



WASHOE COUNTY, NEVADA

# POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2013



Great Reno Balloon Race, Rancho San Rafael Regional Park

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## DID YOU KNOW?

### Washoe County Quick Facts\*

Population . . . . .	434,120
Median Age . . . . .	37.6
Median Housing Sale Price . . .	\$216,000
Unemployment Rate . . . . .	9.8%
Labor Force . . . . .	219,550
Total Value Construction	
Activity . . . . .	\$126,468,000
Public School Enrollment . . . . .	62,424
Air Passenger Traffic . . . . .	3,514,421

\*As of 6/30/2013

## About Washoe County

Washoe County is located along the eastern slopes of the majestic Sierra Nevada Mountains in northwestern Nevada. The county covers an area of 6,600 square miles and has a population of approximately 434,120.

The county seat is the City of Reno, the third largest city in Nevada. It's also home to the City of Sparks, the state's fifth largest city, and Incline Village at Lake Tahoe. The population base for the County is split with nearly half the population in the incorporated City of Reno (225,221), one quarter in Sparks (90,264) and one quarter in the unincorporated areas.

# A Message from the Finance Director

To the Citizens of Washoe County, Nevada:

I am pleased to present the Popular Annual Financial Report (PAFR) for Washoe County, Nevada (County), for the fiscal year (FY) ended June 30, 2013, which confirms the County's solid financial position. This report is intended to assist in increasing awareness of the County's financial condition and economic activity in a manner that is concise and easy to read.

While much of this report provides financial information, it also is intended to demonstrate the vital role County government plays as a resource to all County residents and businesses. The County oversees a number of regional services including: regional detention centers for adults and juveniles, medical examiner, district court and five area justice courts, health services, children's protective services, libraries, senior services, a training center and communications services for regional public safety, property assessment and ad valorem tax collection. In addition, the County provides direct support for police, roads, permits and planning, parks and other services in the unincorporated portions of the County.

The recently completed fiscal year was one of transition, from recession to the beginning of economic improvement, as reflected in the budget for the current fiscal year. No budget or service level reductions were required for the first time since 2008. Washoe County continued a regional restructure that changed the financial position of the County. The Board of County Commissioners voted to establish the elected officials of South Truckee Meadows General Improvement District as the District's Board of Trustees, thereby removing the assets and financial results of this former component unit from the County's financial statements. Also in FY 2013, the Truckee Meadows Fire Protection District and the Sierra Fire Protection District began operating under a new interlocal support agreement and are now reported separately (discretely presented) in the County's financial statements. Separately issued financial statements for each of these districts can be found at [www.washoecounty.us/tmfpd/financials.htm](http://www.washoecounty.us/tmfpd/financials.htm).

The financial information contained in this report is derived from the County's FY 2013 Comprehensive Annual Financial Report (CAFR) and is greatly abbreviated to provide informational snapshots. It does not contain detailed financial data of all funds. The CAFR is prepared in accordance with generally accepted accounting principles and is independently audited. The County's CAFR has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for each of the past 31 years. For a complete copy of the CAFR, please contact the Washoe County Comptroller at P.O. Box 11130, Reno NV 89520 or visit [www.washoecounty.us/finance/CAFR2013.htm](http://www.washoecounty.us/finance/CAFR2013.htm).

This report is the second edition of the County's PAFR and I am pleased to report that our first edition has been presented the Award of Outstanding Achievement in Popular Annual Financial Reporting by the GFOA. I welcome your questions, feedback and comments.

