

**MINUTES
CITY OF FALLON
55 West Williams Avenue
Fallon, Nevada
December 13, 2019**

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, James D. Richardson
City Councilwoman, Kelly Frost
City Councilwoman, Karla Kent
City Clerk, Gary C. Cordes
City Attorney, Michael F. Mackedon
Deputy Public Works Director, Ryan A. Swirczek
Deputy Public Works Director, Adrian Noriega
Police Chief, Kevin Gehman
Deputy City Attorney, Leonard E. Mackedon
Legal & Administrative Director, Robert Erquiaga
Deputy City Clerk, Elsie M. Lee
Public Works Director, Brian A. Byrd
Marketing & Communications Coordinator, Kaitlin Ritchie
City Engineer, Derek Zimney

The meeting was called to order by Mayor Tedford at 9:00 a.m.

Mayor Tedford led the Pledge of Allegiance.

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.

Approval of City of Fallon June 30, 2019 Audited Financial Statements

Legal and Administrative Director Erquiaga stated that the City is required by Nevada law to complete an annual audit of its financial statements. That process has been completed, on time. The City hired Eide Bailly and we have utilized their services for a number of years. This process that has been as smooth as possible, considering how disruptive an audit can be. We continue to be very impressed with Eide Bailly and their entire staff; their professionalism when they come out to conduct the audit is second to none and it means a lot to City staff. He introduced Ms. Mary Cain of Eide Bailly.

Ms. Cain stated that she was the onsite manager for the audit. She began by thanking the City, especially City Clerk Cordes and the City Clerk's Office staff for all their hard work. This goes as smoothly as it does because of all the effort City Clerk Cordes and staff put in before they even arrive on site. She presented the Audited Financial Statements and a letter from Eide Bailly. She began with the Audited Financial Statements and stated she would go over some highlights, including opinions and findings. Based on last year's statements, the City received a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association. She congratulated the City; City Clerk Cordes spent a lot of time gathering statistical information for that certificate. Now onto the audit report. Eide Bailly presented an unmodified opinion, meaning they believe, in all material respects, that the financial statements are fairly presented. On to Management's Discussion and Analysis, this was put together by City staff; it puts all the numbers in the financial statement into more of a summary to get perspective on why things have gone the way that they have. Then on to the basic financial statements: The Council oversees a total of \$52 million in net possession between business and governmental activities. Through the efforts of staff and the budgeting and overseeing of the Council, this position increased \$771,000 over last year. The most significant estimates on this balance sheet are the Other Post Employment Benefit (OPEB) liabilities and net pension liabilities. OPEB has to do with health insurance; there are two parts of it: The City's plan where retirees can remain on it after they retire, and the other part is a now-closed plan that some former employees are still on. That has increased \$171,000 from last year and most of that amount is due to a rate change. Net pension liabilities have to do with PERS (Public Employees' Retirement System) of Nevada. The Governmental Accounting Standards Board (GASB) requires that net pension liability be listed on your books for that portion. PERS provides the City with audited schedules in order to prepare that. It also increased \$518,000. The post closure care costs of the landfill had a modest change of only \$5,000. Capital asset additions for the year totaled \$4.2 million. She listed a few of the larger ones: center apron construction at the airport, cost additions for the youth center, and an electric substation. The Statement of Activities gives an overview of the different expenses and revenues. Governmental activities are supplemented by general governmental revenues such as property taxes, consolidated taxes, and franchise taxes. Business-type activities should support themselves and overall revenues were more than expenses by \$242,000. A couple funds showed losses: water, water treatment, and sanitation. In Notes to the Financial Statement, they noted no violations to Nevada Revised Statutes (NRS) or Nevada Administrative Code (NAC). That is a credit to City Clerk Cordes and his staff. She noted the enterprise funds administrative support fee brought in \$200,000 to the General Fund. The ending fund balance for the General Fund is \$996,000. The percentage to expenditures is recommended at 8.3% of your expenditures, which is about one month; and the City's ending fund balance is 10.7% so there is a cushion there. The Internal Auditor's

Report included a single audit required due to the amount of federal funding received. That is also an unmodified opinion; the schedule is fairly stated. They tested one major program this year, the airport improvement program; there were no major issues; a federal report was not filed and that has been addressed and submitted. She referred to the letter from Eide Bailly, it is a communication required as part of the auditing standards. The first page lines out their responsibilities and the second page discusses the City's significant accounting policies which are listed in Note 1 of your financial statements. It also discusses the most significant accounting estimate which were OPEB, pension liability, and the landfill closure. She noted that they did not encounter any significant difficulties during the audit and there were no misstatements identified as part of the audit. There was nothing that required adjustment. That was quite an accomplishment, and again speaks to the capability of City Clerk Cordes and his staff. They did require a representation letter from management to be signed and dated the same day as the financial statements and it was provided. There were no other significant matters or any other findings that were not reviewed here today.

Mayor Tedford thanked Ms. Cain and her office for their efforts, as well as City Clerk Cordes and City staff. He also thanked the Audit Committee which consists of Councilwoman Kent, City Attorney Mike Mackedon, and Legal and Administrative Director Erquiaga for their work in this process.

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

No comments were noted.

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

No public comments were noted.

Councilwoman Kent motioned to approve the City of Fallon June 30, 2019 Audited Financial Statements; seconded by Councilwoman Frost and approved with a 3-0 vote by the Council.

Public Comments

Mayor Tedford inquired if there were any public comments.

No public comments were noted.

Council and Staff Reports

Mayor Tedford inquired if there were any Council or staff reports.

City Attorney Mike Mackedon congratulated City Clerk Cordes and the City Clerk's Office for their tremendous effort this year. He has been on the Audit Committee for many years and this was a very smooth process, attributed to City Clerk Cordes and the competency of his staff. The fact that no material misrepresentations – basically no mistakes – were found is remarkable. He also appreciated the work of Eide Bailly and how they do their work, it was rigorous but very fair.

Councilwoman Frost thanked all City staff that contributed to the success of the Tree Lighting, it was a great evening for our community. Also, Santa's Wonderland seemed to be enjoyed by many children that attended and participated in all the activities that were offered.

Councilwoman Kent reiterated City Attorney Mike Mackedon's remarks to City Clerk Cordes for such an awesome job and also to the City Clerk's Office staff.

Executive Session

Mayor Tedford tabled the executive session, as it was not needed at this time.


Adjournment

There being no further business to come before the Council, Mayor Tedford adjourned the meeting at 9:32 a.m.



Mayor Ken Tedford

Attest:



Gary C. Cordes, City Clerk/Treasurer