

Assembly

GOVERNMENT AFFAIRS COMMITTEE

1 - 0187

MINUTES OF THE MEETING

February 24, 1975

MEMBERS PRESENT: CHAIRMAN DINI  
VICE-CHAIRMAN MURPHY  
ASSEMBLYMAN CRADDOCK  
ASSEMBLYMAN HARMON  
ASSEMBLYMAN MAY  
ASSEMBLYMAN MOODY  
ASSEMBLYMAN SCHOFIELD  
ASSEMBLYMAN FORD  
ASSEMBLYMAN YOUNG

ALSO PRESENT: Mr. Elmo DeRicco, Department of Conservation  
Mr. Don Paff, Division of Colorado River Resources  
Mr. Earl Oliver, Audit Division  
Mr. John Crossley, Audit Division  
Mr. Roland D. Westergard, Water Resources  
Mr. Vernon Bennett, Retirement System  
Mr. Richard Bunker, County of Clark

(The following bills are discussed in the Minutes of this Meeting: S.B. 104,  
A.B. 268, A.B. 179, A.B. 289, S.B. 105, A.B. 200, A.B. 231).

Chairman Dini called the meeting to order at 9:00 A.M

Mr. Dini stated that since the Colorado River Commission and Mr. DeRicco were present, the committee would begin with S.B. 104, which exempts certain powers of administrator, of the division of Colorado River Resources from regulation by public service commission.

Mr. DeRicco stated that Mr. Don Paff, Administrator of the Division of Colorado River Resources would testify on S.B. 104.

Mr. Paff read from his written testimony which had been distributed to the committee members, which testimony is attached to the minutes of this meeting and made a part hereof. After reading his testimony, Mr. Paff asked the committee if they had any questions.

Mr. Dini asked if there was anyone here from the Public Service Commission and asked Mr. Paff if he had informed them. Mr. Paff stated that it was discussed with them before he drafted the bill. Mr. Paff stated that the bill had been discussed with Mr. Clark.

Mr. Schofield asked what the potential area of conflict was.

Mr. Paff stated that it was the regulation that power and water that is acquired by the state under regulatory aspects being construed as a utility activity under the citation 704.020. Mr. Paff then read of portion of 704.020 to the committee. He stated

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that it was brought to their attention about a year ago, and further stated that it looked like it could be an interpretive conflict. The reason for suggesting affirmative action was so that it will be absolutely clarified that the acquisition of this power and energy at cost and when it is sold at cost is not a regulatory function.

Mr. Schofield asked if he did not at this stage anticipate any conflict. Mr. Paff stated that with this bill, it makes it absolutely clear that there is no intention. He stated that it was just a clarification rather than any change in any of the authorities.

Mr. Dini asked if there were any questions or any further testimony.

The next bill to be discussed was AB 268, which permits administrator of the division of Colorado River Resources of the state department of conservation and natural resources to contract for the use, exchange and purchase of power from any source.

Mr. Dini stated that this bill was a redraft and that A.B. 179 was the original bill. Mr. Paff distributed copies of his testimony, a copy of which is attached to these minutes and made a part hereof, and then proceeded to read the testimony to the committee.

Mr. Dini asked if there were any questions and informed the committee that this bill had originally been heard by the committee on February 10, 1975 as A.B. 179 which included the word "water". Mr. Dini stated that the word "water" had been removed from the bill.

Mr. May asked Mr. Paff if he was interested in contracting with the State of New Mexico.

Mr. Paff stated that they had a contract with New Mexico and that they are delivering power and energy to the state from their resources.

Mr. May then asked Mr. Paff about the northwest/southwest intertie.

Mr. Paff stated that the intertie was an exchange agreement. He stated that the exchange takes place during the summer/winter deficiencies or differences between the northwest and the southwest. He further stated that they have been monitoring it very closely and stated that there may be some surplus power and energy that they do not have to return that may be available to them. This would allow them to continue in that vein.

Mr. Dini asked if the biggest problem was DC, and Mr. Paff replied that we were fortunate to have Boulder City to transfer from DC to AC.

Mr. May asked if this only applied to electrical power and Mr. Paff stated that it did and that it had nothing to do with petroleum or natural gas.

Mr. Dini asked if there were any other questions.

The next bill to be discussed was A.B. 289, which authorizes director of state department of conservation and natural resources to delegate certain powers to administrators or executive heads of divisions within the department.

Mr. Paff then read his written testimony, a copy of which is attached

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to these minutes and made a part hereof, to the committee members.

Mr. Dini inquired if the language that they were using covered all departments in the state.

Mr. DeRicco stated that they have several department and each has expertise.

Mr. Dini asked if there were any questions.

Mr. Schofield asked if that language meant that the governor has to approve it and stated that it did not sound like that to him. He stated that he read it to remove the governor's approval.

Mr. DeRicco stated that they did not want to eliminate the approval of the governor.

Mr. Paff stated that the draft they submitted on AB 179 was reconstructed and was integrated by the bill drafters.

Mr. Schofield stated that it should be reversed so that the governor's approval is not taken out.

Mrs. Ford stated that under the proposed amendment, the director shall take every opportunity to pursue action. Any action should have legislative approval. She stated that this looks like our direct authority and asked if it was properly qualified by other sections of the law.

Mr. DeRicco stated that when you look at Section 5, you have to look at it from the standpoint of exploratory work. This would authorize the director or one of his division chiefs to explore potentials if they exist and it would have to be presented to the legislature.

Mr. Dini asked about the word "actual" in the bill., and asked what they now had in their power.

Mr. DeRicco stated that that could probably be eliminated.

Mrs. Ford stated that her concern was not with the word "actual" but with how much power we were giving them.

Mr. Paff suggested that the director should take every opportunity to "investigate means" instead of pursue actions.

Mr. Craddock suggested the use of the word "may".

Mrs. Ford stated that this was giving Mr. DeRicco the authority.

Mr. DeRicco stated that the director already had the authority to enter into cooperative agreements and studies. He stated that this bill further authorizes it.

Mr. Westergard stated that he did not think that Section 5 was needed.

Mr. Craddock stated that his comment was valid.

Mr. DeRicco stated that he looked at Section 5 as if it was part of Section 4.

Mr. Schofield stated that in the verbiage of the proposed amendment in 5, if it were giving them the particular power as stated in 4, if we changed "may" to "shall" and added "with the approval of the governor" would you have any objection?

Mr. DeRicco stated that he would not have any objection and further stated that these are complex areas, and that you do have to have the approval of the governor.

Mr. Schofield stated that the verbiage was very important.

Mr. DeRicco stated that they basically had the authority and that this clarifies it because it gives them an avenue for out of state investigation work which was what they were really talking about. He further stated that they were going beyond water - that they were talking about natural resources.

Mrs. Ford stated that she believed that there may be a conflict on Page 18, Line 18 where it gives them the power to coordinate all studies and yet they had to get the approval of the governor to go into a cooperative agreement. She asked what cooperative agreement meant.

Mr. DeRicco stated that it would mean when we went out of the borders of the State of Nevada, then it takes some authorities beyond this of the director. This is where the governor has to enter into it.

Mrs. Ford read from Page 2, Line 7 and stated that it looked like a conflict.

Mr. Paff stated that one is coordinated and one is cooperative. Mr. Paff stated that coordinated could be without committment.

Mr. Paff stated that there is a need in the entire west for water. He stated that that fact would indicate the awareness to seek the opportunities.

Mrs. Ford asked if we were going to have legislation relating to the water plan itself this session. She stated that the importance of this amendment will stand by itself.

Mr. Westergard stated that they did not plan to introduce any legislation.

Mr. May stated that Mr. Westergard's department was one of the few that comes in to discuss the granting of authority.

Mr. DeRicco stated that in Section 5, the critical area for water is Southern Nevada.

Mr. Paff stated that what they wanted was specific authority to negotiate with the southern state. He stated that when we talk about cooperative agreements we are talking about money. He stated that the executive branch should put their stamp of approval on it and secondly the legislature should too. He stated that they wanted the approval of the governor, both in and out of state. He stated that they must have authority to do that.

Mr. Dini asked if there were any questions.

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The next bill on the agenda is S.B. 105, which eliminates state engineer's revolving fund and provides for use and accounting of certain state engineer fees.

