WASHOE COUNTY, NEVADA

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2014

Truckee River

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DID YOU KNOW?

Washoe County Quick Facts

Population 436,797
Median Age 38
Median Housing Sale Price . .$250,000
Labor Force 206,624
Total Value Construction
Activity $126,468,000
Public School Enrollment 62,986
Air Passenger Traffic 3,312,839

About Washoe County

Located on the eastern slopes of the spectacular Sierra Nevada Mountains in northwest Nevada, Washoe County was established in 1861 and is one of the original nine territorial counties. The County covers an area of 6,600 square miles and has a population of approximately 436,797.

The County seat is in the City of Reno, the third largest city in Nevada. It's also home to the City of Sparks, the state's fifth largest city, and Incline Village at Lake Tahoe. The population base for the County is split with nearly half the population in the incorporated City of Reno (235,371), one quarter in Sparks (92,396) and one quarter in the unincorporated areas.

Washoe County Offices, Reno, NV

WASHOE COUNTY FINANCIAL STRENGTHS

- Solid bond ratings: AA from Standard & Poor; Aa2 from Moody's
- Government-wide net assets totaling $964.28 million
- Retiree Health Benefit Plan (OPEB) funded at approximately 31.8% of actuarial accrued liability
- General Fund maintains $4.14 million reserve for stabilization
- Fund balance for General Fund maintained within policy level of 8-10% of expenditures and other uses

A Message from the Comptroller

To the Citizens of Washoe County:

I am pleased to present to you the Washoe County Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2014. This report is intended to increase awareness throughout the community of the financial operations of the County. As such, this report is written in a user friendly manner that summarizes and communicates the County's overall financial condition.

In addition to providing financial information, it is important to demonstrate what makes Washoe County a great place to live, work, and invest. The County is growing as new citizens, businesses, and families are making new roots by investing in the County. It is important to demonstrate local government is ready and in a financial position to meet the needs of our growing community.

Financial information within this report is derived in large part from the County's 2014 independent audited set of financial statements prepared in accordance with generally accepted accounting principles. These audited statements are part of the County's Comprehensive Annual Financial Report (CAFR), available at www.washoecounty.us/finance/CAFR2014.htm.

I welcome any feedback, comments, or concerns regarding the information included in this report.

Sincerely,

Paul McArthur, CPA
Comptroller

(from left) Washoe County Commissioners Lucey, Berkbigler, Jung, Herman, and Hartung

Washoe County Board of Commissioners

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

District 1: Marsha Berkbigler, Chair, current term: 2013-2017

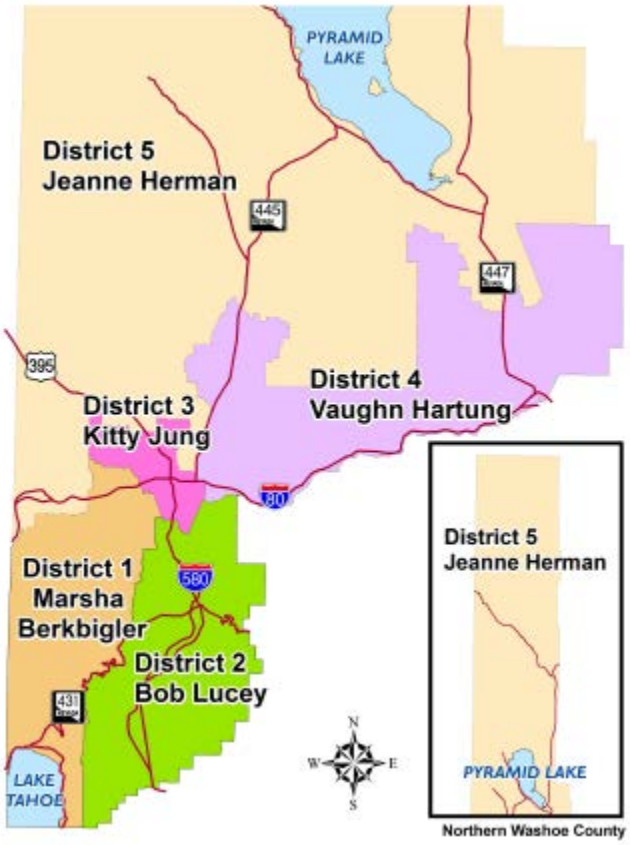
District 2: Bob Lucey, current term: 2015-2019

District 3: Kitty Jung, Vice Chair, current term: 2015-2019

District 4: Vaughn Hartung, current term: 2013-2017

District 5: Jeanne Herman, current term: 2015-2019

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



Mission and Strategic Objectives

Washoe County's mission is to work together regionally to provide and sustain a safe, secure and healthy community.

