

FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Board of Commissioners of
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, 2014, 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 opinions 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 risk 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Child Protective Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 4-14 and schedule of funding progress-other postemployment benefits on page 70 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior Year Comparative Information

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the County as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated October 28, 2013, which contained unmodified opinions on the respective 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. The combining and individual fund financial statements and schedules related to the 2013 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2014, on our consideration of the 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 the County's internal control over financial reporting and compliance.



Reno, Nevada
October 29, 2014

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. 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 received the highest possible opinion from the independent outside auditors (unmodified opinion) on the financial statements which materially represented the financial transactions.
- The cash and investments position of \$286 million improved by \$20.6 million or 7.8% over prior year, as reported on page 16.
- The County's liquidity, defined as the ability to pay current obligations, remains very strong and is a positive sign of financial health. The County's liquidity of \$321.4 million has improved by \$12.4 million or 4.0% over prior year, as reported on page 16.
- The Statement of Net Position shows total assets of \$1,275 million, which decreased by \$14.8 million or a negative 1.1% from prior year, as capital assets depreciation outpaced new investments in capital assets and improving current assets as the County evaluates the economic outlook, as reported on page 16.
- The County's Statement of Net Position sheet shows total debt of \$268.1 million, which decreased by \$11.3 million, or a negative 4.0% from prior year, as debt service continues and new debt demands associated with capital assets reduced, as reported on page 16.
- The County's Statement of Net Position shows total net position of \$964.3 million, which decreased by \$5.8 million, or a negative 0.6% from prior year, as equity remains very strong, as reported on page 16.
- The County still maintains the highest bond ratings of AAA from the top bond rating agencies, as a symbol to investors that the County's financial metrics are positive and healthy.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide a broad overview of the 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 representing net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial condition of the County.

The Statement of Activities presents information showing how the County's net position changed during the 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 in this statement for some items that will result in cash flows in 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

WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)

sanitation, welfare, culture and recreation, and community support. The business-type activities of the County include enterprise activities such as water and sewer utilities, golf courses and building permits.

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund financial statements. Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for 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 may be useful in evaluating the County's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, a reconciliation is provided on page 20. This reconciliation illustrates the comparison between government-wide financial statements which present long-term transactions, such as capital assets and debt while governmental funds presentation does not.

The County maintains 20 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 major funds. Data from other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements in the Nonmajor 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. 1) Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for water and sewer utilities, golf courses and building permits. 2) Internal service funds are an accounting grouping 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate details for the Water Resources Fund, which is a major fund. Data from 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 elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of agencies outside the County. Fiduciary funds are not reflected 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.

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 can be found beginning on page 34 of this report.

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: Net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows of resources exceeded liabilities by \$964.3 million at June 30, 2014, a decrease of 0.6% from the prior year.

**Government-Wide Statement of Net Position
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$ 217,697	\$ 219,260	\$ 145,919	\$ 130,576	\$ 363,616	\$ 349,836
Net capital assets	554,622	579,844	356,793	360,109	911,415	939,953
Total assets	772,319	799,104	502,712	490,685	1,275,031	1,289,789
Deferred outflows of resources	452	456	-	-	452	456
Liabilities						
Current liabilities	37,154	35,783	5,049	5,051	42,203	40,834
Noncurrent liabilities due within one year	33,290	32,259	3,436	3,374	36,726	35,633
Noncurrent liabilities due in more than one year	176,815	186,330	54,551	57,402	231,366	243,732
Total liabilities	247,259	254,372	63,036	65,827	310,295	320,199
Net position						
Net investment in capital assets	437,044	455,643	299,618	300,163	736,662	755,806
Restricted	94,055	98,124	13,461	12,801	107,516	110,925
Unrestricted	(6,491)	(8,579)	126,597	111,894	120,106	103,315
Total net position	\$ 524,608	\$ 545,188	\$ 439,676	\$ 424,858	\$ 964,284	\$ 970,046

*For more detailed information see the Government-wide Statement of Net Position and Notes to the Financial Statements.

The largest portion of net position (76.4%) reflects investment in capital assets (e.g., land, buildings, equipment and construction in progress) less any related outstanding debt used to acquire those assets. Net investment in capital assets declined by \$19.1 million, or a negative 2.5% from the prior year, primarily due to reduced capital spending and contributions for capital acquisition falling behind asset depreciation. The County uses these capital assets to provide services to citizens; therefore, they are not generally available for future spending. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets would not generally be used to liquidate related debt.

Restricted net position is \$107.5 million, or 11.1% of the County's net position, and represents resources that are subject to external restrictions (statutes, bond covenants, or granting agencies) on how they may be used. Restricted net position decreased by \$3.4 million, or a negative 3.1% from the prior year, primarily due to the use of restricted resources for capital projects.

WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)

Unrestricted net position of \$120.1 million, increased by \$16.8 million, or 16.3% over prior year. Unrestricted net position may be used to meet the County's other ongoing obligations to citizens and creditors. It is important to note that although the total unrestricted net position is \$120.1 million, the unrestricted net position of the County's business-type activities, \$126.6 million, may not be used to fund governmental activities. The County has unrestricted net position related to government type activities of a negative \$6.5 million. To assist in explaining the negative balance in government type, \$18 million in bonds outstanding for capital assets that were contributed to the Truckee River Flood Management Authority, and \$27 million in bonds outstanding for the Reno baseball stadium are classified as restricted. The County's adjusted government type unrestricted net position is \$38.5 million.

Changes in Net Position. The County's net position decreased \$5.9 million, or a negative 0.6%, during the fiscal year from the prior fiscal year.

Washoe County Changes In Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 68,476	\$ 67,550	\$ 35,632	\$ 34,300	\$ 104,108	\$ 101,850
Operating grants, interest and contributions	57,083	63,432	112	449	57,195	63,881
Capital grants, interest and contributions	12,245	7,413	8,107	4,448	20,352	11,861
General revenues:						
Ad valorem taxes	168,009	167,294	-	-	168,009	167,294
Consolidated taxes	80,809	75,489	-	-	80,809	75,489
Other intergovernmental	19,832	18,530	-	-	19,832	18,530
Investment earnings	1,594	174	1,591	(100)	3,185	74
Other	8,981	8,934	-	-	8,981	8,934
Total revenues	417,029	408,816	45,442	39,097	462,471	447,913
Expenses:						
General government	80,958	85,929	-	-	80,958	85,929
Judicial	59,317	57,573	-	-	59,317	57,573
Public safety	137,584	138,149	-	-	137,584	138,149
Public works	48,420	37,157	-	-	48,420	37,157
Health and sanitation	18,384	18,785	-	-	18,384	18,785
Welfare	65,651	66,370	-	-	65,651	66,370
Culture and recreation	21,803	23,614	-	-	21,803	23,614
Community support	178	343	-	-	178	343
Interest/fiscal charges	5,525	7,349	-	-	5,525	7,349
Utilities	-	-	28,300	30,844	28,300	30,844
Golf courses	-	-	952	979	952	979
Building permits	-	-	1,357	1,329	1,357	1,329
Total Expenses	437,820	435,269	30,609	33,152	468,429	468,421
Increase (decrease) in net position before transfers	(20,791)	(26,453)	14,833	5,945	(5,958)	(20,508)
Transfers	211	1,450	(211)	(1,450)	-	-
Change in net position	(20,580)	(25,003)	14,622	4,495	(5,958)	(20,508)
Net position, July 1, as restated (Note 19)	545,188	570,191	425,054	420,559	990,358	990,358
Net position, June 30	\$ 524,608	\$ 545,188	\$ 439,676	\$ 425,054	\$ 964,284	\$ 970,242

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)**

The change in net position shows the current year operations decreased by \$6 million, but has improved significantly over prior year, as total revenue of \$462.5 million increased by \$14.6 million, or 3.3% over prior year. An increase in charges for service, capital grants, and investments all contributed to drive total revenue higher than prior year. Ad valorem taxes of \$168 million, finds traction while holding level as compared to prior year. The County is encouraged by this trend and will continue to mentor the revenue mix.