Sincerely,

*Cynthia Washburn*

Acting Finance Director

(775) 328-2552

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Washoe County Offices, Reno, NV

## WASHOE COUNTY FINANCIAL STRENGTHS

- Solid bond ratings: AA from Standard & Poor; Aa2 from Moody's
- Government-wide net assets totaling \$970 million
- (OPEB) Retiree Health Benefit Plan funded at approximately 31.7% of actuarial accrued liability
- General Fund maintains \$4 million reserve for stabilization
- Fund balance for General Fund maintained within policy level of 8-10% of expenditures and other uses





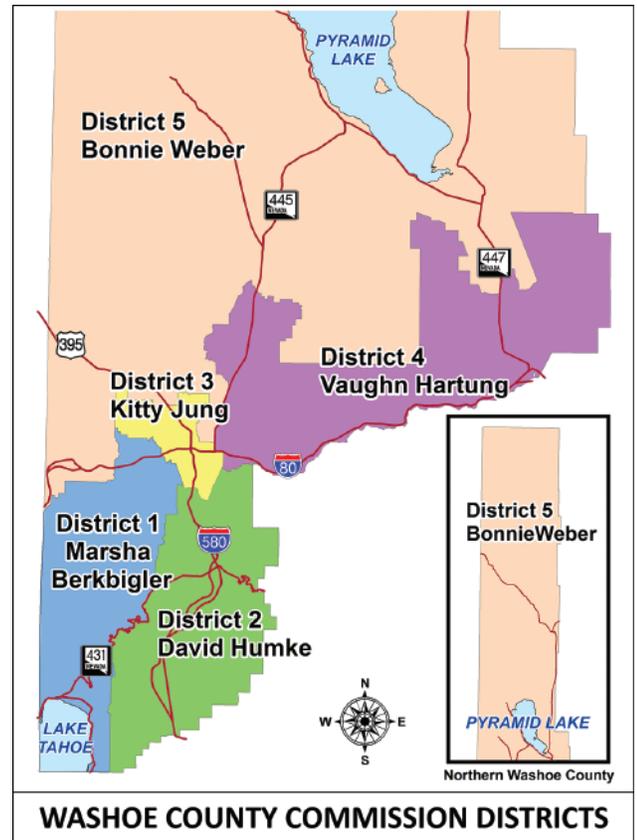
(from left) Washoe County Commissioners Weber, Humke, Jung, Hartung, and Berkbigler

# Washoe Board of County Commissioners

A five member Board of County Commissioners (BCC) is elected by constituents within their districts for a four year term. View a map of the five districts at [www.washoecounty.us/bcc](http://www.washoecounty.us/bcc).

- District 1: Marsha Berkbigler, current term: 2013-2017
- District 2: David Humke, Chairman, current term: 2011-2015
- District 3: Kitty Jung, current term: 2011-2015
- District 4: Vaughn Hartung, current term: 2013-2017
- District 5: Bonnie Weber, Vice Chairman, current term: 2011-2015

To contact the County Commissioners, call (775) 328-2005 or visit [www.washoecounty.us](http://www.washoecounty.us).



# Mission and Strategic Objectives

As adopted by the BCC, Washoe County’s mission is to work together regionally to provide and sustain a safe, secure and healthy community.

The strategic objectives of the BCC include:

1. Sustainability of our financial, social and natural resources
2. Economic development and diversification
3. Safe, secure and healthy communities
4. Public participation and open, transparent communication
5. Valued, engaged employee workforce





# What We Accomplished During the Year

## Supported Our Community



- Renovated and reopened the nationally recognized historic Bowers Mansion in Washoe Valley and the spring-fed swimming pool that had been closed due to budget cuts since 2009.
- Upgraded and expanded the area Code Red emergency system to support reverse-911 calls to cell phones allowing residents to make evacuation plans quickly.
- Expanded citizen outreach online through Open Washoe County where citizens can make comments, suggestions and read about what other community members are saying about a particular issue. Visit Open Washoe County at [www.washoecounty.us/openwashoe](http://www.washoecounty.us/openwashoe).
- Created new Citizen Advisory Boards for each District.

## Fiscal Responsibility



- The recommended governmental expenditures budget for the 2013/14 fiscal year is \$24.7 million, or 5.3 percent less than the fiscal year 2012/13 budget. The County's 2013/14 General Fund budget increased by \$11.9 million to \$287 million. The increase was largely a result of increased costs for personnel and also included \$4.2 million restricted for stabilization.
- The ending fund balance in the General Fund budget of 8.5 percent is two times what is required as a minimum by State statute and is within the BCC adopted fund balance policy that sets a minimum fund balance for stabilization of 1.5 percent of expenditures and other uses and for working capital between 8 and 10 percent.

