

## NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting  
August 25, 2023, 9:30am  
**NACO Conference Room**  
**304 South Minnesota Street**  
**Carson City, NV 89703**

### 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](mailto:info@nvnaco.org) For inclusion or reference in the minutes of the meeting, your public comment must include your full name and be submitted via email by 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: 884 2801 7129 Passcode: 716076*

### 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 June 30, 2023, NACO Board of Directors Meeting. **For Possible Action**
6. Update on the 2023 NACO Annual Conference, Hosted by Elko County.
7. **(TIME CERTAIN: 10:00am)** \* Presentation of NACO's 2022 Financial Audit, Michael Bertrand, Bertrand and Associates, LLC. **For Possible Action**
8. Approval of NACO's March, April and May 2023 Financial Statements. **For Possible Action**
9. Approval of NACO's April, May, June and July 2023 Investment Reports. **For Possible Action**
10. **(TIME CERTAIN: 10:30am)** \* Discussion and Presentation Regarding Assembly Bill (AB) 391, From the 82<sup>nd</sup> Session of the Nevada Legislature, Craig Madole, CEO, Nevada Chapter Associated General Contractors.

11. Presentation and Overview of the Child Care Services and Program at the State of Nevada, including, but not limited to, County Level Partnerships and Discussion of Local Regulation Zoning, and Business Licensing Fees, Karissa Loper Machado, Agency Manager, Child Care and Development Program, Nevada Department of Health and Human Services.
12. Update from NACO Public Health Coordinator.
13. **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.
  - b. Discussion and Approval of NACO Staff to Support Counties During Cooperating Agency Status. **For Possible Action**
14. Updates from Members of the National Association of Counties Board of Directors and Western Interstate Region (W.I.R.) Board of Directors.
15. NACO Board Member Updates.
16. 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](http://www.nvnaco.org)

*This agenda was posted at the following locations:*

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

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

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

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

## Agenda Item 5

### NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting

June 30, 2023, 9:30am

**NACO Conference Room**

**304 South Minnesota Street**

**Carson City, NV 89702**

#### UNADOPTED MINUTES

**Attendance:** President Higbee, Vice President Hall, Past President Kirkpatrick, Churchill County Commissioner Scharmann, Clark County Commissioner Gibson, Douglas County Commissioner Gardner, Esmeralda County Commissioner Keyes, Humboldt County Commissioner Tipton, Lander County Commissioner Waits, Lincoln County Commissioner Reese, Lyon County Commissioner Henderson, Nye County Commissioner Boskovich, Storey County Commissioner Carmona, Washoe County Commissioner Herman, Washoe County Commissioner Hill, White Pine County Commissioner Carson, NACO Fiscal Officer Kalt, County Fiscal Officers Association President Rackley and NACO Staff (Vinson Guthreau, Jennifer Berthiaume, Jacob Brinkerhoff, Amy Hyne-Sutherland, and Amanda Berg)

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

1. **Public Comment.** Former Elko County Commissioner, Demar Dahl discussed the Land Management Task Force that NACO facilitated following instruction from the Legislature in 2013 and a proposal that may be brought to Congress regarding the direct transfer of federally held lands to counties. Judy Gates from the Nevada State Purchasing Division discussed the Division's surplus program that allows the State to acquire federal surplus items for distribution to approved organizations, including counties.
2. **Approval of Agenda.** The agenda was approved on a motion by Commissioner Henderson with second by Commissioner Waits.
3. **NACO President's Report.** President Higbee informed the Board that the National Association of Counties (NACo) Agriculture and Rural Affairs Steering Committee has been working on the Farm Bill and is considering the possible inclusion of agriculture education in SNAP funding as an emergency resolution. He also discussed the upcoming NACo Annual Conference and encouraged attendance by Commissioners across the State. Commissioner Carson thanked President Higbee for his recent trip to White Pine County and addressing their Commission.
4. **NACO Executive Director's Report.** Vinson thanked Commissioner Carson for facilitating his trip to White Pine County that Wednesday. He informed the Board that the last day for registration for the NACo Annual Conference was the following Monday and directed their attention to the conference agenda included in the agenda packet, also noting that the election for the NACo 2<sup>nd</sup> Vice President would be conducted at the event. Vinson discussed the State Dinner that NACO hosts during the event and encouraged the Board to register for the Conference as it would be one that didn't require extensive travel as it was being held in Austin, Texas. Past President Kirkpatrick also reminded the Board to submit their county's voting proxy paperwork if they wouldn't have a representative at the Conference.

5. **Approval of Minutes of the April 28, 2023, NACO Board of Directors Meeting.** The minutes were approved on a motion by Commissioner Tipton with a second by Commissioner Gardner.
6. **Discussion and Recap of the 2023 NACo County Leadership Institute in Washington, D.C., Commissioner Alexis Hill, Washoe County.** Vinson reminded the Board of the Institute and the Board's sponsorship of Commissioner Hill as an attendee. He also reminded the Board that only 30 people are accepted to the Institute each year. Commissioner Hill thanked the Board for their sponsorship of her attendance and remarked on the incredible experience she had. Commissioner Hill discussed the content of the event, noting how the attendees learned how to provide better service to their communities but also to themselves. She concluded her remarks by again thanking the Board for the honor of representing Nevada at the Institute.
7. **Possible Approval of the Reappointment of Commissioners William McCurdy, Delmo Andreozzi, Laurie Carson, and Supervisor Stacey Giomi to the Board of Trustees of the Fund for Hospital Care to Indigent Persons (IAF).** Vinson gave the Board an overview of the reappointments and reminded Board Members that the IAF is funded by \$.05 of property taxes for use in several programs to support indigent services. He also reminded the Board of the most recent change to the IAF to assist counties with their assessments for the State Medicaid Match program for Long Term Care, noting that the last distribution (to counties) was included in the agenda packet. Vinson discussed NACO's administration of the IAF and it was clarified for Commissioner Henderson that the terms of the appointments are governed by Statute. The reappointment of the Commissioners was approved as presented on a motion by Commissioner Waits with second by Commissioner Henderson.
8. **Update on the 2023 NACO Annual Conference, Hosted by Elko County.** Amanda informed the Board that staff are working through the planning process and that registration for the event was opened earlier in the month. She thanked Elko County and the staff assigned to the conference for their partnership and assistance in planning. Past President Kirkpatrick stated that having the Rural Partners Network conduct a session might be a good idea, Vinson then gave the Board a brief overview of the topics being discussed for the educational sessions and reminded them that there will be a session devoted to the recently concluded Legislative Session. Commissioner Carson inquired about new Commissioner training and Vinson reminded the Board that UNR disbanded their Certified Public Officials program, but that NACO had partnered with the University and the League of Cities to conduct a two-day training in February. He also noted that discussions were being held to continue the training following each election cycle. Commissioner Boskovich informed the Board that he had attended the training and that he found it extremely helpful. Past President Kirkpatrick also suggested having a first-time attendee's session to highlight the benefits of attending the Conference. Fiscal Officer Kalt concluded the item by stating that POOL/PACT is available to provide resources and training assistance for counties.
9. **Summary of Outcomes from the 2023 Legislative Session.** Vinson began the discussion by giving the Board an overview of the efforts undertaken by staff, noting that navigating the Session takes an 'all hands-on deck' approach and thanking staff for their support and efforts. He informed the Board that of the approximately 1,000 Bill Draft Requests submitted of which 800 became Bills introduced during the Session and about half of those were tracked by NACO because of potential for local government impact. Directing the Board's attention to the legislative tracker included in the agenda packet, he noted that

while many bills of concern did not pass the process, there are many that will impact counties both procedurally and fiscally, especially for the urban counties. Vinson also discussed the partnership with county Government Affairs staff and outside lobbyists, noting that the group representing counties worked well together and were united on issues with proposed legislation, working on amendments and testimony, and that through those efforts many bills that passed contained language that was better than what was initially proposed. Vinson then discussed several bills of importance to counties. SB51, which originally proposed to increase the salaries for county commissioners, and NACO brought an amendment that would have provided a salary increase for all local elected officials, allowed counties to opt out of salary increases and would have effectively removed the issue from legislative authority, with no procedural or fiscal impact to the State. While the bill did pass the Assembly it failed to pass the Senate and the Board was informed that work will be done on the issue during the interim. AB2 regarding the usage of blue lights on county vehicles, AB52 regarding the Open Meeting Law and quorum provisions, AB68 regarding the funding formula for the China Spring Youth Camp, SB18 governing the occurrence of meetings for rural planning commissions and SB118 allowing the creation of local health districts with non-adjacent counties and providing funding for public health infrastructure development, were all measures supported by NACO that passed. SB226 regarding prevailing wage, was worked on extensively by staff and while the final language was not ideal what ended up passing was better than initially proposed. Vinson informed the Board that SB205, which was initially of concern was drafted incorrectly and when amended to conform to the intent of the sponsor was no longer of concern. He informed the Board that several water bills were monitored by staff and that AB58 makes changes to regional commercial air service and added a NACO representative to the Nevada Air Service Development Commission. Vinson then turned to Jennifer to provide the Board with an update on the Association's bills. Jennifer thanked the Legislative Subcommittee for their hard work during the weekly meetings during Session and informed the Board that the Subcommittee will resume meeting in January to begin working towards the 2025 Legislative Session. Of the five bills introduced by NACO three passed and were signed by the Governor; AB47 allows counties to construct, operate and maintain OHV trails adjacent to highways, SB21 which raises population thresholds in certain circumstances to bring them in line with the intent of existing legislation, and SB22 which allows counties to post legal and public notices electronically. SB41, which addressed child welfare failed to pass and while SB20, which would have made changes to the filling of vacancies on Boards of County Commissions did pass both the Assembly and the Senate, the Governor ultimately vetoed it. The Board's attention was then drawn to the Bill Tracker and the Legislative Summary included in the backup materials. Jennifer informed the Board that the Summary includes information on budget impacts, enabling language and actions counties are now required to take. The Board was informed of several bills that failed to pass that would have had impacts to counties, including AB14 regarding business licensure, AB95 regarding elections, SB233 regarding taxing of heavy equipment, SB68 regarding real property transfer taxes and SB268 regarding the release of private information. Other legislation discussed was the passage of licensure for street food vendors and the definition of OHV's. Past President Kirkpatrick commented on the work done by rural legislators and noted that while many bills that were passed are not that great, a lot of the bills that were passed were good. Vinson commented that even with strategic challenges, the representation by local governments in the building was good and effective. Past President Kirkpatrick also noted the effectiveness of the NACO representation in the building. Commissioner Gardner expressed disappointment on the passage of SB341 and the veto of SB20. Jennifer noted that staff worked hard on the passage of SB20, and Vinson concluded the discussion by again thanking staff for their hard work. The Summary of Outcomes was approved as presented on a motion by Commissioner Scharmman with second by Vice President Hall.

