

STAFF REPORT

Report To:	Board of Supervisors	Meeting Date:	October 7, 2021
Staff Contact:	Sheri Russell, srussell@carson.or	rg	
Agenda Title:	For Possible Action: Discussion and possible action regarding a proposed resolution for a temporary interfund loan in the amount of \$12,421.75 from the General Fund to the Debt Service Fund. (Sheri Russell, srussell@carson.org)		
	Staff Summary: The Debt Service 2021. The interfund loan would en		nporary cash shortage on June 30, er the temporary cash shortage.
Agenda Action:	Resolution	Time Requested	I: Consent

Proposed Motion

I move to adopt Resolution No. _____.

Board's Strategic Goal Efficient Government

Previous Action

N/A

Background/Issues & Analysis

The Debt Service Fund incurred a TEMPORARY cash shortage on June 30, 2021 due to the delay in receipt of the energy efficiency payments from the U.S. Government, Internal Revenue Service (IRS). Carson City typically receives two payments a year from the IRS as an energy efficiency subsidy which is budgeted and recorded as revenue in the Debt Service Fund. Carson City had budgeted a total of \$94,089 in subsidy payments for Fiscal Year 2021. Due to the COVID-19 Pandemic, the IRS is behind in making these payments. Although Carson City has submitted the required paperwork for the subsidies, and has followed up with the IRS on the status of the payments, the IRS did not make any energy efficiency payments in Fiscal Year 2021, which caused the cash shortage in the Debt Service Fund. The General Fund has over \$17 million in cash on June 30, 2021, and is capable of funding this short term loan.

Staff typically anticipates needed loans and requests the necessary funds at the second Board of Supervisors meeting in June; however, staff believed that the IRS would make at least one payment before June 30, 2021 so that the Debt Service Fund would not incur a cash shortage. Staff confirmed with the Nevada Department of Taxation that the approval of a retroactive loan is acceptable because NRS 354.6118 does not specifically require that the loan be approved before June 30th, the end of the fiscal year.

Historically, the City only loans amounts necessary to bring cash to zero on June 30 of the respective year and repays the funds promptly upon receipt of the revenue. The loan is for reporting purposes only, as the City is not allowed to have a negative cash balance on June 30, 2021, according to the Governmental Accounting Standards Board.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 354.6118

Financial Information Is there a fiscal impact? Yes

If yes, account name/number: Debt Service Fund Cash account 410-101000 and Due To Other Funds-GF account 410-208010; General Fund Cash account 101-101000 and Due From Other Funds-Debt Service account 101-130820.

Is it currently budgeted? No

Explanation of Fiscal Impact: Short-term reduction in General Fund cash of \$12,421.75, to be repaid from the Debt Service Fund.

Alternatives

Do not adopt the resolution to approve the loan.

Attachments:

Resolution for interfund loan to debt service fund.docx

Board Action Taken:

Motion:

Aye/Nay

(Vote Recorded By)

RESOLUTION NO. 2021-R

RESOLUTION FOR INTERFUND LOAN FROM THE GENERAL FUND TO THE DEBT SERVICE FUND

WHEREAS, the Debt Service Fund incurred a temporary cash shortage on June 30, 2021; and

WHEREAS, the interfund loan will enable the City to cover the temporary cash shortage in this

Fund; and

WHEREAS, the lending of this money will in no way adversely affect the Debt Service Fund nor the General Fund, and this loan is made in accordance with NRS 354.6118.

NOW, THEREFORE, be it resolved, the General Fund shall lend the Debt Service Fund \$12,421.75, for the purpose of covering the temporary cash shortage in the Fund. Further, this loan shall be at a zero percent interest rate for a period not to exceed six (6) months.

ADOPTED this _____ day of _____, 2021.

AYES: Supervisors _____

 NAYES:
 Supervisors ______

 ABSENT:
 Supervisors ______

LORI BAGWELL, Mayor

ATTEST:

AUBREY ROWLATT, Clerk-Recorder