



# WASHOE COUNTY NEVADA

Single Audit Report  
For the Fiscal Year Ended  
June 30, 2015





**WASHOE COUNTY, NEVADA  
SINGLE AUDIT REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

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*Prepared by the Washoe County Comptroller's Department  
Mary Solorzano, Acting Comptroller*



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**WASHOE COUNTY, NEVADA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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# **FINANCIAL SECTION**





**FINANCIAL SECTION**

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CPAs & BUSINESS ADVISORS

## Independent Auditor's Report

To the Honorable Board of Commissioners  
Washoe County, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washoe County, Nevada (the "County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Notes 1, 14 and 19 to the financial statements, the County has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

**Correction of Error**

As discussed in Note 19 to the financial statements, an error occurred in the accretion of interest on capital appreciation bonds during the fiscal years 2010 through 2014. Accordingly, the amount of the unrecorded accreted interest on the capital appreciation bonds loss has resulted in a restatement of net position/fund balances as of July 1, 2014. Our opinions are not modified with respect to this matter.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the Schedule of Funding Progress on page 73, the Schedule of Proportionate Share of the Net Pension Liability on page 73, and the Schedule of Contributions on page 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Prior Year Partial Comparative Information**

Certain required supplementary information includes partial summarized comparative information for the year ended June 30, 2014. The summarized comparative information was derived from the County's June 30, 2014 financial statements, audited by Kafoury, Armstrong & Co., who joined Eide Bailly LLP on December 15, 2014, who expressed an opinion that the accompanying required supplementary information, as of and for the year ended June 30, 2014, was fairly stated in all material respects in relation to the 2014 financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016, on our consideration of Washoe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washoe County's internal control over financial reporting and compliance.



Reno, Nevada  
January 25, 2016

**WASHOE COUNTY, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

As management of Washoe County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015. We encourage readers to read this information in conjunction with the transmittal letter, financial statements and notes to gain a more complete picture of the information presented.

**Financial Highlights**

- The County implemented GASB statements No. 68 and 71 beginning July 1, 2014, resulting in a \$312 million dollar adjustment to beginning net position. The impact of these new accounting standards is discussed in greater detail in notes 14 and 19.
- The consolidation of the County's water utility into Truckee Meadows Water Authority (TMWA) was completed on December 31, 2014, resulting in an extraordinary loss of \$235 million in business-type activities for the year. Other changes resulting from the consolidation are discussed below and in note 17.
- Capital assets (net of accumulated depreciation) are \$255 million lower than in the prior year, primarily due to the transfer of water utility assets to TMWA in connection with the consolidation.
- The County's total outstanding debt decreased by \$48 million for the year; \$38 million of this total was attributable to TMWA's assuming outstanding obligations relating to the water utility.
- Revenues from governmental activities outpaced increases in spending, increasing by \$25 million in comparison to the prior year, while expenditures increased by only \$10 million.
- The County continues to demonstrate its fiscal health to investors by attaining the highest bond ratings from Moody's and Standard and Poor's.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Washoe County's basic financial statements. The County's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the basic financial statements. This report also contains supplementary information intended to provide additional detail in support of the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide a broad overview of Washoe County's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, administration of justice, public works, public safety, health and sanitation, welfare, culture and recreation, and community support. The business-type activities of the County include a water and sewer utility, golf courses, and building permit activities.

**WASHOE COUNTY, NEVADA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**  
**(CONTINUED)**

The government-wide financial statements also include two legally separate fire protection districts for which the County is financially accountable. Financial information for these component units is reported separately from the financial information for Washoe County itself.

The government-wide financial statements can be found in the basic financial statements section of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Washoe County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the County's funds can be classified as either governmental, proprietary, or fiduciary.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information can be useful for gauging the County's near-term financial requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities. These reconciliations are included with the basic financial statements in this report.

The County maintains twenty individual governmental funds. The governmental fund financial statements provide separate details for the General Fund, the Child Protective Services Fund and the Special Assessment Debt Service Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements in the non-major governmental funds section of this report.

The County adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison is provided for each of the County's governmental funds to demonstrate compliance with the budget. The budgetary comparison statement for the General Fund and Child Protective Services Fund are presented with the basic financial statements. The budgetary comparisons for all other governmental funds are included in the fund financial statements and schedules included as supplementary information.

**Proprietary Funds.** The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Washoe County uses enterprise funds to account for water and sewer utilities, golf courses and building permit activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles and for self-insurance activities including liability insurance, workers' compensation and group health insurance. Because these activities predominantly benefit governmental rather than business-type functions, they are included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the Water Resources Fund, which is considered to be a major fund. The remaining funds are combined into a single, aggregated presentation. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the remaining enterprise and internal service funds is provided in the form of combining statements in the applicable sections of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**WASHOE COUNTY, NEVADA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**  
**(CONTINUED)**

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in this report following the basic financial statements.

**Other Information.** Following the notes in this report, required supplementary information is presented concerning the County's progress in funding its obligations to provide retiree health benefits and pensions. Other information, including combining and individual fund statements and schedules are presented after the basic financial statements, notes and required supplementary information. In addition, unaudited statistical information is provided on a ten-year basis, as available, for trend analysis and to provide historical perspective.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$384 million at June 30, 2015, a decrease of 60% from the prior year. This decrease resulted primarily from the consolidation of the County's water utility into Truckee Meadows Water Authority, as well as the implementation of GASB 68. Each of these factors is discussed in more detail in the notes to the financial statements.

**Washoe County's Net Position**  
**(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 224,585	\$ 217,697	\$ 114,826	\$ 145,919	\$ 339,411	\$ 363,616
Net capital assets	525,394	554,622	131,332	356,793	656,726	911,415
Total assets	749,979	772,319	246,158	502,712	996,137	1,275,031
<b>Deferred outflows of resources</b>	49,352	452	631	-	49,983	452
<b>Liabilities</b>						
Current liabilities	38,855	37,154	13,707	5,049	52,562	42,203
Noncurrent liabilities due within one year	36,533	33,290	2,474	3,436	39,007	36,726
Noncurrent liabilities due in more than one year	475,043	176,815	20,720	54,551	495,763	231,366
Total liabilities	550,431	247,259	36,901	63,036	587,332	310,295
<b>Deferred inflows of resources</b>	79,370	-	1,023	-	80,393	-
<b>Net position</b>						
Net investment in capital assets	415,132	437,044	112,543	299,618	527,675	736,662
Restricted	102,385	94,055	1,234	13,461	103,619	107,516
Unrestricted	(347,987)	(6,491)	95,088	126,597	(252,899)	120,106
Total net position	\$ 169,530	\$ 524,608	\$ 208,865	\$ 439,676	\$ 378,395	\$ 964,284

The largest portion of the County's net position remains its investment in capital assets (e.g., land, buildings, equipment and construction in progress), less any outstanding debt used to acquire them. Capital assets are used to provide services to citizens and therefore are not regarded as being available to fund future spending. Similarly, though they are reported net of related debt, the capital assets themselves will not be used to liquidate these obligations. The decline in net investment in capital assets from the prior year resulted from the consolidation of Washoe County's water utility into Truckee Meadows Water Authority.

Restricted net position of \$105 million is essentially unchanged from the prior year, and represents resources that are subject to external restrictions (statutes, bond covenants, or granting agencies) on how they may be used. Additional detail concerning these restrictions is provided in the notes to the financial statements.

**WASHOE COUNTY, NEVADA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**  
**(CONTINUED)**

Unrestricted net position represents resources that can be used to meet the County's other obligations to citizens and creditors, though these resources may not be in spendable form. It is not uncommon for governments to report negative net position, particularly in the governmental activities column. Unrestricted net position deficits commonly arise because governments have long-term liabilities that they fund on a pay-as-you-go basis, appropriating resources annually as payments come due rather than accumulating assets in advance. Washoe County's deficit in unrestricted net position for governmental activities of \$342 million grew substantially in the current year as a result of the implementation of GASB 68. GASB 68 and its impact on the financial statements is discussed in detail in notes 14 and 20.

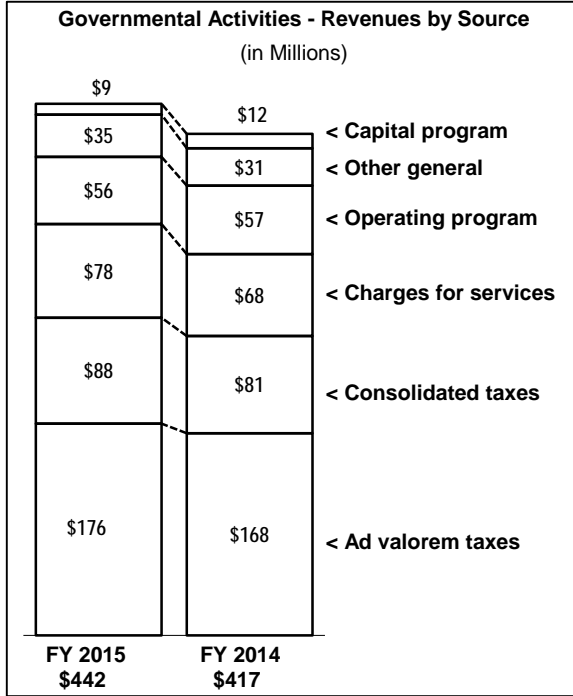
The unrestricted net position of the County's business-type activities of \$93 million may not be used to fund governmental activities.

**Washoe County Changes In Net Position**  
**(in Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 78,047	\$ 68,476	\$ 27,811	\$ 35,632	\$ 105,858	\$ 104,108
Operating grants, interest and contributions	55,603	57,083	7	112	55,610	57,195
Capital grants, interest and contributions	9,378	12,245	5,438	8,107	14,816	20,352
General revenues:						
Ad valorem taxes	175,981	168,009	-	-	175,981	168,009
Consolidated taxes	88,435	80,809	-	-	88,435	80,809
Other intergovernmental	21,414	19,832	-	-	21,414	19,832
Investment earnings	1,927	1,594	1,011	1,591	2,938	3,185
Other	11,109	8,981	-	-	11,109	8,981
Total revenues	441,894	417,029	34,267	45,442	476,161	462,471
<b>Expenses:</b>						
General government	85,674	80,958	-	-	85,674	80,958
Judicial	59,054	59,317	-	-	59,054	59,317
Public safety	141,623	137,584	-	-	141,623	137,584
Public works	49,794	48,420	-	-	49,794	48,420
Health and sanitation	18,901	18,384	-	-	18,901	18,384
Welfare	68,457	65,651	-	-	68,457	65,651
Culture and recreation	18,729	21,803	-	-	18,729	21,803
Community support	187	178	-	-	187	178
Interest/fiscal charges	6,253	5,525	-	-	6,253	5,525
Utilities	-	-	22,889	28,300	22,889	28,300
Golf courses	-	-	955	952	955	952
Building permits	-	-	1,603	1,357	1,603	1,357
Total Expenses	448,672	437,820	25,447	30,609	474,119	468,429
Increase (decrease) in net position before transfers and special item	(6,778)	(20,791)	8,820	14,833	2,042	(5,958)
Transfers	-	211	-	(211)	-	-
Special Item-Divestiture of Water Utility	-	-	(235,203)	-	(235,203)	-
Change in net position	(6,778)	(20,580)	(226,383)	14,622	(233,161)	(5,958)
<b>Net position, July 1, as restated (Note 19)</b>	176,308	545,188	435,248	425,054	611,556	970,242
<b>Net position, June 30</b>	\$ 169,530	\$ 524,608	\$ 208,865	\$ 439,676	\$ 378,395	\$ 964,284

**WASHOE COUNTY, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015  
(CONTINUED)**

**Governmental Activities.** Governmental activities decreased the County's net position by \$6.8 million for the year, which is an improvement of \$13.8 million or 67% over the prior year. This improvement was driven largely by increased ad valorem and consolidated tax revenues, and reflects the effect of continued economic recovery in the region. Tax rates were not increased during the year.



Together, ad valorem and consolidated taxes make up 60% of revenues from governmental activities. Ad valorem taxes of \$176 million were \$8 million (5%) higher than fiscal year 2014, as property valuations increased moderately. Consolidated sales taxes (received from the state) increased significantly for the fifth consecutive year, growing by \$7 million (9%).

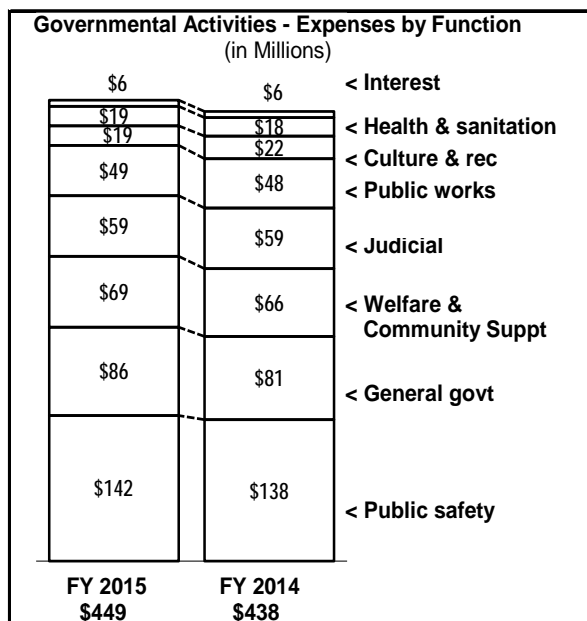
Charges for services of \$78 million increased \$10 million (15%) over the previous year, and include one-time revenues of \$6 million from the state of Nevada in settlement of Washoe County claims relating to the distribution of certain property tax revenues in the prior years. Also included were one-time revenues of \$1 million resulting from a Medicaid audit that found errors in the state's FY2014 rate.

Operating program revenues declined by \$1 million (2%) compared to the prior year, due primarily to decreased federal and state grant revenues in public safety and public works.

Other general revenues increased \$4 million (13%) versus the prior year. This increase was driven in part by a \$2 million gain on the sale of capital assets from the sale of water rights in the Winnemucca Ranch area, to be used by the purchaser in

support of three permanent wildlife conservation easements. Other general revenues also include sales and other taxes, intergovernmental revenues, and unrestricted investment earnings, all of which increased moderately during the year.

Capital program revenues decreased by \$3 million or 25% compared to fiscal year 2014 due to the absence of significant non-cash contributions in the current year. These revenues are subject to marked fluctuation and such variation is not unusual.



Expenditures for governmental activities increased by \$11 million (3%) compared to the prior year, primarily as the result of increases in salaries and wages, which impacted all functions. Services and supplies expense for general government and public works also increased during the year. These increases in spending are a reflection of economic recovery and were anticipated in the budget.

Welfare costs increased by \$3 million (5%) compared to the prior year, in part due to increased program activity levels and also as a result of senior services programs being moved from culture and recreation to welfare in the current year. Also as a result of this change, culture and recreation expenses decreased \$3 million (14%) for the year.

The increase in services and supplies expense in public works reflected increased spending for roads maintenance and construction which was deferred during the economic downturn.



**WASHOE COUNTY, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015  
(CONTINUED)**

**Business-type Activities.** Net position of \$208.9 million for business-type activities is \$230.8 million less than the prior year. This decrease is the result of the consolidation of the County's water utility into Truckee Meadows Water Authority (TMWA) as of December 31, 2014.

All categories of revenue for business-type activities decreased from the prior year as a result of the consolidation. Obscured by this impact were increases in both building permit and golf course revenues. Building permit revenues increased \$0.3 million (12%) for the year, reflecting increased activity as a result of continued economic recovery. Golf course revenues increased sharply for the year (\$0.6 million or 67%) due to the accrual of past-due amounts from the outside firm contracted to manage operations at Washoe Golf Course.

Operating expenses for utility operations decreased \$5.4 million (19%) as a result of the divestiture of the water utility. Expenses for golf course operations were flat, while expenditures for building permit activities increased \$0.25 million (18%) as a result of planned increases in salaries and wages.

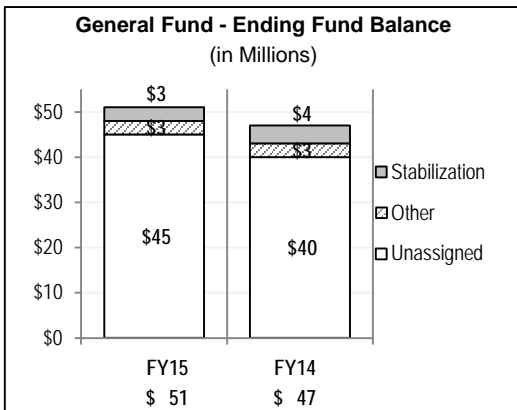
**FINANCIAL ANALYSIS – GOVERNMENTAL FUNDS**

As noted earlier, Washoe County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's funding requirements. In particular, unassigned fund balance can provide a useful measure of net resources available for discretionary use since they represent fund balance which has not been limited to use for a particular purpose by either an external party or the County itself.

At June 30, 2015, Washoe County's governmental funds reported combined fund balances of \$150 million, an increase of nearly \$11 million in comparison to the prior year. This increase was driven by revenue growth in the general fund, as well as by one-time settlement revenues of \$6 million received from the state. Unassigned fund balance of \$45 million is 30% of the total and is available for spending at the County's discretion. The remainder of fund balance is either nonspendable (not in spendable form or legally required to be maintained intact); or restricted, committed or assigned for particular purposes. Fund balances are discussed in greater detail in note 13.

**General Fund:** The General Fund is the County's primary operating fund. Total fund balance increased \$4.7 million (10%) for the year, driven by revenue growth that slightly outpaced increased expenditures. Fund balance was also bolstered by \$2 million in proceeds from the sale of water rights, as discussed above.



The stabilization portion of fund balance represents funds reserved for stabilization purposes in the event of a fiscal emergency, as authorized by Nevada Revised Statutes 354.6115. Stabilization funding levels are set by the Board of County Commissioners, and the balance is included in committed fund balance. On April 28, 2015, the Board of County Commissioners approved a change in stabilization funding, from a percentage of expenditures to a flat amount of \$3 million nonspendable.

Other fund balances include restricted and assigned amounts, as well as the portion of committed fund balance not reserved for stabilization. The total of these balances increased only slightly in the current year.

**WASHOE COUNTY, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015  
(CONTINUED)**

**Special Assessment Debt Service Fund:** The Special Assessment Debt Service Fund, a major fund, accounts for assessments, penalties, investment income and other resources accumulated to retire debt issued for improvements benefiting those properties against which the special assessments are levied. Ending fund balance of \$1.4 million decreased \$230,000 or 14% from the prior year, primarily due to debt service payments made during the year.

**Child Protective Services Fund:** The Child Protective Services Fund, a major fund managed by the Department of Social Services, accounts for resources specifically appropriated to protect against the neglect, abandonment and abuse of children in the County. Federal and state grants are the primary funding sources, and together made up 73% of revenue for the year, with ad valorem taxes contributing another 11% of revenue. Expenditures include personnel costs as well as expenditures for child protection and placement, including emergency shelter, professional services, foster care, adoption subsidies, referral services, and other operating services and supplies.

Ending fund balance of \$3.8 million decreased \$541,000 (12%) for the year as program costs exceeded revenues. Restricted fund balance consists primarily of donations and private foundation grants to support restricted expenditures. This balance increased nominally for the year. The remainder of fund balance is committed for the support of child protective programs.

**Proprietary Funds:** Proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail and at the individual fund level. They are accounted for using the full accrual basis of accounting; therefore, no reconciliation is required to the government-wide statements.

The **Water Resources Fund** was established to account for County-owned and operated water and sewer systems in the unincorporated areas of the County. On December 31, 2014, the consolidation of the County's water utility into the Truckee Meadows Water Authority (TMWA) was completed. This marked the culmination of several years of due diligence and preparatory activities, and is intended to benefit the community through better stewardship of water resources and more efficient use of facilities and facility planning. Although water supply and planning activities have been assumed by TMWA, the water resources fund continues to provide services related to wastewater treatment, effluent reuse, flood management and related planning activities.

