NOTES TO THE FINANCIAL STATEMENTS
and
REQUIRED SUPPLEMENTARY INFORMATION

Page

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Washoe County (County) was incorporated in 1861 and is a municipality of the State of Nevada (State) governed by a five-member elected Board of County Commissioners (BCC). The major operations of Washoe County include various tax assessments and collections, judicial functions, law enforcement, certain public health and welfare functions, road maintenance, parks, libraries, and various administrative activities.

The accompanying financial statements of the County and its discretely presented component units have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. Reporting Entity

These financial statements present the County and its component units. Component units are legally separate organizations for which the County is financially accountable. The County currently has two discretely presented component units.

Truckee Meadows Fire Protection District (TMFPD) was formed pursuant to Chapter 474 of the Nevada Revised Statutes (NRS) and levies taxes to provide emergency medical services, structural and wildland fire suppression services, and watershed protection to the unincorporated areas of the County within TMFPD's boundaries. TMFPD also provides fire services to the Sierra Fire Protection District through an interlocal agreement.

The Sierra Fire Protection District (SFPD) was formed pursuant to Chapter 474 of the NRS. SFPD levies taxes and, through an interlocal agreement, pays TMFPD to provide fire services in the district. SFPD continues to purchase and maintain facilities and equipment supporting its district.

For each discretely presented component unit, the BCC is also the Board of Fire Commissioners and thus could impose their will on TMFPD and SFPD. However, the County does not have a financial benefit or burden relationship with TMFPD and SFPD and support activities between the County and TMFPD and SFPD are reimbursed under the terms of interlocal agreements.

Separate financial statements for TMFPD and SFPD are filed at the Washoe County Clerk's Office, 1001 E. 9th Street Room A-115, Reno, Nevada 89512.

B. Basic Financial Statements – Government-wide Statements

The basic financial statements include both government-wide and fund financial statements. The reporting focus is on either the County as a whole or major individual funds and nonmajor funds in the aggregate. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The County has two discretely presented component units which are presented in separate columns in the government-wide statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all nonfiduciary activities of the County and its component units. The County maintains an overhead cost allocation that is charged to operating funds based on an indirect cost analysis. This indirect cost allocation is eliminated through a separate column on the Statement of Activities to provide full-cost information for the various functions. Interfund activities relating to services provided and used between functions are not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on user fees and service charges for support.

In the government-wide Statement of Net Position, both governmental and business-type activities are presented on a consolidated basis by column and are reflected on a full accrual, economic resources basis, which recognizes all long-term assets as well as long-term debt and obligations. The County's net position is reported in three parts – net investment in capital assets, restricted net position and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. Functions are also supported by general revenues (property and consolidated taxes, certain intergovernmental revenues, investment earnings not legally restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation and amortization) by related program revenues. Program revenues include charges to customers or applicants for goods, services, or privileges provided; operating grants, interest and contributions; and capital grants, interest and contributions, including special assessments and investment earnings legally restricted to support specific programs. Program revenue must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary grants while capital grants reflect capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The emphasis in fund financial statements is on major funds in either governmental or business-type activity categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and business-type categories combined) for the determination of major funds. County management may electively add funds as major funds, when it is determined the funds have specific community or management focus. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County's internal service funds are presented in the proprietary funds financial statements. Because principal users of internal services are the County's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the costs of these services are reported in the appropriate functional activity.

The County's fiduciary funds are presented in the fiduciary funds financial statements by type. Since, by definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The **Child Protective Services Fund** accounts for ad valorem taxes, grants and other revenue sources specifically appropriated to protect against the neglect, abandonment and abuse of children.

The **Special Assessment Debt Service Fund** accounts for assessments and other resources used to retire debt issued for improvements benefiting those properties against which the special assessments are levied.

The **Park Capital Projects Fund** accounts for resources derived from residential construction taxes, grants, financing proceeds and related investment earnings, which are legally restricted to the improvement, expansion and acquisition of new and existing parks and open space.

The County reports the following major enterprise fund:

The **Utilities Fund** accounts for water planning, flood control and operations of the County's sewer systems.

The County reports the following additional fund types:

Internal Service Funds provide for property and liability claims against the County, unemployment claims, workers' compensation claims for disability, medical and rehabilitation expenses and related costs associated with on-the-job injuries, benefits and healthcare for active and retired employees, and vehicle purchases and maintenance services provided to County departments.

Investment Trust Fund accounts for commingle pool assets held in trust for schools, special districts, and agencies, which use the County treasury as their depository.

Agency Funds are custodial in nature and do not involve measurement of results of operations. The funds account for assets held by the County as an agent for various local governments, special districts and individuals. Included are funds for apportioned property and sales taxes, shared revenues and other financial resources for schools, special districts, boards, and other state and city agencies; funds held for wards of the Public Guardian; unclaimed assets of decedents; social security, insurance and support payments for children in the welfare system; bonds posted with the District Court; social security benefits held on behalf of senior citizens; funds held for inmates housed at the County jail; employees' payroll deductions such as insurance, taxes, and credit union; unapportioned taxes for other local governments; contributions from property owners for payment of no-commitment special assessment debt; financial assurances for corrective action requirements of property owners; water planning fees collected from regional water customers; and assets held on behalf of special districts, boards and other miscellaneous agencies.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination for government-wide financial statement consolidation. Services provided, deemed at or near market rates, are treated as revenues and expenditures/expenses. Indirect cost allocations for support services/overhead are recorded as revenue and expense in the fund financial statements and are eliminated through a separate column in the government-wide Statement of Activities. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

During the course of operations, the County has activity between the funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The measurement focus indicates the type of resources being measured such as current financial resources or economic resources. Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due but will not be collected within 60 days after year-end, the receivable is recorded and an offsetting deferred inflow of resources is established. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the government funds. Issuance of long-term debt is reported as other financing sources.

Governmental revenues susceptible to accrual include: ad valorem taxes, interest, grant revenues, contractual service charges and other revenues collected and distributed by the State. State distributions include consolidated taxes, government services taxes, and motor vehicle fuel taxes. Construction taxes, licenses and permits, fines, and other charges for services are recognized as revenue when they are received.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The focus is upon determination of operating income, changes in net position, financial position, and cash flows, similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Investment Trust and Agency funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting.

E. Financial Statement Amounts

Cash and Investments

The County manages a common cash and investment pool for the County, Regional Transportation Commission, Washoe County School District, the Washoe County Nevada OPEB Trust, the Truckee River Flood Management Authority and other local entities. The investment pool operates in accordance with appropriate state laws and County policy. Each fund's share in the pool is displayed in the accompanying financial statements as cash and investments. Interest is allocated to the various funds based on each fund's average cash and investment balance where it is legally required to do so. Investment earnings for all other funds are credited to the General Fund, as provided by NRS 355.170–175. In addition to the cash and investment pool, certain cash deposits and investments are held separately by several County funds and reported accordingly. Investments are reported at fair value in accordance with GASB 72 and changes in fair value are included in investment income.

For purposes of the statement of cash flows presented for proprietary funds, cash equivalents are defined as short-term, highly liquid investments, generally with original maturities of three months or less. Since all cash in proprietary funds is pooled with the rest of the County's cash and is available upon demand, all cash and investments in those funds are considered cash equivalents.

Restricted Assets

Restricted assets consist of cash and investments that are restricted in their use by bond covenants or other external agreements. They consist of remaining bond proceeds for specific capital projects, debt service obligations, a workers' compensation deposit required by State Statute and an operating reserve required under the terms of a federal grant.

Inventories

Inventories for proprietary funds are valued at the lower of cost or market on a first-in, first-out basis. For governmental funds, the County charges consumable supplies as expenditures against appropriations at the time of purchase. Any inventories of such supplies at June 30 are not material to the individual funds and are not recognized in these financial statements.

Capital Assets

Capital assets, which include land, land use rights, buildings, equipment, software and other intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost. Contributed assets are recorded at their estimated fair market value at the date of donation. The County's capitalization level for infrastructure and intangible assets, including internally generated software, is $100,000 and $10,000 for all other classifications of capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. Other capital assets are generally depreciated/amortized using the straight-line method over the following estimated useful lives:

	YEARS
Buildings	5-40
Improvements	3-40
Equipment	5-20
Vehicles	2-15
Software and other intangibles	3-75
Stormwater and Wastewater Lines and Pump Stations	10-75
Other Infrastructure	10-75

However, in the proprietary funds, a per-unit of production method of depreciation may be used where it is deemed a more realistic reflection of the loss of economic value for the assets being used.

Intangible assets that are considered to have an indefinite useful life because there are no legal, contractual, regulatory, technological, or other factors limiting the useful life, are not amortized.

As used in these statements, accumulated depreciation includes amortization of intangible assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two types of deferred outflows of resources: 1.) the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt and 2.) the County reports an amount related to pensions on the government-wide financial statements.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has two types of deferred inflows of resources: 1.) amounts which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in governmental funds balance sheets. The governmental funds report unavailable revenues from several sources including: property taxes, special assessments, and grant reimbursements and 2.) amounts related to pensions on the government wide financial statement. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations, Bond Discounts and Issuance Costs

In government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type in the Statement of Net Position. Bond premiums and discounts and any prepaid bond insurance, if applicable, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance costs are reported as deferred charges and amortized over the term of the related debt. Debt issuance costs are expensed during the current period.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity Classifications

In government-wide statements and in proprietary fund statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets net of unspent financing proceeds.

- Restricted net position – Consists of equity with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

- Unrestricted net position – All other equity that does not meet the definition of “restricted” or “net investment in capital assets.”

In governmental fund financial statements, fund balances are classified based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources in the funds as follows:

- Nonspendable fund balances – Consist of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, if any.

- Restricted fund balances – Consist of amounts with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

- Committed fund balances – Consist of resource balances with constraints imposed by formal action of the BCC through ordinance, resolution or public meeting item approval that specifically state the revenue source and purpose of the commitment. The choice of action type taken by the BCC is frequently directed by State Statutes and procedures so that any of the three types of actions noted above are considered equally binding for the BCC. Commitments can only be modified or rescinded through the same type of BCC action used to impose the restraint. Commitments can also include resources to meet major contractual obligations required by their nature and/or size to be approved by the BCC. These generally include major construction contracts of $100,000 and over as well as other types of large contracts.

- Assigned fund balances – Consist of resource balances intended to be used for specific purposes by authorized County management that do not meet the criteria to be classified as restricted or committed. For governmental funds, excluding the General Fund, BCC approved resolutions authorizing the creation of the fund establish the specific purposes for which fund balances are assigned. In the General Fund, the assigned fund balance includes encumbrances approved by authorized County management that have been approved by the BCC for re-appropriation in the subsequent year. Authorized County management includes the County Manager, Assistant County Manager and elected or appointed department directors in accordance with County Ordinances and State Statutes. The assigned fund balance may also include amounts necessary to fund budgetary shortfalls in the next fiscal year from unassigned resources as approved by the BCC as part of the annual budget submitted to the State.

- Unassigned fund balances – Consist of all resource balances in the General Fund not contained in other classifications. For other governmental funds, the unassigned classification is used only to report a deficit balance resulting from specific purposes for which amounts had been restricted, committed or assigned.

Net Position and Fund Balance Flow Assumptions

When outlays for a particular purpose are funded from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. The County’s Fund Balance Policy states that when both restricted and unrestricted resources are available for expenditure, restricted resources should be spent first unless legal requirements disallow it. When outlays are incurred for purposes for which amounts in any unrestricted fund balance classification could be used, committed funds are to be spent first, assigned funds second, and unassigned funds last.

Budgetary Stabilization

It is the County's policy to maintain a fund balance of $3.0 million, for the purpose of budgetary stabilization. NRS 354.6115 authorizes the creation of a fund to stabilize operation of local governments and mitigate effects of natural disaster. The intent of this policy is to include a portion of the General Fund budgeted ending fund balance that will be committed to stabilization pursuant to NRS 354.6115. Fund balance that is committed to stabilization can be used only after approval by the BCC when unanticipated declines in the major revenue sources (consolidated and property tax revenues) are sustained for at least six months and decline from budget by 2.5% or greater as well as when unbudgeted expenditures are incurred due to a declared emergency or natural disaster. In the case of a natural disaster, the BCC must declare the emergency and State Statutes further constrain the use of these stabilization funds to specific types of outlays.

Reclassifications

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform to current year presentation.

