MINUTES OF THE CHURCHILL COUNTY AUDIT COMMITTEE

155 N. Taylor St., Fallon, NV 89406
December 14, 2021

Call to Order:

The regular meeting of the Audit Committee was called to order at 4:00 PM on December 14, 2021.

PRESENT:	Member H. Peter Olsen, Jr., Chair, via teleconference Member Benjamin Shawcroft Member Alan Kalt Comptroller Sherry Wideman Chad Atkinson, HintonBurdick CPAs & Advisors Deputy Clerk Renae Paholke Jamie Hyde, CC Communications
ABSENT:	N/A

Pledge of Allegiance:

Due to time constraints, The Pledge of Allegiance was not recited.

Public Comment:

Chairman Olsen appeared via teleconference and asked Member Shawcroft to run the meeting for him. Acting Chair Shawcroft asked if there was any public comment but there was none.

Verification of the Posting of the Agenda:

It was verified by Renae Paholke, Deputy Clerk, that the Agenda for this meeting was posted on the 8th day of December, 2021, between the hours of 8:00 and 9:00 AM at all of the locations listed on the Agenda, in accordance with NRS 241.

Consideration and possible action re: Approval of Agenda as submitted or revised:

Member Alan Kalt made a motion to approve the Agenda as submitted. Member Benjamin Shawcroft seconded the motion, which carried by unanimous vote.

Consideration and possible action re: Approval of Minutes of the meeting held on:

A- November 30, 2020.

The Minutes of the meeting held on November 30, 2020 are submitted for the committee's consideration and approval.
FISCAL IMPACT: N/A
EXPLANATION OF IMPACT:
FUNDING SOURCE: N/A
ACTION REQUESTED: Accept

Member Benjamin Shawcroft made a motion to approve the Minutes of the meeting held on November 30, 2020 as presented. Member H. Peter Olsen, Jr. seconded the motion, which carried by majority vote, with Member Kalt abstaining due to the fact he was not a member of the committee at that time.

Appointments:

A- Consideration and possible action re: Presentation of the Comprehensive Annual Financial Report for the general Churchill County and CC Communications for the Fiscal Year Ending June 30, 2021.

The Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2021 will be presented to the Audit Committee. After review of the report, the Audit Committee is asked to make a recommendation to the Board of County Commissioners for acceptance and approval of the audit report.

FISCAL IMPACT: As contracted.

EXPLANATION OF IMPACT:

FUNDING SOURCE: General Fund.

ACTION REQUESTED: Accept

Chad B. Atkinson, CPA, HintonBurdick CPAs & Advisors said I first wanted to say thank you to the county staff for helping us get through the audit. I also wanted to share in this introduction that there will be a couple of things that we will point to for the committee to read, if you haven't already, which are the Letter of Transmittal and the Management's Discussion and Analysis. These two documents are the high-level overview of what took place in Fiscal Year 2021, so we encourage you to review those documents. Let us know if you have any questions about those documents.

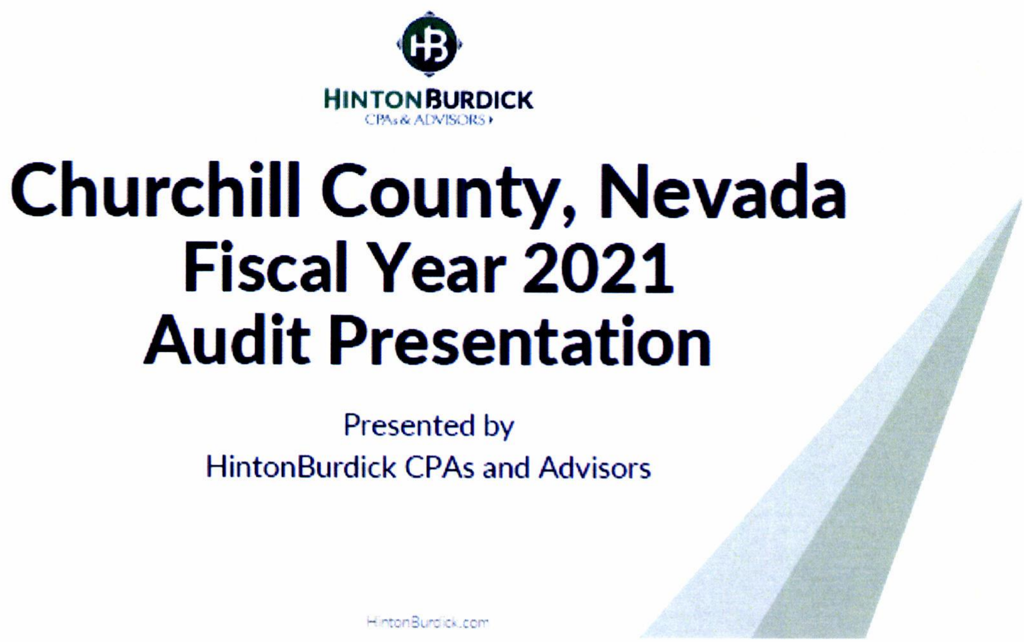
I also wanted to thank the county for working with us on an extension request. I had a key member of my staff get COVID right in the middle of our audit season.

I am going to cover the audit reports and then some financial highlights as we complete our report. The Audit Report is found on page 15 in the Annual Comprehensive Financial Report (ACFR). We issued an opinion on the financial statements of an unmodified opinion or a "clean opinion". Our Report on Internal Controls Over Financial Reporting and on Compliance is found on page 213. We are happy to report that there were no internal control deficiencies or noncompliance reported. There were two funds that exceed their budget appropriations and the findings for that are found on page 226, so if you have any questions on that.

Member Alan Kalt said what was the issue with RTC? My recollection in reading the Minutes is that RTC does a quarterly transfer. Comptroller Sherry Wideman said what happened was that the city had a huge project and they did not give me the numbers until right before it was too late to augment the budget, so we had to take it out of one fund so that we would only have one fund that was over budget.

What happened with the Scholarship Trust Fund was, according to the new GASB Statement No 84, it is no longer a fiduciary fund, and is required to be turned into a special revenue fund since we have management control over it, so that is why there is no budget on that one.

