NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting
September 28, 2018, 9:30 a.m.
NACO Office
304 S. Minnesota Street
Carson City, NV 89703

AGENDA

Some NACO Board members may attend via video link or phone from other locations. Items on the agenda may be taken out of order. The NACO Board may combine two or more agenda items for consideration. The NACO Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

Call to Order, Roll Call and Pledge of Allegiance

1. Public Comment. Please Limit Comments to 3 Minutes.

2. Approval of Agenda. **For Possible Action.**

3. NACO President's Report.

4. NACO Executive Director's Report.

5. Approval of Minutes of the August 24, 2018 NACO Board of Directors Meeting. **For Possible Action**

6. NACO Annual Conference Update Including Discussion on Date and Location of the 2019 Annual Conference. **For Possible Action**

7. Presentation of NACO's 2017 Financial Audit, Michael Bertrand, Bertrand and Associates, LLC. **For Possible Action**

8. Presentation on the 2018 Nevada Statewide Ballot Question #3: The Energy Choice Initiative. **For Possible Action**

9. Update from AT&T Including Provider of Last Resort Services in Nevada's Counties and AT&T's Role in Implementing FirstNet (First Responder Network Authority).

10. Update on the Nevada Right to Counsel Commission's Proposed Recommendations for Reforms of Nevada's Indigent Defense System. **For Possible Action**

11. Update on the Nevada Supreme Court's Committee to Study Evidence-Based Pretrial Release. **For Possible Action**

12. Update on Interim Legislative Activities, Bill Draft Requests, and County Priorities for the 2019 Nevada Legislative Session. **For Possible Action**

13. **Update and Possible Action** Regarding Natural Resources and Public Lands and Issues Affecting Counties Including:

    a. The BLM and USFS Greater Sage Grouse Resource Management Plan Amendments.

    b. The Department of the Interior Proposed Reorganization.

    c. Update on Outcome of the Center for Biological Diversity's Lawsuit Against the U.S. Fish and Wildlife Service Seeking to Vacate their Decision not to List the Bi-State Sage Grouse as an Endangered Species and NACO's Motion to Intervene on Behalf of the US F&WS.

d. NACO Public Lands and Natural Resources Committee Update.

2. NACO Committee of the Emeritus Update.

3. National Association of Counties and Western Interstate Region Board Member Updates.

4. NACO Board Member Updates.

5. Public Comment. Please Limit Comments to 3 Minutes

Adjournment.

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify NACO in writing at 304 S. Minnesota Street, Carson City, NV 89703, or by calling (775) 883-7863 at least three working days prior to the meeting.

Members of the public can request copies of the supporting material for the meeting by contacting Amanda Evans at (775) 883-7863. Supporting material will be available at the NACO office and on the NACO website at: www.nvnaco.org

This agenda was posted at the following locations:
NACO Office 304 S. Minnesota Street, Carson City, NV 89703
Washoe County Admin. Building 1001 E. Ninth Street, Reno, NV 89520
Elko County Manager's Office 540 Court Street #101, Elko NV 89801
POOL/PACT 201 S. Roop Street, Carson City, NV 89701

The following links and/or pages are support for agenda Item 5

NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting
August 24, 2018, 9:30 a.m.
NACO Office
304 S. Minnesota Street
Carson City, NV 89703

Unadopted Minutes

Attendance: President Weekly, President-Elect Waits, Vice President French, Mineral County Commissioner Tipton, Douglas County Commissioner Thaler, Lincoln County Commissioner Higbee, Carson City Mayor Crowell, Nye County Commissioner Wichman, Washoe County Commissioner Hartung, Churchill County Commissioner Olsen, Elko County Commissioner Steninger, Lyon County Commissioner Hunewill, Western Interstate Region Representative-Elko County Commissioner Dahl.

Remote Attendance: Clark County Commissioner Kirkpatrick, Esmeralda County Commissioner Bates, Eureka County Commissioner Goicoechea and Nancy Parent, Nevada Association of Clerks & Election Officials.

Other Attendance: Nye County Manager Sutton, Nye County Public Information Officer Knightly, Washoe County Manager John Slaughter, Churchill County Manager Barbee, Lyon County Commissioner Ken Grey, Storey County Planning Manager Austin Osborne; Tom Collins, NACO Committee of the Emeritus; Lee Bonner and Doug Miller, NDOT; Dr. Ivory Lyles, University of Nevada-Cooperative Extension; Sandra Morgan and Dan Jacobsen, AT&T; Linda Bissett, NV Energy; Marta Jensen and Shannon Liss, NV Department of Health & Human Services; Mike Wilden, Chief of Staff Nevada Governor Brian Sandoval; Chris Pritsos, University of Nevada-College of Biotechnology and Natural Resources; and Mary Walker, Lobbyist.

The meeting was called to order at 9:31 a.m.

1. **Public Comment**. None was given.

2. **Approval of Agenda**. The agenda was approved on a motion by Commissioner Tipton with second by Commissioner Higbee.

3. **NACO President's Report**. President Weekly recognized the birthdays of Commissioners Higbee, Phillips and Stork. He thanked those that traveled to the National Association of Counties (NACo) Annual Conference in Nashville and thanked them for their assistance in promoting the 2019 NACo Annual Conference to be held in Clark County. He thanked staff for preparing the previous evenings BBQ and apologized for not being able to attend as he had started a Doctoral program.

4. **NACO Executive Director's Report**. Dagny informed the Board that agenda item number 11 would be heard time certain at 10:00a.m. She discussed NACo's High Performance Leadership program, an online training program for county staff in management positions. She addressed the election of the Association's Vice President and requested that any Commissioners interested in being considered by the nominating committee should submit a letter of interest to her prior to September 15th. Dagny informed the Board that the State received a grant for opioid preparedness and would be accepting proposals from counties to receive sub-grant awards to prepare opioid overdose preparedness plans. She referenced a link in the agenda packet. She informed the Board that a member of the Legislature had reached out regarding SJR14, which seeks to address property tax reform. The request to NACO was for counties to contribute a total of $5,000.00 to assist in the cost of conducting a study to determine what the potential impacts to state, local governments and residents would be. She informed the Board that there are funds available in the Special Studies line item of the NACO budget. Dagny concluded her report by introducing the Association's new Natural Resources Manager, Sandy Hoover.

5. **Approval of Minutes of the June 22, 2018 NACO Board of Directors Meeting**. The minutes were approved on a motion by Commissioner Tipton with second by Commissioner Hartung.

6. **Approval of NACO's June 2018 Financial Statements and Investment Reports**. Dagny noted that she had been working with the Association's Fiscal Office, Alan Kalt, to rework the financial reports to more closely mirror the Association's budget. She also noted that the income statement now includes the budgeted amount as well as the amount spent to date. The financial statements were approved on a motion by Commissioner Tipton with second by President Elect Waits.

7. **Recap of the 2018 National Association of Counties (NACo) Conference and Attendance by Nevada County Commissioners**. Board members in attendance concurred that it was a good conference with great value and subject matter. They also echoed the appreciation expressed by President Weekly regarding the promotion of the 2019 NACo conference in Clark County and strongly encouraged all Commissioners to attend the conference in the future.

8. **Update on the 2019 National Association of Counties Conference in Clark County including Possible Approval of a Fundraising Letter from NACO**. Dagny informed the Board that Clark County had requested a fundraising letter to support their efforts in obtaining sponsorships for the event. She referenced a letter, included in the agenda packet, that was used by Washoe County in a previous year and suggested that, if the Board approved sending a letter, that could be used as the template. Commissioner Steninger inquired as to the amount needed and President Weekly informed the Board that they are required to raise $500,000 for the event and that Clark County has committed to half of that amount. Commissioner Tipton stated that she didn't have an issue with providing a letter and that the host county isn't the only county that benefits from the event. President Elect Waits noted that it would not be as expensive to attend the conference next year and echoed the benefit to surrounding counties. Vice President French also noted that while Nevada may be considered a small state and somewhat insignificant on a national stage, Nevada is a significant presence in NACo and its members look to us for input. President Weekly acknowledged the work of Commissioner Kirkpatrick and county staff for their hard work on the event. Commissioner Hartung inquired whether there had been funds from the state tourism department committed and requested that staff keep the item on the agenda. A letter from the Association was approved on a motion by Commissioner Tipton with second by Commissioner Hartung.

9. **NACO Annual Conference Update Including Discussion on Date and Location of the 2019 Annual Conference**. Dagny informed the Board that early bird registration had been extended and that staff continued to work on the educational panels and requested that any Commissioner that had an idea for specific topics to reach out to staff. She reminded the Board that the 2019 conference would be discussed in September, including possible changes to the conference due to the National Association's conference. Commissioner Thaler encouraged the Board to ensure that they can attend the President's reception at the conference in November and President Weekly encouraged everyone to participate in his theme for the evening of denim and boots. Commissioner Olsen also noted that Churchill County would be interested in hosting in 2019.

10. **Update on the University of Nevada Cooperative Extension Program (UNCE), including Discussion of the Proposed Supplemental Budget Request for a $4.7million Enhancement for UNCE**. Director Lyles thanked the Board for the partnership between the University and the Board over the past 18 months while he determined the needs of the State and the individual counties. Mr. Lyles referenced the document included in the agenda packet and reviewed the majority of the items included therein including: that UNCE received no findings on the audit of the program presented to the Regents in July, that an agreement was reached regarding the budget surplus in Clark County, potential improvements to the 4-H facilities in Lake Tahoe, seeking partnerships for baseline socioeconomic data collection, the importance of NSHE's budget enhancement request for UNCE. Mr. Lyles gave additional background on 2009 budget cuts and the need for the budget enhancement to stabilize many important statewide programs. He also discussed the UNCE Advisory Council and a meeting of the Council to be held in late August. President Elect Waits inquired as to the make up of the Council and Dr. Lyles noted that it is made up of 21 members from various counties and additional stakeholders and that there are no UNCE staff members on the Council. Dagny informed the Board that the NACO working group had met with the Chancellor and that the conversation was positive. It was noted that President Weekly had spoke in favor of the budget enhancement before the Board of

Regents and that, while it is unknown if the enhancement will be approved by Governor or the Legislature, the University will continue to advocate for the funding. No action was taken.