Program Revenues

Amounts reported as program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2.) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All County taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

All real property in the County is subject to physical reappraisal every five years. Annual adjustments are made to the assessed valuation to reflect general changes in property values. The assessed valuation of the property and its improvements is computed at 35% of "taxable value" as defined by State Statute. Taxable value is defined as full cash value for land, replacement cost less straight-line depreciation for land improvements, and statutory depreciation for personal property. The maximum depreciation allowed is 75% of replacement cost.

Tax rates are levied by the BCC immediately after the Nevada Tax Commission has certified the combined tax rate and are then submitted to the County Treasurer for collection. The tax rate levied is for the current fiscal year, July 1 to June 30, and the taxes are considered a lien against real property attaching on July 1. The tax for fiscal year 2016 was due and payable on the third Monday in August, 2016. Taxes may be paid in four installments on the third Monday in August and the first Mondays in October, January and March. No provision for uncollectible amounts has been established since management does not anticipate any material collection loss in the year assessed, in respect to delinquent balances.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the State of Nevada Department of Taxation and the tax rates. The major classifications of personal property are commercial and mobile homes. In the County, taxes on motor vehicles are collected by a State agency and remitted to the County based on statutory formulas.

Compensated Absences

In proprietary funds, compensated absences are recorded when the liabilities are incurred. In governmental funds, the current portion is recorded as an expenditure. The long-term portion is accounted for in the governmental activities column of the government-wide Statement of Net Position.

The current portion of compensated absences is defined as benefits actually paid or accrued as a result of employees terminating employment by June 30. Agreements with various employee associations provide for payment of total accrued compensatory and vacation time in all cases. Accumulated sick leave benefits are payable to terminated employees who have accumulated a set number of hours up to a specified maximum, depending on the particular employee association.

Implementation of GASB Statement No. 72

As of July 1, 2015, the County adopted GASB Statement No. 72, *Fair Value Measurement and Application.* The implementation of this standard requires governments to address accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The effect of the implementation of this standard on Cash and Investments is disclosed in Note 3.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds except trust and agency funds, which do not require budgets. All annual appropriations lapse at fiscal year-end.

The County adheres to the Local Government Budget Act (NRS 354.470-.626) incorporated within State Statutes and the procedures set by the Nevada Department of Taxation (NDT) to establish the budgetary data reflected in these financial statements. The BCC adopts the budget on or before June 1 and files it with the NDT.

The legal level of budgetary control is at the function level for each of the governmental funds and by the combined operating and non-operating expenses in proprietary funds. Statutes do not require that capital outlay, debt service payments and certain other non-cash transactions normally reflected in the balance sheet of proprietary funds be limited by the budget.

All budget amounts presented in these financial statements and schedules reflect the budget as amended by legally authorized revisions during the year. Original budgets are provided for major funds, including the General Fund, in compliance with reporting requirements. The Comptroller may approve budget adjustments within a function. Budget adjustments between functions or funds may be approved by the Comptroller with BCC notification. Adjustments that affect fund balance, increase the original budget or affect the contingency account require BCC approval.

Encumbrance accounting is employed in governmental and proprietary funds. In governmental funds, encumbrances, which include purchase orders and contracts awarded for which goods and services have not been received at year-end, are reappropriated in the subsequent year and are reported as restricted, committed or assigned fund balances, as appropriate. An augmentation of $28.7 million for encumbrances and restricted resources that have multiple year budgets was reappropriated in the new fiscal year.

Augmentations from beginning fund balance or previously unbudgeted resources for governmental funds in the current fiscal year were $1.8 million. Augmentations in the current year for enterprise funds totaled $.5 million.

Compliance

The County conformed to all significant statutory and administrative code constraints on its financial administration during the fiscal year. A negative variance of ($12,881) appears on the General Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual. This negative amount reported is allowed under NRS 354.626 section 2 (k) – "The receipt by a local government of increased revenue that: (1) Was not anticipated in the preparation of the final budget of the local government; and (2) Is required by statute to be remitted to another governmental entity." Some negative variance appears in the debt service funds. These negative amounts reported are also allowed under the above listed NRS and NRS 354.626 section 1 "No governing body or member…..in excess of the amounts appropriated for the function, other than bond repayments, medium-term obligation repayments and any other long-term contract expressly authorized by law."

NOTE 3 – CASH AND INVESTMENTS

In accordance with Nevada Revised Statutes (NRS), the County's cash is deposited with insured banks and insured credit unions and those deposits that are not within the limits of insurance must be secured by collateral. At year end, the County's carrying amount of deposits was $58,802,422 and the bank balance was $64,239,217. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records.

Custodial Credit Risk – Deposits

All deposits are subject to custodial credit risk, which is the risk that the County's deposits may not be returned to it in the event of a bank failure. Bank balances were covered by Federal depository insurance, the Securities Investor Protection Corporation, collateral held by the County's agent in the County's name or by collateral held by depositories in the name of the Nevada Collateral Pool, and were not exposed to custodial credit risk. The County does not have a formal policy relating to custodial credit risk, but follows NRS. According to NRS 356.020, all monies deposited by a county treasurer that are not within the limits of insurance provided by an instrumentality of the United States must be secured by collateral composed of the same types of securities allowed for investments which are identified below. The County participates in the State of Nevada Collateral Pool which requires depositories to maintain as collateral acceptable securities having a fair market value of at least 102 percent of the amount of the uninsured balances of the public money held by the depository. Under NRS 356.360, the State Treasurer manages and monitors all collateral for all public monies deposited by members of the pool.

Investments

The County has a formal investment policy that, in the opinion of management, is designed to insure conformity with NRS and seeks to limit exposure to investment risks.

NRS 355.172 requires the County Treasurer or her agent to take physical possession of securities purchased as an investment by the County in the name of the County. If the securities purchased are subject to repurchase by the seller, the County may, in lieu of the requirement of possession, obtain a fully perfected, first-priority security interest having a fair market value equal to or greater than the repurchase price of the securities.

Investments are recorded at fair value. Earnings and/or losses on investments are allocated to certain funds based on average daily cash balances.

As of June 30, 2016, the County had the following investments and maturities:

		INVESTMENT MATURITIES (IN YEARS)			
	Fair Value	Less than 1	1 to 4	4 to 6	6 to 10
Investments:					
Money Market Mutual Funds	$ 1,630,466	$ 1,630,466	$ -	$ -	$ -
Certificates of Deposit	73,588,501	45,740,350	27,848,151	-	-
U.S. Treasury Securities	138,018,980	9,999,550	67,087,982	56,218,049	4,713,399
U.S. Agency Securities	85,033,879	-	65,345,780	14,347,423	5,340,676
Mortgage Backed Securities	5,968,373	-	196,460	5,771,913	-
Collateralized Mortgage Obligations	24,845,056	-	15,023,076	7,172,722	2,649,258
Corporate Notes/Commercial Paper	97,309,461	49,843,153	47,466,308	-	-
Total Investments	426,394,716	107,213,519	222,967,757	83,510,107	12,703,333
Total Cash	58,802,422	58,802,422	-	-	-
Total Cash and Investments[1]	$ 485,197,138	$ 166,015,941	$ 222,967,757	$ 83,510,107	$ 12,703,333

[1]Total cash and investments include restricted cash.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires twelve to eighteen months of projected cash flow to be in investments maturing in one year or less. Investments maturing in less than one year at June 30, 2016 were 22% of the County's total cash and investments. The County's strategic investment plan seeks to obtain the desired average maturity of 2 to 4 years. The weighted average maturity at June 30, 2016, was 2.3 years.

The County invests in the following types of securities that are considered to be highly sensitive to interest rate changes:

Investment	Value	Investments
U.S. Agency Mortgage Backed Securities and Collateralized Mortgage Obligations When interest rates fall, mortgages are refinanced and paid off early and the reduced stream of future interest payments diminish fair value.	$ 30,804,858	7.2%
Callable U.S. Agency and Corporate Note Securities On specified dates the issuer can call the security. Because they are subject to early repayment, the fair value of these securities is more sensitive in a period of declining interest rates.	18,242,304	4.3%
Total	$ 49,047,162	

Credit Risk

NRS allows investments in obligations of the U.S. Treasury and U.S. agencies, municipal bonds issued by local governments of the State, corporate bonds rated "A" or better by a nationally recognized rating service, commercial paper rated "A-1," "P-1" or better by a nationally recognized rating service, repurchase agreements, certificates of deposit, money market mutual funds rated "AAA" by a nationally recognized rating service or other securities in which banking institutions may legally invest.

As of June 30, 2016, the County's investments are rated as follows:

S&P Rating	Money Market Mutual Funds	Certificates of Deposit	U.S. Treasury Securities	U.S. Agencies	CMO	Corporate Notes/ Commercial Paper	Fair Value
AAAm	$ 1,630,466	-	-	-	-	-	$ 1,630,466
AA+	-	-	128,019,430	91,002,252	24,845,056	18,706,250	262,572,988
AA	-	-	-	-	-	787,661	787,661
AA-	-	28,059,522	-	-	-	13,590,631	41,650,153
A+	-	-	-	-	-	3,180,254	3,180,254
A	-	-	-	-	-	9,225,632	9,225,632
A-	-	-	-	-	-	1,975,880	1,975,880
A-1+	-	8,766,319	9,999,550	-	-	14,970,730	33,736,599
A-1	-	36,762,660	-	-	-	34,872,423	71,635,083
	$ 1,630,466	$ 73,588,501	$ 138,018,980	$ 91,002,252	$ 24,845,056	$ 97,309,461	$ 426,394,716

Concentration of Credit Risk

The County's investment policy places no limit on amounts invested in direct obligations of the U.S. Treasury and securities backed by the full faith and credit of the U.S. Government, while placing the following limits per issuer on all other securities: Federal Agency Securities, 35%; Federal Agency Mortgage Backed Securities, 15%; Money Market Funds, 45%; Corporate bonds and notes, 5%; certificates of deposit, 5% and obligations issued by local governments of the State of Nevada, 10%.

At June 30, 2016, the following investments exceeded 5% of the County's total:

Fannie Mae	15.8%
Freddie Mac	5.2%
U.S. Treasury Securities	32.3%
Toyota Motor Corp	5.4%

Pooled Investments

Pooled investments are carried at fair value determined by quoted market prices, net of accrued interest. All pooled investments are physically collateralized and held by Wells Fargo Bank.

The County administers an external investment pool combining County money with voluntary investments from Truckee Meadows Fire Protection District, Sierra Fire Protection District, the Washoe County School District, Regional Transportation Commission, Nevada Works, Reno-Tahoe Airport Authority, Truckee River Water Quality Settlement Agreement Joint Venture, Western Regional Water Commission, Washoe County, Nevada OPEB Trust, Truckee River Flood Management Authority, the Library Investment Fund, the Deferred Compensation Fund and the Southwest Pointe Fund. The BCC has overall responsibility for investment of County funds, including the Investment Trust Fund, in accordance with NRS 355.175. The Washoe County Chief Investment Official is the Washoe County Treasurer, under authority delegated by the BCC. The Investment Committee, created by Washoe County Code Section 15.220, has been delegated the investment decision making authority in the County and serves also in an advisory capacity to the Treasurer and BCC. The external investment pool is not registered with the SEC as an investment company. Public Financial Management, LLC determines the fair value of the County investments monthly. The County has not provided or obtained any legally binding guarantees during the period to support the value of shares.

The participants' share and redemption value are calculated using the same method. Each participant's share is equal to their investment plus or minus the monthly allocation of net income, realized and unrealized gains and losses. The determination of realized gains and losses is independent of the determination of the net change in the fair value of investments. Gains and losses of the current period include unrealized amounts from prior periods.

