

TONOPAH TOWN BOARD
BUDGET HEARING MINUTES
MAY 21, 2015
TONOPAH CONVENTION CENTER
301 Brougner Avenue, Tonopah, NV 89049
8:30 a.m.

Tonopah Town Board Chairman Horace Carlyle called the budget hearing to order May 21, 2015 at 8:32 a.m. Also present were Tom Seley, Janet Hatch and Duane Downing. Doug Farinholt was absent. Three others were in attendance. Chairman Carlyle led in the Pledge of Allegiance.

The Tonopah Library Board of Trustees called the budget hearing to order at 9:07 a.m.

1. Public Comment

None.

2. Public Hearing, discussion, deliberation on tentative budget for Fiscal Year 2015/2016 and possible decision to adopt, amend and adopt, or reject the Final Budget for Fiscal Year 2015/2016.

Town Manager James Eason explained that the tentative budget presented to the Town Board had been submitted to the State and noted that the numbers had only changed a little bit. Mr. Eason stated that he had a discussion with Auditor Daniel McArthur the night before about the 2007 Sales and Use Tax Act. Mr. Eason referred to a letter from Terry Rubald of the Department of Taxation from May 1. He stated that he had forwarded the letter to Mr. McArthur for review and Mr. McArthur submitted a question about the sales and use tax act to the Governmental Accounting Standards Board (GASB). Mr. Eason read part of the draft letter into the record (see backup). He noted that the reason this question came up was because Ms. Rubald had stated that the money remains in the County's budget and that the Town Board has complete oversight of it and decides how the money is spent. Mr. Eason explained that this would be an accounting problem on the County's side and could also pose a liability on the side of the county.

James Eason explained that Mr. McArthur will have to talk to Bill Farrar of the Department of Taxation about the matter. Mr. Eason stated that the numbers are still not reflected in the Town's budget. He noted that the Town Boards are responsible for the oversight of the money where it is generated but added that it is not clear what column it should be in and whose audit it should fall into. Mr. Eason said that the Town will probably have to have another final budget.

James Eason explained that another outstanding issue for the budget is the creation of a Hospital District. He stated that he had a discussion with Mr. McArthur about expanding the Hospital District to include the Library District. He noted that numbers are being worked out and are therefore not reflected in the presented budget. Mr. Eason clarified that the Board has a couple options. One would be not to approve the budget today and approve the actual final budget the following week. Tom Seley inquired what the likelihood of having a firm response by the following week was. Administrative Supervisor Chris Mulkerns stated that the Town has to file a budget by June 1, 2015. Vice-Chairman Duane Downing suggested approving the budget today and amending it later if necessary. James Eason explained that the numbers have been based on the unofficial audit as it has still not been accepted by the Department of Taxation because the Town did not want to file the final audit until this matter has been resolved. Mr. Eason stated that the Town can cover all the bills with the money it has right now.

Chairman Horace Carlyle stated that he was hesitant to approve something that goes to the Department of Taxation while the Board is still in negotiation with them. Chris Mulkerns clarified that it would be a small change to add the Sales and Use Tax. Mr. Carlyle stated that the County Manager had told the Board of County Commissioners (BOCC) that she would use the money to fund police officer positions. He added that there is a disagreement on how Hospital District will be set up. Mr. Carlyle noted that he would rather approve the budget the following week or be out of compliance. He added that in his opinion the budget meeting of the BOCC was chaotic. James Eason stated that he understands the Board's standpoint as they do not want the BOCC to say that the Town Board is locked in with their budget. Mr. Carlyle said that he thinks the BOCC is irresponsible and does not know what they are doing.

Janet Hatch suggested a conditional approval. Mr. Eason explained that this was not possible. Mr. Carlyle inquired what would happen if the Town did not file a budget at all. Chris Mulkerns clarified that she would have to read the NRS but that the Town would probably get penalties. Duane Downing said that is not something the Town would want to do. Mr. Eason noted that he had talked to Daniel McArthur about enlarging the Hospital District to be the same as the Library District and that there will be an agenda item for the meeting the following Wednesday. Horace Carlyle noted that the Town has a conflict with the District Attorney (DA) and stated that the Town cannot litigate against its County. Mr. Eason clarified that Tonopah is not litigating. Mr. Carlyle stated that DA Bello wants money from Pahrump and that if the Board jumps in before they get more clarification or get Commissioner Wichman involved, one cannot do business with them without fear. Tom Seley asked what stops the BOCC from doing whatever they feel like. James Eason stated that the Town has a tax rate and that there has been misinformation over the years about this matter. He added that the BOCC is the Board for Pahrump and can therefore make decisions for them, but that they cannot take their money to give to the rest of the county. He pointed out that the issue regarding the Sales and Use Tax Act is precedence setting as the Department of Taxation recognizes that the towns are the local government. He explained that unless the Town Board dissolves, the BOCC cannot take that money. Mr. Eason added that one of the stipulations from the Department of Taxation regarding the creation of the Hospital District was that the County needs to have the buy-in from any taxing district that will be impacted by this. He stated that the Board of Local Government of Finance will make the final determination. Mr. Eason explained that the board is a five panel board from Reno, Las Vegas, and rural Nevada. Mr. Eason clarified that a proposal will be submitted to them for review. Mr. Carlyle asked Mr. Eason to address the issue regarding the Ad Valorem Tax. Mr. Eason explained that Ad Valorem Tax is made up of property tax, personal tax and centrally assessed tax. He stated that the Nye County Treasurer wanted to see what the impact of the Hospital District would be and had a report that showed that the district would only be receiving \$88,000 out of the \$153,000. He pointed out that the Treasurer did not include personal or centrally assessed tax in the report. Mr. Eason stressed that the number should be around \$109,000 or above and that he, Mr. Carlyle and Ms. Mulkerns discussed this. Mr. Eason noted that the intent is to keep numbers neutral. If the Town expanded its taxing district, numbers would stay about the same even though the Town would be giving up .20 cents to the Hospital District.

