

Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
May 12, 2021, 10:00 a.m.

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

COMMITTEE MEMBERS PRESENT:

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

COUNSEL TO COMMITTEE:

Peter Keegan

MEMBERS OF THE PUBLIC PRESENT:

Name	Representing
Fred Herron	Southern NV Regional Housing
John Gresley	Southern NV Regional Housing
Dan McArthur	Daniel C McArthur, Ltd
Ruth Lee	Esmeralda County
Amanda Evans	NACO
Andrew Feuling	Carson City School District
Richard Stokes	Carson City School District
Timothy Hipp	Commissioner, Esmeralda County
Bob Glennen	Esmeralda County
Lucinda Elgin	Esmeralda County
Mahogany Turfley	Herself

**DEPT OF TAXATION STAFF
PRESENT:**

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

ITEM 1. ROLL CALL AND OPENING REMARKS

Member Marty Johnson was absent. All other members were present during the meeting. Chairman Leavitt discussed the recovery efforts since COVID and the improving economy.

ITEM 2. PUBLIC COMMENT

There was no public comment.

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

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

1. Report by the School District Regarding 3rd Year of Decline in Ending Fund Balance of General Fund pursuant to NRS 387.3045:

Kelly Langley, with the Department of Taxation (the Department), noted she received a letter from the Carson City School District regarding their 3rd year of decline in ending fund balance (EFB). She added that their EFB has declined but is still healthy. She noted they expect to run deficits for the next six years due to SB543. She introduced Richard Stokes and Andrew Feuling, with the Carson City School District.

Mr. Stokes believes they are doing well but are trying to keep and maintain staffing arrangements and programs while modifying expenditures over the next three years. He added they are in a good place and have a plan.

Chairman Leavitt appreciates their presence and remarks. He understands they meet the requirement to appear, but their EFB is adequate. He cautioned that they need to be careful not to let it get in a worse position.

Member Paul Johnson reminded the committee that SB543 will make changes to school districts and expects to see more districts fall in this category. Chairman Leavitt agreed some school districts may have some difficulties. Member Paul Johnson thanked Superintendent Stokes for appearing, as well as Mr. Feuling, noting he appreciates their attendance.

(b) For Possible Action: Discussion and Consideration of Southern Nevada Regional Housing Authority

- a. Update by the SNRHA to comply with the requirements beginning with the FY 21/22 Budget**
- b. Update by SNRHA on Legislative intent**

Ms. Langley noted SB183 passed in 2017 making Southern Nevada Regional Housing Authority (SNRHA) a local government entity and now required to file tentative and final budgets with the Department. SNRHA does not have the right to levy or receive money from ad valorem or other taxes or any mandatory assessments of the state of Nevada. They are fully funded by the government, not the State of Nevada.

Ms. Langley further explained SNRHA was asked to appear to provide an update on if they were able to receive an exemption to NRS 354.475. Their fiscal year aligns with the Federal Government, October 1-September 30.

She noted SNRHA's 2019 Annual Audit mentions long term debt as note L. However, the tentative budget filed with the department does not reflect any debt or payment. Ms. Langley noted the Department would like clarification if it should be shown on the budget filed, as it is paid via management rental fees. Ms. Langley introduced Fred Herron and John Gresley with SNRHA.

Chairman Leavitt asked SNRHA to address the Committee on where they stand with the Legislature, if they have presented any new bills. Mr. Gresley thanked the Committee for the opportunity to speak before them. He noted his constituents are working to maybe add an amendment to the current bill, but he is not optimistic of the effort. He believes it will be taken up at the next session of the legislature.

Chairman Leavitt stated he does not believe the Committee has much choice unless the legislation is changed. He asked Peter Keegan, counsel to the Committee, to address this. Mr. Keegan confirmed there is no work around. SB183 specifically identified SNRHA and there was no exemption. He believes the Department has an obligation to review the budget.

Ms. Langley stated the budget received by the Department seems to be in order. She is concerned that they work under a federal budget timeline and asked if that creates problems or if she can accept them as received.

Chairman Leavitt thinks it may be a problem as Nevada statutes provide a different fiscal year. He asked Mr. Keegan if there was something they could do. Mr. Keegan noted it was discussed and there is no caveat to create a different fiscal year. He understands it creates more work, but the Department has no wiggle room. SNRHA will have to comply.

Chairman Leavitt noted he would like them to appear at the next meeting, sometime in August. By then they should know more from the Legislature and have a plan on how they will comply.

Ms. Langley added by August the Department will have SNRHA's fiscal year 20 Audit, as well as their final budget. She suggested they maybe discuss how they will handle SNRHA audits in the future, as to time frames. She also suggested SNRHA could possibly have some ideas how to handle that. Chairman Leavitt would like to see them at the next meeting.

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

- a. Discussion and Review of the FY 19/20 Audit (CAFR)**
- b. County to report on corrective action regarding expenditures in excess of appropriations, internal control material weaknesses and significant deficiencies of recurring nature**

c. Department to make recommendations to Committee based on plan of corrective action as submitted by the local government and on severity of local government condition.

Ms. Langley stated numerous individuals were available for comment from Esmeralda County (the County), as well as Keri Gransbery, with the Department. She referred to the timeline of events provided in the packet and noted Commissioner Tim Hipp provided a letter of concern. The Department received the County's audit as well as a letter of corrective action.

