

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
November 15, 2013
9:00 a.m.

The meeting was held at the Legislative Building located at 401 South Carson Street, Room 3137, 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
Michael Alastuey, Vice Chairman
Andrew Clinger
Alan Kalt
Beth Kohn-Cole
Jeff Zander
John Sherman
Julia Teska
Mark Vincent
Marty Johnson
Mary Walker

COUNSEL TO COMMITTEE

Dawn Buoncristiani

MEMBERS OF THE PUBLIC PRESENT:

Name	Representing
Amina Anderson	Beatty GID
Robert Pawley	Department of Education
Kathy Lewis	Douglas County
Karen Scott	Esmeralda County
Cy Ryan	Las Vegas Sun
Andrea McCalla	Legislative Counsel Bureau
Julie Waller	Legislative Counsel Bureau
Wayne Carlson	PACT
Rusty McAllister	Professional Firefighters of NV
Carole Vilardo	Nevada Taxpayers Association
Janet Houts	Storey County Resident
Mark Joseph Phillips	Storey County Resident
Michael Sullivan	Town of Pahrump

DEPT OF TAXATION STAFF PRESENT:

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

Terry Rubald, Deputy Executive Director, introduced the two new Committee on Local Government Finance (CLGF) members. Julia Teska is the Deputy Superintendent for Business and Support Services with the Department of Education. Jeff Zander is the Superintendent of Schools for the Elko County School District. We are happy to have them on the Committee.

Chairman Marvin Leavitt welcomed the new members to the Committee and then called the meeting to order at 9:01 a.m.

1. Roll Call

Warner Ambrose, Budget Analyst, Department of Taxation, took roll call and stated there was a quorum.

2. Public Comment

Chairman Leavitt asked for public comment. Janet Houts, Storey County Resident, came forward. She voiced her concerns regarding ruling 05-12 which has been implemented as a regulation. Her concern is that Storey

November 15, 2013

County has not had anything on this report for a long time. She would like to find out what the Committee would recommend when a county is not complying with this rule. She would also like to find out whether this rule applies to the schools.

Chairman Leavitt asked Terry Rubald if we were having reporting problems with Storey County.

Terry Rubald responded that we are not having any reporting problems at this time.

Chairman Leavitt stated that when we have entities that have not submitted reports as required by statute, we have them appear before this Committee. If necessary, we can go further and withhold monies that are due them if they continue not to submit reports. We take it very seriously.

Mark Joseph Phillips, Storey County Resident, came forward for public comment. He complimented the Department of Taxation website, and in particular, the Division of Local Government Services. It is the most trustworthy and easy to navigate website he has ever used.

Chairman Leavitt thanked Mr. Phillips for his comments. There was no further public comment.

3. For Possible Action: Adoption of Permanent Regulations

(a) LCB File No. R010-13 (Heart-Lung Liability Reporting)

The regulation 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.

Terry Rubald gave a brief overview of this regulation. Today we are considering regulations pertaining to how local governments should report the liabilities associated with providing the benefits to public safety employees as required by NRS Chapter 617. 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. This body had previously adopted temporary regulations on the same subject about a year ago. That applied only to the 2013-2014 year. In order to make these regulations permanent, we are considering a regulation that has been reviewed by the Legislative Counsel Bureau which was considered in a workshop on August 6th. Since last year, we have had actual experience in putting together the final report and were able to identify some of the problems that needed to be corrected in the final regulation. The Subcommittee met again on October 16th to consider those corrections, and they have been incorporated into the final revised regulation for consideration today. Basically, the regulation requires local governments that employ public safety personnel to file a report with the Department of Taxation (Department) about the actuarially estimated liabilities associated with NRS Chapter 617 benefits. The Department compiles all that information into a report, and places it on the Internet. Later on today, staff will go through a final revised report which the Department put together. That is under Agenda Item 8. This regulation requires information about how the benefit is funded, such as through a pre-funding plan or a self-funded pay-as-you-go plan. If the local government is self-funded, the local government must provide information about historical claims paid, the estimated future liability, information about the actuarial study, information about the local government's reserves and most importantly, the current year funded ratio of the present value of contributions plus investment return compared to the present value of the accrued liabilities. If the local government participates in an association of self-insured public employers or through a private insurer, then the local government must instruct that association or the private insurer to provide the information which is on the form. The governments must provide a letter to the Department showing that they asked the association or the private insurer to provide this information. The regulation also provides some guidance as to how the actuarial study should be prepared. The reporting form is called Form 33 because it is part of the tentative budget reporting forms and will be due annually as part of the tentative budget. The form

