



WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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CM/ACM RA

Budget RA

DA n/a

Comptroller n/a

HR n/a

Other n/a

STAFF REPORT

BOARD MEETING DATE: May 10, 2016

DATE: 4/19/16
TO: Board of County Commissioners
FROM: Cathy Hill, Comptroller
328-2563, chill@washoecounty.us
THROUGH: Joey Orduna Hastings, Assistant County Manager
328-2000, jhastings@washoecounty.us
SUBJECT: Acknowledge Receipt of the Interim Financial Report for Washoe County
Governmental Funds for the nine months Ended March 31, 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 nine months ended March 31, 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 nine months ended March 31, 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 nine months Ended March 31, 2016 – Unaudited."

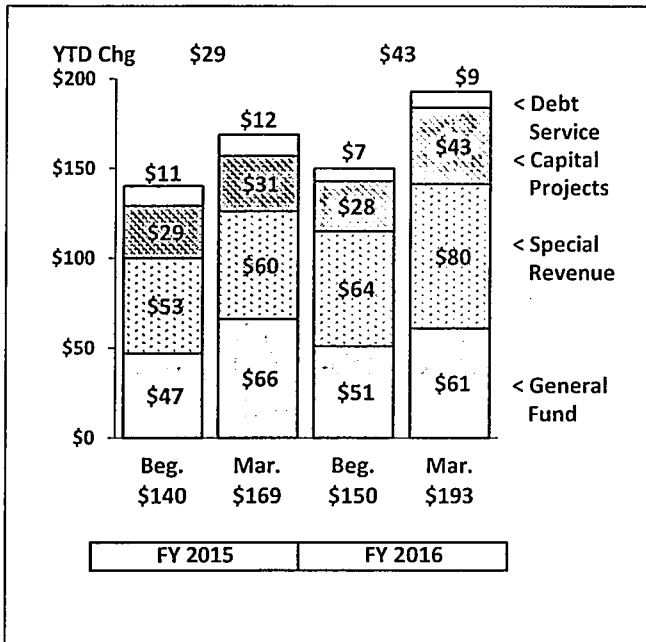
AGENDA ITEM # 5.F.2.

Washoe County Governmental Funds – Fiscal Year 2015/2016

Interim Financial Report for the Nine Months Ended March 31, 2016 - Unaudited

All \$ in millions unless otherwise noted.

