

## TONOPAH TOWN BOARD

### MEETING MINUTES

FEBRUARY 27, 2013

Tonopah Town Board Chairman Horace Carlyle called the meeting to order at 7:02 pm. Also present was Duane Downing, Ron Kipp, and Javier Gonzalez. There were seven 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 February 13 2013.

Javier Gonzalez made a motion to approve the minutes, in context, from regular meeting held on February 13, 2013. Duane Downing seconded. Motion passed 4-0.

3. Presentation and acceptance of annual audit for fiscal year 2011/2012

Dan McArthur explained that the Town currently has an extension with the Department of Taxation through March 15, 2013 to file the annual audit. The financial statements are supposed to be in the hands of the Town by tomorrow. A significant part of the audit is bank reconciliations. These are document the County puts together that reconciles the transactions that clear the bank to the transactions that are on the books. As of last Thursday, there were still five months of bank reconciliations that need to be completed. The bank reconciliations are a significant part of the audit. Part of the problem is that there is investment income the County allocates to all of the different funds they have responsibility for. In addition to the bank reconciliations not being complete, the allocation of the investment income has not taken place.

When the extensions were initially filed with the Department of Taxation, there were two significant reasons listed as problems, including the changeover from the HTE software system to the Eden software system. In the year currently being audited, the first five to six months are on the old accounting system. On December 1, 2011, the County began using the new system, starting with vendor transactions. They made a decision that they were going to change software programs in the middle of the budget year because Payroll is on a calendar year. They felt it would be easier to make the transition in the middle of the budget year rather than at the end of the budget year, so that it was the end of a payroll year. On January 1, 2012, they started doing payroll from the new system. They ran the two systems simultaneously for one to two months then they went completely to the Eden system. Dan McArthur explained that the County was in a position where they had to make a decision. HTE was no longer going to support the system the County was using so they could either buy the new HTE program or go somewhere else. In the process of changing to the new system the procedures on how things are done has changed. The

County is trying to push more of the responsibility out to secretaries who have not been accountants in the past. He noted that the problems with the Town of Tonopah, the Town of Round Mountain, and the Town of Pahrump are a County problem.

Dan McArthur noted that he had a conversation with Warner Ambrose, the Department of Taxation liaison for the Town of Tonopah, regarding the budget, when the audit would be available, and what should be done from the Department of Taxation's point of view. The current extension requires the audit to be to the Town by tomorrow and allows two weeks for the Board to act on it in a meeting and then forward it to the Department of Taxation. The auditor does not have final numbers in hand to be able to finish the audit. When an extension is done, the Town tries to put in a specific date when it will be able to file the audit. He explained that there is a requirement for the Town to file a tentative budget and hold a budget hearing in May and file the final budget on June 1<sup>st</sup>. He explained that he will try to get some preliminary numbers to Staff, with the understanding that there will be some changes, to begin the budget process. He noted that it is up to the Town to decide whether or not to apply for the second extension. He recommends applying so at least the Town has met its due diligence. He does not have a timeline at this time because he has not seen the final bank reconciliations and he does not know how many un-reconciled items exist. He will have to research and come up with answers to ensure they are correct as well as making sure the investment allocation is correct. They have started putting draft financials together for the Town.

Dan McArthur explained that when they do audits, there are things they are supposed to do and when they find problems inside an audit, they are supposed to list those items. There are three different levels they can list those items at. A level one problem is where the internal controls in an accounting system are so poor that errors can take place and not be detected in a timely manner, specifically dealing with the cash reconciliations. He noted this problem in the audit for last year for the County and the year before that. That information goes from the auditor to the Department of Taxation. The County is then supposed to come up with a plan of corrective action. There is another level that covers mistakes that are not large enough to influence a decision on the financial statement. The third level covers those things that can be done to make things run smoother, such as cross training. He explained that because the cash is a control point, his hands are tied until Nye County has completed the bank reconciliations.

Dan McArthur explained that the previous Nye County Treasurer did cross-train the Chief Deputy Treasurer on how to do the bank reconciliations. When the previous Treasurer left, there were nine months of reconciliations to complete. It took the Chief Deputy until February 2012 to complete the bank reconciliations for June 2011. The bank reconciliations from July 1, 2011 through November 30, 2011 were completed in two months. With the new system, the reports are different and there are problems when doing some of the transitions. There are things that have taken place inside the system that have added to the problems.

