DRAFT

Minutes of the Meeting
SUBCOMMITTEE ON LOCAL GOVERNMENT FINANCE
August 21, 2013
3:00 p.m.

The meeting was held at the Department of Taxation, Large Conference Room, 1550 College Parkway, Carson City, Nevada, and video-conferenced to the Department of Taxation, Grant Sawyer State Office Building, Conference Room 1300, located at 555 East Washington Avenue, Las Vegas, Nevada.

SUBCOMMITTEE MEMBERS PRESENT:

Mark Vincent, Chairman
Marvin Leavitt
Michael Alastuey

SUBCOMMITTEE MEMBERS ABSENT:

Jeff Weiler

COUNSEL TO SUBCOMMITTEE

Dawn Buoncristiani

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Warner Ambrose
Heidi De'Angelo
Penny Hampton
Susan Lewis
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	Representing
Al Zochowski	City of North Las Vegas
Jeffrey Share	Clark County
Yolanda King	Clark County
Carole Vilardo	Nevada Taxpayers Association
Michael Sullivan	Town of Pahrump
Janet Houts	Resident of Storey County

1. ROLL CALL AND OPENING REMARKS

Chairman Vincent called the meeting to order at 3:01 p.m. Warner Ambrose, Budget Analyst, Department of Taxation took roll call. Three of the four members were present.

2. PUBLIC COMMENT

Chairman Vincent read the Public Comment statute, Note 2. There was no public comment in Carson City or Las Vegas.

3. DISCUSSION AND CONSIDERATION OF REGULATORY MATTERS

Proposed regulation of the Committee on Local Government Finance, authority §§ 1-5, NRS 354.107, 354.594, 354.6015, 354.613, and AB 503(1)(6)(a-b), a regulation relating to governmental financial administration; providing the process by which eligible local governments may apply for approval of loans or transfers from enterprise funds to the general fund of the local government; requiring quarterly reports on the financial status of the local government; and providing other matters properly relating thereto.

Terry Rubald, Deputy Executive Director, Department of Taxation, provided a draft of the regulation for the Subcommittee to consider and decide what parts to pursue. She is working from the requirements in AB503. It seems there are two things which need to be done. First, provide the process by which a local government could come to the Committee for approval of a transfer and under what conditions would the Committee grant that approval. Second, determine what information needs to be in the quarterly reporting forms. In looking at the draft, starting with Section 2, the local government is requesting the Committee on Local Government Finance (CLGF) approve a loan or transfer. It paraphrases the statute. In Subparagraph 2 of Section 2, prior to approval, the CLGF must consider whether the local government is eligible, such as whether they have the 9% ending fund balance. On the reporting form, we asked what is the general fund ending fund balance excluding transfers because that is how our staff looks at the ending fund balance. In Section 2, Subparagraph 2, we talk about local government eligibility and the proposed use of the money. Going on to (c) on Page 2 "The local government is otherwise in compliance with the requirements NRS 354.613 and NRS 354.626," Ms. Rubald stated this was added because there was a question as to how these two things interact with each other -- the new ability to transfer funds and the existing legislation. You may want to know if they are otherwise in compliance with NRS 354.613. She made note that (d) pertains to the conditions of severe financial emergency, NRS 354.685. Ms. Rubald thought the Committee would want to know their general financial condition.

Chairman Vincent deferred to the other Subcommittee members as to whether they wanted to go through the whole thing or take it step-by-step. He did have a question on 2 (d) regarding what happens if the Committee does not feel the local government is in a severe financial emergency, and they meet the other criteria under AB503.

Member Leavitt suggested that we recognize such things as whether they have had to reduce staff, services or shut down facilities, etc., indicating they are having financial difficulty.

Member Alastuey was in agreement. We could have a stand-alone red flag other than the definition of severe financial emergency.

Member Vincent stated he did not have an issue with the conditions of severe financial emergency but the language could reflect some number of items for other conditions as determined by the CLGF, such as reduction in service levels.

Member Alastuey agreed. He did not feel we should incorporate NRS 354.685 directly by reference or select a condition verbatim.

Member Leavitt stated we could include NRS 354.685 as well as address these other things. We might have a future situation where the conditions of severe financial emergency are met. It can be an either/or type of situation.

Chairman Vincent asked if we needed to list other things.

Terry Rubald stated that it would read something like "the local government materially (we may need to define materially) meets conditions such as a reduction in service levels or conditions that might lead to severe financial emergency.