November 15, 2013

asks for contact information and whether the cost of compensation and medical benefits under NRS Chapter 617 will be self-funded or through an association or private insurer. It is at that point that self-funded entities will continue to complete the form, but those funded through an association or private insurer do not have to complete the rest of the form. They do have to submit a letter asking the association or private insurer to fill out that information. According to amended Chapter 233B regarding the Administrative Procedures Act (APA) where an agency must make a concerted effort to determine whether the 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. The Department of Taxation has previously determined that these regulations do not impose such a burden, and we hope that this body concurs. Ms. Rubald thanked the Subcommittee for all of their work. It has been about three years of meetings to get to this point. Member Sherman and Ms. Rubald would also like to especially thank Wayne Carlson with the public agency compensation trust for all of his work on this project.

Member Vincent commented that there is a small typo on the form. On the estimated future liability, Item 5(d), it references the discount rate used to calculate liability. 2(c) should probably be 5(c).

Member Walker asked, regarding the smaller organizations that are with PACT, why it is necessary to send a letter to the association asking them to provide the information rather than have PACT submit them directly.

Terry Rubald responded that we wanted to make sure that every local government that is subject to this is involved and participates in the process. Another concern was that we cannot direct a private insurer to do this. They have to have direction from the local government. Since the local government has to go to the effort of telling their association or insurer to do this, we want a copy of that direction.

Carole Vilardo, with the Nevada Taxpayers Association, came forward for comment. She wanted to echo Terry's comments and thank the Committee. She has attended those meetings. It was a very hard-working group, and there were some sticky issues to work through to accommodate the various governments.

There were no further comments, and Chairman Leavitt called for a motion.

Member Kalt made the first motion to adopt LCB File No. R010-13 as a permanent regulation, with a second from Member Sherman.

Member Sherman reiterated that this has been a long process. He thanked Carole Vilardo, Terry Rubald and her staff, Wayne Carlson and the other two Committee members, Beth Kohn-Cole and Alan Kalt for their hard work.

Chairman Leavitt thanked Member Sherman for being a mainstay in directing this forward.

The motion passed.

(b) LCB File No. R082-13 (Transfers from Enterprise Funds)

The regulation requires compliance with AB 503 regarding the transfer or loan of funds from an enterprise fund; specifies the procedures for obtaining the approval of CLGF; and specifies the information which must be included in the application for approval and subsequent quarterly reports; and other matters properly relating thereto.

Terry Rubald stated the regulation being considered under LCB File No. R082-13 is intended to comply with the requirements of AB 503. That bill requires CLGF to adopt regulations specifying the procedures for a local government to obtain the approval of this body for transfers or loans from enterprise funds. The regulation also specifies the information which must be included in the application to CLGF as well as the information required

November 15, 2013

in quarterly reports to CLGF. These regulations will expire by limitation on June 30, 2017. In addition to two subcommittee meetings, there was a workshop held on October 15, 2013, at which several amendments to the proposed regulation were made. In general, the final revised version in Section 2 requires the local government to submit certain information and documents to CLGF to review in order to make a decision whether or not to approve a request to transfer or loan money from an enterprise fund. Section 3 requires additional information to be submitted having to do with how the local government has met the requirements in NRS 354.613. Section 4 contains the criteria that CLGF will consider when deciding whether to approve an application. Section 5 describes the conditions under which CLGF might deny the application. Section 6 requires certain information to be included in quarterly reports which track the financial condition of the local government that receives a loan or transfer from an enterprise fund.

Ms. Rubald directed attention to the actual application form and the quarterly reporting form that are up for approval under Agenda Item 4(b) and (c). The application form requires some information about the type of transaction under consideration, the local government contact information and a list of 14 items to be included with the application. Those items include a resolution from the governing body describing the amount of the loan or transfer, the purpose for which the transfer will be used and a description of the service that will be restored if the application is approved. Also required is a written declaration from the governing body that the transfer will not harm the financial viability of the enterprise fund and that the governing body will take whatever action is necessary to preserve the financial viability of the enterprise fund. The governing body will use proceeds of the transfer only for the purpose described in the resolution unless a change in purpose is first approved by CLGF.