Governmental Activities. Governmental activities decreased the County's net position by \$20.6 million, which is an improvement of \$4.4 million or 17.7% over prior year.

**Governmental Activities
Revenues by Source
(in Millions)**

	\$12	\$7	
	\$30	\$28	< Capital program < Other general
	\$57	\$63	< Operating program
	\$69	\$68	< Charges for services
	\$81	\$76	< Consolidated taxes
	\$168	\$167	< Ad valorem taxes
FY 2014	\$417	FY 2013	\$409

The two largest revenue sources are ad valorem and consolidated taxes, which together comprise 59.7% of governmental activity revenue.

Ad valorem taxes were flat with a small increase of \$1 million, or 0.6% compared to prior year as real and personal property assessed valuations stabilize in the County. There were no increase in the tax rate from prior year.

Consolidated sales taxes, received from the State, increased by \$5.0 million, or 6.6% compared to prior year; this makes the fourth year of significant increases after several years of decline. This trend is reflective of national recovery and is encouraging.

Charges for services was flat at \$68 million as was prior year, marking a volume level plateau and demonstrating a consistency in services.

Operating program revenue decreased by \$6 million, or 9.5% compared to the prior year, due primarily to grant activity for public safety as two major programs reach completion.

Other general revenues were relatively flat compared to the prior year, as investment income increases were offset by several smaller categories.

Capital program revenue increased by \$5 million or 71.4% compared to prior year, as a new special assessment project for road improvements and several grant funded parks projects were added. This revenue is very cyclical in nature.

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)**

**Governmental Activities
Expenses by Function
(in Millions)**

\$6		\$7	
\$18	\$19	< Interest	
\$22	\$24	< Health & sanitation	
\$48	\$37	< Culture & recreation	
\$59	\$57	< Public works	
\$66	\$67	< Judicial	
\$81	\$86	< Welfare & Community support	
\$138	\$138	< General government	
		< Public safety	
FY 2014 \$438	FY 2013 \$435		

The largest functional areas are public safety and general government, which together comprise 50% of governmental activities expenses.

Total governmental expenses increased by \$3 million, or 0.7% compared to prior year, due to capital project increases were offset by general government cost reductions.

Public safety is flat, as prior years' events of the Sheriff's Office, due to wage increases and detention service cost increases, as well as payments to the Truckee River Flood Management Authority (TRFMA), have a full year of reporting.

General government expenses decreased by \$5 million, or a negative 5.8% compared to prior year. This includes a \$1.3 million reduction in contributions to the OPEB Trust. Combined with others, reductions across several departments were driven by budgeted cost reductions.

Welfare costs were relatively flat, decreased by \$1 million, or a negative 1.5% compared to prior year, as major programs have stabilized and have found balance in service levels.

Judicial costs were relatively flat, with an increase of \$2 million, or 3.5% compared to prior year, as several new projects, including software and space expansion, were funded through administrative fees restricted to Court expansion and improvement.

Public works costs increased by \$11 million, or 29.7% compared to prior year, as cyclical trends in capital grant revenue increased, so will expenses.

**Governmental Activities: Program Revenues
Percent of Expenses by Function**

	<u>FY 2014</u>	<u>FY 2013</u>
General government	35%	36%
Judicial	22%	23%
Public safety	17%	17%
Public works	43%	40%
Health and sanitation	66%	62%
Welfare	54%	58%
Culture and recreation	25%	25%
Community support	0%	0%
Total	32%	32%

Program revenues for governmental activities provided an average of 32% towards the costs of providing program services.

General government was impacted by a lower OPEB payment than last year.

Welfare programs decreased operating program revenues, largely due to lower grant funded projects while costs for Indigent reimbursements remained level.

The increase in public works expense coverage is related to several large grant projects and timing of grant reimbursements.

Business-type Activities. Net position for business-type activities increased \$14.6 million which is \$10.1 million more than prior year.

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)**

Business-Type Activities: Change in Revenues		
In Millions of Dollars		
	FY 2014 vs FY 2013	%
		Change
Charges for services	\$ 1	4%
Capital program revenue	4	82%
Other revenues	1	388%
Total	\$ 6	16%

Total revenues for business-type activities increased from the prior year.

Utilities experienced increased capital contributions due to new development, and increased rate related revenues. Building permit activities experienced a rise in permitting activity.

Additionally, there was an increase in investment income as a result of increased rates and an increase in market values of investments.

Business-Type Activities: Program Revenues		
as a Percent of Expenses		
	FY 2014	FY 2013
Utilities	143%	118%
Golf courses	90%	106%
Building permits	184%	130%
Combined	143%	118%

Utilities activities favorable trend in program revenue to expense ratio was driven by increased capital contributions and rate related revenues.

The County continues to maintain the major assets at each contractually managed golf course, and revenues decreased \$185,000.

Building permit activities also saw improved profitability during the year as housing permits continued to trend up.

Business-type Activities. Net position for business-type activities was \$439.7 million, which is an increase of \$14.6 million, or 3.4% compared to prior year; this is a significant increase compared to the prior year's positive growth. Some of the driving elements include Water Resource Fund's capital contribution of \$8.1 million, related to development fees associated with the housing market showing a recovery from decade-long lows. It should be noted that this revenue source has two elements, any costs related to the fee will be incurred in the future and the Water Resource Fund, water utility activity, is proposed for transfer to Truckee Meadows Water Authority (TMWA) on December 31, 2014.

Total revenues for business-type activities were relatively flat as compared to prior year, as pricing has stabilized and customer volume has remained constant.

Operating expenses for business-types were reduced mainly through utilities by \$2.5 million, or 7.7% compared to prior year. In the utilities grouping, the Water Resources Fund's nonoperating expenses were lower due to refunds for connection fees and an increase in investment earnings. The developer connection fee increase of \$4, refunds decreased by \$2.1 million as compared to prior year, and investment earnings increased by \$1.6 million. In summary, the housing market related developer fees increased and reduced refunds totaling an estimated \$10 million effect compared to prior year.

Business-type activities core operations demonstrated revenue stability as volume and pricing remained level and operating expenses experienced no changes, compared to prior year. The non-operating activity accounted for all of the significant increase in net position, compared to prior year, as investment earnings and developer related transactions shows improvement but should not be relied upon for the future growth of operations.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The County uses fund accounting and budgetary integration 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 current inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's current funding requirements.

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)**

Current year governmental fund combined ending fund balances of \$139.5 million reflect an increase of \$ 1.6 million, or 1.2% compared to prior year. The small increase is due to a combination of the general fund excess of \$7.6 million and lower than normal capital spending of \$4.5 million deficiency. The revenue was relatively flat at \$406.2 million, an increase of \$5.4 million or 1.3%, with contributions from intergovernmental, charges for services, and miscellaneous. The expenditures were down at \$404.7 million, a decrease of \$24.1 million, or 5.6%, due to reductions in capital outlay of \$8.8 million, debt service (principal) of \$13.7 million, general government of \$12.3 million, and a mix of other groups of \$1.2, were offset by an increase in public works of \$10.6 million.

