WASHOE COUNTY WATER CONSERVATION DISTRICT
295 HOLCOMB AVE., SUITE A
RENO, NV 89502
(775)322-9139

December 12, 2017

Washoe County Commissioners
PO Box 11130
Reno, NV 89520

Gentlemen,

You will find enclosed herewith Washoe County Water Conservation District Financial Statements and Supplemental Information Report ending June 30th, 2017.

If you need anything further, please give me a call, 775-322-9139.

Sincerely yours,

Mary Pat Eymann
Administrative District Manager

Enclosure

BARNARD VOGLER & CO.
Certified Public Accountants

WASHOE COUNTY WATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION
AND
OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2017 AND 2016

WASHOE COUNTY WATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2017 AND 2016

WASHOE COUNTY WATER CONSERVATION DISTRICT
JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-5
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	6
Statements of Revenue, Expenses and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9-18
REQUIRED SUPPLEMENTARY INFORMATION	19
Schedule of District's Proportionate share of the Net Pension Liability	20
Schedule of District's Contributions	21
OTHER SUPPLEMENTARY INFORMATION	22
Schedules of Receivables	23
Schedules of Administrative Expenses	24
Schedules of Operating Expenses	25
Schedules of Maintenance Expenses	26

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Washoe County Water Conservation District

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities of Washoe County Water Conservation District as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Washoe County Water Conservation District's 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.

Auditors' 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. 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 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of Washoe County Water Conservation District as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended in accordance 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 and the pension information on pages 3 through 5 and 20 through 21 be presented to supplement the basic financial statements. Such information, although not 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 Washoe County Water Conservation District's basic financial statements. The supplemental information on pages 23 through 26 is presented for purposes of additional analysis, and is not a required part of the basic financial statements.

The supplementary 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.

Barnard Vogler + Co

Reno, Nevada
October 20, 2017

This section of the District's basic financial statements presents management's overview and analysis of the District's financial performance for the fiscal years ended June 30, 2017 and 2016. This section should be read in conjunction with the financial statements which follow this section.

This District's management's discussion and analysis, provides an overview of the District's financial activities for the fiscal years ended June 30, 2017 and 2016. All discussion of the net position and changes in net position will contain prior year data and comparisons of the current year to the prior year.

FINANCIAL HIGHLIGHTS

The District remained free of long-term debt during this period (not including the net pension liability which the District is required to report under Governmental Accounting Standards Board (GASB) No. 68).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event gives rise as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave and pension liabilities and deferrals).

The financial statements can be found following this discussion.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within financial statements. The notes to the financial statements can be found following the basic financial statements.

FINANCIAL ANALYSIS

For the year ended June 30, 2017, assets exceeded liabilities by $1,792,005.

FINANCIAL ANALYSIS (Continued)

SUMMARY STATEMENT OF NET POSITION

	2017	2016	Change	Percentage
Current assets	$ 1,427,637	$ 1,287,834	$ 139,803	11%
Capital assets, net	570,563	589,805	(19,242)	(3%)
Total assets	1,998,200	1,877,639	120,561	6%
Deferred outflows of resources	63,743	53,324	10,419	20%
Current liabilities	10,204	9,286	918	10%
Net pension liability	145,118	233,406	(88,288)	(38%)
Total liabilities	155,322	242,692	(87,370)	(36%)
Deferred inflows of resources	114,616	30,199	84,417	280%
Net Position				
Net investment in capital assets	570,563	589,805	(19,242)	(3%)
Unrestricted	1,221,442	1,068,267	153,175	14%
Total net position	$ 1,792,005	$ 1,658,072	$ 133,933	8%

The District's net position increased by $133,933 in 2017. The following is a summary Statement of Revenue, Expenses and Changes in Net Position which shows how the increase occurred.

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	2017	2016	Change	Percentage
Operating Revenue	$ 376,186	$ 375,543	$ 643	1%
Operating Expenses	248,382	255,131	(6,749)	3%
Operating income (loss)	127,804	120,412	7,392	6%
Non-operating revenue	6,129	14,920	(8,791)	(59%)
Change in net position	$ 133,933	$ 135,332	$(1,399)	(1%)

REVENUES

Operating revenues were almost unchanged while non-operating revenue decreased due to less grant revenue received for TROA litigation.

