

Minutes of the Committee Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
April 14, 2023, 9:30 a.m.

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

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt
Jessica Colvin
Marty Johnson
Tom Ciesynski
Gina Rackley
Paul Johnson
Felicia O'Carroll
Jeff Cronk
Abigail Yacoben

COUNSEL TO COMMITTEE:

**DEPT OF TAXATION STAFF
PRESENT:**

Shellie Hughes
Yvonne Nevarez-Goodson
Kelly Langley
Kellie Grahmann
Keri Gransbery
Evelyn Barragan
Ande Thorpe
Cheryl Erskine
Christina Griffith
Chali Spurlock
Hector Sepulveda
Gabriella Winder

MEMBERS OF THE PUBLIC PRESENT:

Name	Representing
Jeff Church	Reno Tax Revolt
David Akola	Topaz Ranch Estates
Dan McArthur	Esmeralda County
LaCinda Elgan	Esmeralda County
Vera Boyer	Esmeralda County
Cindy Creighton	Nevada Taxpayers Association
Mark Paris	White Pine County
Beverly Cornutt	White Pine County
Brian Shull	White Pine County
Christine Vuletich	Herself
Michelle Cipra	Humboldt County
Alan Kalt	Pool Pact, CFO
Shauna Tolotti	Humboldt County
Steven Maiello	Clark County School District
Steven Osburn	Clark County School District
Diane Bartholomew	Clark County School District

ITEM 1. ROLL CALL AND OPENING REMARKS

Chairman Leavitt opened the meeting. Members Mary Walker and Jim McIntosh were absent. New member Abigail Yacoben was introduced and spoke on her experience.

ITEM 2. PUBLIC COMMENT

Jeff Church, with Reno Tax Revolt, spoke about enforcing NRS 354.595 as it relates to the Reno Business Improvement District. His written comments are a part of this record.

No other public comment.

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

For Possible Action:

(a) Report and update from Esmeralda County regarding the status of the FY21/22 Annual Audit, including any audit findings

The Department of Taxation's (Department) Budget Analyst, Keri Gransbery, discussed the repetitive weaknesses on the audit summary report the past two years. She introduced Esmeralda County.

Daniel McArthur, auditor for Esmeralda County, commented that three of the four findings on the audit report have been resolved, and the County is continuing to work the credit card issue.

LaCinda Elgan with Esmeralda County, responded that the County Board of Commissioners was presented with administrative functions regarding the credit cards. County staff has implemented some of these functions and is presenting credit card statements to the County Board.

Chairman Leavitt questioned where the County stands on training.

Ms. Elgan noted they have been training someone on bank reconciliations, and that person is also taking an accounting class.

Chairman Leavitt asked whether there is training that has not been provided. Ms. Elgan responded they have someone who knows how to run the reports now.

Vera Boyer, with Esmeralda County, noted that the County is now able to pay certain bills prior to County Commission meetings to avoid discrepancies. She also stated that her staff is taking accounting classes and participating in ongoing training.

Chairman Leavitt asked Mr. McArthur whether he envisions the remaining issues being addressed by the next audit report. Mr. McArthur noted three audit findings will be resolved, but he is not sure whether the credit card issue will be resolved.

Chairman Leavitt requested a final report on the credit card situation for the next meeting. Mr. McArthur stated he could be at that meeting and provide a report.

Member O'Carroll asked Mr. McArthur for an estimated number of adjusting journal entries he posted as part of the audit. Mr. McArthur guessed 30 or 40.

Member O'Carroll expressed concern whether the staff has the ability to appropriately record items in the general ledger. Ms. Elgan responded she posts the journal entries for the service fees and unrealized gain or loss as well as duplicate entries monthly. Member O'Carroll asked about capital assets. Ms. Elgan replied that those adjustments are done with Mr. McArthur.

Member Colvin commented that CLGF should recommend that Esmeralda County hire an outside accounting firm.

Member Yacoben asked whether the software issues have been resolved. Ms. Elgan responded they are able to retrieve reports and download to Excel.

Member Yacoben agreed with Member Colvin's suggestion for the County to retain an outside accounting firm.

Member Ciesynski also agreed with Member Colvin's recommendation. He believes CLGF would be wise to continue to monitor Esmeralda County.

Chairman Leavitt asked Mr. McArthur how the adjustments he makes compare to other entities. Mr. McArthur replied that he does more with Esmeralda County since the change to the Tyler software. He has seen improvement, but there continues to be issues with the software.

Member O'Carroll noted some of the concerns relate to the number of funds an entity has. She agrees with Member Colvin, but added that finding outside accounting agencies is difficult.

Chairman Leavitt responded that Esmeralda County is a small county and he understands that finding trained staff is difficult. He would like a report on how Esmeralda County feels about Ms. Colvin's suggestion at the next meeting.

(b) Report and update from White Pine TV District Regarding the delay of the FY 21/22 Annual Audit

The Department's Budget Analyst, Evelyn Barragan, explained that White Pine TV District (the District) has twice requested extensions on its audit. The Department has still not received the District's audit.

Brian Shull, auditor for the District, stated the audit has been started and is on schedule to be completed within the next couple of weeks.

The District's representative, Beverly Cornutt, noted that the District's Vice Chairman was listening to the meeting on the Zoom call, but could not speak. She reiterated that the District was working on the audit, it had the information from the previous auditor, but the audit was not completed. They are currently working on next year's audit. The tentative budget was approved. She found out in January that the previous auditor had not done the audit and assured the Committee that this is not normal for the District.

Mr. Shull added that it sounds like the previous auditor no longer conducts audits, so the District was left with short notice to find another auditor. Mr. Shull reassured the Committee it would not happen again.