**10. Update and Presentation from the Department of Indigent Defense Services (DIDS) Regarding County Maximum Contribution, State Reimbursements, and State Fiscal Relief for Implementing Pre-Trial Release Hearings. Marci Ryba, Executive Director of DIDS and Mary Walker, Walker and Associates.** Ms. Walker informed the Board that she represented Douglas, Eureka, Lyon, and Storey Counties at the Legislature and thanked the County Government Affairs and NACO staff for their excellent teamwork. She reminded the Board of the passage of AB424 in the 2021 session that requires a pre-trial release hearing within 48 hours. She discussed the significant fiscal impacts to counties and the unsustainable toll the requirement is taking on judicial staff. Noting that with 75% of the state's Justice of the Peace terms up during the 2024 election cycle and recognizing the challenges counties were facing with the requirement the Legislature wanted to help. While the bill's original sponsors were unwilling to change the 48-hour requirement, they were open to discussions on providing a solution to the funding challenges. Conceptual discussions were held with NACO, the District Attorney's Association and other stakeholders, which also identified a lack of legal professionals in rural counties. Ms. Walker informed the Board that SB235 now allows the continuance of pre-trial release hearings in some instances, allows the use of remote technology for pre-trial release hearings, and allows for DA, State, legal, and judicial staff to cross jurisdictional boundaries for the purposes of pre-trial release hearings to ease some of the human toll the requirement takes. She then informed the Board that with the months of work and Speaker Yeager's assistance, a provision in AB518 allows the State to provide stipends to rural counties for weekend and holiday work by defense staff under a two-year pilot program. She explained that the funding is held by DIDS and will submit payment directly to the counties under the program. Ms. Walker directed the Board's attention to the chart included in the agenda packet and stated that the recommendation from DIDS is that the larger counties with defense staff request funding upfront, and that smaller counties, those with contract defense providers or those that don't have court every weekend, request reimbursement as needed. She concluded her presentation by noting that any dollars not spent under the program must be returned to the State, that all funding is auditable, and the program requires reporting to the State through DIDS. Commissioner Waits stated that Lander County had given raises to some of their staff due to the requirement and inquired as to if counties were required to accept all the funding or only a portion of it. Ms. Walker suggested attempting to renegotiate contracts based on the program. Past President Kirkpatrick inquired as to what problem the program is trying to solve if only some staff are receiving raises, regardless of the population caps contained in the legislation. It was stated that the stipends are subject to the State Retirement System (PERS)-able (meaning: the stipends are subject to the calculation of wages under the Nevada Public Employee Retirement System, or PERS) and therefore desirable to those that may be subject to contract renegotiation under the program. Vice President Hall stated that Mineral County allowed for Holiday Pay due to the requirement and Ms. Walker reiterated that contract negotiation would probably be needed for several counties under the program. She informed the Board that counties needed to decide now if they want the dollars to support their budgets for public defense under the requirement. Commissioner Carson inquired as to if counties who had switched to the State system for public defense could switch back in the second year of the program. Ms. Walker stated that is possible and noted that the information on the program had been distributed to fiscal staff in all the counties covered by the program. Peter Handy from DIDS also noted that the Division no longer must go to IFC for reimbursement dollars over maximum costs under the provisions of the legislation. Commissioners Gardner and Carmona expressed frustration over the failure of the elected officials pay bill and Past President Kirkpatrick stated that going forward the issue should be split into two bills, one for Commissioners and one for the other elected officials.

11. **Possible Approval to Authorize NACO's Executive Director to Provide Performance Bonus for Government Affairs Staff as a Result of Efforts During the 82<sup>nd</sup> Session of the Nevada Legislature.** President Higbee reminded the Board that Vinson has the authority to make the decision on bonuses and that he brought forth the agenda item as a courtesy to the Board. He acknowledged the tremendous amount and success of the work staff did during the legislative session and the successful collaboration of all the county government affairs representatives. Past President Kirkpatrick noted the challenging nature of much of Jennifer's first Session and stated that the team 'didn't miss a beat'. The item was approved on a motion by Commissioner Gardner with second by Commissioner Scharmann
  
12. **Update from NACO Public Health Coordinator.** Amy informed the Board that NACO and Cooperative Extension is launching the NEAP assessment project, previously approved by the Board and that Douglas County would be acting as the pilot county for the project. She reminded the Board that the assessments would provide baseline public health data for each county including benchmarks, identification of service gaps and assets, include information on what the State is providing in each county and the potential economic impact of public health infrastructure investment. She requested that each county share a specific person that will function as the point person for the project with her. Amy then discussed SB118 which created a public health infrastructure fund with \$15 million available to fund improvements. She informed the Board that per capita funding will go directly to health districts and for those counties not in health districts the funds will go to the State who will then work with the County Health Officer to direct distribution of funds. She also informed the Board that the NEAP assessments should help with the direction of the fund allocation, especially as the State has set a goal of decentralization. Past President Kirkpatrick noted that the funding doesn't come until the 2<sup>nd</sup> year of the biennium and Amy noted that year one is focused on planning, as well as the fact that work is already being done to include funding the program in future budget processes. She also informed the Board that the Governor's Public Health Officer will also be participating. Amy informed the Board that the information provided to Lander County on foster care, based on previous Board discussion, is available. She then reminded the Board that the State budget includes dollars for technical assistance in developing the county plans for the opioid settlement funds, and any counties interested in the dollars need to let her know as soon as possible because the funding expires in December. Amy concluded her report by giving examples of what counties have used the funding for.
  
13. **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 gave the Board an overview of the Subcommittee meeting the previous afternoon. Including a presentation from the BLM on inventorying lands with wilderness characteristics, proposed rules from the USFWS reversing actions taken during the previous administration and from the BLM to reduce fees and promote renewable energy development on public land. He encouraged participation on the Subcommittee. Jacob also informed the Board of comments that will be written on behalf of the Association including the USFWS regulations and the BLM proposal to reduce fees for renewable energy projects. He then discussed comments provided on the Bi-State Sage grouse listing, comments submitted on the BLM proposed rule to include conservation leases as a use under the multiple-use framework and other standing agenda items including Wild Horse and Burro's. Commissioner Scharmann noted the issue with the BLM cancelling gathers when they find out the scheduled

gather would be picketed. Jacob acknowledged the Commissioners frustration and noted the issue with most of the program dollars going towards holding. President Higbee discussed an announcement from the USDA that will provide \$500 million to purchase conservation easements, noting that it appears to be a go around of the proposed BLM rule. He also noted that issues were brought up by a West Virginia Commissioner with conservation easements that are creating issues with last mile connectivity on adjacent lands.

- b. **Discussion Regarding PILT Funding, and Presentation by AEON on Valuation of Public Lands.** Mark Cressler gave the Board a presentation on the technology tool that AEON developed to gather and process data specific to the economic impacts of public land. He informed the Board that the tool was developed in Utah because of their Legislatures desire to understand the disparity between PILT payments and the property tax on non-public lands. He informed the Board that the valuation utilized by the government to determine PILT payments is based on outdated appraisals or simply no known valuation, noting that if there is no known valuation, how is it possible to create a discussion surrounding the PILT formula. Mr. Cressler then gave the Board an overview of the tool and how it works to determine the taxable value of public lands. Following the presentation, he informed the Board that AEON is looking for support to further quantify the value of federally held land. Commissioner Tipton inquired as to what Utah and Idaho had paid for their projects. Mr. Cressler stated that Utah paid \$1 million, and Idaho had paid \$2.5 million, noting that the costs depend on options and that if there is data support available it will obviously cost less. President Higbee noted that having the valuation done in Nevada would support other efforts and provide further justifications for long term arguments on other issues. Commissioner Henderson suggested making the presentation to WIR and SLUPAC. It was noted that the item was requested by Commissioner Steninger and Jacob stated that based on the Board discussion the consensus is to keep working with AEON on the issue and build towards establishing a coalition with WIR and other interested organizations.
14. **Updates from Members of the National Association of Counties Board of Directors and Western Interstate Region (W.I.R.) Board of Directors.** President Higbee informed the Board that recent discussions on National committees included working as Cooperating Agencies across state boundaries when issues are regional in nature. He also reminded the Board that Nevada's federal delegation has pledged support for the introduction of the RS2477 bill when all counties have passed a resolution of support.
15. **NACO Board Member Updates.** Updates were given by members of the Board on activities within their counties.
16. **Public Comment.** None was given.

The meeting was adjourned at 1:02 p.m.



# ***REGISTRATION OPEN!***

**2023 Annual Conference  
September 26-28**



**Join NACO and our host, Elko County for the  
2023 Annual Conference!**

**[Register Today!](#)**



## **Tuesday, September 26th**

Join us in Elko for an informative afternoon educational session and the Annual President's Reception in celebration of our 2023 NACO President, Lincoln County Commissioner, Varlin Higbee. This event is not to be missed, hosted by Elko County at [Ruby 360](#), this venue is one of a kind!

Join Elko County for a pre-conference golf tournament, for more information and to register, click [here](#).

## **Wednesday, September 27th**

Don't miss the General Session with an engaging Keynote speaker and our educational sessions held throughout the day. Attend the Annual Banquet, to see who will be given the Participatory Democracy Award and who will be inducted into the NACO Honor Roll. Catered by the world renowned Star, this Basque feast is not to be missed.

## **Thursday, September 28th**

The conference will wrap up mid-day following additional workshops, and one final chance to mingle with your fellow county officials and staff.

NACO and Elko County staff are working hard to bring you another amazing NACO conference, with informative and enjoyable tours, dynamic educational sessions on current topics important to counties, networking and social opportunities throughout the conference. Session topics will include public health, emergency management and the much anticipated legislative wrap up.

**[Register Today!](#)**

**We look forward to seeing you this September in Elko County!**

For questions or additional information please contact Amanda at [aberg@nvnaco.org](mailto:aberg@nvnaco.org) or 775-883-7863

**2023 NACO Annual Conference**  
***Nevada's Counties - United & Unique***  
**September 26-28**

Hosted by:



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304 S, Minnesota Street, Carson City, NV 89703

**BERTRAND & ASSOCIATES, LLC**  
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July 14, 2023

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, 2022**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards require that we provide you with the following information related to our audit which is divided into the following two sections:

Section I – Required Communications with those Charged with Governance

Section II – Other Recommendations and Related Information

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

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

### **Section I – Communications Required under AU 260**

#### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated July 20, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter regarding planning matters dated July 20, 2022.

### **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 2022. 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. Receipts are not always available to support credit charges. Though the credit card charges are reviewed by the Executive Director, we recommend that all receipts be kept and included as well for inspection.
3. An adjustment of \$5,600 was proposed and accepted by management for unrecorded sponsor fees.

### **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 July 14, 2023.

### **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

July 14, 2023

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

Vinson Guthreau, Executive Director  
Alan Kalt, Fiscal Officer

**RE: 2022 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 2022 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 strongly recommend that a manual be developed which can document and strengthen controls.

All other recommendations appear to have been implemented.

3 - Disbursements tests performed

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

	Total Disbursements	Total Disbursements Tested (\$)	Percent Tested	Total Disbursements Count	Total Disbursements Tested (Count)	Percent Tested
Admin Expenses	\$ 374,899	\$ 229,953	61%	271	60	22%

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.



3 - Disbursements tests performed (continued)

We recommend as a best practice that receipts always be submitted to support charges on credit card statements. If an exception is desired for de minimis amounts, we recommend that that threshold be adopted by the Board and documented in an accounting manual.

4- Sponsorship revenue reconciliation

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 was \$59,413, but the excel worksheet listing registration showed \$68,343.

We recommend, that at a minimum, 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.

5 – Proposed audit adjustments

The following adjustments were proposed to management and accepted and recorded as of December 31, 2022.

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, 2022.
2. An adjustment was proposed and accepted by management to recognize income and report as receivable \$5,600 of sponsorship fees.

There were no other proposed adjustments to management.

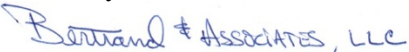
6 – GASB 75 OPEB reporting

It was determined in a prior year that the liability for other post-employment benefits under GASB 75 was not material and therefore no reporting and disclosures were made as there have been no known changes since that time. However, we recommend for 2023 that an actuary be engaged to review employee census information to determine if NACO's status may have changed to require reporting under the standard.

We further recommend that this census information for existing and future new employees be maintained for determining if NACO is required to report the OPEB liability.

