Pursuant to NRS a joint meeting of the Nye County Board of Commissioners, Nye County Board of Highway Commissioners, Nye County Licensing and Liquor Board, the Nye County Board of Health, the Governing Body of the Unincorporated Town of Pahrump, the Governing Body of the Unincorporated Towns of Beatty, Belmont, Gabbs, Manhattan, and Railroad Valley, and the Board of Trustees for the Pahrump Pool District, was held at 10:00 a.m. in the Commissioners' Chambers, 101 Radar Road, Tonopah, Nevada 89049.

John Koenig, Chair
Debra Strickland, Vice-Chair
Lorinda Wichman, Commissioner
Donna Cox, Commissioner
Leo Blundo, Commissioner
Sandra L. Merlino, Ex-Officio Clerk of the Board
Chris Arabia, District Attorney
Sharon Wehrly, Sheriff
Tim Sutton, County Manager

Also Present: Lorina Dellinger, Assistant County Manager; Kelly Sidman, Deputy Clerk; Samantha Tackett, Administrative Manager; Savannah Rucker, Comptroller; Marla Zlotek, Chief Deputy District Attorney

Not Present: Chris Arabia, District Attorney; Sharon Wehrly, Sheriff

Commissioners Wichman and Cox were present via telephone.

1. Pledge of Allegiance

The Pledge was recited.

2. Approval of the Agenda for February 20, 2020 (Non-action item)

Tim Sutton said item 8 could be removed from the agenda.

3. Commissioners'/Manager's Comments (This item limited to announcements or topic/issues proposed for future workshops/agendas)

Commissioner Strickland asked to have an item on the agenda to pursue the purchase of the 25 lots next to the arena.

SITTING AS THE BOARD OF COUNTY COMMISSIONERS

SHERIFF

7. For Possible Action – Discussion and deliberation to: 1) Accept the US Department of Justice, Drug Enforcement Administration (USDOJ, DEA) FY20 Domestic Cannabis Eradication / Suppression Program grant in the amount of $28,000.00 to defray costs relating to the eradication and suppression of illicit cannabis; 2) Execute the grant award; and 3) Fund from 10340 grants. There is no County match required.

Commissioner Blundo made a motion to accept, execute and fund from 10340; seconded by Commissioner Strickland.

Commissioner Blundo said cannabis was legal in Nevada, however, there was still a black market issue so he thought it was good that the Sheriff continued to work with federal partners to eradicate the black market issues and problems.

Commissioner Koenig's only concern was whether the District Attorney would actually follow through with it and prosecute because his opinion seemed to be it was legal so let them do what they want.

The motion to accept, execute and fund from 10340 passed with 5 yeas.

4. 10:00 a.m. – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2018-2019 for Nye County and all component units of Nye County conducted by Daniel McArthur, LTD.

Dan McArthur reviewed the independent auditor's report, the County's management responsibility for the financial statements, and his responsibility as the auditor. Page 12 of the report showed all funds as well as the assets and liabilities of those funds. The total of pooled cash and investments was around $69 million and restricted assets cash was $10 million. The beginning net position was $54 million, which was an increase from FY18 to FY19 of $7 million. Mr. McArthur said from that perspective the County was in a good financial position.

Page 64 had a table showing the debt, including the bonds outstanding as of June 30, 2019, of $20 million relating to the detention center. Compensated absences liability was $3,865,000 and the OPEB liability was $74 million at the end of FY19. Mr. McArthur explained how that fluctuated based on the rates of the actuary. Moving to page 80 Mr. McArthur noted the pooled cash investments increased from 2018 to 2019 by about $600,000.00, which was a positive indicator. The fund balance shown at the end of 2019 was $10,389,000 and in 2018 it was $10,274,000, which was another positive indicator. Regarding the unincorporated towns fund balance of $1,328,000, Mr. McArthur explained that represented marijuana revenues set aside until certain regulations and laws were interpreted and it would not be there in 2020.

Commissioner Strickland asked about the negatives in intergovernmental and charges for services.

4. 10:00 a.m. – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2018-2019 for Nye County and all component units of Nye County conducted by Daniel McArthur, LTD-Cont'd.

Mr. McArthur said intergovernmental was because of the consolidated tax.

Savannah Rucker added that DTAX provided projections and those were compared to what the County had experienced in the past and then an educated assumption was made for the next fiscal year.

As to charges for services, Mr. McArthur said that particular item could be a moving target as those were fees collected in the various offices and the number of transactions during the year had an impact on the fees charged.

