

## NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting

August 28, 2020, 9:30 a.m.

Physical Location for Board Members:

Carson City Community Center – Sierra Room

851 E. William St.

Carson City, NV 89701

### NOTICE TO THE PUBLIC:

The State of Nevada is currently in a declared State of Emergency in response to the global pandemic caused by the coronavirus (COVID-19). In accordance with the Governor's Declaration of Emergency Directive 006, which has suspended the provisions of NRS 241.020 requiring the designation of a physical location for meetings of public bodies where members of the public are permitted to attend and participate, public meetings of the Nevada Association of Counties will NOT have a physical location open to the public until such time this Directive is removed.

The public may provide public comment in advance of a meeting by written submission to the following email address: [info@nvnaco.org](mailto:info@nvnaco.org) For inclusion or reference in the minutes of the meeting, your public comment must include your full name and be submitted via email by no later than 3:00 p.m. the day before the meeting.

The public may also join the meeting via telephone and provide verbal public comment during designated times by calling 1-408-418-9388 using access code 146 730 5240.

### AGENDA

NACO Board members may attend via phone or video 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 June 26, 2020 and July 31,2020 NACO Board of Directors Meetings. **For Possible Action**
6. Discussion of Next NACO Board Meeting Date and Location. **For Possible Action**
7. Discussion Regarding NACO's 2020 Annual Conference. **For Possible Action**
8. Presentation of NACO's 2019 Financial Audit, Michael Bertrand, Bertrand and Associates, LLC. **For Possible Action**
9. Approval of Additional NACO 2020 Associate Members. **For Possible Action**

10. Legislative Update Including Discussion on Possible NACO Bill Draft Requests for the 2021 Session of the Nevada Legislature. **For Possible Action**
11. Discussion on COVID-19 Pandemic Impacts and County Needs. **For Possible Action**
12. **Update and Possible Action** Regarding Natural Resources and Public Lands Issues Affecting Counties Including:
  - a. Updates from the NACO Public Lands and Natural Resources Subcommittee
  - b. NACO Comments on the U.S. Fish and Wildlife Service's Proposed Definition for "Habitat" Under the Endangered Species Act
13. NACO Committee of the Emeritus Update.
14. National Association of Counties Board Member Updates.
15. Western Interstate Region Board Member Updates and Updates from National Association of Counties' Policy Steering Committee Members.
16. NACO Board Member Updates.
17. 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](http://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

## **Agenda Item 4**

<https://nvhealthresponse.nv.gov/covidtrace/resources.html>

## Agenda Item 5

### NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting

June 26, 2020, 9:30 a.m.

Due to COVID 19 Restrictions this meeting of the NACO Board of Directors is accessible to the public via Teleconference

#### UNADOPTED MINUTES

**Attendance:** President Elect Kirkpatrick, Vice President Lucey, Past President Waits, Elko County Commissioner Dahl, Lincoln County Commissioner Higbee, Lincoln County Commissioner Lister, Lyon County Commissioner Keller, Mineral County Commissioner Price, Nye County Commissioner Wichman, Pershing County Commissioner Shank, Washoe County Commissioner Hartung, Fiscal Officer Kalt, Eric Spratley – Nevada Sheriffs and Chiefs Association, and NACO Staff (Dagny Stapleton, Vinson Guthreau, Colby Prout and Amanda Evans)

The meeting was called to order by President-Elect Kirkpatrick at 9:33 am.

1. **Public Comment.** None was given.
2. **Approval of Agenda.** The agenda was approved on a motion by Commissioner Hartung with second by Vice President Lucey.
3. **NACO President's Report.** President Elect Kirkpatrick informed the Board that President French was absent due to travel and wished him a happy anniversary.
4. **NACO Executive Director's Report.** Dagny informed the Board that a call had been conducted regarding some of the challenges counties are facing with the transition to new software for some important county functions and encouraged anyone with additional issues or comments on the transition to reach out to Vinson. She noted that the State had received infrared thermometers and would be making some available to counties and encouraged any county in need to reach out to the State. Vinson reminded the Board that he served as the Association's representative on the SCR3 working group, to help devise a more sustainable and appropriate funding mechanism for roads. He informed the Board that the Chair of that working group had solicited input on the proposed funding mechanism and directed their attention to the comments sent by NACO, that were included in the agenda packet. He concluded his report by noting that input submitted included the long-standing position of the Board that any changes to the current funding system include an option for local government funding.
5. **Approval of Minutes of the May 29, 2020 NACO Board of Directors Meeting.** The minutes were approved on a motion by Commissioner Hartung with second by Past President Waits.
6. **Discussion on Format for the 2020 NACO Annual Conference.** A discussion was held on how the event may move forward given the pandemic situation and current directives and recommendations on large gatherings. County budget adjustments due to lost revenue from the pandemic, and how those may affect the ability for Commissioners and staff to attend the conference were also discussed. President Elect Kirkpatrick noted a desire to delay a decision until more information on how the pandemic was progressing. The Board was

requested to communicate with Dagny on the potential and desire for an in-person event by the end of the following week. No action was taken.

- 7. Update and Discussion Regarding the National Association of Counties Second Vice President Election.** Dagny gave the Board an overview of how the Annual Meeting would be conducted in a virtual setting, including the voting credentials process and how, if desired, a county could appoint her as their proxy for the election. She also reminded the Board that in previous years the Association had caucused and voted as a block. Commissioner Higbee stated that he felt the group should continue voting in a block and Commissioner Dahl agreed. President Elect Kirkpatrick suggested that she contact President French after gathering information on both candidates, and then have a call among the Board to decide on who the group would cast their votes for. The group agreed with her suggestion by consensus and no action was taken.
- 8. Update and Discussion Regarding Use of CARES, Coronavirus Relief Dollars Awarded to Nevada's Counties.** Dagny informed the Board that the Governor's office had released information on the distribution of a portion of the dollars that would be shared with counties. She expressed appreciation to the State for the sharing of the funds with local governments and encouraged counties to develop a plan for the distribution of their allotments as soon as possible, reminding the Board that any dollars not spent by the end of the year would have to be returned to the State. Dagny referred to the backup provided that outlines allowable uses of the funds to be used as a guide for individual spending plans. She also encouraged collaboration with cities who received an allotment. Dagny informed the Board that she was compiling information on potential grant programs for businesses affected by the pandemic, using the model that Clark County had put in place. She noted that she was working with Lisa Granhan from Douglas County on a plan to assist counties, that could include the utilization of a national group to run the program. Some allowable uses for the proposed grant funding discussed include Personal Protective Equipment, working capital, and retrofitting of the business for COVID-19 related protections. She also informed the Board that a contract would need to be entered into and that counties would be billed for their portion of the contract based on dollars granted from their county commitment. She informed the Board that a ZOOM conference would be held the following Tuesday and encouraged any county interested in participating to appoint a staff member or Commissioner to act as the official representative of the county during that meeting. President Elect Kirkpatrick noted that Clark County's program was working and well received by the business community. Vice President Lucey encouraged participation in the ZOOM meeting, as well as working with Dagny on possible uses of the program and suggested inclusion of Paycheck Protection Program measures and rental assistance. Dagny requested that anyone interested in participation to contact her by noon on Monday and encouraged the group to have conversations with their business community on what their localized needs are. President Elect Kirkpatrick informed the Board that she had a conversation with the State's COVID Response Director, Caleb Cage, regarding cities reimbursing counties and the state for testing costs, noting that testing would be conducted for some time and that it is important to ensure that resources are available to pay for the testing. Commissioner Lister inquired as to the benefit of continued testing and Ms. Kirkpatrick noted that the next agenda item would address testing, but that current guidelines per the funding received from the federal government require the testing of approximately 2% of the population per month for one year.
- 9. COVID-19 Discussion on Staying Ready in the Event of a Second Wave and Associated Public Health Response, Jeanne Freeman, Quad-County Public Health Preparedness Manager, Caleb Cage, State of Nevada, COVID-19 Response Director, and Julia Peek,**

