

**MINUTES  
WORK SESSION  
MAYOR and COMMON COUNCIL  
of the TOWN OF CAMP VERDE  
COUNCIL CHAMBERS - 473 S. Main Street, #106  
WEDNESDAY, SEPTEMBER 22, 2010  
5:00 p.m.**

**DRAFT**

**Minutes are a summary of the actions taken. They are not verbatim.  
Public input is placed after Council motions to facilitate future research.  
Public input, where appropriate, is heard prior to the motion**

- 1. Call to Order**  
Mayor Burnside called the meeting to order at 5:00 p.m.
  
- 2. Roll Call**  
Mayor Burnside, Vice Mayor Kovacovich, and Councilors Baker, Garrison, and German were present. Councilor Whatley was absent. Councilor Roulette arrived at 5:01 p.m.

**Also Present:**

Town Manager Russ Martin, Senior Accountant Lisa Elliott, and Town Clerk Deborah Barber

- 3. Pledge of Allegiance**  
Councilor Baker led the pledge of allegiance.
  
- 4. Council will interview the independent public accounting firms of Colby & Powell, PLC and Walker & Armstrong, LLP relative to their experience and qualifications in providing audit services to the Town. The Town's Financial Consultant recommended these two firms following a sealed bid process for Professional Audit Services. During the Council Hears Planning & Zoning Matters scheduled at 6:30 p.m., Council may choose to select one of these firms to provide audit services.**

Senior Accountant Lisa Elliott explained that representatives from the firms of Colby & Powell and Walker & Armstrong were present to meet with Council to hear presentations and answer questions relative to audit services.

Scott Graff, Audit Partner of Colby & Powell, introduced himself advising that he is from the small town of Boulder, Nevada and that he now lives in Mesa, AZ. He advised that his firm performs many audits for small communities like Camp Verde. The firm began in 1978 with a focus toward municipalities and a tax practice. The firm also audits non-profit and for-profit agencies, as well as home owner associations. He explained that the firm's primary experience is in government accounting. He advised that they take into account the difficulties that small communities face, such as preparation of the financial statements. He explained that his firm has a very good relationship with Walker & Armstrong. He said that either firm will provide Council with the experience that they need. Graff said they have 13 employees and 3 partners, which means that he must do a lot of work. He explained that he serves the Audit Manager role during the audit. He said that he will be present during the planning stages, field work, and review of the audit. He explained that they have a very good staff and described the various managers as having CPAs. The firm has three objectives – 1) planning phase with details and good financial statements, 2) providing good feedback; and 3) striving not to over burden staff. The audit should be a good experience for everyone. He reviewed the training provided to the firm's staff. He stated again that Council had two good choices.

Burnside asked about the peer review process. Graff explained that this process has been going on about 20 years and that it upholds standards.

Baker noticed the 228 hour estimate that appears to be standard. She asked if that was common for small communities, noting that our consultant thought more time would be required. Graff explained that the time estimate is based on experience with other communities. He advised that he reviewed the Town's prior audits and noted that there

were no utilities involved. He stated that he believed they would be able to complete the project within the estimated timeline.

The Mayor and Council thanked Mr. Graff for his presentation.

Steve Tait, Managing Partner of Walker & Armstrong introduced himself. He advised that he played football in Camp Verde when he was young and that his home town is Fredonia, Arizona. Walker & Armstrong has been a firm for 30 years, with Tate taking over about 13 years ago. He described the staffing in his firm and the type of audits provided. Tait explained that he managed the tax practice segment of the firm. He explained that quality is critical to this firm and that they are dedicated to ensuring accuracy, noting their duty to the Council. He explained that communication is critical and clear throughout the audit process. He explained that they meet with the audit liaison to determine how and when the work will be done. Tait advised that the audit process is a necessary intrusion on staff and the firm's staff is always mindful of that. He explained they were comfortable with working with the Town's 4-10 hour day work schedule. He said that it was important to stand clear and strong in their independence so that Council could learn to rely on them with any issues that might arise. He also spoke highly of Colby & Powell.

Randy Ottaway, a partner with Walker & Armstrong, advised that he has been performing governmental audits for 20 years and that they were currently working for 28 governmental entities. He praised Council for their efforts in performing a CAFR along with the audit. He noted that he was also a peer reviewer. He said the hours quoted are sufficient to complete the audit and meeting the December deadline for the CAFR. He described the training requirements and opportunities for their firm's staff. He described the research tools available for their accountants. He noted the RFP required certain timelines and they appreciate the Town's organized approach. He explained that the entrance conference opens a dialog that begins the engagement at the right point. He advised that they would remain objective and independent throughout the audit process and never forget that they answer to the Council and the citizens. He advised that they will look at supporting documentation, ratio and comparative analyses to determine the level of weakness. He advised that they will also conduct an exit conference with management.

Garrison noted that the Town had a situation with the audit several years ago. She said that she was told that auditors do not like to give bad news. Ottaway assured her that their firm would definitely advise Council. He explained that partners are required to review all communication, noting that in some circumstances, information must be brought to Council immediately. He explained the requirements of the accounting standards.

Burnside asked about the difference between a practicing CPA and a CPA. Ottaway explained that there is no difference. Burnside asked about the number of bids sent out by the firm and how many bids they were awarded. Ottaway said that the number that the Mayor was referring to was the Town's bid number, not the firm's bid number.

Baker asked for clarification as to a single audit. Ottaway explained that the Town has not exceeded a certain dollar amount in federal funds that would trigger the requirement for a single audit. He explained that single audits are individual audits are conducted for each federal fund. The standard audit allows the auditors to determine which programs to audit. He explained that this involves looking at compliance-related programs, i.e. Davis-Bacon Act, in addition to the financial items.

German asked if there was always a discrepancy in every audit that they performed. Ottaway said that they have issued good reports.

Garrison asked how easy it was to slip loans through an audit, noting recent news. Ottaway the audit process includes understanding and evaluation the organizational relationships and that loans to Council or staff would be a red flag.

## 5. **Adjournment**

On a motion by Roulette, seconded by Baker, the meeting was adjourned at 5:46 p.m.

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Bob Burnside, Mayor

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Deborah Barber, Town Clerk

**CERTIFICATION**

I hereby certify that the foregoing Minutes are a true and accurate accounting of the discussion 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 22<sup>nd</sup> day of September 2010. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

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Deborah Barber, Town Clerk