Member Leavitt stated adding, "without limitation."

Chairman Vincent expressed concern about making a limited list.

Warner Ambrose suggested changing language in 2 (c) to say, "in compliance with entire Local Government Budget and Finance Act," instead of referencing specific statutes. This requires timely filing of audits and other reports.

Member Alastuey stated the only problem with this is if they are completely in compliance, then a number of the conditions of severe financial emergency would be ruled out.

Member Leavitt stated there were all kinds of things in the Budget Act.

Member Alastuey commented that we could have a non-compliant government that is the position of requesting transfers. Are we going to preclude it by requiring compliance with the entire Budget Act?

Terry Rubald stated the way it is written now, in all of Paragraph 2, CLGF is considering whether any of these conditions exist. We are not making a decision regarding this until we get to 4. It is styled, "can withhold approval." We do not want to be a rubber stamp, and neither do we want to make it so we cannot reach a positive decision.

Chairman Vincent stated if we have a non-compliant organization, it will probably pop up on one of the 28 conditions of severe financial emergency. If we make it difficult to approve because of non-compliance, we are throwing them back into severe financial emergency.

Member Alastuey and Chairman Vincent stated Terry Rubald's changes cover their concern.

Member Leavitt stated the language the entity submits to us should have a declaration by the governing board which states their request will not harm the financial viability of their enterprise fund, and they will take whatever action is necessary to preserve that financial viability. They should go on record stating this.

Member Alastuey stated, in addition to the declaration, there needs to be a long-term projection to 2021. The Committee needs to know that the viability of the entire organization is not jeopardized if the transfer is made. The organization should submit a plan showing they are going to get out of these practices by 2021, and they will be adjusting the amount of transfers to the proper level.

Chairman Vincent commented when this request is made under AB503, the plan will need to be updated because it has just changed.

Member Alastuey responded with every request there needs to be a current plan. Language should include both the enterprise fund and the governmental fund.

Chairman Vincent agreed we need to look at the local government as a whole. Every local government handles special revenue funds for public safety differently. We lose sight of those that have expenditures and revenues in special revenue funds.

Member Alastuey referenced the top of Page 2. NRS 354.613 includes the projection to 2021. He suggested adding language in Section 3 "request made by a local government must at a minimum include…"

Terry Rubald responded this was a good suggestion to add the language under Section 3 "To supply information or analysis, it must at a minimum include the amendments to the plan under NRS 354.613, that will take into consideration the effect the proposed loan or transfer will have on that plan…"

Member Alastuey stated it should go beyond that to say, "…a projection of the revenues, expenditures, transfers, other sources and uses of funds, in the governmental funds, individually and collectively…and show a similar effect in the enterprise funds…" This should include public safety funds, public safety overrides and any governmental fund that receives taxes authorized under laws of the State of Nevada.

Chairman Vincent stated one of the other funds we have not mentioned are internal service funds that benefits structure through. There are issues with outstanding, unfunded liabilities, such as OPEB and Workers' Compensation claims. If we do not look at it as a whole, we might miss something.

Member Alastuey responded, in addition to what has been suggested, we could request a report based on the last audit showing unfunded liabilities and funding mechanisms.

Terry Rubald stated that brings us to number 4. We know what information we want, and we have a mass of information.

Chairman Vincent stated 4(a) talks about the viability of the enterprise fund. Based on our discussion, is it just the enterprise fund or the municipality as a whole?

Member Leavitt commented we should also add that the entity submit a plan on how they will inform their citizens as to what they are doing with their funds, as discussed at the last full CLGF meeting.

The other Subcommittee members agreed.

Member Leavitt agreed that 4(a) should be expanded from just the enterprise fund to the municipality as a whole.

Terry Rubald clarified, pertaining to 4(b), that the Committee would deny a transfer if there was a violation of NRS 354.626 and any of the requirements of NRS 354.613. She stated that 4(c) and 4(d) were left blank for additional conditions on denial.

Chairman Vincent said the changes to 4(a) broadens it.

Terry Rubald expressed her concern about the use of the words "materially harmed" and "materially complied" in (a) and (b). In the accounting world, "materially" is generally a term of art.

Chairman Vincent stated it appears to him what we are trying to do with AB503 is prevent the imposition of a severe financial emergency and give the local government some leeway to fix the problem under a plan. The CLGF would have to feel that to approve this transfer would hasten a severe financial emergency.