Chad B. Atkinson had a PowerPoint presentation as follows:



- **Report on Compliance with Statutes and Administrative Code – page 215**
  - One new instance of noncompliance reported
    - 2021-001 Budgetary Compliance – see page 226
    - Corrective action plan – page 229

- **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance – page 223**
  - No instances of noncompliance or internal control deficiencies reported
  - Low risk auditee – see page 225

Financial Highlights

- All funds operated within approved budgets, except Regional Transportation (page 137) and Scholarship Fund (page 156)
- Changes in fund balances – governmental funds - page 36
- Changes in net position – business-type funds- page 41

- Review of fund balance and net position
  - Assets – liabilities = fund balance or net position

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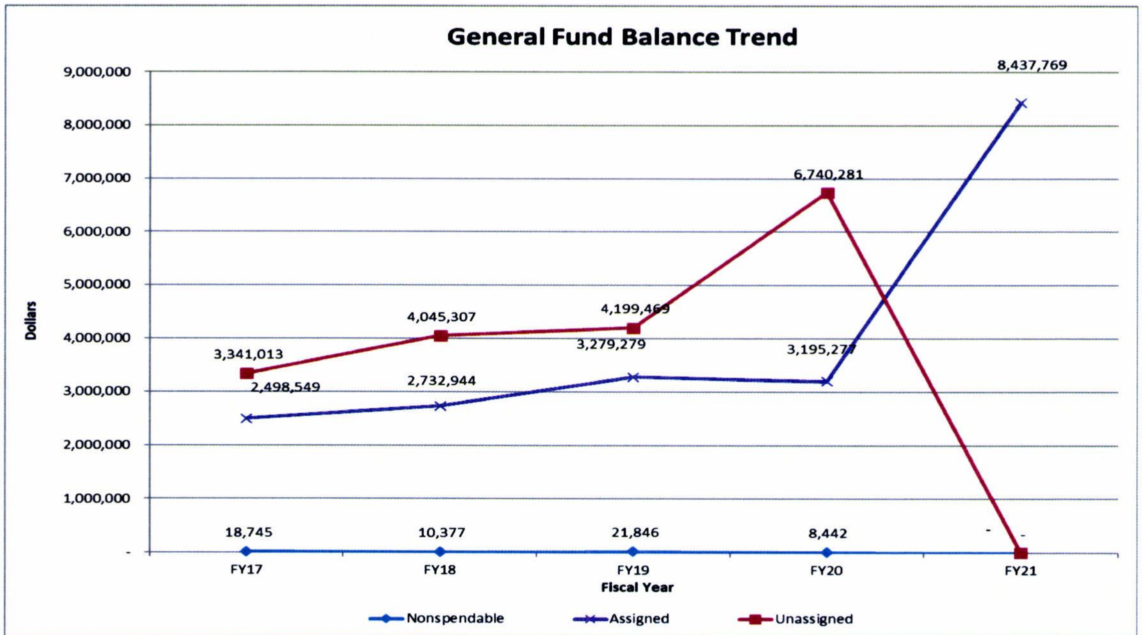
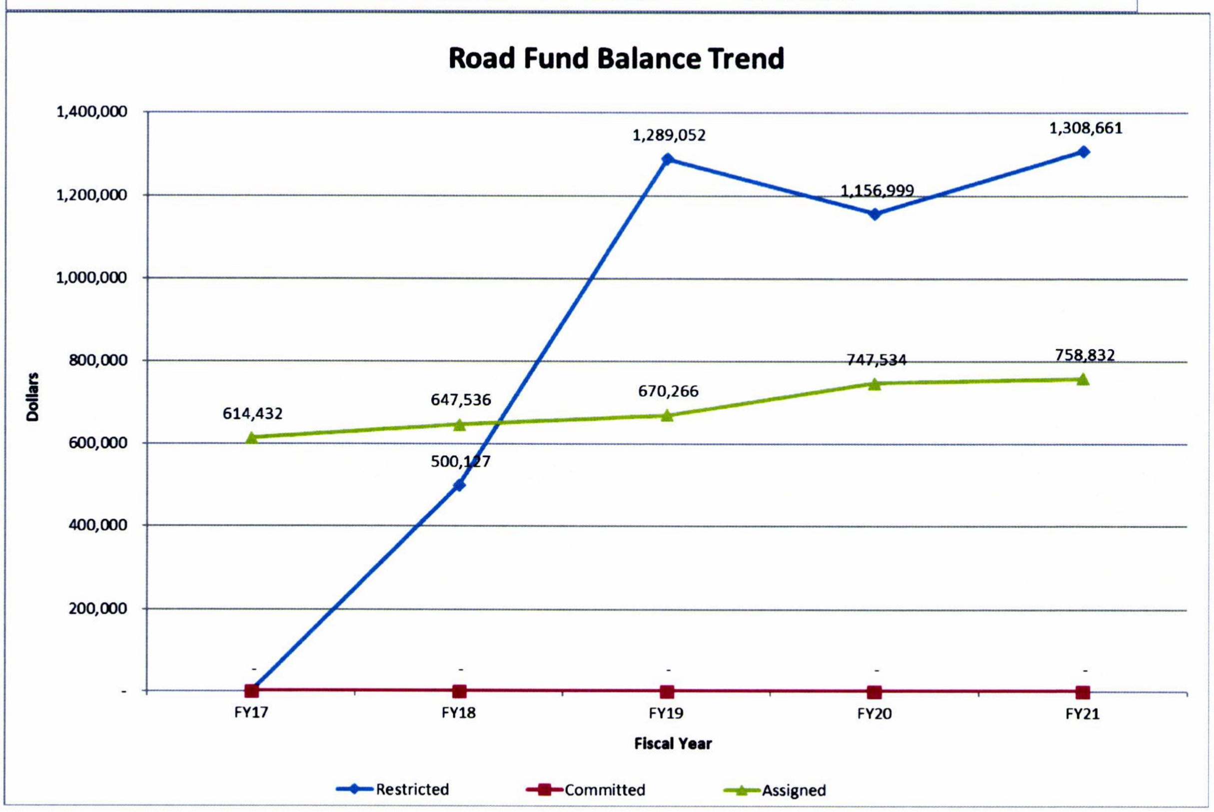

