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November 27, 2024

To the Honorable Board of County Commissioners and
the Citizens of Washoe County, Nevada:

The annual comprehensive financial report of Washoe County, Nevada (County), for the fiscal year ended June 30, 2024, is hereby submitted. Nevada Revised Statutes (NRS) 354.624 requires the County to provide an annual audit by independent certified public accountants in accordance with generally accepted auditing standards in the United States. This report represents Washoe County's commitment to sound and effective fiscal management and to responsible financial reporting based on (GAAP) established by the Governmental Accounting Standards Board.

Washoe County Management assumes responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. Management asserts that, to the best of our knowledge, the information in this report is accurate in all material respects and presents fairly the financial position of the various funds and (discretely presented) component unit of the County, including disclosures necessary to understand the County's activities.

Eide Bailly LLP, Certified Public Accountants, have audited the County's financial statements for the year ended June 30, 2024, and have issued an unmodified ("clean") opinion. The Independent Auditor's Report is located on the first page of the financial section.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Washoe County was incorporated in 1861 and is a political subdivision of the State of Nevada. The County is governed by a five-member Board of County Commissioners (BCC) elected by constituents within their districts for a 4-year term. The County covers an area of 6,600 square miles in the northwest section of the state. The county seat is the City of Reno, the fourth largest city in Nevada. Other communities in the County include Reno, Sparks, Sun Valley, Wadsworth, and Incline Village.

Washoe County provides an array of mandated services including property appraisal and assessment; tax collection; criminal prosecution; presides over civil, criminal, domestic and juvenile court cases; death investigations; temporary financial assistance, health care assistance and indigent burials; communicable disease control; and child protection and placement services. Regional services include adult and juvenile detention; parks and libraries; senior services; homelessness services; forensic services; sewer and flood control; animal services; emergency management; and regional public safety training. Other community services include patrol and criminal investigation; fire protection; snow removal and street repair; business licensing; and land use planning and permitting. Administrative and internal support services include management, human resources, accounting, community relations, budget, grants, technology services, internal audit, fleet operations, purchasing, and risk management.

This report includes the financial activities of one discretely presented component unit: Truckee Meadows Fire Protection District. This component unit is a legally separate entity, governed by a Board of Fire Commissioners. The members of the BCC serve as members of these boards. There is no financial benefit or burden relationship between the County and the Fire District.

The BCC is required to adopt a final budget annually on or before June 1 for the ensuing fiscal year. The annual budget serves as the foundation for the County's financial planning and control. The legal level of budgetary control is at the function level for governmental funds and by the sum of operating and non-operating expenses for proprietary funds.



LOCAL ECONOMY AND ECONOMIC OUTLOOK

Northern Nevada continues to attract organizations to the Tahoe Reno Industrial Center. Notable additions are PowerHouse joining the northern Nevada region in the Tahoe Reno Industrial Center (TRIC) developing a 900,000 square foot shell data center campus facility on 49 acres. Joining this growing area which is also home to the Tesla Gigafactory, is James Hardie, Tellworks Logistics, Thyssen Krupp, and CapRock Partners. CapRock Partners, a developer of industrial real estate, has acquired a 700,000+ square foot warehouse space. Additionally, Tract, a developer of master-planned data center parks, has acquired 8,590 acres in the TRIC area to create a master-planned site responsive to the requirements of the next generation of hyperscale data center design. Additional companies either joining or expanding in northern Nevada are Standvast, Omni Cable, Redwood Materials, Weber Metals and Kuriyama of America. This expansion of the TRIC has had an impact on the local economy, notably the demand and cost of housing. In addition to the relocation of industries to the region, Washoe County estimated population from 2023 to 2024, per the State's Demographer, is at a growth rate of approximately 2%.

Additional expansion to the area is that of the Reno-Tahoe International Airport (RTIA) efforts to modernize the facility has resulted in a public private partnership agreement with Conrac Solutions for nearly \$300 million for the ground transportation center project. The RTIA will also be embarking on an additional major construction project of two new concourses to upgrade and expand the gates that have not been updated. The University of Nevada Reno has also entered into a public private partnership for the construction of a 128,000 square foot College of Business building.

The Air Force awarded Sierra Nevada Corp. a \$13 billion contract to deliver a replacement for the services' E-48 "Doomsday" plane, with the contract expected to run through July 2036. Sierra Nevada Corporation is headquartered in northern Nevada with more than 40 locations worldwide.

The Nevada System of Higher Education is recognizing the demand of the increased labor pool and specialized skills by expanding course offerings at the University of Nevada Reno and Truckee Meadows Community College to meet the needs of the industries.

The demand for housing continues to increase. The Washoe County housing market, according to Zillow.com has increased by 4.4% over the past year, with the median price being \$552,588. In conjunction with the increased pricing of the housing market and the expansion of Tahoe Reno Industrial Center, according to the Bureau of Labor Statistics, as of June 2024, the unemployment rate was 5.2%.

