



REPORT TO THE BOARD OF COUNTY COMMISSIONERS

WASHOE COUNTY, NEVADA

AUDIT WRAP UP:
YEAR ENDED JUNE 30, 2022



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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Company, and is not intended and should not be used by anyone other than these specified parties.

Welcome

December 7, 2022

Board of County Commissioners
Washoe County, Nevada

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On August 4, 2022, we presented an overview of our plan for the audit of the financial statements including the schedule of expenditures of federal awards of Washoe County, Nevada (the County) as of and for the year ended June 30, 2022, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the County's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the County and look forward to meeting with you on December 20, 2022 to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

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Executive Summary

Status of Our Audit

► We have substantially completed our audit of the financial statements as of and for the year ended June 30, 2022. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We expect to issue an unmodified opinion on the financial statements and release our report on December 7, 2022.
- We expect to issue an unmodified opinion on the County's Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA) on December 7, 2022.
- In planning and performing our audit of the SEFA, we considered the County's internal control over compliance with requirements that could have a direct and material effect on its major federal programs to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
- Our responsibility for other information in documents containing the County's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by County and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of County's personnel throughout the course of our work.

Results of the Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES AND SIGNIFICANT UNUSUAL TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the County’s accounting practices, policies, estimates and significant unusual transactions:

The County’s significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 1 to the County’s financial statements.
- ▶ There were no changes in significant accounting policies and practices during 2022, except for the adoption of GASB Statement 87, *Leases*, as described in Note 1 to the County’s financial statements.

Significant estimates are those that require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The County’s significant accounting estimates, including a description of management’s processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

Significant Accounting Estimates

Valuation of Net Pension Liability

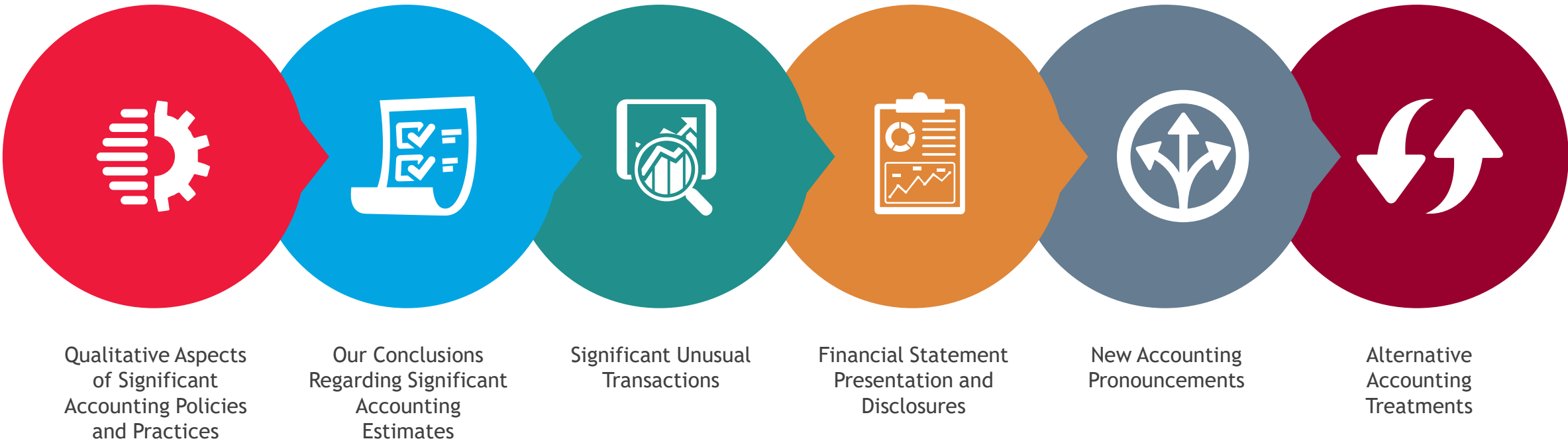
Valuation of OPEB Liability

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2022. The methods used to account for significant or unusual transactions, and related disclosures, are considered appropriate.

Results of the Audit

QUALITY OF THE County’s FINANCIAL REPORTING

A discussion will be held regarding the quality of the County’s financial reporting, which include:



Results of the Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

There were two identified uncorrected misstatements as shown on the next page related to accounts and/or disclosures that we presented to management.



Uncorrected misstatements

Entry 1: Nevada Public Employee Benefit Program Plan
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Entry 1: Nevada Public Employee Benefit Program Plan
Error in the accounting and reporting for obligations related to eligible retirees that participate in the Nevada Public Employee Benefit Program Plan. The plan was being recorded as a fiduciary trust fund and it should be reported as part of governmental activities.

Statement of Net Position: Statement of Activities:

Statement of Net Position: _____ Statement of Activities: _____

Statement of Net Position: _____ Statement of Activities: _____

	6/30/2021	Balances	Adjustment			6/30/2021		
Fund	Description	ACFR Balances	Should Be	Dr. (Cr.)	Fund Description	ACFR Balances	Activity Should Be	Adjustment Dr. (Cr.)
1001	Restricted Cash - Other	-	3,248,938	3,248,938	1001 Local Govt - Oper Cost	-	(70,606)	(70,606)
1001	Interest Receivable - WCIP	-	316	316	1001 Interest - WCIP	-	(630)	(630)
1001	Accounts Payable - Misc.	-	-	-	1001 Interest - Dedicated Investments	-	(52,175)	(52,175)
1001	Due to Other Governments	-	(64,446)	(64,446)	1001 Realized Gain/Loss - WCIP	-	(148)	(148)
1001	Restricted Net Position (=PFNP)	-	(3,184,808)	(3,184,808)	1001 Realized Gain/Loss - Dedicated Inv.	-	(51,385)	(51,385)
		-	-	-	1001 Unrealized Gain/Loss - WCIP	-	3,033	3,033
					1001 Unrealized Gain/Loss - Dedicated Inv.	-	382,691	382,691
	Assets	-		3,249,254	1001 Professional Services	-	21,396	21,396
	Liabilities	-		(64,446)	1001 Investment Expense - Dedicated Inv.	-	960	960
	Fund Balance	-		(3,184,808)	1001 Investment Expense - WCIP	-	50	50
		-		-	1001 Group Ins. Premiums - Retirees	-	259,778	259,778
						<u>44,377</u>	<u>492,964</u>	<u>492,964</u>
					6/30/22 Restricted Net Position		<u>(2,691,844)</u>	

Entry 2: Grant Receivables

A grant receivable was recorded at the full value of the expenditures. However, the grant only allows for 75% of the expenditures to be billed resulting in an overstatement of grant revenue and receivables.

Account Name	Debit	Credit
Grant Receivable		225,603
Grant Revenue	225,603	



Internal Control Over Financial Reporting

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the County’s internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected on a timely basis.

Internal Control Over Financial Reporting

► The following significant deficiency was identified:

Significant Deficiency	Comments
Internal Control over Compliance for Emergency Rental Assistance, CFDA 21.023	The OMB Compliance Supplement requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements; The Office of the County Manager did not have adequate internal controls to monitor the sub-recipient.

► We have communicated to management of the County certain control deficiencies that were identified as a result of our audit that we did not consider to be material weaknesses or significant deficiencies.



Additional Required Communications

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to County:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risks of material misstatement, including fraud risks; or tips or complaints regarding County's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Significant findings and issues arising during the audit in connection with County's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the County's financial statements or to our auditor's report.

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to Washoe County, Nevada:

Requirement	Discussion Point
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.
Representations requested from management	Please refer to the management representation letter.

Independence

Our engagement letter to you dated June 8, 2022 describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the County with respect to independence as agreed to by the County. Please refer to that letter for further information.





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