Posted: January 21, 2016

MEETING NOTICE AND AGENDA

COMMITTEE ON LOCAL GOVERNMENT FINANCE

Date and Time of Meeting: **January 26, 2016 9:00 a.m.**

Place of Meeting: **Nevada Gaming Control Board**
Board Room
1919 College Parkway
Carson City, Nevada

Video Conference To: **Nevada Gaming Control Board**
Grant Sawyer State Office Building
555 East Washington Avenue
Second Floor, Room 2450
Las Vegas, Nevada

This meeting will also be part of a teleconference. Please call the Department at (775) 684-2100 for the call-in number.

Action may be taken on the items indicated in **BOLD:**

1. ROLL CALL AND OPENING REMARKS

2. PUBLIC COMMENT (See Note 2)
In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.

3. For Possible Action: RECESS FOR ATTENDANCE AT REGULATION WORKSHOP
The Department of Taxation will hold a workshop on behalf of the Committee on Local Government Finance to receive input on proposed language changes to the Nevada Administrative Code Chapter 354, as follows:

Proposed regulation relating to local government finance; amending NAC 354.660 by revising provisions relating to the amount of budgeted ending fund balance not subject to negotiations with other local governments or employee organizations and to conform to changes made to NRS 354.6241(3) by SB 168(2015)

4. For Possible Action: RECONVENE REGULAR MEETING

5. For Possible Action: Adoption of Permanent Regulations

LCB File No. R078-15, Administration of Trust Funds
The regulation updates and clarifies existing provisions relating to the administration of trust funds for future retirement benefits of local government employees, including the nature of the trust fund for purposes of appointing qualified persons to a board of trustees; establishing certain circumstances in which the Committee on Local Government Finance ("CLGF") is required to approve an investment plan; and authorization of CLGF to waive the $100,000,000 minimum market value upon application by a local government for good cause shown.

6. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

a) For Possible Action: Discussion and Consideration of City of North Las Vegas Financial Condition
1) Report by City on the following matters:
a) FY 15/16 Final Budget, including revenue, expenditures, cash flow analysis and scheduled debt repayments;

b) Results of FY 14/15 Audit

c) Report on the potential effects of AB 1; SB1, SB2, and SB3 of the 29th Special Session on the financial condition of the City.

b) For Possible Action: Discussion and Consideration of Nye County financial condition:

1) Department introduction /explanation of exhibits

2) Report by the County on the following matters:

a) Revenue and expense forecasts for FY 2016; status of ending fund balance of the General Fund; and plans to increase the fund balance;

b) Preliminary management report on excess expenditures, deficit fund balances, and internal control problems;

c) Status of medium term obligations;

d) Status of inter-fund loans and/or transfers to General Fund;

e) Financial status of Northern Nye County Hospital District; status of loan from Nye County to Prime Care Nevada, Inc.

3) Department Analysis and Discussion of Possible Fiscal Watch Status for:

a) Nye County

b) Northern Nye County Regional Hospital District

7. For Possible Action: REPORTS ON REGULATORY MATTERS

a) Subcommittee report on reconsideration of LCB File No. R010-13 -- Heart-Lung Liability

b) Discussion and Consideration of establishing subcommittee to determine whether regulations should be considered related to GASB Statements 68, 74, and 75.

8. BRIEFING TO AND FROM THE COMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

a) Report on audit extension requests

b) **For Possible Action: Request to investigate collection of revenues for Reno R-3 tax ballot measure from Jeff Church; Report and response by Department**

c) Report by Department on 2016-2017 property tax abatement "tax cap"

d) Introduction of new Department staff

9. REVIEW AND APPROVAL OF MINUTES

For Possible Action: CLGF Full Meeting on October 27, 2015; CLGF Heart-Lung Subcommittee on May 29, 2014; CLGF Subcommittee on Definition of a Local Government on August 19, 2014.

10. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

11. Public Comment (See Note 2)

In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.

12. For Possible Action: ADJOURNMENT

NOTE 1: Items on this agenda may be taken in a different order than listed. Items may be combined for consideration by the Committee on Local Government Finance. Items may be pulled or removed from the agenda at any time.

NOTE 2: Public comment may be made on any issue and any discussion of those items; provided that comment will be limited to areas relevant to and within the authority of the Committee on Local Government Finance. No action will be taken on any items raised in the public comment period. At the discretion of the Chairman, public comment may be received prior to action on individual agenda items. Public Comment may not be limited based on viewpoint. Prior to the commencement and conclusion of a contested case or a quasi judicial proceeding that may affect the due process rights of an individual, the committee may refuse to consider public comment. See NRS 233B.126.

NOTE 3: We are pleased to make accommodations for members of the public who are disabled. Please notify the Department of Taxation in writing, at 1550 College Parkway, Carson City, Nevada, 89706 or call (775) 684-2180 prior to the meeting.

NOTE 4: Materials and files for items on this agenda are maintained in the offices of the Department of Taxation located in Carson City, Nevada. Requests for copies of materials and files for items on this agenda may be made to:
Terry Rubald
Deputy Executive Director, Department of Taxation
1550 College Parkway
Carson City, NV 89706

Notice of this meeting was posted in the following Carson City, Nevada location: Department of Taxation 1550 College Parkway; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street
Notice of this meeting was emailed for posting to the following locations: Department of Taxation, 4600 Kietzke Lane, Building L, Suite 235, Reno; Department of Taxation, 2550 Paseo Verde, Suite 180, Henderson; Department of Taxation, 555 E. Washington Street; Las Vegas; Clark County Office, 500 South Grand Central Parkway, Las Vegas. Notice of this meeting was also posted on the Internet through the Department of Taxation website at www.tax.nv.gov, on the Legislative website at www.leg.state.nv.us and on the Department of Administration website at https://notice.nv.gov/.

3. Materials for Regulation Workshop, amending NAC 354.660

The Department of Taxation will hold a workshop on behalf of the Committee on Local Government Finance to receive input on proposed language changes to the Nevada Administrative Code Chapter 354, as follows:

Proposed regulation relating to local government finance; amending NAC 354.660 by revising provisions relating to the amount of budgeted ending fund balance not subject to negotiations with other local governments or employee organizations and to conform to changes made to NRS 354.6241(3) by SB 168(2015)

PROPOSED REGULATION OF THE

COMMITTEE ON LOCAL GOVERNMENT FINANCE

LCB File No.

Presented to CLGF workshop on January 26, 2016

EXPLANATION – Matter in ***italics*** is new; matter in brackets **[**omitted material**]** is material to be omitted.

AUTHORITY: §§ 1-4, NRS 354.107(1)

A REGULATION relating to local government finance; revising provisions relating to the amount of budgeted ending fund balance not subject to negotiations with other local governments or employee organizations.

Section 1. NAC 354.660 is hereby amended as follows:

Except as otherwise provided in NRS 354.6241(3), a budgeted ending fund balance of not more than 8.3 percent of the total budgeted expenditures, less capital outlay, for a general or special revenue fund which receives revenue from property taxes or the Local Government Tax Distribution Account is not subject to negotiations with other local governments or employee organizations.

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STATE OF NEVADA
DEPARTMENT OF TAXATION
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DEONNE E. CONTINE
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NOTICE OF WORKSHOP

To Solicit Comments on Proposed Regulations

To: To All Interested Parties

From: Terry Rubald, Deputy Executive Director, Department of Taxation

Date: January 11, 2016

Re: Workshop on Proposed Regulations to be adopted by the Committee on Local Government Finance

The Department of Taxation will hold a workshop on behalf of the Committee on Local Government Finance to receive input on proposed language changes to the Nevada Administrative Code Chapter 354. The proposed permanent regulation amends NAC 354.660 to include a reference to NRS 354.6241(3). NRS 354.6241(3) provides that for any local government other than a school district, for the purposes of Chapter 288 of NRS, a budgeted ending fund balance of not more than 25 percent of the total budgeted expenditures, less capital outlay, for a general fund is not subject to negotiations with an employee organization; and must not be considered by a fact finder or arbitrator in determining the financial ability of the local government to pay compensation or monetary benefits.

Date and Time of Meeting: January 26, 2016 9:00 a.m.

The workshop will be held at the following locations:

Place of Meeting:
Gaming Control Board
Board Room
1919 College Parkway
Carson City, Nevada

Video Conference To:
Gaming Control Board
Grant Sawyer State Office Building
555 East Washington Avenue,
Second Floor, Room 2450
Las Vegas, Nevada

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PROPOSED REGULATION OF THE

COMMITTEE ON LOCAL GOVERNMENT FINANCE

LCB File No.

Presented to CLGF workshop on January 26, 2016

EXPLANATION – Matter in ***italics*** is new; matter in brackets [omitted material] is material to be omitted.

AUTHORITY: §§ 1-4, NRS 354.107(1)

A REGULATION relating to local government finance; revising provisions relating to the amount of budgeted ending fund balance not subject to negotiations with other local governments or employee organizations.

Section 1. NAC 354.660 is hereby amended as follows:

Except as otherwise provided in NRS 354.6241(3), a budgeted ending fund balance of not more than 8.3 percent of the total budgeted expenditures, less capital outlay, for a general or special revenue fund which receives revenue from property taxes or the Local Government Tax Distribution Account is not subject to negotiations with other local governments or employee organizations.

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5. Adoption of LCB File No. R078-15, Administration of Trust Funds

The regulation updates and clarifies existing provisions relating to the administration of trust funds for future retirement benefits of local government employees, including the nature of the trust fund for purposes of appointing qualified persons to a board of trustees; establishing certain circumstances in which the Committee on Local Government Finance ("CLGF") is required to approve an investment plan; and authorization of CLGF to waive the $100,000,000 minimum market value upon application by a local government for good cause shown.

PROPOSED REGULATION OF THE

COMMITTEE ON LOCAL GOVERNMENT FINANCE

LCB File No. R078-15

October 1, 2015

EXPLANATION – Matter in ***italics*** is new; matter in brackets **[~~omitted material~~]** is material to be omitted.

AUTHORITY: §§1-3, NRS 287.017.

A REGULATION relating to local governmental finance; revising provisions relating to trust funds for future retirement benefits of local governmental employees; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the governing body of any local government which provides retirement benefits to retired employees of that local government and the spouses and dependents of those employees to establish a trust fund for the purpose of funding those benefits, and authorizes the Committee on Local Government Finance to adopt regulations for the creation and administration of such trust funds. (NRS 287.017) Existing law also establishes a Retirement Benefits Investment Fund, administered by the Retirement Benefits Investment Board, which may accept retirement trust fund monies from local governments for investment purposes. (NRS 355.220)

Existing regulations require the governing body of a local government that establishes a trust fund to appoint persons to a board of trustees to administer the trust fund. Such persons are required to have certain experience, depending on how the assets of the trust fund will be invested. (NAC 287.764, 287.778) **Section 1** of this regulation revises provisions relating to the nature of the investment of the assets of a trust fund for purposes of appointing qualified persons to a board of trustees.

Existing regulations also require a board of trustees to develop an investment plan for a trust fund in certain circumstances. The Committee on Local Government Finance must approve the investment plan before the investment of any assets of the trust fund. (NAC 287.788) **Section 2** of this regulation provides additional circumstances in which a board of trustees is not required to develop an investment plan for a trust fund. **Section 2** also establishes only certain circumstances in which the Committee on Local Government Finance is required to approve an investment plan developed by a board of trustees.

Additionally, existing regulations generally provide that if the market value of the investment portfolio of a trust fund at the end of a fiscal year is more than $100,000,000, the assets of the trust fund may be: (1) deposited in the Retirement Benefits Investment Fund; (2)

invested in any investment which is authorized for a local government; and (3) invested in any stocks or other equity securities or bonds or other debt securities which meet certain requirements. (NAC 287.790) **Section 3** of this regulation authorizes the Committee on Local Government Finance to waive the $100,000,000 minimum market value upon application by a local government and for good cause shown.

Section 1. NAC 287.778 is hereby amended to read as follows:

287.778 1. In appointing a board of trustees:

(a) If the assets of the trust fund will only be deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, the governing body shall appoint at least three but not more than five persons to the board of trustees, including:

(1) One or more persons who each have a combination of education and experience in finance or economics that totals 5 years or more;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government; and

(3) A beneficiary of the benefits plan of the local government.

(b) If the assets of the trust fund will be invested only in investments authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017, or in such investments and deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, the governing body shall appoint at least three but not more than five persons to the board of trustees, including:

(1) One or more persons who each have a combination of education and experience in finance or economics that totals 5 years or more;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government; and

(3) A beneficiary of the benefits plan of the local government who has a combination of education and experience in finance or economics that totals 5 years or more.

(c) If ***any of*** the assets of the trust fund ~~[qualify to]~~ ***will*** be invested ~~[pursuant to]~~ ***in stocks or other equity securities or bonds or other debt securities which meet the requirements of subparagraph (3) of paragraph (g) of*** subsection 2 of ~~[NAC 287.790,]~~ ***NRS 287.017,*** the governing body shall appoint five persons to the board of trustees, including:

(1) Two persons who have experience in the securities exchange market;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government;

(3) A person who is not an employee of the local government, who has a combination of education and experience in finance or economics that totals 7 years or more; and

(4) A beneficiary of the benefits plan of the local government who has a combination of education and experience in finance or economics that totals 7 years or more.

2. A person may not be appointed to the board of trustees pursuant to this section if the person:

(a) Has a substantial financial interest in the ownership or negotiation of the securities or other financial instruments in which the assets of the trust fund are invested.

(b) Is a member of the governing body that established the trust fund.

3. A resolution adopted by two or more governing bodies to form a pooled trust pursuant to paragraph (h) of subsection 2 of NRS 287.017 may include a provision for appointment of a member of the board of trustees of a participating governing body as a member of the board of trustees of the pooled trust.

4. The term of a member of a board of trustees appointed pursuant to this section must be at least 2 years, but not more than 4 years.

5. The governing body may reappoint a member of the board of trustees, and may alter the composition of the board of trustees ~~[determined pursuant to subsection 1]~~ if required pursuant to ~~[NAC 287.790.]~~ ***subsection 1.***

Sec. 2. NAC 287.788 is hereby amended to read as follows:

287.788 1. The board of trustees may contract with a professional fund manager if the assets of the trust fund are invested:

(a) In an investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017 ~~[.]~~ ***; or***

(b) Pursuant to subsection 2 of NAC 287.790.

2. Unless all the assets of the trust fund will only be deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, ***or invested in any investments authorized pursuant to NRS 355.170,*** the board of trustees shall develop an investment plan for the trust fund in consultation with a professional fund manager, if the board has entered into a contract with such a person pursuant to subsection 1, or with any other investment management advisor retained by the board of trustees. The investment plan must be approved as to its conformity with ~~[this]~~ subsection ***3*** by the Committee on Local Government Finance before the investment of any assets of the trust fund ~~[.]~~ ***if:***

(a) The ***assets of the trust fund qualify to be invested pursuant to NAC 287.790; and***

(b) The board of trustees desires to invest outside the Retirement Benefits Investment Fund in any stocks or other equity securities or bonds or other debt securities which meet the requirements of subparagraph (3) of paragraph (g) of subsection 2 of NRS 287.017.

3. An investment plan ***developed pursuant to subsection 2*** must:

(a) Include formal investment policies consistent with the requirements of NRS 287.017 and NAC 287.760 to 287.792, inclusive, including, without limitation, policies governing acceptable risks, diversification requirements and the fundamental processes for regulating the investment of the assets of the trust fund.

(b) Include processes governing the selection and monitoring of the staff and any professional fund manager or other investment management advisor assisting the board of trustees in the administration of the trust fund that are sufficient to ensure such staff, professional fund managers and other advisors have appropriate expertise and exhibit appropriate fiduciary behavior for such positions.

(c) Include appropriate investment training for members of the board of trustees and staff to ensure that they are knowledgeable in the prevailing investment practices.

(d) Include travel policies for participation in investment training for members of the board of trustees and staff that support the need for training and are defensible in the context of the interests of the public and the beneficiaries of the trust fund.

(e) Include an organizational plan for the selection and retention of competent investment expertise among the staff and in professional fund managers and other advisors, and incorporate a competitive process for the selection of both staff and professional fund managers and advisors.

(f) Provide for the development of and annual review by the board of trustees of the asset allocation strategy of the investment plan and the positioning of classes of assets in the investment portfolio of the trust fund in light of general market trends and valuations.

(g) Provide, on at least an annual basis, for a formal evaluation of the role or potential role of passive or indexed investment strategies applicable to the investment portfolio of the trust fund, and of appropriate strategies to minimize the costs of the administration of the trust fund, including, without limitation, the costs of transactions, professional fund managers and other advisors and investment training.

(h) Provide for a periodic review of investment-related practices, including, without limitation, services provided by brokers and unconventional investment strategies, in the context of fiduciary standards and the interests of economy.

(i) Establish formal benchmarks for the performance of the portfolio and managed accounts that are specific to the assigned role of the manager of the portfolio or account.

(j) Provide for the regular evaluation of the performance of the portfolio using consistent, documented and reliable disciplines, and establish clear criteria and procedures for selection and termination of investments by managers.

(k) Provide for regular communications on investment results to the governing body in a clear and intelligible format.

~~[3.]~~ ***4.*** Approval by the Committee on Local Government Finance of the investment plan ***,*** ***if*** required ~~[in]~~ ***pursuant to*** subsection 2 ***,*** does not create or establish any fiduciary responsibility between the Committee on Local Government Finance and the trust fund or its beneficiaries.

Sec. 3. NAC 287.790 is hereby amended to read as follows:

287.790 1. Except as otherwise provided in ~~[subsection 4,]~~ ***subsections 3 and 5,*** if the market value of the investment portfolio of a trust fund at the end of a fiscal year is $100,000,000 or less, the assets of the trust fund may only be:

(a) Deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017; and

(b) Invested in any investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017.

2. Except as otherwise provided in ~~[subsection 4,]~~ ***subsections 3 and 5,*** if the market value of the investment portfolio in a trust fund at the end of a fiscal year is more than $100,000,000, the assets of the trust fund may be:

(a) Deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017;

(b) Invested in any investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017; and

(c) Invested in any stocks or other equity securities or bonds or other debt securities which meet the requirements of subparagraph (3) of paragraph (g) of subsection 2 of NRS 287.017.

3. ~~[If]~~ ***The Committee on Local Government Finance may waive the minimum market value of the investment portfolio in a trust fund set forth in subsection 2:***

(a) Upon application by a local government; and

(b) For good cause shown, including, without limitation, demonstrating an ability to manage an investment portfolio which includes equity securities of $100,000,000 or more and managing a pension fund of $100,000,000 or more outside the Public Employees' Retirement System.

4. Except as otherwise provided in subsection 3, if the market value of the investment portfolio of a trust fund that is invested pursuant to subsection 2 falls below $100,000,000 at the end of a fiscal year, the board of trustees:

(a) Is not required to liquidate any investments described in paragraph (c) of subsection 2.

(b) Shall invest the assets of the trust fund in the manner set forth in subsection 1 until the market value of the portfolio is more than $100,000,000.

~~[4.]~~ ***5.*** The assets of a pooled trust authorized pursuant to paragraph (h) of subsection 2 of NRS 287.017 may only be deposited in the Retirement Benefits Investment Fund established pursuant to NRS 355.220.

~~[5.]~~ ***6.*** All interest, earnings, dividends and distributions received from the investment of assets in the trust fund, minus the expenses charged for such investments, must be deposited into the trust fund.

~~[6.]~~ ***7.*** Except as otherwise provided in paragraph (h) of subsection 2 of NRS 287.017, the trust fund must be maintained as a separate account, and no other money may be commingled with the money in the trust fund.

~~[7.]~~ ***8.*** Money in the trust fund must not be used to finance the debt of the local government and must not be used for loans to other funds of the local government.

~~[8.]~~ ***9.*** Reasonable charges may be assessed to the trust fund for reimbursement of the direct expenses incurred by the board of trustees in administering the trust fund.

DRAFT

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
October 27, 2015
10:30 a.m.

The meeting was held at the Nevada State Legislative Building located at 401 South Carson Street, Room 2134, Carson City, Nevada, and video-conferenced to the Grant Sawyer State Office Building located at 555 East Washington Avenue, Room 4412, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt, Chairman
John Sherman, Vice Chairman
Andrew Clinger
Marty Johnson
Alan Kalt
Jim McIntosh
George Stevens
Mary Walker
Jeff Zander

COMMITTEE MEMBERS ABSENT:

Beth Kohn-Cole
Mark Vincent

COUNSEL TO COMMITTEE

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Harman Barns
Peggy Cole
Bonnie Duke
Penny Hampton
Susan Lewis
Rachael McFarland
Jeffrey Mitchell
Anita Moore
Ana Navarro
Sorin Popa
Hilary Reynolds
Heidi Rose
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	**Representing**
John F. Wiles	Alverson Taylor
Tom Grady	City of Fallon
Tom Baker	City of Henderson
Kelly Martinez	City of Las Vegas
Dave Empey	City of Mesquite
Darren Adair	City of North Las Vegas
Debbie Barton	City of North Las Vegas
Rhonda Garlick	City of North Las Vegas
Ryann Juden	City of North Las Vegas
Sandra Morgan	City of North Las Vegas
Qiong Liu	City of North Las Vegas
Linda Poleski	City of North Las Vegas
Debbie Kinder	City of Sparks
Jeffrey Share	Clark County
Frank Wright	Crystal Bay Resident
Karen Scott	Esmeralda County
Clifford Dobler	Incline Village Resident
Aaron Katz	Incline Village Resident
Linda Newman	Incline Village Resident
Leonard Cardinale	IUPA Local 56
Renny Ashleman	Las Vegas Valley Water District
Jeff Fontaine	NACO
Kim Lara	Nye County Treasurer's Office
Wayne Carlson	PACT
Ralph Piercy	Piercy, Bowler Taylor and Kern
Jeffrey Church	Renopublicsafety.org
Scott Leedom	Southern Nevada Water Authority
Michael Sullivan	Town of Pahrump
Joey O. Hastings	Washoe County

1. Roll Call and Opening Remarks

Chairman Leavitt called the meeting to order at 10:31 a.m. Janie Ware took roll call and asked the attendees on the teleconference to state their names. Chairman Leavitt stated that there was a quorum.

3. For Possible Action: RECESS FOR ATTENDANCE AT REGULATION WORKSHOP
The Department of Taxation will hold a workshop on behalf of the Committee on Local Government Finance to receive input on proposed language changes to the Nevada Administrative Code Chapter 354, as follows:

> **LCB File No. R078-15 relating to local government finance; establishing certain requirements for the establishment of a trust fund by a local government for the purpose of funding future retirement benefits of retired employees, including procedures for making the investment; treatment of the trust account; composition of the trust fund board; powers, rights and duties of the trust fund board of trustees; accounting and auditing functions; and other matters properly relating thereto.**

Terry Rubald, Deputy Executive Director, Department of Taxation, stated this is the time and place noticed for a workshop on LCB File No. R078-15 regarding trust funds. She presented an overview of the proposed regulation and then went into the specifics. Last February, one of the agenda items on the Committee on Local Government Finance (CLGF) was the approval for a trust fund investment plan for the Clark County OPEB trust. This brought to light that there may be a need for additional clarification about if and when a local government needs to have the approval of CLGF when investing in equity securities. At the time, Clark County's interpretation was that it needed CLGF approval to invest in the retirement benefit investment fund (RBIF), fixed income securities with a maturity of 10 years or less, as well as investment in equity securities. This compares to Ms. Rubald's belief in what CLGF's intention was in the original adoption of the regulation. This was only to approve those plans valued at $100 million or more that invested in equity securities. As a result of this agenda item, a subcommittee was formed at the next meeting of CLGF in April. Mr. Sherman is the chairman of the subcommittee. The subcommittee met in August and proposed language and also heard the requests of interested parties for additional language. These regulations address three different issues. The primary intention of these regulations is to clarify that CLGF approval is needed only when the board of trustees of a trust having an asset value of $100 million or more want to invest in equity securities. If the trust is going to invest in a Public Employees' Retirement System (PERS) retirement benefit investment fund, then CLGF approval is not needed. The second issue addressed is the makeup of the board members of a trust. Currently, a five member board is required if the trust fund has assets of $100 million or more, including two members experienced in the equity securities market, whether or not the fund invests in equity securities. A request was made to have a five member board only when the trust fund invests in equities. The experience in the equity securities market is not necessary if the trust fund does not separately invest in equities. In that event, the three member board would suffice even if the total asset value is over $100 million. The third issue concerns whether the $100 million asset benchmark requiring an investment plan and approval by CLGF to invest in securities may be waived for a trust fund that has less than $100 million in assets. The proposed regulation provides for a waiver of the $100 million benchmark if there is a demonstration of an ability to manage a trust fund of $100 million or more, or manage a pension fund outside of PERS that is $100 million or more. The Administrative Procedure Act in NRS Chapter 233B requires an agency to make a concerted effort to determine whether a proposed regulation is likely to impose a direct and significant economic burden upon a small business or restrict the formation, operation or expansion of a small business. In the Department's opinion, these regulations only affect administration of trust funds operated by local governments and do not have an impact on small business at all. However, we did send out a small business economic impact questionnaire to the small businesses on our interested parties list. We have not yet received any feedback from the questionnaire, but we would like to keep record open for a couple of weeks in case there is any input from a small business. A small business is defined as having 150 or less employees.

Terry Rubald gave an overview of the regulation. The first change is in Section 1(c), on Page 3 of the regulation. It addresses when a five member board is required. This is when any of the assets of the trust fund will be invested in equities, bonds or debt securities that are traded on a public securities market and approved by CLGF or included in any category of equity securities approved by CLGF.

The next change is in Section 2, Subparagraph 2, on Page 4. It states that an investment plan is required unless all the assets will be deposited in an RBIF or invested in any investments authorized in NRS 355.170.

NRS 355.170 has a list that includes bonds, farm loan bonds, U.S. Treasury bills and notes, certificates of deposits, etc. If an investment plan is required, then it must be approved by CLGF before investment of any assets of the trust fund is made. If the assets qualify to be invested pursuant to NAC 287.790, and the board of trustees of the trust fund desire to invest in equity or debt securities, the criteria for the investment plan itself remains unchanged. There is also a minor change in Subparagraph 4, on Page 6, which states that CLGF approval of the plan, if required, does not create or establish any fiduciary duty between CLGF and the trust fund.

In Section 3, Subparagraph 3, on Page 7 of the regulation, CLGF may waive the minimum market value of the investment portfolio in a trust fund upon request by a local government, and if there is good cause shown, such as a demonstration of an ability to manage an investment portfolio or pension fund of $100 million or more, outside of PERS. This means that a fund of less than $100 million could potentially invest in equity securities and be required to submit an investment plan and obtain the approval of CLGF.

Chairman Leavitt asked for questions and public comment on this proposed regulation.

Renny Ashleman, representing the Las Vegas Valley Water District, came forward for public comment. The final part of the amendment was devised pursuant to their testimony at previous hearings. It has been well drafted, and they are pleased with the draft. They would like it to go forward.

Terry Rubald recommended a motion to go forward with adoption. Vice Chairman Sherman moved to go forward with adoption with a second from Member Kalt. The motion carried.

DRAFT

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
SUBCOMMITTEE ON AMENDING NAC 287.788
August 18, 2015
10:00 a.m.

The meeting was held at the Nevada State Legislative Building located at 401 South Carson Street, Room 2135, Carson City, Nevada, and video-conferenced to the Grant Sawyer State Office Building located at 555 East Washington Avenue, Room 4412, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

John Sherman, Chairman
George Stevens
Mary Walker

COUNSEL TO COMMITTEE

Dawn Buoncristiani

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Bill Farrar
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	**Representing**
Tom Grady	City of Fallon
David Cherry	City of Henderson
Brian McAnallen	City of Las Vegas
Jill Olsen	City of Reno
Debbie Kinder	City of Sparks
Wayne Webber	City of Sparks
Rana Lacer	Las Vegas Convention and Visitors Authority
Renny Ashleman	Las Vegas Valley Water District
Jamie Rodriguez	Lewis Roca Rothgerber, LLP

1. Roll Call and Opening Remarks
Chairman John Sherman called the meeting to order at 10:02 a.m. Janie Ware, Administrative Assistant, Department of Taxation (Department), took roll call. All Subcommittee members were present, and there was a quorum.

2. Public Comment
There was no public comment.

3. For Possible Action: Consideration of proposals to amend NAC 287.788, clarifying the conditions under which the Committee on Local Government Finance ("CLGF") is required to approve an OPEB trust investment plan; and specifically considering limiting CLGF approval to investment plans of trusts that will invest in equity securities outside of the retirement Benefits Investment Fund
Chairman John Sherman stated this administrative code was written seven or eight years ago. It was written shortly after statutory authorization to allow local governments to set up OPEB trusts. There were three possibilities in investments which were a retirement benefit investment fund (RBIF) managed by the retirement benefit investment board, basically PERS; authorization to invest in fixed income securities with a maturity of 10 years or less; and authorization to invest in equity securities. It was the investment in equity securities which was the reason for the statute change and the need for the administrative code. As he recalls, the committee, at the time, was fine with the first two investment options. However, if a local government wanted to invest in equity securities as a trust by itself, there were conditions. The main conditions were that the portfolio had to be valued at $100 million or more and that the CLGF would approve the investment plan. Less than a year ago, Clark County established an OPEB trust. Clark County interpreted the NAC to read that

CLGF approval was needed for the first two investment options. The proposal was to clarify the language making it certain that if a trust wanted to invest in equity securities on its own that the trust must have an asset value of $100 million or more and then would need CLGF approval for the investment plan.

Chairman Sherman made note that the proposed amendment language has a reference to NRS 351.170. This is a typo, and it should be NRS 355.170.

Member Walker commented that the policy of not requiring a local government to come before the CLGF if they are going into the PERS system is a good change.

Member Stevens stated that he agrees with the change. NAC 287.778 regarding the appointment of the members, Section 1(c) talks about whether the assets qualify to be invested pursuant to NAC 287.790. A board of five members, two of which are experienced with the securities exchange market, is required. Member Stevens asked if the intent was, when a local government has more than $100 million to invest in equities themselves, then a board of five would be more qualified than what three members provide.

Chairman Sherman answered that this is correct.

Renny Ashleman, Counsel for the Las Vegas Valley Water District's pension fund and for their proposed OPEB, came forward for comment. One concern is that they already manage a pension fund with $300 million, outside of PERS. Their investment managers, Milliman, are one of the largest actuarial firms. They would like to be able to use them for their OPEB, which will probably have $300 million per year put into it. They will pay out about half of that, depending on what happens here today. Several members of their Board of Commissioners are sophisticated in investments. He suggested the possibility of waiving the $100 million upon application so the Committee could look at who is applying, how they make up their board, who are their investment managers, etc.

Terry Rubald, Deputy Executive Director, Department of Taxation, pointed out that should this Committee want to go forward, the next step would be to have a workshop. This meeting has not been noticed as a workshop. We would go through that additional step and concurrently take it to LCB for the final drafting.

Chairman Sherman asked if we could have a workshop preceding the full CLGF meeting. This would be more efficient. He asked what the action item would be.

Terry Rubald responded this could be done prior to the full CLGF meeting, and the action item would be to ask the Department to go forward in drafting the regulation and holding a workshop.

Member Walker moved to approve the drafting of the regulation as proposed to amend NAC 287.788 and to proceed forward with the regulatory process.

Chairman Sherman asked if this motion includes changing the reference to NRS 351.170 to NRS 355.170. Member Walker responded yes. Chairman Sherman made the second motion. The motion carried.

4. For Possible Action: Discussion and Consideration of other regulatory amendments to NAC Chapter 287 regarding administration and interpretation of the provisions of NRS 287.017 relating to trust funds for future retirement benefits of local governmental employees.

Member Stevens stated there is really no reason to have five board members if you are only going to invest with RBIF or the county treasurer. It would not require actively managing the money. He suggested clarifying NAC 287.778 1(c).

Terry Rubald asked Member Stevens if he was suggesting that if the assets were not going to be invested in equities pursuant to the NRS, it would mean a body of five would not be required, at all.

Member Stevens responded that he was suggesting that a body of five would not be required if only investing with RBIF or in securities which any local government can invest with, such as Clark County investing with the treasurer. You would not need five, but could continue with as few as three because the trust board is not going to be doing any active investing. They will just be sending the money to RBIF or pooling it with their other assets.

Chairman Sherman asked if Member Stevens had suggested language changes for NAC 287.778 1(c).

Member Stevens responded it would read "If the assets of the trust fund are invested pursuant to NRS 287.017 2 (g)(3)." Then delete the first part of (c) up to the end of the NAC reference. Everything else in the section would remain the same.

Chairman Sherman stated NAC 287.791 2 is the key section regarding permitted investments if under or over $100 million. There was testimony suggesting we may want to change this threshold. The original intent, in both drafting of the statute and the administrative code, was if a local trust wanted to invest in equity securities on their own, outside of RBIF, they should be large enough to be sophisticated investors. There would not be a small local government with a few million dollars and without the necessary sophistication entering into the equity securities market. The $100 million was a judgment call of the committee at the time. There are eight or nine trusts in the state already, only one of which is in excess of $100 million. This Subcommittee may want to consider revising this. One suggestion is to keep the $100 million threshold but allow the CLGF to waive that requirement. There is a local government in Las Vegas that manages a retirement portfolio far in excess of that, and they have the necessary expertise. This is going to be the same group that manages an OPEB trust of more than $100 million. The CLGF may want the option to waive this requirement based on the proposal. He is still hesitant to lower it to less than $100 million.

Member Walker stated she would like to have some criteria on top of coming before the CLGF, allowing only certain entities to ask for this. Otherwise, we are opening it up to 280 local governments. If a local government is already investing and has their own retirement, not in PERS, and they are already investing an amount greater than $100 million, that should give us the comfort that they are large enough to be sophisticated investors. She would recommend this being the criteria.

Chairman Sherman did not believe we should craft an NAC for a specific case only. Maybe it should be a demonstrated ability to manage a portfolio that includes equity securities.

Dawn Buoncristiani, Deputy Attorney General, State of Nevada, recommended adding a general phrase to include other things.

Chairman Sherman suggested the phase, "include, but not limited to having a pension fund outside of PERS."

Terry Rubald stated she has a phrase "upon application by a local government, the Committee may waive the minimum market value of the investment portfolio." She asked if the Subcommittee wanted to wait until there is an application or if there would be situations where they would want to look at it without waiting for the local government to ask.

Chairman Sherman responded that he did not feel that was necessary. He liked the sentence so far, and he would qualify it by saying "if the applicant has currently demonstrated an ability to manage a portfolio which

includes equity securities and is greater than $100 million and includes, but is not limited to, managing their own pension fund…" We would have to add the appropriate statutory references.

Member Walker suggested adding "good cause shown."

Terry Rubald asked if the initiating act needed to be an application by the local government.

Chairman Sherman and Member Walker responded yes.

Member Stevens asked if, based on the other change we made, anyone who wants to invest on their own in equity securities has to have an investment plan approved by the CLGF.

Chairman Sherman responded yes.

Member Stevens stated we also have the protection of this regardless of whether they request a waiver. This requirement will be there no matter what the threshold is. If we do not approve their investment plan, they cannot invest in equities.

Chairman Sherman stated this was correct. This proposal informs the local governments that they can invest in equity securities with an OPEB trust portfolio of less than $100 million, but they must meet these other requirements, including having a portfolio in a pension plan outside of PERS that has a value in excess of $100 million. This connects the pension plan portfolio to an OPEB trust portfolio, and the pension plan can be less than $100 million. If all they had was an OPEB trust less than $100 million, they would not be able to apply. We need to make it clear that the pension plan investment must be outside of PERS.

Chairman Sherman stated that there are two separate proposals under Agenda Item 4. He will take them separately for voting purposes.

Regarding Member Steven's request to clarify the requirements of membership of the board of trustees, Terry Rubald read the language revision. "If the assets of the trust fund will be invested in equities pursuant to NRS 287.017 2 (g)(3), the governing body shall appoint five persons to the board of trustees, including…"

Member Steven's stated this was correct. He moved to accept this language with a second from Member Kohn-Cole. The motion carried.

Chairman Sherman stated the second proposal is related to the option that the CLGF can waive the $100 million threshold for investing in equities securities on its own. This is NAC 287.790 2.

Terry Rubald recommended this be put under section (d). She read the language revision. "The Committee may waive the minimum market value of the investment portfolio upon application by a local government, and if, for good cause shown, including a demonstrated ability to manage a portfolio that includes managing equity securities having a market value of $100 million or more and also managing a pension fund outside of PERS."

Member Walker stated the pension fund needs to be greater than $100 million. She moved to approve the drafting of this amendment with a second from Chairman Sherman. The motion carried.

5. BRIEFING TO AND FROM THE SUBCOMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF
   a) Discussion of Matters Affecting Local Governments
   b) For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting and for possible workshop to take public comment on amendments to NAC Chapter 287.

Terry Rubald stated that she will draft this and send it to LCB. They will take at least 30 days or longer. When she gets it back, she will schedule a workshop, or it will be scheduled at the next CLGF meeting.

6. Public Comment

There was no public comment.

7. For Possible Action: ADJOURNMENT

The meeting adjourned at 10:38 a.m.

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POSTED – December 22, 2015

NOTICE OF PUBLIC HEARING FOR THE ADOPTION OF PERMANENT REGULATION OF THE COMMITTEE ON LOCAL GOVERNMENT FINANCE

The Committee on Local Government Finance (CLGF) will hold a public hearing on January 26, 2016 commencing at 9:00 a.m. at the Gaming Control Board, Board Room, 1919 College Parkway, Carson City, Nevada, with videoconferencing to the Gaming Control Board, Grant Sawyer State Office Building, 555 East Washington Avenue, Second Floor, Room 2450, Las Vegas, Nevada. CLGF will receive testimony from all interested persons and consider and take action on proposed permanent adoption of amendments, additions and deletions to the Nevada Administrative Code as identified in **LCB File No. R078-15**. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, CLGF may proceed immediately to act upon any written submissions:

1. **The Need for and Purpose of the Proposed Permanent Regulations.**
   The need and purpose of the proposed permanent regulation, **LCB File No. R078-15**, is to update and clarify existing provisions relating to the administration of trust funds for future retirement benefits of local government employees.

2. **Terms or Substance of the Proposed Permanent Regulation or Description of the Subjects and Issues Involved.**

   First: Existing regulations require the governing body of a local government that establishes a trust fund to appoint persons to a board of trustees to administer the trust fund. Such persons are required to have certain experience, depending on how the assets of the trust fund will be invested. (NAC 287.764, 287.778) **Section 1** of this regulation revises provisions relating to the nature of the investment of the assets of a trust fund for purposes of appointing qualified persons to a board of trustees.

   Second: Existing regulations also require a board of trustees to develop an investment plan for a trust fund in certain circumstances. The Committee on Local Government Finance must approve the investment plan before the investment of any assets of the trust fund. (NAC 287.788) **Section 2** of this regulation provides additional circumstances in which a board of trustees is not required to develop an investment plan for a trust fund. **Section 2** also establishes only certain circumstances in which the Committee on Local Government Finance is required to approve an investment plan developed by a board of trustees.

   Third: Additionally, existing regulations generally provide that if the market value of the investment portfolio of a trust fund at the end of a fiscal year is more than $100,000,000, the assets of the trust fund may be: (1) deposited in the Retirement Benefits Investment Fund; (2) invested in any investment which is authorized for a local government; and (3) invested in any stocks or other equity securities or bonds or other debt securities which meet certain requirements. (NAC 287.790) **Section 3** of this regulation authorizes the Committee on Local Government Finance to waive the $100,000,000 minimum market value upon application by a local government and for good cause shown.

3. **Estimated Economic Effect of the Proposed Permanent Regulation on the Business which it is to Regulate, and the Public.**

   A. Adverse and Beneficial Effects.
   The proposed permanent regulation presents no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public. The regulation reduces the number of required trustees on the board of the trust fund when the assets of the trust fund will not be invested in stocks or other equity securities or bonds or other debt securities; requires an investment plan unless the assets of the trust fund are invested in any investments authorized pursuant to NRS 355.170; and requires the Committee on Local Government Finance to review investment plans under limited circumstances. The beneficial effects include reducing costs and improving efficiencies relating to: (1) the composition of the trust fund board; (2) preparing an investment plan when the assets are not invested in stocks, other equities, and bonds; and (3) limiting the oversight of the Committee on Local Government Finance in the administration of the trust fund to certain circumstances. The regulation does not directly affect private businesses.

B. Immediate and Long-Term Effects.

The immediate and long-term effects will be to improve efficiency and reduce costs associated with the administration of a trust fund for retirement benefits of a local government.

4. The Methods Used by the Agency in Determining the Impact on a Small Business.

The Department mailed or emailed a Small Business Impact Statement and Questionnaire on prior to the workshop held on October 27, 2015 to persons and businesses on the Department's interested parties list. No responses were received. Because of the nature of the regulation, the Department believes there is no impact on a small business.

5. Estimated Cost to Agency for Enforcement of the Proposed Permanent Regulation.

The proposed permanent regulation will reduce the number of oversight activities, including arrangement of CLGF meetings. The estimated cost to the Department of Taxation is minimal.

6. Regulations of Other State or Local Governmental Agencies which the Proposed Permanent Regulation Overlaps or Duplicates and the Necessity Therefore.

The proposed permanent regulation does not overlap or duplicate regulations of other state or local governmental agencies.

7. Establishment of New Fee or Existing Fee Increase.
None.

Persons wishing to comment on the proposed action of the Committee on Local Government Finance may appear at the above scheduled public hearing or may address their comments, data, views, or arguments, in written form, to the Department of Taxation, 1550 College Parkway, Suite 115, Carson City, Nevada 89706. **Written submissions must be received at least two weeks prior to the above scheduled public hearing.**

A copy of this notice and the proposed permanent regulations to be adopted and amended will be on file at the Nevada State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed permanent regulations to be adopted and amended will be available at the Department of Taxation, at the addresses listed below and on the Department of Taxation website, http://tax.nv.gov/ and in all counties in which an office of the Department of Taxation is not maintained, at the main public library, for inspection and copying by members of the public during business hours. The text of the proposed permanent regulations will include the entire text of any section of the Nevada Administrative Code, which is proposed for amendment or repeal. Copies will be mailed to members of the public upon request. A reasonable fee may be charged for copies if deemed necessary.

Under NRS 233B.064(2), when adopting any regulation, the Agency, if requested to do so by an interested person, either prior to adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption and incorporation, and its reason for overruling the consideration urged against its adoption.

Marvin Leavitt, Chairman

Terry E Rubald

By Terry E. Rubald, Deputy Executive Director
Department of Taxation
December 22, 2015

Note 1: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the workshop. If special arrangements for the meeting are necessary, please notify the Department of Taxation in writing, at 1550 E. College Parkway, Carson City Nevada, 89706 or call (775) 684-2180 prior to the meeting.

Note 2: Materials and files for items on this notice are maintained in the offices of the Department of Taxation located in Carson City, Nevada. Requests for copies of materials and files for items on this notice may be made to:
Terry Rubald, Deputy Executive Director, Department of Taxation, 1550 College Parkway, Suite 115, Carson City, NV 89706

Note 3: Notice of this meeting was posted in the following Carson City, Nevada locations: Department of Taxation, 1550 E. College Parkway; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was emailed for posting to the following locations: Department of Taxation, 4600 Kietzke Lane, Building L, Suite 235, Reno; Department of Taxation, 2550 Paseo Verde, Suite 180, Henderson; Department of Taxation, 555 E. Washington Street; Las Vegas; Clark County Office, 500 South Grand Central Parkway, Las Vegas. Notice of this meeting was posted on the Internet through the Department of Taxation website http://tax.nv.gov/ and on the Internet website maintained by the Legislative Counsel Bureau http://leg.state.nv.us/ and the Department of Administration website https://notice.nv.gov/.

PROPOSED REGULATION OF THE

COMMITTEE ON LOCAL GOVERNMENT FINANCE

LCB File No. R078-15

October 1, 2015

EXPLANATION – Matter in ***italics*** is new; matter in brackets **[~~omitted material~~]** is material to be omitted.

AUTHORITY: §§1-3, NRS 287.017.

A REGULATION relating to local governmental finance; revising provisions relating to trust funds for future retirement benefits of local governmental employees; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the governing body of any local government which provides retirement benefits to retired employees of that local government and the spouses and dependents of those employees to establish a trust fund for the purpose of funding those benefits, and authorizes the Committee on Local Government Finance to adopt regulations for the creation and administration of such trust funds. (NRS 287.017) Existing law also establishes a Retirement Benefits Investment Fund, administered by the Retirement Benefits Investment Board, which may accept retirement trust fund monies from local governments for investment purposes. (NRS 355.220)

Existing regulations require the governing body of a local government that establishes a trust fund to appoint persons to a board of trustees to administer the trust fund. Such persons are required to have certain experience, depending on how the assets of the trust fund will be invested. (NAC 287.764, 287.778) **Section 1** of this regulation revises provisions relating to the nature of the investment of the assets of a trust fund for purposes of appointing qualified persons to a board of trustees.

Existing regulations also require a board of trustees to develop an investment plan for a trust fund in certain circumstances. The Committee on Local Government Finance must approve the investment plan before the investment of any assets of the trust fund. (NAC 287.788) **Section 2** of this regulation provides additional circumstances in which a board of trustees is not required to develop an investment plan for a trust fund. **Section 2** also establishes only certain circumstances in which the Committee on Local Government Finance is required to approve an investment plan developed by a board of trustees.

Additionally, existing regulations generally provide that if the market value of the investment portfolio of a trust fund at the end of a fiscal year is more than $100,000,000, the assets of the trust fund may be: (1) deposited in the Retirement Benefits Investment Fund; (2)

invested in any investment which is authorized for a local government; and (3) invested in any stocks or other equity securities or bonds or other debt securities which meet certain requirements. (NAC 287.790) **Section 3** of this regulation authorizes the Committee on Local Government Finance to waive the $100,000,000 minimum market value upon application by a local government and for good cause shown.

Section 1. NAC 287.778 is hereby amended to read as follows:

287.778 1. In appointing a board of trustees:

(a) If the assets of the trust fund will only be deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, the governing body shall appoint at least three but not more than five persons to the board of trustees, including:

(1) One or more persons who each have a combination of education and experience in finance or economics that totals 5 years or more;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government; and

(3) A beneficiary of the benefits plan of the local government.

(b) If the assets of the trust fund will be invested only in investments authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017, or in such investments and deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, the governing body shall appoint at least three but not more than five persons to the board of trustees, including:

(1) One or more persons who each have a combination of education and experience in finance or economics that totals 5 years or more;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government; and

(3) A beneficiary of the benefits plan of the local government who has a combination of education and experience in finance or economics that totals 5 years or more.

(c) If ***any of*** the assets of the trust fund ~~[qualify to]~~ ***will*** be invested ~~[pursuant to]~~ ***in stocks or other equity securities or bonds or other debt securities which meet the requirements of subparagraph (3) of paragraph (g) of*** subsection 2 of ~~[NAC 287.790,]~~ ***NRS 287.017,*** the governing body shall appoint five persons to the board of trustees, including:

(1) Two persons who have experience in the securities exchange market;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government;

(3) A person who is not an employee of the local government, who has a combination of education and experience in finance or economics that totals 7 years or more; and

(4) A beneficiary of the benefits plan of the local government who has a combination of education and experience in finance or economics that totals 7 years or more.

2. A person may not be appointed to the board of trustees pursuant to this section if the person:

(a) Has a substantial financial interest in the ownership or negotiation of the securities or other financial instruments in which the assets of the trust fund are invested.

(b) Is a member of the governing body that established the trust fund.

3. A resolution adopted by two or more governing bodies to form a pooled trust pursuant to paragraph (h) of subsection 2 of NRS 287.017 may include a provision for appointment of a member of the board of trustees of a participating governing body as a member of the board of trustees of the pooled trust.

4. The term of a member of a board of trustees appointed pursuant to this section must be at least 2 years, but not more than 4 years.

5. The governing body may reappoint a member of the board of trustees, and may alter the composition of the board of trustees ~~[determined pursuant to subsection 1]~~ if required pursuant to ~~[NAC 287.790.]~~ ***subsection 1.***

Sec. 2. NAC 287.788 is hereby amended to read as follows:

287.788 1. The board of trustees may contract with a professional fund manager if the assets of the trust fund are invested:

(a) In an investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017 ~~[.]~~ ***; or***

(b) Pursuant to subsection 2 of NAC 287.790.

2. Unless all the assets of the trust fund will only be deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, ***or invested in any investments authorized pursuant to NRS 355.170,*** the board of trustees shall develop an investment plan for the trust fund in consultation with a professional fund manager, if the board has entered into a contract with such a person pursuant to subsection 1, or with any other investment management advisor retained by the board of trustees. The investment plan must be approved as to its conformity with ~~[this]~~ subsection ***3*** by the Committee on Local Government Finance before the investment of any assets of the trust fund ~~[.]~~ ***if:***

(a) The ***assets of the trust fund qualify to be invested pursuant to NAC 287.790; and***

(b) The board of trustees desires to invest outside the Retirement Benefits Investment Fund in any stocks or other equity securities or bonds or other debt securities which meet the requirements of subparagraph (3) of paragraph (g) of subsection 2 of NRS 287.017.

3. An investment plan ***developed pursuant to subsection 2*** must:

(a) Include formal investment policies consistent with the requirements of NRS 287.017 and NAC 287.760 to 287.792, inclusive, including, without limitation, policies governing acceptable risks, diversification requirements and the fundamental processes for regulating the investment of the assets of the trust fund.

(b) Include processes governing the selection and monitoring of the staff and any professional fund manager or other investment management advisor assisting the board of trustees in the administration of the trust fund that are sufficient to ensure such staff, professional fund managers and other advisors have appropriate expertise and exhibit appropriate fiduciary behavior for such positions.

(c) Include appropriate investment training for members of the board of trustees and staff to ensure that they are knowledgeable in the prevailing investment practices.

(d) Include travel policies for participation in investment training for members of the board of trustees and staff that support the need for training and are defensible in the context of the interests of the public and the beneficiaries of the trust fund.

(e) Include an organizational plan for the selection and retention of competent investment expertise among the staff and in professional fund managers and other advisors, and incorporate a competitive process for the selection of both staff and professional fund managers and advisors.

(f) Provide for the development of and annual review by the board of trustees of the asset allocation strategy of the investment plan and the positioning of classes of assets in the investment portfolio of the trust fund in light of general market trends and valuations.

(g) Provide, on at least an annual basis, for a formal evaluation of the role or potential role of passive or indexed investment strategies applicable to the investment portfolio of the trust fund, and of appropriate strategies to minimize the costs of the administration of the trust fund, including, without limitation, the costs of transactions, professional fund managers and other advisors and investment training.

(h) Provide for a periodic review of investment-related practices, including, without limitation, services provided by brokers and unconventional investment strategies, in the context of fiduciary standards and the interests of economy.

(i) Establish formal benchmarks for the performance of the portfolio and managed accounts that are specific to the assigned role of the manager of the portfolio or account.

(j) Provide for the regular evaluation of the performance of the portfolio using consistent, documented and reliable disciplines, and establish clear criteria and procedures for selection and termination of investments by managers.

(k) Provide for regular communications on investment results to the governing body in a clear and intelligible format.

~~[3.]~~ ***4.*** Approval by the Committee on Local Government Finance of the investment plan ***,*** ***if*** required ~~[in]~~ ***pursuant to*** subsection 2 ***,*** does not create or establish any fiduciary responsibility between the Committee on Local Government Finance and the trust fund or its beneficiaries.

Sec. 3. NAC 287.790 is hereby amended to read as follows:

287.790 1. Except as otherwise provided in ~~[subsection 4,]~~ ***subsections 3 and 5,*** if the market value of the investment portfolio of a trust fund at the end of a fiscal year is $100,000,000 or less, the assets of the trust fund may only be:

(a) Deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017; and

(b) Invested in any investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017.

2. Except as otherwise provided in ~~[subsection 4,]~~ ***subsections 3 and 5,*** if the market value of the investment portfolio in a trust fund at the end of a fiscal year is more than $100,000,000, the assets of the trust fund may be:

(a) Deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017;

(b) Invested in any investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017; and

(c) Invested in any stocks or other equity securities or bonds or other debt securities which meet the requirements of subparagraph (3) of paragraph (g) of subsection 2 of NRS 287.017.

3. ~~[If]~~ ***The Committee on Local Government Finance may waive the minimum market value of the investment portfolio in a trust fund set forth in subsection 2:***

(a) Upon application by a local government; and

(b) For good cause shown, including, without limitation, demonstrating an ability to manage an investment portfolio which includes equity securities of $100,000,000 or more and managing a pension fund of $100,000,000 or more outside the Public Employees' Retirement System.

4. Except as otherwise provided in subsection 3, if the market value of the investment portfolio of a trust fund that is invested pursuant to subsection 2 falls below $100,000,000 at the end of a fiscal year, the board of trustees:

(a) Is not required to liquidate any investments described in paragraph (c) of subsection 2.

(b) Shall invest the assets of the trust fund in the manner set forth in subsection 1 until the market value of the portfolio is more than $100,000,000.

~~[4.]~~ ***5.*** The assets of a pooled trust authorized pursuant to paragraph (h) of subsection 2 of NRS 287.017 may only be deposited in the Retirement Benefits Investment Fund established pursuant to NRS 355.220.

~~[5.]~~ ***6.*** All interest, earnings, dividends and distributions received from the investment of assets in the trust fund, minus the expenses charged for such investments, must be deposited into the trust fund.

~~[6.]~~ ***7.*** Except as otherwise provided in paragraph (h) of subsection 2 of NRS 287.017, the trust fund must be maintained as a separate account, and no other money may be commingled with the money in the trust fund.

~~[7.]~~ ***8.*** Money in the trust fund must not be used to finance the debt of the local government and must not be used for loans to other funds of the local government.

~~[8.]~~ ***9.*** Reasonable charges may be assessed to the trust fund for reimbursement of the direct expenses incurred by the board of trustees in administering the trust fund.

6. a) City of North Las Vegas Financial Condition

1) Report by City on the following matters:

a) FY 15/16 Final Budget, including revenue, expenditures, cash flow analysis and scheduled debt repayments;

b) Results of FY 14/15 Audit

c) Report on the potential effects of AB 1; SB1, SB2, and SB3 of the 29th Special Session on the financial condition of the City

CITY OF NORTH LAS VEGAS

Cash Flow Projections for the General Fund

Fiscal Year 2015-16

July 2015 through November 2015

CNLV GENERAL FUND CASH FLOW PROJECTIONS FOR FY 2015-16
PRESENTED IN THOUSANDS (000's)

	Revised Actual July	Actual August	Actual September	Actual October	Actual November	Projected December	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Total Actual + Projected
RECEIPTS/DEPOSITS Source:													
CTX	$ 4,140	$ 4,451	$ 3,891	$ 3,785	$ 4,313	$ 3,860	$ 3,739	$ 4,969	$ 3,626	$ 3,637	$ 4,688	$ 3,973	$ 49,072
Real Property Taxes	-	133	1,997	579	1,092	102	563	1,074	608	957	84	39	$ 7,228
Personal Property Taxes	93	125	54	5	136	138	149	45	86	98	57	69	$ 1,055
Gaming Taxes	1	77	215	-	263	26	-	265	40	-	265	68	$ 1,220
Room & Gaming Taxes	-	272	-	-	638	-	-	628	-	-	602	-	$ 2,140
Payment in-Lieu-of Taxes	-	538	-	538	-	-	538	-	537	-	-	-	$ 2,151
PILT	2,000	-	-	-	-	5,000	2,000	-	2,000	3,000	2,000	5,492	$ 21,492
Franchise Fees	178	2,941	285	162	4,467	337	577	2,588	890	341	2,488	277	$ 15,531
Franchise Fees - Utility Funds	-	-	1,144	-	-	1,144	-	-	1,144	-	-	1,144	$ 4,576
Municipal Court	719	740	757	713	701	550	550	550	550	550	550	550	$ 7,480
Business License	1,757	605	111	569	308	666	1,756	699	707	693	264	794	$ 8,929
Permits	538	478	660	541	458	287	181	298	555	671	538	712	$ 5,917
Cash Receipts	24	52	57	51	54	54	43	76	49	67	55	84	$ 666
Administrative Charges	148	148	148	148	148	149	148	148	149	148	148	149	$ 1,779
Other Charges for Services	208	80	113	180	229	51	122	174	41	158	129	145	$ 1,630
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	$ -
Other	266	(682)	(44)	-	449								$ (11)
Total Receipts	**$ 10,072**	**$ 9,958**	**$ 9,388**	**$ 7,271**	**$ 13,256**	**$ 12,364**	**$ 10,366**	**$ 11,514**	**$ 10,982**	**$ 10,320**	**$ 11,868**	**$ 13,496**	**$ 130,855**
Total Receipts Y-T-D	$ 10,072	$ 20,030	$ 29,418	$ 36,689	$ 49,945	$ 62,309	$ 72,675	$ 84,189	$ 95,171	$ 105,491	$ 117,359	$ 130,855	$ 130,855
EXPENDITURES/PAYMENTS													
Salaries & Benefits	$ (6,385)	$ (7,036)	$ (6,574)	$ (6,741)	$ (6,618)	$ (9,600)	$ (7,350)	$ (7,350)	$ (7,350)	$ (7,350)	$ (7,350)	$ (7,350)	$ (87,054)
Services & Supplies / Capital	(2,516)	(1,394)	(2,421)	(1,938)	(1,356)	(3,034)	(3,034)	(3,034)	(3,034)	(3,034)	(3,034)	(3,034)	$ (30,863)
Transfers Out	(629)	(629)	(702)	(629)	(629)	(630)	(630)	(629)	(629)	(629)	(629)	(629)	$ (7,623)
Total Disbursements	**$ (9,530)**	**$ (9,059)**	**$ (9,697)**	**$ (9,308)**	**$ (8,603)**	**$ (13,264)**	**$ (11,014)**	**$ (11,013)**	**$ (11,013)**	**$ (11,013)**	**$ (11,013)**	**$ (11,013)**	**$ (125,540)**
Total Disbursements Y-T-D	$ (9,530)	$ (18,589)	$ (28,286)	$ (37,594)	$ (46,197)	$ (59,461)	$ (70,475)	$ (81,488)	$ (92,501)	$ (103,514)	$ (114,527)	$ (125,540)	$ (125,540)
CASH BALANCE													
Net change in Cash	$ 542	$ 899	$ (309)	$ (2,037)	$ 4,653	$ (900)	$ (648)	$ 501	$ (31)	$ (693)	$ 855	$ 2,483	$ 5,315
Beginning Cash	2,954	3,496	4,395	4,086	2,049	6,702	5,802	5,154	5,655	5,624	4,931	5,786	$ 2,954
End Cash Balance	**$ 3,496**	**$ 4,395**	**$ 4,086**	**$ 2,049**	**$ 6,702**	**$ 5,802**	**$ 5,154**	**$ 5,655**	**$ 5,624**	**$ 4,931**	**$ 5,786**	**$ 8,269**	**$ 8,269**

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PROJECTIONS ARE NOT A GUARANTEE OF FUTURE RESULTS

CITY OF NORTH LAS VEGAS
Cash Flow Projections for the General Fund
Fiscal Year 2014-15
June 2015

PRESENTED IN THOUSANDS (000's)

	Revised Actual July	Revised Actual August	Revised Actual September	Actual October	Actual November	Actual December	Actual January	Actual February	Actual March	Actual April	Actual May	Revised Actual June	Total Actual + Projected
RECEIPTS/DEPOSITS Source:													
CTX	$ 3,917	$ 4,144	$ 3,527	$ 3,808	$ 4,098	$ 3,748	$ 3,630	$ 4,824	$ 3,520	$ 3,531	$ 4,552	$ 3,857	$ 47,156
Real Property Taxes	8	105	1,915	261	1,341	82	463	1,074	508	957	54	45	$ 6,813
Personal Property Taxes	247	45	5	4	50	149	45	86	98	46	57	70	$ 902
Gaming Taxes	1	88	213	3	216	82	1	263	33	-	259	36	$ 1,195
Room & Gaming Taxes	-	406	-	-	598	-	-	628	-	-	599	-	$ 2,231
Payment in-Lieu-of Taxes	-	523	-	523	-	-	600	-	549	-	-	-	$ 2,195
PILT	-	-	-	6,000	-	5,872	1,000	-	-	2,359	-	8,512	$ 23,743
Franchise Fees	344	2,682	268	337	4,275	216	277	2,488	890	341	2,447	302	$ 14,867
Franchise Fees - Utility Funds	-	-	1,025	-	-	1,025		-	1,138	-	-	1,138	$ 4,326
Municipal Court	862	810	878	848	840	760	764	948	1,064	819	731	759	$ 10,083
Business License	1,228	1,073	670	700	227	666	1,388	699	707	693	284	794	$ 9,129
Permits	431	165	492	345	386	287	181	298	555	671	538	705	$ 5,054
Cash Receipts	57	57	60	60	51	54	43	76	49	67	55	84	$ 713
Administrative Charges	127	127	127	127	127	127	127	169	169	169	169	170	$ 1,735
Other Charges for Services	137	117	457	169	156	51	122	174	41	158	129	145	$ 1,856
Transfers In	-	-	-	-	-	-	-	-	18	-	-	243	$ 261
Sale of Real Property	1,860	-	-	-	-	-	-	-	-	-	-	-	$ 1,860
Assessment Collections (note)							(2,572)	-	-	-	-	-	$ (2,572)
Other Receipts	1,809	451	226	(623)	50	358	496	59	39	1,069	639	(670)	$ 3,903
Total Receipts	**$ 11,028**	**$ 10,793**	**$ 9,863**	**$ 12,562**	**$ 12,415**	**$ 13,477**	**$ 6,565**	**$ 11,786**	**$ 9,378**	**$ 10,880**	**$ 10,513**	**$ 16,190**	**$ 135,450**
Total Receipts Y-T-D	$ 11,028	$ 21,821	$ 31,684	$ 44,246	$ 56,661	$ 70,138	$ 76,703	$ 88,489	$ 97,867	$ 108,747	$ 119,260	$ 135,450	$ 135,450
EXPENDITURES/PAYMENTS													
Salaries & Benefits	$ (9,335)	$ (7,486)	$ (6,734)	$ (6,672)	$ (6,640)	$ (9,085)	$ (7,420)	$ (6,694)	$ (6,682)	$ (6,598)	$ (6,688)	$ (14,828)	$ (94,862)
Services & Supplies / Capital	(1,984)	(1,756)	(2,162)	(1,059)	(1,570)	(2,492)	(1,300)	(1,143)	(1,519)	(2,382)	(2,268)	(3,656)	$ (23,291)
Transfers Out	(431)	(1,869)	(726)	(722)	(722)	985	(1,463)	(561)	(561)	(561)	(1,936)	(4,058)	$ (12,625)
5th & Centennial Lawsuit	-	-	-	(4,359)	-	-	(1,000)	-	-	(941)	-	-	$ (6,300)
Total Disbursements	**$ (11,750)**	**$ (11,111)**	**$ (9,622)**	**$ (12,812)**	**$ (8,932)**	**$ (10,592)**	**$ (11,183)**	**$ (8,398)**	**$ (8,762)**	**$ (10,482)**	**$ (10,892)**	**$ (22,542)**	**$ (137,078)**
Total Disbursements Y-T-D	$ (11,750)	$ (22,861)	$ (32,483)	$ (45,295)	$ (54,227)	$ (64,819)	$ (76,002)	$ (84,400)	$ (93,162)	$ (103,644)	$ (114,536)	$ (137,078)	$ (137,078)
CASH BALANCE													
Net change in Cash	$ (722)	$ (318)	$ 241	$ (250)	$ 3,483	$ 2,885	$ (4,618)	$ 3,388	$ 616	$ 398	$ (379)	$ (6,352)	$ (1,628)
Beginning Cash	4,582	3,860	3,542	3,783	3,533	7,016	9,901	5,283	8,671	9,287	9,685	9,306	$ 4,582
End Cash Balance	**$ 3,860**	**$ 3,542**	**$ 3,783**	**$ 3,533**	**$ 7,016**	**$ 9,901**	**$ 5,283**	**$ 8,671**	**$ 9,287**	**$ 9,685**	**$ 9,306**	**$ 2,954**	**$ 2,954**

Note:

Assessment collections were inadvertently included in the calculations for the first six months of the fiscal year.

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CITY OF NORTH LAS VEGAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

STATE OF NEVADA

CITY OF
NORTH LAS VEGAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2015

PREPARED BY
DEPARTMENT OF FINANCE
DARREN ADAIR
DIRECTOR OF FINANCE

CITY OF NORTH LAS VEGAS

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Mayor
John Lee

Council Members
Anita G. Wood
Pamela A. Goynes-Brown
Isaac E. Barron
Richard Cherdhie

City Manager
Dr. Qiong X. Liu P.E., PTOE

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December 4, 2015

To the Honorable Mayor, Members of City Council and Citizens of the City of North Las Vegas:

The Comprehensive Annual Financial Report (CAFR) for the City of North Las Vegas (the "City") for the fiscal year ended June 30, 2015, is hereby submitted. The State of Nevada (the "State") law requires that a local government obtain an annual audit by independent certified public accountants of its financial statements in accordance with auditing standards generally accepted in the United States.

Except for the independent auditors' reports included herein, this report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants and Business Advisors. The goal of an independent audit is to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2015, are free of material misstatement. An independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2015, are presented fairly in all material respects in conformity with GAAP. The independent auditors' report on the basic financial statements is presented as the first component of the Financial Section of this report.

The independent audit of the basic financial statements of the City was part of a broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the City's compliance with certain provisions of laws, regulations, contracts, grant agreements and internal controls over both financial reporting and compliance.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors on the basic financial statements.

Profile of the City of North Las Vegas

The City of North Las Vegas is located in Clark County, Nevada. With a population of approximately 230,491 as of July 1, 2014, the City ranks as the fourth largest city in the State of Nevada. The City was incorporated in 1946, and currently occupies 100.7 square miles and is approximately 43% built-out, with a majority of land remaining undeveloped. The City is empowered by State Statutes to extend its corporate limits by annexation, which it has done from time to time. The City boasts a cosmopolitan cultural diversity, living up to its motto of being "Your Community of Choice."

The City is empowered by State Statutes to levy a property tax on both real and personal property located within its boundaries. The City's property tax rate is $1.1637 per $100 in assessed valuation.

The City operates under a Council-Manager form of government, with elective offices consisting of the Mayor, four City Council members and two municipal judges. The Mayor and municipal judges are elected at-large, while Council members must live within and are elected by the constituents of their respective ward; all are elected on a non-partisan basis. Terms of office for the Mayor and City Council are four years and are staggered so that City-wide elections are held every two years for two or three of the five offices; terms of office for the municipal judges are six years.

The City provides a full range of services, including a municipal court, public safety (police, fire, and building safety), water and wastewater, highways and streets, planning and zoning, parks and recreational facilities, community development and general administrative services. In addition to general governmental activities, the City Council exercises oversight responsibility for the North Las Vegas Library District and the North Las Vegas Redevelopment Agency; consequently, these activities have been included in this financial report as blended component units.

The annual budget serves as the foundation for the City's financial planning and control. Prior to April 15, the City Manager and City Finance Director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the citizens through public hearings. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Nevada Department of Taxation for final approval.

Activities of the general fund, special revenue funds, debt service fund, capital projects funds, enterprise funds and internal service funds are included in the annual budget. The level of budgetary control is statutorily required to be exercised at the function level. Encumbered amounts lapse at year-end.

Local Economy

The tourism industry, which is based on legalized gambling and related forms of entertainment, continues to be the largest component of Southern Nevada's economic base, though it suffered during the recent recession. During the downturn, Southern Nevada experienced drastic declines in visitor volume and a change in spending habits for those visitors who continued to come to the area. Such changes led to significant drops in taxable sales, gaming revenue, and room occupancy. It followed that many businesses were forced to close or scale back operations, leading to record unemployment and underemployment for the area. Visitor volume has since rebounded to pre-recession levels. The Las Vegas Metro area has shown a 3.8% increase for the first nine months of 2014 vs. the first nine months of 2013 and 2015 visitor volume is anticipated to slightly surpass 2014 volume. Additionally, many other economic indicators have begun to show year-over-year improvement as well.

Employment, a key driver of the economy, continues to draw significant attention. Consumer spending is vital to economic health, and it does not occur at the level necessary to maintain a healthy economy when large portions of the population are unemployed, underemployed, or fearful that they may become unemployed. Under these conditions, individuals tend to spend more for their needs, and to save, to the extent possible, for the “rainy day” that they perceive to be coming. Strong employment, or perceived employment options, improves consumer confidence, and leads to more spending: the fuel which drives the economic engine.

The Las Vegas Metro area continues to see a positive economic recovery with falling unemployment rates and healthier job creation over the last year. Per the Las Vegas Review Journal, as of March 2015, the jobless rate was at 7.1%, down from 8.2% in March 2014. Construction, retail and resort industries continue to lead a jobs base that is becoming increasingly diversified.

The housing market is continuing its rebound from the Great Recession. The median price of an existing single-family home in April 2015 was $212,568, up 10.7% from April of 2014. Steady pricing and sales increases coupled with a sustained investor presence, resulted in a supply of less than 3 months. This compares favorably to a historical average supply of more than 6 months. Delinquencies have continued its positive trend falling to less than 8%. The overall improvement in major housing market indices has led to an increase in the City's assessed valuation, which is published in the spring of each year by the Nevada Department of Taxation. The City has experienced a year-over-year increase, improving by 16.4% from $4.7 billion in fiscal year 2014 to $5.5 billion in fiscal year 2015.

Long-Term Financial Planning

In 2006, for budgetary and financial planning purposes, the City Council mandated that an 18% ratio of fund balance (including transfers), compared to the combined total of encumbrances and operating expenditures, be maintained in the General Fund. For several reasons, the most prominent being declining revenues, the City Council temporarily modified the aforementioned fund balance policy by enacting Resolution No. 2471 which required that the City produce a budget which would result in a General Fund ending fund balance of no less than 8% (including transfers), and then again temporarily reduced the minimum to not less than 6% for the prior year. The change in General Fund balance during fiscal year 2015 was an increase in ending fund balance after transfers out from 6.3% to 9.6% at the end of fiscal years 2014 and 2015, respectfully. The long-term goal of the City Council is to return to the 18% fund balance minimum by striving to rebuild the general fund balance over time.

The City's rating from Moody's Investors Service improved from "Ba3" to "Ba2" while both Standard & Poors's and Fitch ratings remained unchanged at "BB-" and "B". The City's ratings are based on a number of key items as cited by the rating agencies, including the Great Recession and the effects on the housing market and assessed valuations. Also cited is the 30% decline in consolidated taxes, the largest single revenue source of the City's General Fund. Consolidated taxes decreased from an all-time high in fiscal year 2006 to an all-time low in fiscal year 2010; however, consolidated taxes have increased by nearly 38% since fiscal year 2010. The City's contractual recurring expenditures were in excess of its contractual recurring revenues.

Maintaining adequate levels of service remains a critical challenge to be addressed as the City's population continues to grow in this challenging economic environment. The City maintains a seven-year financial forecast for all of its funds, which serves as the cornerstone for the financial action plan and operating budget strategies. The forecast provides an understanding of how the total financial program will be affected by certain economic factors and assumptions, and enables the City to estimate the resources that will be necessary to meet the requirements of existing programs and to make adjustments accordingly.

Since 2007, the City has been implementing cost-saving actions in order to continue its prudent fiscal management. Such actions have included across-the-board budget reductions, the elimination of non-critical and vacant positions, major reductions in discretionary spending, implementation of efficiency savings in all departments, the investigation of shared services with other local jurisdictions and the implementation of private sector solutions and best practices. In addition, a number of capital improvement projects have been delayed, cancelled, or were reduced in scope.

Looking to the future, the City has taken action to balance the fiscal year 2016 budget with a projected General Fund ending balance of at least 8.1 %. Most notably the City is striving to accomplish this thru encouraged business growth and licensing revenues along with professional service partnerships when increased services and reduced costs can reasonably be achieved. Mutually beneficial agreements with the City's labor organizations and representatives have helped to

stabilize personnel and benefit costs.

Major initiatives

The North 5th Street Super-Arterial continues as a major roadway improvement project which includes four separate phases of street improvements along the North 5th Street corridor. Portions of the project already completed include the widening and improving of the roadway from Owens Avenue to Carey Avenue and the construction of the overpass crossing Interstate 15. Other notable Public Works projects included the improvement of the Simmons and Losee roadways. In addition, access and sewer is in the design and engineering phases for the opening of over 1,000+ acres of commercial real estate for development in the Northern Beltway Business Park.

Construction of the Craig Ranch Regional Park Amphitheater was primarily completed this Fiscal Year. The project encompassed a 4,000 seat outdoor performance venue/stage, a large pond and pedestrian walk area and various landscape features. The project was completed in conformance with the Craig Ranch Regional Park Master Plan and is anticipated to provide increased revenue to the City and nearby businesses from the related events.

The Las Vegas Wash Trails Pedestrian Bridge at 1-15 was completed this Fiscal Year. The project included the construction of a pedestrian bridge from Civic Center Drive to the trail system along Losee Road. The bridge spans across Interstate 15, the UPRR system and the wash area.

In compliance with the North Las Vegas Police Depaitment Phase II Relocation Project, the evidence material(s)/staff relocation was completed and building rehabilitated. The 911 Dispatch staff and equipment was relocated and the new CSI building rehabilitated and equipment relocated. The City IT staff successfully completed the relocation of its primary data center and servers to a hosting partner and completed the construction of its secondary back-up data center within the City's Justice Center.

Completion of the Buena Vista Springs Phase l Demolition project was a major milestone for this Fiscal Year. The project involved the abatement and demolition of 54 buildings near Carey Avenue and West Street which the neighboring residents considered blight.

As a result of the resurgence in the regional housing market there has been a renewed interest in the development of the Park Highlands master planned community located on the northern edge of the City. Originally approved under a development agreement in 2006, the 2,675 acre master planned community was split into two separate but similar development agreements. The western portion, approximately 600 acres, is still known as the Park Highlands development and is proposed to be developed under the original agreement and design standards. The eastern portion, approximately 2,000 acres, is now known as The Villages at Tule Springs. A new development agreement and land plan has been approved by the City. In anticipation of this renewed development activity, the City recently entered into an agreement to upsize certain sewer mains serving the future Park Highland master planned area. As currently proposed, this master planned community would include more than 13,000 housing units, mixed use commercial areas, parks, trails, schools and public facilities to provide for an estimated population at build out of approximately 43,000 people.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2014. This was the 34th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and as such will be submitted to the GFOA to determine its eligibility for recognition.

Preparation of this report would not have been possible without the dedicated services of the Finance Department and our independent auditors, Piercy Bowler Taylor & Kern, Certified Public Accountants and Business Advisors. We would like to express our appreciation to all who assisted and contributed to the preparation of this report. Credit is also given to the Mayor and members of the City Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,

Dr. Qiong X. Liu P.E., PTOE, City Manager

Darren Adair, Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Las Vegas
Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

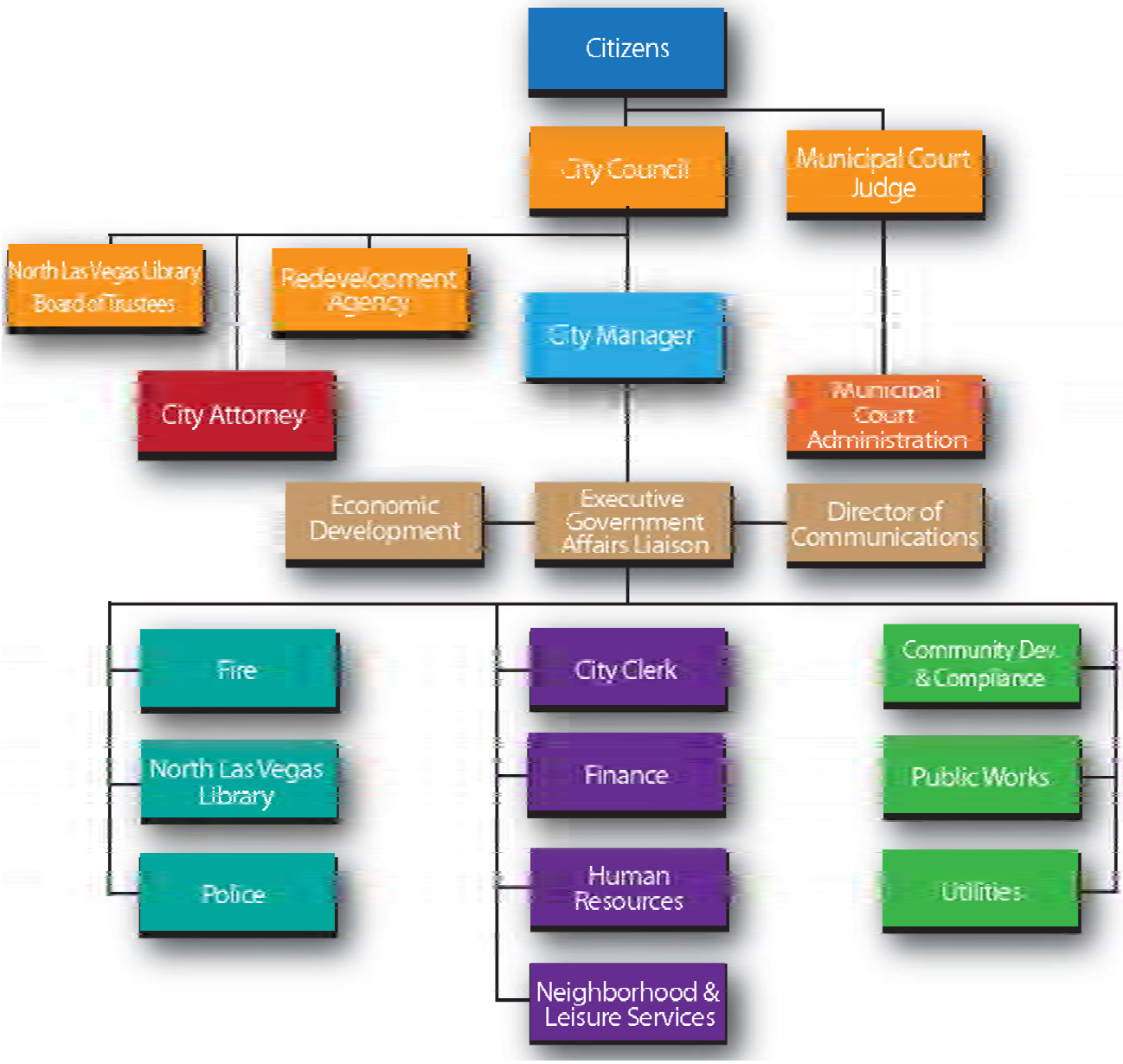
June 30, 2014

Executive Director/CEO

CITY OF NORTH LAS VEGAS

ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2015



CITY OF NORTH LAS VEGAS

CITY OFFICALS

FOR THE YEAR ENDED JUNE 30, 2015

Elected Officials

Mayor	John J. Lee
Mayor Pro Tempore	Pamela A. Goynes-Brown
Council Member	Anita G. Wood
Council Member	Isaac E. Barron
Council Member	Richard J. Cherchio
Municipal Judge	Sean Hoeffgen
Municipal Judge	Catherine Ramsey

Appointed Officials

City Manager	Dr. Qiong X. Liu
City Attorney	Sandra Douglass-Morgan
Assistant City Manager	Ryann Juden
Director of Finance & IT	Darren J. Adair
Fire Chief	Jeffery Lytle
Police Chief	Alexander Perez
Director of Community Development & Compliance	Gregory W. Blackburn
Director of Utilities	Randall E. De Vaul
Director of Communications	Mitch Fox
Director of Library Services	Forrest Lewis
Director of Public Works	Jennifer Doody
Director of Neighborhood & Leisure Services	Cass Palmer
City Clerk	Barbara A. Andolina
Court Administrator	Cindy S. Marshall

FINANCIAL SECTION

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Honorable Mayor and Members of the City Council
City of North Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Las Vegas (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the City's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the basic financial statements to enable the design of audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information, proportionate share of statutorily

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progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 11-25 and 77-86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section and schedule of business license fees have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Piercy Bowler Taylor + Kern

Las Vegas, Nevada
December 4, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2015

As management of the City of North Las Vegas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found beginning on page 1 of this report.

Financial Highlights

The City's total net position at June 30, 2015, is $1.31 billion. Of this $1.31 billion, $1.02 billion is related to governmental activities, while $283.91 million is related to its business type activities.

The City's total assets increased by $55.29 million, primarily due to an increase in the valuation of construction in progress, amounts due from other governments, and an increase in accounts receivable. The City's total liabilities decreased by $55.61 million, primarily due to the change in net pension liability.

The City's capital assets, net of related debt, totaled $1.29 billion. This represents a $29.66 million reduction compared to the prior fiscal year net capital assets of $1.32 billion.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $100.65 million, an increase of $11.02 million in comparison with the amount reported for the prior fiscal year. Of this amount, $9.23 million is non-spendable, $79.29 million is restricted, $0.54 million is committed and $2.12 million is assigned; the remaining $9.48 million is unassigned and therefore, available for spending at the government's discretion.

The general fund's ending fund balance is $12.57 million at June 30, 2015, which represents 10.8% of total general fund expenditures, excluding transfers out. If transfers out are included, then the $12.57 million ending fund balance represents 9.8% of total expenditures. The City had a reserve policy of maintaining a fund balance of at least 18% and in the past, reserves consistently exceeded 19% of expenditures. However, the City's tax revenue has fallen sharply as a result of the recession and the City's tax base deterioration has been among the worst in the nation. For example, the City’s assessed valuation has dropped by over 55% from a high of $9.1 billion in FY 2008-09 to $4.16 billion in FY 2014-15. Similarly, intergovernmental consolidated taxes revenue (primarily consisting of sales tax) declined by 11.2% from a high of $53.7 million in FY 2005-06 to nearly $47.69 million in 2015. As a result of these declining revenues, the City Council temporarily first lowered the reserve policy to 8% and then again briefly to 6% with the intent that ending fund balance be restored to the 18% level as soon as fiscal conditions allow.

The general fund's primary revenue sources are: intergovernmental consolidated taxes ($47.69 million), franchise fees ($21.32 million) and licenses and permits ($13.86 million). Property taxes consist of ad valorem taxes on real and personal property ($7.68 million). The combination of the above four primary revenue sources represents approximately 83% of the general fund's total revenues for the year ended June 30, 2015. In addition to the aforementioned revenue sources for the general fund, transfers were made from the water and wastewater funds in the amount of $23.74 million.

The City's long-term liabilities and bond indebtedness decreased by a net $63.50 million, or 8.3% due primarily to the change in net pension liabilities. The City is now reflecting a net pension liability of $201.19 million. This is pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 68 which requires employers to measure the liability of defined benefits plans as the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees attributed to those employees’ past periods of service (total pension liability), less the amount of the pension plan’s fiduciary net position. The City's long-term liability for compensated absences increased by 4.7% or $1.67 million and the City's postemployment benefits other than pensions increased by 11.4% or $1.33 million. The total bonded debt outstanding decreased by $12.09 million over the fiscal year.

(Continued)

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For the year ended June 30, 2015, the City's total revenues amounted to $395.86 million. The primary revenue sources for the City were charges for services ($162.40 million), grants and contributions ($104.78 million), property taxes ($50.35 million), intergovernmental consolidated taxes ($47.69 million), and franchise fees ($21.32 million).

For fiscal year 2014-15, the City's total expenses amounted to $335.77 million. The primary expense functions for the City's government-wide activities were public safety at $141.35 million, general government at $56.17 million, wastewater activities at $45.24 million, water activities at $36.07 million and culture and recreation activities at $17.32 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the City's assets and liabilities, as well as deferred inflows and outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave benefits).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the City include a municipal court, public safety (police and fire), highways and streets, planning and zoning, parks and recreational facilities, libraries, community development and general government. The business-type activities include a water delivery system, a wastewater collection operation and municipal golf courses.

(Continued)

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate redevelopment agency and a legally separate library district for which the City is financially accountable. Financial information for these component units is blended with the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 27 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the public safety tax fund and the capital projects street improvements fund, which are considered to be major funds. Data from the remaining 15 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules and individual fund schedules, which can be found beginning on page 89 of this report.

The City adopts annual appropriations budgets for its general and public safety tax funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the adopted budgets.

The governmental fund financial statements can be found beginning on page 31 of this report.

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water supply and distribution system, wastewater collection and treatment operations and two golf courses. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and for its self-insurance program, which is also where the City accounts for postemployment benefits other than pensions (OPEB). Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

(Continued)

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains five individual proprietary funds. The proprietary fund financial statements provide separate information for the water system and the wastewater operation, both of which are considered to be major funds of the City. The City also presents a non-major proprietary fund for the operations of its two golf courses. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining schedules and individual fund schedules, which can be found beginning on page 123 of this report. Financial data for the golf courses are combined into a single aggregated presentation, which can be found beginning on page 121 of this report.

The proprietary fund financial statements can be found beginning on page 36 and 119 of this report.

The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own operations and programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found beginning on page 41 and 129 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 43 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. A schedule of funding progress for the City's postemployment benefit plans is presented as required supplementary information and information concerning the City's business license fees is presented as other supplementary information. The required and other supplementary information can be found beginning on page 77 and 87 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by $1.31 billion at the close of the most recent fiscal year.

The largest portion of the City's net position (87%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (5.0%) represents resources that are subject to external restrictions on how they may be used.

(Continued)

Summary Statement of Net Positiion

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
Assets						
Current, restricted and other	$ 170,628,279	$ 138,499,537	$ 103,935,536	$ 108,108,209	$ 274,563,815	$ 246,607,746
Capital	1,293,774,902	1,261,065,363	500,942,190	506,313,669	1,794,717,092	1,767,379,032
Total assets	1,464,403,181	1,399,564,900	604,877,726	614,421,878	2,069,280,907	2,013,986,778
Deferred outflows of resources	41,728,673	40,785,781	2,511,552	2,380,776	44,240,225	43,166,557
Liabilities						
Current	37,552,063	28,128,217	13,160,678	14,690,918	50,712,741	42,819,135
Long-term	396,961,807	448,110,005	306,111,998	318,468,064	703,073,805	766,578,069
Total liabilities	434,513,870	476,238,222	319,272,676	333,158,982	753,786,546	809,397,204
Deferred inflows of resources	47,676,351		4,209,551		51,885,902	
Net position						
Net investment in capital assets	1,147,394,961	1,106,799,902	214,812,299	214,759,669	1,362,207,260	1,321,559,571
Restricted	79,291,604	73,249,575		75,134	79,291,604	73,324,709
Unrestricted	(202,744,932)	(215,937,018)	69,094,752	68,808,869	(133,650,180)	(147,128,149)
Total net position	$ 1,023,941,633	$ 964,112,459	$ 283,907,051	$ 283,643,672	$ 1,307,848,684	$ 1,247,756,131

The City's unrestricted net position totals $162.55 billion. For further details relating to the City's net position and restrictions thereon, please see the Statement of Net Position beginning on page 27 of this document.

The following Summary Statement of Changes in Net Position reflects the City's decrease in net position of $16.43 million. While overall revenues increased by $8.52 million (2.2%) and overall expenses declined by $7.39 million (2.2)%, the primary reason for the decline in net position is prior period adjustments related to recording the City's proportionate share of PERS's net pension liability ($224.61 million) which is now required by accounting stardards but is not a legal liability of the City.

(Continued)

Summary Statement of Changes in Net Positiion

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
Revenues						
Program revenues						
Charges for services	$ 63,497,320	$ 58,705,138	$ 98,902,913	$ 96,553,717	$ 162,400,233	$ 155,258,855
Operating grants and contributions	27,229,507	23,491,365	3,019,938	6,209,435	30,249,445	29,700,800
Capital grants and contributions	70,196,112	32,366,318	4,344,083	2,776,902	74,540,195	35,143,220
General revenues						
Property taxes	50,350,577	49,088,718			50,350,577	49,088,718
Residential construction taxes	313,837	314,546			313,837	314,546
Room taxes	486,389	422,474			486,389	422,474
Franchise fees, based on gross receipts	21,322,332	20,788,938			21,322,332	20,788,938
Intergovernmental consolidated taxes	47,685,565	43,976,942			47,685,565	43,976,942
Other local government shared revenues	2,096,928	2,082,929			2,096,928	2,082,929
Unrestricted investment income	1,321,011	1,035,183	15,803	13,586	1,336,814	1,048,769
Gain on disposal of capital assets	2,932,638	2,102,479	21,612	12,668	2,954,250	2,115,147
Miscellaneous	1,909,778	2,281,880	216,234	356,096	2,126,012	2,637,976
Total revenues	289,341,994	236,656,910	106,520,583	105,922,404	395,862,577	342,579,314
Expenses						
General government	56,167,676	56,381,592			56,167,676	56,381,592
Judicial	9,060,508	9,896,150			9,060,508	9,896,150
Public safety	141,351,681	154,787,847			141,351,681	154,787,847
Public works	14,374,970	8,416,102			14,374,970	8,416,102
Culture and recreation	17,323,716	16,347,681			17,323,716	16,347,681
Community support	7,142,087	5,722,271			7,142,087	5,722,271
Interest expense and fiscal charges	6,640,779	4,111,816			6,640,779	4,111,816
Wastewater			45,235,686	46,654,631	45,235,686	46,654,631
Water			36,065,019	37,367,967	36,065,019	37,367,967
Municipal golf courses			2,407,902	3,253,520	2,407,902	3,253,520
Total expenses	252,061,417	255,663,459	83,708,607	87,276,118	335,770,024	342,939,577
Change in net position before transfers	37,280,577	(19,006,549)	22,811,976	18,646,286	60,092,553	(360,263)
Transfers	22,548,597	24,046,761	(22,548,597)	(24,046,761)		
Change in net position	59,829,174	5,040,212	263,379	(5,400,475)	60,092,553	(360,263)
Net position, beginning of year, as previously reported	1,170,498,353	1,165,458,141	301,866,375	307,266,850	1,472,364,728	1,472,724,991
Adjustment	(206,385,894)	(206,385,894)	(18,222,703)	(18,222,703)	(224,608,597)	(224,608,597)
Net position, beginning of year, as adjusted	964,112,459	959,072,247	283,643,672	289,044,147	1,247,756,131	1,248,116,394
Net position, end of year	$ 1,023,941,633	$ 964,112,459	$ 283,907,051	$ 283,643,672	$ 1,307,848,684	$ 1,247,756,131

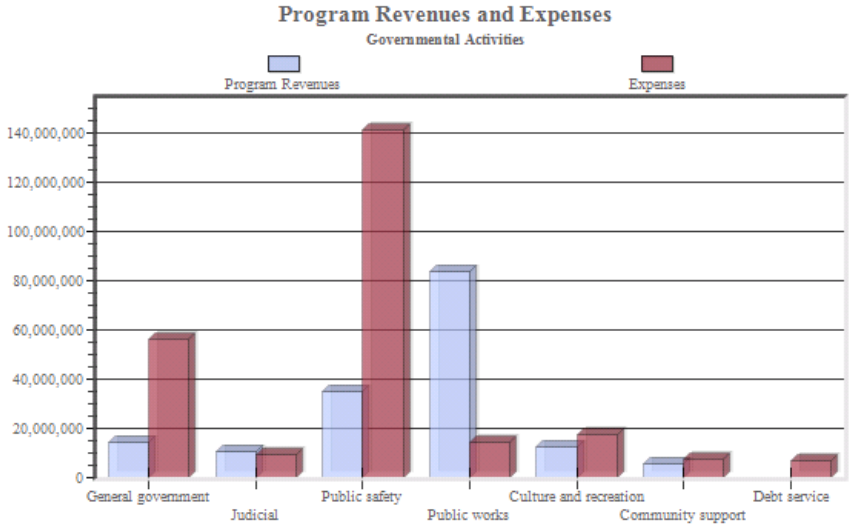
(Continued)

Governmental-type program revenues increased by $4.57 million during the fiscal year. The largest component of the increase, $11.75 million, was realized in charges for services. While overall a much smaller increase, the city is also beginning to realize the first stages of economic recovery, having received an additional $4.97 million (5.3% increase) in combined property taxes and intergovernmental consolidated taxes (primarily sales tax). These increases were offset by decreases totaling $13.99 million in reduced funding in grants and contributions, primarily due to a slowed pace during this phase in the construction of the North 5th Street Corridor Project, compared to the prior year.