GOVERNMENTAL FUND BALANCE

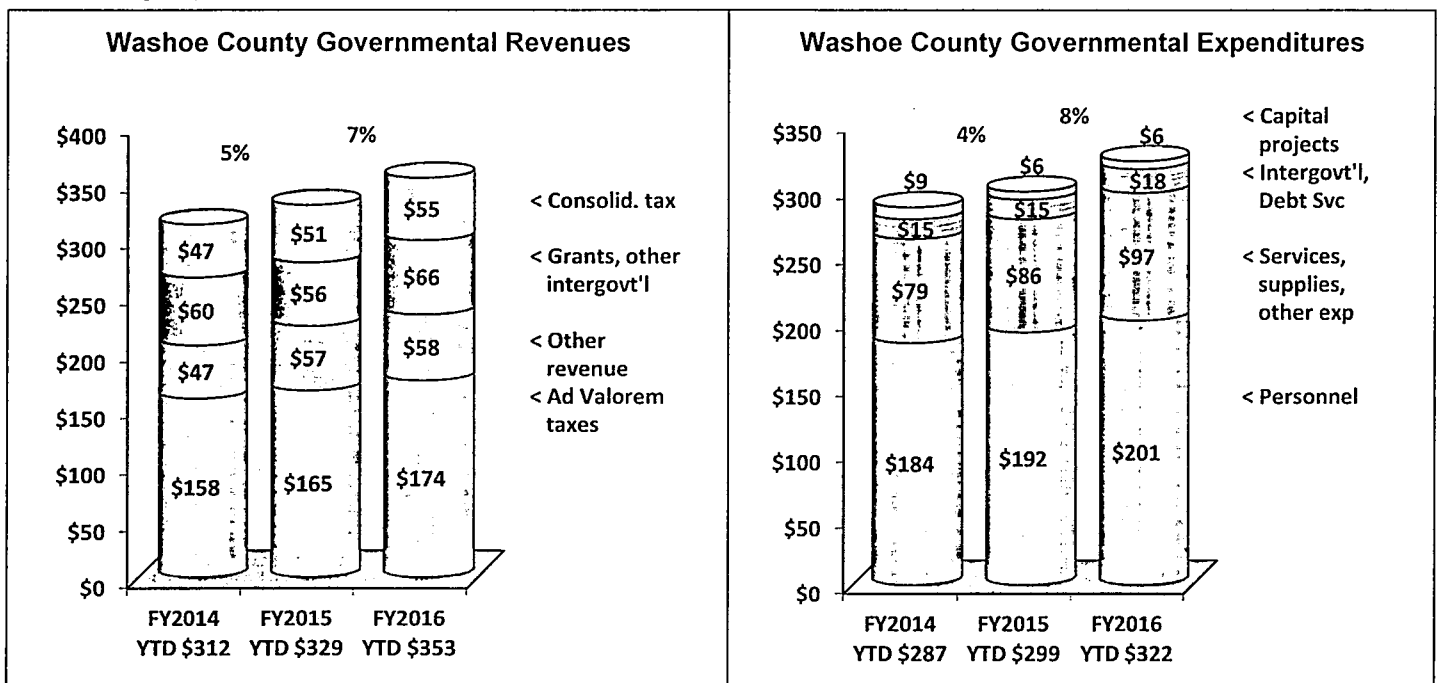


- Total Governmental Fund Balances increased \$43 million year-to-date and \$24 million year over year.
- Fund balances for **Capital Project** funds increased from the prior year by \$12 million primarily due to proceeds from debt issuance for the Medical Examiners building project.
- Fund balances in the **General Fund** decreased \$5 million from prior year due primarily to increases in personnel, services, supplies and capital. Fund balances increased \$10 million year-to-date due to revenue exceeding expenditures and financing uses.
- Fund balances for **Special Revenue Funds** increased \$16 million year-to-date due to increased intergovernmental revenue for grant billing in the Child Protective Services Fund.

REVENUES AND EXPENDITURES (GOVERNMENTAL)

- **Total Governmental Revenues** increased \$24 million over prior year, led by increases in grants and other intergovernmental revenue, Ad valorem and Consolidated taxes. Ad valorem taxes are up \$9 million and 5% over prior year after the fourth distribution of real property taxes. Consolidated taxes have been received for the month of January and are up 8% over prior year. Federal and State grant revenue has increased \$10 million from prior year due to timing of grant billings.

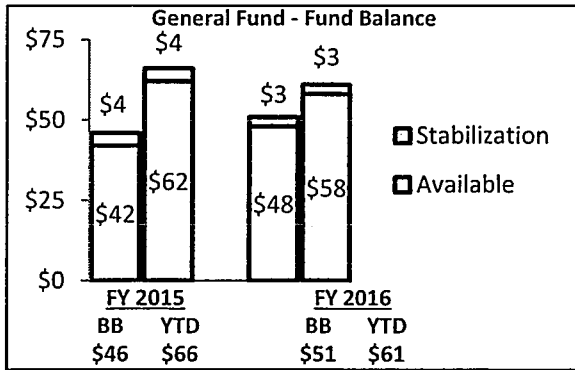
Total Governmental Expenditures increased 8% or \$23 million over prior year. Personnel costs increased \$9 million or 4.5% over prior year due to increases in salaries and retirement benefits expense. Services, supplies and other expenses increased \$11 million due to increases in payments to other agencies in support of Indigent program expansion to include Crossroads and Senior Corner, and support of Indigent Child Welfare programs in the Child Protective Services Fund, as well as increases in capital outlay for roads and building improvements.



