

0209

MINUTES

ASSEMBLY GOVERNMENT AFFAIRS  
February 22, 1977  
7:30am

MEMBERS PRESENT: Chairman Murphy  
Mr. May  
Mr. Craddock  
Mr. Jeffrey  
Mr. Mann  
Mr. Moody  
Mr. Robinson  
Mrs. Westall  
Mr. Rhoads

The meeting was called to order at 7:31am by Chairman Murphy.

SENATE BILL 26

Senator Norman Glaser, author of the bill, explained to the committee that this bill amends the Carlin city charter to allow the City to sell or lease their city owned electric light and power system. There are three power companies that have facilities near enough to Carlin that would allow connection to their service. They are Sierra Pacific Power, Nevada Power, and Western Rural Electric. He said that the cost of operation is more than the cost of operation by the privately owned company even though they get to make a profit. The reason for this is that Carlin does not have enough customers to divide the cost of operation between to make the rates as low as for example Sierra Pacific Power which has many customers. It doesn't matter how many people a company serves, it still has to keep its plant in operation even for one customer. So its a question of dividing operating costs by, for example, 1,000 or by 10,000 which obviously results in lower rates.

There was no opposing testimony given.

ASSEMBLY BILL 80

Mr. John Crossley of the Audit Division of the Legislative Counsel Bureau explained this bill in depth. A copy of his testimony is attached herewith as Exhibit 1.

ASSEMBLY BILL 294

Mr. Russ McDonald, Washoe County Manager, explained the bill and its history in depth. The following is a major part of his explanation.

ASSEMBLY  
GOVERNMENT AFFAIRS  
February 22, 1977  
Page Two

Russ McDonald - What the bill proposes to do is to release from an alleged trust, created by the statute, 13.5 acres, plus or minus, for building purposes for Washoe County on the county fairgrounds. The State Agriculture Society was created by the statutes in 1887. There were a series of bills in which there were appropriations made to that society and also authorizing the society to acquire certain lands for the purposes of agriculture and livestock activities. These were by way of livestock shows and a state fair. In 1889, looking a line 7 on page 1, the society, then having used money and appropriated other monies that were independently donated, acquired the land know as the Washoe County Fairgrounds. That sits north of Interstate 80 now and is bounded by Wells Avenue, Ninth Street, Sutro and Oddie Blvd. in Reno and contains, after some takes for public streets, approximately 65-70 acres. The thing deteriorated over the years to a point where the state fair evaporated, the state didn't take care of it, the barns were a nuisance and something had to be done. In 1951, the State Board of Agriculture, which was different from the society, which had evaporated, came to the Legislature with an agreement of the Board of County Commissioners of Washoe County -- that the County would take over this acreage, maintain it, not improve it, but maintain it for a period of 50 years for \$1.00 a year, and agreed to manage, control and properly maintain the property subject to the trust. This trust was spelled out in this 1887 act which is in subsection 1 beginning at page 2. In 1951 to 1971, a twenty year period, the County expended almost in excess of \$750,000.00 by way of improvements although apparently not mandated by the law. The State Fair, a non-profit organization, is actually in operation, counting days for preparation for the fair, about 30 days a year. The Reno Rodeo holds its activities there for 3 days or more depending on the board of trustees' activities; and the new buildings that have been added in the last twenty years, known as the Exhibit Hall and the Live-stock Pavillion, which were constructed in the main with county money, actually are used for public purposes. The thing is booked almost 365 days a year, not specifically for livestock or agricultural purposes but also for rockhounds, indoor archery, indoor tennis etc. In fact, its really about the only community place that is available in Washoe County, particularly in the City of Reno and Sparks. In 1971, because of these investments, the lease was extended to 2050 on the same terms so there is a lease between the state and the county. Then in 1953 the National Guard sought a certain amount of exclusion of a certain amount of acreage on the fairgrounds with the construction of an Armory. The Armory sits on the fairgrounds and is operated by the National Guard and the Adjutant General. I went to work for the County in 1971 and asked if I could see the capital improvement plan; none existed. The county was expending in excess of \$200,000.00 a year for rental. Outside the court house and administration building there was just a bifurcation of activities and using what we term 701 money, which was federal money for planning, again the commissioners bought the plan and an office space study was prepared which indicates