Chairman Leavitt stated that the District would be asked to appear at the next CLGF meeting if the audit is not received prior to the next meeting.

Mark Paris, with McMullen McPhee, noted that the District needs to confirm whether it needs an audit in the future as they are a small entity. He confirmed the District was unaware the previous auditor was no longer conducting audits, and Mr. Shull agreed to perform the audit.

(c) Report and update from Topaz Ranch Estates GID Regarding the delay of the FY 21/22 Annual Audit

The Department's Supervisor of Local Government Finance (LGF), Kelly Langley, explained that Topaz Ranch Estates GID (TRE) has struggled with submitting its audit to the Department by the deadline and filed three extensions to date.

David Akola appeared on behalf of TRE. He explained that staffing issues have prevented the audit from being completed timely. He has implemented procedures and TRE is prepared to provide additional training for its staff.

Upon Chairman Leavitt's inquiry, Mr. Akola confirmed that TRE had completed the audit and had two copies in his possession to provide to the Department at the meeting.

Member O'Carroll disclosed that TRE sought her assistance with some financial statements and responses to audit findings. She declined the representation and suggested that TRE find someone to regularly help get its books and records in shape going forward. She added that this District had to deal with extreme weather during this time as well.

Chairman Leavitt appreciated their getting the audit out.

ITEM 4. For Possible Action: Governor Lombardo's Executive Order 2023-003 requiring Executive Branch boards to freeze issuance of new regulations, conduct a comprehensive review of existing regulations, and prepare a report to the Governor's Office by May 1, 2023, recommending at least 10 regulations for removal and any other regulations that can be streamlined, clarified, reduced or otherwise improved.

The Department's Chief Deputy Executive Director, Yvonne Nevarez-Goodson, summarized the requirements of the Executive Order. She informed the Committee that the Department reviewed the regulations under the Committee's jurisdiction and held a public workshop on April 7, 2023 to receive stakeholder feedback on the Department's suggestions.

She presented the suggestions for appeal, removal, or amendment received during that workshop, as recommended by the Department, public and stakeholders.

Chairman Leavitt noted he did not have any concern with the suggestions, but he thinks the Committee needs to consider these recommendations in relation to the existing statutes when they go through the regulation process in the future.

Member Ciesynski agreed that making sure NAC's are aligned with NRS is a critical process.

Member Paul Walker also agreed with the suggestions, and further recommended review of NRS 387.320. He thinks it's a great idea to look back at these regulations, as some become useless.

Ms. Nevarez-Goodson noted that although the Executive Order called for at least 10 regulations to be repealed, the Committee would only be recommending 8 regulations for removal, amendment, or appeal to the Governor based upon the recommendations. The Committee voted unanimously in favor of the motion.

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

The Department's Supervisor of Local Government Finance, Kelly Langley, explained that the LGF staff has been working with the local governments, and they have seen increased growth in the proforma. She added that a few entities have increased their tax rates. LGF has also seen significant improvements on the local governments' audits.

Chairman Leavitt mentioned the presentation he provided to the Senate Committee on Revenue regarding the Committee on Local Government Finance.

Ms. Nevarez-Goodson commented on Chairman Leavitt's extensive public service and expressed her appreciation for the Local Government Finance section. She noted the Senate Committee similarly recognized Chairman Leavitt's service and suggested that UNLV document his service for the State's records.

Chairman Leavitt noted his appreciation for staff as well.

ITEM 6. REVIEW AND APPROVAL OF MINUTES

For Possible Action: CLGF Meeting – December 13, 2022

Member Cronk motioned to approve the minutes. Member Marty Johnson seconded. All voted in favor of approving the minutes

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

Chairman Leavitt noted he spoke with Ms. Langley about having a meeting the first of August, with a possible meeting in June if there are issues with the audits.

ITEM 8. PUBLIC COMMENT

Christina Griffith noted Alan Kalt had submitted public comment through zoom thanking the Chairman for his years of service.

Member Paul Johnson commented that when he was on the other side of this committee, he felt Chairman's Leavitt's presence was enough to keep him in line. Member Marty Johnson agreed, requesting the committee be renamed the Marvin Leavitt Committee on Local Government.

There were no other public comments.

ITEM 9. FOR POSSIBLE ACTION: ADJOURNMENT

Meeting adjourned.

Ref: Stormwater Proposed Fee

From: Washoe County School District letter dated January 31, 2023 (in part):

Legal Concerns - The Proposed Ordinance is a Tax In a case literally decided four weeks ago, Borough of West Chester v. Pennsylvania State System of Education (PSSE), 2023 WL 27942 (Comm. Ct. Pa. 2023), the court considered this exact issue. In that case, similar to the proposed ordinance being considered by the City, the local municipality sought to collect "fees" from all landowners with improved properties based off of their impervious surface area. Also, similar to this proposed ordinance, the funds were collected by the municipality and placed into a separate "Stormwater Management Fund" for implementation, management, construction, operation, and debt service of the stormwater utility. The municipality levied this "fee" against the PSSE, a tax-exempt entity, who filed suit. The Court reasoned that because the municipality did not base the "fee" on a direct or discreet benefit to the property owner, e.g., lateral hook up to water or sewer, and instead, the purpose was to Page 2 of 4 provide a general government service for the community the stormwater utility "fee" was indeed a tax. See DeKalb County, Georgia v. United States, 108 Fed. Cl. 681 (Fed Cl. 2013) (Held that a county ordinance imposing a stormwater charge calculated according to impervious surface area of developed properties constituted a tax.) Similar to PSSE, WCSD is a tax-exempt entity, and the City may not even charge WCSD this alleged "fee" because it is a tax.

Jeff Church's
public comment
and handouts