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***

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
FINANCIAL STATEMENTS  
December 31, 2022, and 2021**

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
TABLE OF CONTENTS**

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INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Proprietary Fund	9
Statement of Revenues and Expenses & Changes in Net Assets – Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Notes to Financial Statements	12
SUPPLEMENTARY INFORMATION	
Supplemental information: Budget to Actual Comparison	24
Supplemental information: GASB 68 required information	25

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, 2022 and 2021 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, 2022 and 2021 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, that 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 Commissioner's 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  
July 14, 2023

## **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 decreased slightly in 2022 by \$9,074 from \$1,913,768 to \$1,904,694. The decrease is mostly attributable to the fixed assets net of depreciation reducing from \$405,810 to \$394,764 due to depreciation during the year. Total current assets increased by \$3,677 from \$1,367,109 to \$1,370,786. This is due in large part to cash and investments decreasing \$118,653 offset by an increase in investments of \$83,626 and an increase in accounts receivable of \$38,168 due to the timing of the collections on accounts.

NACO's total liabilities and deferred inflows of resources combined for \$828,633 in 2022 compared to 2021 of \$861,185 a reduction of \$32,552 during the year. There was an increase in current liabilities of \$8,298 due to increases in the accounts payable and compensated absences. The PERS net pension liability increased to \$632,929 from \$419,910 whereas, the deferred pension inflows reduced from \$395,733 to \$143,791. See Note 6 for more information.

NACO's Net position decreased slightly from \$1,360,561 to \$1,355,005 representing a decrease of \$5,556 or 0.4% from the prior year. The unrestricted portion in 2022 is \$821,097 or 60.6% of net position with the remaining \$533,908 or 39.4% invested in capital assets, net of related debt. The unrestricted portion represents 108.75% of the 2022 total expenses of \$755,027. 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 \$589,946 and decrease of \$10,839 compared to prior year amount of \$600,785. This decrease is due to a reduction in membership dues and public land assessments as approved by the Board. 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 \$135,541 and interest income.

As a service organization, NACO's largest expenses are salaries and related costs. In 2022, these expenses were \$534,481 or 70.8% of the total 2022 expenses. This represents an increase in the prior year's costs of \$162,468 due to full staffing and the additional grant position. Other operating expenses increased from \$193,880 to \$220,546, an increase of \$26,666. Office and other operating expenses increased \$19,723 due to grant position and full staffing during the year. Staff and representative travel increased \$11,798 due to the lifting of COVID restrictions and more in-person member visits.

Non-operating net investment income decreased from \$49,559 to (\$69,859) in 2022 due to the unrealized losses on fixed income investments due to the federal reserve board raising interest rates significantly in 2022. Investment balances increased from \$612,455 to \$696,081 in market value on December 31, 2021, and 2022.

As noted in the Statement of Cash Flows, cash decreased from \$715,652 on December 31, 2021, to \$596,999 on December 31, 2022. There was a decrease of \$153,485 in cash for investing activities as purchases of securities were made 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 \$1,370,786 on December 31, 2022. The two largest current assets are cash and investments with balances of \$596,999 and \$696,081, 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, 2022, totaling \$684,842. Of this amount, current liabilities associated with accounts payable were \$22,744. The current ratio (Current assets/current liabilities) for 2022 is 30 to 1; meaning there are \$30 of current assets for every dollar of current liabilities. This compares to last year's ratio of 36.6:1.

Net Position decreased from \$1,360,561 to \$1,355,005 during the year. The decrease was in the Unrestricted portion from \$823,751 to \$821,097 in 2022. The Invested in capital assets reduced from \$536,810 to \$533,908 due to depreciation during the year. See the Condensed Statement of Net Position below:

<b>Condensed Statements of Net Position</b>	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>ASSETS</b>			
Current and other assets	\$ 1,370,786	\$ 1,367,109	\$ 3,677
Deferred outflows of resources	278,944	307,978	(29,034)
Fixed assets & right of use assets (net)	<u>533,908</u>	<u>546,659</u>	<u>(12,751)</u>
Total assets and deferred outflows	<u><u>2,183,638</u></u>	<u><u>2,221,746</u></u>	<u><u>(38,108)</u></u>
<b>LIABILITIES</b>			
Current liabilities	45,696	37,398	8,298
Deferred inflows of resources	143,791	395,733	(251,942)
Long-term liabilities	639,146	428,054	211,092
<b>NET ASSETS</b>			
Net position - unrestricted	821,097	823,751	(2,654)
Net position - invested in capital	<u>533,908</u>	<u>536,810</u>	<u>(2,902)</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 2,183,638</u></u>	<u><u>\$ 2,221,746</u></u>	<u><u>\$ (38,108)</u></u>

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

<b>Condensed Statements of Revenues and Expenses</b>	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>REVENUE</b>			
Membership dues and related revenues	\$ 589,946	\$ 600,785	\$ (10,839)
Other income	<u>229,384</u>	<u>80,471</u>	<u>148,913</u>
Total operating revenues	<u>819,330</u>	<u>681,256</u>	<u>138,074</u>
<b>EXPENSES</b>			
Salaries and related costs	534,481	372,013	(162,468)
Other operating expenses	<u>220,546</u>	<u>193,880</u>	<u>(26,666)</u>
Total expenses	<u>755,027</u>	<u>565,893</u>	<u>(189,134)</u>
Operating net income	64,303	115,363	(51,060)
Non-operating investment income	<u>(69,859)</u>	<u>49,559</u>	<u>(119,418)</u>
Change in net position	<u><u>\$ (5,556)</u></u>	<u><u>\$ 164,922</u></u>	<u><u>\$ (170,478)</u></u>

As noted above, total operating income increased \$138,074 or 20.3% during the year. This increase is primary due to NACO getting a grant award of \$135,541 during the year. Total expenses increased \$189,134 or 33.4% during the year. Much of the increase is due to the grant program and being fully staffed during 2022. The investment income was (\$69,859) due to the unrealized loss as a result of the significant interest rate increases by the Federal Reserve during 2022.

### ***Conclusions***

NACO continues to be in a strong financial position showing a net position at the end of the year of \$1,355,005. 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](mailto:vguthreau@nvnaco.org) or access the NACO web-site at NVNACO.ORG.

*Vinson Guthreau*

Executive Director

July 12, 2023

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
STATEMENT OF NET POSITION—PROPRIETARY FUND  
December 31, 2022 and 2021

<b>ASSETS</b>		<b>Restated</b>
	<b>2022</b>	<b>2021</b>
Current assets:		
Cash and cash equivalents	\$ 596,999	\$ 715,652
Investments	696,081	612,455
Interest receivable	1,996	1,695
Accounts receivable	73,118	34,950
Other assets	2,592	2,357
Total current assets	<u>1,370,786</u>	<u>1,367,109</u>
Fixed Assets:		
Fixed assets, net of accumulated depreciation	394,764	405,810
Land	131,000	131,000
Right of use asset - lease, net of amortization	8,144	9,849
Total net fixed assets	<u>533,908</u>	<u>546,659</u>
<b>Total assets</b>	<b><u>1,904,694</u></b>	<b><u>1,913,768</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension outflows	278,944	307,978
<b>Total deferred outflow of resources</b>	<b><u>278,944</u></b>	<b><u>307,978</u></b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	22,744	19,484
Compensated absences	21,025	16,209
Current portion lease obligation	1,927	1,705
Total current liabilities	<u>45,696</u>	<u>37,398</u>
Non-current liabilities:		
Lease obligation	6,217	8,144
PERS net pension liability	632,929	419,910
Total non-current liabilities	<u>639,146</u>	<u>428,054</u>
<b>Total liabilities</b>	<b><u>684,842</u></b>	<b><u>465,452</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension inflows	143,791	395,733
<b>Total deferred inflow of resources</b>	<b><u>143,791</u></b>	<b><u>395,733</u></b>
<b>NET POSITION</b>		
Unrestricted	821,097	823,751
Invested in capital assets, net of related debt	533,908	536,810
<b>Total net position</b>	<b><u>\$ 1,355,005</u></b>	<b><u>\$ 1,360,561</u></b>

See accompanying notes

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**STATEMENT OF REVENUES AND EXPENSES & CHANGES IN NET ASSETS-**  
**PROPRIETARY FUND**  
**Years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>Restated 2021</u>
<b>Revenues</b>		
Membership dues	\$ 361,895	\$ 374,615
Public lands assessment dues	136,823	139,346
Conference & sponsor revenues	91,228	86,824
Indigent accident and supplemental programs	70,000	70,000
National programs and associate members	23,843	10,447
Interest income	-	24
Grant award	135,541	-
<b>Total revenues</b>	<b>819,330</b>	<b>681,256</b>
<b>Expenses</b>		
Salaries and employee benefits	436,026	321,557
Pension expense	96,115	48,186
PEBP post retirement benefits	2,340	2,270
Building & related costs	18,686	14,279
Legislative	2,929	1,950
Membership Conference	26,794	34,717
Publications and printing	6,577	5,758
Office and other operating expenses	93,568	73,845
Staff and representative travel	28,869	17,071
Vehicle expenses	7,481	6,232
Professional fees	21,777	21,206
Lease expense	2,820	1,175
Depreciation expense	11,045	17,647
<b>Total expenses</b>	<b>755,027</b>	<b>565,893</b>
<b>Increase in operating net position</b>	<b>64,303</b>	<b>115,363</b>
Non-operating net investment income	(69,859)	49,559
<b>Increase in net position</b>	<b>(5,556)</b>	<b>164,922</b>
Net position at beginning of year	1,360,561	1,195,639
<b>Net position at end of year</b>	<b>\$ 1,355,005</b>	<b>\$ 1,360,561</b>

See accompanying notes

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
STATEMENT OF CASH FLOWS—PROPRIETARY FUND  
Years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>Restated 2021</u>
<b>Cash flows from operating activities:</b>		
Cash receipts	\$ 781,162	\$ 747,280
Payments to employees	(437,731)	(333,472)
Payments to vendors	(308,599)	(336,861)
Net cash provided from operating activities	<u>34,832</u>	<u>76,947</u>
<b>Cash flows from investing activities:</b>		
Sale of securities	70,129	60,606
Purchase of securities	(236,627)	-
Interest, dividends and net gains or losses on investments	13,013	10,616
Net cash (used) provided from investing activities	<u>(153,485)</u>	<u>71,222</u>
Decrease (increase) in Cash and Cash Equivalents	(118,653)	148,169
Cash and cash equivalents, beginning of fiscal year	715,652	567,483
<b>Cash and cash equivalents, end of fiscal year</b>	<u><b>596,999</b></u>	<u><b>715,652</b></u>
<b>Reconciliation of operating income to net cash provided from operating activities:</b>		
Net operating income	64,303	115,363
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation & amortization expense	11,046	17,647
Leased asset amortization	1,705	651
(Increase) decrease in receivables	(38,168)	102,524
(Increase) decrease in interest receivable	(301)	176
(Increase) decrease in prepaid expenses	(235)	4,212
Decrease (Increase) in deferred pension outflows	29,034	(143,259)
Increase (decrease) in accounts payable and accruals	3,260	(83,441)
Increase (decrease) in compensated absences	4,816	(11,915)
(Decrease) in lease obligations	(1,705)	(651)
Increase (decrease) in PERS net pension liability	213,019	(181,422)
(Decrease) in deferred revenues	-	(36,500)
Increase (decrease) in deferred pension inflows	(251,942)	293,562
<b>Net cash provided by operating activities</b>	<u><b>\$ 34,832</b></u>	<u><b>\$ 76,947</b></u>

See accompanying notes

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**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, 2022 and 2021**

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

Accounts Receivable:

Accounts receivable 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 department in 2022. Receivables of \$34,950 in 2021 were for the IAF and Supplemental grants.

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.

In 2022, NACO received a federal grant sub-award from the State of Nevada on January 27, 2022 for the amount of \$296,977. The grant is for the period September 1, 2021 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 county 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% fee to administer the program.