The application must also include a description of the accounts and records that will be maintained separately from other funds, a copy of the annual audit, information about the general fund ending fund balance from the prior year, a five-year history of transfers or loans, projections of revenues, expenditures, sources, uses and liabilities through June 30, 2021, a statement of how the public will be informed about the effects of the transfer on the enterprise fund, a copy of the resolution which established the enterprise fund and a fee schedule for the enterprise fund, a copy of the indebtedness report, the enterprise fund bond list, a statement regarding any transfers made pursuant to NRS 354.613 and a copy of the plan showing the manner in which all the transfers will be eliminated prior to July 1, 2021. Ms. Rubald referenced the quarterly report which is due 45 days after the end of each calendar quarter for those that are successful in getting their application approved. Part 1 of the report requests information describing the loan or transfer. Part 2 requires information about whether the local government has increased any enterprise fund fees since the last reporting period and whether there have been any changes to salaries or benefits to employees. Sometimes if this occurs, there is report that can be made by the local government about the fiscal impact of any new, extended or modified collective bargaining agreement. If there is such a report, it should be attached to the reporting form. The quarterly report will also require an explanation of how any service restored by the transfer will be maintained in future years and an identification of the revenue stream that will be used to support such service. The quarterly report also asks for any amendments to the resolution that established the enterprise fund and a copy of the most recent indebtedness report updated to the current quarter. Item G asks for a comparison of the final budgeted general fund revenues and expenditures compared to actuals, but only in the first quarter after the annual audit is prepared and explain any variances that are greater than 5%.

According to the APA, we have to make a concerted effort to determine whether the proposed regulation is likely to impose a direct and significant economic burden upon small business. The Department of Taxation found that these regulations do not impose such a burden, and we hope this body concurs with that. Ms. Rubald thanked the Subcommittee and the Chairman, Mark Vincent, for all of their comments in developing these regulations.

Vice Chairman Alastuey suggested that "requested" be replaced with "required" on the first page of the application form in the last line where it references "grant matching in the exact amount requested." If there is

November 15, 2013

a fixed debt service schedule, a fixed loan payment or any kind of fixed cost that can be reasonably estimated, the transfer is only justifiable in that exact amount, not necessarily in another amount that may be requested.

Member Vincent concurred with this change.

Member Sherman asked about Page 2 of the regulation regarding describing the effect the loan or transfer will have on service levels for future years. He asked why this is not more specific. The verbiage "future years" is somewhat vague. Member Sherman commented he was thinking about two dates -- the 2017 termination of the statute that created the venue for this regulation and the 2021 date which states that after this date you cannot make certain types of transfers. He asked the Committee's thoughts on having the local government define the effects on service levels just for future years.

Terry Rubald responded that the 2021 reference is because of the original statute, NRS 354.613. This is why in the regulation it is bifurcated into information just about the current transfer plus information about transfers occurring under NRS 354.613.

Member Sherman asked if we want to leave the termination of how many of the future years the applicant is going to be describing this effect, or do we want to say "for the next five years." Specificity is better than vagueness when requiring reporting on effects.

Member Vincent commented that we did require them to do forecasts all the way through 2021. We could say under Section 2, Subsection 7, "and any related service impacts or rate impacts to the customers."

Chairman Leavitt stated we could add those comments Member Vincent suggested without causing any harm.

Member Vincent stated he agreed with adding clarification so that it is not subject to interpretation.

Member Sherman stated in the application part of the regulation, the applicant is required to actively notify the public of the loan and from where the enterprise money is being transferred. He feels there should be a follow-up question in Section 6 of the quarterly report asking for documentation that this was actually done, such as an ad in the newspaper or an insert into a bill, to prove that they have notified the rate payers. Member Sherman also asked about the language on the last page of Section 6, Subsection 2, where it references the consequences if the governing body fails or refuses to submit a complete quarterly report, including the revocation of the approval of the loan or transfer. He asked, if the loan or transfer had already been made, would the local government have to pay it back due to non-compliance.

Member Kohn-Cole referenced the quarterly report and asked about the thought process on having a local government explain a variance of 5%. That is very low variance.

Terry Rubald responded that she did not believe there was any specific mention of the reason for the 5%.

Chairman Leavitt commented that he did not remember a discussion specifically on this either. The concern was that we wanted the local government to be precise about the effects on the general fund and on the fund from which the transfer is coming, with a concern that the total amount of the transfer might be less than the 5%. It would obscure the whole effect of it if the revenue and expenditure stream was purposely overestimated or underestimated.

