

**MINUTES  
CITY OF FALLON  
55 West Williams Avenue  
Fallon, Nevada  
February 10, 2010**

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, Jr.  
City Councilman, Robert Erickson  
City Councilwoman, Rachel Dahl  
City Councilman, James Richardson  
City Engineer, James Souba  
Police Chief, Kevin Gehman  
City Clerk, Gary Cordes  
City Attorney, Mike Mackedon

The meeting was called to order by Mayor Tedford at 4:00 p.m.

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

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

**Approval of City of Fallon June 30, 2009 Audited Financial Statements**

Ms. Laurel Jackson of Kafoury Armstrong & Co. explained that the statements were presented to the audit committee and accepted on February 3, 2010. She was pleased to present their unqualified opinion in the Independent Auditor's Report. The Report on Internal Control over Financial Reporting was required for Federal funding received by the City. This report confirmed compliance with internal controls and grant administration. They found six internal control deficiencies that are included in the compliance section of the financial statements. The Report on Compliance with Requirements Applicable to Each Major Program...in Accordance with OMB Circular A-133 was required for expenditures totaling over \$500,000.00. This report found one item of non-compliance with a non-profit vendor relationship and documentation for sub-recipients. The Auditor's Comments section includes the appropriate disclosures. The Independent Accountant's Report on NRS 354.6241 found no instances of non-compliance and noted that identified funds are being used expressly for the purposes for which they were created. Ms. Jackson added that the City Clerk's staff was very helpful during the audit process.

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

Councilman Erickson expressed his appreciation to Ms. Jackson and her staff for an excellent audit. There have been tremendous changes in reporting requirements over the last five years and he appreciated their outstanding job. He added that City Clerk Cordes and his staff did a good job cooperating and providing the auditors with the documents they needed.

Mayor Tedford concurred with Councilman Erickson's comments. He offered his thanks to Kafoury Armstrong & Co. and their staff and City Clerk Cordes and his staff for their efforts. He also thanked Councilman Erickson and City Attorney Mackedon for serving on the audit committee and their work with Ms. Jackson. He remembered when he served on the audit committee as a Councilman from 1987-1995 and financial reporting has taken on an entirely new dimension now.

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

No comments were noted.

Councilman Erickson motioned to approve the City of Fallon June 30, 2009 Audited Financial Statements; seconded by Councilman Richardson and approved with a 3-0 vote by the Council.

**Approval of plan of corrective action to prevent the recurrence of NRS violations as noted in the June 30, 2009 audit footnote 2**

City Clerk Cordes explained that NRS 354.626 requires local government response to the Nevada Department of Taxation regarding budget violations and present a plan to prevent the recurrence of violations. Violation 1: Actual expenditures exceeded budget in the following fund and amount:

Convention and Tourism Fund	\$4,769.00
Debt Service Fund	\$17,390.00
Land Reserve & Park Acquisition and Development Capital Projects Fund	\$111,506.00
Electric Enterprise Fund	\$398,167.00
Sewer Fund, operating expenses	\$24,359.00
Sewer Fund, non-operating expenses	\$26,708.00
Landfill Fund, operating expenses	\$36,776.00
Landfill Fund, non-operating expenses	\$6,844.00
Mayor's Century Fund	\$44,000.00
Data Processing Fund	\$495.00

City Clerk Cordes added that these over expenditures were approved by the City Council. A budget transfer or augmentation was not made by his office to properly budget these expenditures. A monthly financial statement is being produced to monitor fiscal actions by the City Council to ensure they are within the adopted budget or if a budget augmentation or transfer needs to be performed. Violation 2: Deficit Net Assets in the Convention Center Fund. The deficit of \$2,233.00 was immediately eliminated with a transfer of funds from the Convention & Tourism Fund. Once the City ledgers are fully adjusted, City Clerk Cordes will ensure that no deficit net assets exist by having a proper transfer of funds. City Clerk Cordes recommended approval of the plan of corrective action.

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

Councilwoman Dahl confirmed that now they would be able to review a monthly financial statement in addition to reviewing purchase orders.

City Clerk Cordes replied affirmatively.

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

No comments were noted.

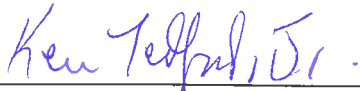
Councilman Richardson motioned to approve the plan of corrective action to prevent the recurrence of NRS violations as noted in the June 30, 2009 audit footnote 2; seconded by Councilwoman Dahl and approved with a 3-0 vote by the Council.

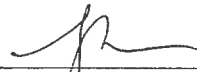
**Public Comments**

Mayor Tedford inquired if there were any public comments.  
No comments were noted.

**Adjournment**

There being no further business to come before Council, Mayor Tedford adjourned the meeting at 4:18 p.m.

  
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Mayor Ken Tedford, Jr.

Attest:   
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Gary C. Cordes  
City Clerk Treasurer