



## LINCOLN COUNTY BOARD OF COMMISSIONERS

April 12, 2016  
Commission Chambers  
Lincoln County Courthouse  
181 Main Street  
Pioche, Nevada

### Commissioners

Paul Mathews  
Kevin Phillips, Chair  
Adam Katschke, Vice Chair  
Paul Donohue  
Varlin Higbee

### **#1-CALL TO ORDER/ROLL CALL/INVOCATION/PLEDGE OF ALLEGIANCE**

Kevin called the meeting to order at 9:06 a.m. Clerk Lisa Lloyd called the roll.

PRESENT: PAUL MATHEWS  
ADAM KATSCHKE  
KEVIN PHILLIPS  
PAUL DONOHUE  
VARLIN HIGBEE

LISA LLOYD, Clerk  
FRANKLIN KATSCHKE, Dep. District Attorney

There is a quorum present and the agenda was posted on 4-5-16. The Invocation was offered by Paul D. and Kevin led the Pledge of Allegiance.

### **#2-PUBLIC COMMENT**

Kevin called for public comment. None offered.

### **#3-FY 2016-2017 BUDGET**

Paul M. advised there are some issues that need to be dealt with, including the salary tables, the Level 3 Communications tax strike, and projected revenues. Dan McArthur reviewed the General Fund. Since the last meeting, Dan obtained the information concerning the Level 3 tax adjustment. This adjustment filters to all of the funds under General County, including the School District and Hospital. Paul M. asked how the money can be recouped from these districts. Treasurer Shawn Fehner advised that only General County will be affected. When the voucher is issued for Level 3 it will show how much comes out of each entity. Each time personal property taxes are collected the County General fund gets a commission as does the Assessor Tech fund. The 8% will impact both of these funds. The property taxes will then be allocated to all of the entities that receive that revenue. However, due to this tax adjustment, each of the entities will receive a reduced amount. Dan believes there is an issue with the Level 3 adjustment. Dan understands that real property is abate-able, personal property is not. Generally, Centrally Assessed is abate-able either. Dan stated the former Assessor didn't abate the 8% because, he believes, it was viewed as Personal Property. Paul M. responded that a judge has issued an order and stated that we have to give them the 8%. DA Daniel Hooge stated that the appeals process went through when we were transitioning to a new assessor and we didn't get any evidence in. The judge said it might not be abate-able but the order stands. Paul M. commented that last Monday the Board tabled the payment of the Level 3 tax strike and it's on today's agenda for approval. This discussion is to see how the budget and budget process will be impacted today. The overall impact on the budget is a \$38,642 reduction. This carries through all of the funds that have to pay it back. Another issue we're facing is the salary increases that will occur based on the new salary table adjustments. It's about a \$60,000 difference. Property tax revenues, after the abatement information from the state has been received, is \$2,211,949, which is approximately a \$200,000 decrease from last year. The overall county-wide assessed valuation dropped about 40-45 million dollars last year. Dan analyzed it to see what the potential issue could be. 60% of the decrease relates to Centrally Assessed taxes. The valuation for Centrally Assessed dropped by 15% prior to abatements. If the Assessed Valuation is incorrect and needs to be changed, it can be done by providing new numbers to Department of Taxation, who will then redo the Proforma. If this is correct, the impact to the General Fund takes the fund balances to a negative. We have to have at least \$174,000 ending fund balance to meet the statutory requirement. Dan stated that Assessor Mark Holt is reviewing his numbers to see if the Assessed Valuation might be increased. We can also work with the state to see why the valuation dropped at that level, too.