Member Kohn-Cole stated she interpreted it as a 5% variance on the general government's specific line item for salaries and benefits versus 5% of the total transfer or total budget amount. It could drill down to a very minute amount that they have to record. Maybe the word "total" needs to be added.

November 15, 2013

Member Vincent commented that he agreed with Member Sherman's suggestion regarding adding language in Section 6(f) concerning evidence of notice. Regarding the question about paying back the loan, he does not believe there was a discussion about what it would mean to have the loan revoked. Concerning the 5% variance, he believes it is 5% relative to the budget line items. Although the 5% is narrow, it is reasonable and not too burdensome for the local government to explain.

Chairman Leavitt stated that once the transfer is made and the money is spent, there will probably not be the ability to reverse the transaction. It is very likely that the local governments will want to come in the subsequent year to get another approval. If they are in violation of the terms one year, they will probably not get approval the next year.

Terry Rubald stated regarding Subparagraph 2(a) in Section 6, the language reads "revoke approval of any loan or transfer that has not yet been made." We might have given approval, but it has not actually been transferred yet. It is a very limited transaction that we are talking about. Once the transfer has been made, we cannot revoke it under this language.

Member Clinger thanked the staff and the subcommittee for all of the work that went into this regulation. He supports all of the recommended changes. There are many requirements on the local governments in these regulations. Given the nature of the types of requests that potentially can be received under this provision, it is important that we, as a Committee, have all of the information we need to make an informed decision. These regulations, application and follow-up reports, give us that information. He is ready to accept this.

Member Johnson asked for clarification on Page 2, Subsection 4, where it states in order to get this loan or transfer they must have an audit for the immediately preceding fiscal year. We must have an audit, or there will be no loan or transfer.

Chairman Leavitt responded this was clearly the intent. That statute provides that, and we discussed this in detail.

Member Vincent stated he would like to add language in Section 6 about providing evidence of the notice.

Terry Rubald responded that this could be done. She suggested adding the language "a copy of the actual notification required by Section 2, Subparagraph 9."

Member Vincent stated that with the proposed amendments, he would like to make a motion for adoption of LCB File No. R082-13, transfers from enterprise funds. Member Vincent commented that he would like to thank Chairman Vincent, Member Alastuey and staff for their efforts.

Member Clinger made the second motion. The motion passed.

Member Walker thanked everyone for working so hard. Her concerns have been alleviated.

4. For Possible Action: Adoption of Reporting Forms

- (a) Tentative Budget Form 33, Report of Liabilities Associated with Public Safety Employee NRS Chapter 617 Benefits**
- (b) Local Government Application for Transfer or Loan from an Enterprise Fund**
- (c) Enterprise Fund Quarterly Report**

Terry Rubald stated on the first form, we will correct line 5(d) to state "What discount rate was selected to determine the liability in 5(c)," not 2(c). Regarding the Application to Committee on Local Government Finance

November 15, 2013

for Transfer or Loan from an Enterprise Fund, there would be a correction of the typo in 2. Written Declaration. Under 5., there was a suggestion that we change the wording in the last line from “the exact amount requested” to “the exact amount required.” That concludes the amendments for those three documents.

Member Sherman stated that proof of notification should be added in. This could possibly be added into 2(g).

Member Kalt noted that there was a typo in Section 13 Transfers Made Pursuant to NRS 354.613(1). A space is needed between in and a.

Chairman Leavitt called for public comment on the reporting forms. There was none. He then called for a motion.

Vice Chairman Alastuey made the first motion to approve as amended with a second from Member Clinger. The motion passed.

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

For Possible Action: Beatty General Improvement District Financial Condition Pursuant to NRS 354.665, request explanation for non-compliance with NRS 354.6015 and NAC 354.559(2)(d) regarding the timely filing of quarterly economic survey reports

Warner Ambrose came forward. Included in the packet is a letter asking representatives of Beatty General Improvement District to come before the Committee. Again, as in August, we were requesting an explanation for non-compliance with certain aspects of the Budget and Finance Act regarding the timely filing of quarterly economic survey reports. Since this agenda went out, we have received all of those reports. He has been in contact with the new chairman of that board, who has expressed a deep interest in complying with all things required in the Act. They are in compliance with all requirements of the Act. The one exception is they have not submitted an indebtedness report as of June 30, 2013. They do not have any outstanding debt. Amina Anderson, Beatty General Improvement District Chairperson of the Board is present today. Mr. Ambrose stated she will now be his principal point of contact.