Mr. McArthur talked about compliance with NRS. One of the statutes indicated budgets could not be spent in excess of a function as that would be deemed a violation of the law. A function would be government, public safety, judicial and intergovernmental. The juvenile probation fund's budget was $92,000.00 and the payments were $97,240.00, which was over budget. He explained that was an exception because payments were made for intergovernmental payments mandated to be made out of the control of the County or city. Additionally, guidance from DTAX indicated in a situation like this it was not a technical violation of the statute.

Commissioner Blundo mentioned the embezzlement issues with that department.

Mr. McArthur explained some of the rules over this department came from the Nevada Supreme Court, which set out minimum accounting guidelines for the courts to follow. Every three or four years there were specific audits for those courts and this year his firm was engaged to do that audit. They were doing that audit right now and the results would go to the Nevada Supreme Court.

Mrs. Rucker said the Juvenile Probation Department was more than willing to have their internal policies and procedures reviewed by her office and the Treasurer. They had also come up with solutions to keep that from reoccurring

Mr. McArthur discussed the Pahrump ambulance fund on page 101 which showed a total net position of negative $1,181,641, which became a potential issue. Similar to the OPEB item it was tied to the State pension liability. Since the State pension fund was under-funded the proportionate share of that plan had to show on the statement of the Pahrump ambulance. Their share was over $3 million, but if Mr. McArthur removed that liability there would not be a negative fund balance.

Lastly, Mr. McArthur reviewed the schedule of findings and responses with the Board. He discussed the reconciliation not occurring on a timely basis and not being presented to the Board per statute, which in his opinion was a material significant weakness.

Commissioner Koenig and Mr. McArthur discussed the difficulty in complying with that statutory requirement due to the schedule of Board meetings. Mr. McArthur felt that producing that report at the first meeting of the following month would adhere to the intent of

4. 10:00 a.m. – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2018-2019 for Nye County and all component units of Nye County conducted by Daniel McArthur, LTD-Cont'd.

the statute. He said as the bank reconciliation procedure got better the ability with online banking to reconcile on a daily basis would change and improve so probably the ability to have it done within the 30 days would exist. Mr. McArthur said right now his position as an auditor was he thought if it was in by the first of the following month that meant every effort was being made.

John Bosta said on page 80 under unincorporated towns $788,000.00 was shown and now it was $1,328,000, which was collected on marijuana money in unincorporated towns. He asked if that $1,328,000.00 belonged to Beatty, Pahrump and Amargosa Valley, how it would be utilized next year, and how to get around this with DTAX.

Mr. McArthur said from an auditor's point of view those were legal questions. Since he was not an attorney he could not make a legal determination.

Mr. Bosta asked about recommendations at the end of the audit. In past years they had been there, but the Commissioners never followed up. He recommended the Commissioners give a report as to how they had satisfied those recommendations so the public could see the Board was following up.

Commissioner Koenig said he would ask the Treasurer if he would like to do that.

Commissioner Blundo made a motion to approve; seconded by Commissioner Strickland; 5 yeas.

SITTING AS THE GOVERNING BODY OF UNINCORPORATED TOWN OF PAHRUMP

5. 10:00 a.m. – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2018-2019 for the Town of Pahrump conducted by Daniel McArthur, LTD.

Dan McArthur said the Pahrump financials resided inside the County's. His only comment was on page 225 where the Pahrump town general fund was shown. Pooled cash investments as of FY18 were $4,565,000 and in 2019 cash was $5,080,000. The fund balance at end of FY18 was $4,545,000 and in FY19 it was $4,787,000, so the Pahrump town general fund was in good financial condition.

Commissioner Blundo thought only getting $9,000.00 in interest receivable was pretty low and wondered if it was invested correctly.

Mr. McArthur said he would get some detail for Commissioner Blundo.

Commissioner Blundo made a motion to approve; seconded by Commissioner Strickland; 5 yeas.

AS THE BOARD OF TRUSTEES FOR THE PAHRUMP POOL DISTRICT

6. 10:00 a.m. – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2018-2019 for the Pahrump Pool District conducted by Daniel McArthur, LTD.

Mr. McArthur reviewed the audit for the Pahrump Pool District and said he did not see any issues from a financial point of view.

Commissioner Blundo made a motion to approve; seconded by Commissioner Strickland; 5 yeas.

FINANCE

8. For Possible Action – Discussion and deliberation regarding the Corrective Action Letter for the Annual Audit Report for Fiscal Year ending June 30, 2019 to be submitted to the Nevada Department of Taxation.

This item was removed from the agenda.

9. GENERAL PUBLIC COMMENT (up to three-minute time limit per person.) Action will not be taken on the matters considered during this period until specifically included on an agenda as an action item.

There was none.

10. ADJOURN

Commissioner Koenig adjourned the meeting.

APPROVED this 7th day ATTEST:

Of April, 2019.

Chair

Nye County Clerk / Deputy