Mr. John Crossley of the Audit Department testified with regard to this bill. He stated that the monies were to be used for payment of emergency expenses. He further stated that the auditors made a recommendation that the fund be abolished. He stated that this bill repeals the state engineer's revolving fund, but by additions in Section 1, Part 4, would give authority to the state engineer to maintain a bank account. He stated that they do receive money for publication costs.

Mr. Dini asked if that was the only fee that was going in and Mr. Westergard stated that it was.

Mr. Dini then asked if it would go into the general fund.

Mr. Westergard stated that it would. Mr. Dini then asked what kind of money.

Mr. Westergard stated that it was between \$15,000 and \$20,000.

Mr. Dini asked if there were any questions.

Mr. Crossley stated that they were in agreement with the bill and that it was from their audit report. He further stated that they felt that this bill would accomplish the purpose. He stated that they would just keep a small amount for this purpose. All monies that were collected would go into the general fund. He further stated that there was no reason to have the fund on the books and said that they were just cleaning up the statutes.

Mr. Dini asked if there were any questions.

Mr. Schofield asked for a definition of publication expense.

Mr. Westergard stated that every application must be published in a local newspaper. The statutes provide that they can pay \$15.00.

Mr. Schofield asked who pays the fees.

Mr. Westergard stated that they are paid by the applicant.

Mrs. Ford asked how many protests were filed.

Mr. Westergard stated that about 100 were filed.

Mrs. Ford asked on how many applications.

Mr. Westergard stated on about 1200 applications.

Mrs. Ford asked if there were many protests on one application.

Mr. Westergard stated that a variety were received, but not on any one specific application.

Mr. Schofield asked how much money was expended on publication costs.

Mr. Westergard stated probably in the neighborhood of \$80,000.

Mr. Dini asked if there were any other questions.

The next bill on the agenda was A.B. 200, which repeals provision requiring legislative auditor to make periodic examination of certain public employees' retirement records.

Mr. Earl Oliver of the Audit Division of the Legislative Counsel Bureau testified. A summary of audit requirements and funding of NRS 286.465 was then distributed to the committee members, a copy of which is attached to these minutes and made a part hereof.

Mr. Oliver stated that there were two issues. One was perform audits and the second was the cost of such audits.

He stated that when the section became law in July of 1973, there had been no provision in the legislative fund with regard to the cost.

Mr. Oliver stated that they thought they would get around to all of the 104 local employers. He stated that it had gone so well after the 1st year that they hope now to complete all of the 104 entities that are identified by June of 1975.

Mr. Oliver then referred to Page 10 of the handout. He stated that in order to get through the audit by June they had to hire one extra auditor and that it would significantly increase the cost.

Mr. Oliver stated that if the program is to be continued subsequent to June of 1975, then the audit division's budget should be reviewed to provide a level of funding that would be consistent with the program that the legislature wants. He then referred to page 12 and explained it to the committee. He stated that the requirement board has reimbursed them \$12,206.50.

Mr. Oliver stated that they were just asking for review by the legislature and determination as to whether or not this should be continued.

Mr. Dini asked if they audit the ~~actual~~ contributors.

Mr. Oliver stated that they actually go to the employer and that they had a standard audit program. He stated that they had started 93 audits which is 89% of the 104. He stated that they had completed 59 and they anticipate having all of them completed by June.

Mr. Oliver stated that there are a number of federal audit programs that have asked them to audit program grants to the State of Nevada. He stated that in some cases they have indicated that they might be willing to discuss it if the commission provides that type of program.

Mr. Dini asked if there were any questions, and if anyone else wished to testify with regard to A.B. 200.

Mr. Dini stated that the next bill to be discussed was A.B. 231, which revises period for employers to submit payroll reports and contributions to public employees' retirement system. Mr. Dini stated that this bill was introduced by Assemblyman Demers and asked if anyone wished to speak on this bill.

Mr. Richard Bunker of the County of Clark testified. He stated that they have asked that this legislation be introduced. He stated that their controller's office has found that this is a situation where they have found that they are unable to comply with the present law. He stated that they felt that in the areas where there is relief that it is not the intention of the legislature to an undue burden on the county governments. He stated that they were not in the position to respond with the reports as quickly as the retirement board would like. He stated that they could agree to 15 calendar days after the check would be distributed. He further stated that this would give them ample time. Mr. Bunker stated that they should not be put under such a burden, and stated that perhaps on those periods of time when they needed extensions, that they should petition for them. He further stated that they don't feel that this is necessary and that with this legislation it would not be necessary.

Mr. Dini asked if they were paid two times a month and asked what the law says with regard to the reporting period.

Mr. Bunker stated that it was 15 days after the reporting period. He stated that one week after the reporting period end is when their checks are sent out. He stated that the time was just not adequate for them to compile the report.

Mr. Dini asked if they were looking for 22 days.

Mr. Bunker stated that they would be happy to agree to 15 calendar days.

Mr. Dini asked if there has ever been a penalty imposed on them.

Mr. Bunker stated that he could not respond because he did not have the information.

Mr. Dini asked if the pay period was on the 15th

Mr. Bunker stated that it was 7 days before the reporting period ends. He stated that that was not enough time.

Mr. Dini asked if there were any questions.

Mr. Gordon Pratt next testified. Mr. Pratt stated that he was with the Washoe County School District.

Mr. Pratt stated that they were paid bi-weekly and that they had only 12 calendar days. He stated that this allowed them only 2 days to prepare reports, etc. He stated that they were on a computer and stated that they could see some problems. He stated that they were in favor of passage of the amendment to allow them more time.

Mr. May stated that if we make this so they are not receiving these funds, it would delute the fund.

Mr. Pratt stated that it would make it more convenient for local government agencies.

Mr. Schofield asked Mr. Pratt to explain the two day period.

Mr. Pratt stated that they have to report contributions to the retirement system within 15 days following the end of the payroll. He stated that there was an 8 working day time lag until the payday. He stated that they have from Wednesday to the following Friday to make the reports and make the deposits at the bank.

Mr. Dini asked if there were any further questions.

Mr. Vernon Bennett of the Public Employees Retirement System next testified. Mr. Bennett passed a copy of his testimony to the committee members. A copy of Mr. Bennett's testimony is attached to these minutes and made a part hereof.

Mr. Bennett then read his testimony to the committee. He then stated that the County Clerk was delinquent only one time. He stated that they were four days late and the penalty was \$57.01. He stated that this lateness was because of two holidays. He stated that the penalty was waived. He stated that they have incurred some difficulty in changing to the computer. He stated that the basic problem was in a report period where there was a holiday. He stated that the Board proposed an extension of time when an official holiday occurs.

Mr. Bennett stated that until 1973, the retirement system did not invest short term maney.

Mr. Bennett stated that he feels that this is over-reacting to a penalty which was subsequently waived by the retirement board.

Mr. Dini asked if there were any other questions.

The next bill on the agendato be discussed was A.B. 289, which authorizes director of state department of conservation and natural resources to delegate certain powers to administrators or executive heads of divisions within the department. Mr. Richard Bunker testified. He stated that he had a couple of questions. He referred to Lines 18 and 19, subsection E under section 3. He questioned the word coordination. He stated that he knew what the word coordination meant but not in this legislation. He stated that he was wondering what application this legislation would have to those responsibilities that have been given to the County Clerk.

Mr. Dini stated that that was already the law.

Mr. Bunker asked if this bill could be deferred in order to give them an opportunity to look at the amendment.

Mr. Dini asked if Mr. Bunker could give the committee an answer by Wednesday, February 26, 1975.

Mr. Dini then called a 5 minute recess.

The committee was called back to order by Chairman Dini.

Mr. May moved for an indefinite postponement of A.B. 231, which was seconded



by Mr. Harmon. All of the committee members were in favor of the motion made by Mr. May, including Chairman Dini

Mr. Schofield asked what indefinite postponement was.

Mr. Dini stated that the bill was dead.

Mr. Dini stated that with regard to A.B. 200 that there was argument about this bill. He stated that the Retirement Board should pay more and that it should be 50/50.

Mr. Dini asked if there were any questions with regard to A.B. 200.

Mrs. Ford stated that if they did not want to repeal it, then they would have to do something else that spells out the cost accounting.

