

STAFF REPORT

Date: February 12, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: Resolution No. ____ (For Possible Action): Resolution to transfer \$1,500,000 in excess funds from the Special Surplus Deficiency Fund to the General Fund pursuant to NRS 271.428 to offset shortfalls in budgeted Consolidated Taxes and Franchise Fees.

From: Matt Taylor, Assistant Director

Department: Finance

Summary:

The City's Special Surplus Deficiency Fund (Fund) is used to collect excess amounts from Special Assessment Districts. When all outstanding bonds, principal, interest and prior redemption premiums, of such a district have been paid and any surplus amounts remain in the fund established pursuant to NRS 271.490 to the credit of the district, the surplus after the payment of valid claims for refund, must be transferred to a surplus and deficiency fund. The governing body may at any time, by resolution or ordinance, authorize the deposit of any money otherwise available to the surplus and deficiency fund. At the end of each fiscal year any excess amount that exceed 10% of the principal amount of outstanding bonds of the Special Assessment District Bonds may be transferred to the general fund of the municipality as the governing body directs by resolution. At June 30, 2024, there is an excess balance of \$1,500,000 that may be transferred to the General Fund to offset shortfalls in revenues.

Consent Review	Yes	No
1. Is this item an annual or standard item that comes before Council for regular approval?		X
2. Is this item an agreement required based on an item previously approved by Council?		X
3. Is this item included in the current budget approved and adopted by Council?		X
Other Considerations		
What percent of the total City budget does this item represent?	<1%	

Alignment with Strategic Plan:

Fiscal Sustainability

Discussion:

Under NRS 271.428, the Special Surplus and Deficiency Fund is designed to manage financial variances related to Special Assessment Districts, including surplus revenues and deficiencies arising from the collection of special assessments. The Fund allows municipalities to address discrepancies without disrupting general fund operations or other funding sources. Potential uses of the fund is to pay costs incurred in connection with the issuance of refunding bonds; collecting delinquent assessments, refunding excess payments; legal fees or other costs that relate to Special Assessment Districts; or modifying a project within a Special Assessment District.

Whenever there is a deficiency in any Special Assessment District for the payment of the bonds and interest, the deficiency must first be paid out of the surplus and deficiency fund to the extent of the money available in the fund before any payment is made out of the general fund. The amount of the Fund which exceed 10 percent of the principal amount of outstanding bonds of the municipality for all Special Assessment Districts at the end of each fiscal year may be used to make up deficiencies in any assessment which proves insufficient to pay for the cost of the project for which the assessment has been levied; to advance amounts for the cost of any project or work in any district; or to provide for the payment of assessments levied against property owned by the City.

At the end of each fiscal year, any excess amount may be transferred to the general fund of the City. At June 30, 2024, the Fund held \$1,864,871 in total funds and outstanding Special Assessment Bonds totaled \$2,730,270 consisting of the 1999 Special Assessment District No. 2 (\$775,000), 2002 Special Assessment District No.5 (\$1,265,000) and 2010 Special Assessment District No. 2 (\$690,270). This equates to \$1,591,844 in excess funds.

The City is planning to issue 2025 Special Assessment District No. 1 for Quilici Ranch in the amount of \$26,110,000. With the addition of these bonds, there will no longer be excess funds available to transfer to the General Fund due to the 10 percent calculation discussed above.

Financial Implications:

Transferring the excess funds from the Special Surplus and Deficiency Fund to the General fund will cover a portion of the shortfall in revenues between budgeted amounts and actual amounts received for Consolidated Taxes and Franchise Fees.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council approve the transfer of \$1,500,000 from the Special Surplus and Deficiency Fund to the General Fund.

Proposed Motion:

I move to approve the transfer of \$1,500,000 from the Special Surplus and Deficiency Fund to the General fund.

Attachments:

Resolution to Transfer \$1.5 MIL from SSDF to General Fund