**NV Division of Public and Behavioral Health.** Ms. Freeman updated the Board on what her office had been working on to ensure the stability of public health in the region. She stressed the importance of ensuring that the healthcare system is not overwhelmed during a second wave of the virus, especially during the Flu season. She discussed their preparations for the Flu season including preparing a robust educational outreach program, a plan for vaccination of essential workers, and including other vaccines in Flu clinics, noting that they had seen a decline in the administration of routine childhood vaccines. She discussed their review of the plans other states had put in place for travelers and working with the local school districts on plans for potential reopening. Ms. Freeman also informed the Board that they are preparing plans for the potential distribution of a COVID-19 vaccine in January or February, including the inoculation of priority populations first, much like what was done with the H1N1 vaccine. She concluded her report to the Board with a discussion of their work with faith based organizations on what potential winter warming shelters could look like and that their response to a potential second wave of the virus, which wouldn't look much different than their initial response other the need for the mitigation of other issues that could arise due to the regular Flu and winter illness season. Ms. Peek spoke about the continued testing being completed and the process in place for contact tracing. She stressed the desire to stop the spread of the virus through direct contact exposure, noting that contact tracing begins immediately after a positive test result. She informed the group that tracing staff is being put in place as quickly as possible because the virus has the potential to spread quickly without strict quarantine orders. She discussed her office's mission to test and contain the spread of the virus, including a campaign to ensure that the public understands why social distancing and mask wearing are important to keep the virus at a controlled burn instead of an out of control fire. Ms. Peek discussed issues with timely reports of testing results and noted that the larger casino's had been working with out of state laboratories and that was also affecting timely reporting. She also noted that Amazon has plans in place for testing of their employee's but that an agreement had been reached not to implement those plans until seamless reporting could be achieved. Dagny noted the goal of the agenda item was to continue the discussions and think about how the CARES dollars distributed to the counties could be utilized. She again encouraged partnering with the cities that had received a distribution to ensure the most effective uses of the dollars received. Ms. Peek suggested that one use of the CARES dollars could be the acquisition of additional courier resources for getting testing specimens to the laboratories to assist with timely reporting of cases. Past President Waits inquired as to the feasibility of reporting rural cases by zip code as is done in the urban areas, noting that positive cases in the rural counties could be hundreds of miles apart. Ms. Peek stated that they are working on a zip code reporting model that could work for the rural communities while still adhering to privacy requirements. Joan Hall of Nevada Rural Hospital Partners informed the group that her members felt like they are getting a mosaic of conflicting information and requested that her group be involved the conversations with the emergency managers and local health nurses. She also informed the group that rural hospitals are having issues securing PPE. Ms. Peek stated that she would ensure that the group is included on the statewide testing calls going forward.

- 10. Discussion on County Strategies and Resources to Support Nevada's Communities, Including Small Business and Youth, During the COVID-19 Pandemic and Economic Recovery.** Dagny informed the Board that the item was included as a follow up to a discussion held at the May meeting. She referred to materials included in the agenda packet that had been developed for businesses with Cooperative Extension and encouraged the Board to share the document within their communities. The suspension of youth support programs was discussed, and it was noted that Extension also has a robust catalogue of online programs for youth. The potential for a staggered start of the school year, including

the potential for a hybrid model of in person and online attendance was also discussed. President Elect Kirkpatrick noted that the remote programs through the 4-H program are amazing.

11. **Update from NACO's Legislative Subcommittee including Discussion on Activities of the Nevada Legislature that May Affect Counties.** The expected special session was discussed, including the challenges that may arise due to the directive that the public, including county representatives would be allowed in the legislative building. It was noted that the FY21 budget issues at the State interface with the issues being experienced by the counties and outreach was being conducted by staff to attempt to avoid cost shifts and sweeps experienced in the last recession. The letter previously approved by the Board was delivered to the Governor's office and communication, although limited was being conducted with his office. The Board was encouraged to reach out to Vinson with any ideas for bill draft requests (BDRs) for the 2021 legislative session. Vice President Lucey, Chair of the Legislative Subcommittee, encouraged the Board to participate on the committee and the calls to determine any potential BDRs the Association might bring. President Elect Kirkpatrick expressed concern with the property tax losses expected for the next fiscal year. Vice President Lucey and Commissioner Wichman also expressed concerns with the current property tax formula and the amount of time expected to recover to pre-recession revenues. Dagny reminded the Board that the Association had carried a bill in 2015 to revise the formula, though it had been unsuccessful. Commissioner Lister asked whether the State was anticipating any takings lawsuits from businesses. It was noted that some type of liability legislation was being discussed that would hold businesses harmless if a person were to claim that they contracted the virus at the business. Fiscal Officer Kalt brought up the fact that property tax attributes 30+% of general fund revenues and referred to a Department of Taxation document that addresses abatements each year and suggested a review of the issue with value drops and the associated caps. Mr. Spratley noted that the Sheriffs and Chiefs Association is expecting a push of police reforms during the special session and they had received 70+ possible reforms from the Office of the Attorney General, all of which would have budget impacts. President Elect Kirkpatrick encouraged the Board to contact Vice President Lucey to share ideas for BDRs. No action was taken.
12. **Presentation on the Final Study of County Medicaid Long Term Care Match Assessments, Presented by Milliman Actuarial Consultants Nicolas Johnson, Annie Hallum, and Nick Gipe.** Dagny reminded the Board that they had previously approved the study and that it was near completion. Mr. Gipe gave an overview of the scope of the project, including the inclusion of pandemic impacts. He noted that key drivers to the assessments are changes in demographics specifically the growth in the aging population (65+), inflation assumptions, federal match estimates based on economic indicators, and pandemic impacts to the federal cost share. Ms. Hallum gave an overview of the draft report included in the agenda package. Specifically focusing on the short-term increase to the federal share seen in FY20/21, and the estimates related to the state's economic recovery vs. the rest of the country. She noted that it is expected that the federal share will be higher for some time based on the state's economic recovery. Dagny informed the Board that she would bring the item back with the final report when completed.
13. **Update and Possible Action Regarding Natural Resources and Public Lands and Issues Affecting Counties Including:**
  - a. **NACO Comments on Bureau of Land Management's Draft Environmental Assessment for Targeted and Prescribed Grazing of Annual Grasses in the**

**Great Basin Ecoregions of Nevada.** Colby informed the Board that the Committee had met the previous day and that the letter had been approved as drafted. The letter was distributed to the Board for review that morning, and the submission of the comment letter was approved on a motion by Past President Waits with second by Commissioner Higbee.

- b. Other Updates from the NACO Public Lands and Natural Resources Subcommittee.** Chair Higbee and Colby provided an update including a discussion on the the severity of the fire season and the fact that the pandemic had affected training for fire crews. Commissioner Higbee noted that Lincoln County had conducted their own training. Commissioner Dahl noted that targeted grazing would have been very beneficial to mitigating the impacts of fire. President Elect Kirkpatrick urged the Board to speak with urban legislators and remind them of the impacts of fire and to ask the State for CRF dollars to address training impacts. Dagny suggested the compilation of the needs and costs of training and then to send a letter to the Governor regarding the issue.
14. **NACO Committee of the Emeritus Update.** Past President Waits informed the Board that the Committee would be meeting in July and the current plan is to have one last workshop in the interim. She also noted that the group is working on the Newly Elected Officials training.
15. **National Association of Counties (NACo) Board Member Updates.** Commissioner Higbee stated that he will send information on the National Association's elections process and the candidates for 2<sup>nd</sup> Vice President for distribution to the Board. Commissioner Kirkpatrick informed the Board that she had been working with Matt Chase on the proposed HERO's Act and the inclusion of lost revenues in the proposals. She noted that the hope was to have action by the end of July and that she would update the Board as necessary.
16. **Western Interstate Region (WIR) Board Member Updates and Updates from National Association of Counties Policy Steering Committee Members.** Commissioner Dahl noted that the annual meeting of the Board had been canceled in May and there was no real change to the platforms of the Board.
17. **NACO Board Member Updates.** The Board gave updates on activities within their counties.
18. **Public Comment.** None was given.