A loss of \$235 million was recognized in the current year in connection with the consolidation, and all categories of fund balance decreased accordingly. Balances transferred to TMWA included net capital assets of \$229 million and cash of \$34 million. The resulting losses were offset in part by gains from the transfer of liabilities to TMWA, which included \$35 million in debt and approximately \$1 million in other liabilities. A total of \$9.7 million is included in due to other governments at June 30, 2015 for cash balances not transferred to TMWA until October.

Until December 31, 2014 the County's water utility staff also operated the South Truckee Meadows General Improvement District's (STMGID) water utility under the terms of an interlocal agreement. STMGID has its own revenue source and reimbursed the County for this support. Revenue for County-provided services is classified as services to other agencies. Operation of STMGID's water utility was transferred to TMWA in connection with the consolidation of the County's water utility into TMWA; therefore, the Water Resources fund has only six months of revenue in the current year for services provided to STMGID prior to the consolidation.

### **General Fund Budgetary Highlights**

**Original budget compared to final budget.** On April 14, 2015, the Board of County Commissioners approved a \$3.4 million augmentation to the General Fund budget from excess beginning fund balance (also known as carryover). The augmentation included authorization for \$2.5 million to support labor cost increases in public safety, \$843,000 to support the long-term capital needs of the Second Judicial Court, and \$69,000 for Administrative Assessment expenditures. There were no other significant adjustments to the General Fund's original budget during the year.

**Final budget compared to actual results.** Overall, revenues varied from the budget by only 2% for the year; this is not considered significant. Similarly, overall expenditures varied only 3% from the final budget after accounting for stabilization funds of \$4.1 million, which were budgeted but not spent in the current year.

**WASHOE COUNTY, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015  
(CONTINUED)**

There was an 11% favorable variance to final budget in other general government activities of the general government function, which was largely attributable to unspent stabilization funds. The remaining variance of 5% was attributable to lower than planned spending for services and supplies in technology services and human resources.

Judicial spending was favorable to budget by 6% for the year, led by savings in the District Courts. These savings are the result of cost containment efforts by the courts, and according to the terms of an arrangement approved by the Board of County Commissioners in 2012, a portion of the savings will be contributed to a capital project account established to accumulate funds for the eventual expansion of the courts.

**CAPITAL ASSETS**

The County's investment in capital assets for its governmental and business-type activities totaled \$657 million at year end, as summarized below.

**Washoe County Capital Assets (Net of Depreciation)  
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land, land use rights	\$ 143,529	\$ 143,135	\$ 7,674	\$ 14,033	\$ 151,203	\$ 157,168
Plant capacity	-	-	825	825	825	825
Construction in progress	7,891	10,713	9,129	3,917	17,020	14,630
Land improvements	22,066	21,077	1,281	1,810	23,347	22,887
Building/improvements	183,415	192,061	40,424	51,861	223,839	243,922
Infrastructure	148,617	165,085	70,578	276,806	219,195	441,891
Equipment	15,858	17,918	246	282	16,104	18,200
Software	4,018	4,633	-	-	4,018	4,633
Plant capacity, deprec.	-	-	1,175	7,259	1,175	7,259
<b>Total</b>	<b>\$ 525,394</b>	<b>\$ 554,622</b>	<b>\$ 131,332</b>	<b>\$ 356,793</b>	<b>\$ 656,726</b>	<b>\$ 911,415</b>

Capital assets related to governmental activities decreased \$29 million in comparison to the prior year, principally due to current year depreciation of \$39 million. Assets acquired or completed during the year included:

- Road improvements: \$1.9 million
- Improvements to the statewide 911 system for the enhancement of inter-agency emergency response communications: \$1.4 million
- Parks and trails: \$3.3 million
- Improvements to enhance water quality at Lake Tahoe: \$2.6 million

Major construction in progress at year end consisted of various projects for water quality improvement at Lake Tahoe.

Capital assets related to business-type activities are \$225 million lower than the prior year, due to the transfer of assets to TMWA in connection with the consolidation.

Additional information on the County's capital assets can be found in notes 6 and 7.

**WASHOE COUNTY, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015  
(CONTINUED)**

**OUTSTANDING DEBT**

At June 30, 2015, the County's outstanding bonded debt totaled \$172 million. Of this amount, \$126 million is general obligation debt backed by the full faith and credit of the County, and \$6 million is special assessment debt for which the County is liable in the event of default by property owners subject to the assessment. The remainder of the County's debt consists of revenue bonds secured solely by specified revenue sources.

**Washoe County Outstanding Debt  
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 107,330	\$ 114,217	\$ 18,789	\$ 57,175	\$ 126,119	\$ 171,392
Revenue Bonds	39,672	41,222	-	-	39,672	41,222
Special Assessment Bonds	6,417	8,117	-	-	6,417	8,117
Total	\$ 153,419	\$ 163,556	\$ 18,789	\$ 57,175	\$ 172,208	\$ 220,731

Outstanding debt related to governmental activities decreased \$10 million during the year due to regularly scheduled principal payments. No new debt was issued during the year.

Outstanding debt for business-type activities decreased \$38 million during the year, primarily because of balances relating to the County's water utility which were assumed by TMWA in connection with the consolidation.

State Statute (NRS 244A.059) limits the amount of general obligation debt a government entity may issue to 10% of its total assessed valuation. The current limitation for the County is \$1.2 billion, which is \$1 billion in excess of the County's outstanding general obligation debt.

Additional information regarding the County's long-term debt can be found in notes 9, 10, and 11 to the financial statements.

**REQUESTS FOR INFORMATION**

This report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Washoe County Comptroller, P.O. Box 11130, Reno, NV 89520-0027. This report will also be available on the County's web site ([www.washoecounty.us/comptroller/CAFR](http://www.washoecounty.us/comptroller/CAFR)). Truckee Meadows Fire Protection District and Sierra Fire Protection District are included in this report as discretely presented component units. These entities issue their own separately audited financial statements, which are filed at the Washoe County Clerk's Office, 1001 E. 9<sup>th</sup> Street, Room A-100, Reno, Nevada.



# **BASIC FINANCIAL STATEMENTS**



**BASIC FINANCIAL STATEMENTS**

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**WASHOE COUNTY, NEVADA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Truckee Meadows Fire Protection District	Sierra Fire Protection District
<b>Assets</b>					
Cash and investments (Note 3)	\$ 177,303,776	\$ 94,272,010	\$ 271,575,786	\$ 21,890,643	\$ 2,213,554
Restricted cash and investments (Note 4)	795,406	1,370,934	2,166,340	-	-
Accounts receivable	4,582,597	2,153,615	6,736,212	1,325	-
Consolidated tax receivable	15,778,454	-	15,778,454	-	-
Property taxes receivable	2,216,934	-	2,216,934	113,859	56,295
Other taxes receivable	11,822,718	-	11,822,718	-	-
Interest receivable	555,199	234,712	789,911	58,237	6,307
Due from other governments	15,784,596	1,490,601	17,275,197	2,249,863	350,699
Internal balances	(15,141,992)	15,141,992	-	-	-
Inventory	284,347	11,096	295,443	-	-
Deposits and other assets	411,052	14,894	425,946	786,447	-
Long-term restricted cash and investments (Note 4)	2,416,328	-	2,416,328	-	-
Long-term assets (Notes 5)	7,775,287	134,489	7,909,776	-	-
Capital Assets: (Note 6)					
Nondepreciable	151,420,242	17,627,637	169,047,879	875,676	162,585
Other capital assets, net of depreciation	373,973,289	113,703,799	487,677,088	16,294,650	4,212,461
Total Assets	749,978,233	246,155,779	996,134,012	42,270,700	7,001,901
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	397,804	-	397,804	3,663,602	-
Deferred outflows of resources-Pensions (Note 14)	48,954,505	631,086	49,585,591	-	-
<b>Liabilities</b>					
Accounts payable	11,987,000	118,026	12,105,026	1,100,033	288
Accrued salaries and benefits	10,126,475	189,308	10,315,783	-	-
Contracts/retention payable	1,895,885	2,346,270	4,242,155	-	-
Interest payable	1,026,659	307,848	1,334,507	-	-
Accrued interest - capital appreciation bonds	5,768,434	-	5,768,434	-	-
Due to other governments	2,868,681	10,310,187	13,178,868	939,713	-
Other liabilities (Note 7)	2,002,476	304,815	2,307,291	5,532,155	-
Unearned revenue (Note 8)	3,179,802	128,333	3,308,135	13,122	-
Noncurrent Liabilities: (Notes 9,10,11,16)					
Due within one year	36,532,592	2,474,410	39,007,002	1,429,649	-
Due in more than one year, payable from restricted assets	2,416,328	-	2,416,328	-	-
Net pension liability (Note 14)	307,758,587	3,967,397	311,725,984	-	-
Due in more than one year	164,867,659	16,752,447	181,620,106	22,575,881	2,474,199
Total Liabilities	550,430,578	36,899,041	587,329,619	31,590,553	2,474,487
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources-Pensions (Note 14)	79,369,846	1,023,178	80,393,024	-	-
<b>Net Position (Note 13)</b>					
Net investment in capital assets	415,132,198	112,542,644	527,674,842	17,170,326	4,375,046
Restricted for:					
General government	4,857,167	-	4,857,167	-	-
Judicial	7,457,342	-	7,457,342	-	-
Public safety	14,919,398	170,492	15,089,890	710,654	755,386
Public works	84,064	-	84,064	-	-
Health and sanitation	1,029,556	-	1,029,556	-	-
Welfare	9,894,802	-	9,894,802	-	-
Culture and recreation	1,043,375	-	1,043,375	-	-
Debt service	16,860,859	1,063,086	17,923,945	-	-
Capital projects	26,511,735	-	26,511,735	4,942,100	-
Claims	19,726,273	-	19,726,273	4,017,349	-
Unrestricted	(347,986,651)	95,088,424	(252,898,227)	(12,496,680)	(603,018)
Total Net Position	\$ 169,530,118	\$ 208,864,646	\$ 378,394,764	\$ 14,343,749	\$ 4,527,414

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions
<b>Primary Government</b>					
Governmental Activities:					
General government	\$ 85,673,821	\$ (8,562,690)	\$ 28,617,876	\$ 1,026,236	\$ 934,870
Judicial	59,054,270	14,556	9,385,689	3,016,481	-
Public safety	141,623,160	521,846	15,762,879	4,384,761	97,038
Public works	49,793,939	1,750,032	13,799,765	1,897,624	7,479,637
Health and sanitation	18,901,238	2,817,313	4,135,188	7,766,794	133,933
Welfare	68,457,204	3,376,239	5,071,792	35,865,420	38,783
Culture and recreation	18,729,067	82,704	1,273,833	1,645,232	693,830
Community support	186,242	-	-	-	-
Interest on long-term debt	6,252,884	-	-	-	-
Total Governmental Activities	448,671,825	\$ -	78,047,022	55,602,548	9,378,091
Business-type Activities:					
Utilities	22,888,946		23,595,022	4,458	5,438,110
Golf courses	954,862		1,423,937	2,132	-
Building permits	1,603,319		2,792,189	-	-
Total Business-type Activities	25,447,127		27,811,148	6,590	5,438,110
Total Primary Government	\$ 474,118,952		\$ 105,858,170	\$ 55,609,138	\$ 14,816,201
<b>Component Units:</b>					
Truckee Meadows Fire Protection District	\$ 22,340,917		\$ 6,917,724	\$ -	\$ 128,966
Sierra Fire Protection District	7,256,206		-	-	-
Total Component Units	\$ 29,597,123		\$ 6,917,724	\$ -	\$ 128,966

General Revenues:  
Ad valorem taxes  
Unrestricted intergovernmental revenues:  
Consolidated taxes  
LGTA sales taxes  
Infrastructure sales tax  
Other taxes and intergovernmental revenues  
Other miscellaneous  
Unrestricted investment earnings  
Gain on sales of capital assets  
Special Item:  
Divestiture of Water Utility  
Transfers  
Total General Revenues and Transfers  
Change in Net Position

**Net Position, July 1, as Restated (Note 19)**

**Net Position, June 30**

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Truckee Meadows Fire Protection District</b>	<b>Sierra Fire Protection District</b>
\$ (46,532,149)	\$ -	\$ (46,532,149)		
(46,666,656)	-	(46,666,656)		
(121,900,328)	-	(121,900,328)		
(28,366,945)	-	(28,366,945)		
(9,682,636)	-	(9,682,636)		
(30,857,448)	-	(30,857,448)		
(15,198,876)	-	(15,198,876)		
(186,242)	-	(186,242)		
(6,252,884)	-	(6,252,884)		
(305,644,164)	-	(305,644,164)		
	6,148,644	6,148,644		
	471,207	471,207		
	1,188,870	1,188,870		
-	7,808,721	7,808,721		
(305,644,164)	7,808,721	(297,835,443)		
			\$ (15,294,227)	\$ -
			-	(7,256,206)
			(15,294,227)	(7,256,206)
175,980,963	-	175,980,963	10,664,958	5,053,035
88,434,949	-	88,434,949	5,630,395	1,305,581
10,982,211	-	10,982,211	700,710	273,556
8,227,877	-	8,227,877	-	-
2,204,322	-	2,204,322	43,687	16,159
9,206,869	-	9,206,869	387,188	383,620
1,926,920	1,011,035	2,937,955	219,725	24,574
1,902,272	-	1,902,272	-	-
-	(235,202,591)	(235,202,591)	-	-
-	-	-	-	-
298,866,383	(234,191,556)	64,674,827	17,646,663	7,056,525
(6,777,781)	(226,382,835)	(233,160,616)	2,352,436	(199,681)
176,307,899	435,247,481	611,555,380	11,991,313	4,727,095
\$ 169,530,118	\$ 208,864,646	\$ 378,394,764	\$ 14,343,749	\$ 4,527,414

**WASHOE COUNTY, NEVADA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	<u>General Fund</u>	<u>Child Protective Services Fund</u>	<u>Special Assessment Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and investments (Note 3)	\$ 44,300,584	\$ 1,895,052	\$ 1,450,190	\$ 94,055,498	\$ 141,701,324
Restricted cash and investments (Notes 3,4)	750,000	-	-	45,406	795,406
Accounts receivable	1,659,730	137,061	-	259,499	2,056,290
Consolidated tax receivable	15,778,454	-	-	-	15,778,454
Property taxes receivable	1,824,539	62,617	-	342,511	2,229,667
Other taxes receivable	2,988,865	-	7,099,936	1,733,917	11,822,718
Interest receivable	297,790	-	4,340	151,995	454,125
Due from other funds	3,895,533	-	-	397,169	4,292,702
Due from other governments	3,680,851	6,088,400	-	5,908,192	15,677,443
Deposits and prepaid items	162,032	-	-	102,939	264,971
<b>Total Assets</b>	<b>\$ 75,338,378</b>	<b>\$ 8,183,130</b>	<b>\$ 8,554,466</b>	<b>\$ 102,997,126</b>	<b>\$ 195,073,100</b>
<b>Liabilities</b>					
Accounts payable	\$ 7,013,447	\$ 2,175,372	\$ 3,778	\$ 1,650,484	\$ 10,843,081
Accrued salaries and benefits	7,842,313	826,926	-	1,345,937	10,015,176
Contracts/retention payable	-	-	-	2,031,053	2,031,053
Due to other funds	722,891	1,257,417	-	2,638,116	4,618,424
Due to other governments	1,868,056	50,396	-	950,139	2,868,591
Deposits	1,891,188	-	-	71,201	1,962,389
Other liabilities (Note 7)	429	21,766	17,892	-	40,087
Unearned revenue (Note 8)	3,179,802	-	-	-	3,179,802
<b>Total Liabilities</b>	<b>22,518,126</b>	<b>4,331,877</b>	<b>21,670</b>	<b>8,686,930</b>	<b>35,558,603</b>
<b>Deferred Inflows of Resources (Note 8)</b>					
Unavailable revenue - grants and other revenue	-	-	7,099,936	195,121	7,295,057
Unavailable revenue - property taxes	1,520,500	54,533	-	289,451	1,864,484
<b>Total Deferred Inflows of Resources</b>	<b>1,520,500</b>	<b>54,533</b>	<b>7,099,936</b>	<b>484,572</b>	<b>9,159,541</b>
<b>Fund Balances (Note 13)</b>					
Nonspendable	163,032	-	-	58,688	221,720
Restricted	765,608	203,386	1,432,860	71,699,555	74,101,409
Committed	3,228,568	3,593,334	-	12,043,014	18,864,916
Assigned	1,764,783	-	-	10,302,503	12,067,286
Unassigned	45,377,761	-	-	(278,136)	45,099,625
<b>Total Fund Balances</b>	<b>51,299,752</b>	<b>3,796,720</b>	<b>1,432,860</b>	<b>93,825,624</b>	<b>150,354,956</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 75,338,378</b>	<b>\$ 8,183,130</b>	<b>\$ 8,554,466</b>	<b>\$ 102,997,126</b>	<b>\$ 195,073,100</b>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA**  
**RECONCILIATION OF THE BALANCE SHEET**  
**OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Fund Balances - Governmental Funds	\$	150,354,956
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and long-term assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Governmental capital assets	\$ 1,187,458,829	
Less accumulated depreciation	<u>(667,436,710)</u>	520,022,119
Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Deferred Outflows - PERS Pension (GASB 68)	48,954,505	
Prepaid bond insurance	103,196	
Net OPEB asset	<u>3,954,117</u>	53,011,818
Other liabilities are not due and payable in the current period and therefore are not reported in governmental funds.		
Lease payable based on the amortization of non level payments	3,677	
Accreted interest - capital appreciation bonds	<u>(5,768,434)</u>	(5,764,757)
Long-term liabilities and deferred outflows of resources, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in governmental funds.		
Governmental bonds payable	(153,418,967)	
Bond premiums, discounts and charge on refundings	(965,858)	
Accrued interest payable	(1,026,659)	
Remediation obligation	(6,191,421)	
Net Pension Liability - GASB 68	(307,758,587)	
Deferred Inflows - PERS	(79,369,846)	
Compensated absences	<u>(25,181,494)</u>	(573,912,832)
Revenues that were not available to fund current expenditures and therefore are not reported in governmental funds.		9,159,541
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net position of internal service funds is reported with governmental activities.		
Total net position of internal service funds	31,445,579	
Internal balances receivable from business-type activities	<u>1,665,224</u>	33,110,803
Governmental funds report allocations of indirect expenses to enterprise funds. However, in the Statement of Activities indirect expenses are eliminated.		<u>(16,451,530)</u>
Total Net Position of Governmental Activities	\$	<u><u>169,530,118</u></u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Child Protective Services Fund</u>	<u>Special Assessment Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Ad valorem	\$ 145,752,618	\$ 4,988,606	\$ -	\$ 23,375,254	\$ 174,116,478
Car rental fee	-	-	-	1,225,141	1,225,141
Other taxes	351,413	-	-	245,922	597,335
Special assessments	-	-	1,373,763	-	1,373,763
Licenses and permits	8,211,129	23,245	-	1,706,541	9,940,915
Intergovernmental revenues	107,814,002	33,663,929	-	37,913,600	179,391,531
Charges for services	24,488,630	3,952,337	-	10,452,394	38,893,361
Fines and forfeits	7,724,779	-	17,584	2,220,959	9,963,322
Miscellaneous	4,075,566	3,677,799	423,524	3,428,986	11,605,875
<b>Total Revenues</b>	<b>298,418,137</b>	<b>46,305,916</b>	<b>1,814,871</b>	<b>80,568,797</b>	<b>427,107,721</b>
<b>Expenditures</b>					
Current:					
General government	54,418,905	-	-	943,677	55,362,582
Judicial	51,587,406	-	-	5,158,054	56,745,460
Public safety	117,010,248	-	-	18,810,859	135,821,107
Public works	15,078,005	-	-	15,359,857	30,437,862
Health and sanitation	-	-	-	21,490,933	21,490,933
Welfare	16,738,160	47,681,742	-	3,952,225	68,372,127
Culture and recreation	11,665,055	-	-	7,022,634	18,687,689
Community support	213,816	-	-	-	213,816
Intergovernmental	3,254,383	-	-	5,688,323	8,942,706
Capital outlay	-	-	-	10,914,000	10,914,000
Debt Service:					
Principal	-	-	1,700,177	7,393,646	9,093,823
Interest	-	-	301,580	4,997,202	5,298,782
Debt service fees and other fiscal charges	-	-	42,649	28,268	70,917
<b>Total Expenditures</b>	<b>269,965,978</b>	<b>47,681,742</b>	<b>2,044,406</b>	<b>101,759,678</b>	<b>421,451,804</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,452,159	(1,375,826)	(229,535)	(21,190,881)	5,655,917
<b>Other Financing Sources (Uses)</b>					
Proceeds from asset disposition	2,009,462	-	-	11,958	2,021,420
Transfers in	453,442	1,234,426	-	29,337,035	31,024,903
Transfers out	(26,221,878)	(400,000)	-	(7,234,525)	(33,856,403)
<b>Total Other Financing Sources (Uses)</b>	<b>(23,758,974)</b>	<b>834,426</b>	<b>-</b>	<b>22,114,468</b>	<b>(810,080)</b>
<b>Extraordinary Gains</b>					
Net Change in Fund Balances	4,693,185	(541,400)	(229,535)	6,923,587	10,845,837
<b>Fund Balances, July 1</b>	<b>46,606,567</b>	<b>4,338,120</b>	<b>1,662,395</b>	<b>86,902,037</b>	<b>139,509,119</b>
<b>Fund Balances, June 30</b>	<b>\$ 51,299,752</b>	<b>\$ 3,796,720</b>	<b>\$ 1,432,860</b>	<b>\$ 93,825,624</b>	<b>\$ 150,354,956</b>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances - Governmental Funds \$ 10,845,835

Amounts reported for governmental activities in the Statement of Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 8,618,309	
Less current year depreciation/amortization	<u>(37,513,395)</u>	(28,895,086)

Net OPEB assets reported in governmental activities are not a current financial resource in governmental funds.