The strategic objectives for 2015 include:

1. Stewardship of our community
2. Proactive economic development and diversification
3. Safe, secure and healthy communities
4. Regional and community leadership
5. Valued and engaged employee workforce

Accomplishments

Stewardship of our Community

- As of Jan. 1, 2015, Truckee Meadows Water Authority (TMWA) became the sole public provider of water for 117,000 homes and businesses in Washoe County. The South Truckee Meadows General Improvement District and Washoe County Water Utilities consolidated with TMWA. The consolidation provides savings in capital costs and was completed without any employee layoffs.

- In 2014, Washoe County became a partner in education with the Glenn Duncan Science, Technology, Engineering and Math Academy. One of the several projects the County is working on with Glenn Duncan is a community garden at the school, located near the County Administrative Complex. Students and staff have a chance to dig in, get their hands dirty and learn how to plant and grow healthy, nutritious food. Students are learning the proper way to use tools and discuss the role irrigation plays in gardening. County, school staff and students will continue creating a garden that provides a great tool for hands-on learning and food for families in the area.

DID YOU KNOW?

Washoe County Quick Stats

Total Washoe County Full-Time Employees	2,564
General Fund Revenues Per Capita	$646
General Fund Expenditures Per Capita	$582
Washoe County Employees Per Capita	5.89
Total Washoe County Debt Per Capita	$506
Total Property Assessed Value	$12,317,953,000
General Fund Property Tax Revenues	$137,635,605
General Fund Consolidated Tax Revenues	$80,808,837

- Washoe County celebrated the grand opening of the North Valleys Splash Park in May. The 7,100 square-foot park is located off Silver Lake Road and boasts more than 20 different water features. The design and construction of the aviation themed park was supported by $3.2 million in funds from the sale of 280 acre-feet of Sierra Sage Golf Course groundwater rights. Hundreds of children from Washoe County cooled off under the park's more than 60 spray heads and many more are expected to find relief from the summer heat at this beatiful park this year.

- The Crossroads program has doubled in size since its inception in 2010. In collaboration with several nonprofits, the Washoe County Sheriff's Office and Social Serivces Department operate this housing program that helps more than 100 men and women overcome addiction. Crossroads offers on-site substance abuse treatment and counseling, a supportive, live-in community, and ongoing care and social services. The goal of Crossroads is to open its doors to help local people who struggle with addiction and homelessness, and lead them toward a new, more productive path in life. The program saves millions of dollars each year by reducing costs associated with jail intake, hospital admissions and other emergency services.

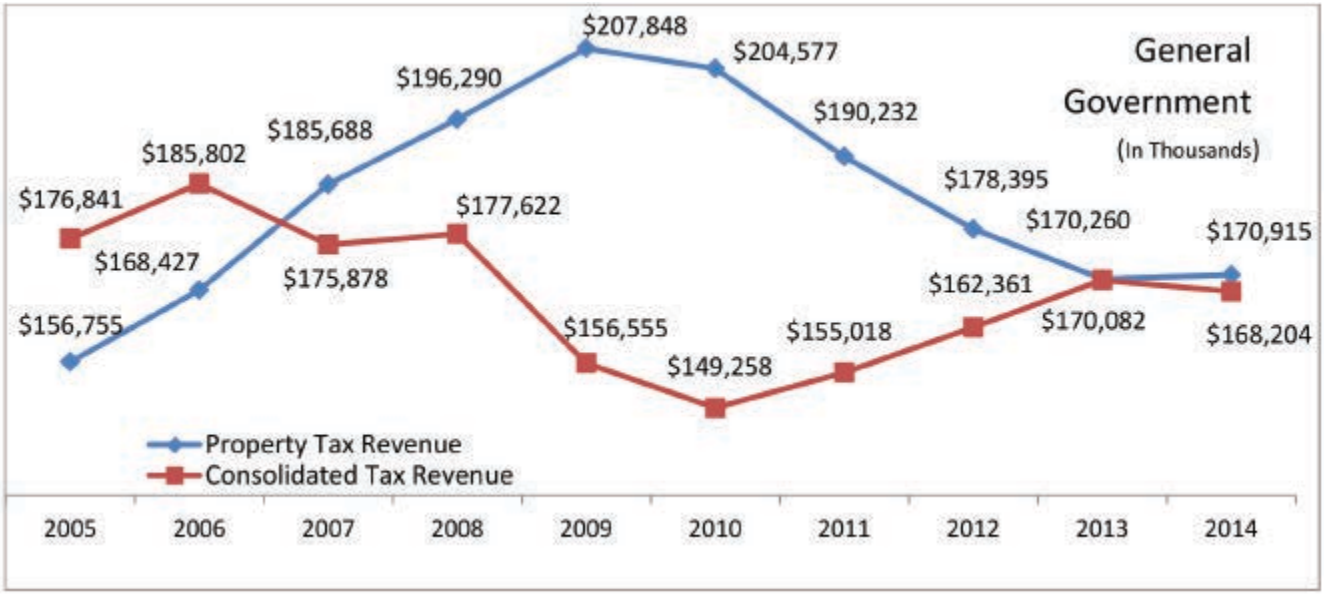
Fiscal Responsibility

- The ending fund balance in the General Fund budget is at 8.3 percent and is within the Washoe County Commission's adopted fund balance policy for a minimum fund balance for stabilization of 1.5 percent of expenditures and other uses and between 8 and 10 percent for working capital.

Washoe County and Mount Rose

Washoe County's Financial Position

Main Revenue Sources



The general government revenue is the total amount of money coming into the County from all sources. Washoe County's two main revenue sources are property taxes (based on a percentage of the value of the real estate), and consolidated taxes (State & Federal grants, sales taxes, registration fees and others, collected by the State then shared by law with all counties). In 2014, those two sources represented 83.5 percent of all the money Washoe County received; property taxes equaled $170.9 million (42.1 percent) and consolidated tax revenues were $168.2 million (41.4 percent). The chart shows the comparison over the past 10 years. The two sources are moving in opposite directions, because property taxes have been declining since the high of 2009, and consumer spending, as related to sales taxes, has been recovering from the low of 2010.

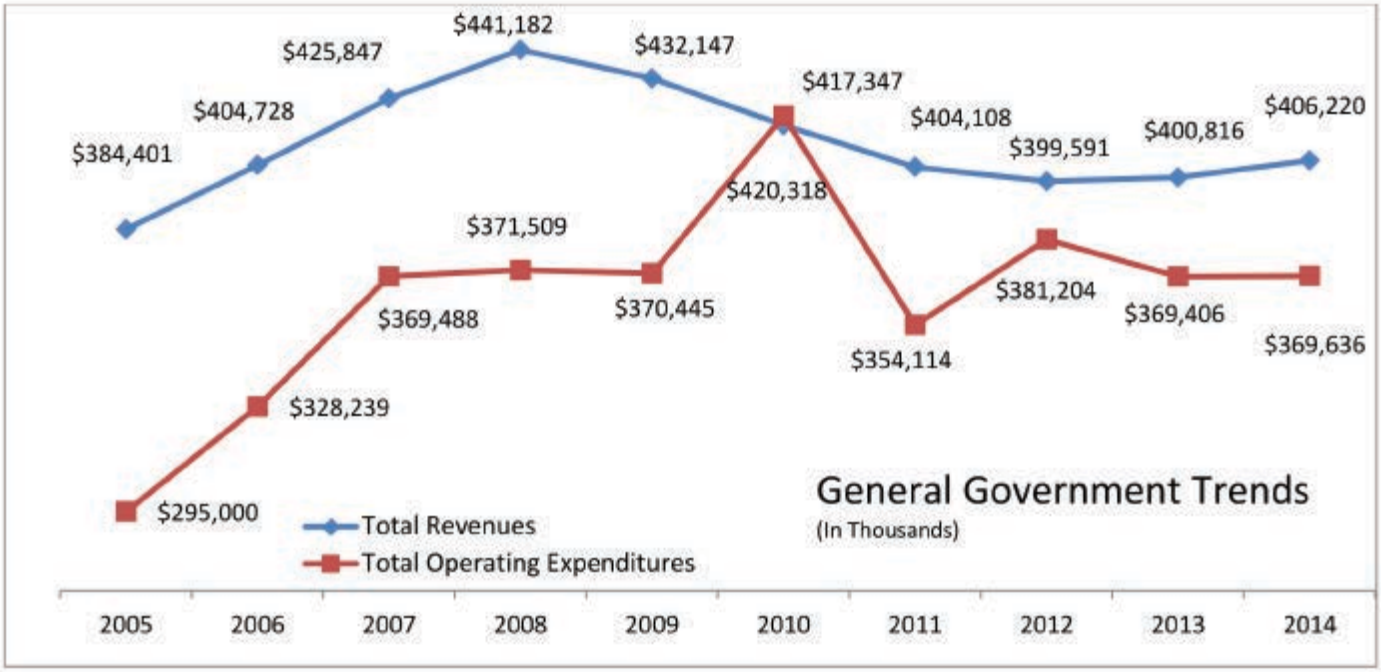
How does Washoe County Compare?

Sources of Revenue	Washoe County	Clark County	Lyon County	Douglas County	Carson City County
Property Taxes	42.1%	26.1%	32.3%	41.2 %	39.4%
Consolidated Taxes	41.4%	52.9%	46.4%	29.4 %	36.5%
All Other Sources	16.5%	21.0%	21.2%	29.4 %	24.1%

Note: Any comparison is informational only, due to the unique characteristics of each County.

This table shows that compared to other jurisdictions in Nevada, Washoe County has one of the highest percentages of revenue from property taxes. This factor, combined with the graph above, shows the effects of the housing bubble on Washoe County's revenue, which increased sharply from 2005 to 2009. It grew by an estimated $51.1 million in four years, only to drop by an estimated $37.5 million from 2010 to 2013.

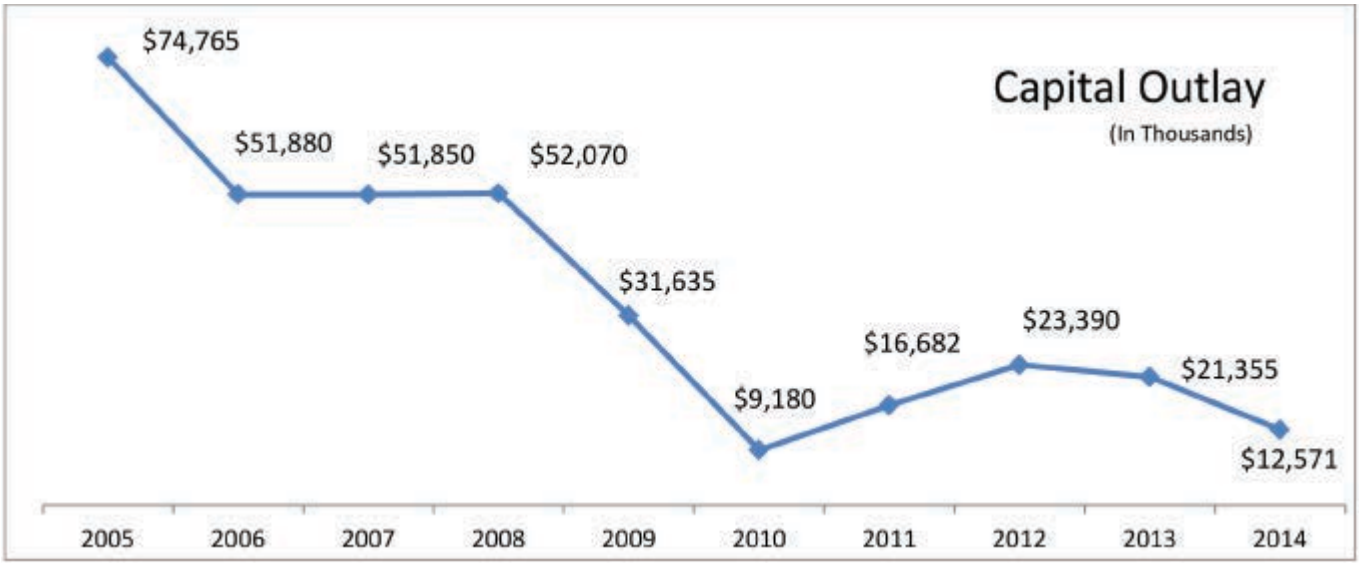
Incoming vs. Outgoing



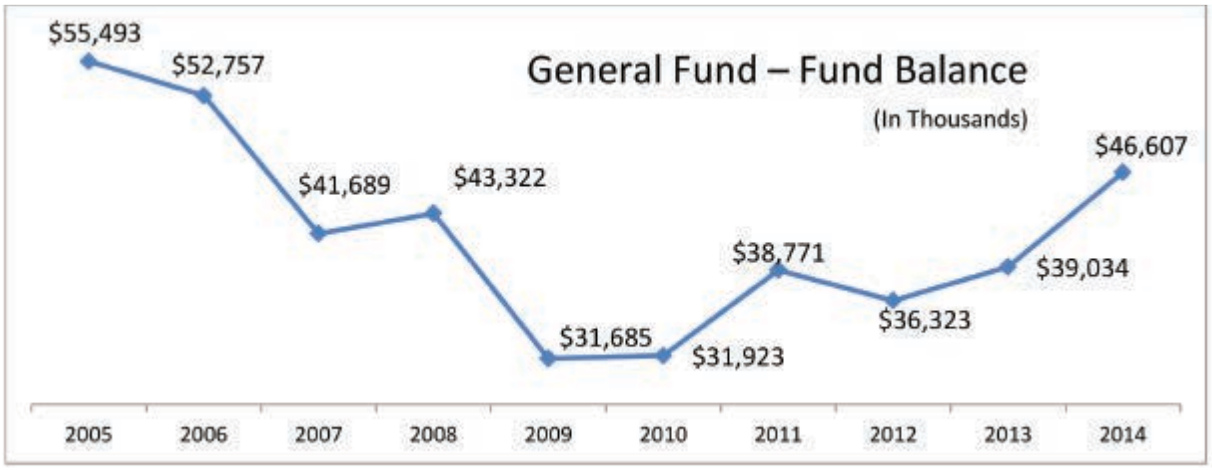
Washoe County's revenue trend line shows 2005-2008 growth followed by the 2009-2013 decline. The operating expenses between the years of 2005 to 2009 increased by $76.5 million (26.6 percent). Much of that growth was due to higher service demands of the increasing population. Over the past three years, both revenue and cost of operating the government have been fairly stable. From 2012-2014, operating expenses declined $11.6 million and revenue increased $6.6 million.

The graph above also shows several trends and events: the wide gap between revenues and expenditures of $89.4 million in 2005, expenditures exceeded revenue in 2010. In 2014, the gap was $36.6 million.

The factors not reflected in the graph above are capital outlays (items which last more than five years) and loan repayments offset by new loans. From 2005-2009, budget decisions at Washoe County involved delaying the purchase of capital outlay, primarily capital improvement projects (see graph below).



Although cautiously optimistic, the County has increased financial confidence due to the two-year trend of the property tax revenue and economic recovery in the form of sales tax, coupled with modest or level operating expenses. Additional evidence of the recovering trend can be seen in Washoe County's General Fund's balance (assets less liabilities) which is $46.6 million. That represents an increase of $7.6 million in 2014.