General Fund Balance Trend
Dollars
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
8,437,769
6,740,281
4,045,307
4,199,469
3,341,013
3,279,279
3,195,277
2,498,549
2,732,944
18,745
10,377
21,846
8,442
-
-
FY17
FY18
FY19
FY20
FY21
Fiscal Year
Nonspendable
Assigned
Unassigned


Road Fund Balance Trend
Dollars
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
1,289,052
1,308,661
1,156,999
747,534
758,832
614,432
647,536
670,266
500,127
-
-
-
-
-
FY17
FY18
FY19
FY20
FY21
Fiscal Year
Restricted
Committed
Assigned

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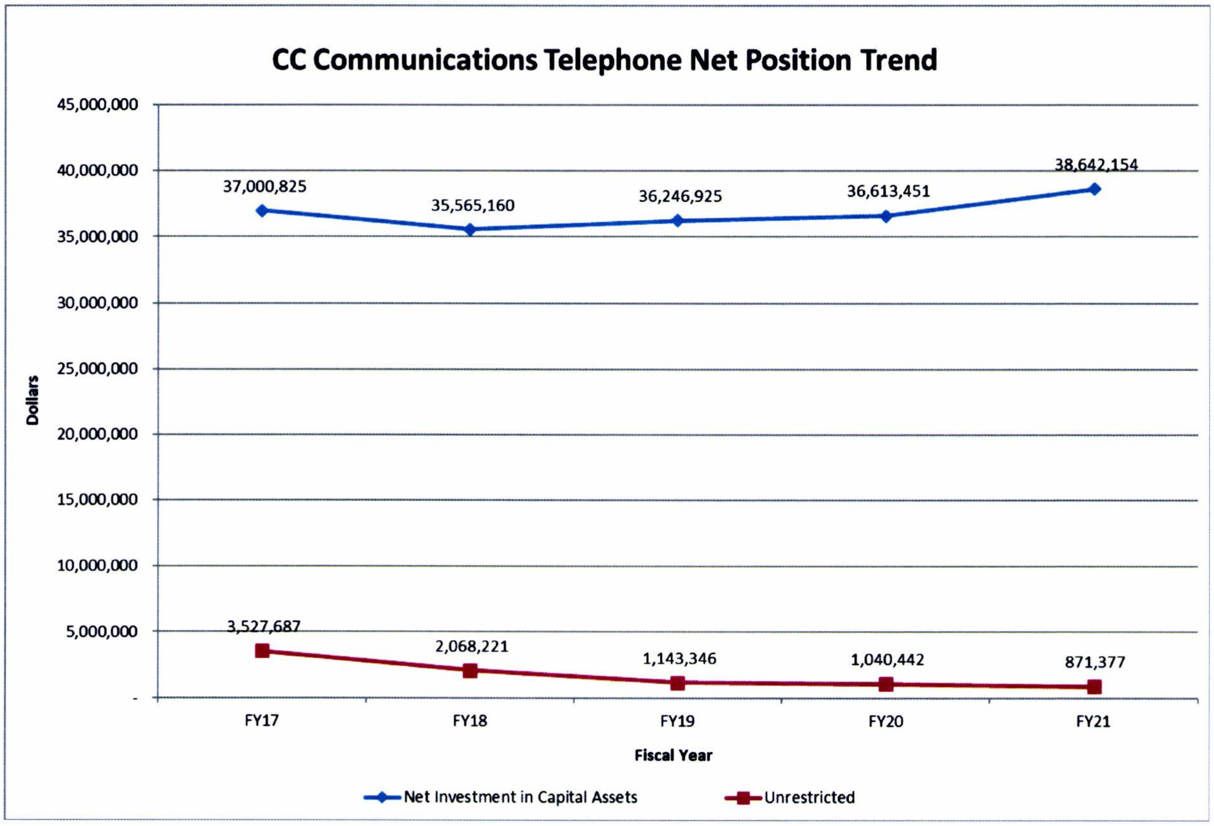
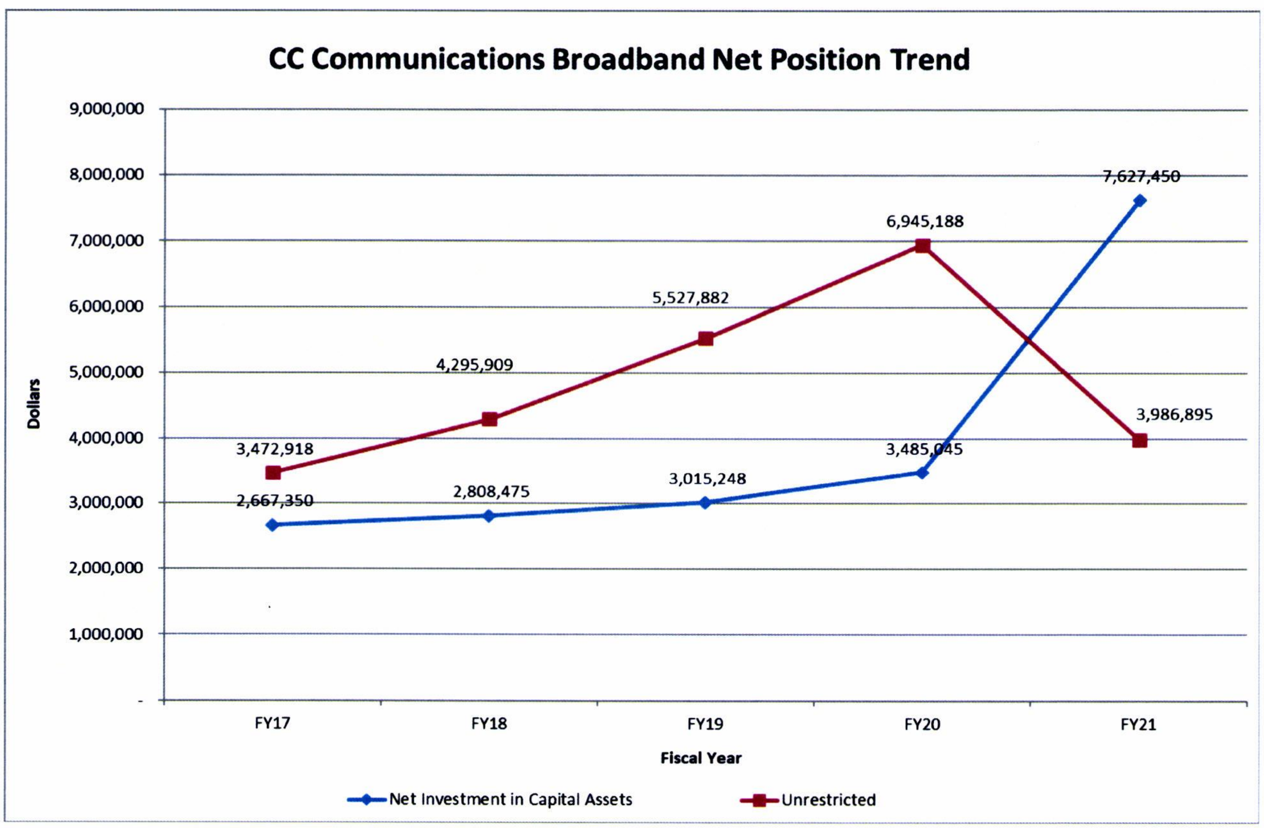
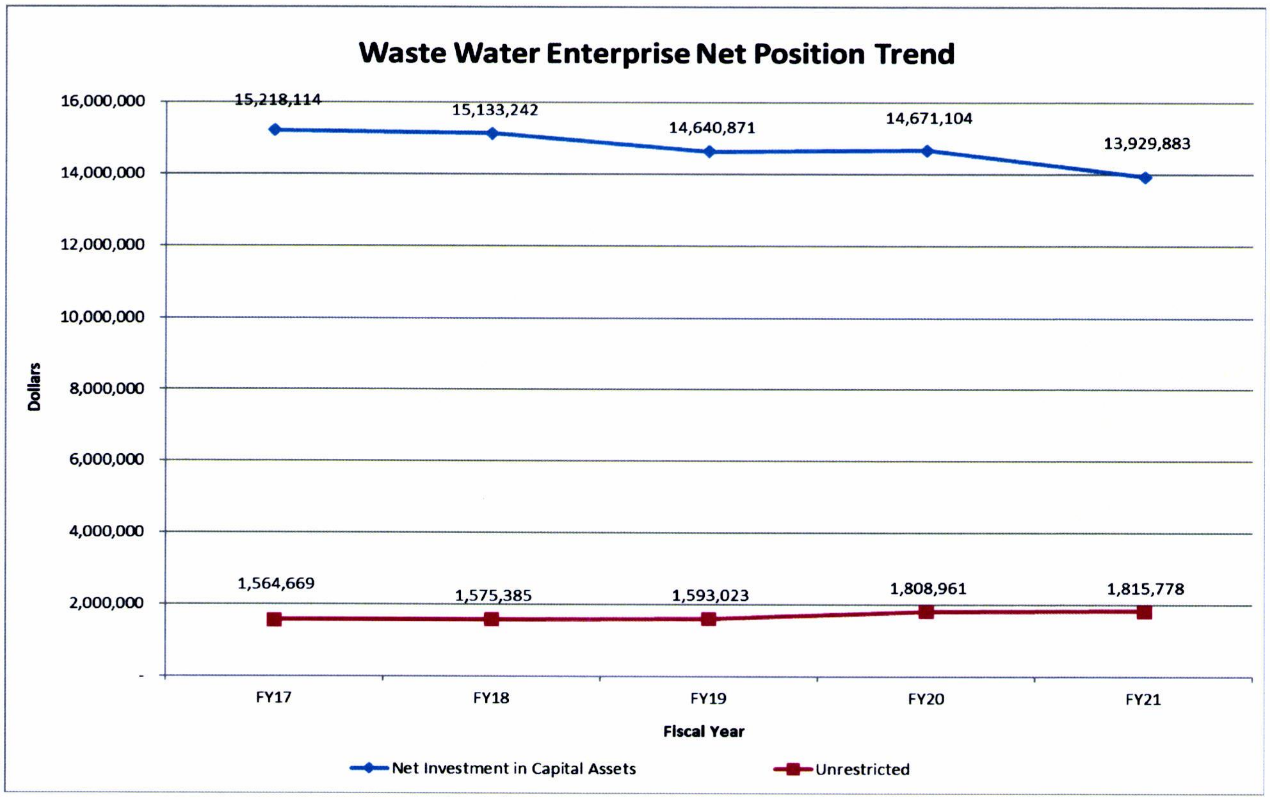
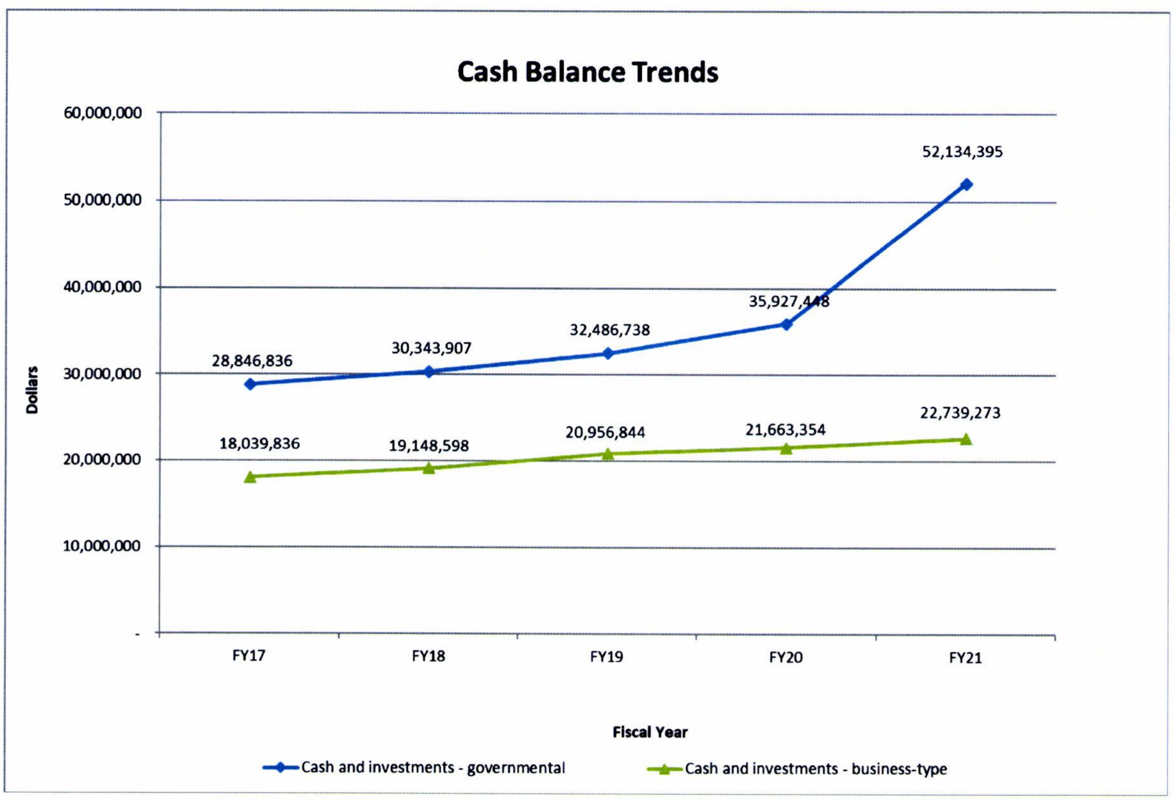

