

**Minutes of the Meeting**  
**COMMITTEE ON LOCAL GOVERNMENT FINANCE**  
**January 28, 2021, 9:00 a.m.**

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

**COMMITTEE MEMBERS PRESENT:**

Marvin Leavitt  
Marty Johnson  
Tom Ciesynski  
Paul Johnson  
Jim McIntosh  
Gina Rackley  
Felicia O'Carroll  
Jeff Cronk  
Jessica Colvin  
Christine Vulecich  
Mary Walker

**COUNSEL TO COMMITTEE:**

Peter Keegan

**DEPT OF TAXATION STAFF**

**PRESENT:**

Jeffrey Mitchell  
Cheryl Erskine  
Kelly Langley  
Kellie Graham  
Ande Thorpe  
Keri Gransbery  
Evelyn Barragan  
Christina Griffith  
Chali Spurlock  
Denesa Johnston  
Hector Sepulveda

**MEMBERS OF THE PUBLIC PRESENT:**

<b>Name</b>	<b>Representing</b>
Cliff Dobler	Incline Village GID
Paul Navazio	Incline Village GID
Indra Winqest	Incline Village GID
Tim Callicrate	Incline Village GID
Sara Schmitz	Incline Village GID
Sherry Wideman	Churchill County
Savannah Rucker	Nye County
John Prudhont	Nye County
Debra Strickland	Nye County
Samantha Kramer	Nye County
Jason Goudie	Clark County School District
Steve Osburn	Clark County School District
Dillon Kay	Clark County School District
Diane Bartholomew	Clark County School District
Chad Williams	Southern NV Regional Housing
Tiffany Williamson	Eide Bailly
Eileen Prudhont	Herself
Aaron Katz	Himself
David Longo	Himself
Martin Williams	Himself
April Bradshaw	Herself

**ITEM 1. ROLL CALL AND OPENING REMARKS**

All members were present during the meeting.

Chairman Leavitt welcomed Member O'Carroll to the committee and asked her to tell a little about herself. She explained she is a native Nevadan and reviewed her education and employment history and noted she has come across most of the members in her line of work. She is delighted to be on this Committee. Chairman Leavitt added it is nice to have her.

**ITEM 2. PUBLIC COMMENT**

There was no 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) Update on recent enrollment numbers; and on the Amended Final Budget**
  - b) Review and Discussion of the FY 19/20 Annual Audit (CAFR)**

### **c) Discussion regarding Fiscal Watch status**

Kelly Langley introduced the Clark County School District (CCSD) item. She explained the information provided in the packet. She noted the audit was received timely. She introduced Jason Goudie and apologized for the absence of the Final Budget in the material.

Jason Goudie spoke for CCSD. He noted the cash flow shows improvement. He summarized that the school district is better financially than it has been in a decade. He added that in the Comprehensive Annual Financial Report (CAFR) the ending fund balance (EFB) has grown and is the highest it has been since 2009. He explained the extra money is due to the national shortage of teachers, reduction of in person learning due to the pandemic, and the financial conservatism of principles that are made each year.

He discussed the amended final budget. Enrollment is consistent with the last projections provided. There is a decrease from prior years but it is being addressed. The reduction allows for better service. They expect an increase in 2022 with in person learning returning. The district utilized federal funding and restored funding previously cut in the summer session. Budgeted EFB grew. In the 2021 forecast they expect better than anticipated reserves due to reduced spending with COVID closures. They anticipate restricted funds to grow. He noted federal funding can't be used for raises or funding gaps. They believe they will be able to use federal funding and maintain a balanced budget and not require cuts in the 2022 budget year. They would like to be removed from fiscal watch. The district has shown they can deal with uncertainties.

Member Cronk asked what the EFB percentages are from FY21 to FY22. Mr. Goudie replied 2.25% the focus is to move that to 4%. They have had a consistent .25% increase since 2007. Member Cronk applauds their effort in these difficult times.

Chairman Leavitt appreciates the efforts CCSD has done to improve their EFB. He recommends they be taken off fiscal watch. Member Ciesynski agreed and applauds their efforts to control their fund balance but recommends CCSD continue to raise their reserve above 2%. He thinks the fiscal leadership and discipline is there and the audit was excellent. Member Mcintosh also agreed and thinks Mr. Goudie has done a commendable job. He supports taking them off fiscal watch as well.

Member Rackley also applauded Mr. Goudie adding she is impressed with his financial management. She also recommends removing them from fiscal watch. Member Cronk agreed with her, adding they have shown they can operate in that environment and are working hard to improve it. He supports the recommendation also.

Member Marty Johnson thinks they are pleased with the progress made and motioned to remove them from fiscal watch, seconded by Member Ciesynski. No members opposed.

Mr. Goudie commented that he appreciates the Committee's support. He reiterated that 2% is not adequate, he believes 4% is the current end goal. Somewhere between 4 and 8% would be an adequate level. He thanked the Committee.