Mr. Dini stated that we could use A.B. 200 and said that he was referring this bill to a Sub Committee. Mr. Craddock was appointed as chairman of the subcommittee and Mr. Moody would also be on the subcommittee and they would report back to the committee in one week.

Mrs. Ford made a "do pass" motion on S.B. 104, which was seconded by Mr. May. All of the committee members were unanimously in favor of the "do pass" and the motion carried.

Mr. Craddock then made a "do pass" motion on S.B. 105, which was seconded by Mr. Harmon.

Mrs. Ford asked if the committee would amend out line 23 on page 2. She stated that they were the only agency in the state which has public protest. She stated that they have to pay to do it. She would like to see it out.

Mr. Schofield stated that he did not think that it should be removed. He stated that if they had a protest they would be more willing to pay \$10.00.

Mrs. Ford stated that she objected to having to pay to protest.

Mr. Dini stated that there was a motion for a "do pass on S.B. 105 and asked the committee members if they were in favor of passing this bill.

All of the committee members were in favor of the passage of S.B. 105, and the motion carried unanimously.

Mr. Dini said the next bill to be discussed was A.B. 268. A motion was made by Mr. Schofield for a "do pass" on A.B. 268 and was seconded by Mrs. Ford. The motion was carried unanimously by all of the members of the committee.

Mr. Dini indicated that A.B. 289 was being deferred in accordance with Mr. Bunker's request. Mr. Dini stated that he was forming a small subcommittee consisting of Mr. May as Chairman and Mr. Craddock to work with Mr. Bunker and Mr. Paff, and that the bill would be deferred until next Wednesday.

Mr. Dini stated that he had two requests from state Employers Association for committee introduction.

The first was BDR 23-825, which makes various changes in state personnel system. Mr. May moved that BDR 23-825 be introduced by the committee and Mr. Murphy seconded the motion. All of the members were in favor of the committee introduction and the motion was carried unanimously.

The next bill was BDR 18-826, which requires the state controller to make certain payroll deductions for state officers and employees. Mr. Murphy moved for committee introduction and Mr. May seconded the motion which was unanimously carried by all of the committee members.

Mr. Dini asked if there was any further business to come before the meeting.

There being no further business to come before the meeting, the meeting adjourned at 10:45 A.M.

Respectfully submitted,

Barbara Gomez,  
Committee Secretary

ASSEMBLY

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS

1- 0186

MONDAY

Date February 24, 1975 Time 9:00 A.M. Room 214

Bills or Resolutions  
to be considered

Subject

Counsel  
requested\*

THIS AGENDA SUPERSEDES AGENDA  
FOR FEBRUARY 24, 1975

- A.B. 231      Revises period for employers to submit payroll reports and contributions to public employees' retirement system.
- A.B. 200      Repeals provision requiring legislative auditor to make periodic examination of certain public employees' retirement records.
- S.B. 104      Exempts certain powers of administrator of division of Colorado River Resources from regulation by public service commission.
- S.B. 105      Eliminates state engineer's revolving fund and provides for use and accounting of certain state engineer fees.
- A.B. 268      Permits administrator of the division of Colorado River Resources of the state department of conservation and natural resources to contract for the use, exchange and purchase of power from any source.
- A.B. 289      Authorizes director of state department of conservation and natural resources to delegate certain powers to administrators of executive heads of divisions within the department.

9:00 Am

\*Please do not ask for counsel unless necessary.

GOVERNMENT AFFAIRS COMMITTEE

1-0197

GUEST REGISTER

DATE: \_\_\_\_\_

| NAME                  | BILL #                     | REPRESENTING                  | TESTIFYING   |
|-----------------------|----------------------------|-------------------------------|--------------|
| ELMO DE RICCO         | AB 289                     | DEPT OF CONS.                 | IF<br>NEEDED |
| DON PAFF              | SB-104<br>AB-286<br>AB-289 | Div. of Colo. River Resources | YES          |
| Norman Hall           |                            |                               | No           |
| Earl & Alicia         | AB 200                     | Audit                         | Yes          |
| John Crossley         | AB 200<br>SB 105           | Audit                         | IF<br>needed |
| Roland D. Westergaard | SB 105                     | Water Resources               | yes          |
| Bob Hegner            |                            | SNEA                          | NO           |
| Vernon Bennett        | AB-231<br>AB-200           | Retirement System             | Yes          |
| GORDON PRATT          | AB<br>231                  | WASHOE Co. SCHOOLS            | No           |
| Sharon Beasley        |                            |                               | No           |
| Rick Schafeld         |                            |                               | no           |
| Richard Bunken        | AB 231                     | County of CLARK               | YES          |
|                       |                            |                               |              |
|                       |                            |                               |              |
|                       |                            |                               |              |

## DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

## DIVISION OF COLORADO RIVER RESOURCES

Testimony Regarding Senate Bill No. 104

Assembly Committee on Government Affairs

February 24, 1975

Mr. Chairman, and members of the Committee. My name is Don Paff, and I am the administrator of the Division of Colorado River Resources, formerly known as the Colorado River Commission. My brief testimony is in support of Senate Bill 104.

Under existing statutes of the Division and the Public Service Commission there could be an interpretation of conflict relating to purchase and distribution of power and water by the Division and the regulatory authorities of the Public Service Commission. Senate Bill 104 seeks to eliminate the potential conflict and clarify the interface of the two State agencies. There have been no conflicts or problems to date, however, the potential currently does exist.

Senate Bill 104 was drafted in cooperation with the Public Service Commission and it is my understanding that they are in agreement with it. The Bill does not affect any existing authorities of either agency, nor does it affect any ongoing or future contractual or regulatory

activity or authority of either the Division or the Public Service Commission.

All water and power acquisitions and deliveries by the Division, acting in behalf of the State, are only in the form of bulk or wholesale categories in accordance with NRS 538.161 and NRS 538.211. Such contractual relations for the acquisition and delivery are not binding until approved by the Governor, as set forth in NRS 538.251. Deliveries of power and water made by the Division have been, and are made at cost to the contractors except for a small administrative charge to defray costs of the State's and the Division's administrative responsibilities.

For specific reference, I believe the potential area of conflict could result from a reading of NRS 704.020 2(b) and NRS 538.161, 538.171 and 538.181.

I urge your favorable consideration and action on Senate Bill 104. I would be pleased to answer any questions you may have.

## DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

## DIVISION OF COLORADO RIVER RESOURCES

Testimony Regarding Assembly Bill No. 268

## Assembly Committee on Government Affairs

February 24, 1975

Mr. Chairman and members of the Committee. My name is Don Paff, and I am the Administrator of the Division of Colorado River Resources, formerly known as the Colorado River Commission. My testimony is in support of AB 268 and I ask for your favorable consideration.

AB 268 was drafted to clarify the existing legislation and to allow the State through the Division to continue to take affirmative action for the acquisition of additional electric power and energy for maximum possible benefit to the people of the state.

This legislation makes use and builds upon present authorities that relate to and are limited to the Colorado River resource base and the relationships with the federal government and other Colorado River Basin states.

We believe the current and future electric power and energy sources as well as the economic situation dictates that every means available should be employed to assist in helping solve this important state wide resource problem.

Acting on behalf of the State, the Division has current contracts with the federal government to purchase and deliver in bulk quantities to users within the State, a portion of the hydropower and energy generated from Colorado River sources. These sources presently and in the future fall far short of meeting all of the needs of current contractors.

To meet a portion of present and future deficiencies the Division of Colorado River Resources has, using its authorities as clarified by Attorney General's opinions, acquired supplemental power and energy. Hydro contractors have received a portion of their needs from the Salt River Project, Arizona and from the Public Service Company of New Mexico. We believe that using these contractual authorities, such acquisitions should be continued and, where economically feasible, should be vigorously pursued.

AB 268 clarifies and explicitly defines the Division's authority to continue in this effort and will permit additional acquisition of bulk quantities of electrical power and energy by contractual arrangement for use in Nevada.

Mr. Chairman and members of the Committee you will perhaps recall that I testified before you on February 10, 1975 in support of this legislation. At that time I presented several exhibits which we hope help define our activities and the need for additional economic electric power and energy. If you wish, I have additional copies of those exhibits for you today.



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I would be pleased to answer your questions.

## DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

## DIVISION OF COLORADO RIVER RESOURCES

Testimony Regarding Assembly Bill No. 289

Assembly Committee on Government Affairs

February 24, 1975

Mr. Chairman and members of the Committee, my name is Don Paff, and I am Administrator of the Division of Colorado River Resources, formerly known as the Colorado River Commission. My testimony is in support of AB 289 and I ask for your favorable consideration of the Bill with our proposed amendment.

Assembly Bill 289 with our suggested amendment identifies the State posture to undertake cooperative studies and necessary negotiations with other states, entities and the federal government seeking to obtain additional amounts of water where needed and where economically and environmentally feasible.

An example of present potential activities covered by the bill would be augmentation of water available to the State from participation in out of State geothermal, weather modification, desalting, or inter-basin transfer projects.

We believe that AB 289 amplifies the intent of the original Department of Conservation and Natural Resources law and gives further authority to the Director in

delegating this specific power and duty to additional expertise within his divisions.

Our support of the Bill and the proposed amendment is based on completed federal and State studies which depict potential water deficiencies in the State in the relatively near future. The very long time periods and complex procedures within and outside the State that can be expected in obtaining any additional water supplies for the State indicate a need to address this important problem now. The people of the State must be provided potential future alternatives for consideration and action. The Department of Conservation and Natural Resources has expertise to accommodate this effort. Any specific action, participation, or project to augment the State's current water resources would, of course, require further legislative approval.

Our support of this bill and the proposed amendment is further stimulated by current federal actions which tend toward national management of water resources and the implications of the federal override of State jurisdictions. This trend is mainly focused on energy development and its attendant water requirement.

I urge your favorable consideration of the proposed bill and the suggested amendment which is attached.

I would be pleased to answer your questions.

February 24, 1975

DIVISION OF COLORADO RIVER RESOURCES

Proposed Amendment to A.B. 289

5. The director shall take every opportunity to pursue actions which would assist in relieving, eliminating or forestalling actual, anticipated or possible water resource shortages within the State.

ASSEMBLY BILL 200  
SUMMARY  
AUDIT REQUIREMENTS & FUNDING OF  
NRS 286.465

1. NRS 286.465 Audits and Reports - NRS 286.465 became law July 1, 1973. Funding to meet audit requirement was not provided.
2. October 11, 1973, to November 6, 1973 - Discussion between the Legislative Counsel Bureau and the Public Employees' Retirement Board transpired about audit requirements and funding of the audit.
3. December 21, 1973 - Public Employees' Retirement Board confirmed willingness to participate in funding of the audit requirements of NRS 286.465 on 50% of the auditing fees with limitations.
4. Audit Report of Retirement Contributions - Issued for the six month period ended December 31, 1973.
5. May 10, 1974 - First billing sent to the Public Employees' Retirement Board for 50% of the total audit fee in the amount of \$7,363.75. Retirement Board billed \$3,681.88.
6. June 13, 1974 - Estimated auditing fees for the fiscal years 1973-74 and 1974-75.
7. Audit Report of Retirement Contributions - Issued for the six month period ended June 30, 1974.
8. July 5, 1974 - Billing sent to the Public Employees' Retirement Board for 50% of the total auditing fees plus previous billing.
9. November 27, 1974 - Billing sent to the Public Employees' Retirement Board for 50% of the total audit fees in the amount of \$7,593. Retirement Board billed ~~\$3,547.~~
10. December 18, 1974 - Legislative Counsel Bureau notified the Public Employees' Retirement Board and the Legislative Commission of visiting all member agencies by June 30, 1975 and requesting additional funding by the Retirement Board.
11. January 2, 1975 - Billing sent to the Public Employees' Retirement Board for 50% of the total audit fees in the amount of \$6,219. Retirement Board billed \$3,109.

ASSEMBLY BILL 200  
SUMMARY  
AUDIT REQUIREMENTS & FUNDING OF  
NRS 286.465  
(continued)

- 12. Schedule of Audit Division's costs to audit Public Employees' Retirement Contribution.
- 13. January 8, 1975 - Estimate for the annual costs for the Public Employees' Retirement Board to perform the audit required by NRS 286.465.
- 14. January 10, 1975 - Public Employees' Retirement Board referred the Legislative Counsel Bureau's request for accelerated funding of the audit program to their accounting committee.
- 15. January 16, 1975 - Public Employees' Retirement Board informed the Legislative Counsel Bureau that it was only committed to pay a remaining amount of \$2,581.50 for the audit of Public Employer Contribution Records.

**286.465 Audits and reports.**

1. In addition to conducting the postaudit and other examinations of the records of the system as provided in chapter 218 of NRS, the legislative auditor shall make periodic examinations of public employers' contribution records.

2. Such examinations shall be scheduled in such a way as, in the opinion of the legislative auditor, to assure the most comprehensive audit of all employers' contribution records.

3. Reports of such examinations shall be filed with the legislative commission and the board at 6-month intervals, commencing January 1, 1974.

(Added to NRS by 1973, 854; A 1973, 1669)

LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CARSON CITY, NEVADA 89701

DONALD R. MELLO, Assemblyman, Chairman

TERIM FINANCE COMMITTEE

FLOYD R. LAMB, Senator, Chairman

1- 0209

ARTHUR J. PALMER, Director



CLINTON E. WOOSTER, Legislative Counsel  
EARL T. OLIVER, Legislative Auditor  
ARTHUR J. PALMER, Research Director

October 11, 1973

Mr. Elbert Edwards, Chairman  
State of Nevada  
Public Employees Retirement Board  
Post Office Box 1569  
Carson City, Nevada 89701

Dear Mr. Edwards:

Since our recent discussion about the audit requirements arising from SB 161, it has occurred to me that you would want me to be available to meet with the entire Board or with individual members of your accounting committee. I would be happy to do either at your convenience or at a regularly scheduled meeting.

From my point there is some urgency in reaching a status of cooperative understanding because we must plan and schedule our audit work for the first six month period beginning January, 1974. In the interest of economy and efficiency in accomplishing the audits required by the statutes, I sincerely hope we can plan, prepare and execute cooperatively the required audits. The best audit effort for the least dollar cost to the Retirement Fund and the State of Nevada are my primary concern.

Cordially yours,

A handwritten signature in cursive script that reads "Earl T. Oliver".

Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:ym

cc: Mr. Gray Presnell





1- 0210

STATE OF NEVADA  
PUBLIC EMPLOYEES RETIREMENT BOARD

P.O. Box 1569  
CARSON CITY, NEVADA 89701

October 17, 1973

Mr. Earl Oliver, Legislative Auditor  
Legislative Counsel Bureau  
Legislative Building  
401 South Carson St.  
Carson City, Nevada 89701

Dear Earl:

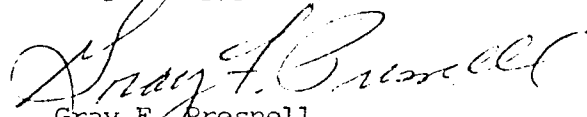
After receiving your letter of October 11, I talked with Mr. Edwards who agrees that you and the members of the Retirement Board should meet as soon as possible to discuss employer account audits.

Accordingly, he has suggested that you be invited to attend the next regular meeting which will be held in the Highway Department Auditorium, Friday, October 26. The meeting is scheduled to begin at 1:00. If you are available to attend the entire meeting, you will be most welcome, however it is the Board's custom to adjust the agenda to accommodate guests.

Enclosed are copies of the Board meeting agenda and the Investment Committee agenda.

Our thanks for contacting us regarding this important matter.

Very truly yours,

  
Gray F. Presnell  
Asst. Executive Officer

GFP:ca  
cc: Retirement Board Members



1- 0211

ARTHUR J. PALMER, *Director*

CLINTON E. WOOSTER, *Legislative Counsel*  
EARL T. OLIVER, *Legislative Auditor*  
ARTHUR J. PALMER, *Research Director*

October 26, 1973

TO THE CHAIRMAN AND MEMBERS OF THE STATE OF NEVADA PUBLIC EMPLOYEES RETIREMENT BOARD

Gentlemen:

My purpose in appearing before you today is to seek your cooperation and assistance.

However, before I ask for your help, I would like to review with you the two new sections of NRS 286 which were enacted during the 1973 Legislative Session and are the reason I need cooperation and assistance at this particular time.