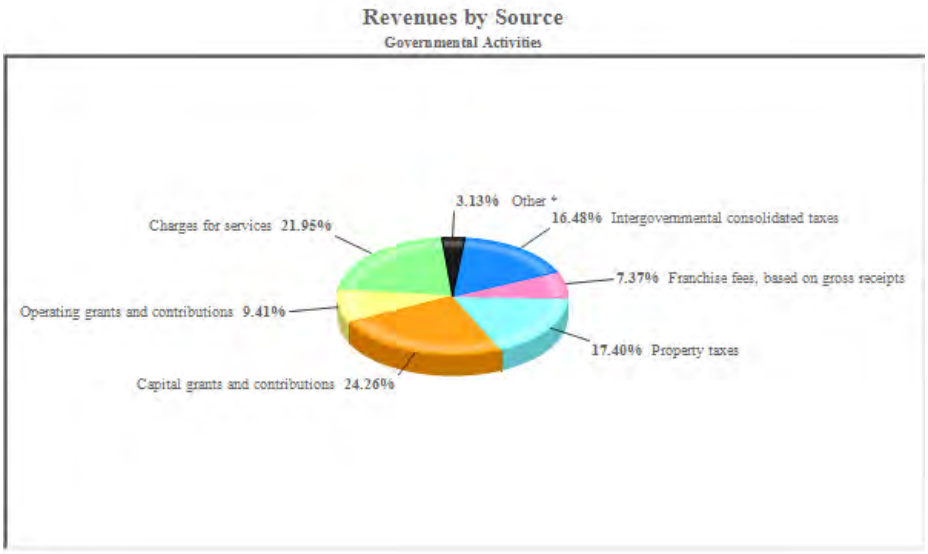
Overall business-type revenues increased slightly by $0.60 million (less than 1.0%). There was a slight decrease in capital grants and contributions offset by an increase in charges for services (water and wastewater user fees) as compared to FY 2013-14.

Business type expenses decreased by $3.57 million. This is primarily due to reduced costs associated with managing the city's two golf courses, a municipal par-3 golf course and Aliante Golf Course, a 72-hole championship course. Additionally, slight reductions in both wastewater and water operations costs contributed to the reduced expenses.

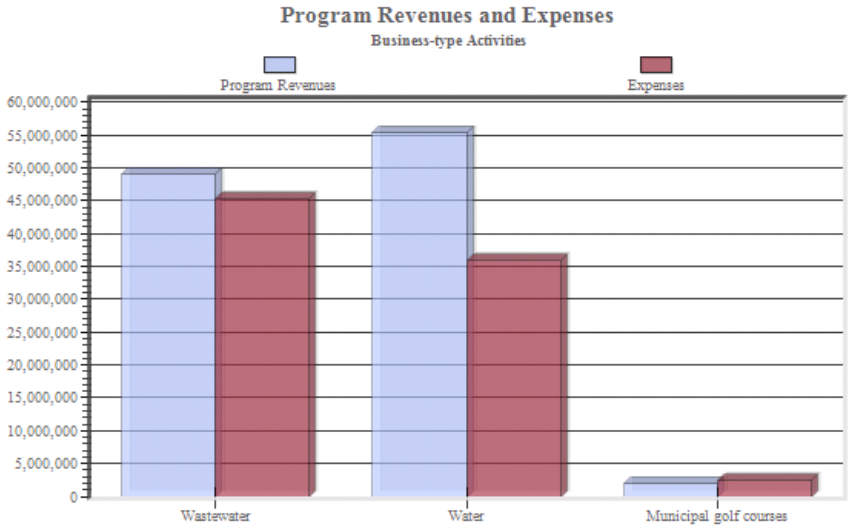
The following graphs provide expense and program revenue information with regard to the various functions of the City's governmental activities and revenues by source information with regard to the City's governmental activities.



(Continued)



The following graphs provide expense and program revenue information with regard to the various functions of the City's business type activities and revenues by source information with regard to the City's business type activities.



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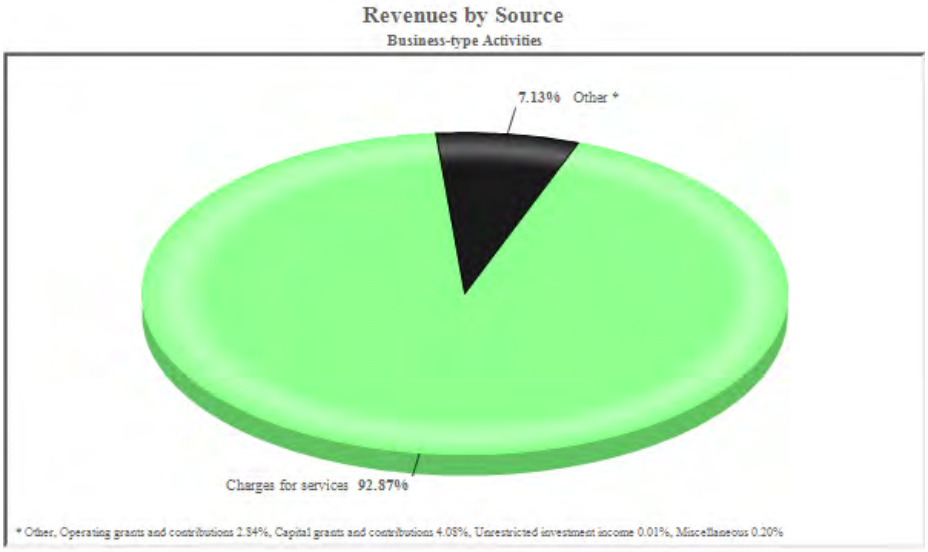

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $100.65 million, an increase of $11.02 million in comparison with the amount reported for the prior fiscal year. Of the ending fund balance, $9.23 million is nonspendable as this amount represents land held for resale and prepaid items, which are not in a spendable form; $79.29 million is restricted as amounts in this classification are restricted for specific purposes by external creditors, such as bondholders, grantors, laws and/or regulations of other governments; $0.54 million is committed for specific purposes pursuant to City Council direction; $2.12 million is assigned with the intent that these funds will be used for a specific purpose, but these funds are not restricted nor committed; and $9.48 million is unassigned fund balance, which is available for spending at the City Council's discretion.

The City reports both major and non-major funds, and as such, major funds are reported in a separate column in the entity-wide statements, while non-major funds are reported in a single aggregated column. By definition, the general fund is always considered a major fund. Funds must be reported as major funds if they meet both of the following criteria:.

An individual fund reports at least 10 percent of any of the following: a) total assets, b) total liabilities, c) total revenues, or d) total expenditures/expenses.

An individual fund reports at least five percent of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the 10 percent criterion.

(Continued)

Following are summaries of key information relating to the City's major funds:

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund's ending fund balance was $12.57 million. Of this amount, $2.74 million was nonspendable due to prepaid items and $166,202 was committed for the matching component of a number of grant-related programs. Finally, as noted above, $9.48 million is unassigned. As a measure of the general fund's liquidity, it may also be useful to compare fund balance to total fund expenditures. As such, fund balance represents 10.8% of total general fund expenditures, when excluding transfers out.

The fund balance of the City's general fund increased by $4.52 million during the fiscal year. Overall revenues, excluding transfers in, increased from $100.67 million to 108.87 million (8.2%) and transfers in decreased by $0.83 million (3.3%), compared to the prior fiscal year. These differences are mostly attributable to increases in intergovernmental consolidated taxes ($3.71 million), increases in licenses and permit revenue ($3.11 million) and slight increases in franchise fee revenues ($0.53 million).

As noted above, general fund revenues increased by $8.20 million due to continuing improvements in the economy. The largest percentage growth in general fund revenues was realized in the license and permits revenue stream where the $3.11 million increase represented a 28.9% increase over the prior fiscal year. The City is starting to realize the benefits of an improved economy and a resurgence in the housing market as more commercial builders and property owners re-engage in homebuilding activities. The increase in consolidated taxes (primarily sales tax) of $3.71 million represents an 8.4% increase over FY 2013-14 and reflects increasing consumer spending in an improving economy. As recently as 2013, the Clark County unemployment rate was over 9.5% but has steadily decreased to the current 7.0% rate. The consolidated tax distribution, representing nearly 44% of total general fund revenues, is collected by the State of Nevada and allocated to local governments based on statutory formulas, with sales and use taxes being the largest component (generally falling between 80% and 90% of the total). The increase in the consolidated tax distribution appears primarily attributable to the increase in consumer spending, as the local economy continues to recover. According to a Las Vegas Convention and Visitors Authority report, over 41 million visitors came to the Las Vegas Valley in 2014, reaching a five-year high

Revenues directly related to population and assessed valuation, such as property taxes, increased slightly by 2.6% during the current fiscal year. Property values began increasing last fiscal year and FY 2014-15 saw the first increase in this revenue stream. While the City expects the population growth to continue, the City remains prudent with estimating growth rates more moderately than in the past, prior to the most recent recession.

Investment income rose slightly in the current fiscal year, from $0.64 million to $1.02 million, due to slightly rising interest rates.

Charges for services revenues grew during FY 2014-15, rising by 22.1%, which amounted to a $1.10 million increase. This increase was primarily the result of an increase in development-related fees.

Fines and forfeitures, which consist almost exclusively of municipal court fines saw a decrease of $1.11 million, or 16.1%.

Overall expenditures for the general fund, including transfers out, decreased very slightly by $0.72 million from the prior fiscal year. A modest increase in public safety expenses ($2.57 million) reflected overtime costs necessary to maintain adequate coverage throughout the City. Also, a slight increase in culture and recreation ($0.77 million) was incurred this fiscal year due to increased recreation programming. These increases were offset by a reduction in transfers out of $4.16 million. Transfers out of the general fund were higher in FY 2013-14, as the City transferred the funds to the self-insurance reserve fund in order to settle a reverse condemnation lawsuit in which the City was ordered to pay a $6.30 million judgment.

(Continued)

The public safety tax fund had a total ending fund balance of $5.47 million at June 30, 2015. The majority of ending fund balance is restricted to the expenditure of additional public safety support with respect to police and detention activities pursuant to voter approved tax overrides. Tax revenues for this fund increased slightly from $28.20 million last fiscal year to $28.95 million this year, while expenditures decreased slightly by 3.3% ($0.92 million). Primarily contributing to this expenditure reduction is the inter-local agreement with the City of Las Vegas resulting in a combined detention operation between the two cities. This consolidation of services has continued to provide savings to the City in fiscal year 2014-2015. Also contributing was attrition, to the extent positions which were voluntarily vacated have not immediately been filled.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Operating revenues of the City's water and wastewater business-type activities increased by $2.32 million (2.4%) to $97.16 million in 2015. The water and wastewater utility customers billed usage increased by 5.6% during fiscal year 2015. This increase is due to a 1.3% increase in new accounts being opened and a 3.0% rate increase during the fiscal year.

Likewise, operating expenses, excluding transfers out, decreased by $2.06 million (3.1%).

Further information regarding these changes in revenues and expenses for the water and wastewater operations are as follows:.

The water enterprise fund had an overall decrease in net position of $9.19 million due to various increases and decreases in this year's operations as noted in the following paragraphs.

Water utility fees increased 1.3%, or $0.65 million during this fiscal year. This increase is due to a 3.0% rate increase and an increase in new accounts. The overall increase is net of the effects of a rate reduction for all City-owned accounts and continued customer water conservations. This year, the City development fees decreased by 30.6% or $0.36 million. The other operating revenues showed an increase during the year to make up the difference.

Operating expenses of the water enterprise fund decreased $0.81 million (2.3%) to $35.49 million, compared to the prior fiscal year. Expenses for salaries, related benefits and services and supplies decreased $0.46 million (2.8%). This decrease is due to a reorganization of the utility department and not filling all vacant positions during the year. Purchases of water during the fiscal year from the City's purveyor, Southern Nevada Water Authority, decreased by 3.28% or $0.46 million. Depreciation expense increased by 0.7%.

Additionally, capital contributions decreased by $0.88 million and transfers out decreased by $0.16 million during fiscal year 2014-2015, compared to the prior year. The City's capital contributions consist primarily of infrastructure that's paid and constructed by developers and then contributed to the City, such as water and wastewater pipelines.

The wastewater enterprise fund had an overall decrease in net position of $0.86 million due to various increases and decreases in this year's operations as noted in the following paragraphs..

(Continued)

Wastewater utility fees increased by $1.30 million (3.3%) for the fiscal year. This increase is due to a 3.0% rate increase during the year and an increase in new service accounts during the year. Since the City's wastewater fee structure is substantially based on actual water consumption, the increase in demand for water services ultimately results in increased wastewater to treat. The City continued to see an increase in new development fees of $0.14 million (7.3%) over the prior year.

Non-operating revenues primarily consist of intergovernmental revenues, which increased by $0.16 million as a result of the increase in the sales and use taxes collected. During the year, the City had a net increase of $0.17 million in sales taxes revenue. Use of this revenue source is restricted to capital expenses and / or the repayment of debt specifically pertaining to the City's wastewater reclamation facility.

Operating expenses of the wastewater enterprise fund decreased by $1.2 million (4.1%) to $29.9 million. Salaries and related benefits expenses decreased by 4.0%. This decrease is due to the reorganization of the utility department during the year. Services and supplies decreased by $1.1 million (9.7%). The wastewater reclamation facility had a $1.7 million decrease in electrical power during the year. The City received a power allocation from the Colorado River Commission (CRC), which provides the wastewater reclamation facility with lower electrical costs. The change from NV Energy to the CRC resulted in a lump-sum settlement payment to NV Energy in the amount of $1.49 million. This change to the CRC will result in a lower energy cost for the WRF operations going forward. Depreciation expenses increased by $0.16 million or 1.2%.

Non-operating expenses consist of interest and bond issuance costs, which decreased by $0.15 million (1.0%). This decrease is due to repayment of principal on outstanding bonds.

As noted earlier, the City maintains the operations of two golf courses. One is a nine-hole par-3 course and the other is an 18-hole par-72 championship course. The net position for FY 2015 increased by $0.30 million, primarily due to a decrease in operating expenses. Specifically, while the City purchases water from the Southern Nevada Water Authority, it also has the option of pumping water from its own groundwater wells. As such, the City Council approved the pumping of groundwater to be used for City-owned facilities, such as the golf courses and parks.

Operating revenues remained relatively unchanged and as a result, operating losses decreased $0.73 million, which was the approximate amount of the savings in expenses for the provision of water.

General Fund Budget

During the fiscal year, there was a mere $0.22 million increase in appropriations between the original and final amended budget. This was due to an increase in salaries and benefits related to the police department.

The original revenue budget was increased by $5.20 million, of which $7.5 million is due to a procedural change in accounting for the allocation of costs to the utilities funds, whereby overhead costs are calculated and payments for franchise fees, as well as property taxes are computed and collected. This increase in revenue was offset by the reduction in transfer in from the utilities funds. The original revenue budget was also increased by $2.7 million for intergovernmental consolidated taxes and $1.47 million in licenses and permits. The reason for the increase in the budget for consolidated taxes and licenses and permits was because these revenue sources trended higher than originally anticipated. These increases were offset by a $1.10 million decrease in fines and forfeitures as this revenue source trended downward during the fiscal year.

(Continued)

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2015, the City's investment in capital assets for its governmental and business-type activities amounts to $1.79 billion (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 1.6%.

Major capital asset activity during the current fiscal year included the following:

$43.83 million expended from the capital projects street improvements fund primarily related to the ongoing construction of the North 5th Street Corridor Project, which will provide for a high volume north-south super arterial roadway, and the Simmons Street improvements, which is expected to be a major carrier of north-south traffic and Losee Road improvements. The Losee Road improvements consisted of the design, right-of-way acquisition, and construction of six travel lanes with traffic control devices and localized drainage improvements.

$14.71 million expended from the capital projects public safety fund primarily related to the construction improvements of flood control facilities, including pipes, culverts, channels, energy dissipaters, channel structures, channel access, storm drain inlets and laterals and other appurtenances as required.

$9.75 million expended from the capital projects parks and recreation fund primarily related to the design and construction of a 4,000 seat bermed outdoor performance venue, including a "green room" and other building improvements, as well as landscaping, within the Craig Ranch Regional Park. Expenditures also include other capital improvements to various parks and recreation buildings and facilities within the City limits.

Additional information on the City's capital assets can be found in Note 3 beginning on page 55 of this report.

Long-term Debt

At the end of the current fiscal year, the total outstanding bonded debt of the City was $438.77 million. Of this amount, $433.52 million comprises debt backed by the full faith and credit of the government and $5.25 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt outstanding decreased by $13.87 million (2.9%) during the current fiscal year due to bond repayments.

The City's rating from Standard & Poor's remained unchanged at "BB-" but the outlook was revised from “Negative” to “Stable.” However, Moody's Investors Service upgraded the City's indebtedness from "Ba3" to "Ba2" and Fitch Ratings remained unchanged at "B" but the outlook was revised from “Negative” to “Stable.” These actions by the rating agencies are primarily due to the City’s relative financial stability compared to recent years, including the timely adoption of a city-wide balanced budget that includes a modest surplus for operating funds. This is further supported by the state’s economic recovery and rebounding tax base following the deep housing downturn.

Pursuant to Nevada Revised Statutes, the State limits the amount of general obligation debt a government entity may issue to 20% of its total assessed valuation. The current statutory debt limitation for the City is $832.34 million, which is significantly in excess of the City's actual outstanding applicable net general obligation debt of $427.35 million.

(Continued)

Additional information on the City's long term debt can be found in Note 3 beginning on page 58 of this report.

Next Year's Budget

As expenditures continue to outpace revenues, the City has been implementing a number of cost saving actions in order to continue its prudent fiscal management and avoid the need to raise taxes or service charges over the next few years. Such actions over the past seven years have included: the elimination of vacant positions, implementation of a hiring freeze, budget reduction programs, layoffs and voluntary separation packages, reorganization of the City's departmental structure, consolidating programs for further efficiency, partnering with professional service organizations and neighboring municipalities, implementing private-sector best practices, and renegotiating certain elements of collective bargaining agreements. In addition, a number of capital improvement projects have been delayed, cancelled, or face a reduction in project scope.

In looking to the future, the City has increased the FY 2015-16 general fund budgeted revenues by $2.91 million for a total of $108.69 million from the FY 2014-15 budget. As most revenues remain flat or show modest increases, intergovernmental consolidated taxes (primarily consisting of sales taxes) is continuing to show gains with an estimated increase of $1.7 million in FY 2015-16. Additionally, property taxes revenue is projected to increase by almost 5.8% for the fiscal year ending June 30, 2016.

The City has increased the FY 2015-16 budgeted appropriations by $6.66 million for a total of $124.01 million. The increase in budgeted appropriations is primarily increased costs of for services and supplies. The City continues to strive to balance its contractually-recurring expenditures with its contractually-recurring revenues by renegotiating recurring service and supply contracts and working together with its employee bargaining groups in an effort to stabilize employee costs and related benefits.

The City's adopted operating budget for FY 2015-16 is currently at $352.5 million and the adopted capital improvement plan for FY 2015-16 is $99.3 million; however, a number of capital projects continue to be deferred until such time as the local economy improves.

Property taxes revenue account for approximately 7.4% of general fund revenues. During fiscal year 2005, the State of Nevada enacted legislation that provided for a partial abatement of property taxes going forward. The level of abatement is based on the type and use of the property, but generally, if the property is a primary residence, then the abatement is the amount of taxes that exceeded the prior year's tax bill plus 3.0%. In FY 2014-15, assessed property values exceeded the caps for abatement and is expected to do so for FY 2015-16.

Workers' Compensation Issue

Pursuant to Nevada Revised Statutes, diseases of the lungs and heart are considered occupational diseases for firefighters and police officers. Specifically, the statutes provide that a disease of the lung and/or heart is conclusively presumed to have arisen out of and in the course of employment and as such, are compensable with regard to workers' compensation benefits. Further, the statutes permit claims to be reopened at any time during the life of the claimant for further examination and treatment should circumstances change which would warrant an increase or rearrangement of compensation.

(Continued)

At issue is the cost of workers' compensation benefits and settlement costs that the City will presumably incur beginning over the next ten years as the age and gross number of the City's covered police and fire safety workforce increases. It could be further assumed that a large portion of the police and fire safety workforce will develop some form of lung and/or heart disease as part of the natural process of aging, yet the City would be financially accountable for all the disability benefits as it would be conclusively determined that the disease arose out of and/or in connection with employment with the City. As a result, the cost to the City for disability and death benefits to claimants under these statutes could very well cause a significant financial hardship over a short period of time.

Post-Employment Benefits Other Than Pensions

The City was required on July 1, 2007, to implement GASB (Governmental Accounting Standards Board) Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions. The purpose of GASB Statement No. 45 is to require the accrual of liabilities and expenses of other post-employment benefits, such as healthcare, generally over the working career of plan members, rather than on a pay-as-you-go basis, which was the City's past practice. As such, the City had an actuarial study performed and as of June 30, 2015, the City's net OPEB obligation was $13.02 million.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of North Las Vegas, 2250 Las Vegas Boulevard North, Suite 710, North Las Vegas, Nevada, 89030-5875.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NORTH LAS VEGAS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments, unrestricted	$ 109,431,885	$ 59,470,318	$ 168,902,203
Cash, cash equivalents and investments, restricted	2,176,795	7,215,688	9,392,483
Accounts receivable, net	7,265,727	13,260,268	20,525,995
Grants receivable	9,335,426		9,335,426
Property taxes receivable	2,381,687		2,381,687
Special assessments receivable	18,225		18,225
Interest receivable	1,803		1,803
Due from other governments	26,228,606	702,312	26,930,918
Inventories	258,143	2,905,851	3,163,994
Prepaid land lease, net of amortization		21,125,000	21,125,000
Other prepaid items	3,124,815	931,582	4,056,397
Refundable deposits		2,302,705	2,302,705
Property held for resale	6,426,980		6,426,980
Internal balances	3,978,187	(3,978,188)	(1)
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	233,569,190	32,895,394	266,464,584
Land	190,800,644	15,514,483	206,315,127
Buildings and building improvements	170,853,268	76,384,608	247,237,876
Improvements other than buildings	49,337,323	42,410,678	91,748,001
Infrastructure	640,406,455	329,748,089	970,154,544
Machinery, equipment and software	8,808,022	3,988,938	12,796,960
Total assets	1,464,403,181	604,877,726	2,069,280,907
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized deferred refunding charges	13,283,450		13,283,450
Unamortized amounts related to pensions	28,445,223	2,511,552	30,956,775
Total deferred outflows of resources	41,728,673	2,511,552	44,240,225
LIABILITIES			
Accounts payable and other accrued expenses	16,455,291	1,593,014	18,048,305
Accrued salaries and benefits	15,864,964	666,774	16,531,738
Due to other governments	1,060,961	4,204,083	5,265,044
Customer deposits	49,829	4,291,241	4,341,070
Unearned revenue	2,716,560	47,029	2,763,589
Interest payable	1,404,458	2,358,537	3,762,995
Long-term liabilities, due within one year			
Bonds and notes payable	4,534,700	7,099,875	11,634,575
Compensated absences	5,056,997	469,503	5,526,500
Long-term liabilities, due in more than one year			
Bonds and notes payable, net of unamortized premiums and discounts	155,128,691	279,030,016	434,158,707
Compensated absences	34,358,979	3,189,964	37,548,943
Postemployment benefits other than pensions	13,016,187		13,016,187
Net pension liability	184,866,253	16,322,640	201,188,893
Total liabilities	434,513,870	319,272,676	753,786,546
DEFERRED INFLOWS OF RESOURCES			
Unamortized amounts related to pensions	47,676,351	4,209,551	51,885,902

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	1,147,394,961	214,812,299	1,362,207,260
Restricted for			
Debt service	4,453,270		4,453,270
Street improvments projects	9,029,767		9,029,767
Other capital projects	22,324,499		22,324,499
Police, fire and other public safety programs and projects	22,788,989		22,788,989
Parks, cultural and other recreational programs	3,213,439		3,213,439
Library district operations	515,014		515,014
Courts and other judical programs	1,679,329		1,679,329
Community assistance and support programs	15,222,956		15,222,956
Other	64,341		64,341
Unrestricted	(202,744,932)	69,094,752	(133,650,180)
Total net position	$ 1,023,941,633	$ 283,907,051	$ 1,307,848,684

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

STATEMENT OF ACTIVITES

FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTION/PROGRAM							
Governmental activities							
General government	$ 56,167,676	$ 14,222,091	$ 1,687	$	$ (41,943,898)	$	$ (41,943,898)
Judicial	9,060,508	10,164,809			1,104,301		1,104,301
Public safety	141,351,681	23,225,991	11,733,443	43,926	(106,348,321)		(106,348,321)
Public works	14,374,970	9,006,208	11,437,350	63,623,553	69,692,141		69,692,141
Culture and recreation	17,323,716	5,730,717	105,410	6,528,633	(4,958,956)		(4,958,956)
Community support	7,142,087	1,147,504	3,951,617		(2,042,966)		(2,042,966)
Debt service							
Interest expense and fiscal charges	6,640,779				(6,640,779)		(6,640,779)
Total governmental activities	252,061,417	63,497,320	27,229,507	70,196,112	(91,138,478)		(91,138,478)
Business-type activities							
Wastewater	45,235,686	42,237,133	3,019,938	3,776,280		3,797,665	3,797,665
Water	36,065,019	54,747,339		567,803		19,250,123	19,250,123
Municipal golf courses	2,407,902	1,918,441				(489,461)	(489,461)
Total business-type activities	83,708,607	98,902,913	3,019,938	4,344,083		22,558,327	22,558,327
Total function/program	$ 335,770,024	$ 162,400,233	$ 30,249,445	$ 74,540,195	$ (91,138,478)	22,558,327	(68,580,151)

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

STATEMENT OF ACTIVITES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GENERAL REVENUES							
Property taxes					50,350,577		50,350,577
Residential construction taxes					313,837		313,837
Room taxes					486,389		486,389
Franchise fees, based on gross receipts					21,322,332		21,322,332
Intergovernmental consolidated taxes					47,685,565		47,685,565
Other local government shared revenues					2,096,928		2,096,928
Unrestricted investment income					1,321,011	15,803	1,336,814
Gain on disposal of capital assets					2,932,638	21,612	2,954,250
Miscellaneous					1,909,778	216,234	2,126,012
Total general revenues					128,419,055	253,649	128,672,704
Transfers					22,548,597	(22,548,597)	
CHANGE IN NET POSITION					59,829,174	263,379	60,092,553
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					1,170,498,353	301,866,375	1,472,364,728
Adjustment					(206,385,894)	(18,222,703)	(224,608,597)
NET POSITION BEGINNING OF YEAR, AS ADJUSTED					964,112,459	283,643,672	1,247,756,131
NET POSITION, END OF YEAR					$ 1,023,941,633	$ 283,907,051	$ 1,307,848,684

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

CITY OF NORTH LAS VEGAS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General Fund	Special Revenue Fund: Public Safety Tax	Capital Projects Fund: Capital Projects Street Improvements	Aggregate Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	$ 3,039,419	$ 5,663,709	$ (5,155,340)	$ 66,520,903	$ 70,068,691
Accounts receivable, net	4,067,042	12,958	1,098,323	2,043,939	7,222,262
Grants receivable			4,605,838	4,772,616	9,378,454
Property taxes receivable	433,630	1,329,689		618,368	2,381,687
Interest receivable				1,803	1,803
Special assessments receivable				18,225	18,225
Prepaid items	2,741,016	5,371		27,594	2,773,981
Due from other governments	8,906,391	3,006	9,038,266	8,280,943	26,228,606
Property held for resale				6,426,980	6,426,980
Total assets	$ 19,187,498	$ 7,014,733	$ 9,587,087	$ 88,711,371	$ 124,500,689
LIABILITIES					
Accounts payable and other accrued liabilities	$ 445,059	$ 22,328	$ 4,879,978	$ 6,566,907	$ 11,914,272
Accrued salaries and benefits	5,127,023	1,050,956		759,721	6,937,700
Due to other funds	276,149	76,407		471,718	824,274
Due to other governments	628,440	189,719		218,501	1,036,660
Customer deposits	39,036			11,112	50,148
Unearned revenue	20,318		68,503	2,627,739	2,716,560
Total liabilities	6,536,025	1,339,410	4,948,481	10,655,698	23,479,614
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	55,121	203,009		115,868	373,998
Total liabilities and deferred inflows of resources	6,591,146	1,542,419	4,948,481	10,771,566	23,853,612
FUND BALANCES					
Nonspendable					
Prepaid items	2,743,971	27,025		27,594	2,798,590
Land held for resale				6,426,980	6,426,980
Restricted for					
Debt service				4,453,270	4,453,270
Street improvments projects			4,638,606	4,391,161	9,029,767
Other capital projects				22,324,499	22,324,499
Police, fire and other public safety programs and projects		5,445,289		17,343,700	22,788,989
Parks, cultural and other recreational programs				3,213,439	3,213,439
Library district operations				515,014	515,014
Courts and other judical programs				1,679,329	1,679,329
Community assistance and support programs				15,222,956	15,222,956
Other				64,341	64,341
Committed to					
Police, fire and other public safety programs and projects	166,202				166,202
Community assistance and support programs				378,334	378,334
Assigned to					
Parks, cultural and other recreational programs				2,122,074	2,122,074
Unassigned	9,686,179			(222,886)	9,463,293
Total fund balances	12,596,352	5,472,314	4,638,606	77,939,805	100,647,077
Total liabilities, deferred inflows of resources and fund balances	$ 19,187,498	$ 7,014,733	$ 9,587,087	$ 88,711,371	$ 124,500,689

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

RECONCILATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

FUND BALANCES, GOVERNMENTAL FUNDS		$ 100,647,077
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	$ 1,783,339,882	
Less accumulated depreciation	(491,436,410)	
		1,291,903,472
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Bonds payable	(157,424,000)	
Unamortized premiums and discounts	(2,239,391)	
Unamortized deferred refunding charges	13,283,450	
Compensated absences payable	(38,943,383)	
Net pension liability	(183,113,126)	
Deferred outflows related to pensions	28,175,471	
Deferred inflows related to pensions	(47,224,226)	
		(387,485,205)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(1,404,458)	
		(1,404,458)
Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	373,998	
		373,998
Internal service funds are used by managment to charge the costs of certain activities to individual funds:		
Internal service fund assets and liabilities included in governmental activities in the statement of net position	15,549,884	
Internal service fund balance receivable from business-type activties from cummulative prior years' activity	3,892,355	
Internal service fund balance receivable from business-type activties from current year activity	464,510	
		19,906,749
NET POSITION, GOVERNMENTAL ACTIVITIES		$ 1,023,941,633

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund: Public Safety Tax	Capital Projects Fund: Capital Projects Street Improvements	Aggregate Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 7,684,226	$ 28,947,023	$	$ 13,942,759	$ 50,574,008
Residential construction taxes				313,837	313,837
Room taxes				486,389	486,389
Franchise fees	21,322,332				21,322,332
Licenses and permits	13,860,541				13,860,541
Special assessments				2,170,946	2,170,946
Charges for services	6,076,810	16,591		2,900,418	8,993,819
Intergovernmental consolidated taxes	47,685,565				47,685,565
Intergovernmental	4,291,395		43,560,856	45,183,680	93,035,931
Fines and forfeitures	5,795,494			351,035	6,146,529
Contributions	50,010			186,059	236,069
Rents and royalties	749,572			90,738	840,310
Investment income	840,676			178,215	1,018,891
Miscellaneous	516,017	2,857	26,899	1,885,316	2,431,089
Total revenues	108,872,638	28,966,471	43,587,755	67,689,392	249,116,256
EXPENDITURES					
Current					
General government	18,207,478		76	512,267	18,719,821
Judicial	7,297,895			649,087	7,946,982
Public safety	78,736,590	26,601,267		16,685,362	122,023,219
Public works	2,444,849		380,571	4,572,933	7,398,353
Culture and recreation	7,992,264			4,472,497	12,464,761
Community support	1,619,921			3,846,937	5,466,858
Total current	116,298,997	26,601,267	380,647	30,739,083	174,019,994
Capital outlay					
General government			483,331	2,306,602	2,789,933
Public safety			14,359	2,868,565	2,882,924
Public works			42,949,814	13,654,482	56,604,296
Culture and recreation				8,911,379	8,911,379
Community support				1,551,569	1,551,569
Total capital outlay			43,447,504	29,292,597	72,740,101
Debt service					
Principal payments				5,757,700	5,757,700
Interest and fiscal charges				7,642,269	7,642,269
Total debt service				13,399,969	13,399,969
Total expenditures	116,298,997	26,601,267	43,828,151	73,431,649	260,160,064
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,426,359)	2,365,204	(240,396)	(5,742,257)	(11,043,808)
OTHER FINANCING SOURCES (USES)					
Contingencies	(400,000)				(400,000)
Proceeds from capital asset disposal	121,210	73,172		2,718,789	2,913,171
Transfers in	23,986,762		1,380,512	16,104,615	41,471,889
Transfers out	(11,763,961)	(278,252)		(9,881,079)	(21,923,292)
Total other financing sources (uses)	11,944,011	(205,080)	1,380,512	8,942,325	22,061,768

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

		Special Revenue Fund	Capital Projects Fund		
	General Fund	Public Safety Tax	Capital Projects Street Improvements	Aggregate Other Governmental Funds	Total Governmental Funds
CHANGE IN FUND BALANCE	4,517,652	2,160,124	1,140,116	3,200,068	11,017,960
FUND BALANCE, BEGINNING OF YEAR	8,078,700	3,312,190	3,498,490	74,739,737	89,629,117
FUND BALANCE, END OF YEAR	$ 12,596,352	$ 5,472,314	$ 4,638,606	$ 77,939,805	$ 100,647,077

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		$ 11,017,960
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:		
Expenditures for capital assets	$ 72,740,101	
Less current year depreciation	(43,134,831)	
Gain (loss) on disposal of capital assets	(2,503,529)	
		27,101,741
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:		
Capital asset contributions	6,300,547	
Change in unavailable revenue	(223,431)	
		6,077,116
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net postition. This is the amount by which repayments exceeded debt issued		
Debt principal repayments	5,757,700	
		5,757,700
Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences payable	(1,807,481)	
Change in net pension liability and related deferred outflows and inflows of resources	2,266,809	
Amortization of debt premiums and discounts	198,707	
Amortization of deferred refunding charges	(635,066)	
Change in accrued interest	1,437,849	
		1,460,818
Internal service funds are used by managment to charge the costs of certain activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities	7,949,329	
The internal service funds change in net position related to business-type activties	464,510	
		8,413,839
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		$ 59,829,174

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Business-type Activities				Governmental Activities
	Wastewater Utility	Water Utility	Aggregate Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets					
Cash, cash equivalents and investments	$ 20,413,735	$ 38,469,221	$ 587,362	$ 59,470,318	$ 39,363,194
Accounts receivable, net	6,471,848	6,787,211	1,209	13,260,268	437
Prepaid items	877,450	37,504	16,628	931,582	350,834
Due from other funds		411,346		411,346	449,074
Due from other governments	702,312			702,312	
Inventories	278,175	2,561,216	66,460	2,905,851	258,143
Restricted assets					
Cash, cash equivalents and investments	4,970,722	2,244,966		7,215,688	2,176,795
Total current assets	33,714,242	50,511,464	671,659	84,897,365	42,598,477
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Construction in progress	28,898,257	3,997,137		32,895,394	66,964
Land	12,514,647	2,434,299	565,537	15,514,483	
Buildings and building improvements	71,449,424	3,397,887	1,537,297	76,384,608	245,985
Improvements other than buildings	24,451,374	14,682,400	3,276,904	42,410,678	87,807
Infrastructure	244,112,519	85,635,570		329,748,089	
Machinery, equipment and software	3,428,554	560,384		3,988,938	1,470,674
Total capital assets, net of accumulated depreciation and amortization	384,854,775	110,707,677	5,379,738	500,942,190	1,871,430
Other assets					
Prepaid land lease, net of current portion and amortization	21,125,000			21,125,000	
Refundable deposits	2,296,920		5,785	2,302,705	
Total other assets	23,421,920		5,785	23,427,705	
Total noncurrent assets	408,276,695	110,707,677	5,385,523	524,369,895	1,871,430
Total assets	441,990,937	161,219,141	6,057,182	609,267,260	44,469,907
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized amounts related to pensions	1,019,657	1,489,476	2,419	2,511,552	269,752
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	626,575	839,269	127,170	1,593,014	4,540,997
Accrued salaries and benefits	285,764	377,076	3,934	666,774	8,927,264
Due to other funds	12,921	19,603	145	32,669	3,478
Due to other governments	109,829	4,088,199	6,055	4,204,083	24,004
Customer deposits	65,540	4,213,788	11,913	4,291,241	
Unearned revenue			47,029	47,029	
Compensated absences	155,226	314,277		469,503	60,633
Interest payable	2,245,888	112,649		2,358,537	
Bonds and notes payable	4,068,275	3,031,600		7,099,875	
Total current liabilities	7,570,018	12,996,461	196,246	20,762,725	13,556,376

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

	Business-type Activities				Governmental Activities
	Wastewater Utility	Water Utility	Aggregate Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Noncurrent liabilities					
Compensated absences	1,054,658	2,135,306		3,189,964	411,960
Postemployment benefits other than pensions					13,016,187
Bonds and notes payable	271,393,243	7,636,773		279,030,016	
Net Pension Liability	6,626,775	9,680,141	15,724	16,322,640	1,753,127
Total noncurrent liabilities	279,074,676	19,452,220	15,724	298,542,620	15,181,274
Total liabilities	286,644,694	32,448,681	211,970	319,305,345	28,737,650
DEFERRED INFLOWS OF RESOURCES					
Unamortized liabilities related to pensions	1,709,022	2,496,474	4,055	4,209,551	452,125
Total deferred inflows of resources	1,709,022	2,496,474	4,055	4,209,551	452,125
NET POSITION					
Net investment in capital assets	109,393,257	100,039,304	5,379,738	214,812,299	1,871,430
Unrestricted	45,263,621	27,724,158	463,838	73,451,617	13,678,454
Total net position	$ 154,656,878	$ 127,763,462	$ 5,843,576	288,263,916	$ 15,549,884
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				(4,356,865)	
Net position of business-type activities				$ 283,907,051	

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities				Governmental Activities
	Wastewater Utility	Water Utility	Aggregate Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Utility fees	$ 38,796,307	$ 49,426,691	$	$ 88,222,998	$
Construction fees	359,038	320,629		679,667	
User fees			1,918,416	1,918,416	
Connection fees	1,733,865	511,289		2,245,154	
Other charges for services	274,064	1,832,667		2,106,731	30,740,968
Fines and forfeitures	717,046	1,871,443		2,588,489	
Miscellaneous	531,607	786,440	39,645	1,357,692	
Total operating revenues	42,411,927	54,749,159	1,958,061	99,119,147	30,740,968
OPERATING EXPENSES					
Salaries and wages	3,772,527	5,483,576	97,423	9,353,526	3,403,345
Employee benefits	1,683,486	2,480,249	17,685	4,181,420	1,891,416
Services and supplies	10,993,273	21,946,226	2,064,859	35,004,358	19,738,890
Depreciation and amortization	13,490,928	5,582,900	226,356	19,300,184	787,961
Total operating expenses	29,940,214	35,492,951	2,406,323	67,839,488	25,821,612
Operating income (loss)	12,471,713	19,256,208	(448,262)	31,279,659	4,919,356
NONOPERATING REVENUES (EXPENSES)					
Investment income	15,803			15,803	10,111
Gain on capital asset disposition	2,621	18,991		21,612	19,467
Interest and fiscal charges	(15,016,128)	(388,481)		(15,404,609)	
Intergovernmental	6,376,618			6,376,618	
Total nonoperating revenues (expenses)	(8,621,086)	(369,490)		(8,990,576)	29,578
Income (loss) before capital contributions and transfers	3,850,627	18,886,718	(448,262)	22,289,083	4,948,934
CAPITAL CONTRIBUTIONS					
Capital contributions	419,600	567,803		987,403	395
TRANSFERS					
Transfers in		416,454	778,434	1,194,888	3,000,000
Transfers out	(5,486,816)	(18,256,669)		(23,743,485)	
Total transfers	(5,486,816)	(17,840,215)	778,434	(22,548,597)	3,000,000
CHANGE IN NET POSITION	(1,216,589)	1,614,306	330,172	727,889	7,949,329
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	163,271,642	136,956,129	5,530,959		9,557,759
Adjustment	(7,398,175)	(10,806,973)	(17,555)		(1,957,204)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	155,873,467	126,149,156	5,513,404		7,600,555
NET POSITION, END OF YEAR	$ 154,656,878	$ 127,763,462	$ 5,843,576		$ 15,549,884
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(464,510)	
CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES				$ 263,379	

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities				Governmental Activities
	Wastewater Utility	Water Utility	Aggregate Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 42,509,179	$ 55,397,124	$ 1,948,736	$ 99,855,039	
Cash received from other souces	1,070,630	416,227	39,645	1,526,502	
Cash payments for goods and services	(2,590,963)	(21,854,421)	(2,385,471)	(26,830,855)	$ (21,895,826)
Cash payments for employee services	(5,381,367)	(7,793,478)	(116,381)	(13,291,226)	(1,425,026)
Cash payments for interfund services			(125)	(125)	
Net cash provided by (used in) operating activities	35,607,479	26,165,452	(513,596)	61,259,335	13,317,249
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in		416,454	778,434	1,194,888	3,000,000
Transfers out	(5,486,816)	(18,256,669)		(23,743,485)	
Net cash provided by (used in) noncapital financing activities	(5,486,816)	(17,840,215)	778,434	(22,548,597)	3,000,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(11,303,145)	(1,638,156)		(12,941,301)	(102,291)
Proceeds received from disposal of capital assets	2,621	18,991		21,612	26,546
Principal payments on debt	(4,367,600)	(3,741,400)		(8,109,000)	
Interest payments on debt	(15,174,360)	(545,916)		(15,720,276)	
Capital grants and subsidies received	5,796,236			5,796,236	
Capital contributions					395
Net cash provided by (used in) capital financing activities	(25,046,248)	(5,906,481)		(30,952,729)	(75,350)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	15,803			15,803	10,110
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,090,218	2,418,756	264,838	7,773,812	16,252,009
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,294,239	38,295,431	322,524	58,912,194	25,287,980
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 25,384,457	$ 40,714,187	$ 587,362	$ 66,686,006	$ 41,539,989

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities				Governmental Activities
	Wastewater Utility	Water Utility	Aggregate Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	$ 12,471,713	$ 19,256,208	$ (448,262)	$ 31,279,659	$ 4,919,356
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	13,490,928	5,582,900	226,356	19,300,184	787,961
Provision for uncollectible receivables	(29,944)	(29,345)		(59,289)	
(Increase) decrease in operating assets					
Accounts receivable	641,568	1,028,302	21,891	1,691,761	4,457
Due from other governments	540,364			540,364	
Due from other funds		(370,213)		(370,213)	5,897,135
Inventories	18,965	211,641	5,117	235,723	
Prepaid items	392,814	6,369	(11,616)	387,567	(276,913)
Refundable deposit	9,639,226			9,639,226	
Increase (decrease) in operating liabilities					
Accounts payable	(1,430,312)	91,805	(314,113)	(1,652,620)	(1,857,690)
Accrued salaries and benefits	84,538	79,206	(1,078)	162,666	2,503,804
Due to other funds	(1,341)	(1,314)	(125)	(2,780)	(85)
Due to other governments	(199,418)	102,365		(97,053)	(22,333)
Customer deposits		115,073	248	115,321	(4,374)
Unearned revenues	(1,730)		8,181	6,451	
Compensated absences	72,143	212,289		284,432	59,355
Postemployment benefits other than pensions	(82,035)	(119,834)	(195)	(202,064)	1,306,576
Total adjustments	23,135,766	6,909,244	(65,334)	29,979,676	8,397,893
Net cash provided by (used in) operating activities	$ 35,607,479	$ 26,165,452	$ (513,596)	$ 61,259,335	$ 13,317,249

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Agency Funds
ASSETS	
Cash, cash equivalents and investments	$ 13,207,961
Accounts receivable, net	2,601,419
Interest receivable	4,118
Special assessments receivable	51,632
Total assets	15,865,130
LIABILITIES	
Due to other governments	283,796
Due to developers	2,418,535
Due to others	13,162,799
Total liabilities	15,865,130
NET POSITION	$

See notes to basic financial statements.

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of North Las Vegas (the City), was incorporated in 1946 and is governed by an elected Mayor and City Council comprised of four members. The City is a full-service city located at the northern tip of the Las Vegas valley. Services provided by the City include a municipal court, public safety (police and fire), water and wastewater, highways and streets, planning and zoning, parks and recreational facilities, libraries, community development and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

The City has complied with GASB Statements Nos. 14, 39 and 61 by examining its position relative to other entities and has determined that there are no requirements that would cause the basic financial statements of the City to be included in any other entities' financial reports. The North Las Vegas Redevelopment Agency (the Agency) and the North Las Vegas Library District (the Library District) are legally separate entities for budget reporting purposes as required by the State of Nevada (the State or Nevada), Department of Taxation. However, they both have substantially the same governing body as the City and the City provides a majority of services required by the Agency and the Library District, such as financial administration, human resources administration, and redevelopment planning. Based on these factors, the Agency and Library District are considered to be blended component units and are reported as special revenue funds of the City. No other entities were determined to be component units of the City.

Basic Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the City's nonfiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

Included in the statement of net position are capital assets and long-term liabilities, including general payment obligations, revenue bonds and compensated absences. Net position is classified as 1) net investment in capital assets, 2) restricted net position, or 3) unrestricted net position.

(Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment and include indirect expenses allocated to each function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns on the fund financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances with schedules presented to reconcile fund balances presented in the governmental fund financial statements to net position presented in the government-wide financial statements. Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of fiscal year end.

The primary revenue sources, which have been treated as susceptible to accrual by the City are property taxes, intergovernmental consolidated taxes (sales, cigarette, motor vehicle privilege and liquor taxes), gaming taxes, gasoline taxes, grants, franchise fees and interest. All other revenue items are considered to be measurable and available only when the City receives payment.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, compensated absences and postemployment benefits other than pensions are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund - Accounts for all financial resources not required to be accounted for in some other fund.

(Continued)

Public Safety Tax Special Revenue Fund - Accounts for voter-approved property tax overrides to be used exclusively for public safety programs.

Capital Projects Street Improvement Fund - Accounts for the design, acquisition, construction and improvements of and to various streets and roadways within the City limits.

The City reports the following non-major governmental fund types:

Special Revenue Funds - Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Accounts for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Capital Projects Funds - Accounts for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

Proprietary Fund Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges for goods and services and other user fees. Operating expenses include the cost of goods and services, administrative expenses, and capital asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

Wastewater Utility Fund - Accounts for the collection from the residents of the City and the transmission of sewage through the system infrastructure for treatment and release into Lake Mead.

Water Utility Fund - Accounts for the delivery of water services through the system infrastructure to the residents of the City and other service areas.

The City reports the following non-major proprietary fund:

Municipal Golf Courses Fund - Accounts for the operations of a nine-hole par-3 golf course and an 18-hole par-72 championship course.

The City reports the following non-major proprietary fund type:

Internal Service Funds - Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements, comprised of a statement of net position, report the City's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are excluded from the government-wide financial statements.

(Continued)

Fiduciary fund financial statements, comprised of a statement of net position, report the City's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are excluded from the government-wide financial statements.

The City reports the following fiduciary fund type:

Agency Funds - Accounts for assets held by the City as an agent for individuals, private organizations, other governments or other funds.

Assets and Liabilities

Cash, Cash Equivalents and Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City invests by individual fund in two instances, but primarily pools cash resources of all other funds in order to facilitate the management of cash and investments. With this approach, the City is able to invest the monies at higher interest rates and with longer maturities. With the exception of those funds that are legally required to retain interest earnings, all interest earnings are reported in the general fund.

The proprietary funds participate in the City's internal investment management pool. This pool has the general characteristics of a demand deposit account in that the proprietary funds may effectively withdraw amounts from the pool at any time without prior notice or penalty. Accordingly, amounts invested in this pool by proprietary funds are considered to be cash equivalents. Monies that are not required for immediate obligations are invested.

Investments are reported at fair value, regardless of the length of time remaining to maturity. The fair values of investments are determined using quotations obtained from independent published sources.

Receivables, Payables and Unavailable or Unearned Revenues

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. The resulting payables and receivables, which are outstanding at year end, are referred to as due to or from other funds in the fund financial statements. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

(Continued)

Upon the certification of tax rates by the State Tax Commission, the Clark County (the County) Commission levies the tax rate for the fiscal period beginning with the succeeding July 1. Effective upon the tax levy on July 1 each year, a perpetual lien is recorded against the property assessed until the tax and any penalty charges and interest, which may accrue thereon, are paid. The County Assessor assesses all real and personal property and the County Treasurer bills and collects the City's share of property taxes. Real property taxes are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August and first Mondays in October, January and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien. The County Treasurer remits on a monthly basis current and delinquent property tax collections to the City.

Property taxes receivable that are not expected to be collected within 90 days of year end are classified as unavailable revenue in the fund financial statements rather than current revenue since the asset is not available to satisfy current obligations.

Unearned revenues arise when the City receives resources before it has a legal claim to them as when property taxes levied for the following tax year are received before year end.

Inventories and Prepaid Items

The City's inventories are valued at cost using the first-in/first-out (FIFO) method, with the exception of inventory held for resale, which is valued at market. In the governmental fund financial statements, inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Cash, cash equivalents and investments related to customer deposits, unspent bond proceeds and bond retirement (amounts accumulated to pay debt service payments over the next 12 months) are classified and reported as restricted assets.

Capital Assets

Capital assets are reported in proprietary fund financial statements and in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of $5,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not significantly increase the functionality of the assets or materially extend the assets' useful lives are not capitalized.

(Continued)

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and building improvements	40
Improvements other than buildings	15-40
Infrastructure	15-100
Machinery, equipment and software	5-10

Long-term Liabilities

In the government-wide and proprietary fund statements, long-term obligations are reported as liabilities in the statement of net position. Premiums and discounts are deferred and amortized as a component of interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the defeased debt is deferred and amortized as a component of interest expense using the straight-line method, which also approximates the effective interest method. Debt issuance costs are expensed in the period incurred.

In the governmental fund financial statements, premiums, discounts and debt issuance costs are recognized in the period they are paid or received. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation, holiday and sick leave benefits that would be paid to them upon separation from City service if not previously taken. A liability for these obligations is reported in the government-wide and proprietary fund financial statements as incurred. A liability for compensated absences is reported in the governmental fund financial statements only to the extent it is due and payable at year end. Expenditures for compensated absences are recognized by the applicable fund when paid.

Deferred Compensation Plans

In addition to the retirement plan disclosed in Note 4, the City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The City is not required to and does not contribute to the deferred compensation plans. The assets of these plans are held in trust outside the control of the City. Since the assets of these plans are not considered assets of the City and are not subject to the claims of the City's general creditors, these plans are not reported in the government-wide or fund financial statements.

Postemployment Benefits Other Than Pensions (OPEB)

In accordance with the transition rules of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero upon adoption. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the City, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at year end is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

(Continued)

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Comprehensive Annual Financial Report, for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related PERS fiduciary net position and related additions to/deductions. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources, represents a consumption of net position or fund balance that applies to future periods; and therefore, will not be recognized as an outflow of resources (expense/ expenditure) until then. The government-wide and proprietary funds statement of net position reports deferred refunding charges (the difference between the reacquisition price and the net carrying amount of the defeased debt), which will be amortized over the life of the related debt and amounts related to penisons, including 1) the changes in proportion and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) contributions made subsequent to the measurement date, which will be recognized in the subsequent year.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds balance sheet reports unavailable property tax revenues, which will be recognized as revenue in the period that the amounts become available. The government-wide and proprietary funds statement of net position reports amounts related to pensions, including 1) the differences between expected and actual experience and changes of assumptions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) the net difference between projected and actual earnings on investments, which will be amortized over five years.

Net Position

In the government-wide and proprietary fund financial statements, net position is reported as 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net position is reported as restricted when constraints placed on it are either 1) imposed by external parties (such as creditors, grantors, contributors or other governments), or 2) imposed by law through a constitutional provision or enabling legislation.

Fund Balance

Fund balances of the governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balances include items that cannot be spent. This includes amounts that are not in a spendable form (for example, inventories and prepaid items) and amounts that are legally or contractually required to remain intact, such as a permanent fund principal balance.

Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

(Continued)

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a resolution or ordinance (both are considered equally binding) of the City Council, which is the City's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent should be expressed by the City Council or appropriately authorized officials. The City Manager and Finance Director have been authorized by the City Council in the budget approval process to make all fund balance assignments. Constraints imposed on the use of assigned fund balances can be removed or changed without formal City Council action. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

Unassigned fund balance is the classification used by the general fund for residual amounts not included in the four categories described above.

Prioritization and Use of Available Resources

When both restricted resources and other resources (*i.e.*, committed, assigned and unassigned) can be used for the same purposes, it is the City's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the City's policy to use committed resources first, assigned second, and unassigned last.

Interfund Activity

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The resulting payables and receivables, which are outstanding at year end, are referred to as due to or from other funds in the fund financial statements. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are reported as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect reported amounts. Accordingly, these estimates may require revision in future periods. Significant estimates include liabilities for compensated absences, pensions, postemployement benefits other than pensions and useful lives of capital assets.

Note 2. Stewardship and Accountability

Budgets and Budgetary Accounting

The City adopts annual budgets, in accordance with Nevada Revised Statutes (NRS), in which annual budgets are legally adopted by the City Council for all funds except agency funds. Budgeted revenues and appropriations for all fund types are consistent with accounting principles generally accepted in the United States.

(Continued)

On or before April 15, the Finance Director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the citizens through public hearings. The Nevada Department of Taxation notifies the City Council of whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Nevada Department of Taxation for final approval.

Formal budgetary integration is employed as a management control tool during the fiscal year for all funds. Appropriations and encumbered appropriations lapse at year end.

In accordance with the NRS, actual expenditures may not exceed budgeted appropriations of the various governmental functions, excluding the debt service function, of the general, special revenue, and capital projects funds. Pursuant to NRS 354.626, expenditures in excess of budgeted appropriations are allowed for bond repayments, medium-term obligation repayments, and other long-term contracts expressly authorized by law. The sum of operating and nonoperating expenses in proprietary funds also may not exceed total appropriations.

Per the NRS, the City Manager is authorized to transfer budgeted amounts between functions if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Amendments, which affect the total fund appropriations or transfers between funds, are accomplished through formal City Council approval. Amendments to the adopted budget are made a matter of public record by actions of the City Council. The budgets reflected in the accompanying financial statements have been amended in accordance with the NRS.

Prior Period Adjustment

Fund balance or net position as of July 1, 2014, has been retroactively adjusted as follows:

	Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	Aggregate Other Enterprise Funds	Internal Service Funds	Governmental Activities	Business-type Activities
Fund balance or net position, as previously reported	$ 163,271,642	$ 136,956,129	$ 5,530,959	$ 9,557,759	$ 1,170,498,353	$ 301,866,375
Adjustment						
Cumulative effect of adopting GASB Statement Nos. 68 and 71 related to the City's multiple-employer cost-sharing defined benefit pesion plan	(7,398,175)	(10,806,973)	(17,555)	(1,957,204)	(206,385,894)	(18,222,703)
Fund balance or net position, as adjusted	$ 155,873,467	$ 126,149,156	$ 5,513,404	$ 7,600,555	$ 964,112,459	$ 283,643,672

(Continued)

Recently Issued Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for periods beginning after June 15, 2015. The objective of this statement is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Management will work with the State of Nevada Public Employees' Retirement System to assess this statement and determine whether it will not have a material effect the City's net position, results of operations, or cash flows.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for financial statements for fiscal years beginning after June 15, 2016. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Management has not completed a full assessment of the statement to determine if it will have a material effect on the City's net position.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2017. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improved information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management has completed a preliminary assessment of the statement and has determined it will have a material effect on the City's net position, results of operations, or cash flows.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for financial statements for periods beginning after June 15, 2015. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). Management has completed its assessment of this statement and has determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for financial statements for periods beginning after December 15, 2015. This statement requires governments that enter into tax abatement agreements to disclose certain information regarding the agreements with the goals of improving financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Management has not completed a full assessment of the statement to determine if it will have a material effect on the City's net position.

(Continued)

Note 3. Detailed Notes on all Funds

Cash, Cash Equivalents and Investments

At June 30, 2015, the City's cash, cash equivalents and investments (including restricted and designated amounts) were as follows:

Pooled cash on deposit and investments	$ 191,693,007
Cash on hand	52,686
Total cash, cash equivalents and investments	$ 191,745,693

At June 30, 2015, total cash, cash equivalents and investments were presented in the City's financial statements as follows:

	Unrestricted	Restricted	Designated	Total
Governmental activities	$ 106,840,903	$ 2,176,795	$ 2,834,028	$ 111,851,726
Business-type activities	59,470,318	7,215,688		66,686,006
	166,311,221	9,392,483	2,834,028	178,537,732
Fiduciary Funds		13,207,961		13,207,961
Total cash, cash equivalents and investments	$ 166,311,221	$ 22,600,444	$ 2,834,028	$ 191,745,693

The City manages its investment portfolio in compliance with the NRS and its adopted Cash and Investment Financial Policy. Pursuant to NRS 355.170, permitted investments include obligations of the U.S. Treasury and agencies, not to exceed 10 years to maturity; negotiable certificates of deposit issued by insured financial institutions, notes or short-term negotiable bonds issued by other Nevada local governments; bankers' acceptances eligible for rediscount with the Federal Reserve Bank that do not exceed 180 days in maturity and 20% of total investments; commercial paper having an A-1 rating or equivalent, not to exceed 270 days to maturity and 20% of total investment; and money market mutual funds invested only in federal government agency securities with an AAA rating or equivalent or in repurchase agreements fully collateralized by such securities. Additionally, the City is permitted to purchase for investment the following securities, with certain limitations: notes, bonds and obligations issued by corporations, collateralized mortgage obligations and asset-backed securities.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for daily operations.

(Continued)

At June 30, 2015, the City had the following investment types and maturities:

	Reported Amount (Fair Value)	Investment Maturities (In Years)	
		Less Than One	One to Four
U.S. Treasury securities	$ 37,774,910	$ 5,505,850	$ 32,269,060
U.S. government-sponsored securities	88,397,985	440,198	87,957,787
Money market mutual funds	22,403,839	22,403,839	
Local government investment pool	34,101,969	34,101,969	
Certificates of Deposit	5,100,000	5,100,000	
Total investments	$ 187,778,703	$ 67,551,856	$ 120,226,847

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. One of the ways that the City manages its credit risk is by purchasing investment securities that are rated AAA.

On August 5, 2011, the credit rating on all investments in U.S. government securities was lowered from AAA to AA+ by Standard & Poor's.

At June 30, 2015, the credit rating for each investment type was as follows:

	Reported Amount (Fair Value)	AAA or AA+	Not Required to be Rated	Unrated
U.S. Treasury securities	$ 37,774,910	$	$ 37,774,910	$
U.S. government-sponsored securities	88,397,985	88,397,985		
Money market mutual funds	22,403,839	22,403,839		
Local government investment pool	34,101,969			34,101,969
Certificates of Deposit	5,100,000			5,100,000
Total investments	$ 187,778,703	$ 110,801,824	$ 37,774,910	$ 39,201,969

Custodial Credit Risk

For deposits, this is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. Pursuant to NRS 356.005, local governments may deposit public money in any insured state or national bank, in any insured credit union or in any insured savings and loan association; however, the NRS does not specifically require collateral for demand deposits. The City's demand deposits were covered at year end by the Federal Depository Insurance Corporation (FDIC) up to $250,000 for each financial institution with which the City has demand deposit accounts.

At June 30, 2015, the City's cash deposits in financial institutions was $3,946,705. The City participates in a collateral pool for public deposits program administered by the State Treasurer. The program serves as an alternative method to allow financial institutions and local government agencies within the State to participate in a pooled collateralization of their deposits in an efficient and cost effective manner. The program provides for centralized reporting, processing and management of all pledged collateral through the State Treasurer's Office. The State Treasurer requires that acceptable securities pledged as collateral be maintained at 102% of those entities' deposits participating in the pool and that the pledged securities be held by a third party for the benefit of the State Treasurer. As such, at year end the FDIC covered $250,000 and the remaining $3,696,705 was secured by the State Treasurer's pooled collateral program at 102%.

(Continued)

For investments, this is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

At June 30, 2015, the City's individual investments in U.S. Treasuries, U.S. government-sponsored securities and federal agencies were held in the City's name either by the City's contracted external investment manager or the counterparty to the transaction's trust department.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities.

Investments in any one investment type that represent 5% or more of total investments at June 30, 2015, were as follows:

	Percentage of Portfolio
U.S. Treasury securities	20.11 %
U.S. government-sponsored securities	47.08 %
Money market mutual funds	11.93 %
Local government investment pool	18.16 %

Capital Assets

For the year ended June 30, 2015, capital asset activity was as follows:

	Balance July 1, 2014	Increases and transfers *	Decreases and transfers *	Balance June 30, 2015
Governmental activities				
Capital assets not being depreciated or amortized				
Construction in progress	$ 190,719,919	$ 69,742,964	$ (26,893,693)	$ 233,569,190
Land	191,153,005	884,781	(1,237,142)	190,800,644
Total capital assets not being depreciated or amortized	381,872,924	70,627,745	(28,130,835)	424,369,834
Capital assets being depreciated or amortized				
Buildings and building improvements	216,296,263	43,942		216,340,205
Improvements other than buildings	79,393,100			79,393,100
Infrastructure	970,990,667	31,956,179		1,002,946,846
Machinery, equipment and software	70,811,481	2,141,984	(1,212,019)	71,441,446
Total capital assets being depreciated or amortized	1,337,491,511	34,142,105	(1,212,019)	1,370,121,597

(Continued)

	Balance July 1, 2014	Increases and transfers *	Decreases and transfers *	Balance June 30, 2015
Accumulated depreciation and amortization				
Buildings and building improvements	$ (40,194,728)	$ (5,292,209)	$	$ (45,486,937)
Improvements other than buildings	(27,337,928)	(2,717,849)		(30,055,777)
Infrastructure	(329,372,296)	(33,168,095)		(362,540,391)
Machinery, equipment and software	(61,394,120)	(2,744,639)	1,505,335	(62,633,424)
Total accumulated depreciation and amortization	(458,299,072)	(43,922,792)	1,505,335	(500,716,529)
Total capital assets being depreciated or amortized, net	879,192,439	(9,780,687)	293,316	869,405,068
Total governmental activities	$ 1,261,065,363	$ 60,847,058	$ (27,837,519)	$ 1,293,774,902

* Includes transfers from and to proprietary funds, if any.

Business-type activities				
Capital assets not being depreciated or amortized				
Construction in progress	$ 21,561,929	$ 11,333,468	$	$ 32,895,394
Land	15,514,483			15,514,483
Total capital assets not being depreciated or amortized	37,076,412	11,333,468		48,409,877
Capital assets being depreciated or amortized				
Buildings and building improvements	87,055,606			87,055,606
Improvements other than buildings	67,053,810			67,053,810
Infrastructure	471,866,207	1,992,483		473,858,690
Machinery, equipment and software	10,617,203	102,753	(26,890)	10,693,066
Total capital assets being depreciated or amortized	636,592,826	2,095,236	(26,890)	638,661,172
Accumulated depreciation and amortization				
Buildings and building improvements	(8,328,029)	(2,342,972)		(10,670,998)
Improvements other than buildings	(22,723,215)	(1,919,916)		(24,643,132)
Infrastructure	(130,335,684)	(13,774,917)		(144,110,601)
Machinery, equipment and software	(5,968,641)	(762,378)	26,890	(6,704,128)
Total accumulated depreciation and amortization	(167,355,569)	(18,800,183)	26,890	(186,128,859)
Total capital assets being depreciated or amortized, net	469,237,257	(16,704,947)		452,532,313
Total business-type activities	$ 506,313,669	$ (5,371,479)	$	$ 500,942,190

* Includes transfers from and to governmental funds, if any.

(Continued)

For the year ended June 30, 2015, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	$ 33,350,578
Judicial	36,777
Public safety	1,863,715
Public works	5,384,601
Culture and recreation	2,484,985
Community support	14,175
Internal service fund depreciation expense is charged to specific functions based on asset usage	787,961
Total depreciation expense, governmental activities	$ 43,922,792
Business-type activities	
Wastewater	$ 12,990,928
Water	5,582,900
Municipal golf courses	226,355
Total depreciation expense, business-type activities	$ 18,800,183

Due To and From Other Funds

During the course of operations, numerous reimbursable transactions occur between individual funds for goods provided or services rendered. At June 30, 2015, the resulting payables and receivables (reported as due to and from other funds) resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

	Receivable	Payable
General Fund	$	$ 276,149
Public Safety Tax Special Revenue Fund		76,407
Aggregate Other Governmental Funds		471,718
Wastewater Utility Enterprise Fund		12,921
Water Utility Enterprise Fund	411,346	19,603
Aggregate Other Enterprise Funds		144
Internal Service Funds	449,074	3,478
	$ 860,420	$ 860,420

Interfund Transfers

Transfers of unrestricted revenues collected in various funds are used to finance various programs and expenditures accounted for in other funds in accordance with budgetary authorization. For the year ended June 30, 2015, interfund transfers were as follows:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Aggregate Other Governmental Funds	$ 243,277
	Wastewater Utility Enterprise Fund	18,256,669
	Water Utility Enterprise Fund	5,486,816
Aggregate Other Governmental Funds	General Fund	7,985,527
	Aggregate Other Governmental Funds	8,119,088
Water Utility Enterprise Fund	Aggregate Other Governmental Funds	416,454
Aggregate Other Enterprise Funds	General Fund	778,434

(Continued)

Transfer In Fund	Transfer Out Fund	Amount
	Capital Projects Street Improvements Capital Projects Fund	$ 1,380,512
	Internal Service Funds	3,000,000
		$ 45,666,777

During fiscal year 2013, the City transferred approximately $24.0 million from the wastewater and water utility enterprise funds to the general fund as payment in lieu of taxes, franchise fees and general overhead charges. During the 76th legislative session in 2011, Nevada Assembly Bill 471, amending NRS 354.613, was passed. This new law requires municipalities making such transfers to eliminate any amounts in excess of actual costs by 2021.

Depending on the timing and amounts of these reductions in transfers required to support general fund operations, the City may fall below the statutory minimum operating fund balance of 4% and be required to enter into supervised fiscal receivership by the Nevada Department of Taxation under NRS 354.685.

Long-term Liabilities

Internal service funds predominantly serve the governmental funds; accordingly, long-term liabilities for these funds are included in the following table as part of governmental activities.

Long-term liabilities activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Governmental activities					
General obligation bonds					
$32,500,000 2003 Judicial/Public Safety Facilities bonds due in annual installments through March 2023; interest varies between 3% and 5%	$ 6,855,000	$	$	$ 6,855,000	$
$105,000,000 2006 Civic Center Facilities bonds due in annual installments through May 2036; interest varies between 4.25% and 5%	95,820,000		(1,365,000)	94,455,000	
$7,630,000 2007A Judicial/Public Safety Facilities refunding bonds due in annual installments beginning May 2017 through May 2023; interest is at 4.15%	7,630,000			7,630,000	
$1,530,000 2007B Street Improvement refunding bonds due in annual installments through June 2015; interest varies between 3.76% and 4.02%	247,000		(247,000)		
$3,145,000 2010 Library District medium-term refunding bonds due in annual installments through April 2020; interest is at 4.38%	2,460,000		(365,000)	2,095,000	385,000

(Continued)

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
$17,090,000 2010 Building Projects medium-term refunding bonds due in annual installments beginning July 2013 through July 2020; interest is at 4.18%	$ 16,090,000	$	$ (2,020,000)	$ 14,070,000	$ 2,110,000
$27,070,000 2011 Building Projects refunding bonds due in annual installments beginning June 2016 through June 2036; interest varies between 3% and 5%	27,070,000			27,070,000	200,000
Total general obligation bonds	156,172,000		(3,997,000)	152,175,000	2,695,000
Special assessment bonds					
$3,250,000 2007 SIAD No. 61 (Ann Road) improvement bonds due in semi-annual installments through March 2017; interest is at 3.829%	894,800		(284,400)	610,400	303,100
$1,250,000 2007 SIAD No. 62 (Clayton Street) improvement bonds due in semi-annual installments through March 2017; interest is at 3.829%	424,900		(136,300)	288,600	141,600
$12,680,000 2007 SIAD No. 63 (Lamb Blvd.) improvement bonds due in semi-annual installments through May 2017; interest varies between 3.4% and 4%	5,690,000		(1,340,000)	4,350,000	1,395,000
Total special assessment bonds	7,009,700		(1,760,700)	5,249,000	1,839,700
Unamortized bond premiums	2,708,446		(216,964)	2,491,482	
Unamortized bond discounts	(270,350)		18,257	(252,093)	
Compensated absences	37,549,139	15,462,289	(13,595,453)	39,415,975	5,056,997
Postemployment benefits other than pensions	11,687,907	2,967,763	(1,639,483)	13,016,187	
Total governmental activities	214,856,842	18,430,052	(21,191,343)	212,095,551	9,591,697
Business-type activities					
General obligation/pledged revenue bonds					
$8,685,000 2003B Water general obligation refunding revenue bonds due in annual installments through November 2015; interest varies between 3% and 5%	900,000		(440,000)	460,000	460,000

(Continued)

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
$14,365,000 2005A Water/Wastewater general obligation refunding revenue bonds due in annual installments through December 2017; interest is at 5%	$ 6,190,000	$	$ (1,615,000)	$ 4,575,000	$ 1,695,000
$10,030,000 2005B Water/Wastewater general obligation refunding revenue bonds due in annual installments through August 2019; interest varies between 3.25% and 4%	6,490,000		(975,000)	5,515,000	1,010,000
$140,000,000 2006 General obligation Wastewater reclamation system bonds due in annual installments through October 2036; interest varies between 4% and 5%	126,135,000		(3,140,000)	122,995,000	3,280,000
$5,713,000 2007 Water/Wastewater general obligation refunding revenue bonds due in annual installments through September 2014; interest is at 3.885%	839,000		(839,000)		
$145,000,000 2010A Water/Wastewater improvement bonds (Build America Bonds) due in annual installments beginning June 2015 through June 2040; interest varies between 4.13% and 6.572%	145,000,000		(100,000)	144,900,000	
Total general obligation/pledged revenue bonds	285,554,000		(7,109,000)	278,445,000	6,445,000
Notes payable					
$7,000,000 medium-term financing due in quarterly installments through July 2022; interest is at 2% beginning April 2015	6,000,000		(1,000,000)	5,000,000	654,875
Unamortized bond premiums	2,944,100		(259,209)	2,684,891	
Compensated absences	3,375,035	1,330,141	(1,081,709)	3,623,467	469,503
Total business-type activities	297,873,135	1,330,141	(9,449,918)	289,753,358	7,569,378
Total long-term liabilities	$ 512,729,977	$ 19,760,193	$ (30,641,261)	$ 501,848,909	$ 17,161,075

Compensated absences and postemployment benefits other than pensions are liquidated through the self-insurance reserve internal service fund, which is funded by assessing a flat percentage to each fund based on the fund's gross salaries, plus a flat fee for each employee for health insurance.

(Continued)

At June 30, 2015, annual debt service requirements to maturity were as follows:

For the Year Ended June 30,	Principal	Interest
Governmental activities		
General obligation bonds		
2016	$ 2,695,000	$ 7,207,302
2017	2,870,000	7,094,464
2018	7,320,000	6,974,095
2019	7,810,000	6,645,787
2020	8,140,000	6,310,845
2021 - 2025	31,860,000	27,004,578
2026 - 2030	35,700,000	19,388,550
2031 - 2035	45,310,000	9,635,000
2036 - 2040	10,470,000	523,500
Total general obligation bonds	152,175,000	90,784,121
Special assessment bonds		
2016	1,839,700	172,571
2017	1,904,300	99,460
2018	1,505,000	29,159
Total special assessment bonds	5,249,000	301,190
Total governmental activities	$ 157,424,000	$ 91,085,311
Business-type activities		
General obligation/pledged revenue bonds		
2016	$ 6,445,000	$ 15,396,875
2017	6,580,000	15,090,837
2018	6,880,000	14,784,896
2019	7,170,000	14,471,443
2020	7,490,000	14,110,705
2021 - 2025	42,625,000	64,384,723
2026 - 2030	53,260,000	51,374,144
2031 - 2035	66,335,000	35,232,751
2036 - 2040	81,660,000	15,584,204
Total general obligation/pledged revenue bonds	278,445,000	240,430,578
Notes payable		
2016	654,875	95,125
2017	668,072	81,928
2018	681,533	68,467
2019	695,267	54,733
2020	709,277	40,723
2021 - 2025	1,590,976	38,925
Total notes payable	5,000,000	379,901
Total business-type activities	$ 283,445,000	$ 240,810,479

(Continued)

Component Unit Debt

In 2008, the City and the Library District entered into a cooperative agreement under which the City would design, construct and equip a library facility and the Library District would reimburse the City $9,500,000, plus interest at 5%, for its costs by making annual interfund tranfers through January 2019. Since actual costs to design, construct and equip the library were completed under budget by $2,500,000, the total to be reimbursed by the Library District to the City is $7,000,000.

Defeased Debt

In prior years, the City defeased certain long-term bond obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements.

At June 30, 2015, $7,005,000 of defeased debt remained outstanding.

Debt Covenants and Legal Debt Margin

Certain long-term liabilities are subject to restrictive debt covenants and the amount of long-term general obligation debt that can be incurred by the City is limited by the NRS. Management believes the City to be in compliance with all applicable limitations and restrictions.

Arbitrage Rebate Requirement

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term debt obligations. Under this Act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in adjustments to this determination.

Special Assessment Debt

The City has issued various special assessments bonds, the proceeds of which have been used to fund specific infrastructure improvements. These bonds do not constitute debt of the City within the meaning of any constitutional or statutory provision or limitation, are not considered a general obligation of the City, and are considered special obligations payable solely from assessments levied in the special assessment districts. Furthermore, the City is not secondarily liable in the case of payment deficiencies. The City uses a fiduciary (agency) fund to account for special assessment revenue collections and repayment of the related debt.

(Continued)

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2015

Outstanding special assessment debt obligations accounted for in a fiduciary (agency) fund at June 30, 2015, were as follows:

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2015
2006 Special Assessment District 60 (Aliante Development)	May 31, 2006 - December 1, 2022	3.875% - 5.1%	$ 42,180,000	$ 17,625,000
			$ 42,180,000	$ 17,625,000

Segment Information

The City has issued long-term debt (in some cases revenue supported) to finance the improvement, acquisition or construction of wastewater and water utility system capital assets. This debt has historically been paid from the revenues of the City's wastewater and water utility funds. The financial position, results of operations and cash flows of these enterprise funds are presented separately in the accompanying proprietary fund financial statements and no additional segment information disclosure is considered necessary.

Note 4. Other Information

Construction and Other Commitments

The City has active construction projects as of June 30, 2015. These projects include public safety projects associated with the installation of or upgrade to traffic signals in developing areas; the design, acquisition, construction and improvements of and to various streets and roadways within the City limits; capital improvements associated with parks and recreation buildings and facilities; flood control projects and improvements and general government capital improvement projects.

At June 30, 2015 the City's construction and other significant commitments were as follows:

	Remaining Commitment
Parks and Recreation Projects	$ 2,556,928
Public Safety Projects	20,828,021
Municipal Building Facilities	871,328
Capital Projects Street Improvements	20,759,567
Wastewater facilities	417,194
	$ 45,433,038

(Continued)

Litigation

In the ordinary course of its operations, claims are filed against the City including, but not limited to those arising from alleged improper actions by employees, police actions and negligence. City management intends to vigorously defend each claim and, although, total damages claimed are substantial, believes that most of these claims will settle for substantially less than the claimed amount, may be partially offset by payments from the City's liability insurance policies, as discussed below under "Risk Management," and will not result in any material adverse future effect on the City's financial position, results of operation, or cash flows.

The City does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

Risk Management

The City's operating activities are concentrated in the Las Vegas, Nevada metropolitan area; and therefore, realization of the City's receivables and its future operations could be affected by an adverse change in the economic conditions in the area.

Over the last few years, the United States has experienced a widespread decline in residential real estate sales, mortgage lending and related construction activity, high unemployment, as well as weakness in the commercial and investment banking systems, which has had, and is likely to continue to have, far-reaching effects on the economic activity in the country. The near- and long-term impact of these factors on the Southern Nevada economy and the City's operating activities cannot be predicted at this time but may be substantial.

The City’s cash and cash equivalents on deposit with financial institutions are often in excess of federally-insured limits, and the risk of losses related to such concentrations may increase as a result of the economic conditions discussed in the preceding paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, however, is not subject to estimation at this time.

The City is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these and other risks, the City established the self-insurance internal service fund and purchases commercial insurance coverage for claims in excess of the coverage provided by the self-insurance internal service fund and for other insurable risks of loss. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

Self-insurance Internal Service Fund

The City reports activity related to liability insurance, workers' compensation and postemployment benefits other than pensions in the self-insurance internal service fund.

Liability insurance - The City maintains its self-insurance fund to cover all liability and property damage claims made or occurring prior to securing its excess liability policy. NRS 41.035 caps the City's tort liability at $50,000 per claim for causes of action that occurred on or before September 30, 2007, $75,000 per claim for causes of action that occurred on or after October 1, 2007, and $100,000 per claim for causes of action that occurred on or after October 1, 2011. These caps do not apply to civil rights claims against the City in either State or Federal courts.

(Continued)

Workers' compensation - The City maintains a self-insurance fund related to workers' compensation claims. Self-insurance is in effect up to an individual self insured retention (SIR) amount of $2,500,000 per claim for all employees. The City maintains coverage from private insurers for losses in excess of the stop-loss amount up to $1,000,000 per accident.

Postemployment benefits other than pensions - Includes all activity for unemployment compensation, postemployment benefits other than pensions and employee separation leave benefits. The City reimburses the State for the actual costs of unemployment compensation claims on a quarterly basis. Earned but unused leave benefits are distributed to employees at separation from City employment. Postemployment benefits other than pensions liabilities and payments are based on an actuarial valuation (see additional detailed information in the Postemployment Benefits Other Than Pensions (OPEB) section below).

For the fiscal years ended June 30, 2013, 2014 and 2015, changes in claims liability amounts were as follows:

	Claims Liability, Beginning Balance	Claims Incurred and Changes in Estimate	Claims Paid	Claims Liability, Ending Balance
For the year ended June 30, 2014				
Liability insurance	$ 392,430	$ 1,656,494	$ (1,651,810)	$ 397,114
Worker's compensation	4,191,251	4,385,473	(2,120,178)	6,456,546
Postemployment benefits other than pensions	8,847,689	1,366,666		10,214,355
Unemployment compensation and employee separation leave benefits		6,706,739	(6,706,739)	
	$ 13,431,370	$ 14,115,372	$ (10,478,727)	$ 17,068,015
For the year ended June 30, 2014				
Liability insurance	$ 397,114	$ 12,837,888	$ (7,106,426)	$ 6,128,576
Worker's compensation	6,456,546	2,036,019	(2,076,566)	6,415,999
Postemployment benefits other than pensions	10,214,355	1,473,553		11,687,908
Unemployment compensation and employee separation leave benefits		5,210,792	(5,210,792)	
	$ 17,068,015	$ 21,558,252	$ (14,393,784)	$ 24,232,483
For the year ended June 30, 2015				
Liability insurance	$ 6,128,576	$ (1,836,796)	$ (808,214)	$ 3,483,566
Worker's compensation	6,415,999	(330,990)	(2,507,625)	3,577,384
Postemployment benefits other than pensions	11,687,908	1,328,279		13,016,187
Unemployment compensation and employee separation leave benefits		1,783,620	(1,783,620)	
	$ 24,232,483	$ 944,113	$ (5,099,459)	$ 20,077,137

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The City does not exercise any control over PERS. In addition, NRS 286.110 states, "Respective participating public employers are not liable for any obligation of the system."

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PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits, as required by NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the system on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579, which for members entering the system before January 1, 2010, is equal to the lesser of:

1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or

2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as Police/fire accredited service.

(Continued)

The normal ceiling limitation on the monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both regular and police/fire members become fully vested as to benefits upon completion of five years of service.

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the employer-pay contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

PERS's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the entry age normal cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2014 and 2015, the required employer/employee matching rate was 13.25% for regular and 20.75% for police/fire members. The EPC rate was 25.75% for regular and 40.50% for police/fire members.

Effective July 1, 2015, the required contribution rates for regular members will be 14.5% and 28% for employer/employee matching and EPC, respectively. The required contribution rates for police/fire members will remain the same.

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PER's website, www.nvpers.org under publications.

PERS collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2014
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%, including inflation
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

(Continued)

At June 30, 2014, assumed mortality rates and projected life expectancies for selected ages were as follows:

Regular Members

Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10 %	0.05 %	41.1	44.4
50	0.17 %	0.12 %	31.6	34.7
60	0.55 %	0.42 %	22.4	25.4
70	1.82 %	1.39 %	14.3	17.0
80	5.65 %	3.79 %	7.7	10.1

Police/Fire Members

Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10 %	0.06 %	40.2	42.5
50	0.19 %	0.15 %	30.7	32.8
60	0.63 %	0.54 %	21.5	23.6
70	2.02 %	1.72 %	13.5	15.5
80	6.41 %	4.63 %	7.1	9.0

These mortality rates and projected life expectancies are based on the following:

For non-disabled male regular members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA

For non-disabled female regular members - RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year

For all non-disabled police/fire members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year

For all disabled regular members and all disabled police/fire members - RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following target asset allocation policy was adopted as of June 30, 2014:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42 %	5.50 %
International equity	18 %	5.75 %
Domestic fixed income	30 %	25.00 %
Private markets	10 %	6.80 %

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 3.5%.

(Continued)

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

The City's proportionate share of the net pension liability at June 30, 2014, calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	$ 312,870,730	$ 201,188,894	$ 108,352,849

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Comprehensive Annual Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City's proportionate share (amount) of the collective net pension liability was $201,188,894, which represents 1.93043% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2014, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014.

For the period ended June 30, 2015, the City's pension expense was $26,656,513 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2015, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 9,627,997
Changes of assumptions		
Net difference between projected and actual earnings on investments		42,257,905
Changes in proportion and differences between actual contributions and proportionate share of contributions	1,809,688	
Contributions made subsequent to the measurement date	29,147,087	

At June 30, 2014, the average expected remaining service life is 6.70 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $29,147,087 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,

(Continued)

For the Year Ended June 30,	
2016	$ (11,826,215)
2017	(11,826,215)
2018	(11,826,215)
2019	(11,286,215)
2020	(1,630,209)
Thereafter	(1,141,146)

Changes in the City's net pension liability were as follows:

Net pension liability, beginning of year	$ 253,848,088
Pension expense	26,656,513
Employer contributions	(29,239,493)
Net new deferred inflows and outflows of resources	(50,076,214)
Net pension liability, end of year	$ 201,188,894

At June 30, 2015, $4,067,755 payable to PERS, equal to the June 2015 required contribution, was included in accounts payable.

Teamsters Security Fund for Southern Nevada

The City participates in the Teamsters Security Fund for Southern Nevada, a cost-sharing multiple-employer defined benefit plan that covers the City's International Brotherhood of Teamsters employees (the Teamsters Plan).

The Teamsters Plan is available to active and retired employees represented by the International Brotherhood of Teamsters and is a preferred provider organization (PPO) and administered by Zenith Administrators, Inc. The Teamsters Plan is a welfare benefit plan that provides hospital, medical, prescription, dental, vision, life and accidental death and dismemberment insurance. Financial statements for the Teamsters Plan can be obtained by writing Zenith Administrators, Inc., 101 Convention Center Drive, Suite 600, Las Vegas, Nevada, 89109 or Teamsters Local Union 14, Teamsters Security Fund for Southern Nevada, 1250 S. Burnham Avenue, Las Vegas, Nevada, 89104.

The Teamsters Plan is financed by employer contributions pursuant to collective bargaining agreements, interest earned on the investment of reserve funds and through voluntary contributions of participants to retain eligibility. For the year ended June 30, 2015, the City contributed $880 per month for each active employee represented by the International Brotherhood of Teamsters.

No contributing employer has liability, directly or indirectly, to provide the benefits established under the Teamsters Plan beyond the obligation to make contributions as stipulated in the respective collective bargaining agreement. The Teamsters Plan clearly states that benefits are not guaranteed to always be available and that events may occur that force the trustees of the Teamsters Plan to change, reduce and/or eliminate the Teamster Plan altogether.

(Continued)

The number of eligible employees, annual covered payroll and amounts contributed were as follows:

For the Year Ended June 30,	Number of Eligible Employees	Annual Covered Payroll	Required Contribution and Amount Contributed
2013	504	$ 42,073,999	$ 4,916,546
2014	463	38,558,191	4,625,706
2015	483	34,871,927	4,779,055

International Associations of Fire Fighters

Effective August 1, 2012, the City's fire department employees began participating in a benefit plan administered by the North Las Vegas Fire Fighters Union Health and Welfare Trust (the "Fire Fighters Trust"). The City has no liability, directly or indirectly, to fund future benefits to participants in the plan beyond the obligation to make contributions as stipulated in the respective bargaining agreements. However, the defined contribution plan is treated like a defined benefit plan for accounting purposes because costs are not shared among multiple employers and contributions received by the Fire Fighters Trust are not assigned solely to, and for the benefit of, active employees.

Plan benefits include medical, prescription, dental and vision coverage for its participants. Financial statements for the plan can be obtained by writing North Las Vegas Fire Fighters Union Health and Welfare Trust, 11700 West Charleston Boulevard, Suite 170-182, Las Vegas, NV 89135.

For the year ended June 30, 2015, the City contributed $1,000 per month for each active employee represented by the Fire Fighters Trust.

The number of eligible employees, annual covered payroll and amounts contributed were as follows:

For the Year Ended June 30,	Number of Eligible Employees	Annual Covered Payroll	Required Contribution and Amount Contributed
2014	158	$ 19,047,992	$ 2,057,000
2015	167	17,957,169	1,816,500

Postemployment Benefits Other Than Pensions (OPEB)

Plan Information

In accordance with NRS, the City provides postemployment benefits to its retirees that are not represented by the International Brotherhood of Teamsters. Eligible retirees receive coverage through a healthcare plan offered by the City (Healthcare Plan), which offers two plan options, a fully-insured health maintenance organization (HMO) plan or UnitedHealthcare, which is a self-insured tiered preferred provider organization (PPO). In addition to the Healthcare Plan, eligible retirees may receive coverage through the Public Employee Benefit Plan (PEBP). The PEBP is no longer offered to current employees. The City also offers a life insurance plan (Life Insurance Plan) to all employees (active and retired), including those represented by the International Brotherhood of Teamsters and the International Associations of Fire Fighters. Employees are eligible to receive benefits from the plan they were covered under as active employees.

(Continued)

The Healthcare Plan offers its retirees healthcare, dental, vision and life insurance benefits. Eligibility and contribution requirements for the Healthcare Plan and the Life Insurance are established by and may be amended by the City Council. Only employees covered under the PEBP receive subsidy from the City. Premiums for City offered life and health insurance, except PEBP are paid by retirees. The City is responsible for health claims for retired unrepresented and police employees based on the retiree's choice of plan.

PEBP is an agent multiple-employer defined benefit plan administered by a nine member governing board that provides medical, prescription, dental and vision benefits to retirees. Eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the City is obligated to provide postemployment benefits is limited to eligible employees who retired from City service prior to September 1, 2008. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Employee Benefit Plan, 901 South Stewart Street, Suite 101, Carson City, NV 89701 or by calling (775) 684-7000.

Funding Policy and Annual OPEB Cost

The City is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. For the year ended June 30, 2015, this subsidy ranged from $116 to $636 per retiree, per month.

For the year ended June 30, 2015, the average cost borne by the City for employees and retirees enrolled in the Healthcare Plan was $1,585 per participant, per month. Retirees enrolled in the Healthcare Plan receive no direct subsidy from the City; however, retiree loss experience is pooled with active loss experience for the purpose of setting rates and the difference between the true claims cost and the blended premium creates an implicit rate subsidy from the City. Beginning July 1, 2014, the City started an employee/retiree premium contribution program with three alternative PPO plans. In addition, the City created one HMO plan at no cost to the employee.

Annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

(Continued)

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	Public Employee Benefit Program	City of North Las Vegas Health Care Plan	City of North Las Vegas Life Insurance Plan	Total
Annual required contribution (ARC)	$ 527,489	$ 1,139,000	$ 1,334,671	$ 3,001,160
Interest on net OPEB obligation	52,543	193,787	188,448	434,778
Adjustment to ARC	(88,416)	(192,532)	(187,227)	(468,175)
Annual OPEB cost	491,616	1,140,255	1,335,892	2,967,763
OPEB contributions made	(504,871)	(221,920)	(94,245)	(821,036)
Increase (decrease) in net OPEB obligation	(13,255)	918,335	1,241,647	2,146,727
Net OPEB obligation, beginning of year	1,313,579	4,844,683	4,711,198	10,869,460
Net OPEB obligation, end of year	$ 1,300,324	$ 5,763,018	$ 5,952,845	$ 13,016,187

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2013, 2014 and 2015 were as follows:

For the Year Ended June 30,	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation
Public Employee Benefit Program				
2013	$ 649,345	$ 641,639	98.8 %	$ 1,260,047
2014	651,273	597,741	91.8 %	1,313,579
2015	491,616	504,871	102.7 %	1,300,324
City of North Las Vegas Health Care Plan				
2013	1,455,800	185,456	12.7 %	8,224,267
2014	1,543,821	212,207	13.7 %	4,844,683
2015	1,140,255	221,920	19.5 %	5,763,018
City of North Las Vegas Life Insurance Plan				
2013	147,563	58,947	39.9 %	730,041
2014	153,684	65,274	42.5 %	4,711,198
2015	1,335,892	94,245	7.1 %	5,952,845

(Continued)

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date was as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program						
June 30, 2015	N/A [1]	$ 7,645,416	$ 7,645,416	0.0 %	N/A [2]	N/A [2]
City of North Las Vegas Health Care Plan						
June 30, 2015	N/A [1]	12,722,773	12,722,773	0.0 %	30,506,686	41.7 %
City of North Las Vegas IAFF Plan						
June 30, 2015	N/A [1]	12,720,838	12,720,838	0.0 %	12,949,578	98.2 %

1. No assets have been placed in trust.
2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided at the valuation date and the pattern of sharing benefit costs between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant actuarial methods and assumptions as of the most recent actuarial valuation date were as follows:

	Public Employee Benefit Program	City of North Las Vegas Health Care Plan	City of North Las Vegas Life Insurance Plan
Actuarial valuation date	June 30, 2015	June 30, 2015	June 30, 2015
Actuarial cost method	Entry age normal, closed	Entry age normal, open	Entry age normal, open
Amortization method	Level dollar	Level percent of pay	Level percent of pay
Amortization period	25 years	30 years	30 years
Asset valuation method	No assets in trust	No assets in trust	No assets in trust

(Continued)

	Public Employee Benefit Program	City of North Las Vegas Health Care Plan	City of North Las Vegas Life Insurance Plan
Actuarial assumptions			
Investment rate of return	4%	4%	4%
Inflation rate	2.75%	2.75%	2.75%
Projected salary increase	4%	4%	4%
Number of retirees	163	429	160
Healthcare inflation rates			
Initial	8%	8%	8%
Ultimate	5%	5%	5%

1. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

The City utilizes the self-insurance reserve internal service fund to allocate OPEB costs. Each fund recognizes its portion of the annual OPEB costs based on each fund's actual salary costs. No governmental funds have been used to liquidate the net OPEB obligation thus far. As of June 30, 2015, the self-insurance reserve internal service fund had $36,483,943 in unrestricted cash, cash equivalents and investments some of which is intended to fund future OPEB costs. Because these assets are not held in an irrevocable trust, they are not considered plan assets at this time and as such, are not reflected in any OPEB funding schedules. The City is required to have its actuarial valuation study updated every two years and will make funding decisions with regard to OPEB costs accordingly.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH LAS VEGAS

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program						
June 30, 2011[3]	N/A [1]	$ 10,530,961	$ 10,530,961	0.0 %	$ N/A [2]	N/A [2]
June 30, 2013	N/A [1]	11,038,451	11,038,451	0.0 %	N/A [2]	N/A [2]
June 30, 2015[4]	N/A [1]	7,645,416	7,645,416	0.0 %	N/A [2]	N/A [2]
City of North Las Vegas Health Care Plan						
June 30, 2011[3]	N/A [1]	17,976,859	17,976,859	0.0 %	142,669,047	12.6 %
June 30, 2013	N/A [1]	13,937,406	13,937,406	0.0 %	82,838,760	16.8 %
June 30, 2015[4]	N/A [1]	12,722,773	12,722,773	0.0 %	30,506,686	41.7 %
City of North Las Vegas Life Insurance Plan						
June 30, 2011[3]	N/A [1]	2,431,608	2,431,608	0.0 %	142,669,047	1.7 %
June 30, 2013	N/A [1]	2,240,684	2,240,684	0.0 %	82,838,760	2.7 %
June 30, 2015[4]	N/A [1]			DIV/0 %		DIV/0 %
City of North Las Vegas IAFF Plan [5]						
June 30, 2011	N/A [1]			DIV/0 %		DIV/0 %
June 30, 2013	N/A [1]			DIV/0 %		DIV/0 %
June 30, 2015	N/A [1]	12,720,838	12,720,838	0.0 %	12,949,578	98.2 %

1. No assets have been placed in trust.
2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.
3. During the year ended June 30, 2011, the City reduced staffing levels from 1,820 to 1,269 of eligible employees, and significant reductions occurred in the City's required subsidy for retirees participating in the Nevada Public Employees' Benefits Program. As a result, the actuarial valuation dated June 30, 2011, was reperformed to properly account for these events. The amounts reported above reflect the results of the second June, 30, 2011, actuarial report.
4. A change in estimate has occurred since the June 30, 2013 valuation related to retiree life insurance and the actuary no longer believes an OPEB liability exists since retiree premiums are now determined separately from active employee premiums for those plans, and retirees are responsible for paying the full premium for retiree life insurance.
5. The valuation as of June 30, 2015, separates the City's medical plan and the IAFF medical plan. In the past, the two were combined.

CITY OF NORTH LAS VEGAS

MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Proportion of the Collective Net Pension Liability	Proportion of the Collective Net Pension Liability	Covered Employee Payroll	Proportion of the Collective Net Pension Liability as a Percentage of Covered Employee Payroll	PERS Fiduciary Net Position as a Percentage of Total Pension Liability
2014	1.93043 %	$ 253,848,088	$ 105,995,735	239.48896 %	76.31210 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As becomes available this schedule will ultimately present information for the ten most resent fiscal years.

CITY OF NORTH LAS VEGAS

MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
PROPORTIONATE SHARE OF STATUTORILY REQUIRED CONTRIBUTION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Statutorily Required Contribution	Contributions in relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	$ 29,147,087	$ 29,147,087	$	$ 98,002,059	29.74130 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As becomes available this schedule will ultimately present information for the ten most resent fiscal years.

CITY OF NORTH LAS VEGAS

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

The general fund is used to account for all financial resources not required to be accounted for in some other fund.

CITY OF NORTH LAS VEGAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 7,557,040	$ 7,557,040	$ 7,684,226	$ 127,186
Franchise fees	20,519,900	21,519,900	21,322,332	(197,568)
Licenses and permits	11,130,607	12,595,607	13,860,541	1,264,934
Charges for services	4,699,143	5,514,607	6,076,810	562,203
Intergovernmental consolidated taxes	44,309,860	47,009,860	47,685,565	675,705
Intergovernmental	4,409,433	4,409,433	4,291,395	(118,038)
Fines and forfeitures	6,804,500	5,704,500	5,795,494	90,994
Contributions	300	300	50,010	49,710
Rents and royalties	450,000	650,000	749,572	99,572
Investment income	354,000	354,000	840,676	486,676
Miscellaneous	342,010	462,915	516,017	53,102
Total revenues	100,576,793	105,778,162	108,872,638	3,094,476
EXPENDITURES				
General government				
Legislative				
Salaries and wages	454,990	532,839	518,598	14,241
Employee benefits	316,584	326,551	316,667	9,884
Services and supplies	133,409	134,334	88,849	45,485
Total legislative	904,983	993,724	924,114	69,610
Executive				
Salaries and wages	153,359	153,359	154,511	(1,152)
Employee benefits	89,607	89,607	89,990	(383)
Services and supplies	411,467	421,567	372,387	49,180
Total executive	654,433	664,533	616,888	47,645
City attorney				
Salaries and wages	1,304,165	1,304,165	1,253,528	50,637
Employee benefits	667,234	667,234	632,345	34,889
Services and supplies	203,413	204,397	153,150	51,247
Total city attorney	2,174,812	2,175,796	2,039,023	136,773
City clerk				
Salaries and wages	321,130	325,650	300,271	25,379
Employee benefits	152,258	152,258	146,625	5,633
Services and supplies	475,171	475,421	225,746	249,675
Total city clerk	948,559	953,329	672,642	280,687
Finance				
Salaries and wages	1,640,532	1,791,668	1,449,246	342,422
Employee benefits	850,289	932,172	720,564	211,608
Services and supplies	451,173	464,458	422,230	42,228
Total finance	2,941,994	3,188,298	2,592,040	596,258
Planning				
Salaries and wages	726,849	776,845	656,561	120,284
Employee benefits	325,603	342,303	290,859	51,444
Services and supplies	123,384	128,332	107,660	20,672
Total planning	1,175,836	1,247,480	1,055,080	192,400
Other				
Salaries and wages	3,959,512	3,690,558	3,701,457	(10,899)
Employee benefits	1,847,144	1,720,372	3,286,922	(1,566,550)
Services and supplies	4,110,937	4,021,929	3,319,312	702,617
Total other	9,917,593	9,432,859	10,307,691	(874,832)

(Continued)

CITY OF NORTH LAS VEGAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Total general government	18,718,210	18,656,019	18,207,478	448,541
Judicial				
Municipal court				
Salaries and wages	3,037,312	3,037,312	3,015,621	21,691
Employee benefits	1,496,673	1,496,673	1,479,072	17,601
Services and supplies	519,708	559,708	529,564	30,144
Total municipal court	5,053,693	5,093,693	5,024,257	69,436
Marshals				
Salaries and wages	1,139,331	1,179,331	1,089,703	89,628
Employee benefits	826,981	826,981	819,822	7,159
Services and supplies	167,516	217,516	156,998	60,518
Total marshals	2,133,828	2,223,828	2,066,523	157,305
Other				
Salaries and wages			207,115	(207,115)
Total judicial	7,187,521	7,317,521	7,297,895	19,626
Public safety				
Police				
Salaries and wages	16,638,236	16,780,905	17,356,671	(575,766)
Employee benefits	10,512,616	10,580,610	10,369,319	211,291
Services and supplies	4,022,844	3,980,087	3,230,176	749,911
Total police	31,173,696	31,341,602	30,956,166	385,436
Corrections				
Salaries and wages	3,656,480	3,496,671	4,207,096	(710,425)
Employee benefits	2,477,442	2,399,188	2,220,711	178,477
Services and supplies	6,813,135	6,858,892	6,219,873	639,019
Total corrections	12,947,057	12,754,751	12,647,680	107,071
Protective services				
Salaries and wages	1,662,071	1,782,976	1,785,282	(2,306)
Employee benefits	817,301	817,301	706,604	110,697
Services and supplies	1,061,236	1,057,236	907,055	150,181
Total protective services	3,540,608	3,657,513	3,398,941	258,572
Fire				
Salaries and wages	17,247,412	17,366,000	18,154,426	(788,426)
Employee benefits	10,487,394	10,377,903	10,429,935	(52,032)
Services and supplies	3,274,435	3,309,288	3,149,442	159,846
Total fire	31,009,241	31,053,191	31,733,803	(680,612)
Total public safety	78,670,602	78,807,057	78,736,590	70,467
Public works				
Administration				
Salaries and wages	244,267	244,267	335,501	(91,234)
Employee benefits	120,057	120,057	158,574	(38,517)
Services and supplies	25,612	25,612	22,009	3,603
Total administration	389,936	389,936	516,084	(126,148)

(Continued)

CITY OF NORTH LAS VEGAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Flood control				
Salaries and wages	307,396	307,396	299,402	7,994
Employee benefits	136,167	136,167	126,885	9,282
Services and supplies	32,415	32,415	(129,193)	161,608
Total flood control	475,978	475,978	297,094	178,884
Streets				
Salaries and wages			538	(538)
Employee benefits			85	(85)
Services and supplies			72	(72)
Total streets			695	(695)
Engineering				
Salaries and wages	141,784	105,528	116,713	(11,185)
Employee benefits	54,748	37,483	51,815	(14,332)
Services and supplies	97,507	96,238	80,760	15,478
Total engineering	294,039	239,249	249,288	(10,039)
Real property				
Salaries and wages	290,063	290,063	239,852	50,211
Employee benefits	133,708	133,708	115,665	18,043
Services and supplies	38,928	38,928	17,759	21,169
Total real property	462,699	462,699	373,276	89,423
Construction				
Salaries and wages	311,994	311,994	261,592	50,402
Employee benefits	119,844	119,844	115,656	4,188
Services and supplies	113,617	113,817	64,843	48,974
Total construction	545,455	545,655	442,091	103,564
Survey				
Salaries and wages	192,342	137,481	114,863	22,618
Employee benefits	76,938	56,477	59,860	(3,383)
Services and supplies	90,260	88,406	58,848	29,558
Total survey	359,540	282,364	233,571	48,793
Other				
Salaries and wages		91,117	23,844	67,273
Employee benefits		37,726	308,906	(271,180)
Services and supplies		3,123		3,123
Total other		131,966	332,750	(200,784)
Total public works	2,527,647	2,527,847	2,444,849	82,998
Culture and recreation				
Administration				
Salaries and wages	156,538	156,538	196,656	(40,118)
Employee benefits	77,116	77,116	81,902	(4,786)
Services and supplies	14,051	14,751	11,726	3,025
Total administration	247,705	248,405	290,284	(41,879)
Participant recreation				
Salaries and wages	776,971	691,721	651,059	40,662
Employee benefits	237,784	199,342	175,732	23,610
Services and supplies	815,857	819,816	651,538	168,278
Total participant recreation	1,830,612	1,710,879	1,478,329	232,550

(Continued)

CITY OF NORTH LAS VEGAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Parks and grounds				
Salaries and wages	1,029,744	1,114,994	1,002,123	112,871
Employee benefits	455,621	494,269	1,520,816	(1,026,547)
Services and supplies	4,794,554	4,805,189	3,700,712	1,104,477
Total parks and grounds	6,279,919	6,414,452	6,223,651	190,801
Total culture and recreation	8,358,236	8,373,736	7,992,264	381,472
Community support				
Housing and neighborhood services				
Salaries and wages	577,297	577,297	499,723	77,574
Employee benefits	273,316	273,316	239,704	33,612
Services and supplies	373,520	373,520	307,679	65,841
Total housing and neighborhood services	1,224,133	1,224,133	1,047,106	177,027
Economic development				
Salaries and wages	105,886	105,886	157,037	(51,151)
Employee benefits	53,172	53,172	79,181	(26,009)
Services and supplies	226,071	226,771	31,586	195,185
Total economic development	385,129	385,829	267,804	118,025
Developer agreements				
Services and supplies	61,000	61,000	35,000	26,000
Other				
Salaries and wages			70,011	(70,011)
Employee benefits			200,000	(200,000)
Total other			270,011	(270,011)
Total community support	1,670,262	1,670,962	1,619,921	51,041
Total expenditures	117,132,478	117,353,142	116,298,997	1,054,145
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(16,555,685)	(11,574,980)	(7,426,359)	4,148,621
OTHER FINANCING SOURCES (USES)				
Contingencies	(250,000)	1,680,073	(400,000)	(2,080,073)
Proceeds from capital asset disposal	25,000	25,000	121,210	96,210
Transfers in	23,743,485	23,743,485	23,986,762	243,277
Transfers out	(8,734,961)	(11,763,961)	(11,763,961)	
Total other financing sources (uses)	14,783,524	13,684,597	11,944,011	(1,740,586)
CHANGE IN FUND BALANCE	(1,772,161)	2,109,617	4,517,652	2,408,035
FUND BALANCE, BEGINNING OF YEAR	11,883,258	8,078,700	8,078,700	
FUND BALANCE, END OF YEAR	$ 10,111,097	$ 10,188,317	$ 12,596,352	$ 2,408,035

CITY OF NORTH LAS VEGAS

MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

Special revenue funds are used to account for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

Public Safety Tax

Accounts for voter-approved property tax overrides to be used exclusively for public safety programs.

CITY OF NORTH LAS VEGAS

PUBLIC SAFETY TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 28,480,300	$ 28,480,300	$ 28,947,023	$ 466,723
Charges for services	98,000	98,000	16,591	(81,409)
Miscellaneous			2,857	2,857
Total revenues	28,578,300	28,578,300	28,966,471	388,171
EXPENDITURES				
Public safety				
Police				
Salaries and wages	13,296,596	13,344,981	13,054,280	290,701
Employee benefits	8,803,400	8,827,790	8,836,613	(8,823)
Services and supplies	2,968,036	2,975,196	2,295,017	680,179
Total police	25,068,032	25,147,967	24,185,910	962,057
Corrections				
Salaries and wages	706,156	657,771	591,860	65,911
Employee benefits	451,082	426,692	385,584	41,108
Services and supplies	1,627,126	1,619,966	1,322,263	297,703
Total corrections	2,784,364	2,704,429	2,299,707	404,722
Protective services				
Salaries and wages	78,365	78,365	70,063	8,302
Employee benefits	35,455	35,455	37,262	(1,807)
Services and supplies	11,012	11,012	8,325	2,687
Total protective services	124,832	124,832	115,650	9,182
Total expenditures	27,977,228	27,977,228	26,601,267	1,375,961
EXCESS OF REVENUES OVER EXPENDITURES	601,072	601,072	2,365,204	1,764,132
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal			73,172	73,172
Transfers out		(278,252)	(278,252)	
Total other financing sources (uses)		(278,252)	(205,080)	73,172
CHANGE IN FUND BALANCE	601,072	322,820	2,160,124	1,837,304
FUND BALANCE, BEGINNING OF YEAR	994,495	3,312,190	3,312,190	
FUND BALANCE, END OF YEAR	$ 1,595,567	$ 3,635,010	$ 5,472,314	$ 1,837,304

Note 1. Postemployment Benefits Other Than Pensions

During the year ended June 30, 2011, the City reduced staffing levels from 1,820 to 1,269 of eligible employees, and significant reductions occurred in the City's required subsidy for retirees participating in the Nevada Public Employees' Benefits Program. As a result, the actuarial valuation dated June 30, 2011, was reperformed to properly account for these events. The amounts reported in the schedule of funding progress reflect the results of the second June 30, 2011, actuarial report.

For the year ended June 30, 2015, no significant events occurred that would have affected the actuarial valuation; and therefore, would have changed the benefit provision, size or composition of those covered by the postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2013, July 1, 2011 and July 1, 2009.

The actuarial accrued liability and unfunded actuarial accrued liability involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These estimates are subject to continual revision.

Additional information related to postemployment benefits other than pensions can be found in Note 4 to the basic financial statements.

Note 2. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2015, there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2014.

The actuarial valuation report dated June 30, 2014, is the only valuations to date of the multiple-employer cost-sharing defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most resent valuations.

Additional pension plan information can be found in Note __ to the basic financial statements.

Note 3. Budget Information

The accompanying required supplementary schedules of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget, and actual fund data for the general fund and each major special revenue fund. The original budgets were adopted on a basis consistent with financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budgets were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 2 to the basic financial statements.

CAPITAL PROJECTS FUNDS

CITY OF NORTH LAS VEGAS

MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

Capital projects funds are used to account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

Capital Projects Street Improvements

Accounts for capital improvement expenditures associated with the City's parks and recreation buildings and facilities.

CITY OF NORTH LAS VEGAS

CAPITAL PROJECTS STREET IMPROVEMENTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental	$ 64,920,064	$ 64,920,064	$ 43,560,856	$ (21,359,208)
Miscellaneous	157,800	157,800	26,899	(130,901)
Total revenues	65,077,864	65,077,864	43,587,755	(21,490,109)
EXPENDITURES				
General government				
Finance				
Services and supplies			76	(76)
Capital outlay			32,074	(32,074)
Total finance			32,150	(32,150)
Other				
Capital outlay			451,257	(451,257)
Total general government			483,407	(483,407)
Public safety				
Protective services				
Capital outlay			14,359	(14,359)
Total public safety			14,359	(14,359)
Public works				
Flood control				
Employee benefits			675	(675)
Services and supplies			223,072	(223,072)
Capital outlay			(99,700)	99,700
Total flood control			124,047	(124,047)
Streets				
Salaries and wages	4,668,982	4,690,613		4,690,613
Employee benefits	2,029,811	2,029,811		2,029,811
Services and supplies	4,775,568	4,993,937	51,224	4,942,713
Capital outlay	56,752,495	56,752,495	41,974,087	14,778,408
Total streets	68,226,856	68,466,856	42,025,311	26,441,545
Engineering				
Salaries and wages			45,480	(45,480)
Employee benefits			11,798	(11,798)
Services and supplies			10,889	(10,889)
Total engineering			68,167	(68,167)
Real property				
Salaries and wages			2,247	(2,247)
Employee benefits			2,449	(2,449)
Services and supplies			2,391	(2,391)
Total real property			7,087	(7,087)
Construction				
Salaries and wages			7,669	(7,669)
Services and supplies			16,251	(16,251)
Total construction			23,920	(23,920)

(Continued)

CITY OF NORTH LAS VEGAS

CAPITAL PROJECTS STREET IMPROVEMENTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Survey				
Salaries and wages			1,119	(1,119)
Employee benefits			717	(717)
Services and supplies			3,476	(3,476)
Capital outlay			160,060	(160,060)
Total survey			165,372	(165,372)
Other				
Salaries and wages			48	(48)
Employee benefits			390	(390)
Services and supplies			676	(676)
Capital outlay			915,367	(915,367)
Total other			916,481	(916,481)
Total public works	68,226,856	68,466,856	43,330,385	25,136,471
Total expenditures	68,226,856	68,466,856	43,828,151	24,638,705
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,148,992)	(3,388,992)	(240,396)	3,148,596
OTHER FINANCING SOURCES				
Transfers in	1,307,487	1,547,487	1,380,512	(166,975)
CHANGE IN FUND BALANCE	(1,841,505)	(1,841,505)	1,140,116	2,981,621
FUND BALANCE, BEGINNING OF YEAR	2,820,342	3,498,511	3,498,490	(21)
FUND BALANCE, END OF YEAR	$ 978,837	$ 1,657,006	$ 4,638,606	$ 2,981,600

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Special Revenue	Debt Service	Capital Projects	Aggregate Other Governmental Funds
ASSETS				
Cash, cash equivalents and investments	$ 47,302,793	$ 4,434,398	$ 14,783,712	$ 66,520,903
Accounts receivable, net	701,384		1,342,555	2,043,939
Grants receivable	1,329,462		3,443,154	4,772,616
Property taxes receivable	615,392	2,976		618,368
Interest receivable		1,803		1,803
Special assessments receivable		18,225		18,225
Prepaid items	27,594			27,594
Due from other governments	4,214,465		4,066,478	8,280,943
Property held for resale	6,426,980			6,426,980
Total assets	$ 60,618,070	$ 4,457,402	$ 23,635,899	$ 88,711,371
LIABILITIES				
Accounts payable and other accrued liabilities	$ 1,237,657	$ 1,845	$ 5,327,405	$ 6,566,907
Accrued salaries and benefits	759,721			759,721
Due to other funds	471,718			471,718
Due to other governments	173,278		45,223	218,501
Customer deposits	11,112			11,112
Unearned revenue	2,627,535		204	2,627,739
Total liabilities	5,281,021	1,845	5,372,832	10,655,698
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	113,581	2,287		115,868
Total liabilities and deferred inflows of resources	5,394,602	4,132	5,372,832	10,771,566
FUND BALANCES				
Nonspendable				
Prepaid items	27,594			27,594
Land held for resale	6,426,980			6,426,980
Restricted for				
Debt service		4,453,270		4,453,270
Street improvments projects	4,391,161			4,391,161
Other capital projects	16,729,647		5,594,852	22,324,499
Police, fire and other public safety programs and projects	7,351,846		9,991,854	17,343,700
Parks, cultural and other recreational programs	314,192		2,899,247	3,213,439
Library district operations	515,014			515,014
Courts and other judical programs	1,679,329			1,679,329
Community assistance and support programs	15,222,956			15,222,956
Other	64,341			64,341
Committed to				
Community assistance and support programs	378,334			378,334
Assigned to				
Parks, cultural and other recreational programs	2,122,074			2,122,074
Unassigned			(222,886)	(222,886)
Total fund balances	55,223,468	4,453,270	18,263,067	77,939,805
Total liabilities, deferred inflows of resources and fund balances	$ 60,618,070	$ 4,457,402	$ 23,635,899	$ 88,711,371

CITY OF NORTH LAS VEGAS

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue	Debt Service	Capital Projects	Aggregate Other Governmental Funds
REVENUES				
Property taxes	$ 13,935,814	$ 6,945	$	$ 13,942,759
Residential construction taxes	313,837			313,837
Room taxes	486,389			486,389
Special assessments		2,170,946		2,170,946
Charges for services	2,658,738		241,680	2,900,418
Intergovernmental	24,926,622		20,257,058	45,183,680
Fines and forfeitures	331,060	19,975		351,035
Contributions	60,809		125,250	186,059
Rents and royalties	90,738			90,738
Investment income	109,448	15,101	53,666	178,215
Miscellaneous	1,885,316			1,885,316
Total revenues	44,798,771	2,212,967	20,677,654	67,689,392
EXPENDITURES				
Current				
General government	75,228		437,039	512,267
Judicial	649,087			649,087
Public safety	16,420,935		264,427	16,685,362
Public works	4,387,833		185,100	4,572,933
Culture and recreation	4,456,533		15,964	4,472,497
Community support	3,846,937			3,846,937
Total current	29,836,553		902,530	30,739,083
Capital outlay				
General government			2,306,602	2,306,602
Public safety	793,647		2,074,918	2,868,565
Public works	11,845		13,642,637	13,654,482
Culture and recreation			8,911,379	8,911,379
Community support	1,025,255		526,314	1,551,569
Total capital outlay	1,830,747		27,461,850	29,292,597
Debt service				
Principal payments	365,000	5,392,700		5,757,700
Interest and fiscal charges	107,748	7,534,521		7,642,269
Total debt service	472,748	12,927,221		13,399,969
Total expenditures	32,140,048	12,927,221	28,364,380	73,431,649
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,658,723	(10,714,254)	(7,686,726)	(5,742,257)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal	2,718,789			2,718,789
Transfers in	991,698	10,659,808	4,453,109	16,104,615
Transfers out	(8,664,086)	(116,993)	(1,100,000)	(9,881,079)
Total other financing sources (uses)	(4,953,599)	10,542,815	3,353,109	8,942,325
CHANGE IN FUND BALANCE	7,705,124	(171,439)	(4,333,617)	3,200,068
FUND BALANCE, BEGINNING OF YEAR	47,518,344	4,624,709	22,596,684	74,739,737
FUND BALANCE, END OF YEAR	$ 55,223,468	$ 4,453,270	$ 18,263,067	$ 77,939,805

SPECIAL REVENUE FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

Special revenue funds are used to account for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

Parks and Recreation Support
Accounts for monies collected for the enhancement and support of park facilities and recreation programs.

Redevelopment Agency
Accounts for supplemental property taxes assessed on the redevelopment district property and the costs of carrying out the redevelopment plan.

Library District
Accounts for monies received by the District from property taxes and contributions from the general fund and costs related to the Library District.

Special Purpose Revenue
Accounts for monies received from various sources, which are to be used for specific purposes.

More Cops Sales Tax
Accounts for a voter-approved increase in sales and use tax to employ and equip additional police officers.

Park Construction Tax
Accounts for monies collected from developers to finance park construction projects.

Public Safety Support
Accounts for monies received by the City from various sources that are to be used for programs that enhance public safety.

Municipal Court Support
Accounts for fees collected to defray the costs of maintaining the Municipal Court.

Community Development
Accounts for monies received by the City from the County as a grantee participant in the federal Community Development Block Grant Program as well as funds received from the State of Nevada and other sources, which must be used for qualifying community development projects.

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Parks and Recreation Support	Redevelopment Agency	Library District	Special Purpose Revenue	More Cops Sales Tax
ASSETS					
Cash, cash equivalents and investments	$ 2,421,499	$ 13,043,146	$ 526,778	$ 18,903,694	$ 1,931,001
Accounts receivable, net	48,603	254,036		93,935	9,359
Grants receivable	17,934			(208)	
Property taxes receivable		65,458	115,327	425,490	
Prepaid items					
Due from other governments	69,473		21	921,617	2,611,634
Property held for resale					
Total assets	$ 2,557,509	$ 13,362,640	$ 642,126	$ 20,344,528	$ 4,551,994
LIABILITIES					
Accounts payable and other accrued liabilities	$ 39,513	$ 8,691	$ 25,304	$ 604,782	$ 177
Accrued salaries and benefits	31,617	21,637	63,824	192,058	388,542
Due to other funds	1,788	1,232	3,741	8,697	35,869
Due to other governments	3,550		16,571	45,238	
Customer deposits	5,112	6,000			
Unearned revenue	39,663	2,873	11	2,128	
Total liabilities	121,243	40,433	109,451	852,903	424,588
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues		31,138	17,661	63,385	
Total liabilities and deferred inflows of resources	121,243	71,571	127,112	916,288	424,588
FUND BALANCES					
Nonspendable					
Prepaid items					
Land held for resale					
Restricted for					
Street improvments projects				4,391,161	
Other capital projects				14,972,738	
Police, fire and other public safety programs and projects					4,127,406
Parks, cultural and other recreational programs	314,192				
Library district operations			515,014		
Courts and other judical programs					
Community assistance and support programs		13,291,069			
Other				64,341	
Committed to					
Community assistance and support programs					
Assigned to					
Parks, cultural and other recreational programs	2,122,074				
Total fund balances	2,436,266	13,291,069	515,014	19,428,240	4,127,406
Total liabilities, deferred inflows of resources and fund balances	$ 2,557,509	$ 13,362,640	$ 642,126	$ 20,344,528	$ 4,551,994

(Continued)

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2015

	Park Construction Tax	Public Safety Support	Municipal Court Support	Community Development	Total Special Revenue
ASSETS					
Cash, cash equivalents and investments	$ 1,756,909	$ 3,074,215	$ 1,743,996	$ 3,901,555	$ 47,302,793
Accounts receivable, net		282,338		13,113	701,384
Grants receivable		271,441		1,040,295	1,329,462
Property taxes receivable		9,117			615,392
Prepaid items			27,594		27,594
Due from other governments		118,132		493,588	4,214,465
Property held for resale				6,426,980	6,426,980
Total assets	$ 1,756,909	$ 3,755,243	$ 1,771,590	$ 11,875,531	$ 60,618,070
LIABILITIES					
Accounts payable and other accrued liabilities	$	$ 362,116	$ 44,696	$ 152,378	$ 1,237,657
Accrued salaries and benefits		31,324	18,902	11,817	759,721
Due to other funds		6,508	1,069	412,814	471,718
Due to other governments				107,919	173,278
Customer deposits					11,112
Unearned revenue		129,458		2,453,402	2,627,535
Total liabilities		529,406	64,667	3,138,330	5,281,021
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues		1,397			113,581
Total liabilities and deferred inflows of resources		530,803	64,667	3,138,330	5,394,602
FUND BALANCES					
Nonspendable					
Prepaid items			27,594		27,594
Land held for resale				6,426,980	6,426,980
Restricted for					
Street improvments projects					4,391,161
Other capital projects	1,756,909				16,729,647
Police, fire and other public safety programs and projects		3,224,440			7,351,846
Parks, cultural and other recreational programs					314,192
Library district operations					515,014
Courts and other judical programs			1,679,329		1,679,329
Community assistance and support programs				1,931,887	15,222,956
Other					64,341
Committed to					
Community assistance and support programs				378,334	378,334
Assigned to					
Parks, cultural and other recreational programs					2,122,074
Total fund balances	1,756,909	3,224,440	1,706,923	8,737,201	55,223,468
Total liabilities, deferred inflows of resources and fund balances	$ 1,756,909	$ 3,755,243	$ 1,771,590	$ 11,875,531	$ 60,618,070

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Parks and Recreation Support	Redevelopment Agency	Library District	Special Purpose Revenue	More Cops Sales Tax
REVENUES					
Property taxes	$	$ 1,342,230	$ 2,507,590	$ 9,887,656	$
Residential construction taxes					
Room taxes				486,389	
Charges for services	2,104,646	2,000			
Intergovernmental	46,254		10,707	9,119,320	10,136,949
Fines and forfeitures	175		62,970		
Contributions	48,449				
Rents and royalties		90,738			
Investment income	1,434	71,271		8,633	13,078
Miscellaneous	4,064		46,196	364,736	(8,000)
Total revenues	2,205,022	1,506,239	2,627,463	19,866,734	10,142,027
EXPENDITURES					
Current					
General government	1,101	71,181		2,065	
Judicial					
Public safety	12,795			3,824,136	9,837,716
Public works	7,963	211		4,379,595	
Culture and recreation	1,620,701		2,083,833	736,111	
Community support	785	659,505		2,843	
Total current	1,643,345	730,897	2,083,833	8,944,750	9,837,716
Capital outlay					
Public safety	35,818				
Public works				11,845	
Community support		1,025,255			
Total capital outlay	35,818	1,025,255		11,845	
Debt service					
Principal payments			365,000		
Interest and fiscal charges			107,748		
Total debt service			472,748		
Total expenditures	1,679,163	1,756,152	2,556,581	8,956,595	9,837,716
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	525,859	(249,913)	70,882	10,910,139	304,311
OTHER FINANCING SOURCES (USES)					
Proceeds from capital asset disposal		2,681,022		12,184	15,746
Transfers in			55,000	116,993	
Transfers out	(916,000)		(519,000)	(5,315,811)	
Total other financing sources (uses)	(916,000)	2,681,022	(464,000)	(5,186,634)	15,746
CHANGE IN FUND BALANCE	(390,141)	2,431,109	(393,118)	5,723,505	320,057
FUND BALANCE, BEGINNING OF YEAR	2,826,407	10,859,960	908,132	13,704,735	3,807,349
FUND BALANCE, END OF YEAR	$ 2,436,266	$ 13,291,069	$ 515,014	$ 19,428,240	$ 4,127,406

(Continued)

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Park Construction Tax	Public Safety Support	Municipal Court Support	Community Development	Total Special Revenue
REVENUES					
Property taxes	$	$ 198,338	$	$	$ 13,935,814
Residential construction taxes	313,837				313,837
Room taxes					486,389
Charges for services		36,776	515,316		2,658,738
Intergovernmental		1,584,124		4,029,268	24,926,622
Fines and forfeitures		267,915			331,060
Contributions		12,360			60,809
Rents and royalties					90,738
Investment income	11,408	3,624			109,448
Miscellaneous		655,203	485,980	337,137	1,885,316
Total revenues	325,245	2,758,340	1,001,296	4,366,405	44,798,771
EXPENDITURES					
Current					
General government		881			75,228
Judicial			649,087		649,087
Public safety		2,746,288			16,420,935
Public works		64			4,387,833
Culture and recreation		15,888			4,456,533
Community support				3,183,804	3,846,937
Total current		2,763,121	649,087	3,183,804	29,836,553
Capital outlay					
Public safety		757,829			793,647
Public works					11,845
Community support					1,025,255
Total capital outlay		757,829			1,830,747
Debt service					
Principal payments					365,000
Interest and fiscal charges					107,748
Total debt service					472,748
Total expenditures		3,520,950	649,087	3,183,804	32,140,048
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	325,245	(762,610)	352,209	1,182,601	12,658,723
OTHER FINANCING SOURCES (USES)					
Proceeds from capital asset disposal		9,837			2,718,789
Transfers in		717,825		101,880	991,698
Transfers out	(639,309)	(243,277)	(300,000)	(730,689)	(8,664,086)
Total other financing sources (uses)	(639,309)	484,385	(300,000)	(628,809)	(4,953,599)
CHANGE IN FUND BALANCE	(314,064)	(278,225)	52,209	553,792	7,705,124
FUND BALANCE, BEGINNING OF YEAR	2,070,973	3,502,665	1,654,714	8,183,409	47,518,344
FUND BALANCE, END OF YEAR	$ 1,756,909	$ 3,224,440	$ 1,706,923	$ 8,737,201	$ 55,223,468

CITY OF NORTH LAS VEGAS

PARKS AND RECREATION SUPPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services	$ 1,866,974	$ 1,862,000	$ 2,104,646	$ 242,646
Intergovernmental	78,600	79,600	46,254	(33,346)
Fines and forfeitures			175	175
Contributions	30,000	30,000	48,449	18,449
Investment income	700	700	1,434	734
Miscellaneous	10,000	24,974	4,064	(20,910)
Total revenues	1,986,274	1,997,274	2,205,022	207,748
EXPENDITURES				
General government				
Finance				
Services and supplies			1,101	(1,101)
Public safety				
Police				
Salaries and wages			2,575	(2,575)
Employee benefits			359	(359)
Services and supplies			9,861	(9,861)
Total police			12,795	(12,795)
Other				
Capital outlay			35,818	(35,818)
Total public safety			48,613	(48,613)
Public works				
Streets				
Salaries and wages			1,249	(1,249)
Employee benefits			564	(564)
Total streets			1,813	(1,813)
Construction				
Salaries and wages			627	(627)
Survey				
Salaries and wages			3,225	(3,225)
Employee benefits			187	(187)
Services and supplies			113	(113)
Total survey			3,525	(3,525)
Other				
Salaries and wages			135	(135)
Employee benefits			1,841	(1,841)
Services and supplies			22	(22)
Total other			1,998	(1,998)
Total public works			7,963	(7,963)
Culture and recreation				
Participant recreation				
Salaries and wages	1,254,271	1,174,271	921,542	252,729
Employee benefits	209,764	209,764	224,209	(14,445)
Services and supplies	725,522	806,522	346,737	459,785
Capital outlay	303,691	303,691		303,691
Total participant recreation	2,493,248	2,494,248	1,492,488	1,001,760

(Continued)

CITY OF NORTH LAS VEGAS

PARKS AND RECREATION SUPPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Parks and grounds				
Salaries and wages			3,655	(3,655)
Employee benefits			275	(275)
Services and supplies			50,551	(50,551)
Total parks and grounds			54,481	(54,481)
Other				
Salaries and wages			66,709	(66,709)
Employee benefits			7,023	(7,023)
Total other			73,732	(73,732)
Total culture and recreation	2,493,248	2,494,248	1,620,701	873,547
Community support				
Housing and neighborhood services				
Services and supplies			785	(785)
Total expenditures	2,493,248	2,494,248	1,679,163	815,085
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(506,974)	(496,974)	525,859	1,022,833
OTHER FINANCING SOURCES (USES)				
Transfers in	375,000	375,000		(375,000)
Transfers out	(375,000)	(1,291,000)	(916,000)	375,000
Total other financing sources (uses)		(916,000)	(916,000)	
CHANGE IN FUND BALANCE	(506,974)	(1,412,974)	(390,141)	1,022,833
FUND BALANCE, BEGINNING OF YEAR	1,860,669	2,826,407	2,826,407	
FUND BALANCE, END OF YEAR	$ 1,363,695	$ 1,413,433	$ 2,436,266	$ 1,022,833

CITY OF NORTH LAS VEGAS

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 1,087,890	$ 1,087,890	$ 1,342,230	$ 254,340
Charges for services			2,000	2,000
Rents and royalties			90,738	90,738
Investment income	31,600	31,600	71,271	39,671
Total revenues	1,119,490	1,119,490	1,506,239	386,749
EXPENDITURES				
General government				
Executive				
Services and supplies			71,181	(71,181)
Public works				
Survey				
Employee benefits			211	(211)
Community support				
Economic development				
Salaries and wages	378,518	378,518	376,694	1,824
Employee benefits	182,681	182,681	191,877	(9,196)
Services and supplies	762,749	762,749	73,336	689,413
Capital outlay	650,000	1,215,000	1,025,255	189,745
Total economic development	1,973,948	2,538,948	1,667,162	871,786
Other				
Salaries and wages			10,802	(10,802)
Employee benefits			6,426	(6,426)
Services and supplies			370	(370)
Total other			17,598	(17,598)
Total community support	1,973,948	2,538,948	1,684,760	854,188
Total expenditures	1,973,948	2,538,948	1,756,152	782,796
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(854,458)	(1,419,458)	(249,913)	1,169,545
OTHER FINANCING SOURCES				
Proceeds from capital asset disposal		2,451,021	2,681,022	230,001
CHANGE IN FUND BALANCE	(854,458)	1,031,563	2,431,109	1,399,546
FUND BALANCE, BEGINNING OF YEAR	9,515,517	10,859,955	10,859,960	5
FUND BALANCE, END OF YEAR	$ 8,661,059	$ 11,891,518	$ 13,291,069	$ 1,399,551

CITY OF NORTH LAS VEGAS

LIBRARY DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 2,499,855	$ 2,499,855	$ 2,507,590	$ 7,735
Intergovernmental			10,707	10,707
Fines and forfeitures	70,000	70,000	62,970	(7,030)
Miscellaneous	60,000	60,000	46,196	(13,804)
Total revenues	2,629,855	2,629,855	2,627,463	(2,392)
EXPENDITURES				
Culture and recreation				
Library district operations				
Salaries and wages	1,155,970	1,155,970	1,088,580	67,390
Employee benefits	550,814	550,814	522,684	28,130
Services and supplies	547,773	547,773	472,569	75,204
Total culture and recreation	2,254,557	2,254,557	2,083,833	170,724
Debt service				
Principal payments	365,000	365,000	365,000	
Interest and fiscal charges	107,748	107,748	107,748	
Total debt service	472,748	472,748	472,748	
Total expenditures	2,727,305	2,727,305	2,556,581	170,724
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(97,450)	(97,450)	70,882	168,332
OTHER FINANCING SOURCES (USES)				
Transfers in	55,000	55,000	55,000	
Transfers out	(519,000)	(519,000)	(519,000)	
Total other financing sources (uses)	(464,000)	(464,000)	(464,000)	
CHANGE IN FUND BALANCE	(561,450)	(561,450)	(393,118)	168,332
FUND BALANCE, BEGINNING OF YEAR	691,599	908,137	908,132	(5)
FUND BALANCE, END OF YEAR	$ 130,149	$ 346,687	$ 515,014	$ 168,327

CITY OF NORTH LAS VEGAS

SPECIAL PURPOSE REVENUE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 9,168,320	$ 9,168,320	$ 9,887,656	$ 719,336
Room taxes	400,000	400,000	486,389	86,389
Intergovernmental	4,519,419	4,519,419	9,119,320	4,599,901
Investment income	1,950	1,950	8,633	6,683
Miscellaneous	100,840	100,840	364,736	263,896
Total revenues	14,190,529	14,190,529	19,866,734	5,676,205
EXPENDITURES				
General government				
Finance				
Salaries and wages			176	(176)
Employee benefits			90	(90)
Services and supplies			6	(6)
Total finance			272	(272)
Other				
Services and supplies			1,793	(1,793)
Total general government			2,065	(2,065)
Public safety				
Protective services				
Salaries and wages	1,393,815	1,277,489	1,175,691	101,798
Employee benefits	642,305	597,194	580,396	16,798
Services and supplies	2,680,339	2,676,353	2,068,049	608,304
Total public safety	4,716,459	4,551,036	3,824,136	726,900
Public works				
Administration				
Salaries and wages			1,731	(1,731)
Employee benefits			1,140	(1,140)
Services and supplies			61	(61)
Total administration			2,932	(2,932)
Flood control				
Services and supplies			1,058	(1,058)
Streets				
Salaries and wages	1,384,970	1,501,296	1,301,469	199,827
Employee benefits	650,821	695,932	628,054	67,878
Services and supplies	2,824,652	2,816,638	2,414,947	401,691
Total streets	4,860,443	5,013,866	4,344,470	669,396
Engineering				
Salaries and wages			6,247	(6,247)
Employee benefits			996	(996)
Services and supplies			74	(74)
Total engineering			7,317	(7,317)
Real property				
Salaries and wages			58	(58)

(Continued)

CITY OF NORTH LAS VEGAS

SPECIAL PURPOSE REVENUE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Survey				
Salaries and wages			499	(499)
Employee benefits			28	(28)
Services and supplies			17	(17)
Total survey			544	(544)
Other				
Employee benefits			1,508	(1,508)
Services and supplies			21,708	(21,708)
Capital outlay		12,000	11,845	155
Total other		12,000	35,061	(23,061)
Total public works	4,860,443	5,025,866	4,391,440	634,426
Culture and recreation				
Parks and grounds				
Services and supplies	864,847	864,847	736,111	128,736
Community support				
Housing and neighborhood services				
Salaries and wages			1,777	(1,777)
Employee benefits			1,004	(1,004)
Services and supplies	100,000	100,000	62	99,938
Total community support	100,000	100,000	2,843	97,157
Total expenditures	10,541,749	10,541,749	8,956,595	1,585,154
EXCESS OF REVENUES OVER EXPENDITURES	3,648,780	3,648,780	10,910,139	7,261,359
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal			12,184	12,184
Transfers in	116,993	116,993	116,993	
Transfers out	(5,075,811)	(5,315,811)	(5,315,811)	
Total other financing sources (uses)	(4,958,818)	(5,198,818)	(5,186,634)	12,184
CHANGE IN FUND BALANCE	(1,310,038)	(1,550,038)	5,723,505	7,273,543
FUND BALANCE, BEGINNING OF YEAR	11,889,545	13,704,746	13,704,735	(11)
FUND BALANCE, END OF YEAR	$ 10,579,507	$ 12,154,708	$ 19,428,240	$ 7,273,532

CITY OF NORTH LAS VEGAS

MORE COPS SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental	$ 9,897,564	$ 9,897,564	$ 10,136,949	$ 239,385
Investment income	13,400	13,400	13,078	(322)
Miscellaneous			(8,000)	(8,000)
Total revenues	9,910,964	9,910,964	10,142,027	231,063
EXPENDITURES				
Public safety				
Police				
Salaries and wages	5,523,483	5,523,483	5,300,194	223,289
Employee benefits	4,109,503	4,109,503	3,869,826	239,677
Services and supplies	817,241	817,241	667,696	149,545
Total public safety	10,450,227	10,450,227	9,837,716	612,511
Total expenditures	10,450,227	10,450,227	9,837,716	612,511
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(539,263)	(539,263)	304,311	843,574
OTHER FINANCING SOURCES				
Proceeds from capital asset disposal			15,746	15,746
CHANGE IN FUND BALANCE	(539,263)	(539,263)	320,057	859,320
FUND BALANCE, BEGINNING OF YEAR	3,083,198	3,807,347	3,807,349	2
FUND BALANCE, END OF YEAR	$ 2,543,935	$ 3,268,084	$ 4,127,406	$ 859,322

CITY OF NORTH LAS VEGAS

PARK CONSTRUCTION TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Residential construction taxes	$ 230,000	$ 230,000	$ 313,837	$ 83,837
Investment income	5,600	5,600	11,408	5,808
Total revenues	235,600	235,600	325,245	89,645
EXPENDITURES				
Culture and recreation				
Administration				
Services and supplies	113,200	113,200		113,200
EXCESS OF REVENUES OVER EXPENDITURES	122,400	122,400	325,245	202,845
OTHER FINANCING USES				
Transfers out	(639,309)	(639,309)	(639,309)	
CHANGE IN FUND BALANCE	(516,909)	(516,909)	(314,064)	202,845
FUND BALANCE, BEGINNING OF YEAR	1,841,692	2,070,973	2,070,973	
FUND BALANCE, END OF YEAR	$ 1,324,783	$ 1,554,064	$ 1,756,909	$ 202,845

CITY OF NORTH LAS VEGAS

PUBLIC SAFETY SUPPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 195,070	$ 195,070	$ 198,338	$ 3,268
Charges for services	17,000	17,000	36,776	19,776
Intergovernmental	1,309,780	2,342,543	1,584,124	(758,419)
Fines and forfeitures		256,600	267,915	11,315
Contributions	15,000	15,000	12,360	(2,640)
Investment income			3,624	3,624
Miscellaneous	283,206	503,206	655,203	151,997
Total revenues	1,820,056	3,329,419	2,758,340	(571,079)
EXPENDITURES				
General government				
Other				
Salaries and wages			881	(881)
Public safety				
Police				
Salaries and wages	639,577	1,304,854	943,416	361,438
Employee benefits	125,728	583,280	454,454	128,826
Services and supplies	275,427	757,909	471,313	286,596
Capital outlay		837,101	65,268	771,833
Total police	1,040,732	3,483,144	1,934,451	1,548,693
Corrections				
Salaries and wages		33,853	22,834	11,019
Employee benefits		4,723	792	3,931
Services and supplies	118,413	118,413	3,984	114,429
Total corrections	118,413	156,989	27,610	129,379
Protective services				
Salaries and wages	302,274	401,859	343,611	58,248
Employee benefits	148,728	145,557	185,169	(39,612)
Services and supplies	251,219	279,813	290,931	(11,118)
Capital outlay		67,892	39,316	28,576
Total protective services	702,221	895,121	859,027	36,094
Fire				
Salaries and wages			16,267	(16,267)
Employee benefits			2,237	(2,237)
Services and supplies		10,000	11,280	(1,280)
Total fire		10,000	29,784	(19,784)
Other				
Capital outlay			653,245	(653,245)
Total public safety	1,861,366	4,545,254	3,504,117	1,041,137
Public works				
Construction				
Employee benefits			64	(64)
Culture and recreation				
Other				
Salaries and wages			15,888	(15,888)

(Continued)

CITY OF NORTH LAS VEGAS

PUBLIC SAFETY SUPPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Total expenditures	1,861,366	4,545,254	3,520,950	1,024,304
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(41,310)	(1,215,835)	(762,610)	453,225
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal			9,837	9,837
Transfers in	279,363	586,615	717,825	131,210
Transfers out			(243,277)	(243,277)
Total other financing sources (uses)	279,363	586,615	484,385	(102,230)
CHANGE IN FUND BALANCE	238,053	(629,220)	(278,225)	350,995
FUND BALANCE, BEGINNING OF YEAR	2,218,125	3,502,666	3,502,665	(1)
FUND BALANCE, END OF YEAR	$ 2,456,178	$ 2,873,446	$ 3,224,440	$ 350,994

CITY OF NORTH LAS VEGAS

MUNICIPAL COURT SUPPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services	$ 363,191	$ 363,191	$ 515,316	$ 152,125
Miscellaneous	675,000	675,000	485,980	(189,020)
Total revenues	1,038,191	1,038,191	1,001,296	(36,895)
EXPENDITURES				
Judicial				
Municipal court				
Salaries and wages	298,826	298,826	302,969	(4,143)
Employee benefits	151,613	151,613	152,218	(605)
Services and supplies	280,458	280,458	193,900	86,558
Total expenditures	730,897	730,897	649,087	81,810
EXCESS OF REVENUES OVER EXPENDITURES	307,294	307,294	352,209	44,915
OTHER FINANCING USES				
Transfers out	(300,000)	(300,000)	(300,000)	
CHANGE IN FUND BALANCE	7,294	7,294	52,209	44,915
FUND BALANCE, BEGINNING OF YEAR	949,780	1,654,714	1,654,714	
FUND BALANCE, END OF YEAR	$ 957,074	$ 1,662,008	$ 1,706,923	$ 44,915

CITY OF NORTH LAS VEGAS

COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental	$ 8,826,287	$ 9,447,187	$ 4,029,268	$ (5,417,919)
Miscellaneous	250,000	250,000	337,137	87,137
Total revenues	9,076,287	9,697,187	4,366,405	(5,330,782)
EXPENDITURES				
Community support				
Housing and neighborhood services				
Salaries and wages	491,072	558,022	414,238	143,784
Employee benefits	225,891	258,791	192,792	65,999
Services and supplies	8,398,779	8,919,829	2,576,774	6,343,055
Capital outlay	717,900	717,900		717,900
Total expenditures	9,833,642	10,454,542	3,183,804	7,270,738
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(757,355)	(757,355)	1,182,601	1,939,956
OTHER FINANCING SOURCES (USES)				
Transfers in	101,880	101,880	101,880	
Transfers out	(350,000)	(1,075,000)	(730,689)	344,311
Total other financing sources (uses)	(248,120)	(973,120)	(628,809)	344,311
CHANGE IN FUND BALANCE	(1,005,475)	(1,730,475)	553,792	2,284,267
FUND BALANCE, BEGINNING OF YEAR	4,247,353	8,183,409	8,183,409	
FUND BALANCE, END OF YEAR	$ 3,241,878	$ 6,452,934	$ 8,737,201	$ 2,284,267

DEBT SERVICE FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2015

Debt service funds are used to account for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Debt Service

Accounts for the accumulation of resources for, and the payment of, general obligation medium- and long-term debt principal and interest. Additionally, this fund is used to account for the collection and accumulation of resources for, and the payment of, principal and interest payments pertaining to those special assessments levied against and secured by a lien upon property within certain assessment districts, for which the City is financially obligated in the event there are deficiencies.

CITY OF NORTH LAS VEGAS

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$	$	$ 6,945	$ 6,945
Special assessments	2,016,425	2,016,425	2,170,946	154,521
Fines and forfeitures			19,975	19,975
Investment income	8,100	8,100	15,101	7,001
Total revenues	2,024,525	2,024,525	2,212,967	188,442
EXPENDITURES				
Debt service				
Principal payments	5,392,700	5,392,700	5,392,700	
Interest and fiscal charges	7,538,962	7,538,962	7,534,521	4,441
Total expenditures	12,931,662	12,931,662	12,927,221	4,441
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(10,907,137)	(10,907,137)	(10,714,254)	192,883
OTHER FINANCING SOURCES (USES)				
Transfers in	10,659,808	10,659,808	10,659,808	
Transfers out	(116,993)	(116,993)	(116,993)	
Total other financing sources (uses)	10,542,815	10,542,815	10,542,815	
CHANGE IN FUND BALANCE	(364,322)	(364,322)	(171,439)	192,883
FUND BALANCE, BEGINNING OF YEAR	3,313,112	4,624,709	4,624,709	
FUND BALANCE, END OF YEAR	$ 2,948,790	$ 4,260,387	$ 4,453,270	$ 192,883

CAPITAL PROJECTS FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

Capital projects funds are used to account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

General Government Improvements
Accounts for various general government capital improvement projects.

Municipal Buildings Facilities
Accounts for the design, acquisition, construction and improvements of and to various streets and roadways within the City limits.

Civic Center Facilities
Accounts for the costs of acquisition, construction, equipping and furnishing of various new facilities financed through the issuance of general obligation bonds.

Parks and Recreation Projects
Accounts for the costs of acquisition, construction, equipping and furnishing of a new civic center facility financed through the sale of general obligation bonds.

Public Safety Projects
Accounts for

CITY OF NORTH LAS VEGAS

NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	General Government Improvements	Municipal Buildings Facilities	Civic Center Facilities	Parks and Recreation Projects	Public Safety Projects	Total Capital Projects
ASSETS						
Cash, cash equivalents and investments	$ 143,380	$ 5,504,761	$ 2,492,116	$ 1,295,823	$ 5,347,632	$ 14,783,712
Accounts receivable, net				40,923	1,301,632	1,342,555
Grants receivable				70,416	3,372,738	3,443,154
Due from other governments				501,543	3,564,935	4,066,478
Total assets	$ 143,380	$ 5,504,761	$ 2,492,116	$ 1,908,705	$ 13,586,937	$ 23,635,899
LIABILITIES						
Accounts payable and other accrued liabilities	$	$ 466,727	$ 141,736	$ 203,541	$ 4,515,401	$ 5,327,405
Due to other governments				45,223		45,223
Unearned revenue				204		204
Total liabilities		466,727	141,736	248,968	4,515,401	5,372,832
FUND BALANCES						
Restricted for						
Other capital projects	143,380	3,101,092	2,350,380			5,594,852
Police, fire and other public safety programs and projects		697,432			9,294,422	9,991,854
Parks, cultural and other recreational programs		1,239,510		1,659,737		2,899,247
Unassigned					(222,886)	(222,886)
Total fund balances	143,380	5,038,034	2,350,380	1,659,737	9,071,536	18,263,067
Total liabilities and fund balances	$ 143,380	$ 5,504,761	$ 2,492,116	$ 1,908,705	$ 13,586,937	$ 23,635,899

CITY OF NORTH LAS VEGAS

NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Government Improvements	Municipal Buildings Facilities	Civic Center Facilities	Parks and Recreation Projects	Public Safety Projects	Total Capital Projects
REVENUES						
Charges for services	$	$	$	$	$ 241,680	$ 241,680
Intergovernmental				6,818,570	13,438,488	20,257,058
Contributions					125,250	125,250
Investment income		36,710	16,956			53,666
Total revenues		36,710	16,956	6,818,570	13,805,418	20,677,654
EXPENDITURES						
Current						
General government	333	405,965	29,627	871	243	437,039
Public safety		39,897		41,848	182,682	264,427
Public works	7,797	42,910	123,559	3,522	7,312	185,100
Culture and recreation				15,964		15,964
Total current	8,130	488,772	153,186	62,205	190,237	902,530
Capital outlay						
General government		106,612	1,944,102	87,361	168,527	2,306,602
Public safety		948,030		723	1,126,165	2,074,918
Public works		30,809		162,596	13,449,232	13,642,637
Culture and recreation				8,911,379		8,911,379
Community support				526,314		526,314
Total capital outlay		1,085,451	1,944,102	9,688,373	14,743,924	27,461,850
Total expenditures	8,130	1,574,223	2,097,288	9,750,578	14,934,161	28,364,380
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(8,130)	(1,537,513)	(2,080,332)	(2,932,008)	(1,128,743)	(7,686,726)
OTHER FINANCING SOURCES (USES)						
Transfers in		1,100,000		2,386,109	967,000	4,453,109
Transfers out		(1,100,000)				(1,100,000)
Total other financing sources (uses)				2,386,109	967,000	3,353,109
CHANGE IN FUND BALANCE	(8,130)	(1,537,513)	(2,080,332)	(545,899)	(161,743)	(4,333,617)
FUND BALANCE, BEGINNING OF YEAR	151,510	6,575,547	4,430,712	2,205,636	9,233,279	22,596,684
FUND BALANCE, END OF YEAR	$ 143,380	$ 5,038,034	$ 2,350,380	$ 1,659,737	$ 9,071,536	$ 18,263,067

CITY OF NORTH LAS VEGAS

GENERAL GOVERNMENT IMPROVEMENTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
General government				
Finance				
Salaries and wages	$	$	$ 192	$ (192)
Employee benefits			134	(134)
Services and supplies			7	(7)
Total general government			333	(333)
Public works				
Engineering				
Salaries and wages			170	(170)
Employee benefits			111	(111)
Services and supplies			7	(7)
Total engineering			288	(288)
Construction				
Salaries and wages			4,539	(4,539)
Employee benefits			2,813	(2,813)
Services and supplies			157	(157)
Total construction			7,509	(7,509)
Total public works			7,797	(7,797)
Total expenditures			8,130	(8,130)
CHANGE IN FUND BALANCE			(8,130)	(8,130)
FUND BALANCE, BEGINNING OF YEAR	144,447	151,510	151,510	
FUND BALANCE, END OF YEAR	$ 144,447	$ 151,510	$ 143,380	$ (8,130)

CITY OF NORTH LAS VEGAS

MUNICIPAL BUILDINGS FACILITIES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Investment income	$ 11,350	$ 11,350	$ 36,710	$ 25,360
EXPENDITURES				
General government				
Finance				
Services and supplies			20	(20)
Capital outlay			988	(988)
Total finance			1,008	(1,008)
Other				
Salaries and wages	8,750	8,750		8,750
Employee benefits	3,750	3,750		3,750
Services and supplies	983,300	1,033,300	405,945	627,355
Capital outlay	170,000	120,000	105,624	14,376
Total other	1,165,800	1,165,800	511,569	654,231
Total general government	1,165,800	1,165,800	512,577	653,223
Public safety				
Protective services				
Services and supplies			66	(66)
Capital outlay			3,526	(3,526)
Total protective services			3,592	(3,592)
Other				
Salaries and wages	22,094	22,094		22,094
Employee benefits	9,468	9,468		9,468
Services and supplies	319,688	319,688	39,831	279,857
Capital outlay	617,500	1,167,500	944,504	222,996
Total other	968,750	1,518,750	984,335	534,415
Total public safety	968,750	1,518,750	987,927	530,823
Public works				
Construction				
Services and supplies			42,137	(42,137)
Capital outlay			12,513	(12,513)
Total construction			54,650	(54,650)
Survey				
Capital outlay			1,941	(1,941)
Other				
Services and supplies			773	(773)
Capital outlay			16,355	(16,355)
Total other			17,128	(17,128)
Total public works			73,719	(73,719)
Culture and recreation				
Other				
Salaries and wages	22,175	22,175		22,175
Employee benefits	9,551	9,551		9,551
Services and supplies	60,358	60,358		60,358
Capital outlay	1,092,000	1,092,000		1,092,000
Total culture and recreation	1,184,084	1,184,084		1,184,084

(Continued)

Total expenditures	3,318,634	3,868,634	1,574,223	2,294,411
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,307,284)	(3,857,284)	(1,537,513)	2,319,771
OTHER FINANCING SOURCES				
Transfers in	550,000	1,100,000	1,100,000	
Transfers out	(550,000)	(1,100,000)	(1,100,000)	
Total other financing sources				
CHANGE IN FUND BALANCE	(3,307,284)	(3,857,284)	(1,537,513)	2,319,771
FUND BALANCE, BEGINNING OF YEAR	5,209,112	6,575,547	6,575,547	
FUND BALANCE, END OF YEAR	$ 1,901,828	$ 2,718,263	$ 5,038,034	$ 2,319,771

CITY OF NORTH LAS VEGAS

CIVIC CENTER FACILITIES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Investment income	$ 11,500	$ 11,500	$ 16,956	$ 5,456
EXPENDITURES				
General government				
City clerk				
Capital outlay			1,246	(1,246)
Other				
Services and supplies	2,779,600	2,904,195	29,627	2,874,568
Capital outlay			1,942,856	(1,942,856)
Total other	2,779,600	2,904,195	1,972,483	931,712
Total general government	2,779,600	2,904,195	1,973,729	930,466
Public works				
Construction				
Services and supplies			123,559	(123,559)
Total public works			123,559	(123,559)
Total expenditures	2,779,600	2,904,195	2,097,288	806,907
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,768,100)	(2,892,695)	(2,080,332)	812,363
CHANGE IN FUND BALANCE	(2,768,100)	(2,892,695)	(2,080,332)	812,363
FUND BALANCE, BEGINNING OF YEAR	3,500,267	4,430,718	4,430,712	(6)
FUND BALANCE, END OF YEAR	$ 732,167	$ 1,538,023	$ 2,350,380	$ 812,357

CITY OF NORTH LAS VEGAS

PARKS AND RECREATION PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental	$ 11,222,800	$ 11,222,800	$ 6,818,570	$ (4,404,230)
EXPENDITURES				
General government				
Finance				
Salaries and wages			160	(160)
Employee benefits			79	(79)
Services and supplies			8	(8)
Capital outlay			5,448	(5,448)
Total finance			5,695	(5,695)
Other				
Employee benefits			451	(451)
Services and supplies			173	(173)
Capital outlay			81,913	(81,913)
Total other			82,537	(82,537)
Total general government			88,232	(88,232)
Public safety				
Protective services				
Capital outlay			723	(723)
Other				
Services and supplies			41,848	(41,848)
Total public safety			42,571	(42,571)
Public works				
Administration				
Capital outlay			110	(110)
Streets				
Employee benefits			132	(132)
Engineering				
Salaries and wages			542	(542)
Survey				
Capital outlay			17,773	(17,773)
Other				
Salaries and wages			2,848	(2,848)
Capital outlay			144,713	(144,713)
Total other			147,561	(147,561)
Total public works			166,118	(166,118)
Culture and recreation				
Administration				
Capital outlay	13,039,309	14,481,309	8,911,379	5,569,930
Other				
Salaries and wages	607,633	640,683	6,367	634,316
Employee benefits	265,192	280,642	4,218	276,424
Services and supplies	772,975	823,475	5,379	818,096
Total other	1,645,800	1,744,800	15,964	1,728,836

(Continued)

CITY OF NORTH LAS VEGAS

PARKS AND RECREATION PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Total culture and recreation	14,685,109	16,226,109	8,927,343	7,298,766
Community support				
Housing and neighborhood services				
Capital outlay			526,314	(526,314)
Total community support			526,314	(526,314)
Total expenditures	14,685,109	16,226,109	9,750,578	6,475,531
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,462,309)	(5,003,309)	(2,932,008)	2,071,301
OTHER FINANCING SOURCES				
Transfers in	1,470,109	3,111,109	2,386,109	(725,000)
CHANGE IN FUND BALANCE	(1,992,200)	(1,892,200)	(545,899)	1,346,301
FUND BALANCE, BEGINNING OF YEAR	2,297,082	2,205,637	2,205,636	(1)
FUND BALANCE, END OF YEAR	$ 304,882	$ 313,437	$ 1,659,737	$ 1,346,300

CITY OF NORTH LAS VEGAS

PUBLIC SAFETY PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services	$	$	$ 241,680	$ 241,680
Intergovernmental	43,388,208	43,388,208	13,438,488	(29,949,720)
Contributions		25,000	125,250	100,250
Total revenues	43,388,208	43,413,208	13,805,418	(29,607,790)
EXPENDITURES				
General government				
Finance				
Capital outlay			9,970	(9,970)
Other				
Services and supplies			243	(243)
Capital outlay			158,557	(158,557)
Total other			158,800	(158,800)
Total general government			168,770	(168,770)
Public safety				
Protective services				
Services and supplies			33,186	(33,186)
Capital outlay			33,542	(33,542)
Total protective services			66,728	(66,728)
Fire				
Employee benefits			520	(520)
Services and supplies	417,000	90,000	148,976	(58,976)
Capital outlay	2,063,000	2,943,781	1,092,623	1,851,158
Total fire	2,480,000	3,033,781	1,242,119	1,791,662
Other				
Services and supplies		25,000		25,000
Total public safety	2,480,000	3,058,781	1,308,847	1,749,934
Public works				
Survey				
Capital outlay			18,264	(18,264)
Other				
Salaries and wages	2,101,542	2,101,542		2,101,542
Employee benefits	928,849	928,849		928,849
Services and supplies	2,069,419	2,772,469	7,312	2,765,157
Capital outlay	38,288,398	37,585,348	13,430,968	24,154,380
Total other	43,388,208	43,388,208	13,438,280	29,949,928
Total public works	43,388,208	43,388,208	13,456,544	29,931,664
Total expenditures	45,868,208	46,446,989	14,934,161	31,512,828
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,480,000)	(3,033,781)	(1,128,743)	1,905,038
OTHER FINANCING SOURCES				
Transfers in	967,000	967,000	967,000	

(Continued)

CITY OF NORTH LAS VEGAS

PUBLIC SAFETY PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
CHANGE IN FUND BALANCE	(1,513,000)	(2,066,781)	(161,743)	1,905,038
FUND BALANCE, BEGINNING OF YEAR	8,065,890	9,233,289	9,233,279	(10)
FUND BALANCE, END OF YEAR	$ 6,552,890	$ 7,166,508	$ 9,071,536	$ 1,905,028

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUNDS

CITY OF NORTH LAS VEGAS

MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

Enterprise funds are used to account for activites for which a user fee is charged for goods or services.

Wastewater Utility

Accounts for the collection from the residents of the City and the transmission of sewage through the system infrastructure for treatment and release into Lake Mead.

Water Utility

Accounts for the delivery of water services through the system infrastructure to the residents of the City and other service areas.

CITY OF NORTH LAS VEGAS

WASTEWATER UTILITY ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Utility fees	$ 38,105,000	$ 38,105,000	$ 38,796,307	$ 691,307
Construction fees	230,000	230,000	359,038	129,038
Connection fees	945,000	945,000	1,733,865	788,865
Other charges for services			274,064	274,064
Fines and forfeitures	599,000	599,000	717,046	118,046
Miscellaneous	329,000	329,000	531,607	202,607
Total operating revenues	40,208,000	40,208,000	42,411,927	2,203,927
OPERATING EXPENSES				
Salaries and wages	4,004,222	4,004,222	3,772,527	231,695
Employee benefits	1,815,533	1,815,533	1,683,486	132,047
Services and supplies	15,851,940	15,036,860	10,993,273	4,043,587
Depreciation and amortization	13,280,830	13,280,830	13,490,928	(210,098)
Total operating expenses	34,952,525	34,137,445	29,940,214	4,197,231
Operating income	5,255,475	6,070,555	12,471,713	6,401,158
NONOPERATING REVENUES (EXPENSES)				
Investment income			15,803	15,803
Gain on capital asset disposition			2,621	2,621
Interest and fiscal charges	(15,174,359)	(15,174,359)	(15,016,128)	158,231
Intergovernmental	5,657,754	5,657,754	6,376,618	718,864
Total nonoperating revenues (expenses)	(9,516,605)	(9,516,605)	(8,621,086)	895,519
Income (loss) before capital contributions and transfers	(4,261,130)	(3,446,050)	3,850,627	7,296,677
CAPITAL CONTRIBUTIONS				
Capital contributions			419,600	419,600
TRANSFERS				
Transfers out	(5,486,816)	(5,486,816)	(5,486,816)	
CHANGE IN NET POSITION	$ (9,747,946)	$ (8,932,866)	(1,216,589)	$ 7,716,277
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			163,271,642	
Adjustment			(7,398,175)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			155,873,467	
NET POSITION, END OF YEAR			$ 154,656,878	

CITY OF NORTH LAS VEGAS

WATER UTILITY ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Utility fees	$ 48,437,000	$ 48,437,000	$ 49,426,691	$ 989,691
Construction fees	405,000	405,000	320,629	(84,371)
Connection fees	1,146,000	1,146,000	511,289	(634,711)
Other charges for services	1,786,000	1,786,000	1,832,667	46,667
Fines and forfeitures	1,462,000	1,462,000	1,871,443	409,443
Miscellaneous	843,000	843,000	786,440	(56,560)
Total operating revenues	54,079,000	54,079,000	54,749,159	670,159
OPERATING EXPENSES				
Salaries and wages	6,287,044	6,287,044	5,483,576	803,468
Employee benefits	2,805,388	2,805,388	2,480,249	325,139
Services and supplies	25,921,214	25,871,214	21,946,226	3,924,988
Depreciation and amortization	5,508,370	5,508,370	5,582,900	(74,530)
Total operating expenses	40,522,016	40,472,016	35,492,951	4,979,065
Operating income	13,556,984	13,606,984	19,256,208	5,649,224
NONOPERATING REVENUES (EXPENSES)				
Gain on capital asset disposition			18,991	18,991
Interest and fiscal charges	(545,917)	(545,917)	(388,481)	157,436
Total nonoperating revenues (expenses)	(545,917)	(545,917)	(369,490)	176,427
Income before capital contributions and transfers	13,011,067	13,061,067	18,886,718	5,825,651
CAPITAL CONTRIBUTIONS				
Capital contributions			567,803	567,803
TRANSFERS				
Transfers in			416,454	416,454
Transfers out	(18,256,669)	(18,256,669)	(18,256,669)	
Total transfers	(18,256,669)	(18,256,669)	(17,840,215)	416,454
CHANGE IN NET POSITION	$ (5,245,602)	$ (5,195,602)	1,614,306	$ 6,809,908
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			136,956,129	
Adjustment			(10,806,973)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			126,149,156	
NET POSITION, END OF YEAR			$ 127,763,462	

NON-MAJOR ENTERPRISE FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

Enterprise funds are used to account for activites for which a user fee is charged for goods or services.

Municipal Golf Courses

Accounts for the operations of a nine-hole par-3 golf course and an 18-hole par-72 championship course.

CITY OF NORTH LAS VEGAS

MUNICIPAL GOLF COURSES ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
User fees	$ 1,773,037	$ 1,773,037	$ 1,918,416	$ 145,379
Miscellaneous	505,114	505,114	39,645	(465,469)
Total operating revenues	2,278,151	2,278,151	1,958,061	(320,090)
OPERATING EXPENSES				
Salaries and wages	188,361	131,311	97,423	33,888
Employee benefits	53,491	38,041	17,685	20,356
Services and supplies	2,771,061	2,627,561	2,064,859	562,702
Depreciation and amortization	229,626	226,356	226,356	
Total operating expenses	3,242,539	3,023,269	2,406,323	616,946
Operating loss	(964,388)	(745,118)	(448,262)	296,856
TRANSFERS				
Transfers in	778,434	778,434	778,434	
CHANGE IN NET POSITION	$ (185,954)	$ 33,316	330,172	$ 296,856
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			5,530,959	
Adjustment			(17,555)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			5,513,404	
NET POSITION, END OF YEAR			$ 5,843,576	

INTERNAL SERVICE FUNDS

CITY OF NORTH LAS VEGAS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Motor Equipment

Accounts for repairs, maintenance, fuel and services to vehicles of all departments of the City.

Self-insurance Reserve

Accounts for costs incurred in self-insuring liability claims, unemployment, employee and retiree health care (including medical, dental and vision), workers' compensation programs and post employment benefits other than pensions.

CITY OF NORTH LAS VEGAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Motor Equipment	Self-insurance Reserve	Total Internal Service Funds
ASSETS			
Current assets			
Cash, cash equivalents and investments	$ 5,056,046	$ 34,307,148	$ 39,363,194
Accounts receivable, net		437	437
Prepaid items		350,834	350,834
Due from other funds		449,074	449,074
Inventories	258,143		258,143
Restricted assets			
Cash, cash equivalents and investments		2,176,795	2,176,795
Total current assets	5,314,189	37,284,288	42,598,477
Noncurrent assets			
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	66,964		66,964
Buildings and building improvements	245,985		245,985
Improvements other than buildings	87,807		87,807
Machinery, equipment and software	1,470,674		1,470,674
Total noncurrent assets	1,871,430		1,871,430
Total assets	7,185,619	37,284,288	44,469,907
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized amounts related to pensions	161,738	108,014	269,752
LIABILITIES			
Current liabilities			
Accounts payable and other accrued liabilities	194,038	4,346,959	4,540,997
Accrued salaries and benefits	14,784	8,912,480	8,927,264
Due to other funds	2,118	1,360	3,478
Due to other governments	157	23,847	24,004
Compensated absences	37,114	23,519	60,633
Total current liabilities	248,211	13,308,165	13,556,376
Noncurrent liabilities			
Compensated absences	252,166	159,794	411,960
Postemployment benefits other than pensions		13,016,187	13,016,187
Net Pension Liability	1,051,139	701,988	1,753,127
Total noncurrent liabilities	1,303,305	13,877,969	15,181,274
Total liabilities	1,551,516	27,186,134	28,737,650
DEFERRED INFLOWS OF RESOURCES			
Unamortized liabilities related to pensions	271,085	181,040	452,125
NET POSITION			
Net investment in capital assets	1,871,430		1,871,430
Unrestricted	3,653,326	10,025,128	13,678,454
Total net position	$ 5,524,756	$ 10,025,128	$ 15,549,884

CITY OF NORTH LAS VEGAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Motor Equipment	Self-insurance Reserve	Total Internal Service Funds
OPERATING REVENUES			
Other charges for services	$ 5,259,370	$ 25,481,598	$ 30,740,968
OPERATING EXPENSES			
Salaries and wages	710,087	2,693,258	3,403,345
Employee benefits	272,981	1,618,435	1,891,416
Services and supplies	2,379,203	17,359,687	19,738,890
Depreciation and amortization	787,961		787,961
Total operating expenses	4,150,232	21,671,380	25,821,612
Operating income	1,109,138	3,810,218	4,919,356
NONOPERATING REVENUES			
Investment income		10,111	10,111
Gain on capital asset disposition	19,467		19,467
Total nonoperating revenues	19,467	10,111	29,578
Income before capital contributions and transfers	1,128,605	3,820,329	4,948,934
CAPITAL CONTRIBUTIONS			
Capital contributions	395		395
TRANSFERS			
Transfers in		3,000,000	3,000,000
CHANGE IN NET POSITION	1,129,000	6,820,329	7,949,329
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	5,569,255	3,988,504	9,557,759
Adjustment	(1,173,499)	(783,705)	(1,957,204)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	4,395,756	3,204,799	7,600,555
NET POSITION, END OF YEAR	$ 5,524,756	$ 10,025,128	$ 15,549,884

CITY OF NORTH LAS VEGAS

INTERNAL SERIVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Motor Equipment	Self-insurance Reserve	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from interfund services	$ 5,264,097	$ 31,374,004	$ 36,638,101
Cash payments for goods and services	(2,430,132)	(19,465,694)	(21,895,826)
Cash payments for employee services	(948,996)	(476,030)	(1,425,026)
Net cash provided by operating activities	1,884,969	11,432,280	13,317,249
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in		3,000,000	3,000,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(102,291)		(102,291)
Proceeds received from disposal of capital assets	26,546		26,546
Capital contributions	395		395
Net cash used in capital financing activities	(75,350)		(75,350)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received		10,110	10,110
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,809,619	14,442,390	16,252,009
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,246,427	22,041,553	25,287,980
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,056,046	$ 36,483,943	$ 41,539,989
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 1,109,138	$ 3,810,218	$ 4,919,356
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	787,961		787,961
(Increase) decrease in operating assets			
Accounts receivable	4,725	(268)	4,457
Due from other funds		5,897,135	5,897,135
Prepaid items		(276,913)	(276,913)
Increase (decrease) in operating liabilities			
Accounts payable	(51,002)	(1,806,688)	(1,857,690)
Accrued salaries and benefits	7,923	2,495,881	2,503,804
Due to other funds	2	(87)	(85)
Due to other governments	73	(22,406)	(22,333)
Customer deposits		(4,374)	(4,374)
Compensated absences	39,162	20,193	59,355
Postemployment benefits other than pensions	(13,013)	1,319,589	1,306,576
Total adjustments	775,831	7,622,062	8,397,893
Net cash provided by operating activities	$ 1,884,969	$ 11,432,280	$ 13,317,249

CITY OF NORTH LAS VEGAS

MOTOR EQUIPMENT ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Other charges for services	$ 5,709,183	$ 5,709,183	$ 5,259,370	$ (449,813)
OPERATING EXPENSES				
Salaries and wages	718,639	718,639	710,087	8,552
Employee benefits	312,191	312,191	272,981	39,210
Services and supplies	3,107,177	3,107,177	2,379,203	727,974
Depreciation and amortization	168,305	168,305	787,961	(619,656)
Total operating expenses	4,306,312	4,306,312	4,150,232	156,080
Operating income	1,402,871	1,402,871	1,109,138	(293,733)
NONOPERATING REVENUES				
Gain on capital asset disposition			19,467	19,467
Income before capital contributions	1,402,871	1,402,871	1,128,605	(274,266)
CAPITAL CONTRIBUTIONS				
Capital contributions			395	395
CHANGE IN NET POSITION	$ 1,402,871	$ 1,402,871	1,129,000	$ (273,871)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			5,569,255	
Adjustment			(1,173,499)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			4,395,756	
NET POSITION, END OF YEAR			$ 5,524,756	

CITY OF NORTH LAS VEGAS

SELF-INSURANCE RESERVE ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Other charges for services	$ 21,917,746	$ 22,441,582	$ 25,481,598	$ 3,040,016
OPERATING EXPENSES				
Salaries and wages	5,559,610	5,559,610	2,693,258	2,866,352
Employee benefits	517,711	517,711	1,618,435	(1,100,724)
Services and supplies	15,609,437	19,633,273	17,359,687	2,273,586
Total operating expenses	21,686,758	25,710,594	21,671,380	4,039,214
Operating income (loss)	230,988	(3,269,012)	3,810,218	7,079,230
NONOPERATING REVENUES				
Investment income			10,111	10,111
Income (loss) before transfers	230,988	(3,269,012)	3,820,329	7,089,341
TRANSFERS				
Transfers in		3,000,000	3,000,000	
CHANGE IN NET POSITION	$ 230,988	$ (269,012)	6,820,329	$ 7,089,341
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			3,988,504	
Adjustment			(783,705)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			3,204,799	
NET POSITION, END OF YEAR			$ 10,025,128	

FIDUCIARY FUNDS

CITY OF NORTH LAS VEGAS

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

Agency funds are used to account for assets held as an agent for individuals, private organizations, other governments or other funds.

Bail Deposits
Accounts for funds deposited or pledged for the release of a suspect from detention, with the understanding that the suspect will return for trial or forfeit the bail (and possibly be brought up on charges of the crime or failure to appear).

Non-forfeiture Holding
Accounts for those funds associated with the seizure of narcotics from a suspect to be held until such time as a trial is held and a determination is made with regard to the purpose of the funds.

Other Deposits
Accounts for funds deposited by developers in-lieu of a surety bond.

Business Cleanup Deposits
Accounts for those deposit requirements as a condition to the issuance of a special use permit in the event the business fails to adequately clean up the area after the special event.

Special Trust Reward
Accounts for funds from Clark County to be used as a reward to eligible tipsters who provide information that directly leads to the whereabouts of Everlyse Cabrera and the subsequent felony arrest and/or indictment.

Employee Insurance Deposits
Accounts for employee and employer contributions to group health and life insurance, which are held until they are disbursed to the City's insurance carriers.

Workers' Compensation Retention
Accounts for funds held by the State of Nevada as a retention requirement.

Contractor Retention Accounts
Accounts for money withheld from contract payments as retention requirements in construction contracts.

New Construction Privilege Tax
Accounts for funds collected from new construction by the City and remitted to Clark County, Nevada.

Convention Authority Tax
Accounts for for gaming taxes and room tax receipts collected from North Las Vegas businesses by the City and transmitted to the Las Vegas Convention and Visitors Authority.

Garbage Company Collection
Accounts for billings and collections by the City for garbage pick-up services performed by a local disposal company.

Inmate Deposits
Accounts for funds held for inmates in the City Detention Center until they are released or transferred.

SIAD No. 54 (Civic Center Drive Development)
Accounts for the collection of property assessments pledged for the payment of principal and interest and for which no assets or revenues of the City have been pledged.

SIAD No. 60 (Aliante Development)
Accounts for the collection of property assessments pledged for the payment of principal and interest and for which no assets or revenues of the City have been pledged.

CITY OF NORTH LAS VEGAS

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2015

	Bail Deposits	Non-forfeiture Holding	Other Deposits	Business Cleanup Deposits	Special Trust Reward	Employee Insurance Deposits	Workers' Compensation Retention	Contractor Retention Accounts
ASSETS								
Cash, cash equivalents and investments	$ 188,488	$ 327,550	$ 3,044,881	$ 14,549	$ 15,000	$ 104,846	$ 258	$ 2,378,657
Accounts receivable, net						423		
Interest receivable								
Special assessments receivable								
Total assets	$ 188,488	$ 327,550	$ 3,044,881	$ 14,549	$ 15,000	$ 105,269	$ 258	$ 2,378,657
LIABILITIES								
Due to other governments	$	$	$	$	$	$ 6,252	$	$
Due to developers			39,940					2,378,595
Due to others	188,488	327,550	3,004,941	14,549	15,000	99,017	258	62
Total liabilities	$ 188,488	$ 327,550	$ 3,044,881	$ 14,549	$ 15,000	$ 105,269	$ 258	$ 2,378,657

(Continued)

CITY OF NORTH LAS VEGAS

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)
JUNE 30, 2015

	New Construction Privilege Tax	Convention Authority Tax	Garbage Company Collection	Inmate Deposits	SIAD No. 54 (Civic Center Drive Development)	SIAD No. 60 (Aliante Development)	Total Agency Funds
ASSETS							
Cash, cash equivalents and investments	$ 70,146	$ 205,822	$ 1,715,154	$ 5,070	$ 471,182	$ 4,666,358	$ 13,207,961
Accounts receivable, net		243	2,600,753				2,601,419
Interest receivable						4,118	4,118
Special assessments receivable						51,632	51,632
Total assets	$ 70,146	$ 206,065	$ 4,315,907	$ 5,070	$ 471,182	$ 4,722,108	$ 15,865,130
LIABILITIES							
Due to other governments	$ 70,146	$ 207,398	$	$	$	$	$ 283,796
Due to developers							2,418,535
Due to others		(1,333)	4,315,907	5,070	471,182	4,722,108	13,162,799
Total liabilities	$ 70,146	$ 206,065	$ 4,315,907	$ 5,070	$ 471,182	$ 4,722,108	$ 15,865,130

CITY OF NORTH LAS VEGAS

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
BAIL DEPOSITS				
ASSETS				
Cash, cash equivalents and investments	$ 249,328	$ 391,781	$ 452,621	$ 188,488
LIABILITIES				
Due to others	$ 249,328	$ 1,404,657	$ 1,465,497	$ 188,488
NON-FORFEITURE HOLDING				
ASSETS				
Cash, cash equivalents and investments	$ 356,654	$ 76,072	$ 105,176	$ 327,550
LIABILITIES				
Due to others	$ 356,654	$ 93,423	$ 122,527	$ 327,550
OTHER DEPOSITS				
ASSETS				
Cash, cash equivalents and investments	$ 2,641,749	$ 1,866,141	$ 1,463,009	$ 3,044,881
LIABILITIES				
Due to others	$ 2,641,749	$ 2,283,582	$ 1,880,450	$ 3,004,941
BUSINESS CLEANUP DEPOSITS				
ASSETS				
Cash, cash equivalents and investments	$ 13,549	$ 5,050	$ 4,050	$ 14,549
LIABILITIES				
Due to others	$ 13,549	$ 2,700	$ 1,700	$ 14,549
SPECIAL TRUST REWARD				
ASSETS				
Cash, cash equivalents and investments	$ 15,000	$	$	$ 15,000
LIABILITIES				
Due to others	$ 15,000	$	$	$ 15,000
EMPLOYEE INSURANCE DEPOSITS				
ASSETS				
Cash, cash equivalents and investments	$ 91,661	$ 33,158,232	$ 33,145,047	$ 104,846
Accounts receivable, net	394	424	395	423
Total assets	$ 92,055	$ 33,158,656	$ 33,145,442	$ 105,269
LIABILITIES				
Due to others	$ 92,055	$ 33,804,808	$ 33,791,594	$ 99,017
WORKERS' COMPENSATION RETENTION				
ASSETS				
Cash, cash equivalents and investments	$ 258	$	$	$ 258
LIABILITIES				
Due to others	$ 258	$	$	$ 258

(Continued)

CITY OF NORTH LAS VEGAS

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
CONTRACTOR RETENTION ACCOUNTS				
ASSETS				
Cash, cash equivalents and investments	$ 741,648	$ 2,418,055	$ 781,046	$ 2,378,657
LIABILITIES				
Due to developers	$ 741,586	$ 6,045,274	$ 4,408,265	$ 2,378,595
NEW CONSTRUCTION PRIVILEGE TAX				
ASSETS				
Cash, cash equivalents and investments	$ 68,618	$ 1,665,988	$ 1,664,460	$ 70,146
LIABILITIES				
Due to other governments	$ 68,618	$ 3,418,780	$ 3,417,252	$ 70,146
CONVENTION AUTHORITY TAX				
ASSETS				
Cash, cash equivalents and investments	$ 172,816	$ 2,379,180	$ 2,346,174	$ 205,822
Accounts receivable, net	952	93,321	94,030	243
Total assets	$ 173,768	$ 2,472,501	$ 2,440,204	$ 206,065
LIABILITIES				
Due to other governments	$ 173,768	$ 5,224,297	$ 5,192,000	$ 207,398
GARBAGE COMPANY COLLECTION				
ASSETS				
Cash, cash equivalents and investments	$ 1,657,055	$ 23,217,677	$ 23,159,578	$ 1,715,154
Accounts receivable, net	2,880,481	21,616,576	21,896,304	2,600,753
Total assets	$ 4,537,536	$ 44,834,253	$ 45,055,882	$ 4,315,907
LIABILITIES				
Due to others	$ 4,537,536	$ 42,985,485	$ 43,207,114	$ 4,315,907
INMATE DEPOSITS				
ASSETS				
Cash, cash equivalents and investments	$ 5,015	$ 55	$	$ 5,070
LIABILITIES				
Due to others	$ 5,015	$ 55	$	$ 5,070
SIAD NO. 54 (CIVIC CENTER DRIVE DEVELOPMENT)				
ASSETS				
Cash, cash equivalents and investments	$ 468,796	$ 61,712	$ 59,326	$ 471,182
LIABILITIES				
Due to others	$ 468,796	$ 179,337	$ 176,951	$ 471,182

(Continued)

CITY OF NORTH LAS VEGAS

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
SIAD NO. 60 (ALIANTE DEVELOPMENT)				
ASSETS				
Cash, cash equivalents and investments	$ 4,487,427	$ 3,708,326	$ 3,529,394	$ 4,666,358
Interest receivable	8,325		4,208	4,118
Special assessments receivable	51,632			51,632
Total assets	$ 4,547,384	$ 3,708,326	$ 3,533,602	$ 4,722,108
LIABILITIES				
Due to others	$ 4,547,384	$ 8,715,230	$ 8,540,506	$ 4,722,108
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments	$ 10,969,574	$ 68,948,269	$ 66,709,881	$ 13,207,961
Accounts receivable, net	2,881,827	21,710,321	21,990,729	2,601,419
Interest receivable	8,325		4,208	4,118
Special assessments receivable	51,632			51,632
Total assets	$ 13,911,358	$ 90,658,590	$ 88,704,818	$ 15,865,130
LIABILITIES				
Due to other governments	$ 242,386	$ 8,643,077	$ 8,609,252	$ 283,796
Due to developers	741,586	6,045,274	4,408,265	2,418,535
Due to others	12,927,386	89,469,277	89,186,339	13,162,799
Total liabilities	$ 13,911,358	$ 104,157,628	$ 102,203,856	$ 15,865,130

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council
City of North Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Las Vegas (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 4, 2015.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015 - 001, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015 - 002 to be a significant deficiency.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with

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the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Responses to Findings. The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

We noted certain matters that we reported to the City in a separate letter dated December 4, 2015.

Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Percy Bowler Taylor + Kern

Las Vegas, Nevada
December 4, 2015

STATISTICAL SECTION

CITY OF NORTH LAS VEGAS

STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

Financial Trends

The following tables contain financial trend information to enable the reader to understand how financial performance has changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

Revenue Capacity

The following tables contain revenue capacity information to enable the reader to assess the most significant local revenue source.

- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates - Direct and Overlapping Governments
- Principal Property Taxpayers
- Property Tax Levies and Collections

Debt Capacity

The following tables contain debt capacity information to enable the reader to assess the afforability of the current level of outstanding debt and the ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information

Demographic and Economic Information

The following tables contain demographic and economic information to enable the reader to understand the environment within which financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operating Information

The following tables contain operating information to enable the reader to understand how the information contained in the comprehensive annual financial report relates to services provided and activities performed.