Dan McArthur explained that the bank reconciliations become a significant control point. Whatever goes through the bank needs to be on the books. They have to go through the bank reconciliations and this causes them to expand the scope of the audit and tie the numbers down. In the reconciliation process most of the errors should be caught. He explained that in an

accounting system each period should be closed out once the month is over and everything in that month has been reconciled. During the transitional timeframe, there were multiple periods that were open. Nye County needs to have a clean cut-off for each month and everything needs to be reconciled every month and the Comptroller's Office and the Treasurer's Office need to agree on what the cash balance is in every fund. He noted that this communication is not taking place.

Horace Carlyle wanted to know how accurate the monthly numbers for the Town are. Dan McArthur feels the Town's numbers are more accurate than the numbers for Nye County. He believes the numbers at the end of the year will be close because Town Staff monitors every expenditure which takes place. He noted that there are some things that take place at the County level that are not completely driven by what takes place in the Board meetings and by Town Staff. The downside is electronic payments that go into the County's books for the Town's benefit that Town Staff does not receive remittance advice from the sender for. Staff may not be aware of it.

Horace Carlyle noted that the Commissioners receive a Treasurer's Report every month and they are happy with it. He wanted to know how they can rely on the Report based on the inaccuracies. Dan McArthur explained that one of his comments in a previous audit refers to a statutory requirement for a Treasurer's Report to be turned in every month for the prior month. Per NRS, the report has to list where all of the funds are, a listing of where all the money is on deposit, and a listing of outstanding checks. He explained that the reports contain a section for Unallocated money. The reports list every fund the County has. The Payroll Summary Fund at the end of the audit year shows a negative balance. Under the new system, all of the payroll for every entity flows through this fund. It is supposed to be a fund that captures all of the payroll related liabilities. Nye County failed to take the negative cash balance and reallocate it to all the funds from which payroll is paid. This creates a problem because the Town has to send an Economic Survey on a quarterly basis. One of the requirements is the cash balance in the General Fund. Chris Mulkerns noted that the Fund is showing a zero balance.

Ron Kipp wanted to know if the second extension needs to be done right away or if it was something which could wait a while. Dan McArthur explained that if the Town decides to apply for the second extension it needs to go out in the mail March 15, 2013. Horace Carlyle suggested doing the extension just to be lawful.

James Eason requested an explanation about why the quarterly reports are required and when they came about. Dan McArthur explained that an Economic Survey is a one or two page report that lists certain economic indicators the Department of Taxation wants to look at to see if an entity is financially okay or in trouble. White Pine County/School District got financially in trouble. None of the checks and balances were in place. One day they were bankrupt and no one was aware that it was occurring. The Department of Taxation had to step in and take them over for several years. They came up with an Economic Survey where on a quarterly basis, these numbers have to be put together and filed with the Department of Taxation. When they see something that is amiss, they contact the entity to figure out what is going on. They have different questions for different types of funds. For the utility funds they are more interested in

the cash balances. He noted that when the Town put together the Survey for the last quarter, the cash balance was zero. He explained that the County failed to rollover the numbers from the prior year into the new year.

This item was tabled.

The Tonopah Town Board recessed to the Tonopah Library Board of Trustees at 7:47 PM.

The Tonopah Town Board returned at 7:50 PM.

4. Review, discussion and possible decision to approve Use and Maintenance Agreement with Office of Congressman Steven Horsford, Nevada District 4 to provide office space for a Community Liaison to be stationed in Tonopah.

James Eason explained that the Town just received the changes from Congressman Horsford's Office. On Page 1, they asked for a two year lease. He explained that the Board needs to take action on whether or not to waive the fee associated. He noted that it would be similar to what the Town does with the Convention Center. When there are events that provide a public service, they are not charged for the use. It will be the same costs the Town has incurred for TDC/Chamber of Commerce. The Board agreed to waive the fee. James Eason explained that the appraisal came back with a total cost of \$349 for utilities and rent. On page 2, Section 8 was removed and the misspelling in Section 7 was corrected. Section 13 was removed on page 3. On page 4, under Dispute Resolution, "The Town Manager or the Town Clerk shall have five (5) working days to respond in writing to the person asserting the dispute." This way it will actually go to the Deputy Town Clerk. Under Section 20, the House District Office Lease will be attached. Duane Downing clarified that Item 13 was removed because the office will be covered under the Town Liability.