Chairman Leavitt made a general comment, not specifically relating to Beatty General Improvement District. He stated that we have had problems getting these reports. At the last meeting, we were promised this report by September 1st. It is now the middle of November. The Legislature envisioned the importance of these reports, and provided a means by which revenues to the local governments that do not submit them can be cut off. We have not invoked this in the past. If we have continued non-compliance with the reports that are required, and this applies to everyone involved, the time has come to exercise the provision of the statute by cutting off the revenue. All the local governments need to understand the importance of getting these reports in on time. It is for their protection.

Warner Ambrose commented that prior to the setting of this agenda, seven or eight other entities were delinquent in filing their quarterly economic surveys. He sent each of them an email indicating that he had to have those reports. They must be brought current by the end of September, or they would be on the agenda to appear today. He received all of those.

Terry Rubald pointed out the statute, NRS 354.665. When there was discussion about what could be done when an entity is not cooperating, we looked at Subparagraph 3 which talks about withholding funds. The truth of the matter is the only reference is to the local government tax distribution account, the CTX. If an entity does not get CTX, we do not have any teeth in that regard. She appreciates the willingness of this body to let

November 15, 2013

us put these kinds of issues on the agenda because everyone respects this group. We received cooperation with just the threat.

6. For Possible Action: REPORTS ON REGULATORY MATTERS

Department of Taxation request for regulation on criteria for interpreting NRS 354.474, "Local Government" defined

Terry Rubald stated that NRS 354.474 is the statute that talks about the definition of what a local government is. Over the years, we have been approached by a variety of organizations that want to be called a local government but do not meet the criteria of the statute. Other times, there are cases where we think they ought to be a local government, and they do not want to be. For instance, we have had to consider whether the Southern Nevada Health District, the Western Regional Water Commission, the Silver State Energy Association and various housing authorities and charter schools are local governments. This has an effect beyond the administration of the Local Government Budget and Finance Act. For example, county recorders administer the real property transfer tax. There is an exemption from the tax for entities which are local governments. We often receive calls from county recorders trying to decide whether a transaction is exempt from the tax because the entity involved is or is not a local government. The county recorders use our Red Book to make that decision, but there are often entities where it is not clear whether or not they are a local government. In the exhibit packet is a list of districts that are currently considered to be local governments. That list does not include the counties, cities and school districts. Ms. Rubald is hoping this Committee might consider appointing a subcommittee to work with us on identifying additional criteria that might be used to make a determination whether an entity is a local government and the kind of documentation we should be looking at to make the determination. If it seems like a good thing to do, we could change these criteria into a regulation. That would help us be consistent, and it would be helpful to organizations that seek to become a local government or do not want to be called a local government and be subject to the reporting requirements.

Chairman Leavitt stated this is one area that needs clarification. It would be appropriate to establish a subcommittee to review the various criteria in determining whether an entity is a local government. He suggested appointing people from the north, near Terry Rubald. He asked Member Walker to serve as chair of that subcommittee.

Member Walker agreed to serve in this capacity.

Chairman Leavitt also asked Member Kalt to serve on this subcommittee.

Member Kalt agreed to serve.

Member Sherman volunteered to be on the subcommittee.

Terry Rubald stated she would contact Member Walker with the information.

7. For Possible Action: APPROVAL OF AMENDMENTS TO BUDGET REPORTING FORMS

Amending budget forms to conform with SB 452 (2013), regarding "Indigent Tax Levy"

Terry Rubald stated this came to our attention from Member Walker. There is one page in the budget where "medical indigent" appears.

Member Walker explained that SB 452 was passed by the Nevada State Legislature last session. There is an 11.5¢ indigent tax rate counties pay for an individual indigent person's medical bills, whether for long-term

November 15, 2013

care, hospital bills, etc. Individual bills would be submitted through the state for payment. There were some changes to SB 452. Out of that 11.5¢ rate, there is 2.5¢ that went to the indigent accident fund and the supplemental fund. The 1¢ supplemental fund is no longer going toward paying indigent hospital bills. Instead it will be used to fund the match required to receive federal monies to pay a disproportionate share program to hospitals. Prior to this time, Clark County was putting up the match monies to pay for this. Washoe County paid some also, but for the most part, Clark County came up with the dollars, matching for federal dollars on a statewide basis. In SB 452, Section 8, you will see in Paragraph 1 that “medical” has been stricken. There was a broadening of the use of the indigent tax rates. Member Walker asked that we strike the word “medical” where it says “medical indigent” on the budget reporting form, Page 47 of the Exhibit Packet. Member Walker then moved to approve the amendment to the budget reporting forms to strike the word “medical” so that it states “indigent tax levy.” There was a second from Member Kohn-Cole. The motion passed.

