

NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting

August 23, 2024, 9:30am

NACO Conference Room

304 South Minnesota Street

Carson City, NV 89702

NOTICE TO THE PUBLIC:

The public may provide public comment in advance of a meeting by written submission to the following email address: 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 not 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: (669) 900-9128 Meeting ID: 862 9822 7594 Passcode: 765917

AGENDA

Some NACO Board members may attend via remote technology 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 July 26, 2024, NACO Board of Directors Meeting. **For Possible Action**
6. Update on the 2024 NACO Annual Conference, Hosted by Carson City.
7. Presentation of NACO's 2023 Financial Audit, Michael Bertrand, Bertrand and Associates, LLC. **For Possible Action**
8. Update from the Nevada Department of Conservation and Natural Resources, James Settelmeyer, Director.
9. Update from NACO Legislative Committee, Including Possible Approval of NACO Bill Draft Requests for the 2025 Session of the Nevada Legislature. **For Possible Action**
10. Update from NACO Public Health Coordinator, Including Approval of Support for State Funding of Public Health and the Creation of the Public Health Infrastructure Fund. **For Possible Action.**

11. Update from NACO Subcommittee on Association By-Laws.
12. **Update and Possible Action.** Regarding Public Lands and Natural Resources Issues Affecting Counties Including:
 - a. Updates from the NACO Public Lands and Natural Resources Subcommittee.
13. Updates from Members of the National Association of Counties Board of Directors and Western Interstate Region (W.I.R.) Board of Directors.
14. NACO Board Member Updates.
15. Public Comment. Please Limit Comments to 3 Minutes.

Adjournment.

**Time certain agenda items are not a guarantee of start times, they are approximate, but will not commence before the time listed on the agenda.*

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 Berg at (775) 883-7863. Supporting material will be available at the NACO office and on the NACO website at: www.nvnaco.org

This agenda was posted at the following locations:

NACO Office 304 S. Minnesota Street, Carson City, NV 89703

Washoe County Admin. Building 1001 E. Ninth Street, Reno, NV 89520

Elko County Manager's Office 540 Court Street #101, Elko NV 89801

POOL/PACT 201 S. Roop Street, Carson City, NV 89701

NACO website: www.nvnaco.org

NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting

July 26, 2024, 9:30am

NACO Conference Room

304 South Minnesota Street

Carson City, NV 89702

UNADOPTED MINUTES

Attendance: President Giomi, Vice President Gardner, Past President Higbee, Esmeralda County Commissioner Keyes, Humboldt County Commissioner Tipton, Lander County Commissioner Helming, Lincoln County Commissioner Reese, Lyon County Commissioner Henderson, Nye County Commissioner Boskovich, Pershing County Commissioner Crim, Storey County Commissioner Carmona, Washoe County Commissioner Andriola, White Pine County Commissioner VanCamp and NACO Staff (Vinson Guthreau, Jennifer Berthiaume, Jacob Brinkerhoff, Amy Hyne-Sutherland and Amanda Berg)

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

1. **Public Comment.** None was given.
2. **Approval of Agenda.** President Giomi informed the Board that item 9 would be postponed at the request of the presenter. He also noted that items may be taken out of order due to the time certain item 6. The agenda was approved by consensus of the Board.
3. **NACO President's Report.** President Giomi thanked the Commissioners who attended the National Association of Counties (NACo) Annual Conference, noting that he received great feedback on the Conference. He discussed the continued work on the Association's upcoming Annual Conference and informed the Board that presentations by the State Agency Directors that began with the presentation from the Department of Agriculture in May would continue with a presentation from NDOT under item 6 and that more would be scheduled in the coming months.
4. **NACO Executive Director's Report.** Vinson also thanked the Commissioners who attended the recent NACo Annual Conference and noted that the dinner held during the event was well attended and enjoyable. Vinson ended his remarks by noting that any additional comments he had would be covered under the agenda items.
5. **Approval of Minutes of the May 30, 2024, NACO Board of Directors Meeting.** The minutes were approved on a motion by Past President Higbee with second by Commissioner Henderson.
6. **(Time Certain: 10:00am) * Update from the Nevada Department of Transportation (NDOT), Tracy Larkin Thomason, Director.** Ms. Thomason gave the Board an overview of the Department, noting several changes in staffing in leadership roles. She discussed the different revenue sources of the Department and how they collectively make up the 900 million-to-1-billion-dollar biennial budget including the funds that are shared with the DMV and Department of Public Safety projects. Ms. Thomason also noted that the majority of the Department's funding comes from fuel taxes and that those rates have not changed since

1993. She discussed engagement with Rural counties and encouraged communication on local projects that intersect with State roads, noting that they are willing to help pay for {ancillary} things like sidewalks, lighting etc. that have impacts to public safety, further mentioning that there is information online about projects that have been completed and how dollars are spent. She also spoke about local road safety plans that the Department conducts and how those plans can help inform local decisions on projects to improve safety in our communities. Ms. Thomason also encouraged counties to work with the Department on the next call for projects of the Transportation Alternative Program (TAP), in 2027 but noted that the Department will work with Counties in the years prior to the call to ensure that applications are completed with the most chance of successful outcomes. She also clarified that the projects submitted under the TAP program do not have to be on State owned roadways. Ms. Thomason also discussed the completion of a study regarding passing and climbing lanes on HWY's 93 and 95, as well as installation of increased signage of those lanes as they are completed. She also gave an overview of sample projects, noting that some are multi-phase projects due to the need to complete infrastructure projects and improvements before surface improvements. The US 50 study was discussed, and President Giomi noted that it was very useful to Carson City's RTC because it provided recommendations on the benefits of smaller projects that had large impacts to safety on the road within Carson City. The multi-jurisdictional Red Rock Legacy Trail was also discussed which is a collaboration of the Department, Clark County, and the State Parks Department. Challenges being experienced with NDOT include inflation outpacing revenue growth, staff vacancies, specifically within the center of the state and within the engineering and maintenance arenas. Commissioner Helming noted that the Austin office has no staff nor housing, and low wages are a problem. The Director acknowledged those challenges and informed the Board that an Executive Order of the Governor gives her the ability to hire above starting salary levels. She also reminded the Board that she is happy to visit the counties at their request beyond the yearly workshops they conduct to discuss needs and projects within the counties. Commissioner Henderson thanked the Director for the attention to issues in the Moundhouse area, noting issues with passing lanes on HWY 95A, and inquired as to what is being done for lost fuel tax revenue due to electric vehicles. The Director informed the Board that working groups will be presenting to the Interim Finance Committee and noted that fully electric vehicles are only a small percentage of the issue with revenue loss, noting the hybrid vehicles are a bigger issue. She stated that they are looking at multiple options including flat fees and kilowatt taxes. President Giomi noted that Carson City will have a government services tax on the ballot to help with their road funding issues. Commissioner Andriola inquired about a vehicle miles traveled average and Ms. Thomason informed the Commissioner that they are having conversations with the DMV about that option, but that it would depend on what the DMV technology system can effectively manage. Commissioner Andriola concluded the item by thanking the Director for the recent improvements to Pyramid Highway and noted that the community participation included in the enhancement of the soundwalls was greatly appreciated.

7. **Approval of a NACO Resolution Honoring and Thanking Eureka County for Hosting the May 2024 Board of Directors meeting for the Nevada Association of Counties (NACO).** President Giomi read the resolution into the record. The resolution was approved on a motion by Past President Higbee with second by Commissioner Andriola.
8. **Update on the 2024 NACO Annual Conference, Hosted by Carson City.** Amanda reminded the Board the conference will be held September 24-26 at the Carson City Community Center and noted that staff are hard at work planning for the educational sessions. She also informed the Board that the Keynote Speaker for the general session had been confirmed and that Early Bird registration would end on August 16th. President Giomi

also reminded the Board that the Carson City Librarian is continuing research on the history of the Association and would present at the conference. He also encouraged the Board to attend the President's Reception that will occur at the historic Nevada State Prison and the Annual Banquet in the Fandango Ballroom.

