

# TONOPAH TOWN BOARD

## MEETING MINUTES

FEBRUARY 22, 2012

Tonopah Town Board Vice Chairman Horace Carlyle called the meeting to order at 7:20 pm. Also present were Javier Gonzalez and Duane Downing (Jon Zane and Glenn Hatch were absent). There were eleven other people in attendance.

The Tonopah Town Board recessed to the Tonopah Library Board at 7:20 pm. The Tonopah Town Board returned at 7:47 pm.

1. Review and approval of minutes from regular meeting held on February 08, 2012.

This item was tabled.

2. Public Comment

Lauren Snyder and Sandra Dunn from the Community Youth Advisory Council (CYAC) informed the Board that they will be doing a carnival April 29<sup>th</sup> at the High School, 2:30-5:00 pm. It is to bring families together for a fun night. Mike Farris explained that every family will get free admission. Each kid will get 10 tickets and once those tickets are gone, they can purchase additional tickets.

No action taken by the Board.

3. Presentation and acceptance of annual audit for fiscal year 2010/2011.

Daniel McArthur explained that he is required to issue an audit opinion on the finances of the Town. He directed the Board to page 5. It is the Audit Opinion on the financial statements. It issues a clean audit opinion based on the financial information examined. He directed the Board to page 72 to the report concerning compliance with Nevada Revised Statutes. It presents a negative assurance indicating that no violations of law or regulations were found as relates to finance. He noted that there are also no federal compliance issues.

Daniel McArthur explained that the Town has several different funds from which it operates. He directed the Board to page 9. Governmental entities operate differently from a private business. Governments have separate funds where money is earmarked for each funds for specific purposes. He explained that this page provides a summary of all of the different funds combined. Governmental activities represent all of the Town's operations except for TPU. Business activities are the enterprise funds. He directed the Board to the Net Assets section. He noted that the Total Net Assets increased about \$220,000 from the previous year, indicating that the Town is still financially stable. He directed the Board to page 10. This page shows the revenues and expenditures. He noted that there was a drop in property taxes from the previous year and there

was also a drop in the miscellaneous category, indicating a drop in the investment income. He noted that there was a drop in expenditures of about \$130,000. The most significant drop is in the public works category.

Daniel McArthur directed the Board to page 46. This is the General Operating Fund of the Town. He noted that there was a significant increase in the total revenues. A significant portion of that is in the Intergovernmental category. He noted that the Town has an End of Year balance of \$1.5 million. He noted that the average expenditures for the Town are between \$730,000 to \$750,000 per year. He noted that about \$725,000 of that is earmarked for renovations on the Convention Center in the coming year. Page 47 gives more detail about what is in the revenues. Under miscellaneous, the investment income category is the earnings of the investments the Town has. He noted that interest rates have dropped. A lot of the investments of the Town are with the Federal Government and Treasury Bills. Page 48 shows the expenditures. He noted that there was a decrease in expenditures from the previous year. This really takes place in the Public Works category. He noted that the decrease is really in Salaries and Wages and Benefits.

Daniel McArthur directed the Board to page 51, the Tonopah Public Utilities Water Fund. This fund operates as if it were a business. He explained that page 51 is based on what TPU bills people and what it owes people. He explained that the idea is to match the cost of expense against revenue. Page 52 shows the cash flows. He noted that for 2011 it was a breakeven year. During the year there was a purchase of capital assets. This decreases the cash but does not impact the profit or loss. There were also some debt payments made.

Daniel McArthur directed the Board to page 54, the Sewer Utility Fund. This page shows what people were billed, regardless of whether or not they paid it, and what expenses were incurred, regardless of whether or not they were paid in that year. The cash flow on page 55 shows that it is increasing in this fund. With the receipt of USDA loans, they are requiring cash reserves be put away and money be generated to cover depreciation costs. He noted that the depreciation does not quite match the increase in cash but the intent is that as time goes on the Utility is putting enough money away so it does not have to borrow money later when the system has to be rebuilt.