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

- a.) Amended final heart-lung liability report to the Committee for FY 2013-14, pursuant to LCB File No. T003-12, Section 12

Kelly Langley, Supervisor, Local Government Finance, referenced Page 56 of the Exhibit Packet, showing what we received from Budget Form 33. On the summary, 80% of the members are in the PACT. Item 6 indicates estimated future liability of the next 30 years of over \$2 billion of which the reserves budgeted for this year are \$545 million. Six percent of that is in reserve right now.

Member Kohn-Cole would like to see on the summary actual amounts of claims paid of the past 10 years. That is an important difference – what has been paid versus the future liability.

- b.) Summary Report, General Fund Ending Balance as a percentage of expenditures, 2003 to 2012

Kelly Langley stated that we put together a report of five pages of summary reports that summarize the 100+ page larger volume report that provides information county by county and entity. On the summary, it provides the percentage change and ending fund balance year over year. There is a revised page because we added Elko back it since it dropped off during printing. Also, Clark County was put in a box to accommodate the scale. If there is other summary information you feel is necessary, we can provide that for you in the future.

Chairman Leavitt stated he appreciated the work they went through in putting together this detailed report. It shows a great deal of interesting information regarding various entities around the state.

Member Clinger echoed Chairman Leavitt’s comments. Last year several Committee members asked for the graphical information. This is very helpful.

Member Sherman echoed his colleague’s statements. Also, it could lead to some very tangible actions, particularly when one looks at entities that may be in financial distress. Also, he began thinking about the entities around the state that seem to be doing proportionally better and the effect this might have on potential tax policy. He appreciates the graphs and the detail. It is very helpful.

Member Kohn-Cole echoed those thoughts. This was excellent. She has one change on Page 157. On Las Vegas, their beginning fund balance is much higher than their ending fund balance from the previous year in FY2012. Usually the ending fund balance equals the opening fund balance.

Kelly Langley stated she would look into it.

November 15, 2013

c.) FY 2013 Indebtedness Report, pursuant to NRS 354.6025

Kelly Langley stated they provided the Indebtedness Report so you have a printed version for your record. Note, as Warner Ambrose mentioned earlier, Beatty GID was mentioned for not submitting the report. Although they had no indebtedness, they are required to still submit this form.

Chairman Leavitt stated there was a sharply declining budget for Nye County. He asked for someone to address this matter.

Warner Ambrose stated Nye County has had some ongoing problems in the general fund. Things have shown improvement over the last two years. Their ending fund balance has improved. They have had some ongoing internal situations which are being resolved. They passed a ballot questions in 2006 to increase their sales tax rate by ½ percent. It did not get approved by the County Commission until September of this year. The increase in the sales tax rate should be implemented effective April 1, 2014. Half of the increase will go toward public safety, and the other half will go towards volunteer fire departments. They have no central fire department within the County. They are going forward with the procedures for that. In 2012, there was an advisory question put on the ballot, which passed. It allows for the County to take over the operations of the Town of Pahrump. Pahrump is a stand-alone, unincorporated town with its own duly-elected board. They file their own budget and audit. The County has been at loggerheads with Pahrump for quite some time. This is why the County Commission voted to take this action, and it is in the courts. The Town of Pahrump has filed a lawsuit to prevent this action. If the County's action prevails, the town of Pahrump will revert to being an unincorporated town under the auspices of the County on January 1, 2015. Their economy has somewhat improved. They have shown some relatively stable numbers in sales and use tax. Their debt has been reduced. They chose to use some of the money they received from the characterization study for Yucca Mountain to pay off a debt.

Kelly Langley stated Nye County had the largest decrease for last year. Although the percentage of change was great, it was because their balances were low. In FY2011, their ending fund balance was \$741,000. In FY2012, it was \$286,000. There is a half million change year over year, yet because the balances were so low, it made a large percentage change.

Chairman Leavitt stated we have been the rounds on the situation with Pahrump so many times for so many years. The situation is still not resolved.