Member Leavitt stated we need some general language that specifies we can deny it if the local government shows an inability to control and handle their own finances.

Terry Rubald suggested the language "The Committee may withhold approval if it makes a finding that a local government has shown an inability to control and handle its finances."

Member Alastuey stated when we have dealt with some entities, we have found information that is incomplete, inaccurate and based on unlikely assumptions. We could add something like this in here, or leave it unsaid and left to discretion.

Chairman Vincent stated the CLGF would need discretion regarding those assumptions. Either we believe them or we do not.

Member Leavitt commented that we do not have to accept what is written.

Terry Rubald stated what she has heard is the Committee can withhold approval for four reasons: 1) The viability of the enterprise fund and the local government as a whole; 2) Whether the local government has violated NRS 354.626 or has not materially complied with these other laws; 3) The local government has shown an inability to control and handle its finances; and 4) Whether the information provided in the plan and the other materials contains incomplete, inaccurate or unlikely assumptions. We could also frame reason 4 in the positive, "that it is based on reliable, supportable and verifiable information."

Terry Rubald moved on to Item 5 regarding scheduling a hearing at the local government's request. She added a timeframe of 75 days because she felt CLGF did not want to hold up a legitimate transfer that meets all the conditions.

Chairman Vincent asked if this would warrant calling a special meeting.

Terry Rubald stated that the Committee members could be called all the time. They are volunteers that do not receive per diem and travel. There are 266 entities.

Member Alastuey expressed that if there is too long a timetable, and we require an audit, the entity may be left in a bad situation for too long of a time.

Other members agreed. Chairman Vincent stated that if it is too long a time, it would be impractical.

Member Leavitt suggested 45 days. Other members agreed.

Terry Rubald moved on to Section 3. This is a list of the various things the Committee wants to see when the local government makes the request. It lists a copy of the resolution authorizing the loan or transfer, a copy of the annual audit for the immediately prior year, an analysis showing whether the ending fund balance is less than 9% of total expenditures, documentation showing the local government has loaned or transferred money from an enterprise fund or monies intended…during each of the five fiscal years…, including documentation showing the amount of loans and transfers have actually been made during each of the prior five years and the total for the whole period.

Chairman Vincent asked if we would want to add the declaration that Member Vincent mentioned at this point.

Member Vincent stated this would be the appropriate place to add the declaration regarding the enterprise fund, explaining how the entity will inform its citizens.

Member Alastuey commented the 2021 projection should be here as well, mentioning "governmental funds, enterprise funds in any state or varying status, unfunded liabilities in other funds…"

Terry Rubald read through (e), and no changes were discussed. She read through (f), indicating it was a quote from the statute. She clarified the things being added to this section are the declaration by the governing board that it will not harm the financial viability of the enterprise, and they will take whatever action necessary to maintain viability. Also, the long-term plan will be updated to consider what effect the proposed loan or transfer will have. She clarified that this will be put in Section 3 rather than Section 2.

Member Leavitt stated there is a requirement in the bill relating to how the money can be used. He believes we need a statement indicating not only how they will use it, but the method by which they will set up their accounts. This would enable us to determine the money was actually used for the intended purpose.

Chairman Vincent commented he was also struggling with this. He has a difficult time reconciling that the use of this "one-time" money is to restore services. It seem counterintuitive to the situation that drives this need to begin with. Depending on what they say is the need for the money, it may trigger other questions. If this was a one-time transfer to settle a lawsuit, it would be simple. If the money is going toward restoring services, we must ask what they will do in year two, three, four, etc.

Terry Rubald asked what restore means in this situation.

Member Alastuey asked to what level would services be restored, and if there is a benchmark operating year. We need to get a handle on this. As to the exact effect of the transfer in the out years, the projection to 2021 is important. Member Alastuey cited an example where the governing board of the entity approved transfers into the general fund prior to AB503 taking effect. None of the items named specifically matched up with the presentation by the City Manager and Mayor at that time. After the fact, we were told there was a settlement under consideration, contingent on actions by the County Commission and CLGF, that was not enumerated in the list of restorations and transfers that were presented. Going further, that particular buy-in, that was before the City Council at the time, contingent partially on our action, included a one-time settlement and incorporated, by reference, a Memorandum of Understanding that amended a whole bunch of material and requirements within the collective bargaining agreement. There was a cost that was beyond our consideration at the time. This is an example of domino effect that can occur if we do not get the specificity and know where preexisting funds are going.

