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WASHOE COUNTY

Office of the Comptroller

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December 27, 2023

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

The annual comprehensive financial report of Washoe County, Nevada (County), for the fiscal year ended June 30, 2023 is hereby submitted. Nevada Revised Statutes (NRS) 354.624 requires the County to provide an annual audit by independent certified public accountants in accordance with generally accepted auditing standards in the United States. This report represents Washoe County's commitment to sound and effective fiscal management and to responsible financial reporting based on (GAAP) established by the Governmental Accounting Standards Board.

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

Eide Bailly LLP, Certified Public Accountants, have audited the County's financial statements for the year ended June 30, 2023 and have issued an unmodified ("clean") opinion. The Independent Auditor's Report is located on the first page of the financial section.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

LOCAL ECONOMY AND ECONOMIC OUTLOOK

Washoe County reached a total appropriations of slightly over \$1 billion for the 2023 fiscal year budget, with 22 governmental funds and 6 proprietary funds. Washoe County's tax base is steadily recovering following the pandemic. This activity is supported by the diversified revenue of the County's tax and the expansion of companies that continue to move to northern Nevada. Companies that have, or will be, relocating to the northern Nevada area include Redwood Materials which has received a \$2 billion loan commitment from the federal government. Redwood Materials will be housed on a 173-acre campus that is located at the Tahoe Reno Industrial Park. Redwood Materials is a battery recycling and manufacturing facility for producing battery materials for electric vehicles. Tesla has also announced its expected launch of an electric semi-truck manufacturing facility. Both companies are anticipated to encompass 4 million square feet of new manufacturing space, creating over 3,000 Nevada jobs. This expansion and growth continue to add to the local economy.

As to be expected with the COVID-19 pandemic Washoe County's unemployment rate peaked at 20%. As of June 2023, the unemployment rate was at 4.5% - this rate is lower than the long-term average of 5.76%. Nevada as a state currently recognizes an unemployment rate of 5.8%. Coinciding with the rebound and the normalization of revenue, Washoe County added 60 full time positions to its 2023 fiscal year budget. Twenty-eight of these positions were directly related to Assembly Bill 424 requiring those that are arrested to be brought back to court within 24 hours after the imposition of bail or a condition of release, or both, if the person remains in jail because of his or her inability to pay the imposed amount of bail.

Information prepared by the State of Nevada Demographer for July 2022 shows an increase in population estimates for Washoe County increasing by 3.4% to 501,635.

Demand for housing continues to increase. The housing market in northern Nevada continues to rebound with the median home price for the northern Nevada market at the end of last fiscal year being \$582,644 – this fiscal year the housing market has recognized an increase of 2.2% for a median price of \$559,000.

Annual events that occur in northern Nevada that include Burning Man, Hot August Nights and the Great Reno Balloon race have continued to see increased attendance and registration post the COVID-19 pandemic.

Litigation associated with the Washoe County School District has resulted in a settlement approved by the Board of County Commissioners on February 28, 2023. This settlement resulted in a compromise of Washoe County's withholding of only the portion of property tax distributions to the Washoe County School District's Debt Service Fund, in the approximate amount of \$2,500,000 but not to exceed \$2,992,000.

As recognized by Standard and Poor's review of the County's financial status, supported by the County's maintenance of its favorable position and positive operations and its continuation of diversifying its tax base, Washoe County's long term rating by Standard and Poor's has been upgraded to AA+/Stable.

Through the One Nevada agreement, Washoe County continues to receive settlements from defendants that are part of the nationwide opioid settlements. At the end of this fiscal year, Washoe County has received \$2.8 million. These funds are intended to be used to for abatement strategies that include treatment for the incarcerated, prevention programs, and expansions of service programs.

LONG-TERM FINANCIAL PLANNING

The County's General Fund unrestricted fund balance decreased \$11 million to \$138.3 million. This decrease is less than the budgeted use of unassigned fund balance reduction of approximately \$38.5 million. These funds can be used to continue to fund the capital improvement needs of the County as projects were delayed due to the COVID-19 pandemic. Internal service funds continued to see growth to approach sustainable fund balance levels that were hard hit by the declining revenue that occurred during the Great Recession as well. Restricted fund balance resulted in a decreased balance of \$10.7 million.

