



**WASHOE COUNTY, NEVADA
POPULAR ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2017**



THE PURPOSE OF THE REPORT

To the Citizens of Washoe County, Nevada

I am pleased to present the Popular Annual Financial Report (PAFR) for Washoe County, Nevada, for the fiscal year ended June 30, 2017.

The Popular Annual Financial Report (PAFR) is a condensed version of the Washoe County Comprehensive Annual Financial Report (CAFR) which is prepared in accordance with generally accepted accounting principles in the United States of America. The CAFR provides in-depth information about the financial, investment, actuarial, statistical, and compliance aspects of Washoe County and is available online at <https://www.washoecounty.us/comptroller/CAFR/index.php>.

In this report we seek to educate residents and other interested parties in a concise, easy-to-read format on financial performance and achievement relating to Washoe County's operations.

Sincerely,

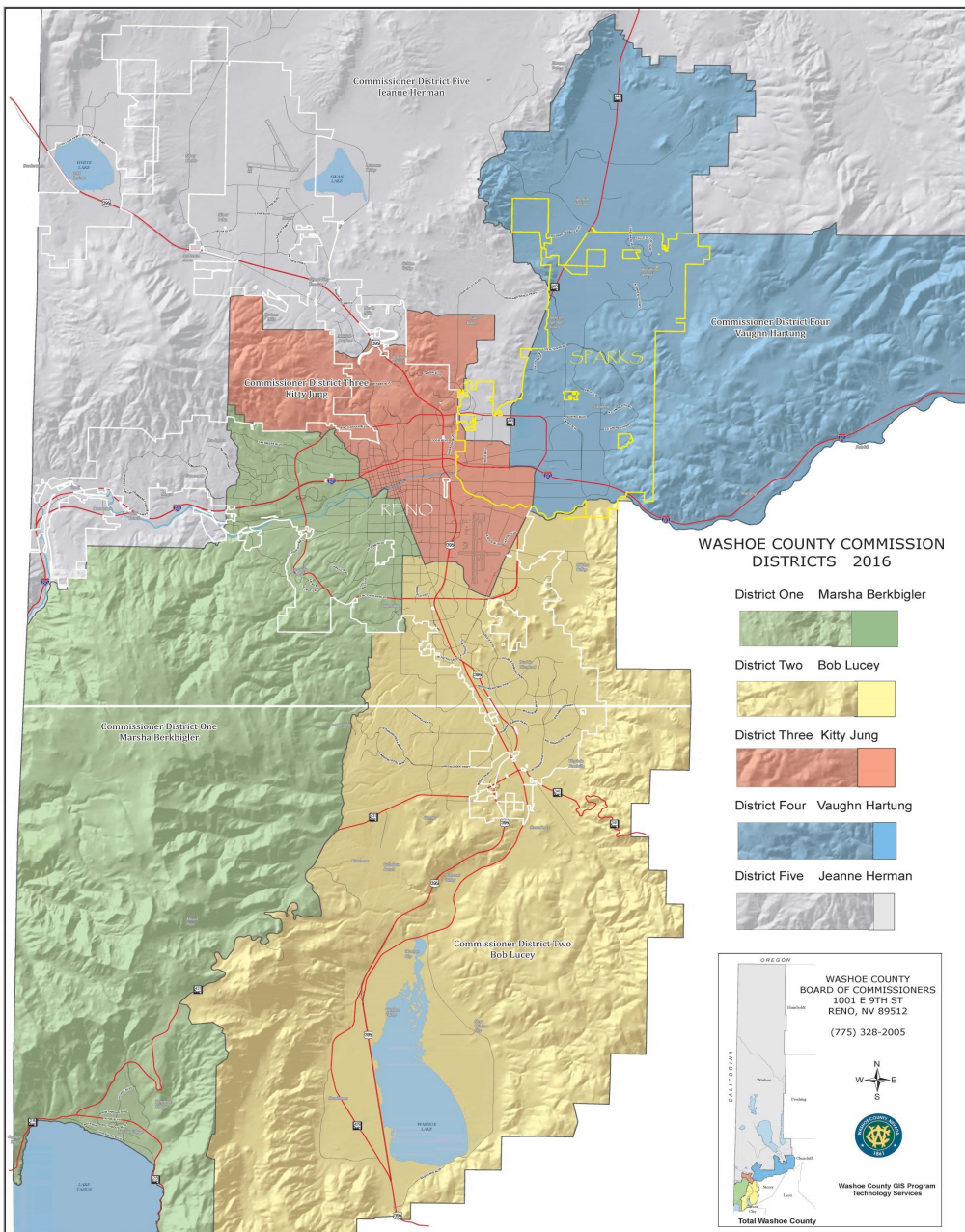
Cathy Hill

Comptroller



WASHOE COUNTY

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



MAJOR PROGRAMS / INITIATIVES

Some of the programs Washoe County initiated and/or completed during the 2017 fiscal year are:

Washoe County launches a Senior Volunteer Ambassador Program.

Human Services Agency implemented a public/private partnership with Catholic Charities of Northern Nevada in the senior nutrition program and Access to Healthcare Network to provide an Aging and Disability Resource Center and senior transportation to expand services to seniors.

Washoe County responded to the Little Valley Fire and 2 FEMA recognized flooding incidents which included a quarter of a million acres burned and 16 atmospheric rivers. During this time, Washoe County distributed over 1 million sandbags to the community and housed 51 people displaced by flooding.

Social Services 3 divisions were unified into a new Human Services Agency and includes 376,254 free, nutritious meals served to senior citizens as well as 136 children finding forever homes through adoption.