OPERATING AND MAINTENANCE EXPENSES

Operating expenses are most directly affected by the operation and maintenance that has to be performed at Boca Reservoir. The decrease in operating expenses resulted from a decrease in retirement expenses due to GASB 68 pension liability and deferral adjustments, decrease in herbicide/brush removal, with these decreases partially offset by an increase in legal fees related to the USBR dam modification.

OPERATING AND MAINTENANCE EXPENSES (Continued)

The department described the major functional areas of the District and includes:

Operations – Responsible for the operation of Boca Reservoir, including dam tender and all expenses regarding his job and operations.

Maintenance – Responsible for any and all maintenance at Boca Reservoir, including spillway, valve house and dam tenders house.

Administration – All functions of the office staff, maintaining accurate assessment, financial information and director information.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2017 amounted to $570,563, including accumulated depreciation of $519,162. Capital assets consist of improvements to Boca Dam, caretaker house improvements, office equipment, field equipment, snowmobile and trailer. See notes 1 and 3 for additional capital assets information.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The District will watch our operations and maintenance expenses. The District has ongoing maintenance at Boca Dam; therefore, our expenses may increase next year. The Bureau of Reclamation has a Cost Analysis Study for a Safety of Dams Project which will occur in the next couple of years, thereby, making our maintenance expenses increase sufficiently.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those who have an interest in this District's finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to 295 Holcomb Ave., Suite A, Reno, NV 89502.

WASHOE COUNTY WATER CONSERVATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 209,854	$ 284,946
Time certificates of deposit	1,155,101	951,606
Special assessments receivable	1,430	2,723
Other receivables	27,302	14,113
Prepaid expenses	33,950	34,446
Total current assets	1,427,637	1,287,834
Noncurrent assets		
Capital assets		
Improvements and equipment, being depreciated	1,087,580	1,086,330
Construction in progress	2,145	-
Less accumulated depreciation	(519,162)	(496,525)
Total noncurrent assets	570,563	589,805
Total assets	1,998,200	1,877,639
DEFERRED OUTFLOWS OF RESOURCES		
Contributions to pension plan in current fiscal year	20,422	18,286
Pension deferrals	43,321	35,038
Total deferred outflows of resources	63,743	53,324
LIABILITIES		
Current Liabilities		
Accounts payable	6,349	6,581
Accrued payroll taxes	1,716	1,617
Accrued vacation benefits	2,139	1,088
Total current liabilities	10,204	9,286
Noncurrent liabilities		
Net pension liability	145,118	233,406
Total liabilities	155,322	242,692
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	114,616	30,199
NET POSITION		
Net investment in capital assets	570,563	589,805
Unrestricted	1,221,442	1,068,267
Total net position	$ 1,792,005	$ 1,658,072

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUE		
Special assessments	$ 318,893	$ 318,250
Water storage fees	20,213	20,213
Administration fees	37,080	37,080
	376,186	375,543
OPERATING EXPENSES		
Administrative	132,118	148,547
Operating (net of reimbursement from Truckee Meadows Water Authority of $48,843 and $45,458 for 2017 and 2016, respectively)	91,382	67,434
Maintenance (net of reimbursement from Truckee Meadows Water Authority of $112 and $1,051 for 2017 and 2016, respectively)	2,245	16,937
Depreciation	22,637	22,213
	248,382	255,131
Operating income	127,804	120,412
NONOPERATING REVENUE		
Interest income	3,610	4,134
Grants	2,519	10,786
Total nonoperating revenue	6,129	14,920
Increase in net position	133,933	135,332
NET POSITION, beginning of year	1,658,072	1,522,740
NET POSITION, end of year	$ 1,792,005	$ 1,658,072

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for services	$ 364,290	$ 394,348
Cash payments for salaries and benefits	(113,624)	(130,256)
Cash payments for goods and services	(124,997)	(185,716)
Net cash flows provided by operating activities	125,669	78,376
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	2,519	10,786
Net cash flows provided by noncapital financing activities	2,519	10,786
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(3,395)	(8,357)
Net cash flows used by capital and related financing activities	(3,395)	(8,357)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	3,610	4,134
Purchases of short-term investments in time certificates of deposit	(203,495)	(4,013)
Net cash flows provided (used) by investing activities	(199,885)	121
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,092)	80,926
CASH AND CASH EQUIVALENTS, beginning of year	284,946	204,020
CASH AND CASH EQUIVALENTS, end of year	$ 209,854	$ 284,946
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 127,804	$ 120,412
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	22,637	22,213
Net pension expense	(14,290)	13,915
Changes in certain assets and liabilities		
(Increase) decrease in:		
Special assessments receivable	1,293	157
Other receivables	(13,189)	18,648
Prepaid insurance	496	(907)
Increase (decrease) in:		
Accounts payable	(232)	(91,907)
Accrued payroll taxes	99	(3,588)
Accrued vacation benefits	1,051	(567)
Net cash provided by operating activities	$ 125,669	$ 78,376