Change in Net OPEB Asset		1,080,590
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.

Donated capital assets	21,544	
Change in unavailable revenue	<u>(2,335,961)</u>	(2,314,417)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities and/or deferred outflows of resources in the Statement of Net Position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which bonds issued exceeded repayments:

Bond principal payments		9,093,823
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of bond premium	134,372	
Amortization of bond discount	(2,488)	
Amortization of deferred charge on refunding	(54,250)	
Amortization of bond prepaid insurance	(29,658)	
Change in lease payable	(3,675)	
Change in termination benefits	(10,862)	
Change in compensated absences	(876,413)	
Change in remediation obligation	821,762	
Change in GASB 68 Pension	5,394,106	
Change in accrued interest payable	75,481	
Change in accreted interest capital appreciation bonds	(1,036,301)	
Transfer of capital assets to internal service funds	<u>(27,286)</u>	4,384,788

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

Change in net position of internal service funds	384,982	
Internal charges reported in business activities	<u>(1,358,296)</u>	(973,314)
Change in Net Position of Governmental Activities		<u>\$ (6,777,781)</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 144,147,180	\$ 144,147,181	\$ 145,752,618	\$ 1,605,437
Other taxes	315,000	315,000	351,413	36,413
Licenses and permits	8,314,500	8,314,500	8,211,129	(103,371)
Intergovernmental revenues	102,238,644	102,238,644	107,814,002	5,575,358
Charges for services	25,336,808	25,336,807	24,488,630	(848,177)
Fines and forfeits	8,013,150	8,013,150	7,724,779	(288,371)
Miscellaneous	4,055,985	4,055,985	4,075,566	19,581
Total Revenues	<u>292,421,267</u>	<u>292,421,267</u>	<u>298,418,137</u>	<u>5,996,870</u>
<b>Expenditures by Function and Activity</b>				
Current:				
General Government:				
Legislative	553,849	606,337	568,359	37,978
Executive	4,247,641	4,357,822	3,947,117	410,705
Elections	1,427,290	1,505,277	1,370,540	134,737
Finance	10,776,814	10,877,685	10,300,746	576,939
Other General Government	43,710,513	43,983,932	38,232,143	5,751,789
Total General Government	<u>60,716,107</u>	<u>61,331,053</u>	<u>54,418,905</u>	<u>6,912,148</u>
Judicial:				
District Courts	16,605,501	16,676,655	14,980,855	1,695,800
District Attorney	18,096,129	18,136,796	17,604,280	532,516
Public Defense	11,704,378	11,711,588	11,139,651	571,937
Justice Courts	8,318,128	8,367,571	7,750,450	617,121
Incline Constable	110,606	135,367	112,170	23,197
Total Judicial	<u>54,834,742</u>	<u>55,027,977</u>	<u>51,587,406</u>	<u>3,440,571</u>
Public Safety:				
Sheriff and Detention	95,656,512	98,523,945	97,906,912	617,033
Medical Examiner	2,293,501	2,297,722	2,223,715	74,007
Fire Suppression	914,815	914,815	685,259	229,556
Juvenile Services	13,550,976	13,573,000	12,840,900	732,100
Protective Services	3,441,588	3,451,360	3,353,462	97,898
Total Public Safety	<u>115,857,392</u>	<u>118,760,842</u>	<u>117,010,248</u>	<u>1,750,594</u>
Public Works:				
Community Services Department (CSD)	15,403,067	15,557,147	15,078,005	479,142
Welfare:				
Human Services	17,117,764	17,117,765	16,738,160	379,605
Culture and Recreation:				
Library	7,922,806	7,926,688	7,683,682	243,006
CSD - Regional Parks and Open Space	4,007,870	4,032,483	3,981,373	51,110
Total Culture and Recreation	<u>11,930,676</u>	<u>11,959,171</u>	<u>11,665,055</u>	<u>294,116</u>
Community Support	369,761	316,295	213,816	102,479
				(CONTINUED)

The notes to the financial statements are an integral part of this statement.



**WASHOE COUNTY, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental	\$ 3,276,534	\$ 3,276,533	\$ 3,254,383	\$ 22,150
Total Expenditures	<u>279,506,043</u>	<u>283,346,783</u>	<u>269,965,978</u>	<u>13,380,805</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>12,915,224</u>	<u>9,074,484</u>	<u>28,452,159</u>	<u>19,377,675</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from asset disposition	5,000	65,000	2,009,462	1,944,462
Transfers in	591,926	591,926	453,442	(138,484)
Transfers out	(25,688,320)	(26,789,850)	(26,221,878)	567,972
Contingency	<u>(5,643,300)</u>	<u>(1,498,000)</u>	-	<u>1,498,000</u>
Total Other Financing Sources (Uses)	<u>(30,734,694)</u>	<u>(27,630,924)</u>	<u>(23,758,974)</u>	<u>3,871,950</u>
Net Change in Fund Balances	(17,819,470)	(18,556,440)	4,693,185	23,249,625
<b>Fund Balances, July 1</b>	<u>44,033,816</u>	<u>43,272,788</u>	<u>46,606,567</u>	<u>3,333,779</u>
<b>Fund Balances, June 30</b>	<u>\$ 26,214,346</u>	<u>\$ 24,716,348</u>	<u>\$ 51,299,752</u>	<u>\$ 26,583,404</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA**  
**CHILD PROTECTIVE SERVICES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)**

	<b>2015</b>			<b>2014</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 4,990,519	\$ 4,988,606	\$ (1,913)	\$ 4,872,964
Licenses and Permits:				
Day care licenses	22,500	23,245	745	22,433
Intergovernmental Revenues:				
Federal grants	20,172,639	18,827,597	(1,345,042)	17,169,589
State grants	16,951,599	14,836,332	(2,115,267)	15,794,604
Charges for Services:				
Service fees	2,503,000	3,952,337	1,449,337	2,642,498
Miscellaneous:				
Contributions and donations	165,684	175,884	10,200	56,330
Other	2,000,000	3,501,915	1,501,915	1,519,758
Total Revenues	<u>46,805,941</u>	<u>46,305,916</u>	<u>(500,025)</u>	<u>42,078,176</u>
<b>Expenditures</b>				
Welfare Function:				
Salaries and wages	14,120,824	13,668,822	452,002	13,145,404
Employee benefits	5,955,636	5,710,092	245,544	5,420,013
Services and supplies	29,590,695	28,265,108	1,325,587	25,379,676
Capital outlay	35,200	37,720	(2,520)	2,201,866
Total Expenditures	<u>49,702,355</u>	<u>47,681,742</u>	<u>2,020,613</u>	<u>46,146,959</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(2,896,414)</u>	<u>(1,375,826)</u>	<u>1,520,588</u>	<u>(4,068,783)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers:				
General Fund	1,234,426	1,234,426	-	-
Other Restricted Fund	-	-	-	(45,406)
Debt Service Fund	(400,000)	(400,000)	-	(400,000)
Total Other Financing Sources (Uses)	<u>834,426</u>	<u>834,426</u>	<u>-</u>	<u>(445,406)</u>
Net Change in Fund Balances	<u>(2,061,988)</u>	<u>(541,400)</u>	<u>1,520,588</u>	<u>(4,514,189)</u>
<b>Fund Balances, July 1</b>	<u>5,624,595</u>	<u>4,338,120</u>	<u>(1,286,475)</u>	<u>8,852,309</u>
<b>Fund Balances, June 30</b>	<u>\$ 3,562,607</u>	<u>\$ 3,796,720</u>	<u>\$ 234,113</u>	<u>\$ 4,338,120</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water</b>	<b>Other</b>	<b>Total</b>	<b>Internal Service</b>
	<b>Resources Fund</b>	<b>Enterprise Funds</b>		<b>Funds</b>
<b>Assets</b>				
Current Assets:				
Cash and investments (Note 3)	\$ 91,105,600	\$ 3,166,410	\$ 94,272,010	\$ 35,602,452
Restricted cash and investments (Notes 3,4)	1,370,934	-	1,370,934	-
Accounts receivable	1,512,367	641,248	2,153,615	2,443,891
Interest receivable	232,301	2,411	234,712	88,341
Due from other funds	357,957	-	357,957	-
Due from other governments	1,490,601	-	1,490,601	107,153
Inventory	-	11,096	11,096	284,347
Other assets	14,895	-	14,895	146,080
Total Current Assets	96,084,655	3,821,165	99,905,820	38,672,264
Noncurrent Assets:				
Restricted cash and investments (Notes 3,4)	-	-	-	2,416,328
Long-term receivables and other assets (Note 5)	134,489	-	134,489	3,717,973
Capital Assets: (Note 6)				
Nondepreciable:				
Land	7,500,621	173,000	7,673,621	-
Plant capacity	-	825,150	825,150	-
Construction in progress	9,128,866	-	9,128,866	523,260
Depreciable:				
Land improvements	611,673	3,874,949	4,486,622	-
Buildings and improvements	55,284,927	1,258,356	56,543,283	24,990
Infrastructure	103,571,919	-	103,571,919	-
Equipment	705,169	1,128,634	1,833,803	22,966,126
Software	822,000	78,183	900,183	-
Plant, well capacity	2,368,822	-	2,368,822	-
Less accumulated depreciation	(51,072,217)	(4,928,617)	(56,000,834)	(18,142,964)
Total Noncurrent Assets	129,056,269	2,409,655	131,465,924	11,505,713
Total Assets	225,140,924	6,230,820	231,371,744	50,177,977
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to pensions	307,774	323,312	631,086	-
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	106,134	11,892	118,026	931,700
Accrued salaries and benefits	104,596	84,712	189,308	109,608
Compensated absences (Notes 9,10)	189,454	141,564	331,018	217,104
Contracts/retention payable	2,342,825	-	2,342,825	-
Interest payable	307,848	-	307,848	-
Due to other funds	2,271	-	2,271	29,965
Due to other governments	10,282,724	3,445	10,286,169	90
Unearned revenue (Note 8)	128,333	-	128,333	-
Other liabilities (Note 7)	291,815	40,463	332,278	-
Notes, bonds, leases payable (Notes 9,10,11)	2,143,392	-	2,143,392	-
Pending claims (Note 16)	-	-	-	7,741,000
Total Current Liabilities	15,899,392	282,076	16,181,468	9,029,467

(CONTINUED)

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water</b>	<b>Other</b>	<b>Total</b>	<b>Activities</b>
	<b>Resources</b>	<b>Enterprise</b>		<b>Internal Service</b>
	<b>Fund</b>	<b>Funds</b>		<b>Funds</b>
Noncurrent Liabilities: (Notes 9,10,11,16)				
Compensated absences	\$ 61,268	\$ 45,779	\$ 107,047	\$ 68,931
Notes, bonds, leases payable	16,645,400	-	16,645,400	7,217,672
Other long term liabilities	1,934,861	2,032,536	3,967,397	-
Pending claims payable from restricted cash	-	-	-	2,416,328
	18,641,529	2,078,315	20,719,844	9,702,931
<b>Total Noncurrent Liabilities</b>	<b>18,641,529</b>	<b>2,078,315</b>	<b>20,719,844</b>	<b>9,702,931</b>
	34,540,921	2,360,391	36,901,312	18,732,398
	<b>34,540,921</b>	<b>2,360,391</b>	<b>36,901,312</b>	<b>18,732,398</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to pensions	498,993	524,185	1,023,178	-
<b>Net Position (Note 13)</b>				
Net investment in capital assets	110,132,989	2,409,655	112,542,644	5,371,412
Restricted for public safety	-	170,492	170,492	-
Restricted for debt service	1,063,086	-	1,063,086	-
Restricted for claims	-	-	-	19,726,273
Unrestricted	79,212,709	1,089,409	80,302,118	6,347,894
	190,408,784	3,669,556	194,078,340	31,445,579
<b>Total Net Position</b>	<b>\$ 190,408,784</b>	<b>\$ 3,669,556</b>	<b>194,078,340</b>	<b>\$ 31,445,579</b>
Indirect expenses reported in the Statement of Revenues, Expenses and Changes in Net Position are not reported in the Statement of Activities to enhance comparability between governments that allocate indirect expenses and those that do not.			16,451,530	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(1,665,224)	
<b>Net Position of Business-type Activities</b>			<b>\$ 208,864,646</b>	

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Water</u>	<u>Other</u>	<u>Total</u>	
	<u>Resources</u>	<u>Enterprise</u>		
	<u>Fund</u>	<u>Funds</u>		<u>Funds</u>
<b>Operating Revenues</b>				
Charges for Services:				
Utility fees	\$ 22,140,813	\$ -	\$ 22,140,813	\$ -
Golf course fees	-	943,177	943,177	-
Building permits and fees	-	2,680,683	2,680,683	-
Services to other agencies	565,040	102,982	668,022	-
Services to other funds	211,499	-	211,499	-
Self insurance fees	-	-	-	49,084,139
Equipment service billings	-	-	-	7,225,519
Miscellaneous	677,670	489,284	1,166,954	1,827,104
Total Operating Revenues	<u>23,595,022</u>	<u>4,216,126</u>	<u>27,811,148</u>	<u>58,136,762</u>
<b>Operating Expenses</b>				
Salaries and wages	3,137,392	1,308,473	4,445,865	1,817,539
Employee benefits	1,215,010	485,416	1,700,426	778,377
Services and supplies	10,308,288	1,028,358	11,336,646	57,546,152
Depreciation/amortization	6,067,184	227,990	6,295,174	1,343,386
Total Operating Expenses	<u>20,727,874</u>	<u>3,050,237</u>	<u>23,778,111</u>	<u>61,485,454</u>
Operating Income (Loss)	<u>2,867,148</u>	<u>1,165,889</u>	<u>4,033,037</u>	<u>(3,348,692)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	1,152,496	28,532	1,181,028	482,469
Net increase (decrease) in the fair value of investments	(168,255)	(1,738)	(169,993)	(67,171)
Miscellaneous	-	2,132	2,132	131,455
Federal grants	4,458	-	4,458	263,438
Gain (loss) on asset disposition	(1,548,437)	-	(1,548,437)	64,697
Interest/bond issuance costs	(872,757)	-	(872,757)	-
Connection fee refunds/credits	(606,118)	-	(606,118)	-
Total Nonoperating Revenues (Expenses)	<u>(2,038,613)</u>	<u>28,926</u>	<u>(2,009,687)</u>	<u>874,888</u>
Income (Loss) Before Capital Contributions, and Transfers	<u>828,535</u>	<u>1,194,815</u>	<u>2,023,350</u>	<u>(2,473,804)</u>
<b>Capital Contributions</b>				
Hookup fees	2,432,233	-	2,432,233	-
Contributions	3,005,877	-	3,005,877	27,286
Total Capital Contributions	<u>5,438,110</u>	<u>-</u>	<u>5,438,110</u>	<u>27,286</u>
<b>Special Item</b>				
Disposal of water utility operations	(235,202,591)	-	(235,202,591)	-
<b>Transfers</b>				
Transfers in (out)	-	-	-	2,831,500
Change in Net Position	<u>(228,935,946)</u>	<u>1,194,815</u>	<u>(227,741,131)</u>	<u>384,982</u>
<b>Net Position, July 1, as Restated (Note 19)</b>	<u>419,344,730</u>	<u>2,474,741</u>		<u>31,060,597</u>
<b>Net Position, June 30</b>	<u>\$ 190,408,784</u>	<u>\$ 3,669,556</u>		<u>\$ 31,445,579</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>1,358,296</u>	
Change in Net Position of Business-type Activities			<u>\$ (226,382,835)</u>	

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental</b>
	<u>Water Resources Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<b>Activities Internal Service Funds</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
Cash Flows From Operating Activities:				
Cash received from customers	\$ 25,274,311	\$ 3,723,840	\$ 28,998,151	\$ 19,407,137
Cash received from other funds	211,499	-	211,499	37,362,430
Cash received from others	1,222,120	150	1,222,270	2,089,461
Cash payments for personnel costs	(4,512,141)	(1,790,331)	(6,302,472)	(2,582,326)
Cash payments for services and supplies	(12,129,650)	(1,032,395)	(13,162,045)	(55,534,010)
Cash payments for refund of hookup fees	(606,118)	-	(606,118)	-
Cash portion of disposal of water utility operations	(33,682,594)	-	(33,682,594)	-
Net Cash Provided (Used) by Operating Activities	<u>(24,222,573)</u>	<u>901,264</u>	<u>(23,321,309)</u>	<u>742,692</u>
Cash Flows From Noncapital Financing Activities:				
Federal grants	4,459	1,144	5,603	263,438
Transfers from General Fund	-	-	-	2,831,500
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,459</u>	<u>1,144</u>	<u>5,603</u>	<u>3,094,938</u>
Cash Flows From Capital and Related Financing Activities:				
Proceeds from asset disposition	-	-	-	109,211
Contributions from others	3,271,441	-	3,271,441	-
Principal paid on financing	(2,446,355)	-	(2,446,355)	-
Interest paid on financing	(2,106,755)	-	(2,106,755)	-
Proceeds from insurance recoveries	-	-	-	108,072
*Acquisition of capital assets	(5,572,609)	(242,055)	(5,814,664)	(888,944)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,854,278)</u>	<u>(242,055)</u>	<u>(7,096,333)</u>	<u>(671,661)</u>
Cash Flows From Investing Activities:				
Investment earnings (loss)	1,033,312	25,704	1,059,016	289,391
Net Cash Provided (Used) by Investing Activities	<u>1,033,312</u>	<u>25,704</u>	<u>1,059,016</u>	<u>289,391</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(30,039,080)	686,057	(29,353,023)	3,455,360
<b>Cash and Cash Equivalents, July 1</b>	<u>122,515,614</u>	<u>2,480,352</u>	<u>124,995,966</u>	<u>34,563,420</u>
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 92,476,534</u>	<u>\$ 3,166,409</u>	<u>\$ 95,642,943</u>	<u>\$ 38,018,780</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Other</u>	<u>Total</u>	<u>Activities</u>
	<u>Resources</u>	<u>Enterprise</u>		
	<u>Fund</u>	<u>Funds</u>		<u>Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 2,867,148	\$ 1,165,889	\$ 4,033,037	\$ (3,348,692)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	6,067,184	227,990	6,295,174	1,343,386
Net pension expense	(33,911)	(35,622)	(69,533)	-
Contributed inventory	62,070	-	62,070	-
Other nonoperating revenue	4,827	-	4,827	23,383
Hookup fee refunds	(606,118)	-	(606,118)	-
Disposal of water utility operations	(33,682,594)	-	(33,682,594)	-
**Imputed rental expense	-	-	-	110,596
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	3,176,641	(492,136)	2,684,505	806,036
Due from other funds	(306,688)	-	(306,688)	-
Due from other governments	242,311	-	242,311	(107,153)
Notes receivable	23,064	-	23,064	-
Inventory	189,870	(2,816)	187,054	13,416
Prepaid lease	-	-	-	146,080
Other assets	-	-	-	110,066
Increase (decrease) in:				
Accounts payable	(1,067,759)	(22,130)	(1,089,889)	(371,833)
Accrued salaries and benefits	(129,757)	15,494	(114,263)	9,563
Compensated absences	3,929	23,687	27,616	4,027
Due to other funds	(160,428)	-	(160,428)	29,965
Due to other governments	(723,002)	17,463	(705,539)	(148)
Due to others	-	-	-	-
Other liabilities	(128,565)	3,445	(125,120)	-
Pending claims	-	-	-	1,974,000
Unearned revenue	(20,795)	-	(20,795)	-
Total Adjustments	(27,089,721)	(264,625)	(27,354,346)	4,091,384
Net Cash Provided (Used) by Operating Activities	\$ (24,222,573)	\$ 901,264	\$ (23,321,309)	\$ 742,692

**\*\*Noncash investing, capital, and financing activities:**

The Equipment Services Fund lease deposits remaining at June 30 for rental agreements total \$3,451,171. These deposits are considered to be equivalent to noninterest bearing loans. Interest income and rental expense of \$110,596 have been imputed to give recognition to these transactions.