The BCC continues to collaborate with regional partners, citizens, management, County employees and their respective associations to enable Washoe County to continue to be one of the most fiscally responsible local governments in the State. The County adheres, without exception, to the practice of adopting a final balanced budget. For more than a decade, the County has not increased the General Fund budget by more than the combined increases in population and the Consumer Price Index, even during the economic downturn.

In addition to the balances in each of the categories of fund balance the County increased its stabilization reserve in restricted fund balance from \$3,000,000 to \$4,000,000.

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

promoting experimentation and innovation.

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

MAJOR PROGRAMS / INITIATIVES

Washoe County recognizes the importance of sustainable fiscal planning, accountability and transparency in the management of public funds, assets, programs and services. The annual budget serves as the financial plan for County operations and is aligned with the County's strategic objectives. Some of the programs Washoe County initiated and/or completed during the 2023 fiscal year are:

American Rescue Plan Act Projects –

At the end of the fiscal year, with the \$91.5 million awarded to the County, \$90 million has been allocated to over 100 projects with 38 new projects being approved in this fiscal year. Each of these projects must meet the requirements that are associated with the award. Notable projects are:

- ✓ Safe Camp Capital – a space for unhoused individuals - \$4.6 million
- ✓ Cares Campus Capital – long-term housing services for unhoused - \$24.6 million
- ✓ Cares Campus Operations – operational costs for unhoused - \$7.9 million
- ✓ Well Care Living Supports – serving members with mental illness - \$1.25 million
- ✓ Kids Kottage Emergency Beds – children experiencing abuse - \$1.4 million
- ✓ Our Place Site Enhancements – long term housing for unhoused - \$1 million
- ✓ Sheriff's Office – security updates - \$2 million
- ✓ Affordable Housing Trust – funding for housing developers for affordable housing - \$2 million

Additional accomplishments during this fiscal year include:

- ✓ Purchase of 4.7 acres property adjacent to the Cares Campus
- ✓ BCC acknowledges results from Korn Ferry – a countywide job classification and compensation study
- ✓ Opioid settlements received - \$2.8 million
- ✓ FY 24 budget accepted by the BCC on May 16, 2023
- ✓ Passport services provided by the County Clerk
- ✓ Capital Improvement Plan accepted by BCC for fiscal years 2024-2028
- ✓ Cares Campus construction for the unhoused continues

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washoe County for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 41th consecutive year the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized annual financial report. This report must satisfy both generally accepted accounting principles and applicable eligibility requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Cathy Hill, Comptroller

WASHOE COUNTY BOARD OF COUNTY COMMISSIONERS



Alexis Hill,
District One

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

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

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

STRATEGIC OBJECTIVES OF THE BOARD OF COUNTY COMMISSIONERS

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

Values

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

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

Strategic Direction

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

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

We will accomplish this by:

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

Planning Assumptions

This plan assumes the following:

