

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, as the Nye County Board of Health, as the Governing Body of the Unincorporated Town of Pahrump, as the Governing Body of the Unincorporated Towns of Beatty, Belmont, Gabbs, Manhattan, and Railroad Valley, and as 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  
Dan Schinhofen, Vice-Chair  
Lorinda Wichman, Commissioner  
Butch Borasky, Commissioner  
Donna Cox, Commissioner  
Sandra L. Merlino, Ex-Officio Clerk of the Board  
Angela Bello, District Attorney  
Sharon Wehrly, Sheriff  
Tim Sutton, County Manager

Also present: Kelly Sidman, Deputy Clerk; Lorina Dellinger, Assistant County Manager; Samantha Tackett, Administrative Manager; Savannah Rucker, Comptroller

Not Present: Angela Bello, District Attorney; Sharon Wehrly, Sheriff

### **1. Pledge of Allegiance**

The Pledge was recited.

### **2. GENERAL PUBLIC COMMENT (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 (first).**

Don Cox said he hoped the Board sent this out for people to give their input because he did not think they did.

### **3. 10:00 – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2016-2017 for Nye County and all component units of Nye County conducted by Daniel McArthur, LTD.**

Daniel McArthur began his presentation by reading the auditor's opinion from the independent auditor's report. He then directed the Board to page 12 which showed the net position of the assets, liabilities and equity of the consolidated funds of the County. He addressed the non-current liabilities due or payable within one year and due and payable after one year. The governmental section showed \$100.899 million due in one year and the business activities showed \$6.329 million. Mr. McArthur explained the County had responsibility for bonds that were sold and issued for the construction of the detention center and over \$20 million of that number represented those bonds.

**3. 10:00 – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2016-2017 for Nye County and all component units of Nye County conducted by Daniel McArthur, LTD.-Cont'd.**

Additional liability was related to obligations to pay retiree health insurance and the County's share of unfunded PERS liability. Total net position at the end of 2017 was \$89.541 million with a total equity increase of over \$3 million suggesting the County was in a better financial position than the prior year.

Mr. McArthur then reviewed page 16 which showed the three major funds – the general operating fund, the road fund, and the capital projects fund. The fund balance at the beginning of the year for the general fund was \$6,689,528.00, which had increased over the last year to \$7,312,967.00. The road fund showed a decrease in the fund balance, but Mr. McArthur that explained that could vary from year to year depending on projects. The same was true for the capital projects fund. He noted that the capital projects fund showed expenditures of \$196,000.00, but under operating transfers in and out there was a transfer of \$1,119,000.00 to the debt service fund to make payments on the jail bond.

Mr. McArthur went through the findings beginning with the deficit funds balances. Page 87 showed the Pahrump ambulance fund, which had a negative equity in 2016 as well as 2015 because of the net pension liability. This fund's share of the unfunded PERS retirement liability was \$3,680,424.00. Mr. McArthur anticipated this fund to have continued negative equity until that liability either decreased or the cash receivables in the fund grew to exceed that liability.

Page 142 showed the building department fund which also had a negative fund balance. Mr. McArthur advised this fund basically went negative because anticipated revenues of \$657,000.00 did not materialize during the year. Contractual obligations in the fund that had to be met also contributed to the deficit.

Mr. McArthur discussed budget compliance issues starting with the museum fund. This fund was overspent due to a retiring employee who was paid out accumulated sick and vacation time that was not anticipated at that level.

Regarding the public safety tax distribution special revenue fund, Mr. McArthur said from his perspective this fund had a technical violation. This fund received money collected for public safety to be used by the Sheriff's Office and/or fire departments. Revenue budgeted was \$2,632,000.00 and actual was \$2,820,000.00. This fund collected the money and redistributed it to the various funds and towns which had the responsibility to manage and expend the money. There was no expenditure that took place outside of Nye County local government, but Mr. McArthur said the dollar amount that came in that required distribution to three of the town funds caused a technical violation.

**3. 10:00 – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2016-2017 for Nye County and all component units of Nye County conducted by Daniel McArthur, LTD.-Cont'd.**

Another technical violation was shown on page 261, the County special ad valorem fund. Mr. McArthur explained the statute required a portion of this money be allocated to towns within the County. Due to the increase in property tax received the distribution to the towns increased. Net proceeds collection of \$29,792.00 was also unanticipated in the budget.

Mr. McArthur then touched upon the Gabbs sewer enterprise fund, which had a budget violation as well. The budget violation was driven specifically by the depreciation expense of \$37,000.00, not due to the expenditure of money.

Mr. McArthur said overall the County looked like it was in a good financial position and had improved from last year to this year. Most of the budget issues were technical issues that he was sure would be addressed with corrective action plans. He then discussed his recommendations for control over the financial operations. When they were examining the bank reconciliations for the County for the year they found an error where \$1.049 million in revenue was recorded that did not exist. That error occurred because one of the 17 bank accounts had not been reconciled to the ending balance as listed on the bank statement. He stated there was no money missing and nobody took any money. There was just revenue recorded on the books that should not have been recorded. His recommendation to prevent this in the future was to have the bank reconciliation examined by a second person other than the preparer.

Commissioner Koenig asked how long this particular problem had been going on. Mr. McArthur responded just this year.