New accounting standard adopted and restatement of prior year financial statements

NACO has adopted the new GASB 87 standard for the reporting of leases. Leases, also known as right of use assets, are capitalized and the liability recorded. The asset is amortized over the life of the lease term. To conform to current year's presentation, the prior year financial statements have been restated. \$9,849 was added as a right of use assets and lease obligations were recorded for the same amount. \$1,175 was reclassified from other operating expenses to lease expense.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

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, 2022, 2021, 2020 and 2019 are open to audit by the Internal Revenue Service.

**NOTE 2- DEPOSITS AND INVESTMENTS**

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

The carrying amount of NACO's deposits at commercial banks on December 31, 2022 and 2021 was \$596,999 and \$715,652 respectively and the bank balance was \$607,421 and \$716,291. 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 \$242,499 in 2022 and \$197,543 in 2021. 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.

A summary of investments as of December 31, 2022:

	<u>Fair Value</u>	Investment Maturities in Years			
		<u>1 year or less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
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	-
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>

A summary of investments as of December 31, 2021:

	<u>Fair Value</u>	Investment Maturities in Years			
		<u>1 year or less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 67,435	\$ -	\$ 31,379	\$ 36,056	\$ -
U.S. Government & Agencies	13,312	4,040	9,272	-	-
U.S. Mortgage-backed securities	107,619	5,886	38,381	53,497	9,855
Corporate bonds	128,066	24,052	71,918	32,096	-
Equity securities	296,023	296,023	-	-	-
Total cash and investments	<u>\$ 612,455</u>	<u>\$ 330,001</u>	<u>\$ 150,950</u>	<u>\$ 121,649</u>	<u>\$ 9,855</u>

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

**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 are 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-.

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 2022 and 2021 totaled \$597,028 and \$484,389. Investments categorized as Level 2 for 2022 and 2021 totaled \$484,389 and \$128,066.

**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, 2022 and 2021**

**NOTE 3 – CAPITAL ASSETS AND DEPRECIATION (continued)**

Activity for the years ended December 31 was as follows:

	Useful life	December 31, 2021			December 31, 2022		
		Additions	Dispositions		Additions	Dispositions	
Building and improvements	40	\$ 556,382	\$ -	\$ -	\$ 556,382	\$ -	\$ -
Furniture and equipment	5 – 10	180,967	-	-	180,967	-	-
Vehicles	5 – 10	32,878	-	-	32,878	-	-
Total Assets		<u>770,227</u>	<u>-</u>	<u>-</u>	<u>770,227</u>	<u>-</u>	<u>-</u>
Accumulated depreciation		(364,417)	(11,045)	-	(375,462)	-	-
		<u>\$ 405,810</u>	<u>\$ (11,045)</u>	<u>\$ -</u>	<u>\$ 394,765</u>	<u>\$ -</u>	<u>\$ -</u>

		December 31, 2020			December 31, 2021		
		Additions	Dispositions		Additions	Dispositions	
Building and improvements	40	\$ 556,382	\$ -	\$ -	\$ 556,382	\$ -	\$ -
Furniture and equipment	5 – 10	174,061	6,906	-	180,967	-	-
Vehicles	5 – 10	32,878	-	-	32,878	-	-
Total Assets		<u>763,321</u>	<u>6,906</u>	<u>-</u>	<u>770,227</u>	<u>-</u>	<u>-</u>
Accumulated depreciation		(346,770)	(17,647)	-	(364,417)	-	-
		<u>\$ 416,551</u>	<u>\$ (10,741)</u>	<u>\$ -</u>	<u>\$ 405,810</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense charged was \$11,045 and \$17,647 for years 2022 and 2021.

**NOTE 4 – RIGHT OF USE ASSETS**

On July 6, 2022 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	Gross asset balance
Xerox copier	8,144	2,356	10,500

Lease expenses of \$2,820 and \$1,175 have been recognized for the years ending December 31, 2022 and 2021.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**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
2023	2,820	893	1,927
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 2022 and 2021 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, 2022 and 2021. 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, 2022 and 2021**

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**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, 2022, the employer contribution rate was 29.75% and the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$	106,014
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NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**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, 2022, NACO reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

Miscellaneous plan	\$	632,929
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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, 2022, 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, 2022 rolled forward to December 31, 2022 using standard update procedures.

The Board’s proportionate share of the net pension liability as of June 30, 2021 and 2022 was as follows:

December 31, 2021	0.00460%
December 31, 2022	0.00351%
Change-Increase (decrease)	-0.00109%

For the year ended December 31, 2022, NACO recognized a pension expense of \$96,115.

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	\$ 81,954	\$ 452
Changes in assumptions	81,304	-
Net difference between projected and actual earnings on pension plan investments	7,722	-
Changes in proportion and differences between NACO contributions and proportionate share of contributions	54,955	143,339
NACO contributions subsequent to the measurement date	53,009	-
Total	<u>\$ 278,944</u>	<u>\$ 143,791</u>

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

\$53,009 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:

Measurement Period Ended June 30:		
2024	\$	11,781
2025		10,446
2026		7,783
2027		71,462
2028		(2,785)
Thereafter		(16,543)
	<u>\$</u>	<u>82,144</u>

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 5.70 years for the measurement period ending June 30, 2022.

**Actuarial Assumptions**

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience review completed in 2022. Further details of the Experience Study can be found on the PERS website. The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial Cost Method	Entry -Age Normal Cost
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, 2021 funding actual valuation.	

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

Actuarial assumptions used in the June 30, 2022, valuation was based on the results of the experience study for the period July 1, 2016, through June 30, 2021.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing 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, except the projected contributions that are 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, 2022.

**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.

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

\*As of June 30, 2022, 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, 2022, 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:

	Discount rate -1% (6.25%)	Current Discount Rate (7.25%)	Discount Rate +1% (8.25%)
Misc. Tier1	972,978	632,929	353,794

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, 2022 and 2021**

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**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 2022 and 2021 the organization elected to not make any contributions. Employees contributed \$14,490 and \$12,000 for the years ended 2022 and 2021. 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 2022 and 2021.

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.

**NOTE 9 –SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 14, 2023 which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**



NEVADA ASSOCIATION OF COUNTY COMMISSIONERS  
 SUPPLEMENTAL INFORMATION – BUDGET TO ACTUAL COMPARISON  
 December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>OPERATING REVENUES:</b>				
Membership dues	\$ 578,718	\$ 578,718	\$ 361,895	\$ (216,823)
Public lands assessment dues	-	-	136,823	136,823
Conference fees & sponsors	-	-	91,228	91,228
Indigent accident and supplemental programs	70,000	70,000	70,000	-
National programs and associate sponsors	20,000	20,000	23,843	3,843
Other income	15,000	15,000	135,541	120,541
<b>Total operating revenues</b>	<b>683,718</b>	<b>683,718</b>	<b>819,330</b>	<b>135,612</b>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	449,500	449,500	436,026	13,474
Pension expense	-	-	96,115	(96,115)
PEBP post retirement benefits	6,000	6,000	2,340	3,660
Building & related costs	25,000	25,000	18,686	6,314
Legislative	10,000	10,000	2,929	7,071
Membership conference	38,000	38,000	26,794	11,206
Publications and printing	4,500	4,500	6,577	(2,077)
Office and other operating expense	80,000	80,000	93,568	(13,568)
Staff and representative travel	37,000	37,000	28,869	8,131
Vehicle expenses	3,000	3,000	7,481	(4,481)
Professional fees	15,500	15,500	21,777	(6,277)
Lease expense	-	-	2,820	(2,820)
Depreciation and amortization	-	-	11,045	(11,045)
<b>Total expenses</b>	<b>668,500</b>	<b>668,500</b>	<b>755,027</b>	<b>(86,527)</b>
<b>Operating income</b>	<b>15,218</b>	<b>15,218</b>	<b>64,303</b>	<b>49,085</b>
<b>NON-OPERATING REVENUES</b>				
Increase in non-operating investment income	15,000	15,000	(69,859)	(84,859)
<b>Total non-operating revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>(69,859)</b>	<b>(84,859)</b>
	-	-	-	-
<b>Increase (decrease) in Net Position</b>	<b>\$ 30,218</b>	<b>\$ 30,218</b>	<b>\$ (5,556)</b>	<b>\$ (35,774)</b>

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**

	<u>Measurement Dates</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)	0.00351%	0.00460%	0.00432%	0.00393%	0.00412%	0.00491%	0.00475%	0.00381%
Proportionate share of the net pension liability (asset)	\$632,929	\$419,910	\$601,332	\$536,067	\$561,269	\$653,604	\$639,269	\$436,508
Covered payroll	\$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	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	75.1%	75.4%	76.1%	75.3%	75.1%	74.5%	74.1%	73.2%

**SCHEDULES OF CONTRIBUTIONS LAST TEN YEARS**

	<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	\$106,014	\$88,864	\$88,478	\$78,346	\$80,357	\$84,999	\$80,553	\$58,796
Contributions in relation to the contractually required contribution	(\$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>
NACO's covered employee payroll	\$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%	29.25%	29.25%	28.00%	28.00%	28.00%	28.00%	25.75%

See accompanying notes

## Agenda Item 8

Nevada Association of Counties  
Income Statement/Budget  
For the Three Months Ending March 31, 2023

	Current Month	Year to Date	Budget	Y-T-D % Budget
<b>Revenues</b>				
Membership Dues	90,842.00	502,544.00	377,208.00	133.2%
Public Lands Assessment Dues	66,165.37	66,165.37	140,179.00	47.2%
Conference Revenues	750.00	750.00	80,000.00	0.9%
IAF/Supplemental Funds	0.00	35,000.00	70,000.00	50.0%
Interest Income	9.86	21.15	15,000.00	0.1%
National Programs	0.00	0.00	5,000.00	0.0%
Associate Memberships	2,250.00	10,550.00	15,000.00	70.3%
Unrealized Gain/(Loss)-Investments	6,788.74	19,794.68	0.00	
<b>Total Revenues</b>	<b>166,805.97</b>	<b>634,825.20</b>	<b>702,387.00</b>	<b>90.4%</b>
<b>Expenses</b>				
Salaries	24,428.92	76,805.99	320,750.00	23.9%
Retirement: PERS	9,361.55	16,629.15	106,388.00	15.6%
Employee Health Insurance/Life	2,506.73	3,062.52	40,000.00	7.7%
FICA, ESD, and Medicare Expense	1,426.84	3,310.82	7,500.00	44.1%
Audit	0.00	0.00	9,000.00	0.0%
Board Meetings	570.36	1,152.60	8,000.00	14.4%
Building Capital Projects	0.00	0.00	6,000.00	0.0%
Building Operating Expenses	1,908.85	4,542.01	19,000.00	23.9%
Conference Expenses	0.00	0.00	38,000.00	0.0%
Contract Services	0.00	0.00		
County Leadership Institute	0.00	0.00	3,500.00	0.0%
Depreciation Expense	0.00	0.00		
Donations/Sponsorships	0.00	0.00	1,500.00	0.0%
Equipmnet Lease & Maintenance	235.00	235.00	4,500.00	5.2%
Equipment Purchases	0.00	0.00	4,500.00	0.0%
IT Support	0.00	292.50	2,500.00	11.7%
Internet Service	815.00	1,614.00	9,000.00	17.9%
Legislative Expense	1,607.41	1,786.79	14,500.00	12.3%
Liability & Auto Insurance	432.00	1,296.00	5,500.00	23.6%
Management Consultant & Training	0.00	0.00		
Member Services	34.67	34.67	3,000.00	1.2%
Office Supplies	681.31	1,378.50	3,500.00	39.4%
PEHB Liability	202.48	607.44	6,000.00	10.1%
Postage	317.36	330.95	500.00	66.2%
Printing	0.00	0.00	500.00	0.0%
Professional Fees	312.40	1,382.84	15,500.00	8.9%
Property Taxes	0.00	965.03		
Publications, Dues, Registrations	589.24	666.23	4,000.00	16.7%
Recruiting & Advertising	0.00	0.00		
Representative Travel	127.95	5,089.63	15,000.00	33.9%
Special Studies/Litigation	0.00	0.00	5,000.00	0.0%
Actuarial Study Medicaid Match	0.00	0.00		
Staff Travel	3,557.51	4,664.19	21,249.00	22.0%
Sub Grant Employee Expense	16,742.43	11,488.31		
Telephone	345.01	662.64	6,000.00	11.0%
Vehicle Registration Maintenance	984.07	984.07	3,000.00	32.8%
Web-based Hosting & Subscription Software	757.86	757.86	10,000.00	7.6%
WIR Dues	7,233.00	7,233.00	9,000.00	80.4%
<b>Total Expenses</b>	<b>75,177.95</b>	<b>146,972.74</b>	<b>702,387.00</b>	<b>20.9%</b>
<b>Net Income</b>	<b>91,628.02</b>	<b>487,852.46</b>	-	

