

**MINUTES
SPECIAL SESSION
MAYOR and COMMON COUNCIL
of the
TOWN OF CAMP VERDE
COUNCIL CHAMBERS
473 S. Main Street #106
Wednesday, January 30, 2008
6:30 p.m.**

1. Call to Order

Mayor Gioia called the meeting to order at 6:00 p.m.

2. Roll Call

Mayor Gioia, Vice Mayor Hauser, Councilors Elmer, Garrison, Kovacovich, and Smith

Also Present:

Town Manager Michael Scannell, Town Clerk Deborah Barber, Deputy Clerk Virginia Jones and Town Accountant Lisa Elliot were present.

- 3. Update on the Town's Fiscal Year 07/08 Financial Status followed by discussion, consideration, and possible direction to the Manager to implement corrective actions related to the expenses and revenues that will accrue by June 30, 2008.** Staff resource: Michael Scannell

Mayor Gioia commented that many questions that Council has been asking for quite some time are being answered and compared this activity to Camp Verde moving into a 'renaissance' era.

Scannell gave an overview of the report he prepared for Council explaining the \$1,800,000.00 shortfall in the budget. The memo is attached and becomes a permanent part of this record. Scannell explained the difference between a deficit and a shortfall, and assured Council that the problem is fixable. Scannell explained the reasons for the shortfall that included inflated projections of General Purpose Sales Tax Revenue and the downturn in the economy, which included lackluster housing starts and construction. He also explained there is no appropriation of funds included in the budget for the payment on the new Marshal's Facility or the pledge of funds to KOCH Financial for the Sanitary District. He advised that the Parks & Recreation Department is projected to lose \$110,000 on Special events promoting the Town. He pointed out that with the \$130,000 that is given to the Chamber of Commerce; the Town spends \$275,000 to promote Camp Verde. He advised the Court has a shortfall of approximately \$55,000 and the Finance Department will be short \$40,000.

Scannell stated mitigating the shortfall will be a challenge and reviewed suggestions included in the report. He advised the Department Head team spent the few couple of weeks assessing their respective funding needs and reducing departmental expenditures, which yielded approximately \$300,000 to the General Fund.

Public Input:

Steve Ayres asked about the development of the park. Scannell explained that the Town has been attempting to acquire the 118 acre Forest Service site that was up for auction. He said that the bids were to close today at 3:00 p.m. and at 2:45 p.m., there were no bids offered. He explained that the Town did not offer a bid, hoping that this would force the GSA to reconsider the \$20,000 per acre price.

Robin Whatley thanked the Council for spending the extra dollars to fund the outside audit. Whatley thanked Mr. Scannell for the five-page report that tells the citizens about our financial situation and how it can be fixed.

Hank Hoover stated Scannell looked like he is going to stop a runaway horse before we have a property tax. He stated he does not want to have a property tax.

There was no other public input.

Council thanked Scannell and the entire staff for their work and agreed that the Town needs to move forward. Garrison noted her trust level in 'audits' was zero because she had been assured that all the checks and balances were in place, and that was not the case. Garrison questioned how the Town got to this position.

Council agreed to meet with the Parks & Recreation Commission as soon as possible to determine what direction they should go with regard to special events. Scannell reminded Council that they had difficult decisions ahead and it would not be a walk in the park. He noted some feathers would be ruffled and needed total Council support. He noted it would be a challenge, but if they were up to it, and staff, the Town would be able to move forward. He asked for a vote of confidence and everyone in the room, including Council members, raised their hand. Scannell explained staff is working on a new template for a budget that would be easier to understand where the revenues and expenditures for each department would be coming from.

4. **Discussion, consideration, and possible authorization for the Manager to sign an engagement letter contracting Heinfeld, Meech & Co., P.C. Certified Public Accountants, specifically Cherie Roberts, to provide financial management advisory services as needed between February 1, 2008 and June 30, 2008 in an amount not to exceed \$25,000. This action is in lieu of hiring a Finance Director at this point.** This is a budgeted item in the General Fund. Staff Resource: Michael Scannell

On a motion by Hauser, seconded by Elmer, the Council unanimously authorized the Manager to sign an engagement letter contracting Heinfeld, Meech, & Co., P.C. Certified Public Accounts, specifically Cherie Roberts, to provide financial management advisory services as needed between February 1, 2008 and June 30, 2009 in an amount not to exceed \$25,000.

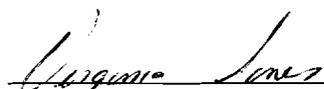
Scannell explained they have been working with Ms. Roberts; she is a CPA and a great resource. Scannell stated Council would need to continue to think about hiring a Finance Director in the future; however, the first order of business is to 'get the ship righted'.

Council asked when the audit would be complete and how far back it went. Scannell advised that the audit should be completed in February, but was unsure if the Town would meet the deadline for the Auditor General.

Mayor Gioia questioned the verbiage of the agreement first paragraph, second page, concerned with "you recognize that any discontinuation..." and stated he would go with Scannell's recommendation, after Scannell spoke with the Partner at Heinfeld, Meech & Co., P.C.

5. **Adjournment**

On a motion by Hauser, seconded by Elmer the meeting adjourned at 8:48 pm.



Virginia Jones, Deputy Clerk

CERTIFICATION

I HEREBY CERTIFY THAT THE FOREGOING, minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during the Work Session of the Town Council of Camp Verde, Arizona held on the 30th day of January 2008. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 7 day of February 2008

Deborah Barber
Deborah Barber, Town Clerk