Mr. McArthur then reviewed the findings related to the Treasurer's Office. He said good internal control procedures meant more than one person knew how to perform specific duties in an office which was one of the reasons cross-training was an important feature in internal control as well as succession planning. His review of the internal controls revealed that the Chief Deputy Treasurer was the only individual who knew how to perform some duties within the office. The absence of that employee could put a strain on the office in order to perform their required duties, and with only one person understanding those duties the retirement of the person put a burden on the office to function. The finding was that in the Treasurer's Office there was no one sufficiently trained to perform specific duties. Mr. McArthur recommended the County Commissioners put a policy in place to provide for cross training and succession planning.

Mr. McArthur also mentioned the changes taking place with the software being utilized by the County in the assessment of property taxes and the processing of this activity in the Treasurer's Office. To him that was a significant issue for the County to look at and address.

**3. 10:00 – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2016-2017 for Nye County and all component units of Nye County conducted by Daniel McArthur, LTD.-Cont'd.**

Commissioner Cox said she was concerned about the jail bond and how interest only had been paid on it for ten years. She asked if there were sufficient funds to use to start paying it off.

Mr. McArthur said page 53 showed debt requirements from now until 2041. There was a principal balance of \$21.260 million with interest paid of \$18.164 million for a total debt service of \$39.424 million for the next 20+ years. He said right now it was being funded through a transfer from the capital projects fund and there was not a debt service fund where money was being accumulated to pay the debt. As of today there was not sufficient money to pay that \$21 million. He advised there should be future plans made on how to pay that down. Mr. McArthur also confirmed for Commissioner Koenig that part of the principal was being paid.

Commissioner Cox said the County now had to appoint a new Treasurer. She asked if Mr. McArthur recommended they appoint someone else to fill in for the other person who retired also and if the County could afford to do that.

Savannah Rucker said yes as both of the positions were budgeted through FY18. There was an item on the agenda for the Board to provide staff direction with regard to the Treasurer's position, and then the new Treasurer could make a decision on the Chief Deputy Treasurer position.

Commissioner Schinhofen made a motion to accept the audit; seconded by Commissioner Cox; 5 yeas.

**SITTING AS THE GOVERNING BODY OF UNINCORPORATED TOWN OF PAHRUMP**

**4. 10:00 – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2016-2017 for the Town of Pahrump conducted by Daniel McArthur, LTD.**

Commissioner Cox made a motion to approve; seconded by Commissioner Schinhofen; 5 yeas.

**AS THE BOARD OF TRUSTEES FOR THE PAHRUMP POOL DISTRICT**

**5. 10:00 – For Possible Action – Discussion and deliberation to approve the audits of fiscal year 2016-2017 for the Pahrump Pool District conducted by Daniel McArthur, LTD.**

Commissioner Schinhofen made a motion to accept; seconded by Commissioner Cox; 5 yeas.

## SITTING AS THE BOARD OF COUNTY COMMISSIONERS

### FINANCE

#### **7. For Possible Action – Discussion and deliberation regarding the Corrective Action Letter for the Nye County Annual Audit Report for Fiscal Year ending June 30, 2017 to be submitted to the Nevada Department of Taxation.**

Commissioner Schinhofen made a motion to accept the letter and get it signed; seconded by Commissioner Wichman; 5 yeas.

The Board took a brief recess.

### COUNTY MANAGER

#### **6. For Possible Action – Discussion and deliberation regarding appointment of Treasurer to fill an unexpired term due to the resignation of Richard Billman.**

Commissioner Borasky thought there was one person in the room who had the needed qualifications to jump in and get that office where it needed to be, the County's former Comptroller and former County Manager, Pam Webster.

Commissioner Borasky made a motion to appoint Pam Webster; seconded by Commissioner Wichman.

Commissioner Schinhofen said his support for Mrs. Webster was based on years of having worked with her and knowing what she can accomplish. She had implemented programs before, set up cross-training, run finances, and was the County Comptroller. He found the other candidates qualified but believed Mrs. Webster eminently qualified.

Kenny Bent said he understood Mrs. Webster retired. In the past he recalled one incident of a County employee retiring, taking a buy-out and getting re-hired again. Mr. Bent did not think it was the best idea to bring someone retired out of the PERS back into it again.

Commissioner Cox asked how the PERS worked and if Mrs. Webster would get two retirement accounts now.

Danelle Shamrell, Human Resources Manager, advised Mrs. Webster told her personally she was not collecting a retirement from PERS right now. The situation Mr. Bent referred to was the time the County offered PERS buy-outs and in order for someone to be re-hired after that Board approval was needed. She said that was not this situation and pointed out that employees left in the past and had then been appointed or elected to positions.

Commissioner Cox said she was asked if Mrs. Webster would receive two retirements.

**6. For Possible Action – Discussion and deliberation regarding appointment of Treasurer to fill an unexpired term due to the resignation of Richard Billman.- Cont'd.**

Mrs. Shamrell said that could happen, but not right now.

The motion to appoint Pam Webster passed with 5 yeas.

**8. 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 (second).**

There was none.

**9. ADJOURN**

Commissioner Koenig adjourned the meeting.

APPROVED this 20<sup>th</sup> day ATTEST:

Of February, 2018.

  
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Chair

  
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Nye County Clerk / Deputy