Nevada Association of Counties  
Income Statement/Budget  
For the Four Months Ending April 30, 2023

	Current Month	Year to Date	Budget	Y-T-D % Budget
<b>Revenues</b>				
Membership Dues	15,326.00	517,870.00	377,208.00	137.3%
Public Lands Assessment Dues	87,150.00	153,315.37	140,179.00	109.4%
Conference Revenues	5,300.00	6,050.00	80,000.00	7.6%
IAF/Supplemental Funds	0.00	35,000.00	70,000.00	50.0%
Interest Income	38.61	59.76	15,000.00	0.4%
National Programs	907.08	907.08	5,000.00	18.1%
Associate Memberships	850.00	11,400.00	15,000.00	76.0%
Unrealized Gain/(Loss)-Investments	3,094.52	22,889.20	0.00	
<b>Total Revenues</b>	<b>112,666.21</b>	<b>747,491.41</b>	<b>702,387.00</b>	<b>106.4%</b>
<b>Expenses</b>				
Salaries	24,428.92	101,234.91	320,750.00	31.6%
Retirement: PERS	9,361.55	25,990.70	106,388.00	24.4%
Employee Health Insurance/Life	6,375.60	9,438.12	40,000.00	23.6%
FICA, ESD, and Medicare Expense	1,259.16	4,569.98	7,500.00	60.9%
Audit	0.00	0.00	9,000.00	0.0%
Board Meetings	26.91	1,179.51	8,000.00	14.7%
Building Capital Projects	0.00	0.00	6,000.00	0.0%
Building Operating Expenses	1,712.40	6,254.41	19,000.00	32.9%
Conference Expenses	0.00	0.00	38,000.00	0.0%
Contract Services	0.00	0.00		
County Leadership Institute	0.00	0.00	3,500.00	0.0%
Depreciation Expense	0.00	0.00		
Donations/Sponsorships	0.00	0.00	1,500.00	0.0%
Equipmnet Lease & Maintenance	235.00	470.00	4,500.00	10.4%
Equipment Purchases	0.00	0.00	4,500.00	0.0%
IT Support	243.75	536.25	2,500.00	21.5%
Internet Service	799.00	2,413.00	9,000.00	26.8%
Legislative Expense	3,540.11	5,326.90	14,500.00	36.7%
Liability & Auto Insurance	741.25	2,037.25	5,500.00	37.0%
Management Consultant & Training	0.00	0.00		
Member Services	0.00	34.67	3,000.00	1.2%
Office Supplies	240.57	1,619.07	3,500.00	46.3%
PEHB Liability	202.48	809.92	6,000.00	13.5%
Postage	1.98	332.93	500.00	66.6%
Printing	0.00	0.00	500.00	0.0%
Professional Fees	312.40	1,695.24	15,500.00	10.9%
Property Taxes	0.00	965.03		
Publications, Dues, Registrations	90.99	757.22	4,000.00	18.9%
Recruiting & Advertising	0.00	0.00		
Representative Travel	1,005.00	6,094.63	15,000.00	40.6%
Special Studies/Litigation	0.00	0.00	5,000.00	0.0%
Actuarial Study Medicaid Match	0.00	0.00		
Staff Travel	1,586.39	6,250.58	21,249.00	29.4%
Sub Grant Employee Expense	(456.85)	11,031.46		
Telephone	318.19	980.83	6,000.00	16.3%
Vehicle Registration Maintenance	0.00	984.07	3,000.00	32.8%
Web-based Hosting & Subscription Software	202.97	960.83	10,000.00	9.6%
WIR Dues	0.00	7,233.00	9,000.00	80.4%
<b>Total Expenses</b>	<b>52,227.77</b>	<b>199,200.51</b>	<b>702,387.00</b>	<b>28.4%</b>
<b>Net Income</b>	<b>60,438.44</b>	<b>548,290.90</b>	-	

Nevada Association of Counties  
Income Statement/Budget  
For the Five Months Ending May 31, 2023

	Current Month	Year to Date	Budget	Y-T-D % Budget
<b>Revenues</b>				
Membership Dues	0.00	517,870.00	377,208.00	137.3%
Public Lands Assessment Dues	209,734.24	363,049.61	140,179.00	259.0%
Conference Revenues	11,000.00	17,050.00	80,000.00	21.3%
IAF/Supplemental Funds	0.00	35,000.00	70,000.00	50.0%
Interest Income	616.26	676.02	15,000.00	4.5%
National Programs	380.90	1,287.98	5,000.00	25.8%
Associate Memberships	3,750.00	15,150.00	15,000.00	101.0%
Unrealized Gain/(Loss)-Investments	(4,181.66)	18,707.54	0.00	
<b>Total Revenues</b>	<b>221,299.74</b>	<b>968,791.15</b>	<b>702,387.00</b>	<b>137.9%</b>
<b>Expenses</b>				
Salaries	24,428.92	125,663.83	320,750.00	39.2%
Retirement: PERS	7,267.61	33,258.31	106,388.00	31.3%
Employee Health Insurance/Life	(211.92)	9,226.20	40,000.00	23.1%
FICA, ESD, and Medicare Expense	1,665.29	6,235.27	7,500.00	83.1%
Audit	0.00	0.00	9,000.00	0.0%
Board Meetings	13.75	1,193.26	8,000.00	14.9%
Building Capital Projects	0.00	0.00	6,000.00	0.0%
Building Operating Expenses	1,301.44	7,555.85	19,000.00	39.8%
Conference Expenses	0.00	0.00	38,000.00	0.0%
Contract Services	0.00	0.00		
County Leadership Institute	1,800.00	1,800.00	3,500.00	51.4%
Depreciation Expense	0.00	0.00		
Donations/Sponsorships	0.00	0.00	1,500.00	0.0%
Equipmnet Lease & Maintenance	470.00	940.00	4,500.00	20.9%
Equipment Purchases	0.00	0.00	4,500.00	0.0%
IT Support	0.00	536.25	2,500.00	21.5%
Internet Service	799.00	3,212.00	9,000.00	35.7%
Legislative Expense	3,321.91	8,648.81	14,500.00	59.6%
Liability & Auto Insurance	432.00	2,469.25	5,500.00	44.9%
Management Consultant & Training	0.00	0.00		
Member Services	351.10	385.77	3,000.00	12.9%
Office Supplies	891.94	2,511.01	3,500.00	71.7%
PEHB Liability	202.48	1,012.40	6,000.00	16.9%
Postage	11.35	344.28	500.00	68.9%
Printing	0.00	0.00	500.00	0.0%
Professional Fees	312.40	2,007.64	15,500.00	13.0%
Property Taxes	0.00	965.03		
Publications, Dues, Registrations	1,340.99	2,098.21	4,000.00	52.5%
Recruiting & Advertising	0.00	0.00		
Representative Travel	0.00	6,094.63	15,000.00	40.6%
Special Studies/Litigation	0.00	0.00	5,000.00	0.0%
Actuarial Study Medicaid Match	0.00	0.00		
Staff Travel	70.47	6,321.05	21,249.00	29.7%
Sub Grant Employee Expense	(1,255.39)	9,776.07		
Telephone	327.53	1,308.36	6,000.00	21.8%
Vehicle Registration Maintenance	0.00	984.07	3,000.00	32.8%
Web-based Hosting & Subscription Software	389.78	1,350.61	10,000.00	13.5%
WIR Dues	0.00	7,233.00	9,000.00	80.4%
<b>Total Expenses</b>	<b>43,930.65</b>	<b>243,131.16</b>	<b>702,387.00</b>	<b>34.6%</b>
<b>Net Income</b>	<b>177,369.09</b>	<b>725,659.99</b>	-	

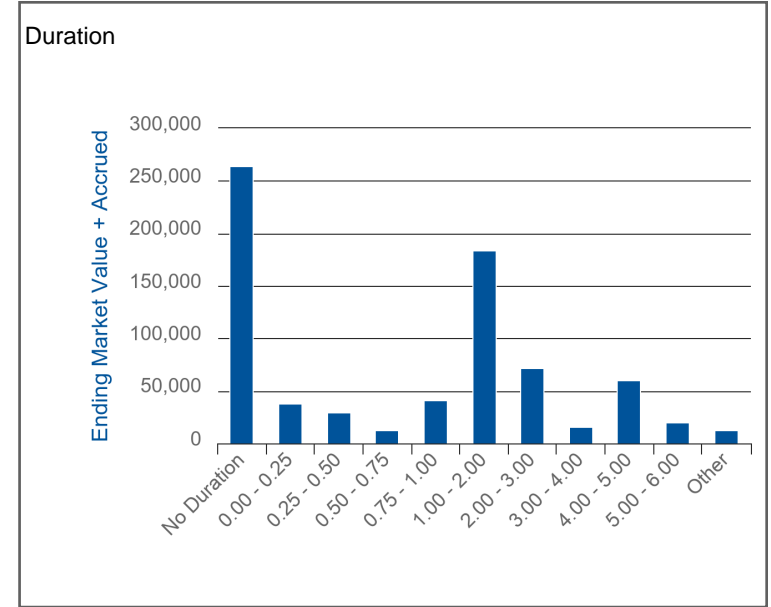
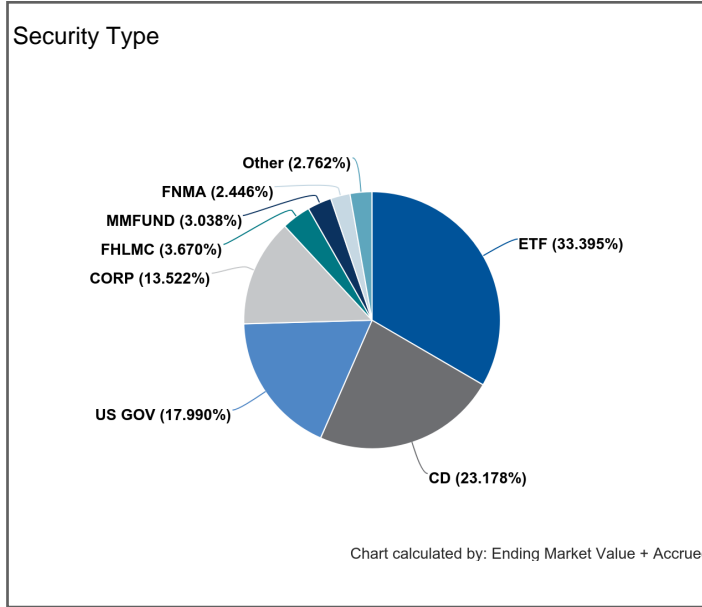
# Account Review