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washoe County Water Conservation District (District) was created and is regulated by the Nevada Revised Statutes, which also specify the authorized activities of the District. The District operates and maintains Boca Dam. In accordance with an agreement established in 1937, Truckee Meadows Water Authority reimburses the District for a portion of the costs of operating and maintaining Boca Dam in exchange for storage of up to 800 acre feet of water. Substantially all revenue received by the District is derived from sources located in Nevada.

The financial statements have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The District's financial statements are not included in the financial statements of Washoe County because the County does not exercise financial or administrative control over the District.

Basis of Presentation and Accounting

GASB Statement Number 34 mandates government-wide financial statements of net position, statements of revenue, expenses and changes in net position, and statements of cash flows.

The District is a single-enterprise proprietary fund and uses the accrual basis of accounting. Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprise and that a periodic determination of revenue earned, expenses incurred and/or change in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under this method, revenue is recorded when earned and expenses are recognized as soon as they result in liabilities for the benefits provided.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District is special assessments charged to residents in Washoe County. Operating expenses are for operating and maintenance expenses to maintain Boca Dam and administrative expenses to operate the District. Nonoperating revenue consists of interest income and grants. There were no nonoperating expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers time certificates of deposit with an original maturity of three months or less to be cash equivalents.

Investments

Nonnegotiable time certificates of deposits with an original maturity of three months or more are classified as investments. These investments are reported at amortized cost in accordance with GASB Statement Number 72 and therefore are exempt from fair value disclosures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of $1,000 or more are reported at historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The cost of maintenance and repairs is charged to income as incurred. When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful life as follows:

Improvements to Boca Dam	5 to 50 years
Caretaker house improvements	20 years
Office equipment	5 to 10 years
Field equipment	5 to 10 years
Snowmobile equipment	5 to 10 years

Special Assessments Receivable/Fees

Special assessments receivable are deemed fully collectible by management. Special assessment fees collected are used for the operation and maintenance of Boca Dam and for administration.

Other Receivables

Other receivables are deemed fully collectible by management and include amounts due from other government agencies.

Compensated Absences

It is the District's policy to permit employees to accumulate earned and unused vacation benefits up to 160 hours. All vacation pay is accrued when earned.

Use of Estimates

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

Net Position Classification

There are three types of net position in the statements of net position:

- *Net investment in capital assets* - consists of capital asset balances less accumulated depreciation and reduced by outstanding balances of debt used to acquire, construct, or improve those assets.

- *Restricted net position* - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Classification (continued)

- *Unrestricted net position* - consists of all other net positions that do not meet the definition of the above two components and are available for the District's general use.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

The District did not have a restricted position as of June 30, 2017.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Nevada's Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. In the proprietary fund financial statements pension expense is recognized based on the district's share of the change in its proportionate share of the PERS net pension liability. A net pension liability is recorded based on the District's proportionate share of the PERS net pension liability. Deferred inflows and outflows of resources are recorded based on the District's proportionate share of the difference between projected and actual investment earnings on pension plan investments, changes in the proportion and difference between the District's contributions and proportionate share of contributions, and the difference between expected and actual experience. The effect of this reporting amounts to a decrease of $195,991 in unrestricted net position. In the fund financial statements the PERS expense is recognized as the current year contributions are due.

NOTE 2 - CASH AND INVESTMENTS

Cash is maintained in interest-bearing checking accounts. Time certificates of deposit are recorded at cost, which approximates market value.