- Full-time Equivalent City Government Employees by Function/Program
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

CITY OF NORTH LAS VEGAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS(1)
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013 [1]	June 30, 2014	June 30, 2015
Governmental activities										
Net investment in capital assets	$ 426,076,443	$ 686,823,759	$ 647,951,709	$ 931,368,784	$ 1,015,611,134	$ 1,008,326,661	[1,(] $ 1,035,550,177	$ 1,109,705,374	$ 1,106,799,902	$
Restricted	219,962,997	170,062,533	175,099,469	822,415		25,463,718	74,650,721	70,286,644	73,249,575	70,396,589
Unrestricted	90,089,008	(17,102,203)	134,661,363	126,254,419	65,197,112	49,244,494	(5,838,643)	(14,533,877)	9,551,124	(11,492,911)
Total governmental activities	736,128,448	839,784,089	957,712,541	1,058,445,618	1,080,808,246	1,083,034,873	1,104,362,255	1,165,458,141	1,189,600,601	58,903,678
Business-type activities										
Net investment in capital assets	148,354,185	143,131,044	38,022,471	198,618,584	213,075,462	181,912,347	226,097,835	229,033,516	214,759,669	
Restricted	6,299,601	135,082,528	159,367,463	10,945,118	13,317,115	47,537,496	7,132,932	4,514,658	75,134	
Unrestricted	93,561,682	(9,672,204)	81,888,662	84,546,345	66,022,121	57,830,202	71,322,255	73,718,676	87,031,572	283,643,672
Total business-type activities	248,215,468	268,541,368	279,278,596	294,110,047	292,414,698	287,280,045	304,553,022	307,266,850	301,866,375	283,643,672
Primary government										
Net investment in capital assets	574,430,628	829,954,803	685,974,180	1,129,987,368	1,228,686,596	1,190,239,008	1,261,648,012	1,338,738,890	1,321,559,571	
Restricted	226,262,598	305,145,061	334,466,932	11,767,533	13,317,115	73,001,214	81,783,653	74,801,302	73,324,709	70,396,589
Unrestricted	183,650,690	(26,774,407)	216,550,025	210,800,764	131,219,233	107,074,696	65,483,612	59,184,799	96,582,696	272,150,761
Total primary government	$ 984,343,916	$ 1,108,325,457	$ 1,236,991,137	$ 1,352,555,665	$ 1,373,222,944	$ 1,370,314,918	$ 1,408,915,277	$ 1,472,724,991	$ 1,491,466,976	$ 342,547,350

1. Fiscal year 2012 amounts were retoractively restated in fiscal year 2013.

CITY OF NORTH LAS VEGAS

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS[1]
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 [2]	June 30, 2013	June 30, 2014	June 30, 2015
Expenses										
Governmental activities										
General government	$ 35,392,023	$ 44,525,088	$ 77,831,201	$ 79,790,759	$ 81,909,186	$ 81,162,689	$ 49,229,276	$ 51,855,800	$ 56,381,592	$ 56,167,676
Judicial	7,867,369	11,798,220	13,226,034	14,153,887	10,780,531	10,125,028	10,521,037	9,496,348	9,896,150	9,060,508
Public safety	116,315,250	141,118,701	149,836,872	160,483,422	172,629,424	149,867,948	160,705,260	147,724,400	154,787,847	141,351,681
Public works	29,476,778	36,982,106	30,407,379	26,999,830	16,794,794	13,694,463	10,164,862	11,197,298	8,416,102	14,152,084
Culture and recreation	14,661,434	18,112,226	17,040,617	19,585,869	18,044,295	14,177,795	15,245,421	13,295,753	16,347,681	17,323,716
Community support	4,719,421	5,230,808	5,527,004	7,897,550	15,363,130	8,239,825	7,807,086	5,168,774	5,722,271	7,142,087
Interest on long-term debt	3,374,753	10,021,271	9,751,729	9,417,258	8,846,315	8,775,931	3,106,240	4,388,732	4,111,816	6,640,779
Total governmental activities	211,807,028	267,788,420	303,620,836	318,328,575	324,367,675	286,043,679	256,779,182	243,127,105	255,663,459	251,838,531
Business-type activities										
Wastewater	16,674,919	24,549,809	27,885,130	29,181,700	31,443,978	36,986,026	26,615,574	38,806,095	46,654,631	45,235,686
Water	32,392,345	36,406,905	38,491,805	34,652,481	33,198,374	32,402,016	33,863,783	33,417,139	37,368,080	36,065,019
Municipal golf courses	1,661,367	1,696,700	1,865,239	1,806,068	1,198,958	1,116,228	2,422,211	2,321,525	3,253,407	2,407,902
Total business-type activities	50,728,631	62,653,414	68,242,174	65,640,249	65,841,310	70,504,270	62,901,568	74,544,759	87,276,118	83,708,607
Total primary government expenses	$ 262,535,659	$ 330,441,834	$ 371,863,010	$ 383,968,824	$ 390,208,985	$ 356,547,949	$ 319,680,750	$ 317,671,864	$ 342,939,577	$ 335,547,138
Program revenues										
Governmental activities										
Charges for services										
General government	$ 7,538,821	$ 7,624,085	$ 7,808,363	$ 8,557,114	$ 10,911,870	$ 8,635,975	$ 11,467,970	$ 12,001,422	$ 13,813,102	$ 14,222,091
Judicial	9,435,382	11,631,052	2,208,306	2,515,779	3,098,548	12,222,293	10,412,316	10,446,582	10,950,414	10,164,809
Public safety	27,777,824	23,849,055	30,131,176	28,995,220	29,888,956	10,631,966	20,574,051	21,124,279	24,235,187	23,225,991
Public works	5,282,467	5,622,943	2,548,356	1,297,430	1,883,015	2,702,747	4,876,338	4,751,577	5,375,946	9,006,208
Culture and recreation	2,184,512	2,382,876	2,568,030	2,354,508	1,866,740	1,945,886	2,787,964	2,874,363	3,707,230	5,730,717
Community support						261,485	530,174	547,459	623,259	1,147,504
Operating grants and contributions	4,993,866	4,877,620	5,423,876	6,591,191	11,811,707	9,654,245	23,609,657	19,871,431	23,491,365	27,229,507
Capital grants and contributions	74,204,852	79,897,469	98,079,100	127,600,370	79,156,147	56,049,152	65,538,503	91,544,553	32,366,318	70,196,112
Total governmental activities	131,417,724	135,885,100	148,767,207	177,911,612	138,616,983	102,103,749	139,796,973	163,161,666	114,562,821	160,922,939
Business-type activities										
Charges for services										
Wastewater	44,914,104	39,620,242	39,129,724	36,035,962	34,444,912	37,163,386	39,614,919	40,239,867	41,243,489	42,237,133
Water	55,682,008	52,539,912	51,576,234	45,697,439	47,074,546	48,561,691	48,563,211	51,188,315	53,292,819	54,747,339
Municipal golf courses	2,239,586	2,019,026	1,719,315	1,425,561	335,745	257,839	1,993,004	1,791,935	2,017,409	1,918,441
Operating grants and contributions	477,392	50,511					6,127,457	3,116,042	3,023,196	6,376,618
Capital grants and contributions	14,305,840	12,601,983	8,504,641	19,002,302	19,871,057	9,420,345	7,460,413	5,857,325	5,963,141	987,403
Total business-type activities	117,618,930	106,831,674	100,929,914	102,161,264	101,726,260	95,403,261	103,759,004	102,193,484	105,540,054	106,266,934
Total primary government program revenues	$ 249,036,654	$ 242,716,774	$ 249,697,121	$ 280,072,876	$ 240,343,243	$ 197,507,010	$ 243,555,977	$ 265,355,150	$ 220,102,875	$ 267,189,873
Net (expenses) program revenues										
Governmental activities	$ (80,389,304)	$ (131,903,320)	$ (154,853,629)	$ (140,416,963)	$ (185,750,692)	$ (183,939,930)	$ (116,982,209)	$ (79,965,439)	$ (141,100,638)	$ (90,915,592)
Business-type activities	66,890,299	44,178,260	32,687,740	36,521,015	35,884,950	24,898,991	40,857,436	27,648,725	18,263,936	22,558,327
Primary government	$ (13,499,005)	$ (87,725,060)	$ (122,165,889)	$ (103,895,948)	$ (149,865,742)	$ (159,040,939)	$ (76,124,773)	$ (52,316,714)	$ (122,836,702)	$ (68,357,265)

(Continued)

CITY OF NORTH LAS VEGAS

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 [2]	June 30, 2013	June 30, 2014	June 30, 2015
General revenues and other changes in net position										
Governmental activities										
Property taxes	$ 56,697,663	$ 71,404,630	$ 82,250,980	$ 87,102,142	$ 77,024,811	$ 57,540,748	$ 55,137,022	$ 48,831,490	$ 49,088,718	$ 50,350,577
Residential construction taxes	4,629,375	1,802,497	1,519,802	467,995	499,417	362,850	382,353	332,595	314,546	313,837
Room taxes	337,299	357,956	345,952	300,678	330,333	331,768	358,753	383,888	422,474	486,389
Franchise fees, based on gross receipts	13,778,783	15,773,376	18,989,378	17,083,699	16,717,339	16,224,681	16,142,005	15,769,356	20,788,938	21,322,332
Intergovernmental consolidated taxes	53,720,737	52,955,745	50,199,861	39,642,953	34,179,293	36,538,629	37,565,290	39,434,352	43,976,942	47,685,565
Other local government shared revenues	13,827,809	17,359,378	17,403,712	14,485,904	9,906,795	13,937,837	2,124,392	2,224,996	2,082,929	2,096,928
Unrestricted investment income	6,881,978	22,604,399	28,054,514	18,224,615	7,727,611	2,610,156	1,378,592	679,281	1,035,183	1,321,011
Gain on disposal of capital assets							316,407	204,150	2,102,479	2,932,638
Miscellaneous	16,193,249	21,618,036	42,097,298	28,479,414	23,144,183	28,064,262	2,199,961	1,767,227	2,281,880	1,909,778
Transfers	31,246,139	31,682,943	31,966,320	30,914,915	41,365,458	31,318,875	31,958,855	31,433,990	24,046,761	
Total governmental activities	197,313,032	235,558,960	272,827,817	236,702,315	210,895,240	186,929,806	147,563,630	141,061,325	146,140,850	128,419,055
Business-type activities										
Other local government shared revenues	174,764	3,189,017	538,471							
Unrestricted investment income	51,471	90	7,060,164	5,671,124	1,455,994	356,115	72,721	136,985	13,586	15,803
Gain on disposal of capital assets							23,860		12,668	21,612
Miscellaneous	5,157	4,641,476	2,417,173	3,554,227	2,329,165	3,055,358	36,782	6,362,108	356,096	216,234
Transfers	(31,246,139)	(31,682,943)	(31,966,320)	(30,914,915)	(41,365,458)	(31,318,875)	(31,958,855)	(31,433,990)	(24,046,761)	(22,548,597)
Total business-type activities	(31,014,747)	(23,852,360)	(21,950,512)	(21,689,564)	(37,580,299)	(27,907,402)	(31,825,492)	(24,934,897)	(23,664,411)	(22,294,948)
Total primary government general revenues and other changes in net position	$ 166,298,285	$ 211,706,600	$ 250,877,305	$ 215,012,751	$ 173,314,941	$ 159,022,404	$ 115,738,138	$ 116,126,428	$ 122,476,439	$ 106,124,107
Change in net position										
Governmental activities	$ 116,923,728	$ 103,655,640	$ 117,974,188	$ 96,285,352	$ 25,144,548	$ 2,989,876	$ 30,581,421	$ 61,095,886	$ 5,040,212	$ 37,503,463
Business-type activities	35,875,552	20,325,900	10,737,228	14,831,451	(1,695,349)	(3,008,411)	9,031,944	2,713,828	(5,400,475)	263,379
Primary government	$ 152,799,280	$ 123,981,540	$ 128,711,416	$ 111,116,803	$ 23,449,199	$ (18,535)	$ 39,613,365	$ 63,809,714	$ (360,263)	$ 37,766,842

1. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.
2. FY 2012 amounts were retoractively restated in FY 2013.

CITY OF NORTH LAS VEGAS

FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 [2]	June 30, 2013	June 30, 2014	June 30, 2015
General fund										
Reserved	$ 3,245,348	$ 542,793	$ 758,891	$	$	$	$	$	$	$
Unreserved	28,983,463	36,567,167	45,336,045	39,361,193	22,953,382					
Nonspendable						384,375	287,203	231,430	238,432	2,743,971
Restricted for						101,642	26,257	170,576		
Committed for							274,200	596,200	207,179	166,202
Unassigned						7,238,181	11,302,907	8,340,738	7,633,089	9,585,163
Total general fund	$ 32,228,811	$ 37,109,960	$ 46,094,936	$ 39,361,193	$ 22,953,382	$ 7,724,198 [1]	$ 11,890,567	$ 9,338,944	$ 8,078,700	$ 12,495,336
Other governmental funds										
Reserved	$ 1,810,042	$ 904,655	$ 1,256,971	$	$	$	$	$	$	$
Unreserved										
Special revenue funds	55,601,940	54,625,345	57,249,895	54,590,729	48,388,767					
Debt service funds	6,264,884	6,926,512	7,316,194	4,684,177	3,278,094					
Capital projects funds	211,893,685	208,120,685	189,433,342	155,724,644	111,345,725					
Nonspendable						87,162	224,923	2,655,236	6,499,075	6,494,034
Restricted for						84,687,535	74,624,464	70,116,032	70,396,589	79,486,892
Committed for						1,377,827	1,327,188	1,250,166	292,564	378,342
Assigned to						1,430,753	1,859,516	2,354,991	4,362,189	2,122,074
Total other governmental funds	$ 275,570,551	$ 270,577,197	$ 255,256,402	$ 214,999,550	$ 163,012,586	$ 87,583,277	$ 78,036,091	$ 76,376,425	$ 81,550,417	$ 88,481,342

1. Due to the reporting change as required by GASB No. 54, effective FY2010-11.
2. FY 2012 amounts were retoractively restated in FY 2013.

CITY OF NORTH LAS VEGAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 [1]	June 30, 2013	June 30, 2014	June 30, 2015
REVENUES										
Property taxes	$ 56,697,663	$ 71,404,630	$ 82,250,980	$ 87,102,142	$ 77,024,811	$ 57,540,748	$ 55,137,022	$ 49,160,817	$ 49,097,031	$ 50,574,008
Residential construction taxes	4,629,375	1,802,497	1,519,802	467,995	499,417	362,850	382,353	332,595	314,546	313,837
Room taxes	337,299	357,956	345,952	300,678	330,333	331,768	358,753	383,888	422,474	486,389
Franchise fees							16,142,005	15,769,356	20,788,938	21,322,332
Licenses and permits	35,431,853	33,416,360	32,347,464	28,734,711	26,062,330	26,271,308	10,132,978	10,722,526	10,748,799	13,860,541
Special assessments							2,202,745	2,202,185	2,170,942	2,170,946
Charges for services	22,249,296	20,397,993	21,033,088	22,240,756	23,296,938	14,280,489	6,023,699	5,369,223	7,573,999	8,993,819
Intergovernmental consolidated taxes							37,565,290	39,434,352	43,976,942	47,685,565
Intergovernmental	105,703,977	113,541,467	140,003,233	142,978,208	116,132,627	102,027,017	67,518,671	106,630,804	49,201,824	92,958,280
Fines and forfeitures	6,243,247	6,816,569	9,358,465	10,173,893	9,905,464	10,197,087	7,195,757	7,535,551	7,236,044	6,146,529
Contributions							219,350	106,332	571,956	236,069
Rents and royalties							513,578	557,856	582,762	840,310
Investment income							806,229	195,524	642,581	1,018,891
Miscellaneous	16,559,701	34,322,266	43,852,373	29,035,648	15,050,513	9,507,120	2,871,657	1,760,617	2,098,694	2,460,664
Total revenues	247,852,411	282,059,738	330,711,357	321,034,031	268,302,433	220,518,387	207,070,087	240,161,626	195,427,532	249,068,180
EXPENDITURES										
General government	25,960,959	37,255,958	55,369,189	44,557,977	67,149,968	64,597,945	24,346,198	20,954,097	18,696,163	21,545,649
Judicial	8,176,793	10,422,419	13,002,378	13,857,493	10,589,039	10,415,468	8,995,929	8,501,665	8,532,342	10,830,787
Public safety	123,202,142	145,738,363	151,348,964	166,332,695	165,279,861	151,511,917	136,959,835	153,567,436	121,831,060	178,964,728
Public works	51,614,517	67,046,155	103,964,900	105,808,278	55,421,439	31,517,296	36,683,544	21,626,361	21,156,322	6,871,776
Culture and recreation	21,298,887	26,652,050	29,009,898	36,289,596	45,258,925	38,247,284	23,051,356	52,141,269	23,412,874	21,369,036
Community support	6,931,645	7,425,578	9,821,305	11,413,230	15,513,020	8,165,001	7,395,157	6,962,391	4,444,462	6,877,580
	237,184,943	294,540,523	362,516,634	378,259,269	359,212,252	304,454,911	237,432,019	263,753,219	198,073,223	246,459,556
Debt service										
Principal payments	5,245,135	10,613,800	11,145,300	11,374,500	11,547,700	6,307,800	5,277,600	5,928,600	4,990,000	5,757,700
Interest and fiscal charges	2,496,086	9,184,281	9,774,489	9,601,384	9,095,696	7,526,085	3,076,503	3,246,669	3,035,503	7,642,269
Payment to current bond refunding agent						20,000,000				
Debt issuance costs		154,338	284,504			143,438	200,286			
Total debt service	7,741,221	19,952,419	21,204,293	20,975,884	20,643,396	33,977,323	8,554,389	9,175,269	8,025,503	13,399,969
Total expenditures	244,926,164	314,492,942	383,720,927	399,235,153	379,855,648	338,432,234	245,986,408	272,928,488	206,098,726	259,859,525
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,926,247	(32,433,204)	(53,009,570)	(78,201,122)	(111,553,215)	(117,913,847)	(38,916,321)	(32,766,862)	(10,671,194)	(10,791,345)

(Continued)

CITY OF NORTH LAS VEGAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 [1]	June 30, 2013	June 30, 2014	June 30, 2015
OTHER FINANCING SOURCES (USES)										
Contingencies	(10,000)			(49,395)						(400,000)
Debt issuance proceeds	160,000,000	4,500,000	12,680,000		3,145,000	17,090,000	27,070,000			
Debt issuance premiums	4,143,946	9,160,000	160,380							
Payment to advance refunding bond agent		(9,116,037)			(3,071,110)	(16,922,300)	(26,573,920)			
Debt issuance discounts	(1,494,180)	(15,000)	(15,750)		(52,183)		(257,999)			
Transfers in	68,284,156	73,826,205	75,287,726	79,675,504	88,126,189	52,280,115	43,764,721	46,423,036	46,358,276	41,456,655
Transfers out	(41,038,018)	(46,059,162)	(41,438,606)	(48,415,589)	(42,207,531)	(25,192,464)	(10,809,831)	(18,049,079)	(33,871,483)	(21,923,292)
Other	875,540	25,000					342,533	181,316	2,098,449	2,913,171
Total other financing sources (uses)	190,761,444	32,321,006	46,673,750	31,210,520	45,940,365	27,255,351	33,535,504	28,555,273	14,585,242	22,046,534
CHANGE IN FUND BALANCE	$ 193,687,691	$ (112,198)	$ (6,335,820)	$ (46,990,602)	$ (65,612,850)	$ (90,658,496)	$ (5,380,817)	$ (4,211,589)	$ 3,914,048	$ 11,255,189
Capital expenditures included in expenditures above	$ 59,888,265	$ 78,408,888	$ 121,827,730	$ 118,033,178	$ 112,947,115	$ 94,972,764	$ 51,457,061	$ 87,382,782	$ 26,921,150	$ 72,740,101
Debt sevice as a percentage of noncapital expenditures	4.20 %	8.40 %	8.00 %	7.50 %	7.70 %	5.70 %	4.20 %	5.20 %	4.40 %	7.16 %

1. FY 2012 amounts were retoractively restated in FY 2013.

CITY OF NORTH LAS VEGAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY[1]
LAST TEN FISCAL YEARS
(UNAUDITED)

For the Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Undeveloped Property	Less Tax Exempt Property	Total Taxable Assessed Value	Direct Tax Rate	Estimated Actual Value	Ratio of Total Taxable Assessed to Total Estimated Actual Value [2]
2006	$ 2,831,615,000	$ 640,304,000	$ 365,053,000	$ 2,035,717,000	$ (1,407,739,000)	$ 4,464,950,000	1.1837	$ 12,757,000,000	35.00 %
2007	4,451,125,000	831,875,000	442,427,000	2,609,030,000	(1,565,997,000)	6,768,460,000	1.1637	19,338,454,000	35.00 %
2008	5,479,828,000	1,041,647,000	580,796,000	3,401,267,000	(2,298,842,000)	8,204,696,000	1.1587	23,441,991,000	35.00 %
2009	5,572,985,000	1,281,806,000	669,317,000	3,239,635,000	(2,475,324,000)	8,288,419,000	1.1587	23,681,197,000	35.00 %
2010	3,709,241,000	1,360,037,000	691,913,000	2,509,269,000	(2,144,624,000)	6,125,836,000	1.1587	17,502,381,000	35.00 %
2011	2,646,355,000	1,022,464,000	525,474,000	1,059,048,000	(1,108,378,000)	4,144,963,000	1.1587	11,842,751,000	35.00 %
2012	2,674,770,000	995,708,000	423,800,000	647,713,000	(869,661,000)	3,872,330,000	1.1587	11,063,797,000	35.00 %
2013	2,416,735,000	941,804,000	382,696,000	492,391,000	(779,884,000)	3,453,742,000	1.1587	9,867,835,000	35.00 %
2014	2,487,233,874	997,032,941	384,695,090	417,300,826	(784,220,790)	3,502,041,941	1.1587	10,005,834,117	35.00 %
2015	3,073,765,289	1,039,727,647	432,296,748	432,308,397	(816,397,511)	4,161,700,570	1.1587	11,890,573,057	35.00 %

1. Source - Clark County Assessor's Office
2. Pursuant to State statute, all property is assessed at 35% of its estimated value.

CITY OF NORTH LAS VEGAS

PROPERTY TAX RATES[1] - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 OF ASSESS VALUE[2])
LAST TEN FISCAL YEARS
(UNAUDITED)

	City of North Las Vegas, Direct Rates				Overlapping Rates				
For the Year Ended June 30,	City Operations	Debt Service	Public Safety (Override)	Total Direct Tax Rate	State of Nevada	Clark County	Clark County School District	Emergency 911	Las Vegas Artesian Basin
2006	0.2014	0.0622	0.9201	1.1837	0.1700	0.6575	1.3034	0.0050	0.0013
2007	0.1937	0.0300	0.9400	1.1637	0.1700	0.6566	1.3034	0.0050	0.0009
2008	0.1901	0.0250	0.9436	1.1587	0.1700	0.6541	1.3034	0.0050	0.0008
2009	0.1901	0.0250	0.9436	1.1587	0.1700	0.6541	1.3034	0.0050	0.0008
2010	0.1937	0.0100	0.9550	1.1587	0.1700	0.6541	1.3034	0.0050	0.0011
2011	0.1937	0.0370	0.9280	1.1587	0.1700	0.6541	1.3034	0.0050	0.0015
2012	0.1937	0.0250	0.9400	1.1587	0.1700	0.6541	1.3034	0.0050	
2013	0.1937	0.0250	0.9400	1.1587	0.1700	0.6541	1.3034	0.0050	
2014	0.1937	0.0250	0.9400	1.1587	0.1700	0.6541	1.3034	0.0050	
2015	0.1937		0.9650	1.1587	0.1700	0.6541	1.3034	0.0050	

	Overlapping Rates			
For the Year Ended June 30,	Las Vegas - Clark County Library District	City of North Las Vegas Library District	Total Overlapping Rates	Total Direct and Overlapping Rates
2006	0.0123	0.0632	2.2127	3.3964
2007	0.0123	0.0632	2.2114	3.3751
2008	0.0123	0.0632	2.2088	3.3675
2009	0.0086	0.0632	2.2051	3.3638
2010	0.0100	0.0632	2.2068	3.3655
2011	0.0070	0.0632	2.2042	3.3629
2012		0.0632	2.1957	3.3544
2013		0.0632	2.1957	3.3544
2014		0.0632	2.1957	3.3544
2015		0.0632	2.1957	3.3544

1. Source - Clark County Treasurer's Office
2. The State of Nevada Constitution has a maximum rate limit of $5 per $100 assessed value and Nevada Revised Statutes further lower the limit to a total combined tax rate of 3.64.

CITY OF NORTH LAS VEGAS

PRINCIPAL PROPERTY TAXPAYERS[1, 2]
CURRENT AND NINE YEARS AGO
(UNAUDITED)

	2015			2006		
Taxpayer	Taxable Assessed Value [3]	Rank	Percentage of Taxable Assess Value [4]	Taxable Assessed Value [3]	Rank	Percentage of Taxable Assess Value [4]
Aliante Gaming LLC	$ 78,364,836	1	1.88 %	$		%
Picerne Real Estate Group	46,503,308	2	1.12 %			%
Golden Triangle Industrial Park	42,184,688	3	1.01 %			%
Cannery Casino Resorts	35,106,063	4	0.84 %			%
Station Casinos Incorporated	32,757,060	5	0.79 %	79,482,392	1	1.78 %
Colonial Realty Limited Partnership	24,524,480	6	0.59 %			%
Wal-Mart Stores Incorporated	23,091,886	7	0.55 %			%
Las Vegas Paving Corporation	21,223,520	8	0.51 %			%
Apex Nevada Solar LLC	20,174,370	9	0.48 %			%
Prologis	18,563,175	10	0.45 %			%
Centex Homes				62,983,717	2	1.41 %
Pardee Homes Nevada Incorporated				61,497,810	3	1.38 %
Greenspun Companies				56,400,772	4	1.26 %
Las Vegas Cogeneration				48,792,598	5	1.09 %
Operating Engineers Pension Trust				43,799,056	6	0.98 %
D.R. Horton Incorporated				38,866,626	7	0.87 %
KB Home Nevada Incorporated				32,273,500	8	0.72 %
Potlatch Corporation				31,865,075	9	0.71 %
Pulte Homes				28,572,132	10	0.64 %
	$ 342,493,386		8.22 %	$ 484,533,678		10.84 %

1. Located in Clark County, Nevada
2. Source - Clark County Assessor's Office
3. Taxable assessed value is 35% of appraised value.
4. See the "Assessed and Estimated Actual Value of Taxable Property" table for assessed property value data.

CITY OF NORTH LAS VEGAS

PROPERTY TAX LEVIES AND COLLECTIONS[1]
LAST TEN FISCAL YEARS
(UNAUDITED)

For the Year Ended June 30,	Tax Levy	Current Tax Levy Collections	Percent of Tax Levy Collected	Delinquent Tax Levy Collections	Total Tax Levy Collected	Percent of Total Tax Levy Collected to Tax Levy
2006	$ 50,957,310	$ 50,570,826	99.2416 %	$ 286,303	$ 50,857,129	99.8034 %
2007	65,307,155	64,545,683	98.8340 %	761,287	65,306,970	99.9997 %
2008	75,518,219	74,309,000	98.3988 %	1,204,478	75,513,478	99.9937 %
2009	80,728,503	78,928,443	97.7702 %	1,782,248	80,710,691	99.9779 %
2010	71,204,380	68,995,648	96.8980 %	2,164,910	71,160,558	99.9385 %
2011	51,409,059	49,881,300	97.0282 %	1,430,459	51,311,759	99.8107 %
2012	47,624,187	46,781,680	98.2309 %	600,963	47,382,643	99.4928 %
2013	42,824,473	42,336,988	98.8617 %	182,336	42,519,324	99.2874 %
2014	42,179,362	41,711,002	98.8896 %	207,124 [2]	41,918,126	99.3807 %
2015 [3]	[3]		DIV/0 % [3]	[3]	[3]	DIV/0 %

1. Source - Clark County Comptroller's Office.
2. Collections July 1 through September 30 of the subsequent year.
3. Not available at time of report completion

CITY OF NORTH LAS VEGAS

RATIOS OF OUSTANDING DEBT[1] BY TYPE
LAST TEN FISCAL YEARS[2]
(UNAUDITED)

	Governmental Activities			Business-type Activities				
For the Year Ended June 30,	General Obligation Bonds	Special Assessment Bonds	Capital Leases	General Obligation/Pledged Revenue Bonds	Other	Total Primary Government [3]	Percentage of Clark County Personal Income [4]	City of North Las Vegas Per Capita [4]
2006	$ 212,150,000	$ 2,612,000	$	$ 42,510,000	$	$ 257,272,000	0.37 %	$ 1,381
2007	198,940,000	6,753,200		179,634,000		385,327,200	0.53 %	1,954
2008	189,600,000	17,512,900		176,439,000		383,551,900	0.52 %	1,862
2009	180,330,000	15,993,400		173,090,000		369,413,400	0.54 %	1,735
2010	170,395,641	14,273,700	46,359	312,033,000		496,748,700	0.71 %	2,290
2011	147,435,033	12,532,900	34,967	305,588,000		465,590,900	0.66 %	2,123
2012	160,223,349	10,715,300	16,651	299,136,000		470,091,300	0.63 % [5]	2,103
2013	156,632,000	8,729,700		292,391,000	7,000,000	464,752,700	0.61 %	
2014	153,712,000	7,009,700		285,554,000	6,000,000	452,275,700	% [5]	1,962
2015	150,080,000	5,249,000		278,445,000	5,000,000	438,774,000	% [5]	[6]

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.
3. Excludes debt issued by the City's blended component units.
4. See the "Demographic and Economic Statistics" table for Clark County personal income and the City's population data.
5. Information not available at time of printing.
6. Using 2014 population for City of North Las Vegas Per Capita calculation

CITY OF NORTH LAS VEGAS

RATIOS OF GENERAL BONDED DEBT[1] OUTSTANDING
LAST TEN FISCAL YEARS[2]
(UNAUDITED)

For the Year Ended June 30,	General Obligation Bonds	General Obligation/Pledged Revenue Bonds	Total General Bonded Debt [3]	Percentage of Estimated Actual Propety Value [4]	City of North Las Vegas Per Capita [5]	Amounts Available to Repay General Bonded Debt	Net General Bonded Debt
2006	$ 212,150,000	$ 42,510,000	$ 254,660,000	2.00 %	$ 1,367	$ 3,479,930	$ 251,180,070
2007	198,940,000	179,634,000	378,574,000	1.96 %	1,919	4,276,162	374,297,838
2008	189,600,000	176,439,000	366,039,000	1.56 %	1,777	5,095,859	360,943,141
2009	180,330,000	173,090,000	353,420,000	1.49 %	1,660	4,892,967	348,527,033
2010	170,395,641	312,033,000	482,428,641	2.76 %	2,224	1,960,788	480,467,853
2011	147,435,033	305,588,000	453,023,033	3.83 %	2,066	432,004	452,591,029
2012	160,223,349	299,136,000	459,359,349	4.15 %	2,055	25,062	459,334,287
2013	156,632,000	292,391,000	449,023,000	4.55 %		243,501	448,779,499
2014	153,712,000	285,554,000	439,266,000	4.39 %	1,906 [6]	389,316	438,876,684
2015 [7]	150,080,000	278,445,000	428,525,000	3.60 %	[6]	1,176,607	427,348,393

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.
3. Excludes debt issued by the City's blended component units.
4. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated acutal property value data.
5. See the "Demographic and Economic Statistics" table for the City's population data.
6. Information not available at time of printing.
7. Using 2014 population for City of North Las Vegas Per Capita calculation

CITY OF NORTH LAS VEGAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT[1, 2]
JUNE 30, 2015
IN THOUSANDS
(UNAUDITED)

	General Obligation Debt	Percent Applicable	Applicable General Obligation Debt
City of North Las Vegas	$ 14,070 [4]	100.00 %	$ 14,070
Overlapping governments [4]			
Clark County	31,107	7.52 %	2,339
Clark County School District	1,964,995	7.52 %	147,768
Las Vegas - Clark County Library District	27,055	9.88 %	2,673
State of Nevada	1,230,005	5.20 %	63,960
Total overlapping governments	3,253,162		216,740
Total direct and overlapping debt	3,267,232		$ 230,810

1. Source - Zions Bank Public Finance.
2. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
3. Excludes debt issued by the City's blended component units.
4. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire deb burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident; and therefore, responsible for repaying the debt, of eacl overlapping government. Debt amounts for overlapping entities in the various governments were provided by Zions Bank Public Finance. The percentage applicable was calculated by taking the City's assessed valuation divided by each respective governments' assessed valuation.

CITY OF NORTH LAS VEGAS

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS[1]
(UNAUDITED)

		June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Total taxable assessed property value	2	$ 4,464,950,000	$ 6,768,460,000	$ 8,204,696,000	$ 8,288,419,000	$ 6,125,836,000	$ 4,144,963,000	$ 3,872,330,000	$ 3,453,742,000	$ 3,502,041,941	$ 4,161,700,570
Legal debt Margin											
Legal debt limit (20% of taxable assessed property value)		$ 892,990,000	$ 1,353,692,000	$ 1,640,939,200	$ 1,657,683,800	$ 1,225,167,200	$ 828,992,600	$ 774,466,000	$ 690,748,400	$ 700,408,388	$ 832,340,114
Debt applicable to debt limit											
Net general bonded debt	3	251,180,070	374,297,838	360,943,141	348,527,033	480,467,853	452,591,029	459,334,287	448,779,499	438,876,684	427,348,393
Legal debt margin		$ 641,809,930	$ 979,394,162	$ 1,279,996,059	$ 1,309,156,767	$ 744,699,347	$ 376,401,571	$ 315,131,713	$ 241,968,901	$ 261,531,704	$ 404,991,721
Total debt applicable to debt limit as a percentage of debt limit		28.13 %	27.65 %	22.00 %	21.02 %	39.22 %	54.60 %	59.31 %	64.97 %	62.66 %	51.34 %

1. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.
2. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated acutal property value data.
3. See the "Ratios of General Bonded Debt Outstanding" table for the calculation of net general bonded debt.

CITY OF NORTH LAS VEGAS

DEMOGRAPHIC AND ECONOMIC STATISTICS[1]
LAST TEN FISCAL YEARS
(UNAUDITED)

For the Year Ended June 30,	City of North Las Vegas Population	Clark County Personal Income	Clark County Population	Clark County Per Capita Personal Income	Clark County Unemployment Rate
2006	186,350	$ 68,874,056,000	$ 1,803,774	$ 38,183	4.30 %
2007	197,233	73,040,160,000	1,867,817	39,105	4.70 %
2008	206,044	74,279,798,000	1,912,349	38,842	7.00 %
2009	212,863	68,791,192,000	1,939,407	35,470	11.90 %
2010	216,961	69,800,237,000	1,951,269	35,772	14.20 %
2011	219,275	70,289,097,000	1,969,975	35,680	13.50 %
2012	223,491	74,886,428,000	2,000,759	37,429	11.20 %
2013		75,957,334,000 [2]	2,027,868	37,457 [2]	9.70 %
2014	230,491 [2]		2,069,450 [2]		7.80 %
2015	[2]	[2]	[2]	[2]	7.00 %

1. Source - Nevada Workforce Informer, Data Analysis (http://www.nevadaworkforce.com/cgi/dataanalysis/dataTypeSelection.asp?tableName=notable)
2. Information not available at time of printing.

CITY OF NORTH LAS VEGAS

PRINCIPAL EMPLOYERS[1]
CURRENT AND NINE YEARS AGO
(UNAUDITED)

	2015			2006		
Clark County Employer	Employees	Rank	Percentage of Total Clark County Employment	Employees	Rank	Percentage of Total Clark County Employment
Clark County School District	30000 to 39999 employees	1	3.66 %	30000 to 39999 employees	1	3.90 %
Clark County	30000 to 39999 employees	2	.86 %	9500 to 9999 employees	2	1.09 %
MGM Grand Hotel/Casino	8000 to 8499 employees	3	.86 %			%
Wynn Las Vegas	8000 to 8499 employees	4	.86 %			%
Bellagio LLC	8000 to 8499 employees	5	.86 %			%
Aria Resort & Casino LLC	7500 to 7999 employees	6	.81 %			%
Mandalay Bay Resort & Casino	7000 to 7499 employees	7	.76 %	7500 to 7999 employees	3	.86 %
University of Nevada Las Vegas	5000 to 5499 employees	8	.55 %	6000 to 6499 employees	4	.70 %
Caesars Palace	5000 to 5499 employees	9	.55 %	5500 to 5999 employees	5	.64 %
Las Vegas Metropolitan Police Dept	4500 to 4999 employees	10	.5 %	5000 to 5499 employees	8	.59 %
Mirage Casino Hotel				5500 to 5999 employees	6	.64 %
Venetian Casino Resorts LLC				5500 to 5999 employees	7	.64 %
University Medical Center of S NV				4000 to 4499 employees	9	.47 %
Rio Suite Hotel and Casino				4000 to 4499 employees	10	.47 %

1. Source - www.nevadaworkforce.com, Nevada's Largest Employers (Clark County), 1st Qtr 2015, 4th Qtr 2006
2. Source - www.nevadaworkforce.com, Data Analysis, Labor Force and Unemployment Tool, Clark County, Mar 2015
3. Source - www.nevadaworkforce.com, Data Analysis, Labor Force and Unemployment Tool, Clark County, Dec 2006
4. Total Employment based on mid-point of Employee Range.

CITY OF NORTH LAS VEGAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM[1]
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Function/program										
Governmental activities										
General government	186	204	259	272	277	258	193	163	127	129
Judicial	59	82	87	91	98	99	98	85	72	72
Public safety	887	972	1,133	1,232	1,269	1,264	1,226	1,141	915	912
Public works	124	156	167	167	168	143	100	80	51	55
Culture and recreation	184	205	220	234	251	235	166	152	129	136
Community support	15	29	40	42	44	40	33	29	25	24
Total governmental activities	1,455	1,648	1,906	2,038	2,107	2,039	1,816	1,650	1,319	1,328
Business-type activities										
Wastewater	28	36	44	46	48	63	52	55	55	54
Water	68	73	91	96	97	84	96	95	93	92
Municipal golf courses	14	14	13	14	9	8	7	8	7	7
Total business-type activities	110	123	148	156	154	155	155	158	155	153
Total full-time equivalent employees	1,565	1,771	2,054	2,194	2,261	2,194	1,971	1,808	1,474	1,481

1. Source - City of North Las Vegas, Finance Department, Budget Division.

CITY OF NORTH LAS VEGAS

OPERATING INDICATORS BY FUNCTION/PROGRAM[1]
LAST TEN FISCAL YEARS[2]
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Function/program										
Police										
Calls for service										
Officer initiated	184,000	166,364	194,527	190,668	211,130	207,019	113,946	106,247	95,699	72,582
Community generated	135,000	139,132	136,089	96,897	108,908	92,588	106,385	98,452	98,596	114,894
Neighborhood watch meetings	25	80	113	72	102	37	47	31	39	68
Detention										
Bookings	14,300	14,500	17,726	19,842	20,662	20,662	10,058	9,037	9,003	8,857
Average daily population	802	807	885	906	928	523	237	220	147	132
Daily meals service	945,000	850,000	1,045,686	900,000	1,171,704	532,888	276,122	276,122		
Fire										
Number of calls	23,270	24,500	25,986	26,351	27,016	27,828	28,540	30,187	28,909	23,070
EMS responses	12,104	12,400	17,895	15,588	18,983	24,309	24,766	24,831	23,692	20,346
Non-fire Incidents	10,228	11,150	5,750	6,040	3,673	1,170	509	2,448	2,301	1,758
Fire Incidents	938	950	2,142	1,839	4,346	2,330	1,954	2,191	2,274	527
Structure fires	108	89	667	543	673	643	516	717	642	439
Library facilities										
Circulation	226,771	416,494	465,304	613,658	793,000	725,905	710,415	649,445	604,614	502,249
Holdings	139,596	152,139	153,436	212,074	225,404	234,725	243,629	251,543	202,163	200,166
Library traffic	243,800	417,431	446,336	557,694	754,000	536,085	490,128	442,688	408,672	388,937
Culture and recreation										
Golf Courses										
Number of rounds of golf	104,891	94,738	86,670	74,474	68,000	63,565	64,297	61,102	66,647	65,407
Cost of operation per round (Municipal Course)	$ 8	$ 12	$ 12	$ 12	$ 8	$ 11	$ 11	$ 12	$ 11	$ 11
Cost of operation per round (Craig Ranch Course)	$ 21	$ 21	$ 26	$	$	$	$	$	$	$
Cost of operation per round (Aliante Course)	$	$	$	$ 54	$ 75	$ 54	$ 47	$ 49	$ 61	$ 50
Parks/Recreation										
Program participation visits	1,517,745	1,618,451	194,443	1,271,769	1,300,000	1,435,852	1,154,162	1,197,216	1,401,118	1,450,151
Annual cost per acre to maintain	$ 19,626	$ 20,513	$ 19,971	$ 22,776	$ 18,000	$ 9,906	$ 7,300	$ 7,001	$ 6,174	$
Number of stage rentals	15	18	11	13	10	21	17	12	10	17
Public works										
Building safety-permits issued	17,009	11,470	9,616	6,693	6,044	6,480	6,285	5,586	5,812	7,925
Survey										
Technical reviews completed (maps, documents)	303	279	279	118	60	31	25	24	77	79
GPS features collected	109,189	66,370	66,371	75,327	55,000	5,851	9,543	1,253	10,916	4,368
Engineering services-active capital projects	55	64	57	64	72	65	47	50	56	49
Construction services-number of inspections	20,339	14,179	12,072	5,020	8,090	4,142	2,423	2,423		
Development and Flood Control-permits issued	824	1,055	1,100	699	500	309	322	275	415	460
Real property services										
Maps reviewed and processed	117	59	49	181	23	19	13	15	24	26
Planning Commission items reviewed	606	491	47	94	150	149	111	138	203	227
Addresses assigned	5,607	3,014	806	758	500	356	151	303	378	420

(Continued)

CITY OF NORTH LAS VEGAS

OPERATING INDICATORS BY FUNCTION/PROGRAM[1] (CONTINUED)
LAST TEN FISCAL YEARS[2]
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Water										
Valves exercised	1,283	2,760	1,933	3,104	1,970	2,588	1,773	1,486	1,140	1,749
Water repairs	215	290	226	250	233	276	250	218	187	172
Service requests	2,054	2,344	90,717	82,644	76,462	69,700	76,731	70,423	71,097	72,564
Number of bills	910,679	974,142	994,641	970,590	974,406	980,797	1,079,258	1,006,250	1,017,587	1,011,433
Number of meters read	886,203	956,892	993,013	1,001,336	1,007,205	1,017,682	1,025,417	1,030,452	1,035,334	1,038,405

1. Source - Various City of North Las Vetgas departments.
2. Change in methodology implemented 2008
3. Service requests expanded for the full Utility, prior only one division was tracking service requests.
4. Decrease due to reduction in staffing.

CITY OF NORTH LAS VEGAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM[1]
LAST TEN FISCAL YEARS[2]
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Function/program										
Police stations	2	2	2	2	3	2	2	2	2	2
Fire stations	6	7	7	7	8	8	8	8	8	8
Library facilities	3	2	2	3	3	3	3	3	3	3
Culture and recreation										
Community centers	2	2	2	2	2	2	3	3	3	3
Parks	31	31	31	31	34	34	34	34	35	35
Park acreage	482	493	493	493	474	474	474	474	627	627
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	12	12	12	12	12	12	12	12	18	18
Public works										
Lane miles of paved street	2,150	1,925	1,971	2,150	2,150	2,167	2,171	2,489	2,489	2,489
Lane miles of unpaved street				630	700	698	698	698	698	698
Traffic signal intersections	85	105	120	138	141	143	152	155	155	155
Street lights	29,600	32,000	35,000	35,000	35,000	35,000	35,104	35,000	35,000	35,000
Water										
Miles of water main	1,048	1,072	1,096	1,110	1,127	1,130	1,117	1,119	1,060	1,064
Residential service connections	73,962	76,473	75,375	73,048	73,642	74,191	76,367	76,988	78,228	79,272
Commercial service connections	4,665	5,001	5,350	5,256	5,258	5,305	5,403	5,439	5,517	5,638
Average daily consumption in million gallons	44	50	49	47	46	46	45	44	45	45
Peak demand day in million gallons	68	75	74	76	75	74	66	69	69	69
Wastewater										
Miles of sewer wastewater main	595	609	625	625	625	625	625	638	651	667
Miles of storm wastewater main	129	147	175	180	183	193	263	266	153	157

1. Source - Various City of North Las Vetgas departments.
2. Prior years revised

BUSINESS LICENSE FEES

CITY OF NORTH LAS VEGAS

SCHEDULE OF BUSINESS LICENSE FEES

FOR THE YEAR ENDED JUNE 30, 2015

As required by Nevada Revised Statues (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local goverment may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum.

FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

Business license revenue for the year ended June 30, 2015			$ 2,988,195
Business license revenue for the year ended June 30, 2014 (base year)		$ 2,596,020	
Adjustment to base year			
Percentage change in Consumer Price Index		0.12 %	
Total adjustment to base year		3,115	
Adjusted business license revenue base for the year ended June 30, 2015			2,599,135
Amount under allowable maximum			$ 389,060

FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2015			$ 2,147,270
Business license revenue for the year ended June 30, 2014 (base year)		$ 1,578,290	
Adjustment to base year			
Percentage change in local government population	(1.90)%		
Percentage change in Consumer Price Index	0.12 %		
		(1.78)%	
Total adjustment to base year		(28,094)	
Adjusted business license revenue base for the year ended June 30, 2015			1,550,196
Amount under allowable maximum			$ 597,074

SINGLE AUDIT INFORMATION

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable Mayor and Members of the City Council
City of North Las Vegas, Nevada

We have audited the compliance of the City of North Las Vegas (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program. In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015.

Other Matters. The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015 - 003 through 2015 - 005. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance. The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to

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above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015 - 003 through 2015 - 005 that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 4, 2015, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Piercy Bowler Taylor + Kern

Las Vegas, Nevada
December 4, 2015

CITY OF NORTH LAS VEGAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal or Pass-through Grantor Number	Expenditures
U.S. Department of Agriculture			
Passed through State of Nevada, Department of Education			
Child Nutrition Cluster			
Special Milk Program for Children	10.556	N/A	$ 21,192
Passed through National Recreation and park Association			
Child and Adult Care Food Program	10.558	N/A	3,472
Total U.S. Department of Agriculture			24,664
U.S. Department of Energy			
Energy Efficiency and Conservation Block Grant Program (ARRA)	81.128		1,653
Total U.S. Department of Energy			1,653
U.S. Department of Health and Human Services			
Passed through Southern Nevada Health District			
Centers for Disease Control and Prevention –Affordable Care Act (ACA) – Communities Putting Prevention to Work	93.520	C-7655	4,651
Total U.S. Department of Health and Human Services			4,651
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044		9,023
Passed through Office of U.S. Secret Service			
Las Vegas Electronic Crimes Task Force	N/A	N/A	793
Passed through Office of Homeland Security Investigations			
Joint Operation 13-14	N/A	N/A	1,712
Joint Operation 14-15	N/A	N/A	11,662
Passed through State of Nevada, Department of Public Safety			
Emergency Management Performance Grants	97.042	EMW-2013-EP-00022-S01	39,999
		EMW-2014-EP-00003-S01	78,170
		EMW-2015-EP-00002	75,080
Passed through Clark County Fire Department			
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2013-CA-K00016	5,291
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2014-CA-K00152	11,129
Passed through Clark County Office of Emergency Management and Homeland Security			
Homeland Security Grant Program	97.067	EMW-2014-SS-00117	83,810
Total U.S. Department of Homeland Security			316,669
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Special Purpose Grants/Insular Areas	14.225		15,882
Passed through Clark County, Nevada, Department of Finance			
Community Development Block Grants/Entitlement Grants	14.218*	B-08-UC-32-0001	43,419
		B-09-UC-32-0001	17,021
		B-10-UC-32-0001	208,858

(Continued)

CITY OF NORTH LAS VEGAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal or Pass-through Grantor Number	Expenditures
		B-11-UC-32-0001	327,176
		B-12-UC-32-0001	360,372
		B-13-UC-32-0001	262,280
		B-14-UC-32-0001	1,082,357
		B-15-UC-32-0001	975
Emergency Solutions Grant Program	14.231	E-14-UC-32-0001	77,651
Home Investment Partnerships Program	14.239*	M-09-DC-32-0001	362,788
		M-10-DC-32-0001	504,616
		Program Income	165,090
Neighborhood Stabilization Program	14.264	B-08-DN-32-0001	4,155
		B-08-UN-32-0001	97,349
		B-11-UN-32-0001	11,750
Total U.S. Department of Housing and Urban Development			3,541,739
U.S. Department of the Interior			
Passed through State of Nevada, Bureau of Land Management			
Southern Nevada Public Land Management	15.235	L07AC14012	27,734
		L09AC15510	1,331
		L11AC20228	209,688
		L12AC20493	48,171
		L14AC00132	3,013
Total U.S. Department of the Interior			289,937
U.S. Department of Justice			
State Criminal Alien Assistance Program	16.606		18,481
			26,034
Public Safety Partnership and Community Policing Grants	16.710		284,329
			242,423
Edward Byrne Memorial Justice Assistance Grant Program	16.738		38,000
			25,000
Passed through Federal Bureau of Investigation			
Nevada Joint Terrorist Task Force (JTTF) - 13	N/A	N/A	969
Nevada Joint Terrorist Task Force (JTTF) - 14	N/A	N/A	8,499
Child Exploitation Task Force (CETF)	N/A	62F-LV-A2604251	7,661
Passed through Drug Enforcement Administration			
Tactical Division Task Force - 13	N/A	N/A	3,796
Tactical Division Task Force - 14	N/A	N/A	11,732
Passed through State of Nevada, Department of Health and Human Services			
Crime Victim Assistance	16.575	2013-VA-GX-0062	88,000
Passed through Las Vegas Metropolitan Police Department			
Missing Children's Assistance	16.543	2011-MC-CX-K002	7,672
		2014-MC-FX-K045	3,458
Total U.S. Department of Justice			766,054

(Continued)

CITY OF NORTH LAS VEGAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal or Pass-through Grantor Number	Expenditures
U.S. Department of Transportation			
Passed through the State of Nevada, Department of Public Safety			
Alcohol Open Container Requirements	20.607	JF-2014-NLVPD-00048	17,231
		JF-2015-NLVPD-00033	13,000
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	15-HMEP-03-01	1,293
		15-HMEP-03-03	14,900
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205*	TS-2014-NLVPD-00041	35,813
		TS-2015-NLVPD-00097	54,240
		JF-2015-NLVPD-00033	59,629
Highway Safety Cluster			
State and Community Highway Safety	20.600	JF-2014-NLVPD-00048	29,978
		JF-2015-NLVPD-00033	7,560
National Priority Safety Programs	20.616(d)	JF-2014-NLVPD-00048	4,256
	20.616(b)	JF-2015-NLVPD-00033	21,034
	20.616(d)	JF-2015-NLVPD-00033	5,598
Passed through State of Nevada, Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205*	PR311-10-063	1,416
		PR110-14-063	16,745
		P348-10-063	18,063
		PR395-11-063	17,374,081
		P437-12-063	22,289
		PR573-13-063	36,362
		P040-12-063	33,676
		P042-12-063	695,724
		PR-411-14-063	273
Total U.S. Department of Transportation			18,463,161
Executive Office of the President, Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas Program	95.001		101,173
			3,484
			35,997
			8,693
Total Executive Office of the President, Office of National Drug Control Policy			149,347
Total federal expenditures			$ 23,557,875

* A major program

CITY OF NORTH LAS VEGAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Reporting Entity

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of North Las Vegas (the City). The reporting entity is defined in Note 1 to the basic financial statements. The schedule includes federal financial assistance received directly from federal agencies as well as passed through other government agencies.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Subrecipients

During the year ended June 30, 2015, the following awards (including amendments) were given to subrecipients:

	Award Amount
Community Development Block Grants/Entitlement Grants (CFDA #14.218)	$ 576,612
Home Investment Partnerships Program (CFDA #14.239)	1,810,228
Neighborhood Stabilization Program (CFDA #14.264)	113,254

CITY OF NORTH LAS VEGAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements	No
Federal Awards	
Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	Yes
Identification of major programs	
CFDA number	14.218
Name of federal program or cluster	Community Development Block Grants/Entitlement Grants
CFDA number	14.239
Name of federal program or cluster	Home Investment Partnerships Program
CFDA number	20.205
Name of federal program or cluster	Highway Planning and Construction
Dollar threshold used to distinguish between Type A and Type B programs	$706,736
Auditee qualified as low-risk auditee	No

(Continued)

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

2015 - 001

Criteria	Appropriate segregation of duties to prevent/detect errors and fraud in a timely manner by employees in the ordinary course performing their responsibilities.
Condition	The two accounts payable clerks can add vendors and print checks. While they are supposed to review each other's work, the process is not documented. Further, check registers and listings of new vendors are not, but should be, reviewed at least monthly for propriety by an accounting manager.
Effect	The risk that fraudulent disbursements can be processed is not sufficiently mitigated.
Cause	Segregation of duties in the accounts payable department is inadequate.
Recommendation	We recommend that management develop and implement policies and procedures that include an independent review of the check registers and listings of new vendors by an accounting manager.
Management's response	Management informed us that a monthly review of changes to vendors (name changes, additions, etc.) will be performed by the accounting manager. This procedure was previously in place however, due to turnover this procedure was overlooked in the reassignment of responsibilities. New vendor approval is processed by the Business License Department adding segregation of duties. The review of invoices posted to AP by the counter AP position and then by the accounting manager or senior finacial analyst is currently in place and documented. AP weekly check review will also be included.

(Continued)

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2015 - 002

Criteria	Proper budgeting and recording of fixed assets in the fund financial statements consistent with the classification used in the general fixed assets group of accounts. Ledgers and schedules are routinely reconciled monthly, quarterly and annually, as applicable, including general and subsidiary journals/ledgers and schedules to the general ledger and financial statements. Approved disbursements are not returned to the departments approving/requesting the disbursement for subsequent distribution.
Condition	We noted inconsistent budgeting for, and the recording of, capital expenditures in the fund financial statements versus the classification used in the general fixed assets group of accounts. We also noted that the process for accruing certain grant receivables and the related billing process are not timely or adequately reviewed by an accounting manger in finance before the entries are recorded. Additionally, signed checks are on occasion held for vendor pickup by the department approving the expenditure.
Effect	We proposed extensive entries to reclassify capitalized labor costs from payroll and benefits to capital outlay and certain other costs to / from services and supplies to / from capital outlay to agree with capital expenditures reflected in the fixed assets group of accounts. These reclassification had no effect on total expenditures. We also proposed entries to reduce HUD receivable balances and revenues ($1.1 million) and to increase other grant receivables and revenues by $377,000.
Cause	In-house capital projects are not appropriately tarcked within the PnG module. Subrecipient requests for reimbursement, including in-house capital projects, are not processed timely and tracked such that the amount receivable from Clark County, the grantor, at year end can be properly recorded. The design of controls over processed checks does not adequately address the risk of manipulation of such checks.
Recommendation	A person with the requisite knowledge and expertise related to the administration of federal awards should be designated to review monthly, quarterly, and annual schedules and reports of current and completed programs/projects for accuracy and completeness and agreement to the general ledger. We also recommend that subrecipient requests for reimbursement be processed within 15 days after month end and that all reimbursable expenses be tracked and recorded as received. In addition, processed checks should be immediately mailed to the vendors and not held for subsequent pick-up.
Management's response	Management informed us that the issues noted are a result of past reductions in staff, lack of communication between the departments, and lack of cross-training of staff. As of FYE, two new positions have been created and filled to assist in the oversight of projects and grants. Their responsibilities will include review of internal schedules and agreement of schedules to the PnG module and general ledger.

(Continued)

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2015 - 003

Program	Community Development Block Grants/Entitlement Grants (CFDA #14.218) Home Investment Partnerships Program (CFDA #14.239)
Specific requirements	The schedule of expenditures of federal awards (SEFA) shall be complete and accurate and agree to supporting records/documentation. Pre-award project costs may not exceed 25 percent of the current HOME grant without written approval from HUD. Participating jurisdictions may authorize subrecipients and state recipients to incur pre-award costs, but authorization must be in writing.
Condition and context	We noted that expenditures of $579,465 incurred during FY2015 for the CDBG grant were not included on the SEFA due to delays in recording the expended amounts. In addition, the HOME grant included non-federal expenditures of $54,560 as part of the SEFA. We were informed that these costs were incurred inconjunction with HOME activities however, there was no agreement in place with Clark County at the time the expenses were incurred and there is no written authorization making such costs allowable.
Questioned costs	$54,560
Effect	Reasonable assurance that the schedule of expenditures of federal awards is complete and accurate cannot readily be attained.
Cause	Management incorrectly excluded CDBG expenditures incurred during the year from the SEFA. Management also incorrectly included non-federal HOME expenditures on the SEFA and did not obtain formal written approval from the grantor allowing costs incurred prior to notification of award to be charged to the federal funds.
Recommendation	Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that the schedule of expenditures of federal awards is complete and accurate. Additional resources should be made available to provide training and other resources to those delegated with the primary responsibility for grant compliance and the terms of the grants should be communicated to all personnel involved in administering federal grants.
Management's response	Management informed us that as of the end of FY 2015, the City has created a management position titled Real Property and Housing Services Manager which will oversee the Housing and Urban Development grants. This will include reviewing and managing the grant processes. In addition, an accounting manager in finance has also been hired and the first goal is to ensure that Projects and Grants are reconciled and reviewed on a monthly basis. A large part of the problem with the findings noted is a result of being understaffed. Improved communications between Projects and Grants and the Finance department along with training of staff on critical issues will result in accurate reporting of Projects and Grants.

(Continued)

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2015 - 004

Program	Community Development Block Grants/Entitlement Grants (CFDA #14.218) Home Investment Partnerships Program (CFDA #14.239)
Specific requirements	Supervisory reviews performed to ensure compliance with federal rules and regulations including any award specific requirements.
Condition and context	Reliance is placed on Clark County's (the grantor) periodic monitorings to identify any noncompliance. Management does not review for compliance with earmarking, matching and subrecipient monitoring activities.
Questioned costs	N/A
Effect	Other than the procedures performed by Clark County, there is no assurance throughout the grant period that earmarking and matching requirements are being met or that subrecipient reporting decisions are appropriate.
Cause	The City relies on Clark County to identify noncompliance as no one at the City has been designated to oversee overall grant complaince.
Recommendation	We recommend that a person independent of the person performing the activities be assigned to review earmarking and matching schedules at least quarterly. This person should also review subrecipient monitoring reports for reporting decisions before reports are issued and subsequent to follow-up procedures when findings are reported.
Management's response	Management informed us that as of the end of FY 2015, the City has created a manager position over Real Property and Housing Services to review and oversee the tracking of the City's expenditures and compliance with grant regulations. In addition, the City has requested read only access to Clark County's and HUD's expenditure tracking systems so that internal information can be compared to that of the grantor and federal agency for completeness and consistency.

(Continued)

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2015 - 005

Program	Community Development Block Grants/Entitlement Grants (CFDA #14.218) Home Investment Partnerships Program (CFDA #14.239) Highway Planning and Construction (CFDA #20.205)
Specific requirements	Local governments and Indian tribal governments that are direct recipients of Federal awards and their subrecipients will use procurement procedures that conform to applicable Federal law and regulations and standards identified in the A-102 Common Rule or OMB Circular A-110 (2 CFR part 215), as applicable. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. The OMB guidance states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.
Condition and context	The current Purchasing Guidelines does not include policies and procedures to address standards of conduct in governing the performance of their employees engaged in the award and administration of contracts. In addition, they do not include procedures to prevent contracting with or making transactions with parties that are suspended or debarred or whose principals are suspended or debarred.
Questioned costs	N/A
Effect	The City could enter into transactions which may create a conflict of interest and/or enter into transactions with debarred or suspended parties resulting in questioned costs.
Cause	The City did not have policies in place to adequately address the appropriate elgibility guidelines of the grant awards.
Recommendation	Management should implement policies and procedures to address the conduct of those involved in making procurement decisions. In addition, revision of the current procurement policy to include review of the excluded party listing at https://www.epls.gov to prevent contracting with or making transactions with parties that are suspended or debarred.
Management's response	Management informed us that policies and procedures will be put into place to review all entities involved in contracted services related to grants or projects to determine their eligibility to supply such services and or products. This will include obtaining certifications from the supplier that they are not suspended or debarred and verifying such assertions via the sam.gov website. In addition, policies and procedures will be updated to include a section to address conflicts of interest as it relates to the contract award process.

CITY OF NORTH LAS VEGAS

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

2014 - 001

Criteria	There should be a sufficient level of qualified accounting staff to 1) allow for proper segregation of duties, 2) ensure appropriate accounting recognition of transactions and journal entries, and 3) ensure that errors are detected and corrected timely during financial close procedures prior to commencement of audit procedures.
Condition	Due to staff reductions and the time period for financial close, there is a lack of adequate accounting staff available to review transactions and ensure that journal entries are appropriately recorded, reviewed and reconciled to supporting documentation prior to commencement of audit procedures.
Effect	Numerous adjustments were proposed by the auditor which should be made prior to audit procedures.
Cause	There is not adequate staff to perform financial close and analyze all accounts and transactions prior to commencement of the audit.
Current status	Partially corrected in fiscal 2015. An accounting manager and one staff account was hired at the beginning of fiscal 2015. Two additional staff accountants were hired after June 30, 2015.

(Continued)

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2014 - 002

Program	Southern Nevada Public Land Management (CFDA #15.235)
Specific requirements	Federal awards are required to be recorded and expensed within the compliance requirements set forth by the awarding agency.
Condition and context	Four disbursements, out of the 73 tested, included expenditures which were incurred after the period of availability of funds. The modified agreement extended the period of performance to March 31, 2014 and the related expenses were for services performed after that period.
Questioned costs	$20,780.75
Effect	Costs were charged to the grant that were incurred after the period of performance.
Cause	A thorough review of invoices received after the period of performance was not performed by someone with the requiste skills, knowledge and expertise required to identify such expenditures.
Current status	Uncorrected. During our performance of current year audit procedures, we noted that expenditures incurred after the period of performance and prior to obtaining a new award agreement, are being charged to grant awards. As such, this finding will be reported as part of the current year audit. See 2015-003.

(Continued)

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2014 - 003

Program	Southern Nevada Public Land Management (CFDA #15.235) Highway Planning and Construction (CFDA #20.205)
Specific requirements	Local governments that are direct recipients of Federal awards and their subrecipients will use procurement procedures that conform to applicable Federal law and regulations and standards identified in the A-102 Common Rule or OMB Circular A-110 (2 CFR part 215), as applicable. Specifically, no employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.
Condition and context	The current Purchasing Guidelines does not include policies and procedures to address standards of conduct in governing the performance of their employees engaged in the award and administration of contracts.
Questioned costs	N/A
Effect	The City could enter into transactions which may create a conflict of interest resulting in questioned costs.
Cause	The City did not have policies in place to adequately address the appropriate elgibility guidelines of the grant awards.
Current status	Uncorrected. Updated policies and procedures related to procurement were drafted but were not in effect as of June 30, 2015. As such, this finding will be reported as part of the current year audit. See 2015-005.

City of North Las Vegas
Corrective Action Plan Pursuant to NRS 354.6245

Department	Finding/Corrective Action
Finance	**Finding 2015-001:** Two accounts payable clerks can add vendors and print checks. While they are supposed to review each other's work, the process is not documented. Further, check registers and listing of new vendors are not, but should be reviewed at least monthly for propriety by an accounting manager. **Corrective Action:** Management will resume a monthly review of additions and changes to vendors records. We will also resume a weekly review to AP check issuance against check registers. This review will be completed retroactively to the beginning of the 2016 fiscal year. The accounting manager will also receive training on how to run reports identifying changes to vendor files.
Finance and Projects & Grants	**Finding 2015-002:** Noted inconsistent budgeting for, and the recording of, capital expenditures in the fund financial statements versus the classification used in the general fixed assets group of accounts. It was also noted that the process for accruing certain grant receivables and related billing process are not timely or adequately reviewed by an accounting manager in the finance department before the entries are recorded. Additionally, signed checks are on occasion held for vendor pickup by the department approving the expenditure. **Corrective Action:** Regarding the budgeting and recording of fixed asset classifications, this process is under review. Regarding the accruing of grant receivables and billing, please refer to the corrective action on 2015-003. As to checks being held for requesting department pick-up, we will reduce this as much as possible. In the cases where it remains necessary we will verify the checks distributed to the departments are cashed appropriately and in a timely manner by adding check number and clearing date to the current log.

City of North Las Vegas
Corrective Action Plan Pursuant to NRS 354.6245
(Continued)

Projects & Grants	**Finding 2015-003:** It was noted that expenditures of $579,465 incurred during FY2015 for the CDBG grant were not included on the SEFA due to delays in recording the expended amounts. In addition, the HOME grant included non-federal expenditures of $54,560 as part of the SEFA. Auditors were informed these costs were incurred in conjunction with HOME activities however, there was not agreement in place with Clark County at the time the expenses were incurred and there was no written authorization making such costs allowable. **Corrective Action:** An accounting manager was hired in September 2015 along with the position creation of Housing Services Manger. Training on processes for managing and proper recording of Projects and Grants along with reconciliation between Projects and Grants with the General Ledger will be driven by these two positons with support from the Director levels of these departments. We are in the process of obtaining quotes for detailed training on the use of the Projects and Grants module with a 'train the trainer' approach. A best practices procedure will be written. Training will then be given and procedure stressed to all personnel in the related departments.
Projects & Grants	**Finding 2015-004:** Reliance is placed on Clark County's (the grantor) periodic monitoring to identify any noncompliance. Management does not review for compliance with earmarking, matching and subrecipient monitoring activities. **Corrective Action:** The new grants manager position will be responsible to monthly or quarterly review the city's recording of expenditures with Clark County's and HUD's records. This manager now has read access to the County's data base, IDIS, allowing comparison and reconciliation to internal records.

City of North Las Vegas
Corrective Action Plan Pursuant to NRS 354.6245
(Continued)

Projects & Grants	**Finding 2015-005:** The current Purchasing Guideline does not include policies and procedures to address standards of conduct in governing the performance of their employees engaged in the award and administration of contracts. In addition, they do not include procedures to prevent contracting with or making transactions with parties that are suspended or debarred or whose principals are suspended or debarred. **Corrective Action:** A new policy was submitted to the City's legal department prior to the audit but has not yet been returned with approval. The new policies and procedures will be put into place to review all entries involved in the contracted services related to grants or projects to determine their eligibility to supply such services and or products. This will include obtaining certifications from suppliers stating they are not suspended or debarred and verifying their eligibility via the sam.gov website. Policies will include a section to address conflicts of interest.
Contact Information	Rhonda Garlick, Accounting Manager garlickr@cityofnorthlasvegas.com, 702-633-1460 x 3630.

Senate Bill No. 1–Committee of the Whole

CHAPTER.....

AN ACT relating to commerce; providing for the issuance of transferable tax credits and the partial abatement of certain taxes to a project that satisfies certain capital investment and other requirements; authorizing the governing body of a city or county to grant abatements of certain permitting and licensing fees imposed or charged by the city or county; authorizing the Office of Economic Development to approve an economic development financing proposal under certain circumstances; requiring the State Board of Finance to issue general obligation bonds of the State pursuant to an economic development financing agreement approved by the Office; establishing limitations on the amount of the general obligation bonds of the State that may be outstanding pursuant to an economic development financing agreement; revising provisions relating to the administration of certain tax increment areas, improvement districts and other special districts created by a local government pursuant to an economic development financing agreement; revising provisions governing the creation of districts for the promotion of economic development and the pledge of certain sales and use tax proceeds for those districts; providing for the expansion of infrastructure necessary to provide natural gas to the legal boundary of an economic diversification district; authorizing the creation of an improvement district to acquire, operate and maintain an electrical project and a fire protection project for a qualified project; authorizing a regional transportation commission in a county in which a qualified project is located to acquire, construct, improve, maintain and operate a project to provide freight rail service or contract for the construction or operation of such a project; authorizing a municipality to designate a tax increment area for certain natural resources projects and rail projects conducted in relation to a qualified project; revising provisions governing the allocation of certain sales and use taxes and employer excise taxes for the payment of debt incurred by a municipality that has designated a tax increment area for the purpose of financing an undertaking; revising provisions governing the financing of certain undertakings in a tax increment area; revising provisions governing the issuance of state obligations for certain purposes related to natural resources; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Sections 2-18 of this bill authorize the Office of Economic Development to approve applications for partial abatements of certain taxes and the issuance of transferable tax credits submitted by the lead participant engaged in a qualified project with other participants for a common purpose or business endeavor and which is located within the geographic boundaries of a single project site in this State. **Section 11** authorizes the lead participant in a project to, on behalf of the project, apply to the Office for these economic development incentives. **Section 12** requires the Office to approve such an application for a qualified project if, in addition to certain other requirements: (1) the project would promote the economic development of this State and aid the implementation of the State Plan for Economic Development; (2) the participants in the project agree collectively to make a total new capital investment in this State of at least $1 billion during the 10-year period immediately following approval of the application; and (3) at least 50 percent of the employees engaged in the construction of the project and 50 percent of the employees employed at the project are residents of Nevada. **Section 12** further provides that any action by the Office concerning an application must be taken at a public meeting.

Upon approval of an application, **section 13** requires the Office to issue to the lead participant in the qualified project a certificate of eligibility for transferable tax credits. **Section 13** provides that a project is eligible for transferable tax credits in the amount of $9,500 for each qualified employee employed by the participants in the project. **Section 13** also sets forth the criteria for determining whether an employee is a qualified employee. **Section 14** provides that: (1) the amount of transferable tax credits which may be approved in any fiscal year must not exceed $7.6 million; and (2) the total amount of transferable tax credits which may be approved pursuant to this bill must not exceed $38,000,000. **Section 14** also prohibits the Office from approving any applications for transferable tax credits for any fiscal year beginning on or after July 1, 2025.

Section 11 provides that the transferable tax credits may be applied to: (1) the excise tax on banks and payroll taxes imposed by chapters 363A and 363B of NRS; (2) the gaming license fees imposed by the provisions of NRS 463.370; (3) the general tax on insurance premiums imposed by chapter 680B of NRS; or (4) any combination of such taxes and fees. Additionally, **section 11** requires that the lead participant in a qualified project annually provide the Office with an audit of the qualified project that is certified by an independent certified public accountant in this State who is approved by the Office.

If the Office approves an application, **section 15** of this bill provides that the lead participant in the qualified project is entitled to a partial abatement of property taxes and employer excise taxes for a period of not more than 10 years after the date on which the partial abatement becomes effective and in an amount equal to 75 percent of the property taxes and employer excise taxes that would otherwise be owed for the qualified project. Additionally, **section 15** provides that the lead participant is entitled to the partial abatement of certain local sales and use taxes for a period of not more than 15 years and in an amount equal to those local sales and use taxes that would otherwise be owed in the county in which the qualified project is located. Finally, **section 15** authorizes the Executive Director of the Office to require, as a condition of the partial abatement, that the lead participant pay all or a portion of the abated taxes into a trust fund in the State Treasury until part or all of the requirements for the partial abatement have been met. If the requirements for the partial abatement are met, the abated taxes paid into the trust fund, including the interest and income earned on that money, must be returned to the lead participant. If the requirements for the partial abatement are not met, the money in the escrow

account must be transferred to the entity that would have received the money if the partial abatement had not been granted, as determined by the Department of Taxation.

Section 16 requires the lead participant in a qualified project to repay any portion of transferable tax credits and any portion of an abatement to which the lead participant is not entitled if the Office determines that the lead participant becomes ineligible for the incentives. **Section 17** requires the Office to make and submit to the Legislature certain reports concerning any economic development incentives provided to a qualified project pursuant to **sections 2-17**. **Section 17** also requires the Office to, upon request, make available to the Legislature any information concerning a qualified project or a participant in a qualified project.

Existing law authorizes local governments to undertake various infrastructure projects and provides a variety of mechanisms through which a local government may finance such projects. (*See, e.g.*, chapters 271, 271A, 278C, 318 and 354 of NRS) **Sections 19-29** of this bill establish provisions pursuant to which a local government that receives notice from the Office that a qualified project will be located within the jurisdiction of the local government and that determines there is a need to finance infrastructure projects to support the development of the qualified project may submit to the Office an economic development financing proposal pursuant to which the infrastructure projects would be financed from the proceeds of bonds, securities or other indebtedness issued by the State of Nevada. **Section 27** provides that a proposal may include provisions for financing one or more projects and must include the creation of one or more tax increment areas or special districts and the pledge of revenues from such areas or districts for the repayment of any bonds issued by the State of Nevada to finance the projects. **Section 28** requires the Office to review each proposal and approve, approve and modify or reject each proposal within 45 days after receiving the proposal. **Section 28** requires the Office to obtain the approval of the Legislature or the Interim Finance Committee of any such proposal which is submitted on or after July 1, 2017. **Section 28** sets forth criteria which must be met before the Office may approve a proposal. **Section 28** provides that any economic development financing agreement approved by the Office must include provisions requiring the Office to enter into an agreement with the local government pursuant to which the Office will administer any tax increment areas or special districts created by the local government pursuant to the economic development financing agreement. Additionally, **section 28** provides that: (1) if the revenues from areas or districts which are pledged for the repayment of the bonds issued by the State of Nevada to finance projects are insufficient to pay any amount due on the bonds, before such sums are paid from the State General Fund, the local government creating the area or district must pay the sum to the extent money is available in the uncommitted balance of the general fund of the local government; and (2) the payment of sums by a local government is not secured by a pledge of the taxing power of the local government. If the Office approves an economic development financing agreement, **section 29**: (1) requires the State Board of Finance to issue general obligation bonds of the State of Nevada to finance the infrastructure projects identified in the agreement; and (2) provides that the proceeds of such bonds must be allocated to the Office for the purpose of providing financing for the infrastructure projects identified in the agreement. **Section 29** prohibits the State Board of Finance from issuing bonds pursuant to an economic development financing agreement in an amount exceeding $175,000,000 for each agreement or if the total amount of outstanding bonds issued pursuant to such agreements would exceed $200,000,000.

Existing law authorizes the governing body of any county, city or unincorporated town to create an improvement district for the acquisition, operation

and maintenance of certain projects, and to finance the cost of any project through the issuance of bonds and the levy of assessments upon property in the improvement district. (NRS 271.265, 271.270, 271.325) **Sections 36, 38 and 39** of this bill authorize the governing body of a county, city or unincorporated town in which a qualified project is located to create an improvement district for electrical projects and fire protection projects for the qualified project.

Existing law authorizes the governing body of a county or city in which a qualified project is or is expected to be located to: (1) create an economic diversification district that includes within its boundaries the qualified project; and (2) pledge an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the county or city for use in the district, or stored, used or otherwise consumed in the district by a participant, during a fiscal year, other than any local sales and use taxes for which an abatement is received. (Chapter 271B of NRS) **Sections 42-46** of this bill authorize the governing body of a county or city to create an economic diversification district and pledge sales and use taxes for certain purposes related to a qualified project that qualifies for the economic development incentives set forth in this bill. **Sections 45 and 46** of this bill provide that if the Executive Director of the Office of Economic Development requires the lead participant to pay all or a portion of the abated taxes into a trust fund in the State Treasury until certain requirements are met: (1) the pledge of money must be conditioned upon the lead participant qualifying for a return of the money paid into the trust fund; (2) money subject to the conditional pledge must be deposited into the trust fund; and (3) the pledged money may not be disbursed until the lead participant qualifies for the return of the money paid into the trust fund.

Existing law requires the Public Utilities Commission of Nevada to adopt regulations authorizing a public utility which purchases natural gas for resale to expand its infrastructure in a manner consistent with a program of economic development. The program of economic development must be proposed by the public utility and approved by the Commission. The required regulations must prescribe procedures for approval of the expansion and must ensure the recovery by the public utility of all prudent and reasonable costs associated with the expansion. (NRS 704.9925) For these purposes, **section 41** of this bill provides that an expansion of infrastructure by such a public utility as necessary to provide natural gas to the legal boundary of an economic diversification district constitutes a program of economic development. **Section 41** also requires that the public utility, in accordance with the existing statute, expand its infrastructure in this manner and file an application with the Commission to establish rates to recover the costs associated with the expansion.

Under existing law, a board of county commissioners may create a regional transportation commission under certain circumstances. (NRS 277A.180) Existing law authorizes a regional transportation commission to exercise the power of eminent domain, if the county or city with jurisdiction over the property approves the exercise of that power, for the acquisition, construction, repair or maintenance of public roads, or for any other purpose related to public mass transportation. (NRS 277A.250) **Section 47** of this bill authorizes the regional transportation commission in a county in which a qualified project is located to construct, improve, maintain and operate a project to provide freight rail service in relation to the qualified project or contract for the construction or operation of such a project.

Existing law authorizes the governing body of a municipality to designate a tax increment area for the purpose of creating a special account for the payment of bonds or other securities issued to defray the cost of certain undertakings, including, without limitation, water projects. The designation of a tax increment

area by the governing body provides for the allocation of a portion of the taxes levied upon taxable property in the tax increment area each year to pay the bond requirements of loans, money advanced to or indebtedness incurred by the municipality to finance or refinance the undertaking. (Chapter 278C of NRS) In addition to such property taxes, a portion of the sales and use taxes imposed within the tax increment area and the excise tax imposed on financial institutions and employers (the "modified business tax") located in the tax increment area may be allocated to pay the debt incurred by the municipality to finance or refinance the undertaking if the undertaking is a water project, the estimated cost of which exceeds $50,000,000, and such financing is approved by the Interim Finance Committee. (NRS 278C.157, 278C.250) **Sections 51 and 53-59** of this bill revise these provisions to: (1) provide that, in addition to a water project, a portion of the sales and use taxes imposed within the tax increment area and the modified business tax imposed on financial institutions and employers located in the tax increment area may be allocated to pay the debt incurred by the municipality to finance or refinance an undertaking that is a rail project in relation to a qualified project or a natural resources project; and (2) remove the $50,000,000 threshold to qualify for such an allocation of those taxes. **Section 60** of this bill authorizes a municipality to issue securities purchased by the state Municipal Bond Bank if the securities are issued for a purpose related to natural resources.

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 360 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 29, inclusive, of this act.

Sec. 2. ***As used in sections 2 to 18, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 10, inclusive, of this act have the meanings ascribed to them in those sections.***

Sec. 3. ***"Capital investment" means all costs and expenses incurred by the participants in a qualified project in connection with the acquisition, construction, installation and equipping of the qualified project.***

Sec. 4. ***"Employer excise taxes" means the taxes imposed on the wages paid by an employer pursuant to chapter 363A or 363B of NRS.***

Sec. 5. ***"Lead participant" means the participant designated by the participants in a project as the lead participant in an application submitted pursuant to section 11 of this act.***

Sec. 6. ***"Local sales and use taxes" means only the taxes imposed pursuant to chapters 374, 377, 377A and 377B of NRS imposed on the gross receipts of any retailer from the sale of tangible personal property sold at retail, or stored, used or***

otherwise consumed, in the county in which the qualified project is located. The term does not include any taxes imposed by the Sales and Use Tax Act.

Sec. 7. *"Participant" means a business which operates within the geographic boundaries of a project site and which contributes to or participates in the project.*

Sec. 8. *"Project" means a project undertaken by a business or group of businesses:*

1. Located within the geographic boundaries of a single project site in this State; and

2. Engaged in a common purpose or business endeavor.

Sec. 9. *"Property taxes" means any taxes levied by the State or a local government pursuant to the provisions of chapter 361 of NRS.*

Sec. 10. *"Qualified project" means a project which the Office of Economic Development determines meets all the requirements set forth in subsections 2, 3 and 4 of section 11 of this act.*

Sec. 11. *1. On behalf of a project, the lead participant in the project may apply to the Office of Economic Development for:*

(a) A certificate of eligibility for transferable tax credits which may be applied to:

(1) Any tax imposed by chapters 363A and 363B of NRS;

(2) The gaming license fees imposed by the provisions of NRS 463.370;

(3) Any tax imposed by chapter 680B of NRS; or

(4) Any combination of the fees and taxes described in subparagraphs (1), (2) and (3).

(b) A partial abatement of property taxes, employer excise taxes or local sales and use taxes, or any combination of any of those taxes.

2. For a project to be eligible for the transferable tax credits described in paragraph (a) of subsection 1 and the partial abatement of the taxes described in paragraph (b) of subsection 1, the lead participant in the project must, on behalf of the project:

(a) Submit an application that meets the requirements of subsection 3;

(b) Provide documentation satisfactory to the Office that approval of the application would promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director of the Office pursuant to subsection 2 of NRS 231.053;

(c) Provide documentation satisfactory to the Office that the participants in the project collectively will make a total new capital investment of at least $1 billion in this State within the 10-year period immediately following approval of the application;

(d) Provide documentation satisfactory to the Office that the participants in the project are engaged in a common purpose or business endeavor;

(e) Provide documentation satisfactory to the Office that the place of business of each participant is or will be located within the geographic boundaries of the project site;

(f) Provide documentation satisfactory to the Office that each participant in the project is registered pursuant to the laws of this State or commits to obtaining a valid business license and all other permits required by the county, city or town in which the project operates;

(g) Provide documentation satisfactory to the Office of the number of employees engaged or anticipated to be engaged in the construction of the project;

(h) Provide documentation satisfactory to the Office of the number of qualified employees employed or anticipated to be employed at the project by the participants;

(i) Provide documentation satisfactory to the Office that each employer engaged in the construction of the project provides a plan of health insurance and that each employee engaged in the construction of the project is offered coverage under the plan of health insurance provided by his or her employer;

(j) Provide documentation satisfactory to the Office that each participant in the project provides a plan of health insurance and that each employee employed at the project by each participant is offered coverage under the plan of health insurance provided by his or her employer;

(k) Provide documentation satisfactory to the Office that at least 50 percent of the employees engaged or anticipated to be engaged in construction of the project and 50 percent of the employees employed at the project are residents of Nevada, unless waived by the Executive Director of the Office upon proof satisfactory to the Executive Director of the Office that there is an insufficient number of Nevada residents available and qualified for such employment;

(l) Agree to provide the Office with a full compliance audit of the participants in the project at the end of each fiscal year which:

(1) Shows the amount of money invested in this State by each participant in the project;

(2) Shows the number of employees engaged in the construction of the project and the number of those employees who are residents of Nevada;

(3) Shows the number of employees employed at the project by each participant and the number of those employees who are residents of Nevada; and

(4) Is certified by an independent certified public accountant in this State who is approved by the Office;

(m) Pay the cost of the audit required by paragraph (l); and

(n) Meet any other requirements prescribed by the Office.

3. An application submitted pursuant to subsection 2 must include:

(a) A detailed description of the project, including a description of the common purpose or business endeavor in which the participants in the project are engaged;

(b) A detailed description of the location of the project, including a precise description of the geographic boundaries of the project site;

(c) The name and business address of each participant in the project, which must be an address in this State;

(d) A detailed description of the plan by which the participants in the project intend to comply with the requirement that the participants collectively make a total new capital investment of at least $1 billion in this State in the 10-year period immediately following approval of the application;

(e) If the application includes one or more partial abatements, an agreement executed by the Office with the lead participant in the project which:

(1) Complies with the requirements of NRS 360.755;

(2) States the date on which the partial abatement becomes effective, as agreed to by the applicant and the Office, which must not be earlier than the date on which the Office received the application;

(3) States that the project will, after the date on which a certificate of eligibility for the partial abatement is approved pursuant to section 15 of this act, continue in operation in this State for a period specified by the Office; and

(4) Binds successors in interest of the lead participant for the specified period; and

(f) Any other information required by the Office.

4. For an employee to be considered a resident of Nevada for the purposes of this section, each participant in the project must

maintain the following documents in the personnel file of the employee:

(a) A copy of the:

(1) Current and valid Nevada driver's license of the employee originally issued by the Department of Motor Vehicles more than 60 days before the hiring of the employee or a current and valid identification card for the employee originally issued by the Department of Motor Vehicles more than 60 days before the hiring of the employee; or

(2) If the employee is a veteran of the Armed Forces of the United States, a current and valid Nevada driver's license of the employee or a current and valid identification card for the employee issued by the Department of Motor Vehicles;

(b) If the employee is a registered owner of one or more motor vehicles in Nevada, a copy of the current motor vehicle registration of at least one of those vehicles;

(c) Proof that the employee is employed full-time and scheduled to work for an average minimum of 30 hours per week; and

(d) Proof that the employee is offered coverage under a plan of health insurance provided by his or her employer.

5. For the purpose of obtaining from the Executive Director of the Office any waiver of the requirement set forth in paragraph (k) of subsection 2, the lead participant in the project must submit to the Executive Director of the Office written documentation of the efforts to meet the requirement and documented proof that an insufficient number of Nevada residents is available and qualified for employment.

6. The Executive Director of the Office shall make available to the public and post on the Internet website for the Office:

(a) Any request for a waiver of the requirements set forth in paragraph (k) of subsection 2; and

(b) Any approval of such a request for a waiver that is granted by the Executive Director of the Office.

7. The Executive Director of the Office shall post a request for a waiver of the requirements set forth in paragraph (k) of subsection 2 on the Internet website of the Office within 3 days after receiving the request and shall keep the request posted on the Internet website for not less than 5 days. The Executive Director of the Office shall ensure that the Internet website allows members of the public to post comments regarding the request.

8. The Executive Director of the Office shall consider any comments posted on the Internet website concerning any request

for a waiver of the requirements set forth in paragraph (k) of subsection 2 before making a decision regarding whether to approve the request. If the Executive Director of the Office approves the request for a waiver, the Executive Director of the Office must post the approval on the Internet website of the Office within 3 days and ensure that the Internet website allows members of the public to post comments regarding the approval.

Sec. 12. *1. If the Office of Economic Development receives an application pursuant to section 11 of this act, the Office:*

(a) Shall not consider the application unless the Office has requested a letter of acknowledgment of the request for a partial abatement from any county, school district, city or town which the Office determines may experience a direct economic effect as a result of the partial abatement.

(b) Shall not take any action on the application unless the Office takes that action at a public meeting conducted for that purpose.

(c) Shall, at least 30 days before any public meeting conducted for the purpose of taking any action on the application, provide notice of the application and the date, time and location of the public meeting at which the Office will consider the application to:

(1) Each participant in the project;

(2) The Department;

(3) The Nevada Gaming Control Board;

(4) The governing body of the county, the board of trustees of the school district and the governing body of the city or town, if any, in which the project will be located;

(5) The governing body of any other political subdivision that the Office determines could experience a direct economic effect as a result of the abatement; and

(6) The general public.

2. The date of the public meeting to consider an application submitted pursuant to section 11 of this act must be not later than 60 days after the date on which the Office receives the completed application.

3. The Office shall approve an application submitted pursuant to section 11 of this act if the Office finds that the project is a qualified project. The Office shall issue a decision on the application not later than 30 days after the conclusion of the public meeting on the application.

4. The lead participant in a qualified project shall submit all accountings and other required information to the Office and the Department not later than 30 days after a date specified in the

decision issued by the Office. If the Office or the Department determines that information submitted pursuant to this subsection is incomplete, the lead participant shall, not later than 30 days after receiving notice that the information is incomplete, provide to the Office or the Department, as applicable, all additional information required by the Office or the Department.

5. Until the Office of Economic Development provides notice of the application and the public meeting pursuant to paragraph (c) of subsection 1, the information contained in the application provided to the Office of Economic Development:

(a) Is confidential proprietary information of the business;

(b) Is not a public record; and

(c) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the lead participant consents to the disclosure.

6. After the Office provides notice of the application and the public meeting pursuant to paragraph (c) of subsection 1:

(a) The application is a public record; and

(b) Upon request by any person, the Executive Director of the Office shall disclose the application to the person who made the request, except for any information in the application that is protected from disclosure pursuant to subsection 7.

7. Before the Executive Director of the Office discloses the application to the public, the lead participant may submit a request to the Executive Director of the Office to protect from disclosure any information in the application which, under generally accepted business practices, would be considered a trade secret or other confidential proprietary information of the business. After consulting with the business, the Executive Director of the Office shall determine whether to protect the information from disclosure. The decision of the Executive Director of the Office is final and is not subject to judicial review. If the Executive Director of the Office determines to protect the information from disclosure, the protected information:

(a) Is confidential proprietary information of the business;

(b) Is not a public record;

(c) Must be redacted by the Executive Director of the Office from any copy of the application that is disclosed to the public; and

(d) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the lead participant consents to the disclosure.

Sec. 13. *1. If the Office of Economic Development approves an application for a certificate of eligibility for transferable tax credits submitted pursuant to paragraph (a) of subsection 1 of section 11 of this act, the Office shall immediately forward a copy of the certificate of eligibility which identifies the estimated amount of the tax credits available pursuant to this section to:*

(a) The lead participant in the qualified project;

(b) The Department; and

(c) The Nevada Gaming Control Board.

2. Within 14 business days after receipt of an audit provided by the lead participant in the qualified project pursuant to paragraph (l) of subsection 2 of section 11 of this act and any other accountings or other information required by the Office, the Office shall determine whether to certify the audit and make a final determination of whether a certificate of transferable tax credits will be issued. If the Office certifies the audit and determines that all other requirements for the transferable tax credits have been met, the Office shall notify the lead participant in the qualified project that the transferable tax credits will be issued. Within 30 days after the receipt of the notice, the lead participant in the qualified project shall make an irrevocable declaration of the amount of transferable tax credits that will be applied to each fee or tax set forth in subparagraphs (1), (2) and (3) of paragraph (a) of subsection 1 of section 11 of this act, thereby accounting for all of the credits which will be issued. Upon receipt of the declaration, the Office shall issue to the lead participant a certificate of transferable tax credits in the amount approved by the Office for the fees or taxes included in the declaration. The lead participant shall notify the Department upon transferring any of the transferable tax credits. The Office shall notify the Department and the Nevada Gaming Control Board of all transferable tax credits issued, segregated by each fee or tax set forth in subparagraphs (1), (2) and (3) of paragraph (a) of subsection 1 of section 11 of this act. The Department shall notify the Office and the Nevada Gaming Control Board of the amount of any transferable tax credits transferred.

3. A qualified project may be approved for a certificate of eligibility for transferable tax credits in the amount of $9,500 for each qualified employee, up to a maximum of 4,000 qualified employees.

4. For the purpose of computing the amount of transferable tax credits for which a qualified project is eligible pursuant to subsection 3:

(a) Each qualified employee must be:

(1) Employed by a participant at the site of the qualified project.

(2) Employed full-time and scheduled to work for an average minimum of 30 hours per week.

(3) Employed for at least the last 3 consecutive months of the fiscal year.

(4) Offered coverage under a plan of health insurance provided by his or her employer.

(b) The wages for federal income tax purposes reported or required to be reported on Form W-2 of the qualified employees of the qualified project must be paid at an average rate of $22 per hour.

(c) An employee engaged solely in the construction of the qualified project is deemed not to be a qualified employee.

Sec. 14. *1. Except as otherwise provided in this section, the Office of Economic Development shall not approve transferable tax credits:*

(a) For Fiscal Year 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024 or 2024-2025, if approval of the transferable tax credits would cause the total amount of transferable tax credits issued pursuant to sections 2 to 18, inclusive, of this act in that Fiscal Year to exceed $7,600,000.

(b) For a fiscal year beginning on or after July 1, 2025.

2. The total amount of transferable tax credits issued pursuant to sections 2 to 18, inclusive, of this act to all qualified projects in this State must not exceed $38,000,000.

3. If in any fiscal year the Office does not approve an amount of transferable tax credits equal to the total amount authorized by paragraph (a) or (b) of subsection 1, the remaining amount of transferable tax credits must be carried forward and made available for approval during subsequent fiscal years ending on or before June 30, 2025.

4. Each transferable tax credit issued pursuant to sections 2 to 18, inclusive, of this act expires 4 years after the date on which the transferable tax credit is issued to the lead participant. A transferable tax credit issued pursuant to sections 2 to 18, inclusive, of this act may be transferred only once.

Sec. 15. *1. If the Office of Economic Development approves an application for a partial abatement of property taxes,*

employer excise taxes or local sales and use taxes submitted pursuant to paragraph (b) of subsection 1 of section 11 of this act, the Office shall immediately forward a certificate of eligibility for the partial abatement of the taxes described in that paragraph to:

(a) The Department;

(b) The Nevada Tax Commission; and

(c) The county treasurer of the county in which the qualified project will be located.

2. The partial abatement for the lead participant in the qualified project must:

(a) For property taxes, be for a duration of not more than 10 years after the effective date of the partial abatement and in an amount that equals 75 percent of the amount of the property taxes that would otherwise be owed by each participant for the qualified project;

(b) For employer excise taxes, be for a duration of not more than 10 years after the effective date of the partial abatement and in an amount that equals 75 percent of the amount of the employer excise taxes that would otherwise be owed by each participant for employees employed by the participant for the qualified project; and

(c) For local sales and use taxes, be for a duration of not more than 15 years after the effective date of the partial abatement and in an amount that equals the amount of the local sales and use taxes that would otherwise be owed by each participant in the qualified project.

3. As a condition of approving a partial abatement of taxes pursuant to sections 2 to 18, inclusive, of this act, the Executive Director of the Office of Economic Development, if he or she determines it to be in the best interests of the State of Nevada, may require the lead participant to pay at such time or times as deemed appropriate, an amount of money equal to all or a portion of the abated taxes into a trust fund in the State Treasury to be held until all or a portion of the requirements for the partial abatement have been met. Interest and income earned on money in the trust fund must be credited to the trust fund. Any money remaining in the trust fund at the end of a fiscal year does not revert to the State General Fund, and the balance in the trust fund must be carried forward to the next fiscal year. Money in the trust fund must not be used for any purpose other than the purposes set forth in subsection 4.

4. Upon a determination by the Executive Director of the Office of Economic Development that the requirements for the

partial abatement have been met, the money in the trust fund established pursuant to subsection 3, including any interest and income earned on the money during the time it was in the trust fund, must be returned to the lead participant. If the Executive Director determines that the requirements for the partial abatement have not been met:

(a) Except as otherwise provided in this subsection, the money in the trust fund established pursuant to subsection 3 must be transferred to the entity that would have received the money if the Office had not approved the partial abatement, as determined by the Department.