Daniel McArthur directed the Board to pages 38-39. He explained that the Town has some bonds that are outstanding and some other debts. Page 38 shows that there is a sewer bond that will take until 2047 to payoff. Page 39 shows an outstanding water bond that pays off in 2044. He explained that governmental type activities are debts that are inside of all the funds other than the two TPU funds. Compensated absences are earned vacation and sick time of employees of the Town. The other liability is the OPEB obligation. He explained that when an individual retires from the local government or the State, they receive a check from the PERS system. They also have the opportunity to receive a payment for health insurance. Page 39 shows the estimated liability that the Town has incurred or is incurring for those who may retire in the future and what that cost may be to pay towards their health insurance. He reiterated that this is just an estimate. The compensated absence number and the OPEB obligation are unfunded obligations. He noted that some entities have set up separate funds where they begin to put money to meet

these liabilities. He noted that the OPEB obligation did not show up on any financial statements until the previous year.

Daniel McArthur directed the Board to page 42. This presents an analysis of the OPEB obligation or retiree insurance. He noted that currently the Town does make payments for individuals who have already retired from the Town. Each year there is a requirement to make payments for them as well as an accumulating liability for those who presently work for the Town and for those who have already worked for the Town. This is set up so that over a twenty-seven year period, if the Town sets aside money each year, there will be enough money sitting there on an ongoing basis to fund the costs whenever it may happen.

Horace Carlyle noted that the Town had budgeted around \$30,000 for this obligation. Daniel McArthur noted that this will be reflected in the audit for the current fiscal year. Horace Carlyle noted that there was an increase in the obligation from the previous year. Daniel McArthur directed the Board to page 44. He explained that based on the actuarial study conducted by the County, the cost of the obligation is based on interest rates. He reiterated that this is an estimate which will change with the changing interest rates. He noted that every government entity has the same problem. He explained that the Town can explain that it is following GASB-45, which requires that the Town has to recognize this liability on the books. The accounting requirement allows the Town to deal with this over time. James Eason explained that for the current fiscal year, money was budgeted for this. He noted that the Town is already funding the accrued absences. He explained that this has been built into administration with the buyouts. He explained that to change any of the benefits, it would have to be done through the Personnel Policy.

Daniel McArthur explained that he put the liability on the books last year. He explained that the adjustments he makes flow over to the County. He directed the Board to page 50. He explained that the only thing he did was put the liability on the books. He did not take it out of the cash number.

Daniel McArthur directed the Board to page 63 for the Mural Fund. James Eason explained that this fund was created for the maintenance of the mural in Tonopah. It was funded through revenue that was generated from the billboards owned by the Chamber of Commerce that McDonald's leased at Currant Creek and Montgomery Pass. The money was put into this fund. There has been no activity in the fund in two to three years other than the interest. Daniel McArthur explained that GASB-54 states that the Town cannot have a fund unless there is a designated revenue source. He noted that he had originally closed this fund to the general fund. He suggested that there should be a resolution designating that any interest earned from this fund will go into that fund. He noted that the mural fund was originally funded by an outside source to be used for a specific purpose. James Eason explained that there are two other options for this fund. One would be to give the money back to TDC and allow them to assume all liability for the murals and monuments. The other option is to put this money into the Community Endowment and allow it to sit and grow under the same guidelines and restrictions.

Duane Downing made a motion to accept the annual audit as presented by Daniel McArthur and Associates. Javier Gonzalez seconded. Motion passed 3-0-2 (Jon Zane and Glenn Hatch were absent).

4. Set date, time and place for budget workshop(s) for the Town of Tonopah and Tonopah Public Utilities Fiscal Year 2012.

Duane Downing made a motion to set up budget workshops, first workshop to be March 16<sup>th</sup> beginning at 9:00 in the morning at the Convention Center; second workshop to be March 30<sup>th</sup> at the Convention Center starting at 9:00 in the morning and the final public meeting on that to be May 18<sup>th</sup> 9:00 am at the Convention Center. Javier Gonzalez seconded. Motion passed 3-0-2 (Jon Zane and Glenn Hatch were absent).