CC Communications Telephone Net Position Trend
45,000,000
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
Dollars
37,000,825
35,565,160
36,246,925
36,613,451
38,642,154
3,527,687
2,068,221
1,143,346
1,040,442
871,377
FY17
FY18
FY19
FY20
FY21
Fiscal Year
Net Investment in Capital Assets
Unrestricted


CC Communications Broadband Net Position Trend
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Dollars
3,472,918
4,295,909
5,527,882
6,945,188
3,986,895
2,667,350
2,808,475
3,015,248
3,485,045
7,627,450
FY17
FY18
FY19
FY20
FY21
Fiscal Year
Net Investment in Capital Assets
Unrestricted


Waste Water Enterprise Net Position Trend
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
Dollars
15,218,114
15,133,242
14,640,871
14,671,104
13,929,883
1,564,669
1,575,385
1,593,023
1,808,961
1,815,778
FY17
FY18
FY19
FY20
FY21
Fiscal Year
Net Investment in Capital Assets
Unrestricted


Cash Balance Trends
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
Dollars
52,134,395
35,927,448
32,486,738
30,343,907
28,846,836
22,739,273
21,663,354
20,956,844
19,148,598
18,039,836
FY17
FY18
FY19
FY20
FY21
Fiscal Year
Cash and investments - governmental
Cash and investments - business-type

Comptroller Sherry Wideman had a PowerPoint presentation as follows:

Two-year comparison
Net Position (assets – liabilities)

	Governmental activities		Business-type activities		Combined total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 47,413,110	$ 41,804,131	$ 24,218,963	$ 26,930,956	$ 71,632,073	$ 68,735,087
Noncurrent assets	9,008,819	176,701	2,389,041	318,879	11,397,860	495,580
Capital assets	77,606,351	74,533,119	72,884,267	63,404,976	150,490,618	137,938,095
Total assets	134,028,280	116,513,951	99,492,271	90,654,811	233,520,551	207,168,762
Deferred outflows of resources	4,638,328	4,496,576	1,370,984	1,498,606	6,009,312	5,995,182
Current liabilities	7,630,545	2,658,851	2,842,414	1,820,621	10,472,959	4,479,472
Long-term liabilities outstanding	53,203,953	43,797,910	17,864,645	12,879,638	71,068,598	56,677,548
Total liabilities	60,834,498	46,456,761	20,707,059	14,700,259	81,541,557	61,157,020
Deferred inflows of resources	3,279,611	4,340,710	1,747,219	1,763,686	5,026,830	6,104,396
Net position:						
Net investment in capital assets	63,363,274	60,274,144	68,205,451	62,773,327	131,568,725	123,047,471
Restricted	17,808,898	16,251,224	496,034	318,879	18,304,932	16,570,103
Unrestricted	(6,619,673)	(6,312,312)	9,707,492	12,597,266	3,087,819	6,284,954
Total net position	$ 74,552,499	$ 70,213,056	$ 78,408,977	$ 75,689,472	$ 152,961,476	$ 145,902,528

Governmental Activities ↑ $4.3M   Business Activity ↑ $2.7M

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Revenues and Expense Compared to Prior Year