Chairman Vincent stated he understood this, but the entity may have difficulty describing the specifics.

Member Alastuey responded that he realized this may not be obtainable. Regarding the City of North Las Vegas, they had $32 million in their budget already. Did we get a declaration from the City, at the time, that these proposed transfers were incremental to the earlier approved $32 million? This is the assurance we would need. In addition, if there are other items or transfers contingent upon our approval, we would need to know about that at some point. If someone wants to consider the $32 million a benchmark and distinguish that from other recently requested transfers, he would understand that.

Chairman Vincent clarified what Member Alastuey just stated. Whatever the loan request is, we need to have a way of documenting, tracing and holding them accountable. If the request is restoration of services in one of these four areas, we need to know what services are we restoring and to what level are we restoring them.

Member Alastuey stated we need some assurance that the newly requested transfer is either a continuation of a previous year's transfer or is completely incremental.

Chairman Vincent commented the declaration might say, "Without this transfer, we cannot restore these services…"

Member Leavitt suggested we might state that it is approved contingent upon the local government augmenting their budget to include new revenue and a specific identification on the expenditure side as to how it will be used. We could have a situation where their other revenues are lower than they originally put in their budget. In this case, they need to go through a formal augmentation procedure according to statute.

Chairman Vincent discussed the augmentation process. Maybe they should tell us where and how they will augment their budget or describe what revenue is now under-performing from their original budget that this will replace. They would have to do one or the other or a combination.

Member Alastuey stated we could have a situation where the transfer is approved, revenues fall short, but you want the objective of the transfer to be fulfilled.

Member Vincent stated he was trying to figure out the intent of AB503, and we are trying to prevent. We are dealing with the language as we have it.

Member Leavitt suggested we make it part of the condition of approval that they must augment their budget.

Chairman Vincent stated if they do not need to augment their budget, they may not need the money as they described.

Al Zochowski, Finance Director, City of North Las Vegas, gave an example of how earmarking a transfer would work. For the 13 police officers whose grant will run out at the end of this year, they know that they are paid through the end of the year. They will be able to document against the dollars they are asking for. The thing that does not work is there is $850,000 that is to supplement the fire department's overtime. The reason for supplementing their overtime is so they can keep more of their crews up and running on a daily basis. It is extremely hard to pinpoint how much of the overtime is normal and how much is making sure there is additional equipment on the streets each day.

Chairman Vincent asked, if in this particular case, they could measure it in terms of whether they had to brown out apparatus or full stations as a result of the reductions.

Al Zochowski responded it would depend on who called in sick that day. They may have to brown out equipment under their current plan. If they had additional overtime resources, they may call people back on overtime to make sure the equipment was not browned out.

Chairman Vincent stated it may actually be an avoidance. You are going to avoid reduction of services rather than restore services.

Al Zochowski responded they actually reduced services. A year ago, in July, they reduced services by controlling their overtime.

Chairman Vincent stated that if not for this transfer, they would have to reduce services more. They would not be restoring to a certain level, but avoiding further cuts. The language in AB503 does not talk about avoiding anything, it talks about restoring something. It seems counterintuitive, implying that your budget is so healthy you are restoring things.

Terry Rubald stated we could add a definition regarding what restore means. Restore shall be deemed to mean restore or avoid.

Terry Rubald moved on to Section 3 (f) 2, stating these are a quote from statute. Then she moved on to Section 4, reading it aloud. From this point on, we are talking about the quarterlies. Section 5 is talking about the type of information we want on the quarterly report. We want to know if it is a transfer or loan. We need the date executed, the amount of the transfer or loan, the purpose of the transfer or loan, a description of the service or claim to be paid from the proceeds of the transfer or loan and a description of fee increases imposed. Ms. Rubald stated she was thinking, if it is a quarterly report, and it is the first quarter, we would want to know what happened during the previous year. For every subsequent quarter, we would need to know what happened in the previous quarter. Ms. Rubald reviewed Section 5 (f), reading it aloud. She referred the Subcommittee to the statute. The statute says we must have in the report any change to salaries or benefits paid to employees of the local government. How will we measure this?

Chairman Vincent stated his assumption was that any change in salaries or benefits would be a contractual change. The concern is that we are not taking this transfer and using it to enhance benefits and pay above and beyond what was contractually obligated.

Member Leavitt agreed that we are speaking about what is in accordance with the existing contract.