Washoe County Other Governmental Funds – Fiscal Year 2015/2016

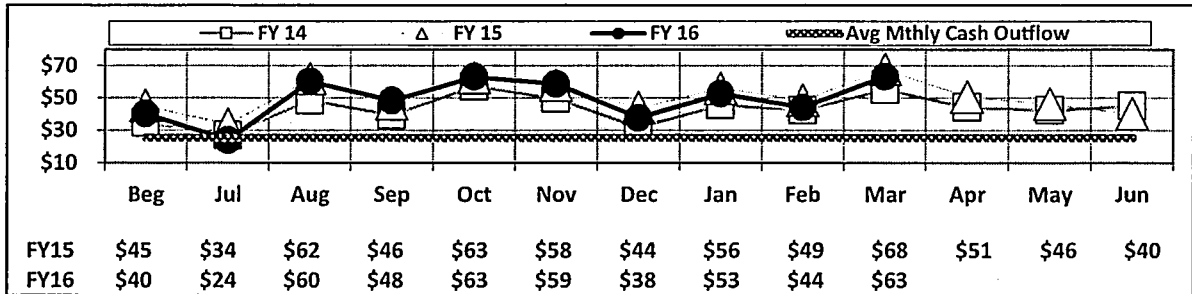
Interim Financial Report for the Nine Months Ended March 31, 2016 - Unaudited

All \$ in Millions unless otherwise noted.



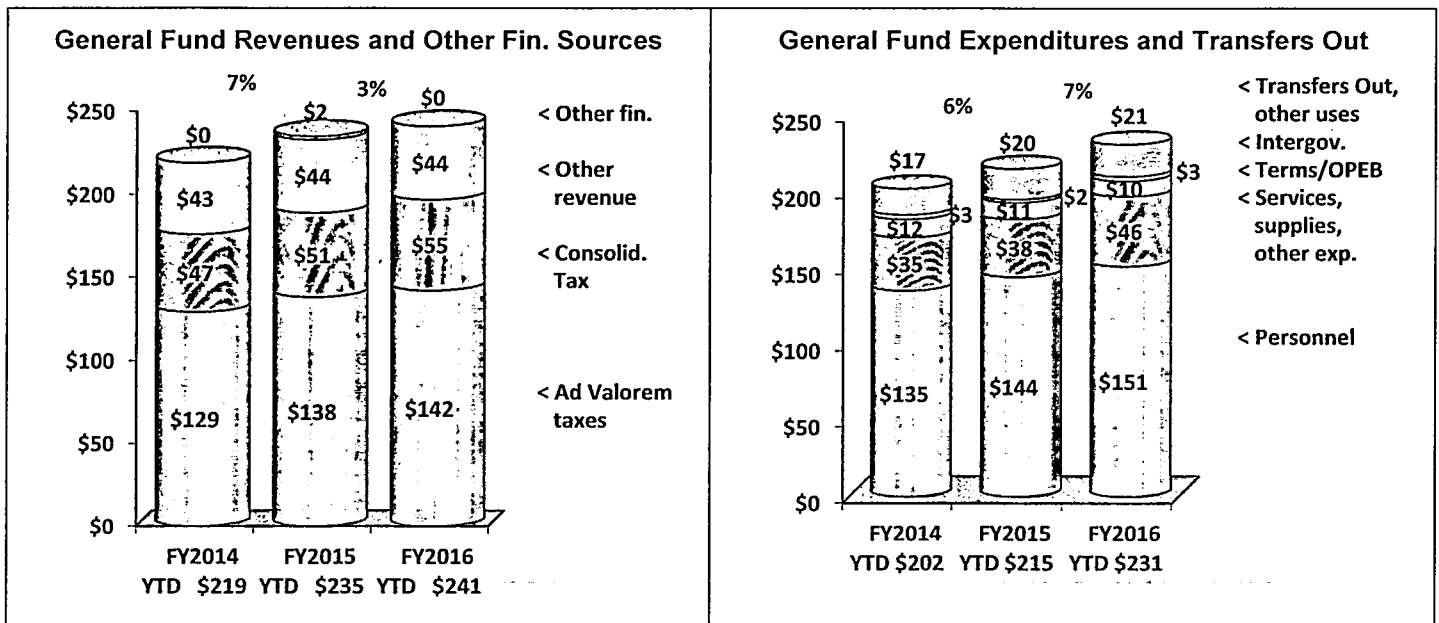
- General Fund fund balance increased \$10 million year-to-date. The General Fund includes a \$3 million balance for stabilization which is not available for general operations. The Board of County Commissioners, on April 28, 2015 reduced the amount of stabilization funds to a fixed \$3 million from the previous policy of 1.5% of expenditures and other uses.
- The available portion of cash balance (below) is \$5 million lower 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 (GENERAL FUND)

- Revenues and other financing sources are up 3% over prior year. Ad valorem taxes increased by 3% after the fourth real property tax distribution. Consolidated taxes increased 8%. Expenditures plus transfers out have increased \$16 million over prior year due to increases in services and supplies and higher personnel costs for salaries and retirement benefits.

