

**SPECIAL SESSION
February 9, 2006**

The Board of Supervisors of Maricopa County Arizona convened in Special Session at 1:00 p.m., February 9, 2006, in the Board of Supervisors' Conference Room, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman, District 2; Fulton Brock, Vice Chairman, District 1 (entered late), Andrew Kunasek, District 3 and Max W. Wilson, District 4. Absent: Mary Rose Wilcox, District 5. Also present: Lori Pacini, Deputy Clerk of the Board; Cassandra Harris, Administrative Coordinator; David Smith, County Manager and Paul Golab, Deputy County Attorney. Votes of the Members will be recorded as follows: aye-nay-absent-abstain.

SCHOOL DISTRICT #509 VOUCHER APPROVAL AND RATIFICATION

Item: The Board of Supervisors, pursuant to its authority granted in A.R.S. §15-1001, will consider for approval vouchers presented by the County School Superintendent of Maricopa County to draw warrants on the County Treasurer against Maricopa County Regional School District #509 School District fund(s) for necessary expenses against the school district and obligations incurred for value received in services as shown in the vouchers. The Board of Supervisors may consider ratifying any Maricopa County Regional School District #509 vouchers and or warrants approved in accordance with the procedures of A.R.S. §15-321 since the last meeting of the Board of Supervisors. (ADM3814-003) The Board of Supervisors may hear staff reports on the vouchers and warrants being considered. The vouchers are on file with the Maricopa County Clerk of the Board's office and are retained in accordance with ASLAPR approved retention schedule. (ADM 3814-005)

Brian Hushek, Deputy Budget Director
Shelby Scharbach, Deputy Director, Department of Finance
Steve Zimmerman, Assistant Superintendent, Maricopa County District Schools
Shawn McCollough, District Superintendent, Maricopa County District Schools

Chairman Stapley called the meeting to order and introduced Mr. Hushek, Deputy Budget Director, to present the issues of School District #509 voucher approval and/or ratification.

Mr. Hushek introduced Ms. Scharbach from the Department of Finance. Mr. Hushek and Ms. Scharbach were present to answer any questions and review with the Board of Supervisors the spreadsheets that had been distributed. Mr. Hushek stated that the voucher invoices had been fully reviewed by the Office of Management and Budget (OMB) and that OMB was recommending approval to the Board of Supervisors so that warrants could be issued to pay the invoices. Mr. Hushek explained that there was one item on the spreadsheet, voucher #174, that required ratification as a result of the individual phone calls that were made to the three board members the previous Friday to authorize the issuance of a warrant.

Supervisor Wilson queried if there were delinquencies for any of the items. Ms. Scharbach replied that voucher #5147 is current and due; voucher #5148 is for Bee-Line Transportation, a small company that relies on the Regional School District quite significantly for their cash flow. Ms. Scharbach stated that the vouchers would all be considered current and due.

Mr. Hushek added that if the School District had stayed on their normal schedule, voucher #5147 would have been processed last Thursday with warrants cut on Friday; voucher #5148 would have been processed last Tuesday and warrants cut yesterday morning. Mr. Hushek stated that there were a number of invoices that were included in vouchers #5147 and #5148 that had not been reviewed. They will come to the Board at a later date when the invoices are verified. Additional information is still expected from the Regional School District regarding contracts and the full procurement documentation

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that the School District went through to secure those contracts. Mr. Hushek added that the Regional School District had been very helpful in their efforts to provide the information to OMB as quickly as they possible can, knowing that a lot of the files are still with the Sheriff's Office.

Supervisor Kunasek questioned the Use Tax to the Department of Revenue, which was not a big amount, and whether the School District was exempt from sales tax. Ms. Scharbach responded that the Use Tax actually represents a sales tax, and the School District would be obligated to pay the amount to the Department of Revenue for that particular item. The reason it is called a Use Tax is because that purchase was made from an out-of-state vendor.

Supervisor Kunasek inquired if this situation was going to occur weekly, with this approximate amount, number of warrants, number of checks, etc. Mr. Hushek responded that he was anticipating that OMB would be able to develop a spreadsheet, similar to the one presented at the meeting, for the regularly scheduled Monday and Wednesday Board Meetings, which are currently on the schedule, as well as for possible special meetings on those off-weeks, hoping to get on a Wednesday schedule - depending upon how quickly the Regional School District can get OMB all of the back-up documentation, including all of the procurement information, for each of the invoices. Mr. Hushek indicated he was hoping to receive those complete packages on the front end so OMB would not have to continue to ask for additional documentation. Mr. Hushek anticipated that the vouchers would be sent to the Supervisors complete so that OMB would be recommending that the Supervisors approve the full voucher, including all of the invoices included on it. The vouchers presented at this time are just partials.