Investments held in the external investment pool at June 30, 2016 were:

		Fair Value	Principal Amount/ No. of Shares	Rate	Maturity Dates
Investment Type					
Certificates of Deposit	$	73,588,501	73,445,000	1.0-1.56%	04/06/2017-11/17/2017
U. S. Treasury Securities		138,018,980	133,595,000	0.0-3.625%	07/14/2016-02/15/2023
U. S. Agency Securities		91,002,252	88,856,904	0.875-4.5%	01/01/2018-04/24/2026
Collateralized Mortgage Obligations		24,845,056	24,421,160	1.55-2.132%	02/01/2018-07/01/2022
Corporate Notes/Commercial Paper		97,309,461	95,720,000	0.0-6.0%	07/12/2016-01/08/2020
Total Investments in Pool	$	424,764,250			

External Investment Pool
Statement of Net Position as of June 30, 2016

Assets:		
Cash	$	41,335,659
Investments:		
Certificates of Deposit		73,588,501
U.S. Treasury Securities		138,018,980
U.S. Agency Securities		91,002,252
Collateralized Mortgage Obligations		24,845,056
Corporate Notes		97,309,461
Interest Receivable		1,187,175
Total Assets	$	467,287,084
Net Position:		
Internal participants	$	289,818,760
Component Units:		
Sierra Fire Protection District		2,390,005
Truckee Meadows Fire Protection District		23,508,816
External participants		151,569,503
Total Net Position Held in Trust for Pool Participants ($1.00/par)	$	467,287,084

External Investment Pool
Statement of Changes in Net Position for the Year Ended June 30, 2016

Additions:		
Investment earnings	$	6,254,590
Net realized gain (loss) on investments		695,844
Net increase (decrease) in fair value of investments		3,918,789
Increase in net assets resulting from operations		10,869,223
Net capital share transactions		28,130,343
Change in Net Position		38,999,566
Net Position, July 1		428,287,518
Net Position, June 30	$	467,287,084

Investments are recorded at fair value and the following table shows the Fair Value Measurements used:

Investments Measured at Fair Value
June 30, 2016

		Fair Value Measurement Using:		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Money Market Mutual Funds	$ 1,630,466	$ 1,630,466	$ -	$ -
Certificates of Deposit	73,588,501	73,588,501	-	-
U.S. Treasury Securities	138,018,980	138,018,980	-	-
U.S. Agency Securities	91,002,252	-	91,002,252	-
Collateralized Mortgage Obligations	24,845,056	-	24,845,056	-
Corporate Notes/Commercial Paper	97,309,461	-	97,309,461	-
Total debt securities	$ 426,394,716	$ 213,237,947	$ 213,156,769	$ -
Total investments by fair value level	$ 426,394,716	$ 213,237,947	$ 213,156,769	$ -

Debt and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments categorized as Level 2 are valued at fair value based on the observable market prices on the underlying assets held by the pool or fund less liabilities. Information is obtained from the Washoe County's investment firm, PFM Asset Management, LLC.

NOTE 4 – RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments include amounts restricted for future debt service and reserves as required by bond covenants and ordinances; reserves restricted for projects for the HUD Neighborhood Stabilization Program; and reserves restricted for workers' compensation claims pursuant to NRS 616B.300. Restricted cash and investments at June 30, 2016, were as follows:

	Debt Service	Projects	Claims	Total
Governmental Funds and Governmental Activities				
General Fund	$ 750,000	$ -	$ -	$ 750,000
Other Restricted Fund	-	45,406	-	45,406
Total Governmental Funds	750,000	45,406	-	795,406
Internal Service Funds:				
Risk Management Fund	-	-	2,460,335	2,460,335
Total Governmental Activities	750,000	45,406	2,460,335	3,255,741
Proprietary Funds and Business-type Activities				
Utilities Fund	1,318,619	-	-	1,318,619
Total Restricted Cash and Investments	$ 2,068,619	$ 45,406	$ 2,460,335	$ 4,574,360

NOTE 5 – LONG-TERM ASSETS

Governmental Activities

Long-term assets in governmental activities include $58,846 in prepaid bond insurance and $677,117 in net other postemployment benefits assets (Note 15). Long-term assets in internal service funds include $3,451,171 in refundable lease agreement deposits and $120,722 in prepaid lease expense, all relating to leased equipment in the Equipment Services Fund.

Business-type Activities

Long-term assets in business-type activities include $118,710 in long-term receivables in the Utilities Fund.

NOTE 6 – CAPITAL ASSETS

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets - Governmental Activities				
Capital assets, not being depreciated:				
Land and land use rights	$ 143,529,212	$ 347,175	$ 410,830	$ 143,465,557
Construction in progress	7,891,030	11,167,238	8,349,365	10,708,903
Total capital assets not being depreciated	151,420,242	11,514,413	8,760,195	154,174,460
Capital assets being depreciated:				
Land improvements	62,165,141	69,891	-	62,235,032
Buildings/improvements	313,836,203	471,193	-	314,307,396
Infrastructure	590,510,371	11,479,991	225,891	601,764,471
Equipment	74,292,265	3,825,811	452,735	77,665,341
Software	18,748,982	868,268	-	19,617,250
Total capital assets being depreciated	1,059,552,962	16,715,154	678,626	1,075,589,490
Less accumulated depreciation for:				
Land improvements	40,099,249	2,175,277	-	42,274,526
Buildings/improvements	130,421,817	8,897,188	-	139,319,005
Infrastructure	441,893,373	19,977,566	139,851	461,731,088
Equipment	58,434,296	4,408,959	395,214	62,448,041
Software	14,730,938	910,196	-	15,641,134
Total accumulated depreciation	685,579,673	36,369,186	535,065	721,413,794
Net capital assets being depreciated	373,973,289	(19,654,032)	143,561	354,175,696
Governmental activities capital assets, net	$ 525,393,531	$ (8,139,619)	$ 8,903,756	$ 508,350,156

Depreciation expense was charged to functions/programs for the governmental activities as follows:

Governmental Activities:	
General government	$ 1,722,750
Judicial	2,564,454
Public safety	5,884,826
Public works	20,739,989
Health and sanitation	184,606
Welfare	642,782
Culture and recreation	3,176,182
Community support	3,558
Capital assets held by internal service funds charged to functions based on their usage of assets	1,450,039
Total Depreciation / Amortization Expense - Governmental Activities	$ 36,369,186

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets - Business-type Activities				
Capital assets not being depreciated:				
Land and land use rights	$ 7,673,621	$ 271,785	$ -	$ 7,945,406
Plant capacity	825,150	-	-	825,150
Construction in progress	9,128,866	14,956,696	2,053,027	22,032,535
Total capital assets not being depreciated	17,627,637	15,228,481	2,053,027	30,803,091
Capital assets being depreciated:				
Land improvements	4,486,622	1,781,242	-	6,267,864
Buildings/improvements	56,543,283	744,673	-	57,287,956
Infrastructure	103,571,919	-	-	103,571,919
Equipment	1,833,803	69,577	171,561	1,731,819
Software	900,183	-	-	900,183
Plant, well capacity	2,368,822	-	-	2,368,822
Total capital assets being depreciated	169,704,632	2,595,492	171,561	172,128,563
Less accumulated depreciation for:				
Land improvements	3,206,136	200,901	-	3,407,037
Buildings/improvements	16,119,256	1,269,094	-	17,388,350
Infrastructure	32,994,221	2,117,483	-	35,111,704
Equipment	1,587,585	49,677	21,247	1,616,015
Software	900,183	-	-	900,183
Plant, well capacity	1,193,452	59,221	-	1,252,673
Total accumulated depreciation	56,000,833	3,696,376	21,247	59,675,962
Net capital assets being depreciated	113,703,799	(1,100,884)	150,314	112,452,601
Business-type activities capital assets, net	$ 131,331,436	$ 14,127,597	$ 2,203,341	$ 143,255,692

Depreciation expense was charged to functions/programs for business activities as follows:

Business-Type Activities:	
Utilities	$ 3,463,917
Building and safety	11,686
Golf courses	220,773
Total Depreciation / Amortization Expense - Business-type Activities	$ 3,696,376

Net capital assets at June 30, 2016, for the discretely presented component units were:

	Truckee Meadow Fire Protection District	Sierra Fire Protection District
Net Capital Assets		
Capital assets not being depreciated	$ 2,279,729	$ 172,114
Capital assets being depreciated	15,391,865	3,979,701
Capital assets, net	$ 17,671,594	$ 4,151,815

NOTE 7 – COMMITMENTS, CONTINGENCIES, AND OTHER LIABILITIES

Commitments

The County utilizes encumbrance accounting to identify fund commitments. Major commitments, generally contracts in excess of $100,000, are entered into for construction projects or longer term service arrangements that can span several years.

Construction in progress and major commitments for governmental activities are:

	CIP Balance June 30, 2016	Major Commitments
Governmental Funds and Governmental Activities		
Major Governmental Funds:		
General Fund:		
Technology projects	$ 136,610	$ 175,000
Other services	-	1,377,764
Child Protective Services Fund:		
Operations	-	226,569
Parks Capital Projects Fund		
Building infrastructure projects	14,213	126,423
Parks and open space projects	2,866,253	115,909
Pedestrian path & bike lane projects	-	1,228,847
Total Major Governmental Funds	3,017,076	3,250,512
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Public safety communications, technology	598,381	154,944
Road infrastructure	-	2,113,483
Technology improvements	-	785,137
Other services	-	287,782
Total Special Revenue Funds	598,381	3,341,346
Internal Service Funds:		
Vehicles and equipment	998,359	708,370
Total Internal Service Funds	998,359	708,370
Capital Projects Funds:		
Building infrastructure projects	4,258,285	8,663,619
Parks and open space projects	195,873	-
Technology improvements	994,471	996,184
Water quality improvement projects	646,458	-
Total Capital Projects Funds	6,095,087	9,659,803
Total Governmental Funds / Governmental Activities	$ 10,708,903	$ 16,960,031

Contingencies

The County is involved in various lawsuits. The outcome of these lawsuits is not presently determinable; however, management does not anticipate that they would materially impact the financial position of the County.

The County is currently the defendant in various lawsuits with property owners disputing the County Assessor's valuation methods used for property within the Lake Tahoe Basin. The County intends to vigorously defend the Assessor's valuations; however, the outcome of these lawsuits is not presently determinable. An adverse ruling could result in a rollback of property values and subsequent rebates to property owners. The impact on the County's financial condition cannot be reasonably estimated.

The County is contingently liable on the following Reno-Sparks Convention & Visitors Authority (RSCVA) bonds:

Series January 2000 Bonds	$	23,975,113
Series November 29, 2011 Refunding Bonds		87,150,000
Total RSCVA Bonds	$	111,125,113

Although the County is contingently liable for the general obligation bonds of RSCVA in the event of a default, it is anticipated that RSCVA resources would be reallocated to retire the bonds. Therefore, the likelihood of the County assuming the debt is remote.

Other Liabilities

Governmental Activities

Other liabilities in governmental activities consist of deposits and amounts due to others of $1,967,393 in the General Fund for deposits and bail related to pending court cases or investigations, $375,622 in the General Fund for refundable deposits for park facilities and developer performance guarantees, and $106,989 in other governmental funds for other customer and security deposits.

Business-type Activities

Other liabilities in business-type activities include $227,635 for customer deposits in the Utilities Fund.

NOTE 8 – UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

Unearned revenue in connection with resources that have been received, but not yet earned is reported as a liability for governmental activities.

Deferred inflows of resources represent an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. Governmental funds reported $8.4 million in deferred inflows of resources related to unavailable revenue.

At the end of the current fiscal year, major components of unavailable and unearned revenue reported for governmental funds were as follows:

	General Fund	Child Protective Services Fund	Special Assessment Debt Service Fund	Nonmajor Governmental Funds	Total
Liabilities					
Unearned revenue:					
Federal payments in lieu of taxes	$ 3,468,982	$ -	$ -	$ -	$ 3,468,982
Total Unearned Revenue	$ 3,468,982	$ -	$ -	$ -	$ 3,468,982
Deferred Inflows of Resources					
Unavailable revenue:					
Ad valorem taxes	$ 1,120,059	$ 40,353	$ -	$ 218,101	$ 1,378,513
Grants and other revenue	-	424,578	6,447,308	179,600	7,051,486
Total Unavailable Revenue	$ 1,120,059	$ 464,931	$ 6,447,308	$ 397,701	$ 8,429,999

Unearned revenue in business-type activities consists of $114,171 for water rights leases and unearned utility revenue in the Utilities Fund and of $1,260,513 for unearned permit fees and plan checks fee revenue in the Building and Safety fund.

Discretely Presented Component Units

At the end of the current fiscal year, major components of unavailable revenue reported for discretely presented component units were as follows:

Truckee Meadows Fire Protection District

	TMFPD General Fund	TMFPD Emergency Fund	Total
Deferred Inflows of Resources			
Unavailable revenue:			
Ad valorem taxes	$ 80,542	$ -	$ 80,542
Reimbursements	-	1,481	1,481
Total Unavailable Revenue	$ 80,542	$ 1,481	$ 82,023

Sierra Fire Protection District

	SFPD General Fund	Total
Deferred Inflows of Resources		
Unavailable revenue:		
Ad valorem taxes	$ 39,252	$ 39,252
Total Unavailable Revenue	$ 39,252	$ 39,252

NOTE 9 – LONG-TERM OBLIGATIONS

Bond Redemptions

The County called $285,000 in special assessment bonds for early redemption as funds were made available from the early payoff of special assessments.