The meeting was adjourned at 11:26 am.



## NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting

July 31, 2020, 9:30 a.m.

via Teleconference

### UNADOPTED MINUTES

**ATTENDANCE:** President French, President Elect Kirkpatrick, Vice President Lucey, Past President Waits, Carson City Supervisor Giomi, Churchill County Commissioner Olsen, Elko County Commissioner Dahl, Elko County Commissioner Steninger, Eureka County Commissioner Goicoechea, Lincoln County Commissioner Higbee, Lincoln County Commissioner Lister, Lyon County Commissioner Keller, Mineral County Commissioner Price, Nye County Commissioner Wichman, Washoe County Commissioner Hartung, White Pine County Commissioner Carson, Kathy Lewis, NV Association of County Clerks & Election Officials; Eric Spratley, NV Sheriffs & Chiefs Association and NACO Staff (Dagny Stapleton, Vinson Guthreau, Colby Prout & Amanda Evans)

The meeting was called to order by President French at 9:32 a.m.

1. **Public Comment.** Linda Bisset, Government Relations Manager with NV Energy introduced Vice President of Transmission Development, Carolyn Barbash to the Board. Ms. Barbash informed the Board of a new project to install new transmission lines across 11 Nevada counties. The project will be completed in phases, conclude in 2031, provide additional access to renewable energy, jobs, address immediate power needs in the northern part of the state and lower energy costs. Marci Ryba, Executive Director of the Department of Indigent Defense Services referred to her submitted written comments distributed to the Board and the availability of funds available through Coronavirus Emergency Supplemental Funding and encouraged counties to apply to her office for the dollars available to support indigent defense activities.
2. **Approval of Agenda.** The agenda was approved on a motion by Supervisor Giomi with second by Commissioner Carson.
3. **NACO President's Report.** President French remarked on the continuing challenges counties face in navigating the pandemic and that he looks forward to being able to meet in person again. He remarked on the budget issues that counties face and anticipated challenges in the coming legislative session. He concluded his remarks by encouraging the Board to engage their state and federal representatives to reconcile budgets to preserve services and although he doesn't expect it, to support assistance with loss of revenue at the federal level.
4. **NACO Executive Director's Report.** Dagny expressed condolences to the families of the wildfire pilots killed in the plane crash in Lincoln County. She reminded the Board that the National Association of Counties (NACO) Steering Committee appointments are open and encouraged any Commissioners interested in serving to let her know. She congratulated Vice President Lucey on his appointment to Vice Chair of the Transit and Rail Subcommittee and to Commissioner Higbee on his appointment to Vice Chair of the Land Management Subcommittee. Dagny reminded the Board that the approved calendar for 2020 NACO Board meetings included hosting the September meeting in Clark County. The Board expressed interest in meeting in person, pursuant to pandemic conditions, and so the issue would be addressed again by the Board in August. Vinson informed the Board that the State

had inquired about counties who would be applying for Federal Emergency Management Agency (FEMA) dollars and reminded them that any counties that are planning to need to submit applications for Request for Public Assistance (RPAs) through the State. It is unknown how long the process will be open and submitted RPAs act as a placeholder for FEMA applications.

5. **Election of Nevada's Two Representatives to the National Association of Counties (NACo) Board of Directors.** Clark County Commissioner Marilyn Kirkpatrick and Lincoln County Commissioner Varlin Higbee were reappointed to the NACo Board of Directors on a motion by Vice President Lucey with a second by Washoe County Commissioner Hartung. Both Commissioners Kirkpatrick and Higbee thanked the Board for their support and faith and ensured the group that they would continue to work hard to represent Nevada on the national level.
6. **Approval of Zetkha Fountas to Serve on the Nevada Rural Housing Authority Board to Represent Recipients of Assistance from the Authority.** Ms. Fountas's appointment to the Nevada Rural Housing Authority Board to represent the tenants of the Authority was approved on a motion by Past President Waits with second by Commissioner Higbee.
7. **Discussion and Approval of a Possible Contract Between NACO and a Third Party to Help Create a Program for Nevada's Counties to Provide Grants to Small Businesses Using County CARES Coronavirus Relief Funds, and Requiring Interested Counties to Reimburse NACO for Their Share of the Cost of the Program.** Dagny gave a summary of the proposed program previously discussed by the Board in June. She informed the Board that the proposal is to have a third party develop the application, scoring recommendations and make recommendations for awarding the grants. Dagny referred to the contract proposals included in the back up materials and noted that the proposals include a cost not to exceed \$500,000, which is based on an estimated 5% of grant dollars awarded. She informed the Board that nine counties have already indicated interest in the program or committed a portion of the CARES dollars they received to the program. Dagny told the Board that National Development Corporation is well vetted by the State and Clark County and their proposal is more complete than that of Open Government, which is a little less hands on. She reiterated that the net cost to counties would be \$0.00 because the program, including administration costs is an allowed use of CARES Act funds. Commissioner Steninger asked whether the individual counties would have the ability to veto grant award recommendations made by the contractor. Dagny informed the group that a working group of county representatives had already been convened to develop the application criteria and that they would have input on the final grant awards. Commissioner Lister inquired as to what the cost to NACO would be and if the Association would need a cut of the percentage of administration costs. Dagny stated that any percentage to the Association would be a decision of the Board and that the only costs associated with the program for NACO are for staff time. President French stated that he thinks the Association should be compensated for the costs of staff time working on the project. Commissioner Steninger noted that he feels the money needs to go to the businesses and it was reiterated that all administration costs are allowed uses of the CARES Act dollars received. Commissioner Lister noted that he understands both sides of the issue but feels that it is his duty as a Board member to ensure that the Association stays whole for the additional work put on to staff. Commissioner Dahl agreed as did Supervisor Giomi who also noted that if the counties were developing and administering the program themselves, they would have to absorb the administration costs. Commissioner Keller also supported a 1% distribution of the approved grant dollars to NACO to offset the cost of staff time. Staff was authorized to enter into a contract with a third party to administer a grant program which will grant county CARES CRF dollars to

businesses in their communities, up to a contract amount of \$500,000 to be reimbursed by participating counties in proportion of their share of the cost of the services; additionally counties shall pay NACO 1% of the dollars granted from their county to NACO to pay for NACO's administrative costs to assist with and coordinate the program on a motion by Commissioner Higbee with second by Commissioner Keller.