Warner Ambrose stated that it is not. The people in Pahrump have tried on four occasions to incorporate. The people in Pahrump are sure that the people in Tonopah are doing bad things to them even though they occupy 2/3rds of the population of the County. This is very similar to the relationship of Clark County to the state's population. Mr. Ambrose stated he would not want to attend a town council meeting because it is his understanding that 10% to 50% of the people are packing. The chairman of the town board has had to call the sheriff to remove people from council meetings. It is not a good situation. If they move toward the disincorporation of the town, things will probably get worse.

Chairman Leavitt stated that a number of years ago he attended a meeting in Pahrump with members of the Legislature to deal with the subject of incorporation. It was a wild meeting.

d.) For Possible Action: Discussion by Committee Regarding Matters Affecting the Committee

There was no discussion regarding this agenda item.

November 15, 2013

**9. REVIEW AND APPROVAL OF MINUTES
For Possible Action: CLGF Meeting, 08-06-13**

Terry Rubald brought attention to Pages 234 and 235, with regard to the reference to POOL/PACT, the reference should only be to PACT. This will be corrected in the minutes.

Carole Vilardo made a correction to the minutes stating that she was not a member of the Tax Commission. It should be Nevada Taxpayer's Association and one "L" in her last name.

Terry Rubald stated that this would be corrected.

Warner Ambrose stated, regarding matters affecting the Committee, he is in the process of updating our guideline packages on the website. He is reviewing all the statute changes from the 2013 Legislature. If there is anything significant, he will bring the updated guideline packages to Chairman Leavitt for approval before posting to the website.

Terry Rubald stated that any changes will be brought to the next meeting.

Vice Chairman Alastuey moved for approval of the August 6, 2013 minutes as amended with a second from Member Vincent. The motion passed.

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

Chairman Leavitt stated we may have a request from the City of North Las Vegas on the enterprise fund situation.

Member Vincent commented that we may not see that request until January.

Warner Ambrose stated he has been in contact with the City of North Las Vegas. They have every intention of having their audit presented to their City Council on the meeting of November 20, 2013. The field work has been done by the auditors. The City is working on their MD & A, but it does not appear they will have that ready. It looks like it will be presented to the City Council on December 4, 2013. Once the City Council adopts it, it will be forwarded to the Department. He has asked the City of North Las Vegas to formally request an extension since it will exceed the deadline of November 30th.

Chairman Leavitt stated that after this takes place, they will have to put together all the information required by the regulation. If we schedule a meeting towards the middle or the end of January, we should be able to include the City of North Las Vegas.

Member Sherman asked Terry Rubald about the regulatory approval process timeframes.

Terry Rubald responded that the Legislative Commission is scheduled to meet on December 20, 2013. Both regulations adopted today will be on that agenda for approval. If there is no problem, they will become effective on that date.

Chairman Leavitt stated that if the regulations are approved, we will have a regulation in place before we get a request from the City of North Las Vegas.

Member Vincent asked to make a note that there is no one from the City of North Las Vegas in the southern Nevada audience today. He has spoken with the Acting Finance Director, Darren Adair. They do not expect to get a report from the independent financial accounting firm regarding the current gap for the City of North Las

November 15, 2013

Vegas until January. Working on the modeling for the projections of how they will deal with that gap is one of the requirements. He suggested that Terry Rubald check with the Acting Finance Director, Darren Adair, before setting up a meeting in mid-January.

Terry Rubald stated she would do that.

Chairman Leavitt stated we will not set up an exact meeting date today. He will work with Terry Rubald on the date and poll the members.

11. Public Comment

Mark Joseph Phillips came forward for public comment. He expressed concern that the local governments should have their audit reports on the agenda 30 days after receiving the report from the auditor. The Virginia City Tourism Commission just had their November meeting and failed to put their audit report on the agenda. They notified everyone that they will combine it with Storey County's audit next week. He expressed concern about this. The Storey County School District received their audit on October 12th. It is not on the agenda with the School District until next week. Storey County itself got their audit report on September 6th and it will not be on the County Commission agenda until next week. If the Department of Taxation has not received any information that Storey County is not complying, he will write the appropriate correspondence to the local government. It is frustrating getting the local government to take this seriously. He thanked the Committee for all their hard work.

Chairman Leavitt thanked Mr. Phillips for his comments

12. For Possible Action: ADJOURNMENT

The meeting was adjourned at 10:27 a.m.