the next 15 years will see a doubling of required office space for administrative purposes in the county. Looking at the fairgrounds, since about half of it was unused and not maintained, the county commissioners sought the advice of the district attorney as to the right to utilize this 15 acres, and it was pointed out that this trust may or may not exist, the state fair board was willing to have an amended lease drawn in which they released this 13.5 acres for the use of the county, subject to multiple use of activities. The master plan will provide approximately 900 parking spaces. The senior citizens organized and asked during the development of the master plan that a site be reserved for their activities. Senator Procter Hug heads up that organization and they were quite forceful in their demands. So the plan includes a building for the senior citizens. The commissioners went to an election in September in conjunction with the primary and the people voted 3-1 to authorize the issuance of \$1.5 million worth of bonds for the construction of a building on this site. Following that, Mr. Barengo wrote me a letter, indicating that Mr. Daykin had raised the question of this trust back in 1887 and suggested we seek legislative approval in order to release this land so there would be no question. Until there is a settlement, there cannot be an offering of the bonds so we are in suspension there although the planning and the architects have been hired on both buildings. Mr. Daykin rendered an opinion that he felt that this trust still permeated this activity. However, Mr. Daykin overlooked the fact that the 1887 act was specifically repealed by the Legislature in 1953. So what that might bring about if we don't have legislative help, would be for us to have to tell the contractor under construction to stop, and subject ourselves to such damage as might result from his loss of profit while we suspended it and we would have to seek some type of judicial relief to establish the fact that the trust had been released. I think by the repeal of that 1953 statute Washoe County is bound only to maintain the property for governmental purposes. This bill does not and will not exclude the balance of the property being used for the purposes which was stated in 195 in the lease. Now the kicker here is that the property in 2050 reverts to the State of Nevada together with all improvements. (Mr. McDonald then showed the committee sketches and pictures of the planned buildings on the Fairgrounds land).

Mr. Rhoads asked Mr. McDonald if with all of this building the fairground will be forced to move. He was told that it wouldn't be a matter of forcing it but that the limitations of the Washoe Fairgrounds are set both in parking and the activities that will build up around it. There is an attempt now to go out and acquire land at this time before it goes too high in value both a combination of private and BLM land and remove the fairgrounds from what really is the center of the urban Reno/Sparks area.

ASSEMBLY  
GOVERNMENT AFFAIRS  
February 22, 1977  
Page Four

Assemblyman Robinson asked Mr. McDonald if the State could get new property for a State Fairgrounds from Federal lands and perhaps move out ten miles. He was told that the state could possibly do that.

Assemblyman May put the matter into perspective by saying that all this bill is trying to do is to get authorization for Washoe County to construct public buildings on this 13.5 acre property.

Assemblyman Jeffrey commented that as far as he's concerned that the Legislators are really here to provide services to the people of Nevada, whether it be in Washoe County, Clark County or any other of the counties, and whether the service is provided through a city, county or the state it doesn't matter just as long as the necessary services are provided.

ASSEMBLY BILL 119

Assemblyman Sue Wagner told the committee that this bill creates a citizen's state government compensation commission which would study the salaries and reimbursable expenses of elected state officers and appointed heads of departments and divisions of the executive branch of state government. It would make the study and then make a report to the governor with recommendations.

The committee made comments regarding the third party which would not be involved directly with salary increases could suggest the changes in pay much more easily than could those persons directly involved.

Mr. Jim Wittenberg, head of the Personnel Division, told the committee that he supported the bill.

COMMITTEE ACTION

ASSEMBLY BILL 294 - Mr. May motioned for a DO PASS, seconded by Mr. Jeffrey, passed unanimously.

ASSEMBLY BILL 80 - Mr. Mann motioned for an AMEND AND DO PASS AS AMENDED recommendation, seconded by Mr. Craddock, the motion passed unanimously. (The amendments being those suggested by Mr. Crossley included in the minutes.)

SENATE BILL 26 - Mr. Craddock motioned for a DO PASS, seconded by Mr. Jeffrey, passed unanimously.

The committee discussed several BDRs for committee introduction.

There being no further business, the committee adjourned at 9:24.  
Respectfully submitted,

*Kim Morgan*  
Kim Morgan - Committee Secretary

AB 67, which revises the State's Accounting Procedures has already been approved by your committee. In addition to AB 67, we have testified on various bills, AB 83, 65, 51, 66, etc., which we would have had to request as a result of our audits.

AB 80 is the first bill that compliments AB 67. This is the beginning of what we hope will be a move towards a reduction of the funds in the State's Accounting System. Many functions are presently being accounted for in the General Fund or in a special fund, rather than being in the fund set forth in the statutes. In a majority of the cases we concur with this and it would be our intent, through this bill and through bills in subsequent sessions, to amend the law to the actual type of accounting that is taking place when it is in conformity with the provisions of AB 67.

First off, I would like to explain the reason for the amendment which removes sections 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 26 from the bill. The removal of these centers around Section 4 - The Reserve for Statutory Contingency Fund. The reason for this particular fund is that if an agency doesn't have any more money to pay certain types of bills, those bills are paid from this fund. This fund is administered by the State Board of Examiners. For several years now, this has been accounted for as a General Fund account. We contacted the Department of Administration, in writing, to see what their feelings were in regards to this fund being eliminated and the accounting continuing to be in the General Fund. They felt that it should be an account in the General Fund. Accordingly, we drafted the bill that way. Because we can't just change "Fund" to "Account" in one statute, we had to change all of the statutes. What we did was remove the identity of the fund in the statutes. When the Department of Administration read the bill, they felt that this put too much authority in the Board of Examiners and would allow the Board to pay these various expenses specified in 353.264 out of any fund available to them rather

than out of the money appropriated to the Reserve for Statutory Contingency Fund. Further discussion revealed that they would concur if we identified it as a trust fund.

For your information, the Department of Administration is required to include in the Governor's Budget a report on the specific disbursements from this fund. The report in this Session's budget is on page A 18.

I might mention that if we had just changed the word "Fund" to "Account" in NRS 353.264, we would then have had a massive bill next session affecting these various sections we had originally in the bill. The way the bill currently identifies the fund it will not be necessary to go back and amend all of the other sections.

Another amendment is to categorize the Emergency Account, NRS 353.263, as a trust fund. A report on this fund is also found on page A 18 of the Governor's Budget.

For your information, immediately following are copies of correspondence with the Budget Office on this subject

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CAPITOL COMPLEX  
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

JAMES I. GIBSON, *Senator, Chairman*  
Arthur J. Palmer, *Director, Secretary*

INTERIM FINANCE COMMITTEE (702) 885-5640

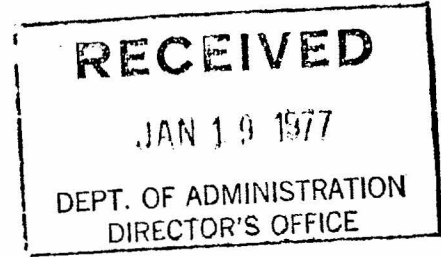
DONALD R. MELLO, *Assemblyman, Chairman*  
Ronald W. Sparks, *Senate Fiscal Analyst*  
John F. Dolan, *Assembly Fiscal Analyst*

ARTHUR J. PALMER, *Director*  
(702) 885-5627

FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627  
EARL T. OLIVER, *Legislative Auditor* (702) 885-5620  
ANDREW P. GROSE, *Research Director* (702) 885-5637

January 18, 1977

Mr. Howard E. Barrett, Director  
Department of Administration  
Capitol Complex  
Blasdel Building - Room 205  
Carson City, Nevada 89710




Dear Gene:


Enclosed is a copy of BDR 31-598. There are sections in this BDR that affect the statutes governing your agency. Would you please review the BDR and let us know by Monday, January 24, 1977, if you have any problems with the way the BDR is drafted.

Sincerely yours,

EARL T. OLIVER, C.P.A.  
LEGISLATIVE AUDITOR

By   
John R. Crossley, C.P.A.  
Chief Deputy Legislative Auditor

ETO:JRC:mr  
Enclosure

*John  
this really won't work  
we need something that states  
quit clearly what the money  
in the present statutory writing fund.  
don't you just change "fund" to  
'account' and leave the rest  
alone*  


STATE OF NEVAD.  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CAPITOL COMPLEX  
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

JAMES I. GIBSON, *Senator, Chairman*  
Arthur J. Palmer, *Director, Secretary*

INTERIM FINANCE COMMITTEE (702) 885-56

DONALD R. MELLO, *Assemblyman, Chairman*  
Ronald W. Sparks, *Senate Fiscal Analyst*  
John P. Dolan, *Assembly Fiscal Analyst*

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ANDREW P. GROSE, *Research Director* (702) 885-5637

January 25, 1977

Mr. Howard E. Barrett, Director  
Department of Administration  
Capitol Complex  
Blasdel Building - Room 205  
Carson City, Nevada 89710

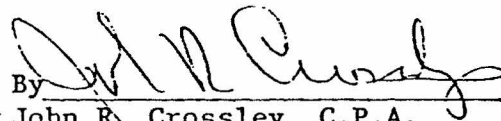
Dear Gene:

As we discussed, we will amend AB 80 to where the Reserve for Statutory Contingency Fund is not abolished. We will, however, amend 353.264 to categorize that fund as a trust fund. This then would require that it be set up as a separate fund in the Controller's records.