Duane Downing made a motion to approve the Use and Maintenance Agreement with Office of Congressman Steven Horsford, Nevada District 4 to provide office space for a Community Liaison to be stationed in Tonopah with stated changes as listed. Javier Gonzalez seconded. Horace Carlyle noted that the Board also needs to approve the waiver of rent. Duane Downing amended his motion to include that the Town is going to waive all fees for the use of the facility. Javier Gonzalez seconded. Motion passed 4-0.

5. Review, discussion and possible decision and approval to enter into an agreement with Shaw Engineering, for Engineering Services to complete the Sierra Vista Lift Station Improvements – Feasibility Study with funds to come from Tonopah Sewer Capital Projects Fund.

Chris Mulkerns explained that this is one of the items the Town put forward for the priority list for the State Revolving Loan Fund under Clean Water. She noted that there are two different categories: Clean Water and Safe Drinking Water. The Clean Water is the sewer side and the Safe Drinking water is the potable water side. The Town received two different proposals from Shaw for either refurbishin /or replacing the lift station or a sewer main alternative.

Horace Carlyle wanted to know how old the facility is. James Eason noted that it is about 33-34 years old. Chris Mulkerns explained that the lift station is deteriorating. Chains are used to pull the pumps up and down and the methane gas is deteriorating the chains. Javier Gonzalez noted that it would be better to tie it into the sewer.

James Eason explained that the system was put in 33-34 years ago and it services the Sierra Vista Apartments. There are two lift stations in the system. One is up by Penstemon Court in Upper Sierra Vista and the other is the apartment complex. All of the Town sewers are gravity fed and those two areas are below the sewer mains. The lift stations lift the sewer up, pressurizes it and pushes it to the main system. During the last assessment and review of the sewer system, this was identified. Chris Mulkerns explained that during the last sewer project, this was listed as one of the priorities in the PER but there was no money to do it at the time. James Eason explained that before the Town can make a decision, it has to explore both options. Once both options have been explored, an O&M figure will be attached to both for consideration.

James Eason reiterated that the Town is on the priority list for funding and there are a couple different options. One would be debt or principal forgiveness and the other would be a loan. The Town anticipates having to do something in the next year or two.

Horace Carlyle suggested including in the motion that the amount cannot exceed \$10,000.

Duane Downing made a motion to approve and enter into an agreement with Shaw Engineering, for Engineering Services to be completed for the Sierra Vista Lift Station Improvements – Feasibility Study with funds to come from Tonopah Sewer Capital Projects Fund; funds not to exceed \$10,000. Ron Kipp seconded. Motion passed 4-0.

6. Discussion and possible decision to approve and adopt a resolution designating the following parcels owned by the Town of Tonopah: 008-135-09, 008-134-09, 008-271-15 and 008-271-16, to be part of the areas for redevelopment; and adopts the Mizpah Square Plan and Feasibility Analysis prepared for Nye County and the Town of Tonopah and The Century Plan prepared for the Tonopah Downtown Revitalization as the guidelines for the blighted and designated economic development area within the Town of Tonopah.

James Eason explained that these documents have been utilized for a long time. The original *Mizpah Square Plan and Feasibility Analysis* was done in the 80's, during the last boom. Some of the items have been worked on or discussed during the Belvada/Convention Center Project. The Town did discuss the square and applied to the Department of Taxation for a grant for public landscaping areas. Under the Century Plan, the Town has adopted or implemented most of those recommendations. In speaking with the District Attorney, the action taken at the last meeting, the approval of the Tonopah Town Board as the redevelopment authority under NRS 279, the Town must designate the specific parcels. All of the specific parcels are owned by the Town of Tonopah. The basic master plans apply to the parcels. As the Town begins to work with people to develop the specific parcels, the Board will then adopt the next preliminary plan that will go into greater detail of what that particular parcel will look like after completion.

Duane Downing wanted to know if the parcel of land behind Silver Rim was going to be included. James Eason explained that it was excluded because that parcel was not included in the Mizpah Feasibility area, the SEA study, or the Century Plan. The Town will need to develop a separate plan for that unless it is already part of the original Sierra Vista Master Plan.

