

COMMUNICATIONS AND REPORTS
NOVEMBER 12, 2019

The following communications and reports were received, duly noted, and ordered placed on file with the Clerk:

MONTHLY STATEMENTS/REPORTS

- A. Office of the Washoe County Treasurer – Monthly Statement for month ending August 31, 2019.
- B. Office of the Washoe County Treasurer – Monthly Statement for month ending September 30, 2019.

QUARTERLY STATEMENTS/REPORTS

- A. Clerk of the Court – Quarterly Financial Statement for quarter ending September 2019.

ANNUAL STATEMENTS/REPORTS

- A. Western Regional Water Commission – Financial Statements ending June 30, 2019.

OFFICE OF THE WASHOE COUNTY TREASURER
Tammi Davis, Treasurer

1001 E 9TH St - D140
P O Box 30039
Reno NV 89520-3039

MONTHLY STATEMENT OF WASHOE COUNTY TREASURER FOR
MONTH ENDING AUGUST 31, 2019

BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY
RENO, NEVADA

RE: NRS 354.280

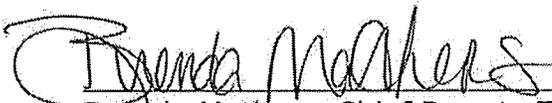
Honorable Commissioners:

I hereby submit this summary record of the source and amount of all receipts, apportionments to, payments from and balances in all funds and separate accounts as required by referenced statute. Detail information for these funds is available in my office.

CASH ON DEPOSIT	OUTSTANDING CHECKS	BOOK BALANCE
\$20,971,896.42	\$296,320.02	\$20,675,576.40

INVESTMENTS (Reported at Market - All Groups)
\$611,825,231.80

Unapportioned Funds (Secured & Unsecured)	Washoe County	Other Agencies	Restricted Funds	Total
	\$209,463.23	\$421,736.12	\$77,082.24	\$708,281.59


Brenda Mathers, Chief Deputy Treasurer

OFFICE OF THE WASHOE COUNTY TREASURER
Tammi Davis, Treasurer

1001 E 9TH St - D140
P O Box 30039
Reno NV 89520-3039

MONTHLY STATEMENT OF WASHOE COUNTY TREASURER FOR
MONTH ENDING SEPTEMBER 30, 2019

BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY
RENO, NEVADA

RE: NRS 354.280

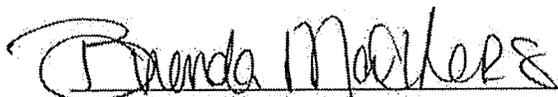
Honorable Commissioners:

I hereby submit this summary record of the source and amount of all receipts, apportionments to, payments from and balances in all funds and separate accounts as required by referenced statute. Detail information for these funds is available in my office.

CASH ON DEPOSIT	OUTSTANDING CHECKS	BOOK BALANCE
\$14,275,628.29	\$1,424,212.76	\$12,851,415.53

INVESTMENTS (Reported at Market - All Groups)
\$ 571,380,544.54

Unapportioned Funds (Secured & Unsecured)	Washoe County	Other Agencies	Restricted Funds	Total
	\$ 10,028,645.29	\$ 21,749,630.51	\$ 3,521,528.81	\$36,299,804.61


Brenda Mathers, Chief Deputy Treasurer

CLERK OF THE COURT
QUARTERLY FINANCIAL STATEMENT
STATE OF NEVADA, COUNTY OF WASHOE
Quarter Ending SEPTEMBER 2019

Jacqueline Bryant, Clerk of the Court, in compliance with NRS 19.090, and being first duly sworn, and under penalty of perjury, deposes and says that the following is a full and correct statement of all fees, percentages or compensation received in my official capacity during the preceding three months:

Clerk of the Court	Law Library Fund	\$	17,045.00
	Additional Divorce Filing Fee	\$	420.00
	*County General Fund	\$	388,616.50
	State Civil Fee	\$	55,565.00
	Legal Aid Filing Fee	\$	68,548.00
	TOTAL		<u>\$530,194.50</u>



Jacqueline Bryant
District Court Administrator/Clerk of Court

* Included in County General Fund are the following fees: balance of civil action, certified copies of all miscellaneous.