We will request that in AB 80, sections 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 26, be removed from the bill.

Sincerely yours,

EARL T. OLIVER, C.P.A.  
LEGISLATIVE AUDITOR

By 

John R. Crossley, C.P.A.  
Chief Deputy Legislative Auditor

ETO:JRC:mr  
cc: Robert E. Bruce



I would like to go through the sections of the bill with you.

Section 4 - 353.264

The only change that we are now making in this particular section is that we are categorizing the Reserve for Statutory Contingency Fund as a trust fund.

Section 19

This is a result of our Personnel audit about 3 or 4 years ago. The law provides for the establishment of 2 funds to account for the Personnel Division money. They have only been using one. This fund eliminates the Personnel Receipts Fund which is not being used.

Section 23 - 387.030

This identifies the State Distributive School Fund as an agency fund. This is in line with AB 67.

For your information, one of the definitions of an agency fund is:

"a Clearance Fund used to accumulate a variety of revenues from different sources and apportion them out to various operating funds in accordance with a statutory formula or procedure."

There are 5 sections which affect the Department of Education's funds.

These are set forth below:

	<u>Governor's Budget</u>
Sections 20, 21, 22 Higher Education Student Loan	172
Section 24 Automobile Driver Education Fund	139
Section 25 School Lunch	144

The above programs are financed by General Fund appropriations, and in many cases, federal money. All of these are accounted for in the General Fund which we identified in our audit report on page 42.14, a copy of which is attached. There are no federal requirements that these programs be accounted for in separate Funds. We feel that by identifying these as programs, we can identify a function and accordingly, be accounted for in the General Fund. We have not changed the intent of the program. The Governor's Budget identifies these as being accounted for in the General Fund. This again would bring the statutes in line with the fund these programs are being accounted for in.

Following is a copy of the page in our audit report as well as a letter from the Department of Education.

STATE OF NEVADA  
DEPARTMENT OF EDUCATION

FINANCIAL STRUCTURE  
(continued)

The following "budget accounts" accounted for within the General Fund were statutorily created as separate funds by the Legislature:

General Fund Budget <u>Account No.</u>	<u>Budget Account Name</u>	<u>NRS</u>
2683	Higher Education Student Loan Fund	385.104
2672	Automobile Driver Education Fund	387.033
2691	Nevada School Lunch Fund	387.075

The publication issued by the Municipal Finance Officers' Association of the United States entitled "Governmental Accounting, Auditing and Financial Reporting", states the following in regards to governmental accounting systems:

"Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations."

As part of our "Fund Accounting Project", we will be preparing legislation for the possibility of consolidation, elimination and organization of the State's financial Fund structure. Our recommendation on the funds of the Department of Education will be incorporated into that legislation.



OFFICE OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Capitol Complex  
Carson City, Nevada 89710

JOHN R. GAMBLE  
*Superintendent*

January 20, 1977

Mr. John R. Crossley  
Chief Deputy Legislative Auditor  
Legislative Counsel Bureau  
Carson City, Nevada

Dear John:

I find no problem as far as the Department of Education is concerned with BDR 31-598.

I appreciate the opportunity to review it.

Sincerely,

A handwritten signature in cursive script, appearing to read "John R. Gamble".

John R. Gamble

JRG:ms

We have 4 sections that affect the Department of Agriculture.

	<u>Governor's Budget</u>
Sections 27, 29 Plant Industry	677
Section 28 Noxious Weed and Insect Pest Control	684
Section 30 Agriculture County Reimbursement Fund	--

Sections 27, 28, and 28 convert these funds to programs. The reasons for these changes are the same as the ones we identified in Education. Copies of the pages from our Agriculture audit report are attached, pages 30.8 and 30.9. That is they are, and have been for many years, accounted for in the General Fund. Again, we have not changed the intent of the program. Section 30 abolishes the Agriculture County Reimbursement Fund which has not been used since 1970. This repeal of 561.395 compliments the changes made in Section 29 to NRS 587.370. The Department of Agriculture concurs with these amendments.

Following is a copy of the pages from our audit report.

**561.395 Agriculture county reimbursement fund: Creation, sources and use of fund.**

1. The agriculture county reimbursement fund is hereby created in the state treasury for the use of the department.

2. Moneys collected by county employees as agricultural inspection fees under the provisions of NRS 587.290 to 587.450, inclusive, and moneys collected by county employees under the provisions of NRS 555.010 to 555.460, inclusive, shall be deposited in the agriculture county reimbursement fund.