9. **Presentation of NACO's 2023 Financial Audit, Michael Bertrand, Bertrand and Associates, LLC.** This item was tabled at the request of Mr. Bertrand.
10. **Discussion and Presentation Regarding Local Fiscal and Budgetary Transparency, Andy Matthews, Nevada State Controller.** Controller Matthews thanked the Board for the opportunity to address them and noted that government transparency is extremely important to the Controller's office. He informed the Board that all State spending has been placed online in the Nevada Open Finance Portal which went live in February. Mr. Matthews explained that the cost of the portal fit within the scope of the multiple technology upgrades occurring throughout State offices and that it was completed by Tyler Technologies. He also informed the Board that the project received support from both the public and the press, noting that it significantly reduced the number of FOIA requests received by his office. Controller Matthews shared his vision of including search capabilities for the counties and cities as well, noting that transparency is an important part of good governance, and he noted that Carson City already has their fiscal information online and that Washoe County is working towards that goal. Mr. Matthews shared that he was pleasantly surprised by the cost of the project noting that implementation and hosting for three years was less than \$1/4 million, and informing the Board that he would be happy to make introductions to the people he had worked with at Tyler Technologies if any of the counties were interested. President Giomi remarked that when Carson City's site was down in 2021 to transition to their new site their FOIA requests increased significantly. Past President Higbee inquired as to what information the Controller's Office needed from the counties and Mr. Matthews clarified that the State's information updates in real time, but that the State site would provide links to the county's individual websites. President Giomi inquired as to if there was a possibility to create a contract with Tyler based on multiple counties and therefore create a cost savings due to economy of scale principles. Mr. Matthews stated that he couldn't promise that Tyler would do that type of contract but that it was certainly worth exploring. Commissioner Andriola noted that their contract includes a clause that allowed for changes to the contract if a scale agreement is reached. Mr. Matthews closed the item by noting that the State could not do a top-down implementation for the counties but that his office is willing to facilitate conversations and help where they are able. President Giomi also noted that Carson City can help answer questions as well.
11. **Discussion and Recap of the 2024 NACo County Leadership Institute in Washington, D.C., Commissioner Tammi Hendrix, Lyon County.** Vinson gave the Board an overview of the Institute and reminded them that they approved payment of the tuition for Commissioner Hendrix to attend the Institute. Commissioner Hendrix thanked the Board for the opportunity to attend the event. She noted that while attendees are encouraged not to share too much about the content to ensure future attendees are able to gain the most from their time, she did inform the Board that her experience was focused on adaptive leadership in an ever-changing society. She also noted that there was content on collaboration and keeping divisive people at the discussion table. She concluded the item by encouraging the Board to continue to send Commissioners to the Institute as she found it extremely valuable.

12. **Update from NACO Legislative Committee, Including Possible Approval of NACO Bill Draft Requests (BDR) for the 2025 Session of the Nevada Legislature.** Jennifer thanked the Committee for all their hard work over the past months and directed the Board's attention to the Summary of the proposed NACO BDRs included in the agenda packet, noting that the individual proposals were up for the Board's review and possible approval. Vinson also noted that the recommendation from the Committee is for approval of the proposed BDRs. He also clarified that the BDR regarding voter signature requirement was not to exclude review of signatures for accuracy but to ensure election integrity by allowing review but to also protect the voter signatures by not allowing reproduction or distribution outside county offices. President Giomi inquired about a county pay bill and the Board was informed that staff had made a presentation to the interim Government Affairs Committee and spoke to the issue and stated that NACO will support a bill that includes equity of pay for local elected officials that includes language that will allow counties to have flexibility. He noted that talks were also happening with members of the Assembly Government Affairs committee and that he believes a possible solution will be seen during the upcoming Session. Vinson then reminded the Board that the Committee recommends approval of the proposed BDRs. The four proposed BDRs were approved on a motion by Commissioner Andriola with a second by Commissioner Helming.
13. **Update from NACO Public Health Coordinator.** Amy Reminded the Board of the workshop on Public Health Governance that would take place the following Friday and gave them an overview of the content and the speakers. She informed the Board that the final meeting for the Foundational Public Health Services Survey was held in Lincoln County and that she expects to be able to share the results in September. Amy informed the Board that the SB118 funds had been dispersed by the State and discussed the recent halting of the Purdue Settlement. She informed the Board that Deputy Attorney General {Mark} Krueger is working on what effects that decision will have on the funds available for distribution.
14. **Update and Possible Action. Regarding Public Lands and Natural Resources Issues Affecting Counties Including:**
- a. **Updates from the NACO Public Lands and Natural Resources Subcommittee.** Jacob announced that it would be his last meeting as the Natural Resources Manager, as he had accepted another position. He thanked the Board for the opportunity to serve NACO and hoped for the opportunity for future collaboration with NACO if the opportunity arose. Vinson thanked Jacob for the fantastic job he had done on behalf of the Board and NACO and informed the Board that the position would be posted soon. The Board was informed that the Subcommittee had received a presentation from the Division of Minerals, discussed the draft legal memorandum the Board approved participation on from Holland and Hart regarding landscape level planning decisions of the Agencies being conducted in Washington instead of at the local level, including discussing the issue with the Governor's office. The Subcommittee also discussed federal legislation and the Chevron deference case and what that may mean for counties. Past President Higbee noted that he had learned that rural counties that assume patented mining claims for auction for past due property taxes also assume liability until sale. Commissioner Tipton thanked Jacob for his service to the Subcommittee and encouraged members of the Board to send letters to the Governor asking for support on discussions regarding the issue with landscape level planning and other public lands issues.
15. **Updates from Members of the National Association of Counties Board of Directors and Western Interstate Region (W.I.R.) Board of Directors.** Commissioner Tipton informed

the Board that the WIR meeting had been canceled and therefore he did not have an update. Past President Higbee noted that the Annual Conference in Tampa was a great event and encouraged the Board to have their staff look at the programs that NACo has available. He also noted that the Agriculture Steering Committee had discussed the issue of RS2477 roadways.

16. **NACO Board Member Updates.** Members of the Board gave updates on activities within their counties.

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

The meeting was adjourned at 11:22 a.m.

BERTRAND & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
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June 14, 2024

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

Vinson Guthreau, Executive Director
Alan Kalt, Fiscal Officer

RE: 2023 Audit Committee Letter

Dear Mr. Guthreau 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 2023 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. However, we did find significant deficiencies as noted below. We report below our findings and 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. We recommend that a manual be developed which can document controls.

NACO staff receive sponsorship registrations and most deposits through the mail and track sponsorship registration on an excel worksheet. The bookkeeper later records the receipts and reconciles the bank statement. It was noted that the amount shown in the books for sponsorship revenues did not agree to the worksheet listing registrations.

We recommend that an annual reconciliation between the financial statement sponsorship revenue and the excel schedule of registrants be prepared by the bookkeeper. This will help to identify unpaid registrations.

We recommend that all receipts supporting credit card charges be retained.

3 - Disbursements tests performed

We tested disbursement controls, selecting a sample to provide a 95% confidence level.

	Total			Total	Total	
	Total	Disbursements	Percent	Disbursements	Disbursements	Percent
	Disbursements	Tested (\$)	Tested	Count	Tested (Count)	Tested
Disbursements	\$ 1,478,337	\$ 1,384,509	94%	250	60	24%

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.

Findings: It was noted that although credit card statements are reviewed for the appropriateness of the charges and approved by the Executive Director, there were many instances where there were no receipts to support the charge listed on the bank card statement.

We recommend as a best practice that receipts always be submitted to support charges on credit card statements and kept as part of the documentation to support the expenditure. Though there were many more receipts than last year to document charges, we recommend all receipts be kept. If an exception is desired for de minimis amounts, we recommend that the policy be adopted by management and documented in the accounting manual.

4-Sponsorship fees schedule

The Sponsorship fees worksheet prepared by the NACO secretary did not agree with the balance shown on the financial statements. We recommend that at least annually before year-end that NACO staff forward the worksheet to the bookkeeper for reconciliation.

In addition to the above adjustments, a previous year receivable of \$5,600 from Join Inc. was removed from the NACO staff worksheet and not provided to the bookkeeper or management for approval of the write-off. Upon further examination, it was not to be written off and was still an outstanding receivable that the sponsor has acknowledged is valid and will remit payment. We recommend that the sponsor worksheets be reconciled to the books monthly and any write-off of balances be approved by management. We also recommend that receivables greater than 90 days past due be presented to management for evaluation.

We also recommend that members' dues, conference fees, and any other invoices prepared by NACO staff be provided monthly to the bookkeeper to be recorded and tracked. Should there later be changes relating to those invoice amounts such as being written off, management should approve the write-off.

5 – Proposed audit adjustments

The following adjustments were proposed to management and accepted and recorded as of December 31, 2024.

1. 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, 2023.
2. A small rounding adjustment of \$26 was made for leases.
3. A one-time consulting contract that was recorded as professional expense was reclassified to the account contract services to provide better comparability of expenses between years.
4. As part of reconciling the sponsorship schedule to the books in the prior year, an adjustment was proposed last year to recognize a receivable of \$5,600 from Join Inc. of sponsorship fees. The receivable was outstanding at year end.
5. Public lands receivable was removed as there is not an obligation of the members to pay the voluntary public lands assessment to National NaCO. The corresponding payable to the national NaCO organization was removed. Amounts become payable only when NACO receives member contributions to remit to the national organization.
6. Public lands revenue was increased by \$40,445 due to a correction discovered in performing the reconciliation.