### **(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) Discussion and Review of the FY 19/20 Annual Audit (CAFR)**
- c) Discussion and Review of Treasurer's office on cross training**
- d) Discussion regarding Fiscal Watch status**

Member Marty Johnson disclosed that his business has a relationship with Nye County, but he does not believe that will affect anything they will be discussing, he plans to participate in the discussions.

Mr. Jeffrey Mitchell noted the Department will prepare the letters regarding the previous discussion.

Kelly Langley introduced Nye county, noting they received a letter of corrective action which showed improvement in all areas of concern. She reviewed the findings on their audit and introduced Nye County.

Savannah Rucker appeared for Nye County. She noted there are no new material weaknesses or deficiencies. They still have the cross-training issue in the Treasurer's office and the Treasurer is still working on that and may comment on that later. This is the first year in a long time they have not had budgetary violations. Most of their revenue sources are currently stable. They expect their expenditures to come in under budget for FY21. The department heads are prudent with spending and managing their budgets as well. They are offering buyouts to retirees to move them from the counties health insurance to Medicare to reduce future liability. They discuss COVID impacts weekly and are currently generating an EFB of \$10.3 million by the end of FY21. She stated that over all the Board is making great financial decisions. She noted they have a good financial policy in place, Nye County is on stable ground.

John Prudhont noted the deficiencies have been addressed and training is happening monthly. He mentioned the treasurer report and the bank reconciliations have been on time. He requested Nye County be removed from fiscal watch.

Member Colvin commented that the bank reconciliation made her smile and she congratulated them. She added that the comptroller has done a remarkable job. She is supportive of removing them from fiscal watch. Member Walker agreed with Member Colvin that it was time to remove them.

Member Ciesynski echoed what they said. He pauses looking at the CAFR. If Nye County is removed from fiscal watch, he thinks they should follow up on audit findings. He applauds their efforts. They have made giant strides. Member Rackley agreed with him on the pause based on comments noted on their CAFR.

Chairman Leavitt recommends removal with a stipulation that next year they provide info regarding continued preparation of bank reconciliations and that cross training. He requested a motion.

Member Marty Johnson motioned to remove Nye County from fiscal watch with the mentioned stipulations. Member Walker seconded. No members opposed.

Chairman Leavitt stated he appreciates all the work Nye County has done.

**(c) For Possible Action: Discussion and Consideration of Incline Village General Improvement District**

**1. Report by the Department and Incline Village Improvement District on the following matters:**

- a) Discussion and Review of IVGID's request to transition from Special Revenue accounting, back to Enterprise Fund accounting for the District's Community Service and Beach Funds as reversed beginning in 2015/16 Budget**
- b) Discussion regarding valuation of Capital Assets, prior to any proposed transition starting FY 21/22 Budget**
- c) Discussion from current Independent Auditor regarding proposed transition back to Enterprise accounting from Special Revenue Fund accounting for the Community Service and Beach Funds**

Kelly Langley explained that Incline Village General Improvement District (IVGID) submitted a letter to the Department formally notifying them of their intention to transition from special revenue funds back to an enterprise fund for the districts community services as well as beach access funds beginning with the FY21/22 budget. She explained these funds were enterprise funds up until 2015, when IVGID requested approval to go to a special revenue fund. The Department required their auditor provide an opinion on if the special revenue funds could qualify for an enterprise fund, which the Department received, and it was applicable. The Department worked closely with IVGID to show the deletion and creation of the funds until they were off the budget schedules. She noted the department expressed to IVGID that they are required to provide a valuation of capital assets and that needs to be provided prior to converting back to an enterprise fund. Ms. Langley introduced the IVGID participants.

Mr. Paul Navazio, with IVGID, asked if Tim Callicrate was on the line. Mr. Callicrate appreciates Ms. Langley's cooperation. The district had a unanimous vote to go back to enterprise fund accounting.

Mr. Navazio noted they were asked to comment why they want to transition. He clarified it was to acknowledge the need to ensure capital assets would transition. He noted Tiffany Williamson, with Eide Bailly was available.

Mr. Navazio summarized the material they provided, starting with the letter provided to the Department expressing the districts intent to transfer to enterprise accounting. He appreciates the oversight they received. He referred to a board memo where this resolution was adopted unanimously. Additional material shows how the district continues to be plagued by questions and concerns from constituents. To move past this, and address some of the concerns, the board engaged an outside firm to review some of the selected issues and looked at enterprise vs special revenue. They believe they qualify for either fund type. Board and staff recommendations supported the transition back. IVGID operates a slew of recreation activities, and separate business entities. As they set fees and pricing, they can ensure and demonstrate the fees collected fully recover costs. An enterprise fund is more appropriate for the district's operation.

He reviewed the districts minutes from 2016, noting the focus was on transparency. When they transitioned 5 years ago no action was needed or taken by CLGF. They want to be transparent and intend to make the transition with the budget next year. They intend and will be prepared to address capital asset questions and any support from auditors. With capital assets, they have continued to maintain fixed asset records.

Chairman Leavitt has never seen such issues in a community regarding the type of fund used. This seems to be an ongoing disagreement. It amazes him it reached this. He asked the auditor to comment.

Tiffany Williams, with Eide Bailly, provided her opinion that the district has the choice on fund type. They meet the standard for enterprise accounting.

Member O'Carroll noted she was involved in this discussion and most people do not know the difference. She asked if there is debt in the user fee. Mr. Navazio responded that there is a small remaining debt served by a portion of the facility fee that is assessed on partial owners. Ms. O'Carroll does not think a small amount is a problem but asking current users to pay debt service, and fund depreciation through charges, is asking them to pay down the road. She feels the public gets upset when they are funding today and tomorrows asset. She thinks they should keep that in mind.

Chairman Leavitt hopes there is nothing more on this issue. Mr. Callicrate agreed adding it has been an interesting ride and thanked the Committee for their time.

**d) For Possible Action: Discussion and Consideration of Southern Nevada Regional Housing Authority**

**1. Report by the Department and Southern Nevada Regional Housing Authority**

- a) Discussion and Review regarding the requirements of Senate Bill No. 183 as approved during the 2017 Legislature**
- b) Update by SNRHA to comply with the requirements beginning with the FY 21/22 Budget**
- c) Discussion regarding concerns of potential impact of implementation on change of calendar year for reporting purposes**

Ms. Langley discussed SB183. No state funding or tax dollars are provided to the Southern Nevada Housing Authority (SNRHA) and they are confused why they are considered a local government as they receive grants.

Chad Williams CEO spoke on behalf of SNRHA. He noted they were unaware of this requirement. They are working with legislatures to be removed. He stated they receive no operating funds from state or cities. Their funds come from grants from the government. He added that they can issue their own bonds.

He explained the challenges to change their fiscal year. If legislature intent is more oversight, the agency can do what they have done. They are requesting to be removed from this requirement. Their housing authority has one of the best audits in the country and the best funding, even during this pandemic.

Chairman Leavitt agreed they are in a difficult situation. The legislature determined they should be under local government and CLGF is unable to change that. He asked Mr. Keegan, who spoke with Mr. Williams regarding this issue. Mr. Keegan stated the Committee does not have the ability to make exemptions on SB183 nor can

they amend it. SNRHA needs to address this issue in the upcoming legislative session. There is nothing CLGF can do, they do not have authority to override legislation.

Chairman Leavitt suggested SNRHA go to the legislature. Mr. Williams noted they are in contact with their Senator and legislatures. He is confident this will be corrected. In lieu of that, they can provide their current fiscal year budget, but it does not fit the departments forms. Their funds are contracted, the state should not be able to decide how they spend federal funds.

Chairman Leavitt reiterated there is nothing the committee can do. Mr. Williams noted they will submit a current budget, but it will not fit in the reporting period. He also offered to have their board re approve the budget approved by HUD regulations. Mr. Ciesynski would like them to submit the annual audit report also. Mr. Williams agreed that was a great idea.

Member Cronk was curious and wonders what the intent of the legislation was. Maybe to include as a local government for a specific purpose. Maybe it was not intended to comply with everything local governments do.

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

Mr. Mitchell stated there were no comments from staff.

### 6. REVIEW AND APPROVAL OF MINUTES

#### (a) For Possible Action: CLGF Committee Meeting – November 9, 2020

Mr. Ciesynski approved the minutes with a correction to the word distant changing to distance, seconded by Member Paul Johnson. Member O'Carroll stated she could not vote but noted she would forward grammatical corrections to Ms. Spurlock. Member Rackley confirmed the minutes were for November 9, 2020. Approved with corrections. Member Paul Johnson seconded the amended motion.

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

Chairman Leavitt would like to review the last fiscal year audits for timely submittal and recommendations. He would also like to review the financial situation relating to CTAX and other major revenues in other local governments.

Chairman Leavitt noted he and Ms. Langley discussed having the next meeting around the first part of May. The members were agreeable. Member Ciesynski noted with the new school district funding model, May could be too soon. He thinks it might be helpful to see what the funding model will look like. Member Johnson noted the forms from Taxation will be changed, there will be reporting and accountability changes, an update makes sense. He would like to put Member McIntosh on this, Member McIntosh noted the Department of Education has put up some changes and he agreed it would be helpful. Chairman Leavitt would like that item on the agenda. Peter Keegan suggested adding SNRHA on the next agenda also.

### 8. PUBLIC COMMENT (See Note 2)

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

There were no public comments.

### 9. FOR POSSIBLE ACTION: ADJOURNMENT

Meeting adjourned at 10:23 a.m.