

TONOPAH TOWN BOARD

MEETING MINUTES

MAY 08, 2013

Tonopah Town Board Chairman Horace Carlyle called the meeting to order at 7:05 pm. Also present were Duane Downing and Ron Kipp. Javier Gonzalez was absent. There were six other people in attendance.

1. Public Comment

No action taken by the Board.

2. Review and approval of minutes, in context, from regular meeting held on April 24, 2013.

Duane Downing made a motion to approve the minutes, in context, from regular meeting held on April 24, 2013. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

3. Discussion and possible decision to grant request for Tonopah Little League to use Joe Friel Sports Complex and Highland Park for the 2013 season

Chuck Fox thanked the Board and the Town for the response and willingness to help with the condition of Joe Friel. He checked the condition of Field 1. He noted that some of the holes had been filled in but there were more holes appearing. The Little League Board has decided to sign the agreement. They will inform the parents and coaches through written and verbal communications of the hazards. Before each practice and game, the coaches will assess the conditions of the fields and take care of any hazards. He noted that Highland is mainly used for T-ball practice sessions. James Eason explained that in the past Little League offered to pay the Town \$400 for the cleaning of the bathrooms. The Town does not have the time or manpower to clean the bathrooms. The Town is waiving the fee and Little League will be responsible for cleaning. The Town will provide the toiletry supplies for the bathroom and some cleaning supplies. He explained that in the past the Town has billed Little League for any additional power charges.

Duane Downing made a motion to grant the request for the Tonopah Little League to use Joe Friel Sports Complex and Highland Park for the 2013 Season at no fee. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

The Tonopah Town Board recessed to the Tonopah Library Board of Trustees at 7:19 pm. The Tonopah Town Board returned at 7:37 pm.

4. Presentation and acceptance of annual audit for Fiscal Year 2011/2012

Dan McArthur directed the Board to page 5, the Independent Auditor's Report. He feels the financial statements are fairly presented in all material respects for year ending June 30, 2012. He noted that several adjustments were made to the underlying financial information so the statements could be fairly presented. Town management has reviewed and accepted the financial statements as prepared.

Dan McArthur directed the Board to page 7. The primary revenue for the Town was room taxes of \$441,965, property taxes of \$188,705, and consolidated taxes of \$300,267. These three taxes comprised 86.99% of the revenues for governmental operations. The fund balance at the end of the year for the General Fund was \$1,737,626. This is an increase of \$149,705 from the previous year.

Dan McArthur directed the Board to page 10. He noted that Room tax is a consolidated number that includes room taxes that go into the general fund and room tax that goes into the state room tax fund. Total revenues for 2011 were \$942,609 and for 2012 were \$1,070,104. Total expenses in 2011 were \$777,142 and in 2012 were \$845,102.

Dan McArthur directed the Board to page 9. This shows the assets and liabilities of the Town. Total net assets for the Town in 2011 were \$17,455,828. This increased to \$17,769,582 in 2012. He noted that this is an indicator that the Town is trending positively and is an indicator of the financial stability and strength of the Town at this time.

Dan McArthur directed the Board to pages 47-50. This is the general operating fund for the Town. The actual ending fund balance is \$1,737,626. Total expenditures for the year were \$759,279. He noted that in 2011, revenues were \$887,400 and has grown to over \$1 million in 2012. Page 48 provides details of the revenues received by the Town. Consolidated tax is money collected by the various vendors who collect sales tax, cigarette tax, liquor tax, etc. Collections in 2011 totaled \$298,085 and in 2012 it was \$300,267. Investment income in 2012 was \$8,035 and in 2011 it was \$16,898. Horace Carlyle noted that interest distribution is not done on a monthly basis in Nye County. He wanted to know how the distribution can be done reliability when it is done several months after the fact. Dan McArthur noted that they had to expand the audit scope beyond what it normally is and go back through all of the months to make sure the cash balances in every fund were appropriate. They had to determine the earnings in each month and recalculate the investment income and reallocate it to each fund. Horace Carlyle wanted to know how the investments of the assets being controlled to gain any interest income. Dan McArthur explained that the County has the bulk of their money invested in two investment accounts that are being managed by a group out of Henderson. James Eason explained that under NRS, the County is restricted on what they can invest in. Dan McArthur noted that normally they are a short term investment. He explained that when they do the audit, they have to look at all of the investments and compare what the market value was at June 30<sup>th</sup> and what the market value is to the most current date available. Any assets that have dropped in value are reflected. James Eason noted that Dan McArthur is not the investment advisor for the County.