Nevada Association of Counties

Audit Committee letter

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7. Member fees were overstated by \$5,610 for one member and the corresponding 1% public lands basement was understated by the same amount. A reclassification entry was made.

There were no other proposed adjustments to management.

Management and staff were very helpful in providing items requested on a timely basis. If you have any questions, please do not hesitate to contact us.

Sincerely,

Bertrand & Associates, LLC

Bertrand & Associates, LLC

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June 14, 2024

To the Board of Directors
Nevada Association of County 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 County Commissioners (NACO)** for the year ended **December 31, 2023**. 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 October 17, 2023, 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 October 17, 2023.

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. GASB 87 for the reporting of leases is a new accounting standard that NACO implemented in 2023. The application of existing policies was not changed during the fiscal year audited.

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.

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 disclosure affecting the financial statements was regarding GASB 68 which records pension liability. The pension amounts are prepared by PERS in an actuarial study and are available to the public on their website.

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 Misstatements

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. As part of reconciling the sponsorship schedule to the books in the prior year, an adjustment was proposed last year to recognize sponsorship fees receivable of \$5,600 from Join Inc. That receivable had been erroneously removed and has since been re-stated and collected.
3. Public lands receivable was removed as there is not an obligation of the members to pay the voluntary public lands assessment to national NACo. The corresponding payable to the national NACo organization was removed. Amounts become payable only when NACO receives member contributions to remit to the national organization.
4. Public lands revenue was increased by \$40,445 due to a correction discovered in performing the reconciliation.

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, which 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 June 14, 2024.

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 of 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 recommendations in the Audit Committee 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,



Bertrand & Associates LLC

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
FINANCIAL STATEMENTS
December 31, 2023, and 2022

**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

Opinion

We have audited the accompanying statement of net position—proprietary fund of the Nevada Association of County Commissioners (NACO), a non-profit corporation, as of December 31, 2023 and 2022 and the related statements of revenues and expenses and changes in net position—proprietary fund and statement of changes in cash flows—proprietary fund for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada Association of County Commissioners as of December 31, 2023 and 2022 and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nevada Association of County Commissioners and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about NACO's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nevada Association of County Commissioners' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NACO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 5 through 8, budgetary comparison information, page 24, and GASB 68 required supplementary information, page 25, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

Carson City, Nevada
June 14, 2024

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 slightly in 2023 by \$240,058 from \$1,904,694 to \$2,144,749. Total current assets increased by \$246,459 from \$1,370,786 to \$1,617,245. This is due in large part to cash and investments increasing \$198,275 as well as an increase in accounts receivable of \$48,304 due to the timing of the collections on accounts. There was a slight reduction to the fixed assets net of depreciation reducing from \$394,764 to \$390,287 due to depreciation during the year.

NACO's total liabilities and deferred inflows of resources combined for \$828,633 in 2022 compared to 2023 of \$1,260,317 an increase of \$431,684 during the year. There was an increase in current liabilities of \$52,504 due to increases in the public land assessment payable of \$39,910, accounts payable increase of \$283 and compensated absences of \$11,778. The PERS net pension liability increased to \$952,234 from \$632,929 whereas, the deferred pension inflows reduced from \$143,791 to \$107,093. See Note 6 for more information.

NACO's Net position increased slightly from \$1,355,005 to \$1,372,185 representing an increase of \$17,180 or 1.3% from the prior year. The unrestricted portion in 2023 is \$844,681 or 61.6% of net position with the remaining \$527,504 or 38.4% invested in capital assets, net of related debt. The unrestricted portion represents 83.5% of the 2023 total expenses of \$1,011,132. This represents a strong net position for NACO.

NACO's primary revenue resources remain county membership dues, including public lands assessment dues and conference fees at \$638,736 and increase of \$48,790 compared to prior year amount of \$589,946. This increase is due to an increase in membership dues and public land assessments as approved by the Board. Lander County rejoined NACO in 2023. 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, national programs, a grant award of \$214,153 and interest income.

As a service organization, NACO's largest expenses are salaries and related costs. In 2023, these expenses were \$781,870 or 77.3% of the total 2023 expenses. This represents an increase in the prior year's costs of \$247,389 due to full staffing and the additional grant position. Other operating expenses increased from \$220,546 to \$229,262, an increase of \$8,716. Office and other operating expenses increased due to grant position and full staffing during the year. Staff and representative travel increased due to the lifting of COVID restrictions and more in-person member visits.

Non-operating net investment income increased from (\$69,859) to \$86,359 in 2023 due to the federal reserve board raising interest rates significantly in 2022 which created higher investment yields. In addition, an overnight sweep account was established which significantly increased investment income on the cash in bank. Investment balances increased from \$696,081 to \$715,994 in market value on December 31, 2022, and 2023.

As noted in the Statement of Cash Flows, cash increased from \$596,999 on December 31, 2022, to \$774,361 on December 31, 2023. There was an increase of \$55,446 in cash for investing activities as purchases of securities and interest and dividends and net gains on investments during the year. See the statement for greater details on the cash transactions.

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. Historically, NACO has enjoyed 100% county participation with 17/17 counties paying their fully assessed dues. During 2021, one of the rural counties left the association and no longer participates in NACO. This County has since returned to NACO in March 2023 to make NACO a 100% organization. Any significant 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 below to display the changes in assets, deferred outflows, deferred inflows liabilities and net position.

By far, the largest portion of NACO assets continues to be current assets \$1,617,245 on December 31, 2023. The two largest current assets are cash and investments with balances of \$774,361 and \$715,994, respectively. See Note 2 Deposits and Investments for more information.

At the end of the fiscal year, NACO's total liabilities for the year ending December 31, 2023, totaling \$1,054,191. Of this amount, current liabilities associated with accounts payable were \$23,027. The current ratio (Current assets/current liabilities) for 2023 is 16.5 to 1; meaning there are \$16.50 of current assets for every dollar of current liabilities. This compares to last year's ratio of 30:1.

Net Position increased from \$1,355,005 to \$1,372,185 during the year. The increase was in the Unrestricted portion from \$821,097 to \$844,681 in 2023. The Invested in capital assets reduced from \$533,908 to \$527,504 due to depreciation during the year. See the Condensed Statement of Net Position below:

Condensed Statements of Net Position	2023	2022	Change
ASSETS			
Current and other assets	\$ 1,617,245	\$ 1,370,786	\$ 246,459
Deferred outflows of resources	487,753	278,944	208,809
Fixed assets & right of use assets (net)	527,504	533,908	(6,404)
Total assets and deferred outflows	<u>2,632,502</u>	<u>2,183,638</u>	<u>448,864</u>
LIABILITIES			
Current liabilities	98,200	45,696	52,504
Deferred inflows of resources	206,126	143,791	62,335
Long-term liabilities	955,991	639,146	316,845
NET ASSETS			
Net position - unrestricted	844,681	821,097	23,584
Net position - invested in capital	527,504	533,908	(6,404)
Total liabilities, deferred inflows and net position	<u>\$ 2,632,502</u>	<u>\$ 2,183,638</u>	<u>\$ 448,864</u>

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

Condensed Statements of Revenues and Expenses	2023	2022	Change
REVENUE			
Membership dues and related revenues	\$ 638,736	\$ 589,946	\$ 48,790
Other income	303,217	229,384	73,833
Total operating revenues	<u>941,953</u>	<u>819,330</u>	<u>122,623</u>
EXPENSES			
Salaries and related costs	781,870	534,481	(247,389)
Other operating expenses	229,262	220,546	(8,716)
Total expenses	<u>1,011,132</u>	<u>755,027</u>	<u>(256,105)</u>
Operating net income	(69,179)	64,303	(133,482)
Non-operating investment income	86,359	(69,859)	156,218
Change in net position	<u>\$ 17,180</u>	<u>\$ (5,556)</u>	<u>\$ 22,736</u>

As noted above, total operating income increased \$122,623 or 15% during the year. This increase is primary due to NACO getting a grant award of \$214,153 compared to \$135,541 in 2022. Membership dues and related revenues increased by \$48,790 with the addition of Lander County and a slight increase in membership rates as approved by the Board. Total expenses increased \$256,105 or 33.9% during the year. Much of the increase is due to the grant program and being fully staffed during 2023. The investment income was \$86,359 due to higher investment yields and implementing a sweep account on the cash account.

