



CITY OF FERNLEY

CITY COUNCIL AGENDA REPORT

Meeting Date: June 3, 2020

REPORT TO:	Mayor and City Council
REPORT THRU:	Daphne Hooper, City Manager
REPORT FROM:	Denise Lewis, City Treasurer
REVIEWED BY:	Daphne Hooper, City Manager
REVIEWED BY:	Brent Kolvet, Deputy City Attorney

FINANCIAL IMPACT: Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	CURRENTLY BUDGETED: Yes: <input type="checkbox"/> No: <input type="checkbox"/>	FUND/ACCOUNT: N/A
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ACTION REQUESTED: Consent Ordinance Resolution Motion Receive/File

AGENDA ITEM: Staff Report (For Possible Action):

Public Hearing: Discussion and possible action to adopt Resolution #20-008 authorizing temporary inter fund loans from the General Fund to the Grants Fund for Fiscal Year 2020-21.

State and Federal grantors require the City to expend funds prior to being reimbursed. Waiting for reimbursement tends to cause a deficit balance in the Grants Fund. Temporary inter-fund loans must be approved by City Council. Temporary inter-fund loan resolutions must be provided to the Dept. of Taxation.

Recommended Motion:
"I move to..."

"I move to adopt Resolution #20-008, authorizing temporary inter-fund loans from the General Fund to the Grants Fund for fiscal year 2020-21."

Business Impact (per NRS Chapter 237):

A Business Impact Statement is Attached.

A Business Impact Statement is not required because this is not a rule (term excludes vehicles by which legislative powers are exercised under NRS Chapters 271, 278, 278A, or 278B).

See attached report for background, analysis, alternatives.

ALTERNATIVES: Not approve temporary inter-fund loans to the grants fund.

BACKGROUND Because the City is required to pay for certain grant projects in advance and then request reimbursement from the grantors after payment, this requires a short term loan from the General Fund to the Grants Fund, which creates a liability in the Grants Fund. A Grants Fund does not have money to spend, so it has to borrow from another fund to pay the expenditures. A grants fund is a special revenue fund that simply accounts for revenues received from grantors and the expenditures incurred for projects. Revenue is recorded as soon as the City incurs the expenditure, not when the reimbursement occurs. Revenues and expenditures should always equal in the Grants Fund and there should never be a fund balance.

LEGAL IMPLICATIONS: NRS 354.6118; NAC 354.290

FINANCIAL IMPLICATIONS: N/A

ATTACHMENTS:

NRS 354.6118

NAC 354.290

Resolution #20-008

NRS354.6118 Interfund loans or loans to other local governments: Public hearing required. Before making an interfund loan or loaning money to another local government, the governing body of the local government that wishes to make the loan must:

1. Determine at a public hearing that:
 - (a) A sufficient amount of money is available for the loan and that money is not restricted as to its use; and
 - (b) The loan of the money will not compromise the economic viability of the fund from which the money is loaned; and
 2. Establish at the public hearing conducted pursuant to subsection 1:
 - (a) The amount of time the money will be on loan from the fund;
 - (b) The terms and conditions for repaying the loan; and
 - (c) The rate of interest, if any, to be charged for the loan.
- (Added to NRS by 2001, 1497; A 2003, 52)

354.290 NAC Temporary interfund loans: Conditions; interest. (NRS 354.107, 354.6118)

1. Unless otherwise prohibited by law, the governing body of a local government may make a temporary interfund loan if:
 - (a) The governing body complies with the provisions of NRS 354.6118;
 - (b) Any money for the loan which is obtained from the proceeds from the sale of a bond is used only for the purposes set forth in the bond ordinances;
 - (c) The loan is not made from any debt service fund or from any fund established or maintained as a fund dedicated to the payment of bonded debt and interest;
 - (d) The resolution authorizing the loan specifies whether interest will be charged and the rate thereof, if any;
 - (e) It is agreed in writing that the loan must be repaid within 1 year after the date on which the loan was made;
 - (f) A copy of the resolution authorizing the loan is filed with the Department; and
 - (g) The governing body agrees to notify the Department when the loan has been repaid.
 2. If the resolution authorizing the making of a temporary interfund loan does not specify whether interest will be charged as required pursuant to paragraph (d) of subsection 1, no interest may be charged.
 3. As used in this section:
 - (a) "Component unit" means a separate legal entity from a local government whose financial statements must be included in the annual audit of that local government conducted pursuant to NRS 354.624.
 - (b) "Temporary interfund loan" means a loan of money for a term of less than 1 year from a fund to meet an immediate obligation of another fund in advance of receipt by the borrowing fund of sufficient revenues from regular sources, including such a loan from a fund of:
 - (1) A local government to:
 - (I) Another fund of that local government;
 - (II) A fund of a component unit of that local government;
 - (III) A fund of another local government; or
 - (IV) A fund of a component unit of another local government; and
 - (2) A component unit of a local government to:
 - (I) Another fund of that component unit;
 - (II) A fund of another component unit of that local government;
 - (III) A fund of that local government or of another local government; or
 - (IV) A fund of a component unit of another local government.
- (Added to NAC by Com. on Local Gov't Finance by R135-10, eff. 12-16-2010)