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	Governmental Activities		Business-type activities		Combined total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 4,343,417	$ 4,018,264	$ 20,760,250	$ 20,827,563	$ 25,103,667	$ 24,845,827
Operating grants and contributions	3,089,010	3,926,006	-	-	3,089,010	3,926,006
Capital grants and contributions	1,123,983	454,708	195,344	1,010,629	1,319,327	1,465,337
General revenues:						
Ad valorem taxes	9,809,885	9,377,165	-	-	9,809,885	9,377,165
Consolidated taxes	8,285,676	7,137,078	-	-	8,285,676	7,137,078
Other taxes	8,944,372	7,920,555	-	-	8,944,372	7,920,555
Unrestricted investment earnings	57,526	511,759	40,977	130,444	98,503	642,203
Other miscellaneous revenues	2,789,530	3,213,938	4,542	19,623	2,794,072	3,233,561
Total revenues	38,443,399	36,559,473	21,001,113	21,988,259	59,444,512	58,547,732
Expenses:						
General government	8,250,948	9,416,245	-	-	8,250,948	9,416,245
Judicial	4,691,483	4,603,210	-	-	4,691,483	4,603,210
Public safety	10,886,650	11,182,720	-	-	10,886,650	11,182,720
Public works	4,269,334	2,459,990	-	-	4,269,334	2,459,990
Health	296,145	289,873	-	-	296,145	289,873
Welfare	2,609,912	2,018,434	-	-	2,609,912	2,018,434
Culture and recreation	2,520,055	2,591,194	-	-	2,520,055	2,591,194
Community support	1,154,359	1,579,819	-	-	1,154,359	1,579,819
Interest on long-term debt	449,620	398,055	-	-	449,620	398,055
Telephone	-	-	9,866,585	11,934,368	9,866,585	11,934,368
Long distance	-	-	140,336	162,893	140,336	162,893
Broadband	-	-	5,495,711	4,991,035	5,495,711	4,991,035
Waste water	-	-	1,077,551	1,086,888	1,077,551	1,086,888
Utility water	-	-	623,880	615,729	623,880	615,729
Golf course	-	-	82,539	98,239	82,539	98,239
Total expenses	35,128,506	34,539,540	17,286,608	18,889,152	52,415,114	53,428,692
Increase(Decrease) in net position before transfers and contributions	3,314,893	2,019,933	3,714,505	3,099,107	7,029,398	5,119,040
Transfers	995,000	995,000	(995,000)	(995,000)	-	-
Increase(Decrease) in net position	4,309,893	3,014,933	2,719,505	2,104,107	7,029,398	5,119,040
Net position, beginning	70,213,056	67,198,123	75,689,472	73,182,332	145,902,528	140,380,455
Prior period / restatement adjustments	29,550	-	-	403,033	29,550	403,033
Net position, ending	$ 74,552,499	$ 70,213,056	$ 78,408,977	$ 75,689,472	$ 152,961,476	$ 145,902,528

Change from FY 2020

Governmental Revenue	$1.9M	Business-type Revenue	-$.99M
Governmental Expense	$.59M	Business-type Expense	-$1.6M

Note: Revenue excludes $2.4M in American Rescue Plan of 2021 Funds, since these funds have not been allocated or expended. The expense includes depreciation, pension, and debt principal payments

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Governmental funds revenue of $37,623,142 by source

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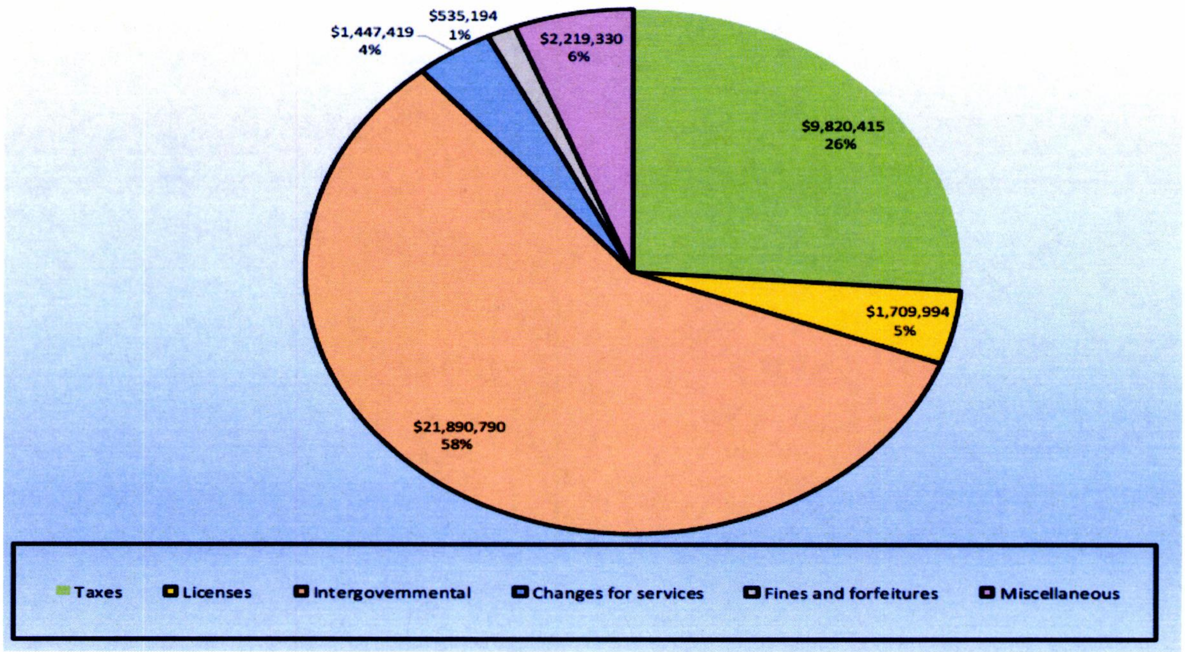