Conclusions

NACO continues to be in a strong financial position showing a net position at the end of the year of \$1,372,185. Diversified investments and assets, including the office building, provide NACO with an important level of financial security and stability. 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. The organization takes its fiduciary responsibility very seriously and the positive financial results reflect the overall organization's success.

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 vguthreau@nvnaco.org or access the NACO web-site at NVNACO.ORG.

Vinson Guthreau

Executive Director

June 12, 2024

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF NET POSITION-PROPRIETARY FUND
December 31, 2023 and 2022

ASSETS

Current assets:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 774,361	\$ 596,999
Investments	715,994	696,081
Interest receivable	2,297	1,996
Accounts receivable	121,422	73,118
Other assets	3,171	2,592
Total current assets	1,617,245	1,370,786

Fixed Assets:

Fixed assets, net of accumulated depreciation	390,287	394,764
Land	131,000	131,000
Right of use asset - lease, net of amortization	6,217	8,144
Total net fixed assets	527,504	533,908
Total assets	2,144,749	1,904,694

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension outflows	487,753	278,944
Total deferred outflow of resources	487,753	278,944

LIABILITIES

Current Liabilities:

Accounts payable	23,027	22,744
Compensated absences	32,803	21,025
Current portion lease obligation	2,460	1,927
Public lands assessments payable	39,910	-
Total current liabilities	98,200	45,696

Non-current liabilities:

Lease obligation	3,757	6,217
PERS net pension liability	952,234	632,929
Total non-current liabilities	955,991	639,146
Total liabilities	1,054,191	684,842

DEFERRED INFLOWS OF RESOURCES

Deferred pension inflows	107,093	143,791
Deferred revenues	99,033	-
Total deferred inflow of resources	206,126	143,791

NET POSITION

Unrestricted	844,681	821,097
Invested in capital assets, net of related debt	527,504	533,908
Total net position	\$ 1,372,185	\$ 1,355,005

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES AND EXPENSES & CHANGES IN NET ASSETS-
PROPRIETARY FUND
Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Membership dues	\$ 393,934	\$ 361,895
Public lands assessment dues	145,734	136,823
Conference & sponsor revenues	99,068	91,228
Indigent accident and supplemental programs	70,000	70,000
National programs and associate members	19,064	23,843
Grant award	214,153	135,541
Total revenues	941,953	819,330
Expenses		
Salaries and employee benefits	605,331	436,026
Pension expense	174,133	96,115
PEBP post retirement benefits	2,406	2,340
Building & related costs	18,038	18,686
Legislative	16,508	2,929
Membership Conference	42,633	26,794
Publications and printing	2,500	6,577
Office and other operating expenses	70,384	93,568
Staff and representative travel	29,862	28,869
Vehicle expenses	8,797	7,481
Professional fees	22,243	21,777
Lease expense	2,820	2,820
Depreciation expense	15,477	11,045
Total expenses	1,011,132	755,027
(Decreases) increase in operating net position	(69,179)	64,303
Non-operating net investment income	86,359	(69,859)
Increase (decreases) in net position	17,180	(5,556)
Net position at beginning of year	1,355,005	1,360,561
Net position at end of year	\$ 1,372,185	\$ 1,355,005

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS—PROPRIETARY FUND
Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash receipts	\$ 992,682	\$ 781,162
Payments to employees	(593,553)	(437,731)
Payments to vendors	(277,213)	(308,599)
Net cash provided from operating activities	<u>121,916</u>	<u>34,832</u>
Cash flows from investing activities:		
Capital asset purchases	(11,000)	-
Sale of securities	63,662	70,129
Purchase of securities	(33,926)	(236,627)
Interest, dividends and net gains or losses on investments	36,710	13,013
Net cash (used) provided from investing activities	<u>55,446</u>	<u>(153,485)</u>
Increase (decrease) in Cash and Cash Equivalents	177,362	(118,653)
Cash and cash equivalents, beginning of fiscal year	596,999	715,652
Cash and cash equivalents, end of fiscal year	<u>774,361</u>	<u>596,999</u>
Reconciliation of operating income to net cash provided from operating activities:		
Net operating (loss) income	(69,179)	64,303
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation & amortization expense	15,477	11,046
Leased asset amortization	1,927	1,705
(Increase) in receivables	(48,304)	(38,168)
(Increase) in interest receivable	(301)	(301)
(Increase) in prepaid expenses	(579)	(235)
(Increase) decrease in deferred pension outflows	(208,809)	29,034
Increase in accounts payable and accruals	283	3,260
Increase in compensated absences	11,778	4,816
(Decrease) in lease obligations	(1,927)	(1,705)
Increase public lands assessment payable	39,910	-
Increase in PERS net pension liability	319,305	213,019
Increase in deferred revenues	99,033	-
Decrease in deferred pension inflows	(36,698)	(251,942)
Net cash provided by operating activities	<u>\$ 121,916</u>	<u>\$ 34,832</u>

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – OPERATIONS AND 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. NACO is treated as a governmental entity for accounting and presentation purposes. 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 for governmental entities. 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 are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Estimates:

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.

Budget:

The Board prepares an annual budget on a basis similar to generally accepted accounting principles. NACO is not under legal obligation to prepare a budget and it is used solely for management purposes.

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.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable:

Accounts receivable of \$121,422 in 2023 represent amounts received as reimbursment on a grant from the Division of Public & Behavioral Health department. In 2022 receivables of \$73,118 represent amounts earned but not received on the performance of the Indigent Accident Fund grant, the Supplemental grant and a grant from the Division of Public & Behavioral Health.

Fixed Assets:

Fixed assets are defined by the Board as assets with an initial individual cost of \$5,000 or more. Fixed assets are 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. Building improvements are depreciated over a period of 20 years and the office building cost is depreciated using the straight-line method over a period of 40 years with no salvage value.

Right of use assets are recorded in the financial statements net of amortization and the corresponding obligation as a liability. NACO has one right-of -use asset for a copier and the lease is classified as an operating lease The asset is amortized over the lease term using the straight-line method.

Compensated Absences:

Compensated absences are recorded when the liabilities are incurred. Accumulated benefits for vacation and sick leave are limited to a set maximum. Only vacation is payable upon retirement or termination and is reflected in the statements of net position.

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, other programs and investment income. NACO receives grants and contracts with a private vendor to administer the grants on behalf of NACO for the benefit of its members.

NACO received a federal grant sub-award from the State of Nevada on January 27, 2023 for the amount of \$296,977. The grant is for the period September 1, 2022 through June 30, 2024. The purpose of the grant is to help modernize Nevada's rural healthcare infrastructure through the efforts of a public health coordinator who is to consult with country governments and community stakeholders. The activities of the coordinator will be to survey existing public health programs, identify gaps in public behavioral health programs, analyze local, state and national data for recommendations and develop a formal proposal for improving behavioral health programs. NACO receives a 10% of revenues fee to reimburse their indirect costs. The grant was amended to extend to November 30, 2025 with the total grant budget being increased to \$340,813.

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, 2023, 2022, 2021 and 2020 are open to audit by the Internal Revenue Service.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

Management has evaluated subsequent events through June 14, 2024 which is the date the financial statements were available to be issued.

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, 2023 and 2022 was \$774,361 and \$596,999 respectively and the bank balance was \$777,123 and \$607,421. 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 \$407,273 in 2023 and \$242,499 in 2022. 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.

NACO categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 1 for 2023 and 2022 totaled \$715,994 and \$597,028. No Investments are categorized as Level 2 for 2023 and in 2022 \$99,053.

A summary of investments as of December 31, 2023:

	Fair Value	Investment Maturities in Years				S&P Rating
		1 year or less	1-5	5-10	Over 10	
U.S. Treasuries	\$ 101,193	\$ 28,750	\$ 59,949	\$ 12,494	\$ -	
U.S. Government & Agencies	8,767	3,940	4,827	-	-	
U.S. Mortgage-backed securities	44,687	5,621	26,079	8,349	4,638	
Certificates of deposits	207,460	103,818	83,884	19,758	-	
Corporate bonds	71,405	32,519	38,886	-	-	A to AAA
Equity securities	282,482	282,482	-	-	-	
Total cash and investments	<u>\$ 715,994</u>	<u>\$ 457,130</u>	<u>\$ 213,625</u>	<u>\$ 40,601</u>	<u>\$ 4,638</u>	

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

A summary of investments as of December 31, 2022:

	Fair Value	Investment Maturities in Years				
		1 year of less	1-5	5-10	Over 10	
U.S. Treasuries	\$ 132,207	\$ 33,067	\$ 68,119	\$ 31,021	\$ -	
U.S. Government & Agencies	8,588	-	8,588	-	-	
U.S. Mortgage-backed securities	63,595	3,013	25,033	28,912	6,637	
Certificates of deposits	155,901	-	155,901	-	-	
Corporate bonds	99,053	9,897	66,409	22,747	-	A- to AAA
Equity securities	236,737	236,737	-	-	-	
Total cash and investments	<u>\$ 696,081</u>	<u>\$ 282,714</u>	<u>\$ 324,050</u>	<u>\$ 82,680</u>	<u>\$ 6,637</u>	

Credit risk:

Credit risk is the risk of defaulting 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.