**8. Presentation and Discussion Regarding the Governor's Executive Order on Climate Change (2019-22), Brad Crowell, Director, and Dr. Kristin Averyt, State Climate Policy Coordinator, Nevada Department of Conservation and Natural Resources (DCNR).**

Director Crowell informed the Board that DCNR was appointed by the Governor as the co-lead for the development of the strategy, including the gathering of data to create a roadmap of steps necessary to adopt the appropriate (climate change) policy. He informed the Board that the initial strategy is due to the Governor's office September 1<sup>st</sup>, but that it would be a living document subject to adjustment, as necessary. Mr. Crowell then introduced Dr. Averyt who is also a former President of the Desert Research Institute. She led the Board through the presentation included in the supporting materials. The presentation included information on the aggressive emission reductions included in SB254 from the 2019 Legislative Session, where the emissions are coming from, the costs associated with implementation of the associated reduction policies, and feasibility of implementation due to current legal constraints. She also informed the Board that listening sessions would be held throughout the state to obtain stakeholder input. Commissioner Lister inquired as to what Nevada's contribution to worldwide emissions is. Dr. Averyt replied that the state's contribution when compared worldwide is small. Commissioner Lister inquired as to Nevada's contribution worldwide and Dr. Averyt noted it is small. Commissioner Lister also expressed concern that the policies would disproportionately affect the rural counties because the information he has seen is based on broad assumptions and targeted to specific industries that are traditionally rural based. Mr. Crowell noted that is actually the opposite, the policies proposed will affect the urban counties more, because they have more emissions and that the intent is to shape the policies so that they aren't forced where they don't fit. President French stated that he believes the directives of SB254 will have dramatic effects on the rural communities that have traditionally natural resource-based economies. Commissioner Goicoechea noted that he didn't want to follow the lead of California especially with regards to farming equipment and that the rural counties must be engaged in a meaningful way. President French noted that the pandemic will affect public input and meaningful discussions, especially in areas where internet service is not reliable, and encouraged that DCNR develop and implement a robust plan to get information to and input from the public prior to the report submission. Director Crowell and Dr. Averyt assured the Board that they would be reaching out to receive the appropriate stakeholder input and promised to return to update NACO.

**9. Legislative Update Including Discussion on Possible NACO Bill Draft Requests for the 2021 Session of the Nevada Legislature.** Vinson gave the group an update on the activities of the 31<sup>st</sup> Special Session convened by the Legislature. He noted that initially staff was concerned about the proposals put forth to address the State's budget issues which would have adversely affected county budgets that were already greatly affected by the pandemic. He mentioned that staff monitored the session closely and that the Legislature was able to address the State's situation with cuts to other areas. He informed the Board that the 32<sup>nd</sup> Special Session had convened that morning and that staff was working through the policy changes being introduced. Vinson informed the group that the Legislative Subcommittee had been working through potential BDR proposals that could be brought to the Board, reminding the Board that NACO has the option submitting BDRs to the Legislature during each regular session. The first proposal approved by the Subcommittee

for Board consideration would be to allow for an individual to be appointed to more than one Gubernatorial appointed Board. The Committee cited the limited number of people with both the expertise necessary to serve on these Boards and their willingness to do so. The second proposal had to do with modifications to other county elected official offices. The next proposal was to work with the Legislative Council Bureau (LCB) to require training on local government for new Legislators. The Committee cited the importance for Legislators to firmly understand the authority local governments can and cannot exercise, budgetary processes and services provided, etc. It was noted that the Nevada League of Cities and Municipalities may potentially support the effort as well. Dagny discussed the fourth proposal regarding the current property tax structure. The proposal would entail a change to the current property tax caps so that they could not fall below 3% for residential and 8% for commercial properties. Commissioner Wichman noted that the proposal is like previous efforts brought by the Association to address the State's property tax structure. The final proposal would be to address the adoption process and how paternity is determined. The current statute is unclear, and judges interpret it differently leading to increased costs to counties as well as affecting how long children are left within the system. It was noted that the language for the proposed change was still be worked out and that if the Board were interested in the proposal it would be brought back for approval. Due to the timeline for the required submittal of BDRs Vinson suggested that if the Board were interested in moving forward on any of the suggestions that approval be given so that the drafting of the necessary documents could begin. Vice President Lucey, Chair of the Subcommittee, moved that the Board approve two of the proposals discussed, including a BDR putting a floor on Nevada's 3 and 8 cent property tax caps, so that the caps could no longer drop below 3%; and a bdr removing the limitation that individuals can only serve on one gubernatorially appointed board. The Board will make a final decision on the other proposals at their meeting in August. The motion was approved on a second by Commissioner Wichman.

10. **Presentation of the Final Milliman Actuarial Report on County Medicaid Long-Term Care Match Assessments.** Dagny referred to the presentation given at the previous meeting and informed the Board that the final report had been distributed as backup to the agenda. She noted that the assessments are projected to increase approximately 5.8% every year through the next 30 years, and that the assessments are projected to increase between 80% and 100% over the next decade. She reminded the Board that the report is to assist the counties with their budgeting process and to act as tool for use when discussing the impacts of the assessments with Legislators and the State. Past President Waits inquired as to whom the report had been distributed and it was noted that so far it had only been distributed to the Board, but she encouraged it be shared within each county.
11. **Discussion on COVID-19 Pandemic Impacts and County Needs.** Dagny informed the Board that the item would be a standing agenda item for the foreseeable future to provide the Board the opportunity to discuss issues and ideas, as necessary. She referred to the report from the White House on individual county risk levels and mitigation recommendations included in the agenda packet. She also discussed a survey being conducted on broadband needs to support the ability for schools to conduct remote learning and encouraged the Board to participate. The Board discussed the required contact tracing and how they are dealing with that within their communities. Discussion was also held on the lack of direct funding to counties within current federal legislation and the continued work of NACo to support funding for lost county revenues. Members of the Board inquired about antibody testing and President French informed the group that Humboldt County had set up a protocol with a funding mechanism but is waiting on approved tests prior to implementation. It was noted that antibody testing is a good tool to determine actual rates of non-symptomatic exposure, but that the science is still unclear on immunity

post exposure. The Board also discussed the testing of effluent matter to show the current rate of infection within a community but that is not a widespread practice and it is unclear as to how that data would affect mitigation efforts. No action was taken on the item.

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

- a. **Updates from the NACO Public Lands and Natural Resources Subcommittee.** Commissioner Higbee, Chair of the Subcommittee, informed the Board that the Subcommittee had discussed a resolution from the Coalition for Healthy Nevada Lands, Wildlife and Free-Roaming Horses to support the plan for increased gathers and for use of birth control. He informed the group that the coalition was requesting support from the Association for taking the resolution to the 2021 Legislature, noting that the resolution mirrors the policies in the Path Forward which the Board previously endorsed. President French requested that the resolution be distributed to the Board for review and input prior to any action. The group also discussed the federal funding from the Great American Outdoors Act which was signed into law. Colby mentioned that this funding will be split between states for the purposes of recreation grants and the other half for the government to acquire land. Colby clarified that these grants were separate from those from the Division of Outdoor Recreation. Colby mentioned that the PLNR committee did discuss the Outdoor Recreation Board as well. Colby concluded the item by reminding the Board that the final National Environmental Policy Act (NEPA) rule is expected to be released in September.

**13. NACO Committee of the Emeritus Update.** Past President Waits informed the group that the Committee is planning to have a workshop on October 9<sup>th</sup> and continuing to work on the updates to the Newly Elected Officials training and the associated handbook.

**14. National Association of Counties Board Member Updates.** Commissioner Higbee discussed the recent virtual Annual Meeting and election of the Second Vice President, noting that there was only one person in the running at the time of the meeting because the second candidate had lost their bid for re-election in the primary. He informed the Board of several policy resolutions that had been passed.

**15. Western Interstate Region Board Member Updates and Updates from National Association of Counties' Policy Steering Committee Members.** President French reminded the Board that the group's annual meeting in May had been canceled as has the Payment In Lieu of Taxes (PILT) annual fly into Washington DC, noting that an alternative effort for congressional interaction is being looked at. He noted that counties should have received their PILT funding the last week of June. He also addressed the Funding of the Land and Water Conservation Fund, noting that it could be negative for the West and will need to be carefully monitored.

**16. NACO Board Member Updates.** None were given in the interest of time.

**17. Public Comment.** None was given.

The meeting was adjourned by President French at 12:55 p.m.

## Agenda Item 8

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

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777 E. William St. Suite 206  
Carson City, NV 89701  
Tel 775.882.8892  
Fax 775.562.2667

August 3, 2020

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

Dagny Stapleton, Executive Director  
Alan Kalt, Fiscal Officer

**RE: 2019 Audit Committee Letter**

Dear Ms. Stapleton and Mr. Kalt,

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 net pension liability. Management obtains the estimate for the net pension liability from the annual report provided by PERS.