Dan McArthur directed the Board to page 46. This is the balance sheet, the assets and liabilities, of the Town General Fund. Page 53 is the balance sheet, the assets and liabilities, of the Water Utility Fund. In a governmental setting, a utility's accounting principles are different than a governmental fund. The utilities financial statement includes a line for Inventory. This covers supplies that are on hand to take care of any repairs. There is no inventory line item for the governmental fund. On page 53, there is a line item for Accrued Compensated Absences, which is not present on page 46. On page 53 there are some items present that are required to be present because a utility fund is to be operated similar to a business. The Accrued Compensated Absences is the estimate of vacation and sick time that people have earned and have not been paid for yet. The OPEB obligation shows a liability of \$42,100 for 2012 and a liability of \$21,871 for 2011. Both of these items are estimates. Every two years there is a requirement to have an actuary do a valuation on the OPEB liability and it is time for that assessment to be done again. The past two times it was done, it was done by Nye County HR. The Town has the option of having the study done separately. There is a rule that applies to entities with fewer than 100 employees. An actuarial study does not have to be done and the calculations can be done internally. Based on the study and decisions by the Board, the number can go up or down.

Dan McArthur directed the Board to page 54, which shows the budgeted and actual expenditures for TPU Water. Inside the Administration and General Operating expense line items is the increase in the liabilities from 2011 to 2012. Under Net Income Loss, the Utility shows a profit of \$134,262. There is a net increase in cash of \$327,000 in the Utility. The Utility has an Ending Fund Balance of \$1,182,876.

Dan McArthur directed the Board to page 56. This is the financial statement for the Sewer Utility. It has the same liabilities as water, including Accrued Compensated Absences and the OPEB obligation. Pages 57-58 show the activity for Sewer Operations. Expenses were budgeted at \$577,612 but actual expenditures are \$464,917. The Ending Fund Balance for the Sewer Utility is \$997,188.

Dan McArthur directed the Board to pages 63 - 68. The State Room Tax Fund has about \$108,000 and collects about \$30,000 per year. The Mural Fund was budgeted to have all of the money spent. The only thing that has taken place is the investment income. There are two additional funds that are for capital projects. The Capital Projects Fund has a balance of \$111,015 and the Mining Park Capital Projects Fund has a balance of \$32,225. Dan McArthur directed the Board to page 18. This shows the Special Capital Projects Fund, which has a balance of \$87,000. There was \$166,000 spent for plans and work on the Convention Center.

Dan McArthur noted that the Town is in great financial shape. Town Staff has a really good handle on where the Town is at.

Horace Carlyle noted that the changes the Town made regarding OPEB is not in parallel to the County. Dan McArthur noted that the Town gets the actuarial study free through the County. He would recommend going with the County on this. He recommends being involved in it to make sure the actuary receives the correct information. He anticipates the liability to drop based on the changes made by the Board. Duane Downing noted that for new hires, the future obligation is

funded at that point. The Town will be pre-funding new hires up to 50% of a set dollar amount. James Eason explained that Nye County has a very expensive plan for salaries and benefits. Wages are going to be skewed to the higher side with the benefits package under the study. He noted that currently the Town is paying a benefit and a half per employee.

Dan McArthur explained that under GASB-45, if an entity has less than 100 employees, the liability study can be based on an alternative procedure. James Eason noted that the Town is just holding the money and is not gaining any interest.

James Eason explained that when the Town makes the obligations to USDA, they look at Water and Sewer as separate, stand-alone entities. The OPEB obligation would only be for the employees working in that specific department. Dan McArthur noted that USDA is very specific about making sure that the separation is made and if that separation cannot be made, the money will not be awarded. He explained that the liabilities are separated between the Town, Water, and Sewer. He directed the Board to page 14. Under Governmental Activities, there is an OPEB obligation of \$95,705. The Utility obligation is \$78,686 and this is split between the two utility funds. The total obligation is \$174,391. James Eason explained that this total is based on the number of employees employed at that specific time. Dan McArthur directed the Board to page 45. He noted that per the actuary, the Town has a liability of \$1,184,950. The way GASB set this up, this liability will slowly be put on the books rather than all at once.

James Eason explained that the benefits cap is set at \$8,773 per employee per year. To receive benefits after retirement, an individual has to work for the Town for a set amount of time and be able to retire from PERS without penalty and start drawing PERS immediately.

Duane Downing made a motion to accept the annual audit for Fiscal Year 2011/2012 as presented. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

5. Review, discussion, and possible approval to use the Tonopah Historic Mining Park Capital Project Fund for the rehabilitation of the Mizpah Shaft Chollar, Desert Queen Head Frame, and the Silver Top Head Frame

James Eason explained that the Mining Capital Projects Fund has a balance of \$32,225. This fund was set up for the actual development of underground projects at the Mining Park. The cost of doing that and the liability is very high. Over the years, the Town has obligated to spend the money on projects at the Park. Due to recent events at the Mining Park, he recommends using the money for the rehabilitation of the Mizpah Chollar, the Desert Queen Head Frame, and portions of the Silver Top.

James Eason explained that the initial rehabilitation of the Mizpah Chollar was done in 2000. At the LAST Training Event, EMS crews conduct a visual inspection both above and below ground. They discovered that the boards in the first 10 feet of the chollar have rotted out. The deck needs to be removed so the boards can be replaced and the initial 10 feet of the chollar can be secured. He is requesting the funds for materials and to hire a consultant. He noted that there are very few individuals who can handle this type of mine rehabilitation. Horace Carlyle wanted to know what

the estimated cost is. James Eason noted that he does not yet have an estimate but if the Town goes out to contract, it could be \$60,000 to \$100,000. He noted that to rehab the head frames for the Silver Top and Desert Queen, it will be over \$232,000. He is requesting the approval to move forward to bring all expenditures to be funded out of this fund. He explained that the Town is keeping people off the Mizpah deck for safety reasons. The areas around the Desert Queen and Silver Top is fenced off.

Horace Carlyle feels the Board needs to sit down and look at the structure of the Mining Park. The Town funds and runs the Park and has invested a lot of funds in the Park and he is concerned that the Town could end up with a situation where the Mining Park Foundation exists but becomes inactive. He wanted to know who really owns the Park. James Eason explained that the Town of Tonopah owns the Mining Park, including The property and all of the landmarks. The Town does not own the inventory in the gift shop. A previous Board made the decision to give the gift shop to the Foundation. The individuals who work at the Mining Park are employees of the Town of Tonopah. The Town handles the money for the Park and deposits it into the Foundation accounts. The Town bills the Foundation for the gate fees at the end of the month. He explained that donated items are donated to the Foundation, not the Town. He noted that the Foundation has their own books that are separate from the Town. Horace Carlyle feels that that Town needs to look at fundraising for the operation of the Park.

Duane Downing made a motion to approve Town Staff to start looking into the Mizpah Shaft Chollar, the Desert Queen Head Frame, and Silver Top Head Frame for rehabilitation with proceeds to come out of the Tonopah Historic Mining Park Capital Projects Fund with the condition that all funding items have to be approved by the Board in the future. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez seconded).

6. Tonopah Department Budget Reports

James Eason explained that Maintenance will be at the parks filling in the holes with sand. He has a quote for aerators. He noted that because the end of the budget year is approaching, the numbers will be increasing as the Town purchases some needed items.

No action taken by the Board.

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

James Eason explained that Mr. Carlyle provided an update regarding Coyote Resources. He has been working with the company. He does not have an answer to how this will impact the slimewash project but does not feel there is an impact. There should be a utility easement in place. He noted that Coyote Resources was the company who granted the Town the easement for the truck fill station.

James Eason explained that the Town is trying to prepare for Butler Days. One new hire for the Mining Park and Library is starting training and the other new person will be starting.

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. Correspondence

Pension Funding: A Guide for Elected Officials

Community Foundation of Western Nevada Statement – 04/29/2013

Nye County Board of Commissioners Meeting Agenda – 04/30/2013

Nye County Board of Commissioners Teleconference Meeting Agenda – 05/06/2013

Nye County Board of Commissioners Meeting Agenda – 05/07/2013

Round Mountain Town Board Meeting Agenda – 05/07/2013

Coyote Resources Announces Development Plan for Tonopah – 05/07/2013

Beatty Town Advisory Board Meeting Agenda – 05/13/2013

14. 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. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

15. Adjourn

Meeting was adjourned at 9:03 pm.

Minutes transcribed by:

Mariah Rivero  
Mariah Rivero

Approved:

[Signature]  
Horace Carlyle, Chairman

[Signature]  
Duane Downing, Vice Chairman

[Signature]  
Ron Kipp, Clerk

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Javier Gonzalez, Member

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Vacant, Member