Javier Gonzalez made a motion to approve and adopt a resolution designating the following parcels owned by the Town of Tonopah: 008-135-09, 008-134-09, 008-271-15, and 008-271-16, to be part of the areas for redevelopment; and adopts the Mizpah Square Plan and Feasibility Analysis prepared for Nye County and The Town of Tonopah and The Century Plan prepared for the Tonopah Downtown Revitalization as the guidelines for the blighted and designated economic development area within the Town of Tonopah. Resolution 13-03 was read into the minutes. Duane Downing seconded. Horace Carlyle explained that redevelopment, blighted areas or any type of structure like this at future times might be contested. He wants to make sure the Board has covered their bases. Motion passed 4-0.

7. Discussion and deliberation to review investment returns and costs regarding monies invested with Western Community Foundation and further direction in investment changes or allocations.

James Eason explained that Mr. Carlyle wanted to know the status of the money in the endowment and the direction the money is being invested. Fund number T5656D\_M is the master fund. This is the aggregate of all the sub-funds. Fund T5656S is the Tonopah Endowment Fund. The first gift from Solar Reserve went into this fund. As of June 30, 2012, there was an ending balance of \$97,671. The latest statement from September 30, 2012 showed the balance was \$101,107.54. He explained that Mr. Carlyle wanted to know the investments they are in. The funds are invested in a long term strategy. Fifty percent of the money is in a TIF fund. This is an investment fund for foundations or endowments only.

Horace Carlyle explained that he has concerns over the allocation of the other 50% of the money. There is no clarity on what the fees are and how this is interacting with the TIF fund. James Eason explained that the Town can contact Chris Askins with the Foundation and dive into the finer points of the investments. He noted that the next 35% is in Edward M. Jones. The other 15% is in Presidio. Of the original \$100,000, they took less than 1% to come up with the Wells Fargo money market account. It is a pooled account and the \$128.00 is to cover the administrative cost. The other fees are down under the expense side. There are investment fees and administrative fees.

Horace Carlyle explained that he is not sure the report reflects all of the investment accounts. He wants to know what each investment is contributing. He feels the Board needs to have an understanding of the revenue stream versus the cost for each percentage. James Eason explained that this is something Staff needs to ask the Foundation. When the funds were set up, they were to be long term and the Foundation had a preset plan. He is not sure if the Town is able to alter the plan. Staff needs to speak with the Foundation.

No action taken by the Board.

8. Tonopah Development Corporation Report

No action taken by the Board.

9. Public Comment

No action taken by the Board.

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

James Eason explained that in the vouchers, the Board will be signing the partial completion for the Convention Center Roof Project. There are a couple of items that still need to be addressed. They are waiting for the downspouts to be made. There was a walkthrough last week and they have addressed different issues on their list. Bill Browning from Charles Abbot & Associates will come and do the final walkthrough.

James Eason explained that the reuse project is basically done. There are a couple of items they will come back and do some adjustments on. There are still a couple of questions on the card reader. They are mainly software related questions. The rehab for Wells 5-8 is scheduled for March 2<sup>nd</sup> through March 4<sup>th</sup>. They worked at installing SCADA on Wells 9 and 10 and are working out the bugs in that system. The Town is moving on with Phase II, Segment A and Segment B. The Town is working on the finishing touches at the firehouse. Congressman Horsford's aid will be starting on Monday. The public hearing for Ron Browning and Patty Winters will be at the next Board meeting.

James Eason explained that John Livermore was one of the original foundation members for the Mining Park. He passed away about a week and a half ago. He gave the original gift of \$100,000 seed money to start the Mining Park and have the doors open year round. He noted that at the Board meeting last week in Vegas, the Foundation voted to ask if they could rename the visitor center the John Livermore Visitor Center. He noted that he will put an agenda item on for the next meeting. The Foundation wanted to name it in honor of his achievements not only in Tonopah but in the mining industry itself. He was responsible for the discovery of the Carlin Trend.

James Eason explained that the Board has a letter prepared based on the Board's comments at the last meeting. He noted that the Board also has a copy of the letter from Beatty. They are two different approaches. The Board commented more on the changes to the Ordinance and Beatty commented more on the impacts it would have on their community. Beatty's approach was to not alter the Ordinance at all. The Town's approach was to point out that there is certain language in the Ordinance that if fully enacted will restrict the Town. He noted that Round Mountain will also be sending a letter commenting on the impacts to the community.