Moody's Ratings has upgraded the Washoe County sales tax revenue bonds from Aa3 to Aa2, the fuel tax revenue bonds to Aa2 from Aa3 and have also upgraded the sales tax improvements bonds from A1 to Aa2. According to Moody's, "the upgrade of the County's sales tax revenue bonds to Aa2, the same level as the county's issuer rating reflects the broad nature of the pledge coupled with solid maximum annual debt services coverage that exceeds 2x."

Through the One Nevada agreement, Washoe County continues to receive settlements from defendants that are part of the nationwide opioid settlements. At the end of this fiscal year, Washoe County has received over \$3.7 million. These funds are intended to be used to for abatement strategies that include treatment for the incarcerated, prevention programs, and expansions of service programs.

LONG-TERM FINANCIAL PLANNING

Strategic Plan by the BCC

The County's General Fund unrestricted fund balance increased \$7.1 million to \$145.4. This increase was directly affected by the County engaging Korn Ferry to perform a Classification and Compensation Study to help restructure and streamline the County's broad-based compensation and classification system to be more aligned with the current employment market and comparable entities. In conjunction with the classification study, the County has also negotiated 4-year agreements with each of its collective bargaining agreements.

The Board of County Commissioners continues to collaborate with regional partners, citizens, management, County employees and their respective associations to enable Washoe County to continue to be one of the most fiscally responsible local governments in the State. The County adheres, without exception, to the practice of adopting a final balanced budget. For more than a decade, the County has not increased the General Fund budget by more than the



combined increases in population and the Consumer Price Index, even during the economic downturn.

As Washoe County continues with growth in population, the County continues to experience increasing costs to provide services to the communities it serves. The County, under the direction of the Board of County Commissioners continue to review and update its strategic plan. The strategic objectives are a) fiscal sustainability – goals of restoring fiscal stability from impacts of COVID-19 pandemic, long-term sustainability and efficient delivery of regional services; b) economic impacts – goals of meeting the needs of the growing community, support a thriving community, and planning for expanded wastewater and stormwater; c) vulnerable populations – goals of addressing homelessness with a regional approach, expanding appropriate housing options across the community and coordination between agencies and communication of programs; d) innovative services – goals of leveraging technology to streamline and automate, strengthening our culture of service and promoting experimentation and innovation.

In support of the Board of County Commissioners strategic plan, the County continues to prioritize the use of the American Rescue Plan Act (ARPA) funding to support and implement the programs and projects that assist in completing and carrying out these initiatives. A more detailed reporting of these activities can be seen under Major Program/Initiatives.

RELEVANT FINANCIAL POLICIES

Budget

In May 2016 Washoe County established a fund balance policy as a key element of the financial stability of the County by ensuring adequate levels of unrestricted fund balance are maintained in the General Fund, the County's main operating fund. It is essential that the County maintain adequate levels of fund balance to mitigate current and future risks that can occur from unforeseen revenue fluctuations and/or unanticipated expenditures, and to fund all existing encumbrances. With this in mind, the County has determined a minimum of 10% and a maximum of 17% of expenditures and other uses, less capital outlay, is required to meet the County's cash flow and operating needs that complies with best practices.

Stabilization

It is the County's policy to maintain a General Fund account of \$4,000,000 for the purpose of budgetary stabilization. NRS 354.6115 authorizes the creation of a fund to stabilize operating of local governments and mitigate effects of natural disaster. The intent of this policy is to include in the General Fund budgeted reserved ending fund balance pursuant to NRS 354.6115 that will be committed to stabilization. Fund balance that is committed to stabilization can be used after approval of the Board of County Commissioners.

Postemployment Benefits Other than Pensions (OPEB)

The County created a Trust for postemployment benefits that is intended to provide the means to fund the post-retirement benefits provided by the employee benefit plans. The trust is funded by contributions by participants and/or the County. All such contributions to the Trust, and any earnings on such contributions, are irrevocable and are the property of the Trust.

MAJOR PROGRAMS / INITIATIVES

For Fiscal year ending June 30, 2024, the strategic objectives of the Board of County Commissioners were Fiscal Sustainability, Economic Impacts, Vulnerable Populations and Innovative Services. In support of these priorities Washoe County recognizes the importance of sustainable fiscal planning, accountability and transparency in the management of public funds, assets, programs and services. The annual budget serves as the financial plan for County operations and is aligned with the County's strategic objectives. Some of the programs Washoe County initiated and/or completed during the 2024 fiscal year are:

American Rescue Plan Act Projects –

At the end of the fiscal year, with the \$91.5 million awarded to the County, the Board of County Commissioners has approved 41 new projects, bringing the total number of projects approved by the Board to 116. The majority of Washoe County's funds have been dedicated to negative economic impacts. Notable projects are 18 projects associated with Public Health with an allocation total of \$10,989,435 to include community violence intervention, mental health services, substance use services and other public health services. 57 projects in the amount of \$55,491,145 dedicated to negative economic impacts experienced by some of the most vulnerable individuals in the community which include household assistance – food programs, assistance to unemployed or underemployed workers; healthy childhood



environments including child care and services to foster youth or families involved in child welfare system and long-term housing security for affordable housing; 25 projects being allocated at total of \$14,424,159 that include public sector workforce for public health, public safety or human services workers.