(b) The interest and income earned on the money in the trust fund during the time it was in the trust fund must be distributed to an entity receiving a distribution pursuant to paragraph (a) in the proportion that the taxes distributed to the entity pursuant to this paragraph bears to the total taxes distributed pursuant to this subsection.

5. If the Office approves a partial abatement of local sales and use taxes, the Office shall issue to the lead participant in the qualified project a document certifying the partial abatement which can be presented to retailers at the time of sale. The document must clearly state the rate of sales and use taxes which the purchaser is required to pay in the county in which the abatement is effective.

Sec. 16. *1. The lead participant in a qualified project shall, upon the request of the Office of Economic Development, furnish the Office with copies of all records necessary to verify that the qualified project meets the eligibility requirements for any transferable tax credits issued pursuant to section 13 of this act and the partial abatement of any taxes pursuant to section 15 of this act.*

2. The lead participant shall repay to the Department or the Nevada Gaming Control Board, as applicable, any portion of the transferable tax credits to which the lead participant is not entitled if:

(a) The participants in the qualified project collectively fail to make the investment in this State necessary to support the determination by the Executive Director of the Office of Economic Development that the project is a qualified project;

(b) The participants in the qualified project collectively fail to employ the number of qualified employees identified in the certificate of eligibility approved for the qualified project;

(c) The lead participant submits any false statement, representation or certification in any document submitted for the purpose of obtaining transferable tax credits; or

(d) The lead participant otherwise becomes ineligible for transferable tax credits after receiving the transferable tax credits pursuant to sections 2 to 18, inclusive, of this act.

3. Transferable tax credits purchased in good faith are not subject to forfeiture unless the transferee submitted fraudulent information in connection with the purchase.

4. Notwithstanding any provision of this chapter or chapter 361 of NRS, if the lead participant in a qualified project for which a partial abatement has been approved pursuant to section 15 of this act and is in effect:

(a) Fails to meet the requirements for eligibility pursuant to that section; or

(b) Ceases operation before the time specified in the agreement described in paragraph (e) of subsection 3 of section 11 of this act,

➥ the lead participant shall repay to the Department or, if the partial abatement is from the property tax imposed by chapter 361 of NRS, to the appropriate county treasurer, the amount of the partial abatement that was allowed to the lead participant pursuant to section 15 of this act before the failure of the lead participant to meet the requirements for eligibility. Except as otherwise provided in NRS 360.232 and 360.320, the lead participant shall, in addition to the amount of the partial abatement required to be repaid by the lead participant pursuant to this subsection, pay interest on the amount due from the lead participant at the rate most recently established pursuant to NRS 99.040 for each month, or portion thereof, from the last day of the month following the period for which the payment would have been made had the partial abatement not been approved until the date of payment of the tax.

5. The Secretary of State may, upon application by the Executive Director of the Office, revoke or suspend the state business registration of the lead participant in a qualified project which is required to repay any portion of transferable tax credits pursuant to subsection 2 or the amount of any partial abatement pursuant to subsection 4 and which the Office determines is not in compliance with the provisions of this section governing repayment. If the state business registration of the lead participant in a qualified project is suspended or revoked pursuant to this subsection, the Secretary of State shall provide written notice of the action to the lead participant. The Secretary of State shall not

reinstate a state business registration suspended pursuant to this subsection or issue a new state business registration to the lead participant whose state business registration has been revoked pursuant to this subsection unless the Executive Director of the Office provides proof satisfactory to the Secretary of State that the lead participant is in compliance with the requirements of this section governing repayment.

Sec. 17. ***1. The Office of Economic Development shall, on or before October 1 of each year, prepare and submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Legislature an annual report which includes:***

(a) For the immediately preceding fiscal year:

(1) The number of applications submitted pursuant to section 11 of this act;

(2) The number of qualified projects for which an application was approved;

(3) The amount of transferable tax credits approved;

(4) The amount of transferable tax credits used;

(5) The amount of transferable tax credits transferred;

(6) The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total and for each qualified project;

(7) The number of partial abatements approved;

(8) The dollar amount of the partial abatements;

(9) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in a qualified project who are residents of Nevada;

(10) The number of qualified employees employed by each participant in a qualified project and the total amount of wages paid to those persons; and

(11) For each qualified project, an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project.

(b) For each partial abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 15 fiscal years immediately preceding the submission of the report:

(1) The dollar amount of the partial abatement;

(2) The value of infrastructure included as an incentive for the qualified project;

(3) The economic sector in which each participant in the qualified project operates, the number of primary jobs related to the qualified project, the average wage paid to employees employed by the participants in the qualified project and the assessed values of personal property and real property of the qualified project; and

(4) Any other information that the Office determines to be useful.

2. In addition to the annual reports required to be prepared and submitted pursuant to subsection 1, for the period beginning on the effective date of this act and ending on July 1, 2017, the Office shall, not less frequently than every calendar quarter, prepare and submit to the Governor and the Director of the Legislative Counsel Bureau for transmittal to the Legislature a report which includes, for the immediately preceding calendar quarter:

(a) The dollar amount of the partial abatements approved for the lead participant in each qualified project;

(b) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in each qualified project who are residents of Nevada;

(c) The number of qualified employees employed by each participant in each qualified project and the total amount of wages paid to those persons;

(d) For each qualified project an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project; and

(e) Any other information requested by the Legislature.

3. In addition to the reports required to be prepared and submitted pursuant to subsections 1 and 2, the Office shall, upon request, make available to the Legislature any information concerning a qualified project or any participant in a qualified project. The Office shall make available any information requested pursuant to this subsection within the period specified in the request.

4. The Office shall provide to the Fiscal Analysis Division of the Legislative Counsel Bureau a copy of any agreement entered into by the Office and the lead participant not later than 30 days after the agreement is executed.

5. Notwithstanding the provisions of any other specific statute, the information requested by the Legislature pursuant to this section may include information considered confidential for other purposes. If such confidential information is requested, the Office shall make the information available to the Fiscal Analysis Division of the Legislative Counsel Bureau for confidential examination.

Sec. 18. *1. For the purpose of encouraging local economic development, the governing body of a city or county in which a qualified project is located may grant to any participant in a qualified project an abatement of all or any percentage of the amount of any permitting fee or licensing fee which the local government is authorized to impose or charge pursuant to chapter 244 or 268 of NRS.*

2. Before granting any abatement pursuant to subsection 1, the governing body of the city or county must provide by ordinance for a pilot project for granting abatements to participants in a qualified project.

3. A governing body of a city or county that grants an abatement pursuant to subsection 1 shall, on or before October 1 of each year in which such an abatement is granted, prepare and submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Legislature an annual report which includes, for the immediately preceding fiscal year:

(a) The number of qualified projects located within the jurisdiction of the governing body for which a certificate of eligibility for transferable tax credits was approved;

(b) If applicable, the number and dollar amount of the abatements granted by the governing body pursuant to subsection 1; and

(c) The number of persons within the jurisdiction of the governing body that were employed by each participant in a qualified project and the amount of wages paid to those persons.

Sec. 19. *As used in sections 19 to 29, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 20 to 26, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 20. *"Economic development financing agreement" means an economic development financing proposal that is approved by the Executive Director pursuant to section 28 of this act.*

Sec. 21. *"Economic development financing proposal" means an economic development financing proposal submitted to the*

Office by the governing body of a local government pursuant to section 27 of this act.

Sec. 22. *"Infrastructure project" includes, without limitation, a drainage project, an electrical project, a rail project, a sanitary sewer project, a transportation project, a fire protection project, a wastewater project and a water project.*

Sec. 23. *"Lead participant" means a lead participant as that term is defined in NRS 360.915 or section 5 of this act.*

Sec. 24. *"Local government" means a city or a county.*

Sec. 25. *"Office" means the Office of Economic Development created by NRS 231.043.*

Sec. 26. *"Qualified project" means a qualified project as that term is defined in NRS 360.940 or section 10 of this act.*

Sec. 27. *1. If the governing body of a local government:*

(a) Receives notice that a qualified project is or will be located within the jurisdiction of the local government; and

(b) Determines that there is a need to finance infrastructure projects within the jurisdiction of the local government to support the development of the qualified project,

➥ the governing body may prepare and submit to the Office for approval an economic development financing proposal pursuant to which the infrastructure projects identified in the proposal would be financed from the proceeds of bonds, securities or other indebtedness issued by the State of Nevada.

2. An economic development financing proposal submitted pursuant to subsection 1:

(a) May include, without limitation, provisions for the financing of one or more infrastructure projects;

(b) Must include the creation of one or more districts or areas by the local government pursuant to chapters 271, 271A and 278C of NRS and the pledge of revenue from such districts or areas for the repayment of any bonds, securities or other indebtedness issued by the State of Nevada to finance the projects; and

(c) Must include such other provisions and information as may be required by the Office.

Sec. 28. *1. Upon receipt of an economic development financing proposal, the Office shall:*

(a) Request from the State Treasurer a determination of the capacity available under the State's debt limit; and

(b) In consultation with any person or entity the Office determines is appropriate, review the proposal. The Office may request any additional information from the governing body as it determines is necessary to evaluate the proposal.

2. Except as otherwise provided in paragraph (c) of subsection 3, the Office shall approve, approve and modify, or reject any economic development financing proposal within 45 days after receiving the completed proposal.

3. The Office may approve an economic development financing proposal only if:

(a) The proposal includes such provisions as the Executive Director of the Office determines are necessary to ensure that:

(1) The Office will enter into one or more agreements with the local government pursuant to which the Office will administer any districts or areas which are or may be created for the purpose of carrying out the infrastructure projects identified in the proposal, including, without limitation, any district or area created pursuant to chapters 271, 271A and 278C of NRS;

(2) The proceeds of any bonds, securities or other indebtedness issued pursuant to section 29 of this act will be allocated to the Office for the purpose of providing financing for the infrastructure projects identified in the proposal;

(3) The revenues from any districts or areas created for the purpose of financing the infrastructure projects identified in the proposal will be pledged for the repayment of any bonds, securities or other indebtedness issued pursuant to section 29 of this act; and

(4) Notwithstanding any other provision of law, if the revenues from any districts or areas created for the purpose of financing the infrastructure projects identified in the proposal which are pledged for the repayment of the general obligation bonds of the State issued pursuant to section 29 of this act are insufficient to pay any sums coming due on the bonds, before such sums are paid from the State General Fund, the local government that created the districts or areas shall promptly pay such sums to the extent of the money available in the uncommitted balance of the general fund of the local government. If the money available in the uncommitted balance of the general fund of the local government is insufficient to pay the sums coming due on the bonds, the remainder of such sums must be paid in accordance with the State Securities Law. The payment of any sums by a local government pursuant to this subparagraph is not secured by a pledge of the taxing power of the local government. For the purposes of this subparagraph the uncommitted balance of the general fund of a local government is the uncommitted balance as determined by the Department of Taxation.

(b) The Executive Director makes a finding, which shall be conclusive, that the revenues pledged as provided in subparagraph

(3) of paragraph (a) will be sufficient, together with any capitalized interest, to fully repay any bonds, securities or other indebtedness issued pursuant to section 29 of this act.

(c) For a proposal submitted on or after July 1, 2017, the Office submits the proposal to and obtains the approval of the Legislature or the Interim Finance Committee if the Legislature is not in session.

4. In addition to the agreements described in subparagraph (1) of paragraph (a) of subsection 3, the Office may enter into one or more cooperative agreements with any state or local agency which the Office determines is necessary to carry out an economic development financing proposal approved pursuant to this section.

5. If the Office approves an economic development financing proposal, the Office shall provide notice and a copy of the decision approving the proposal to the governing body of the local government and the State Board of Finance.

Sec. 29. *1. As soon as practicable after receiving notice from the Office that it has approved an economic development financing agreement, the State Board of Finance shall issue general obligation bonds of the State of Nevada to finance the infrastructure projects identified in the economic development financing agreement. The provisions of the State Securities Law contained in chapter 349 of NRS apply to the issuance of bonds pursuant to this section. The State Board of Finance shall issue the bonds in the amount set forth in the economic development financing agreement but shall not issue bonds in an amount that exceeds $175,000,000 for each economic development financing agreement or have outstanding at any time bonds issued pursuant to this section in an amount that exceeds $200,000,000. Before any bonds may be issued pursuant to this section, the lead participant in the qualified project must provide adequate security that the lead participant will carry out the qualified project. The security may consist of one or more performance bonds or similar documents, actual expenditures on the qualified project, commitments to make such expenditures, or other security deemed appropriate by the Executive Director of the Office. A commitment to make an expenditure may be conditioned upon the issuance of bonds pursuant to this section but may not be subject to any other conditions.*

2. The proceeds of any bonds issued pursuant to subsection 1 must be allocated to the Office in the manner prescribed by the economic development financing agreement.

Sec. 30. NRS 360.225 is hereby amended to read as follows:

360.225 1. During the course of an investigation undertaken pursuant to NRS 360.130 of a person claiming:

(a) A partial abatement of property taxes pursuant to NRS 361.0687;

(b) An exemption from taxes pursuant to NRS 363B.120;

(c) A deferral of the payment of taxes on the sale of eligible property pursuant to NRS 372.397 or 374.402;

(d) An abatement of taxes on the gross receipts from the sale, storage, use or other consumption of eligible machinery or equipment pursuant to NRS 374.357;

(e) A partial abatement of taxes pursuant to NRS 360.752 on or before June 30, 2023;

(f) A partial abatement of taxes pursuant to NRS 360.754 on or before December 31, 2056; ~~[or]~~

(g) An abatement of taxes pursuant to NRS 360.950 on or before June 30, 2036 ~~[,]~~ ***; or***

(h) A partial abatement of taxes pursuant to section 12 of this act,

➥ the Department shall investigate whether the person meets the eligibility requirements for the abatement, partial abatement, exemption or deferral that the person is claiming.

2. If the Department finds that the person does not meet the eligibility requirements for the abatement, exemption or deferral which the person is claiming, the Department shall report its findings to the Office of Economic Development and take any other necessary actions.

Sec. 31. NRS 360.755 is hereby amended to read as follows:

360.755 1. If the Office of Economic Development approves an application by a business for an abatement of taxes pursuant to NRS 360.950 or a partial abatement pursuant to NRS 360.750, 360.752, 360.753 or 360.754, ***or section 12 of this act,*** the agreement with the Office must provide that the business:

(a) Agrees to allow the Department to conduct audits of the business to determine whether the business is in full compliance with the requirements for the abatement or partial abatement; and

(b) Consents to the disclosure of the audit reports in the manner set forth in this section.

2. If the Department conducts an audit of the business to determine whether the business is in full compliance with the requirements for the abatement or partial abatement, the Department shall, upon request, provide the audit report to the Office of Economic Development.

3. Until the business has exhausted all appeals to the Department and the Nevada Tax Commission relating to the audit, the information contained in the audit report provided to the Office of Economic Development:

(a) Is confidential proprietary information of the business;

(b) Is not a public record; and

(c) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the business consents to the disclosure.

4. After the business has exhausted all appeals to the Department and the Nevada Tax Commission relating to the audit:

(a) The audit report provided to the Office of Economic Development is a public record; and

(b) Upon request by any person, the Executive Director of the Office of Economic Development shall disclose the audit report to the person who made the request, except for any information in the audit report that is protected from disclosure pursuant to subsection 5.

5. Before the Executive Director of the Office of Economic Development discloses the audit report to the public, the business may submit a request to the Executive Director to protect from disclosure any information in the audit report which, under generally accepted business practices, would be considered a trade secret or other confidential proprietary information of the business. After consulting with the business, the Executive Director shall determine whether to protect the information from disclosure. The decision of the Executive Director is final and is not subject to judicial review. If the Executive Director determines to protect the information from disclosure, the protected information:

(a) Is confidential proprietary information of the business;

(b) Is not a public record;

(c) Must be redacted by the Executive Director from any audit report that is disclosed to the public; and

(d) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the business consents to the disclosure.

Sec. 32. NRS 218D.355 is hereby amended to read as follows:

218D.355 1. Except as otherwise provided in NRS 360.753, 360.754 and 360.965, ***and section 15 of this act,*** any state legislation enacted on or after July 1, 2012, which authorizes or requires the Office of Economic Development to approve any abatement of taxes or increases the amount of any abatement of taxes which the Office is authorized or required to approve:

(a) Expires by limitation 10 years after the effective date of that legislation.

(b) Does not apply to:

(1) Any taxes imposed pursuant to NRS 374.110 ***and 374.111*** or ***NRS*** 374.190 ~~[;]~~ ***and 374.191;*** or

(2) Any entity that receives:

(I) Any funding from a governmental entity, other than any private activity bonds as defined in 26 U.S.C. § 141; or

(II) Any real or personal property from a governmental entity at no cost or at a reduced cost.

(c) Requires each recipient of the abatement to submit to the Department of Taxation, on or before the last day of each even-numbered year, a report on whether the recipient is in compliance with the terms of the abatement. The Department of Taxation shall establish a form for the report and may adopt such regulations as it determines to be appropriate to carry out this paragraph. The report must include, without limitation:

(1) The date the recipient commenced operation in this State;

(2) The number of employees actually employed by the recipient and the average hourly wage of those employees;

(3) An accounting of any fees paid by the recipient to the State and to local governmental entities;

(4) An accounting of the property taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;

(5) An accounting of the sales and use taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;

(6) An accounting of the total capital investment made in connection with the project to which the abatement applies; and

(7) An accounting of the total investment in personal property made in connection with the project to which the abatement applies.

2. On or before January 15 of each odd-numbered year, the Department of Taxation shall:

(a) Based upon the information submitted to the Department of Taxation pursuant to paragraph (c) of subsection 1, prepare a written report of its findings regarding whether the costs of the abatement exceed the benefits of the abatement; and

(b) Submit the report to the Director for transmittal to the Legislature.

Sec. 33. NRS 218D.355 is hereby amended to read as follows:

218D.355 1. Except as otherwise provided in NRS 360.753, 360.754 and 360.965, ~~[and section 15 of this act,]~~ any state legislation enacted on or after July 1, 2012, which authorizes or requires the Office of Economic Development to approve any abatement of taxes or increases the amount of any abatement of taxes which the Office is authorized or required to approve:

(a) Expires by limitation 10 years after the effective date of that legislation.

(b) Does not apply to:

(1) Any taxes imposed pursuant to NRS 374.110 and 374.111 or NRS 374.190 and 374.191; or

(2) Any entity that receives:

(I) Any funding from a governmental entity, other than any private activity bonds as defined in 26 U.S.C. § 141; or

(II) Any real or personal property from a governmental entity at no cost or at a reduced cost.

(c) Requires each recipient of the abatement to submit to the Department of Taxation, on or before the last day of each even-numbered year, a report on whether the recipient is in compliance with the terms of the abatement. The Department of Taxation shall establish a form for the report and may adopt such regulations as it determines to be appropriate to carry out this paragraph. The report must include, without limitation:

(1) The date the recipient commenced operation in this State;

(2) The number of employees actually employed by the recipient and the average hourly wage of those employees;

(3) An accounting of any fees paid by the recipient to the State and to local governmental entities;

(4) An accounting of the property taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;

(5) An accounting of the sales and use taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;

(6) An accounting of the total capital investment made in connection with the project to which the abatement applies; and

(7) An accounting of the total investment in personal property made in connection with the project to which the abatement applies.

2. On or before January 15 of each odd-numbered year, the Department of Taxation shall:

(a) Based upon the information submitted to the Department of Taxation pursuant to paragraph (c) of subsection 1, prepare a written report of its findings regarding whether the costs of the abatement exceed the benefits of the abatement; and

(b) Submit the report to the Director for transmittal to the Legislature.

Sec. 33.5 NRS 231.053 is hereby amended to read as follows:

231.053 After considering any pertinent advice and recommendations of the Board, the Executive Director:

1. Shall direct and supervise the administrative and technical activities of the Office.

2. Shall develop and may periodically revise a State Plan for Economic Development, which ~~[must]~~ ***:***

(a) Must include a statement of:

~~[(a)]~~ ***(1)*** New industries which have the potential to be developed in this State;

~~[(b)]~~ ***(2)*** The strengths and weaknesses of this State for business incubation;

~~[(c)]~~ ***(3)*** The competitive advantages and weaknesses of this State;

~~[(d)]~~ ***(4)*** The manner in which this State can leverage its competitive advantages and address its competitive weaknesses;

~~[(e)]~~ ***(5)*** A strategy to encourage the creation and expansion of businesses in this State and the relocation of businesses to this State; and

~~[(f)]~~ ***(6)*** Potential partners for the implementation of the strategy, including, without limitation, the Federal Government, local governments, local and regional organizations for economic development, chambers of commerce, and private businesses, investors and nonprofit entities ~~[.]~~ ***; and***

(b) Must not include provisions for the granting of any abatement, partial abatement or exemption from taxes or any other incentive for economic development to a person who will locate or expand a business in this State that is subject to the tax imposed pursuant to NRS 362.130 or the gaming license fees imposed by the provisions of NRS 463.370.

3. Shall develop criteria for the designation of regional development authorities pursuant to subsection 4.

4. Shall designate as many regional development authorities for each region of this State as the Executive Director determines to be appropriate to implement the State Plan for Economic Development. In designating regional development authorities, the Executive Director must consult with local governmental entities

affected by the designation. The Executive Director may, if he or she determines that such action would aid in the implementation of the State Plan for Economic Development, remove the designation of any regional development authority previously designated pursuant to this section and declare void any contract between the Office and that regional development authority.

5. Shall establish procedures for entering into contracts with regional development authorities to provide services to aid, promote and encourage the economic development of this State.

6. May apply for and accept any gift, donation, bequest, grant or other source of money to carry out the provisions of NRS 231.020 to 231.139, inclusive, and 231.1573 to 231.1597, inclusive.

7. May adopt such regulations as may be necessary to carry out the provisions of NRS 231.020 to 231.139, inclusive, and 231.1573 to 231.1597, inclusive.

8. In a manner consistent with the laws of this State, may reorganize the programs of economic development in this State to further the State Plan for Economic Development. If, in the opinion of the Executive Director, changes to the laws of this State are necessary to implement the economic development strategy for this State, the Executive Director must recommend the changes to the Governor and the Legislature.

Sec. 34. NRS 231.069 is hereby amended to read as follows:

231.069 1. Except as otherwise provided in subsection 3 and NRS 239.0115 and 360.950, ***and section 12 of this act,*** the Office shall keep confidential any record or other document of a client which is in its possession if the client:

(a) Submits a request in writing that the record or other document be kept confidential by the Office; and

(b) Demonstrates to the satisfaction of the Office that the record or other document contains proprietary or confidential information.

2. If the Office determines that a record or other document of a client contains proprietary or confidential information, the Executive Director shall attach to the file containing the record or document:

(a) A certificate signed by him or her stating that a request for confidentiality was made by the client and the date of the request;

(b) A copy of the written request submitted by the client;

(c) The documentation to support the request which was submitted by the client; and

(d) A copy of the decision of the Office determining that the record or other document contains proprietary or confidential information.

3. The Office may share the records and other documents that are confidential pursuant to this section with the nonprofit corporation formed by the Executive Director pursuant to section 3.5 of ~~[this act,]~~ ***Assembly Bill No. 17, chapter 158, Statutes of Nevada 2015, at page 701,*** as deemed necessary by the Office to accomplish the purposes for which the nonprofit corporation was formed.

4. Records and documents that are confidential pursuant to this section:

(a) Are proprietary or confidential information of the business;

(b) Are not a public record; and

(c) Must not be disclosed to any person who is not an officer or employee of the Office unless the business consents to the disclosure.

5. As used in this section, "proprietary or confidential information" has the meaning ascribed to it in NRS 360.247.

Sec. 35. Chapter 271 of NRS is hereby amended by adding thereto the provisions set forth as sections 36 and 37 of this act.

Sec. 36. ***"Fire protection project" means any facilities for a municipal fire protection system, including, without limitation, fire stations, pumper trucks, hook and ladder trucks, rescue trucks, fire engines, other motor vehicles, water works, hydrants, other water supply facilities, telegraphic fire signals, telephone, telegraph, radio and television service facilities, hooks, ladders, chutes, buckets, gauges, hoses, pumps, fire extinguishers, fans, artificial lights, respirators, rescue equipment and other fire protection and fire-fighting apparatus, or any combination thereof, and other buildings, structures, furnishings and equipment therefor.***

Sec. 37. ***1. Notwithstanding any provision of this chapter to the contrary, if the governing body submits to the Office of Economic Development an economic development financing proposal described in section 27 of this act and the Office approves the proposal and an economic development financing agreement pursuant to section 28 of this act, any improvement district which is or may be created for the purpose of carrying out the projects identified in the proposal must be administered as provided in the agreement.***

2. The economic development financing agreement may provide, without limitation, that:

(a) The Office of Economic Development, the Executive Director of the Office or any designee of either is authorized or required to perform any function or duty that under the provisions

of this chapter would otherwise be performed by the municipality, the governing body or any officer or employee of the municipality.

(b) Any assessments or other money collected pursuant to this chapter must be paid, collected, deposited, distributed or remitted as provided in the agreement, notwithstanding any provision of this chapter to the contrary.

(c) It may be modified at any time by the Executive Director of the Office of Economic Development, in the exercise of his or her discretion and upon approval of the Board of Economic Development.

Sec. 38. NRS 271.030 is hereby amended to read as follows:

271.030 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 271.035 to 271.253, inclusive, ***and section 36 of this act,*** have the meanings ascribed to them in those sections.

Sec. 39. NRS 271.265 is hereby amended to read as follows:

271.265 1. The governing body of a county, city or town, upon behalf of the municipality and in its name, without any election, may from time to time acquire, improve, equip, operate and maintain, within or without the municipality, or both within and without the municipality:

(a) A curb and gutter project;
(b) A drainage project;
(c) An energy efficiency improvement project;
(d) A neighborhood improvement project;
(e) An off-street parking project;
(f) An overpass project;
(g) A park project;
(h) A public safety project;
(i) A renewable energy project;
(j) A sanitary sewer project;
(k) A security wall;
(l) A sidewalk project;
(m) A storm sewer project;
(n) A street project;
(o) A street beautification project;
(p) A transportation project;
(q) An underpass project;
(r) A water project;
(s) A waterfront project; and
(t) Any combination of such projects.

2. In addition to the power specified in subsection 1, the governing body of a city having a commission form of government

as defined in NRS 267.010, upon behalf of the municipality and in its name, without any election, may from time to time acquire, improve, equip, operate and maintain, within or without the municipality, or both within and without the municipality:

(a) An electrical project;

(b) A telephone project;

(c) A combination of an electrical project and a telephone project;

(d) A combination of an electrical project or a telephone project with any of the projects, or any combination thereof, specified in subsection 1; and

(e) A combination of an electrical project and a telephone project with any of the projects, or any combination thereof, specified in subsection 1.

3. In addition to the power specified in subsections 1 and 2, the governing body of a municipality, on behalf of the municipality and in its name, without an election, may finance an underground conversion project with the approval of each service provider that owns the overhead service facilities to be converted.

4. In addition to the power specified in subsections 1, 2 and 3, if the governing body of a municipality in a county whose population is less than 700,000 complies with the provisions of NRS 271.650, the governing body of the municipality, on behalf of the municipality and in its name, without any election, may from time to time acquire, improve, equip, operate and maintain, within or without the municipality, or both within and without the municipality:

(a) An art project; and

(b) A tourism and entertainment project.

5. In addition to the power specified in this section, if a qualified project is located within the jurisdiction of the municipality, the governing body of the municipality, on behalf of the municipality and in its name, without any election, may from time to time acquire, improve, equip, operate and maintain, within or without the municipality, or both within and without the municipality, an electrical project for the qualified project or a fire protection project for the qualified project.

6. As used in this section, "qualified project" has the meaning ascribed to it in NRS 360.940 or section 10 of this act.

Sec. 40. Chapter 271A of NRS is hereby amended by adding thereto a new section to read as follows:

1. Notwithstanding any provision of this chapter to the contrary, if the governing body submits to the Office of Economic

Development an economic development financing proposal described in section 27 of this act and the Office approves the proposal and an economic development financing agreement pursuant to section 28 of this act, any district which is or may be created for the purpose of carrying out the projects identified in the proposal must be administered as provided in the agreement.

2. The economic development financing agreement may provide, without limitation, that:

(a) The Office of Economic Development, the Executive Director of the Office or any designee of either is authorized or required to perform any function or duty that under the provisions of this chapter would otherwise be performed by the municipality, the governing body or any officer or employee of the municipality.

(b) Any money collected pursuant to this chapter must be paid, collected, deposited, distributed or remitted as provided in the agreement, notwithstanding any provision of this chapter to the contrary.

(c) It may be modified at any time by the Executive Director of the Office of Economic Development, in the exercise of his or her discretion and upon approval of the Board of Economic Development.

Sec. 41. Chapter 271B of NRS is hereby amended by adding thereto a new section to read as follows:

1. For the purposes of subsection 3 of NRS 704.9925, the activity of a public utility which purchases natural gas for resale relating to the expansion of its infrastructure necessary to provide natural gas to the legal boundary of a district constitutes a program of economic development. The public utility shall expand its infrastructure in accordance with the provisions of that section.

2. A public utility which expands its infrastructure as described in subsection 1 shall file an application with the Public Utilities Commission of Nevada in accordance with the regulations adopted pursuant to NRS 704.9925 to establish rates to recover all prudent and reasonable costs associated with the expansion in accordance with the provisions of that section.

3. As used in this section, "public utility" has the meaning ascribed to it in NRS 704.020.

Sec. 42. NRS 271B.030 is hereby amended to read as follows:

271B.030 "Lead participant" has the meaning ascribed to it in NRS 360.915 ~~[.]~~ ***or section 5 of this act.***

Sec. 43. NRS 271B.050 is hereby amended to read as follows:

271B.050 "Participant" has the meaning ascribed to it in NRS 360.925 ~~[.]~~ ***or section 7 of this act.***

Sec. 44. NRS 271B.060 is hereby amended to read as follows:

271B.060 "Qualified project" has the meaning ascribed to it in NRS 360.940 ~~[.]~~ ***or section 10 of this act.***

Sec. 45. NRS 271B.070 is hereby amended to read as follows:

271B.070 1. Except as otherwise provided in this section, if a qualified project is located within the jurisdiction of a municipality, the governing body of the municipality may:

(a) Create an economic diversification district for the purposes of carrying out this chapter by adopting an ordinance describing the boundaries of the district, which must be the geographic boundaries of the qualified project, and generally describing the purposes within the district for which money pledged pursuant to this chapter may be used; and

(b) For the purposes of carrying out paragraph (a), include in an ordinance adopted pursuant to that paragraph the pledge of an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the municipality for use in the district, or stored, used or otherwise consumed in the district by the participant, during a fiscal year other than the amount of any local sales and use taxes for which the lead participant has received an abatement pursuant to an application approved by the Office of Economic Development pursuant to NRS 360.950.

2. The governing body of a municipality may not include in an ordinance adopted to create a district pursuant to paragraph (a) of subsection 1 on or after September 11, 2014, the pledge of any proceeds of the taxes imposed pursuant to NRS 374.110 ***or 374.111*** and ***NRS*** 374.190 ***or 374.191*** with regard to tangible personal property sold at retail, or stored, used or otherwise consumed, if the governing body obtains an opinion from independent bond counsel stating that the applicability of this provision would impair an existing contract for the sale of bonds which were issued before September 11, 2014.

3. ***If:***

(a) The qualified project is a qualified project described in section 10 of this act;

(b) The governing body of the municipality includes in the ordinance adopted pursuant to paragraph (a) of subsection 1 a pledge of money pursuant to paragraph (b) of subsection 1; and

(c) The Executive Director of the Office of Economic Development has required the lead participant to make payments to a trust fund in the State Treasury pursuant to subsection 3 of section 15 of this act,

➥ ***the governing body must include in the ordinance a provision providing that the pledge of that money is conditioned upon the lead participant qualifying for a return of the money paid into the trust fund pursuant to subsection 4 of section 15 of this act.***

4. A district created pursuant to this section by:

(a) A city must be located entirely within the boundaries of that city.

(b) A county must be located entirely within the boundaries of that county and, when the district is created, entirely outside of the boundaries of any city.

Sec. 45.5. NRS 271B.070 is hereby amended to read as follows:

271B.070 1. Except as otherwise provided in this section, if a qualified project is located within the jurisdiction of a municipality, the governing body of the municipality may:

(a) Create an economic diversification district for the purposes of carrying out this chapter by adopting an ordinance describing the boundaries of the district, which must be the geographic boundaries of the qualified project, and generally describing the purposes within the district for which money pledged pursuant to this chapter may be used; and

(b) For the purposes of carrying out paragraph (a), include in an ordinance adopted pursuant to that paragraph the pledge of an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the municipality for use in the district, or stored, used or otherwise consumed in the district by the participant, during a fiscal year other than the amount of any local sales and use taxes for which the lead participant has received an abatement pursuant to an application approved by the Office of Economic Development pursuant to NRS 360.950.

2. The governing body of a municipality may not include in an ordinance adopted to create a district pursuant to paragraph (a) of subsection 1 on or after September 11, 2014, the pledge of any proceeds of the taxes imposed pursuant to NRS 374.110 or 374.111 and NRS 374.190 or 374.191 with regard to tangible personal property sold at retail, or stored, used or otherwise consumed, if the governing body obtains an opinion from independent bond counsel stating that the applicability of this provision would impair an existing contract for the sale of bonds which were issued before September 11, 2014.

3. ~~[If:~~

~~(a) The qualified project is a qualified project described in section 10 of this act;~~

~~(b) The governing body of the municipality includes in the ordinance adopted pursuant to paragraph (a) of subsection 1 a pledge of money pursuant to paragraph (b) of subsection 1; and~~

~~(c) The Executive Director of the Office of Economic Development has required the lead participant to make payments to a trust fund in the State Treasury pursuant to subsection 3 of section 15 of this act,~~

~~➥ the governing body must include in the ordinance a provision providing that the pledge of that money is conditioned upon the lead participant qualifying for a return of the money paid into the trust fund pursuant to subsection 4 of section 15 of this act.~~

~~4.]~~ A district created pursuant to this section by:

(a) A city must be located entirely within the boundaries of that city.

(b) A county must be located entirely within the boundaries of that county and, when the district is created, entirely outside of the boundaries of any city.

Sec. 46. NRS 271B.080 is hereby amended to read as follows:

271B.080 ***1.*** After the adoption of an ordinance pursuant to NRS 271B.070 ~~[, the]~~ ***:***

(a) The governing body of the municipality and the Department of Taxation shall enter into an agreement specifying the dates and procedure for distribution to the municipality of any money pledged pursuant to NRS 271B.070. ~~[The]~~

(b) If the qualified project is a qualified project described in section 10 of this act and the Executive Director of the Office of Economic Development has required the lead participant to make payments to a trust fund in the State Treasury pursuant to subsection 3 of section 15 of this act, the Department of Taxation shall deposit in that trust fund the proceeds of any taxes conditionally pledged pursuant to subsection 3 of NRS 271B.070 until:

(1) The lead participant qualifies for a return of the money paid into the trust fund pursuant to subsection 4 of section 15 of this act, in which case the taxes conditionally pledged, including any interest and income earned on those taxes, must be distributed pursuant to the agreement described in paragraph (a); or

(2) The Executive Director determines that the requirements for the partial abatement set forth in section 15 of this act have not been met, in which case any taxes conditionally pledged and deposited in the trust fund must be transferred to the

entity that would have received those taxes if the taxes had not been conditionally pledged, as determined by the Department of Taxation. The interest and income earned on those taxes during the time the taxes were in the trust fund must be distributed to an entity receiving a distribution pursuant to this subparagraph in the proportion that the taxes distributed to the entity pursuant to this subparagraph bears to the total taxes distributed pursuant to this subparagraph.

2. If the qualified project is a qualified project described in NRS 360.940, the distributions ***pursuant to the agreement described in paragraph (a) of subsection 1*** must:

~~[1.]~~ ***(a)*** Be made not less frequently than monthly; and

~~[2.]~~ ***(b)*** Cease at the end of the fiscal year in which the 20th anniversary of the adoption of the ordinance creating the district occurs.

3. If the qualified project is a qualified project described in section 10 of this act, the distributions pursuant to the agreement described in paragraph (a) of subsection 1 must:

(a) Be made not less frequently than monthly;

(b) Cease at the end of the fiscal year in which the 15th anniversary of the adoption of the ordinance creating the district occurs; and

(c) If the Executive Director of the Office of Economic Development has required the lead participant to make payments to a trust fund in the State Treasury pursuant to subsection 3 of section 15 of this act, not commence until the lead participant qualifies for a return of the money paid into the trust fund pursuant to subsection 4 of section 15 of this act.

Sec. 47. Chapter 277A of NRS is hereby amended by adding thereto a new section to read as follows:

1. In a county in which a qualified project is located, the commission may acquire, construct, improve, maintain and operate or contract for the construction or operation of a project to provide freight rail service in relation to the qualified project.

2. To carry out a project described in subsection 1, the commission may:

(a) Enter into agreements with an agency of any state or political subdivision thereof, or the Federal Government;

(b) Receive and disburse funds from an agency of this State or any other source;

(c) In addition to the agreements authorized by paragraph (a), enter into rail access agreements, construction contracts, maintenance agreements and other similar agreements with any

person authorizing or regulating use, operation, construction and maintenance of the freight rail service, including, without limitation, any arrangements for payment of fees or costs related to such use, operation and maintenance;

(d) Acquire real and personal property by purchase, lease, easement or other means appropriate to a freight rail service; and

(e) Adopt regulations governing the use, operation and maintenance of the freight rail service.

3. As used in this section, "qualified project" has the meaning ascribed to it in NRS 360.940 or section 10 of this act.

Sec. 48. (Deleted by amendment.)

Sec. 49. Chapter 278C of NRS is hereby amended by adding thereto the provisions set forth as sections 50, 51 and 52 of this act.

Sec. 50. ***"Natural resources project" means:***

1. A drainage and flood control project;

2. A sewerage project;

3. A wastewater project; or

4. A water project.

Sec. 51. ***"Rail project" means any railroad, railroad tracks, rail spurs and any structures or facilities necessary for a rail port, and all appurtenances and incidentals, or any combination thereof, including real and other property therefor.***

Sec. 52. ***1. Notwithstanding any provision of this chapter to the contrary, if the governing body submits to the Office of Economic Development an economic development financing proposal described in section 27 of this act and the Office approves the proposal and an economic development financing agreement pursuant to section 28 of this act, any tax increment area which is or may be created for the purpose of carrying out the undertakings identified in the proposal must be administered as provided in the agreement.***

2. The economic development financing agreement may provide, without limitation, that:

(a) The Office of Economic Development, the Executive Director of the Office or any designee of either is authorized or required to perform any function or duty that under the provisions of this chapter would otherwise be performed by the municipality, the governing body or any officer or employee of the municipality.

(b) Any money collected pursuant to this chapter must be paid, collected, deposited, distributed or remitted as provided in the agreement, notwithstanding any provision of this chapter to the contrary.

(c) It may be modified at any time by the Executive Director of the Office of Economic Development, in the exercise of his or her discretion and upon approval of the Board of Economic Development.

Sec. 53. NRS 278C.130 is hereby amended to read as follows:

278C.130 "Tax increment area" means the area:

1. Whose boundaries are coterminous with those of a specially benefited zone established as provided in NRS 278C.150;

2. Specially benefited by an undertaking under this chapter;

3. Designated by ordinance as provided in NRS 278C.220; and

4. In which is located:

(a) The taxable property the assessed valuation of which is the basis for the allocation of tax proceeds to the tax increment account pursuant to paragraph (a) of subsection 1 of NRS 278C.250; and

(b) If the undertaking is a ~~[water project]~~ ***natural resources project or a rail project*** for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157:

(1) The persons from which the tax on the sale or use of tangible personal property is the basis for the allocation of tax proceeds to the tax increment account pursuant to paragraph (b) of subsection 1 of NRS 278C.250; and

(2) The employers from which the tax imposed pursuant to NRS 363A.130 and 363B.110 is the basis for the allocation of tax proceeds to the tax increment account pursuant to paragraph (c) of subsection 1 of NRS 278C.250.

Sec. 54. NRS 278C.140 is hereby amended to read as follows:

278C.140 "Undertaking" means any enterprise to acquire, improve or equip, or any combination thereof:

1. In the case of counties:

(a) A drainage and flood control project, as defined in NRS 244A.027;

(b) An overpass project, as defined in NRS 244A.037;

(c) A sewerage project, as defined in NRS 244A.0505;

(d) A street project, as defined in NRS 244A.053;

(e) An underpass project, as defined in NRS 244A.055; or

(f) A water project, as defined in NRS 244A.056.

2. In the case of cities:

(a) A drainage project or flood control project, as defined in NRS 268.682;

(b) An overpass project, as defined in NRS 268.700;

(c) A sewerage project, as defined in NRS 268.714;

(d) A street project, as defined in NRS 268.722;

(e) An underpass project, as defined in NRS 268.726; or

(f) A water project, as defined in NRS 268.728.

3. In the case of a city with respect to any tax increment area created pursuant to a cooperative agreement between the city and the Nevada System of Higher Education pursuant to NRS 278C.155, in addition to the projects described in subsection 2:

(a) A project for any other infrastructure necessary or desirable for the principal campus of the Nevada State College that is approved by the Board of Regents of the University of Nevada; or

(b) An educational facility or other capital project for the principal campus of the Nevada State College that is owned by the Nevada System of Higher Education and approved by the Board of Regents of the University of Nevada.

4. In the case of a county or city with respect to any tax increment area created by an ordinance adopted pursuant to NRS 278C.157, in addition to the projects described in subsections 1 and 2:

(a) A natural resources project; or

(b) A rail project.

Sec. 55. NRS 278C.157 is hereby amended to read as follows:

278C.157 1. A municipality may adopt an ordinance ordering an undertaking and creating the tax increment area and the tax increment account pertaining thereto pursuant to NRS 278C.220 which includes provisions for:

(a) The allocation of the proceeds of any tax on the sale or use of tangible personal property to the tax increment account of the proposed tax increment area pursuant to paragraph (b) of subsection 1 of NRS 278C.250;

(b) The allocation of the proceeds of any tax imposed pursuant to NRS 363A.130 and 363B.110 to the tax increment account of the proposed tax increment area pursuant to paragraph (c) of subsection 1 of NRS 278C.250; or

(c) The issuance of municipal securities and revenue securities described in paragraph (f) of subsection 1 of NRS 278C.280,

➥ only for an undertaking that is a ~~[water project, the estimated cost of which exceeds $50,000,000,]~~ ***rail project in relation to a qualified project or a natural resources project,*** and only after approval by the Interim Finance Committee of a written request submitted by the municipality.

2. The Interim Finance Committee may approve a request submitted pursuant to this section only if the Interim Finance Committee determines that approval of the request:

(a) Will not impede the ability of the Legislature to carry out its duty to provide for an annual tax sufficient to defray the estimated expenses of the State for each fiscal year as set forth in Article 9, Section 2 of the Nevada Constitution; and

(b) Will not threaten the protection and preservation of the property and natural resources of the State of Nevada.

3. A request submitted pursuant to this section must include any information required by the Interim Finance Committee.

4. As used in this section, "qualified project" has the meaning ascribed to it in NRS 360.940 or section 10 of this act.

Sec. 56. NRS 278C.160 is hereby amended to read as follows:

278C.160 1. Whenever the governing body of a municipality is of the opinion that the interests of the municipality and the public require an undertaking, the governing body, by resolution, shall direct the engineer to prepare:

(a) Preliminary plans and a preliminary estimate of the cost of the undertaking, including, without limitation, all estimated financing costs to be capitalized with the proceeds of the securities issued by the municipality and all other estimated incidental costs relating to the undertaking;

(b) A statement of the proposed tax increment area pertaining thereto, including:

(1) The last finalized amount of the assessed valuation of the taxable property in such area, and the amount of taxes, including in such amount the sum of any unpaid taxes, whether or not delinquent, resulting from the last taxation of the property, based upon the records of the county assessor and the county treasurer; and

(2) If the undertaking is a ~~[water project]~~ ***natural resources project or a rail project*** for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157:

(I) The total amount of taxes imposed on the sale or use of tangible personal property in such area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(II) The total amount of taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers in such area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(c) A statement of the estimated amount of the tax proceeds to be credited annually to the tax increment account during the term of the proposed securities payable therefrom.

2. The resolution must describe the undertaking in general terms and must state:

(a) What portion of the expense of the undertaking will be paid with the proceeds of securities or other allowable borrowing instruments issued by the municipality in anticipation of tax proceeds to be credited to the tax increment account and payable wholly or in part therefrom;

(b) How the remaining portion of the expense of the undertaking, if any, is to be financed; and

(c) The basic security and any additional security for the payment of securities or other allowable borrowing instruments of the municipality pertaining to the undertaking.

3. The resolution must designate the tax increment area or its location, so that the various tracts of taxable real property, any taxable personal property and the locations of any retailers and employers can be identified and determined to be within or without the proposed tax increment area, but need not describe in minute detail each tract of real property proposed to be included within the tax increment area.

4. The engineer shall file with the clerk the preliminary plans, estimate of costs and statements.

5. Upon the filing of the preliminary plans, estimate of costs and statements with the clerk, the governing body shall examine the preliminary plans, estimate of costs and statements, and if the governing body approves of the preliminary plans, estimate of costs and statements, it shall by resolution provisionally order the undertaking.

Sec. 57. NRS 278C.170 is hereby amended to read as follows:

278C.170 1. In the resolution making the provisional order, the governing body shall set a time and place for a meeting to consider the ordering of the undertaking and hear all complaints, protests, objections and other relevant comments concerning the undertaking that are made in accordance with subsection 2. The time for the meeting must be at least 20 days after the date the governing body adopts the resolution that provisionally orders the undertaking.

2. The Federal Government, the State, any public body, any natural person who resides in the municipality or owns taxable personal or real property in the municipality, any retailer or employer, if applicable, that is located within the proposed tax increment area pertaining to the undertaking, or any representative of any such natural person or entity, may submit a complaint, protest, objection or other comment about the undertaking before the governing body. If such an entity or person desires to submit a

complaint, protest, objection or other comment about the undertaking for consideration by the governing body, the entity or person must:

(a) File a written complaint, protest, objection or other comment about the undertaking with the clerk at least 3 days before the date of the meeting described in subsection 1;

(b) Present an oral complaint, protest, objection or other comment about the undertaking to the governing body at the meeting described in subsection 1; or

(c) Present the complaint, protest, objection or other comment in the manner required pursuant to paragraphs (a) and (b).

3. Notice of the meeting described in subsection 1 must be given:

(a) To all persons on the list established pursuant to NRS 278C.180, by mailing;

(b) By posting; and

(c) By publication.

4. The notice must:

(a) Describe the undertaking and the project or projects relating thereto without mentioning minor details or incidentals;

(b) State the preliminary estimate of the cost of the undertaking, including all incidental costs, as stated in the preliminary plans, estimate of costs and statements of the engineer filed with the clerk pursuant to NRS 278C.160;

(c) Describe the proposed tax increment area pertaining to the undertaking, including:

(1) The last finalized amount of the assessed valuation of the taxable property in the area, and the amount of taxes, including in such amount the sum of any unpaid taxes, whether or not delinquent, resulting from the last taxation of the property, based upon the records of the county assessor and the county treasurer; and

(2) If the undertaking is a ~~[water project]~~ ***natural resources project or a rail project*** for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157:

(I) The total amount of taxes imposed on the sale or use of tangible personal property in the area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(II) The total amount of taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers in the area in the

immediately preceding fiscal year, based upon the records of the Department of Taxation;

(d) State what portion of the expense of the undertaking will be paid with the proceeds of securities or other allowable borrowing instruments issued by the municipality in anticipation of tax proceeds to be credited to the tax increment account and payable wholly or in part therefrom, and state the basic security and any additional security for the payment of securities or other allowable borrowing instruments of the municipality pertaining to the undertaking;

(e) State how the remaining portion of the expense, if any, is to be financed;

(f) State the estimated amount of the tax proceeds to be credited annually to the tax increment account pertaining to the undertaking during the term of the proposed securities or other allowable borrowing instruments payable from such proceeds, and the estimated amount of any net revenues derived annually from the operation of the project or projects pertaining to the undertaking and pledged for the payment of those securities or other allowable borrowing instruments;

(g) State the estimated aggregate principal amount to be borrowed by the issuance of the securities or other allowable borrowing instruments, excluding proceeds thereof to fund or refund outstanding securities, and the estimated total bond requirements of the securities or other allowable borrowing instruments;

(h) Find, determine and declare that the estimated tax proceeds to be credited to the tax increment account and any such net pledged revenues will be fully sufficient to pay the bond requirements of the securities or other allowable borrowing instruments as they become due; and

(i) State the date, time and place of the meeting described in subsection 1.

5. All proceedings may be modified or rescinded wholly or in part by resolution adopted by the governing body at any time before the governing body passes the ordinance ordering the undertaking and creating the tax increment area and the tax increment account pertaining thereto pursuant to NRS 278C.220.

6. Except as otherwise provided in this section, a public body shall not make a substantial change in the undertaking, the preliminary estimates, the proposed tax increment area or other statements relating thereto after the first publication or posting of notice or after the first mailing of notice to the property owners, whichever occurs first, without additional notice and a hearing

pursuant to this section. A public body may delete a portion of the undertaking and property from the proposed tax increment area without notice and a hearing pursuant to this section. A subsequent final determination of the amount of assessed valuation of taxable property in the tax increment area or a subsequent levy or imposition of taxes does not adversely affect proceedings taken pursuant to this chapter.

7. The engineer may make minor changes in and develop the undertaking as to the time, plans and materials entering into the undertaking at any time before its completion. Any minor changes authorized by this subsection must be made a matter of public record at a public meeting of the governing body.

Sec. 58. NRS 278C.180 is hereby amended to read as follows:

278C.180 1. The governing body shall cause to be created a list of the names and addresses of all:

(a) Persons who reside within a proposed tax increment area and who own taxable property within a proposed tax increment area; and

(b) If the undertaking is a ~~[water project]~~ ***natural resources project or a rail project*** for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157:

(1) Retailers located within a proposed tax increment area; and

(2) Employers located within a proposed tax increment area.

➥ The names and addresses for the list may be obtained from the records of the county assessor, the Department of Taxation or from such other sources as the clerk or the engineer deems available. A list of such names and addresses pertaining to any tax increment area may be revised from time to time, but must be revised at least once every 12 months if the list is needed for a period longer than 12 months.

2. If notice is required to be mailed pursuant to this chapter, the notice must be sent by prepaid, first-class mail, to the last known address of the person to whom the notice is being sent.

3. The mailing of any notice required in this chapter must be verified by the affidavit or certificate of the engineer, clerk, deputy or other person mailing the notice. Each verification of mailing must be filed with the clerk and be retained in the records of the municipality at least until all bonds and any other securities pertaining to a tax increment account have been paid in full, or any claim is barred by a statute of limitations.

4. A verification of mailing is prima facie evidence of the mailing of the notice in accordance with the requirements of this section.

Sec. 59. NRS 278C.250 is hereby amended to read as follows:

278C.250 1. After the effective date of the ordinance adopted pursuant to NRS 278C.220:

(a) Any taxes levied upon taxable property in the tax increment area each year by or for the benefit of the State, the municipality and any public body must be divided as follows:

(1) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of those taxing agencies upon the total sum of the assessed value of the taxable property in the tax increment area as shown upon the last equalized assessment roll used in connection with the taxation of the property by the taxing agency, must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid.

(2) Except as otherwise provided in this section, the portion of the taxes levied each year in excess of the amount determined pursuant to subparagraph (1) must be allocated to, and when collected must be paid into, the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. Unless the total assessed valuation of the taxable property in the tax increment area exceeds the total assessed value of the taxable property in the area as shown by the last equalized assessment roll referred to in this subsection, all of the taxes levied and collected upon the taxable property in the area must be paid into the funds of the respective taxing agencies. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the taxable property in the tax increment area must be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(b) If the undertaking is a ~~[water project]~~ ***natural resources project or a rail project*** for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157, any taxes levied upon the sale or use of tangible personal property in the tax increment area each year by or for the benefit of the State, the municipality and any public body must be divided as follows:

(1) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of those taxing agencies upon the total sum of the sales and use of tangible personal property in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other sales of tangible personal property are paid.

(2) Except as otherwise provided in this section, of the portion of the taxes levied each year in excess of the amount determined pursuant to subparagraph (1), 50 percent of that amount must be allocated to, and when collected must be paid into the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. The remaining 50 percent of that amount must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other sales of tangible personal property are paid. Unless the total amount of the taxes imposed on the sale and use of tangible personal property in the tax increment area exceeds the total amount of the taxes imposed on the sale and use of tangible personal property in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, all of the taxes levied and collected upon the sale or use of tangible personal property in the tax increment area must be paid into the funds of the respective taxing agencies. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the sale or use of tangible personal property in the tax increment area must be paid into the funds of the respective taxing agencies as taxes on all other taxes on the sale or use of tangible personal property are paid.

(c) If the undertaking is a ~~[water project]~~ ***natural resources project or a rail project*** for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157, any taxes imposed pursuant to NRS 363A.130 or 363B.110 on employers located in the tax increment area must be divided as follows:

(1) That portion of the taxes that would be produced by the rate upon which the tax is imposed each year by the Department of Taxation in the fiscal year immediately preceding the effective date

of the ordinance adopted pursuant to NRS 278C.220, must be allocated to and when collected must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid.

(2) Except as otherwise provided in this section, of the portion of the taxes imposed each year in excess of the amount determined pursuant to subparagraph (1), 50 percent of that amount must be allocated to, and when collected must be paid into, the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. The remaining 50 percent of that amount must be allocated to and when collected must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid. Unless the total amount of the taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers located in the tax increment area exceeds the total amount of the taxes imposed on employers located in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, all of the taxes imposed on employers located in the tax increment area must be paid to the Department of Taxation. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes imposed pursuant to NRS 363A.130 or 363B.110 on employers located in the tax increment area must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid.

2. ~~[The]~~ ***Except as otherwise provided in subsection 2 of section 29 of this act, the*** amount of the taxes levied each year which are paid into the tax increment account pursuant to subparagraph (2) of paragraph (a) of subsection 1, subparagraph (2) of paragraph (b) of subsection 1 and subparagraph (2) of paragraph (c) of subsection 1 must be limited by the governing body to an amount not to exceed the combined total amount required for annual debt service of or any outstanding advances of money or unfunded costs associated with the project or projects acquired, improved or equipped, or any combination thereof, as part of the undertaking.

3. Any revenues generated within the tax increment area in excess of the amount referenced in subsection 2, if any, will be paid into the funds of the respective taxing agencies in the same proportion as their base amount was distributed.

4. Except as otherwise provided in this subsection, in any fiscal year, the total revenue paid to a tax increment area pursuant to subparagraph (2) of paragraph (a) of subsection 1 in combination with the total revenue paid to any other tax increment areas and any redevelopment agencies of a municipality, other than any revenues paid to any other tax increment areas pursuant to subparagraph (2) of paragraph (b) of subsection 1 and subparagraph (2) of paragraph (c) of subsection 1, must not exceed:

(a) In a county whose population is 100,000 or more or a city whose population is 150,000 or more, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 10 percent of the total assessed valuation of the municipality.

(b) In a county whose population is less than 100,000 or a city whose population is less than 150,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 15 percent of the total assessed valuation of the municipality.

➥ Notwithstanding the provisions of this subsection, if a county has a population of less than 100,000 or if a city has a population of less than 150,000 at the time the municipality issues securities for a tax increment area pursuant to NRS 278C.280, the revenue limitation set forth in paragraph (b) must remain the revenue limitation for the tax increment area until such time as the securities issued for that tax increment area pursuant to NRS 278C.280 have been paid in full, including any securities issued to refund those securities, regardless of whether the population of the municipality reaches or exceeds 100,000 after the issuance of those securities.

5. If the revenue paid to a tax increment area must be limited pursuant to paragraph (a) or (b) of subsection 4 and the municipality has more than one redevelopment agency or tax increment area, or one of each, the municipality shall determine the allocation to each agency and area. Any revenue that would be allocated to a tax increment area but for the provisions of this section must be paid into the funds of the respective taxing agencies.

6. The portion of the taxes levied each year in excess of the amount determined pursuant to subparagraph (1) of paragraph (a) of subsection 1 which is attributable to any tax rate levied by a taxing agency:

(a) To produce revenue in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness that was approved by a majority of the registered voters within the area of the taxing agency voting upon the question,

must be allocated to, and when collected must be paid into, the debt service fund of that taxing agency.

(b) In excess of any tax rate of that taxing agency applicable to the last taxation of the property before the effective date of the ordinance, if that additional rate was approved by a majority of the registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

(c) Pursuant to NRS 387.3285 or 387.3287, if that rate was approved by a majority of the registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

(d) For the support of the public schools within a county school district pursuant to NRS 387.195, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

7. The provisions of paragraph (a) of subsection 6 include, without limitation, a tax rate approved for bonds of a county school district issued pursuant to NRS 350.020, including, without limitation, amounts necessary for a reserve account in the debt service fund.

8. As used in this section, the term "last equalized assessment roll" means the assessment roll in existence on the 15th day of March immediately preceding the effective date of the ordinance.

Sec. 60. NRS 278C.280 is hereby amended to read as follows:

278C.280 1. To defray in whole or in part the cost of any undertaking, a municipality may issue the following securities:

(a) Notes;

(b) Warrants;

(c) Interim debentures;

(d) Bonds;

(e) Temporary bonds; and

(f) Upon the approval of the Interim Finance Committee pursuant to NRS 278C.157 ~~[,]~~ ***for a purpose related to natural resources, as defined in NRS 350A.090,*** municipal securities and revenue securities purchased by the State Treasurer in accordance with the provisions of chapter 350A of NRS.

2. Any net revenues derived from the operation of a project acquired, improved or equipped, or any combination thereof, as part of the undertaking must be pledged for the payment of any securities issued pursuant to this section. The securities must be made payable from any such net pledged revenues as the bond requirements

become due from time to time by the bond ordinance, trust indenture or other proceedings that authorize the issuance of the securities or otherwise pertain to their issuance.

3. Securities issued pursuant to this section:

(a) Must be made payable from tax proceeds accounted for in the tax increment account; and

(b) May, at the option of the municipality and if otherwise so authorized by law, be made payable from the taxes levied by the municipality against all taxable property within the municipality.

➥ The municipality may also issue general obligation securities other than the ones authorized by this chapter that are made payable from taxes without also making the securities payable from any net pledged revenues or tax proceeds accounted for in a tax increment account, or from both of those sources of revenue.

4. Any securities payable only in the manner provided in either paragraph (a) of subsection 3 or both subsection 2 and paragraph (a) of subsection 3:

(a) Are special obligations of the municipality and are not in their issuance subject to any debt limitation imposed by law;

(b) While they are outstanding, do not exhaust the debt incurring power of the municipality; and

(c) May be issued under the provisions of the Local Government Securities Law, except as otherwise provided in this chapter, without any compliance with the provisions of NRS 350.020 to 350.070, inclusive, except as otherwise provided in the Local Government Securities Law, only after the issuance of municipal bonds is approved under the provisions of NRS 350.011 to 350.0165, inclusive.

5. Any securities payable from taxes in the manner provided in paragraph (b) of subsection 3, regardless of whether they are also payable in the manner provided in paragraph (a) of subsection 3 or in both subsection 2 and paragraph (a) of subsection 3:

(a) Are general obligations of the municipality and are in their issuance subject to such debt limitation;

(b) While they are outstanding, do exhaust the power of the municipality to incur debt; and

(c) May be issued under the provisions of the Local Government Securities Law only after the issuance of municipal bonds is approved under the provisions of:

(1) NRS 350.011 to 350.0165, inclusive; or

(2) NRS 350.020 to 350.070, inclusive,

➥ except for the issuance of notes or warrants under the Local Government Securities Law that are payable out of the revenues for

the current year and are not to be funded with the proceeds of interim debentures or bonds in the absence of such bond approval under the two acts designated in subparagraphs (1) and (2).

6. In the proceedings for the advancement of money, or the making of loans, or the incurrence of any indebtedness, whether funded, refunded, assumed or otherwise, by the municipality to finance or refinance, in whole or in part, the undertaking, the portion of taxes mentioned in subsection 4 of NRS 278C.250 must be irrevocably pledged for the payment of the bond requirements of the loans, advances or indebtedness. The provisions in the Local Government Securities Law pertaining to net pledged revenues are applicable to such a pledge to secure the payment of tax increment bonds.

Sec. 60.5. NRS 350A.070 is hereby amended to read as follows:

350A.070 "Municipal securities" means notes, warrants, interim debentures, bonds and temporary bonds validly issued as obligations for a purpose related to natural resources which are payable:

1. From taxes whether or not additionally secured by any municipal revenues available therefor;

2. For bonds issued by an irrigation district, from assessments against real property;

3. For bonds issued by a water authority organized as a political subdivision created by cooperative agreement, from revenues of the water system of the water authority or one or more of the water purveyors who are members of the water authority or any combination thereof;

4. For bonds issued by a wastewater authority, from revenues of the water reclamation system of the wastewater authority or one or more of the municipalities that are members of the wastewater authority, or any combination thereof; ~~[or]~~

5. For bonds issued by a flood management authority, from revenues of the flood management authority or one or more of the municipalities that are members of the flood management authority, or any combination thereof ~~[.]~~ ***; or***

6. For assessment bonds issued by a municipality under chapter 271 of NRS.

Sec. 61. NRS 350A.090 is hereby amended to read as follows:

350A.090 "Purpose related to natural resources" means a purpose necessary, expedient or advisable for the protection and preservation of any property or natural resources of the State, or for obtaining the benefits thereof, including without limitation water

projects, sewer projects ***, projects to protect and preserve the natural resources and property of the State from floods*** and park projects which preserve natural landscape or wildlife habitat or both.

Sec. 62. NRS 350A.160 is hereby amended to read as follows:

350A.160 ***1.*** The Board shall not become obligated with respect to a particular lending project unless ~~[it has]~~ ***the Board:***

(a) Has determined that the lending project is for a purpose related to natural resources and that the obligation to be incurred for the lending project will be exempt from the limitation on state debt set forth in Section 3 of Article 9 of the Nevada Constitution; or

(b) Has obtained judicial confirmation, in a proceeding pursuant to chapter 43 of NRS or another proceeding, that the obligation to be incurred for that project will be exempt from the State's debt limit. If an appeal is taken or the confirmation is otherwise reviewed, the obligation must not be incurred unless the exemption is affirmed by the court of last resort.

2. The Legislature hereby finds that obligations issued as state securities which are general obligations, for which a Board determination has been made pursuant to paragraph (a) of subsection 1 or a judicial confirmation has been obtained pursuant to paragraph (b) of subsection 1, are necessary for the protection and preservation of the property and natural resources of this State and for the purpose of obtaining the benefits thereof, and the issuance of those securities constitutes an exercise of the authority conferred by the second paragraph of Section 3 of Article 9 of the Nevada Constitution.

Sec. 63. NRS 353.207 is hereby amended to read as follows:

353.207 1. The Chief shall:

(a) Require the Office of Economic Development and the Office of Energy each periodically to conduct an analysis of the relative costs and benefits of each incentive for economic development previously approved by the respective office and in effect during the immediately preceding 2 fiscal years, including, without limitation, any abatement of taxes approved by the Office of Economic Development pursuant to NRS 274.310, 274.320, 274.330, 360.750, 360.752, 360.753, 360.754, 360.950, 361.0687, 374.357 or 701A.210, ***or section 12 of this act,*** to assist the Governor and the Legislature in determining whether the economic benefits of the incentive have accomplished the purposes of the statute pursuant to which the incentive was approved and warrant additional incentives of that kind;

(b) Require each office to report in writing to the Chief the results of the analysis conducted by the office pursuant to paragraph (a); and

(c) Establish a schedule for performing and reporting the results of the analysis required by paragraph (a) which ensures that the results of the analysis reported by each office are included in the proposed budget prepared pursuant to NRS 353.205, as required by that section.

2. Each report prepared for the Chief pursuant to this section is a public record and is open to inspection pursuant to the provisions of NRS 239.010.

Sec. 64. (Deleted by amendment.)

Sec. 65. The Legislature hereby finds that general obligation bonds issued under this act which are issued for a purpose necessary, expedient or advisable for the protection and preservation of the property or natural resources of the State, or for obtaining the benefits thereof, including, without limitation, state general obligation bonds issued for water projects, sewer projects, and projects to preserve and protect the natural resources and property of the State from floods, are obligations necessary for the protection and preservation of the property and natural resources of this State and for the purpose of obtaining the benefits thereof, and the issuance of those state general obligation bonds constitutes an exercise of the authority conferred by the second paragraph of Section 3 of Article 9 of the Nevada Constitution.

Sec. 66. Notwithstanding the provisions of NRS 231.0695, for the purpose of any partial abatement of taxes authorized by section 11 of this act, the Office of Economic Development shall be deemed to have approved the partial abatement pursuant to section 12 of this act upon approval by the Executive Director of the Office of Economic Development.

Sec. 67. The Legislature hereby finds that each partial abatement provided by sections 2 to 18, inclusive, of this act from any ad valorem tax on property or excise tax on the sale, storage, use or other consumption of tangible personal property sold at retail:

1. Will achieve a bona fide social or economic purpose and the benefits of the abatement are expected to exceed any adverse effect of the abatement on the provision of services to the public by the State or a local government that would otherwise receive revenue from the tax from which the abatement would be granted; and

2. Will not impair adversely the ability of the State or a local government to pay, when due, all interest and principal on any

outstanding bonds or any other obligations for which revenue from the tax from which the abatement would be granted was pledged.

Sec. 68. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 69. 1. This section and sections 1 to 32, inclusive, 33.5, 34 to 45, inclusive, and 46 to 68, inclusive, of this act become effective upon passage and approval.

2. Sections 1 to 18, inclusive, of this act expire by limitation on June 30, 2032.

3. The amendatory provisions of sections 30, 31, 34, 41 to 44, inclusive, 46 and 63 of this act expire by limitation on June 30, 2032.

4. Sections 33 and 45.5 of this act become effective on July 1, 2032.

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January 11, 2016

COMMITTEE ON LOCAL GOVERNMENT FINANCE
REQUEST FOR APPEARANCE

CERTIFIED MAIL: 7006 0100 0002 3081 7821
DARREN ADAIR, DIRECTOR OF FINANCE
CITY OF NORTH LAS VEGAS
2250 LAS VEGAS BLVD. NORTH #710
NORTH LAS VEGAS, NV 89030

Date and Time of Meeting: **January 26, 2016**
9:00 a.m.

Place of Meeting:
Nevada Gaming Control Board
1919 College Parkway
Board Room
Carson City, Nevada

Video Conferenced To:
Nevada Gaming Control Board
Grant Sawyer State Office Building
555 East Washington Avenue
Second Floor, Room 2450
Las Vegas, Nevada

A representative from the City of North Las Vegas is requested to appear before the Committee on Local Government Finance (Committee) regarding the following:

1) Report by City on the following matters:

a) FY 15/16 Final Budget, including revenue, expenditures, cash flow analysis and scheduled debt repayments;

b) Results of FY 14/15 Audit

c) Report on the potential effects of AB 1; SB1, SB2, and SB3 of the 29th Special Session on the financial condition of the City.

The Committee requests that any materials regarding this agenda item be received in the office of the Department by January 22, 2016 to allow the Department and Committee Members an opportunity for review.

If you have any questions, please feel free to call me at 775-684-2095.

Terry E. Rubald, Deputy Executive Director
Department of Taxation

cc: Dr. Qiong X. Liu, City Manager, City of North Las Vegas

COMMITTEE ON LOCAL GOVERNMENT FINANCE
REQUEST FOR APPEARANCE
CERTIFIED MAIL RECEIPT
DELIVERY CONFIRMATION

7006 0100 0002 3081 7821

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CITY OF NORTH LAS VEGAS
Street, Apt or PO Box 2250 LAS VEGAS BLVD NORTH #710
City, State, NORTH LAS VEGAS NV 89030

PS Form 3800, June 2002 — See Reverse for Instructions

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1. Article Addressed to:

DARREN ADAIR DIRECTOR OF FINANCE
CITY OF NORTH LAS VEGAS
2250 LAS VEGAS BLVD NORTH #710
NORTH LAS VEGAS NV 89030

COMPLETE THIS SECTION ON DELIVERY

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X Gabriela Vazquez ☐ Agent ☐ Addressee
B. Received by (Printed Name) C. Date of Delivery

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Mailed Monday, January 11, 2016, by J. Ware
Darren Adair, Director of Finance, City of North Las Vegas
Tracking #: 7006 0100 0002 3081 7821

Jane Ware

From:	Jane Ware
Sent:	Monday, January 11, 2016 2:23 PM
To:	'adaird@cityofnorthlasvegas.com'; 'liuq@cityofnorthlasvegas.com'
Cc:	Terry Rubald; Kelly Langley
Subject:	Request for Appearance -- Committee on Local Government Finance Meeting -- January 26, 2016
Attachments:	20160126 RFA City of North Las Vegas.pdf
Importance:	High

Good Afternoon,

Please see the attached Request for Appearance for the January 26th meeting of the Committee on Local Government Finance. The original has been mailed to you via Certified Mail.

Thank you.

Janie Ware
Administrative Assistant IV
Department of Taxation
Boards and Commissions
1550 College Parkway, Suite 115
Carson City, NV 89706
Telephone: 775.684.2066
Facsimile: 775.684.2020
ware@tax.state.nv.us

This message and attachments are intended only for the addressee(s) and may contain information that is privileged and confidential. If the reader of the message is not the intended recipient or an authorized representative of the intended recipient, I did not intend to waive and do not waive any privileges or the confidentiality of the messages and attachments, and you are hereby notified that any dissemination of this communication is strictly prohibited. If you receive this communication in error, please notify me immediately by e-mail at ware@tax.state.nv.us and delete the message and attachments from your computer and network. Thank you.

7. Subcommittee report on reconsideration of LCB File No. R010-13 -- Heart-Lung Liability

SECOND REVISED PROPOSED REGULATION OF

THE COMMITTEE ON LOCAL GOVERNMENT FINANCE

LCB File No. R010-13

August 22, 2014

EXPLANATION – Matter in ***italics*** is new; matter in brackets **[~~omitted material~~]** is material to be omitted.

AUTHORITY: §§1-16, NRS 354.107.

A REGULATION relating to governmental financial administration; requiring local governments to provide a total discounted estimated actuarial liabilities report concerning certain obligations; providing standards and requirements for actuarial studies; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Chapter 617 of NRS sets forth various provisions concerning occupational diseases of firefighters and police officers. Under existing regulations, local governments are required to use and submit certain budget forms as provided by the Department of Taxation. (NAC 354.100) **Section 9** of this regulation requires the Department to include with those forms a form concerning occupational disease obligations that have been paid by local governments as the result of claims made by eligible persons pursuant to chapter 617 of NRS. **Section 10** of this regulation requires each local government which employs public safety employees for whom occupational disease obligations may be incurred to file a report concerning the local government's total discounted estimated actuarial liabilities associated with such obligations on the form prescribed by the Department. **Section 13** of this regulation sets forth the information that is required to be included in the report concerning such obligations. **Section 14** of this regulation sets forth additional information that is required to be included in the report if the local government participates in an association of self-insured public employers.

Section 11 of this regulation requires that the Department compile in summarized form the information submitted by each local government pursuant to **section 10** in an annual report. **Section 11** also requires the Department to publish the annual report on its Internet website. **Section 12** of this regulation provides that certain actuarial liabilities are not required to be reported in the financial statements of a local government unless otherwise required by the Governmental Accounting Standards Board.

Section 16 of this regulation establishes the manner in which the total discounted estimated actuarial liability for occupational disease obligations must be computed. **Section 16** also sets forth certain requirements concerning the performance and content of an actuarial study.

Section 1. Chapter 354 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 16, inclusive, of this regulation.

Sec. 2. ***As used in sections 2 to 16, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 8, inclusive, of this regulation have the meanings ascribed to them in those sections.***

Sec. 3. ***"Actuarial study" means a report prepared and signed by an actuary who is designated as an Associate of the Society of Actuaries or has a similar credential from a similar professional organization of actuaries.***

Sec. 4. ***"Funded ratio" means the ratio of the total reserves established by the local government divided by the total discounted estimated actuarial liability arising from occupational disease obligations.***

Sec. 5. ***"Occupational disease obligation" means the total cost of any financial or monetary liability associated with the payment of a claim for compensation for an occupational disease described in NRS 617.453, 617.455, 617.457 and 617.485.***

Sec. 6. ***"Pay-as-you-go funding" means any amount funded annually by a local government employer that chooses to pay for occupational disease obligations only when the occupational disease obligations become due and payable.***

Sec. 7. ***"Prefunding plan" means payments to an internal service fund or other designated fund to build reserves to pay for the total discounted estimated actuarial liabilities arising from occupational disease obligations.***

Sec. 8. ***"Public safety employee" means a person subject to an occupational disease described in NRS 617.453, 617.455, 617.457 and 617.485.***

Sec. 9. ***The Department shall include in the budget forms required by NAC 354.100 a form requiring information on the occupational disease obligations that have been paid as the result of claims made by eligible persons.***

Sec. 10. ***The governing body of a local government which employs public safety employees for whom occupational disease obligations may be incurred must file a report concerning the local government's total discounted estimated actuarial liabilities associated with such occupational disease obligations on a form prescribed by the Department. The form must be submitted as part of the tentative budget required by NRS 354.596.***

Sec. 11. ***The information submitted by each local government pursuant to sections 10 and 13 of this regulation must be compiled by the Department in an annual report in summarized form. The Department shall publish the report on its Internet website.***

Sec. 12. ***Except as otherwise required pursuant to the statements issued by the Governmental Accounting Standards Board, discounted estimated actuarial liabilities determined by an actuary are not required to be reported in the financial statements of a local government.***

Sec. 13. ***1. The report filed pursuant to section 10 of this regulation must include, at a minimum:***

(a) For a local government employer that is self-insured through a prefunding plan or pay-as-you-go funding:

(1) An explanation of whether the occupational disease obligations are funded through a prefunding plan or pay-as-you-go funding;

(2) The number of eligible persons for whom the occupational disease obligations may be incurred, separately subtotaled for current and former public safety employees;

(3) The number and amount of known and accepted claims paid by the local government net of reinsurance during the immediately preceding 10 years, if available, and separately stated for eligible persons;

(4) The total discounted estimated actuarial liability for occupational disease obligations, separately stated for eligible persons;

(5) The basis for the total discounted estimated actuarial liability, such as an actuarial study, including the date the actuarial study was prepared, the frequency of preparation of an actuarial study and whether the actuarial study separately reported for eligible persons;

(6) A 10-year history of payments made for occupational disease obligations and reserves established and identification of the funds from which such payments were made or to which reserves were contributed;

(7) The funded ratio of the present value of contributions plus investment return compared to the present value of the total discounted estimated actuarial liabilities; and

(8) How the full and complete actuarial study may be obtained.

(b) For a local government employer that is insured through an association of self-insured public employers or any private insurer, proof of a requirement by the local government employer that the association of self-insured public employers or the private insurer provide to the Department the information required by subparagraphs (2) to (7), inclusive, of paragraph (a). A copy of the local government's letter, notice or other communication requiring the association of self-insured public employers or the private insurer to provide the information must be submitted to the Department as part of the tentative budget required by NRS 354.596.

(c) For a local government employer that is insured through an association of self-insured public employers, an indication by the local government employer that it required the

association to provide to the Department a current list of public employers who are members of the association.

2. A local government employer that has been both self-insured through a prefunding plan or pay-as-you-go funding and insured through an association of self-insured public employers or any private insurer during the immediately preceding 10-year reporting period must ensure that the information required by subsection 1 is provided to the Department for:

(a) The years during which the local government was self-insured; and

(b) The years during which the local government was insured through an association of self-insured public employers or by a private insurer.

3. A local government employer having less than 10 years of historical records for purposes of providing the information required by subsection 1 must provide the information for as many years as the records have been maintained. The first report submitted pursuant to this section and each subsequent report must identify the number of years of information reported, if less than 10 years, until 10 years of information is obtained. A local government which reports historical information for less than 10 years must begin maintaining the information required by subsection 1 until 10 years of information is continuously available.

Sec. 14. *A local government employer that is insured through an association of self-insured public employers must include in the report filed pursuant to section 10 of this regulation information regarding where the most recent actuarial study conducted pursuant to section 16 of this regulation and the funding report of the association of self-insured public employers plan may be obtained.*

Sec. 15. *1. To determine the total discounted estimated actuarial liabilities associated with occupational disease obligations that have been paid as the result of claims made by*

eligible persons, the best practice for an actuarial valuation must consider and define the following inputs:

(a) Participant demographic data, including, without limitation, current age, gender, service retirement, terminations with benefit eligibility, salary increases and the percent married and percent survivors of the eligible persons for whom occupational disease obligations have been incurred;

(b) Reasonable assumptions concerning the interest rate, health care inflation rates, general inflation rates and decrement rates, such as the mortality rates for heart disease in the general population; and

(c) Claims experience which considers historical information based on actual claims incurred by the local government employer, including subsequent employment of public safety employees, and which considers the last injurious exposure rule.

2. As used in this section, "last injurious exposure rule" means full liability being assigned to a single local government employer or insurer for an occupational disease resulting from the claimant's exposure to injurious stimuli during a local government employer or insurer's coverage period, even if the most recent exposure was not the primary or triggering cause for the disease.

Sec. 16. ***1. The total discounted estimated actuarial liability for occupational disease obligations must, at a minimum, be computed using the probability of occurrence over a 30-year period, using confidence levels of 50 percent and 75 percent.***

2. An actuarial study must:

(a) If it establishes the total discounted estimated actuarial liability, be performed at least once every 5 years;

(b) Identify the type of occupational disease obligation and the eligible persons for whom the occupational disease obligation may be incurred;

(c) Document the results of an actuarial valuation of employer-provided payments for occupational disease obligations; and

(d) Include the results of the discount process used to determine the present value of the payments.

3. A projection of new employees that may be hired over the 30-year period is not required for an actuarial study.

8(a) Report on audit extension requests

8(b) Request to investigate collection of revenues for R-3 tax ballot measure from Jeff Church; report and response by Department

Sahara Legal Group

Reno/Tahoe | Los Angeles | Las Vegas

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Reno, Nevada 89521

October 26, 2015

Nevada Department of Taxation
Committee on Local Government Finance
4600 Kietzke Lane, Building L, Suite 235
Reno, Nevada 89502
Facsimile: (775)688-1303

VIA U.S. Priority Mail and Facsimile

Please be advised that I, Rajan O. Dhungana, am writing this formal complaint and request for information to the State of Nevada, Department of Taxation, Committee on Local Government Finance (hereinafter "CLGF"), on behalf of Mr. Jeffrey Church, as his legal representative.

Mr. Church makes the following request for information and formal complaint to the CLGF.

BACKGROUND INFORMATION

In 1998, the voters of the City of Reno approved a ballot measure R-3 authorizing to levy an ad valorem property tax, for the purpose of "*improving fire protection in the City [of Reno] by hiring additional fire fighting personnel* ***and*** *providing facilities and equipment therefor* ***and*** *the cost of operation and maintenance thereof.*" **(emphasis added)** ***See*** **Exhibit A.**

Since 1998, the City of Reno has grown from an approximate population of 163,000 to approximately 233,000 in 2013. Consequently, the tax levied under ballot measure R-3 has grown to approximately $4,000,000.00 today, but the number of fire fighting personnel and facilities and equipment has actually not only decreased as a proportion of the population and the tax being levied, but has decreased in actual numbers compared to 1998.

My client, Jeffrey Church, owns four properties in the City of Reno that are subject to the ad valorem tax. Numerous inquiries to various agencies with the City, County, and State have not yielded any answers as to where the tax revenues are going, when the intent of the ballot is clear and unambiguous on its face.

My client has requested information as to the actual breakdown of taxes levied, and how the tax monies have been appropriated. Mr. Church has previously attempted several requests with the City of Reno Treasurer, the Reno City Attorney, and the State

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Department of Taxation, and has not received a clear response as to how the money is being appropriated. The lack of transparency and "passing the buck" has led my client to believe that there may be misappropriation of funds occurring with respect to the monies raised form the ad valorem tax approved by R-3. At the very least, the lack of transparency is not conducive to fostering public trust in local government.

REQUEST FOR INFORMATION AND FORMAL COMPLAINT

My client hereby requests that the Committee on Local Government Finance conduct an investigation into the appropriate taxing authorities and the recipients of the revenues from the R-3 ad valorem tax to see if there has been negligent or willful misappropriation of funds. So far, Mr. Church's queries as a concerned citizen and taxpayer have been met with silence, responses that do not address the issue at hand, or responses that have "passed the buck." **Mr. Church makes a formal complaint toward the CLGF to investigate both the taxing authority responsible for collecting revenues under the R-3 tax ballot measure, as well as the appropriate agencies that are appropriating the R-3 tax revenues.**

The Supreme Court of Nevada has opined that "when the plain language of the statute is clear and unambiguous on its face, it is not necessary to go beyond the language in determining the legislative intent." *City of N. Las Vegas v. Eighth Judicial Dist. Court*, 122 Nev. 1197, 1205, 147 P.3rd 1109, 1115 (2006). In this case, the plain meaning of the approved ballot measure is clear and unambiguous – the tax revenue raised is to be used for "*improving fire protection in the City [of Reno] by hiring additional fire fighting personnel* ***and*** *providing facilities and equipment therefor* ***and*** *the cost of operation and maintenance thereof*". I have emphasized the word AND to point out that the tax revenues were not approved for EITHER additional fire fighting personnel OR facilities and equipment OR cost of operation and maintenance.

At the very least, Mr. Church requests CLGF to obtain the information requested, or provide information where the taxpayers of the City of Reno may request clear, unambiguous, and thorough information as to where and how the tax revenue is being appropriated.

Mr. Church requests to be notified in writing if the CLGF shall commence an investigation or take any relevant action regarding Mr. Church's request.

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Furthermore, should the CLGF decline to conduct an investigation, or should the CLGF lack the authority and jurisdiction to do so, Mr. Church requests that such a determination be provided in writing to Mr. Church or his legal representative.

Sincerely,

Rajan O. Dhungana, Esq.
Sahara Legal Group
59 Damonte Ranch Pkwy, STE B-550
Reno, Nevada 89521

Attorney for Jeffrey Church

EXHIBIT A

R-3

CITY OF RENO FIRE PROTECTION QUESTION

Shall the City Council of the City of Reno be authorized to levy an ad valorem property tax at a rate (to be determined each year by the City Council) not to exceed 7.15 cents per $100 of assessed valuation, for the period commencing fiscal year 1998 to and including fiscal year 2027, for the purpose of improving fire protection in the City by hiring additional fire fighting personnel and providing facilities and equipment therefor and the cost of operation and maintenance thereof? (This question is estimated to raise between $2,428,900 and $7,574,900 annually.)

Yes . . . . . ☐

No . . . . . ☐

Explanation: A "yes" vote would permit the City of Reno to levy up to 7.15 cents per $100.00 of assessed valuation for 30 years to be used for fire protection purposes including, the acquisition, construction, improvement and equipment of fire protection facilities, the operation and maintenance of fire protection facilities, hiring additional firefighters, equipment and other expenses related to fire protection. This would cost the owner of a $100,000 home approximately $25.03 per year.

A "no" vote would prevent the levy of such a tax at this time.

Argument For the Question: Fire protection is of critical importance to the residents of Reno. A new fire station has not been built in the City since 1985. Passage of the question will enable the City to build a new fire station to accommodate growth in the City, add additional needed fire fighters, equipment and other expenses necessary for the Reno Fire Department. This will provide for improved fire protection coverage in all areas of the City. It will also shorten response time and expand fire protection services to better protect the residents of the City and their property.

Argument Against the Question: Passage of the question will increase property taxes by 7.15 cents per $100 assessed valuation, or $25.03 per year for a $100,000 home.

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Fax: (702) 486-3377

January 19, 2016

Mr. Rajan O. Dhungana, Esq.
Sahara Legal Group
59 Damonte ranch Pkwy, STE B-550
Reno, Nevada 89521

Dear Mr. Dhungana:

The Department of Taxation has received your letter of October 26, 2015 on behalf of your client Jeffrey Church to the Committee on Local Government Finance ("CLGF"). The letter requests CLGF conduct an investigation into the appropriate taxing authorities and the recipients of the revenues from City of Reno Ballot Measure R-3 to see if there has been negligent or willful misappropriation of funds; or "at the very least" provide Mr. Church with information as to where and how the tax revenue is being appropriated. You further request that Mr. Church be notified in writing if CLGF will commence an investigation or take any relevant action regarding Mr. Church's request.

In addition to your letter, Mr. Church sent an email on October 27, 2015 transmitting your letter to the Department and additionally requested a legal opinion or confirmation that Attorney General Opinion (AGO) 2011-4 equally applies to the ballot measure R-3.

Background

The Department reviewed the City of Reno's Comprehensive Annual Financial Reports ("CAFR"). For example, Schedule 17 from the FY 2005-2006, FY 2008-2009, FY2010-2011, and FY 2013-2014 CAFRs indicate the total number of authorized emergency fire personnel was 194 in 1997 compared to a high of 345 in FY 2010 and a decline to 192 in 2014. Similarly, fire prevention officers in FY 1997 totaled 16, increased over time to a high of 19 in FY 2009, and declined to 12 in 2014. The number of fire stations declined from 16 to 13 in the same period of time. *See Exhibit 1.*

The Department also requested the City of Reno supply information regarding the proceeds of the fire override tax levy and how it was appropriated by the City Council. In response, the City provided a table showing the complete history of the actual amounts received from the levy of the fire override since inception. In 1997-98, the amount received from the levy was $2,399,992. The highest amount received was $5,177,557 in FY 2009/10 and has declined since then to $4,443,996 in FY 2014/15. *See Exhibit 2.*

The table also shows the actual expenses incurred by the Fire Department, which range from $20,178,056 in FY 1997/98 to a high of $51,586,489 in FY 2009/10. Expenses have declined

since then to $40,622,244 in FY 2014/15. The fire override tax levy contributed an average of 10% of the total revenues required to cover Fire Department expenses, ranging from a low of 8% in FY 2003 to a high of 13% in FY 2000.

Audits of City of Reno Financial Statements

Mr. Church has appeared before CLGF several times during the public comment period requesting an investigation. *See Exhibit 3, CLGF Minutes, August 8, 2014; Minutes, February 6, 2015; Partial Draft of Minutes, October 27, 2015.* At the August 8, 2014 meeting, Chairman Leavitt responded that "prior to the next meeting, we will have a submission of the audit report from the City of Reno. The auditors have an obligation in their report to comment on matters relating to legal compliance in financial matters."

At the February 6, 2015 meeting of CLGF, the City of Reno reported on its financial condition. Mr. Church again requested a legal opinion on the City's use of the proceeds from Ballot Measure R-3. The Chairman asked Mr. Chisel, the City's chief financial officer, if the City had received the audit, and again stated "The auditors have the responsibility to comment on your legal compliance and financial compliance." The Chairman asked if there were any violations of statute stated in the audit. Mr. Chisel responded that there were no violations of statute. He also stated that the proceeds of all voter-approved overrides are directed to the fire or police departments as required. *See Exhibit 3, February 6, 2015 CLGF Minutes.*

In addition, Department staff has specifically reviewed the audits for the last five years in connection with Mr. Church's assertions. The findings of the auditors are critical because they use Government Auditing Standards which require the auditors to plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. Department staff reviewed the audits looking for any reported material weakness or significant deficiency related to internal controls. The audit opinions for FY 2010 through 2015 indicate the basic financial statements of the City present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the respective changes in financial position in accordance with generally-accepted accounting principles.

Accounting for Restricted Use

At the February 6, 2015 meeting of CLGF, Mr. Church indicated he believed the R-3 Ballot Measure required the proceeds of the tax levy to be classified as a special revenue fund. The City does not have a separate special revenue fund for the Fire Department but instead includes it as part of the General Fund. I have enclosed Guidance Letter 15-002 which discusses special revenue and enterprise funds. The Guidance Letter was approved at the October 27, 2015 CLGF meeting. *See Exhibit 4.*

The Guidance Letter beginning at page 4 discusses the nature of a special revenue fund as required by Governmental Accounting Standards Board ("GASB") Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 states at Paragraph 31 that

> The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise *a substantial portion* of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the

fund if those resources are restricted, committed, or assigned to the specified purpose of the fund. Governments should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

The Guidance letter goes on to say at page 6 that:

> "Substantial portion" of inflows is not defined in Statement No. 54, however, the Government Finance Officers Association has indicated "around 20 percent" is reasonable for justifying a special revenue fund; and it is a commonly used threshold. Local governments also need to consider factors such as past resource history, future resource expectations and unusual current year inflows such as debt proceeds.

Based on the GASB Statement No. 54 requirements, it does not appear that the City of Reno is required to establish a special revenue fund to account for the proceeds of the fire override tax levy. As noted above, the proceeds of the fire override levy constitute only about 10% of the total appropriations for the Fire Department.

Nevertheless, it is important to note that the proceeds of the fire override tax levy are restricted to the uses indicated in Ballot Measure R-3. Two GASB Statements make pronouncements on the subject.[1]

First, Paragraph 34 of GASB Statement No. 34 states:

> 34. Net assets should be reported as restricted when constraints placed on net asset use are either:
> a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments
> b. Imposed by law through constitutional provisions or enabling legislation.

Further, GASB Statement No. 34, Paragraph 52 states:

> All revenues are *general revenues* unless they are required to be reported as program revenues, as discussed in paragraphs 48 through 51. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax – for example, sales tax, property tax, franchise tax, income tax.

Thus, the fact that the source of revenue is from the reporting government's taxpayers, the revenue is always considered a general revenue, even if restricted to a specific program.

GASB Statement No. 54, Paragraph 8 similarly states that:

> 8. Fund balance should be reported as restricted when constraints placed on the use of resources are either:
> a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
> b. Imposed by law through constitutional provisions or enabling legislation.

---

[1] GASB Statements may be found on the internet at http://gasb.org/resources/ccurl/313/494/GASBS%2054.pdf and http://www.gasb.org/cs/BlobServer?blobkey=id&blobwhere=1175824063624&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs

GASB Statement No. 54, Paragraph 9 discusses *enabling legislation*. Enabling legislation:

> Authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Page 48 of the 2014-2015 City of Reno CAFR notes that governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*, including "restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation."

The fact that the proceeds of the fire override levy are restricted is further confirmed in the FY 2015 Budget Summary, Section III, Page 65 which specifically shows the Fire Station Override as restricted funds. *See http://www.reno.gov/home/showdocument?id=46631 . See also Exhibit 5.*

Finally, the City notes in the FY 2015 CAFR at Page 49:

> **Prioritization and Use of Available Resources**
> When both restricted resources and other resources (i.e., committed, assigned and unassigned) can be used for the same purposes, it is the City's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the City's policy to use committed resources first, assigned second, and unassigned last.

Appropriation of Funds

NRS 354.598(4) states that "Upon the adoption of the final budget or the amendment of the budget in accordance with NRS 354.598005, the several amounts stated in it as proposed expenditures are appropriated for the purposes indicated in the budget."

Annually, the Department of Taxation ensures that the adoption of the budget is in compliance with state law. Each local government supplies the Department of Taxation with a copy of the final budget as adopted by the governing body. The document is signed by a majority of the governing body and information showing how the public was noticed about the budget must also be submitted.