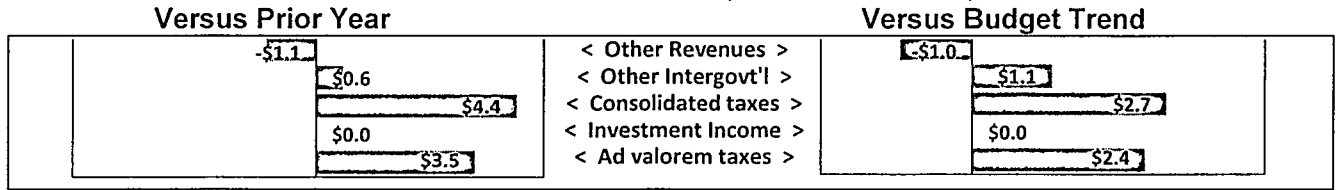


Washoe County Other Governmental Funds – Fiscal Year 2015/2016

Interim Financial Report for the Nine Months Ended March 31, 2016 - Unaudited

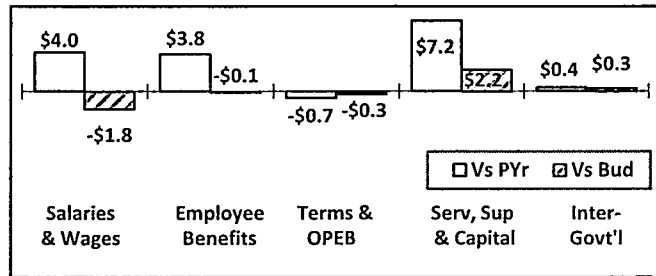
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KEY CHANGES IN REVENUES (GENERAL FUND)



- Consolidated taxes have been received for the month of January and are 8% ahead of prior year.
- Ad valorem taxes are 3% over prior year.

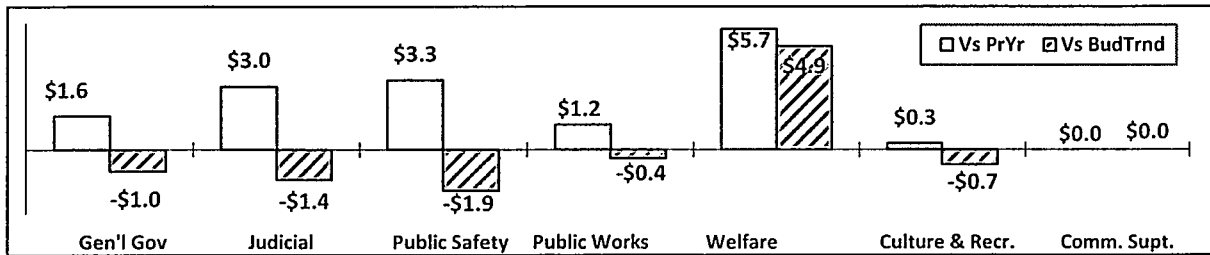
CHANGES IN EXPENDITURES BY CATEGORY VERSUS PRIOR YEAR AND BUDGET TREND



Note: To provide better operating comparisons, the analysis separates voluntary separation incentives and OPEB contributions from other personnel costs.

- Personnel costs are above prior year due to cost of living adjustments and increased retirement benefit costs.
- Services, supplies and capital outlay costs are above prior year due to increased Indigent support, lock replacements for the Sheriff's Office, Assessor technology, building security modifications and roof replacement for the Mills Lane Justice building.

CHANGES IN EXPENDITURES BY FUNCTION



- Expenditures increased from prior year for all functions except Community Support which remained constant. The increases are primarily due to higher personnel costs. Public Works and Welfare function's increases were primarily due to repairs and maintenance costs and Indigent support.