Washoe County launched a Sober 24 program. This 24/7 sobriety program is a twenty four hour, seven day a week monitoring program in which participants submit to various tests to determine the presence of an illegal substance. As of January 2017, approximately 34,000 tests have been conducted, producing a compliance rate of 98%.

The Crossroads program has served 1,239 clients since 2011. In 2016 94,000 alcohol tests have been performed resulting in only 14 failures following with 8,900 drug tests with only 23 failures. The success rate of this program continues to grow and has been recognized by the National Associate of Counties.

FY17 reflected additional budget authority for Sheriff Deputies to enhance security, and additional funding for the regional crime lab, Alternative Sentencing program, the Juvenile Services and positions to support the innovative specialty courts in Washoe County.

FINANCIAL HIGHLIGHTS

Ad Valorem taxes increased \$5 million from the previous year; overall governmental activities revenue increased \$11 million from the previous fiscal year.

Governmental activities expense increased by \$35 million compared to prior year as the result of increases in salaries and wages and costs associated with two flooding events.

Washoe County budgeted for 47 additional full time positions for fiscal year 2017.

As a result of increased program activity levels, welfare costs increased by \$9 million.

Revenues varied from budget by only 1% for the year.

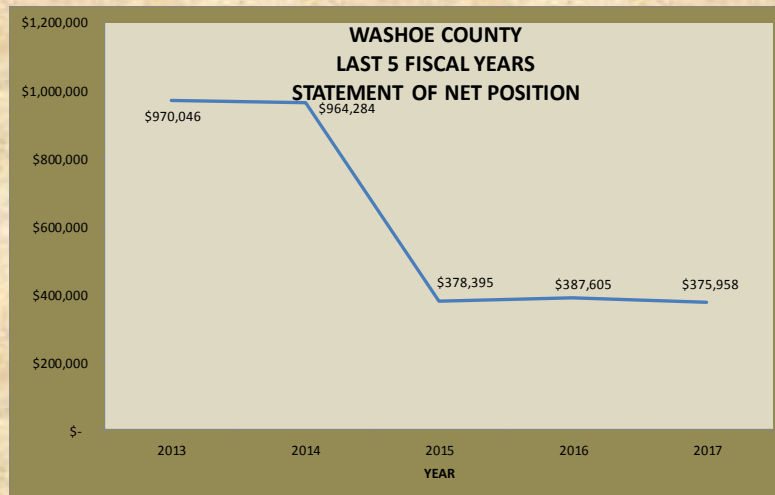
Washoe County's outstanding debt totaled \$158 million. Outstanding debt related to governmental activities decreased by \$10 million due to regularly scheduled principal payments, discounts, premiums and deferred charges on refunding. The current debt limitation for the County is \$1.5 billion which is \$1.3 billion in excess of the County's outstanding general obligation debt.



Bowers Mansion

STATEMENT OF NET POSITION

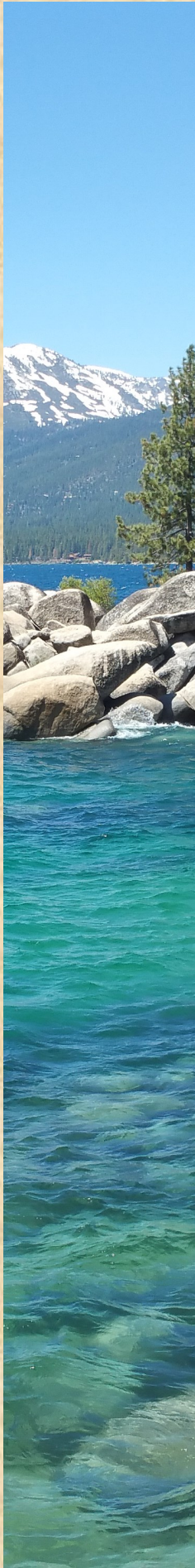
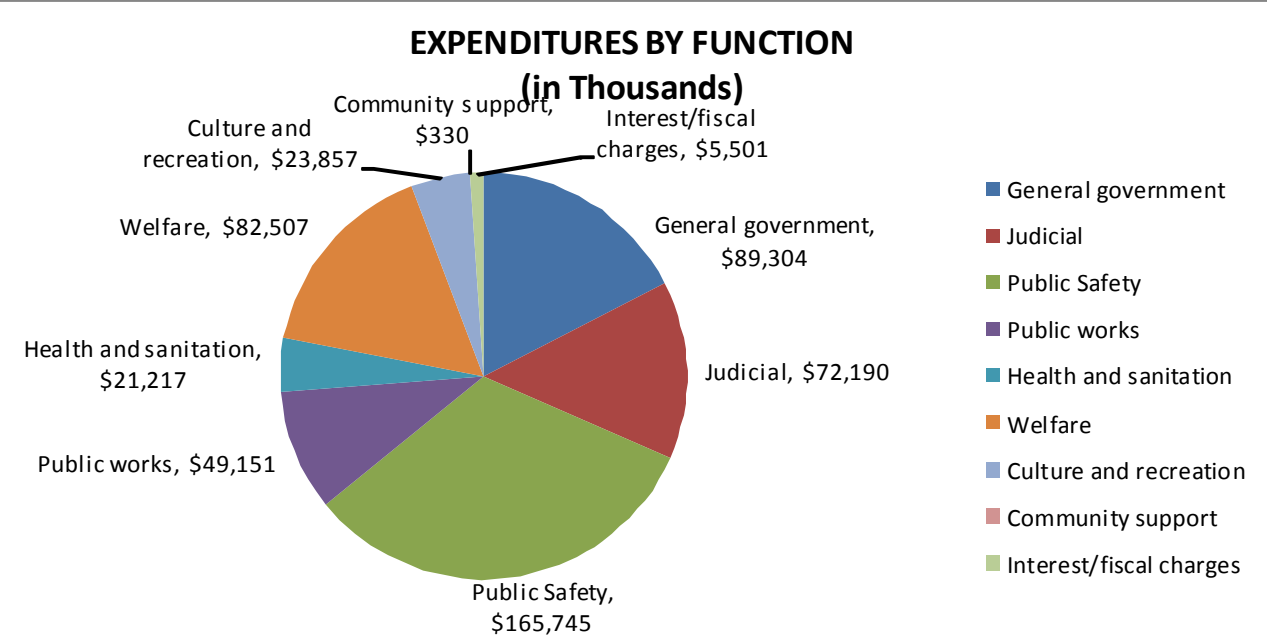
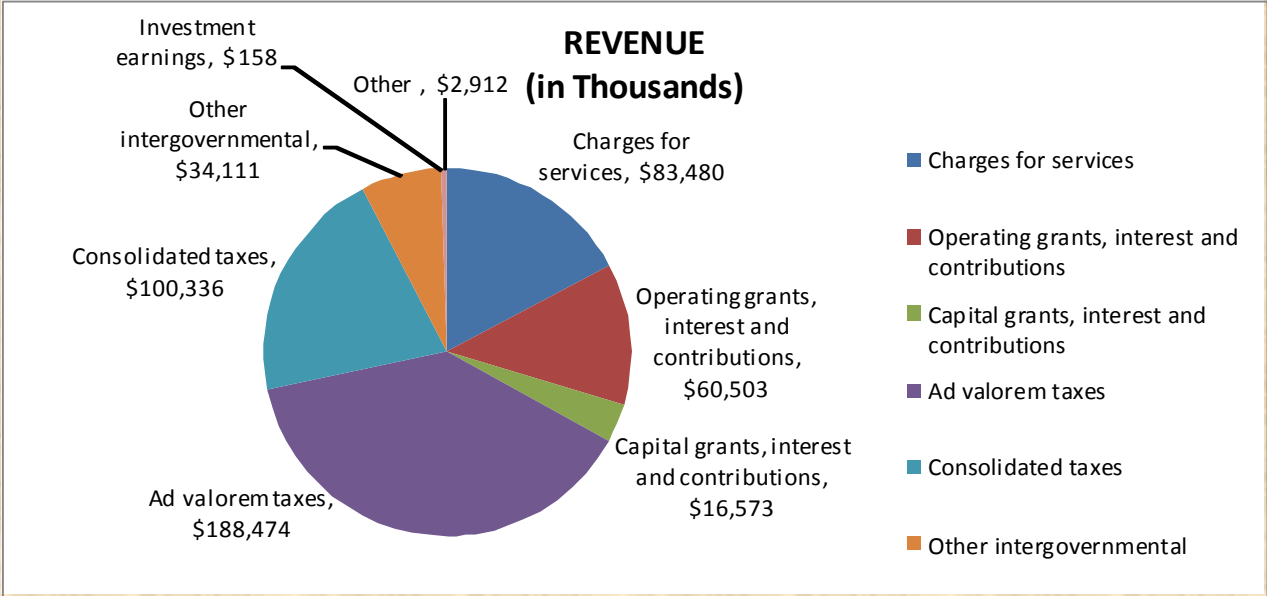
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 229,983	\$ 241,413	\$ 107,092	\$ 100,003	\$ 337,075	\$ 341,416
Net capital assets	490,719	508,350	143,238	143,256	633,957	651,606
Total assets	720,702	749,763	250,330	243,259	971,032	993,022
Deferred outflows of resources	102,117	61,611	1,691	1,190	103,808	62,801
Liabilities						
Current liabilities	37,452	44,554	3,321	3,626	40,773	48,180
Noncurrent liabilities due within one year	36,884	36,865	2,646	2,591	39,530	39,456
Noncurrent liabilities due in more than one year	569,605	515,953	17,413	19,485	587,018	535,438
Total liabilities	643,941	597,372	23,380	25,702	667,321	623,074
Deferred inflows of resources	31,205	44,729	356	415	31,561	45,144
Net position						
Net investment in capital assets	385,853	412,863	128,947	126,705	514,800	539,568
Restricted	107,899	116,440	1,151	1,122	109,050	117,562
Unrestricted	(346,079)	(360,030)	98,187	90,505	(247,892)	(269,525)
Total net position	\$ 147,673	\$ 169,273	\$ 228,285	\$ 218,332	\$ 375,958	\$ 387,605



The Statement of Net Position is a snapshot of account balances at fiscal year-end, June 30, 2017. The difference between assets and liabilities is “net position”, which represents funds available. As of June 30, 2017 Washoe County’s net position decreased by \$11.6 million. The decrease was largely driven by two flood event expenses and a pending refund to the State of Nevada for overpayment of sales tax.

Governmental Activities—principally supported by taxes and intergovernmental revenues. Functions included in this section are general government, administration of justice, public works, public safety, health and sanitation, welfare, culture and recreation, and community support.

Business-Type Activities—intended to recover all or a significant portion of their costs through user fees and charges. Activities included in this section include a sewer utility, golf courses, and building permit activities.



REVENUE -

Ad valorem taxes—also known as property taxes, levied per \$1,000 on the assessed value (net of any exemptions) of real property within the County—residential cap on property taxes is 2.6%

Consolidated taxes—combined local government tax for Supplemental City/County Relief Tax, Basic City/County Relief Tax, Cigarette Tax, Liquor Tax, Government Services Tax and Real Property Transfer Tax. Washoe County sales tax rate increased to 8.265%

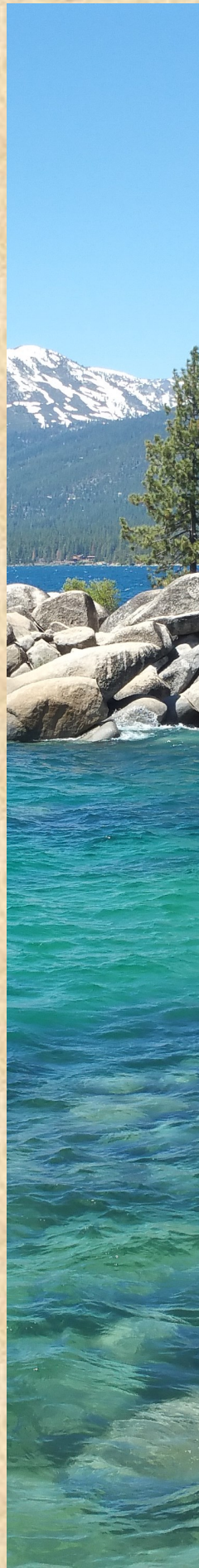
Charges for services—user fees—overhead charges to special revenue and proprietary funds to recover the County’s central services costs

DEBT

Washoe County has a debt limit of 10% of assessed property valuation. The assessed value of taxable property for fiscal year ended June 30, 2016 was \$15,432,327,000. This results in a debt limit of \$1,543,233,000. Total net debt subject to this limitation is \$216,641,000. This leaves a remaining legal debt margin of \$1,326,592,000.

**WASHOE COUNTY, NEVADA
LEGAL DEBT MARGIN COMPUTATION LAST FIVE FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Debt limit	\$ 1,229,011	\$ 1,231,795	\$ 1,328,628	\$ 1,434,271	\$ 1,543,233
Total net debt subject to limitation	277,578	268,292	225,354	223,754	216,641
Legal Debt Margin	\$ 951,433	\$ 963,503	\$ 1,103,274	\$ 1,210,517	\$ 1,326,592



The General Fund - is the primary operating fund of the County government and is a fund established for the purpose of accounting for all financial resources and liabilities of the County except those required to be accounted for in other funds by special regulations, restrictions or limitations imposed by legal, policy or reporting conventions. A third full-time judge for Sparks Justice Court was elected in November 2016 and took office in January 2017