At the Department's request, the City supplied a copy of the resolution adopting each budget since inception of the levy of the fire override. If you desire copies, please advise. The Department did not find any evidence of misappropriation of funds.

Request for Legal Opinion

The Department has consulted with the Attorney General's office with regard to the application of AGO 2011-4 to Ballot Measure R-3. We are advised that AGO 2011-4 does not apply to the City of Reno. AGO 2011-4 references AB 418 which was a bill passed specifically for Clark County and relates to sales and use taxes. Ballot Measure R-3 relates to property taxes for the City of Reno.

Further, the Department has also reviewed the letter you received from the Reno City Attorney dated March 13, 2015 with regard to the question of whether the legal analysis regarding "supplantation" contained in AGO 2011-4 is applicable to the ballot measure. The City Attorney stated that the legal analysis regarding "supplantation" contained in AGO 2011-4 is not applicable to the ballot measure because the ballot measure is silent on supplantation. We agree the ballot measure is silent on supplantation. Finally, your comments on page 2 of your letter reference a Nevada Supreme Court decision regarding the interpretation of statutes. We are advised from the Attorney General's office that those comments about statutory interpretation are inapplicable to a ballot since it is not a statute.

Your client's request for CLGF to conduct an investigation will be placed on the next agenda of CLGF, which is scheduled to meet at the following time and place:

Date and Time of Meeting: January 26, 2016 9:00 a.m.

Gaming Control Board
Board Room
1919 College Parkway
Carson City, Nevada

Video Conference to:
Gaming Control Board
Grant Sawyer State Office Building
555 East Washington Avenue
Second Floor, Room 2450
Las Vegas, Nevada

At that time, the Department will recommend that staff could find no basis for a formal investigation, and that unless and until evidence of wrongdoing is brought forward, that a formal investigation not be initiated.

Sincerely,

Terry E. Rubald
Deputy Executive Director

FY 2006 CAFR

Schedule 17
City of Reno, Nevada
City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year 1997	1998	1999	2000	2001	2002	2003 [1]	2004 [1]	2005	2006 [2]
General Government:										
Management	29.0	32.0	25.0	22.7	24.3	27.4	29.0	32.0	44.0	45.0
Records management/cashiering	14.4	12.6	13.4	13.0	13.0	13.0	13.0	12.0	12.0	12.0
Finance [a]	22.0	22.0	22.0	22.0	23.0	28.5	28.5	31.5	33.3	32.2
Legal	28.5	27.0	28.5	29.0	32.5	32.5	33.5	34.0	34.0	35.0
Human resources [b]	13.5	14.0	15.0	8.4	16.7	18.8	18.5	15.6	16.5	15.5
Information technology [c]	9.0	17.5	17.5	17.5	19.0	23.8	22.8	24.3	27.2	29.2
Judicial:										
Judges	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Others	29.2	30.5	32.9	35.5	40.4	47.0	48.0	47.0	49.1	49.1
Police:										
Sworn employees	320.0	320.0	320.0	309.00	314.0	325.0	337.0	341.8	369.0	370.0
Non-commissioned employees	79.0	93.0	98.0	105.75	107.7	120.3	103.4	108.7	98.5	103.5
Fire:										
Authorized emergency personnel	194.0	225.0	220.0	237.8	303.0	277.0	308.0	308.0	336.0	336.0
Fire prevention officers	16.0	17.0	16.0	15.0	12.0	6.0	10.1	10.1	14.8	14.8
Others	16.0	17.0	19.0	18.5	32.5	36.0	30.7	30.7	20.0	21.0
Public works:										
Engineers	11.0	13.0	12.0	15.1	18.4	15.1	26.0	27.0	20.0	25.0
Fleet maintenance	15.0	13.0	13.0	13.4	13.7	14.5	16.1	15.1	11.0	11.3
Others	120.1	111.6	115.0	117.0	120.0	121.0	124.2	125.2	140.6	134.2
Planning & community development	33.0	34.4	41.2	26.9	22.1	22.0	26.4	30.5	40.6	41.5
Culture and recreation	80.5	72.5	72.2	71.2	69.0	77.8	79.8	79.8	82.2	86.5
Urban redevelopment	7.0	7.0	7.0	6.7	7.0	6.3	7.0	7.0	7.0	5.8
Sanitary sewer	41.0	42.0	39.0	48.0	48.3	56.7	58.7	59.2	63.3	66.5
Building permits	37.0	39.4	35.0	55.8	62.3	66.1	60.7	59.7	58.4	64.5
Golf course [d]	12.5	12.5	8.5	8.8	8.8	8.8	8.0	7.0	6.0	6.2
Animal services shelter	15.0	17.0	17.0	16.0	20.0	20.0	22.0	21.0	22.0	0.0
Dispatch services	63.0	53.0	53.0	73.3	70.0	68.8	68.8	64.3	68.5	68.5
Total City Employees	1,208.7	1,246.0	1,244.2	1,290.2	1,401.5	1,436.1	1,484.0	1,495.2	1,578.0	1,577.3

Note:

[1] The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions as of year end.

[2] Animal Services taken over by Washoe County in FY 2005/2006

[a] Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees.

[b] Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003.

[c] The IT Division of the Finance Dept was spun off into a new Internal Service Fund effective FY 2004. For presentation purposes, IT employees prior to FY 2004 are shown here.

[d] Brookside Golf Course to close October 1, 2006

Exhibit 1

FY 2009

Schedule 5.3
City of Reno, Nevada
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 [4]
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	4	4	4	3
Patrol units [1]							220	254	254	252
Fire:										
Stations	16	16	16	16	16	16	16	18	17	17
Fire fighting vehicles	28	28	28	29	31	35	36	54	59	41
Public works:										
Paved streets (miles)	524.1	532.0	524.1	532.0	546.0	579.0	582.0	637.1	654.0	654.0
Unpaved streets (miles)	1.7	1.9	1.7	1.9	1.9	1.9	1.9	3.6	0.8	0.8
Culture and recreation:										
Acreage	927	935	1,959	1,935	1,935	1,935	2,015	2,076	2,168	2,168
Park facilities	70	72	72	72	73	75	82	83	83	83
Playgrounds	46	48	48	48	51	51	51	52	52	52
Swimming pools	5	5	5	5	5	5	5	5	4	4
Sanitary sewer:										
Sanitary sewer lines (miles)	546.0	564.0	546.0	564.0	650.0	696.0	716.0	743.0	743.0	763.0
Storm drains (miles)	288.0	229.0	288.0	229.0	285.0	394.0	404.0	444.0	444.0	471.0
Treatment capacity millions of gallons)	41.5	41.5	41.5	41.5	41.2	41.2	41.2	41.2	44.0	*44.0*
Golf:										
Golf courses [2]	2	2	2	2	2	2	2	1	1	1

Source: Finance Department, Budget Division

Notes:
[1] Count for prior years not readily available
[2] Brookside Golf Course to close October 1, 2006
[3] Fire Vehicles include all fire apparatus and trucks able to pump water and be used in actual fires. FY 2007 & 2008 included other vehicles not used for this purpose
[4] Italicized numbers are based on the Annual City Budget totals and will be corrected next FY Downtown Substation was closed this FY

Exhibit 1

FY 2009

Schedule 5.1
City of Reno, Nevada
City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	2000	2001	2002	2003 [1]	2004 [1]	2005	2006 [2]	2007	2008	2009
General Government:										
Management	22.7	24.3	27.4	29.0	32.0	44.0	45.0	42.0	42.0	49.0
Records management/cashiering	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0
Finance [a]	22.0	23.0	28.5	28.5	31.5	33.3	32.2	33.0	33.3	33.3
Legal	29.0	32.5	32.5	33.5	34.0	34.0	35.0	35.0	35.0	35.0
Human resources [b]	8.4	16.7	18.8	18.5	15.6	16.5	15.5	15.5	15.5	15.5
Information technology [c]	17.5	19.0	23.8	22.8	24.3	27.2	29.2	28.2	30.0	30.3
Judicial:										
Judges	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Others	35.5	40.4	47.0	48.0	47.0	49.1	49.1	59.4	53.4	49.4
Police:										
Sworn employees	309.00	314.0	325.0	337.0	341.8	369.0	370.0	365.0	373.0	372.5
Non-commissioned employees	105.75	107.7	120.3	103.4	108.7	98.5	103.5	104.5	110.5	110.0
Fire:										
Authorized emergency personnel	237.8	303.0	277.0	308.0	308.0	336.0	336.0	345.0	339.0	344.0
Fire prevention officers	15.0	12.0	6.0	10.1	10.1	14.8	14.8	17.7	16.7	18.7
Others	18.5	32.5	36.0	30.7	30.7	20.0	21.0	20.0	29.0	22.0
Public works:										
Engineers	15.1	18.4	15.1	26.0	27.0	20.0	25.0	31.3	35.0	38.4
Fleet maintenance	13.4	13.7	14.5	16.1	15.1	11.0	11.3	16.1	16.1	16.1
Others	117.0	120.0	121.0	124.2	125.2	140.6	134.2	137.8	128.6	125.2
Planning & community development	26.9	22.1	22.0	26.4	30.5	40.6	41.5	76.8	36.5	39.5
Culture and recreation	71.2	69.0	77.8	79.8	79.8	82.2	86.5	87.5	92.8	92.7
Urban redevelopment	6.7	7.0	6.3	7.0	7.0	7.0	5.8	6.8	14.0	8.8
Sanitary sewer	48.0	48.3	56.7	58.7	59.2	63.3	66.5	64.3	69.3	69.3
Building permits	55.8	62.3	66.1	60.7	59.7	58.4	64.5	64.5	69.5	66.3
Golf course [d]	8.8	8.8	8.8	8.0	7.0	6.0	6.2	6.2	6.2	6.2
Animal services shelter	16.0	20.0	20.0	22.0	21.0	22.0	0.0	0.0	0.0	0.0
Dispatch services	73.3	70.0	68.8	68.8	64.3	68.5	68.5	69.5	69.5	69.5
Total City Employees	1,290.2	1,401.5	1,436.1	1,484.0	1,495.2	1,578.0	1,577.3	1,642.1	1,630.8	1,626.9

Note:

[1] The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions as of year end.

[2] Animal Services taken over by Washoe County in FY 2005/2006

[a] Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees.

[b] Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003.

[c] The IT Division of the Finance Dept was spun off into a new Internal Service Fund effective FY 2004. For presentation purposes, IT employees prior to FY 2004 are shown here.

[d] Brookside Golf Course closed October 1, 2006

Source: City of Reno Adopted Budget Books for the respective years

Note: Totals taken from the 08-09 projected Budget

Exhibit 1

FY 2011

Schedule 5.1
City of Reno, Nevada
City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003 [1]	2004 [1]	2005	2006 [2]	2007	2008	2009	2010	2011
Function/Program										
General Government:										
Management	27.4	29.0	32.0	44.0	45.0	42.0	42.0	49.0	55.0	49.0
Records management/cashiering	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	9.5	8.0
Finance [a]	28.5	28.5	31.5	33.3	32.2	33.0	33.3	33.3	33.0	20.0
Legal	32.5	33.5	34.0	34.0	35.0	35.0	35.0	35.0	35.0	26.0
Human resources [b]	18.8	18.5	15.6	16.5	15.5	15.5	15.5	15.5	12.5	9.0
Information technology [c]	23.8	22.8	24.3	27.2	29.2	28.2	30.0	30.3	29.3	17.0
Judicial:										
Judges	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Others	47.0	48.0	47.0	49.1	49.1	59.4	53.4	49.4	57.5	52.5
Police:										
Sworn employees	325.0	337.0	341.8	369.0	370.0	365.0	373.0	372.5	383.0	294.0
Non-commissioned employees	120.3	103.4	108.7	98.5	103.5	104.5	110.5	110.0	108.5	52.0
Fire:										
Authorized emergency personnel	277.0	308.0	308.0	336.0	336.0	345.0	339.0	344.0	345.0	213.0
Fire prevention officers	6.0	10.1	10.1	14.8	14.8	17.7	16.7	18.7	19.0	14.0
Others	36.0	30.7	30.7	20.0	21.0	20.0	29.0	22.0	22.0	13.0
Public works:										
Engineers	15.1	26.0	27.0	20.0	25.0	31.3	35.0	38.4	38.4	15.5
Fleet maintenance	14.5	16.1	15.1	11.0	11.3	16.1	16.1	16.1	16.1	11.1
Others	121.0	124.2	125.2	140.6	134.2	137.8	128.6	125.2	127.7	72.5
Planning & community development	22.0	26.4	30.5	40.6	41.5	76.8	36.5	39.5	39.5	19.0
Culture and recreation	77.8	79.8	79.8	82.2	86.5	87.5	92.8	92.7	91.7	43.4
Urban redevelopment	6.3	7.0	7.0	7.0	5.8	6.8	14.0	8.8	5.0	0.0
Sanitary sewer	56.7	58.7	59.2	63.3	66.5	64.3	69.3	69.3	67.2	54.0
Building permits	66.1	60.7	59.7	58.4	64.5	64.5	69.5	66.3	56.0	22.0
Golf course [d]	8.8	8.0	7.0	6.0	6.2	6.2	6.2	6.2	4.2	4.1
Animal services shelter	20.0	22.0	21.0	22.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispatch services	68.8	68.8	64.3	68.5	68.5	69.5	69.5	69.5	69.5	54.0
Total City Employees	1,436.1	1,484.0	1,495.2	1,578.0	1,577.3	1,642.1	1,630.8	1,626.9	1,628.5	1,067.1

Note:

[1] The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions as of year end.

[2] Animal Services taken over by Washoe County in FY 2005/2006

[a] Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees.

[b] Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003.

[c] The IT Division of the Finance Dept was spun off into a new Internal Service Fund effective FY 2004. For presentation purposes, IT employees prior to FY 2004 are shown here.

[d] Brookside Golf Course closed October 1, 2006

[e] FY 09/10 broke out management positions more as based on actual job descriptions

Source: City of Reno Adopted Budget Book for the respective years

Exhibit 1

FY 2011

Schedule 5.3
City of Reno, Nevada
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009 [4]	2010	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	4	4	4	3	1	1
Patrol units [1]					220	254	252	252	248	239
Fire:										
Stations	16	16	16	16	16	18	17	17	17	17
Fire fighting vehicles	28	29	31	35	36	54	59	41	37	36
Public works:										
Paved streets (miles)	524.1	532.0	546.0	579.0	582.0	637.1	654.0	654.0	670.5	670.5
Unpaved streets (miles)	1.7	1.9	1.9	1.9	1.9	3.6	0.8	0.8	0.7	0.7
Culture and recreation:										
Acreage	1,959	1,935	1,935	1,935	2,015	2,076	2,168	2,168	2,477	2,477
Park facilities	72	72	73	75	82	83	83	83	85	85
Playgrounds	48	48	51	51	51	52	52	52	51	51
Swimming pools	5	5	5	5	5	5	4	4	5	5
Sanitary sewer:										
Sanitary sewer lines (miles)	546.0	564.0	650.0	696.0	716.0	743.0	743.0	743.0	743.0	743.0
Storm drains (miles)	288.0	229.0	285.0	394.0	404.0	444.0	444.0	444.0	444.0	444.0
Treatment capacity millions of gallons)	41.5	41.5	41.2	41.2	41.2	41.2	44.0	44.0	44.0	44.0
Golf:										
Golf courses [2]	2	2	2	2	2	1	1	1	1	1

Source: Finance Department, Budget Division

Notes:

[1] Count for prior years not readily available-Number from PD Supply Access Database

[2] Brookside Golf Course to close October 1, 2006

[3] Fire Vehicles include all fire apparatus and trucks able to pump water and be used in actual fires. FY 2007 & 2008 included other vehicles not used for this purpose-FY 2010 4 vehicles went to auction per Fire Dept-Fleet Maintence

[4] Italicized numbers are based on the Annual City Budget totals and will be corrected next FY - Downtown Substation was closed this FY

Exhibit 1

FY 2014

CITY OF RENO

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM[1]
LAST TEN FISCAL YEARS
(UNAUDITED)

		June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
Function/program											
Police											
Stations		1	1	1	1	1	1	1	1	1	1
Substations		3	4	4	4	3	1	1	1	2	2
Patrol units	2		220	254	252	252	248	239	242	243	250
Fire											
Stations		16	16	12	13	13	13	13	14	14	13
Fire fighting vehicles	4	35	36	54	59	41	37	36	36	36	29
Public works											
Paved streets (miles)		579	582	582	637	671	672	681	681	681	687
Unpaved streets (miles)		2	2	2	4	1	1	1	1	1	1
Culture and recreation											
Acreage		1,935	2,015	2,015	2,076	2,477	2,732	2,741	2,741	2,741	2,741
Park facilities		75	82	81	83	85	85	85	85	85	85
Playgrounds		51	51	70	52	51	51	51	51	51	51
Swimming pools		5	5	5	5	5	5	5	5	4	4
Sanitary sewer											
Sanitary sewer lines (miles)		696	716	710	743	743	748	756	756	756	751
Storm drains (miles)		394	404	382	444	444	444	481	481	481	528
Treatment capacity millions of gallons)		41	41	41	41	44	44	44	44	44	44
Golf courses	3	2	2	1	1	1	1	1	1	1	

1. Source - City of Reno, Finance Department, Budget Division and City of Reno Adopted Budget Book
2. Count for prior years not readily available-Number from PD Supply Access Database
3. Brookside Golf Course closed October 1, 2006, beginning May 1, 2014, Rosewood Lakes is operated/maintained by- First Tee/Duncan Group
4. Fire Vehicles include all fire apparatus and trucks able to pump water and be used in actual fires FY 2007 & 2008 included other vehicles not used for this purpose-FY 2010 4 vehicles went to auction per Fire Dept-Fleet maintenance. FY 2014 Fire Vehicles difference from previous years due to including emergency vehicles and HAZMAT vehicles as well

Exhibit 1

FY 2014

CITY OF RENO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM[1]
LAST TEN FISCAL YEARS[2]
(UNAUDITED)

		June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
Function/program											
General government											
Management	8	44	45	42	42	49	55	49	46	48	44
Records management/cashiering		12	12	12	12	12	10	8	7	7	7
Finance	4	33	32	33	33	33	33	20	12	11	14
Legal		34	35	35	35	35	35	26	25	24	25
Human resources	5	17	16	16	16	16	13	9	11	6	9
Information technology	6	27	29	28	30	30	29	17	17	15	16
Judicial											
Judges		4	4	4	4	4	4	4	4	4	4
Others		49	49	59	53	49	58	53	53	49	44
Police											
Sworn employees		369	370	365	373	373	383	294	304	306	318
Non-commissioned employees		99	104	105	111	110	109	52	52	48	46
Fire											
Authorized emergency personnel		336	336	345	339	344	345	213	229	240	192
Fire prevention officers		15	15	18	17	19	19	14	15	12	12
Others		20	21	20	29	22	22	13	13	13	13
Public works											
Engineers		20	25	31	35	38	38	16	11	12	12
Fleet maintenance		11	11	16	16	16	16	11	10	10	10
Others		141	134	138	129	125	128	73	98	108	106
Planning and community development		41	42	77	37	40	40	19	26	23	23
Culture and recreation		82	87	88	93	93	92	43	49	40	69
Urban development		7	6	7	14	9	5				
Sanitary sewer		63	67	64	69	69	67	54	50	50	49
Building permits		58	65	65	70	66	56	22	20	20	27
Golf course	7	6	6	6	6	6	4	4	4	3	
Animal shelter	3	22									
Dispatch services		69	69	70	70	70	70	54	53	51	53
Total full-time equivalent employees		1,579	1,580	1,644	1,633	1,628	1,631	1,068	1,109	1,100	1,093

1. Source - City of Reno, Finance Department, Budget Division and City of Reno Adopted Budget Book
2. The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions as of year end.
3. Animal Services taken over by Washoe County in FY 2005/06
4. Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees.
5. Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003.
6. The IT Division of the Finance Dept was spun off into a new Internal Service Fund effective FY 2004. For presentation purposes, IT employees prior to FY 2004 are shown here.
7. Brookside Golf Course closed October 1, 2006
8. FY 2009/10 broke out management positions more as based on actual job descriptions

Exhibit 1

5001-1010

Fire Override 1-Stn

Fire Override

Budgeted	$4,577,315	$4,539,303	$4,087,785	$4,216,218	$4,467,919	$4,613,905	$5,093,700	$5,040,942	$4,710,254	$4,214,741	$4,053,323	$3,779,665	$3,530,928	$3,371,577	$3,285,599	$3,253,697	$ 3,012,258	$ 2,681,002	$ 2,459,066
	FY 2015/16	FY 2014/15	FY 2013/14	FY 2012/13	FY 2011/12	FY 2010/11	FY 2009/10	FY 2008/09	FY 2007/08	FY 2006/07	FY 2005/06	FY 2004/05	FY 2003/04	FY 2002/03	FY 2001/02	FY 2000/01	FY 1999/00	FY 1998/99	FY 1997/98
July	-	-	-				-	-	-	-	-	-		-	5,579	1,748	-	-	-
August	1,409,912	535,942	615,779	3,210	1,197,894	1,258,824	928	-	-	58,338	-	484		-	1,786	1,119	-	-	-
September	39,395	799,883	609,982	1,201,680	42,046	6,544	1,411,935	1,194,754	1,341,692	1,180,932	1,937,980	1,012,809	882,484	879,286	831,029	817,944	755,570	637,116	619,735
October	957,259	888,513	841,734	839,477	920,985	953,944	1,088,638	1,200,429	979,054	917,817	-	777,098	743,865	684,082	593,553	623,261	609,983	527,367	3,396
November	53,578	39,257	51,465	(11,866)	51,538	49,052	46,399	65,293	-	16,117	12,603	22,628	-	-	32,293	59,145	40,229	29,656	482,533
December	-	68,435	52,861	52,720	38,056	35,920	41,187	34,097	57,590	-	1,329	-	16,751	-	48,732	53,584	17,014	20,993	66,881
January	-	988,111	943,037	927,264	997,627	1,034,690	1,164,237	1,146,255	1,086,638	1,062,009	933,682	851,701	754,366	770,676	767,507	700,196	748,887	18,252	-
February	-	37,246	56,259	26,070	62,237	28,304	52,209	20,405	36,087		20,440	-	38,282	-	49,833	40,184	-	621,747	575,193
March	-	892,117	819,073	828,261	941,805	975,374	1,091,893	1,087,290	974,754	964,980	785,207	51,106	754,998	669,475	627,947	38,775	637,695	523,847	9,109
April	-	45,361	23,176	52,941	41,294	45,665	17,470	42,083	36,599		17,055	831,353	49,879	-	65,952	637,924	18,384	33,349	459,972
May	-	19,420	33,154	49,870	29,071	45,679	18,384	23,611	168,705	66,762	-	-	38,200		22	54,901	72,289	-	50,550
June	-	129,710	153,205	189,341	146,087	124,859	244,278	221,582	87,115	285,844	296,682	178,281	270,353	370,977	164,467	88,904	122,822	116,907	132,623
Total	2,460,144	4,443,996	4,199,726	4,158,968	4,468,640	4,558,855	5,177,557	5,035,799	4,768,234	4,552,799	4,004,979	3,725,460	3,549,178	3,374,496	3,188,700	3,117,685	3,022,873	2,529,234	2,399,992

Expense for Fire Department

Adopted	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
FY 2015/16	FY 2014/15	FY 2013/14	FY 2012/13	FY 2011/12	FY 2010/11	FY 2009/10	FY 2008/09	FY 2007/08	FY 2006/07	FY 2005/06	FY 2004/05	FY 2003/04	FY 2002/03	FY 2001/02	FY 2000/01	FY 1999/00	FY 1998/99	FY 1997/98
41,439,173	40,622,244	42,111,118	41,008,092	43,930,550	44,817,794	51,586,489	54,361,656	60,628,232	52,458,590	46,764,717	47,762,718	42,803,148	39,846,654	37,200,107	35,082,618	22,697,865	20,415,368	20,178,056

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
August 28, 2014
1:30 p.m.

The meeting was held at the Nevada State Legislative Building located at 401 South Carson Street, Room 2135, Carson City, Nevada, and video-conferenced to the Grant Sawyer State Office Building located at 555 East Washington Avenue, Room 4412E, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt, Chairman
John Sherman, Vice Chairman
Alan Kalt
Beth Kohn-Cole
Julia Teska
George Stevens
Mark Vincent
Mary Walker

COMMITTEE MEMBERS ABSENT:

Andrew Clinger
Marty Johnson
Jeff Zander

COUNSEL TO COMMITTEE

Dawn Buoncristiani

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Warner Ambrose
Heidi De'Angelo
Bill Farrar
Penny Hampton
Susan Lewis
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	**Representing**
Greg Titus	Bank of America
Mitch Andreini	Canyon General Improvement District
Phyllys Dowd	Churchill County School District
Sandra Sheldon	Churchill County School District
Dan Newell	City of Yerington
Jeffrey Share	Clark County
Steve Osburn	Clark County School District
Richard Schmalz	Las Vegas Valley Water District
Leslie Boucher	Lincoln County
Paul Matthews	Lincoln County
Carole Vilardo	Nevada Taxpayers Association
Amy Fanning	Nye County
Wayne Carlson	PACT
Carol Shank	Pershing County
Steve Boline	Pershing General Hospital / Nevada Rural Hospital Partners
Ron Dreher	PORAN
Rusty McAllister	Professional Firefighters of Nevada
Jeffrey Church	Reno Resident
Rew Goodenow	South Truckee Meadows General Improvement District
Hugh Gallagher	Storey County
Janet Houts	Storey County Resident
Mark Foree	Truckee Meadows Water Authority
Michael Sullivan	Town of Pahrump
Jeff Tissier	Truckee Meadows Water Authority

1. Roll Call and Opening Remarks

Warner Ambrose, Budget Analyst, Department of Taxation, took roll call and stated eight of the eleven members were present, and there is a quorum.

2. Public Comment

Chairman Leavitt requested public comment for the Heart-Lung Regulations.

August 28, 2014

3. For Possible Action: Report from Subcommittee on Heart-Lung Regulations, LCB File No. R010-13

Terry Rubald, Deputy Executive Director, Department of Taxation (Department), gave a brief overview of the regulations. These regulations were first adopted as temporary regulations in November 2012. They were effective for the 2013-2014 fiscal year. The Department collected information in 2013 from local governments regarding the liabilities associated with providing the benefits required under NRS Chapter 617, and produced summary information which was published on the Department's website. NRS Chapter 617 provides disability insurance and compensation to eligible public safety employees and eligible non-current public safety employees for certain occupational diseases which include heart and lung, cancer and hepatitis. The Committee on Local Government Finance (CLGF) then proceeded to make the regulations permanent. Workshops were held, and ultimately the regulations were adopted by this body on November 15, 2013.

Subsequently the adopted regulations were originally submitted to the Legislative Commission in December 2013, but we were asked to postpone presentation to the Legislative Commission. It was actually heard in March 2014. During the Legislative Commission hearing in March, Assemblyman Daly expressed concern over the term "compensation and medical benefits." He stated that these benefits are not compensation. They are an exclusive remedy required by law in exchange for injured workers not suing public bodies. Assemblyman Daly also expressed concern about placing an unfunded mandate on local governments. He suggested the Commission defer R010-13 until his concerns were addressed. Senator Settelmeyer also stated that the smaller counties he represents generally support the regulations, but he requested more time to discuss it with them. The Legislative Commission moved to defer these regulations.

The CLGF was still interested in adopting the regulations, so the Heart-Lung Subcommittee of Committee on Local Government Finance met again on May 29th. In order to address Assemblyman Daly's concern over using the term "compensation and medical benefits," the Subcommittee recommended the regulations should reference the cost of financial or monetary liabilities of local governments connected with the payment of claims under NRS Chapter 617. Some other minor changes were also recommended, particularly in Section 12. As a result of the May 29th workshop, a major change to the regulations creates the definition for the term "occupational disease obligation," which is in Section 5, and removes the previous definition of "compensation and medical benefits." The regulations would track the obligations of local governments associated with the payment of a claim for compensation related to an occupational disease. The other major change occurs in Section 12 which removes a statement regarding the purpose of reporting compensation and medical benefits. Section 12 also modifies the statement about not requiring estimated actuarial liabilities to be reported in the financial statements of the local government except as otherwise required pursuant to GASB statements. There is a handout of the minutes of the workshop so the comments of the attendees can be reviewed. There were representatives of various public safety employee unions including the Professional Firefighters of Nevada, the Las Vegas Police Protective Association and the Police Officers Research Association of Nevada. Among their comments, they said that public safety employees were being singled out even though there are long-term obligations for all public employees. They expressed concern that through these regulations, these benefits would be stripped away.

Vice Chairman Sherman stated Ms. Rubald summarized the points very well. The subcommittee approved the minutes to these regulations on a 2:1 vote to send to the full committee. One of the points discussed was the request by the Speaker and the Chairman of the Legislative Commission to review these proposed regulations and get back to the Commission with some changes.

Chairman Leavitt asked for public comment.

Ron Dreher, representing the Peace Officers Research Association of Nevada, came forward for public comment. They gave an overview of their concerns on May 29th. He asked that the full committee review these concerns and make recommendations. The minutes are accurate regarding his comments. There is no

change in his opinion, and he respectfully asks this committee to not go forward with the permanent regulations.

Rusty McAllister, representing Professional Firefighters of Nevada, came forward for public comment. He echoed Mr. Dreher's comments. He also reviewed the minutes, and they appear very accurate to his previous testimony in May. In summary, there is nothing in statute that says any local governmental entity in the state cannot do this already. He has actuarial reports from ten years ago where this was done. At that point in time, all the local governmental entities had provided actuarial data to the Legislature stating the sky was falling and the world was going to end. It did not. The actuarial evaluations that were done are not remotely close to the reality over the last ten years. These benefits were established, created and amended back in 1965 and 1967. The amount of money spent on these benefits up to now does not even remotely come close to the projected $2.2 billion in long-term liability that they see going forward. The only long-term liability is for medical care. That medical care does not go forward to any dependents. To project that there is a $2.2 billion long-term liability is disingenuous. Mr. Sherman stated this was not on the fast track, but it was obvious from previous hearings that it was. There was no desire to take into account their concerns. In 2011, Ms. Villardo tried to limit these benefits going forward and was not successful. It is interesting that there has been concern regarding the long-term liability for employees who work five years, get vested in these benefits and then leave. Yet, Ms. Vilardo and Mr. Carlson both had an opportunity to get rid of this four years ago and chose not to do it. The lobbyist for Mr. Carlson stated that they wanted it all, or they did not want anything. They were not successful in 2011, so they bring these regulations through in 2014, prior to the 2015 legislative session. Mr. McAllister believes that if they really want to pursue permanent regulations where an unfunded mandate of actuarial studies must be done by all the local governments that have public safety employees, this should be brought before the Legislature. Let us have a debate at the Legislature where there is equal footing and equal ground and all sides can be expressed in a fashion that brings equality to the situation. The Professional Firefighters of Nevada respectfully opposes these permanent regulations, and hope their concerns will be taken into consideration.

Chairman Leavitt asked for any additional public comment.

Carol Shank, Pershing County Commissioner came forward for public comment. She wanted to comment on Agenda Item 7(a) and express how proud Pershing County is of their hospital, the staff and administration and the help they receive from Steve Boline. They have made a tremendous turnaround on their financial condition. The Pershing General Hospital is a focal point of their community. Most importantly, she wanted to thank the members of the Committee on Local Government Finance for allowing the hospital one more chance. The hospital was close to being taken over by the state. The county and the members of the community are grateful the hospital is doing so well. Thank you very much.

Jeffrey Church, resident of the City of Reno, came forward for public comment. He runs a law enforcement consulting business and is a retired Reno police sergeant. He has appeared before on issues related to the City of Reno. He wishes to put the CLGF on notice and request that they either seek a legal opinion or taxation opinion on the failure of Reno to comply with the law and the ballot measure for the allocation of Reno taxpayer money for "additional" firefighters and equipment. In 1996, Reno voters approved a measure known as R-3 for an increase in taxes at 7.15% of $100 of assessed value. That measure brings in about four million dollars annually. Instead of using that money as required, Reno has fallen back at or below the 1996 floor in firefighters and equipment and is using that money in the general fund for other purposes. The 1996 floor was approximately 226 firefighters and per the Reno Gazette, current staffing is about 204. CLGF needs to require Reno to report the funding and makeup of the 1996 fire department and demonstrate that the $4 million is used specifically for the ballot purposes. If used for other purposes, wouldn't that be criminal in nature? Mr. Church referred to the Nevada Attorney General Opinion #2011-4 which in part says: "The number of police officers funded by sources other than the revenue received under the Act must be at least the same number of officers as were funded and supported prior to the time the act became effective…" Because the public safety and

various tax ballot measures are in the general fund and not shown on any tax bill, it allows for the inappropriate use of the monies. Our tax bills should reflect all ballot measure levies especially since this one, like Safety 88, does not set a prescribed levy but instead the council is supposed to set it yearly in public hearing " … at a rate (to be determined yearly by the city council) not to exceed 7.15…" He urges any CLGF member or the Deputy Attorney General to not ignore having been put on notice and to direct an inquiry as appropriate. He included a copy of the ballot measure in the handouts.

Mr. Church also wanted to express his opinion that the City of Reno is one banana peel away from insolvency. Do not take his word for it. There are six separate experts; recently two Fact Finders found Reno's financial situation so severe they sided with Reno over labor unions. There are two reports on Reno's other post-employment benefits (OPEB) debt, including one from Jeremy Aguero, saying Reno could be broke by 2016, if not sooner. Then we look at our last audits, and we see in the State of the City address yesterday, the present OPEB debt is $120 billion. It has not gone down, and there is nothing in the present budget that addresses this. The overall debt of the City of Reno is over $500 billion. The latest shoe to drop was the legal decision prohibiting Reno from laying-off firefighters after a $10 million grant ended. Even with the burden of the extra firefighters, Reno has closed fire stations during a federally-declared drought and various federally-declared high fire danger days. Where are the rights of citizens? He believes that Reno is one more shoe drop away from insolvency, and it is better for the CLGF to put them under watch now than when it is too late. He asked the CLGF to seek an opinion on various labor issues. These are in the handouts. It deals with the labor contracts that create a monopoly for the City of Reno, and does not allow the City of Reno to contract with the county or private enterprise. It also prohibits Reno from having less than four-person crews. When there is a perfectly good three-person fire station under the contract and a fourth person calls in sick or is gone, they close the station. Sparks, the county and everyone else has three-person crews. He does not have a problem with Reno having four-person crews, but he does have a problem with closing a perfectly good station. He asked the CLGF and the Attorney General to look into the legality of this.

Ron Dreher, representing the Peace Officers Research Association of Nevada, came forward for public comment. He believes we need to put things into perspective. For over 30 years, he has been part of the Reno Police Protective Association negotiating contracts with the City of Reno. He takes exception to Mr. Church's statement that the City of Reno is a banana peel away from insolvency. While there has been an economic downturn throughout the state, the City of Reno has been a pay-as-you-go organization for the past 30 years and continues to be that way. They chose to do things differently than Washoe County and Sparks. Mr. Dreher does not like the threats that the City of Reno is going to soon be insolvent, and the Department of Taxation is going to take over. This is simply not true. Having been part of the Fact Finding of various labor groups in Washoe County and Reno, he can say that the City of Reno is making strides to move out of the economic downturn.

Janet Houts, resident of Storey County, came forward for public comment. She has issues with the Virginia City Tourism Commission (VCTC) account. She does not understand why the account has not been clearly identified. Now Tom Gransbery is the tax consultant of Storey County. Before he retired from the Department of Taxation, he was in charge of the VCTC. She does not understand why, after two years, she still cannot get information on the VCTC accounts. The money is still taken from the taxpayers. Ms. Houts pointed out what she believes are discrepancies in the debt management policy. She would like the CLGF to look into the Storey County financial accounts. Their debt is going higher and higher. The residents are not getting a benefit; 80% of the revenue goes to payroll. She does not know where the other 20% is going. The community does not have very much. The park does not have water.

Chairman Leavitt stated that there have been quite a few comments over a period of time from people that have dissatisfaction with their local government. He understands it is appropriate to be dissatisfied with your local government. When your local government enters into debt, you may not like it. However, as long as the local government does it in a legal manner, files the proper financial reports, is not in violation of statues

pertaining to finances and is not in great financial difficulty, it is not a matter of the CLGF. Your unhappiness should be felt at the ballot box. If there are violations of bond covenants, this would show up in audit reports. That is the way the information officially comes to the CLGF.

4. For Possible Action: Adoption of Permanent Regulations

LCB File No. R010-13 (Heart-Lung Liability Reporting)
The regulations provides for appropriate financial reporting and liability disclosures of health care and disability benefits required by NRS Chapter 617 for local government public safety employees

Vice Chairman Sherman moved to approve the regulations, with a second from Member Kalt. Member Kohn-Cole stated that she is concerned about the fact that we need the regulations. Most of the larger governmental entities are already disclosing their heart-lung liability under the workers' compensation contingencies. Most of the others are probably part of PACT. She is going to oppose these permanent regulations.

The motion carried with one opposed.

5. For Possible Action: Reports on Regulatory Matters
(a) Report from Subcommittee on Definition of a Local Government; criteria for determination of whether an entity is a local government for purposes of the Local Government Budget and Finance Act, NRS Chapter 354; and recommendations

Member Walker stated the Subcommittee on Definition of a Local Government met on August 19th and received excellent information from the Department staff. It is a big puzzle. We are getting some additional information from the Department and looking at some regulations for clarification. When looking at the definition of a local government, NRS 354, the entity must be able to receive taxes. We are trying to clarify what this really means.

Member Kohn-Cole requested the minutes from the August 19th subcommittee meeting.

Member Kalt, who is serving on this subcommittee, thanked the Department for putting together a binder of information. The goal is transparency, accountability and oversight in trying to define a local government. There were six or seven specific examples, and the Department has been dealing with this issue in order to get consistency. There is much work to be done, but much work has been done by the Department.

6. For Possible Action: Report by Staff on Lincoln County Financial Condition; Update on Nevada Tax Commission Hearing Held July 15, 2014

Terry Rubald stated the report on Lincoln County's financial condition is being brought to your attention as a result of a testimony received by the Nevada Tax Commission at the hearing on July 15th. They had convened a special session to investigate the circumstances surrounding the receipt of a very large payment of $1.8 million from the Air Force pursuant to a Memorandum of Agreement with Lincoln County. That agreement provided a framework for how to determine the property taxes on possessory interest and federal property in Area 51 by contractors as well as the contractor's property. As part of that agreement, the Air Force made that $1.8 million payment to discharge the Air Force from any and all claims. The Air Force might have underreported the taxable value of government-owned facilities on the property for several years prior to that agreement. The Department expressed its opinion to Lincoln County officials that the money received should be considered a property tax and distributed to local government entities accordingly. There are a number of issues connected with the proper calculation of the taxable value and the proper distribution of the tax. The matter is currently tied up in a lawsuit initiated by Lincoln County. The Nevada Tax Commission is continuing

its investigation. Beginning on Page 100 of the exhibits, Chairman Barengo of the Nevada Tax Commission referenced a news report where one of the county commissioners stated that without the Air Force payment, the county would have been $40,940 in the hole. That commissioner confirmed the statement during the July 15th hearing. Chairman Barengo asked Ms. Rubald if the county commissioners comments were something the Department may want to look at and review their budgets to see if they are sufficient. Ms. Rubald responded to Chairman Barengo and the Nevada Tax Commission that the CLGF often makes inquiries into the financial status of local governments. Chairman Barengo replied that the Nevada Tax Commission recommended the CLGF look into the matter and Lincoln County solvency.

With that background, the Department reviewed the quarterly reports and other financial information received from the county. They made special inquiry of the Lincoln County Recorder-Auditor regarding the commissioner's comments on the shortfall. Page 130 of the exhibits pertains to a cash flow issue which was caused by a late-arriving distribution of centrally assessed property taxes. It was not a permanent condition. The recorder-auditor reported to the county commission in January 2014 that services and supply bills would remain accounts payable until the property tax revenue was received. In addition, exhibits on Pages 133 through 138 confirm the cash balances of all the various funds at that time. Only one had a negative ending fund balance. It was material, and that was for Caliente City.

Kelly Langley, Supervisor, Local Government Finance, Department of Taxation, stated that Local Government Finance did review the financials. We have had discussions with Leslie Boucher, Lincoln County Auditor, regarding the concerns of their financial status, including the January 2014 data showing the delay of the centrally assessed property taxes were the cause of the cash flow issue. We have concluded that Lincoln County is not insolvent and is not in financial distress.

The representatives from Lincoln County did not wish to comment.

Chairman Leavitt stated there does not appear to be a serious financial condition that would require CLGF to implement steps toward severe financial emergency.

Terry Rubald agreed. We do not have any findings from the various quarterly reports, audits or other information showing anything occurred that was a long-term situation. The Department believes they are solvent.

7. Briefing to and from the Committee on Local Government Finance and Local Government Finance Staff

(a) Pershing County Hospital was recognized and received a national award

There was applause.

Terry Rubald stated she could not wait to share the good news about Pershing General Hospital. We came close to determining that Pershing General was in severe financial emergency. It started back in 2004 when we learned the hospital was eleven months in arrears at PERS. The hospital was incurring losses and had major collection problems. In 2008, CLGF was starting to consider severe financial emergency. The hospital made appearances before this body at nearly every meeting between 2004 and January 2013. In October 2010, Patty Bianchi became the new CEO. Between her and Steve Boline and the Nevada Rural Hospital Partners they began the long, slow, hard work to turn it around. The hard work that the hospital staff, the board, the community and Nevada Rural Hospital Partners put in did the trick. As seen on Page 177 of the exhibit packet, the hospital won a national award. They are the recipient of the Critical Access Hospital Recognition Certificate for financial turnaround from the National Rural Health Resource Center and Technical Assistance and Services Center. As the article notes, the hospital got rid of unprofitable service lines, did a comprehensive review of community health needs, pursued an aggressive strategy of managing expenses and

promoted use of the facility by the community rather than having community members drive to Reno for healthcare. They implemented financial management tools and created a culture of success. What a success story this is! Ms. Rubald stated she is proud of them and congratulated them on their award.

Chairman Leavitt voiced his appreciation and congratulations to the hospital.

Member Walker gave congratulations to the hospital and Steve Boline. They did a fantastic job. Robin did a great job helping them out.

Member Kalt said thank you on behalf of the travelers on Interstate 80. Through this situation, he has learned a great deal about hospital finance.

(b) Acquisition of Washoe County Division of Water Resources and South Truckee Meadows GID by Truckee Meadows Water Authority -- Anticipated completion date 12-31-14

Kelly Langley stated we have another success story. Truckee Meadows Water Authority is in the process of completing an acquisition of the South Truckee Meadows GID and the Washoe County Division of Water Resources. This proposed consolidation has been many years in the making. There was a subcommittee created to study the feasibility and advisability of consolidating the water-related services in Washoe County back in 2005. In 2006 through Senate Bill 487, the Committee on Natural Resources outlined a comprehensive plan to include the evaluation and recommendations regarding the consolidation. Ms. Langley referred to Exhibit B which shows the GANTT chart. They are on target to achieve this goal by December 31, 2014. Ms. Langley wanted to be sure the Committee was aware of this acquisition which has been accomplished by all three of these local government entities.

Member Walker stated this has probably been twenty years in the making. Congratulations, this is a wonderful step.

Chairman Leavitt gave congratulations. He is glad to see governments work out these opportunities.

(c) Report by Staff regarding 2004-2013 Audit Summaries Report

Kelly Langley referenced the Audit Summaries Report in the binder. The summary pages at the beginning summarize the counties, school districts and the cities.

Chairman Leavitt asked if there was anything in the Audit Summaries Report that causes concern regarding any particular local government.

Kelly Langley stated there are some trends where general fund ending balances have been reduced over the years. There is no cause for concern. If we see problems, we bring them to the Committee as we see them. There are a couple of school district that must notify us. You can see this information in the graphs. You can see the revenue as well as the expenses on a trending basis.

Chairman Leavitt stated it appears we are coming out of the huge trough we went into during the severe recession. Most of these local governments need to be congratulated for looking at the economic situation and doing something about it.

Kelly Langley agreed.

Member Kalt stated Storey County was in a severe financial difficulty, but through the help of their leadership, Pat Whitten and Hugh Gallagher, they have a strong ending fund balance in the general fund. White Pine County is very strong. Mining has helped get them out of the hole. It is good to see the positive trend.

(d) Report by Staff regarding School Districts for which the ending fund balances have dropped for three consecutive fiscal years

Kelly Langley stated that in accordance with NRS 387.3045, school districts are required to report when they experience a reduction for three consecutive years in the ending fund balance of the general fund. Three school districts have experienced such reductions, Clark County, Carson City and Churchill County. These reductions are due, in part, to the Nevada special legislative session concluded in February 2010 when the 2011 DSA appropriation was reduced per pupil. There were further reductions in the DSA allocations during the 2012-2013 biennium. Specifically, Clark County School District experienced reductions from 2009 to 2012 due to economic challenges. They have seen an increase in the past year and projects the increase will continue. Carson City School District had over $17 million in general fund reserves in 2010. With approval from its board of trustees, they have elected to strategically use the general fund reserves to lessen the impact of lost revenues on school district operations. In addition, the board has directed the staff to maintain no less than 8.3% of its annual expenditures in reserves and begin to rebuild those reserves as economic conditions permit. Churchill County School District anticipates a three-year decline. They have provided us a letter. The third year would be for 2014. They do anticipate that it will be a three-year decline and have provided us this courtesy notification while they await the completion of their annual audit. Churchill County has referenced a 25% decline in net proceeds of minerals in their most recent 2014 quarterly economic survey. They would not need to report to the Department until next year to be in compliance with this statute.

Chairman Leavitt commented that Clark County School District is a huge organization. It is disconcerting when you see the balances dropping. It looks like their ending fund balance in 2013 is actually higher than it was in the beginning.

Kelly Langley clarified that the one year we show Clark County going up, it included the net proceeds. The original numbers they provided did not include some net proceeds numbers. We updated that table. In the binders, it show three years declining, but we have fixed that.

(e) Recognition of Warner Ambrose upon his retirement

Terry Rubald stated it was a bittersweet occasion to recognize Warner Ambrose upon his retirement. Warner has worked for the Department since 1988, first as an Auditor. In 1996, he was promoted to a Budget Analyst II. Since he has been a Budget Analyst in the Local Government Finance section, he has been involved in most of the major events. The entities that he has served include Clark County, Elko County, Nye County and White Pine County. Warner is well respected by the officials in these local governments. He is a wealth of knowledge about the budget process and is often called upon to share his knowledge. Ms. Rubald has relied on Warner for his advice for many years. He will truly be missed. Warner was congratulated for a job well done and wished well in his retirement.

Warner Ambrose thanked the Committee. He stated it had been both a pleasure and an honor to serve this Committee.

Chairman Leavitt commented that Warner's contributions have always been valuable. The Committee very much appreciates it.

Terry Rubald introduced Warner's replacement, Bill Farrar. He joined the Department a few months ago as an Auditor but was promoted to a Budget Analyst II. Bill has an accounting degree from Arkansas Tech

University, and he is a current CPA. He has a wealth of experience auditing municipalities as well as budget preparation and analysis, cash flow analysis, regulatory compliance, financial review and planning at executive

levels in private industry. We are very glad to have him, and he looks forward to working with the local governments.

Member Vincent thanked Warner Ambrose for tolerating his questions early in Mr. Vincent's career.

Richard Schmalz with the Las Vegas Valley Water District and Southern Nevada Water Authority stated that on behalf of himself and these organizations, he would like to express gratitude to Warner for his outstanding service to them for more than a decade. They wish him the best in all of his future endeavors.

8. For Possible Action: Discussion by Committee Regarding Matters Affecting the Committee

There was no discussion regarding this agenda item.

9. Review and Approval of Minutes
Committee on Local Government Finance Meeting – April 25, 2014

Vice Chairman Sherman moved to approve the minutes of April 25, 2014, as submitted, with a second from Member Kohn-Cole. Member Vincent abstained from voting on the approval of the minutes since he was not present. The motion carried.

10. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

Terry Rubald stated the only thing pending is a report from the City of North Las Vegas. The Committee wanted to wait until the middle of the fiscal year. Ms. Rubald asked if the Committee would like to meet in December or January.

Chairman Leavitt recommended waiting until after we get audit statements.

Terry Rubald stated she would send out an email as that time approaches.

Chairman Leavitt stated at that time we should also be ready to have some discussion regarding the definition of a local government.

11. Public Comment

Jeffrey Church came forward for public comment. He stated he appreciated the comments from Chairman Leavitt. Mr. Church wanted to reiterate that he is saying Reno is potentially violating the law with regards to Safety 88 and R-3. He went to the Attorney General and was referred to the CLGF. At the previous meeting, the CLGF referred him back to the Attorney General. He feels he is getting the runaround. He retained counsel for research purposes. His counsel's advice was to resolve this at the CLGF level. He is asking for the Committee's Attorney General representative for a legal opinion. He already has the Attorney General legal opinion from Las Vegas. He is alleging a possible legal violation. Regarding the labor contracts, he cited specific NRS. Again, he is alleging potential legal violations. Mr. Church stated if he is correct about these legal violations, it would be $14 million and insolvency for Reno. After the documents were submitted to the CLGF by the City of Reno in October, no one expected the judges were waiting for the prohibition on 35 layoffs of firefighters in the $10 million loss of the SAFER grant. This is something that changes everything. Also, we have the growing OPEB liability. Today he got statistics that there are 25 police and fire retirees in the first half of this year. This is $180,000 just for health care per year. The average age of the fire retirees is 56, and the

average age of the police retirees is 49. Mr. Church stated he is not just talking about his opinion. He has the report from the expert, Jeremy Aguero, stating Reno will be broke by 2016 if not sooner. He also has the two Fact Finder reports. No one expected the judge's decision on that lawsuit. The Nevada Supreme Court

denied a stay. This is significant. Mr. Church reviewed NRS, and it does allow the CLGF to act unilaterally. This could include just a watch, not an actual takeover. The volunteer City of Reno Financial Advisory Board are experts. They heard the budget, and at their last meeting were so disturbed that they requested the action item issue of state takeover be on their agenda for October 2nd. The labor contracts are in progress. The news media reports the fire departments asked for an 8% pay raise. Yesterday the city council discussed over $400,000 in legal fees of taxpayer money expended thus far over labor issues. This was $100,000 over their budget of $300,000. He appreciates the comments made by everyone.

Chairman Leavitt stated that prior to next meeting, we will have a submission of the audit report from the City of Reno. The auditors have an obligation in their report to comment on matters relating to legal compliance in financial matters. The Committee takes notice of this information. Rest assured that we will be taking a look at this one.

Carole Vilardo with the Nevada Taxpayer's Association thanked John Sherman and Heart-Lung Subcommittee. She wanted to assure the members this had nothing to do with worker's compensation. This is strictly a transparency issue with the budget to make sure the liability is identified. Right now GASB is looking at all benefits and reporting for purposes of liability. She began this request three years ago for pure purposes of transparency.

Janet Houts came forward for public comment. She stated that if her local government was doing a good job, she would congratulate them directly. She added that one of the board members mentioned Storey County was in good financial status. The debt management report conducted by JM Consulting states the assessed value of Storey County was $497,587,221. It is her understanding that debt should not exceed 10%. Ms. Houts referred to other reports showing debt and stated she does not see how it shows Storey County is in good financial condition. She asked if we should wait until her county fall apart, or start taking initial steps. Many of the Storey County residents are asking the CLGF to help them out. She understands the county cannot have zero debt because they need to progress. The school is now running a non-profit organization. What about the students' education? She is a very concerned resident. She loves this country and is passionate toward the people. Please look into Storey County's financial situation.

12. For Possible Action: Adjournment

The meeting adjourned at 2:49 p.m.

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
February 6, 2015
9:00 a.m.

Exhibit 3

The meeting was held at the Public Utilities Commission located at 1150 East William Street, Hearing Room A, Carson City, Nevada, and video-conferenced to the Public Utilities Commission located at 9075 West Diablo Drive, Suite 250, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt, Chairman
John Sherman, Vice Chairman
Alan Kalt
Andrew Clinger
Beth Kohn-Cole
George Stevens
Jeff Zander
Jim McIntosh
Mark Vincent
Marty Johnson

COMMITTEE MEMBERS ABSENT:

Mary Walker

COUNSEL TO COMMITTEE

Dawn Buoncristiani

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Heidi Rose
Bill Farrar
Penny Hampton
Susan Lewis
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	**Representing**
Greg Titus	Bank of America
Al Kramer	Carson City Treasurer's Office
Tom Grady	City of Fallon
Darren Adair	City of North Las Vegas
Ryann Juden	City of North Las Vegas
Sandra Morgan	City of North Las Vegas
Jeffrey Share	Clark County
Gerry Eick	Incline Village GID
Michael Ramirez	Las Vegas Police Department
Carole Vilardo	Nevada Taxpayers Association
Ron Dreher	PORAN
Jeffrey Church	Reno Resident
Janet Houts	Storey County Resident
Michael Sullivan	Town of Pahrump

1. Roll Call and Opening Remarks

Chairman Leavitt called the meeting to order at 9:02 a.m. Kelly Langley, Supervisor, Local Government Finance, Department of Taxation, took roll call. Chairman Leavitt stated there was a quorum.

2. Public Comment

Jeffrey Church, resident of the City of Reno, came forward for public comment. He stated he is a concerned citizen and runs a website renopublicsafety.org. He had some handouts which were submitted to the Board. He expressed concern about the City of Reno finances and the debt from both bonds and OPEB's. The latest CAFR is up. The debt is up, the OPEB debt is up and the City of Reno just decided to give the police force a

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1.3% pay raise over the previous contract. For the record, he did misspeak at a city council meeting where he said it was $1,000 a month. It is $1,000 a year, but it sets the tone for the other agencies. He is asking the Board to look at this. There are two different tax ballot measures, one for police and one for fire at about $14 million a year. Instead of going to that purpose, it goes into the General Fund. He is asking the Board to look into this. He has some suggestions in his handouts related to the takeover of government agencies as well as NRS 288. Regarding the City of Reno bond presentation, it rated the City's bond ratings in the various A categories. He does not understand this. A newspaper article from 2011 stated the bonds get junk ratings. He is not sure of the total accuracy of the bond presentation with regard to the bond rating being in the A categories.

Janet Houts, a Storey County resident, came forward for public comment. She thanked the Board and the staff of Local Government Finance on the request she made in August of last year. She hopes to get continued support.

Member Vincent stated Member McIntosh just joined the meeting.

Chairman Leavitt welcomed Member McIntosh.

Member Johnson stated that before we go on to the next agenda item, he would like to disclose that he owns bonds that were issued by North Las Vegas. He believes it would preclude him from making an objective decision on any action that we would take today.

Member Kohn-Cole recused herself in connection with discussion for North Las Vegas.

3. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

a) For Possible Action: Discussion and Consideration of City of North Las Vegas Financial Condition

1) Report by City on current year financial status, including revenue, expenditures and cash flow analysis;
2) Report by City on FY 2014 CAFR;
3) Report by City on status of litigation having fiscal impact, including Writ of Garnishment by 5th & Centennial, LLC et al;
4) Report by City on plan to alleviate financial difficulties currently experienced by City, including legislative requests if any

Bill Farrar, Budget Analyst, Local Government Finance, Department of Taxation, stated one of the counties that he works with is Clark County. Included in that would be all of the cities and local municipalities. In regard to the City of North Las Vegas, we have had ongoing communication with them and a lot of communication about the status of their reports. They have been responsive when we have asked them for things. They will let us know they are working on it and will have it to us by a certain date. The biggest problem we have had with them is filing things on a timely basis.

Dr. Qiong Liu, City Manager, City of North Las Vegas, came forward. She stated that Darren Adair, Finance Director was with her today. They appreciate the opportunity to be here today. They have accomplished a lot over the last year, especially since they met with this Committee last time. Because of the limited staff they have, they are really struggling to meet some of the deadlines. They submitted an extension.

Chairman Leavitt stated we asked some time ago about having documents related to cash flow and cash balances. He is aware of the staffing difficulty and in trying to get the audit report, but it is important that we

have the reports on cash flow and cash balances. Chairman Leavitt asked if they would make a real effort in the future to submit those on a timely basis.

Dr. Qiong Liu responded yes.

Darren Adair, Finance Director, City of North Las Vegas, stated that last year when the public accounting firm, Piercy, Bowler, Taylor and Kern issued their report, there were no adjustments to their financial statements. There was only a material internal control weakness finding that they were understaffed. Shortly after that finding, they lost three of their key financial people. It took about six months to hire new quality people. That was right around the end of the year. They believe that although the timely information is good, it needs to be accurate information. This past week, they presented their audited financial statement, the CAFR, to the City Council. The CAFR is done and will be on the website within the next couple of days. The findings of the audit showed one minor adjustment and the same material weakness that has to do with staffing. Regarding cash flows, the Department has been willing to give us about a 60-day window to close our monthly books and then provide a cash flow statement. This was before Mr. Farrar. The cash flows have generally indicated that the City has the cash flow to meet its obligations. It was the forecasting that was of concern. They have continued to do that, working closely with the Department, letting them know when they were not able to provide the monthly cash flow statements inside the 60-day-window. The last one they submitted was at the end of September. Now that the CAFR is completed, in the next 30 days they will provide the Department cash flows up until the 60-day window.

Chairman Leavitt asked if they could provide a balance and cash in the General Fund at the end of each month, on a quick basis. That would be better than waiting several months to get the information, even if they are not able to do a cash projection over several months.

Darren Adair responded that he would provide this. Once they balanced their budget last year, they did not anticipate any cash flow challenges during the current year. The Department asked about a potential cash flow challenge they might have from the North 5th Street settlement. Their City Attorney has joined them. She can speak to that at the appropriate time. The position of the City, right now, has been the cash flow has not created any challenges for them to make any payments or anticipated debt service payments. All of those funds are reserved for the appropriate payments and they do not anticipate any payments through the remainder of the fiscal year with from the cash flow standpoint. If they had needed to put all of the $6.3 million in the North 5th Street and Centennial settlement, it would have potentially created a cash flow problem by the end of the fiscal year.

Chairman Leavitt stated, for the purposes of putting it on the record, he would like to ask a few questions regarding the CAFR. He asked if the CAFR showed any violations of statute or regulations as it relates to financial matters.

Darren Adair responded that it does not. One of the things this Committee was interested in in the past pertained to the ending balance in the General Fund. During the year, the City Council lowered the General Fund minimum balance to 6%. It was still above the 4% minimum under the statute. At this time, the CAFR results in an $8.1 million ending General Fund balance, which is 7.2% if you exclude outgoing transfers, and 6.3% if you include outgoing transfers. They often refer to it with the outgoing transfers because those transfers relate to debt service. The 6.3% is just barely over the minimum level was they were trying to maintain.

Chairman Leavitt asked if they had any funds anywhere in the CAFR that show deficit fund balances at the end of the fiscal year.

Darren Adair responded that there are none reported specifically in the CAFR. There is a group of their 700 funds that are reported in a group. Those funds pertain to liabilities for benefits. There is one fund that even in the prior years since 2011 had a significant negative balance as high as $5 million. That fund should normally represent reserves for anticipated payouts. In 2011, they had a number of exit packages for people during the reductions in force that put a big hit on that fund. Overall, the self-insurance funds still remained in the black and in compliance, but that specific fund was underfunded. They are working to restore that fund to at least a zero balance with the goal of someday getting it to a positive reserve. They have made some headway in that at the end of the year, but it still remains with a negative balance of about a million and a half.

Chairman Leavitt asked, if given the fact they have a negative fund balance, do they anticipate having any cash payment requirements out of that fund in the near future that will put them in difficulty

Darren Adair responded that they do not. They use vacancy savings to address unexpected decreases in cash flow. In the prior year and in the current year, they created a Critical Hire Committee whose task is to evaluate every position that is open to determine the criticality of filling it. There are a couple million dollars of vacancy savings which they use to address the potential of these kinds of things and legal settlements. The City has been running on less-than-adequate staff in some areas for a short period of time. At the end of this year, they hope to take some of the vacancy savings and begin the process of hiring some positions which they feel are necessary. However, the resolution and settlement of the legal case has used up much of that vacancy savings and will do so for the next two years.

Chairman Leavitt asked, for the year ending June 30, 2014, what effect in the financial statements they give the 5th Street liability.

Darren Adair responded that because of the timing of the settlement agreement, which was reached in December 2014, and their CAFR was not completed as of December 2014, the full amount of that settlement was properly accounted for as a restriction in the fund balance, and it shows up as a transfer out of the general fund and a transfer in the related insurance or legal liability settlement fund for the full amount less the interest that is associated.

Chairman Leavitt clarified that they transferred cash out of the general fund as of June 30, 2014, in an amount sufficient to fund that entire settlement.

Darren Adair responded that to be technically accurate, the cash had not moved as of June 30th, but there was a transfer representing that movement of cash. The financial statements were as of June 30th, but they were not aware of the settlement until December. The settlement is properly reflected in the financial statements in its entirety.

Member Vincent asked where their staffing situation is today versus when they were at their peak. He asked how much their full-time staffing is down.

Dr. Qiong Liu responded that they are down about 1,000 employees, about 40%.

Member Vincent asked Mr. Adair if in the fund with the deficit balance, it was vested leave.

Darren Adair responded that particular fund would include those benefits.

Member Vincent asked if reductions in force were the only way to continue to balance the budget into the future, you are going to have significant issues as you move forward, not the least of which is the PILT transfer. He asked how much more they could cut and still sustain services if that was their only option. Oftentimes a reduction in force is the only option for a local government. A staff reduction of 40% is a huge number.

Dr. Qiong Liu responded that fortunately they do not see that as an option. Since last time they met with this Committee, they have not only sustained the staffing that they have but have actually grown in certain areas just to meet operational service needs. If you look at the seven-year forecast that Mr. Adair provided previously, looking at the last five or six years up to 2021, they are really only looking at a 7% cap that to bridge the gap. They have a lot of countermeasures and believe they can achieve that goal without cutting staff.

Darren Adair added that he put together the seven-year forecast the first time back in January 2014. Even when they forecasted the deficit and tried to lay out a plan for growth, the forecast did not include any growth in staffing. That is inherently a weakness -- to make the assumption over seven years that they were going to grow the City by 3% a year over the next seven years or roughly 25% cumulative over the next seven years to try and work out of the situation. Staffing is a challenge. What Dr. Liu is referring to is that they have taken the option to focus on trying to create synergies between departments and functions, looking for efficiencies. There are challenges throughout the City as they address this because they do not have adequate staffing in all of the levels. They are focusing on the strategy that Dr. Liu referred to, of hiring back in the most-critical areas of the City that will generate revenue and/or critical services to the employees or to the citizens where possible.

Member Vincent asked if in addition to having to absorb the 5th and Centennial, in this fiscal year, they also had an increase in debt service requirements. Regarding the 2006 bonds for the building, they had a step up in principal and interest payments in FY 2015.

Darren Adair responded that there was an increase. The impact of the debt service changes during the current year was not overall significant. Where they do become a challenge is in 2017 and on through the balance of that seven-year projection they put together. That is about a $7 to $8 million increase. That represents a recurring contractual obligation of the City for some considerable period of time, which has not yet been financially addressed, but it is still about 18 months to two years away.

Member Vincent stated it will have to be addressed at some point.

Darren Adair responded yes, absolutely.

Member Clinger asked for clarification that Mr. Adair provided a seven-year forecast to this Committee last January.

Darren Adair responded yes, it was actually last year, January. It was the first one that was prepared and then they also provided an updated one in September.

Member Clinger asked, based on their current conditions and the lawsuit, what the forecasts look like today.

Darren Adair responded that they updated the seven-year forecast based on the current events, but have not published anything. They tried to roll any new information into the seven-year forecast in order to consider the impact on the ongoing short-term and long-term obligations of the City. The North 5th Street settlement has consumed and will consume what they were hoping to gain from the operational efficiencies in vacancy savings. In any one year, the full amount would be very significant, but spread over three years, it is accomplishable with the vacancy savings. The challenge that Mr. Clinger is referring to, of the increase, and Mr. Vincent was referring to, the increase in debt service, would still need to be resolved. In his opinion, it will not be able to be resolved reasonably while maintaining minimum services for the City through staffing and through staffing reductions.

Member Clinger asked Mr. Adair if he had an estimate at this point in time of what those deficits look like based on this updated information moving forward. He asked if Mr. Adair knew what the unreserved ending fund balance will be for FY 2015, at this point.

Darren Adair responded that for FY 2015, it is their goal to get back to 8%. When they got the concessions and settled the outstanding litigation with their employee bargaining groups last year, they believed it would balance the budget for two years. The unexpected thing was the settlement, and it basically consumed all of the positive lift they were getting from the internal efficiencies.

Member Clinger stated the ending fund balance is a critical piece of cash flow moving forward. Without an 8.3% ending balance, it makes it difficult to manage cash on a month-to-month basis. You need an 8.3% ending fund balance as your target. Member Clinger asked what the plans were with the 5th Street settlement moving forward, and what has been done so far.

Dr. Qiong Liu answered, regarding what they have done so far, that they have done a lot from the efficiencies standpoint both organizationally and operationally. They are looking at the redundant services or redundant staffing. That really resulted in significant savings, such as certain services that were duplicative services were provided in Public Works as well as Utilities. They combined the two and were able to not only maximize the current staffing capability as well as use the resources to get reimbursement by putting those people on CIP projects. The major difference between Utilities and Public Works is outside funding for projects such as infrastructure, roads, drainage, etc. They are able to use those resources for reimbursement. That action alone resulted in about $2 million in savings. This is reflected in their report. Additionally, they are looking at the outside funding to offset some of the financial gaps they were facing. They are aggressively pursuing grants and also donations. They were able to secure a SAFER grant to hire 13 police officers. Those 13 police officers are now in the academy and will be in service in six months. By using federal grants, they do not have to pay for the first year, and they have matching funds for the second and third year. They are using planning or construction grants or donations. They are able to provide some much-needed improvements near older, mature areas, and in the outdated parks and amenities. They also have people that need to establish small business practices. By doing this, they are able to increase productivity, increase output and enhance services without additional staffing and without additional expenditures. Lastly, they established a standard of performance measures. By breaking down the walls, barriers or silos among different departments, they really see the synergy and collaboration. That outcome was that they were able to absorb the $3.5 million settlement for 5th and Centennial in addition to the vacancy savings they were able to accumulate.

Darren Adair added, regarding the 8% ending fund balance, they certainly took seriously the guidance that they received last year on this subject from the Committee. They had some significant discussions with their counsel as they contemplated temporarily going down to 6%. They recognize that 6% is not something they could maintain. Recognizing that finances are cyclical throughout the year, they knew the low point they were always budgeting for was 8%. Due to the concessions in the settlement they had with their collective bargaining group, they knew there was going to be a period of time the City would be below the 8%. They recognize they cannot stay there and are striving to fix it. To address recurring contractual obligations, there are really only two things they can do. This would be a recurring contractual revenue that can be counted on a recurring basis to offset one of those kinds of expenditures, or the reduction in another contractual recurring-type expenditure. They do not have many of these types of expenditures.

Member Clinger stated that their largest contractual obligation as a municipality is their labor agreements.

Darren Adair agreed.

Chairman Leavitt asked where they were on their current contract, when they expire and if they are in negotiations now.

Sandra Morgan, City Attorney of North Las Vegas, stated they currently have two collective bargaining agreements that expire on June 30, 2015. That is with their firefighters, International Association of Firefighters and with their Police Supervisors Association. The other two collective bargaining agreements are with Teamsters Local 14 and the Police Officers Association. Those two expire June 30, 2016 and were extended for two years as a part of the overarching settlement involving the fiscal emergency resolution litigation that they resolved in May of last year. They did receive two requests to bargain for the two contracts that expire this year, but official negotiations have not yet begun. They are currently working on getting those bargaining units the requested financial information they requested. They are very optimistic that those two organizations understand where the City is financially. Hopefully, they can get some new contracts for the next year.

Chairman Leavitt asked about transfers from the enterprise funds into the general fund. He asked if in the current year and in anticipation of next year, if they are going to keep the transfers at the same level.

Darren Adair responded that at one time, the City was transferring about $40 million a year from the enterprise fund into the general fund. When the statute came into place putting a cap on this, the City was at about $32 million. In the last year, they have gone through these and identified the qualifying expenditures and transfers which could be classified as funds being transferred for franchises, general overhead, or property-related taxes. The result of that, reflecting in the year-end CAFR, is a reduction of the $32 million that was presented from the previous year down to $24 million. This $24 million represents what they have yet to reduce before 2021 in order to come into compliance. The solution for this is the term the Mayor used in this State of the City Address: “Grownomics.” The City's only real source to address a reoccurring-type transfer of this size would be to increase the revenues associated with growing the city. The City has focused very heavily on three primary areas: The residential area up in the north part of town, the Park Highlands area, the 2,500 acre master planned community, the commercial area between the northern part of the City's current build and the speedway off of I-15 and 215 and the Apex area. These areas represent the long-term solution for reducing the City's reliance on the General Fund's reliance on PILT. In the short term, their primary focus is going to be their contractual obligations under the debt instruments. If they do have some excess, they plan to apply that towards PILT. They plan, based upon the success of this growth in the outer areas, to lay out a plan out before this Committee for reducing PILT. They will come back and report later about this.

Chairman Leavitt outlined the future challenges. They must get past the negotiations so they know where they stand with expenditures. There is a big debt service increase coming. There is the eventual diminishment of the transfers coming in from the enterprise funds. Based on current conditions, they are able to operate right now on their current revenue. The three areas he just mentioned are right now without a solution. Chairman Leavitt asked if they anticipate seeking relief from the Legislature regarding the 2021 deadline and the transfer situation.

Darren Adair responded that they are first going to focus their effort on growing the City. They would like to show a positive trend towards reducing the PILT. Their plan is to come back to this Committee and the Legislature at some later date and show a pattern of growth and a reduction in the PILT. If necessary, at that time, they would ask for a reasonable extension based on a realistic plan.

Chairman Leavitt stated that he appreciates the efforts being made by the City North Las Vegas.

Ryann Juden, Executive Government Affairs Liaison, City of North Las Vegas, stated that going to the Legislature for PILT relief at this time is not necessary. They do have plans for numerous Legislative sessions. This session they are going to the Legislature to look for opportunities to restore some local governance power to the City so they will be able to be a little more nimble as they work through some of their issues. One of their primary goals this session is to find opportunities to use state bonding ability to help them put the waterline out at Apex. They currently have meetings with multiple developers. They are not asking for the

state to cut them a check to build any infrastructure out there. They are simply asking for help with their bond rating. The full faith and credit of North Las Vegas is really the full faith and credit of the State of Nevada. Their legislative strategy right now is not looking specifically at the PILT. As the Mayor has stated, they can strategically look to grow themselves out of many of the problems that have been reoccurring in North Las Vegas.

Member Clinger commended the City of North Las Vegas on the work they have done so far. He understands the difficulty that they face.

Chairman Leavitt stated he wanted to discuss the agreements and settlements related to the lawsuit on the 5th Street condemnation situation. He asked what they have done, what the agreement says, what is paid so far and what is left to pay.

Sandra Morgan stated that on or about December 18, 2014, the City Council approved a signed settlement term sheet with the land owners involved in the 5th and Centennial litigation. In that specific case, the plaintiffs did file a claim for precondemnation damages and inverse condemnation, but the Nevada Supreme Court found that the inverse condemnation claim was not ripe. The actual judgment was for precondemnation damages only. The actual judgment that was ordered and affirmed by the Nevada Supreme Court was around $4.2 or $3 million. However, they had the issue of pre-and-post-judgment interest that, based on interpretation, could have ranged anywhere from an additional $2 to $3 million. The ultimate settlement was for $6.3 million dollars. A payment of $1.5 million dollars was made to the landowners on October 10, 2014. That payment was made after a stay was denied by the Nevada Supreme Court, and that prompted them to actually engage in mediation. The mediation initially was unsuccessful, but they were ultimately able to resolve this about two months later. An additional $1 million was made in December 2014. There are two remaining payments to be made to the landowners to fulfill the stipulated judgment, and that is a payment of $1.9 million on July 1, 2015 and a payment of $1.9 million on July 1, 2016. The settlement did not address simple payments. It addressed the City receiving the necessary right-of-way on North 5th Street in order to extend all the way to 215. Part of that agreement includes the landowners agreeing to dedicate 75 feet of right-of-way in front for North 5th Street. They would work together, assuming the landowners submit a development plan to the City of North Las Vegas.

Chairman Leavitt asked what source of fund they are going to use to make the July 2015 and July 2016 payments.

Darren Adair responded that those funds will be set aside, as part of the settlement agreement, in an interest-bearing account, locked or restricted, until those dates. The source of those funds was the vacancy savings the City has recognized through December 31st of this year.

Chairman Leavitt asked if that was vacancy savings in the general fund or in numerous funds.

Darren Adair clarified it was vacancy savings in the general fund.

Chairman Leavitt confirmed that it was clear that we need the cash flow statements. At least, give us a cash number.

Darren Adair responded that they are committed to doing that. They will get caught up and provide them to the Department within the next 30 days. They watch the cyclical cash requirements of all their funds very closely. Mr. Adair also wanted to add, regarding the morale of staffing, that the City has a group of people that are tremendously committed. In some cases, they are working for less than what the market would offer them and putting in hours that are substantially more than would otherwise be expected of them.

Darren Adair stated he is grateful for this body and the time you take to allow them to come before you, present this information and get your guidance. They also appreciate the time outside these Committee meetings that many of you have spent mentoring them and answering questions.

Chairman Leavitt stated we appreciate the staff being in attendance to offer support and the work they have done under very difficult conditions.

Dr. Qiong Liu stated she concurred with Mr. Adair's closing statement. They appreciate this opportunity.

3. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

b) For Possible Action: Discussion and Consideration of City of Reno Financial Condition

1) Report by City on current year financial status, including revenue, expenditures and cash flow analysis;

2) Report by City on overall debt status, debt service schedule;

3) Report on FY 2014 CAFR

As the City Manager of the City of Reno, Member Clinger recused himself from the discussion. Member Kohn-Cole also recused herself from the discussion.

Robert Chisel, Director of Finance and Administration for the City of Reno, came forward to present the City of Reno's financial condition. He stated in the packet is the current year financial statements through December, a report of overall debt and the 2014 CAFR. The City of Reno, like many governments, experienced great difficulties during the Great Recession. Current revenues are at about 2005 revenue levels, while their expenditures are at 2014 rates. They have 500 less employees than they did in 2008, while the needs and demands of the City services have increased. However, due to the hard work of the City staff and the City Council, they have made tremendous progress in their financial condition. The Council has continued to focus on fiscal issues and strategies from lean budgets to approving budget-guiding principles. Some items to note for FY 2014, as you go through the CAFR, is their financial position has stabilized. The General Fund and the Sanitary Sewer Fund are the largest funds for the City, collectively representing 55% of the City's total expenditures. The General Fund ended 2014 with a balance of $12.2 million. This has resulted in the ending fund balance at 8% of expenditures for 2014 up from 3.4% in 2011. Revenue growth in the General Fund was primarily fuelled by an 8% increase in consolidated tax and an increase in franchise fee collections. Those helped to offset the 26% decrease in federal grants that the City was receiving for both the Reno Fire Department and the Reno Police Department. The Sanitary Sewer Fund had a 7% increase in operating revenues with most of that growth from the sewer rate increase they implemented in October of that fiscal year, and a January commercial billing increase of that fiscal year. The Sanitary Sewer Fund experienced a decrease in operating expenses primarily due to the rebalancing of the Truckee Meadows Regional Water Reclamation Facility (TMRWRF) with the City of Sparks. Total debt has also decreased from $648 million in 2009 to $544 million at the end of FY 2014. That is a $100 million decrease during that period of time. The City has also established a Stabilization Special Revenue Fund per NRS 354 and an OPEB Trust Fund. The City is continuing to focus on unfunded liabilities such as OPEB and Heart-Lung, and is paying attention to the growing capital needs of the City. For OPEB, the City has made progress to negotiate contracts to reduce the future OPEB benefit, and staff is working on a plan for a process to begin funding the liabilities instead of relying on the continued pay-as-you-go method. For capital needs, the City has formed a strategic team to refine, prioritize and identify needs and develop a plan for funding those needs. The City is focusing on financial stability with an eye on preparing for the future. They still face many challenges and difficulties. There are still many challenges and difficulties that they face. They still have a fairly large debt portfolio. They have a $226 million unfunded OPEB liability and a $40 million unfunded Heart-Lung liability. They are resource constrained, particularly with staffing. Their staff is doing a tremendous job with 500 less co-workers,

and their capital needs continue to grow. They are in a far better place than just three years ago when they first appeared before the CLGF.

Vice Chairman Sherman stated he appreciates what the City has accomplished so far. In the packet it shows a budgeted debt service payment of about $2.6 million, but about $1.7 million dollars in property taxes. This is clearly something that is not sustainable. He asked what the City's plans are to resolve the mismatch between property tax revenue and the debt service requirements of the redevelopment agencies.

Mr. Chisel responded that there is a settlement agreement for the RDA that guarantees a minimum funding level for an increment through 2018 at $2.8 million. That is 16 making up that difference. The increment is not at the level they need it to be currently, but as they see progress and development in the downtown core, whether it is new construction or sales of existing buildings, that increment increases. They hope to continue to increase that increment. The RDA is an area of concern. Right now, they are good through 2019 in cash flow analysis for the bonds. They will have to watch it as they go forward.

Chairman Leavitt asked where they stand with property tax in comparison to where you were before the recession.

Mr. Chisel responded that property tax was down. Their property tax for the general fund is about $43 million. They have not recovered, and 3% cap on property tax increases or 8% for commercial, it is going to be difficult as they go forward.

Chairman Leavitt asked if they are currently growing in assessed valuation. He asked how they compare the next fiscal year to the current fiscal year.

Mr. Chisel stated they have seen growth in assessed valuation. In 2014, it was $2 billion and $2.2 billion in 2015. There is still the abatement.

Chairman Leavitt stated the problem is the property tax cannot grow at the same level as assessed valuation anymore. He is not sure what, if anything, the Legislature is going to do about that, but it is a serious situation. The property tax has been forced down to such a low level, it is going to be almost impossible to get back to where we were.

Kelly Langley stated she made an error and pointed to the wrong number. For the City of Reno, the assessed valuation has gone from $6 billion to just under $6.4 billion. It does reflect growth.

Mr. Chisel stated most of it is being abated.

Member Vincent stated this is not a unique problem in local governments. It affects the school districts, it affects the state and it affects a lot of special districts. He wishes the Legislature would look at that formulaic structure as it relates to the cap. In Clark County, there are 3% caps for both commercial and residential because of the mathematics of the formula. It will take us another ten years to get back to the abated peak from 2008.

Member Kalt added that one of the other challenges to gronomics is the tax abatements that are provided for the development of bringing projects and those businesses would not be paying the same level of property tax as existing businesses.

Chairman Leavitt stated we have a situation related to business property where assessed valuation and taxes are based on revenue and expenditures of the organization. In a bad year, it drives it way down.

Vice Chairman Sherman stated that growth comes with cost. More people and businesses increase the demand for services. One must be careful how you grow, the structure of your growth and the impending cost.

Member Kalt asked if they had an opportunity to put money into a special revenue fund for civilization operations in the OPEB Trust.

Mr. Chisel responded unfortunately, not yet. They will be presenting some plans to the City Council as they prepare for next year's budget cycle.

Jeffrey Church came forward for public comment. He stated he runs a website, renopublicsafety.org. He spoke earlier in general terms. There is no money being put into the trust funds, and they did give a 1.3% pay raise to the cops in spite of the financial situation. At the August meeting, he put all of the information on record regarding the two ballot measures. Chairman Leavitt responded that it would be covered at the next meeting. He stated, "The Committee takes notice of this information. Rest assured we will be looking at this one." Mr. Church believes this is referring to the two ballot measures. For the record, Mr. Church read Fire Ballot Measure R3. "Show the City of Reno we authorize to levy an ad valorem property tax at a rate to be determined each year by the City Council not to exceed 7.15 cents per hundred dollars of assessed value for the period commencing Fiscal Year 1998 to and including Fiscal Year 2027 for the purpose of improving fire protection in the City by hiring additional firefighting personnel and providing facilities and equipment therefore in the cost of operation and maintenance therefore." Mr. Church stated that Item 7 refers to Code 100, special revenue funds that have to be accounted for individually. If this is not a special revenue fund, he would like to know what is. There are two different funds that are going into the general fund that are supposed to be for purposes of staffing for police and fire, which have fallen below the mandated levels. At the last meeting, he also submitted the Nevada Attorney General Opinion dated April 15th, 2011. It refers to the Clark County police issue but is identical to the Reno police. It indicates the officers funded under the act must be at least the same number of officers that were funded and supported prior to the Act. He believes that is a misappropriation of taxpayer money. If this is correct, then the City is looking at a very substantial loss of $14 million to the General Fund. He is asking the Committee to take notice, take action and request a legal opinion.

Chairman Leavitt asked Mr. Chisel if he received an audit report recently. The auditors have the responsibility to comment on your legal compliance and financial compliance. Chairman Leavitt asked if there were any violations of statue.

Mr. Chisel responded that there were no violations of statute. He also stated that the overrides for police and fire have been and are going to the police department or fire department as required in the bond or as required in the voter-approved override.

c) Report by Incline Village General Improvement District (IVGID) regarding potential conversion of Community Services & Beach Enterprise Fund to Special Revenue Funds

Kelly Langley stated Incline Village GID is seeking our approval to convert their Community Service Enterprise Fund and Beach Enterprise Fund to a special revenue fund classification. This would become effective July 1, 2015 and would be reflected in the proposed budget for FY 2015-2016. In the exhibit packet is an accounting example of how the funds would be converted using the audited balances from June 30, 2014. She had a discussion with the external auditor to ensure they are satisfied and approve of this proposed transaction. They have provided confirmation based on their understanding of the facts and circumstances. They believe the activities of the Community Service Fund and the Beach Fund, while appropriately accounted for as enterprise funds in the past, could qualify for use as a special revenue fund, capital project and debt service fund, accounting in accordance to GASB 34 as well as GASB 54. Due to the additional oversight this Committee has had recently on enterprise funds and the transfer of funds out of enterprise funds, Ms. Langley

requested the Director of Finance and Accounting, Gerald Eick, come forward and explain the potential conversion from the enterprise fund to the special revenue fund.

Gerald Eick, Director of Finance and Accounting, Risk Management and Information Technology, Incline Village General Improvement District, thanked the Department staff for their assistance, insight and guidance as he developed the report that was submitted. The Incline Village General Improvement District sees this as the opportunity to adopt a more appropriate generally-accepted accounting principle relative to their current situation. Their Community Services and Beach Funds would be more appropriately accounted for as special revenue. He identified in the report several matters on financial impact. He strongly emphasized that they do not intend for any net position of either fund to go anywhere else but from one to one. In other words, the Community Services Fund, as it presently is stated as an enterprise, would remain intact as a special revenue fund. The same would be the case for the Beach Fund. The funds will be moved from enterprises where they use full accrual accounting to governmental fund types where it is modified accrual. He has included, for the Committee's review, a template to demonstrate they can take every number from an audit report, provide an audit trail, something that is both reviewable by the public as well as their auditors, getting from the enterprise type of accounting to the governmental-type accounting, and then conversion from that fund level to the government-wide. This is a way of proving that no net position will be moved or lost in this conversion. The second item of responsibility is to address the outstanding bond issues. There are two bond issues that are shared by the Community Services and Beach Funds relative to activities in the past. There should be no consequence to these bond issues. Both were issued by the District as a whole. In those documents, there is no specific statement of a particular debt service fund or any reserve requirement. There is a commitment for the revenue by maintaining these funds and activities intact. The District believes the repayment will remain in place. These bonds will remain the obligation of both the District and those particular funds. This Committee, since 2012, has had the issue of central services cost allocations. It is something that their District does have as a way to allocate costs relative to accounting and human resources to all funds of the District. Their enterprise funds have received allocations and made payments for those services under Subsection C of NRS 354.613. The District will continue to have an enterprise fund in its utility. Therefore, this central services allocation plan will remain intact, and the amounts that were previously identified for community services and the methodology used will also remain intact. There should be nothing in these formula changes that suddenly becomes an added burden to their remaining enterprise fund. He has shown their charges and facility fees are in their report. They adopt the standby charge under NRS 318.201. They identify components of those fees specifically for venues, and not only just for venues in general, but capital debt service and operating. This will enhance the ability of their constituency to understand their financial statements.

Vice Chairman Sherman stated there are constraints on how much a local government can transfer from an enterprise fund to a general purpose government fund. He asked if they were concerned about taking some activities out of their enterprise fund that would fall under these statutes.

Gerald Eick responded that their focus was really on the definition of special revenue. They also recognize that this Committee's concern could be about the cost allocation plan or the transfers.

Vice Chairman Sherman stated he appreciates the concern for the appropriate fund classification of these activities. He is not aware of the role of this Committee in approving or disapproving a fund classification of any particular activity in the local government. This is the prerogative of the local government.

Gerald Eick stated they could not find anything specific regarding asking permission of this Committee, but it appears this Committee has oversight. They would like comments or advice.

Chairman Leavitt asked if they are making transfers right now over and above the allocated transfers based on their plan.

Gerald Eick responded that they are not and none are contemplated after this change.

Member Kohn-Cole commented that she noticed the fund balance will be about 50% of the expenditures because it is $6 million and annual expenditures are $12 million. She asked if there was an intent to decrease. Now they have accumulated quite a bit of fund balance.

Gerald Eick stated they got to this point because their political body of trustees has been deferring a number of capital items. They have had them charge fees to accumulate resources for future investments and capital items. They anticipate all of those resources in that fund will remain and be used to meet those capital requirements and not be transferred to other funds. Whether their political body chooses to reduce fees is hard to say. In October of last year, they made their last bond payment on one item that is a component in determining the fees. In current discussions, there is some indication they would consider dropping their fees slightly since they have less debt service. This is despite the fact that they had us defer a $3 million purchase until they paid off the bond.

Member Kalt stated he appreciated Mr. Eick's proactive approach and the material he put together. He agrees this is not the Committee's prerogative, but promoting transparency is important. It is going to be easier for those reading the financial statement to understand this as a special revenue fund versus the enterprise fund. They are clearly in compliance with GASB 34 and 54.

Chairman Leavitt stated the agenda is such that we will not be taking any motion on it. He asked if they had any other reasons for doing this other than good accounting.

Gerald Eick responded that he simply feels it is good accounting. He is excited about the opportunity to demonstrate to their constituency what is going on at a functional level.

Terry Rubald introduced the new Director of the Department of Taxation, Deonne Contine.

Chairman Leavitt welcomed Ms. Contine.

Deonne Contine stated this is her third month. She was the Chief Deputy for Chris Nielsen and has been with the Department for the last few years. Prior to that, starting in 2008, she served as a Senior Deputy Attorney General representing the Department.

4. CONSIDERATION AND APPROVAL OF REPORTS REQUIRED BY NRS 354.613(6)(b)

a) For Possible Action: Report by Department on transfers from Enterprise Funds by Counties and Cities during FY2014 pursuant to NRS 354.613(6);
b) For Possible Action: Consideration and approval of report to the Director of the Legislative Counsel Bureau for transmittal to the Legislature pursuant to NRS 354.613(6)b

Kelly Langley stated NRS 354.6136 requires the Department to provide the CLGF a copy of each report submitted. The Department has not received any reports during this past year, and therefore, the attached letter satisfies that requirement. She prepared the attached letter for signature because NRS 354.613 requires the CLGF to report on or before January 15th of each odd-numbered year its finding to the Legislative Counsel Bureau (LCB). This letter, should you sign it, will satisfy that requirement as well.

Terry Rubald clarified that the CLGF does needs to review and approve the report.

Vice Chairman Sherman moved to approve the report with a second from Member Kalt. The motion carried.

5. CONSIDERATION AND APPROVAL OF TRUST FUND INVESTMENT PLAN BY LOCAL GOVERNMENT PURSUANT TO NAC 287.788(2)

Clark County OPEB Trust

Terry Rubald stated the Clark County Treasurer should be in attendance to explain this. The actual NAC is in the exhibit packet on Page 142. It is a list of requirements for the investment plan that will be presented today. It appears to her that most of these requirements have been met.

Member Stevens recused himself. He stated he was one of the trustees of fund.

Rick Phillips, Investment Advisor, FTN Financial Main Street Advisors, came forward. He stated he was the Investment Advisor for the Clark County OPEB Trust. In setting up the investment plan, the primary goal was to have most of the assets into the Retirement Benefit Investment Fund (RBIF) trust that is run by the PERS group. The plan is set to dollar cost those funds in over time so not all of the money goes into the stock market at once. That is the general part of the plan. They will help invest the short-term moneys as those moneys will dollar cost average in. He believes it is about $45 million that will go in this fiscal year, and the first transfer took place in January. He believes it was $4.5 million dollars. That goal is to put enough in each month just to dollar cost average that in because as soon as the RBIF people receive that money, they invest it in the equity market, primarily. It is about a 70% allocation to the equity market. It was felt it would not be wise to put that in all at once.so it will be dollar cost averaged over time. The other approximately $40 million is invested in short-term nature just to have the liquidity to go into the trust fund over time with the RBIF allocation.

Chairman Leavitt stated with a goal of 7.5%, they are not going to do that on interest earned on investments anyway.

Rick Phillips stated they wish we could in the fixed-income market, but that is definitely not the case.

Vice Chairman Sherman stated it has been about seven or eight years since this Committee created the NAC related to OPEB Trust and the Legislature passed the companion statute. This request is not lining up with his understanding of the intent of the Administrative Code. As he understands the trust document investment plan, the OPEB Trust will only invest in equity securities and only through the retirement benefit investment fund.

Rick Phillips stated this is correct.

Vice Chairman Sherman asked if, to the extent which the trust has operated in cash, the trust will avail itself to investments otherwise allowed in Chapter 355, 355.170, specifically, the fixed income ten-year-or-less maturities.

Rick Phillips stated this is correct.

Vice Chairman Sherman stated when this was being crafted, it is his recollection that the intent of Administrative Code was if an OPEB Trust was created and has $100 million or less in assets, the only thing it could invest in would be the RBIF or with securities that are allowed in NAC 255.170. They would not need an investment plan approved by this Committee. If the trust had in excess of $100 million in assets and wanted on its own to invest in equities securities, they would have to come up with an investment plan that this Committee would have to review. This Clark County OPEB Trust Fund is the first trust fund coming to this Committee with this issue when there are other OPEB Trusts out there that are doing the same thing. Vice Chairman Sherman asked the Committee if they wanted to revisit this issue for clarification.

Chairman Leavitt thought this might be appropriate. We could approve this one today and then revisit this to see if there are others. We could either change the regulation, clarify it or inform them.

Vice Chairman Sherman stated if the Committee takes the position that it is required under our current interpretation of NAC to give Clark County OPEB Trust an okay, then we are going to have other OPEB Trusts that are not in compliance.

Dawn Buoncristiani, Deputy Attorney General, State of Nevada, stated it is not a decision for her to make because these are the Committee's statutes and regulations to interpret. There are certain times when you may exceed your authority. If this is a jurisdiction question, she can look into it and get back to the Committee. If it is a matter of how you are interpreting the statutes, then that would be for the Committee to decide.

Vice Chairman Sherman stated that when looking at NRS 287.017(g), one might think the Committee's approval is needed to do this, but that is absent the context of other elements or sections of the code.

Dawn Buoncristiani stated she can give legal advice if this is a matter of interpretation that all sections should read in harmony so that one does not leave another one null and void. If you are wondering about setting precedent, the rule in Nevada Supreme Court case law is that you are not bound by a precedent. If you decide you want to do something, you can say it is not setting precedent.

