

**MINUTES OF THE
REGULAR MEETING OF THE COMMON
COUNCIL OF THE TOWN OF STAR VALLEY**

**Tuesday, August 15, 2017 at 6:00 pm
3675 East Highway 260, Star Valley, AZ
(Star Valley Town Hall)**

The Agenda for the meeting is as follows:

- PRAYER was offered by Rev. Linda Westcott of the Community Presbyterian Church.
- PLEDGE OF ALLEGIANCE
- CALL TO ORDER

- ROLL CALL:

Mayor McDaniel X, Vice Mayor O'Connor X, Council Member Hartwell X, Council Member Coon X, Council Member McKinney X, Council Member Davis X, Council Member Stephenson X.

- **HELLSGATE FIRE DISTRICT REPORT FOR JULY 2017**

Acting Chief John Wisner of Hellsgate Fire District gave the report for July 2017.

- **CONSENT AGENDA ITEMS:**

All items listed under the Consent Agenda will be voted on with one motion. If discussion is desired regarding any Consent Agenda item, that item will be removed from the Consent Agenda and voted on separately.

A. Approval of the minutes from the Regular Council Meeting held on August 1, 2017

B. Approval of Claims Payable from August 1, 2017 through August 15, 2017 for the General Fund and for the Water Department.

A motion to approve consent agenda items A and B was made by Council Member Davis, and was seconded by Council Member Stephenson.

A roll call vote was taken:

Mayor McDaniel X, Vice Mayor O'Connor X, Council Member Hartwell X, Council Member Coon X, Council Member McKinney X, Council Member Davis X, Council Member Stephenson X.

The motion was voted on and passed 7 - 0.

- **DISCUSSION ITEMS:**

1. **Presentation by Mayor McDaniel honoring Star Valley resident Denton Petersen and his National Championship in Team Roping win.**

Mayor McDaniel moved Agenda Item 2 up to Agenda Item 1. He thanked the Denton family for attending and presented the “Pride of Star Valley” plaque to Denton Peterson.

2. **Discussion and possible action regarding review and acceptance of town financial report and audit results for year ended June 30, 2016. Denis Osuch of CliftonLarsonAllen LLP to make presentation.**

Town Manager Grier introduced Denis Osuch with CliftonLarsonAllen and stated he has been the Town’s auditor for many years. An audit is done every year, reported Mr. Grier, and the results are very valuable to the Town. Denis Osuch stated he is a partner with CliftonLarsonAllen and they did the audit for the June 30, 2016 year end. The audit consisted of the “Financial Statements”; the “HURF Examination” and how the HURF funds were used in accordance with Arizona Revised Statutes; and the “Annual Expenditure Limitation Report” required by the State of Arizona (see included reports). Mr. Osuch explained that the Towns expenditures are required to be within the Home Rule adopted expenditure limitation amount and that the Town spent significantly less than the expenditure limitation, which was reported in accordance with the State requirements. The annual financial report, stated Mr. Osuch, is where their focus is as part of the audit. The “Internal Control” communication is based on recommendations they had during the audit (see included report). The audit is done on a risk based approach – every single organization has risk – the auditors try and identify those areas that have higher risk. One of the recommendations, reported Mr. Osuch, is related to segregation of duties. Because of a lack of segregation of duties, the auditors perform more in-depth procedures. Another risk area is capital assets – the auditors look to see that they were capitalized properly, and accordingly depreciated as well.

Explained Mr. Osuch, when they issue the reports, they are basically giving an opinion on the financial statements. An unmodified opinion means that it was a clean opinion and there were no issues. The auditors issued an unmodified opinion on all areas, except for the government wide financial statements. There was a qualification regarding pensions for the Arizona State Retirement System and two employees in the past that were not making contributions. Council Member McKinney questioned the lack of segregation of duties, and asked if the Town needs to hire more people. Ultimately, explained Mr. Osuch, you don’t want to have the same employee handling cash, keeping the records and reconciling cash. It is the responsibility of the auditors to report this to Council, it is Council’s decision how this is addressed. There are compensating controls that are in place, as noted in the reports, stated Mr. Osuch.

Council Member Davis complimented staff for doing a great job. Council Member Stephenson pointed to the memo from Finance Administrator Nutt, and asked if she would like to speak to any of the items. Finance Administrator Nutt answered that since this is a review of her work, Council should direct their questions to the Town Manager or CliftonLarsonAllen. This is a time for the Council to address any procedural or reporting concerns, stated Ms. Nutt. Town Manager Grier stated he would like to address the segregation of duties, and asked Ms. Nutt to explain why the compensating factors are in place. Ms. Nutt explained that some of the functions are handled by herself and she provides reports for the Town Manager or another co-worker to review for accuracy. This system would find an error, it wouldn’t necessarily prevent the error, as segregation of duties would. We are a small staff, reported Ms. Nutt, and we’ve dealt with this question every year. Ms. Nutt reported that Town Clerk Chapin is engaging in cross training to cover for vacation, as well as segregation of duties. Mr. Grier stated the money touches

different hands, Council reviews the AP and signs checks, and that in his opinion those steps foreclose any sort of opportunity for fraudulent behavior, and he does not feel that adding an employee for segregation of duties is justified.