Supervisor Kunasek asked about the amount for student transportation for the Head Start program, stating "in his mind it was always paid for by grant sources." Ms. Scharbach responded that the amount was being charged to maintenance & operation (M & O), and it was a very valid question.

Responding to a question from Supervisor Kunasek, Mr. Hushek reported that Bee-Line Transportation is the sole transport bus company, and that all of the bid process documents had been reviewed including a copy of their minutes substantiating the RFP process and the selection of Bee-Line.

Mr. Zimmerman, Assistant Superintendent, Maricopa County Regional School District introduced himself as the person overseeing finance for the School District. He stated that this line item for Bee-Line Transportation was mostly used to support field trips and would not qualify for a tax credit.

Mr. Zimmerman extended thanks to Mr. Hushek and Ms. Scharbach for their tireless assistance in resolving the issues surrounding the necessary expenses of the School District and the obligations incurred for value received in services as shown in the vouchers.

Mr. McCollough, District Superintendent, Maricopa County Regional School District, reported that "from a philosophical position, the School District was in the process of scaling back as much as possible not only from a financial standpoint but, also, from an instructional standpoint. In the future, when you see an item like field trips, it will not be a common item as the School District is trying to get back to the basics, which will be the focus from here on out. This has been a priority since Mr. Zimmerman and I took over last August."

~ Supervisor Brock entered the meeting ~

Mr. Hushek made a slight correction to the spreadsheet on voucher #5148. He reported that the three last lines for Bee-Line Transportation, in the last column, are currently coded to M&O (001), and that it

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should read "Grants 200." This change will be made and a corrected copy will be sent to the Clerk's Office.

Chairman Stapley questioned if the upcoming District meeting was a School Board meeting and would there be representation from OMB. Mr. Hushek responded that he and Ms. Scharbach, along with Sandi Wilson, Deputy County Manager, and possibly, Tom Manos, Chief Financial Officer, are scheduled to attend. The meeting is scheduled for Tuesday, February 14, 2006 at 4:00 p.m.

Mr. Hushek reported that the process will move more smoothly in the future because the Regional School District now knows what is needed in the package that goes along with each of the vouchers presented to OMB for review and further approval by the Board.

Mr. Smith, County Manager, stated that "discussions had been held regarding a financial turnaround plan and, based on Mr. Zimmerman's comments, it certainly sounds like the School District is starting that turnaround now. It may be helpful if, with the four months left in the fiscal year, to see how close we can get to balancing a budget by decreasing expenditures and increasing revenues, again consistent with the mission." Mr. Smith commented that there should be a balanced budget for '06-'07 and, "as we go through the process, the Board Members should be interested to see how close we can get to turning this situation around financially with what remains in this fiscal year."

Mr. Hushek stated that no more funding was required. The \$150,000 that the Board allocated will cover what is needed to make certain that the school district funds do not go into the negative on any of the individual fund line items.

Chairman Stapley asked for clarification that no more warrants were being presented to the Treasurer. Mr. Hushek replied that was correct - only the warrants that have been fully funded and the ones that were already presented to the Board prior to February 1, 2006, with the Board's approval of the resolution. Going forward, all revenues will go into the new fund and there will be no more money coming out of the Treasurer's pool for the Regional School District.

Motion was made by Supervisor Wilson, seconded by Supervisor Kunasek, and unanimously carried (4-0-1) regarding action on the following vouchers:

- Approve Voucher No. 5147 (partial),
5148 (partial) and 174 \$41,727.28

RECESS TO EXECUTIVE SESSION

Supervisor Brock requested that the Board of Supervisors recess to Executive Session to further discuss these matters.

Motion was made by Supervisor Brock, seconded by Supervisor Kunasek, and unanimously carried (4-0-1) that the Board recess into Executive Session for the purpose of obtaining legal advice from their attorneys regarding the vouchers that had been presented for payment consideration to the Board.

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

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MEETING ADJOURNED

After considering this item in Executive Session, and there being no further business to come before the Board, the meeting was adjourned.

ATTEST:

Don Stapley, Chairman of the Board

Lori Pacini, Deputy Clerk of the Board