

The County Manager recommends the FY2012 Audit be accepted as presented with the understanding that staff is committed to implementing the Corrective Actions.

Please note that this is the last year CliftonLarsonAllen will be doing our Annual Single Audit. Moss-Adams LLP is currently engaged on behalf of the Auditor General and is working on our 2013 Audit.

Suggested Motion

Presentation of the Gila County FY2012 Financial Audit summary by Dennis Osuch, partner of CliftonLarsonAllen. **(Don McDaniel)**

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Work Session

Meeting Date: 07/30/2013

Submitted For: Steve Stratton, Public Works Division
Director

Submitted By: Shannon
Boyer,
Executive
Administrative
Asst., Public
Works Division

Department: Public Works Division

Fiscal Year: 2013 - 2014

Budgeted?: No

Contract Dates April 5, 2011

Grant?: No

Begin & End:

Matching No

Fund?: New

Requirement?:

Information

Request/Subject

Arizona Public Service Energy Services Company, Inc. (APSES) Technical Energy Audit

Background Information

On April 15, 2011, Professional Agreement No. 6557.102-12-2010 between Gila County and Arizona Public Service Energy Services Company, Inc. (APSES) was approved by the Board of Supervisors. This agreement allowed APSES to perform a technical energy audit of Gila County for period of one year. After the audit was completed, APSES agreed to provide an Energy Audit Report. The Energy Audit Report dated July 16, 2012, was presented and discussed with the Board of Supervisors.

Due to State mandated changes, the entire study had to be changed; therefore, a revised report was required dated February 2013.

Evaluation

Phases 1 through 3 of the audit consisted of the collection of data, inspection of facilities, establishment of base year energy consumption, the performance of a financial analysis of energy conservation measures and the preparation of the detailed Energy Audit Report.

The 4th and final phase will be the design and installation of energy conservation measures described and recommended in the Energy Audit Report. If the County chooses to move forward with this phase, the parties shall execute a construction agreement.

If the County issues the Notice to Proceed in sixty (60) calendar days from the receipt of the audit, any costs incurred for the audit will be included in the implementation costs of the energy conservation measures. If the County decides not to proceed with the final phase of the project, the County shall pay APSES \$17,690 for the energy audit.

Conclusion

The revised Energy Audit Report dated February 2013, is 90% complete and was received in February 2013.

Recommendation

The Public Works Facilities and Land Management Department recommends that the Board of Supervisors review the revised APSES Energy Audit Report and determine whether or not to move forward with the final phase of the audit.

Suggested Motion

Information/Discussion regarding the 4th and final phase of Arizona Public Service Energy Services Company, Inc.'s (APSES) Energy Audit Report, which is the design and installation of energy conservation measures as described and recommended by APSES in the Energy Audit Report. **(Steve Stratton)**