1 - Communication of control deficiencies or material weaknesses. - Statement on Auditing Standards (SAS) 115.

The following comments and recommendations are based on the results of our audit of the Association's 2019 financial statements.

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, and we did not identify significant deficiencies. We do discuss below weaknesses that management may want to address to improve controls.

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

We recommended that the accounting policy and procedures manual be updated. This had not been performed.

An adjustment to reclassify RCI revenues from income to a liability account was proposed and accepted by management last year. In the current year audit, amounts were shown as revenue and we proposed that they be reclassified as deferred revenue.

All other recommendations appear to have been implemented.

3 - Disbursements tests performed

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.

No exceptions were noted as a result of this testing.

	Total Disbursements	Total Disbursements Tested (\$)	Percent Tested	Total Disbursements Count	Total Disbursements Tested (Count)	Percent Tested
Admin Expenses	\$ 363,121	\$ 162,754	45%	345	63	18%

4 – Proposed audit adjustments

The following adjustments were proposed to management and accepted and recorded as of December 31, 2019.

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, 2020.

B - Receipts and related expenditures for a contract with RCI on behalf of members was shown as revenue of \$6,117 on the books resulting in overstating net profit to NACO by that amount. Due to the nature of the agreement, NACO will not receive a profit so we proposed that the revenues in excess of expenditures be reclassified as deferred revenues.

C - A new roof was purchased and expensed in 2019. As this is a capital improvement in excess of the \$5,000 capitalization policy, we recommended that it be capitalized, and management agreed.

5- Monthly financial statements

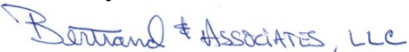
As part of NACO's internal controls, financial statements are reviewed by the accounting manager and fiscal officer monthly and then sent to the executive director for review. The email sent to the executive director is evidence of that control having been implemented. It was noted that there was no copy of the February and April email documenting that the statements were distributed.

It was also noted that financial statements are not timely provided to the executive director being delivered more than 30 days after the month end. We recommend that statements be provided on a timely basis and that copies of emails be retained to support that they were delivered.

In conclusion, the records were in very good order and staff and management were very helpful in providing items requested timely. There were no material or significant deficiencies noted.

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

Sincerely,



***Bertrand & Associates, LLC***



August 3, 2020

To the Board of Directors  
Nevada Association of Commissioners  
304 S. Minnesota St.  
Carson City, NV 89703

Dear Board members,

We have audited the financial statements of the business-type activities of **Nevada Association of Counties (NACO)** for the year ended **December 31, 2019**. 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, and 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 July 25, 2019, 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 July 25, 2019.

### **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 and procedures manual be updated and made readily available to staff and management.

We noted no transactions entered 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 Compensated Absences and the implementation of 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.

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 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 disclosures affecting the financial statements was regarding GASB 68 which records the pension liability. For the pension amounts, these are prepared by PERS in an actuarial 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. Contract revenues collected on the RCI contract but not expended were recorded as revenues. We proposed and management accepted the adjustment to remove this from income and show it as a liability as it will eventually be used to pay on the contract.
3. Cost of a new roof was expensed when it should have been capitalized. We proposed an adjustment to show it as an asset.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether 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 our audit.

### **Management Representations**

We have requested certain representations from management that are included in the Management Representation Letter dated August 3, 2020.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like 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 the 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,

Handwritten signature in blue ink that reads "Bertrand & Associates, LLC".

Bertrand & Associates LLC

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
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## INDEPENDENT AUDITOR'S REPORT

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

### **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, 2019 and 2018 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.

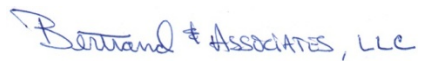
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type activities of the Nevada Association of County Commissioners as of December 31, 2019 and 2018 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.

Handwritten signature in blue ink that reads "Bertrand & Associates, LLC".

Carson City, Nevada  
August 3, 2020



## **Management Discussion and Analysis**

### ***Overview of Annual Financial Report***

The Management's Discussion and Analysis (MD&A) serves as an introduction and should be read in conjunction with the basic audited financial statements. This analysis represents management's examination and analysis of the board's financial condition and performance.

The Board uses the accrual basis of accounting for financial statement reporting and the statements have been prepared in accordance with generally accepted accounting principles. The financial statements include statements of net position, statements of revenues and expenses, changes in net position, and statements of cash flows.

The statement of net position presents the financial position of NACO on the accrual basis of accounting. This statement provides information on NACO's assets, deferred outflows, liabilities, deferred inflows and the difference reported as net position.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the financial statements. The notes present information about the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

### ***Proprietary fund***

NACO maintains an enterprise fund, a type of proprietary fund, to report the same functions presented as business-type activities in the government-wide financial statements. The enterprise fund accounts for NACO activity.

### ***Financial Highlights***

NACO's assets increased in 2019 by \$397,020, to \$1,977,003. The increase is mostly attributable to the increase in cash from \$419,023 to \$751,832. This increase is due in large part to efficient operations with a reduction in expenses during the year. There was also a small increase to NACO dues attributable to a slight increase in county revenues, upon which part of the due's formula is based. Investments increased from \$587,817 to \$649,353 due to solid investment yields during the year.

NACO's primary revenue resources remain county membership dues, including public lands assessment dues, and conference fees at \$570,167 a decrease of \$1,859 compared to prior year amount of \$572,026. The remainder of the revenues include 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.

By far, the largest portion of NACO assets continues to be investments in the amount of \$649,353. Investments during the year increased \$61,536 or 10.5% due to increases in fair market values of investments primarily risk assets during the year. See Note 2 Deposits and Investments on page 14 for more information. At the end of the fiscal year, NACO had \$751,832 cash or cash equivalents. NACO's liabilities for the year ending December 31, 2019 totaling \$573,589. Of this amount, current liabilities associated with accounts payable were \$16,661. Non-current liabilities include \$20,861 attributable to accrued vacation and sick leave for employees. The remaining liability balance of \$536,067 was attributable to PERS net pension liability. NACO's net position increased \$157,894 during the year from \$980,356 to \$1,138,250 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 2019. 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.

### ***Financial Statement Analysis***

A condensed statement of position is provided below to display the changes in assets, deferred outflows, deferred inflows, liabilities and net position.

Condensed Statements of Net Position	2019	2018	Change
Cash & equivalents	\$ 751,832	\$ 419,023	\$ 332,809
Investments	649,353	587,817	61,536
Accounts receivable	7,935	6,487	1,448
Other assets	2,309	2,130	179
Fixed assets (net)	434,574	433,526	1,048
Land	131,000	131,000	-
Deferred outflows	178,288	166,423	11,865
Total assets and deferred outflows	<u>2,155,291</u>	<u>1,746,406</u>	<u>408,885</u>
			-
Accounts payable	16,661	14,176	2,485
Accrued expenses	-	6,343	(6,343)
Compensated absences	20,861	9,652	11,209
Net pension liability	536,067	561,269	(25,202)
Deferred inflows	135,924	120,288	15,636
Deferred revenues	307,528	54,322	253,206
Net position - unrestricted	572,676	415,830	156,846
Net position - invested in capital	565,574	564,526	1,048
Total liabilities, deferred inflows and net position	<u>\$ 2,155,291</u>	<u>\$ 1,746,406</u>	<u>\$ 408,885</u>

The following condensed statement of activities displays changes in the revenues and expense accounts when compared to prior year.