Current calculations for the current step raises and pay scale that is already in place will cause the General Fund to be in the red by \$78,584. If approved, the new wage scale in addition to the step raises will cause the General Fund to be \$133,540 in the red. The tax rate for the General Fund is .9733. For a 40 million dollar change in value the result is several hundred thousand dollars. Adam believes this is happening so the state will pass initiative P-1 to legalize medical marijuana. Mark advised that he believes some of the problem is due to his calculations. Mark stated there is a downward trend due to the Air Force funds, which raised our assessed value, but he believes we will gain some of it back when he re-files his report. Shawn stated she pulled all the records she could last night to try and figure out where the shortage is. As far as she can tell, Secured Property is up a little bit. The three areas that she identified with lower assessed values includes new property (this is about 10 million short compared to last year), existing unsecured property (this is about 6.5 million shorter than last year and has nothing to do with Air Force), and centrally assessed (which is 26.6 million less). Paul M. stated that there is no room to make the correction to the wage scales right now. Dan is optimistic that the revenue values will come up approximately \$160-200,000. Dan suggested that the \$141,000 contingency be eliminated. Doing this and increasing the revenues will get us where we need to be in order to submit a tentative budget. This will give us time to sort out the issues with the decreased valuation prior to being required to submit the final budget. **Paul D. made a motion to approve the submission of the tentative budget using the adjusted revenue values and the elimination of the contingency; seconded by Paul M. All voted in favor.** Dan reviewed the other funds that have fund balance issues. Ag Extension ends with a \$481 negative; he reduced services/supplies by this amount. Fair Board has a negative fund balance of \$18,471. The revenues are estimated to be \$13,000 from the fair. \$10,000 is usually transferred into this fund from Room Tax; this was included in the budget. Leslie advised that an additional \$15,000 will be transferred in as well. The requests line was decreased from \$37,000 to \$28,000. These changes balance this fund. This fund has an expenditure problem. The prizes aren't purchased through this fund; they're paid for via the checking account. Much of the revenue is being spent. The fair actually costs more than we show on the budget. Funds are being cycled through the checking account when they should be coming back into the Fair Board fund itself. It appears that the fair is costing a great deal more than we even know, closer to \$40,000. Paul D. will speak with those responsible for the fair. Dan discussed Tri-County Weed, which is in the red by nearly \$500,000 based on requests. Dan changed the projected revenues to be \$1.1 million. Planning Fund is also in the red by \$90,000. Services/supplies for the current year and next fiscal year were reduced. \$75,000 from FILT was added in via transfers. Dan discussed the County Capital Projects Funds. Based on budget requests is has a negative fund balance of \$212,000. Dan raised the revenue in this fund by \$20,000 based on property taxes. That doesn't solve the problem with the negative fund balance. One of the reasons this is negative is because of the cost of the emergency management building, which costs \$175,000, as well as work on the Treasurer Hill repeater in the amount of \$20,000. The cost for a new EM building was removed. \$75,000 was added to the FILT fund. \$40,000 was added to FILT for Building Department. \$20,000 was added in for communications for the Treasure Hill repeater (\$20,000 was removed from Capital Projects Fund). Leslie asked that funds be transferred from FILT to the Flood Control fund for the Mathews Drop; it's easier to track when it's done by transfer. Services/supplies in FILT was left at \$162,010. \$40,000 was included in FILT for town flood projects. Dan reviewed the Building Department deficit, which is covered by the \$40,000 that we usually put into it. The law on the public hearings for the budget has been changed; budgets now have to be finalized and approved by May 31<sup>st</sup>. The final budget hearing is set for May 23 at 9 a.m. Captain Gary Davis advised that a call was received from Captain Teel of Clark County Detention Center. The drawdown is scheduled to happen in September. Gary advised that our lowest price is \$64 per bed and this will result in a \$500,000 decrease. Gary believes that the current contract allows us to specify that once the 1,080 bed facility is full our numbers will increase as well. Gary has told CCDC that if we lose our staff then we won't be able to be a contingency for them. In one of the face to face meetings we were told that the contract doesn't have a minimum inmate number written into it so advanced notice isn't needed if the number is reduced to 0.

#### **#4-LEVEL 3 COMMUNICATIONS TAX STRIKE**

Funds will be debited from the accounts of the various entities involved. **Paul D. made a motion to approve the refund for Level 3 Communications in the amount of \$63,466.49; seconded by Paul M.** Varlin stated he doesn't believe it should be paid until we get more information. Mark responded that it isn't the assessment, they didn't get the 8% cap and that was the County's fault. A different refund number will be presented at a future meeting for the 2014 year. \$63,466.69 is the amount of the refund for the first year; we have a total of three years' refunds to pay. The total amount owed is \$154,165.93 for all three years. However, the judge has

only ordered the payment of the \$63,466.49 and that we put the cap on. Paul M. stated we should go to court on the other years as it is believed that the amounts were not "abate-able" and NRS covers personal property. **All voted in favor.**

**#5-BUDGET APPROVAL**

**Paul D. made a motion to approve the tentative budget; seconded by Varlin. All voted in favor.**

**#6-PUBLIC COMMENT**

Kevin called for public comment. None offered.

**#7-ADJOURN**

There being no further business for the Board to attend to, Kevin adjourned the meeting at 11:10 a.m.

Attest: \_\_\_\_\_ Approve: \_\_\_\_\_

**DRAFT**