Additional accomplishments during this fiscal year include:

- ✓ Regional broadband and fiber project space completed to the Gerlach area
- ✓ Opioid settlements received - \$3.7 million
- ✓ Washoe County Leadership Academy
- ✓ Additional personnel expansion to the Registrar of Voters office to assist with elections

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washoe County for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the 42nd consecutive year the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized annual financial report. This report must satisfy both generally accepted accounting principles and applicable eligibility requirements.

We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Comptroller Department's entire staff. More particularly, Robert Andrews and Russell Morgan, CPA, Accounting Managers; Rebecca Mosher, Asta Dominguez, CPA, Susan O'Haro and Cris Shimkovsky, CPA, Alex Robarge, Senior Accountants; Joyce Garrett, Michelle Glodt-Mikoliczyk and Na Na Huang Accountant II's, and Victoria Stebbins, Administrative Assistant II. Thanks also to the cooperation and assistance of all County departments, and to the staff from Eide Bailly LLP, Certified Public Accountants, the County's independent auditors. Special thanks to the Board of County Commissioners for their leadership and support in the planning and conducting of the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Cathy Hill".

Cathy Hill, Comptroller

WASHOE COUNTY BOARD OF COUNTY COMMISSIONERS



Alexis Hill,
District One

Washoe County is home to Lake Tahoe, one of the most beautiful places on earth; to the majestic Sierra Nevada mountains; to the life-giving Truckee River; to vast open ranges and blue sky; to pastoral ranches and to friendly, vibrant communities including the cities of Reno and Sparks.

OUR VISION is that Washoe County will be the social, economic and policy leadership force in Nevada and the western United States

OUR MISSION is working together regionally to provide and sustain a safe, secure and healthy community.

STRATEGIC OBJECTIVES OF THE BOARD OF COUNTY COMMISSIONERS

- Fiscal Sustainability
- Economic Impacts
- Vulnerable Populations
- Innovative Services

Values

The purpose of the values statement is to articulate how we behave as staff and community members.

- **Integrity** – We are dedicated to uncompromising honesty in our dealings with the public and each other in conformance with our code of conduct.
- **Effective Communication** – We believe in simple, accurate, and clear communication. We encourage the open exchange of ideas and information.
- **Quality Public Service** – The County exists to serve the public. We put the needs and expectations of citizens at the center of everything we do and take pride in delivering services of the highest quality.

Strategic Direction

The purpose of the strategic direction is to establish a concrete picture of the future:

Washoe County will be the social, economic and policy leadership force in Nevada and the western United States.

We will accomplish this by:

- Support and represent the people we serve.
- Being forward thinking.
- Protect our natural resources.
- Collaborate within and across the County.
- Commit to digital delivery.
- Reduce redundancies and non-value adds.
- Show up as “One County” externally and internally.

Planning Assumptions

This plan assumes the following:

- Effective implementation always occurs in coordination and collaboration with our regional partners.
- Long-term financial sustainability is a foremost consideration for all new programs, initiatives and actions.
- Significant additional efforts are being undertaken within departments directly, whereby it is not possible to reflect them all in this document.