General Government Revenues By Source for the last 10 years

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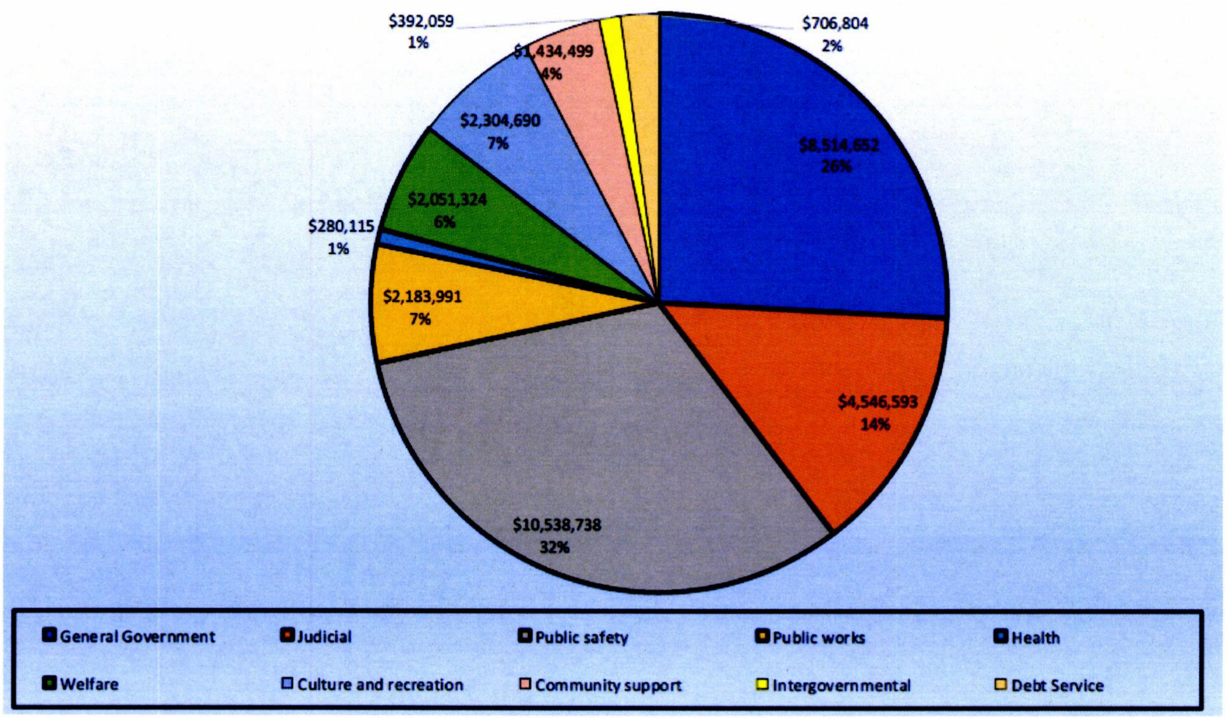
Fiscal Year Ended June 30,	Taxes	Licenses and Permits	Intergovernmental Revenues	Charges for Services	Fines and Forfeits	Interest and Miscellaneous	Total	% Change
2012	8,351,759	459,351	15,662,314	1,092,743	606,555	2,762,081	28,934,803	-3.2%
2013	7,941,390	468,348	15,897,241	1,199,163	548,957	1,756,493	27,811,592	-3.9%
2014	8,057,784	426,299	15,934,920	1,083,704	758,791	1,688,440	27,949,938	0.5%
2015	8,529,270	563,707	14,463,708	1,242,500	478,467	1,928,228	27,205,880	-2.7%
2016	9,087,338	793,920	13,837,411	1,272,148	539,451	2,446,582	27,976,850	2.8%
2017	8,167,353	1,022,824	14,495,790	1,280,962	549,907	3,276,448	28,793,284	2.9%
2018	8,663,383	1,290,770	16,598,844	1,327,975	533,486	1,585,135	29,999,593	4.2%
2019	9,251,305	1,559,879	17,427,798	1,422,464	590,092	2,401,615	32,653,153	8.8%
2020	9,376,255	1,639,593	19,659,848	1,278,356	453,816	2,682,900	35,090,768	7.5%
2021	9,820,415	1,709,994	21,890,790	1,447,419	535,194	2,219,330	37,623,142	7.2%

Includes: General, Special Revenue, Capital Projects and Debt Service Funds.

Governmental Funds Expenditure of $32,953,465 by function



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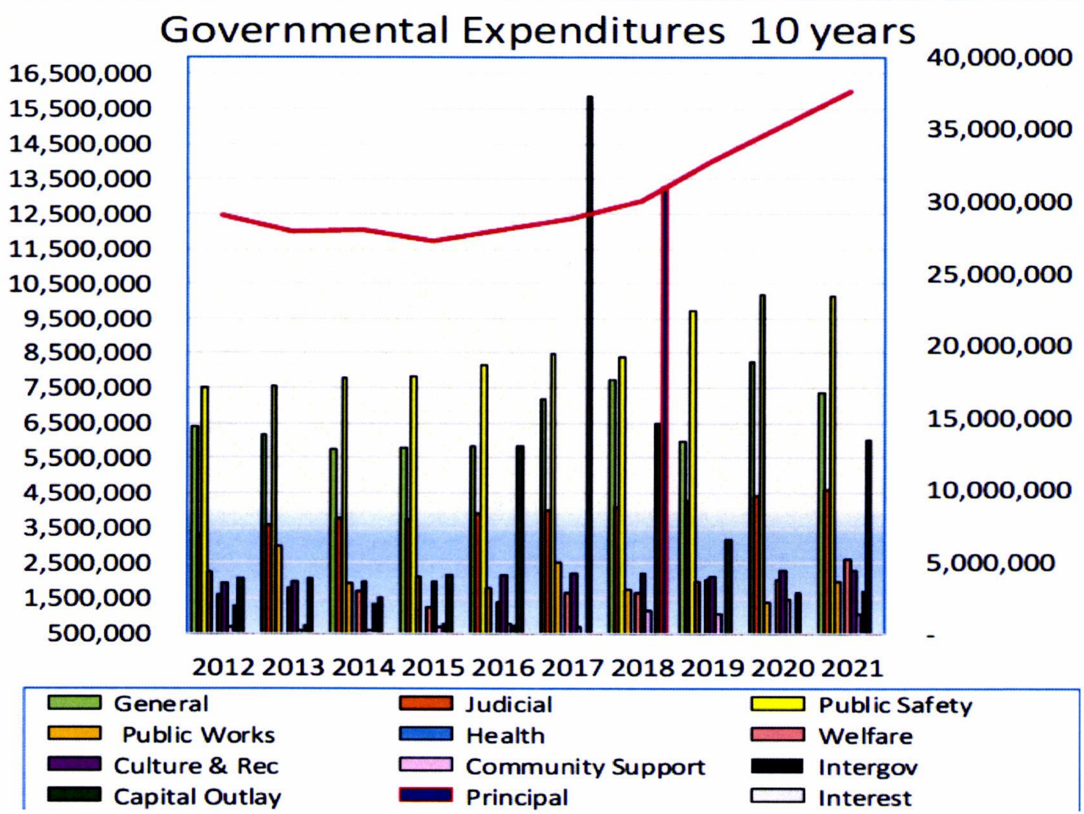
Governmental Expenditures by Function
Last ten fiscal years Page 192