## Awards and Federal Funding



- Received the 2013 Cashman Good Government Award for the Fundamental Review Project, initiated by a Citizen Committee that evaluated every program and function identifying 64 recommendations totaling \$26.8 million in potential savings. These recommendations are now being implemented by project teams under the direction of the citizen committee.
- Secured over \$40 million in federal grants
- Received a Medallion Award for the Registrar of Voters' innovative and exemplary work supporting the record number of voters in recent elections.
- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washoe County for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the 31st consecutive year the County has achieved this prestigious award.

## DID YOU KNOW?

### Washoe County Quick Stats\*

Total Washoe County FTE Employees . . . . .	2,630
General Fund Revenues Per Capita . . . . .	\$627.4
General Fund Expenditures Per Capita . . . . .	\$580.7
Washoe County Employees Per Capita . . . . .	6.06
Total Washoe County Debt Per Capita . . . . .	\$533.4
Total Property Assessed Value . . . . .	\$12,290,109,000
General Fund Property Tax Revenues . . . . .	\$136,104,692
General Fund Consolidated Tax Revenues . . . . .	\$75,489,073

\*As of 6/30/2013





Verdi, Washoe County

# Washoe County's Financial Position

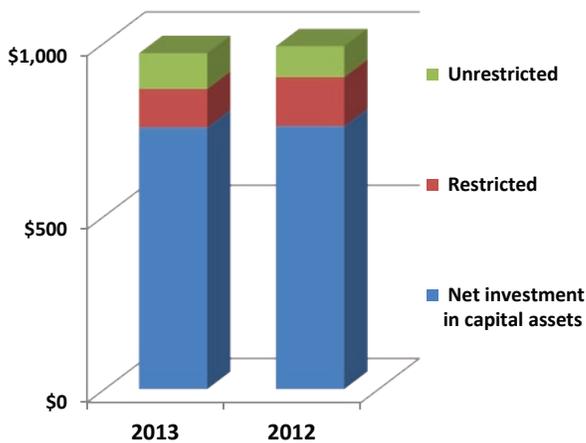
The government wide financial statements show Washoe County, as a whole, on a full accrual accounting basis, much as businesses in our region would report. The County's fiscal year calendar is July 1 to June 30. The Statement of Net Position reflects the County's resources versus the amount owed at fiscal year end.

Total net position of \$970 million was \$20 million under the prior year, primarily due to continued lower ad valorem taxes. While current and other assets dropped by \$23 million from the prior year, the County's cash to current liabilities ratio is 3.5. This means the County has 3.5 times the cash and investments available to meet the obligations coming due over the next year, indicating a strong financial position.

Government Wide Statement of Net Position (in thousands)

	2013	2012
<b>Assets and deferred outflows of resources</b>		
Current and other assets	\$ 349,836	\$ 372,903
Net capital assets	939,953	958,688
Deferred outflows of resources	456	249
<b>Total</b>	<b>1,290,245</b>	<b>1,331,840</b>
<b>Liabilities</b>		
Current liabilities	40,834	47,264
Noncurrent liabilities	279,365	294,022
<b>Total</b>	<b>320,199</b>	<b>341,286</b>
<b>Net position</b>		
Net investment in capital assets	755,806	759,563
Restricted	110,925	141,088
Unrestricted	103,315	89,903
<b>Total</b>	<b>\$ 970,046</b>	<b>\$ 990,554</b>

Washoe County Net Position (in millions)



The largest component of the County's net position was the net investment in capital assets, which includes capital assets after deducting for outstanding debt used to finance those assets. Capital assets are used by our community and to support the services that the County provides. Additional information about the County's capital assets can be found in the CAFR in Note 7 and in Statistics Schedule 5.3. Highlights of the County's largest investments in capital assets are:

- Infrastructure: roads, bridges, water and sewer lines
- Buildings and improvements: offices, libraries, senior centers, park facilities, courts and detention centers
- Land: parks and open space, facilities, and right-of-way for roads and utility lines
- Other assets: equipment, technology, vehicles and land improvements

**Restricted** net position are resources that can only be used for specific purposes. They include items such as: donations for park improvements, grants for health awareness programs, fees to improve Court technology, and taxes approved by voters for library expansion.

**Unrestricted** net position does not have specific purpose limitations; however, the majority of unrestricted net position is for business activities (such as water utilities or golf courses) that are not generally available for use in governmental activities (such as public safety).



# Net Cost of Washoe County Government

The County's expenses have exceeded revenues for the past two years, driven by the recession which lowered receipts from ad valorem taxes due to lower assessed property value.

The additional expenses in the current fiscal year were largely a result of spending on capital projects using restricted funding sources. Spending on operating budgets in fiscal year 2013 were in line with revenues.

## Government Wide Statement of Changes in Net Position (in thousands)

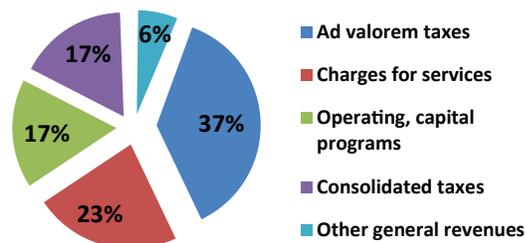
	2013	2012
Revenues	\$ 447,913	\$ 468,685
Expenses and other	468,421	547,816
<b>Change in Net Position</b>	<b>(20,508)</b>	<b>(79,131)</b>
Net Position, July 1	990,554	1,069,685
Net Position, June 30	\$ 970,046	\$ 990,554

## Revenues

### Government Wide Revenues (in thousands)

	2013	2012
<b>Revenues</b>		
Ad valorem taxes	\$ 167,294	\$ 172,540
Charges for services	101,850	99,051
Operating, capital programs	75,742	91,781
Consolidated taxes	75,489	70,985
Other general revenues	27,538	34,328
<b>Total Revenues</b>	<b>\$ 447,913</b>	<b>\$ 468,685</b>

### Source of FY13 County Funding



**Ad valorem** taxes decreased 3% from prior year due to the recession dropping the real property value of homes. **Charges for services** increased over prior year due to a combination of increased rates, such as in the water utility, and increased volume of activity such as detention housing fees to other entities. **Operating and capital program** revenues include grants, donations and other contributions directly supporting the County's programs. A total of \$35.5 million or 46% of these revenues are for the County's welfare programs which include indigent assistance, and social services for adults and children. The prior year included \$13 million in special assessments for road improvements. **Consolidated taxes** consist of sales and other taxes collected by the State and then allocated to local governments. **Other general revenues** include other taxes, investment earnings and miscellaneous revenues used to support general operations.

## County Property Taxes



A new home valued at \$200,000  
Assessed value: \$70,000  
County property tax rate: \$1.3917  
Cost: \$974.19

The table to the right shows the cost and use of Washoe County property taxes for a new \$200,000 home. The median selling price as of June 30, 2013 was \$216,000, so this is representative of a new home in the region during the fiscal year. The assessed value is 35% of the total appraised value.

The County property tax rate is \$1.3917 per \$100 of assessed value and remains unchanged from the prior year.

RATE	COST	USE
<b>Operating Rate and Debt</b>		
0.9937	\$ 695.59	Washoe County General Operations
0.0330	23.10	Debt Service
<b>Shared Taxes</b>		
0.0500	35.00	Capital Projects (3c to State)
0.0272	19.04	AB104/Fairshare shared with other entities
0.0100	7.00	Cooperative Extension
<b>Special Purpose</b>		
0.0774	54.18	Detention Center
0.0150	10.50	Indigent Insurance
0.0062	4.34	China Springs Regional Juvenile Detention
0.0192	13.44	Family Court
0.0600	42.00	Indigent Tax Levy for Medical, Other support
0.0200	14.00	Library Expansion
0.0300	21.00	Animal Services
0.0400	28.00	Child Protective Services
0.0100	7.00	Senior Services
<b>1.3917</b>	<b>\$ 974.19</b>	<b>Total</b>



# Net Cost of Washoe County Government - Expenses

The chart at the right shows the relative spending of the County by functional area for the past two fiscal years (FY). The special item in FY 2012 has been removed so that the two years are comparable. This special item represented cash and other assets contributed to the Truckee River Flood Management Authority, a joint powers authority with the County and the Cities of Reno and Sparks.

Spending on **Public Safety** continues to be the County's highest priority and largest cost. The increased share of spending resulted from higher costs for wages and detention services in the Sheriff's Office.

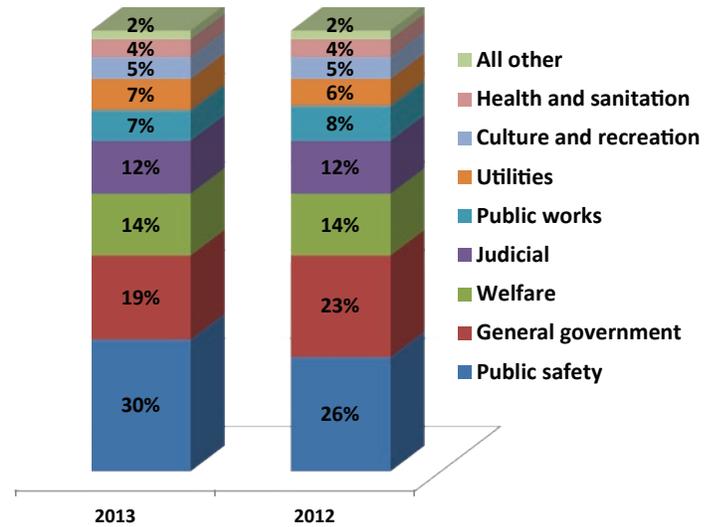
**General Government** includes management and support services to the other areas of the County, such as human resources, finance, facilities, legal, technical and information resources. The costs were higher in the prior year due to special termination incentives and higher payments for contributions for retiree health benefits.

**Welfare** spending on indigent and social services for adults and children remained fairly level with the prior year, as did **Judicial** services, which include the District Attorney, the Courts and Public Defense.

**Public Works** support for roads and engineering dropped slightly due to less spending on maintenance projects while **Utility** operations, providing water and sewer services, increased 3%.

All other functional areas remained relatively level with prior year spending due to continued budget constraints.

FY 13 Government Wide Expenses as % of Total (without special items)



Government Wide Expenses (in thousands)

Expenses	2013	2012
General government	\$ 91,105	\$ 107,954
Judicial	57,573	55,469
Public safety	138,149	125,573
Public works	31,981	39,675
Health and sanitation	18,785	18,429
Welfare	66,370	68,137
Culture and recreation	23,614	24,989
Community support	343	309
Interest/fiscal charges	7,349	7,174
Utilities	30,844	30,029
Golf courses	979	874
Building permits	1,329	1,372
Special items	-	67,832
<b>Total Expenses and Other</b>	<b>\$ 468,421</b>	<b>\$ 547,816</b>

## DID YOU KNOW?

### Washoe County Quick Stats\*

Parks & Open Space Developed Acres . . . . .	1,872
Library Volumes Borrowed . . . . .	2,283,000
Facilities Square Footage . . . . .	2,643,000
Miles of Paved Streets Maintained . . . . .	723
Miles of Unpaved Streets Maintained . . . . .	368
Number of Sheriff Citations Issued . . . . .	13,839
Number of Detention Jail Bookings . . . . .	20,755
Number of Animals Impounded . . . . .	14,300
Number of Children in Legal Custody . . . . .	811
Number of Adoptions Finalized . . . . .	110
Number of Senior Citizens Served . . . . .	5,037
Number of Water Utility Customers . . . . .	23,092

\*As of 6/30/2013



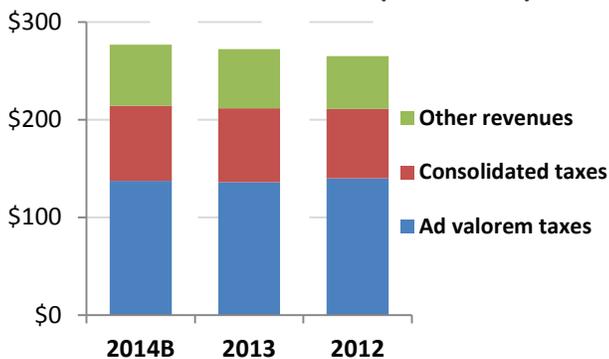
# General Fund Budget and Actual Revenues and Expenses

The General Fund is the County's main operating fund and supports many of the resources the community expects from the County. The General Fund represents 55% of total governmental service spending. The table below shows the General Fund fiscal year (FY) 14 adopted budget, FY 13 actual and FY 12 actual revenues and expenditures. To view the Washoe County FY 14 Budget Document provided to the State of Nevada Department of Taxation and the County FY 14 Budget Book, visit the Finance Department web page at [www.washoecounty.us/finance](http://www.washoecounty.us/finance).

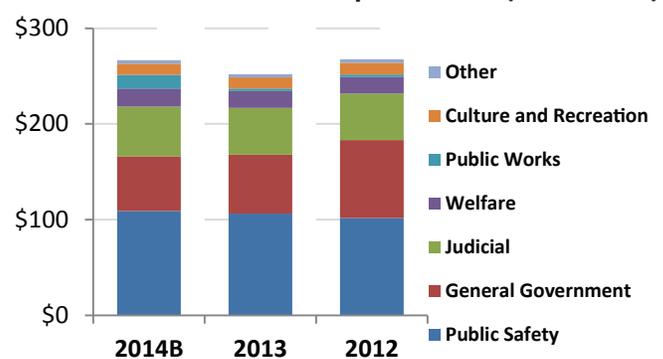
**General Fund Revenues and Expenditures (in thousands)**

	2014 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Revenues</b>			
Ad valorem taxes	\$ 137,565	\$ 136,107	\$ 139,914
Consolidated taxes	76,735	75,489	70,986
All Other	62,538	60,756	54,329
<b>Total Revenues</b>	<b>276,838</b>	<b>272,352</b>	<b>265,229</b>
<b>Expenditures</b>			
General government	57,017	61,515	81,596
Judicial	52,124	48,841	48,473
Public safety	109,074	106,433	101,692
Public works	14,481	2,476	2,777
Welfare	18,757	17,650	17,127
Culture and recreation	11,477	11,640	12,294
Community support	370	343	309
Intergovernmental	3,215	3,181	3,354
<b>Total Expenditures</b>	<b>\$ 266,515</b>	<b>\$ 252,079</b>	<b>\$ 267,622</b>

**General Fund Revenue (in millions)**



**General Fund Expenditures (in millions)**



- The two largest sources of funding are ad valorem taxes, which are based on assessed property values, and consolidated taxes, which are based on sales in Washoe County. Both of these revenue sources are expected to see improvements in the coming fiscal year as the area starts to experience economic recovery.
- Other revenue sources include fees from businesses, Court fines and penalties, as well as earnings on the County's investments.
- Public safety and Judicial services have been maintained during the recession as a high priority. Public safety includes the Sheriff's Office, Medical Examiner and other protective services. Judicial includes the District Court, five area Justice Courts and public defense.
- Culture and recreation, including the libraries, parks, trails and open space, have seen major reductions during the recession and are still funded at relatively low levels.
- The increase in Public Works for FY 14 is largely due to an internal reorganization that moved facilities and certain other expenses from the General government function.

