

DRAFT
Minutes of the Meeting
AB503 (ENTERPRISE FUND) SUBCOMMITTEE
OF
COMMITTEE ON LOCAL GOVERNMENT FINANCE
October 22, 2013
9:00 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 4412E, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Mark Vincent, Chairman
Michael Alastuey
Marvin Leavitt

COUNSEL TO COMMITTEE

Melissa Flatley

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
Jan Fulmer	City of North Las Vegas
Tim Colbert	City of North Las Vegas
Karen Scott	Esmeralda County

1. Roll Call and Opening Remarks

Warner Ambrose, Budget Analyst, Department of Taxation, took roll call and stated there was a quorum. Chairman Vincent called the meeting to order at 9:00 a.m.

2. Public Comment

There was no public comment.

3. For Possible Action: DISCUSSION AND CONSIDERATION OF REGULATORY MATTERS
Proposed regulation of the Committee on Local Government Finance, LCB File No. R082-13, 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, gave an overview of the regulation.

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Chairman Vincent commented that debt service is not always level. There may be occasions where transfers are to establish debt service reserves. He believes we may need to look at corresponding expenditures related to the transfer. This may also be true on grant matching. We need to see if there is a corresponding expenditure on the special revenue fund. It is not just an issue of the funds being transferred out.

Member Leavitt agreed. There should not be a wholesale transfer to debt service. It should indicate that it was for interest that occurred during the year.

Member Alastuey suggested language that would say “debt service and grant match in the exact amount required to meet known obligations in the fund to which the transfers are made.” We need to see the debt service schedule.

Chairman Vincent stated this language makes sense to him.

Member Leavitt agreed.

Terry Rubald asked Member Alastuey to repeat the suggested language.

Member Alastuey responded “accept transfers to debt service and grant matching in the exact amount required to meet known obligations in the fund to which the transfer is made.”

Terry Rubald continued with the overview. The second amendment contains some wordsmithing in Section 2, Subparagraph 7 to clarify that the projections of revenues and expenditures will be for governmental funds that receive taxes and enterprise funds whether or not they receive taxes and any fund having a long-term liability, not just an internal service fund.

Chairman Vincent had a question regarding Section 2, Subparagraph 9. It reads “the information described in this subsection is subject to public disclosure and must also be separately provided in the form of a notice which is transmitted directly to each person residing within the jurisdiction of the local government.” If this was related to a utility fund, the notice would go to the customers whom the fund is billing. If we could limit this to persons that would be affected by that enterprise fund, it would be better. We need to aim at the customer subset, not everyone that resides in the city.

Member Leavitt agreed. He believes they could send a notice with the billing statement. It would be hard to determine every person living within the jurisdiction. If the notice was included within the billing, they would already have the database.

Terry Rubald confirmed that sentence will read “the information described in this subsection is subject to public disclosure and must also be separately provided in the form of a notice which is transmitted directly to each person affected by the enterprise fund.

Chairman Vincent stated he believes this is better.

Terry Rubald stated the next amendment is in Section 4, Subparagraph 4(b), and it adds the Public Employees Retirement System (PERS) to the list of accounts where the Committee on Local Government Finance (CLGF) would consider if there was an inability to repay or insufficient cash to meet the requirements for payment.

There were no comments on this amendment.

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Terry Rubald stated the last amendment is in Section 6, which lists the items to be included in the quarterly report. Subparagraph (f) refers to a description of any fee increases imposed. The comment was to also include any increases that were previously imposed and are currently taking effect. In order to address this, she added Subparagraph (g) which reads, "a summary description of any increase in a fee imposed by the local government in any prior fiscal year which takes effect in the current fiscal year, including the amount of the increase and a copy of the resolution approving the increase."

Terry Rubald commented that these are the only changes that she has from the Workshop.

Member Leavitt suggested adding a declaration that the funds can only be used for the purpose for which they were approved. If the local government wants to use it for another purpose, they must come back to the Committee again for another request.

Terry Rubald asked Chairman Leavitt to clarify which section he would like this to be added.

Member Leavitt suggested adding this to the resolution in Section 2.

Terry Rubald stated she would add this to Section 2, Subparagraph 1.

Chairman Vincent commented about Section 6 (h) regarding changes in salaries and benefits. In NRS 288.153, there is already a statutory requirement that whenever a labor contract is amended or modified, there has to be a reporting by the local government Chief Executive Officer on the fiscal impacts.

Member Leavitt stated we could just refer to this statute.

Terry Rubald stated she will add that reference.

Member Alastuey presented a scenario of the City of North Las Vegas requesting transfers for four different purposes. At the same time, the City of North Las Vegas was under consideration with a contingency that if the approval was granted, there was a pending settlement agreement with a bargaining group. The transfer request did not include the contingent action. Member Alastuey asked if there was a way to include a situation like this in the language.

Member Leavitt stated that he was hoping the language he suggested would cover that.

Chairman Vincent stated that if the local government does not list it as one of the specific purposes, then it is assumed that is not how the money will be used. If it does not match up when reviewed quarterly, then there will be a problem. According to the regulations, we can either revoke or deny future requests.

Chairman Vincent stated we did not list settling claims in the draft regulation. He referenced Section 4, Subparagraph 1, and asked if this was as explicit as it should be.

Member Alastuey stated that the cross-reference to the statute is probably sufficient. The Legislative Counsel Bureau (LCB) tries to avoid redundancy.

Chairman Vincent stated that when an application is submitted, we should be sure the local government has read the statute.

Terry Rubald stated that she will incorporate the changes that have been made today, and send the revised regulation to the Subcommittee members. Meanwhile, she is going to also send it to LCB because time is of the essence.

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Chairman Vincent stated that would be appropriate. When the Subcommittee receives their copy, they will let Terry Rubald know if there is anything that has been missed.

4. Schedule Date and Review Agenda Topics for the Next Meeting

Member Vincent stated he does not believe we need another Subcommittee meeting.

Terry Rubald agreed.

5. Public Comment

There was no public comment.

6. Adjournment

The meeting was adjourned at 9:23 a.m.

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