	General Government	Judicial	Public Safety	Public Works	Health & Sanitation	Welfare	Culture & Recreation	Community Support	Intergov-ernmental	Capital Outlay	Debt Service Principal	Interest	Totals	% Chg
2012	6,383,037	3,291,226	7,490,825	2,249,625	278,534	1,597,501	1,903,695	669,030	1,303,617	2,064,810	43,693	1,307	27,276,900	-17.40%
2013	6,172,033	3,573,233	7,553,087	2,958,885	221,221	1,751,612	1,958,978	576,202	746,316	2,039,502	-	-	27,551,069	1.01%
2014	5,745,510	3,751,120	7,765,512	1,898,282	185,074	1,657,994	1,973,347	553,596	1,335,016	1,513,863	-	-	26,379,314	-4.25%
2015	5,782,396	3,717,272	7,846,161	2,075,870	238,713	1,229,988	1,968,570	664,805	790,694	2,155,727	-	3,032	26,473,228	0.36%
2016	5,837,818	3,913,785	8,162,516	1,768,435	249,213	1,365,054	2,157,656	760,391	749,891	5,839,879	-	-	30,804,638	16.36%
2017	7,162,468	3,985,087	8,461,439	2,528,935	251,941	1,645,667	2,169,488	665,063	479,524	15,858,022	-	17,980	43,225,614	40.32%
2018	7,750,612	4,073,982	8,382,431	1,714,917	259,386	1,645,902	2,177,199	1,112,338	392,272	6,489,000	13,305,041	294,410	47,597,490	10.11%
2019	5,995,438	4,278,793	9,703,540	1,963,445	277,435	2,011,637	2,094,855	1,027,198	384,644	3,162,768	301,465	405,339	31,606,557	-33.60%
2020	8,257,433	4,429,904	10,195,318	1,354,530	280,115	2,000,549	2,282,289	1,434,499	392,059	1,619,965	308,749	398,055	32,953,465	4.26%
2021	7,356,495	4,579,569	10,151,831	1,945,151	295,025	2,581,457	2,286,222	1,009,747	1,701,598	6,021,531	318,420	388,384	38,635,430	17.24%

General, Special Revenue, Debt Service and Capital Projects.



Acting Chair Shawcroft asked if there was any public comment but there was none

Member Alan Kalt made a motion to recommend acceptance of the audit report and related findings for the Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2021, to the Board of County Commissioners. Member Benjamin Shawcroft seconded the motion, which carried by unanimous vote.

B- Consideration and possible action re: Selection and recommendation to the Board of County Commissioners of HintonBurdick CPAs & Advisors as the Independent Auditors for the audits for Churchill County and CC Communications for Fiscal Years 2022, 2023, and 2024, along with a two-year extension option.
Churchill County has been pleased with the external audit services provided by HintonBurdick CPAs & Advisors for the past 5 years and now seeks approval for a new proposal for the fiscal years ending June 30, 2022, 2023 and 2024, which include year-end reports prepared and submitted in conformance with generally accepted accounting principles (GAAP) and Nevada Revised Statutes.

The proposal is for the maximum price of $84,000 in FY 22, FY 23, and FY 24.
FISCAL IMPACT: $84,000 in FY 22, FY 23, and FY 24.
EXPLANATION OF IMPACT:
FUNDING SOURCE: General Fund Budget for professional fees.
ACTION REQUESTED: Accept

Comptroller Wideman made this presentation to the board as outlined above.

Acting Chair Shawcroft said is that cost of living number set in the agreement of what that would be? Comptroller Wideman said yes, they identified the index.

Member Alan Kalt said they made a reference to Social Security. It could range anywhere from 0%-8%. Comptroller Wideman said I am thinking if it is not specific and it is just general, then maybe it won't be applied. Right now, I just looked at CCI and it is like 6.8%.

Member Kalt said Jamie, are you still on board. Jamie Hyde, CC Communications, said yes. Member Kalt said what is your take on this? Jamie Hyde said I am comfortable with this proposal. They have done a great job and it is a good proposal because the work has increased for the county and for CC Communications. I agree that it should be tied to something like the CCI used for the west coast instead of anywhere from 0%-8%. Member Kalt said I think we can cross that bridge when we get there 3 years from now. If my memory serves me right, this is still a great reduction from what Eide Bailly charged us years ago. There were 2 separate fees then. One was for the county and one was for CC Communications and the aggregate was over $100,000, so we are still under that.

Acting Chair Shawcroft said I am okay with them. We have built a good relationship with them. If things were not going well, I would reconsider, but communications are going well and usually they are on time. Member Kalt said, in my work, I deal with local governments that have HintonBurdick and some have other firms and Hinton Burdick's professional reputation is very good.

Acting Chair Shawcroft asked if there was any public comment but there was none

Member Alan Kalt made a motion to recommend to the Board of County Commissioners to award the Audit Contract to HintonBurdick CPAs & Advisors for audit of the Annual Comprehensive Financial Report for Churchill County, including all the enterprise funds for the Fiscal Years Ending June 30, 2022, 2023 and 2024 in the all-inclusive maximum price of $84,000 for FY 22, FY 23 and FY 24, with a two-year extension option, as noted in their proposal, this price is inclusive of the hours incurred to prepare the financial statements and related notes as outlined in the 2017 Request for Proposals. Member Benjamin Shawcroft seconded the motion, which carried by unanimous vote.

Discussion by Committee regarding matters affecting the committee:

There was no further discussion.

Consider and schedule future meeting dates and future Agenda items:

There were no future meeting or future Agenda items suggested.

Public Comment:

Acting Chair Shawcroft asked if there was any public comment but there was none.

Adjournment:

The meeting was adjourned at 4:40 PM.

APPROVED: ______________________
H. Peter Olsen, Jr., Member

ATTEST:
Linda Rothery, Clerk/Treasurer

Renae Paholke
____
Renae Paholke, Deputy Clerk