<b>*Acquisition of Capital Assets Financed by Cash</b>	\$ 5,572,609	\$ 242,055	\$ 5,814,664	\$ 888,944
Capital contributions received	2,943,807	-	2,943,807	-
Capital transferred from other funds	-	-	-	27,286
Increase/(decrease) in liabilities	2,342,784	-	2,342,784	297,281
Total Acquisition of Capital Assets	\$ 10,859,200	\$ 242,055	\$ 11,101,255	\$ 1,213,511

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

	<b>Investment Trust Fund</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and investments (Note 4)	\$ 115,328,213	\$ 25,654,341
Financial assurances	-	3,111,968
Accounts receivable	-	363,164
Property taxes receivable	-	4,066,332
Interest receivable	327,903	-
Due from other governments	-	1,589,940
Other deposits	-	16,709
Total Assets	115,656,116	34,802,454
<b>Liabilities</b>		
Due to others/governments	-	34,802,454
<b>Net Position</b>		
Restricted for pool participants	\$ 115,656,116	\$ -

The notes to the financial statements are an integral part of this statement.



**WASHOE COUNTY, NEVADA  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Investment Trust Fund</b>
<b>Additions</b>	
Investment earnings:	
Interest	\$ 1,522,148
Net increase (decrease) in the fair value of investments	(178,118)
Contributions to pooled investments	192,922,323
Total Additions	194,266,353
<b>Deductions</b>	
Distributions from pooled investments	179,641,684
Change in Net Position	14,624,669
<b>Net Position, July 1</b>	101,031,447
<b>Net Position, June 30</b>	\$ 115,656,116

The notes to the financial statements are an integral part of this statement.

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**NOTES TO THE FINANCIAL  
STATEMENTS /**

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**NOTES TO THE FINANCIAL STATEMENTS  
and  
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**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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 the Fire Districts. However, the County does not have a financial benefit or burden relationship with the Fire Districts and support activities between the County and the Fire Districts 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. 9<sup>th</sup> Street Room A-115, Reno, Nevada.

**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 County first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed.

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

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

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 County reports the following major enterprise fund:

The **Water Resources Fund** accounts for water planning, flood control and operations of the County's water and 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 commingled 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

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

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.



**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

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 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:

	<u>YEARS</u>
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.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

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.”

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

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 1.5% of expenditures and other financing uses, excluding material one-time items, 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 6 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.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

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 2015 was due and payable on the third Monday in August, 2015. 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. 68 and GASB Statement No. 71

As of July 1, 2014, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 19 and the additional disclosures required by these standards are included in Note 14.

**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.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

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 \$25.8 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 \$3.4 million. Augmentations in the current year for enterprise funds totaled \$8.4 million.

**Compliance**

The County conformed to all significant statutory and administrative code constraints on its financial administration during the fiscal year.

**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 \$67,266,115 and the bank balance was \$69,033,551. 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.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

As of June 30, 2015, the County had the following investments and maturities:

	<b>INVESTMENT MATURITIES (IN YEARS)</b>				
	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 to 4</b>	<b>4 to 6</b>	<b>6 to 10</b>
<b>Investments:</b>					
Money Market Mutual Funds	\$ 1,272,533	\$ 1,272,533	\$ -	\$ -	-
Certificates of Deposit	76,429,560	22,648,789	53,780,771	-	-
U.S. Treasury Securities	108,578,865	12,626	10,772,726	89,973,466	7,820,047
U.S. Agency Securities	100,388,220	21,989	68,519,710	27,008,654	4,859,856
Mortgage Backed Securities	8,231,856	-	402,772	-	7,807,095
Collateralized Mortgage Obligations	6,589,397	-	3,693,812	-	2,895,585
Corporate Notes	72,487,879	102,714	60,729,871	11,655,294	-
Total Investments	373,978,310	24,058,651	197,899,662	128,637,414	23,382,583
Total Cash	67,266,115	67,266,115	-	-	-
Total Cash and Investments <sup>1</sup>	\$ 441,244,425	\$ 91,324,766	\$ 197,899,662	\$ 128,637,414	\$ 23,382,583

<sup>1</sup>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, 2015 were 5.5% 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 average maturity at June 30, 2015, was 3 years.

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

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. \$ 14,821,253      4.0%

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. 20,432,866      5.5%

Total \$ 35,254,119

**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. County policy does not further restrict these investments.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

As of June 30, 2015, the County's investments are rated as follows:

<u>S&amp;P Rating</u>	<u>Mutual Funds</u>	<u>Certificates of Deposit</u>	<u>U.S. Treasury Securities</u>	<u>U.S. Agencies</u>	<u>CMO</u>	<u>Corporate Notes</u>	<u>Fair Value</u>
AAAm	\$ 1,272,533	\$ -	\$ -	\$ -	\$ -	\$ -	1,272,533
AAA	-	-	-	-	-	1,372,141	1,372,141
AA+	-	-	108,578,865	108,620,076	6,589,397	18,556,014	242,344,352
AA	-	-	-	-	-	15,283,147	15,283,147
AA-	-	27,966,252	-	-	-	9,764,406	37,730,658
A+	-	9,998,420	-	-	-	23,985,213	33,983,633
A	-	-	-	-	-	3,526,958	3,526,958
A-1	-	38,464,888	-	-	-	-	38,464,888
	<u>\$ 1,272,533</u>	<u>\$ 76,429,560</u>	<u>\$ 108,578,865</u>	<u>\$ 108,620,076</u>	<u>\$ 6,589,397</u>	<u>\$ 72,487,879</u>	<u>\$ 373,978,310</u>

**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, 4% and obligations issued by local governments of the State of Nevada, 25%.

At June 30, 2015, the following investments exceeded 5% of the County's total:

Fannie Mae	15.3%
Freddie Mac	10.3%
U.S. Treasury Securities	29.0%

**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, the South Truckee Meadows General Improvement District and the Southwest Point 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 for the previous year(s) as well as the current year.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

Investments held in the external investment pool at June 30, 2015 were:

<b>Investment Type:</b>	<b>Fair Value</b>	<b>Principal Amount/ No. of Shares</b>	<b>Rate</b>	<b>Maturity Dates</b>
Money Market Mutual Funds	\$ 1,272,533	1,272,533	Variable	NA
Certificates of Deposit	76,429,560	76,495,000	0.25-1.375%	07/01/2015-09/11/2017
U.S. Treasury Securities	108,578,865	106,270,000	0.875-3.625%	11/30/2017-02/15/2023
U.S. Agency Securities	108,620,076	106,946,299	0.84-5.375%	09/28/2016-01/13/2022
Collateralized Mortgage Obligations	6,589,397	6,519,569	1.55-5.0%	10/01/2015-07/01/2022
Corporate Notes	72,487,879	71,415,000	1.0-6.0%	05/15/2017-01/08/2020
Total Investments in Pool	<u>\$ 373,978,310</u>			

**External Investment Pool**  
**Statement of Net Position as of June 30, 2015**

**Assets:**

Cash	\$ 53,121,943
Investments:	
Money Market Mutual Funds	1,272,533
Certificates of Deposit	76,429,560
U.S. Treasury Securities	108,578,865
U.S. Agency Securities	108,620,076
Collateralized Mortgage Obligations	6,589,397
Corporate Notes	72,487,879
Interest Receivable	<u>1,187,265</u>
Total Assets	<u>\$ 428,287,518</u>

**Net Position:**

Internal participants	\$ 288,463,445
Component Units:	
Sierra Fire Protection District	2,219,860
Truckee Meadows Fire Protection District	21,948,097
External participants	<u>115,656,116</u>
Total Net Position Held in Trust for Pool Participants (\$1.00/par)	<u>\$ 428,287,518</u>



**WASHOE COUNTY, NEVADA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(CONTINUED)**

**External Investment Pool  
Statement of Changes in Net Position for the Year Ended June 30, 2015**

<b>Additions:</b>	
Investment earnings	\$ 5,968,932
Net realized gain (loss) on investments	(168,883)
Net increase (decrease) in fair value of investments	<u>(209,114)</u>
Increase in net assets resulting from operations	5,590,935
Net capital share transactions	<u>(16,980,265)</u>
Change in Net Position	(11,389,330)
<b>Net Position, July 1</b>	<u>439,676,848</u>
<b>Net Position, June 30</b>	<u><u>\$ 428,287,518</u></u>

**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, 2015, were as follows:

	<b>Debt Service and Reserves</b>			
	<u>Reserves</u>	<u>Projects</u>	<u>Claims</u>	<u>Total</u>
<b><u>Governmental Funds and Governmental Activities</u></b>				
General Fund	\$ 750,000	\$ -	\$ -	\$ 750,000
Other Restricted Fund	-	<u>45,406</u>	-	<u>45,406</u>
Total Governmental Funds	750,000	45,406	-	795,406
Internal Service Funds:				
Risk Management Fund	-	-	<u>2,416,328</u>	<u>2,416,328</u>
Total Governmental Activities	750,000	45,406	2,416,328	3,211,734
<b><u>Proprietary Funds and Business-type Activities</u></b>				
Water Resources Fund	<u>1,370,934</u>	-	-	<u>1,370,934</u>
Total Restricted Cash and Investments	<u><u>\$ 2,120,934</u></u>	<u><u>\$ 45,406</u></u>	<u><u>\$ 2,416,328</u></u>	<u><u>\$ 4,582,668</u></u>

**NOTE 5 – LONG-TERM ASSETS**

**Governmental Activities**

Long-term assets in governmental activities include \$103,196 in prepaid bond insurance and \$3,954,117 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 \$266,803 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 \$134,489 in long-term receivables in the Water Resources Fund.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

**NOTE 6 – CAPITAL ASSETS**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b><u>Capital Assets - Governmental Activities</u></b>				
Capital assets, not being depreciated:				
Land and land use rights	\$ 143,135,447	\$ 443,765	(50,000)	\$ 143,529,212
Construction in progress	10,713,365	6,619,378	(9,441,713)	7,891,030
Total capital assets not being depreciated	<u>153,848,812</u>	<u>7,063,143</u>	<u>(9,491,713)</u>	<u>151,420,242</u>
Capital assets being depreciated:				
Land improvements	58,860,406	3,304,735	-	62,165,141
Buildings/improvements	313,568,961	267,242	-	313,836,203
Infrastructure	587,746,342	4,573,841	(1,809,812)	590,510,371
Equipment	73,069,334	3,569,440	(2,346,509)	74,292,265
Software	18,157,504	591,478	-	18,748,982
Total capital assets being depreciated	<u>1,051,402,547</u>	<u>12,306,736</u>	<u>(4,156,321)</u>	<u>1,059,552,962</u>
Less accumulated depreciation for:				
Land improvements	37,782,963	2,316,286	-	40,099,249
Buildings/improvements	121,507,591	8,896,993	-	130,421,817
Infrastructure	422,663,006	21,039,575	(1,809,208)	441,893,373
Equipment	55,151,270	5,397,535	(2,097,276)	58,434,296
Software	13,524,545	1,206,393	-	14,730,938
Total accumulated depreciation	<u>650,629,375</u>	<u>38,856,782</u>	<u>(3,906,484)</u>	<u>685,579,673</u>
Net capital assets being depreciated	<u>400,773,172</u>	<u>(26,550,046)</u>	<u>(249,837)</u>	<u>373,973,289</u>
Governmental activities capital assets, net	<u>\$ 554,621,984</u>	<u>\$ (19,486,903)</u>	<u>\$ (9,741,550)</u>	<u>\$ 525,393,531</u>

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

<b>Governmental Activities:</b>	
General government	\$ 1,972,260
Judicial	2,586,835
Public safety	6,970,878
Public works	21,805,527
Health and sanitation	180,243
Welfare	649,583
Culture and recreation	3,347,180
Community Support	890
Capital assets held by internal service funds charged to functions based on their usage of assets	<u>1,343,386</u>
Total Depreciation / Amortization Expense - Governmental Activities	<u>\$ 38,856,782</u>

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b><u>Capital Assets - Business-type Activities</u></b>				
Capital assets not being depreciated:				
Land and land use rights	\$ 14,033,227	\$ 54,216	\$ 6,413,822	\$ 7,673,621
Plant capacity	825,150	-	-	825,150
Construction in progress	3,916,537	7,889,231	2,676,902	9,128,866
Total capital assets not being depreciated	18,774,914	7,943,447	9,090,724	17,627,637
Capital assets being depreciated:				
Land improvements	5,190,202	110,004	813,584	4,486,622
Buildings/improvements	71,315,058	449,088	15,220,863	56,543,283
Infrastructure	361,623,046	4,025,498	262,076,625	103,571,919
Equipment	2,381,203	300,360	847,760	1,833,803
Software	1,139,125	-	238,942	900,183
Plant, well capacity	10,030,729	-	7,661,907	2,368,822
Total capital assets being depreciated	451,679,363	4,884,950	286,859,681	169,704,632
Less accumulated depreciation for:				
Land improvements	3,380,408	205,985	380,257	3,206,136
Buildings/improvements	19,453,945	1,564,479	4,899,168	16,119,256
Infrastructure	84,816,660	4,307,050	56,129,489	32,994,221
Equipment	2,099,694	62,156	574,265	1,587,585
Software	1,138,643	483	238,943	900,183
Plant, well capacity	2,771,714	155,021	1,733,283	1,193,452
Total accumulated depreciation	113,661,064	6,295,174	63,955,405	56,000,833
Net capital assets being depreciated	338,018,299	(1,410,224)	222,904,276	113,703,799
Business-type activities capital assets, net	\$ 356,793,213	\$ 6,533,223	\$ 231,995,000	\$ 131,331,436

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

**Business-Type Activities:**

Utilities	\$ 6,067,184
Building and safety	9,561
Golf courses	218,429
Total Depreciation / Amortization Expense - Business-type Activities	\$ 6,295,174

Net capital assets at June 30, 2015, for the discretely presented component units were:

	<b>Truckee Meadows Fire Protection District</b>	<b>Sierra Fire Protection District</b>
<b><u>Net Capital Assets</u></b>		
Capital assets not being depreciated	\$ 875,676	\$ 162,585
Capital assets being depreciated	16,294,650	4,212,461
Capital assets, net	\$ 17,170,326	\$ 4,375,046

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

**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:

	<u>CIP Balance</u> <u>June 30, 2015</u>	<u>Major</u> <u>Commitments</u>
<b><u>Governmental Funds and Governmental Activities</u></b>		
<b>Major Governmental Funds:</b>		
General Fund:		
Technology projects	\$ 85,520	\$ 155,839
Service contracts	-	228,568
Child Protective Services Fund:		
Case management and support services	-	760,405
Operations	-	2,050,755
Study	-	249,764
Total Major Governmental Funds	<u>85,520</u>	<u>3,445,331</u>
<b>Nonmajor Governmental Funds:</b>		
Special Revenue Funds:		
Public safety communications, technology	-	161,297
Road infrastructure	-	2,668,696
Enhanced 911 equipment and services	-	562,575
Technology improvements	646,600	552,233
Other services	523,260	503,315
Total Special Revenue Funds	<u>1,169,860</u>	<u>4,448,116</u>
Capital Projects Funds:		
Parks and open space projects	1,806,410	874,457
Building infrastructure projects	517,262	767,931
Pedestrian path & bike lane projects	-	1,452,450
Technology improvements	244,282	828,989
Water quality improvement projects	4,067,696	360,144
Total Capital Projects Funds	<u>6,635,650</u>	<u>4,283,971</u>
Total Governmental Funds / Governmental Activities	<u>\$ 7,891,030</u>	<u>\$ 12,177,418</u>

**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.

**WASHOE COUNTY, NEVADA**  
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**(CONTINUED)**

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

Series January 2000 Bonds	\$	27,923,446
Series November 29, 2011 Refunding Bonds		87,150,000
Total RSCVA Bonds	\$	115,073,446

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 \$1,552,462 in the General Fund for deposits and bail related to pending court cases or investigations, \$339,155 in the General Fund for refundable deposits for park facilities and developer performance guarantees, and \$110,859 in other governmental funds for other customer and security deposits.

Business-type Activities

Other liabilities in business-type activities include \$290,782 for developer deposits and \$1,033 for customer deposits in the Water Resources Fund, and \$13,000 in other business-type funds for developer and customer deposits.

**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 \$9.2 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:

	<u>General Fund</u>	<u>Child Protective Services Fund</u>	<u>Special Assessment Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Liabilities</b>					
<b>Unearned revenue:</b>					
Federal payments in lieu of taxes	\$ 3,179,802	\$ -	\$ -	\$ -	\$ 3,179,802
Total Unearned Revenue	\$ 3,179,802	\$ -	\$ -	\$ -	\$ 3,179,802
<b>Deferred Inflows of Resources</b>					
<b>Unavailable revenue:</b>					
Ad valorem taxes	\$ 1,520,500	\$ 54,533	\$ -	\$ 289,451	\$ 1,864,484
Special assessments	-	-	7,099,936	-	7,099,936
Grants and other revenue	-	-	-	195,121	195,121
Total Unavailable Revenue	\$ 1,520,500	\$ 54,533	\$ 7,099,936	\$ 484,572	\$ 9,159,541

Unearned revenue in business-type activities consists of \$128,333 for water rights leases and unearned utility revenue in the Water Resources Fund.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**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:

<b>Truckee Meadows Fire Protection District</b>			
<b>TMFPD</b>			
	<b>TMFPD General</b>	<b>Emergency</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Total</b>
	<b>_____</b>	<b>_____</b>	<b>_____</b>
<b>Deferred Inflows of Resources</b>			
<b>Unavailable revenue:</b>			
Ad valorem taxes	\$ 95,105	\$ -	\$ 95,105
Grants and other revenue	185,482	66,340	251,822
	<b>_____</b>	<b>_____</b>	<b>_____</b>
Total Unavailable Revenue	\$ 280,587	\$ 66,340	\$ 346,927
	<b>=====</b>	<b>=====</b>	<b>=====</b>

<b>Sierra Fire Protection District</b>			
<b>SFPD General</b>			
	<b>Fund</b>		
	<b>_____</b>	<b>Total</b>	
	<b>_____</b>	<b>_____</b>	
<b>Deferred Inflows of Resources</b>			
<b>Unavailable revenue:</b>			
Ad valorem taxes	\$ 48,132	\$ 48,132	
	<b>_____</b>	<b>_____</b>	
Total Unavailable Revenue	\$ 48,132	\$ 48,132	
	<b>=====</b>	<b>=====</b>	

**NOTE 9 – LONG-TERM OBLIGATIONS**

**Bond Redemptions**

The County called \$1,320,000 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, 2015, the following are the remaining balances of the defeased portion of bond issues:

Water and Sewer Series Revenue 2005	\$ 27,270,000
Parks Revenue Series 2006	<u>8,825,000</u>
Total Defeased Debt	<u>\$ 36,095,000</u>

**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; Public Safety Bonds Series 2006; Parks Bonds Series 2006; Building Refunding Bonds Series 2011B; and Refunding Bonds Series 2012B, issued between fiscal years 2004 and 2012. The total principal and interest remaining to be paid on the bonds is \$70,166,521, payable through fiscal year 2036. For the current year, principal and interest paid from pledged revenues for the bonds totaled \$5,227,756, and pledged revenues totaled \$13,265,242.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

The County has pledged future infrastructure sales tax revenues to repay \$42.9 million in Flood Control Series 2006 and Sales Tax Series 1998 flood control 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 31% of the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$42,936,584. For the current year, principal and interest paid for the bonds totaled \$2,372,784, and pledged revenues totaled \$8,227,877.