Concentration of Financial Risk:

NACO's investment managers limit investments in equities of any one issuer to 10% of the total investment portfolio. There are no concentrations limits on any industry, but the investment managers diversify the portfolio over various industries.

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 50% to 100% in fixed income securities, 0% -50% in equities and 0% to 100% in cash.

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 A-.

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 the building, the useful life is deemed to be 40 years and building improvements 20 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.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION (continued)

Activity for the years ended December 31 was as follows:

	Useful life	December 31, 2022			December 31, 2023		
			Additions		Dispositions		
Building and improvements	20-40	\$ 556,382	\$ 11,000	\$ -	\$ -	\$ 567,382	
Furniture and equipment	5 – 10	180,967	-	-	-	180,967	
Vehicles	5 – 10	32,878	-	-	-	32,878	
Total Assets		770,227	11,000	-	-	781,227	
Accumulated depreciation		(375,463)	(15,477)	-	-	(390,940)	
		\$ 394,764	\$ (4,477)	\$ -	\$ -	\$ 390,287	

		December 31, 2021			December 31, 2022		
			Additions		Dispositions		
Building and improvements	20-40	\$ 556,382	\$ -	\$ -	\$ -	\$ 556,382	
Furniture and equipment	5 – 10	180,967	-	-	-	180,967	
Vehicles	5 – 10	32,878	-	-	-	32,878	
Total Assets		770,227	-	-	-	770,227	
Accumulated depreciation		(364,418)	(11,045)	-	-	(375,463)	
		\$ 405,809	\$ (11,045)	\$ -	\$ -	\$ 394,764	

Depreciation expense charged was \$15,477 and \$11,045 for years 2023 and 2022.

NOTE 4 – RIGHT OF USE ASSETS

On July 6, 2021 NACO entered into a lease agreement with Xerox Corporation for a high-speed copy machine. The copier lease is classified as an operating lease with a minimum monthly payment of \$235 for 60 months. Lease payments are discounted at a 12% rate. Minimum lease payments as of December 31 are as follows:

	Gross asset balance	Accumulated amortization	Net asset balance
Xerox copier	\$ 10,500	\$ 4,283	\$ 6,217

Lease expense of \$2,820 has been recognized for the years ending December 31, 2023 and 2022.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4 – RIGHT OF USE ASSETS (continued)

The following table shows the maturity of the lease liability and the undiscounted cash flows to be made in the future.

December 31,	Maturity analysis		
	Cash	Interest expense	Liability reduction
2024	\$ 2,820	\$ 643	\$ 2,177
2025	\$ 2,820	\$ 360	\$ 2,460
2026	\$ 1,645	\$ 65	\$ 1,580

NOTE 5 - 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 2023 and 2022 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 for NACO in the absence of NACO's executive director with one other NACO authorized signer.

NACO contracted with Nevada Risk Pooling Inc. (NRP) for bookkeeping services and paid fees of \$12,000 for the years ended December 31, 2023 and 2022. Nevada Risk Pooling, Inc. is a non-profit organization providing bookkeeping services primarily to specific government organizations with relationships with Nevada Public Agency Insurance Pool and Public Agency Compensation Trust.

NOTE 6 –DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLANS

Defined Benefit Plan Description

The Public Employees Retirement System (PERS) administers a cost-sharing, multiple-employer, defined benefit pension plan, which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015.

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. Monthly benefit allowances for members are

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.50% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor.

The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 -579.

Vesting

Regular members entering the System prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service, or at age 55 with 30 years of service, or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. In one plan, contributions are shared equally by employer and employee. In the other plan, employees can take a reduced salary and have contributions made by the employer (EPC).

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions made are 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.

For the year ended December 31, 2023, the employer contribution rate was 29.75% and the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$	100,335
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NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

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

As of the valuation date of June 30, 2023, NACO reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

Miscellaneous plan	\$	952,234
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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, 2023, 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, 2023 rolled forward to December 31, 2023 using standard update procedures.

The Board's proportionate share of the net pension liability as of June 30, 2022 and 2023 was as follows:

June 30, 2022	0.00351%
June 30, 2023	0.00522%
Change-Increase (decrease)	0.00171%

For the year ended December 31, 2023, NACO recognized a pension expense of \$174,133.

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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,118	\$ -
Changes in assumptions	89,242	-
Net difference between projected and actual earnings on pension plan investments	-	8,903
Changes in proportion and differences between NACO contributions and proportionate share of contributions	224,225	98,190
NACO contributions subsequent to the measurement date	50,168	-
Total	\$ 487,753	\$ 107,093

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

\$50,168 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, 2023.

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:

The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years and all the other above deferred outflows and deferred inflows will be recognized over the average expected remaining service lives, which was 5.63 years for the measurement period ending June 30, 2023.

Measurement Period Ended June 30:	
2025	\$ 53,699
2026	47,299
2027	200,296
2028	21,910
2029	7,287
Thereafter	-
	<u>\$ 330,492</u>

Actuarial Assumptions

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2023 valuation were based on the results of the experience review completed in 2023. Further details of the Experience Study can be found on the PERS website. The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2023
Measurement date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Inflation rate	2.50%
Productivity pay increase	0.50%
Projected salary increase	4.20 - 9.10%
Investment rate of return	7.25%
Other assumptions:	
Same as those used in the June 30, 2023 funding actual valuation.	

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of the experience study for the period July 1, 2016, through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognize the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, and the projected contributions intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. 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, 2023.

Investment Policy

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42%	6.65%
International Equity	18%	7.18%
Domestic Fixed Income	28%	0.91%
Private Markets	6%	12.40%

*As of June 30, 2023, PERS' long-term inflation assumption was 2.50%

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, 2023, calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	<u>Discount rate -1% (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>Discount Rate +1% (8.25%)</u>
Misc. Tier1	\$1,481,816	\$952,234	\$515,173

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.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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 2023 and 2022 the organization elected to not make any contributions. Employees contributed \$22,500 and \$14,490 for the years ended 2023 and 2022. NACO Services, a subsidiary of the National Association of Counties, sponsors the deferred compensation program which is administered by Nationwide Retirement Solutions.

NOTE 8 – RISK MANAGEMENT

NACO has joined with other public agencies in Nevada to be part of the Nevada Public Agency Insurance Pool (NPAIP) under the Nevada Interlocal Cooperation Act throughout the State of Nevada to manage various risks. NPAIP is an intergovernmental public entity risk pool currently operating as a common risk management and insurance program for its members.

NACO pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime and equipment breakdown is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown and money and securities. There have been no claims made for the years 2023 and 2022.

NACO has also joined the Public Agency Compensation Trust (PACT) which is an intergovernmental self-insured association in Nevada for workers compensation insurance. If claims and expenses exceed the net assets of the NPAIP or PACT, a special assessment may be made to their members.

SUPPLEMENTAL INFORMATION

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
SUPPLEMENTAL INFORMATION – BUDGET TO ACTUAL COMPARISON
December 31, 2023

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
OPERATING REVENUES:				
Membership dues	\$ 597,387	\$ 597,387	\$ 393,934	\$ (203,453)
Public lands assessment dues	-	-	145,734	145,734
Conference fees & sponsors	-	-	99,068	99,068
Indigent accident and supplemental programs	70,000	70,000	70,000	-
National programs and associate sponsors	20,000	20,000	19,064	(936)
Other income	15,000	15,000	214,153	199,153
Total operating revenues	702,387	702,387	941,953	239,566
OPERATING EXPENSES:				
Salaries and employee benefits	368,250	368,250	605,331	(237,081)
Pension expense	106,388	106,388	174,133	(67,745)
PEBP post retirement benefits	6,000	6,000	2,406	3,594
Building & related costs	25,000	25,000	18,038	6,962
Legislative	14,500	14,500	16,508	(2,008)
Membership conference	38,000	38,000	42,633	(4,633)
Publications and printing	4,500	4,500	2,500	2,000
Office and other operating expense	80,000	80,000	70,384	9,616
Staff and representative travel	36,249	36,249	29,862	6,387
Vehicle expenses	3,000	3,000	8,797	(5,797)
Professional fees	15,500	15,500	22,243	(6,743)
Lease expense	5,000	5,000	2,820	2,180
Depreciation and amortization	-	-	15,477	(15,477)
Total expenses	702,387	702,387	1,011,132	(308,745)
Operating loss	0	0	(69,179)	(69,179)
NON-OPERATING REVENUES				
Increase in non-operating investment income	0	15,000	86,359	71,359
Total non-operating revenues	0	15,000	86,359	71,359
	-	-	-	-
Increase in Net Position	\$ -	\$ 15,000	\$ 17,180	\$ 2,180