Defeasance/Early Extinguishment of Debt

The County defeased certain general obligation debt by placing funds from unspent bond proceeds, existing resources and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on certain previously issued bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements.

As of June 30, 2016, the following are the remaining balances of the defeased portion of bond issues:

Parks Revenue Series 2006	$ 8,825,000
Total Defeased Debt	$ 8,825,000

Revenue Bonds

The County has pledged specific revenues to repay bonds in governmental and business activities.

Governmental activities

The County has pledged 15% of the consolidated tax revenue receipts for the repayment of various General Obligation Revenue bonds consisting of the Library Building Bonds Series 2004; Building and Parking Garage Bonds Series 2004; Parks Bonds Series 2006; Building Refunding Bonds Series 2011B; Refunding Bonds Series 2012B, issued between fiscal years 2004 and 2012; Medical Examiner Building Bonds 2015 and Public Safety Refunding Series 2016B. The total principal and interest remaining to be paid on the bonds is $79,950,849, payable through fiscal year 2036. For the current year, principal and interest paid from pledged revenues for the bonds totaled $5,644,692, and pledged revenues totaled $14,340,795.

The County has pledged future infrastructure sales tax revenues to repay $32.3 million in Flood Control Series 2006 and Sales Tax Revenue Refunding Series 2016A bonds. Proceeds from the bonds provided financing, for expansion of, and improvements to, the flood control system. The bonds are intended to be paid solely from infrastructure tax revenues and are payable through fiscal year 2036. Annual principal and interest payments on the bonds are expected to require as much as 24% of the pledged revenues. The total principal and interest remaining to be paid on the bonds is $38,691,977. For the current year, principal and interest paid for the bonds totaled $1,371,202, and pledged revenues totaled $8,864,540.

The County has pledged future car rental fees to repay $18.5 of Senior Lien Car Rental Revenue bonds and $11.0 million Subordinate Lien Car Rental Fee Capital Appreciation Revenue Bonds (Minor League Baseball Stadium Project) Series 2008. Proceeds from the bonds provided financing to acquire, improve, equip, operate and maintain within the County a minor league baseball stadium project. The bonds are intended to be paid solely from car rental fee revenues and are payable through fiscal year 2058. Annual principal and interest payments on the bonds are expected to require 100% of the car rental fee revenue. The total principal and interest remaining to be paid on the Senior Lien Car Rental Fee Revenue Bonds is $18.1 million. For the current year, principal and interest paid for the bonds totaled $1,202,731, and pledged revenues totaled $1,263,887. Total principal and interest at June 30, 2016 on the Subordinate Lien Car Rental Fee Capital Appreciation Revenue Bonds is $16.4 million. For the current year, no principal and interest were paid for the bonds.

Business-type activities

The County has pledged future utility customer revenues and connection fees and investment earnings, net of specified operating expenses, to repay $22.0 million in utility system revenue bonds issued between fiscal years 2006 and 2015. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The bonds are intended to be paid solely from utility customer net revenues and are payable through fiscal year 2027.

On December 31, 2014, in connection with the divestment of the water operations, the County amended the bond ordinances authorizing the outstanding general obligation (limited tax) sewer bonds to pledge the net revenues of the Utilities Fund excluding water reserves.

Principal and interest on the Sewer Bonds are payable from the pledged revenues of the Utilities Fund. There is no impact on the ad valorem tax rate so long as net pledged revenues are sufficient to pay debt service. Annual principal and interest payments on the sewer bonds are expected to require as much as 49% of the utility's net revenues. The total principal and interest remaining to be paid on the sewer bonds is $18,176,181. For the current year, principal and interest paid for the sewer and water bonds totaled $20,294,537. Net pledged revenues totaled $6,888,995.

Special Assessment Debt

Special assessment bonds are issued to finance improvements that benefit taxpayers in the defined area. Bonds are repaid from assessments levied against these taxpayers, and are secured by their real property. In case of deficiencies, the County's General Fund and taxing power further secure all bonds. Delinquent special assessments of $33,473 were outstanding as of June 30, 2016.

The County has pledged future assessment revenues levied on special assessment districts throughout the County to repay $10.4 million in various local improvement bonds issued between fiscal years 2006 and 2012. Proceeds from the bonds provided financing for improvements in roads, water and sewer infrastructure in the various districts. The bonds are intended to be paid solely from assessment revenues and are payable through fiscal year 2032. Annual principal and interest payments on the bonds are expected to require as much as 99% of the assessment revenues. The total principal and interest remaining to be paid on the bonds is $7,695,995. For the current year, principal and interest paid for the bonds totaled $832,986 and pledged revenues totaled $1,071,383.

Conduit Debt Obligations

The County has issued several series of revenue bonds for public and private sector activity in the public interest. The public sector revenue bonds are for the cost of constructing and maintaining certain streets and highways in the County. The revenue bonds are paid solely from certain taxes on motor vehicle fuel collected in the County. Private sector revenue bonds have been used for water and gas facilities and hospital facilities. The revenue bonds are paid solely from the revenue derived from the projects for which they were issued. The public and private revenue bonds do not become liabilities of the County under any condition, and are therefore excluded from the County's financial statements.

Outstanding balances at June 30, 2016 follow:

	Date of Issue		Original Issue		Principal Outstanding
Public Sector					
Regional Transportation Commission:					
Highway Revenue Bonds Series 2009	7/8/2009	$	89,567,000	$	69,894,000
Highway Revenue Bonds Series 2010ABC	3/12/2010		90,000,000		85,885,000
Highway Revenue Bonds Series 2010DEF	12/16/2010		70,000,000		64,160,000
Sales Tax Improvement Bonds Series 2010H	12/16/2010		20,000,000		20,000,000
Highway Revenue Bonds Series 2013	4/16/2013		165,000,000		165,000,000
Subtotal Public Sector			434,567,000		404,939,000
Sierra Pacific Power Company d/b/a NV Energy:					
Gas and Water Facilities Refunding Revenue Bonds					
Series 2016A, 2016B, 2016F & 2016G	05/24/2016		213,930,000		213,930,000
Water Facilities Refunding Revenue Bonds Series 2016C, 2016D & 2016E	05/18/2016		80,000,000		80,000,000
Subtotal Private Sector			293,930,000		293,930,000
Total Conduit Debt		$	728,497,000	$	698,869,000

Operating Leases

The County leases office space, land and equipment under various operating lease agreements. Total lease payments in fiscal year 2016 were $2,239,970. Future minimum payments for these leases are:

Year Ending June 30,		Office Space, Land		Equipment		Total
2017	$	538,110	$	1,123,072	$	1,661,182
2018		418,474		898,273		1,316,747
2019		378,272		567,176		945,448
2020		349,017		443,536		792,552
2021		190,095		391,617		581,712
2022-2026		330,283		372,600		702,882
Totals	$	2,204,250	$	3,796,273	$	6,000,524

The County began a long-term lease on January 1, 2013 for the Sparks Justice Court which expires in fiscal year 2023. The terms of the lease allow uneven and artificially low payments. For fiscal year 2016, an adjustment of ($9,583) (cumulative total of $121,911) is required to reconcile the amount of expenditures in the General Fund to the straight line expense recognized in the government-wide statements.

Compensated Absences

The liability for compensated absences is included in noncurrent liabilities on the government-wide Statement of Net Position. The liability will be liquidated primarily by the General Fund for governmental activities and by the Utilities Fund for business-type activities. In fiscal year 2016, 80% of compensated absences for governmental activities were paid by the General Fund, and in business-type activities, 58% were paid by the Utilities Fund.

Outstanding balances at June 30, 2016 follow:

	Governmental Activities	Business-type Activities	Total
Washoe County:			
Vacation	$ 11,189,255	$ 197,045	$ 11,386,300
Sick Leave	8,926,602	175,304	9,101,906
Compensatory Leave	5,413,088	61,602	5,474,690
Benefits	363,507	6,293	369,800
Total Compensated Absences	$ 25,892,452	$ 440,244	$ 26,332,696

Net Other Postemployment Benefits Obligation

Prior to May 11, 2010, when the County established the Washoe County, Nevada OPEB Trust (Note 15), the County financed their net other postemployment benefits on the pay-as-you-go basis with the funds accumulated in the Pre-Funded Retiree Health Benefits Fund. Currently, the OPEB Trust is funded from the General Fund.

Pollution Remediation Obligation

The pollution remediation activities of the Central Truckee Meadows Remediation District (CTMRD) are paid for through an annual charge billed directly to residents and businesses within its boundaries. Accordingly, the CTMRD's pollution remediation obligation is limited to the net position accumulated by the fund for payment of future remediation related expenditures. All of the assets of CTMRD are held for remediation and are offset by a long-term liability for remediation. As of June 30, 2016, the remediation liability for net position held in CTMRD was $6,187,853.

A soil remediation project has been identified at a County park. Three gasoline underground storage systems were removed from Rancho San Rafael Park in 1997 and petroleum impacted soils were encountered during removal activities. Assessment activities have been conducted and soil samples exceeding the action level are present. The project was completed in FY16 and the final total cost was in the amount of $490,153.

Claims and Judgments

The claims and judgments liability of $19,121,000 consists of pending property and liability claims, workers' compensation claims, and unprocessed health benefits claims. These claims will be liquidated through the Risk Management and Health Benefits Internal Service Funds (Note 16). The Risk Management and Health Benefits Funds finance the payment of claims by charging other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds or, as needed, through transfers from the General Fund.

Discretely Presented Component Units:

TMFPD's liability of $1,987,264 for compensated absences is included in their noncurrent liabilities on the government-wide Statement of Net Position. TMFPD compensated absences are generally liquidated from the TMFPD General Fund.

Prior to July 1, 2010, when TMFPD joined the Washoe County, Nevada OPEB Trust (Note 15), they financed their net other postemployment benefits on the pay-as-you-go basis with the funds accumulated in the TMFPD Pre-Funded Retiree Health Benefits Fund.

TMFPD claims and judgments liability of $533,000 consisted of workers' compensation claims. These claims will be liquidated through TMFPD Workers Compensation Fund (Note 16). The TMFPD Workers' Compensation Fund finances the payment of claims through transfers from the TMFPD General Fund.

At June 30, 2016, the net other postemployment benefit liability for SFPD was $2,839,782. SFPD provides other postemployment benefits through the Sierra Fire Protection District Retiree Group Medical Plan, a single-employer defined benefit plan, which is administered through the Washoe County, Nevada OPEB Trust (Trust), an irrevocable trust (Note 15). Contributions to the Trust are made from SFPD General Fund and are established each year through the annual budget process by the District's Board of Fire Commissioners.