Governmental Fund Balance (in Millions)	
	<u>2014</u>
Non spendable	\$ <u>0.1</u>
Restricted:	
Parks and open space projects	20.5
Debt Service	11.8
County facility improvement projects	8.5
Groundwater remediation	5.7
Court programs and expansion	6.6
Other	<u>20.2</u>
Total restricted	<u>73.3</u>
Committed:	
Adult, indigent, child support services	4.1
Animal control and services	5.8
Stabilization	4.2
Other	<u>3.7</u>
Total committed	<u>17.8</u>
Assigned	
Roadway projects	7.5
Other	<u>1.1</u>
Total assigned	<u>8.6</u>
Unassigned	<u>39.7</u>
Total fund balances	<u>\$ 139.5</u>

Fund balance components have been 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 fund.

The largest component of fund balance, at 53% of total, is restricted at \$73.3 million. Spending of these resources is constrained by externally imposed (statutory, bond covenant, contracts, or grantors) limitations on their use.

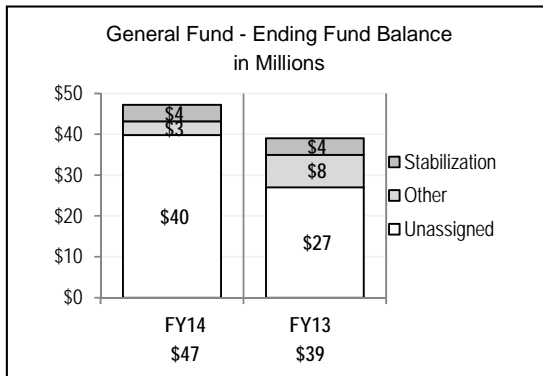
The major components of restricted fund balances are for capital and improvement projects for parks, open space, County facilities, as well as the resources restricted for debt service to repay financing of previous capital projects. Administrative fees restricted by the State for court programs and expansion can be used for technology, facilities and other court support programs.

Committed and assigned fund balances combined represent 25% of total fund balance with spending constrained either by the Board of County Commissioners (BCC) (for committed) or senior management (for assigned). Committed balances in the special revenue funds are primarily due to transfers or revenues directed by the BCC to those funds to support the programs.

Unassigned fund balance primarily consists of the General Fund remaining fund balance and is available to support general operations of the fund. A negative unassigned fund balance in the Other Restricted Special Revenue Fund is due to revenue deferrals on grants that have not yet been reimbursed.

General Fund: The General Fund is the County's primary operating fund. Cash and investments of \$50.2 million increased \$10 million, or 24.9% over prior year. The cash flow from operations were driven by the revenue side of the equation, as receivables are flat in spite of a \$10 million increase in revenue. The liabilities were also flat and expenditures were level at \$254.2 million, an increase of \$2.2 million, or .9% over the prior year.

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)**



Total fund balance was \$46.6 million at the end of this fiscal year, an increase of \$7.6 million, or 19.5% compared to the prior year.

The stabilization portion represents \$4.1 million committed for stabilization based upon the Board of County Commissioner's fund balance policy and State of Nevada NRS 354.6115. This amount represents 1.6% of total expenditures and transfers out, excluding material one-time items and is unchanged from the prior year.

Other fund balance categories include restricted, committed and assigned. Restricted fund balance consists of \$750,000 for baseball stadium debt service and ad valorem taxes restricted for indigent insurance. Of the \$9.7 million needed to fund the fiscal year 2014

budgeted deficit, \$4.1 million is included in committed fund balance for stabilization and \$1.1 million is in assigned fund balance. The remaining balances are primarily for encumbrances for major contracts (committed) or other expenditures (assigned) that have been re-appropriated in the next fiscal year. Unassigned fund balance increased by \$13.3 million, or 49.3%, compared to the prior year.

Special Assessment Debt Service Fund: The Special Assessment Debt Service Fund, a major fund, accounts for assessments, penalties, investment income and other resources to retire debt issued for improvements benefiting those properties against which the special assessments are levied. Ending fund balance of \$1.7 million, an increase of \$377,000 or 29% over the prior year fund balance, is primarily due to revenue collections exceeding the debt service.

Child Protective Services Fund: The Child Protective Services Fund, a major fund managed by the Social Services Department, accounts for resources specifically appropriated to protect against the neglect, abandonment and abuse of children in the County. The primary funding source, federal and state grants, amounted to 78% of revenue with ad valorem taxes contributing another 12% of revenue. Expenditures include personnel costs, as well as expenditures for child protection and placement, including emergency shelter, professional services, foster care and adoption subsidies.

Ending fund balance of \$4.3 million was \$4.5 million below the prior year as program costs exceeded the revenue sources. Restricted fund balance of \$136,500 is largely due to donations and private foundation grants to support specific programs. The remaining fund balance of \$4.2 million has been committed to support child protective programs by the BCC through budgeted transfers over several years.

Proprietary Funds: Proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail and at 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. The County is the only organization in Nevada that provides integrated water resource services for water supply, wastewater treatment, effluent reuse, flood management, and water resource planning.

Cash and investments increased by \$12.8 million during the year, driven by positive cash flow from operations and the receipt of hook-up fees from developers.

Operating revenue of \$32.3 million was 101% of budget and \$748,000 higher than the prior year. The increase was primarily due to growth in customers, a 1.7% increase in utility rates based on changes to the regional Consumer Price Index, and higher overhead revenue from the Western Regional Water Commission.

Operating expenses of \$27.1 million were 86% of budget and \$163,000 higher than the prior year. Well mitigation, repairs and maintenance, and non-capital equipment costs were all lower than anticipated while professional services, utilities, and overhead expenses were all greater than in the prior year.

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)**

Capital contributions of \$8.1 million were 284% of budget and \$3.7 million higher than the prior year. This increase was mainly due to higher hook-up fee revenue by \$3.6 million and a rise in contributions from contractors by \$90,000.

On December 9, 2009, the Washoe County Board of County Commissioners and the Truckee Meadows Water Authority (TMWA) Board of Directors approved an interlocal agreement governing the consolidation of the County's water utility into the Truckee Meadows Water Authority. The purpose of the agreement is to integrate and merge the water utility into TMWA in a strategically phased manner, with TMWA as the surviving water purveyor. The contemplated consolidation is expected to benefit the community through better stewardship of water resources and more efficient use of facilities and facility planning. Pursuant to the terms of the agreement, the parties have completed a due diligence process under the direction of the TMWA General Manager and the Director of Community Services. The parties are in the process of preparing an addendum to the interlocal agreement that is expected to be submitted to the respective governing boards for their review and approval in October 2014, with a target consolidation date of December 31, 2014.

The County's water utility staff continues to operate the South Truckee Meadows General Improvement District's (STMGID) water utility under the terms of an interlocal agreement. The STMGID has its own revenue source and reimburses the County for this support. Revenue for County services is classified as services to other agencies. The STMGID Board of Trustees has also approved an interlocal agreement governing the consolidation of the STMGID's water utility with TMWA simultaneously with the County's water utility. Once the consolidation is complete, the County will continue to operate and account for various sewer systems, a reclaimed water system, and a flood detention facility in Spanish Springs in one or more enterprise funds.

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2014, is \$911 million (net of accumulated depreciation), as summarized below.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land, use rights	\$ 143,135	\$ 142,795	\$ 14,033	\$ 13,987	\$ 157,168	\$ 156,782
Plant capacity	-	-	825	825	825	825
Construction in progress	10,713	6,910	3,917	4,550	14,630	11,460
Land improvements	21,077	22,254	1,810	2,010	22,887	24,264
Building/improvements	192,061	197,914	51,861	50,288	243,922	248,202
Infrastructure	165,085	183,609	276,806	280,857	441,891	464,466
Equipment	17,918	20,349	282	171	18,200	20,520
Software	4,633	6,013	-	108	4,633	6,121
Plant capacity, depreciable	-	-	7,259	7,510	7,259	7,510
Total	\$ 554,622	\$ 579,844	\$ 356,793	\$ 360,306	\$ 911,415	\$ 940,150

The net decrease in investment in capital assets for the current fiscal year of \$28.7 million or 3.1% was primarily due to depreciation of \$49 million, which was in excess of net capital additions by \$17 million. New capital investments during the year included \$3.6 million for road right-of-ways and improvements, \$2.9 million for vehicles and other equipment and \$6.2 million for utility infrastructure. The construction in progress balance of \$10.7 million in governmental activities included projects for regional public safety communications and technology, parks and open space and for water quality improvement at Lake Tahoe. Major commitments at year-end of \$6.9 million

**WASHOE COUNTY, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(CONTINUED)**

included continuation of the projects in progress as well as additional projects for technology improvements and infrastructure.

Additional information on the County's capital assets can be found in Notes 5 and 6.

DEBT ADMINISTRATION

At June 30, 2014, the County had a total outstanding bonded debt of \$220.7 million. Of this amount, \$171.4 million is general obligation debt backed by the full faith and credit of the County, and \$8.1 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 represents revenue bonds secured solely by specified revenue sources.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 114,217	\$ 120,146	\$ 57,175	\$ 59,947	\$ 171,392	\$ 180,093
Revenue Bonds	41,222	42,419	-	-	41,222	42,419
Special Assessment Bonds	8,117	9,061	-	-	8,117	9,061
Total	\$ 163,556	\$ 171,626	\$ 57,175	\$ 59,947	\$ 220,731	\$ 231,573

The County's current fiscal year outstanding debt decreased \$10.8 million as a result of principal payments on existing debt.

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 \$963.5 million 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 web site at www.washoecounty.us/finance/CAFR2014.htm. Truckee Meadows Fire Protection District (TMFPD) and Sierra Fire Protection District (SFPD) are included in this report as discretely presented component units. These entities issue separate audited financial statements that are filed at the Washoe County Clerk's Office, 1001 E. 9th Street, Room A-100, Reno, Nevada.

BASIC FINANCIAL STATEMENTS

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WASHOE COUNTY, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Truckee Meadows Fire Protection District	Sierra Fire Protection District
Assets					
Cash and investments (Note 3)	\$ 174,313,481	\$ 111,724,069	\$ 286,037,550	\$ 20,650,712	\$ 1,931,682
Restricted cash and investments (Note 4)	795,406	2,527,373	3,322,779	-	-
Accounts receivable	5,213,707	4,833,210	10,046,917	625	-
Consolidated tax receivable	14,315,970	-	14,315,970	-	-
Property taxes receivable	2,852,086	-	2,852,086	165,399	57,654
Other taxes receivable	14,144,023	-	14,144,023	-	-
Interest receivable	465,343	291,443	756,786	51,547	4,976
Due from other funds	(51,269)	51,269	-	-	-
Due from other governments	9,289,243	1,732,912	11,022,155	1,481,080	289,293
Internal balances	(13,428,010)	13,428,010	-	-	-
Inventory	297,763	198,150	495,913	-	-
Deposits and other assets	317,313	72,484	389,797	1,480,776	-
Long-term restricted cash and investments (Note 4)	2,301,657	10,744,524	13,046,181	-	-
Long-term assets (Notes 5,15)	6,870,434	316,240	7,186,674	1,001,338	-
Capital Assets: (Note 6)					
Nondepreciable	153,848,812	18,774,914	172,623,726	3,528,972	121,000
Other capital assets, net of depreciation	400,773,172	338,018,299	738,791,471	12,048,495	4,530,558
Total Assets	772,319,131	502,712,897	1,275,032,028	40,408,944	6,935,163
Deferred Outflows of Resources					
Deferred charge on refunding (Note 10)	452,054	-	452,054	-	-
Liabilities					
Accounts payable	13,635,370	1,207,914	14,843,284	1,815,079	-
Accrued salaries and benefits	9,465,373	303,571	9,768,944	-	-
Contracts/retention payable	1,885,421	41	1,885,462	-	-
Tax refunds payable	1,244,390	-	1,244,390	-	-
Interest payable	1,102,140	1,127,161	2,229,301	-	-
Due to other funds	(95,660)	95,660	-	-	-
Due to other governments	3,740,234	1,337,650	5,077,884	111,315	66,593
Other liabilities (Note 7)	2,306,658	827,817	3,134,475	-	-
Unearned revenue (Note 8)	3,869,734	149,128	4,018,862	-	-
Noncurrent Liabilities: (Notes 9,10,11,15,16)					
Due within one year	33,290,118	3,436,310	36,726,428	1,170,270	-
Due in more than one year, payable from restricted assets	2,301,657	-	2,301,657	-	-
Due in more than one year	174,513,725	54,551,141	229,064,866	1,373,952	2,141,475
Total Liabilities	247,259,160	63,036,393	310,295,553	4,470,616	2,208,068
Net Position (Note 13)					
Net investment in capital assets	437,044,466	299,618,398	736,662,864	15,577,467	4,651,558
Restricted for:					
General government	4,474,780	-	4,474,780	-	-
Judicial	6,768,050	-	6,768,050	-	-
Public safety	7,643,576	1,315,993	8,959,569	771,851	870,386
Public works	113,077	-	113,077	-	-
Health and sanitation	929,951	-	929,951	-	-
Welfare	5,482,452	-	5,482,452	-	-
Culture and recreation	656,825	-	656,825	-	-
Debt service	19,260,589	12,144,736	31,405,325	-	-
Capital projects	29,394,195	-	29,394,195	3,329,172	-
Claims	19,331,717	-	19,331,717	5,254,381	-
Unrestricted	(6,491,761)	126,597,377	120,105,616	11,005,457	(794,849)
Total Net Position	\$ 524,607,917	\$ 439,676,504	\$ 964,284,421	\$ 35,938,328	\$ 4,727,095

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, 2014**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions
Primary Government					
Governmental Activities:					
General government	\$ 80,958,311	\$ (8,592,643)	\$ 27,105,892	\$ 882,816	\$ 86,794
Judicial	59,316,649	8,035	9,904,501	3,172,472	-
Public safety	137,583,548	950,879	16,204,915	5,609,336	892,448
Public works	48,419,813	1,487,034	7,121,955	3,348,657	10,540,023
Health and sanitation	18,384,226	2,956,925	4,042,935	7,854,951	151,821
Welfare	65,650,977	2,372,329	2,749,703	32,782,806	-
Culture and recreation	21,803,131	817,441	1,346,379	3,432,201	573,501
Community support	178,296	-	-	-	-
Interest on long-term debt	5,525,321	-	-	-	-
Total Governmental Activities	437,820,272	\$ -	68,476,280	57,083,239	12,244,587
Business-type Activities:					
Utilities	28,299,955		32,286,439	110,733	8,107,319
Golf courses	952,041		854,192	1,005	-
Building permits	1,356,958		2,491,146	-	-
Total Business-type Activities	30,608,954		35,631,777	111,738	8,107,319
Total Primary Government	\$ 468,429,226		\$ 104,108,057	\$ 57,194,977	\$ 20,351,906
Component Units:					
Truckee Meadows Fire Protection District	\$ 22,249,275		\$ 6,374,245	\$ 135,732	\$ 750,000
Sierra Fire Protection District	8,686,631		-	-	206,043
Total Component Units	\$ 30,935,906		\$ 6,374,245	\$ 135,732	\$ 956,043

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
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

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Truckee Meadows Fire Protection District	Sierra Fire Protection District
\$ (44,290,166)	\$ -	\$ (44,290,166)		
(46,247,711)	-	(46,247,711)		
(115,827,728)	-	(115,827,728)		
(28,896,212)	-	(28,896,212)		
(9,291,444)	-	(9,291,444)		
(32,490,797)	-	(32,490,797)		
(17,268,491)	-	(17,268,491)		
(178,296)	-	(178,296)		
<u>(5,525,321)</u>	<u>-</u>	<u>(5,525,321)</u>		
(300,016,166)	-	(300,016,166)		
-	12,204,536	12,204,536		
-	(96,844)	(96,844)		
-	1,134,188	1,134,188		
-	13,241,880	13,241,880		
<u>(300,016,166)</u>	<u>13,241,880</u>	<u>(286,774,286)</u>		
			\$ (14,989,298)	\$ -
			<u>-</u>	<u>(8,480,588)</u>
			<u>(14,989,298)</u>	<u>(8,480,588)</u>
168,009,195	-	168,009,195	10,105,769	4,830,504
80,808,838	-	80,808,838	5,206,953	1,207,498
10,228,786	-	10,228,786	654,633	248,213
7,672,379	-	7,672,379	-	-
1,931,486	-	1,931,486	402,675	1,001,241
8,957,218	-	8,957,218	405,221	42,884
1,593,742	1,591,349	3,185,091	322,274	32,973
23,769	-	23,769	-	-
<u>210,780</u>	<u>(210,780)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>279,436,193</u>	<u>1,380,569</u>	<u>280,816,762</u>	<u>17,097,525</u>	<u>7,363,313</u>
<u>(20,579,973)</u>	<u>14,622,449</u>	<u>(5,957,524)</u>	<u>2,108,227</u>	<u>(1,117,275)</u>
<u>545,187,890</u>	<u>425,054,055</u>	<u>970,241,945</u>	<u>33,830,101</u>	<u>5,844,370</u>
<u>\$ 524,607,917</u>	<u>\$ 439,676,504</u>	<u>\$ 964,284,421</u>	<u>\$ 35,938,328</u>	<u>\$ 4,727,095</u>

**WASHOE COUNTY, NEVADA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

	<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>
Assets					
Cash and investments (Note 3)	\$ 50,233,793	\$ 3,209,462	\$ 1,680,910	\$ 86,927,553	\$ 142,051,718
Restricted cash and investments (Notes 3,4)	750,000	-	-	45,406	795,406
Accounts receivable	1,738,938	2,259	-	222,583	1,963,780
Consolidated tax receivable	14,315,970	-	-	-	14,315,970
Property taxes receivable	2,315,984	79,633	-	456,469	2,852,086
Other taxes receivable	2,718,161	-	8,470,915	2,954,947	14,144,023
Interest receivable	238,494	-	4,237	149,582	392,313
Due from other funds	378,054	24,363	-	185,803	588,220
Due from other governments	1,335,116	4,434,678	-	3,519,449	9,289,243
Deposits and prepaid items	19,043	-	-	42,124	61,167
Total Assets	\$ 74,043,553	\$ 7,750,395	\$ 10,156,062	\$ 94,503,916	\$ 186,453,926
Liabilities					
Accounts payable	\$ 8,621,533	\$ 2,202,855	\$ 1,599	\$ 1,667,963	\$ 12,493,950
Accrued salaries and benefits	7,418,327	756,606	-	1,190,395	9,365,328
Contracts/retention payable	612	-	-	1,884,809	1,885,421
Tax refunds payable	1,013,016	36,456	-	194,918	1,244,390
Due to other funds	166,810	2,823	-	374,195	543,828
Due to other governments	2,864,530	41,850	-	833,616	3,739,996
Deposits	-	-	-	253,776	253,776
Other liabilities (Note 7)	2,030,743	986	21,153	-	2,052,882
Unearned revenue (Note 8)	3,446,375	28,852	-	394,507	3,869,734
Total Liabilities	25,561,946	3,070,428	22,752	6,794,179	35,449,305
Deferred Inflows of Resources (Note 8)					
Unavailable revenue - grants and other revenue	-	273,522	8,470,915	414,398	9,158,835
Unavailable revenue - property taxes	1,875,040	68,325	-	393,302	2,336,667
Total Deferred Inflows of Resources	1,875,040	341,847	8,470,915	807,700	11,495,502
Fund Balances (Note 13)					
Nonspendable	19,043	-	-	39,483	58,526
Restricted	792,259	136,505	1,662,395	70,727,385	73,318,544
Committed	4,518,775	4,201,615	-	9,071,496	17,791,886
Assigned	1,106,583	-	-	7,482,168	8,588,751
Unassigned	40,169,907	-	-	(418,495)	39,751,412
Total Fund Balances	46,606,567	4,338,120	1,662,395	86,902,037	139,509,119
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 74,043,553	\$ 7,750,395	\$ 10,156,062	\$ 94,503,916	\$ 186,453,926

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, 2014

Fund Balances - Governmental Funds		\$ 139,509,119
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	\$ 1,181,164,189	
Less accumulated depreciation	<u>(632,088,006)</u>	549,076,183
Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Prepaid bond insurance	132,854	
Net OPEB asset	<u>2,873,527</u>	3,006,381
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		(135,169)
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	(162,512,790)	
Bond premiums, discounts and charge on refundings	(1,043,492)	
Accrued interest payable	(1,102,140)	
Remediation obligation	(7,013,183)	
Compensated absences	<u>(24,305,081)</u>	(195,976,686)
Revenues that were not available to fund current expenditures and therefore are not reported in governmental funds.		
		11,495,502
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	31,060,597	
Internal balances receivable from business-type activities	<u>1,561,346</u>	32,621,943
Governmental funds report allocations of indirect expenses to enterprise funds. However, in the Statement of Activities indirect expenses are eliminated.		
		<u>(14,989,356)</u>
Total Net Position of Governmental Activities		<u>\$ 524,607,917</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, 2014

