

**MINUTES
CITY OF FALLON
55 West Williams Avenue
Fallon, Nevada
February 29, 2016**

The Honorable City Council met in a special Council meeting on the above date in the Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

Present:

Mayor Ken Tedford
City Councilman, Robert H. Erickson
City Councilwoman, Kelly Frost
City Councilman, James D. Richardson
City Engineer, James R. Souba
Chief of Police, Kevin Gehman
City Clerk, Gary C. Cordes
Deputy City Attorney, Leonard E. Mackedon
Deputy City Attorney, Robert M. Erquiaga

The meeting was called to order by Mayor Tedford at 7:30 a.m.

Mayor Tedford inquired if the agenda had been posted in compliance with NRS requirements.

City Clerk Cordes advised that the agenda was posted in compliance with NRS 241.

Public Comments

Mayor Tedford inquired if there were any public comments. He noted that comments are to be general in nature, not relative to any agenda items. No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken.

No public comments were noted.

Plans for corrective action to comply with requirements of NRS 354.6245(2) regarding statutory violations of NRS 354.612(5) and NAC 354.8658 relating to the Electric Enterprise Fund and violation of NRS 354.626 relating to other funds as identified in Note #2 of Comprehensive Annual Financial Report for fiscal year ending June 30, 2015

Mayor Tedford noted that Audit Committee member Councilman Erickson is present today.

Councilman Erickson explained that these are required submissions to the Nevada Department of Taxation (Taxation) in regard to our 2015 Comprehensive Annual Financial Report (CAFR). The first violation was detailed in Note 2 of our CAFR which the Council has reviewed and accepted. It related to the classification of certain expenditures in the electrical fund. The way Note 2 reads and the statutes indicate that there is some confusion between the various statutes as well as the Nevada Administrative

Code (NAC). We have been working with our auditor, at their suggestion, to approach Taxation as well as the Committee on Local Government Finance (CLGF) to obtain some clarity and we will be, if the Fallon City Council approves, scheduling attendance at the May 2016 CLGF meeting and presenting our case. We had a discussion with the chair of CLGF, Mr. Marvin Leavitt, and he suggested that would be the appropriate step to take in regard to this issue. The second violation is some over expenditures from the budget and the financial statement and he noted that these things occur with most entities quite frequently because the way the statute reads; if you are \$1 over your budgeted amount it becomes a violation. With an entity the size of the City of Fallon, or any major entity, it is very difficult to predict what your exact expenditure will be on June 30, at the end of the fiscal year. These are not unique. The larger one for the Mayor's Youth Fund, we had budgeted \$15,000 less in the beginning fund balance than the previous year and we expended an additional \$7,629 of those funds but we failed to augment for those funds during the 2015 operating year, and therefore, we had an overage of \$7,629 of budgeted money. That does not mean that the money was not there; the money was there the entire time, it was just a carryover from 2014 that we had not expended. The Public Works Internal Service Fund was just a matter of timing; that is a rather large fund and bills come in at the very end so there was an over expenditure of \$968. As previously mentioned, these things occur with most entities on occasion as a result of the way the statute reads.

Mayor Tedford inquired if the Council had any comments or questions.

No comments or questions were noted.

Mayor Tedford inquired if there were any public comments or questions.

No public comments were noted.

Councilman Erickson motioned to approve plans for corrective action to comply with requirements of NRS 354.6245(2) regarding statutory violations of NRS 354.612(5) and NAC 354.8658 relating to the Electric Enterprise Fund and violation of NRS 354.626 relating to other funds as identified in Note #2 of Comprehensive Annual Financial Report for fiscal year ending June 30, 2015; seconded by Councilwoman Frost and approved with a 3-0 vote by the Council.

Mayor Tedford directed City staff, along with Councilman Erickson, to make the proper plans for the May 2016 meeting of the Local Government Finance Committee.


Public Comments

Mayor Tedford inquired if there were any public comments.

No public comments were noted.


Adjournment

There being no further business to come before the Council, Mayor Tedford adjourned the meeting at 7:37 a.m.



Mayor Ken Tedford

Attest:



Gary C. Cordes, City Clerk/Treasurer