5. Approval of addition to Tonopah Public Utilities Service Application regarding manufactured/mobile home installation at new location.

Chris Mulkerns explained that the only change to the application was to add another box to the front page for new water and sewer customers. It is the State's requirement that people who are moving a mobile or manufactured home to a new site have to provide to the utilities a certificate of inspection. Technically the utilities cannot provide service until that certificate has been provided to the utility.

Javier Gonzalez made a motion to approve the addition to the Tonopah Public Utilities Service Application regarding manufacture/mobile home installation at new location. Duane Downing seconded. Motion passed 3-0-2 (Jon Zane and Glenn Hatch were absent).

6. Approval of Tonopah Public Utilities Water System Cross Connection Control Plan.

Chris Mulkerns explained that this is a product of the workshop with Liz Andrew from Nevada Rural Water. She explained that this Cross Connection Control Plan has been in place but it needed to be updated. The notice periods were added. She noted that the consumer has 180 days from the initial installation of the notification letter. She explained that this is something the Town will ease into. The Town is trying to get a TPU staff member certified to do the inspections.

Javier Gonzalez made a motion to approve the Tonopah Public Utilities Water System Cross Connection Control Plan. Duane Downing seconded. Motion passed 3-0-2 (Jon Zane and Glenn Hatch were absent).

7. Tonopah Development Corporation Report

No action taken by the Board.

8. Public Comment

No action taken by the Board.

9. Town Board Member's/Department Manager's/Nye County Commissioner's Comments

Chris Mulkerns explained that the Town is at a point with the Convention Center Project that there needs to be a workshop. She noted that the workshop will be on February 29, 2012. The Board agreed that evening would be best. Chris Mulkerns explained that there needs to be a workshop as well as a special meeting so the Board can make a decision. The Board felt having the workshop at 6:30 pm and the special meeting at 7:15 pm would be best.

10. Closure of Meeting, Pursuant to NRS 288.220 for purposes of conferring with Town's Management Representative regarding labor negotiation issues, and other personnel issues.

This item was tabled.

11. Closed meeting, pursuant to NRS 288.220 for purposes of conferring with Town's Management Representative regarding labor negotiation issues, and other personnel issues

This item was tabled.

12. Discussion deliberation, and possible decision on labor negotiations, issues and other personnel matters presented in the closed meeting

This item was tabled.

13. Closure of meeting pursuant to NRS 241.015(2)(b)(2) for purposes of conferring with legal counsel regarding potential or current litigation

This item was tabled.

14. Closed meeting, pursuant to NRS 241.015(2)(b)(2) for purposes of conferring with legal counsel regarding potential or current litigation

This item was tabled.

15. Discussion, deliberation and possible decision on conference with legal counsel regarding potential or current litigation presented in the closed meeting

This item was tabled.

16. Correspondence

Round Mountain Town Board Special Meeting Agenda – 02/08/2012

Round Mountain Town Board Regular Meeting Agenda – 02/14/2012

Pahrump Town Board Meeting Agenda – 02/14/2012

Nye County Animal Advisory Committee Meeting Agenda – 02/16/2012

Nye County Board of Commissioners Meeting Agenda – 02/21/2012

Beatty Town Advisory Board Meeting Agenda – 02/22/2012

Nye County Local Emergency Planning Committee Meeting Agenda – 02/23/2012

Nye County Water District Governing Board Meeting Agenda – 02/27/2012

CEDS Committee Meeting Agenda – 03/06/2012

17. Approval of Vouchers for Payment

The vouchers were reviewed and all were signed by Board members. Duane Downing made a motion to approve the vouchers as presented for payment. Javier Gonzalez seconded. Motion passed 3-0-2 (Jon Zane and Glenn Hatch were absent).

18. Adjourn

Meeting was adjourned at 9:03 pm.

Minutes transcribed by:

Approved:

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Mariah Rivero

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Jon Zane, Chairman

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Horace Carlyle, Vice Chairman

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Javier Gonzalez, Clerk

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Glenn Hatch, Member

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Duane Downing, Member