CASH REGISTER READOUT	
T.R. Rec.No.	
(Doc. No)	

UNIT ID. CLERK - JUDICIAL
 Date: October 01, 2019

FOR AUDIT AND CONTROL PURPOSES PLEASE INDICATE THE REASON FOR THIS COLLECTION.
 (Attach any additional document if this would help to clarify the collection.)

DISTRICT COURT FEES COLLECTED FOR 4TH QTR 18/19

ACCOUNTS TO BE CREDITED					AMOUNT	
CR/GF/OP	ACCOUNT DESCRIPTION	ACCOUNTING CODE NUMBERS				
		ORDER	COST CENTER	ACCOUNT		
OP	Legal Aid (Washoe Legal Services) (01)		990023	441007	36,086.00	legalaids \$ 68,548.00
OP	Legal Aid (Elderly Indigent) Sr. Center (02)		250411	460720	12,107.00	
OP	State Civil (03)		990019	441022	35,520.00	state civil \$ 55,565.00
GF	Law Library (04)		123100	460222	17,010.00	law library \$ 17,045.00
GF	Clerk Fees (05,6,7)		120101	460210	90,471.50	general \$ 388,616.50
CR	DC Technology SB106 (06)	20038	120105	460210	1,256.00	
OP	Legal Aid (Washoe Legal Services) (08)		990023	441078	20,355.00	
GF	Additional Divorce Answer Fee (09)		120231	460220	420.00	add'l div \$ 420.00
GF	Mediation (10)		120331	471205	7,715.00	
OP	Neighborhood Justice Center (10J)		270710	460225	7,715.00	
GF	Arbitration (11)		120111	471215	7,715.00	TOTAL: \$ 530,194.50
OP	Displaced Homemakers (12)		990019	441021	12,870.00	
GF	Divorce Training (13)		120231	460223	2,185.00	
GF	Family Mediation Fee (14)		120331	471210	7,650.00	
GF	CD Recording/Record on CD (15,17)		120311	485300	4,015.00	
OP	Vital Statistics (State of NV) (18)		990019	441004	4,370.00	
OP	State of NV (OAC / Tech) (19)		990019	441020	1,570.00	
OP	State of NV (OAC / Judges) (20)		990019	441019	785.00	
CR	Court Expansion Fees AB65 (21)	20326		460211	173,045.00	
CR	Court Security Fees AB65 (22)	20335		460213	30,480.00	
CR	Mtn to Modify Div SB388	20408		460214	2,310.00	
CR	Opp Mtn to Mod Div SB388	20409		460215	656.00	
GF	eFile Subscription		120108	460212	51,600.00	
GF	Attorney ID Badge Fee		120101	485320	-	
GF	Attorney ID Badge Fee PW		160100	485100	-	
GF	Law Library Fine/Fee		123100	485100	35.00	
OP	Foreclosure Mediation State (34)		990019	460121	450.00	
GF	Foreclosure Mediator (35)	20444		460220	1,800.00	
GF	Over/Short (Filing Office)		120231	711300	3.00	