Condensed Statements of Revenues and Expenses	2019	2018	Change
<b>Revenues:</b>			
Membership/ assessments dues and conference fees	\$ 570,167	\$ 572,026	\$ (1,859)
Indigent accident and supplemental programs	70,000	65,000	5,000
National programs and associate members	43,670	39,206	4,464
Other income	15,919	25,362	(9,443)
Total operating revenues	<u>699,756</u>	<u>701,594</u>	<u>(1,838)</u>
<b>Expenses:</b>			
Salaries and employee benefits	334,571	328,500	6,071
Pension expense	57,102	83,788	(26,686)
PEBP post retirement benefits	1,739	1,217	522
Building maintenance, repairs & property tax	10,642	7,551	3,091
Utilities	8,407	5,805	2,602
Legislative	5,518	1,268	4,250
Membership conference	34,086	39,123	(5,037)
Publications and printing	7,722	9,250	(1,528)
Office and other operating expense	66,036	61,824	4,212
Staff and representative travel	27,917	28,882	(965)
Vehicle expenses	6,680	5,974	706
Professional fees	20,872	20,845	27
Special projects & studies	-	25,122	(25,122)
Depreciation and amortization	17,117	17,801	(684)
Total expenses	<u>598,409</u>	<u>636,950</u>	<u>(38,541)</u>
Operating income	101,347	64,644	36,703
Increase (decrease) in non-operating investment income	56,547	(4,762)	61,309
Total non-operating revenues	<u>56,547</u>	<u>(4,762)</u>	<u>61,309</u>
Change in net position	<u>\$ 157,894</u>	<u>\$ 59,882</u>	<u>\$ 98,012</u>

### ***Conclusions***

NACO continues to be in a strong financial position showing a net increase of \$157,894 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. The COVID-19 Pandemic beginning in 2020 dramatically changed the economic situation and financial outlook for Nevada; because of this, NACO will 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. During the Pandemic, NACO staff has taken a leadership role in providing enhanced services to the membership to help them effectively deal with the COVID-19 Pandemic and utilize Federal dollars that are coming into Nevada. Staff continues to identify opportunities to diversify and enhance revenues including; seeking state and federal grant opportunities, and opportunities for additional revenue through participation in national programs including the usage of existing agreements with Nationwide Retirement Solutions, for which NACO receives a royalty, and seeking other marketing and service agreements that would be of benefit to Nevada's counties. NACO staff works diligently to efficiently manage operational expenses.

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](mailto:dstapleton@nvnaco.org) or access the NACO web-site at [NVNACO.ORG](http://NVNACO.ORG).

*Dagny Stapleton*

Executive Director

August 3, 2020

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**STATEMENT OF NET POSITION**  
**December 31, 2019 and 2018**

<b>ASSETS</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Current assets:		
Cash and cash equivalents	\$ 751,832	\$ 419,023
Investments	649,353	587,817
Accounts receivable	7,935	6,487
Other assets	<u>2,309</u>	<u>2,130</u>
Total current assets	1,411,429	1,015,457
Fixed Assets:		
Fixed assets net of accumulated depreciation	434,574	433,526
Land	<u>131,000</u>	<u>131,000</u>
Total fixed assets	<u>565,574</u>	<u>564,526</u>
<b>Total assets</b>	<b><u><u>1,977,003</u></u></b>	<b><u><u>1,579,983</u></u></b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension outflows	<u>178,288</u>	<u>166,423</u>
<b>Total deferred outflows of resources</b>	<b><u><u>178,288</u></u></b>	<b><u><u>166,423</u></u></b>
 <b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	16,661	14,176
Accrued expenses	<u>-</u>	<u>6,343</u>
Total current liabilities	16,661	20,519
Non-current liabilities:		
Compensated absences	20,861	9,652
PERS net pension liability	<u>536,067</u>	<u>561,269</u>
<b>Total liabilities</b>	<b><u><u>573,589</u></u></b>	<b><u><u>591,440</u></u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension inflows	135,924	120,288
Deferred revenues	<u>307,528</u>	<u>54,322</u>
<b>Total deferred inflows of resources</b>	<b><u><u>443,452</u></u></b>	<b><u><u>174,610</u></u></b>
 <b>NET POSITION</b>		
Unrestricted	572,676	415,830
Invested in capital assets, net of related debt	<u>565,574</u>	<u>564,526</u>
<b>Total net position</b>	<b><u><u>\$ 1,138,250</u></u></b>	<b><u><u>\$ 980,356</u></u></b>

See accompanying notes

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
STATEMENT OF REVENUES AND EXPENSES & CHANGES IN NET ASSETS  
Years ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Membership dues	\$ 361,491	\$ 352,846
Public lands assessment dues	134,936	130,923
Conference revenues	73,740	88,257
Indigent accident and supplemental programs	70,000	65,000
National programs and associate members	43,670	39,206
Interest income	118	240
Other income	15,801	25,122
<b>Total revenues</b>	<b><u>699,756</u></b>	<b><u>701,594</u></b>
<b>Expenses</b>		
Salaries and employee benefits	334,571	328,500
Pension expense	57,102	83,788
PEBP post retirement benefits	1,739	1,217
Building maintenance, repairs & property tax	10,642	7,551
Utilities	8,407	5,805
Legislative	5,518	1,268
Membership Conference	34,086	39,123
Publications and printing	7,722	9,250
Office and other operating expenses	66,036	61,824
Staff and representative travel	27,917	28,882
Vehicle expenses	6,680	5,974
Professional fees	20,872	20,845
Special projects and studies	-	25,122
Depreciation and amortization	17,117	17,801
<b>Total expenses</b>	<b><u>598,409</u></b>	<b><u>636,950</u></b>
<b>Increase in operating net position</b>	<b><u>101,347</u></b>	<b><u>64,644</u></b>
Increase (decrease) in non-operating net investment income	56,547	(4,762)
<b>Increase in net position</b>	<b><u>157,894</u></b>	<b><u>59,882</u></b>
Net position at beginning of year	980,356	920,474
<b>Net position at end of year</b>	<b><u><u>\$ 1,138,250</u></u></b>	<b><u><u>\$ 980,356</u></u></b>

See accompanying notes

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**STATEMENT OF CASH FLOWS**  
**Years ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Cash receipts	\$ 951,514	\$ 711,535
Payments to employees	(323,362)	(328,105)
Payments to vendors	(272,189)	(283,350)
Net cash provided from operating activities	<u>355,963</u>	<u>100,080</u>
<b>Cash flows from investing activities:</b>		
Purchases of capital assets	(18,165)	-
Sale of securities	216,797	185,335
Purchase of securities	(230,647)	(187,121)
Interest, dividends and net gains or losses on investments	8,861	8,343
Net cash provided (used) for investing activities	<u>(23,154)</u>	<u>6,557</u>
Increase in Cash and Cash Equivalents	332,809	106,637
Cash and cash equivalents, beginning of fiscal year	419,023	312,386
<b>Cash and cash equivalents, end of fiscal year</b>	<u><b>751,832</b></u>	<u><b>419,023</b></u>
<b>Reconciliation of operating income to net cash provided from operating activities</b>		
Net operating income	101,347	64,644
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	17,117	17,801
(Increase) in receivables	(1,448)	(3,881)
(Increase) in prepaid expenses	(179)	(150)
(Increase) decrease in deferred pension outflows	(11,865)	24,807
Increase (decrease) in accounts payable and accruals	2,485	(245)
(Decrease) increase in accrued salaries	(6,343)	2,064
Increase in compensated absences	11,209	395
(Decrease) in PERS net pension liability	(25,202)	(92,335)
Increase in deferred revenues	253,206	13,822
Increase in deferred pension inflows	15,636	73,158
<b>Net cash provided by operating activities</b>	<u><b>\$ 355,963</b></u>	<u><b>\$ 100,080</b></u>

See accompanying notes

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities:

The Association (NACO) 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 based on 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.