NOTE 10 – LONG-TERM OBLIGATIONS ACTIVITY	**Date of Issue**	**Maturity Date**	**Interest Rate**	**Original Note / Issue**
GOVERNMENTAL ACTIVITIES				
General Obligation Bonds				
Ad Valorem:				
Various Purpose Refunding Series 2009B	03/2009	05/2017	3.0 - 4.2	10,540,000
Parks and Library Refunding Series 2011A	07/2011	05/2026	4.20	17,360,000
Various Purpose Refunding Series 2012A	08/2012	03/2030	3.0 - 4.0	18,090,000
Medium-Term:				
Edison Way Property Series 2007	03/2007	03/2017	3.83	4,645,000
Revenue: (Note 9)				
Library Building Series 2004	03/2004	03/2019	3.5 - 5.0	3,280,000
Building and Parking Garage Series 2004	12/2004	01/2018	3.75 - 5.0	11,900,000
Public Safety Series 2006	04/2006	03/2036	4.0 - 4.5	12,500,000
Flood Control Series 2006 *	05/2006	12/2035	Variable	21,000,000
Parks Series 2006	10/2006	03/2030	4.0 - 5.0	25,305,000
Building Bonds Refunding Series 2011B	08/2011	11/2026	4.18	12,565,000
Refunding Bonds Series 2012B	08/2012	03/2027	1.0 - 3.0	27,580,000
Medical Examiner Bldg 2015	08/2015	03/2035	2.0 - 5.0	12,000,000
Public Safety Refunding Series 2016B	03/2016	03/2036	2.0 - 5.0	9,800,000
Total General Obligation Bonds				
Revenue Bonds (Note 9)				
Sales Tax Series 1998	12/1998	12/2028	4.0 - 5.1	21,915,000
Senior Lien Car Rental Fee Series 2008 **	02/2008	12/2027	Variable	18,500,000
Subordinate Lien Car Rental Fee Series 2008*****	02/2008	12/2057	7.0	9,954,845
Sales Tax Revenue Refunding Series 2016A	03/2016	12/2028	3.0 - 5.0	11,305,000
Total Revenue Bonds				
Special Assessment Bonds (with governmental commitment) (Note 9)				
SAD 31: Spearhead Way/Running Bear Drive	04/2006	05/2016	4.29	109,000
SAD 37: Spanish Spring Sewer Phase 1a	05/2007	05/2027	4.35	728,813
SAD 39: Lightning W Water System	06/2009	05/2029	7.18	999,268
SAD 32: Spanish Springs Valley Ranches Roads	12/2011	11/2031	3.48	8,592,787
Total Special Assessment Debt				
Unamortized Bond Premium	N/A	N/A	N/A	N/A
Unamortized Bond Discounts	N/A	N/A	N/A	N/A
Total Unamortized Bond Premium and Discounts				
Total Bonds Payable				

Principal Outstanding June 30, 2015	Additions/ Issued	Reduction/ Principal Matured / Called	Principal Outstanding June 30, 2016	Principal Due in 2016-2017
2,965,000	-	1,445,000	1,520,000	1,520,000
13,525,000	-	1,000,000	12,525,000	1,040,000
17,715,000	-	905,000	16,810,000	930,000
1,071,000	-	525,000	546,000	546,000
790,000	-	185,000	605,000	195,000
1,845,000	-	590,000	1,255,000	615,000
10,210,000	-	10,210,000	-	-
17,589,008	-	518,063	17,070,945	541,604
3,560,000	-	-	3,560,000	-
10,630,000	-	705,000	9,925,000	730,000
27,430,000	-	1,655,000	25,775,000	1,680,000
-	12,000,000	-	12,000,000	480,000
-	9,800,000		9,800,000	-
107,330,008	21,800,000	17,738,063	111,391,945	8,277,604
14,310,000	-	14,310,000	-	-
15,554,400	-	672,800	14,881,600	767,800
9,808,025	-	-	9,808,025	-
-	11,305,000	75,000	11,230,000	
39,672,425	11,305,000	15,057,800	35,919,625	767,800
7,000	-	7,000	-	-
359,295	-	38,220	321,075	24,665
537,837	-	75,697	462,140	23,307
5,512,402	-	471,314	5,041,088	253,295
6,416,534	-	592,231	5,824,303	301,266
1,415,279	3,116,805	190,197	4,341,887	-
(51,617)	-	(51,617)	-	-
1,363,662	3,116,805	138,580	4,341,887	-
154,782,629	36,221,805	33,526,674	157,477,760	9,346,670

NOTE 10 – LONG-TERM OBLIGATIONS ACTIVITY (CONTINUED)

	Date of Issue	Maturity Date	Interest Rate		Original Note / Issue
GOVERNMENTAL ACTIVITIES *(Continured)*					
Other Liabilities - (Notes 9, 15)					
Compensated Absences	N/A	N/A	N/A	$	N/A
Remediation Obligation	N/A	N/A	N/A		N/A
Claims and Judgments	N/A	N/A	N/A		N/A
Total Other Liabilities					
Total Governmental Activities					
BUSINESS-TYPE ACTIVITIES ***					
General Obligation Bonds					
Revenue: (Note 9)					
Utilities Fund:					
Lemmon Valley Sewer Series 1997	08/1997	01/2018	3.33	%	1,249,137
Sewer Series 2000A	06/2000	01/2020	3.7		1,675,000
Sewer Series 2000B	06/2000	01/2020	3.7		635,000
Sewer Series 2001	02/2001	07/2021	3.125		21,000,000
Sewer Series 2004	06/2004	01/2024	3.213		3,000,000
Spanish Springs Sewer Series 2005A	08/2006	07/2026	2.931		6,500,000
Storm Sewer Series 2006	11/2006	01/2026	4.224		4,600,000
Sewer Refunding 2015REF	08/2015	07/2026	2.34		17,386,176
Total General Obligation Bonds					
Other Liabilities (Note 9)					
Compensated Absences	N/A	N/A	N/A		N/A
Total Business-Type Activities					
Total Washoe County Obligations					

* Interest on the variable-rate flood control bonds is equal to the sum of BMA (Bond Market Association) Swap Rate plus 0.70%. The interest rate on the outstanding amount was reset on May 1, 2016 to 1.597% for the next 5 years. The next interest rate reset will be May 1, 2021.

** Interest on the variable-rate senior lien car rental bonds is equal to the greater of: (1) the minimum rate of 3% per annum and (2) the sum of (a) 70% of the swap rate plus (b) 2.22% for each of the reset periods. The rate maximum is 6.5% for December 1, 2012 - November 30, 2017, 7.5% December 1, 2017 - November 30, 2022 and 8% for December 1, 2022- November 30, 2027. The current interest rate is 3.0% with a reset date of December 1, 2017.

*** Business-type debt is expected to be retired primarily through operations.

**** On December 31, 2014, in connection with the divestment of the water operations, the County amended the bond ordinances authorizing the outstanding general obligation (limited tax) sewer bonds to pledge the net revenues of the Water Resources Fund excluding water reserves

***** Interest is compounded thereon on June 1 and December 1 of each year commencing on December 1, 2012 at 7% until the final compounded amount is paid or payment has been provided therefor.

	Date of Issue	Maturity Date	Interest Rate		Original Note / Issue
DISCRETELY PRESENTED COMPONENT UNITS:					
Truckee Meadows Fire Protection District (Note 5,9)					
Compensated Absences	N/A	N/A	N/A		N/A
Claims and Judgments	N/A	N/A	N/A		N/A
Total Other Liabilities					
Sierra Fire Protection District (Note 5)					
Net other postemployment benefits obligations	N/A	N/A	N/A		N/A

Principal Outstanding June 30, 2015	Additions/ Issued	Reduction/ Principal Matured / Called	Principal Outstanding June 30, 2016	Principal Due in 2016-2017
$ 25,467,529	$ 19,491,420	$ 19,066,497	$ 25,892,452	$ 19,463,356
6,191,421	1,470,592	1,474,160	6,187,853	-
17,375,000	2,234,000	488,000	19,121,000	8,055,000
49,033,950	23,196,012	21,028,657	51,201,305	27,518,356
203,816,579	59,417,817	54,555,331	208,679,065	36,865,026
248,178	-	248,178	-	-
296,503	-	296,503	-	-
58,987	-	58,987	-	-
9,153,373	-	9,153,373	-	-
1,679,389	-	1,679,389	-	-
4,352,684	-	4,352,684	-	-
2,999,678	-	2,770,966	228,712	228,712
-	17,386,176	1,063,988	16,322,188	2,031,131
18,788,792	17,386,176	19,624,068	16,550,900	2,259,843
441,519	369,949	371,224	440,244	330,932
19,230,311	17,756,125	19,995,292	16,991,144	2,590,775
$ 223,046,890	$ 77,173,942	$ 74,550,623	$ 225,670,209	$ 39,455,802

.

$ 1,699,460	$ 1,310,731	$ 1,022,927	$ 1,987,264	$ 1,145,260
855,000	166,623	488,623	533,000	533,000
$ 2,554,460	$ 1,477,354	$ 1,511,550	$ 2,520,264	$ 1,678,260

$ 2,474,199	$ 365,583	$ -	$ 2,839,782	$ -

NOTE 11 – DEBT SERVICE REQUIREMENTS

The annual requirements to amortize outstanding debt are as follows:

Governmental Activities – Primary Government

Year Ended June 30,	General Obligation Bonds Principal*	General Obligation Bonds Interest**	Revenue Bonds Principal*	Revenue Bonds Interest***	Special Assessment Debt Principal*	Special Assessment Debt Interest
2017	$ 8,277,604	$ 3,389,992	$ 767,800	$ 996,231	$ 301,266	$ 219,905
2018	6,396,216	3,149,297	724,800	973,842	302,977	208,454
2019	6,616,946	2,955,079	869,470	996,538	320,392	196,738
2020	7,233,847	2,757,917	1,840,145	960,286	328,545	184,284
2021	7,501,970	2,563,321	1,996,964	903,649	337,472	171,534
2022-2026	40,628,549	10,115,232	12,631,388	3,411,081	1,946,021	644,265
2027-2031	22,350,273	4,049,148	9,388,096	5,516,314	2,078,797	242,878
2032-2036	12,386,540	1,179,575	2,104,638	9,547,868	208,832	3,634
2037-2041	-	-	1,748,601	11,884,270	-	-
2042-2046	-	-	1,452,273	14,462,263	-	-
2047-2051	-	-	1,201,293	17,368,280	-	-
2052-2056	-	-	992,607	20,650,208	-	-
2057-2061	-	-	201,550	5,251,013	-	-
Total	$ 111,391,945	$ 30,159,561	$ 35,919,625	$ 92,921,843	$ 5,824,303	$ 1,871,693

Business-type Activities – Primary Government

Year Ended June 30,	General Obligation Bonds Principal*	General Obligation Bonds Interest
2017	$ 2,259,842	$ 377,396
2018	2,316,299	320,939
2019	2,284,310	266,924
2020	2,338,075	213,158
2021	2,316,984	158,570
2022-2026	4,821,420	285,788
2027-2031	213,969	2,503
Total	$ 16,550,900	$ 1,625,279

*Principal amounts shown exclude discounts and premiums.
**Interest on the variable–rate flood control bonds is calculated at the current rate of 2.527% through April 30, 2016 and then at the reset rate of 1.597% starting at May 1, 2016.
***Interest on the variable–rate senior lien car rental bonds is calculated at the current rate of 3.0%.

NOTE 12 – INTERFUND ACTIVITY

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2016

Transfers from:	Transfers to:		Amount	
General Fund	Nonmajor Governmental Funds	$	26,064,353	(a)
	Child Protective Services		1,296,791	
	Parks Captial Projects		817,215	
	Subtotal		28,178,359	
Child Protective Services	Nonmajor Governmental Funds		400,000	
Nonmajor Governmental Funds	General Fund		213,686	
	Nonmajor Governmental Funds		5,814,358	
	Subtotal		6,028,044	
Total Transfers In / Out		$	34,606,403	

(a) Transfers to Debt Service Fund for multiple bond refundings/sales

Significant transfers during the year of a non-routine nature include: (a) various transfers to the Debt Service Fund for bond refunding and bond sales.

Due From/Due To Other Funds

A summary of due from and due to other funds at June 30, 2016, is shown below:

Due From :	Due to:		Amount
General Fund	Utilities Fund	$	2,238
Other Restricted Fund	General Fund		181,533
Other Governmental Funds	General Fund		330,000
Total Due From/Due to Other Funds		$	513,771

NOTE 13 – FUND BALANCES / NET POSITION

Government-wide Financial Statements

The government-wide Statement of Net Position utilizes a proprietary presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Restricted resources have externally imposed (statutory, bond covenant, contract or grantor) limitations on their use. Restricted resources are classified either by function, debt service, capital projects, or claims. Resources restricted by function relate to net resources of governmental and enterprise funds whose use is legally limited by outside parties for a specific purpose. The restriction for debt service represents resources legally restricted by State Statute or bond covenants for future debt service requirements of both principal and interest. The amount restricted for capital projects consists of unspent grants, donations, and debt proceeds with third party restrictions for use on specific projects or programs. Net position restricted for claims represents the amount legally required to be held for payment of future claims in the self-insurance funds. The government-wide Statement of Net Position reports $116,911,672 of restricted net resources, all of which is externally imposed.

Unrestricted net position represents available financial resources of the County.

Fund Financial Statements

Governmental Funds

Governmental fund balances are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources of the funds.

