

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
August 12, 2020, 9:00 a.m.

The meeting was held at the Department of Taxation, 1550 College Parkway, Carson City, Nevada by Teleconference.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt
Marty Johnson
Tom Ciesynski
Paul Johnson
Jim McIntosh
Gina Rackley
Beth Kohn-Cole
Jeff Cronk
Jessica Colvin
Christine Vuletich
Mary Walker

COUNSEL TO COMMITTEE:

Peter Keegan

DEPT OF TAXATION STAFF PRESENT:

Jeffrey Mitchell
Kelly Langley
Keri Gransbery
Chali Spurlock
Denesa Johnston

MEMBERS OF THE PUBLIC PRESENT:

Name	Representing
Matt Taylor	City of Reno
Mark Hughes	City of Reno
Wesley Harper	NV League of Cities
Savannah Rucker	Nye County
Lori Frey	Clark County School District
Jason Goudie	Clark County School District
Abby Yacoben	Clark County School District
Leonardo Benavides	Clark County School District
Diane Baseline	Clark County School District
Darren Adair	Clark County
Jeff Share	Clark County
Will Harty	Clark County
Robbie Phelps	Clark County School District
Vincent Guthreau	NACO
Lorina Dillinger	Nye County
John Prudont	Nye County
Tim Sutton	Nye County
Raelyn Power	Nye County
Jennifer Perry	Nye County
Timothy Hip	Esmeralda County
Lucinda Elgan	Esmeralda County
Vera Boyer	Esmeralda County
Dan McArthur	Esmeralda County
De Winsor	Esmeralda County Commissioner
Alan Kalt	Pool Pack
Kelly Webb	LVCVA
Shannon Anderson	LVCVA
William Cooper	Reno City Attorney's Office

ITEM 1. ROLL CALL AND OPENING REMARKS

Member Paul Johnson was absent and Member Gina Rackley joined a little after the meeting started. All other members were present.

Chairman Leavitt stated this is the first time in his career they have had

ITEM 2. PUBLIC COMMENT

Chairman Leavitt noted that the Department received written public comment and entered it in the record.

There was no other public comment.

ITEM 3. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

(a) For Possible Action: Discussion and Consideration of Clark County School District Financial Condition

1. Report by the Department and Clark County School District on the Following Matters:

a) Discussion & Report Regarding the impact of the Legislative Special Session on the School District's FY 20/21 Budget

b) Update on any potential Federal funding to the School District due to COVID-19

c) Review the need for continued Fiscal Watch

Member Kohn-Cole recused herself from this discussion due to a conflict.

Kelly Langley, with the Department of Taxation (Department), went over the material provided for Clark County School district, noting the Department has their budget but not the cash flow for 20-21. She introduced Jason Goudie, with the Clark County School District.

Mr. Goudie noted June information is not final as they are still closing the books. They finished the year with more cash than anticipated, partly due to cuts as well as the shut down due to COVID-19. He discussed the current budget situation.

They anticipate their enrollment to be lower than expected so they will be amending that in the budget, as well as changes due to PPE spending. The district has shown growth in the EFB. He believes CCSD has been able to properly manage the budget and that it is time for a discussion to remove CCSD from Fiscal Watch.

Chairman Leavitt recognizes that the school district has made many improvements and have been diligent. Due to the current situations and unknowns, he doesn't see a change in the status right now. Perhaps it could be considered in December.

Member Marty Johnson agrees, there is too many unknowns in the current environment.

Member Ciesynski applauded Jason for his leadership to CCSD. He concurred there is too much uncertainty right now.

Chairman Leavitt asked Mr. Goudie to provide the cash flow and enrollment numbers when he receives them, and to make it immediately available to the Department, and CLGF. He stated he would once the numbers are available.

(b) For Possible Action: Discussion and Consideration of Nye County Financial Condition

1. Report by the Department and Nye County on the following matters:

- a) Update on Treasurer's Office Monthly Bank Reconcilements and Treasurer's Reports and update on status of filing with County Commissioners**
- b) Report by Nye County regarding status of Corrective Action taken and progress update on cross training**

Member Marty Johnson disclosed he has a working relationship with Nye County. He believes this will not impact his participation in this discussion.

Ms. Langley noted Nye County provided a thorough Audit plan to enable them to ensure a successful and timely submission of the 19-20 Audit. They have been working closely with Dan McArthur and their department. She believes they have made great strides. They have the treasurers report and bank reconciliation through June. She does expect adjustments to be made. She introduced Nye County.