Michael Clark
District Two



Mariluz Garcia
District Three



Clara Andriola
District Four



Jeanne Herman
District Five

**WASHOE COUNTY, NEVADA
LISTING OF COUNTY OFFICIALS
AS OF JUNE 30, 2024**

Elected Officials

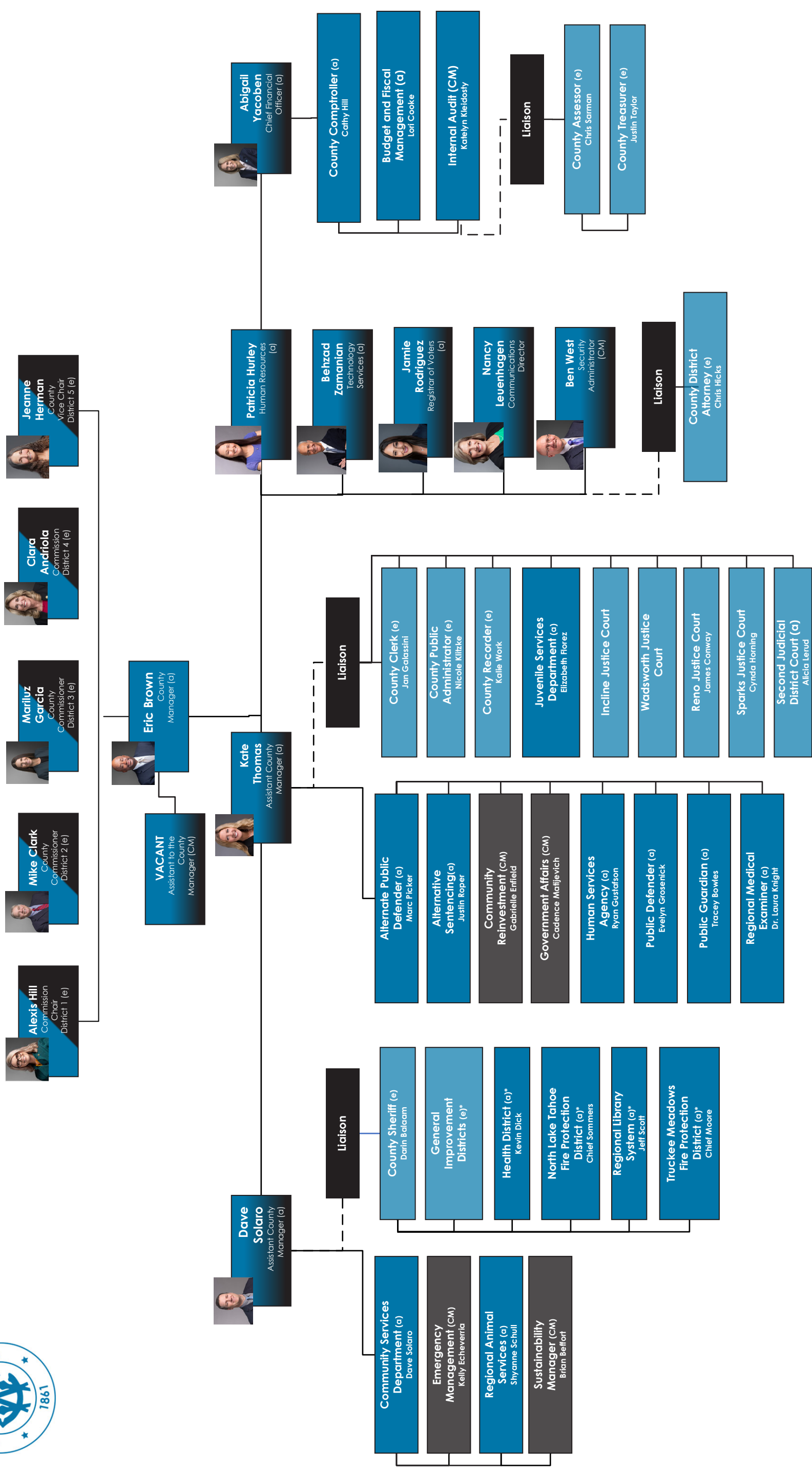
| | |
|--------------------------|-------------------|
| District 1: Commissioner | Alexis Hill |
| District 2: Commissioner | Michael E. Clark |
| District 3: Commissioner | Mariluz Garcia |
| District 4: Commissioner | Clara Andriola |
| District 5: Commissioner | Jeanne Herman |
| County Assessor | Chris Sarman |
| County Clerk | Jan Galassini |
| County Recorder | Kalie Work |
| County Treasurer | Justin Taylor |
| District Attorney | Christopher Hicks |
| Public Administrator | Nicole Klitzke |
| Sheriff | Darin Balaam |

Appointed Officials

| | |
|---------------------------------|----------------------------|
| County Manager | Eric Brown |
| Assistant County Manager | Dave Solaro |
| Assistant County Manager | Kate Thomas |
| Chief Financial Officer | Abigail Yacoben |
| Alternate Public Defender | Kate Hickman |
| Alternative Sentencing Chief | Justin Roper |
| Chief Medical Examiner/Coroner | Dr. Laura Knight |
| Comptroller | Cathy Hill |
| Director of: | |
| Animal Services | Shyanne Schull |
| Communications | Nancy Leuenhagen |
| Human Resources/Labor Relations | Patricia Hurley |
| Human Services Agency | Ryan Gustafson |
| Juvenile Services | Elizabeth Florez |
| Library | Jeffrey Scott |
| Technology Services | Behzad Zamanian |
| Northern Nevada Public Health | Dr. Chad Kingsley |
| Public Defender | Evelyn Grosenick |
| Public Guardian | Tracey Bowles |
| Voter Registrar | Cari-Ann Burgess (Interim) |



Washoe County Organization Chart



(a) Appointed Official
(e) Elected Official
(CM) Division or Program within the Office of the County Manager
*Separate Governing Board



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Washoe County
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO