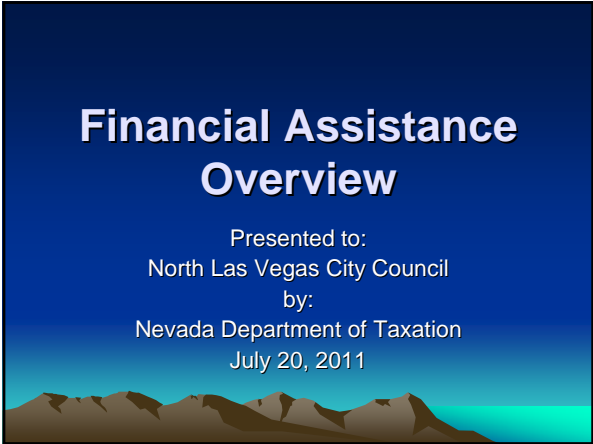


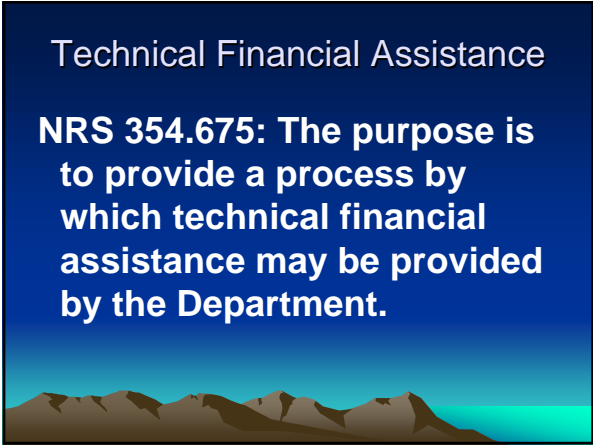
**Financial Assistance
Overview**

Presented to:
North Las Vegas City Council
by:
Nevada Department of Taxation
July 20, 2011



Technical Financial Assistance

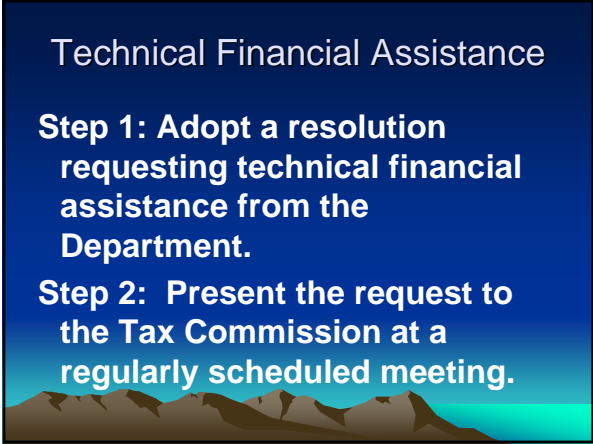
NRS 354.675: The purpose is to provide a process by which technical financial assistance may be provided by the Department.



Technical Financial Assistance

Step 1: Adopt a resolution requesting technical financial assistance from the Department.

Step 2: Present the request to the Tax Commission at a regularly scheduled meeting.



Technical Financial Assistance

Step 3: The Tax Commission considers the request. If it agrees that technical financial assistance is warranted, it issues an order requiring the Department to provide the assistance.

Technical Financial Assistance

Step 4: Before the order of the Tax Commission becomes effective, the local governing body adopts a resolution accepting the terms and conditions provided in the order.

CLGF

- The Committee on Local Government Finance is comprised of 11 members.
- NRS 354.105 provides that:
 - Three members each are appointed by the **Nevada League of Cities**, the **Nevada Association of County Commissioners**; and the **Nevada School Trustees Association**.
 - Two members are appointed by the **Nevada State Board of Accountancy**.

Technical Financial Assistance

The Department continues to provide technical financial assistance until such time as the Tax Commission orders the Department to cease providing the assistance.



Technical Financial Assistance

What does the Department actually do under technical financial assistance?



Technical Financial Assistance

Depending on the problem, the Department might:

- 1. Review internal controls**
- 2. Review Audits**
- 3. Budget Compliance Review**
- 4. Review contracts**



Technical Financial Assistance

5. Review debt levels and compliance with debt obligations

6. Review staffing levels

7. Review revenue sources and forecasts

Technical Financial Assistance

- Analyze options to address the problem
- Design an action plan
- The local government implements the proposed action plan at its discretion. The Department does not enforce the action plan.

Severe Financial Emergency

NRS 354.685 provides a process for determining whether a severe financial emergency exists.

Severe Financial Emergency

27 conditions are listed in NRS 354.685. If one or more of the conditions exist, the Department determines the severity of the condition and may determine that a recommendation of severe financial emergency should be made to the Nevada Tax Commission.

Severe Financial Emergency

- If the condition exists, then the Department:
 - (1) Notifies the local government that the Department finds the condition exists;
 - (2) Requests information from the local government to determine the extent of the condition; and
 - (3) Requires the local government to formulate a plan of corrective action.

Severe Financial Emergency

- If the Department asks for a plan of corrective action, then the local government must respond within 45 days and submit the plan of corrective action and any information requested by the Department to CLGF.

Severe Financial Emergency

CLGF then:

- (1) Reviews the correction action plan;**
- (2) Provides observations and recommendations; and**
- (3) If necessary, reviews the status of the financial operations of the local government.**



Severe Financial Emergency

- The Department reports the observations and recommendations of CLGF to the Nevada Tax Commission.**



Severe Financial Emergency

Following one or more hearings, the Department may make a recommendation to the Nevada Tax Commission that a condition of severe financial emergency exists.



Severe Financial Emergency

Short-cut method to severe financial emergency:

The local governing body requests an order from the Tax Commission to take over the management of the local government.

What happens if SFE is declared?

If SFE is the result of litigation, attachment and garnishment by creditors must be stayed to allow the Department to work out a debt liquidation program.

What happens if SFE is declared?

The Department takes control of the financial management of the local government. It can:

- (1) Formulate a financing plan**
- (2) Hire a financial manager**
- (3) Provide for the appointment of other persons necessary to provide basic services**

What happens if SFE is declared?

- (4) Establish an accounting system;**
- (5) Impose hiring restrictions;**
- (6) Negotiate and approve all contracts;**
- (7) Negotiate and approve all collective bargaining contracts (with exceptions)**

What happens if SFE is declared?

- (8) Approve all expenditures of money;**
- (9) Employ technicians necessary to improve the financial management;**
- (10) Meet with creditors and formulate a debt liquidation program;**

What happens if SFE is declared?

- (11) Approve the issuance of bonds or other forms of indebtedness**
- (12) Discharge outstanding debt**
- (13) Take any other actions necessary to ensure basic services are provided.**

SFE Fund

If necessary, the Department may determine that a loan is necessary from the SFE revolving fund to meet operating expenses. The borrowed amount must be repaid within a year.

Exit Plan

NRS 354.725 provides for termination or exiting from severe financial emergency status.

Questions?