Ms. Gransbery stated the audit summaries report for the past two years shows a pattern of repetitive violations and the Department is concerned this will continue. The Department would also like to ensure training is complete. She also stated the County has been before the Committee in the past for other reasons, this time it appears they are "over-paying" which creates issues for the Department. She added it is not the Departments desire to place the County on fiscal watch, but fears they are headed that way. The Department hopes the County can address their weaknesses and assure this will not continue.

Ms. Langley introduced Dan McArthur, Commissioner Timothy Hipp, Vera Boyer, and Lucinda Elgin.

Chairman Leavitt asked Mr. McArthur to comment on how the 2020 audit compared with the 2019 audit, and if there was improvement. Mr. McArthur stated many of the comments in the 2019 year are repeated in the 2020 year. The County did not take any action until February. He noted the monthly reporting to the Commission started in June 2020. In 2020 there was a small budget violation, less than \$300. He does see improvements in 2021. The Tyler software seems to be a big problem moving forward. Training began in July 2020 and is ongoing. The training scheduled for September 2020 did not happen, he believes it was due to COVID, and it has not happened yet. There is improvement, just not quickly.

Member Ciesynski asked Mr. McArthur if he presented his results to the Commission. Mr. McArthur confirmed., adding they went through the items in detail and there was tremendous discussion with the Commissioners. Mr. McArthur felt the meeting was good.

Ms. Elgin expressed that in the last nine months to a year, Ms. Boyer and Ms. Elgin have gotten in sync working together. They have a trainer from Tyler that revealed more procedures that can be done to simplify their reports. They have put procedures in place so they can get their reports done monthly.

Ms. Langley confirmed the Department has seen improvement with the reports. The County is staying current with PERS and RPTT, although there are excess payments.

Ms. Elgin added that her and Ms. Boyer are going to be able to utilize Tyler more as training continues. New procedures are added as things arise. They are working in harmony.

Chairman Leavitt appreciates the efforts they made. He added the next meeting will be sometime in August and the Committee expects the County to go through everything noted on the audit to show they are working together and show what has been done to resolve the problems. Ms. Elgin stated she understood. He continued that based on what they present will determine if the Committee needs to take further action. Ms. Elgin stated they have implemented a lot of the changes from the audit and are trying to be proactive. She stressed that they are working very hard on everything that has been brought to them and are trying to anticipate problems.

Chairman Leavitt also requested they sit down with their auditor prior to the next meeting and go over these things so the Committee does not see the same issues in the next audit report. Ms. Elgin agreed to do so. Chairman Leavitt stressed they do not want to put them on fiscal watch but will if these requirements are not satisfied. She agreed.

Ms. Langley asked Ms. Elgin if they are getting the support they need from the Commissioners. Ms. Elgin believes they are, adding they had training classes recommended by Mr. McArthur and those were helpful. They are implementing the tools they gained. Ms. Elgin appreciates the recommendations Mr. McArthur suggested.

Member O'Carroll noted it is possible some of the issues will be hard to complete by June 20th if they do not complete the training. She suggested they may need to hire a different CPA to assist them as Mr. McArthur's help will be limited. Ms. Elgin replied she believes they will be complete by the end of August. The accounting classes are self-paced, and she is asking her employees to do the online classes on their own time. She added the Tyler trainer seems to be well versed. Member O'Carroll added it would be helpful to speed up the progress.

Mr. Keegan commented that he would like the Committee to request certificates of some sort showing the training is complete. Chairman Leavitt agreed that some sort of proof would be helpful, also for the other violations.

Ms. Elgin assured she would work with Vera and touch upon those subjects and show copies of their procedures to Mr. McArthur and the Department. Chairman Leavitt asked if she understood, she stated did.

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

(a) Review of the Audit Summaries (2011-2020) Report prepared by the Department reflecting Counties, Cities & Schools

Ms. Langley stated the Audit Summaries were included in the packets. The Department feels the graphs are helpful to the counties and local governments. She described what they consist of and what they show. She added her staff worked hard to get this prepared earlier than previous years and commended her staff.

Chairman Leavitt stated he is happy when he sees these, and for most local governments he can see improvement over the years. He added the local governments should be congratulated.

Chairman Leavitt would like the Department to provide hard copies to the committee members. At the next meeting they would like a summary of the final budgets. He would also like a discussion on the financial condition of the local governments. Ms. Langley agreed to provide copies. She noted the Redbook will be available soon and that will be provided to the members as well.

Member Colvin also stated the reports are useful. She thinks it was evident that local governments cut down on expenses. She is concerned that some special districts in southern Nevada are reliant on room tax.

Chairman Leavitt said it might be helpful to have a summary on the entities that rely on room tax. Member Vuletich agreed it may be worth looking at. Ms. Langley stated they would try and put something together.

5. REVIEW AND APPROVAL OF MINUTES

(a) For Possible Action: CLGF Committee Meeting – January 28, 2021

Member Walker moved to approve the minutes, Member Ciesynski seconded the motion. Member O'Carroll noted some typographical errors. She requested amending the motion as approved with corrections.

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

Chairman Leavitt discussed having the next meeting in August. Due to schedules, early August was agreed on. Chairman Leavitt reiterated the Committee would like SNRHA as well as Esmeralda County to appear at the next meeting. They would also like to have a discussion on the final budgets, audit summaries, and room taxes.

Member Ciesynski asked about an update on the funding models for school districts. Chairman Leavitt agreed. Member McIntosh stated he would reach out to Member Paul Johnson and put something together.

7. PUBLIC COMMENT

There was no public comment.

8. FOR POSSIBLE ACTION: ADJOURNMENT

Meeting adjourned at 11:06 a.m.