



Over 35 year's municipal experience

Date: July 19, 2016

To: Mayor and Council
Town of Mammoth

From: Pat Walker, Financial Consultant

Re: Accomplishments and status moving forward

On June 28, 2016, the tentative proposed budget was presented to the Town Council at the Town of Mammoth. In addition to discussing the proposed fiscal year 2016-2017 budget, I presented a list of the items that had been successfully achieved over the past 1 ½ years since I started working with the Town of Mammoth. This was not achieved solely by Pat Walker Consulting, but in collaboration with the Interim Town Manager who was also the Mayor, Don Jones, and the Interim Town Clerk, Erica Garcia. Attached is a list of the items that have been successfully achieved. One major achievement for the Town is that for the first time since fiscal year 2011-12, the Town will spend less expenditures than revenues it receives and is projecting a slight surplus. Primarily, this is a result of the Mayor wearing numerous hats filling numerous positions in the Town and as a result seeing tremendous salary savings, as well as overseeing the reduction of expenditures in all departments. For the first time in numerous years, the Town is living within its means.

I also informed Council, that as a result of a Councilmember falsely accusing me numerous times in public meetings of not providing reports to Council (see May 20, 2016 memo sent out to Council) which I had provided, and the fact that I had not intended to stay 1 ½ years in providing financial consulting assistance to the Town, that the June 28, 2016 meeting would be my last in working for the Town and they needed to move forward in taking this responsibility on as originally planned when I was hired to assist the Town. I also presented to the Council a list of items that they would need to be addressed as well as some immediately, moving forward which is attached to this letter.

Subsequent to this it is my understanding that the Mayor has submitted his resignation as Interim Town Manager and Mayor and Erica Garcia has submitted her resignation as Interim Town Clerk. This leaves the Town with no Manager, no Town Clerk and no financial consulting assistance. This is troubling for the Town as they still needed to approve their final 2016-17 budget, property tax levy, and move forward with an Alternative Expenditure Limitation election in November.

In order to not leave the Town in a position of not having an approved final budget and unable to meet the deadlines for the Alternative Expenditure Limitation election in November, I agreed to assist in getting the documents and notice requirements for the required public hearings for the budget and property tax levy, as well as the final adoption of the budget. This was all disconcerting for me as I always leave a Town or City I work with in a better position than when I started, and I definitely feel I have done that for Mammoth, but not having the final budget approval and allowing the voters of Mammoth to decide on an Alternative Expenditure Limitation in November would not be good for the Town. After discussing the requirements for the financial analysis that is required for the Alternative Expenditure Limitation election in November with the Town Attorney, I was asked for an estimate of my services to complete the final budgetary process, the financial analysis needed for the Auditor General, as well as information that would be required for the ballot and publicity pamphlets. This is the item that is before Council this evening and this includes no further financial assistance to the Town because as I stated at the June 28, 2016 meeting that I would no longer be working with the Town. After this task is completed, as it was at the June 28, 2016 meeting, it is my recommendation that the Town hire a part time position or a firm to provide ongoing financial assistance.

A handwritten signature in cursive script that reads "Pat Walker".

Pat Walker, Pat Walker Consulting LLC

Accomplishments over the past 1 ½ years at Mammoth:

- Town had not had an audit since FY12 and did not have the financial status of the Town. I recreated the general ledger for the Council to have Town's financial position for FY13, FY14 and FY15
- Prepared and adopted balanced budget for FY16 and FY17. Correctly completed all Auditor General Forms.
- Fixed numerous entries in the general ledger that were coded wrong
- Developed a "balanced budget" for FY16 in conjunction with Council with an increase to sales tax from 3 to 4%
- Assisted the Mayor in negotiating the insurance payment down for assets that no longer belonged to the Town
- Negotiated extension and payment plan for Commercial liability & Workman's comp insurance with the Mayor by attending board meeting at League
- Negotiated a reduced payoff (\$17K to \$10K) of an old credit card balance no longer used.
- Responded to Auditor General's office's audit first time, second time worked hand in hand to make sure payback agreement was recognized and Town would not lose state shared revenues.
- Established \$500 payback to HURF fund from General Fund starting in July 2015 with Auditor General's office.
- Hired someone who could complete quarterly and year end payroll reports at lower rate.
- Recruited highly respected firm (Partner in fact) to get the general ledger in shape for audit by Colby Powell to do the FY13 audit and FY14 audit has begun. They are currently working on FY15 audit cleanup.
- Had oversight of one-time override election with Town for expenditure limitation. Worked hand in hand with Erica to accomplish it through Pinal County. It was a successful election.
- Assisted in trying to get Pinal County Sheriff's office to contract with the Town.
- Assisted Mayor in getting DPS to provide Interim Chief at no cost to the Town. The Mayor spearheaded getting the Pinal County Sheriff's office to be interim Chief at no cost when DPS contract was up in May.
- Produced numerous required reports for Auditor General's office that are required by State law.
- Spent many hours working with Caselle fixing the financials in the Town's system with Erica.
- Produced quarterly financial reports for Council with discussions of projections for year end. Monthly reports were also provided from the Town's financial software system.
- Worked with Mayor and Erica to get outstanding bills caught up. All outstanding bills are paid now. When I first came to Mammoth, there were checks written and held on to for months because they could not be paid. Those were voided and accounts have been brought up to date.
- Worked with CAG and the Arizona Department of Housing along with Mayor and Erica to allow them to pay for expenses for the water tank renovation and the Town not have to "upfront" the costs. Prepared letter to outline process and procedures that were agreed to with ADOH.
- Assisted the Mayor, Erica and April in limiting the expenditures in the budget. As you will see in tonight's presentation that was a major change for the Town. Primarily, this is a result of the Mayor stepping in as Town Manager, Public Works Director, Parks Director, Erica stepping up to perform the Town Clerk responsibilities as well as many of her own she already had, and April taking on more responsibilities.
- Met with the Town of Hayden on a number of occasions to see if the Town could work out an intergovernmental agreement for Police services once Pinal County said they would not provide

police services. This was to try to keep within the state expenditure limitation. Town of Hayden was very cooperative in trying to figure out an easy way to do this, but there were too many obstacles to overcome in a short period of time.

Things that need to be done:

- Public Hearing for Final Budget and Property Tax Levy. Adoption of final budget
- Postings on Budget required by state statute
- Adoption of final property tax levy
- Notification to Pinal County
- Moving forward with election and state statute requirements for Home Rule. Need to get moving or Town will miss deadlines to hold election.
- Reconciliation of grant funds, pending grants with ADOH and making sure documents are all in order according to agreement
- Continued cleanup of general ledger
- Reconciliations set up for utility billing
- ICMA contract should be updated
- Solution for Police Department
- Upcoming Council election requirements
- Future monthly financial reports, quarterly financial reports
- Update fixed asset listings for insurance liability insurance
- Continued monitoring of spending to stay within budget and eventually pay back other funds borrowed from to balance budget
- Hiring of Town Manager with either Clerk experience or Finance experience. Hard to get both. Around \$75K has been put into the budget for FY17.
- Reconciliation of expenditures made in FY16 that really should be coded back to FY15. If not, that the town will face violation of the state expenditure limitation as the Pinal County Intergovernmental agreement did not go through. This would mean a monetary penalty to the Town and less funds to spend in FY17.
- Make sure all HURF expenditures are recorded in HURF and not GF to potentially bring down the Fund Balance owed.
- Rate study for Water and Wastewater is required if grant funds are going to be obtained for water and sewer projects.
- Handling day to day financial issues as they come up as well as payroll issues.