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
SUPPLEMENTARY PENSION INFORMATION
For Years Ended June 30,

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

	Measurement Dates								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.00522%	0.00351%	0.00460%	0.00432%	0.00393%	0.00412%	0.00491%	0.00475%	0.00381%
Proportionate share of the net pension liability (asset)	\$952,234	\$632,929	\$419,910	\$601,332	\$536,067	\$561,269	\$653,604	\$639,269	\$436,508
Covered payroll	\$337,261	\$356,350	\$303,807	\$302,489	\$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	282.34%	177.61%	138.22%	198.79%	191.59%	195.57%	215.31%	222.21%	191.17%
Plan fiduciary net position as a percentage of the total pension liability	76.2%	75.1%	75.4%	76.1%	75.3%	75.1%	74.5%	74.1%	73.2%

SCHEDULES OF CONTRIBUTIONS LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$100,335	\$106,014	\$88,864	\$88,478	\$78,346	\$80,357	\$84,999	\$80,553	\$58,796
Contributions in relation to the contractually required contribution	(\$100,335)	(\$106,014)	(\$88,864)	(\$88,478)	(\$78,346)	(\$80,357)	(\$84,999)	(\$80,553)	(\$58,796)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
NACO's covered employee payroll	\$337,261	\$356,350	\$303,807	\$302,489	\$279,805	\$286,989	\$303,568	\$287,689	\$228,334
Contribution as a percentage of covered employee payroll	29.75%	29.75%	29.25%	29.25%	28.00%	28.00%	28.00%	28.00%	25.75%

See accompanying notes

Agenda Item 8

Biography of James Settelmeyer – Director

Nevada Department of Conservation and Natural Resources

James A. Settelmeyer was appointed as Director of the Nevada Department of Conservation and Natural Resources (NDCNR) by Governor Joe Lombardo on January 6, 2023. Settelmeyer is a fourth-generation Nevada rancher with over 25 years of public policy experience spanning all aspects of natural resources and agriculture at the state and local level. He graduated with a Bachelor of Science in Agricultural Education/Agricultural Science from the California Polytechnic State University in 1994. He was a Nevada legislator for 16 years and held several leadership roles on multiple committees and subcommittees throughout his tenure. Prior to becoming an elected representative, Settelmeyer served as the Chair of the Carson Valley Conservation District, as well as Chair of the Nevada State Conservation Commission. Additionally, he was on the Small Business Administration Ombudsman as a representative for Region IX from 2008-2012.

NDCNR Overview

Nevada Association of Counties

August 23, 2024

Presented by:
James Settelmeyer, *Director*

- NDCNR IS COMMITTED TO -

CONSERVING the environment including air, land, water, native ecosystems

PRESERVING natural, cultural, recreational resources

ENHANCING quality of life by protecting public health, advancing sustainable recreation, responsibly managing limited water resources

PROTECTING life & safety by creating fire-resilient communities/landscapes, supporting wildfire & natural disaster response, ensuring dam safety

PROVIDING community outreach, education & support in every county

A scenic landscape featuring a river in the foreground, surrounded by lush greenery and tall reeds. In the middle ground, several trees with vibrant yellow autumn foliage stand prominently. The background consists of rolling, arid mountains under a clear sky. The text is overlaid on this image in four dark blue rectangular boxes with white, bold, sans-serif capital letters.

**NDCNR CONSISTS OF 8 DIVISIONS,
4 PROGRAMS, 15 BOARDS AND
COMMISSIONS, AND 37 GRANT
AND LOAN PROGRAMS**



NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**



MINING PERMITTING, SUSTAINABLE
MATERIALS MANAGEMENT



ENSURES HEALTHY AIR QUALITY,
PREVENTS CHEMICAL ACCIDENTS



ENSURES CLEAN LAKES, STREAMS, RIVERS,
DRINKING WATER



INVESTIGATION, ENFORCEMENT,
CONTAMINATION CLEANUP

227,805 ACRES OF MINE LAND REGULARLY
MONITORED

99.6% OF OUTDOOR AIR QUALITY ALIGNS
WITH TOP STATE & NATIONAL QUALITY
STANDARDS

\$993 MILLION WATER INFRASTRUCTURE
FUNDING PROVIDED TO COMMUNITIES



Nevada Division of
STATE LANDS



MANAGES PUBLIC LANDS REAL ESTATE
TRANSACTIONS FOR STATE AGENCIES

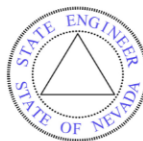


LEADS NEVADA TAHOE RESOURCE TEAM TO
PROTECT TAHOE'S ENVIRONMENT

300+ REAL ESTATE PROJECTS PER YEAR;
SECURES LAND FOR DMV, NATIONAL GUARD,
STATE PARKS, ETC.

130+ LAKE TAHOE ENVIRONMENTAL IMPROVEMENT
PROJECTS COMPLETED

19,000+ NEVADA LAKE TAHOE LICENSE PLATES
ON THE ROAD



MANAGES GROUNDWATER, SURFACE WATER,
WELLS, DAMS, WATER RIGHTS, FLOOD
CONTROL, ETC.

70% OF GROUNDWATER IS USED FOR IRRIGATION

66,540 PRODUCTION WELLS

50,000 DOMESTIC WELLS

256 GROUNDWATER BASINS



**Nevada is the
driest state in
the U.S.**



ADVANCES OUTDOOR RECREATION OPPORTUNITIES, PROTECTS NATURAL RESOURCES, FOSTERS VIBRANT OUTDOOR RECREATION ECONOMY.

57% OF NEVADANS PARTICIPATE IN OUTDOOR RECREATION EACH YEAR

50 MILLION+ PEOPLE VISIT NV EACH YEAR

75% OF NEVADA IS OPEN TO OUTDOOR RECREATION



PROMOTES AFFORDABLE FAMILY RECREATION & INCLUSIVE OUTDOOR EXPLORATION.

27 STATE PARKS ACROSS NV

3.6 MILLION STATE PARKS VISITORS IN 2018

350+ INTERPRETIVE PROGRAMS/ GUIDED HIKES



NATURAL RESOURCE MANAGEMENT



WILDFIRE MANAGEMENT



RESILIENT LANDSCAPES



NURSERY, SEEDBANK



FIRE PREVENTION



OUTREACH/ EDUCATION

5,000+ ACRES RESTORED PER YEAR

500+ WILDFIRES PER YEAR

250+ OUTREACH EVENTS PER YEAR



NEVADA
**STATE HISTORIC
PRESERVATION OFFICE**

PRESERVES AND DOCUMENTS NV'S HISTORIC, CULTURAL, ARCHAEOLOGICAL RESOURCES.

110,000+ HISTORIC TREASURES

350 VOLUNTEER SITE STEWARDS

1,000S OF SITE VISITORS PER YEAR



NEVADA
DIVISION OF
NATURAL HERITAGE

MANAGES DATA ON PLANTS, ANIMALS, ECOSYSTEMS TO INFORM CONSERVATION, AND LAND-USE PLANNING.

350+ NATIVE NV WETLAND SPECIES

565 "CRITICALLY IMPERILED" SPECIES

300+ SPECIES LIVE EXCLUSIVELY IN NV



OFF-HIGHWAY VEHICLES PROGRAM

PROMOTES SAFE
AND RESPONSIBLE
OFF-ROAD
RECREATION.

FUNDS PROJECTS
FOR TRAIL
IMPROVEMENTS,
MAPPING,
EDUCATION,
RESTORATION, ETC.



SAGEBRUSH ECOSYSTEM PROGRAM

HELPS PROTECT
NEVADA'S
SAGEBRUSH HABITAT
TO BENEFIT GREATER
SAGE-GROUSE,
NATIVE PLANT AND
ANIMAL SPECIES.

ADMINISTERS
NEVADA'S
INNOVATIVE
CONSERVATION
CREDIT PROGRAM



CONSERVATION DISTRICTS PROGRAM

28 CONSERVATION
DISTRICTS ACROSS
NEVADA.

SUPPORTS AND
ENCOURAGES
COMMUNITY-BASED
EFFORTS TO
CONSERVE NATURAL
RESOURCES AND
ECOSYSTEMS.