**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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, 2019, 2018, 2017 and 2016 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, 2019 and 2018 was \$751,832 and \$419,023 respectively and the bank balance was \$751,965 and \$399,359. 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 \$376,596 in 2019 and \$19,070 in 2018. 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.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

**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, 2019 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries	\$ 80,723	\$ -	\$ 27,979	\$ 52,744	\$ -
U.S. Government & Agencies	12,221	-	12,221	-	-
U.S. Mortgage-backed securities	207,034	-	93,561	78,769	34,704
Corporate bonds	149,536	7,001	89,274	53,261	-
Equity securities	199,839	199,839	-	-	-
Total cash and investments	<u>\$ 649,353</u>	<u>\$ 206,840</u>	<u>\$ 223,035</u>	<u>\$ 184,774</u>	<u>\$ 34,704</u>

A summary of investments as of December 31, 2018 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year of less	1-5	5-10	Over 10
U.S. Treasuries	\$ 83,987	\$ -	\$ 22,001	\$ 61,986	\$ -
U.S. Government & Agencies	11,811	-	7,787	4,024	-
U.S. Mortgage-backed securities	178,897	-	39,518	82,030	57,349
Corporate bonds	152,257	8,011	95,737	48,509	-
Equity securities	160,865	160,865	-	-	-
Total cash and investments	<u>\$ 587,817</u>	<u>\$ 168,876</u>	<u>\$ 165,043</u>	<u>\$ 196,549</u>	<u>\$ 57,349</u>

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. Corporate bonds are rated by S&P as AAA to BBB+.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

**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 \$5,000 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, 2018		December 31, 2019	
		Additions	Dispositions	Additions	Dispositions
Building and improvements	40	\$ 538,217	\$ 18,165	\$ -	\$ 556,382
Furniture and equipment	5 – 10	174,360	-	-	174,360
Vehicles	5 – 10	32,878	-	-	32,878
Total Assets		745,455	18,165	-	763,620
Accumulated depreciation		(311,929)	(17,117)	-	(329,046)
		\$ 433,526	\$ 1,048	\$ -	\$ 434,574

		December 31, 2017		December 31, 2018	
		Additions	Dispositions	Additions	Dispositions
Building and improvements	40	\$ 538,217	\$ -	\$ -	\$ 538,217
Furniture and equipment	5 – 10	174,861	-	(501)	174,360
Vehicles	5 – 10	32,878	-	-	32,878
Total Assets		745,956	-	(501)	745,455
Accumulated depreciation		(294,128)	(17,801)	-	(311,929)
		\$ 451,828	\$ (17,801)	\$ (501)	\$ 433,526

Depreciaton expense was charged \$17,117 and \$17,801 for years 2019 and 2018.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

Various directors of NACO also serve on the board of the Indigent Accident Fund, an agency that contracts with NACO for claims administration. Revenues of \$70,000 in 2019 and \$65,000 in 2018 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.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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**NOTE 4 - RELATED PARTY TRANSACTIONS (continued)**

NACO contracted with PARMS for bookkeeping services and paid fees of \$6,000 and \$12,000 in 2019 and 2018. Nevada Risk Pooling was formed and became operational July 1, 2019 for the purpose of assuming the responsibilities of PARMS and thereby provided bookkeeping services to NACO. Nevada Risk Pooling, Inc. is a non-profit organization servicing the same government organizations as PARMS had in the past.

**NOTE 5 – LEASES**

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. The expenses charged to expense for 2019 and 2018 was \$2,790 for each year. Remaining lease payments are \$2,790 for the year ended December 31, 2020.

**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 employers 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 service. 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.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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**NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)**

The Plans' provisions and benefits in effect at December 31, 2019 are summarized as follows:

	Prior to	Between July 1, 2001	On or after	On or after
Hire date	<u>July 1, 2001</u>	<u>and January 1, 2010</u>	<u>January 1, 2010</u>	<u>July 1, 2015</u>
Benefit formula	2.50%	2.67%	2.50%	2.25%
Benefit vesting option 15 years service @65		5 years service @65	5 years service @65	5 years service @65
Benefit vesting option 20 years service @60		10 years service @60	10 years service @62	10 years service @62
Benefit vesting option 3 <sup>3</sup>	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%

For the year ended December 31, 2019, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$78,533
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***B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

As of the valuation date of June 30, 2019, 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	\$536,067

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, 2019, 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, 2019 rolled forward to December 31, 2019 using standard update procedures.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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**NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)**

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, 2018 and 2019 was as follows:

June 30, 2018	0.00412%
June 30, 2019	0.00393%
Change-Increase (decrease)	-0.00019%

For the year ended December 31, 2019, NACO recognized a pension expense of \$57,102.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (10,591)
Changes in assumptions	(7,759)	-
Net difference between projected and actual earnings on pension plan investments	2,519	23,995
Changes in proportion and differences between NACO contributions and proportionate share of contributions	144,261	122,520
NACO contributions subsequent to the measurement	39,267	-
Total	<u>\$ 178,288</u>	<u>\$ 135,924</u>

\$39,267 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, 2019.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2019 and 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 without regard to contributions subsequent to the measurement date, are expected to be recognized as pension expense as follows:

<b>Measurement Period Ended June 30:</b>		
2021	\$	1,509
2022		(10,168)
2023		2,794
2024		3,460
2025		1,967
2026		3,699
Thereafter		-
	<u>\$</u>	<u>3,261</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial Cost Method	Entry -Age Normal Cost
Actuarial Assumptions:	
Inflation	2.75%
Projected salary increase	4.25-13.9%
Productivity pay increases	0.50%
Investment rate of return	7.50%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience review completed in 2019. Further details of the Experience Study can be found on the PERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2019. 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, 2019 was projected to be available to make all projected future benefit payments of currently active and inactive employees.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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**NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)**

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, 2019 and June 30, 2018.

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 can 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](http://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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Geometric Expected Real Rate of Return*</b>
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

\*As of June 30, 2019, PERS' long-term inflation assumption was 2.75%



**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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**NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (continued)**

*Sensitivity 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, 2019, 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:

	<b>Discount rate -1% (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>Discount Rate +1% (8.5%)</b>
Misc. Tier1	\$829,766	\$536,067	\$291,611

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is 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 voluntary and are made on a pre-tax basis. Employer contributions are discretionary and for 2019 and 2018 the organization elected to not make any contributions. Employees contributed \$13,000 and \$12,175 for the years ended 2019 and 2018. 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. If 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 –SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure within the financial statements for the year ended December 31, 2019. The following is disclosed as part of that evaluation.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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**NOTE 9 –SUBSEQUENT EVENTS (continued)**

On March 17, 2020 the Governor of Nevada declared a health emergency and issued an order to close all nonessential businesses until further notice. In response, NACO implemented a remote work policy for most employees, who worked from home until June 22nd, and then returned to on site operations following the Governor's implementation of Phase 2 of the Nevada plan for reopening. While NACO expects this matter to negatively impact its results of operations, cash flows and financial position, the related impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through August 3, 2020 which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
 SUPPLEMENTAL INFORMATION – BUDGET TO ACTUAL COMPARISON  
 December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>OPERATING REVENUES:</b>				
Membership dues	\$ 361,491	\$ 361,491	\$ 361,491	\$ -
Public lands assessment dues	134,936	134,936	134,936	-
Conference fees	35,395	35,395	73,740	38,345
Indigent accident and supplemental programs	70,000	70,000	70,000	-
National programs and associate sponsors	35,000	35,000	43,670	8,670
Interest income	15,000	15,000	118	(14,882)
Other income	-	-	15,801	15,801
<b>Total operating revenues</b>	<b><u>651,822</u></b>	<b><u>651,822</u></b>	<b><u>699,756</u></b>	<b><u>47,934</u></b>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	441,422	441,422	334,571	106,851
Pension expense	-	-	57,102	(57,102)
PEBP post retirement benefits	1,552	1,552	1,739	(187)
Building maintenance, repairs & property tax	35,996	35,996	10,642	25,354
Utilities	8,407	8,407	8,407	-
Legislative	5,000	5,000	5,518	(518)
Membership conference	35,000	35,000	34,086	914
Publications and printing	17,734	17,734	7,722	10,012
Office and other operating expense	61,387	61,387	66,036	(4,649)
Staff and representative travel	37,000	37,000	27,917	9,083
Vehicle expenses	3,000	3,000	6,680	(3,680)
Professional fees	18,388	18,388	20,872	(2,484)
Special projects and studies	15,000	15,000	-	15,000
Depreciation and amortization	-	-	17,117	(17,117)
<b>Total expenses</b>	<b><u>679,886</u></b>	<b><u>679,886</u></b>	<b><u>598,409</u></b>	<b><u>81,477</u></b>
<b>Operating income</b>	<b>(28,064)</b>	<b>(28,064)</b>	<b>101,347</b>	<b>129,411</b>
<b>NON-OPERATING REVENUES</b>				
Increase in non-operating investment income	15,000	15,000	56,547	41,547
<b>Total non-operating revenues</b>	<b><u>15,000</u></b>	<b><u>15,000</u></b>	<b><u>56,547</u></b>	<b><u>41,547</u></b>
<b>Increase (decrease) in Net Position</b>	<b><u>\$ (13,064)</u></b>	<b><u>\$ (13,064)</u></b>	<b><u>\$ 157,894</u></b>	<b><u>\$ 170,958</u></b>