The County has pledged future car rental fees to repay \$18.5 million of Senior Lien Car Rental Fee Revenue bonds and \$10.0 million Subordinate Lien Car Rental Fee Capital Appreciation Revenue Bonds (Minor League Baseball Stadium Project) Series 2008. Proceeds from the monies 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 \$21.6 million. For the current year, principal and interest paid for the bonds totaled \$1,067,614, and pledged revenues totals \$1,225,141. Total principal and interest at June 30, 2015 on the Subordinate Lien Car Rental Fee Capital Appreciation Revenue Bonds is \$15.6 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 \$38.6 million in utility system revenue bonds issued between fiscal years 1998 and 2007. 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 Water Resources Fund excluding water reserves.

Principal and interest on the Sewer Bonds are payable from the pledged revenues of the Water Resources 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 78% of the utility's net revenues. The total principal and interest remaining to be paid on the sewer bonds is \$21,728,511. For the current year, principal and interest paid for the sewer and water bonds, together with the transfer to TMWA, totaled \$39,760,247. Net pledged revenues totaled \$10,360,757.

**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 \$2,962 were outstanding as of June 30, 2015.

The County has pledged future assessment revenues levied on special assessment districts throughout the County to repay \$12.1 million in various local improvement bonds issued between fiscal years 2004 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 \$8,629,889. For the current year, principal and interest paid for the bonds totaled \$2,001,757 and pledged revenues totaled \$1,796,539.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
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**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, 2015 follow:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
<b><u>Public Sector</u></b>			
<b>Regional Transportation Commission:</b>			
Highway Revenue Bonds Series 2009	7/8/2009	\$ 89,567,000	\$ 74,120,000
Highway Revenue Bonds Series 2010ABC	3/12/2010	90,000,000	87,968,000
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		<u>434,567,000</u>	<u>411,248,000</u>
<b>Sierra Pacific Power Company d/b/a NV Energy:</b>			
Gas and Water Facilities Refunding Revenue Bonds Series 2006A, 2006B and 2006C	11/22/2006	218,500,000	218,500,000
Water Facilities Refunding Revenue Bonds Series 2007A & 2007B	4/27/2007	<u>80,000,000</u>	<u>80,000,000</u>
Subtotal Private Sector		<u>298,500,000</u>	<u>298,500,000</u>
Total Conduit Debt		<u>\$ 733,067,000</u>	<u>\$ 709,748,000</u>

**Operating Leases**

The County leases office space, land, equipment and water rights under various operating lease agreements. Total lease payments in fiscal year 2015 were \$2,335,013. Future minimum payments for these leases are:

<u>Year Ending June 30,</u>	<u>Land, Space, Water Rights</u>	<u>Equipment</u>	<u>Total</u>
2016	\$ 780,259	\$ 1,105,250	\$ 1,885,509
2017	299,199	1,025,583	1,324,782
2018	170,395	777,071	947,466
2019	165,141	438,491	603,632
2020	165,141	366,057	531,198
2021-2025	<u>412,854</u>	<u>718,032</u>	<u>1,130,886</u>
Totals	<u>\$ 1,992,989</u>	<u>\$ 4,430,484</u>	<u>\$ 6,423,473</u>

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 2015, an adjustment of (\$3,675) (cumulative total of \$131,494) 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 Water Resources Fund for business-type activities. In fiscal year 2015, 79% of compensated absences for governmental activities were paid by the General Fund, and in business-type activities, 73% were paid by the Water Resources Fund.



**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

Outstanding balances at June 30, 2015 follow:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Washoe County:</b>			
Vacation	\$ 10,933,890	\$ 200,509	\$ 11,134,399
Sick Leave	8,887,211	168,333	9,055,544
Compensatory Leave	5,290,512	66,366	5,356,878
Benefits	355,916	6,311	362,227
Total Compensated Absences	<u>\$ 25,467,529</u>	<u>\$ 441,519</u>	<u>\$ 25,909,048</u>

**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, 2015, the remediation liability for net position held in CTMRD was \$6,191,421.

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 cost, based on contractor revised estimates is \$523,241. Remediation expenditures for the current fiscal year totaled \$26,644. The project was completed in calendar year 2015.

**Claims and Judgments**

The claims and judgments liability of \$17,375,000 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 \$1,699,459 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 \$855,000 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, 2015, the net other postemployment benefit liability for SFPD was \$2,474,199. 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.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

**NOTE 10 – LONG-TERM OBLIGATIONS ACTIVITY**

	Date of Issue	Maturity Date	Interest Rate	Original Note / Issue
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>General Obligation Bonds</b>				
Ad Valorem:				
Animal Control Shelter Series 2003A	08/2003	06/2015	3.0 - 4.625 % \$	10,750,000
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)				
Office Building Series 2002A	10/2002	01/2015	3.0 - 5.0	19,260,000
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
Total General Obligation Bonds				
<b>Revenue Bonds (Note 9)</b>				
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
Total Revenue Bonds				
<b>Special Assessment Bonds (with governmental commitment) (Note 9)</b>				
SAD 29: Mt. Rose Sewer Phase 1	11/2004	11/2024	4.55	1,281,308
SAD 35: Rhodes Road - \$116,141, SAD 36: Evergreen Hills Dr-\$240,587	02/2005	11/2014	3.8	356,728
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				

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

<u>Principal Outstanding June 30, 2014</u>	<u>Additions/ Issued</u>	<u>Reduction/ Principal Matured / Called</u>	<u>Principal Outstanding June 30, 2015</u>	<u>Principal Due in 2015-2016</u>
\$ 335,000	\$ -	\$ 335,000	\$ -	\$ -
4,350,000	-	1,385,000	2,965,000	1,445,000
14,490,000	-	965,000	13,525,000	1,000,000
17,715,000	-	-	17,715,000	905,000
1,577,000	-	506,000	1,071,000	525,000
710,000	-	710,000	-	-
970,000	-	180,000	790,000	185,000
2,415,000	-	570,000	1,845,000	590,000
10,505,000	-	295,000	10,210,000	310,000
18,084,554	-	495,546	17,589,008	518,063
3,560,000	-	-	3,560,000	-
11,300,000	-	670,000	10,630,000	705,000
27,430,000	-	-	27,430,000	1,655,000
<u>113,441,554</u>	<u>-</u>	<u>6,111,546</u>	<u>107,330,008</u>	<u>7,838,063</u>
15,000,000	-	690,000	14,310,000	725,000
16,146,500	-	592,100	15,554,400	672,800
9,808,025	-	-	9,808,025	-
<u>40,954,525</u>	<u>-</u>	<u>1,282,100</u>	<u>39,672,425</u>	<u>1,397,800</u>
680,000	-	680,000	-	-
12,336	-	12,336	-	-
15,000	-	8,000	7,000	7,000
401,130	-	41,835	359,295	23,220
591,103	-	53,266	537,837	25,697
6,417,142	-	904,740	5,512,402	251,314
<u>8,116,711</u>	<u>-</u>	<u>1,700,177</u>	<u>6,416,534</u>	<u>307,231</u>
1,549,651	-	134,372	1,415,279	-
(54,105)	-	(2,488)	(51,617)	-
<u>1,495,546</u>	<u>-</u>	<u>131,884</u>	<u>1,363,662</u>	<u>-</u>
<u>164,008,336</u>	<u>-</u>	<u>9,225,707</u>	<u>154,782,629</u>	<u>9,543,094</u>

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

**NOTE 10 – LONG-TERM OBLIGATIONS ACTIVITY (CONTINUED)**

	Date of Issue	Maturity Date	Interest Rate	Original Note / Issue
<b>GOVERNMENTAL ACTIVITIES (Continued)</b>				
<b>Other Liabilities - (Notes 9, 15)</b>				
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				
<b>BUSINESS-TYPE ACTIVITIES ***</b>				
<b>General Obligation Bonds</b>				
Revenue: (Note 9)				
Water Resources 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
Water Series 2005 ****	06/2005	01/2025	2.81	14,463,000
Water and Sewer Series 2005 ****	12/2005	01/2035	4.0 - 5.0	65,000,000
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
Total General Obligation Bonds				
Unamortized Bond Premium	N/A	N/A	N/A	N/A
Total Bonds Payable				
<b>Other Liabilities (Note 9)</b>				
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 remaining principal outstanding of \$17,589,008 has a current interest rate of 2.527%. The interest rate on the outstanding amount will be reset May 1, 2016.
- \*\* 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.

**DISCRETELY PRESENTED COMPONENT UNITS:**

**Truckee Meadows Fire Protection District (Note 9,15)**

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 9,15)**

Net other postemployment benefits obligations	N/A	N/A	N/A	N/A
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**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

Principal Outstanding June 30, 2014	Additions/ Issued	Reduction/ Principal Matured / Called	Principal Outstanding June 30, 2015	Principal Due in 2015-2016
\$ 24,587,089	\$ 19,634,011	\$ 18,753,571	\$ 25,467,529	\$ 19,244,123
7,013,183	4,375	826,137	6,191,421	4,375
<u>15,401,000</u>	<u>2,000,000</u>	<u>26,000</u>	<u>17,375,000</u>	<u>7,741,000</u>
<u>47,001,272</u>	<u>21,638,386</u>	<u>19,605,708</u>	<u>49,033,950</u>	<u>26,989,498</u>
<u>211,009,608</u>	<u>21,638,386</u>	<u>28,831,415</u>	<u>203,816,579</u>	<u>36,532,592</u>
325,586	-	77,408	248,178	80,009
349,557	-	53,054	296,503	55,034
69,543	-	10,556	58,987	10,948
10,404,929	-	1,251,556	9,153,373	1,290,972
1,837,964	-	158,575	1,679,389	163,710
9,480,179	-	9,480,179	-	-
26,100,000	-	26,100,000	-	-
4,666,779	-	314,095	4,352,684	323,370
3,210,048	-	210,370	2,999,678	219,349
<u>56,444,585</u>	<u>-</u>	<u>37,655,793</u>	<u>18,788,792</u>	<u>2,143,392</u>
<u>730,230</u>	<u>712,420</u>	<u>1,442,650</u>	<u>-</u>	<u>-</u>
<u>57,174,815</u>	<u>712,420</u>	<u>39,098,443</u>	<u>18,788,792</u>	<u>2,143,392</u>
<u>812,636</u>	<u>188,757</u>	<u>559,874</u>	<u>441,519</u>	<u>331,018</u>
<u>57,987,451</u>	<u>901,177</u>	<u>39,658,317</u>	<u>19,230,311</u>	<u>2,474,410</u>
<u>\$ 268,997,059</u>	<u>\$ 22,539,563</u>	<u>\$ 68,489,732</u>	<u>\$ 223,046,890</u>	<u>\$ 39,007,002</u>

\$ 1,374,222	\$ 1,127,733	\$ 802,495	\$ 1,699,460	\$ 965,152
<u>1,170,000</u>	<u>-</u>	<u>315,000</u>	<u>855,000</u>	<u>464,497</u>
<u>\$ 2,544,222</u>	<u>\$ 1,127,733</u>	<u>\$ 1,117,495</u>	<u>\$ 2,554,460</u>	<u>\$ 1,429,649</u>
<u>\$ 2,141,475</u>	<u>\$ 332,724</u>	<u>\$ -</u>	<u>\$ 2,474,199</u>	<u>\$ -</u>

**WASHOE COUNTY, NEVADA**  
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**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		Revenue Bonds		Special Assessment Debt	
	Principal*	Interest**	Principal*	Interest***	Principal*	Interest
2016	\$ 7,838,063	\$ 3,544,744	\$ 1,397,800	\$ 1,158,901	\$ 307,231	\$ 243,767
2017	8,117,604	3,295,741	1,527,800	1,101,091	311,267	231,717
2018	6,241,216	3,019,929	1,524,800	1,040,082	317,977	219,739
2019	6,466,946	2,816,307	1,689,470	1,022,177	335,392	207,315
2020	6,678,847	2,608,816	1,840,145	965,326	353,545	194,154
2021-2025	37,152,547	9,606,194	11,667,128	3,831,310	1,953,428	754,213
2026-2030	24,139,178	3,791,408	11,853,871	4,388,900	2,196,189	339,952
2031-2035	8,710,365	1,126,625	2,184,980	9,107,767	641,505	22,498
2036-2040	1,985,242	48,548	1,813,582	11,398,925	-	-
2041-2045	-	-	1,508,491	13,922,671	-	-
2046-2050	-	-	1,247,939	16,760,273	-	-
2051-2055	-	-	1,031,246	19,959,249	-	-
2056-2060	-	-	385,173	9,664,237	-	-
<b>Total</b>	<b>\$ 107,330,008</b>	<b>\$ 29,858,312</b>	<b>\$ 39,672,425</b>	<b>\$ 94,320,909</b>	<b>\$ 6,416,534</b>	<b>\$ 2,213,355</b>

**Business-type Activities – Primary Government**

Year Ended June 30,	General Obligation Bonds	
	Principal*	Interest
2016	\$ 2,143,392	\$ 598,476
2017	2,213,413	528,455
2018	2,285,752	456,118
2019	2,272,139	382,116
2020	2,346,375	307,878
2021-2025	6,540,901	636,833
2026-2030	986,820	29,843
<b>Total</b>	<b>\$ 18,788,792</b>	<b>\$ 2,939,719</b>

\*Principal amounts shown exclude discounts and premiums.

\*\*Interest on the variable-rate flood control bonds is calculated at the current rate of 2.527%.

\*\*\*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.

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**Interfund transfers for the year ended June 30, 2015**

<u>Transfers from:</u>	<u>Transfers to:</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 22,155,952
	Child Protective Services	1,234,426
	Internal Service Funds	2,831,500 (a)
	Subtotal	<u>26,221,878</u>
Child Protective Services	Nonmajor Governmental Funds	<u>400,000</u>
Nonmajor Governmental Funds	General Fund	453,442
	Special Assessments Debt Funds	
	Nonmajor Governmental Funds	6,781,083 (b)
	Subtotal	<u>7,234,525</u>
Total Transfers In / Out		<u>\$ 33,856,403</u>

Significant transfers during the year of a non-routine nature include: (a) \$2,831,500 reimbursement from the General Fund to the Health Benefits Fund, (b) \$2,990,000 from the Capital Facilities Fund to the Roads Fund to support road capital improvements.

**Due From/Due To Other Funds**

A summary of due from and due to other funds at June 30, 2015, is shown below:

<u>Due From:</u>	<u>Due To:</u>	<u>Amount</u>
General Fund	Indigent Tax Levy Fund	\$ 2,174,706
	Child Protective Services Fund	1,257,417
	Other Restricted	356,656
	Capital Improvement Fund	106,754
	Subtotal	<u>3,895,533</u>
Central Truckee Meadows	Water Resources	2,271
Other Restricted Fund	General Fund	394,898
Water Resources Fund	General Fund	327,992
	Risk Management	29,965
	Subtotal	<u>357,957</u>
Total Due From/Due To Other Funds		<u>\$ 4,650,659</u>

**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 \$105,483,467 of restricted net resources, all of which is externally imposed.

Unrestricted net position represents available financial resources of the County.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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:

<u>Fund Balances</u>	<u>Major Governmental Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Child Protective Services Fund</u>	<u>Special Assessment Debt Fund</u>	<u>Nonmajor Governmental Funds</u>	
Nonspendable:					
Prepaid items	\$ 163,032	\$ -	\$ -	\$ 85,796	\$ 248,828
Restricted for:					
Assessors, Clerk and Recorder technology	-	-	-	4,611,242	4,611,242
Administrative programs	-	-	-	383,168	383,168
Court programs and expansion	-	-	-	7,194,987	7,194,987
Other judicial programs	-	-	-	220,730	220,730
Regional flood control project	-	-	-	1,545,127	1,545,127
Sheriff's programs	-	-	-	1,898,620	1,898,620
Regional public safety communications and training	-	-	-	2,858,645	2,858,645
Other public safety programs	-	-	-	1,327,813	1,327,813
Public works programs	-	-	-	158,828	158,828
Regional health services and programs	-	-	-	2,268,505	2,268,505
Groundwater remediation	-	-	-	4,949,951	4,949,951
Parks and recreation programs	-	-	-	123,081	123,081
Library expansion	-	-	-	893,047	893,047
Programs for seniors	-	-	-	88,553	88,553
Adult, indigent and children support services	-	203,386	-	9,276,943	9,480,329
County facility improvement projects	-	-	-	7,272,252	7,272,252
Parks and open space projects	-	-	-	20,236,185	20,236,185
Intergovernmental	15,608	-	-	2,021	17,629
Debt service	750,000	-	1,432,860	6,362,749	8,545,609
Total Restricted	<u>765,608</u>	<u>203,386</u>	<u>1,432,860</u>	<u>71,672,447</u>	<u>74,074,301</u>
Committed to:					
Fiscal emergency / stabilization	3,000,000	-	-	-	3,000,000
Administrative programs	228,568	-	-	-	228,568
Animal control and services	-	-	-	6,054,734	6,054,734
Roadways	-	-	-	2,698,183	2,698,183
Groundwater remediation	-	-	-	1,225,846	1,225,846
Park maintenance and improvement	-	-	-	1,310,941	1,310,941
Library expansion	-	-	-	458,865	458,865
Adult, indigent and children support services	-	3,593,334	-	-	3,593,334
Programs for seniors	-	-	-	294,445	294,445
Total Committed	<u>3,228,568</u>	<u>3,593,334</u>	<u>-</u>	<u>12,043,014</u>	<u>18,864,916</u>
Assigned to:					
Court programs	-	-	-	21,575	21,575
Roadways	-	-	-	10,302,503	10,302,503
General Fund encumbrances re-appropriated for various functional departments	1,764,783	-	-	-	1,764,783
Total Assigned	<u>1,764,783</u>	<u>-</u>	<u>-</u>	<u>10,324,078</u>	<u>12,088,861</u>
Unassigned	45,377,761	-	-	(299,711)	45,078,050
Total Fund Balances	<u>\$ 51,299,752</u>	<u>\$ 3,796,720</u>	<u>\$ 1,432,860</u>	<u>\$ 93,825,624</u>	<u>\$ 150,354,956</u>



**WASHOE COUNTY, NEVADA**  
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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 capabilities 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 his or her 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 10 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, or age 62 with 10 years of service, or 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, or age 60 with ten years of service, or 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.

**WASHOE COUNTY, NEVADA**  
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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 contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2014 and June 30, 2015, the Statutory Employee/employer 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.

The County's contributions were \$45,320,254 for the year ended June 30, 2014.

**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 the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
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, 2014, PERS' long-term inflation assumption was 3.5%.

**Net Pension Liability**

At June 30, 2014, the County reported a liability for its proportionate share of PERS' net pension liability. The net pension liability was measured as of June 30, 2014, 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 contributions to PERS' pension plan relative to the total contributions of all participating PERS employers and members. At July 1, 2014, the County's proportion was 2.99104%.

**Pension Liability Discount Rate Sensitivity**

The following presents the net pension liability of the County as of June 30, 2014, 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	\$ 484,767,993	\$ 311,725,984	\$ 167,884,001

**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.

**WASHOE COUNTY, NEVADA**  
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**Actuarial Assumptions**

The County's net pension liability was measured as of June 30, 2014, 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, 2014 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2014 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, 2014 and June 30, 2013. 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, 2014, 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, 2014 and June 30, 2013.

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

For the year ended June 30, 2015, the County recognized pension expense of \$41,318,133. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 14,917,805
Net difference between projected and actual earnings on pension plan investments	-	65,475,219
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	2,803,965	-
County contributions subsequent to the measurement date	<u>46,781,626</u>	<u>-</u>
	<u>\$ 49,585,591</u>	<u>\$ 80,393,024</u>

\$46,781,626 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, 2016.

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, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.7 years.

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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:

<u>Year Ended June 30,</u>		
2016	\$	(18,494,040)
2017		(18,494,040)
2018		(18,494,040)
2019		(18,494,040)
2020		(2,125,235)
Thereafter		<u>(1,487,664)</u>
 Total	 \$	 <u><u>(77,589,059)</u></u>

The following is the reconciliation of the June 30, 2015 net pension liability:

Beginning Net Pension Liability	\$	393,317,164
Pension Expense		41,318,133
Employer Contributions		(45,320,254)
New Net Deferred Inflows/Outflows		<u>(77,589,059)</u>
 Ending Net Pension Liability	 \$	 <u><u>311,725,984</u></u>

**Additional Information**

The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at [www.nvpers.org](http://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 \$3,118,661 for the year ended June 30, 2015.

At June 30, 2015, TMFPD reported a liability for its proportionate share of PERS' net pension liability. The net pension liability was measured as of June 30, 2014, 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. At July 1, 2014, TMFPD's proportion was 0.20583%.

The following presents the net pension liability of TMFPD as of June 30, 2014, 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:

	<u>1% Decrease in Discount Rate (7.00%)</u>	<u>Discount Rate (8.00%)</u>	<u>1% Increase in Discount Rate (9.00%)</u>
Net Pension Liability	\$ 33,358,761	\$ 21,451,071	\$ 11,552,748

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For the year ended June 30, 2015, TMFPD recognized pension expense of \$2,843,259. At June 30, 2015, 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	\$ -	\$ 1,026,552
Net difference between projected and actual earnings on pension plan investments	-	4,505,603
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	192,952	-
County contributions subsequent to the measurement date	3,470,650	-
	\$ 3,663,602	\$ 5,532,155

\$3,470,650 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, 2016.

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, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.7 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,	
2016	\$ (1,272,647)
2017	(1,272,647)
2018	(1,272,647)
2019	(1,272,646)
2020	(146,246)
Thereafter	(102,370)
Total	\$ (5,339,203)

The following is the reconciliation of TMFPD's June 30, 2015 net pension liability:

Beginning Net Pension Liability	\$ 27,065,676
Pension Expense	2,843,259
Employer Contributions	(3,118,661)
New Net Deferred Inflows/Outflows	(5,339,203)
Ending Net Pension Liability	\$ 21,451,071

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.

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SFPD and TMFPD's combined pension contributions for the last three years are as follows:

**Contribution Rates**

Fiscal Year	Employer Pay Contribution Rate		Employer/Employee Pay Contribution Rate	
	Regular Members	Police/ Fire	Regular Members	Police/ Fire
2013-14	25.75%	40.50%	13.25%	20.75%
2012-13	23.75%	39.75%	12.25%	20.25%
2011-12	23.75%	39.75%	12.25%	20.25%

**Contribution Cost**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013-14	\$ 3,109,471	100%	\$ -
2012-13	2,711,873	100%	-
2011-12	1,247,737	100%	-

**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.

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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:

<u>Years of Service</u>	<u>Tier 1 Retiree Contribution</u>
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 2015 depends on years of full-time service and ranges from a minimum of \$116 for five years to a maximum of \$636 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 2015 ranged from a minimum of \$116 for five years of service to a maximum of \$636 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. 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 during the term of the Interlocal Agreement. 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, to prepare for 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 spouses. 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 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, 2015, there were seven employees participating in the plan who had retired from SFPD.

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In accordance with NRS, the Board of Fire Commissioners for SFPD entered into an agreement with 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. 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 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 SFPD and the TMFPD Fire Fighters Association I.A.F.F Local 3895.

**Funding Policy and Annual OPEB Cost**

The amount of 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. The required contributions are based on projected pay-as-you-go financing requirements, with an additional amount, generally equal to the normal cost, to prefund benefits.

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 \$18.7 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.



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The annual OPEB cost and related information for each plan for the fiscal year ended June 30, 2015 are as follows:

	<u>RHBP</u>	<u>PEBP</u>	<u>TMFPD RGMP</u>	<u>SFPD RGMP</u>
Determination of Annual Required Contribution:				
Normal cost	\$ 8,535,000	\$ -	\$ 259,595	\$ 139,139
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	<u>11,408,000</u>	<u>67,182</u>	<u>(70,463)</u>	<u>248,674</u>
Annual Required Contribution (ARC)	<u>\$ 19,943,000</u>	<u>\$ 67,182</u>	<u>\$ 189,132</u>	<u>\$ 387,813</u>
Determination of Net OPEB Obligation:				
Annual Required Contribution	\$ 19,943,000	\$ 67,182	\$ 189,132	\$ 387,813
Interest on Net OPEB Obligation	(156,000)	(44,979)	(70,094)	149,903
Adjustment to ARC	<u>123,000</u>	<u>50,099</u>	<u>95,853</u>	<u>(204,992)</u>
Annual OPEB Cost	19,910,000	72,302	214,891	332,724
Retiree Benefit Payments Paid by Employer	(2,362,892)	-	-	-
Contributions Made to Trust	<u>(18,303,872)</u>	<u>(396,128)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net OPEB Obligation	(756,764)	(323,826)	214,891	332,724
Net OPEB Obligation (Asset), Beginning of Year	<u>(2,230,963)</u>	<u>(642,564)</u>	<u>(1,001,338)</u>	<u>2,141,475</u>
Net OPEB Obligation (Asset), End of Year	<u>\$ (2,987,727)</u>	<u>\$ (966,390)</u>	<u>\$ (786,447)</u>	<u>\$ 2,474,199</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at June 30, 2015 and the two preceding years for each of the plans were as follows:

<u>Plan</u>	<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation / (Asset)</u>
<b>RHBP</b>	2013	\$ 18,403,000	\$ 19,026,711	103.39%	\$ (3,147,569)
	2014	18,689,000	17,772,494	95.10%	(2,230,963)
	2015	19,910,000	20,666,764	103.80%	(2,987,727)
<b>PEBP</b>	2013	367,639	388,000	105.54%	(564,174)
	2014	339,000	417,390	123.12%	(642,564)
	2015	72,302	396,128	547.88%	(966,390)
<b>TMFPD RGMP</b>	2013	70,278	-	0.00%	(1,224,753)
	2014	223,415	-	0.00%	(1,001,338)
	2015	214,891	-	0.00%	(786,447)
<b>SFPD RGMP</b>	2013	337,359	-	0.00%	1,169,540
	2014	1,516,804	544,869	35.92%	2,141,475
	2015	332,724	-	0.00%	2,474,199

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

	<u>RHBP</u>	<u>PEBP</u>	<u>TMFPD RGMP</u>	<u>SFPD RGMP</u>
Valuation date	7/1/2014	6/30/2014	7/1/2014	7/1/2014
Actuarial Accrued Liability (AAL)	\$ 339,643,000	\$ 3,412,494	\$ 3,293,617	\$ 3,662,758
Actuarial Value of Plan Assets	<u>146,484,000</u>	<u>2,607,203</u>	<u>3,981,559</u>	<u>1,234,898</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 193,159,000</u>	<u>\$ 805,291</u>	<u>\$ (687,942)</u>	<u>\$ 2,427,860</u>
Funded Ratio (Actual Value of Plan Assets/AAL)	43.13%	76.40%	120.89%	33.71%
Covered Payroll (Active Plan Members) *	\$ 135,405,710	n/a	\$ 5,034,484	\$ 3,303,999
UAAL as a Percentage of Covered Payroll *	142.65%	n/a	-13.66%	73.48%

\* 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, 2015 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 45 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 involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. 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:

	<u>RHBP</u>	<u>PEBP</u>	<u>TMFPD RGMP</u>	<u>SFPD RGMP</u>
Valuation date	7/1/2014	6/30/2014	7/1/2014	7/1/2014
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit benefit	Projected unit benefit
Amortization method	Level percentage of pay, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization period	27 years	27 years	17 years	17 years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Actuarial assumptions:				
Investment rate of return	7%	7%	7%	7%
Healthcare cost trend rate - pre 65	6.25% initial 4.5% ultimate	5.75% initial 4.5% ultimate	7.75% initial 4.5% ultimate	7.75% initial 4.5% ultimate
Healthcare cost trend rate - post 65	6.5% initial 4.5% ultimate	6% initial 4.75% 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, destruction of assets, errors or omissions, and health insurance claims.

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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.

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:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
<b>Pending Claims:</b>			
Property and liability claims	\$ 1,176,000	\$ 2,633,000	\$ 3,809,000
Workers' compensation claims	3,675,000	7,001,000	10,676,000
Unprocessed Health Benefits Fund claims	2,890,000	-	2,890,000
Total Pending Claims	<u>\$ 7,741,000</u>	<u>\$ 9,634,000</u>	<u>\$ 17,375,000</u>

Many items involving the Risk Management Fund do not specifically fall within the criteria used by the actuaries for evaluation. Such items include contract disputes and noninsurance items. In the 1980's, management declared their intention to have a net position of \$1,000,000 in the Risk Management Fund available for claims that fall into areas not recognized in the actuarial studies, or for possible catastrophic losses that exceed parameters of the actuarial studies. Currently, there is a net position of \$13,216,068 in the Risk Management Fund for both of these types of claims in addition to the claims that are evaluated by the actuaries. The net position amounts is restricted for the payment of claims per NRS 354.6215.

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 \$10,000 to \$100,000. There were no settled claims in excess of insurance coverage in the three prior fiscal years.

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

	<u>Risk Management Fund</u>	<u>Health Benefits Fund</u>
<b>Claims Liability/Activity:</b>		
Claims Liability, June 30, 2013	\$ 11,407,000	\$ 2,674,000
Claims and changes in estimates	5,170,971	21,063,900
Claim payments	(3,860,971)	(21,053,900)
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	<u>\$ 14,485,000</u>	<u>\$ 2,890,000</u>

The non-discounted carrying amount of unpaid claims in the Risk Management Fund at June 30 is \$16,225,000. The interest rate used for discounting was 2.5%.

**Discretely Presented Component Units**

South Truckee Meadows General Improvement District, a former component unit, is a participant in the County's property insurance program and self-insurance program for general liability under the terms of an interlocal operating agreement for operations and support. The TMFPD and SFPD, discretely presented component units, do not participate in the Washoe County Risk Management or Health Benefits Funds.

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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 pays an annual premium 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 SFPD 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 that 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, 2015, the District paid the City of Reno \$275,316 for the purpose of buying out its workers' compensation liability for fiscal year 2009.

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:

	<b>TMFPD Workers' Compensation Fund</b>
<b>Claims Liability/Activity:</b>	<b>Fund</b>
Claims Liability, June 30, 2011	\$ 2,424,922
Claims and changes in estimates	118,938
Claims payments	(549,860)
Claims Liability, June 30, 2012	1,994,000
Claims and changes in estimates	16,731
Claims payments	(524,731)
Claims Liability, June 30, 2013	1,486,000
Claims and changes in estimates	97,734
Claims payments	(413,734)
Claims Liability, June 30, 2014	1,170,000
Claims and changes in estimates	104,862
Claims payments	(419,862)
Claims Liability, June 30, 2015	\$ 855,000

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**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. Proceeds received from the resale of land acquired incidentally, or from the retirement of challenged water rights have been netted against expenditures when received. As of June 30, 2015, the joint venture has fulfilled its spending requirements, with net program expenditures of \$12,032,180.

The County is responsible for administration of the joint venture. Water rights will be jointly managed by the County, Cities of Reno and Sparks and DOI. The arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist. All equity is reserved for purchase of water rights and is therefore unavailable to the entities. Each entity (Washoe County, Cities of Reno and Sparks) will own an undivided and equal interest in the property and water rights purchased. The County's proportionate share of the water rights and related property purchases are included in capital assets when purchased. Assets of \$4,011,001 have been recorded as of June 30, 2015.

Separate audited financial statements and information for the joint venture are available by contacting the Washoe County Department of Water Resources, 4930 Energy Way, Reno, NV 89502.

**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 issued bonds that do not constitute an obligation of the Cities of Reno and 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. No such assessments have been made since the TMWA'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. The County appoints two directors of a seven-member governing body.

On December 9, 2009, Washoe County's Board of County Commissioners approved an interlocal agreement governing the planned merger of the Washoe County Department of Water Resources' Water Utility into TMWA. On October 28, 2014, following a lengthy period of due diligence and other preparatory activities, Washoe County's Board of County Commissioners approved the merger of Washoe County's Community Services' Water Utility and TMWA per the recommendation of the Western Regional Water Commission, with TMWA as the surviving entity. The merger was finalized on December 31, 2014, resulting in the County's recognition of a loss of \$235 million in the current year, as cash and capital assets transferred exceeded the value of debt and other liabilities assumed by TMWA.

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.

**WASHOE COUNTY, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(CONTINUED)**

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 obligations.

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 or 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 on the County's financial statements because no explicit and measurable equity interest is deemed to exist.

**NOTE 18 – SUBSEQUENT EVENT**

On July 28, 2015, Washoe County's Board of County Commissioners (BCC) approved the authorizing and issuing of General Obligation (Limited Tax) Medical Examiner Building Bonds, Series 2015 in the aggregate principal amount of \$12,000,000. Bonds were issued on August 27, 2015.

**NOTE 19 – ACCOUNTING CHANGES AND RESTATEMENTS**

As of July 1, 2014, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

Net position at June 30, 2014, as previously reported	\$	964,284,421
Net pension liability at June 30, 2013		(393,317,164)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014		<u>45,320,256</u>
Net position at July 1, 2014, as restated	\$	<u><u>616,287,513</u></u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Resources Fund</u>	<u>Other Enterprise Fund</u>
Net position at June 30, 2014, as previously reported	\$ 524,607,917	\$ 439,676,504	\$ 421,504,721	\$ 4,743,773
Net pension liability at June 30, 2013	(388,311,339)	(5,005,823)	(2,441,290)	(2,564,533)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	<u>44,743,454</u>	<u>576,800</u>	<u>281,299</u>	<u>295,501</u>
Net position at July 1, 2014, as restated for pensions	181,040,032	435,247,481	419,344,730	2,474,741
Accreted interest on capital appreciation bonds	<u>(4,732,133)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position at July 1, 2014, as restated for pensions and accreted interest on capital appreciation bonds	<u><u>\$ 176,307,899</u></u>	<u><u>\$ 435,247,481</u></u>	<u><u>\$ 419,344,730</u></u>	<u><u>\$ 2,474,741</u></u>

In addition, the beginning net position has been restated to reflect the accretion of interest on capital appreciation bonds not previously recorded.

**WASHOE COUNTY, NEVADA  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

**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
<b>RHBP</b>						
July 1, 2008	\$ -	\$ 276,684,000	0.00%	\$ 276,684,000	\$ 181,854,743	152.15%
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%
<b>PEBP</b>						
June 30, 2010	1,925,471	7,437,111	25.89%	5,511,640	n/a	n/a
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
<b>TMFPD RGMP</b>						
July 1, 2009	-	4,472,236	0.00%	4,472,236	n/a	n/a
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%
<b>SFPD RGMP</b>						
July 1, 2009	-	1,769,515	0.00%	1,769,515	2,306,835	76.71%
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%

**SCHEDULE OF WASHOE COUNTY'S SHARE OF NET PENSION LIABILITY**

	2014
Washoe County's portion of net the pension liability	2.99%
Washoe County's proportionate share of the net pension liability	\$ 311,725,984
Washoe County's covered-employee payroll	\$ 154,067,907
Washoe County's proportional share of the net pension liability as a percentage of its covered-employee payroll	202.33%
Plan fiduciary net position as a percentage of the total pension liability	76.30%

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

**WASHOE COUNTY, NEVADA  
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
JUNE 30, 2015**

**SCHEDULE OF COUNTY CONTRIBUTIONS**

	2015
Statutorily required contribution	\$ 46,781,626
Contributions in relation to the statutorily required contribution	\$ 46,781,626
Contribution (deficiency) excess	\$ -
Employer's covered-employee payroll	\$ 160,320,693
Contributions as a percentage of covered-employee payroll	29.18%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 – SCHEDULE OF FUNDING PROGRESS**

The County and its component units implemented GASB Statement No. 45 prospectively for the fiscal year ended June 30, 2008. Information in the Schedule of Funding Progress for prior years is not available.

**NOTE 2 – 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 3 – TMFPD COVERED PAYROLL**

The covered payroll for active plan members for the TMFPD RGMP reported above represents salaries and wages for the former City firefighters who transferred from the City to TMFPD in June 2012 and who were still employed by the District at June 30, 2014. 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 45 employees who transferred employment to the City and retired during the term of the Interlocal Agreement.





# **COMPLIANCE SECTION**



**COMPLIANCE SECTION**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards ..... C-2

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 ..... C-4

Schedule of Expenditures of Federal Awards ..... C-7

Notes to Schedule of Expenditures of Federal Awards ..... C-18

Schedule of Findings and Questioned Costs ..... C-19

Summary Schedule of Prior Year Audit Findings ..... C-31



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Board of Commissioners  
Washoe County, Nevada  
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washoe County, Nevada (Washoe County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Washoe County's basic financial statements, and have issued our report thereon dated January 25, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Washoe County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washoe County's internal control. Accordingly, we do not express an opinion on the effectiveness of Washoe County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2015-A and 2015-B that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Washoe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Washoe County's Response to Findings**

Washoe County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Washoe County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Washoe County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washoe County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Reno, Nevada  
January 25, 2016



CPAs & BUSINESS ADVISORS

**Independent Auditor’s Report on Compliance for Each Major Program;  
Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of  
Federal Awards Required by OMB Circular A-133**

To the Honorable Board of Commissioners  
Washoe County, Nevada

**Report on Compliance for Each Major Federal Program**

We have audited Washoe County, Nevada’s (Washoe County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Washoe County’s major federal programs for the year ended June 30, 2015. Washoe County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each Washoe County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washoe County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Washoe County’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Washoe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## **Report on Internal Control over Compliance**

Management of Washoe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Washoe County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Washoe County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings 2015-001 through 2015-004 that we consider to be significant deficiencies.

Washoe County's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Washoe County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washoe County, Nevada as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Eide Bailly LLP*

Reno, Nevada  
March 8, 2016



**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project/Pass-through Grantor's Number</u>	<u>Expenditures 2015</u>
<b><u>Research and Development Cluster:</u></b>			
U.S. Department of Health and Human Services (HHS):			
Direct Programs:			
Child Welfare Research Training or Demonstration Amount Provided to Subrecipients	93.648 93.648	90CT0157-05-00 90CT0157-05-00	\$ 1,164,620 1,038,281
<b>Total Research and Development Cluster</b>			<b>\$ 2,202,901</b>
<b><u>U.S. Department of Agriculture (USDA):</u></b>			
Direct Programs:			
Lake Tahoe Erosion Control Grant Program	10.690	09-DG-11051900-017	45,213
Lake Tahoe Erosion Control Grant Program	10.690	10-DG-11051900-031	649,647
Lake Tahoe Erosion Control Grant Program	10.690	11-DG-11051900-022	777,118
Lake Tahoe Erosion Control Grant Program	10.690	14-DG-11051900-004	90,502
Community Facilities Loans and Grants			4,270
<b>Child Nutrition Cluster:</b>			
Passed through State of Nevada, Department of Agriculture:			
School Breakfast Program	10.553	--	27,151
National School Lunch Program (School Lunch)	10.555	--	43,067
National School Lunch Program (School Lunch)	10.555	--	3,184
Total Child Nutrition Cluster			73,402
<b>Food Distribution Cluster:</b>			
Passed through State of Nevada, Department of Agriculture:			
Emergency Food Assistance Program (Administrative Costs) (TEFAP)	10.568	--	10,320
Emergency Food Assistance Program (Food Commodities) (TEFAP, USDA Foods, Commodities) Amount Provided to Subrecipients	10.569 10.569	-- --	12,143 2,582
Total Food Distribution Cluster			14,725
Total Food Distribution Cluster			25,045

(CONTINUED)

**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Project/Pass-through Grantor's Number	Expenditures 2015
<b>U.S. Department of Agriculture (USDA) (continued):</b>			
Passed through State of Nevada, Department of Agriculture: Senior Farmers Market Nutrition Program (Senior Farmers Market, or SFMNP)	10.576	--	\$ 6,390
Passed through Nevada Department of Health and Human Services, Health Division: Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	HD 12031	\$ 321,036
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	HD 14716	775,341
			1,096,377
Passed through Nevada Division of Forestry: Cooperative Forestry Assistance	10.664	CPG13-STEWE-001	6,632
Forest Service Schools and Roads Cluster: Passed through Nevada State Controller's Office: Schools and Roads - Grants to States (Payments to States)	10.665	--	29,856
			<b>2,804,452</b>
<b>Total U.S. Department of Agriculture</b>			
<b>U.S. Department of Housing and Urban Development (HUD):</b>			
Direct Programs: Supportive Housing Program (Transitional Housing; Permanent Housing for Homeless Persons with Disabilities; Innovative Supportive Housing; Supportive Services for Homeless Persons not in Conjunction with Supportive Housing; Safe Havens; and HMIS) Amount Provided to Subrecipients	14.235 14.235	NV0052B9T011000 NV0052B9T011000	16,658 46,649
Continuum of Care Program Amount Provided to Subrecipients	14.267 14.267	NV0052L9T011301 NV0044L9T011203	25,953 6,589
Amount Provided to Subrecipients	14.267	NV0044L9T011304	77,876
			110,418
CDBG-Entitlement Grants: Direct Programs: Community Development Block Grants/Entitlement Grants (Community Development Block Grant Program for Entitlement Communities Program Income Community Development Block Grants/Entitlement Grants (Community Development Block Grant Program for Entitlement Communities Program Income	14.218 14.218  14.218 14.218	-- --  -- --	16,049 2,663  29,728 56,072
			104,512
			(CONTINUED)

**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Project/Pass-through Grantor's Number	Expenditures 2015
<b>U.S. Department of Housing and Urban Development (HUD) (continued):</b>			
CDBG-State-Administered CDBG:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (State CDBG)	14.228	--	\$ 600
Program Income	14.228	13/PF/14	211,515
Amount Provided to Subrecipients	14.228	14/PS/24	35,043
Amount Provided to Subrecipients			<u>\$ 247,158</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>525,395</u></b>
<b>U.S. Department of the Interior (DOI):</b>			
Passed through Nevada Bureau of Land Management:			
Southern Nevada Public Land Management	15.235	L11AC20157	144,544
Passed through Nevada Division of State Parks:			
Outdoor Recreation-Acquisition, Development and Planning (Land and Water Conservation Fund Grants)	15.916	32.00320.1	78,235
<b>Total U.S. Department of the Interior</b>			<b><u>222,779</u></b>
<b>U.S. Department of Justice (DOJ):</b>			
Direct Programs:			
Organized Crime Drug Enforcement Task Forces (OCDEF) State and Local Overtime Drug Enforcement	16.UNKNOWN 16.UNKNOWN	PA-NV-0266 2014-95	71,262 1,518
State Criminal Alien Assistance Program	16.606	--	192,277
Juvenile Mentoring Program	16.726	2010-DC-BX-0113	6,499
Amount Provided to Subrecipients	16.726	2010-DC-BX-0113	37,038
DNA Backlog Reduction Program	16.741	2013-DN-BX-0121	178,424
DNA Backlog Reduction Program	16.741	2014-DN-BX-0029	82,339
Equitable Sharing Program	16.922	--	482,121
Program Income	16.922	--	9,045
Passed through Reno Police Department:			
Edward Byrne Memorial Justice Assistance Grant Program (Byrne JAG Program)	16.738	14-JAG-26	46,506
Edward Byrne Memorial Justice Assistance Grant Program (Byrne JAG Program)	16.738	2013-DJ-BX-0956	1,339
Edward Byrne Memorial Justice Assistance Grant Program (Byrne JAG Program)	16.738	2014-DJ-BX-0553	27,241
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program (Byrne JAG Program)	16.738	12-JAG-33	7,503
Edward Byrne Memorial Justice Assistance Grant Program (Byrne JAG Program)	16.738	14-JAG-27	96,222
Edward Byrne Memorial Justice Assistance Grant Program (Byrne JAG Program)	16.738	13-JAG-30	4,001

(CONTINUED)

**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project/Pass-through Grantor's Number</u>	<u>Expenditures 2015</u>
<b>U.S. Department of Justice (DOJ) (continued):</b>			
Passed through Nevada Department of Health and Human Services, Child and Family Services Division: Juvenile Justice and Delinquency Prevention-Allocation to States (State Formula Grants)	16.540	FORMULA 2014-001	\$ 58,588
Crime Victim Assistance	16.575	VOCA13-097	80,749
Crime Victim Assistance	16.575	VOCA13-098	10,837
Passed through Las Vegas Metropolitan Police Department: Missing Children's Assistance	16.543	2011-MC-CX-K002	40,748
Missing Children's Assistance	16.543	2014-MC-FX-K045	28,559
PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities (Prison Rape Elimination Act PREA)	16.735	14-JAG-23	635
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance: Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	14-FSI-02	11,823
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	12-FSI-02	30,300
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	13-FSI-02	2,409
<b>Total U.S. Department of Justice</b>			<b>1,507,983</b>
<b>U.S. Department of Transportation (DOT):</b>			
Highway Planning and Construction Cluster: Passed through Nevada Department of Public Safety, Office of Traffic Safety: Highway Planning and Construction (Federal-Aid Highway Program, Federal Lands Highway Program)	20.205	JF-2015-WCSO-00013	31,910
Highway Planning and Construction (Federal-Aid Highway Program, Federal Lands Highway Program)	20.205	15C00003	22,096
Highway Planning and Construction (Federal-Aid Highway Program, Federal Lands Highway Program)	20.205	PR141-13-063	7,660
Highway Planning and Construction (Federal-Aid Highway Program, Federal Lands Highway Program)	20.205	PR140-13-804	5,689
			67,355
Passed through Nevada Division of State Parks: Recreational Trails Program	20.219	2009-09	65,313
Recreational Trails Program	20.219	2009-10	31,455
			96,768
<b>Total Highway Planning and Construction Cluster</b>			<b>164,123</b>

(CONTINUED)

WASHOE COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Project/Pass-through Grantor's Number	Expenditures 2015
<b>U.S. Department of Transportation (DOT) (continued):</b>			
Highway Safety Cluster:			
Passed through Nevada Department of Public Safety, Office of Traffic Safety:			
State and Community Highway Safety Program Income	20.600	21-AL-2	\$ 22,503
State and Community Highway Safety Program Income	20.600	21-AL-2	64,707
State and Community Highway Safety Program Income	20.600	21-AL-3	35,576
State and Community Highway Safety Program Income	20.600	21-AL-3	70,563
State and Community Highway Safety Program Income	20.600	JF-2015-WCSO-00013	17,172
State and Community Highway Safety Program Income	20.600	JF-2014-WCSO-00027	3,566
			<u>214,087</u>
Occupant Protection Incentive Grants	20.602	JF-2014-WCSO-00027	<u>6,845</u>
National Priority Safety Programs	20.616	TS-2015-WC	35,904
National Priority Safety Programs	20.616	JF-2015-WCSO-00013	<u>33,701</u>
			<u>69,605</u>
			\$ 290,537
Total Highway Safety Cluster			6,760
Alcohol Open Container Requirements	20.607	JF-2014-WCSO-00027	
Passed through Nevada State Emergency Response Commission:			
Interagency Hazardous Materials Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants, HMEP, Hazardous Materials Instructor Training Grants HMIT Supplemental Public Sector Training Grants SPST)	20.703	14-HMEP-16-03	15,020
Interagency Hazardous Materials Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants, HMEP, Hazardous Materials Instructor Training Grants HMIT Supplemental Public Sector Training Grants SPST)	20.703	14-HMEP-16-01	14,075
Interagency Hazardous Materials Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants, HMEP, Hazardous Materials Instructor Training Grants HMIT Supplemental Public Sector Training Grants SPST)	20.703	14-HMEP-16-04	2,925
			<u>32,020</u>
<b>Total U.S. Department of Transportation</b>			<b>493,440</b>
<b>General Services Administration:</b>			
Direct Programs:			
Donation of Federal Surplus Personal Property (Donation Program)	39.003	--	
			<u>105,353</u>
			(CONTINUED)

**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Project/Pass-through Grantor's Number	Expenditures 2015
<b><u>Institute of Museum and Library Services:</u></b>			
Passed through Nevada State Library and Archives:			
Grants to States	45.310	2014-07	\$ 2,790
Grants to States	45.310	2014-29	43,963
			<u>\$ 46,753</u>
<b>Total Institute of Museum and Library Services</b>			
<b><u>U.S. Environmental Protection Agency (EPA):</u></b>			
Direct Programs:			
Air Pollution Control Program Support	66.001	A-00905414-0	161,731
Air Pollution Control Program Support	66.001	A-00905415-0	505,145
			666,876
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM-00T56401-0	10,847
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM-99T08401-0	33,542
In-kind Costs	66.034	--	52,834
			97,223
Congressionally Mandated Projects (Congressional Earmarks)	66.202	XP-00T35201-1	4,458
Passed through Nevada Department of Conservation and Natural Resources, Division of Environmental Protection:			
State Public Water System Supervision	66.432	DEP 16-001	90,000
Nonpoint Source Implementation Grants (319 Program)	66.460	DEP-S 14-022	172,020
Underground Storage Tank Prevention, Detection and Compliance Program (UST Prevention, Detection and Compliance Program)	66.804	DEP 14-003-2	43,011
Leaking Underground Storage Tank Trust Fund Corrective Action Program (Leaking UST Corrective Action Program)	66.805	--	74,992
			<u>1,148,580</u>
<b>Total U.S. Environmental Protection Agency</b>			
<b><u>U.S. Department of Health and Human Services (HHS):</u></b>			
Direct Programs:			
Food and Drug Administration-Research (General Grant Funding Program 93103)	93.103	5U18FD004668-03	143,784
Family Planning-Services (FP Services)	93.217	5FPHPA096051-03-00	799,800
Program Income	93.217	5 FPHPA096051-03	53,026
			852,826
			(CONTINUED)

WASHOE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title <u>U.S. Department of Health and Human Services (HHS) (continued):</u>	CFDA Number	Project/Pass-through Grantor's Number	Expenditures 2015
Substance Abuse and Mental Health Services-Projects of Regional and National Significance (PRNS)	93.243	1H79TI025004-01	\$ 28,405
Amount Provided to Subrecipients	93.243	1H79TI025004-01	140,796 \$
<b>Aging Cluster:</b>			
Passed through Nevada Aging and Disability Services Division:			
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-05-BX-14	70,816
Program Income	93.044	16-000-05-BX-14	30,538
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-02-BL-14	68,001
Program Income	93.044	16-000-02-BL-14	1,612
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-21-BX-14	31,218
			202,185
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-04-1X-14	62,815
Program Income	93.045	16-000-04-1X-14	4,960
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-07-1X-14	79,858
Program Income	93.045	16-000-07-1X-14	16,170
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-04-2X-15	327,186
Program Income	93.045	16-000-04-2X-15	17,115
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-07-1X-15	242,466
Program Income	93.045	16-000-07-1X-15	54,776
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-66-1X-15	3,580
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-78-2X-15	38,783
Nutrition Services Incentive Program (NSIP)	93.053	16-000-57-NX-15	847,709
Total Aging Cluster			1,189,947
<b>Passed through Nevada Department of Health and Human Services Health Division:</b>			
Public Health Emergency Preparedness (PERLC: PREPAREDNESS AND EMERGENCY RESPONSE LEARNING CENTER PERLC Supporting PHEP; awards other than PHEP Cooperative agreement not recorded under 93074)	93.069	HD 14587	609,396
Public Health Emergency Preparedness (PERLC: PREPAREDNESS AND EMERGENCY RESPONSE LEARNING CENTER PERLC Supporting PHEP; awards other than PHEP Cooperative agreement not recorded under 93074)	93.069	HD 14586	60,211

669,607  
(CONTINUED)

**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Project/Pass-through Grantor's Number	Expenditures 2015
<b>U.S. Department of Health and Human Services (HHS) (continued):</b>			
Passed through Nevada Department of Health and Human Services Health Division (continued):			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned			
Cooperative Agreements (HPP/PHEP)	93.074	HD 14937	\$ 767
Cooperative Agreements (HPP/PHEP)	93.074	HD 14832	626
			<u>1,393</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs (Tuberculosis Prevention and Control and Laboratory Program)	93.116	HD 14816	55,353
Project Grants and Cooperative Agreements for Tuberculosis Control Programs (Tuberculosis Prevention and Control and Laboratory Program)	93.116	HD 14648	58,715
Program Income	93.116	HD 14648	2,750
Program Income	93.116	HD 14808	2,154
			<u>118,972</u>
Immunization Cooperative Agreements	93.268	HD 14808	165,764
Program Income	93.268	HD 14808	80,360
Immunization Cooperative Agreements	93.268	HD 14265	179,187
Program Income	93.268	HD 14265	44,708
			<u>470,019</u>
Centers for Disease Control and Prevention-Investigations and Technical Assistance (CDC Investigations, Technical Assistance)	93.283	HD 14355	103,609
Centers for Disease Control and Prevention-Investigations and Technical Assistance (CDC Investigations, Technical Assistance)	93.283	HD 14683	102,116
			<u>205,725</u>
National State Based Tobacco Control Programs (National Tobacco Control Program)	93.305	HD 14843	27,150
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF (ELC/EIP - 2012 Prevention and Public Health Fund and Other Capacity-Building Activities)	93.521	HD 14683	41,325
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF (ELC/EIP - 2012 Prevention and Public Health Fund and Other Capacity-Building Activities)	93.521	HD S14224	2,226
			<u>43,551</u>
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	HD 14910	4,810
National Bioterrorism Hospital Preparedness Program (HPP)	93.889	HD 14902	10,908
National Bioterrorism Hospital Preparedness Program (HPP)	93.889	HD 14588	229,517
			<u>240,425</u>

(CONTINUED)



**WASHOE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Project/Pass-through Grantor's Number</b>	<b>Expenditures 2015</b>
<b>U.S. Department of Health and Human Services (HHS) (Continued):</b>			
Passed through Nevada Department of Health and Human Services Health Division (continued):			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs (National Breast and Cervical Cancer Early Detection Program NBCCEDP)	93.919	--	\$ 3,653
HIV Prevention Activities-Health Department Based (HIV Prevention Program)	93.940	HD 12132-3	\$ 175,867
HIV Prevention Activities-Health Department Based (HIV Prevention Program)	93.940	HD 14790	<u>119,052</u>
HIV Care Formula Grants	93.917	HD 14872	8,340
HIV Care Formula Grants	93.917	HD 14459-1	19,923
HIV Care Formula Grants	93.917	HD 14873	20,380
HIV Care Formula Grants	93.917	HD 14460-1	<u>37,997</u>
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance (HIV/AIDS Surveillance)	93.944	HD 14646	34,568
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance (HIV/AIDS Surveillance)	93.944	HD 14824	<u>33,962</u>
Block Grants for Community Mental Health Services	93.958	HD 14539	63,536
Preventive Health Services-Sexually Transmitted Diseases Control Grants Program Income	93.977	HD 14635	70,831
Preventive Health Services-Sexually Transmitted Diseases Control Grants Program Income	93.977	HD 14635	7,927
Preventive Health Services-Sexually Transmitted Diseases Control Grants Program Income	93.977	HD 14827	64,728
Preventive Health Services-Sexually Transmitted Diseases Control Grants Program Income	93.977	HD 14827	<u>11,841</u>
Maternal and Child Health Services Block Grant to the States (MCH Block Grants)	93.994	HD 14433	33,060
Passed through Nevada Aging & Disability Services Division: National Family Caregiver Support, Title III, Part E	93.052	16-000-15-EX-14	86,000
Passed through Nevada Department of Health and Human Services, Child and Family Services Division: Medicare Enrollment Assistance Program (MIPPA)	93.071	16-000-13-Q8X-14	3,963
Promoting Safe and Stable Families	93.556	IVB-2-14-061	19,192
Promoting Safe and Stable Families	93.556	IVB-2-13-061	<u>7,126</u>
Passed through National Association of County and City Health Officials: Medical Reserve Corps Small Grant Program (MRC)	93.008	MRC 08 0443	3,110

(CONTINUED)

WASHOE COUNTY  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Project/Pass-through Grantor's Number	Expenditures 2015
<b>U.S. Department of Health and Human Services (HHS) (continued):</b>			
Passed through Nevada Division of Child and Family Services:			
Adoption Incentive Payments	93.603	AI-13-012	\$ 73,792
Adoption Incentive Payments	93.603	AI-13-012	175,114 \$
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	62,004
Foster Care-Title IV-E	93.658	--	9,301,221
Adoption Assistance	93.659	--	5,506,345
Social Services Block Grant (SSBG Program)	93.667	--	677,437
Child Abuse and Neglect State Grants	93.669	CANS-15-022	124,396
Chafee Foster Care Independence Program (CFCIP; Independent Living Program)	93.674	CH-14-020	325,504
Passed through Nevada Division of Welfare and Supportive Services:			
Child Support Enforcement Program Income	93.563	--	2,600,454
	93.563	--	15,770
Grant to States for Access and Visitation Programs	93.597	1301NVSAMP	31,468
Passed through Supreme Court of Nevada, Administrative Office of the Courts:			
State Court Improvement Program (State and Tribal Court Improvement Programs)	93.586	15-429	54,940
Passed through Centers for Medicare & Medicaid Services:			
Medicare-Prescription Drug Coverage (Medicare Part D)	93.770	CMS-10156	263,438
<b>Total U.S. Department of Health and Human Services</b>			<b>24,174,349</b>
<b>Executive Office of the President, Office of National Drug Control Policy:</b>			
Passed through Las Vegas Metropolitan Police Department:			
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G13NV0001A	93,447
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G14NV0001A	23,023
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G15NV0001A	79,054
<b>Total Executive Office of the President, Office of National Drug Control Policy</b>			<b>195,524</b>

(CONTINUED)

WASHOE COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Project/Pass-through Grantor's Number	Expenditures 2015
<b>U.S. Department of Homeland Security (DHS):</b>			
Direct Programs:			
Secret Service Task Force	97.UNKNOWN	--	\$ 830
Passed through Nevada Department of Public Safety Division of Emergency Management:			
Pre-Disaster Mitigation (PDM)	97.047	PDMC-PL-09-NV2013003	60,000
Homeland Security Grant Program (HSGP and THSGP)	97.067	97067HL3	\$ 17,749
Homeland Security Grant Program (HSGP and THSGP)	97.067	97067-HL3	84,067
Homeland Security Grant Program (HSGP and THSGP)	97.067	97067HL4	131,242
Emergency Management Performance Grant (EMPG)	97.042	9704213	93,684
Emergency Management Performance Grant (EMPG)	97.042	9704214	73,561
<b>Total U.S. Department of Homeland Security</b>			<b>461,133</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 33,888,642</b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**WASHOE COUNTY, NEVADA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 – REPORTING ENTITY**

The Washoe County reporting entity is defined in Note 1 to its basic financial statements. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Washoe County but does not include federal financial assistance programs of the County's discretely presented component units. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included in the schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

**NOTE 3 – NONCASH EXPENDITURES**

The expenditures reported include noncash items as follows:

**National School Lunch Program (School Lunch Program [10.555])**

Expenditures of \$3,184 for this program represent the dollar value of food commodities served at the County's juvenile detention facilities. The value of commodities is determined by the U.S. Department of Agriculture.

**Emergency Food Assistance Program (Food Commodities [10.569])**

Expenditures of \$14,725 for this program represent the dollar value of food commodities distributed to eligible recipients during the year. The value of commodities is determined by the U.S. Department of Agriculture.

