

STATE of the TOWN,

Sept. 17, 2015

If we take tax off of food that will generate \$90,000.00. The town will have to raise these funds in another way. In other words raise the \$90,000.00 in another form or eliminate or raise prices for town services. With the food tax in place the persons of low income using food stamps will not have to pay this tax.

If we raise the funds in another tax or raise services the persons using food stamps will then have to pay the tax. Maybe some persons will see why we passed the food tax since it will not affect the food stamp people.

I cannot see where the tax on food will affect the vendor. The vendor charges the tax to the consumer at a rate of \$4.00 per \$100.00 spent or 4%. The vendor does not pay this tax.

No one likes a tax increase as I do not like it myself. The simple facts are we need to raise money to keep our town incorporated. If it doesn't come from a food tax then it will have to come from a rate hike in other areas. Thanks to the vendors that understand the reasoning behind the food tax. Also, the understanding that they are not paying the tax, the consumer is.

We are partnered with the town of Kearney for CDBG grants. We just refinished our #2 water tank and plan to refinish #1 next Cycle. We have to wait a year while Kearney uses CDBG funding. By waiting a year we double the amount of funding we are able to apply for. CAG heads our CDBG grant funding and have done an excellent job managing the refinish of the #2 tank. We have started the paper work for the #1 tank to be refinished next year when we are eligible for the CDBG grant. We have also started paper work involved to obtain a large grant for new water pipe mains. I feel it is not feasible to put a new RO water system in with old pipes that are breaking on a monthly basis and some times weekly. This large grant will be a combination of grants and possibly a loan from the USDA department of the government. We are talking in round numbers \$3 to \$5 million in costs. This will take some time to implement and our water and sewer rates will need to support this major improvement. The bottom line is, it takes money to improve the town and us as town members will have to step up and pay to keep our town .

I have accepted Pablo's resignation as town foreman. He is moving on to advance his career and I have wished him the best along with a letter of recommendation on a job well done.

Here are some of the issues we are facing to keep the Town of Mammoth incorporated. As most know, we are now on a budget and spending only funds in the budget. We will hit a time where the town will not be able to spend more money even though we might have money in the bank. This is the spending limits I have talked about in the past. The spending limitations were cut after the people of Mammoth voted it down. We will need to vote yes on the spending limitations the next time it is on the ballot. There are heavy fines if we spend more than what is allowed.

Here are some of the expenses left to me in 2015 from the past management:

- A credit card with \$17,456.00 in charges @17% interest.
- Casualty insurance unpaid for over a year. Liability insurance unpaid for over a year.
- \$1.3 million in coverage for vehicles not owned for over 10 years.
- Employee with holdings unpaid. (A federal requirement).
- We are paying over \$11,000.00 a month catching up on past insurance premiums
- The town was taking in \$93,000.00 in garbage collection but paying out \$121,000.00.
- \$700,000.00 plus dollars were in reserve in the towns account in 2011. Now it is \$28,000.00 in reserve. I am trying to build this up as we go once I know the exact funding.
- A new backhoe was purchased. It was not purchased but leased @ \$1,200.00 per month
- The Towns payroll every two weeks was \$56,000.00. It is now \$27,000.00 due to the cuts to employees. At \$112,000.00 a month times 12 months that is \$1.344.million in wages alone. Our shared revenue is at \$906,000.00 income per year. Getting the picture?
- The Mayor is wearing three hats. Mayor, town manager, and public works director. This is saving the town \$90,000.00 a year in salaries. Hopefully this will keep us in the black until I hire 2 persons to fill these vacancies.
- Without Pat Walker Consulting, our town would be broke even though I have the expertise to handle these funds. Her knowledge on what and where to spend money has been invaluable and has put us back on the correct path and has taught me many new AZ codes etc. We have spent less on her billing than we pay the town attorney. These two persons are necessary for the proper management of the town. I have seen in the past that "professional persons" have never been a part of the town's organization. This has changed and we will always need the guidance of professionals to keep us on tract. After we have the books balanced an accountant will be needed weekly and Pat Walker can check our accounting on a quarterly basis.

I hope this will help the entire town who are wondering about our finances. I have more figures both good and bad so let us know your questions. Also, thanks to all the volunteers that have cut weeds. If there are elderly that need a hand cutting their weeds we have volunteers ready and able to help!

Donald Jones,

Mayor, Town of Mammoth