11. **Discussion of FY 20-21 State Budget Priorities for Counties and the FY19 Proposal to Amend the Current State Budget to Increase the Assessment to Counties for the Non-Federal Medicaid Match**. President Weekly introduced the Governor's Chief of Staff Mike Wilden. Dagny informed the Board that a letter had been received from the Medicaid division of DHHS regarding a proposed increase to the county Medicaid match and gave an overview of the history of the issue. She noted that a bill was enacted in 2011 that allowed DHHS to change at will the population segment for which counties were responsible, and that that segment had been subsequently increased. She addressed the documents included in the agenda packet and made note that the increase requested is for the current fiscal year and would have to come from the counties' currently adopted budgets. She noted that the proposal would need legislative approval and would be brought to the Interim Finance Committee in October. She also noted that rural counties are capped at $0.08 of assessed value, and that those counties that are at that cap would not see an increase in their assessment. Mr. Wilden also addressed the history of the assessments, noting that the counties and the state have been partners in program since the 80's and that the program has been growing since the State opted into the expansion program included in the ACA. He informed the Board of some of the struggles experienced by the State and that there is an estimated $20-50 million shortfall for the current fiscal year. He noted that the State has been working on several different scenarios to address the shortfall and that the request is for counties to contribute an additional $6-9 million. Mr. Wilden also noted that there are several components of the FY20-21 proposed budget that the Governor's office would like to discuss with the counties, with hopes that the forecast received by the Economic Forum is positive. Commissioner Hartung referenced a recent comment by the Governor that the State has one billion dollars 'in the bank' and/or the use of marijuana tax funds. Mr. Wilden clarified that the billion dollars the Governor referenced is in the Unemployment Trust Fund. He also clarified that there is $200 Million in the 'rainy day fund' but that those funds can only be accessed by the Legislature or during a severe economic downturn. Mr. Wilden also referenced the marijuana funds and what had occurred during the 2017 legislative session and that it is fully expected the use of the marijuana funds will be changed during the upcoming legislative session. It was noted that county revenues are flat and that counties would have to cut services in other areas to accommodate the request. Commissioner Kirkpatrick inquired as to when the assessments would be due, and if the IFC would be able to float a portion of the deficit so that the issue could be brought up in the next Legislative Session instead - as this would give time for the counties and the state to work together to find a long-term solution. Mr. Wilden stated that there is not enough money in the State contingency fund to correct the issue and a supplemental appropriation would need to be done in the legislature. Commissioner Kirkpatrick suggested that the shortfall be funded through a supplemental request at the beginning of the next Legislative Session. Many members of the Board echoed each other when they discussed the inability to come up with the requested funds in their current budgets due to flat revenues; as well as the inability to cut services that are mandated and already stressed to the maximum. The ability to opt out of the program was also discussed and Mr. Wilden noted that if the counties opt out, the State would then be forced to opt out as well, leaving counties responsible for indigent medical costs. Commissioner Olsen inquired as to when the State knew about the situation, especially when there were issues in the closed FY18 budget and how it occurred. Mr. Wilden said that it became evident during fiscal analysis during April and May but that estimated actuals had only been known for three to four weeks. He also stated that there were some inappropriate billing issues and fraud that the State is addressing. Dagny inquired as to any other changes to assessments to be aware of. Mr. Wilden suggested that an overall discussion on county assessments was perhaps in order and indicated he was willing to have that including regarding: Medicaid match, IGT, IAF, UPL, youth alternative placement and youth parole. Mr. Wilden also noted that the Governor's office will work with the counties and NACO staff during preparation for the transition to a new Governor. Commissioner Hartung brought up Yucca Mountain in relation to funding for the State budget. No action was taken.

12. **Update on Interim Legislative Activities and County Priorities for the 2019 Nevada Legislative Session Including Approval of NACO Bill Draft Requests**. Dagny reminded the Board that the Association's Legislative Committee had been meeting monthly and that Bill Draft Requests (BDRs) are due on September 1st. She informed the Board that the Committee had identified five BDR ideas for consideration with an additional two to be discussed for possible introduction by Legislators. Vince discussed the first three potential BDRs: 1) enabling the use of 911 fees collected to be used to

conduct audits. This would ensure that counties are receiving all the fees they are entitled to; 2) enabling Boards of County Commissioners in counties with very small district's (ie: GID's, TV, water) who are unable to conduct business due to lack of a quorum and interest in filling the seats to appoint members; 3) and the resurrection of a bill from the previous session to enable counties to enact a diesel fuel tax of up to five cents. Dagny discussed the 4th proposal which was in relation to Clark County's experience after the 1 October tragedy related to the collection and distribution of monies for victims and the need for counties to obtain 501c3 status. The proposed BDR would enable a county to create a 501c3 in times of emergency to assist victims and residents. The final NACO BDR proposal would change the State's primary election system to return to pre-2015 law, so that, in races with candidates from only one party, the top two vote getters would move on to the general. The two additional proposals, which the Committee suggested finding sponsors for were: to allow public snow plow vehicles the right of way; and 2) to enable counties under 100,000 in population to abolish the position of Public Administrator as an elected office if the county continued to provide the service. Commissioner Wichman noted that the current primary rules exclude large segments of the population and disenfranchise voters. With regards to the diesel tax it was clarified that it is not indexing, and Mayor Crowell noted a bill being brought by the City of Fernley that could result in conflict by proposing that all cities be allowed to raise a 5-cent diesel tax. Commissioner Tipton inquired whether there were Legislators willing to carry the last two suggestions and Dagny said that although they have ideas on who they may approach, staff needs Board approval to move forward. The Board approved all 5 BDRs to be introduced by the Association and to seek legislative support for the other two on a motion by Commissioner Tipton with second by Commissioner Wichman.

13. **Update and Discussion Regarding Legislation Preempting Some Local Government Authority to Regulate and Permit the Construction of Small Cell Technology**. Dagny informed the Board that the issue is being discussed across the country and that there is a bill that has been introduced in Congress regarding the issue. Dagny provided background on the item informing the Board that the technology is specific to 5G cellular and wireless use. She noted that there is a need for the technology to expand in urban areas due to existing infrastructure being at or near capacity. She informed the Board that the technology consists of boxes that are placed on power poles etc., however they must be placed within 500' of each other and will therefore require multiple devices in dense areas, unlike current cell towers. She discussed the bill in Congress (SB3157) which would limit local government permitting fees, cap fees for rights-of-way, limit the amount of time to respond for requests to install the infrastructure on county property and allow for automatic installation if a response is not given within the allotted time. NACo has opposed the bill and has requested that counties contact their delegations with concern. Dagny noted that the industry has requested fair and reasonable permitting fees and timelines. She also informed the Board that bills have been introduced in some states that would preempt local government authority to permit the infrastructure entirely. Concerns raised by local government include the need for jurisdictions to be able to address safety concerns as well as visual impacts. She also noted that within the states where legislation has been introduced to preempt local government authority some states have been able to reach compromises with the industry. It was noted that there is not currently a bill in the Nevada Legislature to preempt local government authority but that there are conversations taking place regarding the issue. Dagny also stressed that it is an immediate concern in the urban areas but that it will become an issue in rural areas as well. Mayor Crowell noted that it is important to address the issue and work towards reaching a compromise that protects local government interests. Commissioner Thaler informed the Board that he had seen the boxes and that while they are relatively small the density required could become intrusive because each provider needs their own box. President Weekly expressed concern with installation on private property. Dagny noted that one of the main discussions is surrounding safety and visual impact and that it is an issue at the forefront of discussion among her fellow Executive Directors. Commissioner Hartung expressed concern with interference of other frequencies such as those used by EMS. Dan Jacobsen from AT&T informed the Board that if interference became an issue it would be the industry's responsibility to rectify the problem. Storey County's Austin Osborne expressed concern with high tourist populations making small communities high density areas and potential requests for installation of the infrastructure in historic districts and on protected buildings. Staff was directed to continue working on the issue on a motion by Commissioner Tipton with second by Commissioner Hartung.

14. **Discussion Regarding August 7th, 2018 Correspondence from Nevada State Senator Joyce Woodhouse and the Committee to Study the Needs Related to the Behavioral and Cognitive**

Care of Older Persons Encouraging Nevada's Counties to Expand the Role of their EMS Services to Include Community Paramedicine Services. Dagny referenced the letter included in the agenda packet from Senator Woodhouse and the Committee, which asked the Association to encourage counties to expand EMS services to include paramedicine. She noted that the proposed services would utilize EMT's to bring a basic level of service to patients where they live, and would include things like wellness checks, prescription assistance and help with transportation. Dagny noted that Medicaid does reimburse for the services but that there are additional certifications required. She informed the Board that the Committee made around 50 recommendations and the letter was one of them as a best practice. Commissioner Hartung noted that Washoe County provides the services but cautioned that the service has become an issue in union contract negotiations. President Elect Waits informed the Board that Lander County has looked at the service, with help from State EMS, and that it would be an excellent service in very rural areas. Commissioner Wichman noted that Northern Nye County has had great success with REMSA and being able to provide the service. Dagny informed the Board that she had researched the item when the letter was received and that a few of the rural hospitals have received grants to provide the service. No action was taken on the item.

15. **Update and Possible Action Regarding Natural Resources and Public Lands and Issues Affecting Counties Including**:

    a. **Discussion of Proposed Reforms to Payment in Lieu of Taxes (PILT), Commissioner Jim French, NACO Public Lands and Natural Resources Subcommittee Vice Chair**. Vice President French referenced previous Board discussion regarding the current formula for PILT payments being skewed away from rural counties by population cap. He referenced that the responsibility to provide services remains the same to counties of smaller populations but that they are provided disproportionate funds to provide them. Vice President French informed the Board that WIR and the NACo Public Lands Steering Committee were working on a more equitable distribution formula. He informed the Board that a Montana Congressional Representative has a bill that will be introduced in September that will address the SRS offset to PILT payments for those counties that have both, potentially placing the SRS lands into PILT if SRS is not reauthorized which could cause a reduction in the amount of PILT money available to counties. He noted that with the recent multiyear reauthorization of SRS there is opportunity to attempt to create a trust fund for SRS to stabilize the funding of the program, thereby creating stability in PILT funding. He informed the Board that the proposed trust fund could be created by increased timber sales. Within that conversation is potential adjustment of the population cap in the PILT distribution formula and the need for PILT to be a permanent line item in the budget and have a reliable funding mechanism. The formula adjustment proposal would remove the small population penalty from the distribution formula and allow a distribution base solely on square miles. With regards to the stabilization of the fund, the discussion includes reauthorization of the Land and Water Conservation Fund and to provide for a large pool of funds collected within the Fund to be allocated to PILT. Dagny inquired as to the Board's appetite to support the proposed formula change, whether it could impact payments to the larger population counties. Vice President French noted that the creation of a trust fund would potentially negate the cap of yearly funding of the program and therefore not affect the large population counties payments. President Weekly noted that it would depend on the final language within the bill. Staff was directed to use its discretion regarding support of the bill dependent on the bill language and considering the lengthy discussions by the Board on the issue on a motion by Commissioner Tipton with second by Commissioner Wichman.

    b. **Discussion of the National Association of Counties (NACo) PILT Fly-In Event in Washington D.C. and Possible Approval of NACO Funds to Support the Attendance of One Representative from Nevada**. Vice President French reminded the Board that he attended the event the previous year as a guest of NACo, but that WIR funding for the event is allocated to other states this year. Despite that he had again been invited to attend but would be willing to defer to another member of the Board if they preferred. Dagny informed the Board that she had reviewed the budget and there are funds available to support Vice President French's travel costs. The NACO Bylaws allow for approval of additional travel funds on a case by case basis. Vice President French was nominated to attend, with funding

assistance from NACO, on a motion by Commissioner Hartung with second by Commissioner Wichman.