3. Expenditures from the agriculture county reimbursement fund shall be made only for the purpose of reimbursing amounts due the counties pursuant to the provisions of NRS 587.370.

(Added to NRS by 1961, 504)

STATE OF NEVADA  
DEPARTMENT OF AGRICULTURE

ACCOUNTING  
 (continued)

The funds and budget accounts of the Department of Agriculture are set forth in the following schedule:

<u>AB90</u>	<u>NAME</u>	<u>N.R.S.</u>	<u>CONTROLLER'S ACCOUNT NUMBER</u>
⊗	Plant Industry Fund	561.355	101-4540
	Agriculture Registration & Enforcement Fund	561.385	227-4544
⊗	Noxious Weed & Insect Pest Control Fund	561.375	101-4552
	Apiary Inspection Fund	561.365	229-4548
	Livestock Inspection Fund	561.344	228-4547
	Rural Rehabilitation Fund	561.405	643-4545
	Beef Promotion Fund	561.407	755-9999
	Livestock Aid Fund	575.050	---
⊗	Agriculture County Reimbursement Fund	561.395	---
	Veterinary Medical Services	NONE	101-4550

STATE OF NEVADA  
DEPARTMENT OF AGRICULTURE

ACCOUNTING  
(continued)

During our audit of the Department of Agriculture, we made the following observations regarding the funds and budget accounts:

1. The Agriculture County Reimbursement Fund created by NRS 561.395 is not currently being used. It was last used on September 10, 1970.
2. The Plant Industry Fund created by NRS 561.355 is not being used. The authorized transactions are being recorded in an account in the General Fund by the State Controller.
3. The Noxious Weed and Insect Pest Control Fund created by NRS 561.375 is not being used. Statutory obligations of this fund are handled through the Insect Abatement Account in the General Fund.
4. The Livestock Aid Fund created by NRS 575.050 is not currently being used. This is basically an emergency fund to be used only after an emergency is proclaimed by the Governor.

As part of our "Fund Accounting" project, we will be proposing legislation for the possibility of consolidation, elimination and organization of the State's financial Fund structure. Our recommendations on the funds of the Department of Agriculture will be incorporated into that legislation.

I do have two additional amendments to the bill at this time. One is to 561.255. This is the general section whereby the Department of Agriculture can accept money and contributions and account for it in the appropriate fund unless otherwise provided by law. What this accomplishes is that this money can also be accounted for in the appropriate program which we are providing in this bill. This should be amended so it is in line with sections 27, 28 and 29 of this bill.

The other amendment is to Section 1 of the bill. This again is a problem we identified with the Department of Administration. I would like to amend Section 1 of the bill and have NRS 353.095 identified as a trust fund.

Copies of the proposed amendments are attached.



PROPOSED AMENDMENT

AB 80

ADD NEW SECTION:

561.255 Power of state department of agriculture to accept (funds) money, contributions; (deposit of funds) accounting.

1. The department may accept:

(a)(Funds) Money appropriated and made available by any Act of the Congress of the United States for the various programs administered by the department as provided by law.

(b)(Funds) Money and contributions made available by a county, a city, a public district or any political subdivision of this state for the various programs administered by the department as provided by law.

(c)(Funds) Money and contributions made available by a public or private corporation, by a group of individuals, or by individuals, for the various programs administered by the department as provided by law.

2. Any (funds) money and contributions accepted by the department under the provisions of this section (may be deposited in any) shall be accounted for in the appropriate fund or program available to the department, unless otherwise provided by law.

(Added to NRS by 1961, 499)

PROPOSED AMENDMENT  
AB 80

Amend Section 1 of the bill to read as follows:

353.095 Counties' trial assistance fund (account): Establishment; claims by counties.

1. There is hereby established (in the state treasury a fund account to be know as) the counties' trail assistance fund (account) as a trust fund.

2. Claims may be made against such (account) fund by the board of county commissioners of any county as other claims against the state are made for jury fees, witness fees and necessary subsistence expenses attendant to any criminal trial which is begun after January 1, 1969, for a capital offense where:

(a) It is not established that the crime was actually committed in the county where the indictment was found or the information filed;

(b) The victim or victims of the crime were not residents of the county where the indictment was found or the information filed; and

(c) The trial is conducted in a county other than the county in which the indictment was found or the information filed.

(Added to NRS by 1969,276)