04/01/2023 - 04/30/2023

# Moreton-NACO

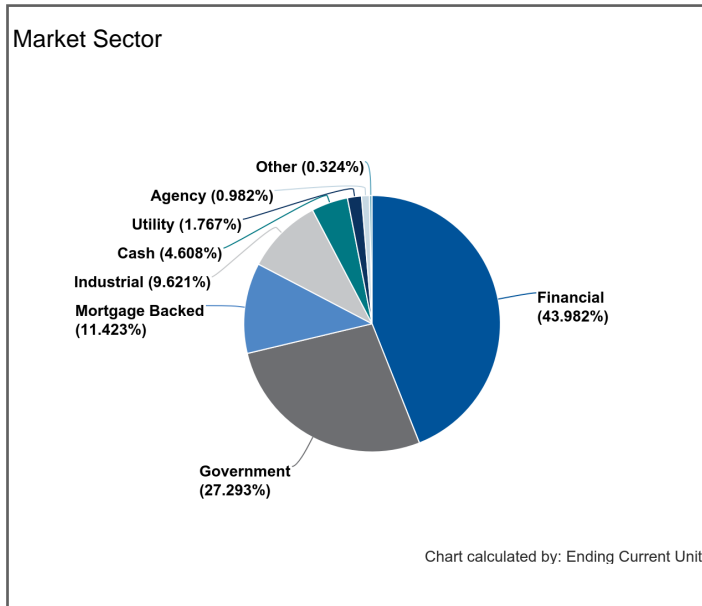
Dated: 05/02/2023

Balance Sheet	
Book Value + Accrued	708,533.29
Net Unrealized Gain/Loss	41,545.77
Market Value + Accrued	750,079.07



### Cash and Fixed Income Summary

Risk Metric	Value
Cash	684.20
MMFund	22,784.61
Fixed Income	476,120.92
Duration	2.054
Convexity	0.068
WAL	2.257
Years to Final Maturity	2.515
Years to Effective Maturity	2.452
Yield	4.644
Book Yield	3.744
Avg Credit Rating	AA/Aa2/AA



### Issuer Concentration

Issuer	% of Market Value + Accrued
Other	39.213%
United States Department of The Treasury	17.990%
Vanguard Index Funds - Vanguard Large-Cap ETF	8.566%
Vanguard Index Funds - Vanguard Mid-Cap ETF	8.259%
Vanguard Index Funds - Vanguard Total Stock Market ETF	6.793%
Vanguard Index Funds - Vanguard Small-Cap ETF	6.693%
USAlliance Federal Credit Union	6.668%
Federal Home Loan Mortgage Corporation	5.818%
---	100.000%

Footnotes: 1,2

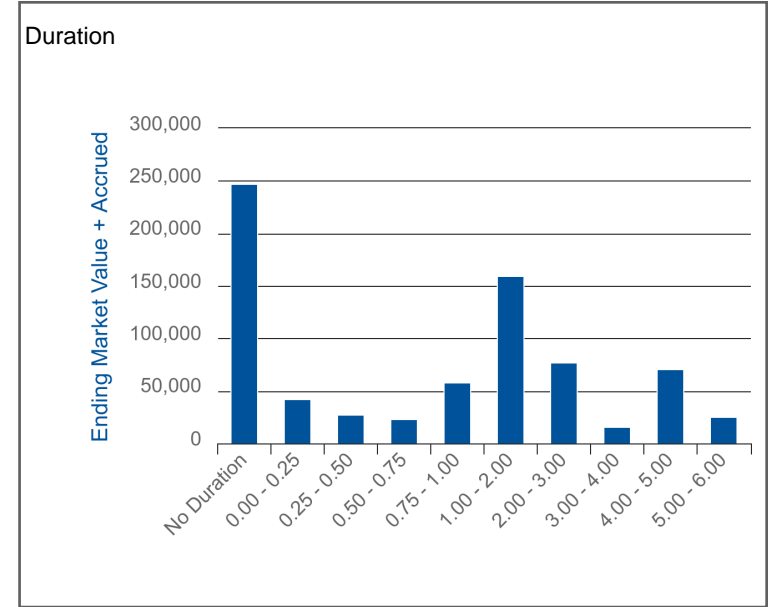
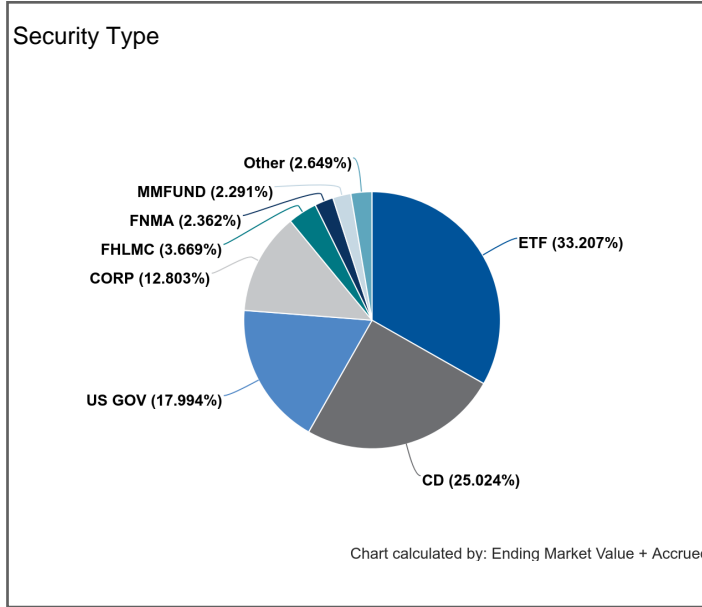
# Account Review

05/01/2023 - 05/31/2023

# Moreton-NACO

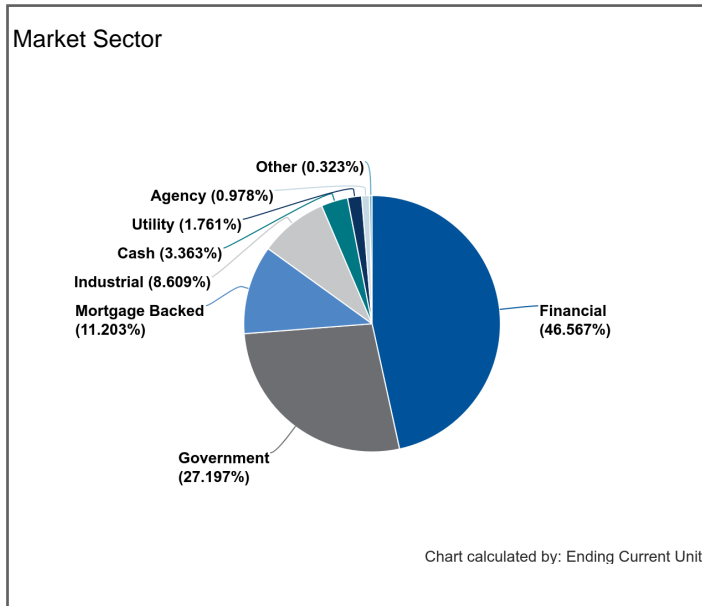
Dated: 06/05/2023

Balance Sheet	
Book Value + Accrued	709,989.88
Net Unrealized Gain/Loss	35,907.50
Market Value + Accrued	745,897.38



### Cash and Fixed Income Summary

Risk Metric	Value
Cash	103.01
MMFund	17,087.32
Fixed Income	481,015.69
Duration	2.031
Convexity	0.068
WAL	2.247
Years to Final Maturity	2.493
Years to Effective Maturity	2.433
Yield	5.009
Book Yield	3.790
Avg Credit Rating	AA/Aa2/AA



### Issuer Concentration

Issuer	% of Market Value + Accrued
Other	39.350%
United States Department of The Treasury	17.994%
Vanguard Index Funds - Vanguard Large-Cap ETF	8.677%
Vanguard Index Funds - Vanguard Mid-Cap ETF	8.087%
Vanguard Index Funds - Vanguard Total Stock Market ETF	6.861%
USAlliance Federal Credit Union	6.654%
Vanguard Index Funds - Vanguard Small-Cap ETF	6.597%
Federal Home Loan Mortgage Corporation	5.781%
---	100.000%

Footnotes: 1,2

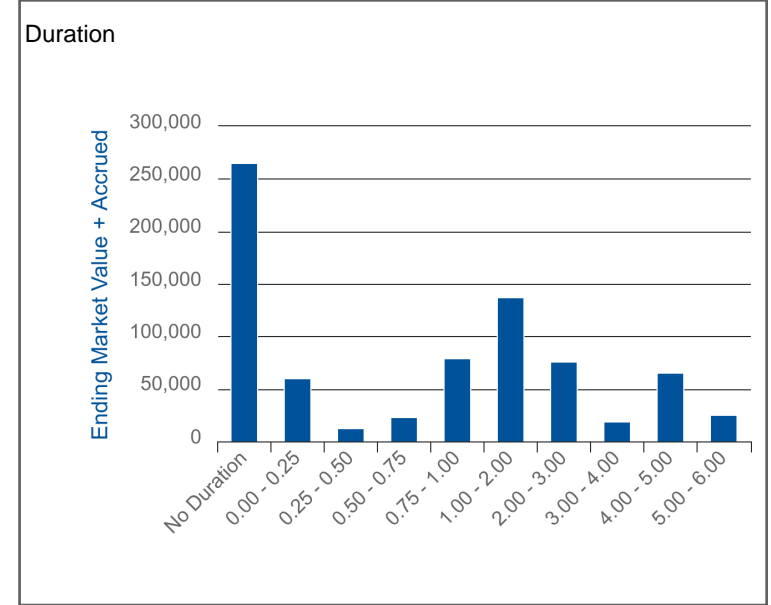
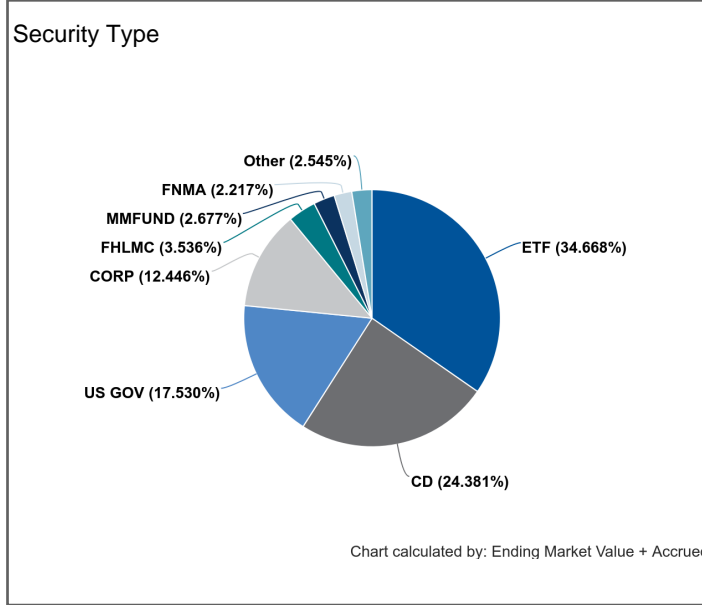
# Account Review

06/01/2023 - 06/30/2023

# Moreton-NACO

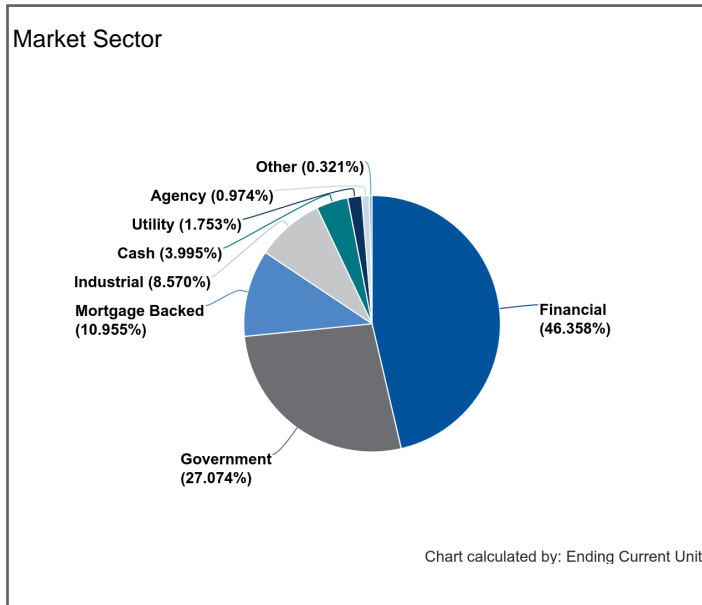
Dated: 07/05/2023

Balance Sheet	
Book Value + Accrued	712,549.88
Net Unrealized Gain/Loss	50,808.62
Market Value + Accrued	763,358.50



### Cash and Fixed Income Summary

Risk Metric	Value
Cash	73.37
MMFund	20,435.13
Fixed Income	478,205.06
Duration	1.945
Convexity	0.066
WAL	2.150
Years to Final Maturity	2.385
Years to Effective Maturity	2.328
Yield	5.190
Book Yield	3.814
Avg Credit Rating	AA/Aa2/AA



### Issuer Concentration

Issuer	% of Market Value + Accrued
Other	38.790%
United States Department of The Treasury	17.530%
Vanguard Index Funds - Vanguard Large-Cap ETF	9.003%
Vanguard Index Funds - Vanguard Mid-Cap ETF	8.537%
Vanguard Index Funds - Vanguard Total Stock Market ETF	7.128%
Vanguard Index Funds - Vanguard Small-Cap ETF	6.983%
USAlliance Federal Credit Union	6.472%
Federal Home Loan Mortgage Corporation	5.558%
---	100.000%

Footnotes: 1,2



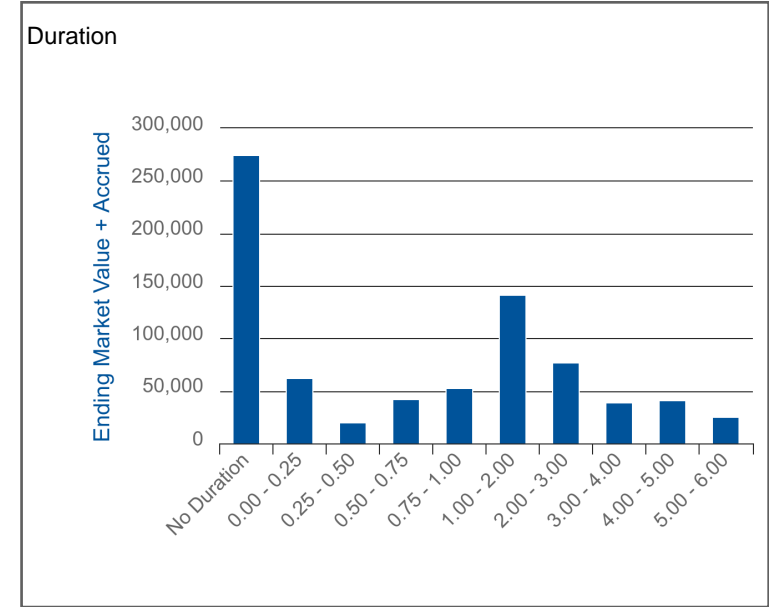
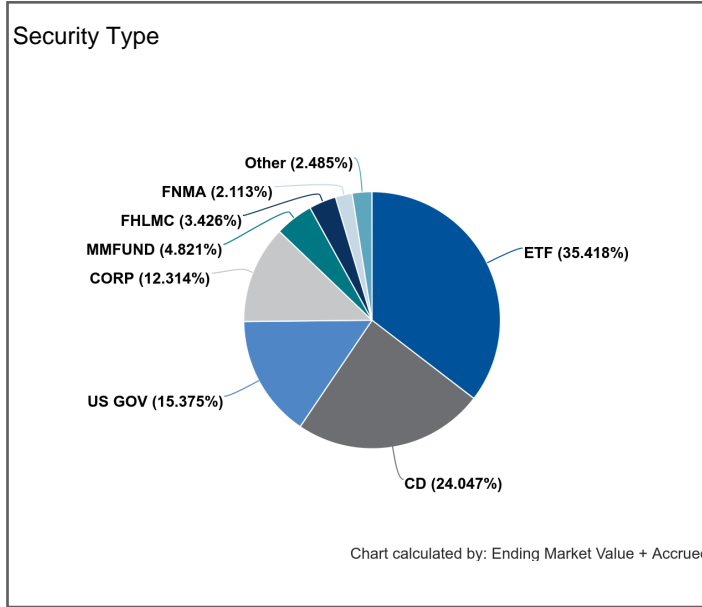
# Account Review

07/06/2023 - 07/31/2023

# Moreton-NACO

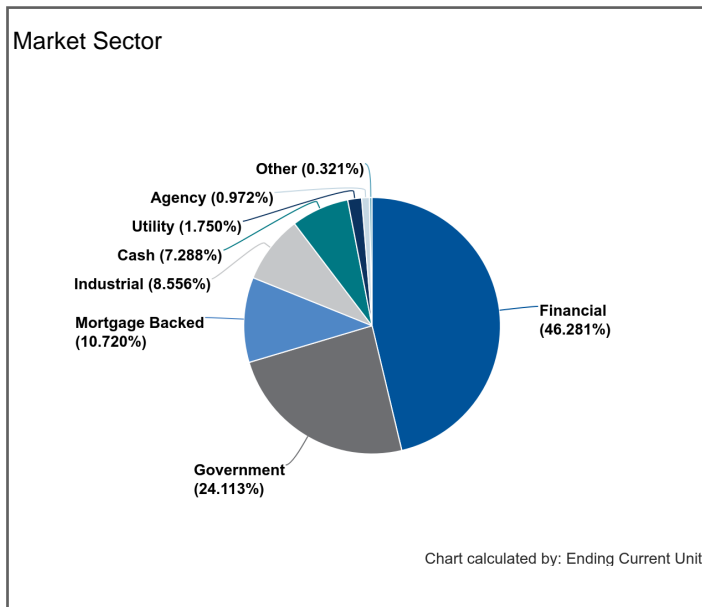
Dated: 08/02/2023

Balance Sheet	
Book Value + Accrued	714,041.67
Net Unrealized Gain/Loss	61,355.41
Market Value + Accrued	775,397.08



### Cash and Fixed Income Summary

Risk Metric	Value
Cash	92.29
MMFund	37,384.10
Fixed Income	463,290.54
Duration	1.867
Convexity	0.063
WAL	2.066
Years to Final Maturity	2.291
Years to Effective Maturity	2.236
Yield	5.224
Book Yield	3.866
Avg Credit Rating	AA/Aa2/AA



### Issuer Concentration

Issuer	% of Market Value + Accrued
Other	40.487%
United States Department of The Treasury	15.375%
Vanguard Index Funds - Vanguard Large-Cap ETF	9.163%
Vanguard Index Funds - Vanguard Mid-Cap ETF	8.701%
Vanguard Index Funds - Vanguard Total Stock Market ETF	7.274%
Vanguard Index Funds - Vanguard Small-Cap ETF	7.215%
USAlliance Federal Credit Union	6.394%
Federal Home Loan Mortgage Corporation	5.392%
---	100.000%

Footnotes: 1,2

# Agenda Item 10

## Assembly Bill No. 391–Committee on Government Affairs

### CHAPTER.....

AN ACT relating to public works; authorizing a local government to enter into a prehire agreement for a public work; and providing other matters properly relating thereto.

#### Legislative Counsel’s Digest:

Existing law sets forth a process for a local government to award a contract for a public work. (NRS 338.1385) This bill authorizes a local government to enter into a prehire agreement for a public work. Any such prehire agreement may contain a preference for hiring labor on the public work to local residents who reside: (1) within the jurisdiction of the local government; (2) within a certain specified distance of the jurisdiction of the local government; or (3) within a certain geographic area within the jurisdiction of the local government. This authority does not apply if any federal statute or regulation precludes the granting of federal assistance or reduces the amount of that assistance for a particular public work. This bill also clarifies that this authority shall not be construed to authorize a contractor on a public work to pay any worker on the public work less than the applicable prevailing wage.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 338 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. Except as otherwise provided in subsection 2, a local government sponsoring or financing a public work may enter into a prehire agreement for the public work. Any such prehire agreement may contain a preference for hiring labor on the public work to local residents who possess a valid driver’s license or identification card issued by the Department of Motor Vehicles or other proof of current address which indicates that the person resides:*

- (a) Within the jurisdiction of the local government;*
- (b) Within a certain specified distance of the jurisdiction of the local government, as provided by the local government sponsoring or financing the public work; or*
- (c) Within a certain geographic area within the jurisdiction of the local government.*

*2. If any federal statute or regulation precludes the granting of federal assistance or reduces the amount of that assistance for a particular public work because of the provisions of subsection 1,*



*those provisions do not apply insofar as their application would preclude or reduce federal assistance.*

*3. Nothing in this section shall be construed to authorize a contractor on a public work to pay any worker on the public work less than the applicable prevailing wage required pursuant to NRS 338.020 to 338.090, inclusive.*

**Secs. 2-5.** (Deleted by amendment.)

**Sec. 6.** 1. The amendatory provisions of this act apply to a public work for which bids are first advertised by a local government after the effective date of this act.

2. As used in this section, “local government” and “public work” have the meanings ascribed to them in NRS 338.010.

**Sec. 7.** (Deleted by amendment.)

**Sec. 8.** This act becomes effective upon passage and approval.



## Agenda Item 11

Joe Lombardo  
*Governor*



Richard Whitley  
*Director*

# State of Nevada Department of Health and Human Services

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Early Learning and Child Care in Local Communities

Division of Welfare & Supportive Services

Karissa Loper Machado, MPH



8/25/2023

*Helping people. It's who we are and what we do.*



# Agenda

1. Child Care & Development Program
2. Nevada's Child Care Landscape
3. Challenges to Increasing Child Care Supply
4. How can local governments help?
5. Q&A

# Nevada Child Care & Development Program (CCDP)

- Administers federal child care subsidy benefits to eligible households (making up to 85% SMI)
- Collaborates with NDE-OELD and other stakeholders to define, measure, and improve the quality of child care services
- Operates/administers the State Child Care Licensing Program and supports Washoe County Child Care Licensing
- Collaborates with stakeholders to increase the supply of available child care – e.g., can offer non-capital supports to help child care businesses start up a new center or home-based care center



# Nevada's Child Care Landscape

- Nevada is a child care desert: only 1 licensed child care slot for every 3 children statewide.
  - This lack of access continues to restrict parents from returning to work and is impacting our economic recovery.
- Child care is costly: a family of 4 in Carson City, with two working parents, needs to earn ~\$103,000 annually to afford to pay for child care out of pocket.
  - That same family of 4 stops being eligible for federal child care subsidy assistance when they make more than ~\$72,000 annually.
- The Child Care & Development Block Grant and the federal pandemic relief/recovery funds have allowed the state to improve the affordability of child care *for eligible households.*





# Economic Impacts

## How child care problems hurt the economy

Individual Parents	Businesses	Taxpayers
<p>Lost earnings now from lower productivity, quitting/firing, and less time in the workforce</p> <p>Extra costs of job search to match work with child care</p> <p>Lost earnings in the future from less work experience and fewer skills</p>	<p>Lost revenues now from lower output</p> <p>Extra costs due to absenteeism, disruptions, rehiring</p> <p>Lost revenue in the future due to lower workforce capital</p>	<p>Lost revenue now from lower incomes</p> <p>Smaller federal, state and local tax base and revenue</p> <p>Lost revenue in the future due to weaker economic growth</p>

- Each year a child is under age 3 without sufficient child care:

- **Families** lose an average of \$5,520 per working parent in lost earnings and in more time looking for flexible work.
- **Businesses** lose an average of \$1,640 per working parent in reduced revenue and extra hiring/training costs.
- **Taxpayers** lose an average of \$1,470 per working parent in lower taxes/sales revenues.