Mayor McDaniel thanked the staff for doing a wonderful job. Council Member Hartwell commented that during her time on the Council the Town has never had a problem with the financials, and that she has seen nothing but excellence from Ms. Nutt. She does not feel that the Town needs to hire another staff member, unless staff feels they need more help. Council Member Stephenson complimented staff and auditors for bringing this to Councils attention and addressing it in a forthright manner. Mr. Grier stated with past audits the attention has always been towards the procedural audit, which represents Ms. Nutt's body of work for an entire year. Pointed out Mr. Grier, it's important to see the value in the audit and he strongly recommended Council review pages 6 through 10 of the "Financial Report". It's a barometer of the Town's financial health from an unbiased party and the most valuable document provided to Council.

A motion to accept, as presented, the Town's audited financial report for fiscal year ended June 30, 2016 was made by Council Member Davis, and was seconded by Council Member Hartwell.

The motion was voted on and passed 7 – 0.

3. Discussion and possible action regarding a donation to the Senior Center for purchase of an air conditioning unit for the kitchen.

Vice Mayor O'Connor stated the lack of kitchen air conditioning has been an on-going issue at the Senior Center. Since he has been unable to locate any funding sources, he would like the Town to donate the air conditioning equipment to the Senior Center kitchen. Vice Mayor O'Connor explained the \$3,400.00 is the cost for the equipment – a mini-split ductless system - and electrician, and he and his son would donate the install. Mayor McDaniel stated senior citizens are vitally important to the area and he is all for anything the Town can do to support them. Council Member McKinney stated he has limited experience with the kitchen and can speak to the need for this donation. Council Member Davis thanked Vice Mayor O'Connor for volunteering his labor and he wholeheartedly supports helping the Senior Center. Council Member Stephenson complimented Vice Mayor O'Connor on taking the initiative to bring this forward. Council Member Hartwell stated she is all for it.

A motion to approve a donation in the approximate amount of \$3,400.00 to the Senior Center for purchase of an air conditioning unit and authorizing the Town Manager to move forward to help the Senior Center to obtain the air conditioning unit was made by Council Member Davis, and was seconded by Council Member Hartwell.

The motion was voted on and passed 7 – 0.

4. Discussion and possible action regarding a contribution to "Friends of Tonto Natural Bridge State Park." Presentation by Vern Leis.

Vern Leis reported that last year the Tonto Natural Bridge had attendance averaging over 11,000 visitors per month. The "Friends" take care of the small things that the state does not automatically handle. This years "Taste of the Bridge" annual fundraising event will be held on September 23rd, reported Mr. Leis, and it is the only fundraising function they hold. Mr. Leis explained that the finances are getting thin and the "Friends" need to bring some additional funds in through donations. There are fourteen different categories for donation, stated Mr. Leis, asking Council to consider what they would like to donate. Every penny helps and goes back into our community, pointed out Mr. Leis. Mayor

McDaniel asked how much the bridge takes in. Mr. Leis answered the state does not provide that information, but guessed it would be close to a million in revenue. Mayor McDaniel asked what the Town donated last year. Mr. Leis responded \$250.00. Council Member Stephenson stated he has been to the “Taste of the Bridge” event numerous times and considers it a quality event, done with class. The Tonto Natural Bridge is a resource for the entire region, stated Council Member Stephenson, and he would be comfortable contributing on behalf of the Town. Council Member O’Connor pointed out last year’s donation was \$500.00. Council Member Coon concurred, pointing out the copy of the Council Minutes from last year’s donation. Town Manager Grier clarified it was \$500.00.

A motion to approve a monetary contribution to the “Taste at the Bridge” fund raising event on September 23, 2017 in the amount of \$500.00 was made by Council Member Davis, and was seconded by Council Member Hartwell.

A roll call vote was taken:

Mayor McDaniel Yes, Vice Mayor O’Connor No, Council Member Hartwell Yes, Council Member Coon Yes, Council Member McKinney Yes, Council Member Davis Yes, Council Member Stephenson Yes.

The motion was voted on and passed 6 - 1.

5. Discussion and possible action to adopt Resolution No. R 17-08 – A Resolution of the Mayor and Common Council of the Town of Star Valley, Arizona authorizing the Town Manager to apply for funds from the Pascua Yaqui Indian Tribal Council and providing for the expenditure of such funds.

Town Manager Grier explained this Resolution allows the Town to apply for grant funds from the Pascua Yaqui Indian Tribe for playground equipment for the park. Mayor McDaniel stated it’s a no brainer.

A motion to adopt Resolution No. R 17-08 authorizing the Town Manager to apply for funds from the Pascua Yaqui Indian Tribal Council was made by Council Member Davis, and was seconded by Council Member Stephenson.

The motion was voted on and passed 7 – 0.

• COMMENTS FROM THE PUBLIC

During this portion of the meeting, members of the public may address the Town Council on items that are not on the printed agenda. Any remarks shall be addressed to the Council as a whole and not to any individual member. Speakers are limited to three (3) minutes per person unless additional time is granted by the Mayor. The Council may not discuss or act upon matters raised during public comments.

The Mayor opened this portion of the meeting up for public comments.

Vern Leis of 33 E. Saddleback Trail thanked the Council for their continued support of the Tonto Natural Bridge and “Friends of the Bridge.”

The Mayor closed this portion of the meeting.

- **ADJOURNMENT**

A motion to adjourn the meeting was made by Council Member Stephenson, and was seconded by Council Member Hartwell.

The motion was voted on and passed 7 – 0.

APPROVED:

Ronnie O. McDaniel, Mayor

Date: _____

ATTEST:

Eddie Chapin, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Town Council of the Town of Star Valley held on the 15th day of August 2017. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 17th day of August 2017.

Eddie Chapin, Town Clerk