Mr. Eason suggested having a meeting Friday morning (May 29, 2015) to have a few more days to get information. The Board Members agreed. Duane Downing stated that

the letter from the Department of Taxation was a huge step forward in telling the BOCC that the Town Board is deciding how the money is spent.

James Eason explained that there are four unincorporated towns in Nye County which have to report every quarter how the money (from the Sales and Use Tax) is spent. He noted that the entities that have to report this are Tonopah, Amargosa Valley, Beatty and Pahrump, and Nye County for all the unincorporated areas. He pointed out that five entities are reporting for two different departments, police and fire, which would make it 40 reports a year. Mr. Eason explained that there is still a discussion whether Tonopah can do a pass-through to the Sheriff's Department. He noted that the Sheriff would have to come before the Town Board every year to present the plans and that the Board would have to approve the plans before the money is spent.

Horace Carlyle stated that he had talked to some of the BOCC members during a meeting recess and had asked them why there is an argument even though the Town is advocating a memorandum of understanding. He noted that the BOCC members responded that they were told the Town was being disruptive, aggressive and refusing to cooperate with the County Manager. He added that he had talked to Vance Payne of the Nye County Department of Emergency Services and had told him that the Town is not trying to be obstructive. Mr. Payne answered that he felt things were coming together. Mr. Carlyle pointed out that his hesitation is stemming from conflicts that are still not resolved. He criticized that the Town is more than willing to negotiate and is being turned down. He suggested not rushing into this. Janet Hatch and Duane Downing agreed. Duane Downing noted that attitude of the County is understandable as they are in a panic due to their budget.

Horace Carlyle stated that a short meeting on the following Friday at 8 a.m. or 8:30 a.m. about the matter should suffice. Chris Mulkerns asked whether the members wanted to have the meeting at the Convention Center or at the Town Office. Mr. Carlyle suggested having the meeting at the Town Office. Ms. Mulkerns added that members could either be present or call in. Janet Hatch proposed having the meeting at 8:30 a.m. at the Town Office.

James Eason referred to the capital projects budget on the Town side. Administrative Supervisor Chris Mulkerns noted that this is on page 17 in the budget report and noted that the capital projects number had changed due to more capital projects purchases in the current fiscal year. The number went up from \$10,000 to \$41,000 and will be \$300,000 in the following fiscal year. This will be discussed in detail at a future meeting regarding the capital improvement plan. James Eason stated that Tonopah Public Utilities (TPU) will hopefully start the sewer relining project soon. He explained that TPU will do two different projects the following fiscal year, one in the fall and one in the spring.

Chris Mulkerns pointed out that she had to make an adjustment to the salary side of TPU operations (pages 21-24) because the step grade was incorrect. This raised the budgeted amount. She stressed that this was the only change. Horace Carlyle asked why there was a negative number on page 21 in the ending year balance. Chris Mulkerns explained that the Town has to show the depreciation.

Duane Downing motioned to table the item until the next meeting for the budget that will take place May 29, 2015 at 8:30 a.m. at the Town Office. Janet Hatch seconded. James

Eason pointed out that this meeting has been the public hearing portion and the final budget meeting will be May 29 at the Town Office at 8:30 a.m. Motion carried 4-0.

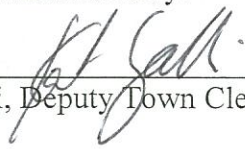
3. Public Comment

Town Manager James Eason stated that festivities for Jim Butler Days had already started and would continue over the weekend. He added that the Town was working to have the pool open the following week for lifeguard training. He added that the Mizpah collar at the Tonopah Historic Mining Park was looking great and noted that it will last a very long time. Mr. Eason stated that he had attended a meeting with the Nye County School District to inform them that the Town will pick up the bleachers that were loaned out to the High School for the rodeo in July. He explained that the School District Board was not aware that the bleachers belonged to the Town. He added that he will follow up on this matter with a letter. Mr. Eason noted that the School District approved their final budget.

4. Adjourn


The meeting adjourned at 9:07 a.m.

Minutes transcribed by:

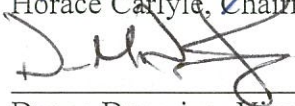


Kat Galli, Deputy Town Clerk


Approved:




Horace Carlyle, Chairman



Duane Downing, Vice-Chairman



Tom Seley, Clerk



Janet Hatch, Member

Doug Farinholt, Member

TONOPAĤ LIBRARY BOARD OF TRUSTEES
BUDGET HEARING MINUTES
MAY 21, 2015
TONOPAĤ CONVENTION CENTER
301 Brougher Avenue, Tonopah, NV 89049

Tonopah Library Board of Trustees Chairman Tom Seley called the budget hearing to order May 21, 2015 at 9:07 a.m. Also present were Janet Hatch, Horace Carlyle and Duane Downing. Doug Farinholt was absent. Three others were in attendance.

1. Public Comment

None

2. Public Hearing, discussion, deliberation on tentative budget for Fiscal Year 2015/2016 and possible action to adopt, amend and adopt, or reject the Final Budget for Fiscal Year 2015/2016.

Town Manager James Eason pointed out that there have been no changes since the submittal of the tentative budget to the Department of Taxation since the end of March/early April. Chairman Tom Seley inquired whether the summer help was included in the budget which Administrative Supervisor Chris Mulkerns confirmed.

James Eason stated that the Board had made the request to put \$5,000 every year into the Western Community Fund. Chris Mulkerns explained that this contribution was to be made up to an amount of \$200,000 and that the fund now had double that amount. James Eason noted that the Town was going to put more money into the fund to be done paying into it, but because of different factors, the Library did not collect as much money as expected. Horace Carlyle asked whether the Board can still put money into the fund when the fiscal year is over. Chris Mulkerns stated that the Board should not do so later than the first meeting in June. James Eason inquired which year the Board would rather have the funding come out of. Horace Carlyle stated that he would like the money to come out of the current fiscal year. Mr. Eason pointed out that a contribution would have to be made before June 30, 2015. Chris Mulkerns explained that the Library, based on April 30, 2015 numbers, had collected \$129,000 and had spent \$159,000. She noted that the Library can make a bigger contribution to the fund, but that the Board members should keep in mind that there will be a few capital projects the following fiscal year. Horace Carlyle asked how much money was in the ending fund. Ms. Mulkerns stated that the Library budgeted to collect \$407,000 but that the actual amount would probably be \$150,000 less, around \$250,000. Horace Carlyle asked the Board members about their thoughts on putting a minimum of \$25,000 or a maximum of \$50,000 into the fund this fiscal year. James Eason explained that the Board budgeted \$41,000 for the renovation of the Library and historical library for the following fiscal year and stressed that a \$5,000 contribution to the fund is budgeted for every fiscal year. It is the Board's decision whether they want to contribute more. Chris Mulkerns pointed out that the Board has budgeted to contribute \$190,000 to the fund and \$100,000 to capital projects in the current fiscal year. Mr. Carlyle stressed that he would like to do a minimum contribution before the end of the current fiscal year. Ms. Mulkerns suggested making that decision at the last meeting of June to see where the Library is with the numbers. Vice-Chairman Janet Hatch and Board member Tom Seley agreed. Deputy Town Clerk Kat Galli noted that the last meeting in June would be June 24, 2015. Ms. Mulkerns stated that she could have the numbers ready for approval at that meeting. Mr. Seley inquired whether it was possible to make an initial deposit at the beginning of Fiscal Year 15/16 and determine at the end of the fiscal year whether the Library can afford to contribute more. James Eason

explained that that is how contributions have been made in the past and noted that this time of the year is usually when the Board decides how much to contribute. Duane Downing pointed out that once the money is in the fund, it cannot be taken out. Mr. Eason emphasized that the contribution is a replacement of money that was given to the Library in an endowment by the Gavrilovich Family and that the Board is basically repaying a loan from this endowment. He explained that the Library was not doing well financially at some point and had taken money out of the fund. Mr. Eason stated that this Board took the approach to repay the fund and use the revenue for the Library. He explained that the Library is replacing the principal. Duane Downing pointed out that once the principal is restored, the interest can be used for the Library. Tom Seley asked how much the original principal was. Mr. Eason stated that it originally was \$400,000. Chris Mulkerns noted that it was \$145,000 on June 14, 2015 and that it would probably be about \$165,000 by the end of this fiscal year. Tom Seley stressed that the sooner the Board pays the money paid, the more options the Library will have. James Eason stated that the fund was set up to be spend for scholarships, training, books, equipment, etc.

Duane Downing motioned to adopt the library budget as presented for Fiscal Year 15/16. Horace Carlyle seconded. No further discussion. Motion carried 4-0.

3. Public Comment

None.

4. Adjourn

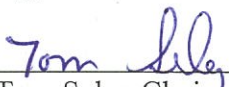
The meeting adjourned at 9:24 a.m.

Minutes transcribed by:



Kat Galli, Deputy Town Clerk

Approved:



Tom Seley Chairman



Janet Hatch, Vice-Chairman



Duane Downing, Clerk



Horace Carlyle, Member

Doug Farinholt, Member