CONSERVE NEVADA PROGRAM

PROVIDES GRANTS
AND DIRECT FUNDING
TO SUPPORT
PROJECTS THAT
ENHANCE NEVADA'S
NATURAL, CULTURAL,
AND RECREATIONAL
RESOURCES.

KEY DEPARTMENT FOCUS AREAS

Wildfire and Natural Resource Management

- Wildfire prevention, restoration, and long-term planning; emergency response; forest health and environmental protection; invasive species

Protecting Nevada's Water Resources

- Managing Nevada's limited water resources; water and drought response planning; updating science and baseline data; protecting water quality

Balancing and Ensuring Sustainable Multiple Use on Nevada's Lands

- Responsible mining/critical mineral exploration, ranching, outdoor recreation, cultural resources, sagebrush conservation, native plant and wildlife species protection, etc.

2025 Legislative Session – NACO Bill Draft Requests

Approved by the NACO Board of Directors 7/26/24

Coroner Public Records

- An addition to NRS Chapter 259 to clarify that certain records of a Medical Examiner or Coroner are public records.

Voter Signatures

- An addition to NRS Chapters 239 and 293 to establish that records of voter signatures held by a County Clerk or Registrar of Voters for purposes of establishing or validating voter registration are not public records. This would allow for examination of signatures within the county office but not the availability for reproductions and distribution.

Registered Voter Requirement

- Establish that Qualified Electors must also be registered voters.

Renewable Energy Projects

- Require local government involvement in the consideration of renewable energy projects.

Memorandum

To: State Senator Fabian Donate, Chair, and Members of the Joint Interim Committee on Health and Human Services

From: A Collaborative of Public Health Leaders and Advocates in Nevada

Date: July 18th, 2024

Subject: Reforms to the Public Health Improvement Fund

First, thank you for your commitment to public health improvement in the State of Nevada. With the leadership and administrative support of the Division of Public and Behavioral Health (DPBH), the non-categorical investment provided through Senate Bill (SB)118 to local health districts and to counties will fill critical gaps in the delivery of core public health services and support the development of local public health infrastructure. The \$15M one-time State General Fund allocation was the first of its kind in Nevada and is a very welcome first step in the creation of a modernized, efficient, and effective public health system across the state.

Much work has been done by DPBH, the local health authorities, and the Nevada Association of Counties (NACO), among other stakeholders, to develop a better model and allocation of such general fund investment in public health. As such, we were collectively grateful to see that you had already anticipated and thoughtfully addressed many needed changes in your Memorandum to Local Health Districts and Departments earlier this summer. We appreciate your more equitable approach to funding allocations, your efforts to ensure responsiveness and collaboration with the communities we serve, and your commitment to measuring the success of efforts to ensure efficient and effective use of public dollars.

As requested during our meeting on June 28th, we respectfully submit this Memorandum that reflects the collaborative efforts of public health leaders and advocates across the state.

Funding Formula

We welcome your addition of **base funding + per capita allocations**. We have attached a draft formula recommendation based on an assumed \$45M/biennium (\$22.5M/fiscal year) investment. The new model would consist of percentage allocations for state-based public health and tribal health, then a funding formula that supports funding directly to counties and local health authorities, which consists of a base amount and a population-based, per capita, allocation. The base funding amount of approximately \$200K per year, or \$400K per biennium, per county would allow enough funding for 1 FTE + minimal operating funds, or potentially 1.5 FTE depending on the role.

Sustainability

While one-time funding can be instrumental in supporting public health crisis measures, shoring up current programs, or making physical infrastructure improvements, our state public health system needs **sustainable, non-categorical funding** to address the foundational, ongoing public health needs of Nevadans. Where there is minimal infrastructure, one-time funds can encourage reactive decision-making. Local jurisdictions and the state would benefit immensely from a guaranteed, or more stabilized, public health funding mechanism that would enable

effective long-term planning. Sustainable funding would allow for the intentional development of a reliable public health system. **We recommend allocating the first \$45M of the Insurance Premium Tax (IPT) received by the Department of Taxation at the start of each biennium to support the Public Health Infrastructure Fund.** We also recommend a provision to adjust the amount in future years to keep up with inflation.

The IPT is the fourth largest tax collected into the State General Fund. It is a 3.5% tax on insurance premiums. The IPT has been growing significantly over the past several years, in large part due to the growth in Medicaid Managed Care expenditures. The tax is also paid on the Medicaid capitated payments made to the MCOs. As a large portion of this tax is generated based on an increasing demand for healthcare services, we recommend investing a portion of these dollars in developing a strong, statewide public health system. Health promotion, disease prevention, and addressing the upstream drivers of poor health outcomes—all strategies at the core of public health—can lead to a decrease in healthcare costs and an increase in positive health outcomes.

Oversight

To provide oversight over these funds, we recommend utilizing established public health oversight bodies such as local Boards of Health and the State Board of Health. Currently under SB118, the Division of Public and Behavioral Health (DPBH) works with local Boards of Health to review and approve the prioritization process and identify priorities before a contract is developed. As subject matter experts, DPBH provides critical oversight and guidance. These contracts are also reviewed and approved by the Board of Examiners. We recommend continuing this process which provides for effective fiscal and policy oversight.

To encourage thoughtful statewide infrastructure development and increased oversight of public funds, we recommend the development of a Public Health Improvement Advisory Committee with members appointed by the State Board of Health in alignment with the membership recommendations below. The Public Health Improvement Advisory Committee will review public health improvement plans, advise on the development of standardized metrics and reporting mechanisms to measure improvement, and make recommendations to DPBH regarding the use of the Public Health Infrastructure Fund. DPBH will provide administrative support to the Committee. To ensure appropriate statewide representation of subject matter experts we recommend the following Committee makeup:

1. The membership of the Committee shall include:
 - a. The Chief Medical Officer of the Division of Public and Behavioral Health
 - b. The Administrator of the Division of Public and Behavioral Health or their designee
 - c. The Administrator of the Division of Environmental Protection or their designee
 - d. The Administrator of the Division of Emergency Management or their designee
 - e. District Health Officer from every health district in the State or their designee; such a designee must be a member of the senior leadership, or management team of the appointing health district.

And the following members appointed by the State Board of Health:

- f. The Executive Director of the Nevada Association of County Commissioners, or subsequent agency, or their designee
- g. The Executive Director from the Nevada Department of Native American Affairs or their designee

- h. A member of the Board of County Commissioners from a county who has a population of 700,000 or more, or their designee.
- i. A member of the Board of County Commissioners from a county who has a population less than 700,000 and more than 100,000, or their designee.
- j. A member of the Board of County Commissioners from a county who has a population less than 100,000, or their designee.
- k. One member who possesses knowledge, skills, and experience in local delivery of public health services in Nevada.
- l. One member who is a County Health Officer in the State of Nevada for a county not within a health district.
- m. One member of the public who has experience in seeking services from and navigating a local public health system in the State of Nevada.

Usage

To ensure the effective and appropriate use of funds, we suggest utilizing established best practice public health service parameters as guardrails for the allowable uses (see list below and [Washington State statute RCW 43.70.515](#)).

We recommend that all of the funding be restricted to public health improvement in the areas listed below, which align with national efforts and frameworks for defining **core public health services**:

1. Control of communicable diseases and other notifiable conditions;
2. Chronic disease and injury prevention;
3. Environmental public health;
4. Maternal, child, and family health;
5. Access to and linkage with medical, oral, and behavioral health services;
6. Vital records;
7. Assessing the health of populations;
8. Public health emergency planning;
9. Communications;
10. Policy development and support;
11. Community partnership development;
12. Business competencies.

All health authorities in the state currently have a Community Health Needs Assessment (CHNA) process that involves robust community engagement and feedback, as well as review through Boards of Health. These assessments are critical tools to guide public health development as they indicate the broader areas in which the community is ready to make progress, however we do not recommend that Public Health Infrastructure Improvement dollars be restricted to CHNA priorities alone. The funding is needed for core services that go largely unrecognized by the general public as a top community need, but nevertheless are critical to healthy communities and constitute core public health (i.e. disease surveillance, environmental health inspections, etc.).

Of course, CHNAs will also guide decision-making, but restricting the usage to the services listed above will allow for the development of a strong public health foundation across the State, and will ensure greater oversight of the funds as local jurisdictions can utilize Public Health Improvement Funds only for the development of core public health services.