Vice Chairman Sherman stated this may be the way to go and then visit this again.

Chairman Leavitt clarified that if we approve them today, it would not necessarily mean the others that do not have our approval yet are out of compliance.

Dawn Buoncristiani stated that should be made really clear.

Vice Chairman Sherman moved to approve the Clark County OPEB Trust Fund request for approval of their plan. As part of this motion, we recognize that this approval does not set precedent regarding other OPEB Trusts, and there may be another motion later on future business. There was a second from Member Clinger.

Member Kohn-Cole stated she understands the concept for the investments and trying to put them in over time, but they are not in compliance with investing the funds in accordance with NRS 287.017. We are making a motion that they can do it, and she is not comfortable with that.

Vice Chairman Sherman stated NRS 287.017 authorizes OPEB Trusts to invest in RBIF.

Member Kohn-Cole stated it says if it is under $100 million that is where they have to put the money.

Vice Chairman Sherman stated they could put it in two places, the RBIF, or they could invest it on their own.

Member Kohn-Cole stated under normal criteria.

Vice Chairman Sherman stated under the maturities, ten years or less fixed income. They can already do that under NRS 355.170.

Member Kohn-Cole stated she was very supporting of setting up OPEB Trusts, but is concerned we are making a motion that is not in compliance with the NAC.

Vice Chairman Sherman responded that when reading the NACs, he could see where there might be at least two interpretations. The key thing is that we have assurance. He read their trust documents that this trust is not going to independently, outside of RBIF, invest in equity securities. That would cause him a great deal of concern. Local governments already have the ability to do fixed income, ten-year or less maturities, under NRS 355.170. He does not want to stand in the way of them doing this. They met the threshold, in his mind, that their investment plan is in accordance with the other trusts that have been created around the state.

Member Kohn-Cole stated that it is not necessarily in compliance with NAC.

Vice Chairman Sherman responded that this is why we want to say this does not set precedent. At a future date, we will look at this particular issue in NAC.

Member Kohn-Cole stated she is not comfortable with this.

The motion carried.

6. BRIEFING TO AND FROM THE COMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

(a) Report by Department on 2015 Local Government Summary Fiscal Report as prepared for LCB
(b) Report by Department on Churchill County School District 3rd Year of Decline in General Fund Ending Balance, pursuant to NRS 387.3045;
(c) Report by Department of completed mergers:
1) Douglas Paramedic District and East Fork Fire District;
2) TMWA acquisition of Washoe County Division of Water Resources and South Truckee Meadows GID;
(d) Gold Hill and Virginia City conversion completed to become County Special Revenue Funds
(e) Report on audit filing status

Kelly Langley stated the staff has put together a statewide summary report for the counties, cities, and school districts. Years earlier, it was done by LCB on legislative years. It provides the governmental activities resources as well as the expenditures for the counties, cities and school districts. It also provided the fund by function resources. You can see 2011-2012 actual and 2012-2013 actual. 2014 is the expected, and 2015 is the budget. This is just informational.

Chairman Leavitt stated we are generally starting to see some improvement. We are seeing revenue growth consistently throughout the state. The main concern is the property tax has not come back and will not come back for a long time under the existing law.

Kelly Langley commented that the report also shows the visual graphs. It is a large volume, but if anyone wants one, we would be happy to provide a paper copy. For the Legislature, Applied Analytics is putting together a very large report, so all of this information has also been provided to them. This eliminated a lot of information having to be provided by the individual counties, cities and school districts.

Member Kohn-Cole thanked the staff, and stated this is exceptional.

Member Kalt stated he really appreciates the assessed value information.

February 6, 2015

Kelly Langley moved on to Item 6(b) regarding Churchill County School District. At the last Committee meeting, we mentioned that we knew Churchill County School District was in the third year of decline, and we were just awaiting the notice. We have received the formal notice.

Chairman Leavitt commented it is interesting they have a decline in school population.

Member Kalt stated in their community, a charter school has grown significantly, and they are going to expand again. They are going from the public school system to a charter school so the school district enrollment is going down. Another trend in their community is with Naval Air Station Fallon. They are not seeing as many of the families being deployed. The service person may come, but the spouse and children may not.

Vice Chairman Sherman asked if the school district has managed it so they are able to reduce their costs.

Heidi Rose, Budget Analyst, Department of Taxation, responded that it appears they have reduced their costs.

Chairman Leavitt asked if there was cause for concern.

Heidi Rose responded that she does not see a problem at this time. Their ending fund balance is still at an acceptable level, above 4%.

Kelly Langley went on to Item 6(c) regarding completed mergers. This is for information only. The Douglas Paramedic District and the East Fork Fire merge has been completed. Truckee Meadows Water Authority's (TMWA) acquisition of Washoe County Division of Water Resources and South Truckee Meadows GID is complete.

Kelly Langley stated information on Item 6(d), Gold Hill and Virginia City, will be provided at a different meeting.

Regarding Item 6(e), the report on audit filing status, Kelly Langley stated we are awaiting annual audits for the following entities: North Las Vegas, Elko County, Elko County School District, City of Elko, Carlin and Lander County School District. The delay has been related to the Kafoury merger, and due to the shortage of staff and the reassignment of caseloads, the Department is working with all of these entities. We are expecting to have audits delivered by the end of February.

Chairman Leavitt asked if they requested approval for not filing on time.

Kelly Langley stated they requested and have been granted extensions. The primary reason for this was the merger. It was not the local government.

Member Zander stated he is the Superintendent of the Elko County School District. They did provide draft financials for the auditors in a timely manner. Unfortunately, he hired the partner in charge of their audit for the past 22 years to become the CFO for the school district. There is a letter he is going to forward to from Bob Hagen of Kafoury Armstrong explaining the situation. He has guaranteed that Lander County's audit document will be through peer review by February 15th and will be presented to the Board of Trustees on February 24th.

Kelly Langley continued that Lyon County School District is outstanding. They have a new account system which created some delays. It was reviewed by their commission last week, but we have not received an update. Winnemucca Convention and Visitor's Authority did receive an extension, and we should be receiving that this month. The Town of Tonopah has some issues regarding the More Cops tax issue between Tonopah and the County. Our staff had a meeting with the town manager last week. She believes they are going to be able to proceed from there and receive it by the end of the month.

Chairman Leavitt asked if any of these entities are ones we have had perennial problems with that have a new excuse every year.

Kelly Langley stated that she did not believe so.

7. DISCUSSION AND CONSIDERATION OF REGULATORY MATTERS

(a) For Possible Action: Report by Department on legislative bill drafts
(b) For Possible Action: Discussion and Consideration of regulatory or other guidance to Department regarding appropriate use of special revenue funds and enterprise funds
(c) For Possible Action: Update on Subcommittee on Definition of a Local Government

Terry Rubald stated AB 54, which has to do with the procedures on severe financial emergency, is scheduled to be heard by the Assembly Government Affairs Committee on Monday, February 16th at 9:00 a.m. This bill is brought forward by the Department. She would like input from the CLGF as she reviews some of the sections within the bill. Section 1 is intended to address organizational issues of the Committee. It updates the reference to the appropriate appointing authority for the school boards, and it allows for re-appointment of the members, provides for election of a chair and vice-chair, the number of meetings to be held annually, definition of a quorum and compensation for per diem allowance and travel expenses. The Department serves as staff to a number of boards and commissions, and this is the only volunteer board that does not receive a per diem and travel allowance to attend a meeting. We would like to correct that inequity. The remaining portion of the bill addresses existing processes involved in assisting financially-distressed local governments and clarifies certain responsibilities and duties of the Department and others during a period of severe financial emergency. Section 2 is the section with all of the different definitions. One is the definition for basic functions. That term is used later in Sections 3 and 9, which amends NRS 354.705 about what the duties of the Department are under severe financial emergency. One of those duties is to determine the total amount of expenditures necessary to allow a local government to perform basic functions for which it was created, with priority given to public safety and the maintenance of roads and highways. Local governments may do a lot of things for their constituency, but if the Department takes over, the priority is to continue to deliver basic functions, and if necessary, would have to look at cutting non-basic functions. It is so important then to have a definition for basic functions. There is also a definition in the section for fiscal watch. It is basically monitoring the conditions of the local government. The term fiscal watch is used later on in Section 6, and it is intended to update the concept of technical financial assistance. It allows the Department to categorize governments that may meet one or more of the conditions of severe financial emergency, but the degree or the depth of the financial problem is not as serious as severe financial emergency. If the Department has placed a local government under fiscal watch, then the local government would be allowed to request technical financial assistance by passing a resolution requesting such assistance from the Nevada Tax Commission (NTC), which is the head of the Department. This section also has a definition for technical financial assistance as services provided by the Department to a local government, including helping them develop budgets, reviewing contracts, analyzing cost allocation, and so on. Unfortunately, the way this was drafted also has the Department conducting audits, but the original draft was intended to allow the Department to arrange for audits and not conduct them. That will be a friendly amendment that the Department would want to make to that definition. Another friendly amendment the Department is considering is removing the definition of local government in Section 2, Subparagraph 7. It seems that it would cause a problem to define a local government differently than what is already in NRS 354.474. We have also received a request from a bond guarantee company to include a definition of holder, which would be defined as including trustees, guarantors, insurers and other credit enhancers, including without limitation letter of credit banks. The purpose of adding the definition of holder would be to clarify the scope to which notice would be given and presumably ensures that all critical parties are part of the proposed solution for municipality in distress. In prior meetings, the issue came up about withholding funds from distributions made by the state to local governments when those local governments fail to file reports and statements or are otherwise noncompliant. NRS 354.665 provides that a

CTX distribution may be withheld until the report is received. The discussion was that some entities might not have a CTX distribution. They might receive something from property tax or net proceeds. This amendment provides for withholding for those tax types as well. Similarly, Section 5 provides for withholding of CTX if there is a failure to keep up with the payment that is due to the public employees' benefits program. It would allow withholding from property taxes or net proceeds tax there also.

Vice Chairman Sherman asked if the withholding of property tax is an allocation by the Department for centrally assessed.

Terry Rubald responded yes.

Vice Chairman Sherman asked if the state could direct a county treasurer not to allocate locally collected property tax.

Terry Rubald responded that this is a very big hammer.

Vice Chairman Sherman stated that CTX is a big hammer, too. In a normal government, CTX and property tax could be in alignment and in some places CTX could be more.

Terry Rubald stated her thoughts had not gone this far. She stated a request for a friendly amendment was received from a bond insurer to limit any withholding such that debt service would not be impaired. This is probably doable. The concept would be that any withholding would not impair the service of debt. Section 7 provides that CLGF, upon recommendation of the Department Director, determines whether a condition of severe financial emergency exists after conducting one or more hearings. Then there are two additional conditions in the list of conditions triggering severe financial emergency. They include whether the ending fund balance of the general fund is less than 4%. The second one is if the FUTA tax is paid and up-to-date. The balance of Section 7 clarifies the procedures and due process that is necessary prior to declaring severe financial emergency. The Committee would take more of a role in making the recommendations to the NTC. That section also introduces the notion that contiguous local governments to a city being considered for severe financial emergency should be notified and be given an opportunity to be heard because they might be impacted by whatever is decided for that particular city. Section 8 amends the powers and responsibilities of the Department after severe financial emergency is declared. The Department, under this, would assume all rights and obligations of the local government under any collective bargaining contract. This presumably would give the Department the ability to negotiate all collective bargaining agreements, including existing ones, if that option is available in those contracts. This section also permits the extension of bond payments and changes in interest rates by exchanging existing bonds for new bonds. If the local government is involved in litigation and the plaintiff has asked the court for a Writ of Attachment, the Department could ask for a stay of that action during the pendency of the severe financial emergency. Later on, in Section 14, you will see that it specifies a Writ of Attachment must be stayed until the plaintiff has met with the Department to formulate a program for the liquidation of the debt owed. Then the Department has to formulate that plan within 60 days after meeting with the plaintiff. We received another friendly amendment to this section that would provide that when the Department meets with creditors to formulate a debt liquidation program that it includes holders, as that term was defined, and to negotiate with the holders in good faith. Section 8 also provides that the Department could suspend a collective bargaining agreement, if CLGF approves, until the Department's management of the local government ends. Finally, the section clarifies if a financial manager is appointed, that person is responsible to the Department rather than to the local government. That was to clarify that the Department is still responsible for the management.

Member Sherman stated there was a question when we were dealing with White Pine County and the Department's and the Committee's role in collective bargaining agreements. It appears Section 8-1(g) is trying

to clarify that. If the local government is in that condition, the Department steps into the shoes of the local government. He has a question of the meaning in Subsection 2 that on approval of the Committee, the Department could suspend collective bargaining agreements. Does that mean that the existing collective bargaining agreements can be voided, and the Department is required to renegotiate those? Or does it mean that all of the procedures and requirements in Chapter 288, collective bargaining laws, no longer apply in this situation? The latter case would have some challenges because that is basically taking over and saying we are going to negotiate in total all of the elements that are required to right a failing government. But in this one case, we are going to have 100% percent of the authority to deal with one particular group.

Terry Rubald responded that since this legislation does not include any reference to bankruptcy, and we know that the bankruptcy courts are the only ones that can really break contracts, she suspects the second alternative is not what is intended.

Vice Chairman Sherman commented that he is not sure what suspend means. What do you put in its place if you suspend something? If you have a collective bargaining agreement that requires a 2% COLA in the ensuing fiscal year, can you say that no longer applies? Or can you say that you are not only going to suspend the whole agreement, but you are actually going to roll back paying benefits by a certain amount? It leaves a lot of unknowns.

Terry Rubald agreed and stated it should be the subject of some friendly amendments.

Chairman Leavitt stated the contracts involve a lot of things other than financial consideration such as health and safety, working conditions, etc.

Member Kohn-Cole stated she thinks it is identifying the bargaining units, and that is not fair. History will show that the unions, when there have been financial difficulties, have stepped up and opened contracts and negotiated concessions. Unless they have the right to suspend all existing contracts across the board, the Department should not have the right to unilaterally suspend a contract. She is also concerned about the non-fiscal issues within a contract.

Member Clinger commented that 85% of any municipality is salary and benefits. He does not know the legal side of this, but if the Department is taking over a financially distressed local government, there has to be some tool to deal with the pay and benefits issue

Vice Chairman Sherman stated that regarding collective bargaining agreements, there is a provision that you can have financial emergency re-openers. He believes whether or not you put them in your contracts is open. He is also discounting the fact that a new city council or county commissioner who does not like the collective bargaining agreement might suddenly design a fiscal emergency to get out of those. There has to be some ability to negotiate in a fair manner with the associations to help rightsize the local government because it is not in anyone's benefit for it to fail. He is stuck on the issue of contracts. He believes we need further discussion with Legislative Counsel on this point.

Member Vincent stated he wonders if the Department declaring a severe financial emergency and taking over the operation of the government would trigger a mandatory reopening so that it is a forced negotiation. Unless you can force them to come to the table, and it is very difficult to do that, there may have to be some other caveats with respect to the mandatory re-opener in terms of speed and the process. The reality is for local governments, the only option to cut costs is to cut personnel. When the City of North Las Vegas cuts 45% of the personnel, it becomes a public safety issue. At some point, you just cannot afford to cut.

Member Zander stated that rather than talk about the entire collective bargaining process, maybe we should focus on some sort of authority regarding reduction of force that might contradict what is actually delineated within those contracts.

Member Vincent stated we are probably going to have the same issue with this. In some cases, we saw collective bargaining contracts with some local governments where they had written into the contract that they could not reduce force because of other concessions. It is like all of the other non-wage and non-money provisions in the contract. They are still part of the contract.

Member Kohn-Cole stated she believes there is a statute requirement that includes a definition for a severe financial emergency in the contract when they would have re-openers on multi-year contracts. That already exists. So if they are in that financial position, that contract will expire at the end of the year.

Vice Chairman Sherman asked if that was a mandatory part of the collective bargaining agreement.

Member Kohn-Cole stated she believes there is a requirement for multi-year contracts, but she will have to double check.

Chairman Leavitt stated that since we are not going to write new language today, the best recommendation might be to have the Department visit with the Legislative Counsel to discuss possible legal issues and find some medium ground. He asked Terry Rubald to move forward.

Terry Rubald went on to Section 9. This requires the CLGF to oversee a plan of revenue enhancement and expense mitigation proposed by the Department. The plan prioritizes basic functions to be performed as opposed to all functions. If additional revenue is needed, the plan must also be adopted by the NTC. If the NTC revises the plan, then the revisions must also be approved by the members of the panel from the CLGF that participates in that process. Subsection 5 permits the levy of additional property tax at the next quarterly payment due date even if the taxes previously imposed are either partially or fully paid. That was a problem we did consider when we were in White Pine County. Although we did not actually impose a tax, something we were worried about was when could it be imposed. Would we have to wait until the next fiscal year when we really need the money right now? That is what this is intended to address.

Vice Chairman Sherman stated that in a situation with an entity in severe financial condition where it is determined that increased revenue is a component of the recovery plan, levying additional property tax as allowed by this would have a marginal or nonexistent impact.

Terry Rubald asked Vice Chairman Sherman if he was referring to the abatement.

Vice Chairman Sherman responded yes. We may want to consider having this particular tax increase, which is limited in time, not be subject to the abatement laws.

Terry Rubald stated that this is what Section 15 does. It exempts any increase to property tax imposed as a result of severe financial emergency from abatement. Section 10 has a penalty if the local government official willfully fails to comply with requests of the Department, including removal from office and possible conviction of gross misdemeanor, and a finding of willful failure to comply would be declared by a district court. Section 11 provides for a two-year period rather than a one-year period to repay any amounts loaned from the severe financial emergency fund. The other amendments in that section are just a style change. We did receive a friendly amendment to amend NRS 354.721 Subparagraph 3(a). Right now, it says money in the severe financial emergency fund may be distributed by the Executive Director as a loan to a local government for the purpose of paying the operating expenses of the local government. The amendment would include not only 21

operating expenses, but also debt service of the local government. It does not seem to be a bad amendment, but a two-year loan. She is not sure that it is going to help debt service, but it might.

Chairman Leavitt stated if we wanted to do that in debt service, it ought to be general obligations. We do not want to be paying redevelopment loans or revenue bonds on a service debt that is a general obligation of a municipality.

Vice Chairman Sherman stated in the event that the local government has to be dissolved, and they have debt obligations, we could have a provision whereby the geographical area of the local government that goes out of business can have some special levy to pay that debt. When you have a subunit within a county, the obligations may be taken over by the county.

Terry Rubald stated Section 12 amends NRS 354.723, which are the procedures that occur when a finding is made that severe financial emergency is unlikely to cease within the three years. It provides a process for transmitting the Committee's findings to the NTC and what the NTC does with it. This section makes the CLGF the driver in those circumstances.

Vice Chairman Sherman asked about Section 7, regarding the conditions of severe financial emergency and the ability to make a judgment as to the severity of those conditions.

Terry Rubald responded this is why the CLGF is being inserted. In the original language, the Department Director makes that judgment. It is amended that the CLGF would ascertain the severity of the conditions before going into severe financial emergency. Ms. Rubald thanked everyone for their comments. She added that there is a bill, AB 19, sponsored by the League of Cities, that would allow the budget timeframe to be on or before the current budget dates in May. We are a little concerned about this because we are already under a time crunch at the Department for reviewing the budgets. She will make comments at the Legislature.

Terry Rubald moved on to Item 7(b). She stated this is in conjunction with the report this morning from Incline Village, which was a good presentation regarding the proposed changes from going from an enterprise fund to a special revenue fund. This led her to want to poll the Committee to see if there is any interest in providing general guidance to all local governments about the criteria to be considered when trying to determine whether an enterprise fund or a special revenue fund should or should not be used. She included in the packet the current definitions of an enterprise fund and special revenue fund as well as NRS 354.612 and 613 about resolutions for establishing enterprise funds, etc. She has also included excerpts from GASB 54, which also describes special revenue funds. She has also given examples of what other governments have published. For example, the Minnesota State Auditor describes the circumstances that control whether an enterprise fund accounting is required. There is also an example starting from Washington State that describes special revenue funds and enterprise funds. Terry Rubald asked if the Committee believes the Department should issue a guidance letter that would be similar to these examples or whether the CLGF should engage in further regulatory work or just leave it alone.

Member Kohn-Cole suggested that it be left alone. She looks at a lot of different CAFRs and finds on these special revenue funds that the fund balance is reflected as restricted when most of the revenue that is generated in those funds comes from unrestricted resources. Even though the local government assigned like franchise fees to a road fund, that does not make those funds restricted. That is how the local government obviously is managing. They need to use those funds for roads. But if you look at all of those CAFRs, they show that those funds are restricted. And when you look at all of this, those funds are not restricted. They are assigned or maybe committed. She does not think they go to the highest level of law. She thinks the finance department puts the budget together, presents it to the council where it is approved, and they are using those franchise fees. She believes it is a sign, and it is across the board for most of the local governments.

Vice Chairman Sherman asked if in Member Kohn-Cole's audit work she would point out this discrepancy between assignment of funds going into a special revenue fund which does not meet the definition.

Member Kohn-Cole responded that as a finding, they just accept it. She is working for the unions. Most of her audits are more of special districts, so she really does not have that issue. But in her view, it is just wrong. It is complicated, and you may not want to address it.

Member Kalt added that from the standpoint of a staff CPA, the level of due diligence and the resolutions, the statutes, all the guidance required by their independent auditors is to true up their compliance with GASB 54 to the letter. To the intent of whether it is restricted, committed or assigned, he personally takes offense that local governments are not doing their due diligence. They are not providing that documentation to their auditors or their auditors are not doing the job. He does not believe it is a pervasive problem in local government financial statements.

Chairman Leavitt stated that on another matter, he wonders, as we approach this 2021 deadline as relates to enterprise funds, if this is going to be a conversion from an enterprise fund to something else so it will not come under the provisions of that statute.

Terry Rubald replied that she wondered if the Department should issue some sort of guidance letter to local governments.

Member Clinger stated he would be in favor of issuing some guidance.

Chairman Leavitt stated if there is a statute in place, and the local government comes up with a way to get around it, which occasionally we have seen, and then the Legislature gets upset and people like Ms. Vilardo get upset, and then they come back with legislation that is more onerous than the last one. He believes we should stop this before it occurs. He sees two alternatives, the Department could draft something, or we could get a subcommittee to work on this.

Terry Rubald stated that we could do a little bit of both. She could draw up a draft and have feedback from a subcommittee.

Chairman Leavitt stated this sounded good, and asked for volunteers.

Member Kohn-Cole, Member Kalt and Vice Chairman Sherman volunteered.

Chairman Leavitt stated Member Kohn-Cole could be the chairman of this subcommittee.

7. DISCUSSION AND CONSIDERATION OF REGULATORY MATTERS

(a) For Possible Action: Report by Department on legislative bill drafts
(b) For Possible Action: Discussion and Consideration of regulatory or other guidance to Department regarding appropriate use of special revenue funds and enterprise funds
(c) For Possible Action: Update on Subcommittee on Definition of a Local Government

Chairman Leavitt asked about the Subcommittee on the Definition of a Local Government.

Terry Rubald responded apologized that there was nothing to report. There has not been enough time to collect all the information that the Chairman has asked us to provide.

Chairman Leavitt stated we would defer that one.

8. REVIEW AND APPROVAL OF MINUTES
For Possible Action: CLGF Meeting – August 28, 2014

Vice Chairman Sherman moved to approve the minutes of August 28, 2014, with a second from Member Kalt. Member Clinger, Member Johnson and Member Zander abstained from the vote because they were not present at the last meeting. The motion carried.

9. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

Vice Chairman Sherman stated he has two items relating to OPEB. We need to look at NAC 287 to resolve the issue as to when the Committee is required to approve investments plan of an OPEB Trust. He has some thoughts he believes could be readily done assuming the whole Committee agrees it is only in the extreme case that the OPEB Trust will itself invest in equities securities that need an extra layer of oversight. He would like to have that done so we are clear on that. And two, GASB has issued two exposure drafts which he thinks are going to be put in the standards that replace GASB 43 and 45 that now govern OPEB Trusts and post-retirement health benefits. This is going to change the landscape of how local governments deal with post-employment benefits. He believes the implementation schedule is 2016, and there might need to be some statute changes in terms of accounting guidelines and budgeting regarding the creation of OPEB Trust. It might be beneficial to get ahead of that. It might be a many-year process to get that done.

Chairman Leavitt suggested we put this on the agenda for the next meeting.

Terry Rubald asked if Chairman Leavitt would like the local governments that were heard today to come back to the next meeting.

Chairman Leavitt stated the City of North Las Vegas definitely needs to come back. If we end up having problems with any of the financial reports, not getting them in, we need those people to come back.

Regarding the date of the next meeting, Chairman Leavitt stated he will be here on May 1st for an economic forum meeting. The date of Thursday, April 30th was chosen.

Vice Chairman Sherman stated that date would be good in terms of a legislative update, too.

10. Public Comment (See Note 2)
In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.

There was no public comment.

11. For Possible Action: ADJOURNMENT

The meeting was adjourned at 12:09 p.m.

DRAFT

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
October 27, 2015
10:30 a.m.

The meeting was held at the Nevada State Legislative Building located at 401 South Carson Street, Room 2134, Carson City, Nevada, and video-conferenced to the Grant Sawyer State Office Building located at 555 East Washington Avenue, Room 4412, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt, Chairman
John Sherman, Vice Chairman
Andrew Clinger
Marty Johnson
Alan Kalt
Jim McIntosh
George Stevens
Mary Walker
Jeff Zander

COMMITTEE MEMBERS ABSENT:

Beth Kohn-Cole
Mark Vincent

COUNSEL TO COMMITTEE

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Harman Barns
Peggy Cole
Bonnie Duke
Penny Hampton
Susan Lewis
Rachael McFarland
Jeffrey Mitchell
Anita Moore
Ana Navarro
Sorin Popa
Hilary Reynolds
Heidi Rose
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	**Representing**
John F. Wiles	Alverson Taylor
Tom Grady	City of Fallon
Tom Baker	City of Henderson
Kelly Martinez	City of Las Vegas
Dave Empey	City of Mesquite
Debbie Barton	City of North Las Vegas
Rhonda Garlick	City of North Las Vegas
Linda Poleski	City of North Las Vegas
Debbie Kinder	City of Sparks
Jeffrey Share	Clark County
Frank Wright	Crystal Bay Resident
Karen Scott	Esmeralda County
Clifford Dobler	Incline Village Resident
Aaron Katz	Incline Village Resident
Linda Newman	Incline Village Resident
Leonard Cardinale	IUPA Local 56
Renny Ashleman	Las Vegas Valley Water District
Jeff Fontaine	NACO
Kim Lara	Nye County Treasurer's Office
Wayne Carlson	PACT
Jeffrey Church	renopublicsafety.org
Scott Leedom	Southern Nevada Water Authority
Michael Sullivan	Town of Pahrump
Joey O. Hastings	Washoe County

1. Roll Call and Opening Remarks

Chairman Leavitt called the meeting to order at 10:31 a.m. Janie Ware took roll call and asked the attendees on the teleconference to state their names. Chairman Leavitt stated that we have a quorum.

2. Public Comment

Chairman Leavitt asked for public comment and stated that there were individuals wishing to comment on the enterprise fund. He will allow them to make public comment regarding this now.

Jeff Church came forward for public comment. He runs a website known as renopublicsafety.org, and he is a resident of the City of Reno. He owns multiple properties within the City of Reno. He would like to speak about Reno ballot measure R-3 for additional firefighters. He provided a handout and also emailed a letter from his attorney. In 1998, voters approved a ballot measure for additional firefighters within the City of Reno. That measure went into effect shortly thereafter. This ballot measure is similar at a ballot measure that was in Las Vegas for additional firefighters and additional police officers. He pointed out AG Opinion 2011-4. However, in the City of Reno, they have less firefighters than they had in 1998, when the ballot passed. Reno recently gave their firefighters a massive pay raise making them the highest compensated fire department in the United States. At the same time, they closed two fire stations. They are attempting to seek a legal opinion from the Board's legal representative, to avoid litigation. He stated he would read into the record a portion of the ballot measure. The ballot measure calls for "hiring additional firefighting personnel." Under the explanation for the ballot measure, "hiring additional firefighters." Under the argument for the question, passage of the question, "add additional needed firefighters." It could not be any clearer than that as far as the intent of the voter and the intent of the ballot measure. This is not taking place as we have less firefighters than at the time of passage. He is asking you to seek a legal opinion. If that legal opinion concurs with the previous AG opinion in Las Vegas, he is asking that we take action to see that we get what we paid for. At this time the money goes into a general fund and not into a specific firefighting fund.

Aaron Katz, resident of Incline Village, came forward for public comment. He stated there is a lot out of whack in Incline Village. Prior to the adoption of NRS 354.613, which prohibited interfund transfers, Incline Village General Improvement District (IVGID) was one of those political subdivisions that survived off of interfund transfers. They were hopeful that the adoption of this legislation would change things, but it did not. Immediately after the adoption, IVGID decided to do the same thing with interfund transfers it had always been doing, except now it is going to change the name. They changed the name to central service cost allocation because that was permitted in NRS 354.613. Immediately thereafter, the amount of transfers increased by about 50%. The justification was central service cost allocations. NRS 354.613 requires that before transfers are made you must come before the board, have it as a separate agenda item, and get approval for the transfers. IVGID never sought that approval from the board. Mr. Katz has brought this to the attention of the Department of Taxation, and they have not responded to this. It turns out there were other transfers going on that they did not know about. The transfers were completely hidden. Once this came to light, the Finance Director decided there must be new reporting funds. It needs to be special revenue instead of enterprise. He was successful in confusing our board into approving this. Mr. Katz believes he was also successful in confusing the Department of Taxation. If the same transfers are going on, and they are now special revenue funds, there is no prohibition in NRS 354.613. They can transfer to the extent they want. Mr. Katz believes this is why they have moved to special revenue funds. Under 5(c), you will hear why these are really not special revenue funds but enterprise funds. The Committee needs to step in and prevent this circumvention of the law because the citizens are being harmed. The citizens are being harmed because IVGID has an invalid tax which they call a fee. It is not a fee. It is a tax. They use this tax to cover 100% of their deficiency which keeps rising every year. It is now almost $7 million a year. There needs to be an investigation and protection.

Frank Wright, resident of Crystal Bay, came forward for public comment. He stated he is speaking about IVGID's method of financing everything. In the State of Nevada, all taxes and fees have to be uniform. This tax is not uniform. He lives in a community which is part of Incline Village, Crystal Bay. There are special rules and regulations which are different from Incline Village even though they are all part of the same General Improvement District (GID). This tax or fee is different for the people in Crystal Bay than it is for the people in Incline Village. It is $830 for those living in Incline Village and $730 for those living in Crystal Bay. The tax is

used to fund IVGID's massive business organizations. They are in the business for running a for profit sport shop at the Hyatt. IVGID uses the recreation fee to fund this retail sport shop. This has nothing to do with his recreation. The recreation tax/fee is used to fund defensible space and to fund lobbyists in Washington D.C. and Carson City. The fee is not for recreation. It covers all of IVGID's losses and all the venues they have created. Mr. Wright's complaint is that the fee is collected on parcels. It is accessed to a single parcel. That parcel pays $830. There are some single parcels that pay 75 individual recreation fees for one parcel. Then across the street, there are 422 units that pay one recreation fee. This is the Hyatt hotel. The one that pays 75 recreation fees is an apartment complex. It is not uniformly accessed. In the State of Nevada it has to be.

The full Committee meeting was recessed for a regulation workshop.

3. For Possible Action: RECESS FOR ATTENDANCE AT REGULATION WORKSHOP
The Department of Taxation will hold a workshop on behalf of the Committee on Local Government Finance to receive input on proposed language changes to the Nevada Administrative Code Chapter 354, as follows:

> **LCB File No. R078-15 relating to local government finance; establishing certain requirements for the establishment of a trust fund by a local government for the purpose of funding future retirement benefits of retired employees, including procedures for making the investment; treatment of the trust account; composition of the trust fund board; powers, rights and duties of the trust fund board of trustees; accounting and auditing functions; and other matters properly relating thereto.**

Terry Rubald, Deputy Executive Director, Department of Taxation, stated this is the time and place noticed for a workshop on LCB File No. R078-15 regarding trust funds. She presented an overview of the proposed regulation and then went into the specifics. Last February, one of the agenda items on the Committee on Local Government Finance (CLGF) was the approval for a trust fund investment plan for the Clark County OPEB trust. That brought to light that there may be a need for additional clarification about if and when a local government needs to have the approval of CLGF when investing in equity securities. At the time, Clark County's interpretation was that it needed CLGF approval to invest in the retirement benefit investment fund (RBIF), fixed income securities with a maturity of 10 years or less, as well as investment in equity securities. This compares to Ms. Rubald's belief in what CLGF's intention was in the original adoption of the regulation. This was just to approve those plans valued at $100 million or more that invested in equity securities. As a result of this agenda item, a subcommittee was formed at the next meeting of CLGF in April. Mr. Sherman is the chairman of the subcommittee. The subcommittee met in August and proposed language and also heard the requests of interested parties for additional language. These regulations address three different issues. The primary intention of these regulations is to clarify that CLGF approval is needed only when the board of trustees of a trust having an asset value of $100 million or more want to invest in equity securities. If the trust is going to invest in a Public Employees' Retirement System (PERS) retirement benefit investment fund, then CLGF approval is not needed. The second issue addressed is the makeup of the board members of a trust. Currently, a five member board is required if the trust fund has assets of $100 million or more, including two members experienced in the equity securities market, whether or not the fund invests in equity securities. A request was made to have a five member board only when the trust fund invests in equities. The experience in the equity securities market is not necessary if the trust fund does not separately invest in equities. In that event, the three member board would suffice even if the total asset value was over $100 million. The third issue concerns whether the $100 million asset benchmark requiring an investment plan and approval by CLGF to invest in securities may be waived for a trust fund that has less than $100 million in assets. The proposed regulation provides for a waiver of the $100 million benchmark if there is a demonstration of an ability to manage a trust fund of $100 million or more, or manage a pension fund outside of PERS that is $100 million or more. The Administrative Procedure Act in NRS Chapter 233B requires an agency to make a concerted effort to determine whether a proposed regulation is likely to impose a direct and significant economic burden upon a

small business or restrict the formation, operation or expansion of a small business. In the Department's opinion, these regulations only affect administration of trust funds operated by local governments and do not have an impact on small business at all. However, we did send out a small business economic impact questionnaire to the small businesses on our interested parties list. We have not yet received any feedback from the questionnaire, but we would like to keep record open for a couple of weeks in case there is any input from a small business. A small business is defined as having 150 or less employees.

Terry Rubald gave an overview of the regulation. The first change is in Section 1(c),on Page 3 of the regulation. It addresses when a five member board is required. This is when any of the assets of the trust fund will be invested in equities, bonds or debt securities that are traded on a public securities market and approved by CLGF or included in any category of equity securities approved by CLGF.

The next change is in Section 2, Subparagraph 2, on Page 4. It states that investment plan is required unless all the assets will be deposited in an RBIF or invested in any investments authorized in NRS 355.170. NRS 355.170 has a list that includes bonds, farm loan bonds, U.S. Treasury bills and notes, certificates of deposits, etc. If an investment plan is required, then it must be approved by CLGF before investment of any assets of the trust fund is made. If the assets qualify to be invested pursuant to NAC 287.790, and the board of trustees of the trust fund desire to invest in equity or debt securities, the criteria for the investment plan itself remains unchanged. There is also a minor change in Subparagraph 4, on Page 6, which states that CLGF approval of the plan, if required, does not create or establish any fiduciary duty between CLGF and the trust fund.

In Section 3, Subparagraph 3, on Page 7 of the regulation, CLGF may waive the minimum market value of the investment portfolio in a trust fund upon request by a local government, and if there is good cause shown, such as a demonstration of an ability to manage an investment portfolio or pension fund of $100 million or more, outside of PERS. This means that a fund of less than $100 million could potentially invest in equity securities and be required to submit an investment plan and obtain the approval of CLGF.

Chairman Leavitt asked for questions and public comment on this proposed regulation.

Renny Ashleman, representing the Las Vegas Valley Water District, came forward for public comment. The final part of the amendment was devised pursuant to their testimony at previous hearings. It has been well drafted, and they are pleased with the draft. They would like it to go forward.

Terry Rubald recommended a motion to go forward with adoption. Vice Chairman Sherman moved to go forward with adoption with a second from Member Kalt. The motion carried.

4. For Possible Action: RECONVENE REGULAR MEETING

Chairman Leavitt stated we would reconvene the regular meeting.

5. For Possible Action: SUBCOMMITTEE REPORTS:
a) Next steps regarding adoption of LCB File No. R078-15

Terry Rubald stated the next step regarding this regulation is to have a 30-day notice period for the adoption hearing. Once the Committee has selected the next meeting date, it will be posted. Assuming the Committee does adopt the regulation, it will go to the Legislative Commission before it becomes effective.

5. For Possible Action: SUBCOMMITTEE REPORTS:
b) Next steps regarding LCB File No. R010-13, Heart-lung regulations; Report on effects of SB 153 (2015) amending NRS Chapter 617

Terry Rubald gave a brief history of this regulation. These regulations were first adopted by CLGF as a temporary regulation in November 2012. They were effective for the 2013/14 Fiscal Year. The Department collected information in 2013 from local governments regarding liabilities associated with providing the benefits required in NRS Chapter 617 and produced summary information which was published on the Department's website. Chapter 617 provides disability insurance and compensation to eligible public safety employees and eligible non-current public safety employees for certain occupational diseases, including heart and lung diseases, cancer and hepatitis. CLGF then proceeded to make the temporary regulations permanent. More workshops were held, and the regulations were adopted by CLGF in November 2013. The regulations did not pass muster with the Legislative Commission. In May 2014, the subcommittee reconvened and modified the regulation. The second revised proposed regulation was adopted in August 2014. Those adopted regulations have not been submitted to the Legislative Commission for final approval yet, so they have never become effective. Basically the regulation requires local governments that employee public safety personnel to file a report with the Department of Taxation about the historical claims that have been paid, the estimated future liability associated with NRS Chapter 617 benefits and the reserves that have been accumulated to cover that liability. Under these regulations, the Department would compile the information and publish a summary. Since the regulation was adopted, the Legislature amended NRS Chapter 617 through SB 153. Mr. Wayne Carlson will discuss the changes in SB 153. The Committee may want to reconvene the subcommittee to consider those changes. Terry Rubald asked the Committee to give the Department direction on how to go forward with the regulations.

Wayne Carlson, Executive Director, Public Agency Compensation Trust, came forward. He stated SB 153 took a number of twists and turns during the session. The first change was to reduce the eligibility period from five years to two years of continuous work as a full time police officer or firefighter in a salaried position. The next element was if someone was diagnosed with a disease in the course of employment or if a person ceases employment before completing 20 years of service as a police officer or firefighter or arson investigator, during the period after separation from employment, then they are eligible for benefits equal to the number of years they worked. For example, if they worked for seven years and then left the field, they would be eligible for benefits for an additional seven years. This is a reduction over the current law which says that if they work five years they will have the benefit for the rest of their life. If they achieve 20 years of employment, they are still eligible for lifetime benefits as under the law at the time. Service credits do not count in the purchase of eligible years. This has a benefit of a reduction in the ultimate liability if there is a turnover of employees that leave the field after working less than 20 years. In a practical way, firefighters tend to stay employed for 20 plus years. Some police officers leave the field for burn out reasons or wanting to do something different while some police officers go the full 20 years. Another element that was added into the bill was to clarify statutorily what had already been established in case law -- retirement benefits do not count for the purpose of compensation. It is medical benefits only for post-employment. The next element Senator Settelmeyer was firm about adding in. He wanted the provision that frequent or regular use of tobacco products would in one year, or a material departure from a physician's prescribed plan of care by a person within three months immediately preceding the filing of a claim, excludes a person who is separated from service from the benefit of the conclusive presumption. The person still has a rebuttable presumption where they can prove these changes did not affect their condition. The final two sections of the bill state the amendatory provisions which do not apply to a person who, on the effective date, has completed 20 years of creditable service, not including any service purchased. This was the grandfather clause for current employees. The tobacco provision has been delayed with an effective date of January 1, 2017. Senator Settelmeyer felt this gave them a year to quit. From his perspective, it is a mixed result in terms of impacting the purpose of the regulation. If people stay for 20 years or more, the cost remains at the high projected levels. Much of it depends on the turnover of people

under the 20-year cycle. His actuary stated they would have to do a new study. Saving could be anywhere from 0 to 20%, but that is a wild guess.

Chairman Leavitt asked if the changes made to the basic legislation will have an effect on the provisions in this regulation. He asked if the regulation needed to be updated or changed as a result of this legislation.

Wayne Carlson responded that the fundamental issue is still the same. There is still an unfunded liability or partially funded liability for most entities. This is an issue of transparency and disclosure. Form 33 was designed to collect the data and provide the disclosure in the budget documents. The only question about that format is the frequency of the actuarial reports. The PERS data may not be available in the aggregate form, and it may require a survey of each entity to collect data for the actuaries to do the projections. Instead of every five years, a longer period such as 10 years would facilitate that. Mr. Carlson got some data element requests from the actuary, and they will talk to PERS about what they are able to release.

Chairman Sherman stated that during a number of the hearings held by the subcommittee and the full CLGF, issues were raised about the accuracy of the actuarial estimates of these liabilities. We worked on Section 16 of the regulation regarding the guidelines provided to the actuaries doing the studies. We need to go back and review what the guidelines are and what information we can get from actuaries that would be reliable and actionable. If you do an actuarial analysis of a liability, the logical conclusion, from a fiduciary and a fiscal management standpoint, is that you should start funding that liability. Chairman Sherman believes we should pull this back, look at it in light of SB 153 and the type of information we can get if we provide better guidelines to the actuaries doing these studies.

Chairman Leavitt stated he was wondering how the tobacco situation would be factored in equation since it is information we do not know until someone files a claim.

Vice Chairman Sherman stated some public safety employees that have multiple public safety employers. Getting information on this chain of employment is difficult right now. None of the local governments or PACT has received this information that would allow them to make a more refined estimate of the liability. This is a complicating factor that is being worked on but is not yet resolved.

Member Kalt stated the only way an actuarial study can get good information is from the input. It is imperative that we get cooperation and solid data from PERS, either through the individual employer or from PACT.

Member Walker stated she worked on this with Senator Settelmeyer and Wayne Carlson during the session. They had information from the Department of Taxation. But not having the data regarding the liability made the whole process and discussion difficult. Member Walker believes going forward with this is extremely important, and she recommends doing it quickly.

Chairman Leavitt assigned the subcommittee the task of reviewing the current proposed regulation to see if it needs to be amended, and then bring it back to the full committee. The regulation needs to be correct before we attempt to go before the Legislative Commission again.

Terry Rubald suggested planning a date for the subcommittee meeting right away because time is of the essence. If we do not get this to the Legislative Commission within two years then we are called on the carpet.

Jeffrey Church, retired Reno police officer and Lt. Col. U.S. Air Force Reserve, retired, came forward for public comment. He stated that in reading the ordinance and attending the hearings, they talk about continuous, uninterrupted employment. He hopes that the subcommittee addresses this. He is hoping employees will not be penalized for military duty, family leave act, maternity leave and disciplinary action.

5. For Possible Action: SUBCOMMITTEE REPORTS:
c) Report from subcommittee regarding guidance on enterprise funds and special revenue funds

Terry Rubald gave an overview. Last February, the Department requested advice from the Committee as to whether guidance should be issued to local governments comparing and contrasting the use of special revenue funds and enterprise funds. The Department thought it would be useful to provide examples showing how our statutes and regulations work with various GASB pronouncements, especially for non-technical users like district or city attorneys, as well as for taxpayers. The Committee agreed that, especially with NRS 354.613 regulating loans and transfers from enterprise funds, it might be prudent to issue some guidance. The Committee appointed a subcommittee to be chaired by Ms. Kohn-Cole to advise the Department. The subcommittee met twice to consider a draft written by the Department. Proposed Guidance Letter 15-002 is in the exhibit packet. The purpose is to acknowledge GASB Statements 33, 34 and 54 as appropriate standards for the preparation of financial statements and comply with the requirements of NRS 354.612(2) as generally accepted accounting principles. The Department was very careful to say that the guidance letter does not change any interpretations of any existing general accounting principles that are followed by a local government. The only purpose is to raise awareness about differences between using special revenue funds and enterprise funds by discussing how the GASB standards work in relation to Nevada law. The guidance letter quotes very liberally from GASB Statements 33 and 34 with regard to indicating a special revenue fund is a type of governmental fund and an enterprise fund is a type of proprietary fund. It discusses the activities that meet the criteria for using a particular kind of fund, especially what the distinguishing activities are for an enterprise fund. The Department provided examples of an enterprise fund and analyzed real life examples to show how the enterprise fund provided in Nevada law meets the definition of GASB 34. The Department quoted from GASB Statement 54 with regard to special revenue funds, and we referenced the five new classifications of fund balance. We noted the change in classifications of fund balance and special revenue fund financial statement reporting requirements that are detailed in GASB Statement 54 does not require changes in the way a local government budgets and internally accounts for special revenue funds. The Department has not changed the budget reporting forms to reflect those classifications. We also provide examples of special revenue funds and a discussion of the application of criteria to determine whether a fund is a special revenue fund or an enterprise fund. The Department really appreciated all the comments from the subcommittee and incorporated all of them. The subcommittee voted to recommend approval of the Guidance Letter by the full Committee.

Chairman Leavitt stated the writer of the Guidance Letter did a very good job.

Vice Chairman Sherman agreed. He commented that this is not a regulation. It is merely a concise, cogent recitation of accounting standards as they now exist. It gives the characteristics of appropriate accounting between a special revenue fund and an enterprise fund.

Terry Rubald stated that the idea is to give some weight to the fact that the GASB standards are in existence, and they fulfill the requirement in our law for generally accepted accounting principles.

Member Kalt thanked Terry Rubald for her outstanding work and appreciates the appendix which provides examples.

Clifford Dobler, Incline Village resident, came forward for public comment. He also agreed that the Guidance Letter was an excellent piece of work. He is a past CPA who spent most of his life working in distressed debt. This is of particular interest to him as it relates to the Incline Village General Improvement District. Prior to July 1st, the accounting and reporting were two funds called the community service fund and the beach fund and were considered enterprise funds. They were created to account for all recreational venues. The revenues for those funds came from three sources, user fees, food and beverage and merchandise sales and an annual

recreational standby fee that was paid by all parcel owners. The recreational standby fee over all the years has been explained to citizens as committed and budgeted for support of operating shortfalls, funds for capital improvements and paying for debt service. For the current fiscal year, IVGID collected about $6.8 million from property owners through the recreational standby fee by assessing all property owners. It represents about 36% of all of the revenues that they collect for these enterprise funds. Back in 2014, the staff of IVGID suggested that the board of trustees take the two funds, the beaches and the community service funds, and convert them to special revenue funds. The primary reason was to set up six funds, three funds for the community service and three funds for the beaches, to track operations, capital expenditures and debt service. In May, the board adopted a resolution to do this. The first issue is that type of revenues and activities that are in the community service fund and the beach fund are really not special revenue funds, but are enterprise funds. The transfer from an enterprise fund to a special revenue fund should not have ever been made. The second issue is that the primary reason IVGID wanted to convert form an enterprise fund to a special revenue fund was for the reason they wanted to separate the components of the recreational fee going for operations, capital improvements and debt service. What IVGID did is set up the six funds and then continued to pick up all recreational fees as operations then transferring out below the line to the capital fund and debt service fund. Therefore, the operations look like they are making tremendous profits because no allocation of the recreational fee for the three types of spending was ever done. What we have here is a bait and switch where they converted from a enterprise fund to a special revenue fund without following the definitions of a special revenue fund at all. He does not know if this Committee can help, but is hoping for support from the state for this slight of the hand.

Chairman Leavitt asked if Mr. Dobler was suggesting any change to the Guidance Letter.

Clifford Dobler responded no, he felt the guidance was perfect. It is very clear. What he suggests is that the IVGID staff complies with it. The guidance would suggest that IVGID not make the change from an enterprise fund to a special revenue fund. If they do make the change, IVGID needs to follows the rules after they make the change to put the revenues in the proper slots rather than putting it in one slot and then transferring out under the line to have a deceptive practice.

Chairman Leavitt clarified that Mr. Dobler's problem is with the actions of a governmental unit and their staff and not with what is in front of us for approval today.

Clifford Dobler responded yes.

Vice Chairman Sherman asked if this change in IVGID accounting between enterprise fund and special revenue fund occurred this last fiscal year.

Clifford Dobler responded that it occurred and was adopted on May 21, 2015, to take effect July 1, 2015.

Vice Chairman Sherman clarified that the financial statements produced by IVGID would not show the effects of this change until fiscal year ending June 30, 2016.

Clifford Dobler responded this was correct, however, he is getting his data from the first five months of operation this year. IVGID has not allocated the revenue properly.

Chairman Sherman stated that this Committee relies on audited financial statements to have an independent third party to view the financial activities and transactions of local governments. The auditors we rely upon to give opinions not only as to compliance with state laws and regulations but to provide insight into the local government's appropriate application of accounting standards. The appropriateness of changing from an enterprise fund to a special revenue fund, in this instance, will not be known from an auditor's perspective until sometime next year. We know, as a Committee, that there have been a number of issues of controversy with

IVGID and their accounting, particularly of the recreational fee. He knows the Department has been looking at that over the years.

Linda Newman, Incline Village resident, came forward for public comment. She clarified that she is a homeowner, not a CPA. She believes the Guidance Letter is brilliant. It explains the special revenue and enterprise funds for a citizen and not just a professional. She appreciates this. Recently Incline Village adopted Resolution No. 1838 which created a series of new government-type special revenue funds. Prior to this resolution, the community services and beach funds existed for some number of decades as enterprise funds. The funds conform to NRS 354.517 definition for enterprise funds, as they accounted for operations which are financed and conducted in a manner similar to the operations of private business enterprises where the intent of the governing body is to have the expenses, including depreciation of providing goods or services on a continuing basis to the general public financed or recovered primarily through charges to the users. The community services and the beach funds conform to GASB Statement 34 Paragraph 67 in that reported activities, golf, ski, tennis, and multifunction recreation center beaches are financed through fees charged to external users for goods or services. In addition

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6. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

a) For Possible Action: Discussion and Consideration of City of North Las Vegas Financial Condition

1) Report by City on the following matters:

a) FY 15/16 Final Budget, including revenue, expenditures, cash flow analysis and scheduled debt repayments;

b) Status of collective bargaining agreements expiring 6/30/15;

c) Status of FY 14/15 Audit

7. For Possible Action: Discussion and consideration of establishing subcommittee(s):

a) To perform 10 year review of CLGF regulations pursuant to NRS 233B.050(1)(e) to determine whether any regulations should be amended or repealed;

b) To determine whether NAC 354.660 may be updated to conform with SB 168 (2015);

c) To determine whether regulations should be considered related to GASB Exposure Drafts 43 and 45 regarding post-employment benefits;

d) To consider other topics related to legislative changes

8. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

8. BRIEFING TO AND FROM THE COMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

a) Report by Department on legislative changes;

b) Report by Department on "More Cops" activities in Clark County

c) Discussion and explanation of travel claims

9. REVIEW AND APPROVAL OF MINUTES

For Possible Action: CLGF Meeting – April 30, 2015; Subcommittee Meetings on April 24, 2015; August 18, 2015; and August 27, 2015.

10. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

11. Public Comment

12. For Possible Action: ADJOURNMENT

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Guidance Letter 15-002

Date: October 27, 2015

To: County Finance Officers

From: Terry E. Rubald, Deputy Executive Director, Department of Taxation

CC: Committee on Local Government Finance, Marvin Leavitt, Chairman
Deonne Contine, Executive Director, Department of Taxation
Kelly Langley, Supervisor, Local Government Finance, Division of Local Government Services

Subject: Special Revenue Funds and Enterprise Funds

SUMMARY:

This Guidance Letter recognizes Governmental Accounting Standards Board ("GASB") Statements, including but not limited to, No. 33, "Accounting and Financial Reporting for Nonexchange Transactions;" No. 34, "Basic Accounting Standards and Management's Discussion and Analysis" and No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" are appropriate standards for the preparation of financial statements for all funds and comply with the requirements of NRS 354.612(2) as generally accepted accounting principles. In addition, this Guidance Letter discusses the nature and use of special revenue funds and enterprise funds, and provides examples.

This Guidance Letter does not change any interpretations of any existing general accounting principles followed by a local government. The purpose in issuing this Guidance Letter is to raise awareness about differences between using special revenue fund and enterprise fund accounting, by highlighting and discussing certain GASB statements in relation to Nevada law.

AUTHORITY FOR THIS LETTER:

NRS 354.472(1)(d): One of the purposes of the Local Government Budget and Finance Act is to provide for the control of revenues, expenditures and expenses in order to promote prudence and efficiency in the expenditure of public money. NRS 354.612(2) requires fund financial statements and other schedules to be prepared in accordance with generally accepted accounting principles.

Guidance Letter 15-002 was approved by the Committee on Local Government Finance on October 27, 2015.

APPLICATION:

The Department finds that Governmental Accounting Standards Board ("GASB") Statements, including but not limited to, No. 33, "Accounting and Financial Reporting for Nonexchange Transactions;" No. 34,

"Basic Accounting Standards and Management's Discussion and Analysis" and No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" are appropriate standards for the preparation of financial statements for all funds and comply with the requirements of NRS 354.612(2) as generally accepted accounting principles.

Based on the definitions of proprietary fund and special revenue fund found in NRS 354.553 and 354.570, as well as GASB No. 34, a special revenue fund is a type of governmental fund, whereas an enterprise fund is a type of proprietary fund.[1] In either case, the level of financial reporting must be based on a determination of whether the special revenue fund or the enterprise fund is a major or non-major fund.[2] The criteria for designation as a major fund is measured by whether the total assets, liabilities, revenues, or expenditures/expenses of the individual special revenue fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type. In addition, the total assets, liabilities, revenues, or expenditures/expenses of the individual special revenue fund or enterprise fund must be at least 5 percent of the corresponding total for all governmental and enterprise funds combined.[3]

When establishing a new fund, it is important to examine the activities that meet the criteria for using a particular kind of fund. For example, a governmental fund, such as a special revenue fund, generally has activities which are financed through taxes, intergovernmental revenues, and other non-exchange revenues. In a *nonexchange* transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return, as opposed to an *exchange* transaction, in which each party receives and gives up essentially equal values.[4] Business-type activities financed in whole or in part by fees charged to external parties for goods or services are usually, but not always, reported in enterprise funds.[5] An enterprise fund essentially reports exchange transactions.

GASB No. 34, ¶78 outlines the financial statements required for governmental funds, including a balance sheet and statement of revenues, expenditures, and changes in fund balances. GASB No. 34, ¶91 indicates the required financial statements for a proprietary fund include a statement of net assets or balance sheet; a statement of revenues, expenses, and changes in fund net assets or fund equity; and a statement of cash flows.

Enterprise Funds

NRS 354.517 defines an enterprise fund as a fund established to account for operations (1) which are financed and conducted in a manner similar to the operations of private business enterprises, where the intent of the governing body is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the general public, financed or recovered primarily through charges to the users; or (2) for which the governing body has decided that a periodic determination of revenues earned, expenses incurred and net income is consistent with public policy and is appropriate for capital maintenance, management control, accountability or other purposes.

Similarly, ¶67 of GASB Statement No. 34 states that an enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. In addition:

> Activities are *required* to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's *principal revenue sources.*

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[1] See complete statutory reference for NRS 354.553 and 354.570 at the end of this Guidance Letter. *See also,* ¶63, ¶64, ¶66, ¶67, GASB Statement No. 34 (June 1999), pp. 25-26.
[2] ¶75, GASB Statement No. 34 (June 1999), p. 28.
[3] ¶76, GASB Statement No. 34 (June, 1999), p. 28.
[4] **¶7, GASB Statement No. 33 (December, 1998), p. 3.**
[5] ¶15, GASB Statement No. 34 (June, 1999), p. 9.

a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges *and* the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)[6]

b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Footnote 33 to ¶67 states that:

> These criteria do not require insignificant activities of governments to be reported as enterprise funds. For example, state law may require a county's small claims court to assess plaintiffs a fee to cover the cost of frivolous claims. However, taxes, not fees, are the principal revenue source of the county's court system, and the fees in question cover only the cost of frivolous small claims court cases. In this case, the county would not be required to remove its court system or the small claims court activity from its general fund and report it in an enterprise fund. Conversely, a state department of environmental protection regulation may require a water utility to recover the costs of operating its water plant, including debt service costs, through charges to its customers—the utility's principal revenue source. Because these charges are the activity's principal revenue source and because the water utility is required to recover its costs, the utility should be reported as an enterprise fund.

In explaining enterprise fund reporting requirements, GASB 34, ¶387 states that:

> Perhaps most significantly, this Statement makes clear that enterprise fund reporting should be used for any activity that is financed with *debt secured solely by net revenue* from its fees and charges to external users. Enterprise fund reporting is also required for any activity that operates under *laws or regulations* requiring that its costs of providing services, including capital costs (depreciation or debt service), be recovered with fees and charges. The final criterion—requiring enterprise fund reporting for any activity for which management establishes fees and charges, pursuant to its *pricing policies,* designed to recover its costs of providing services, including capital costs—is similar to the existing criterion. However, it adds an element of objectivity by basing the standard on established policies rather than management's intent. Further, this Statement makes clear that all criteria for required use of enterprise fund reporting should be applied only in the context of an activity's principal revenue sources. For example, paragraph 67a requires an activity to be reported as an enterprise fund if the activity is financed by debt secured solely by a pledge of the net revenue from fees and charges of the activity. To apply the principal revenue source test in relation to this criterion, a government should compare an activity's pledged revenues to its total revenues.

[6] In practice, there are exceptions. For example, sometimes general obligation (GO) backing is needed for enterprise funds in small rural communities so a lower interest rate can be obtained from the state bond bank. Using GO backed revenue bonds does not automatically require a change from an enterprise fund to a special revenue fund.

Examples of an Enterprise Fund

Background

A general power of a county is acquire, improve, equip, operate and maintain a variety of projects, including sewerage and water projects. *NRS 244A.057.* The Board of County Commissioners may issue special obligation bonds to acquire, improve and equip any sewerage or water project. *NRS 244A.0587.* A county may charge license fees or other excise taxes to acquire, operate and maintain a project, and ensure that revenue obligation bonds are paid. *NRS 244A.063.*[7]

For example, the Douglas County Board of County Commissioners established the Carson Valley Water Utility Fund by resolution adopted May 3, 2012. *See Appendix for Exhibit 1, Resolution No. 2012R-037.* The Board resolved to use the existing working capital from four individual water utility funds to establish a consolidated water utility fund and further resolved to recover the costs of operation of the water system, including overhead, through user charges, without producing any significant amount of profit in the long run. The new Water Utility Fund is designed to account for all revenues and all charges related to the consolidated operations, management and rate setting of four legacy utilities.

Analysis

In this example the Douglas County Board of County Commissioners has the authority to establish an enterprise fund pursuant to NRS 354.612. The resolution meets the conditions in NRS 354.612 for an enterprise fund. For instance, subparagraph 4 requires the local government to furnish working capital for the fund which the resolution addressed by transferring the working capital from four legacy utilities to the current fund. In addition, NRS 354.612(4) requires the recovery of the costs of operation, including overhead, without "producing any significant amount of profit in the long run." This objective was also included in the resolution and specifically referenced "user charges" as the means by which operation costs would be recovered. The resolution was consistent with the authority provided in NRS Chapter 244A.

"User charges" take the form of water usage fees and connection charges. Payment by water users of usage fees and connection charges are exchange transactions because each party gives up and receives something of equal value. Rates are typically set to recover costs of operation and maintenance. This meets the definition of GASB 34 ¶ 67(c) requiring the use of an enterprise fund when pricing policies for fees and charges are designed to recover costs.

Special Revenue Funds

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," updates the definitions of governmental fund types, with the most significant changes related to special revenue funds. The nature of a special revenue fund is discussed at Paragraph 30:

> 30. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "*proceeds of specific revenue sources"* establishes that one

[7] Cities have similar authority. A general power of a city is to acquire, improve, equip, operate and maintain a variety of projects including sewerage and water projects. *NRS 268.730.* A city may defray the cost of acquisition, improvement and equipment through general obligation bonds, which may be payable from taxes and further secured by a pledge of other revenues derived from any other income-producing project of the city. *NRS 268.732.* A city may charge license fees or other excise taxes to acquire, operate and maintain a project, and ensure that revenue obligation bonds are paid. *NRS 268.738.*

> or more specific restricted or committed revenues should be the foundation for a special revenue fund. Those specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund. Those amounts should not be recognized as revenue in the fund initially receiving them; however, those inflows should be recognized as revenue in the special revenue fund in which they will be expended in accordance with specified purposes. Special revenue funds should not be used to account for resources held in trust for individuals, private organizations, or other governments.

GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: non-spendable, restricted, committed, assigned and unassigned. These classifications will indicate the level of constraints placed upon how resources can be spent and identify the sources of those constraints.

The terms "restricted" or "committed" are references to constraints placed on the use of the revenue source. For example, a fund balance is "restricted" when the constraints are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.[8] A "committed" fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. "Committed" amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action, such as legislation, resolution, or ordinance, which was employed to previously commit those amounts. A committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.[9]

In the past, special revenue funds were reported in instances where there was a specific spending purpose, but not necessarily a specific revenue source. The new definition of a special revenue fund means that local governments need to evaluate resources *received* to determine if they qualify for reporting in a special revenue fund. An activity may no longer be reported as a special revenue fund based only on management's desire to account for it separately. For all major special revenue funds reported, local governments will need to disclose the purpose of the fund and the revenues and other resources reported in the funds in the notes to the financial statements.

Please note that the change in classifications of fund balance and special revenue fund financial statement reporting requirements detailed in Statement No. 54 does not require changes in the way a local government budgets and internally accounts for special revenue funds; and the Department has not changed the budget reporting forms to reflect the new classifications.

In addition, GASB Statement No. 54 states at Paragraph 31:

> The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise *a substantial portion* of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund. Governments should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

Local governments may use the following calculation to determine whether an activity would qualify for reporting as a special revenue fund:

$$\text{Substantial portion of inflows} = \frac{(\text{restricted revenues} + \text{committed revenues})}{}$$

[8] ¶34, GASB Statement No. 34 (June 1999), p. 16. *See also* ¶8, GASB Statement No. 8 (February 2009), p. 4.
[9] ¶10, GASB Statement No. 10 (February 2009), p. 5.

Total Inflows reported in the fund

In the calculation, restricted revenues are defined as resources externally restricted or having restrictions imposed by internal enabling legislation (same definition as restricted net assets used in government-wide reporting). The committed revenues are resources with constraints imposed by the highest level of the government, where the constraints can be removed only by a similar action of the same governing body. Total Inflows are defined as the inflows of all financial resources. Total inflows will include transfers and other financing sources such as debt issuances.[10]

"Substantial portion" of inflows is not defined in Statement No. 54, however, the Government Finance Officers Association has indicated "around 20 percent" is reasonable for justifying a special revenue fund; and it is a commonly used threshold. Local governments also need to consider factors such as past resource history, future resource expectations and unusual current year inflows such as debt proceeds.[11]

An example of how to analyze or "prove up" whether the total revenue sources are substantially restricted, committed or assigned to the specified purpose of the fund is attached as Exhibit 2 from Churchill County. If the analysis shows that the restricted and committed resources are less than 20%, then the local government can take action to remedy the situation by going through the process of formally committing additional resources so that the inflow of restricted and committed resources represent a substantial component of the total inflow.

Examples of Special Revenue Funds

Two examples of a special revenue fund may be found in the Appendix of this Guidance Letter. The first example is a special revenue fund for a landscape maintenance district created by resolution adopted by the Douglas County Board of Commissioners. *See Exhibit 3 in the Appendix.* In this case, the initial financing source is a developer funded security deposit and subsequent revenue will be annual assessments levied on benefiting property owners. The revenue will be restricted to expenditures for improvements or maintenance of parcels within the district.

A second example of a special revenue fund is the "Infrastructure Fund" created by resolution adopted by the Carson City Board of Supervisors. *See Exhibit 4 in the Appendix.* The revenue source is a sales tax of one-eighth of one percent (0.125%). The proceeds of the tax may only be used to fund certain public infrastructure projects identified in the Plan of Expenditure adopted by the Board of Supervisors on April 17, 2014.

In both examples, the revenue source meets the definition of a "committed" fund source because the governing board took formal action to restrict the use of the revenue. However, we would need more information to determine whether those committed funds represent a "substantial" portion – at least 20% - of the total revenue inflow.

Example of a Special Revenue Fund – Or is it? – Fire Districts

Background

A fire protection district formed pursuant to NRS Chapter 474 may sue and be sued; arbitrate claims; and contract and be contracted with. *NRS 474.125.* In addition, a fire protection district may impose a property tax rate not to exceed 1 percent of the assessed value within the district, including net proceeds, to cover the costs of establishing, equipping and maintaining the district with fire-fighting facilities. *NRS 474.190.* Under NRS 474.200(3), two separate funds must be created for the district,

[10] Washington State Auditor's Office, "GASB Statement 54 – Focusing on Special Revenue Funds," page 37, accessed 4-17-15 at http://digitalarchives.wa.gov/WA.Media/do/BE1679E72F5484784D2834ACA64AE00E.pdf

[11] Ibid, p. 37 and New York Division of Local Government and School Accountability, "Fund Balance Reporting and Governmental Fund Type Definitions," p. 5, accessed 4-17-15 at https://osc.state.ny.us/localgov/pubs/releases/gasb54.pdf

an operating fund and a district emergency fund. The district emergency fund must be used solely for emergencies and must not be used for regular operating expenses. In addition, the district may issue bonds for purchase of equipment and acquisition of property; and may levy a tax sufficient to pay for the bonds. Under NRS 474.300(4), proceeds of the tax levied for debt service must be placed in a special fund to pay the principal and interest on the bonds.

Analysis

Clearly the property taxes in this example are imposed non-exchange revenues resulting from an assessment on property. This is a characteristic of a governmental fund rather than a business-entity type fund.

Next, the analysis should consider whether the governmental fund is a special purpose fund. As discussed in GASB No. 54, ¶ 30, a special revenue fund is used to account for and report the proceeds of specific revenue sources which are restricted or committed to expenditure for specified purposes other than debt service or capital projects. In this example, the district may levy a tax to pay for bonds for equipment and property, so the revenue received for debt service does not necessarily mean the fund is a special revenue fund.

NRS 474.200(3) requires a portion of the property tax to be deposited in the district emergency fund, and the fund must be used solely for emergencies. In this case, the property tax revenue source appears to be restricted for a specified purpose other than debt service or capital projects. "Money collected to meet unforeseen emergencies" appears to be a restriction.

Further analysis is needed, however, because the emergency fund may still not qualify as a special revenue fund. This is so because the uses which may be made from the emergency fund need to be defined in order to determine whether the fund balance should be reported as restricted or committed.

Some governments formally set aside amounts in governmental funds under formal stabilization-type policies that can be expended only when certain specific non-routine circumstances exist. For example, typical purposes for which stabilization funds are set aside include emergency situations; unanticipated significant revenue shortages or budgetary imbalances; working capital needs; contingencies; and others. The authority for such funds generally is derived from statute, ordinance, resolution, charter, or constitution[12], as in this example.

For purposes of reporting fund balance, stabilization amounts should be reported in the general fund as restricted or committed if they meet the criteria set forth in GASB Statement No. 54, as amended, based on the source of the constraint on their use. Stabilization arrangements that do not meet the criteria to be reported within the restricted or committed fund balance classifications should be reported as unassigned in the general fund.

In this example, the source of the emergency fund is a portion of the property tax rate and is restricted. However, GASB 54 states that "a stabilization amount that can be accessed in an emergency would not qualify to be classified within the committed category because the circumstances or conditions that constitute an emergency are not sufficiently detailed. If the revenue from the property tax is restricted or committed, then the emergency fund qualifies as a special revenue fund. If the source is not restricted or committed, then the stabilization arrangement discussed above applies.

Example of Application of Criteria to determine whether Fund is an Enterprise Fund or a Special Revenue Fund

Nevada General Improvement District

[12] ¶20, GASB Statement No. 54 (February 2009), p. 9.

NRS 318.197 permits a governing board of a general improvement district to fix rates, tolls or charges other than special assessments, including but not limited to, service charges and standby service charges, for services or facilities furnished by the district. NRS 318.197 is permissive rather than mandatory in that the governing board "may" fix rates, tolls or charges to cover the costs of services or facilities furnished.

The board may "'pledge the revenue for the payment of any indebtedness or special obligations of the district." Such rates and tolls constitute a perpetual lien on and against the property served, and may be collected on the tax roll together with the county's general taxes (NRS 318.201). In addition, NRS 318.225 grants the governing board the power and authority to levy ad valorem taxes. NRS 318.275 permits the district to borrow money and issue GO bonds, revenue bonds, and special assessment bonds. Revenue bonds issued for the purpose of acquiring or improving facilities appertaining to the basic purpose of the district must be made payable solely out of the net revenues for any and all of the income-producing facilities and services provided by the district (NRS 318.320). General obligation bonds and other general obligation securities payable from general property taxes may be additionally secured by a pledge of and lien on net revenues. (NRS 318.325).

Applying GASB Statement 34, ¶67(a-c) to the Nevada statutory framework for general improvement districts, since a general improvement district is not required to recover costs through rates, tolls, or charges under NRS 318.197, an enterprise fund is not required to be used. However, if the general improvement district's activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, then it would be required to use the enterprise fund accounting. This would be the case if the district issued revenue bonds pursuant to NRS 318.320. If the district's activity is financed with debt secured by both taxes and user fees, then it is not required to use enterprise fund accounting, as would be the case under NRS 318.325 for GO bonds secured by taxes or a combination of taxes and fees. Finally, under ¶67(c), if the pricing policies of the district for the fees and charges are designed to recover its costs, including capital costs (such as depreciation or debt service), then enterprise fund accounting must be used.

If the general improvement district did not meet the conditions requiring the use of enterprise fund accounting pursuant to GASB Statement No. 34, ¶67, then standard governmental fund reporting must be used. If the general improvement district contemplated creating a major special revenue fund, then at least 20% of the total inflows reported in the fund must be restricted and/or committed to the purpose for which the fund was created. The restricted and committed revenue must be recognized as revenue of the special revenue fund rather than the general fund. Total inflows include restricted revenues, committed revenues, transfers in and any other financing sources.

If you have any questions about this guidance letter, please call the Local Government Finance Section of the Division of Local Government Services, Department of Taxation at (775) 684-2100.

WEBSITE LOCATIONS:

Nevada Revised Statutes (NRS): http://www.leg.state.nv.us/NRS/

Nevada Administrative Code: http://www.leg.state.nv.us/NAC/CHAPTERS.html

Department of Taxation Guidance letters: http://www.tax.state.nv.us; then select "Publications;" then select Assessment Standards Publications and "Guidance letters."

Appendix

Exhibit 1: Douglas County Board of County Commissioners, *Resolution No. 2012R-037, Carson Valley Water Utility Fund*

Exhibit 2: Churchill County Comptroller's Office, *Fund Balance Analysis GASB #54*

Exhibit 3: Douglas County Board of County Commissioners, *Resolution 2014R-056, Landscape Maintenance Districts Fund*

Exhibit 4: Carson City Board of Supervisors, *Resolution No. 2014-R-24, Infrastructure Fund*

Exhibit 5: Selected Nevada Statutes and Regulations

Selected Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC)

NRS 354.472 Purposes of Local Government Budget and Finance Act.

1. The purposes of NRS 354.470 to 354.626, inclusive, are:

(a) To establish standard methods and procedures for the preparation, presentation, adoption and administration of budgets of all local governments.

(b) To enable local governments to make financial plans for programs of both current and capital expenditures and to formulate fiscal policies to accomplish these programs.

(c) To provide for estimation and determination of revenues, expenditures and tax levies.

(d) To provide for the control of revenues, expenditures and expenses in order to promote prudence and efficiency in the expenditure of public money.

(e) To provide specific methods enabling the public, taxpayers and investors to be apprised of the financial preparations, plans, policies and administration of all local governments.

2. For the accomplishment of these purposes, the provisions of NRS 354.470 to 354.626, inclusive, must be broadly and liberally construed.

NRS 354.517 "Enterprise fund" defined. "Enterprise fund" means a fund established to account for operations:

1. Which are financed and conducted in a manner similar to the operations of private business enterprises, where the intent of the governing body is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the general public, financed or recovered primarily through charges to the users; or

2. For which the governing body has decided that a periodic determination of revenues earned, expenses incurred and net income is consistent with public policy and is appropriate for capital maintenance, management control, accountability or other purposes.

(Added to NRS by 1971, 200; A 1981, 1761)

NRS 354.553 "Proprietary fund" defined. "Proprietary fund" means an internal service fund or enterprise fund.

(Added to NRS by 2001, 1793)

NRS 354.570 "Special revenue fund" defined. "Special revenue fund" means a fund used to account for specific revenue sources, other than sources for major capital projects, which are restricted by law to expenditure for specified purposes.

(Added to NRS by 1965, 729; A 1971, 200; 1981, 1763; 2001, 1798)

NRS 354.612 Establishment of one or more funds by resolution required; contents of resolution; accounting requirements; copy of resolution to be provided to Department of Taxation; proprietary funds; enterprise funds.

1. A local government shall establish by resolution one or more funds. The resolution establishing the fund must set forth in detail:

(a) The object or purpose of the fund;

(b) The resources to be used to establish the fund;

(c) The source or sources from which the fund will be replenished;

(d) The method for controlling expenses and establishing revenues of the fund; and

(e) The method by which a determination will be made as to whether the balance, reserve or retained earnings of the fund are reasonable and necessary to carry out the purpose of the fund.

2. Financial statements and other schedules required for funds must be prepared in accordance with generally accepted accounting principles.

3. Upon adoption of a resolution establishing a fund, a local government shall provide an executed copy of the resolution to the Department of Taxation.

4. In establishing a proprietary fund, a local government shall, besides furnishing working capital for the fund, provide that one of its financial objectives is to recover the complete costs of operation of the activity being financed, including overhead, without producing any significant amount of profit in the long run.

5. Each enterprise fund established must account for all charges properly related to the purpose of the enterprise fund, including, without limitation, debt service, capital outlay and operating expenses. Upon dissolution of the enterprise fund, no transfer of equity that may be made available to other funds or functions may be declared until after all proper obligations have been charged against the enterprise fund.

(Added to NRS by 1965, 734; A 1971, 201; 1981, 1767; 1991, 390; 2001, 1810; 2005, 579)

Other statutes and regulations referenced may be found at https://www.leg.state.nv.us/law1.cfm or https://www.leg.state.nv.us/NAC/

Fire
Budget Summary

Programs	FY 12/13 Actual	FY 13/14 Actual (Un-Audited)	FY 14/15 Adopted	Difference 13/14 Actual-14/15 Adopted	FTE's
Fire Prevention	$1,887,767	$1,643,071	$1,616,985	-2%	12.00
Emergency Operations	$36,584,711	$36,522,065	$30,436,185	-17%	192.00
Fleet Maintenance	$1,252,190	$1,368,535	$1,395,319	2%	4.00
Program & Service Management	$987,601	$1,103,776	$1,231,277	12%	9.00
Safety & Training	$295,823	$214,021	$361,935	69%	1.00
Total	**$41,008,092**	**$40,851,468**	**$35,041,701**	**-14%**	**218.00**
Expense Type					
Salaries & Wages	$24,900,369	$24,791,170	$20,324,890	-18%	
Employee Benefits	$13,560,020	$13,232,759	$12,226,116	-8%	
Services & Supplies	$2,484,037	$2,903,278	$2,260,695	-22%	
Capital Outlay	$63,666	$24,261	$230,000	848%	
Total	**$41,008,092**	**$40,951,468**	**$35,041,701**	**-14%**	
Funding Sources					
General Fund	$29,581,218	$26,832,162	$20,033,837	-25%	
Fire Override*	$4,026,347	$3,612,672	$3,811,596	6%	
Fire Station Override*	$4,468,640	$4,009,841	$4,231,003	6%	
Federal & State Grants*	$2,100,460	$5,820,989	$6,965,265	20%	
Strike Team Reimbursements*	$831,427	$675,804	$0	-100%	
General Fund Total	**$41,008,092**	**$40,951,468**	**$35,041,701**	**-14%**	

***Restricted Funds**

8. (c) Report by Department on 2016-2017 property tax abatement “tax cap”

NEVADA DEPARTMENT OF TAXATION

NRS 361.4722 TAX CAP FACTORS

ANNUAL CPI GROWTH

YEAR	ANNUAL CPI	PRICE RELATIVE	CHANGE
2005	195.300		
2006	201.600	1.032	3.2%
2007	207.342	1.028	2.8%
2008	215.303	1.038	3.8%
2009	214.537	0.996	-0.4%
2010	218.056	1.016	1.6%
2011	224.939	1.032	3.2%
2012	229.594	1.021	2.1%
2013	232.957	1.015	1.5%
2014	236.736	1.016	1.6%
2015	237.017	1.001	0.1%

CPI SOURCE **ALL URBAN CONSUMERS**

Series Id: CUUR0000SA0

Not Seasonally Adjusted

Area: US city average

Item: All items

Base Period: 1982-84=100

9. CLGF Full Meeting on October 27, 2015; CLGF Heart-Lung Subcommittee on May 29, 2014; CLGF Subcommittee on Definition of a Local Government on August 19, 2014.

DRAFT

Minutes of the Meeting
HEART-LUNG SUBCOMMITTEE
OF
COMMITTEE ON LOCAL GOVERNMENT FINANCE
May 29, 2014
10:00 a.m.

The meeting was held at the Nevada State Legislative Building located at 401 South Carson Street, Room 2135, Carson City, Nevada, and video-conferenced to the Grant Sawyer State Office Building located at 555 East Washington Avenue, Room 4412, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

John Sherman, Chairman
Beth Kohn-Cole
Alan Kalt

COUNSEL TO COMMITTEE

Dawn Buoncristiani

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Warner Ambrose
Susan Lewis
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	**Representing**
Wayne Webber	City of Sparks
Norman Santoya	Douglas County
Karen Scott	Esmeralda County
Chris Collins	LV Police Protective Assoc.
Wayne Carlson	PACT
Ron Dreher	PORAN
Rusty McAllister	Professional Firefighters of NV
Hugh Gallagher	Storey County
Michael Sullivan	Town of Pahrump
Elizabeth Francis	White Pine County

1. Roll Call and Opening Remarks

Chairman Sherman called the meeting to order at 10:03 a.m. Warner Ambrose, Budget Analyst, Department of Taxation, called the roll and stated all members of the Subcommittee were present.

2. Public Comment

There was no public comment.

3. For Possible Action: DISCUSSION AND CONSIDERATION OF REGULATORY MATTERS Proposed regulation concerning appropriate financial reporting and liability disclosure of local government obligations required by NRS Chapter 617 for local government public safety employees, LCB File No. R010-13.

Terry Rubald, Deputy Executive Director, Department of Taxation, stated these regulations regarding the financial administration and reporting of benefits under Chapter 617 have been adopted by the full Committee on Local Government Finance and were taken to the Legislative Commission for approval. The Legislative Commission declined to provide approval. They deferred it to a later time, and had some suggestions for us to consider. We are here today to review and improve these regulations, re-adopt by the full Committee and take them back to the Legislative Commission.

Terry Rubald gave an overview of the proposed changes to the regulations. One of the primary changes throughout Section 4 and through Section 16 wherever there is a reference to "compensation and medical benefits" instead the use of the term "occupational disease obligations" is inserted. Section 5 defines what an occupational disease obligation means. The liabilities arising from coverage of certain occupational diseases is described in NRS Chapter 617. In addition to substituting the phrase "occupational disease obligations" for "compensation and medical benefits," there is also a change to Section 12 in which we are proposing to delete the first sentence. The deleted sentence is "The objective in reporting compensation and medical benefits information on a form attached to the tentative budget is to provide information which will enhance financial transparency and clarity to taxpayers, local government employers and employee groups by providing the true cost of compensation and medical benefits over time." The next sentence is expanded to read, "Total discounted estimated actuarial liabilities determined by an actuary are not required to be reported in the financial statements of the local government except as otherwise required pursuant to statements issued by the governmental accounting standards board." This constitutes all of the proposed changes at this point.

Chairman Sherman stated he appreciates the changes, in particular the substitution of "occupational disease obligations" for "compensation and medical benefits." In Section 13 where we use the concept "separately stated" or "separately reported," the question came up as to the requirement to report this information for each individual. There would be problems if we actually had medical conditions reported for each individual. We need to have this information totaled for the current employees and retired employees. As a matter of clarification, if we go back to Section 13 (a) (2), Chairman Sherman suggested deleting the word "stated" in the phrase "separately stated" and insert after "separately" the phrase "subtotal for current and retired public safety employees." This will make it clear we are looking for totals. We should use this concept in other places where this language is used. Also, we used throughout the regulation "public safety employees." For clarification purposes, the Section 8 definition "public safety employee," should be plural. Then Chairman Sherman suggested changing the phrase "means a person" by deleting "a person" and change it to "means persons eligible for and" so that it would read "public safety employees means persons eligible for and for whom the local government has an occupational disease obligation." In Section 10, insert after the word "report" the phrase "conducted pursuant to Section 16 of this regulation." In Section 16, we went through a great deal of discussion regarding the computation of a probability, the liability probability of 50% and 75%. Chairman Sherman stated the form did not require the conclusion of the 50% and 75% confidence level data. We should look at the form at the full Committee on Local Government Finance meeting. We could include the data from the 50% and 75% confidence levels.

Member Kalt asked about the rationale for striking Section 12.

Chairman Sherman responded that some of the Legislative Commission members inferred that these are not benefits. They are legal obligations that employers have to this class of employees. Rather than granting a benefit or compensation, it is a legal obligation to injured workers. In understanding this, we wanted to make sure there was no inference that this information is going to be used to change, diminish or remove those legal obligations. It is merely reporting on those obligations. Chairman Sherman stated he is inferring some meaning to what he heard. He asked Ms. Rubald for her comments.

Terry Rubald stated Chairman Sherman captured it in its entirety. There was a real concern that by using the term "compensation and medical benefits" it would diminish what local governments would provide. It should be obvious by reporting that we are trying to be more transparent. Perhaps we do not need to state it directly.

Chairman Sherman added from his perspective, the importance of the regulation is to make the local government employers of public safety officers mindful of this obligation. They should know what it is and plan to pay for it. Pertaining to Section 12, we did not want to come up with governmental accounting standards for the State of Nevada specific to these occupational disease obligations. There are reporting requirements –

worker compensation liabilities in the financial statements and in the notes to the financial statements. This is why he suggested the clarifying language.

Wayne Carlson, Executive Director, Public Agency Compensation Trust (PACT), stated if we wanted to leave some of the deleted language in Section 12 because we want the form attached to the budget, for "compensation and medical benefits" we could substitute "occupational disease obligation" in those two parts.

Chairman Sherman stated we have never wrestled with putting intent language in the Committee on Local Government Finance regulations. It is prudent to consider what public policy issue is being served by the regulation. Chairman Sherman believes the objective is to provide information to the employers of public safety officials so they understand this obligation and financially plan for it. He is concerned with the perception that if we keep the same language in terms of "transparency and clarity to taxpayers, local government employers and employee groups" it might be inferred that we might want to modify Chapter 617 to change the obligations. He believes the present course of action would be to remove the statements of objective.

Wayne Carlson asked Chairman Sherman to restate what he said regarding Section 13.

Chairman Sherman responded that Section 13 (a) (2) as amended says "the number of eligible persons for who the occupational disease obligations arise, separately stated." The concern was the number of eligible persons, separately stated, might require reporting on each individual case, and there would be disclosure of information on individuals. When we originally discussed this "separately stated" meant between a group of current employees and a group of retired employees. Chairman Sherman wanted to clarify this so it would read "separately subtotal for current and retired public safety employees." Then we would use that language in the remainder of Section 13 where we refer to the concept "separately stated."

Wayne Carlson questioned the word "retired," because some of them are just former employees that have gone to another occupation.

Chairman Sherman stated we could say "current and former" eligible public safety employees.

Terry Rubald clarified that her notes were correct.

Chairman Sherman asked for public comment.

Rusty McAllister, representing Professional Firefighters of Nevada, commented they have been watching the deliberations over the course of time that the Subcommittee has taken with regard to reporting. Their concerns, which they have expressed to the Legislative Commission, are the underlying cause to all of a sudden bring forth these regulations requiring actuarial studies on an annual basis creating an unfunded mandate on the local government employers. Why are public safety employees being singled out, in a discriminatory fashion, when they are not requiring the same obligations for 90% of the workers in the State of Nevada which are public employees? They are only singling out public safety and creating regulations and reporting requirements only for public safety even though there are long-term obligations for other workers' compensation benefits for 90% of the public employees. Mr. McAllister has actuarial studies from 10 years ago from Clark County, the City of Henderson, Las Vegas and North Las Vegas. None of the studies are remotely close to what is currently actual fact today. Now we are requiring local governments to report a 30-year obligation with no accuracy. These benefits were created in 1965 and 1967. In almost 50 years, they have not paid out anything remotely close to $2.2 billion. Yet, the long-term financial obligation going forward, as submitted at the last Subcommittee meeting, showed a $2.2 billion obligation going forward for the next 30 years. This cannot be correct. The Professional Firefighters of Nevada have worked with Ms. Vilardo, of the Nevada Taxpayer's Association, in the past. Four years ago, she brought legislation to severely limit these

benefits. She was not successful in passing that legislation. It is interesting that Mr. Carlson brings up, when Chairman Sherman suggested changes to Section 12, the idea that some employees are not retired but are just former employees that leave and go to work in another occupation. In 2009 when the bill was before the Legislature, Mr. McAllister offered Mr. Carlson's lobbyist an option to remove these people after five years of coverage after they left employment. The option was turned down. Why did they turn it down then but now it is important to report these people? This could have been taken care of four years ago or more. It is obvious to Mr. McAllister that Ms. Vilardo was not successful in reducing these benefits through the legislative process. This is another way to go about reducing these benefits -- by creating long-term liabilities that look really, really bad on the financial reports of local governments. They are on pay-as-you-go to create a long-term liability that looks worse than it is so they can say they can fix the long-term liability by reducing the benefits. Assemblyman Daly stated at the last Legislative Commission Meeting that these are legal obligations. There is the cost for doing business. Mr. McAllister and his colleagues are not sure why there is all of a sudden a big push to get these regulations out. Mr. McAllister has this year's CAFR reports for the City of Las Vegas and Clark County which lists the long-term liability. He does not understand what we are trying to accomplish with these new regulations. It is interesting to see that the smaller local government, Las Vegas, listed their long-term liability as $39 million. The larger local government entity, Clark County, only listed their long-term liability at $33 million. Mr. McAllister does not understand the disparity between the numbers of the smaller and larger government. It lends to the idea that there is no consistency in the actuarial numbers, and this has been shown in the actual reports he has from 10 years ago. His colleagues have concerns about this, and do not feel, over the course of time, that this Subcommittee has really been interested in finding out anything from the people this will actually affect. The benefits affect the men and women that are actually doing this job. Mr. McAllister and his colleagues did not feel they would get a fair shake so they decided to go through the legislative process. These regulations appeared through the efforts of Ms. Vilardo and Mr. Carlson, on a railroad moving forward fast. His organization has tried to slow it down to bring more dialog to the subject.

Chris Collins came forward for public comment and introduced himself as the Executive Director of the Las Vegas Police Protective Association and the President of the Southern Nevada Conference of Police and Sheriffs. With these titles, it gives him the honor of speaking for about three quarters of the law enforcement community in the State of Nevada. He and his colleagues echo the thoughts of Mr. McAllister. They have seen this battle take place year after year and every other year during the legislative session. It is simply not fair. They believe, as Mr. McAllister stated, at some point, and it may not be the direct intent of this Subcommittee, but through these regulations these benefits will be stripped away. The law enforcement community and the fire community have been required to walk into homes that have meth labs in them or are grow houses for marijuana. No one has done a long-term study as to how this effects one's health. He spent 13 years on the SWAT team. They had no respirators or protection when they entered active meth labs. They would certainly oppose any restriction of these benefits. As Mr. McAllister said, they see this as a first step in restricting or taking away the benefits.

Ron Dreher, representing the Peace Officers Research Association of Nevada, came forward for public comment. He echoed the comments of Mr. McAllister and Mr. Collins. He has worked with both of them over the years at the Legislature. When working with Mr. McAllister, they came very close to resolving the disparity between heart and lung, PACT and Carole Vilardo. There was legislation ready to go, and it was rejected at the last minute. Mr. McAllister's comments are right on. Mr. Dreher has testified before this Subcommittee before regarding the problems they have had. His organization has allowed this process to go forward because they were under the impression it was going to be fair and objective and provide results. Mr. Dreher has concerns regarding some of Mr. Carlson's comments. Mr. Carlson's organization has been very active at the Legislature for years regarding this issue. Every session it comes up again. Mr. Dreher has been negotiating with Washoe County and the Sheriff Deputy Association. Years ago they presented really good information, according to the County, of what the liability would be for Washoe County. In 2004, 2005 and 2006, Washoe County put a price tag of $125 million on the Sheriff Deputies Association for the heart and lung

liability. Yet when there was proven data given to their organization by Washoe County Risk Management, it showed that over a period of twenty years their output was over $2 million – not the amount of money they were expressing they needed to put away. That $2 million cost for a 20-year period for heart and lung claims was much different than cost what was told to them at the negotiations table. The documents provided by Washoe County supported their contention that it was not breaking the bank. It was not necessary to put away that amount of dollars. The actuarial reports differ repeatedly depending on who you ask. Mr. Dreher has talked to members of this Subcommittee about this study and what you are trying to accomplish. In reading what the Legislative Commission put in this regulation today, he is not sure it is going to accomplish anything different than what they have set out to do for years. The actuarial data has been there. In summary, he would like to echo the comments of his colleagues in Southern Nevada.

Chairman Sherman stated that he honestly appreciates Mr. McAllister, Mr. Collins and Mr. Dreher coming forward and being very frank with this Subcommittee. He takes exception to this being on a fast track. We have been working on the concept of this regulation for many years. Mr. McAllister has given testimony at some of our Subcommittee meetings. Chairman Sherman has always encouraged all parties to come to the table to discuss this proposed regulation. He hears their concerns. Chairman Sherman stated local governments do have an obligation for these workers' compensation benefits that are specific to public safety employees. We are not trying to debate the merits of those obligations. What we are trying to do is bring structure to the actuarial analysis that determines what those obligations translate into financially. The Subcommittee had long discussions about what specific parameters to put around these actuarial studies to make them consistent with one another, understanding that any actuarial study has certain assumptions built in. We agreed to competence levels of 50% and 75% -- a 50% probability that a series of events will occur on one side and a 75% probability that a series of events will occur on the other side to get a range of values. These values are projections. When you live through them, they will come out different. But it gives the local government employers an understanding of what those costs might be. They can then plan for that likelihood and have the resources in hand to pay for those obligations. Chairman Sherman does not know if we can ultimately address all of their concerns. This is much like when the Committee on Local Government Finance developed regulations on post-employment retiree health benefits to be better able to develop reserves and plan to meet those obligations. One may look at this regulation in that same way. As to whether or not it is ultimately successful, clearly the point has been made that it is the Legislative Commission that will do so. The Committee on Local Government Finance has an obligation to respond to Speaker Kirkpatrick's request that we review this regulation based on testimony at the Legislative Commission hearing and provide input on how this proposed regulation could be changed to meet those suggestions. We would then bring the regulation back before the Legislative Commission. Whether we are personally in favor or opposed to any particular language or intent, we still have an obligation to meet Speaker Kirkpatrick's request.