**WASHOE COUNTY, NEVADA
FUND BALANCES, GOVERNMENTAL FUNDS LAST SEVEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

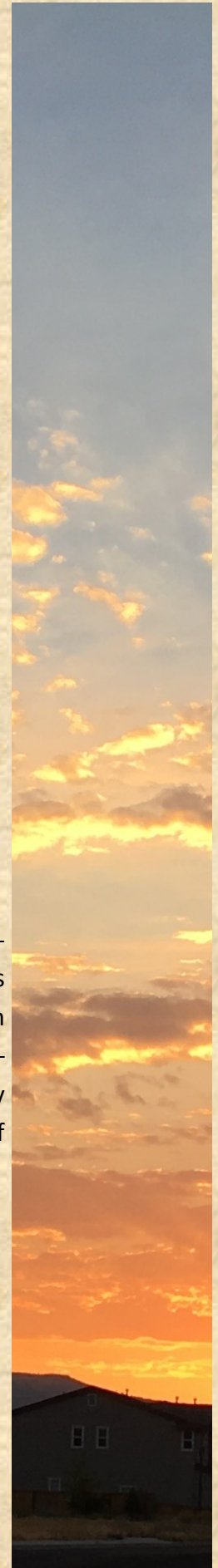
	Fiscal Year Ended June 30,						
	2011	2012	2013	2014	2015	2016	2017
General Fund							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-
Nonspendable	304	1	-	19	163	157	38
Restricted	760	750	801	792	766	879	750
Committed	5,277	4,718	4,598	4,519	3,229	4,722	3,191
Assigned	8,641	6,009	6,727	1,107	1,765	2,735	1,551
Unassigned	<u>23,789</u>	<u>24,845</u>	<u>26,908</u>	<u>40,170</u>	<u>45,377</u>	<u>44,946</u>	<u>45,041</u>
Total General Fund	<u>38,771</u>	<u>36,323</u>	<u>39,034</u>	<u>46,607</u>	<u>51,300</u>	<u>53,439</u>	<u>50,571</u>

General Fund balance decreased slightly due to two devastating natural disasters, the January flooding of the Truckee River and the North Valleys Flooding; however the County’s budget for fiscal year 2017/18 reflects a prudent and fiscally careful approach which weighs the services needs of county residents and businesses against future disaster-related repairs that will need to be completed over the next several years. The County continues to maintain an ending fund balance in the general fund that meets the Board of County Commissioners required amount between 10 to 17 percent.

Nonspendable—portion of fund balance that cannot be spent either because of underlying resources are not in spendable form or because the government is legally or contractually required to maintain the resources in tact.

Restricted—funds designated for a specific purpose—governmental funds that represents resources subject to externally enforceable constraints.

Committed—funds designated that are subject to a legally binding constraint that is imposed by the government itself at its highest level of decision-making authority and that remains legally binding unless removed in the same manner.



LOCAL ECONOMY AND ECONOMIC OUTLOOK

Washoe County continued to show signs of a robust recovery since the Great Recession. Some of the economic measures pointing to the strength of the economy in Washoe County include:

- Per capital personal income in Washoe County rose 6.3% in 2015
- The February median price of homes at \$320,000 was up 6% from January and up 10% from a year ago
- As a result of the income trends and overall economic activity in the region, taxable sales through the first half of the fiscal year were 9.2% higher than last fiscal year.

LONG TERM FINANCIAL PLANNING

Nevada is consistently rated one of the top ten most business friendly states. This is supported with the fact that there are no corporate or personal income tax; no inventory tax and no franchise tax. This, in conjunction with the effect of the Tesla gigafactory, is continuing to draw attention of other corporations to the northern Nevada area.

During this year, Google purchases twelve hundred acres in the Tahoe Reno Industrial Center. Google's acquisition in northern Nevada provides a new level of validity to the area.



PRINCIPAL EMPLOYERS

Washoe County School District	8,750
University of Nevada, Reno	4,750
Renown Medical Center	3,250
Washoe County	2,750
Peppermill Hotel Casino—Reno	2,250
Grand Sierra Resort	2,250



DEMOGRAPHIC INFORMATION

Population	459,142
Median Age	37.5
School Enrollment	63,919
Unemployment Rate	4%
Total Labor Force	
223,409	
Total Passenger Air Traffic	

PRINCIPAL PROPERTY TAX PAYERS

Peppermill Casinos, Inc.
Icon Reno Property Owner Pool 3 NE
Golden Road Motor Inn, Inc.
MPT of Reno LLC
Circus Circus & Eldorado Joint Venture
International Game Technology
Icon Reno Property Owner Pool 3 WI