	<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>
Revenues					
Taxes:					
Ad valorem	\$ 137,635,605	\$ 4,872,964	\$ -	\$ 26,062,688	\$ 168,571,257
Car rental fee	-	-	-	1,141,625	1,141,625
Other taxes	311,167	-	-	214,659	525,826
Special assessments	-	-	676,240	-	676,240
Licenses and permits	8,264,242	22,433	-	1,649,318	9,935,993
Intergovernmental revenues	99,891,765	32,964,193	-	35,348,586	168,204,544
Charges for services	23,797,197	2,642,498	-	9,254,637	35,694,332
Fines and forfeits	8,128,615	-	41,589	2,319,476	10,489,680
Miscellaneous	3,987,086	1,576,088	466,642	4,951,050	10,980,866
Total Revenues	282,015,677	42,078,176	1,184,471	80,942,039	406,220,363
Expenditures					
Current:					
General government	49,593,836	-	-	616,066	50,209,902
Judicial	50,358,766	-	-	5,277,753	55,636,519
Public safety	109,560,703	-	-	18,802,893	128,363,596
Public works	14,021,932	-	-	12,102,747	26,124,679
Health and sanitation	-	-	-	21,557,725	21,557,725
Welfare	15,912,180	46,146,959	-	7,305,208	69,364,347
Culture and recreation	11,362,946	-	-	6,838,624	18,201,570
Community support	178,296	-	-	-	178,296
Intergovernmental	3,213,165	-	-	5,577,137	8,790,302
Capital outlay	-	-	-	12,570,804	12,570,804
Debt Service:					
Principal	-	-	894,495	7,048,208	7,942,703
Interest	-	-	343,692	5,283,514	5,627,206
Debt service fees and other fiscal charges	-	-	45,942	45,798	91,740
Assessment refunds	-	-	6,262	-	6,262
Total Expenditures	254,201,824	46,146,959	1,290,391	103,026,477	404,665,651
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,813,853	(4,068,783)	(105,920)	(22,084,438)	1,554,712
Other Financing Sources (Uses)					
Proceeds from asset disposition	31,239	-	-	1,936	33,175
Proceeds from insurance recoveries	-	-	-	39,725	39,725
Transfers in	845,270	-	482,653	29,348,066	30,675,989
Transfers out	(21,117,545)	(445,406)	-	(9,113,038)	(30,675,989)
Total Other Financing Sources (Uses)	(20,241,036)	(445,406)	482,653	20,276,689	72,900
Net Change in Fund Balances	7,572,817	(4,514,189)	376,733	(1,807,749)	1,627,612
Fund Balances, July 1	39,033,750	8,852,309	1,285,662	88,709,786	137,881,507
Fund Balances, June 30	\$ 46,606,567	\$ 4,338,120	\$ 1,662,395	\$ 86,902,037	\$ 139,509,119

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, 2014**

Net Change in Fund Balances - Governmental Funds \$ 1,627,612

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	\$ 10,172,665	
Less current year depreciation/amortization	<u>(38,712,868)</u>	(28,540,203)

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

Change in Net OPEB Asset		(838,116)
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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	3,334,551	
Change in unavailable revenue	<u>(1,695,496)</u>	1,639,055

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		7,942,703
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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	134,374	
Amortization of bond discount	(3,143)	
Amortization of deferred charge on refunding	(4,253)	
Amortization of bond prepaid insurance	(40,676)	
Change in lease payable	(52,597)	
Change in termination benefits	22,769	
Change in compensated absences	(438,902)	
Change in remediation obligation	1,262,479	
Change in accrued interest payable	72,910	
Disposition of capital assets	<u>(71,985)</u>	880,976

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	(1,517,423)	
Internal charges reported in business activities	<u>(1,774,577)</u>	<u>(3,292,000)</u>
Change in Net Position of Governmental Activities		<u>\$ (20,579,973)</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem	\$ 137,565,073	\$ 137,565,073	\$ 137,635,605	\$ 70,532
Other taxes	280,000	280,000	311,167	31,167
Licenses and permits	8,327,050	8,327,050	8,264,242	(62,808)
Intergovernmental revenues	94,489,524	94,649,053	99,891,765	5,242,712
Charges for services	24,380,774	24,221,245	23,797,197	(424,048)
Fines and forfeits	7,418,200	7,418,200	8,128,615	710,415
Miscellaneous	4,377,672	4,412,076	3,987,086	(424,990)
Total Revenues	<u>276,838,293</u>	<u>276,872,697</u>	<u>282,015,677</u>	<u>5,142,980</u>
Expenditures by Function and Activity				
Current:				
General Government:				
Legislative	591,897	556,897	541,811	15,086
Executive	2,627,081	2,920,596	2,423,877	496,719
Elections	1,450,420	1,488,879	1,081,273	407,606
Finance	11,041,283	11,297,239	10,658,987	638,252
Other General Government	41,305,991	41,210,993	34,887,888	6,323,105
Total General Government	<u>57,016,672</u>	<u>57,474,604</u>	<u>49,593,836</u>	<u>7,880,768</u>
Judicial:				
District Courts	16,210,736	16,409,513	14,724,340	1,685,173
District Attorney	17,190,940	17,314,633	16,770,416	544,217
Public Defense	10,646,987	10,648,839	11,089,263	(440,424)
Justice Courts	7,967,809	8,075,530	7,667,927	407,603
Incline Constable	107,057	107,132	106,820	312
Total Judicial	<u>52,123,529</u>	<u>52,555,647</u>	<u>50,358,766</u>	<u>2,196,881</u>
Public Safety:				
Sheriff and Detention	89,864,077	91,872,497	91,030,408	842,089
Medical Examiner	2,011,585	2,163,263	2,116,252	47,011
Fire Suppression	852,995	902,995	695,625	207,370
Juvenile Services	13,108,411	13,108,412	12,482,218	626,194
Protective Services	3,236,755	3,279,112	3,236,200	42,912
Total Public Safety	<u>109,073,823</u>	<u>111,326,279</u>	<u>109,560,703</u>	<u>1,765,576</u>
Public Works:				
Community Services Department (CSD)	14,480,635	14,643,507	14,021,932	621,575
Welfare:				
Social Services	18,756,505	18,756,505	15,912,180	2,844,325
Culture and Recreation:				
Library	7,677,316	7,679,792	7,528,198	151,594
CSD - Regional Parks and Open Space	3,799,580	3,957,188	3,834,748	122,440
Total Culture and Recreation	<u>11,476,896</u>	<u>11,636,980</u>	<u>11,362,946</u>	<u>274,034</u>
Community Support	369,761	219,520	178,296	41,224

(CONTINUED)

**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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental	\$ 3,216,460	\$ 3,216,460	\$ 3,213,165	\$ 3,295
Total Expenditures	<u>266,514,281</u>	<u>269,829,502</u>	<u>254,201,824</u>	<u>15,627,678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,324,012</u>	<u>7,043,195</u>	<u>27,813,853</u>	<u>20,770,658</u>
Other Financing Sources (Uses)				
Proceeds from asset disposition	5,000	5,000	31,239	26,239
Transfers in	470,375	470,375	845,270	374,895
Transfers out	(19,285,071)	(20,918,360)	(21,117,545)	(199,185)
Contingency	<u>(1,215,000)</u>	<u>(367,515)</u>	<u>-</u>	<u>367,515</u>
Total Other Financing Sources (Uses)	<u>(20,024,696)</u>	<u>(20,810,500)</u>	<u>(20,241,036)</u>	<u>569,464</u>
Net Change in Fund Balances	<u>(9,700,684)</u>	<u>(13,767,305)</u>	<u>7,572,817</u>	<u>21,340,122</u>
Fund Balances, July 1	<u>34,967,129</u>	<u>39,033,750</u>	<u>39,033,750</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 25,266,445</u>	<u>\$ 25,266,445</u>	<u>\$ 46,606,567</u>	<u>\$ 21,340,122</u>