SEC. 2. Chapter 286 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. *In addition to conducting the postaudit and other examinations of the records of the system as provided in chapter 218 of NRS, the fiscal analyst shall make periodic examinations of public employers' contribution records.*

2. *Such examinations shall be scheduled in such a way as, in the opinion of the fiscal analyst, to assure the most comprehensive audit of all employers' contribution records.*

3. *Reports of such examinations shall be filed with the legislative commission and the board at 6-month intervals, commencing January 1, 1974.*

SEC. 11. NRS 286.280 is hereby amended to read as follows:  
286.280 1. The board shall provide for:

(a) ~~["A biennial"]~~ *An independent annual audit of the public employees' retirement fund [.] by a certified public accountant.*

(b) ~~["A biennial"]~~ *An annual report to the members of the system and employers participating in the system.*

2. ~~["At least once every 5 years the board shall cause a competent actuary, familiar with public systems of retirement and death benefits, to prepare a report evaluating the current and prospective assets and liabilities of the system and indicating its current and prospective financial condition. In preparing the report the actuary shall:~~

(a) *Investigate the mortality, disability, service and other experiences of the members of the system and employers participating in the system.*

(b) *State fully the conditions of the system.*

(c) *Make such recommendations as he deems advisable to facilitate proper administration of the system.*

~~["The board shall publish"]~~ *The board shall:*

(a) *Provide for the services of a consulting actuary to review, on an annual basis, the actuarial valuation of the system, which shall be prepared and supplemented regularly by appropriate staff personnel utilizing computer capability to the extent available.*

(b) *Publish and distribute a summary of the [report] review to all public employers participating in the system.*

October 26, 1973

Page 2

1-0212

I ask your cooperation in the planning and scheduling of a mutually acceptable audit program for fiscal year 1973-74 which will put us both into compliance with the letter of the new law and will also have the approval of the Nevada Legislative Commission. We can do this and minimize the cost to both the Retirement Fund and the State's General Fund. I believe that if we truly cooperate in the actual accomplishment of the audit work required by SB 161, we will be able to realize substantial dollar economy and work efficiency for our respective staffs.

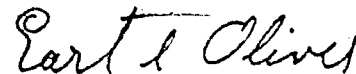
I respectfully request your assistance on two points. First, if you agree, I will advise the Legislative Commission at their next meeting that we will report to them our analysis of the time and costs necessary to do the special employer contribution audits, as well as our estimate of the cost of a financial compliance audit of the Retirement Fund. We will also advise them, with your prior approval, as to how this audit work should be financed. Should it be an administrative cost to the System? Should it be paid for by the State's General Fund through our Legislative audit budget? Our report or analysis would then constitute my first required report and would be filed before January 1, 1974.

Finally, I do offer, subject to the approval and authorization from both the Public Employees Retirement Board and the Legislative Commission, to be responsible to furnish all audit report requirements called for in SB 161. I would do this for the Board and the Commission either by using our staff auditors or by contracting for the audit services of an independent public accounting firm under the authority of NRS 218.770.

12. To employ and authorize, at his discretion and subject to his direction and responsibility, an independent public accountant or firm of public accountants, doing business within the State of Nevada, to perform an audit, inspection and examination of all books, accounts, claims, reports, vouchers or other records of all state departments whose disbursements in whole or in part are paid out of the funds received from sources other than the general fund, or whose funds may be considered funds held in trust and not used for general governmental purposes, or whose funds are invested. The expenses and costs for such independent audit shall be paid by the state department audited. The provisions of this subsection shall not be applicable to the employment security department.

If you have any questions or suggestions on this proposal, I am available to discuss it now or at any time that it is convenient to you.

Respectfully yours,



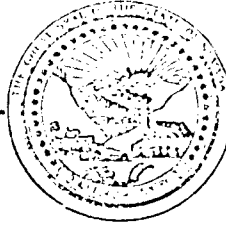
Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:ym

CC: Chairman Don Mello  
Senator Floyd Lamb  
Art Palmer  
Howard Barrett

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CARSON CITY, NEVADA 89701



LEGISLATIVE COMMISSION  
DONALD R. MELLO, Assemblyman, *Chairman*  
INTERIM FINANCE COMMITTEE  
FLOYD R. LAMB, Senator, *Chairman*

ARTHUR J. PALMER, *Director*

CLINTON E. WOOSTER, *Legislative Counsel*  
EARL T. OLIVER, *Legislative Auditor*  
ARTHUR J. PALMER, *Research Director*

1-0213

November 6, 1973

Mr. Elbert Edwards, Chairman  
Nevada Public Employees Retirement Board  
Post Office Box 1569  
Carson City, Nevada 89701

Dear Mr. Edwards:

Thank you for scheduling your Board meeting of October 26th so that John Crossley and I could discuss with you the nature of our mutual audit responsibilities.

We are particularly pleased that the Board agreed to our working closely with your accounting committee during the next several months during the development of your accounting and auditing plans. We will develop some estimated audit cost figures for the committee's use and I look forward to working with them.

Cordially yours,

A handwritten signature in cursive script that reads "Earl T. Oliver".

Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:ym



1-0214

STATE OF NEVADA  
PUBLIC EMPLOYEES RETIREMENT BOARD  
P.O. Box 1569  
CARSON CITY, NEVADA 89701

December 21, 1973

Mr. Earl Oliver, Legislative Auditor  
Legislative Building, Room #243  
401 South Carson Street  
Carson City, Nevada 89701

Dear Earl:

At their regularly scheduled meeting held December 20, 1973, the Public Employees Retirement Board authorized the payment of 50% of auditing fees in conjunction with your office up to \$3,500 in the 1973-74 fiscal year. The Board did not give approval for expenditures above \$3,500 but stated that they would be willing to reevaluate that figure at a latter date if necessary. We will be very pleased to meet with you in the near future to set up definite requirements for the audit and procedures to be used in the joint funding.

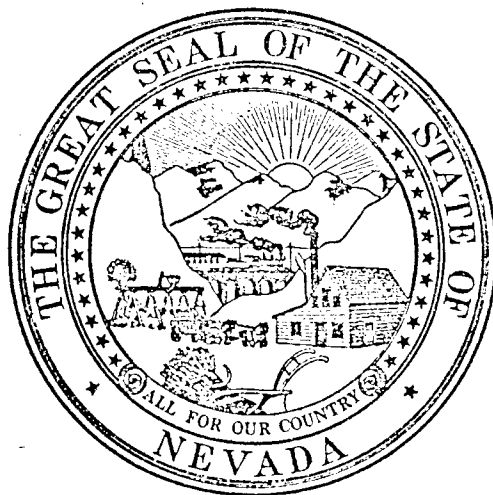
Sincerely,

*Vernon Bennett*

Vernon Bennett  
Executive Officer

VB/daa  
CC: Bob Guernsey

STATE OF NEVADA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
AUDIT OF RETIREMENT CONTRIBUTIONS  
DECEMBER 31, 1973



LEGISLATIVE AUDITOR  
CARSON CITY, NEVADA

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CARSON CITY, NEVADA 89701

LEGISLATIVE COMMISSION  
DONALD R. MELLOR, Assemblyman, Chairman  
INTERIM FINANCE COMMITTEE  
FLOYD R. LAMB, Senator, Chairman

0216



ARTHUR J. PALMER, Director

CLINTON E. WOOSTER, Legislative Counsel  
EARL T. OLIVER, Legislative Auditor  
ARTHUR J. PALMER, Research Director

May 10, 1974

INVOICE FOR AUDITING FEES

To: Mr. Vernon Bennett  
Executive Officer  
Public Employees Retirement Board  
P.O. Box 1569  
Carson City, Nevada 89701

Dear Vern:

In accordance with your letter dated December 21, 1973, (copy attached), this is an invoice for 50% of the fees incurred in the audit of Employer Contributions from January 1, 1974 to April 26, 1974.

| <u>Position</u>                  | <u>Hours</u> | <u>Hourly<br/>Billing Rate</u> | <u>Cost</u>  |                   |
|----------------------------------|--------------|--------------------------------|--------------|-------------------|
|                                  |              |                                | <u>Total</u> | <u>50%</u>        |
| Legislative Auditor              | 4            | \$ 16.00                       | \$ 64.00     | \$ 32.00          |
| Chief Deputy Legislative Auditor | 26           | 15.00                          | 390.00       | 195.00            |
| Deputy Legislative Auditor       | 316          | 12.00                          | 3,792.00     | 1,896.00          |
| Legislative Auditor Trainee      | 515.5        | 6.00                           | 3,093.00     | 1,546.50          |
| Audit Clerk Typist               | 5.5          | 4.50                           | 24.75        | 12.38             |
|                                  |              |                                |              | <u>\$3,682.00</u> |

As shown above, your share of the cost to date has exceeded \$3,500. Accordingly, we would like to meet with you to re-evaluate that figure at your earliest convenience.

Sincerely yours,

Handwritten signature of Earl T. Oliver in cursive.

Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:mn  
Enclosure

VERNON BENNETT  
EXECUTIVE OFFICER

STATE OF NEVADA



GRAY F. PREBNEILL  
ASSISTANT EXECUTIVE OFFICER

RETIREMENT BOARD  
ELBERT B. EDWARDS  
CHAIRMAN  
ROBERT C. WEEMS  
VICE CHAIRMAN  
MEMBERS  
CHARLES H. COLLINS  
L. ROSS CULBERTSON  
DONALD L. REAM  
CLARENCE W. SWAIN  
GLENDA F. WALTHER

1-0217

PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 882-7298

May 29, 1974

Mr. Earl Oliver  
Legislative Auditor  
Legislative Building  
Room #243  
401 South Carson Street  
Carson City, NV 89701

Dear Earl:

Please refer to your letter dated May 10, 1974, in which you submitted an invoice for audit fees. I will be pleased to present this matter to my Board at their next meeting to be held June 20, 1974. However, I feel that it would be helpful if you could provide to us an estimate on your additional expenses from April 27 to June 30, 1974. You may also wish to estimate the cost to be incurred in the 1974-75 fiscal year. This will assist the Board in making a decision regarding the remainder of this year and in budgeting for the coming year.

We appreciate your cooperation in this and other retirement matters.

Sincerely,

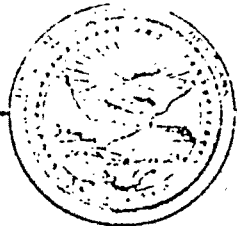
A handwritten signature in cursive script that reads "Vernon Bennett".

Vernon Bennett  
Executive Officer

VB/sm



0218



ARTHUR J. PALMER, Director

CLINTON E. WOOSTER, Legislative Counsel  
PAUL T. OLIVER, Legislative Auditor  
ARTHUR J. PALMER, Research Director

June 13, 1974

Mr. Vernon Bennett  
Executive Officer  
Public Employees Retirement Board  
110 West Telegraph Street  
Carson City, Nevada 89701

Dear Vern:

As you requested in your letter dated May 29, 1974, we are submitting the attached schedule setting forth our audit fees detailed as follows:

1. Amount already billed for fiscal year 1973-74.
2. Estimated amount to be billed for remainder of fiscal year 1973-74.
3. Estimated amount to be billed for fiscal year 1974-75.

For your information, we expect to have our report for the six months ended June 30, 1974, ready sometime in late July.

If you have any questions regarding this letter, please call us.

Sincerely yours,

Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:mn  
Attachment

0219

LEGISLATIVE COUNSEL BUREAU  
 AUDIT DIVISION  
 ACTUAL AND ESTIMATED BILLING TO  
 PUBLIC EMPLOYEES' RETIREMENT BOARD  
 FISCAL YEARS 1973-74 AND 1974-75

|                                  | 1973-74<br>Billing<br>Rates | Billed<br>1/1 - 4/26/74 |                    | Estimated<br>To Be Billed<br>4/27 - 6/30/74 |                    | Total<br>1/1 - 6/30/74 |                    | 1974-75<br>Estimated |             |                    |
|----------------------------------|-----------------------------|-------------------------|--------------------|---|--------------------|------------------------|--------------------|----------------------|-------------|--------------------|
|                                  |                             | Hours                   | Total Cost         | Hours                                       | Total Cost         | Hours                  | Total Cost         | Billing Rates        | Hours       | Total Cost         |
| Legislative Auditor              | \$ 16.00                    | 4                       | \$ 64.00           | 2   | \$ 32.00           | 6                      | \$ 96.00           | \$ 16.00             | 25          | \$ 400.00          |
| Chief Deputy Legislative Auditor | 15.00                       | 26                      | 390.00             | 9   | 135.00             | 35                     | 525.00             | 15.00                | 75          | 1,125.00           |
| Deputy Legislative Auditor       | 12.00                       | 316                     | 3,792.00           | 190   | 2,280.00           | 506                    | 6,072.00           | 13.00                | 400         | 5,200.00           |
| Legislative Auditor Trainee      | 6.00                        | 515.5                   | 3,093.00           | 276   | 1,656.00           | 791.5                  | 4,749.00           | 7.00                 | 1600        | 11,200.00          |
| Audit Secretary                  | 4.50                        | --                      | --                 | --  | --                 | --                     | --                 | 5.50                 | 75          | 412.50             |
| Audit Clerk Typists              | 4.50                        | 5.5                     | 24.75              | --  | --                 | 5.5                    | 24.75              | 5.50                 | 25          | 137.50             |
| <b>Total</b>                     |                             | <u>867</u>              | <u>\$ 7,363.75</u> | <u>477</u>                                  | <u>\$ 4,103.00</u> | <u>1344</u>            | <u>\$11,466.75</u> |                      | <u>2200</u> | <u>\$18,475.00</u> |

Amount Billed or Estimated to  
 be Billed to PERB

\$ 3,681.88

\$ 2,051.50

\$ 5,733.38

\$ 9,237.50

5,550.50

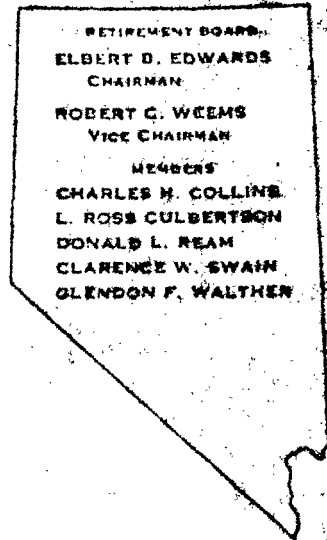
VERNON BENNETT  
EXECUTIVE OFFICER

STATE OF NEVADA

GRAY F. PRESNELL  
ASSISTANT EXECUTIVE OFFICER



1-0220



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 882-7298

June 24, 1974

Mr. Earl T. Oliver  
Legislative Auditor  
Legislative Counsel Bureau  
Legislative Building  
401 South Carson Street  
Carson City, NV 89701

Dear Earl:

At their regularly scheduled meeting held June 19 and 20, 1974, the Retirement Board authorized the staff to pay the additional 50% share of costs for employer audits for the fiscal year 1973-74 in the amount of \$2,233.38. The Board also authorized the staff to pay the estimated \$9,237.50, which represents our share for the 1974-75 fiscal year.

The Retirement Board also asked me to express to you their sincere appreciation for the cooperation and assistance you have provided to the System during the past year. We feel that this has contributed greatly to the progress we have made.

Please advise if you have any further questions regarding this or any other retirement matter.

Sincerely,

*Vernon Bennett*  
Vernon Bennett  
Executive Officer

VB/sm  
cc: Board Members

STATE OF NEVADA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
AUDIT OF RETIREMENT CONTRIBUTIONS  
FOR THE 6 MONTHS ENDED JUNE 30, 1974



LEGISLATIVE AUDITOR  
CARSON CITY, NEVADA

LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CARSON CITY, NEVADA 89701



LEGISLATIVE COUNSEL BUREAU  
DONALD R. MELLO, Assemblyman, Chairman

INTERIM FINANCE COMMITTEE

FLOYD R. LASIB, Senator, Chairman

L-0222

ARTHUR J. PALMER, Director

CLINTON E. WOONER, Legislative Counsel  
EARL T. OLIVER, Legislative Auditor  
ARTHUR J. PALMER, Research Director

July 5, 1974

INVOICE FOR AUDITING FEES

TO: Public Employees' Retirement Board  
P.O. Box 1569  
Carson City, Nevada 89701

Gentlemen:

Enclosed is an invoice for 50% of the fees incurred in the audit of Employer Contributions from April 2, 1974, to June 21, 1974. (Completes fiscal year 1973-74)

| <u>Position</u>                  | <u>Hours</u> | <u>Rate</u> | <u>Cost</u>  |                   |
|----------------------------------|--------------|-------------|--------------|-------------------|
|                                  |              |             | <u>Total</u> | <u>50%</u>        |
| Legislative Auditor              | 5            | \$16.00     | \$ 80.00     | \$ 40.00          |
| Chief Deputy Legislative Auditor | 4.5          | 15.00       | 67.50        | 33.75             |
| Deputy Legislative Auditor       | 174.5        | 12.00       | 2,094.00     | 1,047.00          |
| Program Auditor                  | 249          | 6.00        | 1,495.75     | 747.87            |
| Current Billing                  |              |             |              | \$1,868.62        |
| Previous Billing                 |              |             |              | 3,681.88          |
| Please pay this amount           |              |             |              | <u>\$5,550.50</u> |

Please remit to: Audit Division  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, Nevada 89701

Sincerely yours,

*Earl T. Oliver*

Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:ds



ARTHUR J. PALMER, Director

1-022  
0223  
PERRY P. BURNETT, Legislative Counsel  
EARL T. OLIVER, Legislative Auditor  
ARTHUR J. PALMER, Research Director

November 27, 1974

INVOICE FOR AUDITING FEES

To: Public Employees' Retirement Board  
P.O. Box 1569  
Carson City, Nevada 89701

Gentlemen:

In accordance with your letter dated December 21, 1973, this is an invoice for 50% of the fees incurred in the audit of Employer Contributions from June 22, 1974 to September 27, 1974:

| <u>Position</u>                         | <u>Hours</u> | <u>Rate</u>     | <u>Cost</u>   |               |
|---|--------------|-----------------|---------------|---------------|
|   |              |                 | <u>Total</u>  | <u>50%</u>    |
| <u>Legislative Auditor</u>              | <u>20.5</u>  | <u>\$ 16.00</u> | <u>\$ 328</u> | <u>\$ 164</u> |
| <u>Chief Deputy Legislative Auditor</u> | <u>26.0</u>  | <u>15.00</u>    | <u>390</u>    | <u>195</u>    |
| <u>Deputy Legislative Auditor</u>       | <u>205.0</u> | <u>12.00</u>    | <u>2,460</u>  | <u>1,230</u>  |
| <u>Program Auditor</u>                  | <u>267.0</u> | <u>8.50</u>     | <u>2,270</u>  | <u>1,135</u>  |
| <u>Program Auditor</u>                  | <u>260.0</u> | <u>6.00</u>     | <u>1,560</u>  | <u>780</u>    |
| <u>Audit Typist</u>                     | <u>19.0</u>  | <u>4.50</u>     | <u>85</u>     | <u>43</u>     |

Please pay this amount.

\$ 3,547

Please remit to: Audit Division  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, Nevada 89701

Sincerely yours,

Handwritten signature of Earl T. Oliver in cursive.

Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:mn

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CARSON CITY, NEVADA 89701



LEGISLATIVE COMMISSION  
LAWRENCE E. JACOBSEN, Assemblyman, Chairman  
INTERIM FINANCE COMMITTEE  
FLOYD R. LAMB, Senator, Chairman

1- 0224

ARTHUR J. PALMER, Director

PERRY P. BURNETT, Legislative Counsel  
EARL T. OLIVER, Legislative Auditor  
ARTHUR J. PALMER, Research Director

December 18, 1974

Mr. Elbert B. Edwards  
Chairman  
Public Employees' Retirement Board  
628 Avenue I  
Boulder City, Nevada 89005

Dear Mr. Edwards:

In accordance with NRS 286.465, we have been examining public employers' contribution records and reporting to the Nevada Legislative Commission and the Public Employees' Retirement Board at six month intervals. We are now in the process of completing the six month report ending December 31, 1974 and planning our audit examination for the subsequent period.

Among our audit objectives for the upcoming period are audits to all member agencies that have not previously been audited by us. We had previously estimated the time required to visit all member agencies was two to three years. We believe this new approach will greatly increase the benefits to the System. However, this program is estimated to cost a total of \$22,000 to \$26,000 for the second half of the 1974-75 year. As you are aware funding was not included by the Legislature for the retirement contribution audit and in the past has been jointly funded on a 50-50 basis by the Legislative Counsel Bureau and the Public Employees' Retirement System respectively. With the increased benefits which the System should receive from the reviewing of all remaining unaudited member agencies, we are respectfully requesting that the Public Employees' Retirement System assume responsibility for a greater share of the funding of our costs. Our recommendation is at least 75% by the System and 25% by the Legislative Audit Division.

We would like to discuss this joint funding request and our new audit objectives of the retirement contribution audit as soon as possible.

Sincerely,

*Earl T. Oliver*  
Earl T. Oliver, C.P.A.  
Legislative Auditor

LTO:mn

cc: Vernon Bennett

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CARSON CITY, NEVADA 89701



LEGISLATIVE COMMISSION  
LAWRENCE E. JACOBSEN, Assemblyman, Chairman  
INTERIM FINANCE COMMITTEE  
FLOYD R. LAMB, Senator, Chairman

1 - 0225

ARTHUR J. PALMER, Director

PERRY P. BURNETT, Legislative Counsel  
EARL T. OLIVER, Legislative Auditor  
ARTHUR J. PALMER, Research Director

December 19, 1974

Members of the Legislative Commission

In accordance with NRS 286.465, we have been examining public employers' contribution records and reporting to the Nevada Legislative Commission and the Public Employees' Retirement Board at six month intervals. We are now in the process of completing the six months report ending December 31, 1974 and planning our audit examination for the subsequent period.

We have revised our audit program for the next six months. For example, we intend to audit each local member agency that has not been previously audited by us. We had previously estimated that the time required to visit all member agencies was two to three years. Under this new approach we hope to complete it by June 30, 1975. In order to accomplish this we have employed two additional staff members.

When this audit requirement was placed upon the Legislative Auditor in the 1973 Session, the Legislature did not provide additional funding. The Public Employees' Retirement Board has been absorbing one half of our cost. We have requested that in order to accomplish our new audit program that they contribute 75% of our costs.

As we pointed out in our reports to date, we have identified many problems that we believe have been beneficial to the Retirement System. We feel that it is important for the Legislative Commission to determine whether we should continue to perform this audit subsequent to June 30, 1975, or if the law should be changed to require the Retirement Board to perform this function. If the Commission determines that we should continue to perform these examinations then we request that a review be made of the funding of this portion of our audit program.

Sincerely yours,

A handwritten signature in cursive script that reads "Earl T. Oliver".

Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:mn  
Attachment



STATE OF NEVAD  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CARSON CITY, NEVADA 89701



LEGISLATIVE COMMISSION  
LAWRENCE H. JACOBSEN, *Assemblyman, Chairman*  
INTERIM FINANCE COMMITTEE  
FLOYD R. LAMB, *Senator, Chairman*

1-0226

ARTHUR J. PALMER, *Director*

PERRY P. BURNETT, *Legislative Counsel*  
EARL T. OLIVER, *Legislative Auditor*  
ARTHUR J. PALMER, *Research Director*

January 2, 1975

INVOICE FOR AUDITING FEES

To: Public Employees' Retirement Board  
P.O. Box 1569  
Carson City, Nevada 89701

Gentlemen:

In accordance with your letter dated December 21, 1973, this is an invoice for 50% of the fees incurred in the audit of Employer Contributions from September 28, 1974 to December 20, 1974.

| <u>Position</u>                             | <u>Hours</u> | <u>Rate</u>    | <u>Cost</u>  |              |
|---|--------------|----------------|--------------|--------------|
|   |              |                | <u>Total</u> | <u>50%</u>   |
| <u>Legislative Auditor</u>                  | <u>2.0</u>   | <u>\$16.00</u> | <u>\$ 32</u> | <u>\$ 16</u> |
| <u>Chief Deputy Legislative Auditor</u>     | <u>27.0</u>  | <u>15.00</u>   | <u>405</u>   | <u>202</u>   |
| <u>Deputy Legislative Auditor - Walkama</u> | <u>136.5</u> | <u>12.00</u>   | <u>1,638</u> | <u>819</u>   |
| <u>Deputy Legislative Auditor - Hanson</u>  | <u>310.0</u> | <u>8.50</u>    | <u>2,635</u> | <u>1,318</u> |
| <u>Program Auditor - Chovanec</u>           | <u>66.5</u>  | <u>6.00</u>    | <u>399</u>   | <u>199</u>   |
| <u>Program Auditor - Martin</u>             | <u>170.0</u> | <u>6.00</u>    | <u>1,020</u> | <u>510</u>   |
| <u>Audit Typist</u>                         | <u>20.0</u>  | <u>4.50</u>    | <u>90</u>    | <u>45</u>    |

Please pay this amount.