**Senior Farmers Market Nutrition Program (10.576)**

Expenditures of \$6,390 for this program represent the dollar value of nutrition program coupons received from the Department of Agriculture (DA). The value of items received was determined by the DA.

**Donation of Federal Surplus Personal Property (39.003)**

Expenditures of \$105,353 for this program represent the dollar value of items received from the Defense Reutilization and Marketing Office (DRMO). The value of the items received was determined by the DRMO.

**Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act (66.034)**

The expenditures include \$52,834 representing the value of sample analyses obtained at no charge to Washoe County.

**NOTE 4 – PROGRAM INCOME**

Expenditures reported include income received by the grantee, directly generated by grant-supported activity and includes the following programs:

<u>PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AMOUNT</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 58,735
Community Development Block Grants/State's Program	14.228	600
Equitable Sharing Program	16.922	9,045
State and Community Highway Safety	20.600	135,270
Special Programs for the Aging Title III, Part B	93.044	32,150
Special Programs for the Aging Title III, Part C	93.045	93,021
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	4,904
Family Planning Services	93.217	53,026
Immunization Cooperative Agreements	93.268	125,068
Child Support Enforcement	93.563	15,770
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	<u>19,768</u>
Total Program Income		<u>\$ 547,357</u>

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Yes

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557
Lake Tahoe Erosion Control Grant Program	10.690
Family Planning Services	93.217
Child Support Enforcement	93.563
Foster Care - Title IV-E	93.658
Social Services Block Grant (SSBG Program)	93.667
Chafee Foster Care Independence Program	93.674
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,016,659
Auditee qualified as low-risk auditee?	Yes

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Section II – Financial Statement Findings**

***Findings Relating to the Financial Statements Reported in Accordance with GAGAS:***

Finding 2015-A

Significant deficiency

*Criteria and Condition:*

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting revenue received shortly after year end is a key component of effective internal control over financial reporting.

A journal entry was required to properly report centrally assessed taxes received in July. The taxes were assessed and collected in the year ended June 30, 2015 and remitted to Washoe County in July 2015. The amount should have been recorded as amounts due from other governments and revenue at June 30, 2015.

*Effect:*

Amounts due from other governments and revenues were understated before the adjustment.

*Cause:*

Due to significant turnover and personnel changes in the Comptroller's staff near year end, and given the daily responsibilities of the Comptroller's staff, the resources of time and training necessary to analyze payments received after year end were diminished. As a result, this payment of centrally assessed taxes was recorded in the year received rather than the year earned.

*Recommendation:*

We recommend the Comptroller's staff analyze all payments received shortly after (within 60 days of) year end to ensure the payments are recorded in the proper year.

*Views of Responsible Officials and planned corrective action:*

Washoe County acknowledges the importance of properly reporting revenue. Comptroller's staff will continue to analyze all payments to ensure proper recording, including those received within 60 days of year end.

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2015-B

Significant deficiency

*Criteria and Condition:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting accreted interest on capital appreciation bonds is part of effective internal control over financial reporting.

A prior period adjustment in the amount of \$4,732,133 was required to properly report accreted interest on capital appreciation bonds issued in 2008 and 2009. In addition, an adjustment was required to record current year accreted interest in the amount of \$1,036,301.

*Effect:* Accreted interest on capital appreciation bonds was understated by \$5,768,434 and net position was overstated by a like amount prior to these adjustments.

*Cause:* This is the first capital appreciation bond issued by the County. A procedure was not in place to record the accreted interest on capital appreciation bonds and as a result, it was inadvertently overlooked in prior years.

*Recommendation:* We recommend the Comptroller's staff add a step to the year-end procedures to record the accreted interest on the capital appreciation bonds.

*Views of Responsible Officials and planned corrective action:* Washoe County will continue to follow the lead of its auditors, for current and overlooked items, and add a step to include the recognition of accreted interest on its capital appreciation bonds.

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Section III – Federal Award Findings and Questioned Costs**

**2015-001 U.S. Department of Health and Human Services  
CFDA 93.217  
Family Planning - Services**

**Cash Management  
Significant Deficiency**

*Grant Award Number:* Affects all grant awards included under CFDA 93.217 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Circular A-133* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition and Context:* During our audit testing of federal cash draws, we noted that the draws are prepared and submitted without being reviewed by an individual independent of the preparation process. The review process is a key aspect of maintaining effective internal controls.

*Questioned Costs:* None.

*Effect:* Inaccurate federal cash draws may be prepared and the incorrect amount of federal dollars may be received.

*Cause:* The Washoe County Department of Health did not have controls in place to provide for the review of federal cash draws by an individual independent of the preparation.

*Recommendation:* We recommend the Washoe County Department of Health implement controls to provide for the review of federal cash draws by an individual independent of the preparation.

*Management's Response:* See Management's Response on page C-23.



**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

February 2, 2016

TO: U.S. Department of Health and Human Services

FROM: Anna Heenan, Administrative Health Services Officer

SUBJECT: Washoe County Schedule of Findings and Questioned Costs for the Year Ended June 30, 2015

I am responding to the Finding and Questioned Costs for Federal Awards relating to the Single Audit Report for Fiscal Year Ended June 30, 2015.

**FINDING**

Finding 2015-001 Family Planning – Services, CFDA 93.217

**CONDITION AND CONTEXT**

During our audit testing of federal cash draws, we noted that the draws are prepared and submitted without being reviewed by an individual independent of the preparation process. The review process is a key aspect of maintaining effective internal controls.

**CORRECTIVE ACTION**

Revised process for requesting federal cash draws: the Fiscal Compliance Officer prepares the financial information for the request to draw down funds; the request is then submitted to the Administrative Health Services Officer (AHSO) who reviews the accuracy of the federal cash draw request by comparing it to the financial information in the SAP financial system; once the request is verified and signed off by the AHSO it is given to the Administrative Assistant to complete the draw down request.

cc: Cathy Hill  
Eide Bailly, LLP

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

**2015-002 U.S. Department of Health and Human Services  
CFDA 93.217  
Family Planning - Services**

**Reporting  
Significant Deficiency**

*Grant Award Number:* Affects all grant awards included under CFDA 93.217 on the Schedule of Expenditures of Federal Awards.

*Criteria:* OMB Circular A-133 requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition and Context:* During our audit testing of Federal Financial Reports (SF-425), we noted that the SF-425's are prepared and submitted without being reviewed by an individual independent of the preparation process. The review process is a key aspect of maintaining effective internal controls.

*Questioned Costs:* None.

*Effect:* Inaccurate information may be reported to the federal agency.

*Cause:* The Washoe County Department of Health did not have controls in place to provide for the review of Federal Financial Reports by an individual independent of the preparation.

*Recommendation:* We recommend the Washoe County Department of Health implement controls to provide for the review of Federal Financial Reports by an individual independent of the preparation.

*Management's Response:* See Management's Response on page C-25.

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

February 2, 2016

TO: U.S. Department of Health and Human Services

FROM: Anna Heenan, Administrative Health Services Officer

SUBJECT: Washoe County Schedule of Findings and Questioned Costs for the Year Ended June 30, 2015

I am responding to the Finding and Questioned Costs for Federal Awards relating to the Single Audit Report for Fiscal Year Ended June 30, 2015.

**FINDING**

Finding 2015-002 Family Planning – Services, CFDA 93.217

**CONDITION AND CONTEXT**

During our audit testing of Federal Financial Reports (SF-425), we noted that the SF-425's are prepared and submitted without being reviewed by an individual independent of the preparation process. The review process is a key aspect of maintaining effective internal controls.

**CORRECTIVE ACTION**

Revised process for review of the SF-425: the Fiscal Compliance Officer prepares the SF-425; the SF-425 is then submitted to the Administrative Health Services Officer (AHSO) who reviews the accuracy of the information; once the SF-425 is verified and signed off by the AHSO it is given to the Administrative Assistant to process.

cc: Cathy Hill  
Eide Bailly, LLP

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

**2015-003 U.S. Department of Health and Human Services  
CFDA 93.217  
Family Planning - Services**

**Program Income  
Significant Deficiency**

*Grant Award Number:* Affects all grant awards included under CFDA 93.217 on the Schedule of Expenditures of Federal Awards.

*Criteria:* OMB Circular A-133 provides that grantees must charge for family planning services according to the client's ability to pay. For individuals from families with incomes between 101 and 250 percent of the published Income Poverty Guidelines, such a schedule must provide discounts based on ability to pay. Fees for individuals from families with higher incomes are set to recover the reasonable cost of providing services.

*Condition and Context:* During our audit testing, we noted the published Income Poverty Guidelines changed in January of 2015. However, the County's family services billing software was not updated to reflect the new Income Poverty Guidelines.

*Questioned Costs:* None.

*Effect:* Charges for family planning services were not calculated in accordance with the published Income Poverty Guidelines after January 2015.

*Cause:* The Washoe County Department of Health did not have controls in place to ensure the current Income Poverty Guidelines were reflected in its family services billing software.

*Recommendation:* We recommend the Washoe County Department of Health implement controls to ensure the current Income Poverty Guidelines are reflected in its family services billing software.

*Management's Response:* See Management's Response on pages C-27.

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

February 2, 2016

TO: U.S. Department of Health and Human Services

FROM: Anna Heenan, Administrative Health Services Officer

SUBJECT: Washoe County Schedule of Findings and Questioned Costs for the Year Ended June 30, 2015

I am responding to the Finding and Questioned Costs for Federal Awards relating to the Single Audit Report for Fiscal Year Ended June 30, 2015.

**FINDING**

Finding 2015-003 Family Planning – Services, CFDA 93.217

**CONDITION AND CONTEXT**

During our audit testing, we noted the published Income Poverty Guidelines changed in January of 2015. However, the County's family services billing software was not updated to reflect the new Income Poverty Guidelines.

**CORRECTIVE ACTION**

The Director of Community and Clinical Health Services is responsible to ensure that the Health and Human Services (HHS) Poverty Guidelines are updated annually in the clinic billing software system. The Public Health Nurse Supervisor's will place a reminder in their Outlook calendars to check the Federal Register in January for updates. By January 31<sup>st</sup> of each year, the updated HHS Poverty Guidelines will be provided to the Department Systems Specialist to make the necessary changes in the billing software. The Department Systems Specialist will notify the Director and Public Health Nurse Supervisor's when complete.

cc: Cathy Hill  
Eide Bailly, LLP

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

**2015-004 U.S. Department of Health and Human Services  
Passed through Nevada Division of Welfare and Supportive Services  
CFDA 93.563  
Child Support Enforcement**

**Cash Management  
Significant Deficiency**

*Grant Award Number:* Affects all grant awards included under CFDA 93.563 on the Schedule of Expenditures of Federal Awards.

*Criteria:* OMB Circular A-133 requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition and Context:* During our audit testing of reimbursement requests, we noted that the requests are prepared and submitted without being reviewed by an individual independent of the preparation process. The review process is a key aspect of maintaining effective internal controls.

*Questioned Costs:* None.

*Effect:* Inaccurate reimbursement requests may be prepared and the incorrect amount of federal dollars may be received.

*Cause:* The Washoe County District Attorney's Office and the Washoe County Second Judicial District Court did not have controls in place to provide for the review of reimbursement requests by an individual independent of the preparation.

*Recommendation:* We recommend the Washoe County District Attorney's Office and the Washoe County Second Judicial District Court implement controls to provide for the review of reimbursement requests by an individual independent of the preparation.

*Management's Response:* See Management's Response on pages C-29 and C-30.

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

January 28, 2016

TO: U.S. Department of Health and Human Services

FROM: Christopher J. Hicks, District Attorney

SUBJECT: Washoe County Schedule of Findings and Questioned Costs for the Year Ended June 30, 2015

I am responding to the Finding and Questioned Costs for Federal Awards relating to the Single Audit Report for Fiscal Year Ended June 30, 2015.

**FINDING**

Finding 2015-004 Child Support Enforcement - CFDA 93.563

**CONDITION AND CONTEXT**

During our audit testing of reimbursement requests, we noted that the requests are prepared and submitted without being reviewed by an individual independent of the preparation process. The review process is a key aspect of maintaining effective internal controls.

**CORRECTIVE ACTION**

The Child Support Enforcement program reimbursement requests are prepared by the Family Support Program Manager in the Washoe County District Attorney's Office and reviewed by the Fiscal Compliance Officer. Previously, the review by the FCO was completed electronically without an original signature being placed on the reimbursement request. From this point forward, the FCO will initial and date all file copies of the requests to effectively document this review process.

cc: Cathy Hill  
Eide Bailly, LLP



SECOND JUDICIAL DISTRICT COURT  
STATE OF NEVADA  
WASHOE COUNTY

75 COURT STREET  
RENO, NEVADA 89520-3083  
(775) 328-3110

January 27, 2016

TO: U.S. Department of Health and Human Services

FROM: Heather R. Potts, Chief Fiscal Officer *HP*

SUBJECT: Washoe County Schedule of Findings and Questioned Costs for the Year Ended June 30, 2015

I am responding to the Schedule of Findings and Questioned Costs for the Year Ended June 30, 2015.

**FINDING**

Finding 2015-004 Child Support Enforcement – CFDA 93.563

**CONDITION AND CONTEXT**

During our audit testing of reimbursement requests, we noted that the requests are prepared and submitted without being reviewed by an individual independent of the preparation process. The review process is a key aspect of maintaining effective internal controls.

**CORRECTIVE ACTION**

The lack of independent review was mentioned during the audit process. Since this time, the Washoe County Second Judicial District Court has added a reviewed and approved signature line to the monthly documentation that is signed off by an independent party.

cc: Cathy Hill, Comptroller  
Eide Bailly, LLP



**WASHOE COUNTY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2015**

June 30, 2015

TO: Mary Solorzano, Acting Comptroller

FR: Pamela Fine, Division Director Finance and Administration

**RE: Corrective Action Response to Washoe County FY 2014 Single Audit Findings 2014-001 through 2014-004**

These responses are provided to update the status of action taken regarding the Single Audit Findings published in the Washoe County Single Audit Report for Fiscal Year Ended June 30, 2014.

**FINDING**

Finding 2014-001, Foster Care Title IV-E, CFDA 93.658

**CONDITION AND CONTEXT**

As part of our testing over maintenance payment rates, we noted there were no policies or procedures included in the County's IV-E plan to provide for the periodic review of maintenance payment rates at reasonable, specific, time-limited periods to assure the rate's continuing appropriateness.

**CURRENT STATUS**

The Department of Social Services historically assessed the established rate for maintenance payments annually, but did not have a formal, documented process. The Department has developed a written policy with procedures to document an annual review and evaluation process for Foster Care maintenance payments to assure that payments established are reasonable, specific, available for a specified time period, and remain appropriate for the administration of the program. No adjustments of a financial nature are necessary in either Title IV-E claiming or State General Fund claiming as a result of this finding, as the finding did not alter the established billable rates.

**FINDING**

Finding 2014-002, Foster Care Title IV-E, CFDA 93.658

**CONDITION AND CONTEXT**

As part of our testing over the Department of Social Services Cost Allocation Plan, we noted that costs from the County Wide Cost Allocation Plan were included on the Department of Social Services' Cost Allocation Plan, which is allowable. However, the amounts included were from a version of the County Wide Cost Allocation Plan that was out of date.

**WASHOE COUNTY**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)**  
**JUNE 30, 2015**

**CURRENT STATUS**

The Comptroller's office does not publish and distribute copies of the County Wide Cost Allocation Plan to departments. The Department of Social Services accessed a copy of the County Wide Cost Allocation Plan posted on the Comptroller's website, which was the out of date version. The Department will enact internal procedures to verify that the copy of the County Wide Cost Allocation Plan utilized within the Social Services' Cost Allocation Plan is the final, approved version. The Department will verify the County Wide overhead charges assessed the Child Protective Services Fund match the overhead calculated within the final, approved version of the County Wide Cost Allocation Plan as further verification. No future adjustments of a financial nature are necessary in the Title IV-E claiming as a result of this finding, as the audit finding was issued before the last quarter Title IV-E claim was prepared; therefore the final quarter claim and the prior quarter adjustments were correctly submitted with the proper COWCap assessments in the fourth quarter 2014 claim.

**FINDING**

Finding 2014-003, Foster Care Title IV-E, CFDA 93.658

**CONDITION AND CONTEXT**

As part of our testing over the Department of Social Services' Cost Allocation Plan approved by the federal agency, we noted that the Plan narrative indicated that the amounts included in the Plan were allocated using a software tool, AlloCap. However, our testing indicated that AlloCap was not used in the preparation of the Cost Allocation Plan.

**CURRENT STATUS**

The Department of Social Services purchased the AlloCap software tool and support services in 2010. The Department has had repeated difficulty reconciling the AlloCap software tool with the Washoe County financial system, SAP. The Department has chosen to not currently install the AlloCap tool. The Department utilizes an Excel based tool, that although is not the AlloCap tool, it is an appropriate tool to support documented cost allocation reimbursement requests. Washoe County has submitted an amendment to the Washoe County Department of Social Services Cost Allocation Plan (CAP), effective January 1, 2015, which has been submitted to the State of Nevada DCFS, and subsequently forwarded for Federal review and approval, and has been amended to eliminate the reference to utilizing the AlloCap software tool. Although the AlloCap software tool was not utilized in FY 14, an Excel based cost allocation tool was utilized for the reimbursement calculations, and Department is confident in the accuracy and supportability of the outcome of the results using the Excel based tool for claiming during the period. The Excel allocation supports and utilizes the same methodology and processes as identified and approved in the Cost Allocation Plan (CAP). No adjustments of a financial nature were necessary as a result of this finding.

**FINDING**

Finding 2014-004, Chafee Foster Care Independence Program, CFDA 93.674

**CONDITION AND CONTEXT**

As part of our procedures over eligibility, we tested a sample of payments made on behalf of participants. We noted one payment was for services provided to a group of 16 participants, seven of which were over the age of 21 and ineligible.

**WASHOE COUNTY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)  
JUNE 30, 2015**

**CURRENT STATUS**

The Department of Social Services provides limited financial support to the community college program that assists former foster youth currently enrolled in the community college system, with educational guidance counseling; assistance applying for scholarships and other financial assistance; course tutoring, and other educational services. Programmatic reports provided by the college on the status of services delivered and students served included the entire population of youth served and did not delineate specific services to the youth between the ages of 18 to 21 who were targeted with this funding. The Department required amended reporting that details the specific services provided the specific target youth with the specific grant funding appropriated. Documentation has been received from the Community College provider that substantiates the population served with the Chaffee grant funds were between the ages of 18 and 21, as required according to the grant award. That documentation is secured in the Department's grant records for both the Fall 2013 and Spring 2014 reporting periods and covers the period of the grant award subject to the finding. No adjustments of a financial nature were necessary as a result of this finding.

Please let me know if you have any additional inquiries or comments regarding our responses and actions taken.

Thank you.

**WASHOE COUNTY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)  
JUNE 30, 2015**

June 30, 2015

TO: Mary Solorzano, Acting Comptroller

FROM: Anna Heenan, Administrative Health Services Officer

SUBJECT: Status of corrective action taken for Finding 2014-005 Family Planning – Services,  
CFDA 93.217

I am providing a current status of the corrective action taken for Finding 2014-005 relating to the Single Audit Report for Fiscal Year Ended June 30, 2014.

**FINDING**

Finding 2014-005 Family Planning – Services, CFDA 93.217

**CONDITION AND CONTEXT**

The Washoe County Department of Health is required to submit quarterly and annual SF-425 Federal Financial Reports for the Family Planning Services awards. During testing of the SF-425 report submitted for the period September 30, 2013, we noted the amounts reported for cash receipts and cash on hand were understated by \$203,197.

**CORRECTIVE ACTION**

The error was discovered (caused by using a figure from an incorrect line on an excel spreadsheet) and corrected on the subsequent Federal Financial Report for the period ending December 31, 2013. Staff has highlighted the line that reflects the total of cash receipts in the excel spreadsheet and will double check amounts prior to submitting the reports.

**CURRENT STATUS**

In addition to verifying the correct totals on the spreadsheet, the cash receipts and cash disbursements amounts reported on the SF-425 report now correlate with the amounts reported in the Division of Payment Management System as required by the grantor.