Credit Card WM: _____
 Fee Bank Total: _____
 Currency: _____
TOTAL: \$ _____

TOTAL \$ 530,194.50

Prepared By: H. Potts

ACCEPTED BY: TAMMI DAVIS
 Washoe County Treasurer

		Quarterly
		Total
Legal Aid (WLS)	01	\$36,086.00
Legal Aid Sr. Center	02	\$12,107.00
State Civil	03	\$35,520.00
Law Library	04	\$17,010.00
Clerk Fees	05,6,7	\$90,471.50
DC Technology SB106	06	\$1,256.00
Legal Aid (WLS)	08	\$20,355.00
Add'l Divorce Answer	09	\$420.00
Mediation	10	\$7,715.00
Neighborhood Justice	10J	\$7,715.00
Arbitration	11	\$7,715.00
Displaced Homemakers	12	\$12,870.00
Divorce Training	13	\$2,185.00
Family Mediation Fee	14	\$7,650.00
Video Tapes	15,17	\$4,015.00
Vital Statistics	18	\$4,370.00
State of NV AOC/Tech	19	\$1,570.00
State of NV AOC/Judge	20	\$785.00
Court Expansion Fees AB65	21	\$173,045.00
Court Security Fee AB65	22	\$30,480.00
Mtn to Mod Div SB388	22JP	\$2,310.00
Opp Mtn to Mod Div SB388	22OP	\$656.00
eFile Subscription	30	\$51,600.00
Attorney ID Badge Fee	31	\$0.00
Attorney ID Badge Fee PW	32	\$0.00
Law Library Fine	33	\$35.00
Foreclosure State	34	\$450.00
Foreclosure Mediator	35	\$1,800.00
Over/Short Filing Office		\$ 3.00
		\$530,194.50

**WESTERN REGIONAL
WATER COMMISSION**

Financial Statements

JUNE 30, 2019



SchettlerMacy
& Associates LLC

CERTIFIED PUBLIC ACCOUNTANTS

WESTERN REGIONAL WATER COMMISSION

TABLE OF CONTENTS JUNE 30, 2019

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Fund	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	12
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	14
Notes to Financial Statements	15
COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Schedule of Findings and Responses	26
Auditor's Comments	29



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Western Regional Water Commission
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Western Regional Water Commission (Commission) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission'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 of 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 risks 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 financial position of the governmental activities and the General Fund of the Western Regional Water Commission as of June 30, 2019, and the respective changes in its financial position and the budgetary comparison for the General 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 3 through 7 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of the Commission'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 Commission's internal control over financial reporting and compliance.

Schettler Macy & Associates, LLC

Reno, Nevada
September 27, 2019

WESTERN REGIONAL WATER COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

As management of the Western Regional Water Commission (Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Commission's financial statements, which follow this narrative.

The Commission was created on April 1, 2008 upon passage of 2007 Nevada Legislature Senate Bill 487 to improve water resource planning at the regional level and facilitate coordinated resource management among the four then existing public water purveyors of Washoe County (Truckee Meadows Water Authority, Washoe County Water Resources, Sun Valley General Improvement District and South Truckee Meadows General Improvement District).

A cooperative agreement was entered into upon the creation of the Commission among the following member agencies at the time: the cities of Reno and Sparks, the South Truckee Meadows General Improvement District, the Sun Valley General Improvement District, the Truckee Meadows Water Authority, and Washoe County, to form a Joint Powers Authority to operate the Commission.

On December 31, 2014, the Truckee Meadows Water Authority assumed the assets and obligations of the Washoe County and South Truckee Meadows General Improvement District water utilities. Washoe County is still in existence and plays an integral part in the cooperative agreement; however, the South Truckee Meadows General Improvement District has been dissolved. To this end, the Commission is directed by a Board of Trustees composed of members from each of the original governing agencies, excluding the South Truckee Meadows General Improvement District.

Financial Highlights

- The Commission's Government-wide net position increased by \$304 thousand to \$1.42 million.
- The Commission's General Fund reported an increase in fund balance of \$311 thousand to \$1.45 million.

WESTERN REGIONAL WATER COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Governmental Activities:

- General revenues increased by \$152 thousand or 10% from the prior year.
- Expenses decreased by nearly \$148 thousand or 11% from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements consist of three components; the 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Commission's finances, similar in format to a financial statement of a private-sector business.

The *Statement of Net Position* presents information on all of the Commission's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the balance reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *Statement of Activities* presents information showing how the Commission's net position changed during the most recent 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the Nevada Revised Statutes (NRS) and the Commission's regulations.

WESTERN REGIONAL WATER COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Unlike the government-wide financial statements, 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.

The Commission's General Fund is a governmental fund. Governmental funds focus on how assets can be readily converted into cash, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Commission's programs.

Notes to Financial Statements

The notes to the financial statements provide additional information which is essential for a full understanding of the information provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The following is a summary of the Commission's government-wide Statement of Net Position as of June 30, 2019 and 2018:

WESTERN REGIONAL WATER COMMISSION NET POSITION

	2019	2018 (Restated)
	<u> </u>	<u> </u>
Assets		
Current assets	\$ 1,761,917	\$ 1,497,118
	<u> </u>	<u> </u>
Liabilities		
Current liabilities	308,467	352,432
Long-term liabilities	37,574	32,839
	<u> </u>	<u> </u>
	346,041	385,271
	<u> </u>	<u> </u>
Net Position		
Unrestricted	\$ 1,415,876	\$ 1,111,847
	<u> </u>	<u> </u>

WESTERN REGIONAL WATER COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Governmental Activities

The Commission's governmental activities for the years ended June 30, 2019 and 2018 are presented in the following table:

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Revenues		
Program revenues:		
Operating grants and contributions	\$ 39,880	\$ -
General revenues:		
Water surcharge fees	1,590,013	1,489,557
Earnings on investments	53,500	2,282
Total Revenues	<u>1,683,393</u>	<u>1,491,839</u>
Expenses		
Services and supplies	<u>1,379,364</u>	<u>1,527,266</u>
Total Expenses	<u>1,379,364</u>	<u>1,527,266</u>
Change in Net Position	304,029	(35,427)
Net Position, July 1, restated	<u>1,111,847</u>	<u>1,147,274</u>
Net Position, June 30	<u>\$ 1,415,876</u>	<u>\$ 1,111,847</u>

Economic Factors / Next Year's Budget / Other Significant Matters

Overall, revenue was 10% more than the previous fiscal year, which is expected based on the recent growth and development in Washoe County. In the opinion of management, revenue is sufficient and will continue to be stable since member purveyors regularly monitor water rates to insure an acceptable level of cash flow for operations. As a result, a consistent and stable source of revenue should continue to provide sufficient financial resources for the Commission to achieve its desired goals and objectives.

WESTERN REGIONAL WATER COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Unrestricted net position as of June 30, 2019 was \$1.42 million, whereas operating expenses in the June 30, 2020 budget are only \$581 thousand, or 25% of the total budget. All other budgeted expenses relate to projects and can be managed in a way that aligns with remaining resources and expected future revenues.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Commission's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Western Regional Water Commission
c/o Washoe County Community Services Department
1001 E. Ninth Street
Reno, NV 89512

FINANCIAL STATEMENTS

WESTERN REGIONAL WATER COMMISSION

STATEMENT OF NET POSITION

JUNE 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	GOVERNMENTAL ACTIVITIES	
	2019	2018 (Restated)
ASSETS		
Current Assets		
Cash and investments	\$ 1,381,345	\$ 1,134,402
Accounts receivable	374,817	357,907
Interest receivable	5,755	4,809
Total Current Assets	<u>1,761,917</u>	<u>1,497,118</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	31,120	33,590
Accrued salaries payable	6,099	6,832
Due to other governments	271,248	312,010
Total Current Liabilities	<u>308,467</u>	<u>352,432</u>
Accrued Compensated Absences	<u>37,574</u>	<u>32,839</u>
Total Liabilities	<u>346,041</u>	<u>385,271</u>
Net Position, Unrestricted	<u>\$ 1,415,876</u>	<u>\$ 1,111,847</u>

See accompanying notes.

WESTERN REGIONAL WATER COMMISSION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Program Expenses		
Services and supplies	\$ 1,379,364	\$ 1,527,266
Program Revenues		
Operating grants	39,880	-
Net Program Revenues (Expenses)	<u>(1,339,484)</u>	<u>(1,527,266)</u>
General Revenues		
Water surcharge fees	1,590,013	1,489,557
Unrestricted investment earnings	53,500	2,282
Total General Revenues	<u>1,643,513</u>	<u>1,491,839</u>
Change in Net Position	304,029	(35,427)
Net Postion - July 1, as restated	<u>1,111,847</u>	<u>1,147,274</u>
Net Position - June 30	<u>\$ 1,415,876</u>	<u>\$ 1,111,847</u>

See accompanying notes.

WESTERN REGIONAL WATER COMMISSION

GOVERNMENTAL FUND BALANCE SHEET

JUNE 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	GENERAL FUND	
	2019	2018 (Restated)
ASSETS		
Cash and investments	\$ 1,381,345	\$ 1,134,402
Accounts receivable	374,817	357,907
Interest receivable	5,755	4,809
Total Assets	<u>\$ 1,761,917</u>	<u>\$ 1,497,118</u>
LIABILITIES		
Accounts payable	\$ 31,120	\$ 33,590
Accrued salaries payable	6,099	6,832
Due to other governments	271,248	312,010
Total Liabilities	<u>308,467</u>	<u>352,432</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - surcharge fees	<u>1,113</u>	<u>3,333</u>
FUND BALANCE		
Assigned to subsequent year's budget	755,600	792,163
Unassigned	696,737	349,190
Total Fund Balance	<u>1,452,337</u>	<u>1,141,353</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,761,917</u>	<u>\$ 1,497,118</u>

See accompanying notes.

WESTERN REGIONAL WATER COMMISSION

GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	GENERAL FUND	
	2019	2018 (Restated)
REVENUES		
Water surcharge fees	\$ 1,592,233	\$ 1,488,637
Grant revenue	39,880	-
Earnings on investments	53,500	2,282
	<u>1,685,613</u>	<u>1,490,919</u>
EXPENDITURES		
Services and supplies	<u>1,374,629</u>	<u>1,524,688</u>
Net Change in Fund Balance	310,984	(33,769)
FUND BALANCE, July 1, as restated	<u>1,141,353</u>	<u>1,175,122</u>
FUND BALANCE, June 30	<u><u>\$ 1,452,337</u></u>	<u><u>\$ 1,141,353</u></u>

See accompanying notes.

WESTERN REGIONAL WATER COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

Net Change in Fund Balance - Governmental Fund \$ 310,984

Amounts reported for governmental activities in the Statement of Activities are different because:

The change in accrued compensated absences is reported in the Statement of Activities. This does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental fund. (4,735)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. (2,220)

Change in Net Position of Governmental Activities \$ 304,029

See accompanying notes.

WESTERN REGIONAL WATER COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019			2018 (Restated)
	Original And Final Budget	Actual	Variance To Final Budget	Actual
REVENUES				
Water surcharge fees	\$ 1,479,124	\$ 1,592,233	\$ 113,109	\$ 1,488,637
Grant revenue	40,000	39,880	(120)	-
Earnings on investments	24,279	53,500	29,221	2,282
	<u>1,543,403</u>	<u>1,685,613</u>	<u>142,210</u>	<u>1,490,919</u>
EXPENDITURES				
Services and supplies	<u>2,335,566</u>	<u>1,374,629</u>	<u>960,937</u>	<u>1,524,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(792,163)	310,984	1,103,147	(33,769)
FUND BALANCE, July 1, as restated	<u>1,185,366</u>	<u>1,141,353</u>	<u>(44,013)</u>	<u>1,175,122</u>
FUND BALANCE, June 30	<u>\$ 393,203</u>	<u>\$ 1,452,337</u>	<u>\$ 1,059,134</u>	<u>\$ 1,141,353</u>

See accompanying notes.

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Western Regional Water Commission (Commission) was created on April 1, 2008 upon passage of 2007 Nevada Legislature Senate Bill 487 to improve water resource planning at the regional level and facilitate coordinated resource management among the public water purveyors of Washoe County. Previously, the four water purveyors consisted of the Truckee Meadows Water Authority, Washoe County Water Resources, Sun Valley General Improvement District and South Truckee Meadows General Improvement District. However, as of December 31, 2014, Washoe County Water Resources and South Truckee Meadows General Improvement District merged with the Truckee Meadows Water Authority.

A cooperative agreement was entered into upon the creation of the Commission by the following member agencies at the time: the cities of Reno and Sparks, the South Truckee Meadows General Improvement District, the Sun Valley General Improvement District, the Truckee Meadows Water Authority, and Washoe County, to form a Joint Powers Authority to operate the Commission. The Commission is currently directed by a Board of Trustees comprised of members from each of the original governing agencies, excluding the South Truckee Meadows General Improvement District.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The basic financial statements include both government-wide and fund financial statements.

Government-Wide Statements

The government-wide Statement of Net Position is presented on a full accrual, economic resource basis that recognizes all long-term assets as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Commission's functions. The functions are also supported by the general government revenues. The Statement of Activities reduces gross expenses by related program revenues and operating grants. The Statement of Activities is also presented on a full accrual basis

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available (susceptible to accrual). Interest and surcharges are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures are recorded only when payment is due.

The General Fund is the Commission's sole fund; therefore, it accounts for all financial resources of the general government.

Accounts Receivable

Accounts receivable arise from water surcharge fees. No allowance for doubtful accounts is required as all receivables are considered to be fully collectible (also see Note 6).

Compensated Absences

As described in Note 6, the Commission entered into an agreement with Washoe County on November 8, 2008 to retain the services of certain assigned County employees to perform duties of the Commission. The Commission interprets this agreement to obligate the Commission to pay any applicable accrued vacation and sick pay for its assigned employees upon their termination. Accordingly, since the payroll reimbursement payments from the Commission to the County are exclusive of these termination payments, the Commission's policy is to provide for this obligation in their financial statements in the same manner as if the assigned employees were deemed to be actual employees of the Commission.

Earned vacation and compensatory time may each be accumulated up to a maximum of 240 hours. The earned vacation and compensatory time is payable upon termination and the liability is reported at the employees' current rate of pay.

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Sick leave is only applicable for payout after 10 years of employment. Personnel are paid sick leave upon termination on half of the total accumulated hours in excess of 300 hours up to a maximum payout of 800 hours at 100% of an employee's then existing pay rate.

Revenue

The Commission is funded by imposing a 1.5% surcharge fee on customer water bills. The surcharge fee is collected by each non-exempt water purveyor and supplier of water within the Washoe County planning area and remitted to the Commission.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Correction of an Error

During fiscal year 2019, management determined that certain services and supplies expenditures were not properly accrued as of June 30, 2018. As a result, accounts payable, due to other governments, and service and supplies expenditures were understated.

The financial statements for the year ended June 30, 2018 have been restated as follows:

<u>Account</u>	<u>As originally reported</u>	<u>As restated</u>	<u>Change</u>
Accounts payable	\$ 31,404	\$ 33,590	\$ 2,186
Due to other governments	159,943	312,010	152,067
Services and supplies	1,370,435	1,524,688	154,253
Change in fund balance	120,484	(33,769)	(154,253)
Fund balance, end of year	1,295,606	1,141,353	(154,253)

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Prior Year Information

The basic financial statements include certain prior-year summarized information, but which is not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2018, from which the summarized information was derived. Certain amounts presented in the prior year data may be reclassified to be consistent with the current year's presentation.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The Commission adheres to the *Local Government Budget and Finance Act* incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data which is reflected in these financial statements:

1. Prior to April 15, the Commission's Board of Trustees (the "Board") files a tentative budget with the Nevada Department of Taxation for the fiscal year beginning the following July 1. The tentative budget includes proposed expenditures and the means of financing them.
2. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the Board's members.
3. The Commission's Program Manager is authorized to transfer appropriations between accounts within the Water Management Fund. Augmentations in excess of the original budget require approval from the Board.
4. Formal budgetary integration is employed as a management control device for the Commission's General Fund. The budget is legally adopted, and its annual appropriations lapse at year-end.
5. Budgeted appropriations may not be exceeded by actual expenditures of the various programs in the budgeted governmental fund (the General Fund).

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

6. All budgets are adopted on a basis consistent with GAAP. The accompanying financial statements reflect the Original Budget and the Final Budget in one columnar presentation as there were no adjustments made to the Original Budget.

NOTE 3 – CASH IN COUNTY TREASURY

Cash at June 30, 2019 consisted of the following:

Cash in County Treasury	<u>\$1,381,345</u>
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The Commission maintains all of its cash and investments with the Washoe County Treasurer in an investment pool. The Treasurer allocates interest to participants based upon their average balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The Washoe County financial statements may be obtained by contacting the Office of the Comptroller at 1001 E. Ninth Street, Room D-200, Reno, NV 89512. The Investment Committee oversees the Washoe County Treasurer's investments and policies.

Investments held in the County's investment pool are available on demand and are stated at fair value in accordance with GASB 72. The fair value of the Commission's position in the pool equals the value of the pool shares.

Interest Rate Risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. To limit exposure to interest rate risk, the Nevada Revised Statutes limits bankers' acceptances to 180 days maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. In accordance with Nevada Revised Statutes, the Commission limits its investment instruments by their credit risk. The Washoe County Investment Pool is an unrated external investment pool.

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 4 – LONG-TERM LIABILITIES

The following is a summary of long-term liability activity of the Commission for the year ended June 30, 2019:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>	<u>Amount Due Within One Year</u>
Compensated absences	<u>\$ 32,839</u>	<u>\$ 4,735</u>	<u>\$ -</u>	<u>\$ 37,574</u>	<u>\$ -</u>

NOTE 5 – NET POSITION AND FUND BALANCE

Net Position

Equity is classified as net position in the government-wide financial statements. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors or laws or regulations of other governments.

As of June 30, 2019, the Commission's net position was comprised of:

- *Unrestricted Net Position* – Net position of the Commission which is not restricted for any project or other purpose.

Fund Balance

The Commission has adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The Commission reports the following classifications:

Non-spendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Commission. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board's adopted policy, only the Board may assign amounts for specific purposes.

Appropriated assigned fund balance is an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

Unassigned – the residual classification for the General Fund.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – as needed, unless the Board has provided for otherwise in its commitment or assignment actions.

NOTE 6 – RELATED PARTY TRANSACTIONS

On November 8, 2008, the Commission entered into an agreement with Washoe County ("County") whereby the County will provide to the Commission, on a contractual and reimbursable basis, services of employees from the County's Community Services Department (assigned employees), who have historically been fully dedicated to supporting and performing the duties associated with planning and implementation of regional water matters. Assigned employees retain all rights and status of Washoe County employees.

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The Commission reimburses the County for all actual costs for the services provided by the assigned employees, including wages, hours, compensatory time, sick leave, special sick leave, annual leave, insurance premiums, worker's compensation insurance, and all other benefits the County currently provides or may provide in the future. Reimbursable future obligations of the Commission include compensated absences, but do not include postemployment benefits. Total costs reimbursed by the Commission to the County for these services were \$331,593 for the year ended June 30, 2019.

In addition to the services provided by the assigned employees, routine and general administrative activities in support of the Commission's mission are provided by other personnel of the County. Total costs reimbursed by the Commission to the County for these services were \$48,389 for the year ended June 30, 2019.

As discussed in Note 1, the Commission derives its revenue from a surcharge on customer water bills within the region collected by water purveyors in Washoe County. Some members of the governing bodies of the purveyors are also members of the Commission's Board of Trustees. Total water surcharge revenues for the year ended June 30, 2019 were \$1,592,233, which includes accounts receivable of \$374,817.

NOTE 7 – COMMITMENTS

On May 16, 2013, the Commission entered into an interlocal agreement with Truckee Meadows Water Authority (TMWA) to implement plans to manage and maximize the yield of regional water supplies in furtherance of the Truckee River Operating Agreement (TROA). Part of the TROA provides that Reno, Sparks and Washoe County agree to provide 6,700 acre-feet of water rights for water quality purposes. TMWA is actively engaged in the water rights market in the ordinary course of its operation of the public water system. Through this agreement the Commission committed Regional Water Management Fund monies up to \$2,700,000 to reimburse TMWA for costs incurred to purchase these water rights. Title of the water rights purchased under this agreement shall be conveyed to Reno, Sparks and Washoe County as tenants in common with undivided 1/3 interest each. Total costs for purchases made under this agreement through June 30, 2019 were \$2,652,769.

This agreement shall terminate in the event of a) thirty days written notice by either party; b) non-appropriation by the Commission; or c) upon expenditure of the \$2,700,000 as discussed above.

WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2019, the date the financial statements were available to be issued. The Commission has determined there are no material transactions that have not been disclosed.

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of the
Western Regional Water Commission
Reno, Nevada

We have audited, in accordance with the 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, the financial statements of the governmental activities and the General Fund of the Western Regional Water Commission (the Commission) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item Finding 2019-01 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Commission's Response to Findings

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schettler Macy & Associates, LLC

Reno, Nevada
September 27, 2019

WESTERN REGIONAL WATER COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES JUNE 30, 2019

Finding 2019-01 Internal controls over Disbursements (Material Weakness)

Criteria:

An effective internal control system over purchases, accounts payable and cash disbursements provides reasonable assurance for the safeguarding of assets and the reliability of financial information.

Condition:

Our audit identified the following deficiencies in internal controls that, when taken together, represent a material weakness:

- The Commission does not have controls in place to ensure that purchase orders are created upon authorization of services to be rendered.
- The Commission does not have controls in place to ensure that vendors performing services have submitted all invoices for payment.
- The Commission does not have controls in place to ensure all invoices submitted are entered into the accounting system.

Cause:

The Commission lacks procedures to ensure that all outstanding payables have been properly recorded in the accounting system.

Effect:

The Commission's 2018 financial statements required a material adjustment in order to include additional expenditures of approximately \$154 thousand.

WESTERN REGIONAL WATER COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES JUNE 30, 2019

Recommendation:

We recommend that the Commission design its policies and procedures to ensure that upon authorization of services to be rendered, a purchase order is created. Additionally, the Commission should periodically contact the vendors performing services under contract to determine if there are any outstanding invoices that need to be submitted for payment. Finally, all invoices received should be directed to the Washoe County Accounts Payable Team to ensure that they are properly tracked and routed.

Management Corrective Action Plan:

This response covers the three deficiencies listed above.

Management acknowledges that during fiscal year 2019, adequate controls were not in place to ensure that purchase orders were created upon authorization of services to be rendered. This resulted in failure to timely request a \$100,000 purchase order to be issued to a vendor after the Commission had authorized the expenditure and executed an interlocal agreement for the services. Management has implemented temporary measures--a large dry-erase board tracking system visible to all Commission staff-- to correct the deficiency. Commission meeting agendas and minutes are reviewed after each meeting and all actions requiring a purchase order are written on the board. Staff actions leading up to a purchase order request are listed and dated. An item is removed from the board only after confirmation of purchase order issuance. Permanent measures will be documented in the Commission's internal controls document once the temporary measures are refined and proven effective.

Management acknowledges that during fiscal year 2019, adequate controls were not in place to ensure that vendors performing services had submitted all invoices for payment. This resulted in a small number of invoices being submitted in an untimely manner and caused prior period adjustments to be made. Management has implemented measures such that all vendors are requested to provide full statements twice yearly showing invoice and payment history for the current fiscal year. Statements will identify outstanding balances and verify that a full fiscal year of invoices has been received and processed. The request for semiannual statements will be documented in the Commission's internal controls document.

WESTERN REGIONAL WATER COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES JUNE 30, 2019

Management acknowledges that during fiscal year 2019, adequate controls were not in place to ensure that all invoices submitted were entered into the accounting system. This resulted in late payment of a small number of invoices, which caused prior period adjustments to be made. Management is implementing measures requiring all invoices to be submitted to both the Washoe County Accounts Payable Team in addition to Commission staff. A detailed invoice tracking log is in place to ensure timely processing and avoid duplicate processing. This measure will be documented in the Commission's internal controls document.

WESTERN REGIONAL WATER COMMISSION

AUDITOR'S COMMENTS
JUNE 30, 2019

STATUTE COMPLIANCE

Current Year

The Commission complied with all significant statutory constraints on its financial administration during the year.

Prior Year

During the prior year, the Commission complied with all significant statutory constraints on its financial administration.

AUDIT RECOMMENDATIONS

Current Year

Our recommendations related to findings are reported in the schedule of Findings and Responses for the year ended June 30, 2019.

Prior Year

There were no prior year recommendations related to financial statement weaknesses of a magnitude to justify inclusion within the audit report.