



# WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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## STAFF REPORT BOARD MEETING DATE: October 25, 2016

**DATE:** 10/12/16  
**TO:** Board of County Commissioners  
**FROM:** Robert Andrews, Accounting Manager  
328-2557, randrews@washoecounty.us  
**THROUGH:** Cathy Hill, Comptroller  
328-2563, chill@washoecounty.us  
**SUBJECT:** Acknowledge Receipt of the Interim Financial Report for Washoe County Governmental Funds for the three months Ended September 30, 2016 - Unaudited (All Commission Districts)

### SUMMARY

The attached report is submitted to provide information regarding the County's financial operations by reviewing activity for governmental funds, excluding component units, for the three months ended September 30, 2016. Financial activity for the General Fund is also provided.

**Strategic Objective supported by this item:** Stewardship of our community

### PREVIOUS ACTION

Unaudited interim financial reports are provided to the Board quarterly, in addition to the audited comprehensive annual financial report for the fiscal year ending June 30.

### BACKGROUND

Governmental Funds include the General Fund, which is the County's primary operating fund and accounts for resources and operations that are not required to be accounted for in other funds due to restrictions on funding sources or activities imposed by legal, policy or reporting conventions, fourteen special revenue funds, two debt service funds and four capital projects funds. Significant variances between the years are discussed, as are budget to actual variances.

### FISCAL IMPACT

There is no fiscal impact in acknowledging receipt of the report of the County's current financial position.

### RECOMMENDATION

It is recommended that the Board of County Commissioners acknowledge receipt of the Interim Financial Report for Washoe County Governmental Funds for the three months ended September 30, 2016 - Unaudited.

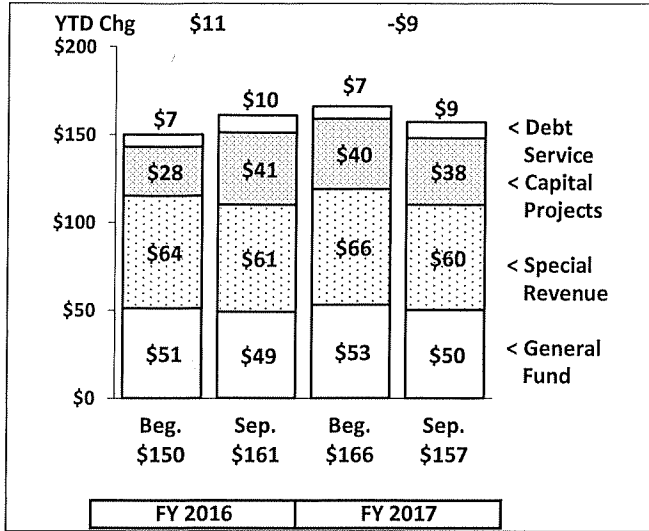
**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be to "move to acknowledge receipt of the Interim Financial Report for Washoe County Governmental Funds for the three months Ended September 30, 2016 – Unaudited."

**Washoe County Governmental Funds – Fiscal Year 2016/2017**  
**Interim Financial Report for the Three Months Ended September 30, 2016 - Unaudited**

*All \$ in millions unless otherwise noted.*

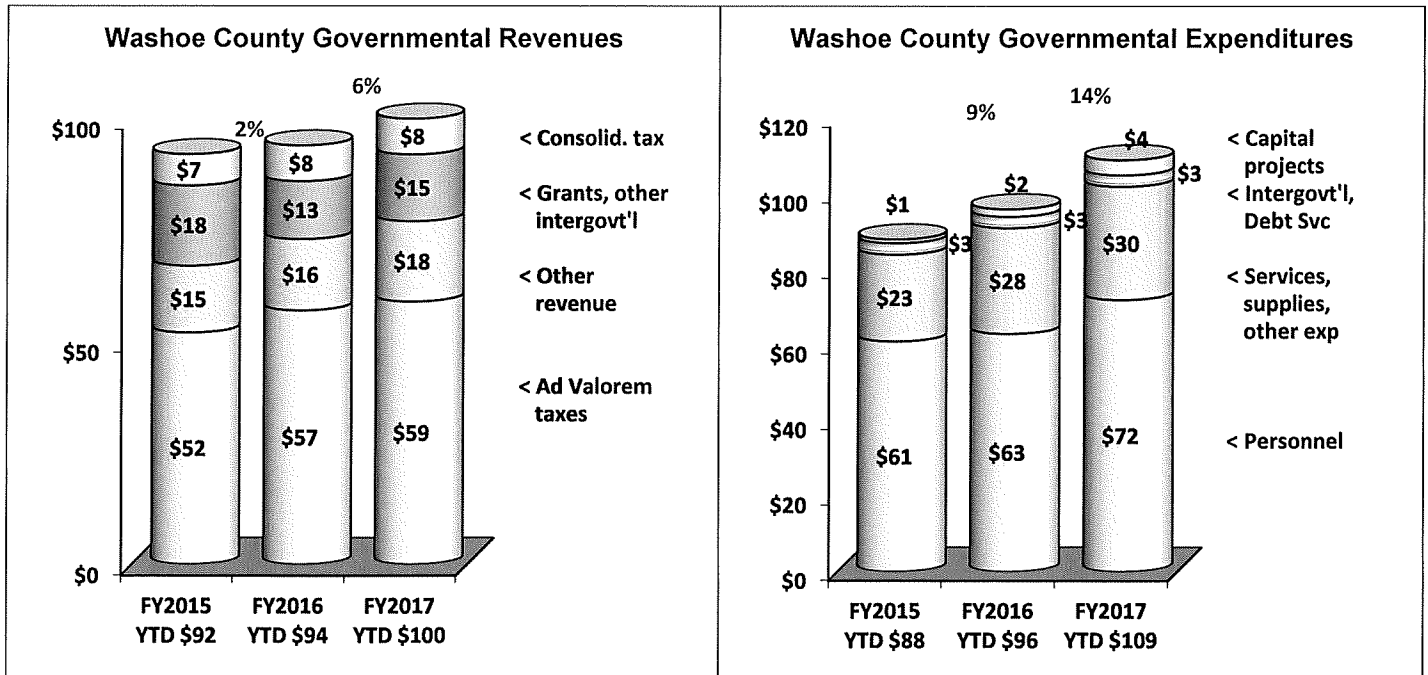
**GOVERNMENTAL FUND BALANCE**



- **Total Governmental Fund Balances** decreased \$9 million year-to-date and \$4 million year over year.
- Fund balances for **Capital Project** funds decreased \$2 million year-to-date due to increases in expenditures for the medical examiners building project.
- Fund balances in the **General Fund** decreased \$3 million year-to-date due primarily to increases in personnel costs.
- Fund balances for **Special Revenue Funds** decreased \$6 million year-to-date due to increased services and supplies and personnel expenses in the Indigent Tax Levy Fund.

**REVENUES AND EXPENDITURES**

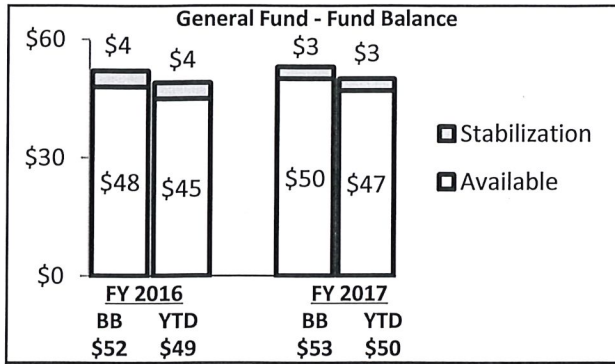
- **Total Governmental Revenues** are 6% over prior year, driven by increases in all revenue categories. Despite not receiving the first quarter distribution of AB104 property taxes from the state, ad valorem taxes are 5% over prior year after the first distribution of real property taxes. Consolidated taxes have been received for the month of July and are 6% over prior year.
- **Total Governmental Expenditures** increased 14% or \$13 million over prior year. Personnel costs increased \$9 million over prior year due to increases in base salaries from cost of living adjustments and timing of OPEB contributions. Services, supplies and other expenses increased by \$2 million due to the timing of reimbursements to Child Protective Services from the General Fund.



# Washoe County Other Governmental Funds – Fiscal Year 2016/2017

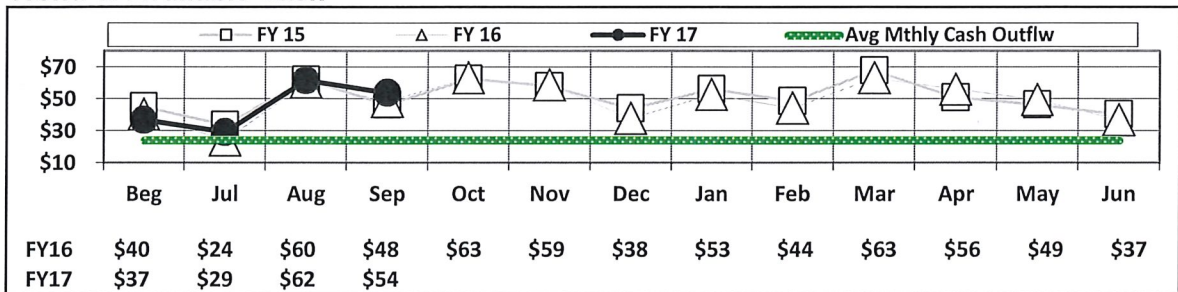
Interim Financial Report for the Three Months Ended September 30, 2016 - Unaudited

All \$ in Millions unless otherwise noted.



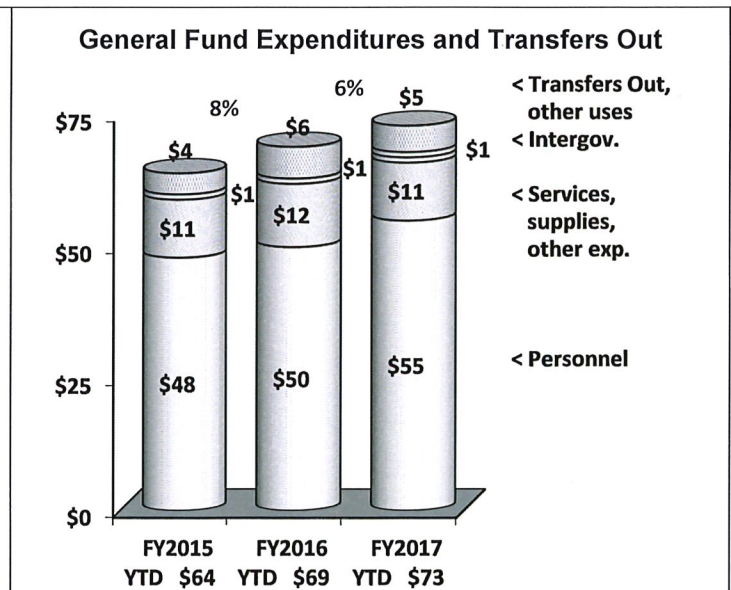
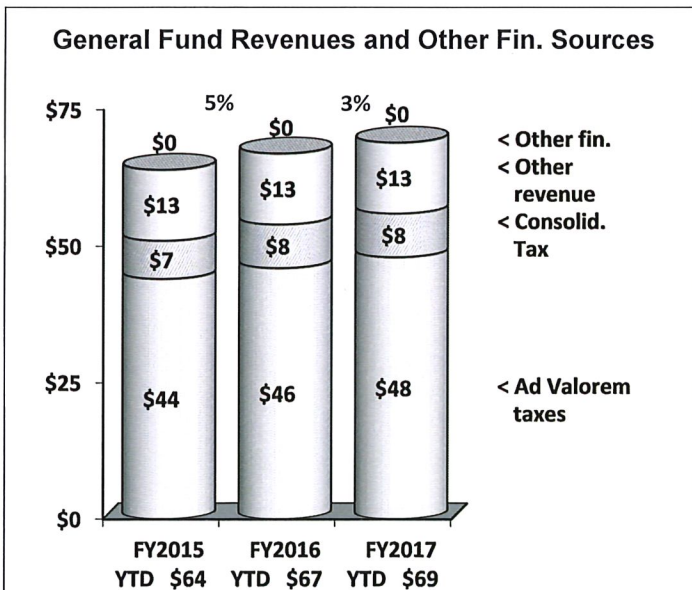
- General Fund fund balance decreased \$3 million year-to-date due primarily to increased personnel costs. The General Fund includes a \$3 million balance for stabilization which is not available for general operations. The Board of County Commissioners, on April 28, 2015 reduced the amount of stabilization funds to a fixed \$3 million from the previous policy of 1.5% of expenditures and other uses.
- The available portion of cash balance (below) is \$6 million higher than prior year. The available cash portion of fund balance excludes cash held for stabilization and funds held as deposits in the Courts and other departments.
- The cash balance continues to be monitored during low points in July and August before the first distribution of property tax is received at the end of August.

## Trend of Available Cash



## REVENUES, EXPENDITURES, AND OTHER FINANCING

- **Revenues** and other financing sources are 3% over prior year. Ad valorem taxes increased by 5% after the first real property tax distribution. Consolidated taxes are up 6% over prior year. **Expenditures** plus transfers out have increased \$4 million over prior year led by higher personnel costs partially offset by decreased services and supplies expense and transfers out.

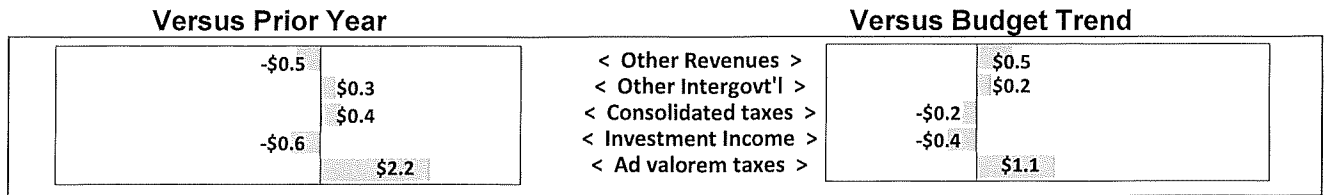


# Washoe County Other Governmental Funds – Fiscal Year 2016/2017

Interim Financial Report for the Three Months Ended September 30, 2016 - Unaudited

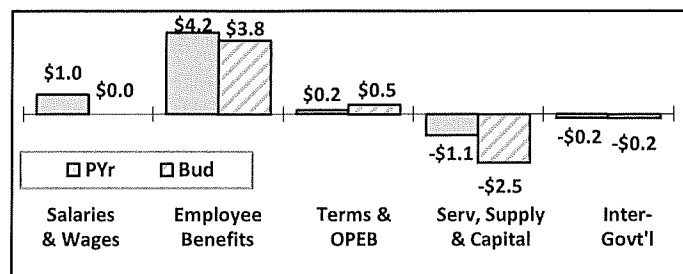
*All \$ in Millions unless otherwise noted.*

## KEY CHANGES IN REVENUES



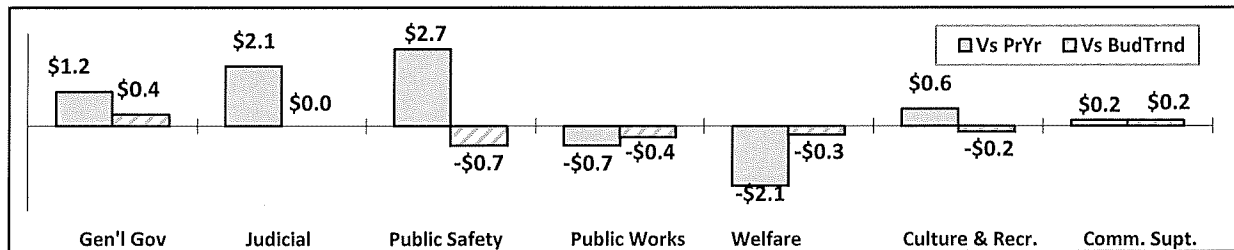
- **Ad valorem taxes** are 5% over prior year due to increased assessed valuation.

## CHANGES IN EXPENDITURES BY CATEGORY VERSUS PRIOR YEAR AND BUDGET TREND



- Personnel costs are above prior year due to cost of living adjustments and timing of OPEB contributions.
- Services, supplies and capital outlay costs are below prior year due to decreased indigent services expense and timing of payments for youth parole services and Regional Public Safety contributions.

## CHANGES IN EXPENDITURES BY FUNCTION



- Expenditures increased from prior year for most functions. The increase in General Government is due to increased equipment costs for Technology Services. Increases in Judicial and Public Safety functions are led by higher personnel costs.
- Welfare activity decreases are due to process changes initiated by the Budget Division for indigent services.

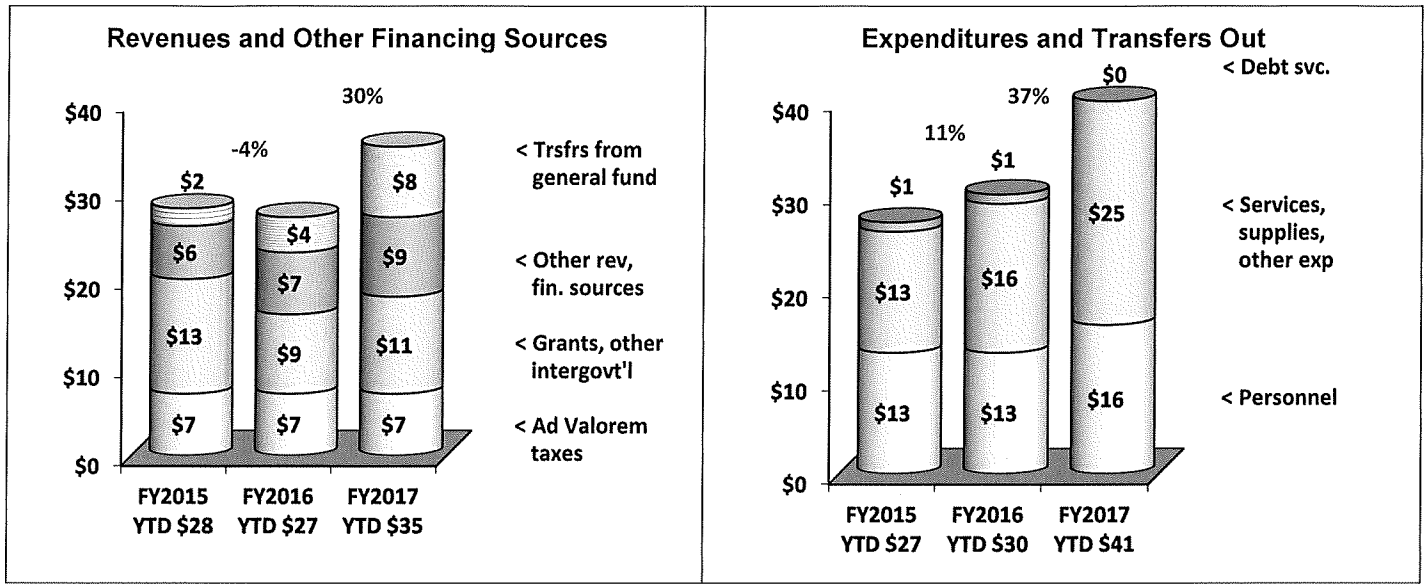
# Washoe County Other Governmental Funds – Fiscal Year 2016/2017

Interim Financial Report for the Three Months Ended September 30, 2016 - Unaudited

*All \$ in Millions unless otherwise noted.*

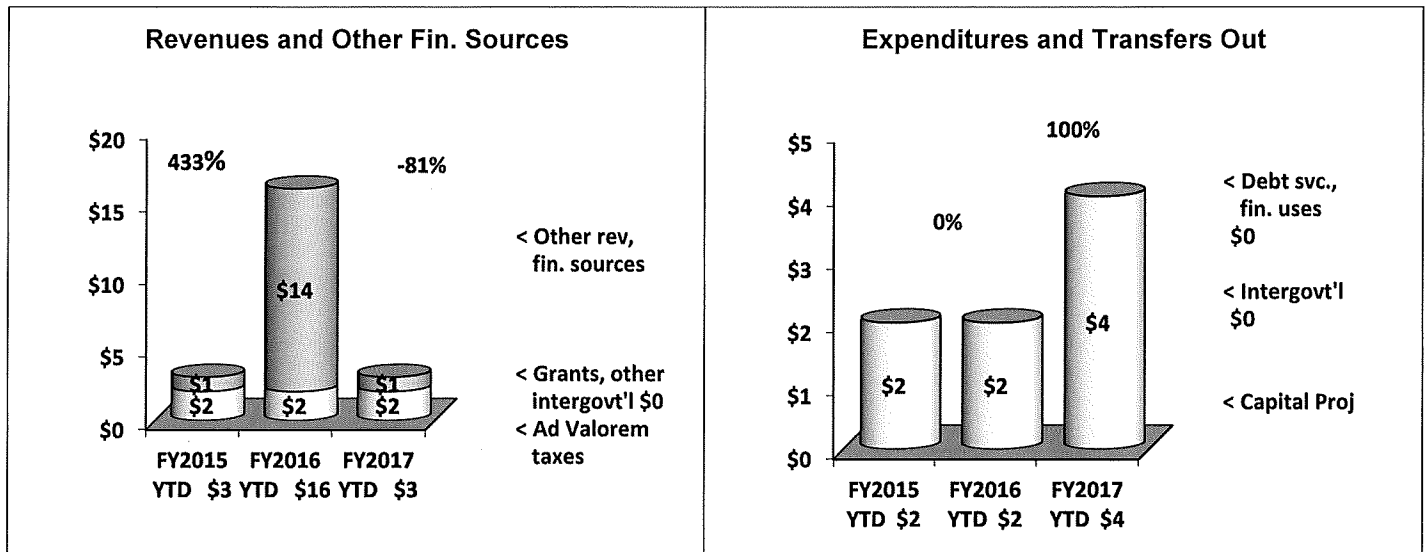
## SPECIAL REVENUE FUNDS

- **Revenues** and other financing sources are 30% higher than in prior year, primarily due to reimbursements for Child Protective Services from the Indigent Tax Levy Fund and transfers from the General Fund to the Indigent Tax Levy Fund.
- **Expenditures** and transfers out increased 37% over prior year due to increased personnel costs and settlement payments to Truckee River Flood Management.



## CAPITAL PROJECTS FUNDS

- **Revenues** and other financing sources have decreased 81% from prior year due to proceeds from debt issued for the Medical Examiners building project, in fiscal year 2016.
- **Expenditures** have increased \$2 million or 100% due to spending on the Medical Examiners building project.



## Washoe County Other Governmental Funds – Fiscal Year 2016/2017

Interim Financial Report for the Three Months Ended September 30, 2016 - Unaudited

*All \$ in Millions unless otherwise noted.*

### BUSINESS TYPE FUNDS

- Operating income is favorable over prior year for all business type funds. The Golf Course Fund operating revenue was annualized for comparative purposes as revenue accruals were not done for the first quarter of FY2016. Operating expense decrease for Utilities is due to decreased waste activated sludge testing. Operating expense decrease for the Golf Course Fund is due to decreased water charges from Truckee Meadows Water Authority. Non-operating revenue decreases from prior year are due to unrealized losses on investments due to market swings.

\$ in thousands					
	Budget	YTD	Pr. Year YTD	YTD versus	
				Budget	Pr. Year
<b>Utilities</b>					
Operating Revenue	\$ 13,979,546	\$ 4,064,587	\$ 3,942,627	29%	3%
Operating Expense	(16,242,548)	(2,767,643)	(3,013,205)	17%	-8%
Operating Income/(Loss)	(2,263,002)	1,296,944	929,422	57%	40%
Capital Contributions	3,890,000	1,342,708	569,571	35%	136%
Nonoperating/Other	320,594	(116,749)	447,448	36%	-74%
Change in Net Assets	\$ 1,947,592	\$ 2,522,903	\$ 1,946,441	130%	30%
<b>Golf Course</b>					
Operating Revenue	\$ 1,280,000	\$ 492,726	\$ 343,501	38%	43%
Operating Expense	(921,822)	(172,803)	(277,063)	19%	-38%
Operating Income/(Loss)	358,178	319,923	66,438	89%	382%
Nonoperating/Other	10,300	(327)	5,949	3%	-95%
Change in Net Assets	\$ 368,478	\$ 319,596	\$ 72,387	87%	342%
<b>Building &amp; Safety</b>					
Operating Revenue	\$ 3,300,000	\$ 851,092	\$ 831,920	26%	2%
Operating Expense	(3,453,109)	(605,966)	(566,602)	18%	7%
Operating Income/(Loss)	(153,109)	245,126	265,318	160%	-8%
Nonoperating/Other	30,000	(1,128)	14,701	4%	-92%
Change in Net Assets	(123,109)	\$ 243,998	\$ 280,019	198%	-13%