Chairman Vincent stated we are looking at changes in labor contracts for the last year that would affect salaries and benefits.

Terry Rubald asked if we are concerned with management. What do we do with non-represented persons when there is not a contract?

Member Alastuey responded that everyone has a schedule.

Member Vincent stated that for those that are not represented and do not have a contract, while there is a salary schedule, their cost-of-living increases are not necessarily on a contract or schedule. Theoretically, the boards can approve those any time they want to.

Member Alastuey responded that in this case there would be documentation.

Member Vincent stated we could ask for the same information for the non-represented, but it would be in the form of action taken by the council in the last quarter.

Terry Rubald reviewed Section 5 (g).

Chairman Vincent stated this was redundant.

Terry Rubald responded that she would blend the two. She went on to read the statute and stated Section 5 (i) pertains to the comment during the hearing. Section 5 (m) 3 was added to give the Department some "teeth" in enforcing this.

Chairman Vincent asked Al Zochowski if the 30-day reporting requirement at the end of each quarter is reasonable.

Al Zochowski responded that it was reasonable. If they could keep them consistent with the 45-day period, it would be helpful.

Chairman Vincent and Member Leavitt stated 45 days would be fine.

Warner Ambrose stated the Budget Act calls for this on almost everything else.

Member Leavitt suggested, at the beginning of Section 5, a description be added as to what fund this money is being put into.

Chairman Vincent stated that was a good catch.

Terry Rubald stated she would revise the report form.

Member Leavitt asked Al Zochowski if he had any concerns about what was done today.

Al Zochowski stated the regulation was fine with the adjustments made. His problem is with the original bill. As an example, they knew they had a problem with their libraries. Their property taxes are down. They asked for the difference of what they needed -- a million dollars. Now they will not have an answer until November or December whether they will be able to make the transfer. If for some reason, they are not allowed to make the transfer, and they continue to operating their libraries until they hear yes or no, and the answer is no, they will have to shut down their libraries in January until the rest of the year. That is the timing issue they have and why they were confused as to what audit were we using to determine whether they had a 9% fund balance or less. They are having trouble planning now. Maybe they should shut down one of their libraries now. If they do, then they may not need the million dollars they were going to ask for. He realizes this Committee cannot do anything about the bill itself, but maybe it is something that can be considered as we go into the 2015 legislative session.

Member Leavitt stated he believes this is what is going to have to happen.

Yolanda King, Assistant County Manager, Clark County, spoke about triggering the cash reserves.

Member Leavitt stated the bill was very specific. He did not believe there was a way around it. A statement from the auditor regarding the ending fund balance might be a possibility.

There was discussion regarding this.

Member Leavitt again stated he did not believe there was a way around it because the bill was very specific.

Chairman Vincent stated he believed it was designed for a purpose, but by the time it was completed, it was so specific it was useless in some ways.

Member Leavitt spoke of practical purposes. Even though we do not have this regulation done, and it will not be done for a while, Clark County should probably go ahead and get this information ready.

Al Zochowski stated he tried to get the audit report moved up, but the auditors are unavailable to do it. They are scheduled to have the audit report by the third week in November. The earliest they can come back to CLGF is if a special meeting is called in December.

Chairman Leavitt asked that we call a special meeting in December. We could have a meeting within two or three weeks after we get the audit report. He will make certain we do so we do not lose time.

4. SCHEDULE DATE AND REVIEW AGENDA TOPICS FOR NEXT MEETING

5. PUBLIC COMMENT
Chairman Vincent asked for public comment.

Janet Houts, Storey County Resident, came forward for public comment. She had a question on Item 2(c) of the draft, “the local government is otherwise in compliance.”

Terry Rubald stated we have staff that spends all year reviewing all of the financial documents of the local governments to ensure each of those components are in compliance, such as the budget, the audit. If the audit points out that there are violations, we require an action plan.

Janet Houts asked about the Storey County expenditures. She retrieved a report from the Storey County website and does not believe they are complying.

Chairman Vincent stated that we need to make sure whatever answer we give is relative to this.

Dawn Buoncristiani, Deputy Attorney General, advised that we are not required to give any response at this point in time – just take the information.

Terry Rubald stated the inquiry is basically regarding how we are going to determine whether someone is in compliance, and if they are not, how we proceed then.

Janet Houts agreed. Her second question pertained to Section 4. When the Committee approves the loan, they are also requesting how the loan will be repaid. She asked what happens if the loan repayment is not fulfilled.