Fund balances classification by County function and purpose consist of the following:

	Major Governmental Funds					
Fund Balances	**General Fund**	**Child Protective Services Fund**	**Parks Capital Projects**	**Special Assessment Debt Fund**	**Nonmajor Governmental Funds**	**Total**
Nonspendable:						
Prepaid items	$ 156,929	$ -	-	$ -	$ 55,441	$ 212,370
Restricted for:						
Assessors, Clerk and Recorder technology	-	-	-	-	4,546,969	4,546,969
Administrative programs	-	-	-	-	248,926	248,926
Court programs and expansion	-	-	-	-	7,948,608	7,948,608
Regional flood control project	-	-	-	-	2,155,584	2,155,584
Regional public safety communications and training	-	-	-	-	2,285,429	2,285,429
Other public safety programs	-	-	-	-	4,354,056	4,354,056
Public works programs	-	-	-	-	164,021	164,021
Regional health services and programs	-	-	-	-	2,967,844	2,967,844
Groundwater remediation	-	-	-	-	4,735,082	4,735,082
Parks and recreation programs	-	-	7,828,214	-	186,590	8,014,804
Library expansion	-	-	-	-	1,211,067	1,211,067
Programs for seniors	-	-	-	-	49,792	49,792
Adult, indigent and children support services	-	316,201	-	-	8,313,938	8,630,139
Technology upgrades	-	-	-	-	156,220	156,220
County facility improvement projects	-	-	-	-	18,997,478	18,997,478
Parks and open space projects	-	-	12,984,895	-	-	12,984,895
Intergovernmental	128,472	-	-	-	1,785	130,257
Debt service	750,000	-	-	1,668,426	6,068,497	8,486,923
Total Restricted	878,472	316,201	20,813,109	1,668,426	64,391,886	88,068,094
Committed to:						
Fiscal emergency / stabilization	3,000,000	-	-	-	-	3,000,000
Administrative programs	1,722,117	-	-	-	-	1,722,117
Animal control and services	-	-	-	-	6,502,514	6,502,514
Roadways	-	-	-	-	29,218	29,218
Groundwater remediation	-	-	-	-	1,444,715	1,444,715
Park maintenance and improvement	-	-	-	-	1,348,299	1,348,299
Library expansion	-	-	-	-	500,125	500,125
Adult, indigent and children support services	-	6,784,675	-	-	-	6,784,675
Programs for seniors	-	-	-	-	620,976	620,976
Total Committed	4,722,117	6,784,675	-	-	10,445,847	21,952,639
Assigned to:						
Roadways	-	-	-	-	9,001,733	9,001,733
General Fund encumbrances re-appropriated for various functional departments	2,735,052	-	-	-	-	2,735,052
Total Assigned	2,735,052	-	-	-	9,001,733	11,736,785
Unassigned	44,946,029	-	-	-	(248,700)	44,697,329
Total Fund Balances	$ 53,438,599	$ 7,100,876	20,813,109	$ 1,668,426	$ 83,646,207	$ 166,667,217

Proprietary Funds

The net position for business funds and internal services funds are categorized as net investment in capital assets, restricted and unrestricted as described for the government-wide financial statements.

Fiduciary Funds

Net position held in trust for pool participants in the Statement of Fiduciary Net Position represent cash and investments held in trust for other agencies participating in the County's investment pool.

NOTE 14 – DEFINED BENEFIT PENSION PROGRAM

Plan Description

The County and two discretely presented component units, SFPD and TMFPD, contribute to the Public Employees Retirement System of the State of Nevada (PERS), a cost-sharing multiple employer defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings 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 PERS on or after January 1, 2010. 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 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 multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. PERS 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 the retiree's death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, or at any age with thirty years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, at age 60 with ten years of service, at age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits 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. Both Regular and Police/Fire 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. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

PERS' 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.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually 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.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

For the fiscal year ended June 30, 2015, the Statutory employer/employee matching rate was 13.25% for Regular Members and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 25.75% for Regular Members and 40.50% for Police/Fire.

For the fiscal year ended June 30, 2016, the Statutory employer/employee matching rate was 14.50% for Regular Members and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 28.00% for Regular Members and 40.50% for Police/Fire.

The County's contributions were $51,276,987 for the year ended June 30, 2016.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2015:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2015, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability

At June 30, 2016, the County reported a liability for its proportionate share of PERS' net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of combined employer and member contributions to PERS' pension plan relative to the total combined employer and member contributions of all participating PERS employers and members for the period ended June 30, 2015. The County's proportion was 3.04481%, which was an increase of .05377 from its proportion measured at June 30, 2014.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the County as of June 30, 2015, calculated using the discount rate of 8.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	$ 531,680,846	$ 348,917,793	$ 196,937,552

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Report, available on the PERS website – www.nvpers.org.

Actuarial Assumptions

The County's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity Pay Increase	0.75%
Projected Salary Increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2015 funding actuarial valuation

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015 was projected to be available to make all projected future benefit payments of current active and inactive employees. 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, 2015.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of $40,703,086. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 26,244,658
Net difference between projected and actual earnings on pension plan investments	-	18,899,702
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	11,042,022	-
County contributions subsequent to the measurement date	51,276,987	-
Total	$ 62,319,009	$ 45,144,360

$51,276,987 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 6.55 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2017	$	(11,881,827)
2018		(11,881,827)
2019		(11,881,827)
2020		4,486,978
2021		(2,427,130)
2022		(516,705)
Thereafter		-
Total	$	(34,102,338)

The following is the reconciliation of the June 30, 2016 net pension liability:

Beginning Net Pension Liability	$	311,725,984
Pension Expense		40,703,086
Employer Contributions		(46,997,997)
New Net Deferred Inflows/Outflows		24,992,680
Recognition of Prior Deferred (Inflows)/Outflows		18,494,040
Ending Net Pension Liability	$	348,917,793

Additional Information

The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at www.nvpers.org under Quick Links – Publications.

Discretely Presented Component Units

On March 27, 2012 the Board of Fire Commissioners approved an interlocal agreement transferring operations of SFPD to TMFPD. As of June 30, 2012, all SFPD employees were transferred to TMFPD and, therefore, SFPD no longer contributes to PERS. The employees remained participants of PERS and their accounts were transferred to TMFPD.

On July 1, 2012 all TMFPD employees were covered under the employer pay contribution plan method. Prior to July 1, 2012, the benefits for TMFPD plan members are funded under one of two methods. Under the employer pay contribution plan, TMFPD is required to contribute all amounts due under the plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan, while TMFPD is required to match that contribution. The contribution requirements of plan members and the District are established by Chapter 286 of NRS and may only be amended through legislation.

TMFPD’s contributions to PERS were $3,671,552 for the year ended June 30, 2016.

At June 30, 2016, TMFPD reported a liability for its proportionate share of PERS’ net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMFPD’s proportion of the net pension liability was based on TMFPD’s share of contributions to PERS’ pension plan relative to the total contributions of all participating PERS employers and members for the period ended June 30, 2015. TMFPD’s proportion was 0.22129%, which is an increase of .01546 from its proportion measured at June 30, 2014.

The following presents the net pension liability of TMFPD as of June 30, 2015, calculated using the discount rate of 8.00%, as well as what TMFPD's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	$ 38,641,675	$ 25,358,762	$ 14,313,092

For the year ended June 30, 2016, TMFPD recognized pension expense of $3,242,594. At June 30, 2016, TMFPD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,907,418
Net difference between projected and actual earnings on pension plan investments	-	1,373,599
Changes in the employers' proportion and differences between the employer's contributions and the employer's proportionate contributions	2,077,561	-
County contributions subsequent to the measurement date	3,671,552	-
Total	$ 5,749,113	$ 3,281,017

$3,671,552 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of TMFPD's net pension liability in the year ended June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 6.55 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by TMFPD as follows:

Year Ended June 30,	
2017	(639,975)
2018	(639,975)
2019	(639,975)
2020	571,066
2021	54,120
Thereafter	91,283
Total	$ (1,203,456)

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Eligibility

The County provides other postemployment benefits (OPEB) for eligible employees through the Retiree Health Benefit Program, a single-employer defined benefit OPEB plan, and participates in the State of Nevada's Public Employee Benefit Plan, an agent multiple-employer defined benefit OPEB plan. Both plans are administered through the Washoe County, Nevada OPEB Trust (Trust), an irrevocable trust established on May 11, 2010 by the BCC. The Trust, a multiple employer trust, was created to fund and account for the participating employers' costs of retiree healthcare benefits pursuant to NRS 287.017. Complete financial statements of the Trust may be obtained by writing to: OPEB Trust, c/o Washoe County Comptroller's Office, P.O. Box 11130, Reno, Nevada, 89520.

Additionally, TMFPD and SFPD, discretely presented component units, provide OPEB for eligible employees through the Truckee Meadows Fire Protection District Retiree Group Medical Plan and Sierra Fire Protection District Retiree Group Medical Plan, both single-employer defined benefit plans. As of July 1, 2010 both plans are also administered through the Trust.

Washoe County Retiree Health Benefit Program (RHBP)

In accordance with NRS 287.010, the BCC adopted the RHBP to provide postemployment benefits to eligible employees upon retirement. Retirees are offered medical, prescription, vision, life, and dental insurance for themselves and their dependents. Retirees can choose between the Self Funded Group Health Plan (SFGHP) and an HMO Plan.

All employees hired before July 1, 2010 who retire from County employment and receive monthly payments under PERS are eligible to participate in the RHBP. In addition, employees hired before this date who have terminated employment prior to retirement may enroll in the RHBP upon commencing retirement if the County is that individual's last public employer.

For eligible retirees, the County pays a portion of the retiree's premium based on years of County service. Benefits are provided under two contribution "tiers": Tier 1 includes employees hired prior to various exclusion dates between 1997 and 1999, as stipulated in employee association contracts, and Tier 2 includes all employees hired after the Tier 1 exclusion dates. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums depending on their respective tier. Retirees pay 100% of the premium for dependent coverage.

For Tier 1 retirees, the retiree's contribution is determined as follows, except for the cost of dental benefits which is 100% paid for by the retiree, regardless of service:

Years of Service	Tier 1 Retiree Contribution
Less than 10	100%
10 but less than 15	50%
15 but less than 20	25%
20 or more	0%

For Tier 2 retirees, the retiree's contribution is the monthly premium amount less a County-paid premium subsidy equal to the Non-State Retiree Subsidy Adjustment set annually by the State of Nevada's Public Employee Benefit Plan. The County's monthly subsidy for fiscal year 2016 depends on years of full-time service and ranges from a minimum of $106 for five years to a maximum of $585 for 20 or more years.

State of Nevada's Public Employee Benefit Plan (PEBP)

NRS 287.023 allowed County retirees to join the State's PEBP through September 1, 2008, at the County's expense. Eligibility and subsidy requirements are governed by statutes of the State and can only be amended through legislation. PEBP is administered by a nine member governing board and provides medical, dental, prescription, vision, life and accident insurance for retirees.

Through collective bargaining agreements, the County is required to provide a subsidy for their eligible retirees that have elected to join PEBP. Contribution requirements are assessed by the PEBP Board annually. The subsidy for this plan is based on years of service and in 2016 ranged from a minimum of $106 for five years of service to a maximum of $585 for 20 or more years of service. Retirees age 65 and over are required to enroll in a Medicare Advantage Plan at their own expense and receive monthly Health Reimbursement Account contributions of between $55 and $220 based on years of service.

TMFPD Retiree Group Medical Plan (TMFPD RGMP)

Prior to July 1, 2000, TMFPD provided health insurance benefits to retired employees through a single-employer defined benefit plan. At June 30, 2000, ten retirees were participating in the TMFPD RGMP. On July 1, 2000, pursuant to an Interlocal Agreement for Fire Services and Consolidation, TMFPD operations were transferred to the City of Reno (City) and the City accepted liability for the ten retirees under this plan. In accordance with the Interlocal Agreement, TMFPD pays a proportionate share of employees' retiree health benefit costs based on service earned prior to July 1, 2000, for those employees who transferred employment to the City and retired prior to June 30, 2012 or during the term of the Interlocal Agreement. Health benefits under the City's plan include medical, dental, prescription, vision and life insurance.

The Interlocal Agreement was terminated on June 30, 2012, and TMFPD assumed responsibility for its own fire district operations as of July 1, 2012. As of June 30, 2012, in preparation of standing up the new fire operations, 11 former Reno firefighters transferred to TMFPD with the provision that TMFPD would provide retiree health benefits for those 11 employees. Any former TMFPD employee remaining employed by the City as of July 1, 2012, retained retiree health benefits with the City and the City retained the liability for those employees. Employees hired by TMFPD prior to July 1, 2014 are eligible for retiree health benefits through the TMFPD RGMP. Benefits under the new TMFPD RGMP, a single-employer defined benefit plan, include health, dental, vision and prescription insurance coverage. Eligible retirees who retire from the District will be required to pay for 50% of the retirees' health insurance premium and 100% of the cost of coverage for their families. Eligibility requirements, benefit levels, employee contributions, and employer contributions may be amended by the mutual agreement of the TMFPD and the TMFPD Fire Fighters Association.