# Child Care Supply

- Three licensed provider types (NRS & NAC 432A):
  - Centers – Facilities licensed to care for 13 or more children
  - Family Child Care – Home-based facility licensed to care for up to 6 children
  - Group Family Child Care – Home-based facility licensed to care for up to 12 children
- Challenges:
  - For Centers, it is the cost of capital for either buying land, buying a building, or for construction of a new building or remodeling.
  - For Home-based care, it is zoning and permitting restrictions and costs that are preventing people who are interested from opening licensed care within their home.



# Example from Las Vegas

- The State's minimum space requirements for Group Family Child Care (up to 12 children) for licensure:
  - 35 sq. ft. of indoor space (excludes bathrooms, halls, kitchens, stairs, and storage space) per child = 420 sq. ft. minimum requirement in a home
  - 37.5 sq. ft. of outdoor space per child = 450 sq. ft. minimum requirement for a home's yard
- City of Las Vegas requires a minimum lot size of 6,500 sq. ft. for a home to obtain a special use/conditional use permit to operate a family group child care business.
- Other examples included in the handouts developed by Access to Capital.



# How Can Local Government Help?

- Review zoning codes to ensure equitable access to center and home-based child care providers
- Work with local HOAs to remove barriers for home-based providers
- Conduct/require child care landscape analysis for new development
- Identify options for co-location of child care and development programs
- Incorporate child care and development into economic development supports
- Invest local funds into capital development projects & partner with local CDFIs
- Meet with local providers and families to identify needs and barriers
- Host community meetings to discuss early childhood needs
- Incorporate early learning & development into your strategic planning & advocacy efforts
- Share NV Child Care Fund information with employees & partners:  
[nevadachildcarefund.org](http://nevadachildcarefund.org)
- Join/participate in the NV Early Childhood Advisory Council (NECAC) or Local ECAC
- Complete the [Best Places for Working Families Assessment](#)





# Partner Acknowledgement

- Access to Capital
- Candelen
- The Children's Cabinet
- Division of Child & Family Services
- Las Vegas Urban League
- Local ECAC members
- Mission Driven Finance
- Nevada Association for the Education of Young Children
- Nevada Dept. of Ag. Child & Adult Care Food Program (CACFP)
- Nevada Dept. of Ed. Office of Early Learning & Development (OELD)
- Purdue-Marion
- University of Nevada, Las Vegas Nevada Institute for Children's Research & Policy (NICRP)
- University of Nevada, Reno Cooperative Extension
- Washoe County Human Services Agency
- Wonderschool
- Workforce Connections





# Questions?





# Contact Information

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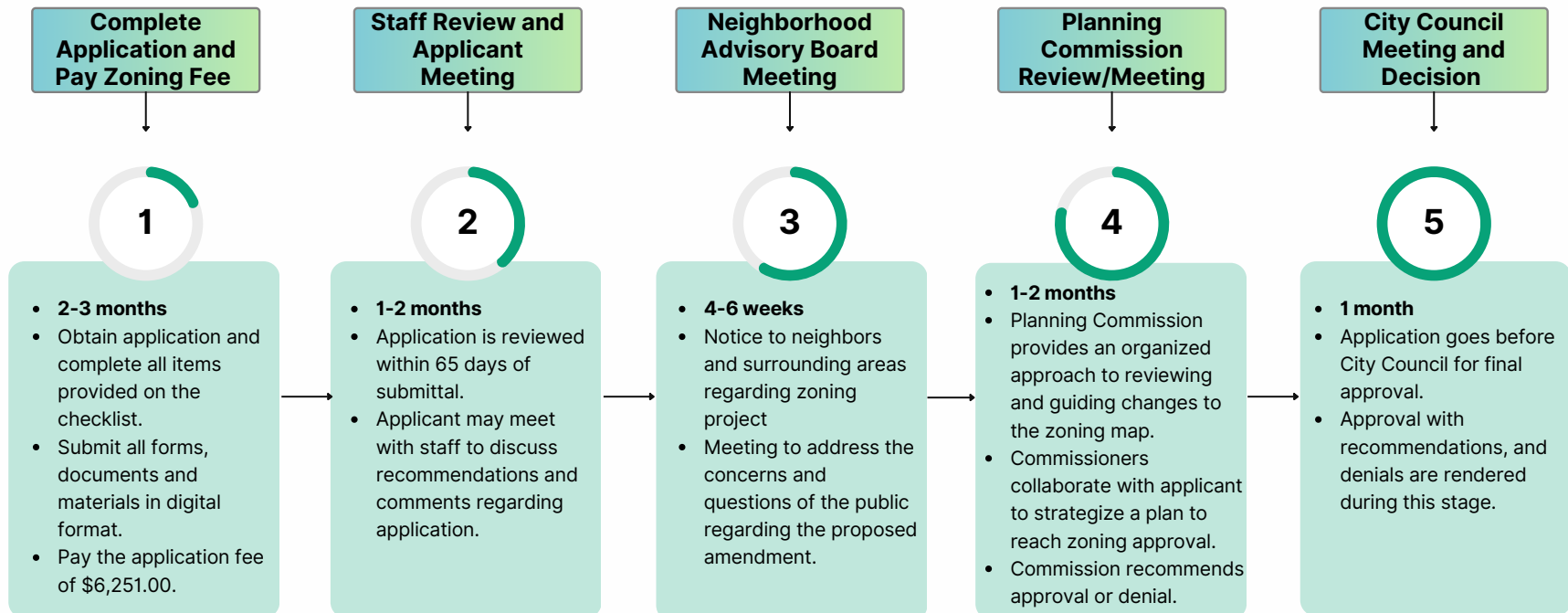
# Acronyms

- CDFI – Community Development Financial Institution
- ECAC – Early Childhood Advisory Council
- HOA – Home Owners Association
- NAC – Nevada Administrative Code
- NRS – Nevada Revised Statute
- NDE – Nevada Department of Education
- OELD – Office of Early Learning and Development



# ZONING ROADMAP AND COST GUIDE FOR PROVIDERS

6-8 Months to Complete Zoning Process





# Cost Guide for Center A

Rental amount for secured location is \$3,500.00/month with capacity for 45 children. Bathroom renovations must be completed.

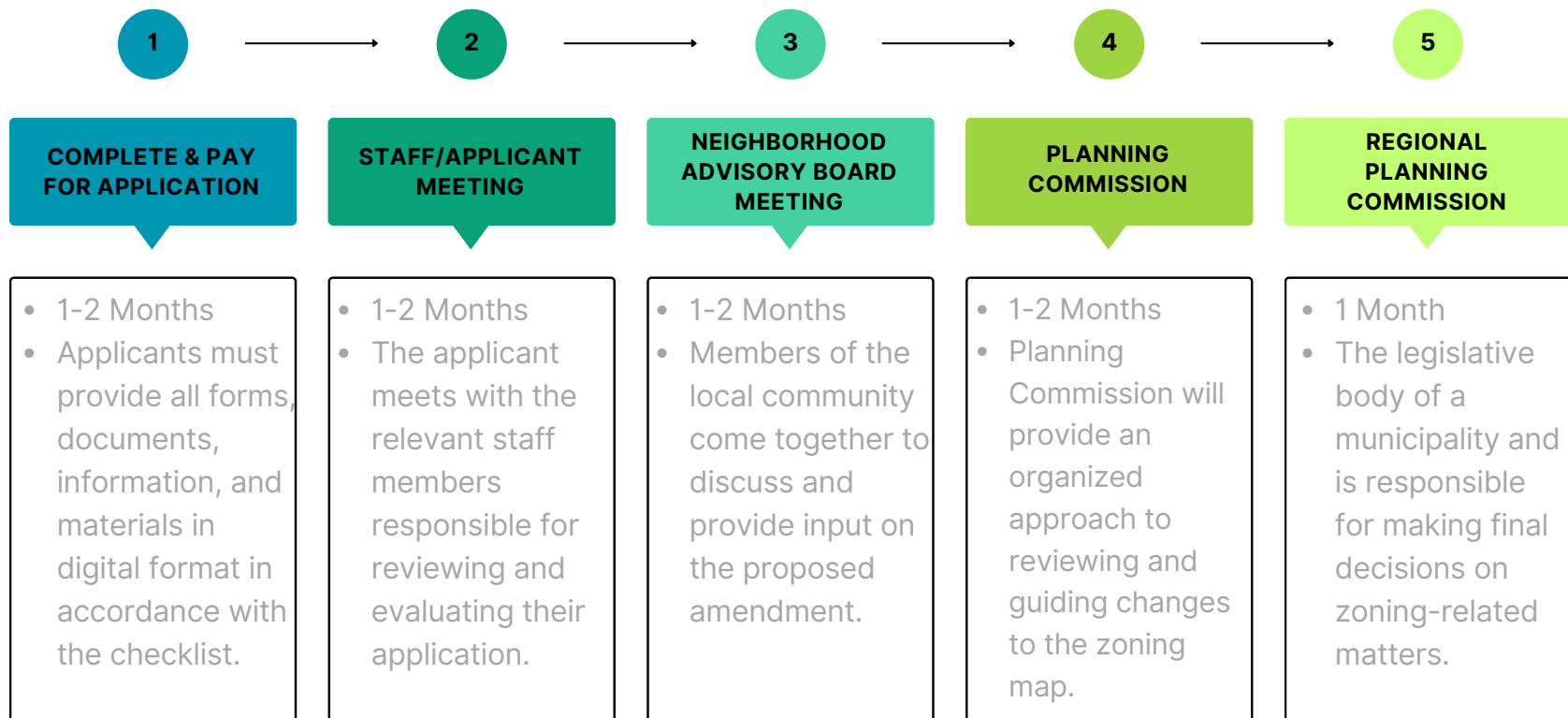
- First Month, Last Month and Security Deposit on Space \$10,500
- Licensing Application Fee \$100
- Health Inspection Fee \$304
- Fire Inspection Fee \$22
- Fingerprints submitted \$75 (\$300 total for 4 employees)
- TB Testing (4 employees) \$400
- CPR Training (4 employees) \$200
- Liability Insurance \$750
- Zoning Application Fee \$6,251
- NV Professional Land Surveyor \$1,000
- 6 months of rent during the zoning process \$21,000
- Renovation costs \$15,000
- 2 months employer costs (payroll and benefits) \$12,000

# RISK vs REWARD

- Risk-The cost (\$67,827.00) of entry is a barrier for most providers especially when there is not guarantee on a return on their investment.
- Risk-Going through the 6-7 month zoning process does not guarantee approval and many providers avoid it for fear they will be left with a vacant location they cannot use for childcare.
- Risk-In order to recoup the cost associated with the zoning process many providers are forced to raise rates for families and lower pay for staff.
- Reward-some of the funds spent are reimbursable through the grants program however structural changes, first, last , security deposit, payroll and benefits are not eligible.
- Reward-If approved most providers are ready to open their doors within 2 months.

# Conditional Use Permit Process and Cost Guide for Group Family Childcare

5-6 months to Complete Conditional Use Permit Process



# Washoe County Group Family Childcare Statistics as of July 2023

- State of Nevada has **49** Group Family Childcare Providers
- Washoe County has **1** Group Family Childcare Provider
- Washoe County code requires a Conditional Use Permit in order to have a Group Family Childcare in your home.
- Conditional Use Permit Fee is **\$3,926.00** and goes through a similar process as Zoning.
- Takes between 5-6 months to be approved.
- Providers are deterred from becoming a Group Family Childcare provider due to the cost and length of time it takes.
- If we can change the process for Conditional Use Permits, we can quickly and easily increase capacity for several Family Childcare Providers.
- Washoe County has **96** Family Childcare Providers