\$3,109

Please remit to: Audit Division  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, Nevada 89701

Sincerely yours,

*Earl T. Oliver*  
Earl T. Oliver, C.P.A.  
Legislative Auditor

LEGISLATIVE COUNSEL BUREAU  
 AUDIT DIVISION  
 PUBLIC EMPLOYEES' RETIREMENT AUDIT  
 OF PUBLIC EMPLOYERS' CONTRIBUTION RECORDS  
 SCHEDULE OF DIVISION'S COSTS  
FROM JULY 1, 1973 THRU JANUARY 31, 1975

1- 0227

|   | <u>Total Costs</u>  |
|---|---------------------|
| Start Up Costs - 1973 Not Billed  | \$ 2,847.25         |
| <br><u>Billing Date</u>   |                     |
| May 10, 1974  | \$ 7,363.75         |
| July 5, 1974  | <u>3,737.25</u>     |
| 1973-74 Billed Costs  | <u>11,101.00</u>    |
| 1973-74 Costs   | 13,948.25           |
| November 27, 1974   | 7,093.00            |
| January 2, 1975   | 6,219.00            |
| Cost Incurred December 21, 1974 to<br>January 31, 1975 (Not Yet Billed) | <u>4,636.50</u>     |
| 1974-75 Costs   | <u>17,948.50</u>    |
| Total Costs   | <u>\$ 31,896.75</u> |

LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CARSON CITY, NEVADA 89701

INTERIM FINANCE COMMITTEE  
FLOYD R. LAMB, Senator, Chairman

0228



ARTHUR J. PALMER, Director

PERRY P. BURNETT, Legislative Counsel  
EARL T. OLIVER, Legislative Auditor  
ARTHUR J. PALMER, Research Director

January 8, 1975

Mr. Vernon Bennett  
Executive Officer  
Public Employees' Retirement Board  
Post Office Box 1569  
Carson City, Nevada 89701

Dear Mr. Bennett:

At our meeting on January 2, 1975, you asked us to furnish you with our estimate of the costs that will be required for the Retirement System, to perform the audits of the public employers' contribution records.

We have scheduled below the estimated annual costs to audit each public employer at least once each year.

|                        |                  |
|------------------------|------------------|
| Program Auditors (2)   | \$ 24,000        |
| Typist                 | 6,000            |
| Travel Costs           | <u>6,000</u>     |
| Estimated Annual Costs | <u>\$ 36,000</u> |

If you have any questions, we are available to discuss them at your convenience.

Cordially,

*Earl T. Oliver*  
Earl T. Oliver, C.P.A.  
Legislative Auditor

ETO:dc

VERNON BENNETT  
EXECUTIVE OFFICER

WILL KEATING  
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



1- 0229

RETIREMENT BOARD  
ELBERT B. EDWARDS  
CHAIRMAN  
ROBERT C. WEEMS  
VICE CHAIRMAN  
MEMBERS  
CHARLES H. COLLINS  
L. ROSS CULBERTSON  
BOYD MANNING  
DONALD L. REAM  
GLENDON F. WALTHER

PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 885-4200

January 10, 1975

Mr. Earl T. Oliver, C.P.A.  
Legislative Auditor  
Legislative Counsel Bureau  
Legislative Building  
Carson City, NV 89701

Dear Mr. Oliver:

At their regularly scheduled meeting held January 8, 1975, the Retirement Board considered your requests to provide increased funding for an accelerated auditing program for the period January 1 through June 30, 1975, to consider a legislative position regarding your proposal to remove the Legislative Auditor from the responsibility of performing employer audits and to assign such responsibility to the Retirement System staff, and to establish an official position regarding your recommendation that the Retirement System fully fund the employer audit of the Legislative Auditor's office if you are unsuccessful in your legislative proposal. The Board passed a motion to refer your funding request to the Accounting Committee and your legislative proposal request to the Legislative Committee for further study and recommendations at the February Board meeting. After the Board has established an official position regarding your legislation, we will provide you with a written letter certifying to you their position and also be available for testimony before committees if necessary.

We appreciate your cooperation in these and other retirement matters.

Sincerely,

A handwritten signature in cursive script that reads "Vernon Bennett".

Vernon Bennett  
Executive Officer

VB/sm  
cc: Retirement Board

VERNON BENNETT  
EXECUTIVE OFFICER

WILL KEATING  
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



1-0230

RETIREMENT BOARD  
ELBERT B. EDWARDS  
CHAIRMAN  
ROBERT C. WEEMS  
VICE CHAIRMAN  
MEMBERS  
CHARLES H. COLLINS  
L. ROSS CULBERTSON  
BOYD MANNING  
DONALD L. REAM  
GLENDON F. WALTHER

PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 885-4200

January 16, 1975

Mr. Earl T. Oliver  
Legislative Auditor  
Legislative Counsel Bureau  
Legislative Building, Room 243  
Carson City, NV 89701

Dear Earl:

We are enclosing our check #424 in the amount of \$3,109 in payment for your bill dated January 2, 1975. On December 6, 1974, we paid you check #361 in the amount of \$3,547. At their regularly scheduled meeting held June 19, 1974, the Retirement Board passed a motion stating that we will pay the Legislative Counsel Bureau the estimated \$9,237.50 for the 1974-75 fiscal year. The two payments listed above indicate that the System is committed to pay a total of \$2,581.50 during the remainder of this fiscal year. This amount is subject to change if the Retirement Board feels that funds are presently available in our budget to amend this figure as requested by you.

We will advise you of any further action by the Board.

Sincerely,

*Vernon Bennett*

Vernon Bennett  
Executive Officer

VB/sm  
Enclosure  
cc: Retirement Board



1 - 0231

RETIREMENT BOARD  
ELBERT B. EDWARDS  
CHAIRMAN  
ROBERT C. WEEMS  
VICE CHAIRMAN  
MEMBERS  
CHARLES H. COLLINS  
L. ROSS CULBERTSON  
BOYD MANNING  
DONALD L. REAM  
GLENDON F. WALTHER

PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 885-4200

February 24, 1975

The Honorable Joseph E. Dini  
Assemblyman, State of Nevada  
P.O. Box 968  
Yerington, Nevada 89447

Dear Assemblyman Dini:

The Retirement Board is opposed to Assembly Bill No. 231 because it would extend the present reporting period from 15 days after the inclusive period being reported to 15 days after the actual pay date. In most cases, this will mean that the Retirement System will not receive the employee and employer contributions for an additional week. This will allow the individual agencies to invest member contributions which have already been withheld for retirement purposes.

The Harris Kerr Forster report and the 1973 Legislature authorized and instructed the Retirement System to collect employee and employer contributions as quickly as possible and to invest same on the first day available. We instituted a program effective July 1, 1973 whereby the agencies could deposit their contributions to the nearest branch bank so that funds would be available for investment on the following day. The Retirement System earned \$684,927.60 from these investments for the period July 1, 1973 through June 30, 1974. The System earned \$2,048,961.86 from similar investments for the period July 1, 1974 through January 31, 1975. Passage of Assembly Bill No. 231 would very probably cut this investment return in half. Only one agency has indicated to us that they are unable to consistently submit reports within the period presently provided. This agency was delinquent only during the period which included the Thanksgiving Holidays. We have corrected this situation in our omnibus bill, BDR 23-185, by providing that the regular reporting period will be extended one day for each officially recognized holiday that follows within said period.

Therefore, we respectfully request that your Committee not pass Assembly Bill No. 231.

Respectfully submitted,

*Vernon Bennett*

Vernon Bennett  
Executive Officer

VB:dad  
CC: Members, Committee  
on Government Affairs