Each depository is insured by the Federal Deposit Insurance Corporation up to $250,000. Balances at June 30, 2017, classified by depository, follow:

	Carrying Amount
Cash	
Nevada State Bank	
Interest-bearing checking	$ 209,854
Time certificates of deposit	
Western Alliance Bank	632,350
Umpqua Bank	254,565
Nevada State Bank	268,186
	1,155,101
Total cash and investments	$ 1,364,955

NOTE 2 - CASH AND INVESTMENTS (Continued)

Following is a listing of cash and investments at June 30, 2017, indicating insurance on those deposits:

	Bank Balance
Cash	$ 213,067
Time certificates of deposit	1,155,101
	1,368,168
Insured (FDIC)	(750,000)
Total uninsured cash and investments	$ 618,168

By provisions of state statutes, the District is authorized to deposit all money in banks or savings and loan associations located in the State of Nevada and must be subject to withdrawal on demand at any time.

NOTE 3 - CAPITAL ASSETS

Capital asset activity during 2017 was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Construction in progress	$ - -	$ 2,145	$ - -	$ 2,145
Capital assets being depreciated:				
Improvements to Boca Dam	$ 1,043,673	$ - -	$ - -	$ 1,043,673
Caretaker house improvements	37,801	- -	- -	37,801
Office equipment	3,697	- -	- -	3,697
Field equipment	1,159	1,250	- -	2,409
Total capital assets being depreciated	$ 1,086,330	$ 1,250	$ - -	$ 1,087,580
Accumulated depreciation:				
Improvements to Boca Dam	$ 464,839	$ 21,426	$ - -	$ 486,265
Caretaker house improvements	27,642	739	- -	28,381
Office equipment	2,885	222	- -	3,107
Field equipment	1,159	250	- -	1,409
Total accumulated depreciation	496,525	22,637	- -	519,162
	$ 589,805	$(19,242)	$ - -	$ 570,563

NOTE 4 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

Plan Description. The District is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all full-time employees are covered under the system. The District has no liability for unfunded obligations of the system as provided by Nevada Revised Statute (NRS) 286.110 but is required to report its share of the net pension liability under GASB 68.

Benefits Provided. Benefits, as required by the NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

Vesting. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, age 62 with 10 years of service, age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation.

Contributions. Member contribution rates, which are actuarially determined, are established by NRS 286.421 for public employees enrolled in the contribution plan. The District is enrolled in the employer-pay plan for PERS and is, therefore, required to contribute all amounts due under the plan. The District's contractually required contribution rate for the years ended June 30, 2017 and June 30, 2016 was 28.00% of annual payroll for employer-pay plans, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $20,422 and $18,286 for the years ended June 30, 2017 and 2016, respectively. Of those required contribution amounts, the District received reimbursement from Truckee Meadows Water Authority amounting to $3,954 and $4,907 for the years ended June 30, 2017 and 2016, respectively.

NOTE 4 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of $145,118 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was .00108 percent, which was an increase from its proportion measured as of June 30, 2015 of .00204 percent.

For the year ended June 30, 2017, the District recognized pension expense of $6,133. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 9,717
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	13,491	-
Changes in proportion and differences between the District contributions and proportionate share of contributions	29,830	104,899
District contributions subsequent to the measurement date	20,422	-
Total	$ 63,743	$ 114,616

The amount of $20,422 is reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date that are attributable to the 2017 fiscal year that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

2018	$ (1,120)
2019	(1,120)
2020	4,790
2021	2,317
2022	(892)
Thereafter	(197)

NOTE 4 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

The following is the reconciliation of the June 30, 2017 net pension liability:

Net pension liability, beginning of year	$ 233,406
Difference between expected and actual experience in the measurement of the total pension liability	(3,841)
Employer contributions	(18,286)
Pension expense	6,133
Changes in proportion	(72,294)
Net pension liability, end of year	$ 145,118

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Salary increases	Regular: 4.60% to 9.75% depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for Males or Females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience review completed in 2013.

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the system. The following was the PERS' Board's adopted policy target allocation as of June 30, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%
Total	100%	

NOTE 4 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Districts proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	$ 213,036	$ 145,118	$ 89,013

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report. That report may be obtained by calling 775-687-4200 or via the website at www.nvpers.org.

NOTE 5 - CONTINGENCIES

The Bureau of Reclamation (BOR) has been performing work and incurring expenditures related to the safety of dams and modifications for the Boca Dam. As of June 30, 2017 the BOR has incurred costs of $6,161,285. The BOR has indicated that they will seek reimbursement from the District for a share of these costs in a future year. No liability has been accrued as the extent and amount of the District's costs, if any, has yet to be determined.

During August 2017, the District discovered that they have been assessing parcels of less than five acres at a flat $10. This is in violation of NRS 539.480 which restricts assessments to a maximum of $5 an acre for those parcels that are one acre or less. This has created potential over billing for parcels of one acre or less and under billing for parcels between three and five acres. The District is awaiting a legal opinion as to if these overbillings should be refunded. No liability has been accrued as the extent and amount of the District's costs, if any, has yet to be determined.

NOTE 6 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

Per the Nevada Revised Statutes Chapter 539.485 and 539.487, the District must post or publish in the newspaper its monthly claims and annual financial statements. The District's board passed a motion not to comply with this requirement.

NOTE 6 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE (Continued)

Per the Nevada Revised Statues Chapter 539.480, the District cannot levy an assessment of more than $5 an acre. During the year it was discovered that the District has been assessing certain parcels of 1 acre at $10 an acre in violation of this statute.

The District conformed to all other significant statutory constraints on the financial administration during the fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00108%	0.00204%	0.00175%	0.00175%
District's proportionate share of the net pension liability (asset)	$ 145,118	$ 233,406	$ 182,401	$ 230,143
District's covered-employee payroll	$ 65,309	$ 122,094	$ 102,386	$ 92,660
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	222%	191%	178%	248%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	75.13%	76.31%	68.68%

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015	2014
Contractually required contribution	$ 20,422	$ 18,286	$ 31,436	$ 26,364
Contributions in relation to the contractually required contribution	20,422	18,286	31,436	26,364
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	73,280	65,309	122,094	102,386
Contributions as a percentage of covered-employee payroll	28.00%	28.00%	25.75%	25.75%

See accompanying notes

OTHER SUPPLEMENTARY INFORMATION

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULES OF RECEIVABLES
AS OF JUNE 30, 2017 AND 2016

Special Assessments Receivable

Special assessments consist of balances due on the following:

	2017	2016
2009-2010 roll	$ 40	$ 40
2010-2011 roll	40	40
2011-2012 roll	70	70
2012-2013 roll	70	70
2013-2014 roll	70	98
2014-2015 roll	130	924
2015-2016 roll	305	1,481
2016-2017 roll	705	-
	$ 1,430	$ 2,723

Other Receivables

Other receivables consist of the following:

	2017	2016
Truckee Meadows Water Authority		
Share of operation and maintenance at Boca Dam for the 4th quarter of the fiscal year	$ 13,553	$14,113
Boca Dam for the 3rd quarter of the fiscal year	10,999	-
Bureau of Reclamation	2,750	-
	$ 27,302	$14,113

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Office salaries	$ 45,752	$ 42,682
Medicare and social security	2,995	3,251
Employee retirement	9,988	25,824
Group and industrial insurance	10,204	9,358
Fees		
Legal	6,002	6,000
Directors	3,360	3,600
Accounting	10,000	10,000
Engineer	29,066	31,348
Miscellaneous	323	365
Copier lease	-	1,240
Office insurance	1,835	1,575
Rent	9,834	9,834
Supplies	1,561	1,879
Telephone	1,198	1,591
	$ 132,118	$ 148,547

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Caretaker wages	$ 28,579	$ 31,177
Employee retirement	3,973	9,814
Group insurance	9,547	7,953
Workman's compensation	3,208	6,381
Fire and liability insurance	7,970	8,277
Gasoline	3,600	2,890
Garbage disposal	407	499
Electricity	7,385	6,735
Heating oil	1,371	1,879
Miscellaneous	1,133	354
Snowplowing	2,750	2,500
Stream gauge monitoring program	8,100	6,075
Telephone	1,898	1,841
Alarm system	1,425	801
Temporary help	5,894	2,155
TROA - Legal	2,844	10,867
USBR Dam - Legal	47,295	9,971
Water rights fee	2,846	2,723
	140,225	112,892
Expenses reimbursed by Truckee Meadows Water Authority	(48,843)	(45,458)
	$ 91,382	$ 67,434

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULES OF MAINTENANCE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Access road maintenance	$ -	$ 2,063
House repairs	3,759	9,070
Fence repairs	-	1,000
Electric repairs	-	160
Miscellaneous maintenance	1,536	3,323
Herbicide/brush removal	457	10,729
	5,752	26,345
House remodel capitalized	(2,145)	(8,357)
Camera system capitalized	(1,250)	-
Expenses reimbursed by Truckee Meadows Water Authority	(112)	(1,051)
Total maintenance expenses	$ 2,245	$ 16,937

See accompanying notes