Member Kohn-Cole stated for the record that she has always questioned the validity of the actuarial reports. The final results are so different. During the hearings she commented that they actually need to put the payments made by the local governments because when we compare what the future liabilities are versus what actually comes out-of-pocket, there are significant variances. She has concerns that in this legislation we would buy into the liability as if it was accurate. She is not sure if the language could be changed to state that we recognize these are future estimates. As an accountant, we know that these are estimates. There could be major differences between the actual results and the estimates. She is not sure this is the method we should be using to inform local governments of their obligation. The local governments should know they have this obligation. Most the large local governments know it because it is included in their footnotes. Most of the smaller entities are a part of PACT. Member Kohn-Cole asked Wayne Carlson if the smaller entities pay a separate premium for heart and lung.

Wayne Carlson responded that there is a separate code for post-employment heart and lung in order to accumulate the funding for the liability range given to them by their actuary. There is a wide range. Actuarial reports are always estimates for trying to project the future somewhat based on past experience. Also, in this

particular case, the actuaries must look at demographic factors and the heart disease rates in the general population because there is not enough experience for the former employee component. There is some history on current employees. There are many different actuarial methods used. They actuary will tell them several methods that they use. The actuary will then choose from those various methods which one seems to best fit the data they are analyzing. It is a scientific approach. If the intent is to dismiss the actuarial profession as an unscientific process, and that they are grabbing numbers out air, is a mischaracterization of the purpose of the actuary. They are highly-skilled mathematicians. They look at many pictures and trends to get the best information they can. If PACT never did the study, they would not know what number to plug in. That would be speculative. Actuarial reports reduce speculation down to a reasonably valid estimate of future liability. It is the same thing that has been done for OPEB and for pension benefits. Actuaries are used in all of these cases to project future obligations so the organizations can have a means of knowing what they need to fund and come up with a funding plan. The intent of these regulations is to make sure the budget process requires that these actuarial studies assist in the ability to pay for these benefits. Without this, there would be an unfunded liability just like OPEB and pension unfunded liabilities. In his opinion, it is not good policy to subject the taxpayers to unfunded, unknown liabilities without any planning. There are several studies on California's OPEB liabilities. If California had to fully fund all of those obligations right now, most of them would be bankrupt. When the obligations come due, you have to pay for them, whether you have funded for it in advance or not. Pay-as-you-go is not a good solution for certain kinds of things. This is not an end run around any other legislative efforts regarding the obligation. This recognizes the obligation. It is expect to be funded, and the public should know they are funding for it. If they are not funding for it, the public should know that, too. This has been a long effort to obtain reasonable accuracy.

Member Kohn-Cole stated she was not intending to say there is not a scientific methodology for actuarial studies. However, the methodology is based on assumptions that are provided. Sometimes those assumptions change. On this Subcommittee, all along, she felt the purpose was a disclosure. It was never her intent to want to take away any benefits. This is an obligation, not a benefit that we, as citizens, have to the public safety officers.

Chairman Sherman stated he is very pleased that we are having a public policy debate regarding this. We have been working on this for a number of years. We have drilled down into the detail but never had a dialog about the public policy issues surrounding this particular regulation. Chairman Sherman recognizes there is a tension between the workers' compensation obligations that are due to the public safety employees and the obligation of the public employers to have the financial resources to pay those. This tension comes to the forefront when a local government is experiencing financial stress. When the obligations are in law and part of public policy, there is a reason for this that is unique to the public safety employee sector. Chairman Sherman does not have any issue with this, in general. He believes if the local governments do have an obligation to pay these claims, they should plan for them financially. Everyone should be clear as to the cost just as we are clear on other benefit issues. This Subcommittee and the Committee on Local Government Finance has an obligation to respond to Speaker Kirkpatrick's request. Chairman Sherman is not sure if there is any other language that we could put in this proposed regulation and the changes we discussed today that would mitigate these concerns. Chairman Sherman asked for further comments, suggestions and concerns.

Rusty McAllister stated it was obvious these regulations are going to be moved forward anyway. He understands the commitment that something must be brought back to Speaker Kirkpatrick. His first experience with these issues was in 1999 when Mr. Carlson and several others lead the charge to take away these benefits. It has been a constant battle for over 20 years, and there is contention. The insurers would like to get rid of the benefits. As public safety employees who rely upon these benefits, they would like to keep them. They believe this is an effort in a roundabout fashion to try to limit or take away these benefits. These long-term obligations have been put onto the financial reports in a way that is not accurate and very over-exaggerated. When they go to the bargaining table, this will be put in their face to say, "Look, this is what your benefits cost!" even though it is not accurate. Since they do not have any way to dispute this, it will be used as

a tool. Mr. Carlson, the insurance industry as a whole and the local governments do not want to provide these benefits for the public safety employees. If the benefits went away, these groups would be very happy. It increases profit for some and makes things better for others. Mr. McAllister thanked the Chairman for taking his comments.

Chris Collins thanked Chairman Sherman and the Subcommittee for their time and echoed support for the comments made by Mr. McAllister.

Ron Dreher echoed the same comments. He thanked the Subcommittee and stated he appreciated the debate. They have been doing this for a long time, and it is not going away. They will try to be at these meeting as much as possible to provide the Subcommittee and the full Committee the input it needs to stop the attack on their heart and lung benefits.

Chairman Sherman asked for additional comments or suggestions.

Member Kalt stated he would like to reiterate some of the comments that have been made. As a member of this Subcommittee, he believed the purpose of this was to provide structure to professional, technical actuaries and provide them a basis to do their analysis. We have discussed the confidence interval and what we need them to provide so we do get meaningful information. Ultimately, he believes it is the local governments' responsibility to set money aside to pay for these liabilities that they are going to incur and going to have to pay at some point in time. As the aging workforce and more public safety employees will be using these benefits, local governments need to have money in the bank to pay those bills. It is important that we understand what a number is, so we can set money aside and have the ability to pay the benefits earned by these folks. The information provided in this regulation lets us know we need to have the money to pay these costs. This is important. From his perspective, this is part of the intent of what this regulation seeks. The other elements are legislative issues that are outside the Committee on Local Government Finance and this Subcommittee.

Member Kohn-Cole stated that hearing the concerns, she does not feel she can support this legislation any more. She feels there is too much confusion on the number. A number of $3 billion can panic someone, when the reality may be only $100,000. Sometimes there is a huge variance. The larger local governments are already disclosing it. She does not support this regulation.

Chairman Sherman stated we need to bring this to some conclusion. We have an obligation not only to Speaker Kirkpatrick but to the full Committee that asked us to look at this once again. As a point of clarification, this is not legislation, it is regulation. However, it does have a requirement to go through a legislative process through the Legislative Commission. It does not impose upon local governments an additional financial statement reporting requirement. We have been trying to be very clear about that. There are already accounting standards that deal with workers' compensation obligations and how that information is reported in financial statements. That is not being changed or impacted in any way with this proposed regulation. Chairman Sherman is also of the opinion that the workers' compensation benefits for public safety employees, the benefits themselves, are not a matter for this Subcommittee or the Committee on Local Government Finance. That is not our jurisdiction. That is for another venue and for the Legislature to define and describe. The Committee on Local Government Finance, as a whole, does have an obligation and a responsibility to provide guidelines, regulations and oversight of local government financial operations. Chairman Sherman believes if we can better define the information coming out of these obligations, it is prudent to do so for good financial administration of local governments. Chairman Sherman then asked for a motion on the regulation.

Member Kalt moved to approve LCB File No. R010-13 as amended with the corrections we have talked about this morning in the various sections.

Chairman Sherman made the second motion. He stated the public policy discussion we had today should be included in transmittal to the full Committee. Depending on the full Committee's view of this, if it goes forward, this information should be provided to the Legislative Commission.

Member Kalt added that it would be beneficial to have a timeline.

The motion passed 2:1, with Member Kohn-Cole opposed.

Chairman Sherman suggested this be transmitted to the full Committee which he believes meets in August, and hopefully there will be time to place this on the agenda.

Terry Rubald responded that the next step is to resubmit this to the Legislative Counsel Bureau (LCB) so they have a revised LCB file. Then we will put out a 30-day notice for possible adoption by the full Committee on Local Government Finance.

Chairman Sherman clarified that we may not be able to hear it in August, but there is hopefully a possibility.

Terry Rubald responded yes.

Chairman Sherman stated it would be nice to resolve this one way or another.

Terry Rubald stated she would make sure both a timeline and minutes are included in the packet to the full Committee.

Chairman Sherman thanked the Subcommittee members for sitting through, yet again, another hearing. Chairman Sherman stated he appreciated representatives from the public safely employee sector.

4. BRIEFING TO AND FROM THE SUBCOMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

a) Discussion of Matters Affecting Local Governments

b) Schedule Date and Review Agenda Topics for the Next Meeting

There was no discussion under this agenda item.

5. Public Comment

There was no public comment.

6. Adjournment

The Subcommittee was adjourned at 11:04 a.m.

DRAFT

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE

SUBCOMMITTEE ON DEFINITION OF A LOCAL GOVERNMENT

August 19, 2014
10:00 a.m.

The meeting was held at the Nevada State Legislative Building located at 401 South Carson Street, Room 2135, Carson City, Nevada, and video-conferenced to the Grant Sawyer State Office Building located at 555 East Washington Avenue, Room 4406, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Mary Walker, Chairwoman
Alan Kalt
John Sherman

COUNSEL TO COMMITTEE

Dawn Buoncristiani

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Warner Ambrose
Bill Farrar
Penny Hampton
Susan Lewis
Heidi Rose
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	**Representing**
Cy Ryan	Las Vegas Sun
Adrienne Lawrence	State Public Charter School Authority
Larry Burtness	Washoe County
Sandy Gualano	Washoe County

1. Roll Call and Opening Remarks

Chairwoman Walker called the meeting to order at 10:00 a.m. Warner Ambrose, Budget Analyst, Department of Taxation, called the roll and stated all members of the Subcommittee were present.

2. Public Comment

There was no public comment.

3. For Possible Action: Discussion and Consideration of criteria used to make a determination about whether an entity is a local government subject to the Local Government Budget and Finance Act; identification of the kind of documentation used to make the determination; discussion and consideration of case studies such as, but not limited to, charter schools, housing authorities, regional associations of governments under joint powers agreements.

Terry Rubald, Deputy Executive Director, Department of Taxation, stated the Department of Taxation (Department) is seeking guidance, in general, regarding how to interpret certain situations in view of the requirements of NRS 354.474. Sometimes it is a close call. The Department has made several decisions about what is a local government. Sometimes an entity requests to be a local government, and we turn them down. Recently we had some charter schools inquiring about this. In other cases, there are entities that seem to fit the requirements of the statute, but they do not want to be subject to the Local Government Budget and Finance Act. The exhibit packet has background and case studies from which we may be able to find a general principle which can be applied to various situations. The Subcommittee may determine whether this gets turned into a regulation. Ms. Rubald stated she does not know whether regulations are needed, but it would be good to have the guidance. She went on to review the contents of the exhibit packet. The statute is included, and she also added NRS 354.472. This talks about the purposes of having the Local Government Budget and Finance Act. NRS 354.474 gives the definition of what a local government is, and it seems to be straightforward. It also says "without limitation," which could mean other things, as well.

Member Sherman commented that some of the material in the packet dates back and forth over this definition as to what it really means. He is not clear on the first part regarding "the right to levy." There are entities that are created and receive money. There are also entities that impose and collect property taxes and pass through revenue. Is there a clear Attorney General Opinion (AGO) in terms of an entity that is authorized to collect and pass money through to another entity that is the subject of whether or not they are a local government?

Terry Rubald referenced Case Study #3 pertaining to the Silver State Energy Association. She asked the Subcommittee if it should be interpreted generally, or if it can be identified that the money is actually coming from property tax, sales tax, etc. If the funds are going through another entity first and is part of a pool of money with an unknown source, perhaps we are getting into the weeds if we make the assumption that it is absolutely from taxes.

Member Sherman stated if there is an issue whether an entity is or is not a local government, we should clarify that and put it in statute. That is one remedy. In this case, he believes a regulation would be prudent if the subject entity does receive money from an entity that levies property taxes and other taxes and then passes money through. This would, by definition, be a local government.

Terry Rubald responded that this would be helpful.

Chairwoman Walker stated that in the situation with the electric company, because the various types of taxes collected typically constitute more than half of a local government's revenue source, she does not see how we could say it would not be coming from some type of taxes. Maybe this is a clarification we could make through a regulation. If it is coming from another local government to a new entity then it is deemed to be coming from taxes or mandated fees.

Terry Rubald continued her review of the exhibit packet. She referenced where the NRS states "and any agency or department of a county or city which prepares a budget separate from that of the parent political subdivision." There are examples of this in Case Study #6 and #7 regarding component units of government. Ms. Rubald reviewed these case studies. There are several entities in Clark County which partially fit this scenario.

Warner Ambrose discussed the Southern Nevada Health District. The Southern Nevada Health District has its own chosen board, two members are from the county commission and one representative from each of the five incorporated cities within the county. There are two medical doctors and a registered nurse. They have a

board of eleven which adopts the budget for the Southern Nevada Health District. The budget is then presented to the Board of County Commissioners, which approves it. One of the big sticking points several years ago was because the statute says they will get 3.5 cents of the property tax. This came about long before the abatement issue. When the abatement and the recession came along, the county reduced every other fund, including the Southern Nevada Health District. The county cut the Southern Nevada Health District's revenue, and said they would not give them the 3.5 cents. The Southern Nevada Health District objected and pointed out the agreement in statute. The Southern Nevada Health District sued and won. The county had to pay close to $20 million plus interest.

Terry Rubald asked why the Southern Nevada Health District does not submit a separate budget.

Warner Ambrose responded that he is not sure. It has been this way for a long time.

Chairwoman Walker added that when she was working as Carson City's Finance Director, Carson-Tahoe Hospital was a county hospital. The hospital was in the budget, but they had a separate audit, and they were a separate local government. The county commission had the final authority to approve their budget and bonding issues. This was probably in the county hospital law. Chairman Walker believes if we look in the health district law, it may say the county must approve the budget. We would have to look in each individual statute. The hospital was still a separate local government, but there was an extra authority.

Terry Rubald stated that by comparison in Case #7, the recently reorganized Virginia City Tourist Commission (VCTC), submits a separate budget. However, they do not submit a separate audit, and they are part of the county's audit. There is confusion about how this should be treated, as well.

Larry Burtness, Washoe County Recorder, participating by teleconference, stated they were having trouble hearing the audio. He stated their primary interest in listening to this conversation is related to exemptions with real property transfer tax. He asked if this was the venue for their participation and feedback.

Terry Rubald responded that this is certainly one of the questions regarding the definition of a local government because there are exemptions for transfers to properties that are owned by local governments. He is more than welcome to comment about how the definition of local government affects real property transfer tax.

Larry Burtness replied that they will stay on the line. There are four of them participating in the teleconference.

Warner Ambrose stated, with regard to Southern Nevada Health District, the requirement that they must be in the county's budget may have to do with the fact that some of those entities, by definition, cannot issue their own debt. We have a similar situation with the Regional Transportation Commission. They have been separated out as far as filing their budget, but the county still issues their debt for them. It is the same with the Las Vegas Valley Water District. At one time they issued debt for Southern Nevada Water Authority, University Medical Center and the Department of Aviation. Mr. Ambrose has not made a thorough review of these governing statutes.

Member Sherman commented, regarding the Washoe County Health District, there was an interlocal agreement between two cities and the county to create the health district. That agreement says the county shall fund the health district. The Board of Washoe County Commissioners approves the budget of the Washoe County Health District. The Washoe County Health District is a component unit of the county for both budget and financial reporting purposes. They are treated as a special revenue fund. He believes the Southern Nevada Health District would be a special revenue fund because they collect a property tax and have designated monies which go to them. Regarding the debt obligations, what are the rights and obligations they

have once they receive the designation of a local government? There is a requirement to file an annual budget, and they fall under the purchasing act. But there are other obligations and rights. He believes one of the rights is the ability to issue debt. That is not a universal right. Once you get the designation of a local government you may or may not have the right to issue debt. The Regional Transportation Commission and the Fair and Recreation Board are examples. They can issue special revenue-only debt, but not general obligation-backed debt, he believes. Are there specific issues that arise when the Department is approached by an entity that would like to become a local government because they want to issue debt? What issues arise when an entity does not want to be considered a local government because they do not want to submit a budget? It may be helpful to determine what rights and obligation we want to consider as part of this bundle of local governments.

Terry Rubald responded this is exactly what she is looking for because we have apparent exceptions.

Member Kalt stated transparency, accountability and oversight were three words that came to mind. If you have a designation of a local government, the public demand transparency. The Department of Taxation, Division of Local Government Services, is the clearinghouse for the budgets, audits, indebtedness reports, etc. There is oversight and accountability by the Department. Requirements may go back to the county, if they are the "parent" government.

Chairwoman Walker stated this is confusing because a local government must be established by law, either through the Constitution or through NRS statute. She looked at several entities and reviewed the laws. She looked at how they were established. In each case, they were established either by an elected body such as the Legislature, a county commission, city council, etc., or they were established by an election such as an incorporated city. She also looked at the governance. The governance needs to be an elected board. There is a real tie between the public and a local government. Southern Nevada Health District uses the statute that requires a doctor, a nurse and elected offices. Specifically it is different, but it is different in statute. It is still primarily elected offices. The Southern Nevada Health District is a local government. As Member Sherman described, Washoe County Health District was established as a county department. It is the county that funds it.

Member Sherman clarified that Washoe County Health District does not receive any general tax but they have the ability to impose fees. Washoe County Health District is a hybrid. Even though the Washoe County Commission approves their budget and has sole authority over their budget, the Washoe County Commission has no authority at all over programs. The Washoe County Health District board is comprised primarily of elected officials with some non-elected officials. The Reno Sparks Visitors and Convention Authority does have elected officials on it, but there is a significant number that are appointed, not elected. There are exceptions to the elected officials.

Chairman Walker agreed that there are exceptions, and the exceptions are allowed specifically by statute. She is glad Mr. Ambrose brought up the matter of debt. If you look at each of these statutes, you will see that there is some type of fiscal control, or only the county can issue the debt. That is why the budget goes to them.

Terry Rubald asked if there was some principle we can draw from these examples about when a local government would not have to give the Department a budget or audit.

Member Sherman asked if the Southern Nevada Health District budget was included in the Clark County budget as a component unit.

Terry Rubald responded yes.

Member Sherman asked if Clark County's audit includes the Southern Nevada Health District.

Warner Ambrose responded the Southern Nevada Health District has four funds that are rolled into the Clark County budget. Three of them are expendable trusts and the fourth is a proprietary fund. They are rolled into Clark County's annual comprehensive annual financial report (CAFR).

Member Sherman clarified that charter schools are not rolled into the school district in the county in which they operate.

Warner Ambrose responded that this is correct. There is no requirement for charter schools to submit an audit to the Department. They are a component unit of each county school district. They are controlled by each county school district and also the State Department of Education. The Department has very little involvement with charter schools.

Member Sherman asked if the charter schools, primarily Clark and Washoe, are included in the school district budgets and financial statements.

Warner Ambrose responded that he did not believe so. However, the school district does have oversight because they are receiving the same amount per student.

Member Sherman asked about oversight without reporting responsibilities.

Warner Ambrose said the charter schools report to the school district and the State Department of Education.

Member Sherman stated that charter schools have no public reporting requirement, either budget or financial statements.

Warner Ambrose responded not to the Department.

Member Kalt believes they report to the Department of Administration. The Department of Administration would be the repository of a budget, audit and accountability report.

Terry Rubald referenced Case Study #4. It was brought to our attention by employees with the State Public Charter School Authority, the sponsoring agency. Each charter school receives a portion of the Distributive School Account (DSA) distribution but the funding mechanism from the DSA is the same for charter schools as it is for the school district. The charter schools do not report to the school district. They report to the Department of Education. The Department of Education inquired as to whether they should be subject to the Budget Act.

Chairwoman Walker asked about the governing board of a charter school.

Warner Ambrose stated he believes each one has an operating board or a board of trustees. He is not sure.

Chairwoman Walker asked if there was an elected board for charter schools. She also asked if they follow the open meeting law or the local government purchasing act.

Terry Rubald responded that these are good points. We do not know.

Member Kalt added that they are spending public tax dollars through the DSA account.

Warner Ambrose responded that at some point, if they qualify as a local government, they will be subject to the Budget Act and all of these things. At this point, they do not.

Adrienne Lawrence, Administrative Services Office, State Public Charter School Authority, came forward to answer questions. She has only been in this position a few months, but has worked with the charter schools through the Department of Education for ten years. She said the charter schools are subject to the open meeting law. She believes they are subject to the State Purchasing Act. For large purchases, she directs the charter schools to go through the Request for Proposal (RFP) process. Most of their purchases are small. They do have to put out for bid on certain items. Also, their boards are not publicly elected but are subject to all the typical boards. The State Pubic Charter School Authority does have a board, also. She believes they are elected through the Department of Education. They are subject to open meeting law.

Chairwoman Walker asked if the board was elected by the public.

Adrienne Lawrence stated the board was not elected by the public. She will check on whether they are subject to the State Purchasing Act.

Member Kalt added that it would also be interesting to know about the financial controls. Do they prepare budgets? Are they reviewed and approved? Do they have an independent audit performed?

Adrienne Lawrence responded that they submit a preliminary, a final budget and any amended budgets to the Department of Education, to their sponsors and to the Legislative Counsel Bureau (LCB). They have to do an annual audit. The audit is submitted to the Department of Education and their sponsors.

Chairwoman Walker asked if there was a separate statute for charter schools, and the authority to establish charter schools.

Adrienne Lawrence responded NRS 387 is for the Department of Education and NRS 386 is specific to charter schools.

Chairwoman Walker asked if the statute states whether charter schools shall be deemed a subdivision of the state or a local government.

Adrienne Lawrence stated the individual charter schools are not. The State Public Charter School Authority was broken out from the Department of Education two years ago. It is a quasi Local Education Agency (LEA) at this time. This is so they can apply for federal funding such as Title I, Title II and Title III. They are the third largest school district in the state. There is a huge group of students that are not eligible for any federal funding otherwise. That was the impetus for making it a quasi LEA. They cannot do taxes.

Chairwoman Walker clarified that the State Public Charter School Authority is like a school district that oversees the charter schools.

Adrienne Lawrence responded that some of the schools are sponsored by Clark County, Washoe County and one by Carson City. The State Board of Education was approving these charter schools after Clark County and Washoe County said they did not want any more. The State Board of Education then started sponsoring charter schools; however, they did not have the skill set to monitor these. The State Public Charter School Authority was formed to take over this responsibility.

Chairwoman Walker asked if the State Public Charter School Authority was deemed to be a local government in NRS.

Adrienne Lawrence responded that she did not know if it was in NRS. The State Public Charter School Authority is considered to be an LEA for federal grants.

Member Sherman asked if charter schools can issue debt.

Adrienne Lawrence responded a law was passed that provided funding for start-up schools, State Budget Account 2708. This is the first year they have processed loans because this is the first year there was money available.

Member Sherman clarified this is the state loaning charter schools money.

Adrienne Lawrence responded yes. There are parameters as to how it is paid back. It is taken directly out of the charter school's DSA payments. There are issues with some of the charter schools purchasing buildings. The charter schools are supposed to get approval for it from State Public Charter School Authority and some other entities. She is unsure which other entities.

Terry Rubald stated this is when the issue came up. The Department was asked for approval of medium-term obligations. We have not done so because we did not feel they were subject to the Local Government Budget and Finance Act.

Member Sherman stated that it was his understanding the state could loan money to a local government. He thought part of the charter school law stated they cannot issue debt. He would like clarification on that.

Chairwoman Walker replied that Dawn Buoncristiani, Deputy Attorney General, has provided NRS 386. It does include some type of debt. We will need to review it. It looks like it is an obligation of the state, not an obligation of the Authority itself or the charter school.

Adrienne Lawrence stated there was a bond option. It was her understanding that the charter schools are responsible for the debt that they incur.

Chairwoman Walker asked for clarification as to whether the charter schools have been going directly to a bank and incurring debt.

Adrienne Lawrence stated she will have to research this. It is her understanding that they have been doing this, but she may be incorrect.

Member Sherman stated this is an issue where we will need clarification. One of the rights and responsibilities is the ability to issue debt. Even though an entity might fall under the classification of a local government, it is his opinion that not all local governments should have the ability to issue debt. You can get into big trouble doing this.

Adrienne Lawrence responded that the State Public Charter School Authority does not incur debt. The primary reason for charter school debt is facility issues.

Chairwoman Walker expressed appreciation to Ms. Lawrence for being here. She suggested that Ms. Rubald compile a list of questions on charter schools for the next meeting

Terry Rubald agreed. She then returned to the review of NRS 354.474. She summarized by saying the definition of a local government is in Subsection 1(a). We have exceptions to the rule. The Nevada Rural

Housing Authority is not a local government except for purposes of loans. An irrigation district does have to comply with Chapter 354. An electric light and power district created under Chapter 318 only has to comply if it does not issue bonds or levy an assessment. One of Ms. Rubald's questions is regarding the Nevada Rural Housing Authority. What about all the other housing authorities in the state that are not specifically mentioned? Are they local governments? The right to levy and receive money part is confusing. For instance, in Case Study #1 regarding the Regional Development Authorities, there is an Attorney General Opinion that specifically calls them local governments. They can receive monies from the state to disburse for economic development. She does not believe anyone thought that they would be subject to the Local Government Budget and Finance Act. The Department has not thought that. However, they have been defined as a local government, and they receive monies. This question arises.

Chairwoman Walker asked if Ms. Rubald wanted to discuss each example.

Terry Rubald suggested we make a list of questions. We have discussed several of these already.

Chairwoman Walker stated she would like to get a sense from the Subcommittee regarding a consensus on these examples. She asked Ms. Rubald to take them one by one.

Terry Rubald stated the first case study is regional development authorities. Under NRS 231.009, a regional development authority means an organization for economic development which is a local government entity, composed solely of two or more local governmental entities or a private nonprofit entity. The state can provide them with grant funding which they, in turn, can disburse. On Page 17 of the packet, the conclusion and the AGO was that the Nevada constitution does not prohibit the state from disbursing Catalyst Fund money to regional development authorities that by definition must be local governments or prohibit local governments from disbursing Catalyst Fund money to companies. The question is, under Chapter 354.474, whether they have the right to receive money. Ms. Rubald thinks they do not have the right to receive money. They just have the ability to receive money for disbursal. She believes this may not be a local government for our purposes because they do not have the right to receive money.

Member Sherman stated this is the same as having the right to impose a property tax, but whether you levy it is your choice. It is a distinction without a difference. If you have the ability to receive government funding, you should have some responsibilities in terms of financial reporting, budgeting, etc.

Terry Rubald stated that this is the question.

Member Kalt discussed the Churchill Economic Development Authority. It is funded and receives state grants. The county and the city contribute financial resources. There is an oversight board that is appointed by the city council and the county commission. Their internal board, their business council, votes and approves a budget at the board level. He does not believe they submit anything to the Department of Taxation. From an oversight and transparency standpoint, he does not believe you can pull up information on their website. There have been periods of time when they have an independent audit, and times when they do not. Maybe they should have oversight back to the Department of Taxation. One could argue that they have oversight back to the city council, the county commission and the state, the funders. This is how it operates in a rural environment.

Member Sherman asked if the economic development authorities have a role in granting tax exemptions.

Member Kalt responded that in Churchill County, the Churchill Economic Development Authority is the entity that pressures the county to make that recommendation, to support projects. He believes the statutory provisions are at the county level.

Member Sherman stated in his experience with Washoe County, he believes the regional development authorities work with the state equivalent. There are applications and statutory requirements. Local governments that may be impacted by this can either lend support or not. This is the entity that lends support to companies that want to apply for tax exemptions that go to a state entity or board.

Terry Rubald believes these organizations would consider themselves private nonprofit and not a governmental organization.

Dawn Buoncristiani stated that she worked with the abatement program for a while. These were called abatements and not exemptions. Technically, they are a little different. An exemption has its own area in the laws. The abatement goes along with the idea of the development authorities.

Member Sherman added that the abatements are only for a certain amount of time.

Chairwoman Walker commented that the regional development authorities are private nonprofits. They get grants from local governments. She referenced Page 12 of the case study where it says in the law that it is a local government entity or a private nonprofit entity. If it follows that law, how can we say it is not a local government?

Terry Rubald asked, when we go back to NRS 354.474, do they have the right to levy or receive money?

Chairwoman Walker responded that they have the right to receive the state money that funds it.

Terry Rubald replied that she believes much of it is grant funding. She is not sure this qualifies as a right to receive because they must apply and be granted funds.

Chairwoman Walker stated that the Constitution says the state cannot grant money to a private entity. If we do not treat the regional developments authorities as a local government, aren't we at odds with the federal government and putting them at risk?

Terry Rubald responded that these are very good legal questions. She does not know. That is the question from Case Study #1. Case Study #2 is an example of an organization created both by legislative act and the joint powers agreement (JPA). In this case, both the statute and the JPA state they were establishing a "separate legal entity" serving a public purpose. It was "a body corporate and politic and a municipal corporation." The JPA states the entity is empowered to impose a fee adopted by resolution in an amount not to exceed 1.5% of the amount otherwise billed. It was the Department's conclusion, several years ago, that this was a local government because it was a separate political subdivision, and it had the right to impose a fee. This one seems clear.

The Subcommittee agreed.

Terry Rubald went on to review Case Study #3 on Page 37. This one is an energy association formed by local governments. The members of the association provide funding based on an equal share of the administrative and general expenses; and each member is responsible for funding its own share. The Department had an opinion from the representative for the Silver State Energy Association (SSEA), from the Attorney General's Office. They said that this entity does not have the right to levy or receive money from ad valorem or other taxes or any mandatory assessments. The SSEA was entered into as a cooperative agreement pursuant to the Interlocal Cooperation Act. There was cited an AGO written in 1969. It was written before they had the amendments to 354.474. Basically, they concluded the Gardnerville Town Water Company is not a local government within the meaning of this act because it was not a political subdivision. Ms. Rubald's question is,

if they are receiving monies from other organizations, should we have guidance as an exception or to pull it in as a local government.

Chairwoman Walker questioned that if you are receiving money from a local government and most of the money is for taxes and mandatory levies, should we deem that it is from those taxes? She asked Member Kalt and Member Sherman for their thoughts regarding this.

Member Kalt responded that the first example that comes to mind is POOL/PACT where local governments, cities, counties, hospitals and GIDs come together to develop purchasing power to buy insurance. Those premiums are being paid out of local government taxes and fees. They are buying a product through an association. POOL/PACT follows the open meeting law. They have audits, and their budgets are approved by the governing board. Every government that makes up the association is on the governing board. POOL/PACT is not a local government, and would not qualify as a local government. They follow many of the best practices contained within NRS 354.

Terry Rubald stated in this case per 354.474, they might receive money but they are not a political subdivision.

Member Sherman asked if there was a requirement that the coalition produce audits and financial statements. They do receive money. Is there some transparency to their financial activity?

Terry Rubald responded that in the Cooperative Agreement, Page 65, it states "the SSEA shall provide for an annual audit of all funds and accounts." Yes, they have established some transparency and financial requirements.

Chairwoman Walker commented that there are two case studies under Case Study #3. One is the Silver State Energy Association, and one is the Clean Water Coalition. Maybe we should look at them separately. It states in the Cooperative Agreement of SSEA that they shall be a political subdivision. This was approved by the Attorney General. She believes it is a local government because it does receive money from the various local governments. This is where we need to look at some type of regulation. Her concern with this energy association is that we have a group of local governments that decided to undertake a cooperative effort and establish a non-governmental entity. They take public dollars but are not required to follow open meeting law or meet any of the 354 requirements. This one could open up the ability for local governments to circumvent laws. An entity could be established that does not have to pay PERS. She believes with having the right to receive money that is coming from local governments, they should be deemed a local government.

Member Sherman concurred with what Chairwoman Walker said. If you form a local government under JPA laws which state you are a local government, and you form an entity under the Cooperative Agreement that states you are not a local government, and you do essentially the same thing, there is a puzzling contradiction. If we look at the NRS 354 criteria of a local government, it is not just the ad valorem. If you have the right to impose a fee, you fall under the local government acts.

Member Kalt stated when we establish the criteria, we establish the rights and obligations. What will be the fiscal impacts and ramifications? One size may not fit all, but we do not want to create loopholes. What we are seeing in some of these case studies is that they want it both ways.

Terry Rubald agreed with the comments. She went on to discuss the Clean Water Coalition. They do not have the right to levy an ad valorem or any other tax, but they have the right to assess their members. This seems be similar to the energy association which had the right to receive monies from local governments.

Chairwoman Walker asked if it stated in their Cooperative Agreement that they are a political entity.

Terry Rubald responded that she will check into this.

Warner Ambrose stated that the agreement between the parties of the Clean Water Coalition specifically stated they would comply with the Local Government Budget and Finance Act. They did comply until they were dissolved. This coalition no longer exists.

Terry Rubald stated this was only brought forward as an example. Case Study #4, Charter Schools, begins on Page 87. We already had a robust discussion regarding this. Case Study #5 is the Regional Housing Authorities on Page 110. The Nevada Rural Housing Authority is not subject to the Act except for loans from a local government. This will be of interest to the County Recorders that are on the teleconference. The Clark County Recorder, based on AB 477 and AGO 86-5 and interpretations of NRS 315 an NRS 41, determined that the Las Vegas Housing Authority, the North Las Vegas Housing Authority and the Southern Nevada Regional Housing Authority qualified for an exemption from the real property transfer tax as a local government. This set the stage as how these housing authorities are different from the Nevada Rural Housing Authority. If they are not different, should we treat them as local governments? Where there is something specific in the law, perhaps the law references the one housing authority and not the others.

Dawn Buoncristiani responded that this is the general rule. When one thing is named, it is named to the exclusion of the others.

Terry Rubald stated that, to date, the other housing authorities are not treated as local governments.

Chairwoman Walker asked where the housing authorities get their money.

Terry Rubald stated she would research this.

Chairwoman Walker clarified that the housing authorities do not have the right to levy a tax.

Terry Rubald responded that this was correct. She asked the County Recorders if they had any comments.

Chairwoman Walker asked, by the law that created them, if they were local governments.

Terry Rubald stated she would do some more research. She went on to Case Study #6, Component Units of Government, Page 122. We already discussed the first example, the Southern Nevada Health District. It appears to be a local government. They do everything all the other local governments do except create a separate budget reported to the Department. It is reported through the county. When they are subject to the Local Government Budget and Finance Act, does that mean everything or just some things? This is the question.

Chairwoman Walker responded that one thing to consider is what criteria meets NRS 354. For example, a local government budget is included in their parent budget because of debt or other oversight. If they are a component unit, per national accounting standards, of a county, does this fulfill the audit requirement if it has been audited in the county audit? Or is there a separate audit required?

Terry Rubald stated in the VCTC case, they are producing a separate budget but they are not producing a separate audit. They are a component unit of Storey County and are subject to Storey County's overall audit.

Susan Lewis, Budget Analyst, Department of Taxation, stated this is what they have been doing the last two years, but it was her understanding they are going to now do a separate audit.

Chairwoman Walker asked if there was anything in the law that requires them to have a separate audit.

Terry Rubald responded that they are just required to have an audit.

Chairman Walker gave an example and asked if a separate audit is required of a component unit of the county. In a component unit of the county, the county is dispersing everything, all revenues are coming into the county treasury and all checks are being issued through the county. They are going through the county processes.

Susan Lewis responded that in the case of VCTC, they collect tax specific to them. They have a separate board. Their board is composed of a commissioner and also businesses at large. This changes it from a component unit to an entity of its own. Their governing board is separate from the county commission. If they collect that tax, they must have a separate board.

Chairwoman Walker asked if this board is appointed by the county commission.

Susan Lewis responded yes.

Chairwoman Walker asked if they were under the control of the county commission and therefore a component unit, per national accounting standards.

Susan Lewis responded that per national accounting standards, they are not a component unit because they have a completely separate board. The board of county commissioners is not the same board as the VCTC board. The VCTC board is made up of businesses in the community set down in statute. It includes one county commissioner.

Chairwoman Walker asked for a copy of the national accounting standards. Is it not substantial control if the VCTC board is appointed by the board of county commissioners? Does that trigger a component unit?

Member Sherman stated the concept is exercise of control, generally speaking, as to whether an entity is a component unit of another entity. Appointment of the board is one factor, but so is exercising control over financial affairs. As an example, the board of county commissioners only has two seats of a seven member board on the Washoe County Health District. The county cannot control the district health board, but they do control their budget. There are nuances to these concepts you have to dig into. It is the determination of an auditor as to whether it meets the criteria of a component unit. He does not have an answer to this one other than the possibility of it being statutorily defined to this particular entity or group of entities. Being a component unit does have the benefit of having an audit done of the larger organization. When we set the regulations for requirements of audit, there is a size criteria below which you do not need a full audit. This would be for a fairly small entity.

Member Kalt gave an example of the Fallon Visitors Authority. They manage the room tax. It is done at the city level, and the city council has a couple of seats. Local businesses serve on that board. He believes the staff are city employees. They do not have a separate audit. It is part of the City of Fallon audit. The Regional Transportation Commission receives a gas tax within the rural government. There is a member of the county, the city and local government on that governing board. It is audited through the county's CAFR. The internal controls go through the county.

Terry Rubald asked, in these examples, if they have a dedicated tax.

Member Kalt responded that the Regional Transportation Commission has a nine cent gas tax and public transit has a quarter cent up to a half cent.

Terry Rubald stated this was the Department's concern regarding VCTC. They have a quarter cent option tax dedicated solely to the purposes of the VCTC. We were worried about that being comingled through the county. They assured us that they had a separate fund. It is all administered by the county.

Alan Kalt responded that Churchill County has a quarter cent infrastructure tax for infrastructure development. They maintain a separate revenue fund. It is audited with the audit of the entire county.

Chairwoman Walker added that she thinks VCTC did retain the visitor's bureau membership as a separate board so they can levy that tax. She agrees with this. Regarding the audit, if there is substantial control of the board of county commissioners over the board, it can be deemed a component unit. If the board of county commissioners appoints the board, that is substantial control, she believes. Maybe we could do a regulation to clarify when an audit is required. If it is a component unit whose disbursements and revenues are through the county and the county is already having an audit, why would they need a separate audit? If there was a situation where you had a component unit, and for some reason they did their own checks and had separate revenues. That does require an audit because the disbursements are not through the county.

Susan Lewis stated that Storey County provides that service as an accounting service, not as an oversight service. The county does not decide how the money is spent, the board does.

Chairwoman Walker responded that it is not the county's authority. The legal authority is with that board. Her point is that an auditor will audit the processes. It is the same process the county will use when disbursing the checks.

Susan Lewis stated in some other counties, the county does the disbursements, but the entity is a separate entity. In Lyon County, for example, the county does the bookkeeping for approximately 18 entities, and four of those are considered component units because the county board is the exact same board on those four. The others are not. They do a separate audit, budget, etc.

Chairwoman Walker stated it seems impractical to have a separate audit when the same processes are being audited.

Terry Rubald responded that this was the conclusion of the Department. It would be nice to have a general principle. Ms. Rubald stated this completes her case studies.

Member Kalt stated there is a concern that there are some small entities that do not have audits performed. There is a risk of misappropriation of public funds. They may have been created by the county or city. The oversight from the parent organization is necessary. Sometimes they become convoluted. When they are receiving money from the feds, the state and the locals and do not meet the single audit requirements; or if they become local nonprofits, should there be regulatory requirements for oversight outside the scope of NRS 354 requiring that audits be performed? The board may not be getting bank statements or treasurer reports on the financial affairs of that organization. It is concerning and can create an environment for fraud.

Member Sherman generally agreed. This is going back to the purpose of being defined as a local government. We are particularly concerned about obligations to provide transparency, accountability and oversight to make sure the public's funds are being used appropriately. There appears to be some contradiction. He suggested tightening up the definition of what it means to be a local government when falling into these various categories. We may want to consider legislation. If there is a dispute about any particular entity, statutory

clarification may be appropriate. It may come with a mixed bag that would say they are a local government for budgeting and financial reporting, but they may not issue debt. Legislation may be the only way to get clarification.

Member Kalt asked if not statutorily, the Committee on Local Government Finance would be a clearinghouse to make this determination.

Terry Rubald stated this has been a great discussion, and she appreciates all of the comments. The Department will try to get more information on the areas where there were questions. She asked if the Subcommittee would like the Department to make some recommendations for regulations.

Chairwoman Walker replied that would be a good idea. She suggested fine tuning the criteria. We need clarification on the ability to receive money and when any agency or department of the county or city which prepares a separate budget. These seem to be the grayest areas.

Member Sherman stated clarification on the criteria used to define a local government and the rights and responsibilities are important. It is his opinion that just because an entity is classified as a local government, they should not have the entire list of rights, particularly debt obligations. We need to be mindful of that.

Terry Rubald commented that we may not have the information in time for the main Committee of Local Government Finance Meeting, but we will have a report.

4. For Possible Action: Discussion and Consideration regarding possible regulations governing additional criteria used to make a determination about whether an entity is a local government.

This agenda item was not discussed.

5. BRIEFING TO AND FROM THE SUBCOMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

a) Discussion of Matters Affecting Local Governments

b) Schedule Date and Review Agenda Topics for the Next Meeting

Terry Rubald did not have any matters to discuss under agenda item 5(a). Ms. Rubald will contact the Subcommittee members regarding the scheduling of the next meeting.

6. Public Comment

There was no public comment.

7. For Possible Action: ADJOURNMENT

Member Sherman moved to adjourn the meeting with a second from Member Kalt. The meeting was adjourned at 11:39 a.m.

DRAFT

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
October 27, 2015
10:30 a.m.

The meeting was held at the Nevada State Legislative Building located at 401 South Carson Street, Room 2134, Carson City, Nevada, and video-conferenced to the Grant Sawyer State Office Building located at 555 East Washington Avenue, Room 4412, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt, Chairman
John Sherman, Vice Chairman
Andrew Clinger
Marty Johnson
Alan Kalt
Jim McIntosh
George Stevens
Mary Walker
Jeff Zander

COMMITTEE MEMBERS ABSENT:

Beth Kohn-Cole
Mark Vincent

COUNSEL TO COMMITTEE

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Harman Barns
Peggy Cole
Bonnie Duke
Penny Hampton
Susan Lewis
Rachael McFarland
Jeffrey Mitchell
Anita Moore
Ana Navarro
Sorin Popa
Hilary Reynolds
Heidi Rose
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	**Representing**
John F. Wiles	Alverson Taylor
Tom Grady	City of Fallon
Tom Baker	City of Henderson
Kelly Martinez	City of Las Vegas
Dave Empey	City of Mesquite
Darren Adair	City of North Las Vegas
Debbie Barton	City of North Las Vegas
Rhonda Garlick	City of North Las Vegas
Ryann Juden	City of North Las Vegas
Sandra Morgan	City of North Las Vegas
Qiong Liu	City of North Las Vegas
Linda Poleski	City of North Las Vegas
Debbie Kinder	City of Sparks
Jeffrey Share	Clark County
Frank Wright	Crystal Bay Resident
Karen Scott	Esmeralda County
Clifford Dobler	Incline Village Resident
Aaron Katz	Incline Village Resident
Linda Newman	Incline Village Resident
Leonard Cardinale	IUPA Local 56
Renny Ashleman	Las Vegas Valley Water District
Jeff Fontaine	NACO
Kim Lara	Nye County Treasurer's Office
Wayne Carlson	PACT
Ralph Piercy	Piercy, Bowler Taylor and Kern
Jeffrey Church	Renopublicsafety.org
Scott Leedom	Southern Nevada Water Authority
Michael Sullivan	Town of Pahrump
Joey O. Hastings	Washoe County

1. Roll Call and Opening Remarks

Chairman Leavitt called the meeting to order at 10:31 a.m. Janie Ware took roll call and asked the attendees on the teleconference to state their names. Chairman Leavitt stated that there was a quorum.

2. Public Comment

Chairman Leavitt asked for public comment and stated that there were individuals wishing to comment on the enterprise fund. He will allow them to make public comment regarding this now.

Jeff Church, retired Reno police officer and Lt. Col. U.S. Air Force Reserve, retired, came forward for public comment. He runs a website known as renopublicsafety.org, and he is a resident of the City of Reno. He owns multiple properties within the City of Reno. He would like to speak about Reno ballot measure R-3 for additional firefighters. He provided a handout and also emailed a letter from his attorney. In 1998, voters approved a ballot measure for additional firefighters within the City of Reno. That measure went into effect shortly thereafter. This ballot measure is similar to a ballot measure in Las Vegas for additional police officers. Mr. Church referred to AG Opinion 2011-4. However, in the City of Reno, there are less firefighters than in 1998, when the ballot passed. Reno recently gave their firefighters a massive pay raise making them the highest compensated fire department in the United States. At the same time, Reno closed two fire stations. Mr. Church and his attorney are attempting to seek a legal opinion from the Board's legal representative to avoid litigation. Mr. Church stated he would read into the record a portion of the ballot measure. The ballot measure calls for "hiring additional firefighting personnel." Under the explanation for the ballot measure, "hiring additional firefighters." Under the argument for the question, passage of the question, "add additional needed firefighters." It could not be any clearer than that as far as the intent of the voter and the intent of the ballot measure. This is not taking place as Reno has less firefighters than at the time of passage. He is asking the Committee to seek a legal opinion. If that legal opinion concurs with the previous AG opinion in Las Vegas, Mr. Church is asking that action be taken to see we get what we paid for. At the present time, the money goes into a general fund and not into a specific firefighting fund.

Aaron Katz, resident of Incline Village, came forward for public comment. He stated there is a lot out of whack in Incline Village. Prior to the adoption of NRS 354.613, which prohibited interfund transfers, Incline Village General Improvement District (IVGID) was one of those political subdivisions that survived off of interfund transfers. They were hopeful that the adoption of this legislation would change things, but it did not. Immediately after the adoption, IVGID decided to do the same thing with interfund transfers it had always been doing, except now IVGID is going to change the name. They changed the name to central service cost allocation because that was permitted in NRS 354.613. Immediately thereafter, the amount of transfers increased by about 50%. The justification was central service cost allocations. NRS 354.613 requires that before transfers are made you must come before the board, have it as a separate agenda item, and get approval for the transfers. IVGID never sought that approval from the board. Mr. Katz has brought this to the attention of the Department of Taxation (Department), and they have not responded to this. It turns out there were other transfers going on that the residents did not know about. The transfers were completely hidden. Once this came to light, the finance director decided there must be new reporting funds. It needs to be special revenue instead of enterprise. He was successful in confusing our board into approving this. Mr. Katz believes he was also successful in confusing the Department. If the same transfers are going on, and they are now special revenue funds, there is no prohibition in NRS 354.613. They can transfer to the extent they want. Mr. Katz believes this is why they have moved to special revenue funds. Under 5(c), you will hear why these are really not special revenue funds but enterprise funds. The Committee needs to step in and prevent this circumvention of the law because the citizens are being harmed. The citizens are being harmed because IVGID has an invalid tax which they call a fee. It is not a fee. It is a tax. They use this tax to cover 100% of their deficiency which keeps rising every year. It is now almost $7 million a year. There needs to be an investigation and protection.

Frank Wright, resident of Crystal Bay, came forward for public comment. He stated he is speaking about IVGID's method of financing everything. In the State of Nevada, all taxes and fees have to be uniform. This tax is not uniform. He lives in a community which is part of Incline Village, Crystal Bay. There are special rules and regulations which are different from Incline Village even though they are all part of the same General

Improvement District (GID). This tax or fee is different for the people in Crystal Bay than it is for the people in Incline Village. It is $830 for those living in Incline Village and $730 for those living in Crystal Bay. The tax is used to fund IVGID's massive business organizations. They are in the business for running a for profit sport shop at the Hyatt. IVGID uses the recreation fee to fund this retail sport shop. This has nothing to do with his recreation. The recreation tax/fee is used to fund defensible space and to fund lobbyists in Washington D.C. and Carson City. The fee is not for recreation. It covers all of IVGID's losses and all the venues they have created. Mr. Wright's complaint is that the fee is collected on parcels. It is accessed to a single parcel. That parcel pays $830. There are some single parcels that pay 75 individual recreation fees for one parcel. Then across the street, there are 422 units that pay one recreation fee. This is the Hyatt hotel. The one that pays 75 recreation fees is an apartment complex. It is not uniformly accessed. In the State of Nevada, it must be uniformly assessed.

The full Committee meeting was recessed for a regulation workshop.

3. For Possible Action: RECESS FOR ATTENDANCE AT REGULATION WORKSHOP
The Department of Taxation will hold a workshop on behalf of the Committee on Local Government Finance to receive input on proposed language changes to the Nevada Administrative Code Chapter 354, as follows:

> **LCB File No. R078-15 relating to local government finance; establishing certain requirements for the establishment of a trust fund by a local government for the purpose of funding future retirement benefits of retired employees, including procedures for making the investment; treatment of the trust account; composition of the trust fund board; powers, rights and duties of the trust fund board of trustees; accounting and auditing functions; and other matters properly relating thereto.**

Terry Rubald, Deputy Executive Director, Department of Taxation, stated this is the time and place noticed for a workshop on LCB File No. R078-15 regarding trust funds. She presented an overview of the proposed regulation and then went into the specifics. Last February, one of the agenda items on the Committee on Local Government Finance (CLGF) was the approval for a trust fund investment plan for the Clark County OPEB trust. This brought to light that there may be a need for additional clarification about if and when a local government needs to have the approval of CLGF when investing in equity securities. At the time, Clark County's interpretation was that it needed CLGF approval to invest in the retirement benefit investment fund (RBIF), fixed income securities with a maturity of 10 years or less, as well as investment in equity securities. This compares to Ms. Rubald's belief in what CLGF's intention was in the original adoption of the regulation. This was only to approve those plans valued at $100 million or more that invested in equity securities. As a result of this agenda item, a subcommittee was formed at the next meeting of CLGF in April. Mr. Sherman is the chairman of the subcommittee. The subcommittee met in August and proposed language and also heard the requests of interested parties for additional language. These regulations address three different issues. The primary intention of these regulations is to clarify that CLGF approval is needed only when the board of trustees of a trust having an asset value of $100 million or more want to invest in equity securities. If the trust is going to invest in a Public Employees' Retirement System (PERS) retirement benefit investment fund, then CLGF approval is not needed. The second issue addressed is the makeup of the board members of a trust. Currently, a five member board is required if the trust fund has assets of $100 million or more, including two members experienced in the equity securities market, whether or not the fund invests in equity securities. A request was made to have a five member board only when the trust fund invests in equities. The experience in the equity securities market is not necessary if the trust fund does not separately invest in equities. In that event, the three member board would suffice even if the total asset value is over $100 million. The third issue concerns whether the $100 million asset benchmark requiring an investment plan and approval by CLGF to invest in securities may be waived for a trust fund that has less than $100 million in assets. The proposed

regulation provides for a waiver of the $100 million benchmark if there is a demonstration of an ability to manage a trust fund of $100 million or more, or manage a pension fund outside of PERS that is $100 million or more. The Administrative Procedure Act in NRS Chapter 233B requires an agency to make a concerted effort to determine whether a proposed regulation is likely to impose a direct and significant economic burden upon a small business or restrict the formation, operation or expansion of a small business. In the Department's opinion, these regulations only affect administration of trust funds operated by local governments and do not have an impact on small business at all. However, we did send out a small business economic impact questionnaire to the small businesses on our interested parties list. We have not yet received any feedback from the questionnaire, but we would like to keep record open for a couple of weeks in case there is any input from a small business. A small business is defined as having 150 or less employees.

Terry Rubald gave an overview of the regulation. The first change is in Section 1(c), on Page 3 of the regulation. It addresses when a five member board is required. This is when any of the assets of the trust fund will be invested in equities, bonds or debt securities that are traded on a public securities market and approved by CLGF or included in any category of equity securities approved by CLGF.

The next change is in Section 2, Subparagraph 2, on Page 4. It states that an investment plan is required unless all the assets will be deposited in an RBIF or invested in any investments authorized in NRS 355.170. NRS 355.170 has a list that includes bonds, farm loan bonds, U.S. Treasury bills and notes, certificates of deposits, etc. If an investment plan is required, then it must be approved by CLGF before investment of any assets of the trust fund is made. If the assets qualify to be invested pursuant to NAC 287.790, and the board of trustees of the trust fund desire to invest in equity or debt securities, the criteria for the investment plan itself remains unchanged. There is also a minor change in Subparagraph 4, on Page 6, which states that CLGF approval of the plan, if required, does not create or establish any fiduciary duty between CLGF and the trust fund.

In Section 3, Subparagraph 3, on Page 7 of the regulation, CLGF may waive the minimum market value of the investment portfolio in a trust fund upon request by a local government, and if there is good cause shown, such as a demonstration of an ability to manage an investment portfolio or pension fund of $100 million or more, outside of PERS. This means that a fund of less than $100 million could potentially invest in equity securities and be required to submit an investment plan and obtain the approval of CLGF.

Chairman Leavitt asked for questions and public comment on this proposed regulation.

Renny Ashleman, representing the Las Vegas Valley Water District, came forward for public comment. The final part of the amendment was devised pursuant to their testimony at previous hearings. It has been well drafted, and they are pleased with the draft. They would like it to go forward.

Terry Rubald recommended a motion to go forward with adoption. Vice Chairman Sherman moved to go forward with adoption with a second from Member Kalt. The motion carried.

4. For Possible Action: RECONVENE REGULAR MEETING

Chairman Leavitt stated we would reconvene the regular meeting.

5. For Possible Action: SUBCOMMITTEE REPORTS:
a) Next steps regarding adoption of LCB File No. R078-15

Terry Rubald stated the next step regarding this regulation is to have a 30-day notice period for the adoption hearing. Once the Committee has selected the next meeting date, it will be posted. Assuming the Committee does adopt the regulation, it will go to the Legislative Commission before it becomes effective.

5. For Possible Action: SUBCOMMITTEE REPORTS:
b) Next steps regarding LCB File No. R010-13, Heart-lung regulations; Report on effects of SB 153 (2015) amending NRS Chapter 617

Terry Rubald gave a brief history of this regulation. These regulations were first adopted by CLGF as a temporary regulation in November 2012. They were effective for the 2013/14 fiscal year. The Department collected information in 2013 from local governments regarding liabilities associated with providing the benefits required in NRS Chapter 617 and produced summary information which was published on the Department's website. Chapter 617 provides disability insurance and compensation to eligible public safety employees and eligible non-current public safety employees for certain occupational diseases, including heart and lung diseases, cancer and hepatitis. CLGF then proceeded to make the temporary regulations permanent. More workshops were held, and the regulations were adopted by CLGF in November 2013. The regulations did not pass muster with the Legislative Commission. In May 2014, the subcommittee reconvened and modified the regulation. The second revised proposed regulation was adopted in August 2014. Those adopted regulations have not been submitted to the Legislative Commission for final approval yet, so they have never become effective. Basically, the regulation requires local governments that employ public safety personnel to file a report with the Department about the historical claims that have been paid, the estimated future liability associated with NRS Chapter 617 benefits and the reserves that have been accumulated to cover that liability. Under these regulations, the Department would compile the information and publish a summary. Since the regulation was adopted, the Legislature amended NRS Chapter 617 through SB 153. Mr. Wayne Carlson will discuss the changes in SB 153. The Committee may want to reconvene the subcommittee to consider those changes. Terry Rubald asked the Committee to give the Department direction on how to go forward with the regulations.

Wayne Carlson, Executive Director, Public Agency Compensation Trust, came forward. He stated SB 153 took a number of twists and turns during the session. The first change was to reduce the eligibility period from five years to two years of continuous work as a full time police officer or firefighter in a salaried position. The next element was if someone was diagnosed with a disease in the course of employment or if a person ceases employment before completing 20 years of service as a police officer or firefighter or arson investigator, during the period after separation from employment, then they are eligible for benefits equal to the number of years they worked. For example, if they worked for seven years and then left the field, they would be eligible for benefits for an additional seven years. This is a reduction over the current law which says that if they work five years they will have the benefit for the rest of their life. If they achieve 20 years of employment, they are still eligible for lifetime benefits as under the law at the time. Service credits do not count in the purchase of eligible years. This has a benefit of a reduction in the ultimate liability if there is a turnover of employees that leave the field after working less than 20 years. In a practical way, firefighters tend to stay employed for 20 plus years. Some police officers leave the field for burn out reasons or wanting to do something different while some police officers go the full 20 years. Another element that was added into the bill was to clarify statutorily what had already been established in case law -- retirement benefits do not count for the purpose of compensation. It is medical benefits only for post-employment. The next element Senator Settelmeyer was firm about adding in. He wanted the provision that frequent or regular use of tobacco products would, in one year, or a material departure from a physician's prescribed plan of care by a person within three months immediately preceding the filing of a claim, excludes a person who is separated from service from the benefit of the conclusive presumption. The person still has a rebuttable presumption where they can prove these changes did not affect their condition. The final two sections of the bill state the amendatory provisions which do not apply to a person who, on the effective date, has completed 20 years of creditable service, not including any service purchased. This was the grandfather clause for current employees. The tobacco provision has been delayed with an effective date of January 1, 2017. Senator Settelmeyer felt this gave them a year to quit. From his perspective, it is a mixed result in terms of impacting the purpose of the regulation. If people stay for 20 years or more, the cost remains at the high projected levels. Much of it depends on the turnover of people

under the 20-year cycle. His actuary stated they would have to do a new study. Savings could be anywhere from 0 to 20%, but that is a wild guess.

Chairman Leavitt asked if the changes made to the basic legislation will have an effect on the provisions in this regulation. He asked if the regulation needed to be updated or changed as a result of this legislation.

Wayne Carlson responded that the fundamental issue is still the same. There is still an unfunded liability or partially funded liability for most entities. This is an issue of transparency and disclosure. Form 33 was designed to collect the data and provide the disclosure in the budget documents. The only question about that format is the frequency of the actuarial reports. The PERS data may not be available in the aggregate form, and it may require a survey of each entity to collect data for the actuaries to do the projections. Instead of every five years, a longer period such as 10 years would facilitate that. Mr. Carlson got some data element requests from the actuary, and they will talk to PERS about what they are able to release.

Chairman Sherman stated that during a number of the hearings held by the subcommittee and the full CLGF, issues were raised about the accuracy of the actuarial estimates of these liabilities. We worked on Section 16 of the regulation regarding the guidelines provided to the actuaries doing the studies. We need to go back and review what the guidelines are and what information we can get from actuaries that would be reliable and actionable. If you do an actuarial analysis of a liability, the logical conclusion, from a fiduciary and a fiscal management standpoint, is that you should start funding that liability. Chairman Sherman believes we should pull this back, look at it in light of SB 153 and the type of information we can get if we provide better guidelines to the actuaries doing these studies.

Chairman Leavitt stated he was wondering how the tobacco situation would be factored in equation since it is information we do not know until someone files a claim.

Vice Chairman Sherman stated some public safety employees that have multiple public safety employers. Getting information on this chain of employment is difficult right now. None of the local governments or PACT has received this information that would allow them to make a more refined estimate of the liability. This is a complicating factor that is being worked on but is not yet resolved.

Member Kalt stated the only way an actuarial study can get good information is from the input. It is imperative that we get cooperation and solid data from PERS, either through the individual employer or from PACT.

Member Walker stated she worked on this with Senator Settelmeyer and Wayne Carlson during the session. They had information from the Department. But not having the data regarding the liability made the whole process and discussion difficult. Member Walker believes going forward with this is extremely important, and she recommends doing it quickly.

Chairman Leavitt assigned the subcommittee the task of reviewing the current proposed regulation to see if it needs to be amended, and then bring it back to the full committee. The regulation needs to be correct before we attempt to go before the Legislative Commission again.

Terry Rubald suggested planning a date for the subcommittee meeting right away because time is of the essence. If we do not get this to the Legislative Commission within two years then we are called on the carpet.

Jeff Church came forward for public comment. He stated that in reading the ordinance and attending the hearings, they talk about continuous, uninterrupted employment. He hopes that the subcommittee addresses this. He is hoping employees will not be penalized for military duty, family leave act, maternity leave and disciplinary action.

5. For Possible Action: SUBCOMMITTEE REPORTS:
c) Report from subcommittee regarding guidance on enterprise funds and special revenue funds

Terry Rubald gave an overview. Last February, the Department requested advice from the Committee as to whether guidance should be issued to local governments comparing and contrasting the use of special revenue funds and enterprise funds. The Department thought it would be useful to provide examples showing how our statutes and regulations work with various GASB pronouncements, especially for non-technical users like district or city attorneys, as well as for taxpayers. The Committee agreed that, especially with NRS 354.613 regulating loans and transfers from enterprise funds, it might be prudent to issue some guidance. The Committee appointed a subcommittee to be chaired by Ms. Kohn-Cole to advise the Department. The subcommittee met twice to consider a draft written by the Department. Proposed Guidance Letter 15-002 is in the exhibit packet. The purpose is to acknowledge GASB Statements 33, 34 and 54 as appropriate standards for the preparation of financial statements and comply with the requirements of NRS 354.612(2) as generally accepted accounting principles. The Department was very careful to say that the guidance letter does not change any interpretations of any existing general accounting principles that are followed by a local government. The only purpose is to raise awareness about differences between using special revenue funds and enterprise funds by discussing how the GASB standards work in relation to Nevada law. The guidance letter quotes very liberally from GASB Statements 33 and 34 with regard to indicating a special revenue fund is a type of governmental fund and an enterprise fund is a type of proprietary fund. It discusses the activities that meet the criteria for using a particular kind of fund, especially what the distinguishing activities are for an enterprise fund. The Department provided examples of an enterprise fund and analyzed real life examples to show how the enterprise fund provided in Nevada law meets the definition of GASB Statement 34. The Department quoted from GASB Statement 54 with regard to special revenue funds, and referenced the five new classifications of fund balance. The Department noted the change in classifications of fund balance and special revenue fund financial statement reporting requirements that are detailed in GASB Statement 54 does not require changes in the way a local government budgets and internally accounts for special revenue funds. The Department has not changed the budget reporting forms to reflect those classifications. The Department also provides examples of special revenue funds and a discussion of the application of criteria to determine whether a fund is a special revenue fund or an enterprise fund. The Department really appreciated all the comments from the subcommittee and incorporated all of them. The subcommittee voted to recommend approval of the Guidance Letter by the full Committee.

Chairman Leavitt stated the writer of the Guidance Letter did a very good job.

Vice Chairman Sherman agreed. He commented that this is not a regulation. It is merely a concise, cogent recitation of accounting standards as they now exist. It gives the characteristics of appropriate accounting between a special revenue fund and an enterprise fund.

Terry Rubald stated that the idea is to give some weight to the fact that the GASB standards are in existence, and they fulfill the requirement in our law for generally accepted accounting principles.

Member Kalt thanked Terry Rubald for her outstanding work and appreciates the appendix which provides examples.

Clifford Dobler, Incline Village resident, came forward for public comment. He also agreed that the Guidance Letter was an excellent piece of work. He is a past CPA who spent most of his life working in distressed debt. This is of particular interest to him as it relates to the Incline Village General Improvement District. Prior to July 1st, the accounting and reporting were two funds called the community service fund and the beach fund and were considered enterprise funds. They were created to account for all recreational venues. The revenues for those funds came from three sources, user fees, food and beverage and merchandise sales and an annual

recreational standby fee that was paid by all parcel owners. The recreational standby fee over all the years has been explained to citizens as committed and budgeted for support of operating shortfalls, funds for capital improvements and paying for debt service. For the current fiscal year, IVGID collected about $6.8 million from property owners through the recreational standby fee by assessing all property owners. It represents about 36% of all of the revenues that they collect for these enterprise funds. Back in 2014, the staff of IVGID suggested that the board of trustees take the two funds, the beaches and the community service funds, and convert them to special revenue funds. The primary reason was to set up six funds, three funds for community service and three funds for the beaches, to track operations, capital expenditures and debt service. In May, the board adopted a resolution to do this. The first issue is that type of revenues and activities that are in the community service fund and the beach fund are really not special revenue funds, but are enterprise funds. The transfer from an enterprise fund to a special revenue fund should not have ever been made. The second issue is that the primary reason IVGID wanted to convert from an enterprise fund to a special revenue fund was they wanted to separate the components of the recreational fee going for operations, capital improvements and debt service. What IVGID did is set up the six funds and then continued to pick up all recreational fees as operations then transferring out below the line to the capital fund and debt service fund. Therefore, the operations look like they are making tremendous profits because no allocation of the recreational fee for the three types of spending was ever done. What we have here is a bait and switch where IVGID converted from a enterprise fund to a special revenue fund without following the definitions of a special revenue fund at all. He does not know if this Committee can help, but is hoping for support from the state for this slight of the hand.

Chairman Leavitt asked if Mr. Dobler was suggesting any change to the Guidance Letter.

Clifford Dobler responded no, he felt the guidance was perfect. It is very clear. What he suggests is that the IVGID staff complies with it. The guidance would suggest that IVGID not make the change from an enterprise fund to a special revenue fund. If they do make the change, IVGID needs to follows the rules after they make the change to put the revenues in the proper slots rather than putting it in one slot and then transferring out under the line to have a deceptive practice.

Chairman Leavitt clarified that Mr. Dobler's problem is with the actions of a governmental unit and their staff and not with the Guidance Letter in front of us for approval today.

Clifford Dobler responded yes.

Vice Chairman Sherman asked if this change in IVGID accounting between enterprise fund and special revenue fund occurred this last fiscal year.

Clifford Dobler responded that it occurred and was adopted on May 21, 2015, to take effect July 1, 2015.

Vice Chairman Sherman clarified that the financial statements produced by IVGID would not show the effects of this change until fiscal year ending June 30, 2016.

Clifford Dobler responded this was correct; however, he is getting his data from the first five months of operation this year. IVGID has not allocated the revenue properly.

Chairman Sherman stated this Committee relies on audited financial statements to have an independent third party to view the financial activities and transactions of local governments. The auditors we rely upon to give opinions not only as to compliance with state laws and regulations but to provide insight into the local government's appropriate application of accounting standards. The appropriateness of changing from an enterprise fund to a special revenue fund, in this instance, will not be known from an auditor's perspective until sometime next year. We know, as a Committee, that there have been a number of issues of controversy with

IVGID and their accounting, particularly of the recreational fee. He knows the Department has been looking at that over the years.

Linda Newman, Incline Village resident, came forward for public comment. She clarified that she is a homeowner, not a CPA. She believes the Guidance Letter is brilliant. It explains the special revenue and enterprise funds for a citizen and not just a professional. She appreciates this. Recently Incline Village adopted Resolution No. 1838 which created a series of new government-type special revenue funds. Prior to this resolution, the community services and beach funds existed for some number of decades as enterprise funds. The funds conform to NRS 354.517, definition for enterprise funds, as they accounted for operations which are financed and conducted in a manner similar to the operations of private business enterprises where the intent of the governing body is to have the expenses, including depreciation of providing goods or services on a continuing basis to the general public financed or recovered primarily through charges to the users. The community services and the beach funds conform to GASB Statement 34 Paragraph 67 in that reported activities, golf, ski, tennis, and multifunction recreation center beaches are financed through fees charged to external users for goods or services. In addition, the pricing policies of the IVGID board are designed to recover all costs including capital costs such as depreciation or debt service just as GASB Statement 34 Paragraph 67(c) instructs. Ms. Newman has serious concerns, based upon the subcommittee's Guidance Letter 15-002, that the current enterprise funds actually qualify as special revenue funds. Ms. Newman called the Committee's attention to the definition of special revenue funds under GASB Statement 54. There are two problems. IVGID has approved the establishment of these special revenue funds, but it has not specified revenue which is restricted or committed to a specified purpose. All of the mandatory recreation facility fees, close to $7 million, have been allocated to the community service fund and beach fund for operations. According to the new 2015/16 IVGID budget submitted to the Department, these funds are reporting this inflow as revenue despite that fact that GASB clearly states these amounts should not be recognized as revenue in the fund initially receiving them. Those inflows should be recognized as revenue in the special revenue fund in which they will be expended in accordance with specified purposes. IVGID's original intent to change to special revenue was premised on the allocation of the recreation facility fee into three components to ensure clarity and transparency. The allocation was for the purpose for the switch; however, no allocation was done. Thus, the entire recreation fee is recorded in revenues of the operating accounts of the community services and beach funds. This is contrary to the stated purpose. Ms. Newman included a copy of the memo from the Director of Finance to the Board of Trustees and the community as to what the intent was to change from enterprise funds to special revenue funds. Ms. Newman asked if these enterprise funds are masquerading as special revenue funds or neither. Therefore, they would not be in compliance with NRS 354.472(1)(d) and NRS 354.6122.

Aaron Katz came forward for public comment. He stated that he hopes the Committee is asking itself why this was changed, after so many decades, from enterprise to special revenue funds. It is so the Director of Finance can circumvent the restrictions on interfund transfers. Mr. Katz believes there is no need to wait for a CAFR. When looking at the recent CAFRs for IVGID, there is a statement by the auditor that he is not responsible for determining whether IVGID has complied with the law. The auditor blindly accepts a statement from the Director of Finance that IVGID is not doing anything wrong. This is what will happen with the next CAFR. Looking at the monthly financials produced by IVGID, these are identical to what has been produced for years as enterprise funds. Mr. Katz has copies of the disclosures made to the public. This matter first came to the Department because IVGID's Director of Finance decided he wanted to make a wholesale change. The minute Mr. Katz learned about it, he went to the Department because he was concerned. He was initially told that the Department of Taxation was not going to permit a change like this unless they approve it. Mr. Katz thought there was going to be an approval process. Then that approval turned into turning the cheek and indicating the Department was not here to tell IVGID what kind of funds they can and cannot set up. This greatly disturbs Mr. Katz because he thought the Department was here to protect the residents of Incline Village, and he does not feel they are being protected. His objection to the guidance letter is that it specifically mentions general improvement districts. Then the Department creates all the exceptions

that justify what the IVGID Director of Finance has done. Had the general improvement district not been mentioned, he would probably not object. Everything that IVGID is doing is enterprise funds. Now the problem is interfund transfers. Mr. Katz referred to his written statement with hope that the guidance letter would not pass until his statement is read. Mr. Katz is very concerned about the misuse of their ad valorem taxes. IVGID assesses an ad valorem tax which has been going up every year for 13 years, and it has almost hit the limit. When looking at the statutes for GIDs, general obligation bonds are supposed to be paid from property taxes, nothing else. IVGID does not use any property tax to pay general obligation bonds. IVGID uses the rec fee. Now there is a guidance letter that says they can use the special revenue fund because it is jointly secured by full faith in credit as well as the rec fee. No, it is in essence paid as if it were a revenue fund strictly from the rec fee. Mr. Katz is concerned about this because they never have an election as to whether there should be a general obligation bond. This is because there is an exception. If there is a general obligation bond that is additionally secured by a revenue source, the board can decide not to have an election. Also, IVGID never uses the property taxes to pay the general obligation bond. This means IVGID never runs into a problem passing too many bonds because there is not enough property tax to service them. According to the Director of Finance, IVGID can issue half of its assessed valuation in general obligation bonds, none of which is paid for by property tax. This is a big problem. In the guidance letter, footnote 6 specifically says that just because it is a general obligation bond does not necessarily mean it is proper to account for the activity in a special revenue fund. This is what we have here. IVGID is using this device through a general obligation bond for purposes other than paying for it in property taxes. IVGID should not be allowed to do this. Mr. Katz is asking the Committee to revamp the letter as it pertains to general improvement districts and not give IVGID a pass.

Frank Wright, resident of Crystal Bay, came forward for public comment. He stated the intent of the guidance letter is well meaning and comes across as something very good for the public. But when you look at the guidance letter in its entirety and see circumventions of previous laws that were passed regarding transferring of funds and the abuses that can take place, some safeguards need to be added so that creative people, like IVGID's Director of Finance, do not circumvent this Committee's good work and the work of the Legislature by transferring money between funds against state law. He asked the Committee to take a look at what IVGID's Director of Finance is doing. It has been going on for too long.

Vice Chairman Sherman moved to approve the guidance letter with a second from Member Kalt. The motion carried.

6. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

a) For Possible Action: Discussion and Consideration of City of North Las Vegas Financial Condition

1) Report by City on the following matters:

a) FY 15/16 Final Budget, including revenue, expenditures, cash flow analysis and scheduled debt repayments;

b) Status of collective bargaining agreements expiring 6/30/15;

c) Status of FY 14/15 Audit

Darren Adair, Director of Finance, City of North Las Vegas, stated that with him today, representing the City Manager, is Dr. Qiong Liu, Acting City Manager, Ryann Juden and City Attorney, Sandra Morgan. Also with him today, is their audit partner, Ralph Piercy with Piercy Bowler Taylor and Kern, who is here to answer Item 1(c) on the status of the current year audit. The City of North Las Vegas FY 15/16 tentative budget has been approved and was submitted to the Department, including the updates on the revenues and expenditures, cash flow analysis and schedule of debt repayments.

Chairman Leavitt stated that it appears to him the City of North Las Vegas will be fine through June 30, 2016. He is more concerned about the plans for the subsequent fiscal year when the debt payments go up substantially.

Member Johnson disclosed he owns bonds issued by the City of North Las Vegas for water and sewer operations. It is not a large amount and will not impact his ability to make an objective decision.

Darren Adair stated the city's biggest concern in the near term future is the increase of the principle payments under the obligation bonds. That increase occurs in the beginning for FY 2018. In preparing for this, since the process is setting aside the debt service funds on a monthly basis, they would begin the process to make the debt payments that would come due the first part of 2018 in the year 2017. They are in the process right now of updating their capital improvement plan (CIP) budget. This becomes a part of the annual budget. This process begins at the start of the new year. The city is focusing on some objectives hoping in the upcoming year they will be able to generate some additional savings. In the last year or two, the city has been able to balance its budget with fiscal responsible practices and revisiting operations for the city. Much of the savings this year has occurred in the area of vacancy savings. The City of North Las Vegas, under the direction of the city manager and the mayor, have put together a critical justification committee that reviews all the vacancies that come up under the staffing pattern for the city and then determines the criticality of those positions as well as any needs that come up that are not included in the budget but determined as critical. The city has been able to re-engineer its staffing patterns, develop efficiencies to serve the citizens and provide minimum levels of service and reduce costs. In looking forward, the ability to address the PILT deficit will have to be dealt with through growth. In order to address the growth, the city would have to prepare with adequate staffing and service level commitments. The upcoming year has two challenges, the increase in the debt service requirements and maintaining the minimum level of staffing in order to service the anticipated growth. If faced with the challenge of the two, they would make sure the financial obligations under the debt are met.

Chairman Leavitt stated he would like the City of North Las Vegas, at the next meeting in January, to give a detailed plan regarding how they will meet the big principle payment in the next fiscal year. Chairman Leavitt commended Mr. Adair on reducing staffing and maintaining the financial condition. At the same time, how much farther can the city go with that and still maintain services to the citizens?

Darren Adair responded that they would do their best to respond to this request. The timing the city is facing is that in the upcoming year they have collective bargaining negotiations with their two largest groups. In January, the city would not have completed the negotiations, and this will be ongoing leading up to the preparation of the budget. The city will do their best to return a report to CLGF about the progress at that time, but they may be limited in what they can definitively say has been accomplished.

Chairman Leavitt stated he understands limitations about contracts that have not been done. However, he would like to see the city's plan regarding what they would like to do.

Ralph Piercy, Piercy Bowler Taylor and Kern, came forward to discuss the City of North Las Vegas audit. At the beginning of last week, they had a team of five people that started full time at the city. Mr. Piercy expects that by the upcoming Monday or Tuesday they should be substantially through the grant portion of the audit. They are making good progress on the rest of the audit. They have not run into any obstacles or concerns that would prevent them from staying on schedule. They expect to be done by the end of next month. Things appear to be improved from the prior year.

Chairman Leavitt asked Mr. Piercy if the city will need to ask for numerous extensions as in this last year.

Ralph Piercy responded no. His firm will be done by the end of November.

Sandra Morgan, City Attorney, City of North Las Vegas, came forward to address the collective bargaining agreements. She stated she has a copy of an executive summary regarding a presentation that was given when the city approved the collective bargaining agreement with the International Association of Firefighters, Local 1607. They approved both the supervisory and non-supervisory collective bargaining agreements on August 19, 2015, with an effective date beginning July 1, 2015, expiring June 30, 2017. There were no cost of living increases in this agreement. Quite a few procedural items were cleaned up with regard to management rights and standard operating procedures which were beneficial for the fire chief and his command staff. This agreement was entered into after four months of negotiation. Ms. Morgan has a copy of the fully executed contract. The upcoming year does not have any additional financial impacts. In the second year, there is a reopener section in Article 48 that specifically states that if the City anticipates or projects a budget shortfall for FY 2016/17, the city can reopen articles regarding annual leave, sick leave, holidays, insurance and benefits, education, incentive pay and any annual step increases. The only other agreement which expired on June 30, 2015, is with the police supervisors. There were approximately 20 sessions; however, that association declared impasse in early September so the city is now going through the procedural steps outlined in NRS 288 to go to arbitration.

Chairman Leavitt clarified that all of the city's other employees are now covered by existing labor agreements which are effective right now.

Sandra Morgan responded that this was correct. The firefighter's contract expires June 30, 2017. Teamsters Local 14 expires June 30, 2016. The Police Officer's Association agreement expires June 30, 2016.

Chairman Leavitt stated that at the last meeting Mr. Adair answered positive about financial condition, current bills and cash flow. He asked Mr. Adair if he could answer the same way currently.

Darren Adair responded that he could affirm the same answers given at the last meeting. The city is prepared to make all of its debt payments. They have set aside the funds on a monthly basis and do not anticipate any issues with this. They are continuing to track with a balanced budget with revenues slightly up and expenditures just a little under. They are anticipating to exceed the 8% ending general fund balance at the end of the year. As the FY 2014/15 audit closes, the city is anticipating that the audited ending general fund balance will be above 8%.

6. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

b) For Possible Action: Discussion and Consideration of Nye County financial condition:
1) Report by the Department on Nye County financial condition and request for information from the County;
2) Response from the County

Terry Rubald stated that last April, as part of the discussion with the Smoky Valley Library District, Mr. James Eason, Tonopah Town Manager and Chairman of the Board for Prime Care, Inc., which was the operator of the Nye Regional Hospital, discussed that they were considering reinstituting the county hospital district that would be centered in Tonopah. Mr. Eason stated the biggest issue at the time was how this would be funded to pay off the debt that was assumed when Prime Care came out of bankruptcy. The amount of debt was approximately $4.3 million. Mr. Eason stated that the hospital district would cover most of Nye County with the exception of Pahrump and Beatty, and that the county manager was working on a plan. After his comments, Chairman Leavitt requested that Nye County make an appearance at the next CLGF meeting. Since that time, the hospital district was created on May 29th and a tax rate of 20 cents was levied and included in the tax rates approved by the Nevada Tax Commission on June 25th. However, on September 4th, the hospital closed its doors, and there currently is no hospital service within about 100 miles of Tonopah. The Department has

engaged in some preliminary analysis with regard to loans that were made by Nye County to Prime Care, which is a private non-profit corporation that is now in bankruptcy. That analysis, along with the Department's observations of other financial difficulties experienced by the county over the last two years, has caused concern about cash flows. For example, there were issues identified in the last two audits regarding over expenditure of monies in the general fund. One of the county funds showed a deficit fund balance. The audit reported a material weakness in the timely recognition of bank account and investment to the general ledger. The auditor's management letter dated January 10, 2015 stated the significant decrease of revenues in the general fund due generally to lower property and sales tax revenues created budget and cash flow issues for the fund. The Department is also aware of procedural issues such as proper documentation related to interfund loans and transfers as well as medium term obligations. All of these things, coupled with the loans to Prime Care and the legal question as to whether the hospital district can continue to levy a tax rate if there is no hospital, have caused the Department to make inquiries to the county. The county has asked for an extension of time to respond to those inquiries. The kinds of information the Department has asked for are current updates on the conditions that were identified in the prior audits in advance of the FY 2015 audit, identification of procedures for timely submission of medium term obligations to the Department, explanations for interfund transfers and loans and documentation thereof and the permitted uses of the funds from which monies were loaned, whether any short term loans will be converted into medium term obligations, information and analysis regarding loans made to Prime Care, how the hospital indebtedness complies with the requirements of NRS 450.665, the conditions under which the hospital district has actually assumed the debt of Prime Care, the nature of the remaining indebtedness of the hospital and revenue forecasts considering the decline in property tax and sales and use taxes to the county. Terry Rubald told Chairman Leavitt that the Department sent a notice requesting Nye County's appearance on October 13th. Nye County stated in a letter dated October 26th that it has not had time to prepare a response nor be able to appear before the Committee today. Nye County has also stated it will be necessary to obtain legal counsel for the requested appearance, and there has not been sufficient time allowed to obtain such counsel. The Department does not oppose a continuation of this matter because our interest is in obtaining the best possible information and analysis in order to make an accurate recommendation to the Committee. The Department asks the Committee to consider asking Nye County to cooperate with the Department's request for information and analysis in order to report back to the Committee at the next meeting with a more accurate analysis of Nye County's overall financial condition and especially the financial condition of the hospital district as well as a determination of whether a fiscal watch is necessary at this time.

Chairman Leavitt stated we need to have Nye County at the next meeting, and they need to be prepared to answer questions regarding all the financial transactions Ms. Rubald made reference to. All of the loans without proper authorization really concern him. The explanation for the over expenditure being that Nye County had invoices come in they were not expecting is not a legitimate explanation.

Member Walker asked if Nye County's audit was going to be timely.

Kelly Langley, Supervisor of Local Government Finance, Department of Taxation, responded that she has spoken to Nye County's auditor. At this time, it appears the audit will be timely. Chairman Leavitt stated when we meet after the first of the year, we should have an audit in hand. We need to stop this before it becomes more serious.

7. For Possible Action: Discussion and consideration of establishing subcommittee(s):

- **a) To perform 10 year review of CLGF regulations pursuant to NRS 233B.050(1)(e) to determine whether any regulations should be amended or repealed;**
- **b) To determine whether NAC 354.660 may be updated to conform with SB 168 (2015);**
- **c) To determine whether regulations should be considered related to GASB Exposure Drafts 43 and 45 regarding post-employment benefits;**
- **d) To consider other topics related to legislative changes**

Terry Rubald stated Items (a) and (c) were added as catch all's in case there is any interest by the Committee to look at generally reviewing all of our regulations. She does not have any particular recommendations on these items. During some subcommittee meetings, there was some interest in possibly exploring whether regulations should be considered related to the GASB Exposure Drafts. Ms. Rubald thought that if we were going to do that, we might want to consider doing a 10 year review.

Vice Chairman Sherman stated GASB Exposure Drafts in 7(c) have turned into GASB Statements 74 and 75. He added that GASB Statement 68 is now in effect for the financial statements for the fiscal year just ended. This is the requirement that governmental entities report a proportional share of any pension obligation. GASB Statements 74 and 75 relate to OPEB, and the concept is similar to GASB Statement 68. Vice Chairman Sherman is not sure if there is a requirement to deal with the current regulations that relate to financial reporting in operations of governments. At a future meeting, the Committee should give some consideration as to whether or not those particular accounting standards will have an impact on the financial health and reporting requirements of the local governments. We can have a more fruitful discussion when we start seeing the financial statements for the fiscal year just ended and can see how GASB Statement 68 plays out in these statements. We can then decide if the Committee wants to review the regulatory scheme if there are any issues that come up with the application of GASB Statement 68 and furthermore on GASB Statement 74 and 75. Pension obligations are fairly well funded in this state, although there is a difference between the liabilities and the assets. OPEB is not the same. There are only a handful of local governments that have trusts that can actually count against the liability. Reporting the liability is going to be a lot similar to the pension liability now. Vice Chairman Sherman recommends deferring 7(c) until we see financial statements for the fiscal year just ended.

Member Kalt thanked PERS. They did an awesome job on the report which benefited them on GASB Statement 68.

Chairman Leavitt requested this item be placed on the agenda for after the first of the year. We should individually take a look at the regulations to see if we need to work on them.

Terry Rubald stated the Department will look at the regulation. She then went on to discuss Item 7(b). In 2012, there was a subcommittee formed to discuss whether NAC 354.660 should be amended to increase the ending fund balance that is not subject to negotiations with other local governments or employee organizations. At the time, the recommendation was to go from 8.3% to 16.6%. There were a couple of workshops, but ultimately the Committee did not pursue any further rulemaking. Our regulation remains at 8.3%. At this last legislative session and the passage of SB 168, under Section 2 Subparagraph 3, the new language provides that for any local government other than a school district, for the purposes of Chapter 288 of NRS, a budgeted ending fund balance of not more than 25% of the total budgeted expenditures less capital outlay for general fund is not subject to negotiations with an employee organization and must not be considered by a fact finder or arbitrator in determining the financial ability of the local government to pay compensation or monetary benefits. Ms. Rubald asked the Committee if there was any interest in amending NAC 354.660.

Member Walker stated she worked with Senator Settelmeyer on this bill. There is a little overlap but just in regard to the local government general fund. The rest of it does not overlap. For a local government, not including school districts, the general funds can go up to 25%. Special revenue funds with property taxes in them can still use the 8.3%. SB 168 did not pertain to school districts. School districts would still have an 8.3%. The only place it overlaps is in the local government general fund which now has 25% set aside.

Chairman Leavitt asked Member Walker if she felt we needed to clarify our regulation.

Dawn Buoncristiani, Deputy Attorney General, State of Nevada, read the case law for interpreting statutes and regulations. There is a standard for the CLGF to compare the statute and the regulation. To the extent that they conflict, the regulation would not be valid.

Chairman Leavitt stated it appears that in certain instances, as it relates to the general fund of a local government other than a school district, that our regulation is a variance now from what the statute says. Now the question is whether we need to amend the regulation to clarify the language as it relates to the various funds.

Dawn Buoncristiani stated according to case law, the CLGF would not be sued because of their statutes but this could be taken to court if there was a local government that wanted to do something different than what might be the ordinary reading of it that was not clarified.

Member Walker stated that in keeping with the intent of the statute, it would not take much of a change to the NAC. She offered to work on it.

Chairman Walker suggested appointing a subcommittee with Member Walker as chairman and Member Clinger.

Dawn Buoncristiani asked if there was any legislative history on this that would indicate the direction of the legislative committee. CLGF would have to make sure whatever is written is consistent with that conversation.

Member Walker stated that there was a lot testimony. She believes the reading of the statute is clear. There were some versions that were very unclear, so they took great effort to make it very clear. It is simple because it only pertains to the general fund and does not pertain to any other funds or the school district.

Terry Rubald recommended the language in the current regulation to say “except for the general fund...”

Member Walker suggested referring to the NRS.

Vice Chairman Sherman mentioned another provision in the regulation that relates to having a reopener in case of a fiscal emergency. He asked Member Walker to shed some light on AB 54 and the severe financial emergency statutes and regulations.

Member Walker responded that this provision states a local government can reopen a contract if they have total revenues decrease by more than 5%. They must use the audited numbers to do this. This is the process for a local government, itself, to take more control of its budget. We are trying to correct the problem at the local government level before it gets to the Department. The Department bill is a secondary process. There are two different processes, one for the local government and one for the Department of Taxation.

Vice Chairman Sherman stated that he remembered a court case where a local government used severe financial emergency statutes in an attempt to deal with certain collective bargaining issues. He wanted to make sure there is no conflict between this definition of financial emergency and what may occur under the severe financial emergency statutes.

Member Walker clarified that it is two different processes. The Department has their own criteria and this is a process just for NRS 288, for a local government to have the ability to reopen. Member Walker stated that during the Great Recession, because there was no ability to reopen contracts, the only thing that could be done to reduce expenditures was to cut staff. Most cut their staff 25% to 30%. This gives another mechanism. Member Walker handed out some information that Senator Settelmeyer sent to her after the bill was approved showing that the bill is seen as credit positive.

Terry Rubald was asked to draft revised language for NAC 354.660 prior to the next meeting. Regarding Item 7(d), Terry Rubald referred the Committee to the action plan in the legislative summary. AB 19 will be included in the Local Government Finance calendar which is shared with local governments. This bill explains when the budgets can be adopted from the third week all the way to the last day in May. The problem Ms. Rubald sees with this is, if the local governments wait until the last day in May, the very next day the budget has to be in the office of the Department. The Department will make sure the local governments know about this tight turnaround. There were several bills where the Department will use the budget instructions to advise county officials about changes regarding residential construction taxes, 473 fire districts, tourism improvement districts and the fund for hospital care to indigent persons. On AB 54, there were two more conditions that were added to the list of 27 that might lead to severe financial emergency. These are if the ending fund balance is less than 4% of the actual expenditures for the preceding year and failure to pay the FUTA tax (federal unemployment tax). Section 8 amends the duties of the Department in severe financial emergency. Now we can open and renegotiate, in good faith, existing contracts with the unions and employee organizations, and assume all rights and duties of the local government that is afforded to them under NRS 288. In addition, the Department will be able to negotiate, in good faith, with bond holders and make adjustment to bonded indebtedness, if necessary. There is a provision for cities that are contiguous to a city that might be in severe financial emergency to be invited to the discussions. Also, if the property taxes might be raised under this, that will not be subject to abatement any more. SB 475 did not pass. This permitted a local government to file bankruptcy. The main concern about permitting bankruptcy seemed to be the costs that all governments might experience when placing bonds because of the increased front end costs that investors might demand due to the risk. A statute that will have a profound effect on many local governments is SB 483 which sunsets the net proceeds of minerals prepayment system as of June 30, 2016. This means there will be next to nothing in terms of revenue from net proceeds available in FY 2017. This will be a long, dry year. After that, we should be back on a solid system where mines will pay net proceeds on actual revenue rather than estimated revenue. Therefore, the amount of carryforwards and refunds should be reduced.

8. BRIEFING TO AND FROM THE COMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF
   a) Report by Department on legislative changes;
   b) Report by Department on “More Cops” activities in Clark County
   c) Discussion and explanation of travel claims

Kelly Langley stated Clark County recently approved an ordinance amending Title IV Chapter 4.18 to increase the rate of sales and use tax imposed for the purpose of employing and equipping more police officers in Clark County as authorized by Chapter 249 of the 2005 Nevada Legislature and as amended by SB 1 of the 2013 Special Session of the Nevada Legislature. This rate will be effective January 1, 2016, and it will go from .25% to .30%. In addition, the Department has not received any waiver requests for “More Cops.”

Terry Rubald stated, as part of AB 54, there is now the ability for Members to claim per diem. Anita Moore, Program Officer, Department of Taxation gave an explanation to the Members on how to complete the travel claim forms.

9. REVIEW AND APPROVAL OF MINUTES
For Possible Action: CLGF Meeting – April 30, 2015; Subcommittee Meetings on April 24, 2015; August 18, 2015; and August 27, 2015.

Member Kalt moved to approve all of the above minutes with a second from Member Clinger. The motion carried.

10. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

Chairman Leavitt stated that at the next meeting we will request the appearance of North Las Vegas and Nye County. We will approve regulation LCB File No. R078-15. Hopefully we review the language change to NAC 354.660. Regarding a date, the third week in January was suggested. Terry Rubald stated she will poll the members.

11. Public Comment

There was no public comment

12. For Possible Action: ADJOURNMENT

The meeting adjourned at 12:48 p.m.

DRAFT