See accompanying notes

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
SUPPLEMENTARY PENSION INFORMATION  
For Years Ended June 30, 2019 and 2018**

**SCHEDULES OF NACO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST TEN YEARS**

	Measurement Dates				
	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.00393%	0.00412%	0.00491%	0.00475%	0.00381%
Proportionate share of the net pension liability (asset)	\$536,067	\$561,269	\$653,604	\$639,269	\$436,508
Covered payroll	\$279,805	\$286,989	\$303,568	\$287,689	\$228,334
Proportionate share of the net position liability (asset) as a percentage of its covered payroll	191.59%	195.57%	215.31%	222.21%	191.17%
Plan fiduciary net position as a percentage of the total pension liability	76.5%	75.1%	74.5%	75.1%	75.1%

**SCHEDULES OF CONTRIBUTIONS LAST TEN YEARS**

	2019	2018	2017	2016	2015
Contractually required contribution	\$78,346	\$80,357	\$84,999	\$80,553	\$58,796
Contributions in relation to the contractually required contribution	(\$78,346)	(\$80,357)	(\$84,999)	(\$80,553)	(\$58,796)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
NACO's covered employee payroll	\$279,805	\$286,989	\$303,568	\$287,689	\$228,334
Contribution as a percentage of covered employee payroll	28.00%	28.00%	28.00%	28.00%	25.75%

See accompanying notes

## Agenda Item 9

# NACO ASSOCIATE MEMBER INFORMATION

### Company Information (please print or type)

Company Name

Headquarters Address

City

State

Zip

Phone

Fax

Company Website

### Official Company Representative (please print or type)

First Name

Last Name

Title

Address (if different from above)

Phone

Fax

Cell

E-mail

Additional/Alternate Company Contact (Name & E-mail)

Please provide a brief summary of what your firm does and how an Associate Membership with NACO will be mutually beneficial.

Thank you for your interest in joining NACO!

Please return your completed application to us at: 304 S. Minnesota St.  
Carson City, NV 89703  
or via E mail at: [aevans@nvnaco.org](mailto:aevans@nvnaco.org)

## Agenda Item 12b



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Press Release

U.S. Fish and Wildlife Service and NOAA Fisheries Propose Regulatory Definition of Habitat Under Endangered Species Act  
Changes would improve clarity around description of habitat, address Supreme Court ruling

July 31, 2020

**Contact(s):**

Brian Hires, 703-358-2191, [brian\\_hires@fws.gov](mailto:brian_hires@fws.gov)

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The U.S. Fish and Wildlife Service and the National Marine Fisheries Service have proposed a regulatory definition of the term “habitat” that would be used in the context of critical habitat designations under the Endangered Species Act (ESA). The proposed definition is part of the efforts of the Trump Administration to balance effective, science-based conservation with common-sense policy designed to bring the ESA into the 21st century.

“Our proposed definition of habit is intended to add more consistency to how the Service designates critical habitat under ESA,” **said Rob Wallace, Assistant Secretary for Fish and Wildlife and Parks**. “Improving how we apply this important tool will result in better conservation outcomes and provide more transparency for countless stakeholders such as private landowners, industry, and states.”

“The Court’s ruling provides the Trump Administration and Secretary Bernhardt the opportunity to create a new definition that will help ensure that all areas considered for critical habitat first and foremost meet the definition of habitat. We are proposing these changes on behalf of improved conservation and transparency in our processes for designating critical habitat,” **said Fish and Wildlife Service Director Aurelia Skipwith**. “We value public input, especially on actions that directly impact our many stakeholders which range from industries to private landowners.”

Nearly three years ago, the Department of the Interior and the Department of Commerce began considering improvements to the regulations the federal government uses to implement the ESA to make them more efficient and effective. Last year (<https://www.doi.gov/pressreleases/endangered-species-act>), the Service finalized regulatory changes ([https://www.fws.gov/news/ShowNews.cfm?ref=trump-administration-improves-the-implementing-regulations-of-the-&\\_ID=36443](https://www.fws.gov/news/ShowNews.cfm?ref=trump-administration-improves-the-implementing-regulations-of-the-&_ID=36443)) to section 4 of the ESA dealing with the listing, delisting and critical habitat, and to section 7 consultation processes. Today’s proposed definition of habitat will continue to improve implementation of the ESA and will address a 2018 Supreme Court ruling in a case regarding dusky gopher frog critical habitat (*Weyerhaeuser Co. v U.S. FWS*) that any area designated as critical habitat must also be habitat for the species.

The ESA defines critical habitat (<https://www.fws.gov/endangered/what-we-do/critical-habitats-faq.html>) and establishes separate criteria depending on whether the area is within or outside the geographical area occupied by the species at the time of listing. It does not define the broader term “habitat,” however, and the Services have not previously defined this term in implementing regulations. Combined with last year’s regulatory reform (<https://www.govinfo.gov/content/pkg/FR-2019-08-27/pdf/2019-17518.pdf>), these actions will increase the clarity of the ESA, improve partnerships, stimulate more effective conservation on the ground, and improve consistency and predictability around critical habitat determinations.

“Protecting, conserving and recovering endangered and threatened marine species and their habitat is a collaborative effort among federal, state, tribal and local officials, as well as non-governmental organizations and private citizens. For more than 45 years, the Endangered Species Act has enabled this collaboration. As such, we encourage our partners and the public to submit comments on this proposed action,” **said Chris Oliver, Assistant Administrator, NOAA Fisheries**.

As defined in the proposed rule (<https://www.fws.gov/endangered/what-we-do/critical-habitats.html>), habitat contains food, water, cover or space that a species depends upon to carry out one or more of its life processes. This broad definition includes both occupied and unoccupied critical habitat.

The proposed rule was sent to the *Federal Register* on July 31, 2020, and public comments will be accepted for 30 days upon its publication. The Service will post all comments on <http://www.regulations.gov> (<http://www.regulations.gov>). This generally means the agency will post any personal information provided through the process. The Service is not able to accept email or faxes.

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*The mission of the U.S. Fish and Wildlife Service is working with others to conserve, protect, and enhance fish, wildlife, plants, and their habitats for the continuing benefit of the American people. We are both a leader and trusted partner in fish and wildlife conservation, known for our scientific excellence, stewardship of lands and natural resources, dedicated professionals, and commitment to public service. For more information on our work and the people who make it happen, visit [www.fws.gov](http://www.fws.gov) (<https://www.fws.gov/>).*

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<https://www.federalregister.gov/documents/2020/08/05/2020-17002/endangered-and-threatened-wildlife-and-plants-regulations-for-listing-endangered-and-threatened>