SFPD Retiree Group Medical Plans (SFPD RGMP)

SFPD provides health insurance benefits to eligible retired employees who transferred from State service on July 1, 2006 or transferred from SFPD service to the TMFPD in fiscal year 2011-2012. As of April 1, 2012, all SFPD employees transferred to TMFPD under the terms of an Interlocal Agreement for Fire Services and Consolidation between the two districts. Health insurance benefits are through the TMFPD RGMP; however, the liability for the payment for these retiree health benefits is retained by each district. The plan is a single-employer defined benefit OPEB plan. At June 30, 2016, there were eight employees participating in the plan who had retired from SFPD.

In accordance with NRS, the Board of Fire Commissioners for SFPD entered into an agreement between SFPD and the Sierra Firefighters Association for retiree health insurance. This employee agreement was assumed by TMFPD as of April 1, 2012; however, the payment of the monthly benefits continues to be paid from SFPD's portion of the Trust. Eligible employees who retire from TMFPD employment and receive monthly payments from PERS of Nevada are allowed coverage in the TMFPD RGMP. Health benefits include medical, vision, dental and prescription insurance coverage. SFPD pays 50% of the cost of health premiums of retirees who transferred to SFPD as of July 1, 2006 or from SFPD to TMFPD in fiscal year 2011-2012 and retire directly from TMFPD with 10 or more years of combined service with the Nevada Division of Forestry or the Districts. Retirees are responsible for the remaining 50% of the retirees' health premiums and 100% of the cost of coverage for their eligible dependents. Eligibility requirements, benefit levels, employee contributions, and employer contributions may be amended by the mutual agreement of the TMFPD and the TMFPD Fire Fighters Association I.A.F.F Local 3895.

Funding Policy and Annual OPEB Cost

An independent actuary calculates the annual required contribution (ARC) for each of the employers' plans. The ARC is based on the amount needed to fund the Unfunded Actuarial Accrued Liability over a specified amortization period, with an additional amount for future benefits attributable to employee service in the current year. The actual contributions each year for RHPB, TMFPD RGHP and SFPD RGHP are established through the annual budget process by the Board of County Commissioners and the TMFPD and SFPD Boards of Fire Commissioners, respectively, and may be amended through negotiations with their respective employee associations.

Additionally, the County is required to provide a subsidy for their retirees that have elected to join PEBP which is established and may be amended by the State of Nevada Legislature. The subsidy is paid on the pay-as-you-go basis, with an additional amount contributed to prefund future benefits. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually.

The County, TMFPD and SFPD fund the OPEB costs from their respective General Funds. During the current fiscal year the County transferred $17.7 million to the Trust to fund future retiree health benefits for both the RHBP and PEBP. These contributions were allocated between the RHBP and the PEBP based on the proportionate share of each plan's Unfunded Actuarial Accrued Liability to the total. Neither TMFPD nor SFPD made any transfers to the Trust during the current fiscal year.

The annual OPEB cost and related information for each plan for the fiscal year ended June 30, 2016 are as follows:

	RHBP	PEBP	TMFPD RGMP	SFPD RGMP
Determination of Annual Required Contribution:				
Normal cost	$ 9,083,000	$ -	$ 277,767	$ 148,879
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	11,863,000	43,000	(42,843)	288,289
Annual Required Contribution (ARC)	$ 20,946,000	$ 43,000	$ 234,924	$ 437,168
Determination of Net OPEB Obligation:				
Annual Required Contribution	$ 20,946,000	$ 43,000	$ 234,924	$ 437,168
Interest on Net OPEB Obligation	(209,000)	(68,000)	(55,051)	173,194
Adjustment to ARC	169,000	76,000	77,805	(244,779)
Annual OPEB Cost	20,906,000	51,000	257,678	365,583
Contributions Made to Trust	(17,613,000)	(67,000)	-	-
Increase (Decrease) in Net OPEB Obligation	3,293,000	(16,000)	257,678	365,583
Net OPEB Obligation (Asset), Beginning of Year	(2,987,727)	(966,390)	(786,447)	2,474,199
Net OPEB Obligation (Asset), End of Year	$ 305,273	$ (982,390)	$ (528,769)	$ 2,839,782

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at June 30, 2016 and the two preceding years for each of the plans were as follows:

Plan	Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation / (Asset)
RHBP	2014	$ 18,689,000	17,772,494	95.10%	$ (2,230,963)
	2015	19,910,000	20,666,764	103.80%	(2,987,727)
	2016	20,906,000	17,613,000	84.25%	305,273
PEBP	2014	339,000	417,390	123.12%	(642,564)
	2015	72,302	396,128	547.88%	(966,390)
	2016	51,000	67,000	131.37%	(982,390)
TMFPD RGMP	2014	223,415	-	0.00%	(1,001,338)
	2015	214,891	-	0.00%	(786,447)
	2016	257,678	-	0.00%	(528,769)
SFPD RGMP	2014	1,516,804	544,869	35.92%	2,141,475
	2015	332,724	-	0.00%	2,474,199
	2016	365,583	-	0.00%	2,839,782

Listed below is the funded status of each plan, as of their most recent actuarial valuations:

	RHBP	PEBP	TMFPD RGMP	SFPD RGMP
Valuation date	7/1/2014	6/30/2016	7/1/2014	7/1/2014
Actuarial Accrued Liability (AAL)	$ 339,643,000	$ 4,004,058	$ 3,293,617	$ 3,662,758
Actuarial Value of Plan Assets	146,484,000	2,638,131	3,981,559	1,234,898
Unfunded Actuarial Accrued Liability (UAAL)	$ 193,159,000	$ 1,365,927	$ (687,942)	$ 2,427,860
Funded Ratio (Actual Value of Plan Assets/AAL)	43.13%	65.89%	120.89%	33.71%
Covered Payroll (Active Plan Members) *	$ 130,181,371	n/a	$ 5,155,973	$ 3,227,080
UAAL as a Percentage of Covered Payroll *	148.38%	n/a	-13.34%	75.23%

* The covered payroll for active plan members for the TMFPD RGMP reported above represents salaries and wages for the 10 former Reno firefighters who transferred from the City of Reno to TMFPD in June 2012 and who were still employed by TMFPD at June 30, 2016 as well as current employees hired prior to July 1, 2014. The UAAL shown for TMFPD also includes TMFPD's proportionate share of the liability, based on service earned prior to July 1, 2000 for the remaining 44 employees who transferred employment to the City of Reno and retired during the term of the Interlocal agreement, as well as current eligible employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples included assumptions about future employment, mortality, the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

	RHBP	PEBP	TMFPD RGMP	SFPD RGMP
Valuation date	7/1/2014	6/30/2016	7/1/2014	7/1/2014
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percentage of pay, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization period	27 years	25 years	17 years	17 years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Actuarial assumptions:				
Investment rate of return	7%	6.25%	7%	7%
Healthcare cost trend rate	6.25% initial 4.5% ultimate	8.25% initial 4.5% ultimate	7.5% initial 4.5% ultimate	7.5% initial 4.5% ultimate

NOTE 16 - RISK MANAGEMENT

In 1981, the County started self-funding its workers' compensation obligations. Since then, the County has increased the number of programs where the self-funding is practiced and the proportion of the loss exposure which it self-funds. Currently, the County self-funds portions of its fiscal responsibility related to exposures of loss from torts; theft of, damage to, or destruction of assets; errors or omissions; and health insurance claims.

Two internal service funds have been established to account for these programs.
The Risk Management Fund accounts for costs related to general liability, auto liability, workers' compensation, property coverage and unemployment compensation. Except for unemployment compensation, these costs are covered through a combination of self-funding and insurance purchased from outside carriers.
The Health Benefits Fund accounts for life, medical, prescription, dental and vision insurance programs. The plans contained within the Health Benefits Fund are handled through contracts with an external claims administrator, a preferred provider organization for medical services and through the purchase of various insurance plans, including a fully-insured medical and prescription plan.

At any time, there are a number of lawsuits and unresolved disputes involving the County, which are administered by the Risk Management Division. These items are reviewed by the Risk Management Division with input from the District Attorney's Office and the appropriate third party administrator. They set the values to the extent a value is determinable. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, including the effects of specific incremental claim adjustment expenses, salvage and subrogation. Allocated claim adjustment expenses are included. Annually, an aggregate value is placed on all claims through the performance of an actuarial study.

The values set by the actuary for both short and long-term liabilities are as follows:

	Current	Long-Term	Total
Pending Claims:			
Property and liability claims	$ 1,340,000	$ 3,293,000	$ 4,633,000
Workers' compensation claims	4,313,000	7,773,000	12,086,000
Unprocessed Health Benefits Fund claims	2,402,000	-	2,402,000
Total Pending Claims	$ 8,055,000	$ 11,066,000	$ 19,121,000

The level of insurance coverage purchased by the County for property-related claims ranges from $500,000 to a policy limit of $500 million, depending on the incident. Deductibles generally range from $2,500 to $50,000. Liability and workers' compensation claims are self-insured up to $1.5 million each; insurance policies are in place for losses greater than this amount. There were no settled claims in excess of insurance coverage in the current fiscal year or the three prior fiscal years.

Many items involving the Risk Management Fund do not specifically fall within the criteria used by the actuary for evaluation. Such items include contract disputes and noninsurance items. Currently, there is a net position of $13,545,020 in the Risk Management Fund for claims that fall into areas not recognized in the actuarial studies and possible catastrophic losses that exceed parameters of the actuarial studies, in addition to the claims that are evaluated by the actuary. The net position amount is restricted for the payment of claims per NRS 354.6215.

The County's exposure for the self-funded portion of health insurance claims is limited to $250,000 per claim each year. Stop-loss insurance is in place for claims above this amount. Currently, there is a net position of $5,507,210 in the Health Benefits Fund for claims in excess of amounts projected by actuary. The net position amount is restricted for the payment of claims per NRS 354.6215.

Claims liability and activity for the Risk Management and the Health Benefits Funds for the fiscal years ending June 30 were as follows:

	Risk Management Fund	Health Benefits Fund
Claims Liability/Activity:		
Claims Liability, June 30, 2014	$ 12,717,000	$ 2,684,000
Claims and changes in estimates	4,766,163	22,555,973
Claim payments	(2,998,163)	(22,349,973)
Claims Liability, June 30, 2015	14,485,000	2,890,000
Claims and changes in estimates	5,782,675	23,297,823
Claim payments	(3,548,675)	(23,785,823)
Claims Liability, June 30, 2016	$ 16,719,000	$ 2,402,000

The non-discounted carrying amount of unpaid claims in the Risk Management Fund at June 30 is $18,768,000. The interest rate used for discounting was 2.5%.

Discretely Presented Component Units

The TMFPD and SFPD, discretely presented component units, do not participate in the Washoe County Risk Management or Health Benefits Funds.

TMFPD and SFPD are exposed, as are all entities, to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. TMFPD and SFPD have joined together with similar public agencies throughout the State to create a pool, Nevada Public Agency Insurance Pool (NPAIP), under the Nevada Interlocal Cooperation Act. Property and liability is fully insured with NPAIP. TMFPD and SFPD pay annual premiums and specific deductibles, as necessary, to the Pool for its general insurance coverage. The NPAIP is considered a self-sustaining risk pool that provides coverage for its members up to $10 million per event and a $10 million general aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to $300 million per loss with various sub-limits established for earthquake, flood, equipment breakdown, and money and securities.

As of April 1, 2012, TMFPD and SPFD entered an Interlocal Agreement to consolidate fire department administration and operations. Under that Interlocal Agreement, all SFPD employees became TMFPD employees. Health insurance and workers' compensation benefits are paid by the TMFPD through their consolidated budget.

In fiscal year 2012-13, TMFPD self-funded its health benefits until June 1, 2013. The TMFPD Health Benefits Fund was established to account for life insurance, medical, prescription, dental and vision programs. The self-funded plans contained within the TMFPD Health Benefits Fund were handled through contracts with an external claims administrator and through the purchase of various insurance plans. As of June 1, 2013, the TMFPD purchased a guaranteed health benefit plan and is no longer self-funded. The SFPD health plan ceased with the transition of SFPD employees to TMFPD during the fiscal year ended June 30, 2012.