c. **Update on the BLM and USFS Greater Sage Grouse Resource Management Plan Amendments**. Dagny informed the Board that comments had been submitted on the BLM's DEIS at the end of July, that scoping comments had been also submitted to the Forest Service and that work will continue to on the issue. Sandy informed the Board that the BLM is going through the comments and expect to have a draft FEIS to cooperators by mid-September, it's release to the public will be by October 12th, that that will then initiate a 30-day protest period, then the 60 day Governor's consistency review period, and that the ROD will be expected at the end of December. She also reminded the Board that there was a cooperator's meeting the following week at the BLM's offices in Sparks.

d. **Discussion of Possible NACO Comments on Proposed Revisions to the Regulations that Implement Portions of the Endangered Species Act (ESA)**. Sandy informed the Board that the U.S. Fish and Wildlife Service and National Marine Fisheries Service have proposed reform to the Endangered Species Act of 1973, as amended under three rule revisions. Recommendations from the PL&NR Committee request support from the Board on the following:

- the first would allow for economic information to be presented in any listing decisions. Also, although it is beyond the scope of the Services' proposed rules, the PL&NR committee also supports a policy in which the review and consideration of economic information be required in any listing decisions.
- the second item would eliminate the current application of prohibitions for endangered species to threatened species as described in subsections 17.31 and 17.71 of Title 50 and would make protections for threatened species based on species specific rules.
- the third item would expedite the consultation process for actions that result in minimal adverse effects to listed species.

Commissioner Tipton noted that currently the agency does not have to look at economic data and that the Committee's recommendation is that the data must be included with all scientific data prior to a listing decision. Vice President French noted that the data would be included in the justification, which would require the agency to prove that the threat to the species outweighs the economic impacts to the communities in question. Commissioner Steninger suggested the inclusion of historical population information within the data included in the justifications. Vice President French clarified that is already a component of justification and that is a place for challenge if it is not included in the agency justification as it is already required under statute. Dagny stated that issue can be made a policy of the PL&NR Committee. Commissioner Hartung brought up that removal of predators should be included in a listing decision. Commissioner Higbee noted that predation is not being actively considered. Comments as discussed were approved on a motion by Commissioner Tipton with second by Commissioner Olsen.

e. **Update on NACO Comments to the Council on Environmental Quality's Advance Notice of Proposed Rulemaking (ANPRM) Regarding Update to the Regulations for Implementing the Procedural Provisions of the National Environmental Policy Act (NEPA)**. Sandy informed the Board that comments had been submitted based on the PL&NR Action plan and the comments provided on the BLM's Planning 2.0 and reminded the Board that they were included in the agenda packet.

f. **NACO Public Lands and Natural Resources Committee Update**. Commissioner Tipton informed the Board that the Committee had discussed the potential to create one cohesive statewide lands bill for Nevada counties, but that it would be discussed at a future meeting. Vice President French gave an update on the BLM Wild Horse & Burro Advisory Board which had not been disbanded but had been effectively "neutered" due to lack of a quorum; however, the members in question had been reappointed and there would be a meeting in September. He discussed that the BLM's report to Congress did not include all of the

recommendations of the Board, which proved that the agency could not meets its obligation under the law under current policy. He informed the Board that the report was not sent to the Advisory Board in a timely manner for review prior to submission. He informed the Board that the BLM has instituted an aggressive gather plan that includes implementation of a stipend for adoption immediately and that gives title at the time of adoption not after several years. Commissioner Tipton concluded the update with the importance of inclusion and/or updating of specific county natural resources plans within county master plans. Commissioner Wichman noted that SLUPAC will assist in development of those plans.

16. **NACO Committee of the Emeritus Update**. Vince informed the Board that the July workshop on the importance of county natural resource plans was very well attended and that the presentations of all four of the expert presenters as well as a video of the workshop could be found on the NACO website. He also informed the Board that the Committee is continuing the update of the materials and program for the newly elected officials training to be conducted by the Committee at the November conference.

17. **National Association of Counties and Western Interstate Region Board Member Updates**. Vice President French informed the Board that conversations at WIR include wildfire reduction and remediation including livestock grazing for targeted fuel reductions as well as ESA reforms and specific aspects that provide opportunities for change without having to go to Congress for approval. Commissioner Dahl referenced the update given earlier in the meeting on PILT by Vice President French and stressed the need to embrace change to assist fellow counties with challenging situations. Commissioner Tipton encouraged the Board to encourage staff to enroll in the NACo leadership training reminding the Board that NACo will provide a partial scholarship for a county's first enrollee. She also informed the Board that the WIR winter meeting would be held in the Phoenix area and concluded her remarks with the success of the NACo Annual Conference.

18. **NACO Board Member Updates**. Updates were given by members of the Board on various activities in their counties.

19. **Public Comment**. None was given.

The meeting was adjourned at 1:40 p.m.

The following links and/or pages are support for agenda Item 7

BERTRAND & ASSOCIATES, LLC
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July 13, 2018

To the Board of Directors
Nevada Association of Commissioners

We have audited the financial statements of the business-type activities of **Nevada Association of Counties (NACO)** for the year ended **December 31, 2017**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards require that we provide you with the following information related to our audit which is divided into the following two sections:

Section I – Required Communications with those Charged with Governance

Section II – Other recommendations and related information

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the Board in our audit committee letter.

Section II presents recommendations related to internal controls, procedures, and other matters during our current audit year. These comments are offered in the interest of helping the Board in its efforts toward continuous improvement, not just in the areas of internal controls and accounting procedures, but also in operations, administrative efficiency and effectiveness.

Section I – Communications Required under AU 260

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 14, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole, and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit
We performed the audit according to the planned scope and timing previously communicated to you in our letter regarding planning matters dated August 14, 2017.

Significant Audit Findings
Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NACO are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year audited. However, we recommend that the existing policy manual be updated and made readily available to staff and management.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:
The most sensitive estimates affecting NACO's financial statements were for compensated absences and the implementation for GASB 68, accounting and financial reporting for pensions, and the tracking of grants and other revenues and expenditures where NACO acts as a pass through organization.

Management's estimate of Accounts Receivable is based on their judgment on what they believe is collectible derived from known facts. The estimate for compensated absences is based on accrued time valued at each employee's current pay rate as of year-end. The value of that balance will change dependent upon the pay rate at the time it is used.

We evaluated the key factors and assumptions used to develop the Accounts Receivable balance and compensated absences balance in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was regarding the implementation of GASB 68 which records the pension liability on the books. These amounts are prepared by PERS in an actuary study and are available to the public on their web site.

Management has agreed and accepted the proposed adjustments and recommendations.
The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The adjustments proposed were as follows:

1. The adjustment required for recording the GASB 68 pension liability. Management has recorded this entry that we provided.
2. Reimbursements for the health insurance of the former executive director in the amount of $7,324 were removed from revenues and shown as a reduction in employee benefits.
3. Membership dues were reduced by $128,166 and shown as a separate line item on the statement of revenues and expenses as Public lands task force assessment.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated July 27, 2018.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Section II – Other Recommendations and Related Information

Other Matters
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the

financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We provided an audit committee recommendations letter to the fiscal officer. In that letter we identified exceptions and noted our recommendations.

This information is intended solely for the use of Board of Directors charged with governance and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bertrand & Associates, LLC

Bertrand & Associates LLC

BERTRAND & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
Members American Institute of Certified Public Accountants

777 E. William St. Suite 206
Carson City, NV 89701
Tel 775.882.8892
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July 13, 2018

Nevada Association of County Commissioners
304 S. Minnesota St.
Carson City, NV 89703

Dagny Stapleton, Executive Director
Alan Kalt, Fiscal Officer

RE: 2017 Audit Committee Letter

Dear Ms. Stapleton and Mr. Kalt,

The following comments and recommendations are based on the results of our audit of the Association's 2017 financial statements.

It is our responsibility to report on the fair presentation of the financial statements in all material respects. Management is responsible for developing and maintaining an effective system of internal accounting controls, keeping the accounting books in good order and for all amounts including the estimates that are presented in the financial statements. Our responsibility as the auditor is to examine, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and tested. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

The financial statements contain significant estimates that are the responsibility of management. The most significant is the loss reserves estimate. Management has engaged an independent actuary to assist in determining a reasonable estimate of the loss reserves and that estimate has been used in the financial statements.

1 - <u>Communication of control deficiencies or material weakness. - Statement on Auditing Standards (SAS) 112.</u>
Our consideration of internal controls was for the limited purpose of conducting our organization's audit and would not necessarily identify all deficiencies in internal controls that might be significant or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned duties to prevent or detect

misstatements on a timely basis. A *significant deficiency* is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements, that is more than inconsequential, will not be prevented or detected by the entity's internal controls.

A *material weakness* is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected by the entity's internal controls.

It is important to note that control deficiencies are not necessarily problems you will choose to address. However, they do represent potential risks. Our job as your auditor is to ensure that you understand where deficiencies or weaknesses exist so that you can make informed business decisions on how best to respond to these risks. We did not identify deficiencies in internal controls that we would consider to be material, however we did identify significant deficiencies which are discussed below.

2 - <u>The following prior year comments were not implemented and may be helpful in strengthening internal controls.</u>

<u>2A - Evidence of reviews</u>
In the past control procedures included listing the tasks and reconciliations performed each month and providing that to management. We recommend that this procedure be used again to provide greater accountability to management on the timing and performance of important tasks.

<u>5-Authorized signatures to transfer funds in investment account</u>
The Raymond James confirmation indicated that Robert Hadfield and Wayne Carlson are authorized to transfer funds to other accounts held by NACO. We recommended that the authorizations be updated. Management updated the signers on the account for the new users on August 17, 2017, however, Raymond James indicates that the former users have not been removed. We recommend that management follows up to have former users removed.

<u>3 - Disbursements tests performed</u>
We tested disbursement controls selecting a sample to provide a 95% confidence level.

In addition, we selected a sample of disbursements and checked for appropriate signatures and verified that amounts agreed to invoices, included evidence of approval and that those disbursements were recorded to the proper accounts.

The following lists our sample statistics:

1. It was noted that one check was written for $800 but the supporting invoices showed payment due of $720.
2. There were seven invoices without evidence of approval; all were re-occurring monthly expenditures to PERS, Western Insurance Specialists, and payment on credit cards.

	Total Disbursements	Total Disbursements Tested ($)	Percent Tested	Total Disbursements Count	Total Disbursements Tested (Count)	Percent Tested
Admin Expenses	$ 377,486	$ 207,861	55%	366	65	18%

4 – Proposed audit adjustments
The following adjustments were proposed to management and accepted and recorded as of December 31, 2017.