Chairman Leavitt noted they have seen a lot of progress from Nye County and asked for an update on the audit report.

Ms. Rucker went over finding 2019-03 deficiency, noting it was resolved March 2019. She has implemented a policy that identifies dual authorizations being required to ensure this does not continue. 2019-06 finding was due incorrect postings that relates back to the financial management policy. Staff has been trained to review more thoroughly and postings are proper. 2019-07 Grant reimbursement was an issue with turnover. They have a new grant administrator that performs well and provides reports timely. This is in policy also to avoid it in the future.

2 funds deficient net position, one due to GASB requirement – no fix that she is aware of. The other directly related to 2019-07. They had unavailable revenue until they received their funding.

Mr. Prudhont, Nye County Treasurer noted they are up to date on bank reconciliations. They have been working on cross training for the last year and half but have had issues with some of the unions not allowing cross training. They have been doing daily reconciliation. Software transition seems to be working, and they are in

constant communication with Dev Net. They set up a dual level approval as Savanna mentioned, it has been working effectively and is a better process. Cash balances have been reported to the County Commissioners and Ms. Langley regularly.

Dan McArthur, Nye County Auditor, concurs with the statements made by Nye County. Continued work needs to take place on cross training, which is ongoing. He thinks that needs to be followed up on. All the corrective actions have taken place.

Chairman Leavitt noted appreciation for, and the work Nye County has done. He asked Ms. Rucker to update the Committee on the shortfalls due to COVID.

Ms. Rucker responded that the board has frozen all nonessential positions through the end of the year. All nonessential purchases are put on hold. They expect to end the year with revenues in excess of expenditures as they did expect the orders. They are doing the best they can with the resources available and they review projections regularly. Chairman Leavitt noted he does not envy them it is a difficult job at this time.

Raelynn Powers, with Nye County, noted she would like to acknowledge that the Treasurer's office has seen a lot of changes. They have established a foundation and have daily working documents. They have a small staff who are inundated daily with responsibilities of receiving all the money for Nye County as well as the tax payments. Staff has embraced the changes and mastered the new software. They are ready, eager, and willing to step into the next step of bank reconciliations to continue their success. She wanted to take a moment to acknowledge that.

Chairman Leavitt added they appreciate that the people in Nye County and appreciate their reaction to the Committee and the changes that have been made. He looks forward to a timely audit report.

(c) For Possible Action: Discussion and Consideration of Esmeralda County Financial Condition

1. Report by the Esmeralda County on the following matters:

- a) Report & Provide Updates on corrective action and training completed in connection to timely reports, and bank reconciliations**
- b) Discussion with the Outside Auditor, Dan McArthur regarding training and potential concerns with the FY 20/21 CAFR**

Ms. Langley noted Esmeralda county has completed some training from Pool Pact and Dan McArthur. Pool Pact shared with Ms. Langley the training packet. She was impressed with the packet and hopes it will be a helpful tool. She introduced Esmeralda County.

Vera Boyer noted in the auditor's office they have gone over closing monthly and now have procedures to do so. They changed how they do expenditures and have better communication. They have done a lot of training.

Lucinda Elgin noted they received a lot of information from Alan Kalt and are inspired by his suggestions. They have done more training, are getting with Dev Net to have the audit completed on schedule and are working on policy procedures. They are working on implementing his suggestions and are also working on cross training.

Chairman Leavitt asked about the training they received. She noted Mr. Kalt provided a fun class. He explained ad valorem, communication between other offices, implemented forms that create accountability, monthly meetings between everyone to be a cohesive team, budgeting, commissioners came in later in the afternoon, and how to make decisions for today and tomorrow. All have a responsibility, they are functioning, accountable and solvent now and in the future and are implementing a good foundation, policies, communication, and accountability.

Mr. McArthur noted both the treasurer and auditor referred to the audit findings in the past audit. Closing on a timely basis, they put together audit timeline, and began the preliminary at the end of June. For May and June the period has been closed timely. Both offices provided bank reconciliations and financial statements timely. Cash reconciliation finding has been addressed. Auditor's office has addressed account expenditures for the month of May and June. Another preparation of financial statements, with the new Tyler system was prepared for May and June, the format did not follow required format. Should follow the budget format. Forms from the Department. Mr. Kalt came in for the training, he did a terrific job. He was provided that morning the June report, formatted correctly, which is an improvement.

Mr. McArthur found a training program to be done by staff members. He suggested the course because it trains on the 5 areas where there were findings. 4 members of the treasurer's office have signed up. National Association of Bookkeepers provides this training, they would be certified bookkeepers after course. If audit timeline is followed audit should be completed on time. The only area of issue is the new Dev Net software and getting property tax out of it. Other counties having similar issues. It needs to be dealt with to get proper reports. Tyler will have onsite training at the county in September to help staff utilize it more efficiently.

He feels things are progressing positively. He noted Mr. Kalt's presentation was informative and there was a lot of participation. He believes with that training and the accounting course it will have tremendous benefits.

Ms. Elgin noted they have received the books for the accounting course, but not all workbooks. They have taken pretests and are on board for classes.

Chairman Leavitt appreciates Mr. Kalt's involvement in the training as he used to be on this committee.

Member Ciesensk commended Esmeralda that they have gone above and beyond in terms of training.

(d) For Possible Action: Discussion and Consideration of the City of North Las Vegas 5-year Plan to reduce dependency on Sewer & Waste Water Enterprise Funding

1. Report by North Las Vegas on the Following Matters:

- a) Report by the City of North Las Vegas on changes made to the 5-year Plan reflecting SB78 Reduction Plan and recent Transfers.**
- b) Brief update on FY 20/21 cashflow projections for the General Fund, Sewer & Waste Water Enterprise Funds**

Chairman Leavitt noted the mayor called him last night to express his gratitude for what the committee did when they were on fiscal watch.

Ms. Langley went over the material provided. Augmentation did not reflect a one time reduction, it was in the budget, and she understands due to COVID plans may have changed. She noted she brought them in to update the committee on their 5 year plan.

** appreciates the opportunity. Notes this is a 30 year agreement to report every 5 years, and on an annual basis to report to CLGF on their compliance on the agreement. He doesn't think the confusion from the change on the budget does not affect the 5 year plan. They plan to continue to being in compliance.

Between the tentative and final budget was the pandemic. They reevaluated their projects and postponed some. Cash flow projections were provided this morning.

Chairman Leavitt asked the current financial condition of the general and expenditure fund.

Will Hardy, noted this is an uncertain environment, they are being prudent with every dollar. They expect to balance the budget in the general fund and Sewer and Waste water plan to balance also for 20-21.

ITEM 4. FOR POSSIBLE ACTION: ADOPTION OF PERMANENT REGULATION

1. LCB R002-20 amending NAC 354.660

This regulation amends NAC 354.660 regarding provisions governing the exclusion of certain money from collective bargaining negotiations and from consideration in determining the ability of local governments to pay compensation and monetary benefits; and providing other matters relating thereto.

Jeff Mitchell presented the regulations for consideration, discussion, and possible adoption. He explained the first is to bring it in alignment with the statutes. The second regulation relates to fiscal watch. He explained he

would read through the regulations and note changes. Afterwards, he noted it would be proper to ask for comment before adoption.

He stated he would go through LCB R002-20 first. He explained the process the Department went through prior to bringing it before the Committee, noting there were two workshops held, public comment was received at the first workshop, but none was received at the second one. He read R002-20, noting the changes.

Member Walker thanked Mr. Mitchell, noting she was Chair of the subcommittee and reiterated that this regulation just makes sure our NAC matches NRS.

Chairman Leavitt asked for public comment, there was none.

Member Walker moved to pass LCB R002-20, Member Vuletich seconded the motion. Motion passed unanimously.

2. LCB R003-20 revising Chapter 354

This regulation requires the Department of Taxation to include a request for documentation in the notice that a local government has been placed on fiscal watch; authorizing the Department of Taxation and the Committee on Local Government Finance to request certain documentation from a local government that has been placed on fiscal watch; authorizing a local government to object to a request for documentation; and providing other matters properly relating thereto.

Mr. Mitchell noted LCB R003-20 follows the same path as the last one. There were two workshops for this regulation also. He noted public comment was received and suggested amendments were also received by Clark County and are a part of the packet. He read through the regulation as presented, noting all the language is new, and mentioned changes that were made during the process. He thanked the subcommittee as this was an important regulation for the Department to set expectation of the requirements and possible material that could be requested.

Chairman Leavitt noted he appreciates the excellent work done by the Subcommittee and their chairman.

Member Vuletich echoed his comments, she believes this is concise and will be helpful to local governments for the expectations if placed on fiscal watch.

Member Walker thanked the subcommittee also, noting everyone contributed and had good input. She stated they had not defined the process in the past, but the Department has done excellent as they went along. They do need flexibility. A lot of things can contribute to an entity getting on fiscal watch. She thinks it will take a lot of the push back away from the local governments, and she thinks it will streamline the process. The Department provides an oversight, this sets out the parameters.

Chairman Leavitt agreed.

CCSD noted this could put undue stress on an already struggling entity. They ask the committee to consider their amendments presented.

Chairman Leavitt noted he prefers the regulation as drafted without any changes.

Member Walker moved to approve LCB R003-20, Member Marty Johnson seconded the motion. Motion passed unanimously.

ITEM 5. BRIEFING TO AND FROM THE COMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

- (a) Provide Committee Members copy of 2010-2019 Audit Summaries as prepared by Local Government Finance Staff
- (b) Update on the Special Session of the Legislature and the impact on the local government budgets
- (c) Update on potential economic indicator report as suggested by Member Colvin & Member Vuletich to reflect impacts and recovery from COVID 19

Chairman Leavitt noted he appreciates the department for providing the Audit Summaries.

Ms. Langley noted the summaries provide the information from 2010-2019. She noted it shows improving cash balance in regards to the local governments. She wanted to point out Nye County, that although they are on fiscal watch, their fund balance has been improving over the years. She noted CTX across the board is up, so she hopes COVID does not impact it too much. She also noted North Las Vegas has an ending fund balance that has increased significantly.

Ms. Langley noted that Mr. Mitchell stepped out and is unable to provide an update on the Special Session of the Legislature.

Ms. Langley noted that Members Colvin and Vuletich as well as herself have been unable to provide suggestions. Member Colvin noted they did get to this last week and provided information Clark County submitted to their board. She started a dashboard and will provide it to Ms. Langley. She explained what is driving the down turn. Also want to do by sector. Indicators are likely different for the different areas of the state.

Member Vuletich noted they are also working on a similar report for their board. Looking at internal indicators and using an economic report for economic indicators. She echoed the importance of the employment numbers. Northern Nevada economy is more diverse and less reliant on hospitality and tourism.

Member Colvin noted pledged revenue is a concern and is it a requirement that local government use their reserves for reserve payment. Once exhausted would be an impact to the general fund, or property tax levy. Maybe the committee can look into it for the next meeting.

Ms. Langley added the Department is working on the indebtedness report, that specific tax, they should take a look at those and see. It could be significant.

Member Marty Johnson said to the best of his knowledge general fund revenue bonds have no requirement to notify the department not in statute. Department should be able to see it in the debt management policy.

Chairman Leavitt asked this item go on the next Agenda.

Member Rackley mentioned this information should be recorded on the QES's also. Chairman Leavitt agreed, and wants a discussion on the next Agenda, and indicators. Many rural counties likely have mining also.

Ms. Langley noted some of the information the department has, can produce a sample dashboard for the next meeting. She voiced her agreement regarding the employment and would like access to that information or a dashboard in advance so they can act earlier.

Member Ciesynski, noted it would be nice to know what stimulus money has hit the county and school districts to be provided to the committee.

Chairman Leavitt commented that the Departments staff has done a tremendous job under the current circumstances.

ITEM 6. REVIEW AND APPROVAL OF MINUTES

(a) For Possible Action: CLGF Committee Meeting – June 3, 2020

Member Kohn-Cole motioned to accept the minutes as presented. Member Cronk seconded the motion. Motion passed unanimously.

ITEM 7. FOR POSSIBLE ACTION: SCHEDULE DATE AND REVIEW AGENDA TOPICS FOR THE NEXT MEETING

Chairman Leavitt noted he discussed with Kelly yesterday that the next meeting should be probably in December. The committee agreed.

He also noted he would like a report regarding consolidated tax items and the revenue they are producing at that moment in time.

Ms. Langley noted in regards to the potential dashboard, she will work with the two members to help the committee see what is going on. She will break up the C-tax also. She thinks working with Washoe and Clark she should be able to get information to give them a good information. Indebtedness should be available by the end of next month she will send to committee before the December meeting.

Member Cronk wondered if Taxation could provide if there are any problems with collections due to taxable sales. Just general data if collections are on target. Ms. Langley believes they can provide some information on collection rates.

Chairman Leavitt noted his term expires between now and the next meeting.

ITEM 8. PUBLIC COMMENT (See Note 2)

There was no Public Comment.

ITEM 9. FOR POSSIBLE ACTION: ADJOURNMENT

Meeting was adjourned at 10:55.