Ron Kipp wanted to know if the Town was ready to sell used water now. Chris Mulkerns explained that the Town received the extension from NDEP to submit the O&M Manual. James Eason noted that the rate is in place but the Town cannot do anything until the card reader is

working. The Town is looking at a couple different variations of how that will be set up. There will be an eight hour training since the Town will issue bills with it. It needs to be installed on the computer. Chris Mulkerns explained that this is a whole new software separate from the current billing software. The Town has not yet heard back from Harris on whether or not the current computer can handle both sets of software. He noted that the Town cannot afford to have any conflicts with the current billing system. If there is the possibility of problems, than the Town will either buy a new standalone computer or take an old one from storage and use that as a standalone system.

Duane Downing explained that one of the problems the Town has is 4-wheelers, motorcycles, side-by-sides all over Town. There is currently nothing for the Town of Tonopah to say they can do this. He explained that he has a possible solution to this. Under NRS 490.100, the authority of the city or county to designate a portion of the highway for off-highway vehicle use is allowed. As the Town Board, the Board can actually designate a portion of the highway for off-highway vehicle usage through ordinance. He noted that there is an old Town Ordinance in place that has been misconstrued. Individuals believe that you cannot ride within three miles of the Courthouse. He explained that the ordinance specifically states that for a certain parcel no off-road vehicles are allowed. This is in the area of the corrals. He explained that if the Board looks into a possible ordinance where the Town allows backstreets to be used for off-highway use with restrictions listed by NRS, that becomes less of a problem for a lot of people but the Town has to set the restrictions. He explained that he is not sure if it could be incorporated into the ordinance that they are required to pay a fee to the Town and get a sticker showing they are in compliance with the ordinance. The State of Nevada is now setting it up the individuals have to register their off-highway vehicles with the State. He noted that there is no benefit for having this except they will not get fined if found without the State sticker. James Eason wanted clarification of the NRS language. Duane Downing noted that it states city or county.

James Eason does not feel the Town has the authority to designate the roadways. Nye County is responsible for the roads. He feels the ordinance would have to be in conjunction with Sheriff's Office, the District Attorney, and the Road Department coming up with a viable plan. Duane Downing noted that they have already looked into that and the Town has the authority. The Town can designate the roads for off-highway use under specific uses, such as getting from the house to public lands. He noted that they have already spoken with the DA and the Town has the authority to do this under NRS.

Horace Carlyle wanted to know if the Town incurs any type of liability if it designates something. Duane Downing explained that this is where the restrictions come into place. Under NRS 490.100, subsection 3, "If a city or county designates a highway for operation of off-highway vehicles, the city or county may adopt an ordinance requiring a person who is less than 16 years of age and who is operating the off-highway vehicle on a designated highway to be under the direct visual supervision of a person who is at least 18 years of age."

Duane Downing explained that one of his coworkers was at the corrals when a traveler showed up wanting to use the corrals but had no idea where to pay. His coworker took the money and turned it into the office. He feels the Town needs to look at how to set this up for payment. He



noted that there are two convenience stores open 24 hours. He suggested the possibility of speaking with them to see if they would be willing to have people come in and pay there. James Eason explained that there needs to be a sign out there clearly stating the instructions for payment.

11. 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.

12. 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.

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

This item was tabled.

14. Correspondence

Nevada Site Office Releases Final Nevada National Security Site Environmental Improvement Statement – 02/14/2013

Nye County Animal Advisory Committee Regular Meeting Agenda – 02/21/2013

Nye County Water District Governing Board Regular Meeting Agenda – 02/25/2013

Beatty Town Advisory Board Regular Meeting Agenda – 02/25/2013

Letter from Beatty Town Advisory Board to Nye County Board of Commissioners – 02/25/2013

Round Mountain Town Board Regular Meeting Agenda – 02/26/2013

Pahrump Town Board Regular Meeting Agenda – 02/26/2013

Letter to Nye County Administration – 02/27/2013

Nye County Board of Commissioners Teleconference Meeting Agenda – 02/27/2013

Nye County Local Emergency Planning Committee Regular Meeting Agenda – 02/28/2013

15. Approval of Vouchers for Payment

The vouchers were reviewed and all were signed by Board members. Javier Gonzalez made a motion to approve the vouchers as presented for payment. Duane Downing seconded. Motion passed 4-0.

16. Adjourn

Meeting was adjourned at 8:59 pm.

Minutes transcribed by:

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Mariah Rivero

Approved:

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Horace Carlyle, Chairman

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Duane Downing, Vice Chairman

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Ron Kipp, Clerk

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Javier Gonzalez, Member

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Vacant, Member