Key Stakeholders/Participants:

Nevada Division of Public and Behavioral Health

Northern Nevada Public Health

Southern Nevada Health District

Carson City Health and Human Services

Central Nevada Health District

The Nevada Association of Counties

UNR School of Public Health

Nevada's 21st Century Learning Community for Public Health Modernization delegation

Proposed Bill Draft Request - Sustainable Public Health Funding

NRS 439.### Creation of Account for Public Health; use of money in Account, provision of services funded by money in the Account; administration of the Account

2. The Account for Public Health is hereby created in the State General Fund. The Division of Public and Behavioral Health shall administer the Account.
3. The money in the Account must be expended to address the tribal, county, district, and state public health needs in Nevada.
4. The Account shall be funded with the first \$45M per biennium (or \$22.5M per fiscal year) of the Insurance Premium Tax collected by the Department of Taxation.
5. A Public Health Improvement Advisory Committee is hereby created as a sub-committee of the State Board of Health.
6. The membership of the Committee shall include:
 - a. The Chief Medical Officer of the Division of Public and Behavioral Health
 - b. The Administrator of the Division of Public and Behavioral Health or their designee
 - c. The Administrator of the Division of Environmental Protection or their designee
 - d. The Administrator of the Division of Emergency Management or their designee
 - e. District Health Officer from every health district in the State or their designee; such a designee must be a member of the senior leadership, or management team of the appointing health district.

And the following members appointed by the State Board of Health:

- f. The Executive Director of the Nevada Association of County Commissioners, or subsequent agency, or their designee
- g. The Executive Director from the Nevada Department of Native American Affairs or their designee
- h. A member of the Board of County Commissioners from a county who has a population of 700,000 or more, or their designee.
- i. A member of the Board of County Commissioners from a county who has a population less than 700,000 and more than 100,000, or their designee.

- j. A member of the Board of County Commissioners or Board of Supervisors from a county who has a population less than 100,000, or their designee.
 - k. One member who possesses knowledge, skills, and experience in local delivery of public health services in Nevada.
 - l. One member who is a County Health Officer in the State of Nevada for a county not within a health district.
 - m. One member of the public who has experience in seeking services from and navigating a local public health system in the State of Nevada.
- 7. Each tribe, county, or district shall provide the Public Health Improvement Advisory Committee with a list of public health priorities and associated spending plans per priority approved by their local Board of Health by January 1 of each even number year.
- 8. The Public Health Improvement Advisory Committee shall review the priorities and process for alignment with requirements pursuant to section 12a-e (below). The Public Health Improvement Advisory Committee shall make recommendations to the Division for approval of use of funds and make biennial progress reports to the State Board of Health.
- 9. The Division shall develop a contract for each approved entity no later than April 1 of each even number year.
- 10. Money shall be distributed according to the following formula:
 - a. 10% of the total revenue will be allocated to Nevada's tribes
 - b. 5% of the total revenue to the Division of Public and Behavioral Health
 - c. 1% of the total revenue to each county as public health infrastructure base funding
 - d. The remaining revenue is distributed on a per capita basis based on the current calendar year demographic projection prepared by the Nevada State Demographer
 - e. Each Health District with more than one county shall be given the base and per capita allocation for the counties within that district
- 11. If any tribe, county, or health district chooses not to utilize the Account for Public Health or is unable to identify priorities, that funding shall be reallocated to the Division of Public and Behavioral Health to use for public health improvement efforts within that jurisdiction or to support statewide efforts.
- 12. An entity to which money is allocated shall:
 - a. Evaluate the public health needs of residents of the area under the jurisdiction of the entity;
 - b. Determine the level of priority of the public health needs identified pursuant to paragraph (a);
 - c. Expend the allocated money in accordance with the levels of priority identified pursuant to paragraph (b); and
 - d. Expend the allocated money on public health improvement in the following areas to ensure the development of a strong public health foundation across the state:
 - i. Control of communicable diseases and other notifiable conditions;
 - ii. Chronic disease and injury prevention;
 - iii. Environmental public health;

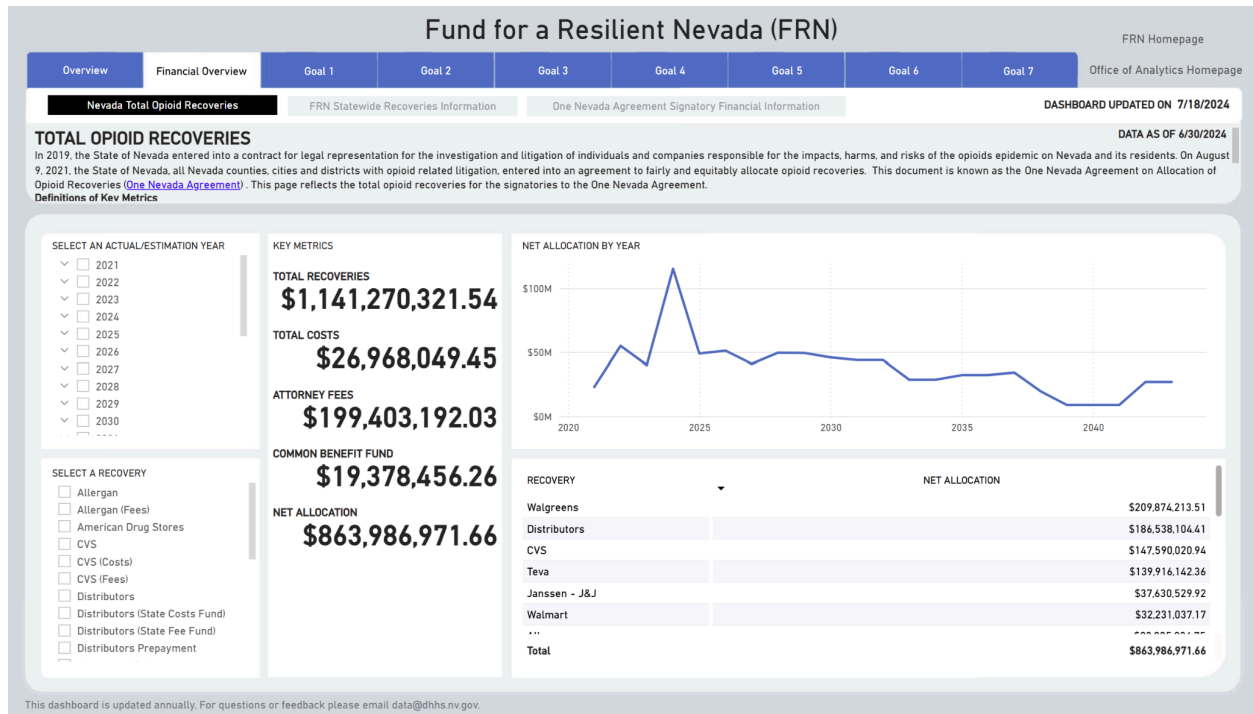
- iv. Maternal, child, and family health;
 - v. Access to and linkage with medical, oral, and behavioral health services;
 - vi. Vital records;
 - vii. Assessing the health of populations;
 - viii. Public health emergency planning;
 - ix. Communications;
 - x. Policy development and support;
 - xi. Community partnership development; and
 - xii. Business competencies.
- e. Submit annual reporting to the Public Health Improvement Advisory Committee and the Division in the format and on the timeline recommended by the Public Health Advisory Committee and approved by the State Board of Health; Not later than 90 days after the end of Fiscal Year 2025-2026 and 2026-2027, respectively:
- i. Prepare a report which must include, without limitation:
 - 1. A description of the process used by the entity pursuant to paragraph (a) to evaluate the public health needs of residents of the area under the jurisdiction of the entity and the public health needs identified through that process;
 - 2. A description of the process used by the entity pursuant to paragraph (b) to determine the level of priority of the public health needs identified pursuant to paragraph (a) and the levels of priority assigned to those public health needs through that process;
 - 3. A description of each expenditure of the allocated money made by the entity pursuant to paragraph (c);
 - 4. The unexpended balance of the allocated money at the end of the fiscal year.
 - 5. Reporting and metrics requested by the Public Health Improvement Advisory Committee and approved by the Division and the State Board of Health in the format and on the timeline prescribed by the Division.
 - ii. Submit the report to the Division and to the Public Health Improvement Advisory Committee.

13. The Account may retain no more than 2% of the total revenue received in the biennium as a reserve if there are unspent funds remaining at the conclusion of the state fiscal biennium.

- a. The reserve can be redistributed in a future biennium based on public health need.
- b. Any reserve in excess of the 2% is considered excess reserve and will be returned to the State General Fund.

Link to the State of Nevada's Fund for Resilient Nevada Data Dashboard:
[Microsoft Power BI \(powerbigov.us\)](https://powerbigov.us)

Total Opioid Recoveries (filters include year, settlement)



One Nevada Agreement Signatories (filters include year, county)