Terry Rubald stated, in these regulations, there is an alternative. There was discussion among the members.

Chairman Vincent responded that the state could take over the entity.

Janet Houts commented that the use of the loan funds must be stated. She asked what happens if these loan funds are misused.

Terry Rubald responded that we could consider revoking approval of any future transfers.

Janet Houts asked if we could recall it.

Terry Rubald responded that she did not think we could recall it. This is why, in the requests for information, we want to know the status of the other transfers that have been made.

Member Vincent stated it falls under the big umbrella of what sanctions and teeth the Department of Taxation has when any local government is not complying. If it falls under the condition of severe financial emergency, what happens then?

Terry Rubald responded that we could go the whole nine yards with the takeover, or we could do what CLGF has done in some instances and ask them for an action plan.

Chairman Vincent stated the worse thing we can do is remove the authority of the local elected officials. Other than the citizens taking action against their elected officials, if the Department of Taxation says it is a severe financial emergency and the Nevada Tax Commission agrees, they lose their authority.

Janet Houts asked a question regarding Section 5(e) pertaining to fee increases imposed by the local government for the benefit of the enterprise fund, and what happens if these fees are not included the budget.

Warner Ambrose responded it would depend on the type of fee increase. It would depend on whether the entity had to do a business impact statement before they increased the fee. There are statutory regulations on what requires them to do a business impact statement and what does not. There are some fees they can raise without doing an impact statement. That is a separate set of statutes. If they were going to have an increase in their revenue because of this fee increase, they would have to augment the approved budget to reflect what they will do with it. It would be a previously unanticipated source of revenue, which is one criterion for doing an augmentation. There are many statutory requirements for doing an augmentation. The forms are submitted to the Department of Taxation for review.

Janet Houts referred to water and sewer in her county. The commissioner just approved a fee increase. This could happen in other counties. She questioned the purpose of the budget in such a case. She asked about what is feasible in the variance of the budget. Janet Houts then moved on to 5(f), describing salaries and benefits. She asked what happens if there is no resolution, but they pay out expenses. She asked if it is acceptable to accept a resolution that is backdated. Ms. Houts went on to state that her county has a lot of debt. If they are allowed to transfer money from the enterprise fund to the general fund, they might take this opportunity not to repay the loan. She expressed other concerns in regard to a transfer.

Carol Vilardo, Nevada Taxpayers Association, made public comment. She was wondering if we might want a copy of the resolution creating the enterprise fund and require any changes to the resolution. A resolution for an enterprise fund can be changed. There are enterprise funds that have specific requirements for fee increases on schedule. There are enterprise funds with specific reserve requirements. She believes for some of these actions, we would want a copy of the resolution. You may want to have something on the Quarterly Enterprise Fund Report. Ms. Vilardo commented that the Quarterly Enterprise Fund Report is a very nice looking form. We could keep tabs on whether a change has been made to an enterprise fund resolution on the Quarterly Enterprise Fund Report. Some may not have a fee increase as standard. Many have an automatic inflationary increase every year. Carol Vilardo asked, regarding bonded indebtedness, if bonds are issued for the purpose of that enterprise fund, would we want to know some general information on the bonds. Information such as when the bonds were issued, the term of the bonds, the amount of the bonds and whether or not there are balloon payments. This might be good information to have.

Member Leavitt commented that with any enterprise fund that issues additional debt, we would want to know if it is general obligation or a revenue bond.

Chairman Vincent stated we would want to look at the debt schedule for all of the debt, not just the enterprise fund debt, because much of the enterprise fund debt is geo-revenue debt. There are obligations on the general fund side. If we are going to look at the entity as a whole, we should look at all of the debt as a whole.

Yolanda King stated that information is reported in the Quarterly Economic Survey Report. It makes sense that we review that report in conjunction with this report. It would show the debt that was issued over that quarterly period. We would have to ask for the related debt schedules.

Warner Ambrose had some comments on the proposed regulation. In Section 3, subparagraph 1 (c) where it discusses less than 9% of total expenditures, we need to include the language that says “excluding transfers.” This is how the Department of Taxation makes the calculation of whether it is above or below 9%. Also, in Section 4, regarding “the governing body of the local government which has been granted approval to transfer or loan money,” we might want to make some reference to the statutes regarding interfund loans where we require a statement as to whether or not there is interest.

6. ADJOURNMENT

The meeting was adjourned at 4:44 p.m.