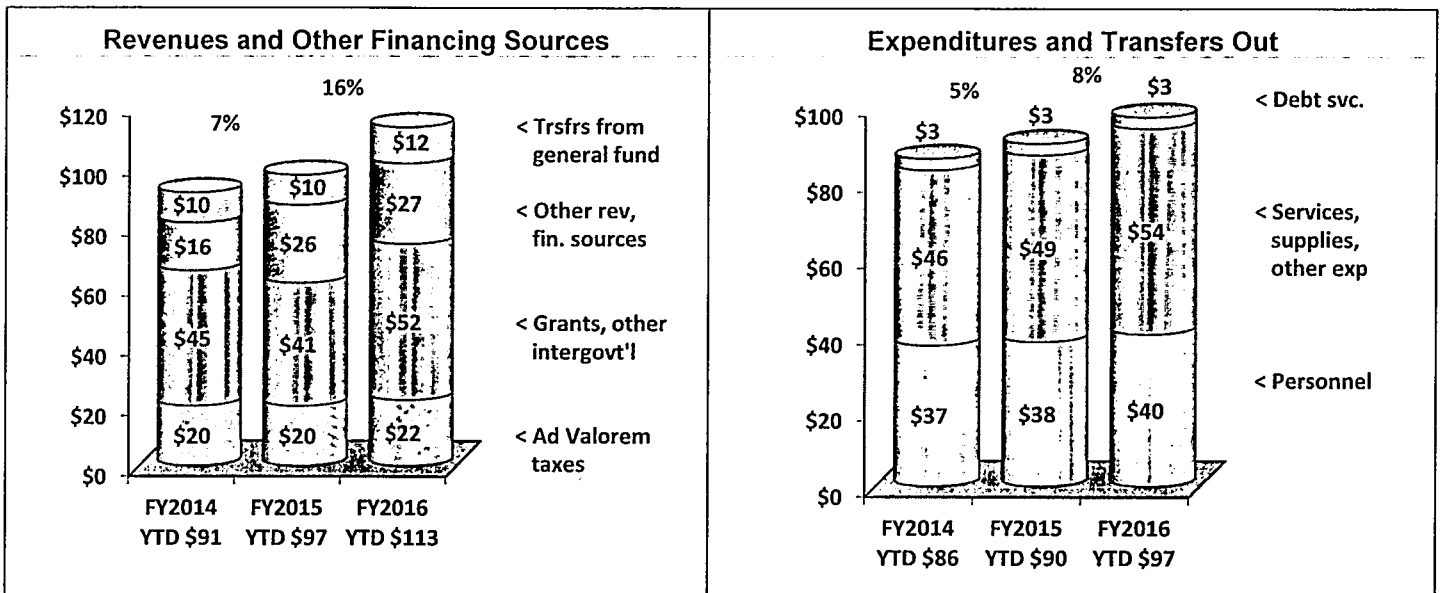
Washoe County Other Governmental Funds – Fiscal Year 2015/2016

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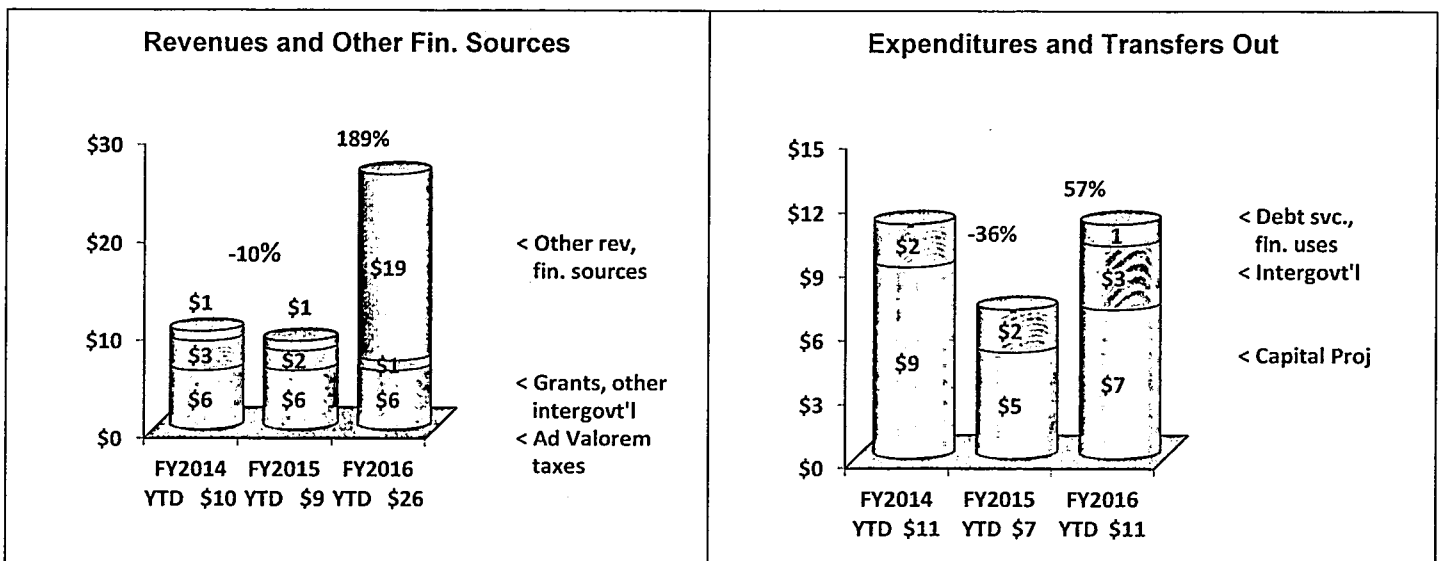
SPECIAL REVENUE FUNDS

- **Revenues** and other financing sources are 16% higher than prior year, primarily due to timing of grant billings, increases in Ad valorem taxes and increased transfers from the General Fund to the Health District.
- **Expenditures** plus transfers out increased 8% over prior year due to the previously mentioned increases for indigent support, increases in adoption subsidies and increased capital expenditures in the Roads Fund for road improvements.



CAPITAL PROJECTS FUNDS

- **Revenues** and other financing sources have increased 189% from prior year due to proceeds from debt issued for the Medical Examiners building project.
- **Expenditures** plus transfers have increased \$4 million due to activity on several Facilities, Public Works and Parks projects including the Medical Examiner building, Detention lock replacements, Second Avenue sidewalk, Eagle Canyon and New Washoe City Parks, and Incline Village Water Quality Improvement projects.



Washoe County Other Governmental Funds – Fiscal Year 2015/2016

Interim Financial Report for the Nine Months Ended March 31, 2016 - Unaudited

All \$ in Millions unless otherwise noted.

BUSINESS TYPE FUNDS

Note: To provide better comparative figures, Water Operations for the Utilities Fund was excluded from the analysis.

Operating revenue increases in the Utilities Fund is due to increased Sewer Charges and Stormwater fees. Operating expense increase for Utilities is due to increases in personnel costs and services and supplies.

\$ in thousands					
	Budget	YTD	Pr. Year YTD	YTD versus	
				Budget	Pr. Year
Utilities					
Operating Revenue	\$ 14,120,775	\$ 10,423,110	\$ 8,634,873	74%	21%
Operating Expense	(16,817,692)	(8,562,009)	(7,903,986)	51%	8%
Operating Income/(Loss)	(2,696,917)	1,861,101	730,887	69%	155%
Capital Contributions	3,695,000	3,216,787	1,228,165	87%	162%
Nonoperating/Other	346,461	1,016,094	1,083,597	293%	-6%
Change in Net Assets	<u>\$ 1,344,544</u>	<u>\$ 6,093,982</u>	<u>\$ 3,042,649</u>	453%	100%
Golf Course					
Operating Revenue	\$ 1,033,457	\$ 882,598	\$ 685,972	85%	29%
Operating Expense	(1,065,967)	(760,406)	(762,909)	71%	0%
Operating Income/(Loss)	(32,510)	122,192	(76,937)	376%	59%
Nonoperating/Other	11,500	12,375	13,286	108%	-7%
Change in Net Assets	<u>\$ (21,010)</u>	<u>\$ 134,567</u>	<u>\$ (63,651)</u>	640%	111%
Building & Safety					
Operating Revenue	\$ 2,800,000	\$ 2,100,556	\$ 1,766,926	75%	19%
Operating Expense	(2,478,695)	(1,660,413)	(1,452,386)	67%	14%
Operating Income/(Loss)	321,305	440,143	314,540	137%	40%
Nonoperating/Other	7,000	36,059	19,119	515%	89%
Change in Net Assets	<u>\$ 328,305</u>	<u>\$ 476,202</u>	<u>\$ 333,659</u>	145%	43%