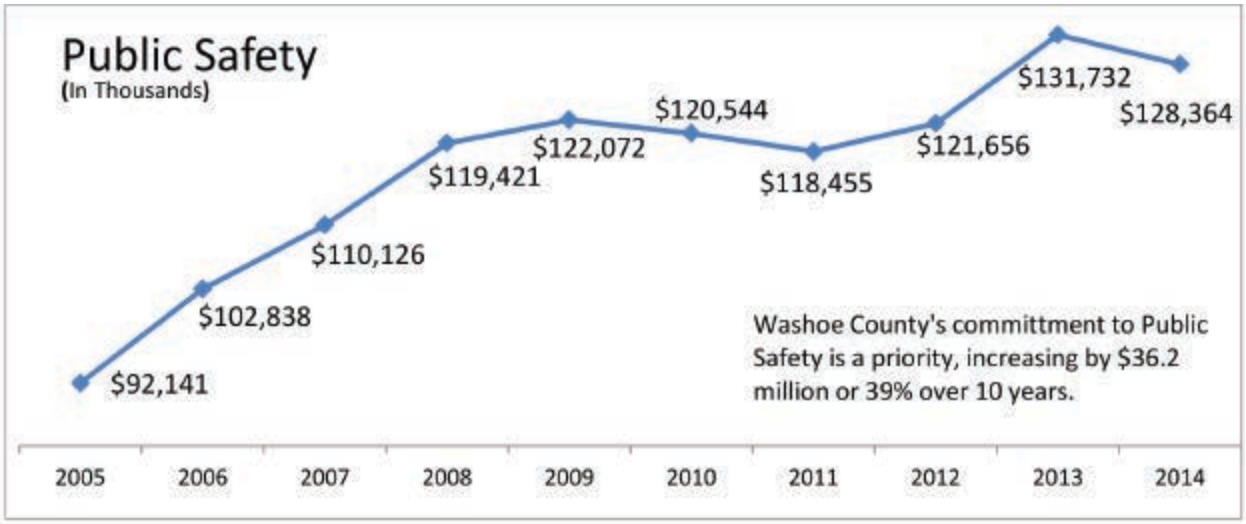


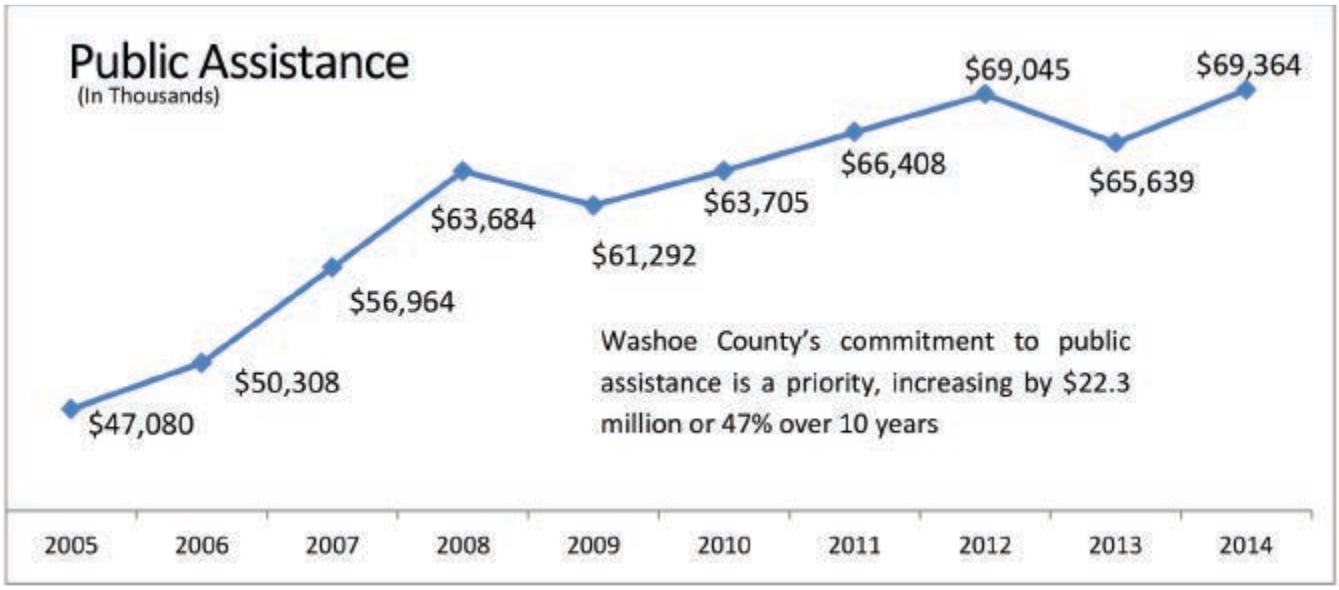
If the amount of money spent on capital outlay in 2014 had not declined by $8.6 million, the 2014 fund balance would have decreased from 2013 by $1 million. The 2014 increase in fund balance is attributed to postponing the purchase of capital outlay, rather than reducing operating expenses. The County also took advantage of lower interest rates to refinance debt payments.

Why it Cost More to Operate Washoe County

Washoe County Commissioners and staff were financially prudent during the Great Recession and made decisions to reduce impacts including: salary reductions; deferring various capital outlays; relying on accumulated savings (fund balance) to maintain high service levels for citizens while preserving financial health.

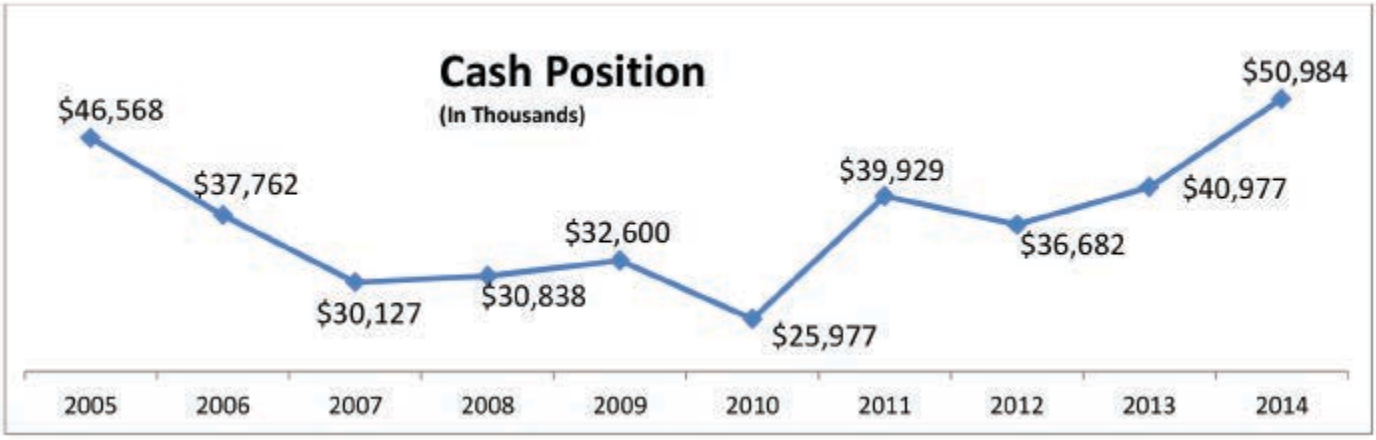
Those decisions translated into modest growth in wages and staffing levels in some areas, while holding expenses in others. The public safety and assistance provided to Washoe County citizens continue to be priorities despite financial challenges. The following two graphs show the County's increased financial commitment to public safety and assistance.





Financial Health - Preparing for the Long Haul

Washoe County's financial health can be measured in many ways, but one of the most common signs of good financial health is having cash available to pay the bills. The graph below shows Washoe County's cash and investments are $50.98 million as of June 30, 2014, increasing by $10 million (24.9 percent) compared to the prior year. Washoe County paid all its debtors, including employees, vendors, and loans on time, which is another positive sign the County is stable financially.



Cautiously Optimistic

Washoe County, like many households during the Great Recession, focused on continuing to pay off existing debt to counteract the year over year decline in revenue. This decision has contributed to the financial strength and health of the County. The information in this report is available at www.washoecounty.us/finance/CAFR2014.htm.