A – An adjustment to comply with GASB 68 which requires the reporting of the net pension liability and the associated deferred outflows and inflows. This amount is based on the PERS actuarial report dated June 30, 2018.

B – The former executive director reimbursed NACO for his monthly health insurance costs and this was reported as revenue. We proposed an adjustment to net the revenues against health insurance costs reducing by $7,234 the actual health insurance benefits paid to employees.

C – NACO assessed an additional $128,166 and reported this as membership dues. We recommended that this assessment be reported as a separate line item of revenue so as not to inflate the reporting of the normal annual dues.

There were some adjustments that were not proposed to management to record as they were immaterial. These included over recognizing $5,000 in the IAF revenue contract and over accruing compensated absences of $1,700.

5- Review of investment policy
We recommend that the executive director and board meet with the investment advisor to discuss and review the investment policy. This will provide an opportunity for the executive director to better understand and ask questions regarding the existing policy and to determine with the board if there should be any changes in that policy.

6 - Update accounting policy and procedures manual
We recommend that the accounting policy and procedures manual be updated.

Over the years there have been procedural changes but those changes have not been documented. Updating the procedures manual will provide clear documentation which will be helpful to refer to on a regular basis and for when there are staff and management changes. It will also aid in the review of those procedures for gaps in internal controls or redundancy. It is further recommended that when the manual is updated the revision date be shown in the manual.

7-Bank reconciliation control
NACO's controls over the bank reconciliation process requires that the executive director receive the bank statements unopened and initial the statements indicating that an original copy was received and that it was reviewed for unusual items. In reviewing the bank statements it was noted that there were no initials found on the bank statements for four months.

An additional control is that the bank reconciliation is to be reviewed by management and that the statement is initialed indicating that the review has been performed. It was noted that this was

done only in the last month of the year after the new fiscal officer became actively involved. We recommend that these controls be performed without exception.

If you have any questions please do not hesitate to contact us.

Sincerely,

Bertrand & Associates, LLC

Bertrand & Associates, LLC

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
FINANCIAL STATEMENTS
December 31, 2017 and 2016

CONTENTS

BERTRAND & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
Members American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Association of County Commissioners

Report on the Financial Statements
We have audited the accompanying statement of net position of the Nevada Association of County Commissioners (NACO), a non-profit corporation, as of December 31, 2017 and 2016 and the related statements of revenues and expenses and changes in net position and statement of changes in cash flows for the years then ended.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nevada Association of County Commissioners as of December 31, 2017 and 2016 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, GASB required supplemental information and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

Carson City, Nevada
July 27, 2018

Management Discussion and Analysis

Financial Highlights

NACO's assets increased in 2017 by $104,034, to $1,498,435. The increase is mostly attributable to the increase in cash from $191,735 to $312,386. This increase is due in part to the collection of additional dues through the newly enacted public lands assessment. The public lands assessment was approved by the membership and added to the NACO dues structure in November of 2016. It was created to provide additional support to the membership on issues related to the management of natural resources and public lands in their counties. There was also a small increase to NACO dues attributable to a slight increase in county revenues, upon which part of the dues formula is based.

Of the total assets, $337,646 consists of unrestricted assets. NACO's primary revenue resources remain county membership dues and conference fees at $443,677 an increase of $7,915 compared to prior year amount of $435,762. The remainder of the revenues include the public lands assessment dues of $128,166, a contract with the State of Nevada in the amount of $70,000 to administer the Fund for Hospital Care to Indigent Persons and national programs and interest income.

Financial Analysis

By far, the largest portion of NACO assets continues to be investments in the amount of $598,635. Investments during the year increased $41,605 or 7.5% due to increases in fair market values of investments and interest earned and reinvested during the year. See Note 2 Deposits and Investments on page 12 for more information. At the end of the fiscal year, NACO had $312,386 cash or cash equivalents. NACO's liabilities for the year ending December 31, 2017 totaling $681,561. Of this amount, current liabilities associated with accounts payable and accrued expenses were $14,421 and $4,279. Non-current liabilities include $9,257 attributable to accrued vacation and sick leave for employees. The remaining liability balance of $653,604 was attributable to PERS net pension liability. NACO's net position increased $34,792 during the year from $885,682 to $920,474 demonstrating continued financial strength.

Economic Factors

The budget of the Nevada Association of Counties is comprised in part of dues collected from member counties. Dues are calculated using a formula based on three components: Audited Schedule 1 revenues, population, and the amount of the most recent federal Payment in Lieu of Taxes (PILT) payment made to each county. NACO enjoys 100% county participation with all 17 counties paying their fully assessed dues in 2017. Any changes in the financial market economy that are reflected in the stock and bond markets are reflected in accounts held by NACO. See Note 2-Deposits and Investments for more details.

A summary of the condensed financial information is presented below:

Condensed statements net position	**2017**	**2016**
Cash & equivalents	$ 312,386	$ 191,735
Investments	598,635	557,030
Accounts receivable	2,606	30,000
Other assets	1,980	1,928
Fixed assets (net)	451,828	482,708
Land	131,000	131,000
Deferred outflows	191,230	216,413
Total assets and deferred outflows	1,689,665	1,610,814
Accounts payable	14,421	15,982
Accrued expenses	4,279	-
Compensated absences	9,257	21,639
Net pension liability	653,604	639,269
Deferred inflows	47,130	48,242
Deferred revenues	40,500	-
Net position	920,474	885,682
Total liabilities, deferred inflows net positon	$ 1,689,665	$ 1,610,814
Condensed statements of activities		
Revenues:		
Membership dues and conference fees	$ 443,677	$ 435,762
Public lands assessment dues	128,166	-
Indigent accident and supplemental programs	70,000	60,000
Other income	15,131	13,558
Total operating revenues	656,974	509,320
Expenses:		
Salaries and employee benefits	338,324	363,052
Pension expense	120,962	94,260
PEBP post retirement benefits	1,460	1,449
Building maintenance, repairs & property tax	8,977	6,551
Utilities	6,035	6,749
Legislative	4,850	696
Membership conference	25,100	43,146
Publications and printing	8,089	7,804
Office and other operating expense	51,891	59,834
Staff and representative travel	28,786	28,076
Vehicle expenses	7,917	5,761
Professional fees	19,225	21,890
Land task force expenses	2,925	1,885
Depreciation and amortization	32,128	34,889
Total expenses	656,669	676,042
Operating income	305	(166,722)
Increase (decrease) in non-operating investment income	34,487	24,186
Total non-operating revenues	34,487	24,186
Change in net positon	$ 34,792	$ (142,536)

Conclusions

NACO continues to be in a strong financial position showing a net increase of $34,792 in net position at the end of the year. Diversified investments and assets, including the office building, provides NACO with a high level of financial security and stability. While Nevada continues to see economic growth, NACO should continue to closely monitor the financial condition of all the counties to assure that it can rely on membership dues as its most significant sources of revenue. The additional dues assessment approved by the membership indicates that the members support the value-added services provided by additional staff to meet the needs of Nevada's counties. Staff continues to identify opportunities to diversify and enhance revenues including; seeking state and federal grant opportunities, increasing the usage of existing agreements with Nationwide Retirement Solutions, and the U.S. Communities Purchasing Alliance, for which NACO receives a royalty, and seeking other marketing and service agreements that would be of benefit to Nevada's counties.

This financial report is designed to provide a general overview of the financial activity and condition of the Nevada Association of Counties, for all of those with an interest in the Association. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 304 South Minnesota Street, Carson City, Nevada 89703 or email at dstapleton@nvnaco.org or access the NACO web-site at NVNACO.ORG.

Dagny Stapleton
Executive Director
July 27, 2018

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF NET POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 312,386	$ 191,735
Investments	598,635	557,030
Accounts receivable	2,606	30,000
Other assets	1,980	1,928
Total current assets	915,607	780,693
Fixed Assets:		
Fixed assets net of accumulated depreciation	451,828	482,708
Land	131,000	131,000
Total fixed assets	582,828	613,708
Total assets	**1,498,435**	**1,394,401**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	191,230	216,413
Total deferred outflows of resources	**191,230**	**216,413**
LIABILITIES		
Current Liabilities:		
Accounts payable	14,421	15,982
Accrued expenses	4,279	-
Total current liabilities	18,700	15,982
Non-current liabilities:		
Compensated absences	9,257	21,639
PERS net pension liability	653,604	639,269
Total liabilities	**681,561**	**676,890**
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	47,130	48,242
Deferred revenues	40,500	-
Total deferred inflows of resources	**87,630**	**48,242**
NET POSITION		
Unrestricted	337,646	271,974
Invested in capital assets, net of related debt	582,828	613,708
Total net position	**$ 920,474**	**$ 885,682**

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES AND EXPENSES & CHANGES IN NET ASSETS
Years ended December 31, 2017 and 2016

	2017	2016
Revenues		
Membership dues and conference fees	$ 443,677	$ 435,762
Public lands assessment dues	128,166	-
Indigent accident and supplemental programs	70,000	60,000
National programs and associate sponsorships	14,922	12,627
Interest income	209	216
Other income	-	715
Total revenues	**656,974**	**509,320**
Expenses		
Salaries and employee benefits	338,324	363,052
Pension expense	120,962	94,260
PEBP post retirement benefits	1,460	1,449
Building maintenance, repairs & property tax	8,977	6,551
Utilities	6,035	6,749
Legislative	4,850	696
Membership Conference	25,100	43,146
Publications and printing	8,089	7,804
Office and other operating expenses	51,891	59,834
Staff and representative travel	28,786	28,076
Vehicle expenses	7,917	5,761
Professional fees	19,225	21,890
Land task force expenses	2,925	1,885
Depreciation and amortization	32,128	34,889
Total expenses	**656,669**	**676,042**
Increase in operating net position	**305**	**(166,722)**
Gain on sale of assets		-
Increase in non-operating net investment income	34,487	24,186
Increase in net position	**34,792**	**(142,536)**
Net position at beginning of year	885,682	1,028,218
Net position at end of year	**$ 920,474**	**$ 885,682**

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS
Years ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash receipts	$ 724,868	$ 513,217
Payments to employees	(350,706)	(359,380)
Payments to vendors	(245,147)	(271,891)
Net cash (used) provided from operating activities	**129,015**	**(118,054)**
Cash flows from Investing Activities:		
Purchases of capital assets	(1,247)	-
Sale of equipment	-	-
Sale of securities	222,753	257,555
Purchase of securities	(236,815)	(180,270)
Interest, dividends and net gains or losses on investments	6,945	8,876
Net cash provided (used) for investing activities	**(8,364)**	**86,161**
Increase (decrease) in Cash and Cash Equivalents	120,651	(31,893)
Cash and cash equivalents, beginning of fiscal year	191,735	223,628
Cash and cash equivalents, end of fiscal year	**312,386**	**191,735**
Reconciliation of operating income to net cash provided from operating activities		
Net operating income (loss)	305	(166,723)
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	32,128	34,889
Decrease in receivables	27,394	3,897
(Increase) in prepaid expenses	(52)	(23)
Decrease (increase) in deferred outflows of resources	25,183	(181,078)
Decrease in accounts payable	(1,561)	(586)
Increase in accrued salaries	4,279	-
(Decrease) increase compensated absences	(12,382)	3,674
Increase in PERS net pension liability	14,335	202,761
Increase in deferred revenues	40,500	-
Decrease in deferred pension inflows	(1,114)	(14,865)
Net cash provided (used) by operating activities	**$ 129,015**	**$ (118,054)**

See accompanying notes

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:
The Association is a non-profit corporation incorporated in the state of Nevada. The Association was organized for the purpose of aiding member counties in the conduct of general governmental affairs and to influence the state legislature in ways that will benefit county governments and the people they serve. The Association members are elected officials of various counties in Nevada that they represent. As such, the Association is considered a quasi-governmental organization. The Association is more commonly known as the Nevada Association of Counties or as NACO.

Basis of Presentation, Measurement Focus – Basis of Accounting:
NACO has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. NACO has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments***.**

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash & Investments:
For purposes of the cash flow statements, NACO considers highly liquid asset accounts available for current use within three months or less to be cash equivalents. NACO maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm up to the SPIC insurance limit are insured through SPIC and additional amounts are insured by the broker through an insurance policy.

Investments consist of marketable securities in corporate and governmental securities. Securities are reported at their fair value on the balance sheet. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of revenues and expenses and changes in net asset balances.

Accounts Receivable:
Accounts receivable represents amounts earned but not received on the performance of the Indigent Accident Fund grant, the Supplemental grant, and other miscellaneous receivables.

Fixed Assets:
Equipment on the books is depreciated over the estimated useful lives of the assets using the straight-line method and the lives assigned to assets range from 5 years to 10 years. The office building cost is depreciated using the straight-line method over a period of 40 years with no salvage value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences:
Compensated absences are recorded when the liabilities are incurred. Accumulated benefits are limited to a set maximum.

Revenues:
Revenues are provided through membership fees, sponsor and conference fees, administration of the state's Indigent Accident Fund and Supplemental Fund, national insurance programs, government grants and investment income. NACO receives federal grants and contracts with a private vendor to administer the grants on behalf of NACO for the benefit of its members.

Federal Income Tax:
NACO is exempt from income taxes under section 501(c)(4) of the Internal Revenue Service Code. Tax returns for the years ending December 31, 2017, 2016 and 2015 are open to audit by the Internal Revenue Service.

NOTE 2- DEPOSITS AND INVESTMENTS

NACO, as allowed, maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. Amounts in commercial banks are insured by the FDIC for balances up to $250,000. Amounts at the brokerage firm are insured through SPIC and additional amounts are insured by the broker through an insurance policy.

The carrying amount of NACO's deposits at commercial banks on December 31, 2017 and 2016 was $312,386 and $191,735 respectively and the bank balance was $317, 577 and $248,409. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the bank's records.

Deposits that are greater than the FDIC insurance limit were $67,577 in 2017 and $ 46,258 in 2016. When there are balances in excess of FDIC insurance they are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Credit risk:
Credit risk is the risk of default on a debt security that may arise from an issuer failing to make required interest or principal payments such that NACO will not be able to recover the full interest and principal value of those investments or securities.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Financial Risk:
NACO limits investments in equities of any one issuer to 5% of the total investment portfolio. No more than 20% of the portfolio may be invested in a single industry. NACO limits investments in fixed income securities of any one issuer to 10% of the total portfolio and no security may be purchased that has a maturity date greater than 30 years. The policy does not place a limit on the purchase of U.S. Government and U.S. Government backed securities.

Interest Rate Risk:
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. NACO's policy for managing its exposure to fair value losses arising from increasing interest rates is to be invested in a range of 0% to 70% in fixed income securities, 0% -50% in equities and 0% to 100% in cash.

A summary of investments as of December 31, 2017 is as follows:

		Investment Maturities in Years				S&P
	Fair Value	**1 year or less**	**1-5**	**5-10**	**Over 10**	Rating
U.S. Treasuries	$ 56,168	$ -	$ 17,828	$ 38,340	$ -	
U.S. Government & Agencies	11,809	-	11,809	-	-	
U.S. Mortgage-backed securities	124,829	-	26,035	69,574	29,220	
Corporate bonds	211,995	9,054	152,218	50,723	-	AAA to BBB+
Equity securities	193,834	193,834	-	-	-	
Total cash and investments	**$ 598,635**	**$ 202,888**	**$ 207,890**	**$ 158,637**	**$ 29,220**	

A summary of investments as of December 31, 2016 is as follows:

		Investment Maturities in Years				
	Fair Value	**1 year of less**	**1-5**	**5-10**	**Over 10**	
U.S. Treasuries	$ 41,246	$ -	$ 10,029	$ 31,217	$ -	
U.S. Government & Agencies	12,191	$ -	$ 8,249	$ 3,942	$ -	
U.S. Mortgage-backed securities	106,293	$ -	$ 28,068	$ 44,886	$ 33,339	
Corporate bonds	211,837	$ -	$ 148,537	$ 63,300	$ -	AAA to A-
Equity securities	185,463	$ 185,463	$ -	$ -	$ -	
Total cash and investments	**$ 557,030**	**$ 185,463**	**$ 194,883**	**$ 143,345**	**$ 33,339**	

Actual maturities may differ from contractual maturities as some borrowers have the right to call or repay with or without call or prepayment penalties. Investments are reported at fair value by the investment broker as determined by an outside pricing firm.

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Depreciation is taken on the financial statements over the estimated useful lives of the assets using the straight line method. It is believed by management that the useful lives of furniture, equipment and vehicles range from five to ten years with no salvage value. NACO's policy is to capitalize assets costing $1,000 or more. For buildings, the useful life is deemed to be 40 years with no salvage value. When assets are disposed of the cost and related accumulated depreciation are removed from the general ledger and any resulting gain or loss is recognized in operations.

Activity for the years ended December 31 was as follows:

	Useful life	December 31, 2016	Additions	Dispositions	December 31, 2017
Building and improvements	40	$ 538,217	$ -	$ -	$ 538,217
Furniture and equipment	5 – 10	173,614	1,247	-	174,861
Vehicles	5 – 10	32,878	-	-	32,878
Total Assets		744,709	1,247	-	745,956
Accumulated depreciation		(262,001)	(32,127)	-	(294,128)
		$ 482,708	**$ (30,880)**	**$ -**	**$ 451,828**

		December 31, 2015	Additions	Dispositions	December 31, 2016
Buildings	40	$ 538,217	$ -	$ -	$ 538,217
Furniture and equipment	5 – 10	173,614	-	-	173,614
Vehicles	5 – 10	32,878	-	-	32,878
Total Assets		744,709	-	-	744,709
Accumulated depreciation		(227,111)	(34,890)	-	(262,001)
		$ 517,598	**$ (34,890)**	**$ -**	**$ 482,708**

NOTE 4 - RELATED PARTY TRANSACTIONS

Various directors of NACO also serve on the board of the Indigent Accident Fund, an agency who contracts with NACO for claims administration. Revenues of $70,000 in 2017 and $ 60,000 in 2016 from these contracts are identified on the financial statements as Indigent Accident and Supplemental Programs.

Mr. Wayne Carlson, executive director of the Nevada Public Agency Insurance Pool, is authorized to sign checks of NACO in the absence of NACO's executive director with one other NACO authorized signer. NACO contracts with PARMS for bookkeeping services and paid fees of $12,000 in 2017 and 2016. PARMS is solely owned by Mr. Wayne Carlson.

NOTE 5 – LEASES

Copier

In January of 2016 NACO entered into a lease agreement with Sierra Office Solutions for a high-speed copy machine replacing the existing leased machine. The copier lease is classified as an operating lease with minimum monthly payment of $232.53 for 60 months. Minimum lease payments are as follows:

2018	2,790
2019	2,790
2020	2,790
Total	**$ 8,370**

NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLANS

A. General Information about the Pension Plans

Defined Benefit Plan Description – All qualified permanent and probationary employees are eligible to participate in the Board's Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the Public Employees' Retirement System of Nevada (PERS). Benefit provisions under the Plans are established by State statute and Board resolution. PERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the PERS website.

Benefits Provided – PERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. For regular members entering the System before January 1, 2010, regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of services. For regular members entering the System on or after January 1, 2010, regular members are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Contributions – The contributions are made in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. Funding contributions for the Plans are determined bi- annually on an actuarial basis as of June 30 by PERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)
The Plans' provisions and benefits in effect at December 31, 2017 are summarized as follows:

Hire date	Prior to July 1, 2001	between July 1, 2001 and January 1, 2010	On or after January 1, 2010	On or after July 1, 2015
Benefit formula	2.50%	2.67%	2.50%	2.25%
Benefit vesting option 1	5 years service @65	5 years service @65	5 years service @65	5 years service @65
Benefit vesting option 2	10 years service @60	10 years service @60	10 years service @62	10 years service @62
Benefit vesting option 3	any age with 30 years service	any age with 30 years service	any age with 30 years service	30 years service @55
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-55	52-67	52-67	52-67
Monthly benefits as a % of eligible	2.50%	2.67%	2.50%	2.25%
Required employer contributions rates	unavailable	unavailable - 21.5%	28%	28%

Contributions – The contributions are made in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by PERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)
For the year ended December 31, 2017, the contributions recognized as part of pension expense for the Plan was as follows:

Contributions - employer	$82,556

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017 valuation date, NACO reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate share of Net pension Liability
Miscellaneous plan	$653,604

NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)
NACO's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to December 31, 2017 using standard update procedures. NACO's proportion of the net pension liability was based on a projection of the NACO's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Board's proportionate share of the net pension liability as of June 30, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.47500%
Proportion - June 30, 2017	0.49100%
Change-Increase (decrease)	0.01600%

For the year ended December 31, 2017, NACO recognized a pension expense of $120,962.

At December 31, 2017, NACO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 42,890
Changes in assumptions	43,360	-
Net difference between projected and actual earnings on pension plan investments	(55,184)	-
Changes in proportion and differences between NACO contributions and proportionate share of contributions	161,776	4,240
NACO contributions subsequent to the measurement	41,278	-
Total	$ 191,230	$ 47,130

$41,278 reported as deferred outflows of resources related to contributions to NVPERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)
Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:		
2019	$	(11,711)
2020		15,160
2021		3,915
2022		(10,675)
2023		5,520
2024		2,501
Thereafter		-

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2017
Measurement date	June 30, 2017
Actuarial Cost Method	Entry -Age Normal Co
Actuarial Assumptions:	
Consumer Price Index	3.50%
Inflation	3.50%
Payroll growth	5.00%
Projected salary increase	4.6-9.75%
Productivity pay increases	0.75%
Investment rate of return	8.00%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017. Further details of the Experience Study can found on the PERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2017, was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017 and June 30, 2016.

NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)
The System's Investment Objectives and Policies detail the fund's long-term investment goals, management responsibilities, return/risk expectations, and monitoring requirements. These policies are subject to change at any time by the Board and are reviewed thoroughly at least annually to ensure that they continue to reflect the System's expectations.

Asset allocation is the most significant factor influencing the risk and return of the investment program. Since inception 98% of the System's investment performance is explained by asset allocation. Determination of the fund's long-term asset allocation involves estimating the expected return and risk of major types of investments and blending them into a portfolio which meets the System's risk/return objectives.

To establish an appropriate long-term asset allocation strategy, the Board evaluates expected return and risk for each of the major asset types (stocks, bonds, private markets). These asset classes are then combined in the most efficient manner possible to construct a portfolio that matches the risk and return needs of the fund. By diversifying the System's investments in multiple asset classes the Board is able to reduce the volatility of annual investment earnings. The Board reviews capital market expectations and asset allocation annually. In addition, the Board employs a disciplined rebalancing policy to manage market volatility and to ensure the portfolio's exposures are consistent with the System's long-term asset targets.

Additional information on the discount rate, investment strategy and diversification is available in the PERS CAFR which can be found at www.nvpers.org.

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

*As of June 30, 2017, PERS' long-term inflation assumption was 2.75%

NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)
S***ensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** –
The following presents the net pension liability of the PERS as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	Discount rate -1% (6.5%)	**Current Discount Rate (7.5%)**	**Discount Rate +1% (8.5%)**
Misc. Tier1	$987,187	$653,604	$375,493

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website.

NOTE 7 – DEFERRED COMPENSATION PLAN
NACO offers a defined contribution plan in accordance with IRS code section 457(b) to its employees. Employee contributions are voluntarily and are made on a pre-tax basis. Employer contributions are discretionary and in the current year the organization elected to not make any contributions. Employees contributed $21,850 and $23,400 for 2017 and 2016. NACO Services, a subsidiary of the National Association of Counties, sponsors the deferred compensation program, which is administered by Nationwide Retirement Solutions.

NOTE 8 - INSURANCE
NACO is a member of the Nevada Public Agency Insurance Pool (Pool) and Public Agency Compensation Trust (Pact) which was formed by various Nevada municipalities for the purpose of reducing insurance premiums and providing more stable insurance costs for its members. In the event that claims and expenses exceed net assets of the Pool or Pact, special assessments may be made to their members. Pool provides property and casualty insurance and Pact provides workers compensation coverage.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS
Plan Description:
NACO contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan (PEBP), for eligible retired employees as per NRS 287.023. The plan provides medical, vision, dental, and life insurance benefits to eligible retired employees. Employees of NACO are not eligible for participation in the Plan, but if an employee qualifies for the Plan based on service years as an employee of the State of Nevada, NACO may be required to contribute toward the costs of providing postemployment benefits. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (continued)

Local governments are required to pay their pro-rata cost to provide coverage for persons joining PEBP. Some of NACO's past and current employees may qualify for participation in the plan in the future. As of the date of the Independent Auditors' Report, only one past employee is a participant in the Plan. Complete financial statements for the State Retirees' Health and Welfare Benefits Trust Fund can be obtained from PEBP at 901 South Stewart Street, Carson City, Nevada 89701.

Funding Policy:
PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired employees. The unsubsidized retiree plan rates varies dependent upon which plan type the retiree chooses and their years of covered employment. The participating plan member's monthly contribution is deducted from their pension checks based on the plan chosen, reduced by the amount of the subsidy; therefore, their contribution amounts are not available.

For the plan year ended December 31, 2017 there is one former employee who receives a subsidy from NACO for their OPEB. As a participating employer, NACO is billed for their portion of the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal years 2017 and 2016 NACO was billed for $1,460 and $1,449 its share of the subsidy. The contribution requirements of plan members and NACO are established and amended by the PEBP Board of Trustees. Payments will be made annually as calculated by PEBP and expensed when paid.

NOTE 10 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to December 31, 2017 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2017. Management has evaluated subsequent events through July 27, 2018 which is the date the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
SUPPLEMENTAL INFORMATION – BUDGET TO ACTUAL COMPARISON
December 31, 2017

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
OPERATING REVENUES:				
Membership dues and conference fees	$ 434,739	$ 434,739	$ 443,677	$ 8,938
Public lands assessment dues	128,168	128,168	128,166	(2)
Indigent accident and supplemental programs	70,000	70,000	70,000	-
National programs and associate sponsors	26,750	26,750	14,922	(11,828)
Interest income	17,753	17,753	209	(17,544)
Total operating revenues	**677,410**	**677,410**	**656,974**	**(20,436)**
OPERATING EXPENSES:				
Salaries and employee benefits	450,080	450,080	338,324	111,756
Pension expense	-	-	120,962	(120,962)
PEBP post retirement benefits	1,452	1,452	1,460	(8)
Building maintenance, repairs & property tax	18,368	18,368	8,977	9,391
Utilities	6,035	6,035	6,035	(0)
Legislative	3,000	3,000	4,850	(1,850)
Membership conference	42,353	42,353	25,100	17,253
Publications and printing	17,810	17,810	8,089	9,721
Office and other operating expense	50,325	50,325	51,891	(1,566)
Staff and representative travel	35,000	35,000	28,786	6,214
Vehicle expenses	3,000	3,000	7,917	(4,917)
Professional fees	25,542	25,542	19,225	6,317
Public land expenses	15,000	15,000	2,925	12,075
Depreciation and amortization	-	-	32,128	(32,128)
Total expenses	**667,965**	**667,965**	**656,669**	**11,296**
Operating income	**9,445**	**9,445**	**305**	**(9,140)**
NON-OPERATING REVENUES				
Increase in non-operating investment income	-	-	34,487	34,487
Total non-operating revenues	**-**	**-**	**34,487**	**34,487**
Net Position	**$ 9,445**	**$ 9,445**	**$ 34,792**	**$ 25,347**

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
SCHEDULES OF NACO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Nevada Association of Counties Pension Plan

Last 10 Fiscal Years*

Actuarial Valuation Date	NACO's proportion of the net pension liability (asset)	NACO's proportionate share of the net pension liability (asset)	NACO's covered-employee payroll	NACO's proportionate share of then net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Miscellaneous First Tier Plan					
6/30/2017	0.49100%	$653,604	$303,568	215.31%	74.5%

* The amounts presented for each fiscal year were determined as of the fiscal year-end

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
SCHEDULES OF NACO'S CONTRIBUTIONS
Nevada Association of Counties Pension Plan

Last 10 Fiscal Years*

Actuarial Valuation Date	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	NACO's covered employee payroll	Contribution as a percentage of covered employee payroll
Miscellaneous First Tier Plan					
6/30/2017	$84,999	($84,999)	$0	$303,568	28.00%

* The amounts presented for each fiscal year were determined as of the fiscal year-end

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

The following links and/or pages are support for agenda Item 8

https://www.nvsos.gov/sos/home/showdocument?id=4089 - Referendum Language

https://www.nvsos.gov/sos/home/showdocument?id=4420 – Fiscal Impact Statement

The following links and/or pages are support for agenda Item 10

https://www.leg.state.nv.us/App/InterimCommittee/REL/Document/13138

The following links and/or pages are support for agenda Item 11

https://nvcourts.gov/AOC/Committees_and_Commissions/Evidence/Overview/

The following links and/or pages are support for agenda Item 13b

U.S. Department of the Interior

Interior Reorganization

Share

Frequently Asked Questions about the DOI Reorganization

Regions & Reorganization Rationale

1. Why do you want to reorganize Interior?

Secretary Zinke's vision is to:

- Plan for and modernize the Department for the next 100 years of land and water management, and better coordinate collaborative conservation, recreation, and permitting
- Shift resources to the field; with more focus on local decision-making and less emphasis on Washington, D.C.
- Improve collaboration and coordination across our bureaus, and with other agencies to facilitate better coordination of collaborative conservation, recreation, and permitting
- Empower the field to more easily resolve conflicts and be more responsive to the public on regional resource issues.

2. How and why is Interior changing long-standing regional boundaries?

We followed the philosophy of John Wesley Powell, the second director of the U.S. Geological Survey (1881-1894), in taking a science-based approach looking at watersheds, wildlife corridors, and ecosystems to propose boundaries generally following state lines in these areas. We asked for employee, Tribal, State, and Congressional input on this proposal.

This modernization will result in:

- Reducing bureaucratic barriers to serving the American public.
- Sharing departmental resources more effectively.
- More efficient use of program dollars for mission activities.
- Improving collaboration and coordination among federal, state and local agencies
- Facilitating joint problem-solving and effective decision-making
- Increasing authority, decision-making, responsibility, and resources in the field.

3. The proposed regional boundaries split the Navajo Nation between two regions. How will this impact service delivery to the Navajo Nation?

Tribal consultations are currently in progress to discuss this issue directly with Indian Country. If tribes do not want to participate in the reorganization, then they will not be required to participate.

Job Security and Relocations

4. Will people lose their jobs or be asked to relocate due to the reorganization?

No one will be forced to move. We believe that the reorganization will facilitate inter-bureau coordination, training, and experience and could enhance employees' career development and movement of employees among bureaus.

The Department has absolutely no plans to run a Reduction In Force (RIF).

5. Will the Department use Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) to facilitate the reorganization?

To the extent OMB and OPM authorize us to use early outs and buyouts, we may consider doing so.

6. Will bureau headquarters functions be moved as a result of the reorganization?

The FY19 President's Budget included a request for funding to support the migration of bureaus to unified regional boundaries and in some instances to begin shifting some headquarters resources in BLM and FWS west to an as yet unidentified location in order to gradually establish western headquarters for those agencies. In addition, a few more headquarters positions in the Bureau of Reclamation may be moved to Denver, where many of the Bureau's central functions are located already.

Interior Regional Directors (IRDs)

7. IRDs will be put in place to address inter-bureau conflict. What kinds of conflicts are sparking this change?

Overlapping responsibilities and geographic frames of reference often create unnecessary confusion for citizens, businesses, and government. The various bureaus at the Department oversee a broad range of resources and assets, often close or overlapping, many times with conflicting missions. Navigating this complex environment can be unduly difficult and time-consuming for all stakeholders. One goal of the reorganization is to create mechanisms within the Department to streamline communications and decision-making.

8. Bureaus often produce conflicting decisions or recommendations because they serve different missions. How will IRDs resolve this as, ultimately, bureau staff are still accountable to their specific mission? Will front-line supervisors in bureau field offices report to a different superior as a result of the new regional boundaries?

Existing chains of command will stay the same. Conflicts in decision-making will be resolved on a case-by-case basis. IRDs are there to facilitate a problem-solving environment among bureau regional directors to discover the best way to move forward, supporting all bureau missions. IRDs will help facilitate regular and frequent communication and coordination among bureaus.

9. What will be the role and scope of responsibilities for each IRD?

The IRD will coordinate the mission and administrative functions that are common to more than one bureau within the region. The particular responsibilities will likely vary from region to region, as a function of the work of the bureaus within a given region. The IRD will not have line authority or budget authority. They are there to convene, mediate, and help drive progress within the region, as needed. IRDs will also supervise and administer shared services within the region. Bureau directors and assistant secretaries will continue to have authority over national policy, budget, personnel, training, uniforms, workforce planning and related functions, as well as line authority over mission areas that are unique to particular bureaus. IRDs do not change the existing authorities or chains of command within bureaus, since their primary mission is to enhance regional coordination and resolve conflicts.

10. Who will serve as IRDs for these new unified regions?

Existing bureau SES leaders will serve as IRDs on a rotational basis. The current chains of command will stay the same.

How Will Unified Regions Work?

11. How will the bureau regional directors coordinate with their counterparts in other bureaus in the same region?

Bureau regional directors will continue to work with their colleagues in other bureaus following regular procedures. If a conflict arises between bureaus, or if additional support is required to move a project forward, IRDs will be able to assist with coordination, communication and joint decision-making.

12. How will the new regional boundaries affect how employees do their every day jobs in the field? How will the Department ensure that institutional knowledge is preserved and applied appropriately through the reorganization process?

The new regional boundaries should have very little impact on field operations. Employees can expect more leadership support for taking steps to coordinate more closely with other bureaus or other federal agencies. This transition will take place over time. Colleagues you currently work with will still be available for consultation throughout the transition period so that no institutional knowledge is lost.

13. Considering most DOI bureaus have fewer than 12 regions, this would increase the number of SES Regional Directors. Would this require hiring more SES positions?

Currently, not all bureaus have senior leadership in each of the proposed unified regions. During the first year or so of the transition period it is likely that an SES leader from one region could have virtual responsibilities in another region. In the future, the total number of bureau SES leaders could increase so that each region has a senior executive where a bureau has a significant presence.

14. Different regions have different priorities (e.g., invasive species vs. wildland fire prevention, etc.). How will these variations be addressed?

While the President and the Secretary will set national goals for the Department, bureau directors will continue to have the ability to apply and interpret policies and set priorities, based on the local conditions as appropriate, within their regions. The needs of the public will be of

paramount importance. The unified regions will be better suited to address as yet unforeseen issues that will arise in the future.

Shared Services

15. What services will be shared?

We are looking at potentially sharing HR, IT, and procurement. Other activities could be considered for shared services in the future. We will be able to identify specifically which ones as the new unified regions begin working together.

16. How will this impact bureau and office budgets?

We are considering how to coordinate permitting, recreation, and collaborative conservation activities within each region. We are also considering shared services to reduce administrative redundancies by sharing core services across bureaus, which will maximize the use of program dollars for program activities.

17. How will this impact employee access to core services (HR, IT, etc.)

Our goal is to improve efficiency while maintaining or improving service. Employees should experience an increase in service accessibility and quality.

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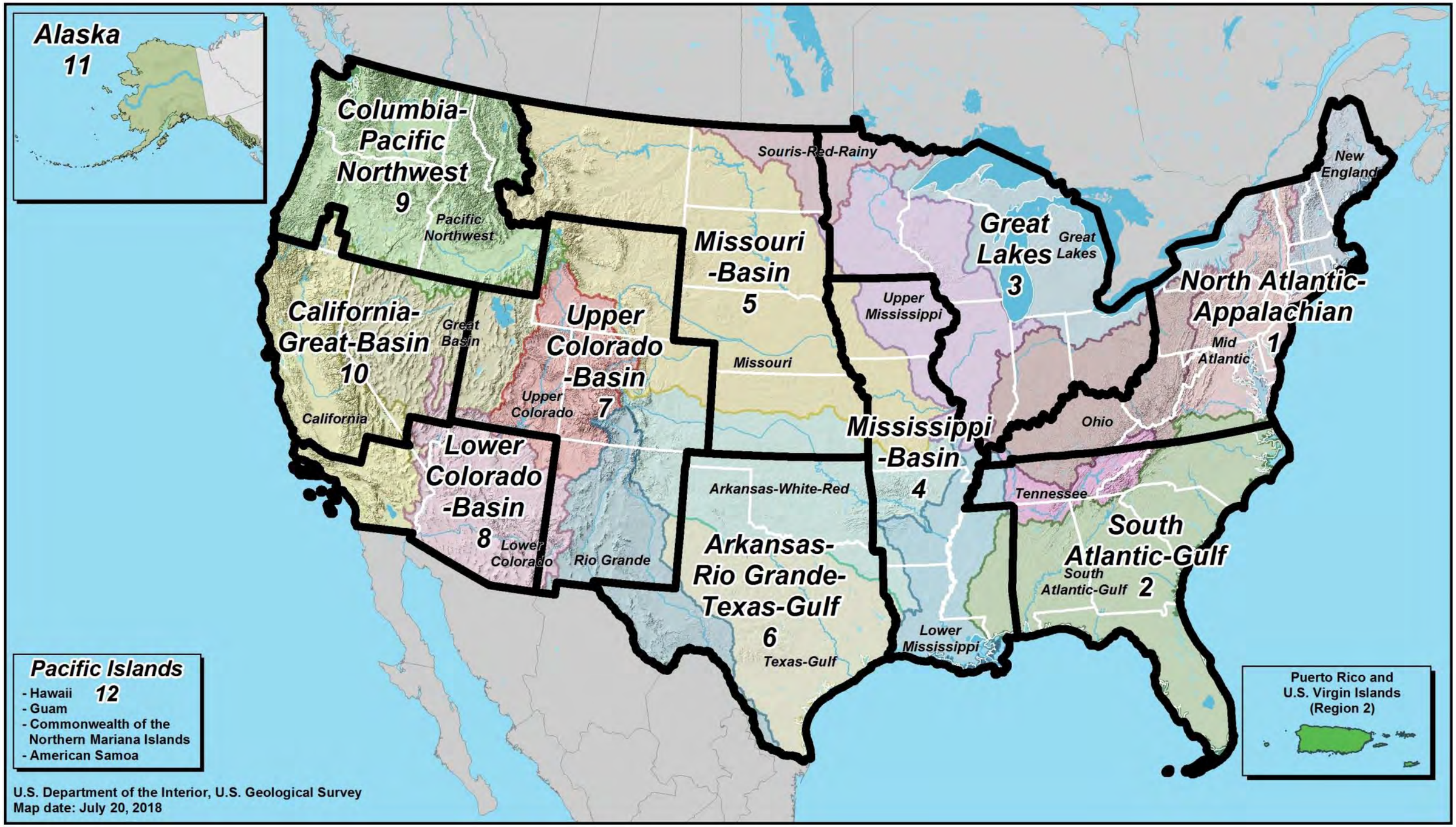
12 Unified Regions Based on Watersheds



UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

DESERT SURVIVORS, et al., Plaintiffs, v. US DEPARTMENT OF THE INTERIOR, et al., Defendants.	Case No. 16-cv-01165-JCS **REMEDY ORDER**

I. INTRODUCTION

In this case, Plaintiffs Desert Survivors, Center for Biological Diversity, WildEarth Guardians, and Western Watersheds Project challenged: 1) the decision of the U.S. Fish and Wildlife Service to withdraw the proposed listing of the Bi-State Sage-Grouse as "threatened" under the Endangered Species Act (the "Withdrawal Decision"); and 2) the Service's "Final Policy on Interpretation of the Phrase 'Significant Portion of its Range' in the Endangered Species Act" (the "SPR Policy"). On May 15, 2018, the Court issued an order granting Plaintiffs' summary judgment motion and denying Defendants' summary judgment motions. In response to the Court's request, the parties have provided briefing on the appropriate remedy in light of the Court's rulings. The Court's ruling on remedies is set forth below.[1]

II. WITHDRAWAL DECISION REMEDY

Judicial review of agency action under the Endangered Species Act is governed by the "arbitrary or capricious" standard set forth in the Administrative Procedures Act ("APA"), which provides that "a reviewing court shall . . . hold unlawful and set aside agency action, findings, and

[1] The parties have consented to the jurisdiction of the undersigned magistrate judge pursuant to 28 U.S.C. § 636(c).

conclusions found to be . . . arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law." 5 U.S.C. § 706(2)(A). In its summary judgment order, the Court concluded that the Service's Withdrawal Decision was arbitrary and capricious under the APA and unsupported by the record. Therefore, as the parties have agreed, the appropriate remedy is to vacate the Withdrawal Decision and remand with directions to the United States Fish and Wildlife Service ("FWS") to issue a new final listing decision. The parties also agree that the proposed rule to list the Bi-State DPS that was the subject of the Withdrawal Decision should be reinstated. *See Paulsen v. Daniels*, 413 F.3d 999, 1008 (9th Cir. 2005) ("The effect of invalidating an agency rule is to reinstate the rule previously in force."). Finally, the parties have agreed on certain requirements regarding the timing of the actions required of FWS upon remand, which the Court finds to be reasonable.

Therefore, with respect to the Withdrawal Decision, the Court ORDERS as follows:

1) The Withdrawal of the Proposed Rule to List the Bi-State Distinct Population Segment of Greater Sage-Grouse and Designate Critical Habitat ("Withdrawal Decision"), published at 80 Fed. Reg. 22,828 (Apr. 23, 2015), is HEREBY VACATED and set aside;

2) The prior proposal to list the Bi-State Sage-Grouse as a threatened species and to designate critical habitat, published at 78 Fed. Reg. 64,328 (Oct. 28, 2013) ("Proposed Listing"), is HEREBY REINSTATED;

3) Federal Defendants shall provide a new opportunity for public comment on the Proposed Listing and shall prepare and publish in the Federal Register a new and final listing determination on the proposed rule by **October 1, 2019**;

4) If the Federal Defendants make a finding that additional time is needed because there is "substantial disagreement regarding the sufficiency or accuracy of the available data relevant to the determination" and submit that finding to the Court by October 1, 2019, then the time for Federal Defendants to prepare and publish in the Federal Register a final listing determination on the proposed rule shall be extended to April 1, 2020.

III. SPR POLICY REMEDY

In its summary judgment order, the Court concluded that the definition of "significant" in the SPR Policy is an impermissible interpretation of the "significant portion of its range" language in the Endangered Species Act. The parties agree that some sort of vacatur of the SPR Policy is an appropriate remedy, and both sides agree that any vacatur of the SPR Policy should be limited to the definition of "significant" that the Court found to be impermissible. Defendants, however, contend the Court should limit the vacatur order to the particular geographical region in which Plaintiffs' injury occurred, namely, the District of Nevada and the Eastern District of California, where the Bi-State DPS is found. Plaintiffs contend there should be no such limitation. The Court concludes that Plaintiffs are correct.

As a preliminary matter, the Court notes that in "rare circumstances," an invalid rule may be left in place without vacatur on the basis of equity concerns. *Ctr. for Envtl. Health v. Vilsack*, No. 15-CV-01690-JSC, 2016 WL 3383954, at *10 (N.D. Cal. June 20, 2016) (citing *Pollinator Stewardship Council v. U.S. E.P.A.*, 806 F.3d 520, 532 (9th Cir. 2015) (Courts "leave an invalid rule in place only when equity demands that we do so.")). "To determine whether to make an exception to the usual remedy of vacatur, the Court considers two factors: (1) 'how serious the agency's errors are,' and (2) 'the disruptive consequences of an interim change that may itself be changed.'" *State v. United States Bureau of Land Mgmt.*, 277 F. Supp. 3d 1106, 1125 (N.D. Cal. 2017), appeal dismissed sub nom. *State by & through Becerra v. United States Bureau of Land Mgmt.*, No. 17-17456, 2018 WL 2735410 (9th Cir. Mar. 15, 2018) (citing *Cal. Cmtys. Against Toxics v. Envtl. Prot. Agency*, 688 F.3d 989, 992 (9th Cir. 2012) (quoting *Allied–Signal, Inc. v. U.S. Nuclear Regulatory Comm'n*, 988 F.2d 146, 150–51 (D.C. Cir. 1993)). Defendants do not invoke this exception, however, in support of their request for a geographical limitation on the Court's vacatur order.

Instead, Defendants point to the Ninth Circuit's admonition in *Los Angeles Havens Hospice, Inc. v. Sebelius*, that a remedy should be "no more burdensome . . . than necessary to provide complete relief to the plaintiffs." 638 F.3d 644, 664 (9th Cir. 2011). According to Defendants, because the injury Plaintiffs suffered occurred only in the Bi-State DPS, a remedy that

extends only to that geographical region is all that is needed or appropriate to afford sufficient relief. They further assert that under *Los Angeles Havens Hospice*, a geographically limited vacatur order is preferable to nationwide vacatur because other courts will have the opportunity to address a difficult issue in different factual contexts, resulting in multiple decisions by various courts of appeals. 638 F.3d at 664.

Defendants also suggest that a geographical limitation is required under *Lujan v. National Wildlife Federation*, 497 U.S. 871, 873 (1990) and the rules governing Article III standing. They point out that in *Center for Biological Diversity v. Jewell* ("*CBD I*"), Case No. 14-2506 (District of Arizona), Judge Marquez amended her order vacating the SPR Policy on the basis that the plaintiffs in that case had established Article III standing only "with respect to the Final Pygmy Owl Finding and the Final SPR Policy as applied in the District of Arizona" and not "to challenge the Final SPR Policy nationwide." Case No. 14-2506, Docket No. 81 (citing *Lujan v. Nat'l Wildife Fed'n*, 497 U.S. 871, 891 (1990)).

The Court is not persuaded that an order partially vacating the SPR Policy – without a geographic limitation – violates the principle set forth in *Los Angeles Havens Hospice* or the rules that govern Article III standing. First, the remedy requested by the plaintiffs in *Los Angeles Havens Hospice* went beyond asking the court to vacate the challenged regulation. In that case, a hospice provider brought a facial challenge to a regulation imposing an aggregate cap on Medicare payments to hospice providers. 638 F.3d at 665. The court found that the hospice provider, which had received an overpayment demand from the Department of Health and Human Services that was based on the hospice cap regulation, had standing to challenge the regulation, both on its face and as applied. *Id*. at 653. It further found that the regulation was inconsistent with the applicable hospice cap statute under which it was promulgated. *Id*. The judgment entered by the district court did "not only invalidate[ ] the 2006 overpayment demand and the hospice cap regulation," however. *Id*. It "also stated that 'HHS is hereby enjoined prospectively from using the current [version of] 42 C.F.R. § 418.309(b)(1) to calculate hospice cap liability for *any* hospice.'" *Id*. (emphasis in original). It was this injunctive relief that the court found to be unduly burdensome, concluding that the district court abused its discretion but stopping short of finding

that the nationwide injunction was "in excess of its jurisdiction." *Id.* at 661. In reaching this conclusion, the Court of Appeals relied on the district court's own finding that "a nationwide injunction would not be in the public interest because it would significantly disrupt the administration of the Medicare program by inhibiting HHS from enforcing the statutorily mandated hospice cap as to over 3,000 hospice providers, and would create great uncertainty for the government, Medicare contractors, and the hospice providers." *Id.*

In contrast to *Los Angeles Havens Hospice*, Plaintiffs here have not asked for a nationwide injunction. Nor have Defendants pointed to evidence that an order vacating one aspect of the SPR Policy will lead to the sort of disruption that was likely to result from a nationwide injunction in *Los Angeles Havens Hospice*. Indeed, it is not clear that the geographical limitation proposed by Defendants would not itself be a source of confusion given that Plaintiffs have identified a number of species whose habitats include the Eastern District of California and/or the District of Nevada and also other districts where the definition of "significant" under the SPR Policy would remain in effect under Defendants' proposal. Moreover, nothing in *Los Angeles Havens Hospice* suggests that the court would have abused its discretion if it had merely vacated the challenged regulation, as Plaintiffs request here. To the contrary, the court in that case made clear that "[a]n order declaring the hospice cap regulation invalid, enjoining further enforcement against Haven Hospice, and requiring the Secretary to recalculate its liability in conformity with the hospice cap statute, would have afforded the plaintiff complete relief." *Id.*

Further, the Court is not persuaded that the possible benefit of multiple decisions by courts of appeals addressing different fact patterns justifies limiting the scope of the vacatur geographically. The Court found that the SPR Policy is deficient as a *matter of law*, meaning that it cannot be reconciled with any set of facts. Further, to the extent that the Court has found that the definition of "significant" is inconsistent with the Endangered Species Act, any possible benefit that might arise from multiple decisions addressing the lawfulness of the policy is outweighed by the fact that application of the policy could prevent species from being afforded the protection the ESA was intended by Congress to afford them. *See Nw. Envtl. Advocates v. U.S. E.P.A*, No. C 03-05760 SI, 2006 WL 2669042, at *10 (N.D. Cal. Sept. 18, 2006), *aff'd sub nom.*

Nw. Envtl. Advocates v. U.S. E.P.A., 537 F.3d 1006 (9th Cir. 2008) ("In considering which of the parties' positions most closely approximates the proper remedy in this case, the Court is primarily guided by one factor: the EPA regulation is plainly contrary to the congressional intent embodied in the Clean Water Act.").

The Court also rejects Defendants' argument that the Court should place a geographical limitation on the vacatur of the SPR Policy on the basis of Article III standing. Courts have "made clear that '[w]hen a reviewing court determines that agency regulations are unlawful, the ordinary result is that the rules are vacated—not that their application to the individual petitioners is proscribed.'" *Nat'l Min. Ass'n v. U.S. Army Corps of Engineers*, 145 F.3d 1399, 1409 (D.C. Cir. 1998)(quoting *Harmon v. Thornburgh*, 878 F.2d 484, 495 n. 21 (D.C.Cir.1989)). The court in in *National Mining Association* pointed to the following passage in Justice Blackmun's dissent in *Lujan v. National Wildlife Federation*, 497 U.S. 871, 110 S.Ct. 3177, 111 L.Ed.2d 695 (1990), which "apparently express[ed] the view of all nine Justices on this question:"

> The Administrative Procedure Act permits suit to be brought by any person "adversely affected or aggrieved by agency action." In some cases the "agency action" will consist of a rule of broad applicability; and if the plaintiff prevails, the result is that the rule is invalidated, not simply that the court forbids its application to a particular individual. Under these circumstances a single plaintiff, so long as he is injured by the rule, may obtain "programmatic" relief that affects the rights of parties not before the court. On the other hand, if a generally lawful policy is applied in an illegal manner on a particular occasion, one who is injured is not thereby entitled to challenge other applications of the rule.

145 F.3d at 1409 (quoting *Lujan*, 497 U.S. at 913)(Blackmun, J., dissenting) (citation omitted).

Likewise, the majority in *Lujan* – while finding that there had been no final agency action that had subjected the plaintiff to concrete harm and thus, that the plaintiff's claims were not ripe for review under Article III – recognized that if there *had* been some final agency action that was ripe for review, an individual who was adversely affected by the action could seek a remedy that went beyond the individual's injury. 497 U.S. at 890 n. 2. In particular, Justice Scalia stated:

> If there is in fact some specific order or regulation, applying some particular measure across the board to all individual classification terminations and withdrawal revocations, and if that order or regulation is final, and has become ripe for review in the manner we discuss subsequently in text, it can of course be challenged under the

> APA by a person adversely affected-and the entire "land withdrawal review program," insofar as the content of that particular action is concerned, would thereby be affected.

Id. The Court found in its summary judgment order that Plaintiffs' challenge to the definition of "significant" under the SPR Policy is ripe for review. Accordingly, *Lujan* supports the conclusion that Plaintiffs have standing under Article III to seek vacatur of the SPR Policy without a geographical limitation.[2]

For these reasons, the Court vacates and sets aside the "significant portion" part of the SPR Policy that it found to be unlawful in its summary judgment order.

IT IS SO ORDERED.

Dated: August 24, 2018

JOSEPH C. SPERO
Chief Magistrate Judge

[2] The Court respectfully declines to follow the decision in *CBD I* limiting the vacatur order in that case to the District of Arizona. Although the court in *CBD I* cited *Lujan* for the proposition that a regulation is not ripe for review under the APA until there has been some concrete action applying to the claimant's situation, the court did not explain how that language supported the conclusion that the plaintiffs in that case – who *had* been subject to concrete agency action and were bringing a facial challenge to the SPR Policy based on the harm that they suffered from that concrete action – lacked standing to seek vacatur beyond the geographical area where they suffered injury. As discussed above, *Lujan* recognizes that a successful facial challenge to a regulation may result in its invalidation even if that remedy affects nonparties. The Court finds nothing in *Lujan* that suggests that a party who brings a facial challenge based on a concrete injury has standing only as to the geographical area where the injury occurred. The only other case Defendants cite in which vacatur was geographically limited is *Cape Hatteras Access Pres. All. v. U.S. Dep't of Interior*, 344 F. Supp. 2d 108 (D.D.C. 2004). In that case, however, the court limited the scope of the vacatur simply because the parties had agreed to do so and did not discuss any of the issues raised by the parties here as to the scope of the vacatur.

The following links and/or pages are support for agenda Item 13d

http://www.nvnaco.org/wp-content/uploads/NACO-Combined-Comments-on-ESA-Revisions.pdf