During the term of the City of Reno/Truckee Meadows Fire Protection District Interlocal Agreement, workers' compensation was fully insured with the City of Reno's self-funded workers' compensation plan. Due to the termination of the Interlocal Agreement as of July 1, 2012, TMFPD is no longer self-funded with the City of Reno but has purchased a guaranteed workers' compensation insurance plan. However, TMFPD is still required to pay workers' compensation claims costs to the City of Reno for those years TMFPD was self-funded through the City of Reno's workers' compensation plan.

During the fiscal year ended June 30, 2004, the City instituted a "pay as you go" system for workers' compensation claims. TMFPD shared the combined losses with the Reno Fire Department (RFD). Each year, TMFPD was assigned the portion of paid losses corresponding to the ratio of employees originally transferred from TMFPD to the total number of current RFD employees. The ratio applied to TMFPD for the fiscal year ended June 30, 2012, which was the last fiscal year of the Interlocal Agreement, was 25%. TMFPD established the Workers' Compensation Fund to account for this program. During the fiscal year ended June 30, 2016, TMFPD paid the City of Reno $304,133 for the purpose of buying out its workers' compensation liability for fiscal year 2010.

The liability for workers' compensation was determined through an actuarial valuation performed for TMFPD as of December 31, 2011. Using a 70% probability level set by its actuary, claims of $2,424,922 were determined to be long-term in nature. The non-discounted carrying amount of unpaid claims was $2,903,000. The interest rate used for discount was 3%. Allocated loss adjustment expense is included in the actuarial calculation. Under the City's workers' compensation plan, TMFPD and the City self-insure up to a maximum of $2.5 million for each workers' compensation claim. Claims incurred prior to fiscal year 2004 remain the liability of the City of Reno under the guaranteed payment plan in effect prior to July 1, 2003.

Claims liability and activity for the fiscal years ending June 30 were as follows:

		TMFPD Workers' Compensation Fund
Claims Liability/Activity:		
Claims Liability, July 1, 2014		1,170,000
Claims and changes in estimates		104,862
Claims payments		(419,862)
Claims Liability, June 30, 2015		855,000
Claims and changes in estimates		166,623
Claims payments		(488,623)
Claims Liability, June 30, 2016	$	533,000

NOTE 17 – JOINT VENTURES

Local Government Oversight Committee Joint Venture (Truckee River Water Quality Settlement Agreement)

The County and the Cities of Reno and Sparks have entered into a joint venture for the purchase of water rights pursuant to the Truckee River Water Quality Settlement Agreement (TRWQSA) dated October 10, 1996. Parties to the TRWQSA are Washoe County, City of Reno, City of Sparks, United States Department of the Interior (DOI), U.S. Department of Justice, U.S. Environmental Protection Agency, Nevada Division of Environmental Protection and the Pyramid Lake Paiute Tribe of Indians (Tribe).

The agreement settled and dismissed pending litigation by the Tribe relating to the expansion of the Truckee Meadows Water Reclamation Facility, which is operated by the Cities of Reno and Sparks. It allows the cities of Reno and Sparks to use the sewage plant's full capacity in exchange for the expenditure of $24,000,000 ($12,000,000 by DOI and $12,000,000 by the joint venture) for the acquisition of Truckee River water rights. The arrangement is considered a joint venture with no equity interest with no equity interest recorded in the County's financial statements because no explicit and measurable equity interest is deemed to exist.

The Local Government Oversight Committee formally acknowledged the joint venture's satisfaction of its $12 million TRWQSA obligation on October 9, 2014. Acquired water rights are jointly managed by the County, the Cities of Reno and Sparks, and DOI. Each entity (Washoe County and the Cities of Reno and Sparks) owns an undivided and equal interest in the water rights acquired. The County's proportionate share of the purchased water rights totals $4,014,101 as of June 30, 2016.

Separately audited financial statements and information for the joint venture are available by writing to: Local Government Oversight Committee (Truckee River Water Quality Settlement Agreement), c/o Washoe County Comptroller's Office, P.O. Box 11130, Reno, Nevada 89520.

Truckee Meadows Water Authority

The Truckee Meadows Water Authority (TMWA) is a joint powers authority formed in November 2000, pursuant to a Cooperative Agreement among the Cities of Reno and Sparks and Washoe County (Members). TMWA was formed in order to purchase water assets and undertake water utility operations of Sierra Pacific Power Company, a Nevada corporation, and to develop, manage and maintain supplies of water for the ongoing benefit of the Truckee Meadows community. TMWA has issued bonds that do not constitute an obligation of the Cities of Reno or Sparks, the County, or the State.

Under the terms of the Cooperative Agreement, TMWA's Board of Directors has the power to periodically assess the Members directly for budgets and for the satisfaction of any liabilities imposed against TMWA. Since TMWA's formation no such assessments have been made. The arrangement is considered a joint venture with no equity interest with no equity interest recorded in the County's financial statements because no explicit and measurable equity interest is deemed to exist. The County appoints two directors of a seven-member governing body.

Separate audited financial statements and information for the joint venture are available by contacting the Authority's Chief Financial Officer at P.O. Box 30013, Reno, NV 89520-3013.

Truckee River Flood Management Authority

The Truckee River Flood Management Authority (TRFMA) is a joint powers authority formed in March, 2011, pursuant to a Cooperative Agreement among the Cities of Reno and Sparks and Washoe County (Members). The governing body of each Member appoints two directors who must be elected officials of the Member's governing body. The TRFMA was formed in order to regulate and control waters of the Truckee River that flow through their territories to reduce or mitigate flooding for the ongoing benefit of the Truckee Meadows community.

The primary source of revenue for the TRFMA consists of the net revenues of the Infrastructure Tax pledged by the County to support the TRFMA. The Infrastructure Tax is collected by the State of Nevada Department of Taxation and remitted to the County pursuant to procedures established in NRS Chapter 377B that restricts spending of these proceeds to projects for the management of floodplains, the prevention of floods or facilities relating to public safety. Net revenues consist of the balance remaining after paying or reserving for County obligations for existing flood project related debt.

Under the terms of the Cooperative Agreement, the TRFMA Board of Directors has the power to periodically impose, assess, levy, collect and enforce fees, rates, and charges in an amount sufficient for services or facilities, or both services and facilities and also to discharge any debt instruments or financing agreements. No such assessments have been made since the TRFMA's formation. The arrangement is considered a joint venture with no equity interest recorded in the County's financial statements because no explicit and measurable equity interest is deemed to exist.

NOTE 18 – SUBSEQUENT EVENT

Effective July 1, 2016, the Truckee Meadows Fire Protection District consolidated with the Sierra Fire Protection District in accordance with Washoe County Ordinance 1577. All of the Sierra Fire Protection District's fire services, powers, functions, responsibilities and obligations conferred upon and exercised by the Sierra Fire Protection District were assumed by the Truckee Meadows Fire Protection District.

NOTE 19 – PRIOR PERIOD ADJUSTMENT

The beginning net position of the Building and Safety Fund, an enterprise fund, has been restated to correctly present unearned revenue in the fiscal year 2016.

	Business-Type Activities	Building and Safety Fund
Net position as previously reported, June 30, 2015	$ 208,864,646	$ 262,915
Adjustment to unearned revenue at June 30, 2015	(1,050,360)	(1,050,360)
Net position, restated	$ 207,814,286	$ (787,445)

WASHOE COUNTY, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a / b) Funded Ratio	(b - a) Unfunded Actuarial Accrued Liability (UAAL)	(c) Covered Payroll	[(b - a) / c] UAAL as a Percent of Covered Payroll
RHBP						
July 1, 2010	$ 70,887,000	$ 273,801,000	25.89%	$ 202,914,000	$ 150,313,509	134.99%
July 1, 2012	91,263,000	287,185,000	31.78%	195,922,000	146,848,513	133.42%
July 1, 2014	146,484,000	339,643,000	43.13%	193,159,000	130,181,371	148.38%
PEBP						
June 30, 2012	1,635,802	6,108,685	26.78%	4,472,883	n/a	n/a
June 30, 2014	2,607,203	3,412,494	76.40%	805,291	n/a	n/a
June 30, 2016	2,638,131	4,004,058	65.89%	1,365,927	n/a	n/a
TMFPD RGMP						
July 1, 2011	3,533,063	3,361,331	105.11%	(171,732)	793,352	-21.65%
July 1, 2013	3,573,083	4,079,936	87.58%	506,853	797,886	63.52%
July 1, 2014	3,981,559	3,293,617	120.89%	(687,942)	5,034,484	-13.66%
SFPD RGMP						
July 1, 2011	530,895	2,472,793	21.47%	1,941,898	3,087,570	62.89%
July 1, 2013	585,289	11,148,737	5.25%	10,563,448	3,221,020	327.95%
July 1, 2014	1,234,898	3,662,758	33.71%	2,427,860	3,303,999	73.48%

SCHEDULE OF COUNTY'S SHARE OF NET PENSION LIABILITY – PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF NEVADA (PERS) – LAST TEN FISCAL YEARS*

	2015	2014
County's portion of the net pension liability	3.04481%	2.99104%
County's proportionate share of the net pension liability	$ 348,917,793	$ 311,725,984
County's covered-employee payroll	$ 159,308,921	$ 154,067,907
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	219.02%	202.33%
Plan fiduciary net position as a percentage of the total net pension liability	75.10%	76.30%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until 10 years of data is compiled, the County will present information only for those years for which information is available.

WASHOE COUNTY, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

SCHEDULE OF COUNTY'S CONTRIBUTIONS – PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF NEVADA (PERS) – LAST TEN FISCAL YEARS*

	2016	2015
Statutorily required contribution	$ 51,276,987	$ 46,781,626
Contributions in relation to the statutorily required contribution	$ 51,276,987	$ 46,781,626
Contribution (deficiency) excess	$ -	$ -
County's covered-employee payroll	$ 170,699,917	$ 159,308,921
Contributions as a percentage of covered-employee payroll	30.04%	29.37%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until 10 years of data is compiled, the County will present information only for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – EMPLOYER CONTRIBUTIONS

The County funds the RHBP and the PEBP via contributions to the Washoe County, Nevada OPEB Trust (Trust). TMFPD and SFPD also fund their retiree group medical plans through the Trust. Information on employer contributions can be found in the Trust's separately issued financial statements, a copy of which can be obtained by writing to: OPEB Trust, c/o Washoe County Comptroller's Office, PO Box 11130, Reno, NV 89520.

NOTE 2 – TMFPD COVERED PAYROLL AND UAAL

The covered payroll for active plan members for the TMFPD RGMP reported above reflects changes in the current labor agreement to make all District employees hired between April 1, 2012 and July 1, 2014 eligible for retiree health benefits, and to require all retirees to enroll in Medicare at age 65. The UAAL shown for TMFPD also includes the District's proportionate share of the liability, based on service earned prior to July 1, 2000 for the remaining 44 employees who transferred employment to the City and retired during the term of the Interlocal Agreement.

NOTE 3 – SFPD UAAL

The July 1, 2014 UAAL shown for SFPD reflects a change in the current labor agreement, requiring retirees to enroll in Medicare at age 65.

Discretely Presented Component Units

SCHEDULE OF TRUCKEE MEADOWS FIRE PROTECTION DISTRICT'S NET PENSION LIABILITY – PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF NEVADA (PERS) – LAST TEN FISCAL YEARS*

	2015	2014
TMFPD's portion of the net pension liability	0.22129%	0.20583%
TMFPD's proportionate share of the net pension liability	$ 25,358,762	$ 21,451,071
TMFPD's covered-employee payroll	$ 8,435,593	$ 7,783,987
TMFPD's proportionate share of the net pension liability as a percentage of its covered-employee payroll	300.62%	275.58%
Plan fiduciary net position as a percentage of the total net pension liability	75.13%	76.31%

SCHEDULE OF TRUCKEE MEADOWS FIRE PROTECTION DISTRICT'S CONTRIBUTIONS – PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF NEVADA (PERS) – LAST TEN FISCAL YEARS*

	2016	2015
Statutorily required contribution	$ 3,671,552	$ 3,415,736
Contributions in relation to the statutorily required contribution	$ 3,671,552	$ 3,415,736
Contribution (deficiency) excess	$ -	$ -
TMFPD's covered-employee payroll	$ 9,271,513	$ 8,435,593
Contributions as a percentage of covered-employee payroll	39.60%	40.49%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until 10 years of data is compiled, the County will present information only for those years for which information is available.