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

**WASHOE COUNTY, NEVADA
CHILD PROTECTIVE SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem	\$ 4,872,150	\$ 4,872,150	\$ 4,872,964	\$ 814
Licenses and Permits:				
Day care licenses	22,500	22,500	22,433	(67)
Intergovernmental Revenues:				
Federal grants	20,654,650	20,654,650	17,169,589	(3,485,061)
State grants	15,859,711	15,859,711	15,794,604	(65,107)
Charges for Services:				
Service fees	2,657,000	2,657,000	2,642,498	(14,502)
Miscellaneous:				
Contributions and donations	60,080	60,080	56,330	(3,750)
Other	-	-	1,519,758	1,519,758
Total Revenues	<u>44,126,091</u>	<u>44,126,091</u>	<u>42,078,176</u>	<u>(2,047,915)</u>
Expenditures				
Welfare Function:				
Salaries and wages	14,318,787	14,318,787	13,145,404	1,173,383
Employee benefits	6,055,616	6,055,616	5,420,013	635,603
Services and supplies	28,099,376	28,099,376	25,379,676	2,719,700
Capital outlay	20,000	20,000	2,201,866	(2,181,866)
Total Expenditures	<u>48,493,779</u>	<u>48,493,779</u>	<u>46,146,959</u>	<u>2,346,820</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,367,688)</u>	<u>(4,367,688)</u>	<u>(4,068,783)</u>	<u>298,905</u>
Other Financing Sources (Uses)				
Transfers:				
Other Restricted Fund	-	-	(45,406)	(45,406)
Debt Service Fund	(400,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(445,406)</u>	<u>(45,406)</u>
Net Change in Fund Balances	<u>(4,767,688)</u>	<u>(4,767,688)</u>	<u>(4,514,189)</u>	<u>253,499</u>
Fund Balances, July 1	<u>9,469,281</u>	<u>9,469,281</u>	<u>8,852,309</u>	<u>(616,972)</u>
Fund Balances, June 30	<u>\$ 4,701,593</u>	<u>\$ 4,701,593</u>	<u>\$ 4,338,120</u>	<u>\$ (363,473)</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, 2014**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Resources Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Activities Internal Service Funds</u>
Assets				
Current Assets:				
Cash and investments (Note 3)	\$ 109,243,717	\$ 2,480,352	\$ 111,724,069	\$ 32,261,763
Restricted cash and investments (Notes 3,4)	2,527,373	-	2,527,373	-
Accounts receivable	4,689,008	144,202	4,833,210	3,249,927
Interest receivable	286,199	5,244	291,443	73,030
Due from other funds	51,269	-	51,269	-
Due from other governments	1,732,912	-	1,732,912	-
Inventory	189,870	8,280	198,150	297,763
Other assets	72,484	-	72,484	256,146
Total Current Assets	<u>118,792,832</u>	<u>2,638,078</u>	<u>121,430,910</u>	<u>36,138,629</u>
Noncurrent Assets:				
Restricted cash and investments (Notes 3,4)	10,744,524	-	10,744,524	2,301,657
Long-term receivables and other assets (Note 5)	316,240	-	316,240	3,864,053
Capital Assets: (Note 6)				
Nondepreciable:				
Land	13,860,227	173,000	14,033,227	-
Plant capacity	-	825,150	825,150	-
Construction in progress	3,916,537	-	3,916,537	34,344
Depreciable:				
Land improvements	1,425,257	3,764,945	5,190,202	-
Buildings and improvements	70,056,702	1,258,356	71,315,058	24,990
Infrastructure	361,623,046	-	361,623,046	-
Equipment	1,337,963	1,043,240	2,381,203	24,007,576
Software	1,060,942	78,183	1,139,125	20,260
Plant, well capacity	10,030,729	-	10,030,729	-
Less accumulated depreciation	<u>(108,913,780)</u>	<u>(4,747,284)</u>	<u>(113,661,064)</u>	<u>(18,541,369)</u>
Total Noncurrent Assets	<u>365,458,387</u>	<u>2,395,590</u>	<u>367,853,977</u>	<u>11,711,511</u>
Total Assets	<u>484,251,219</u>	<u>5,033,668</u>	<u>489,284,887</u>	<u>47,850,140</u>
Liabilities				
Current Liabilities:				
Accounts payable	1,173,893	34,021	1,207,914	1,006,252
Accrued salaries and benefits	234,353	69,218	303,571	100,045
Compensated absences (Notes 9,10)	490,351	123,654	614,005	213,077
Contracts/retention payable	41	-	41	-
Interest payable	1,127,161	-	1,127,161	-
Due to other funds	95,660	-	95,660	-
Due to other governments	1,327,650	10,000	1,337,650	238
Unearned revenue (Note 8)	149,128	-	149,128	-
Other liabilities (Note 7)	814,817	13,000	827,817	-
Notes, bonds, leases payable (Notes 9,10,11)	2,822,305	-	2,822,305	-
Pending claims (Note 16)	-	-	-	6,864,000
Total Current Liabilities	<u>8,235,359</u>	<u>249,893</u>	<u>8,485,252</u>	<u>8,183,612</u>

(CONTINUED)

**WASHOE COUNTY, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2014**

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities Internal Service Funds
	<u>Water Resources Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Noncurrent Liabilities: (Notes 9,10,11,16)				
Compensated absences	\$ 158,629	\$ 40,002	\$ 198,631	\$ 68,931
Notes, bonds, leases payable	54,352,510	-	54,352,510	-
Pending claims	-	-	-	6,235,343
Pending claims payable from restricted cash	-	-	-	2,301,657
Total Noncurrent Liabilities	<u>54,511,139</u>	<u>40,002</u>	<u>54,551,141</u>	<u>8,605,931</u>
Total Liabilities	<u>62,746,498</u>	<u>289,895</u>	<u>63,036,393</u>	<u>16,789,543</u>
Net Position (Note 13)				
Net investment in capital assets	297,222,808	2,395,590	299,618,398	5,545,801
Restricted for public safety	-	1,315,993	1,315,993	-
Restricted for debt service	12,144,736	-	12,144,736	-
Restricted for claims	-	-	-	19,331,717
Unrestricted	<u>112,137,177</u>	<u>1,032,190</u>	<u>113,169,367</u>	<u>6,183,079</u>
Total Net Position	<u>\$ 421,504,721</u>	<u>\$ 4,743,773</u>	<u>426,248,494</u>	<u>\$ 31,060,597</u>

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.

14,989,356

Adjustment to reflect the consolidation of internal
 service fund activities related to enterprise funds.

(1,561,346)

Net Position of Business-type Activities

\$ 439,676,504

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, 2014**

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water Resources Fund	Other Enterprise Funds	Total	
Operating Revenues				
Charges for Services:				
Utility fees	\$ 30,039,182	\$ 793,853	\$ 30,833,035	\$ -
Golf course fees	-	2,387,116	2,387,116	-
Building permits and fees	-	94,593	94,593	-
Services to other agencies	1,166,793	-	1,166,793	-
Services to other funds	209,572	-	209,572	-
Self insurance fees	-	-	-	46,584,582
Equipment service billings	-	-	-	6,434,653
Miscellaneous	870,892	69,776	940,668	2,837,480
Total Operating Revenues	<u>32,286,439</u>	<u>3,345,338</u>	<u>35,631,777</u>	<u>55,856,715</u>
Operating Expenses				
Salaries and wages	3,996,687	1,153,885	5,150,572	1,695,618
Employee benefits	1,664,925	455,305	2,120,230	745,581
Services and supplies	12,799,624	936,072	13,735,696	54,704,310
Depreciation/amortization	8,677,289	222,041	8,899,330	1,373,800
Total Operating Expenses	<u>27,138,525</u>	<u>2,767,303</u>	<u>29,905,828</u>	<u>58,519,309</u>
Operating Income (Loss)	<u>5,147,914</u>	<u>578,035</u>	<u>5,725,949</u>	<u>(2,662,594)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	1,533,930	24,771	1,558,701	502,901
Net increase (decrease) in the fair value of investments	31,501	1,147	32,648	(536)
Miscellaneous	20,321	1,005	21,326	-
Federal grants	90,412	-	90,412	265,233
Gain (loss) on asset disposition	(10,000)	-	(10,000)	166,793
Interest/bond issuance costs	(2,252,074)	-	(2,252,074)	-
Connection fee refunds/credits	(215,629)	-	(215,629)	-
Total Nonoperating Revenues (Expenses)	<u>(801,539)</u>	<u>26,923</u>	<u>(774,616)</u>	<u>934,391</u>
Income (Loss) Before Capital Contributions, and Transfers	<u>4,346,375</u>	<u>604,958</u>	<u>4,951,333</u>	<u>(1,728,203)</u>
Capital Contributions				
Hookup fees	6,220,293	-	6,220,293	-
Contributions	1,879,633	-	1,879,633	-
Federal/State grants	7,393	-	7,393	-
Total Capital Contributions	<u>8,107,319</u>	<u>-</u>	<u>8,107,319</u>	<u>-</u>
Transfers				
Transfers in (out)	<u>(210,780)</u>	<u>-</u>	<u>(210,780)</u>	<u>210,780</u>
Change in Net Position	12,242,914	604,958	12,847,872	(1,517,423)
Net Position, July 1, as Restated (Note 18)	409,261,807	4,138,815		32,578,020
Net Position, June 30	<u>\$ 421,504,721</u>	<u>\$ 4,743,773</u>		<u>\$ 31,060,597</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>1,774,577</u>	
Change in Net Position of Business-type Activities			<u>\$ 14,622,449</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, 2014**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Water Resources Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows From Operating Activities:				
Cash received from customers	\$ 29,816,135	\$ 3,460,736	\$ 33,276,871	\$ 16,877,164
Cash received from other funds	209,572	-	209,572	35,104,531
Cash received from others	2,213,058	431	2,213,489	3,116,831
Cash payments for personnel costs	(5,677,746)	(1,603,992)	(7,281,738)	(2,430,089)
Cash payments for services and supplies	(11,911,760)	(916,650)	(12,828,410)	(53,853,110)
Cash payments for refund of hookup fees	(215,629)	-	(215,629)	-
Net Cash Provided (Used) by Operating Activities	<u>14,433,630</u>	<u>940,525</u>	<u>15,374,155</u>	<u>(1,184,673)</u>
Cash Flows From Noncapital Financing Activities:				
Federal grants	<u>110,125</u>	<u>-</u>	<u>110,125</u>	<u>265,233</u>
Cash Flows From Capital and Related Financing Activities:				
Proceeds from asset disposition	-	-	-	114,873
Cash received from Federal/State grants	7,794	-	7,794	-
Contributions from others	5,401,815	-	5,401,815	-
Principal paid on financing	(2,736,142)	-	(2,736,142)	-
Interest paid on financing	(2,321,325)	-	(2,321,325)	-
Proceeds from insurance recoveries	-	-	-	10,368
*Acquisition of capital assets	(3,891,805)	(16,493)	(3,908,298)	(1,381,406)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,539,663)</u>	<u>(16,493)</u>	<u>(3,556,156)</u>	<u>(1,256,165)</u>
Cash Flows From Investing Activities:				
Investment earnings (loss)	1,587,986	24,553	1,612,539	424,378
**Proceeds from assets held for sale	-	-	-	1,647,328
**Equipment supply deposit paid	-	-	-	(2,034,971)
Net Cash Provided (Used) by Investing Activities	<u>1,587,986</u>	<u>24,553</u>	<u>1,612,539</u>	<u>36,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,592,078	948,585	13,540,663	(2,138,870)
Cash and Cash Equivalents, July 1	<u>109,923,536</u>	<u>1,531,767</u>	<u>111,455,303</u>	<u>36,702,290</u>
Cash and Cash Equivalents, June 30	<u>\$ 122,515,614</u>	<u>\$ 2,480,352</u>	<u>\$ 124,995,966</u>	<u>\$ 34,563,420</u>

(CONTINUED)

**WASHOE COUNTY, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014**

	Business-type Activities - Enterprise Funds			Governmental
	Water	Other	Total	Activities
	Resources	Enterprise		Internal Service
	Fund	Funds		Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 5,147,914	\$ 578,035	\$ 5,725,949	\$ (2,662,594)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	8,677,289	222,041	8,899,330	1,373,800
Contributed inventory	92,700	-	92,700	-
Other nonoperating revenue	49,506	-	49,506	-
Hookup fee refunds	(215,629)	-	(215,629)	-
**Imputed rental expense	-	-	-	95,486
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	15,951	115,829	131,780	(830,233)
Due from other funds	(51,268)	-	(51,268)	-
Due from other governments	(202,485)	-	(202,485)	72,044
Notes receivable	5,941	-	5,941	-
Inventory	7,129	(882)	6,247	(59,640)
Other assets	-	-	-	(263,068)
Increase (decrease) in:				
Accounts payable	498,238	18,540	516,778	(241,817)
Accrued salaries and benefits	3,879	2,403	6,282	12,663
Compensated absences	(20,013)	2,794	(17,219)	(1,552)
Due to other funds	162,699	-	162,699	-
Due to other governments	347,906	1,765	349,671	238
Other liabilities	(648)	-	(648)	-
Pending claims	-	-	-	1,320,000
Unearned revenue	(85,479)	-	(85,479)	-
Total Adjustments	9,285,716	362,490	9,648,206	1,477,921
Net Cash Provided (Used) by Operating Activities	\$ 14,433,630	\$ 940,525	\$ 15,374,155	\$ (1,184,673)

****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 \$95,486 have been imputed to give recognition to these transactions. Lease deposits totaling \$1,600,318 were forfeited to acquire the leased assets which were subsequently sold during the year at a gain of \$47,010.

*Acquisition of Capital Assets Financed by Cash	\$ 3,891,805	\$ 16,493	\$ 3,908,298	\$ 1,381,406
Capital contributions received	1,786,933	-	1,786,933	-
Capital transferred from other funds	-	-	-	210,780
Increase/(decrease) in liabilities	(63,882)	-	(63,882)	(156,862)
Total Acquisition of Capital Assets	\$ 5,614,856	\$ 16,493	\$ 5,631,349	\$ 1,435,324

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, 2014**

	Investment Trust Fund	Agency Funds
Assets		
Cash and investments (Note 4)	\$ 100,774,059	\$ 29,596,691
Financial assurances	-	1,421,209
Accounts receivable	-	315,419
Property taxes receivable	-	5,248,017
Interest receivable	257,388	-
Due from other governments	-	2,812,269
Other deposits	-	16,709
Total Assets	101,031,447	39,410,314
Liabilities		
Due to others/governments	-	39,410,314
Net Position		
Restricted for pool participants	\$ 101,031,447	\$ -

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, 2014**

	<u>Investment Trust Fund</u>
Additions	
Investment earnings:	
Interest	\$ 1,574,299
Net increase (decrease) in the fair value of investments	182,444
Contributions to pooled investments	<u>206,949,245</u>
Total Additions	208,705,988
Deductions	
Distributions from pooled investments	<u>207,445,057</u>
Change in Net Position	1,260,931
Net Position, July 1	<u>99,770,516</u>
Net Position, June 30	<u><u>\$ 101,031,447</u></u>

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

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