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



Michael Clark
District Two



Mariluz Garcia
District Three



Clara Andriola
District Four



Jeanne Herman
District Five

**WASHOE COUNTY, NEVADA
LISTING OF COUNTY OFFICIALS
AS OF JUNE 30, 2023**

Elected Officials

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

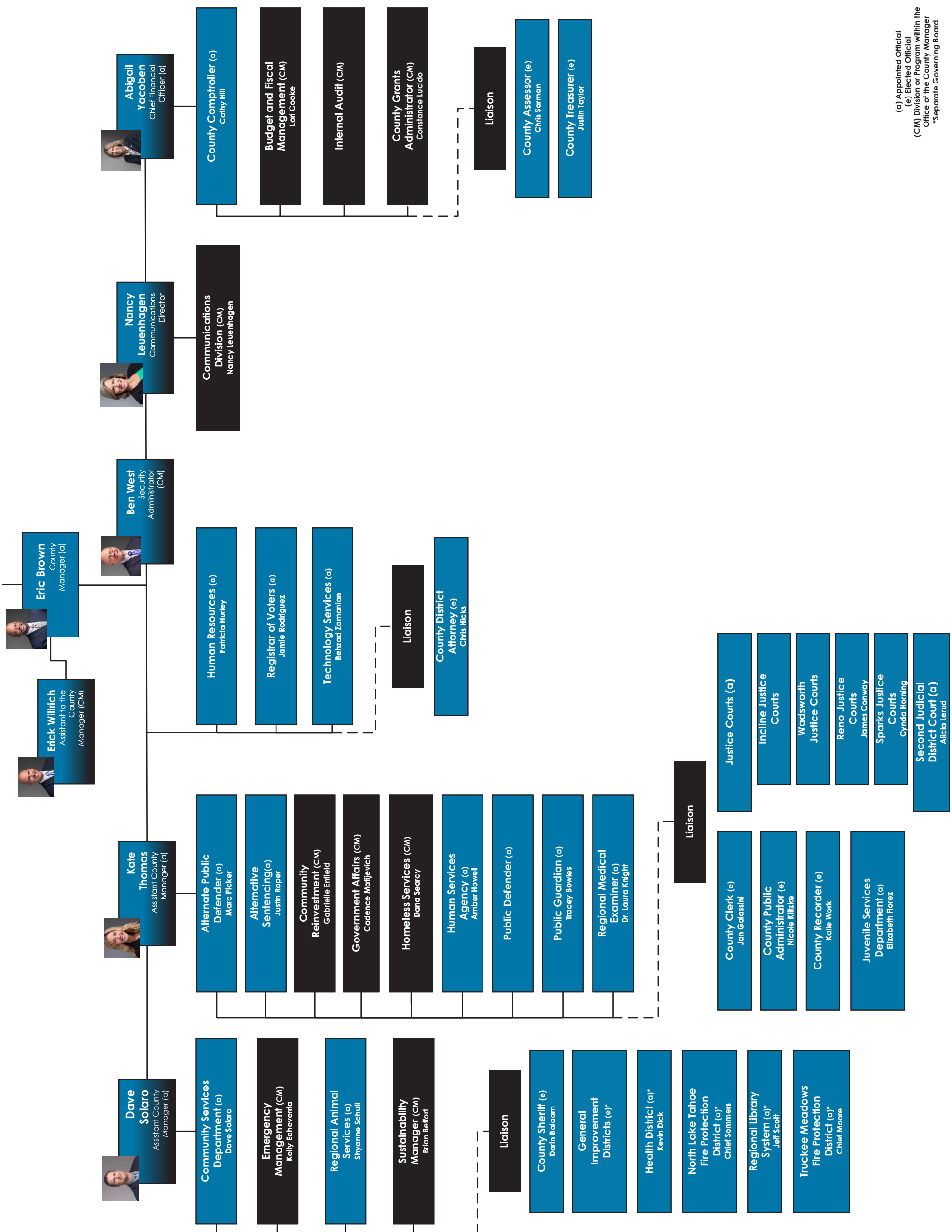
Appointed Officials

County Manager	Eric Brown
Assistant County Manager	Dave Solaro
Assistant County Manager	Kate Thomas
Chief Financial Officer	Abigail Yacoben
Alternate Public Defender	Marc Picker
Alternative Sentencing Chief	Justin Roper
Chief Medical Examiner/Coroner	Dr. Laura Knight
Comptroller	Cathy Hill
Director of:	
Animal Services	Shyanne Schull
Communications	Nancy Leuenhagen
Human Resources/Labor Relations	Patricia Hurley
Human Services Agency	Amber Howell
Juvenile Services	Elizabeth Florez
Library	Jeffrey Scott
Technology Services	Behzad Zamanian
Health District	Kevin Dick
Public Defender	John Arrascada
Public Guardian	Tracey Bowles
Voter Registrar	Jamie L Rodriguez



Washoe County Organization Chart

3/15/2023



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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Washoe County
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO