WESTERN REGIONAL WATER COMMISSION
AGENDA
Wednesday, December 17, 2014
11:00 a.m.
Sparks Council Chambers, Legislative Building
745 Fourth St., Sparks, Nevada

TRUSTEES
Vaughn Hartung, Vice-Chairman
Jenny Brekhus
Ed Lawson

Sandra Ainsworth, Secretary
Neoma Jardon
Geno Martini

Steve Cohen, Treasurer
Kitty Jung
Ron Smith

NOTICE OF POSSIBLE QUORUM OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS WATER AUTHORITY ("TMWA"), BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY ("BCC"), AND BOARD OF TRUSTEES OF THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT ("STMGID")

(See ‘Notes’)

Notes: Because several of the Western Regional Water Commission ("WRWC") Trustees are also members of the Board of Directors of TMWA, it is possible that a quorum of the TMWA Board may be present. Such members will not take action at this meeting as members of the TMWA Board, but may take action solely in their capacity as WRWC Trustees. A quorum of the BCC and STMGID may also be in attendance but will not be taking action.

1. Items on this agenda on which action may be taken are followed by the term "For Possible Action". Non-action items are followed by an asterisk (*).
2. Public comment is limited to three minutes per speaker and is allowed during the public comment periods, and before action is taken on any action item. Comments are to be directed to the Commission as a whole. Persons may not allocate unused time to other speakers. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk.
3. Items on this agenda may be taken out of order, combined with other agenda items for consideration, removed from the agenda, or delayed for discussion at any time. Arrive at the meeting at the posted time to hear item(s) of interest.
4. Supporting material provided to the Commission for items on the agenda is available to members of the public at the Western Regional Water Commission ("WRWC") offices, 4930 Energy Way, Reno, NV, from June Davis, Administrative Secretary, (775) 954-4665, and on the WRWC website at http://www.wrwc.us
5. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 954-4665 no later than 24 hours prior to the meeting.
6. In accordance with NRS 241.020, this agenda has been posted at the following locations: Reno City Hall (1 East First Street), Sparks City Hall (431 Prater Way), Sparks Justice Court (1675 East Prater Way), Sun Valley GID (5000 Sun Valley Blvd.), TMWA (1355 Capital Blvd.), Washoe County Administration Building (1001 E. 9th Street), Second Judicial District Court/Courthouse (75 Court Street), Washoe County Central Library (301 South Center St.), Washoe County Community Services Department (4930 Energy Way), Galena Market (19990 Thomas Creek Rd.), Galena High School (3600 Butch Cassidy Way), South Valleys Library (15650A Wedge Parkway), the WRWC website: http://www.wrwc.us and the State of Nevada website at https://notice.nv.gov

1. Roll Call and Determination of presence of a Quorum. *
2. Pledge of Allegiance. *
3. Public Comment – limited to no more than three minutes per speaker. *
4. Introduction of and oath of office for newly appointed WRWC Trustees, including Ed Lawson (Sparks City Council), Naomi Duerr (Reno City Council), and possibly Ron Smith, Truckee Meadows Water Authority ("TMWA"). *
5. Approval of Agenda. (For Possible Action)
6. Approval of the minutes of the September 17, 2014, meeting. (For Possible Action)
7. Discussion and possible approval of the 2013 - 2014 WRWC financial statements and audit opinion, and possible direction to staff – Ben Hutchins, Director, Finance and Administration Division, Washoe County Community Services Department, and Zeth Macy, The Bullard Macy Group. (For Possible Action)

8. Discussion and possible designation of Schettler, Macy & Associates, LLC as the WRWC’s external auditors for the Fiscal Year 2014 - 2015 financial statement audit, and, if approved, authorize the Vice-Chairman to execute the related Engagement Letter, and direct staff to file the required documents with the State of Nevada – Ben Hutchins. (For Possible Action)

9. Report and discussion on the (proposed) Amendment to the 2012 Truckee Meadows Regional Plan modifying limitations on the use of effluent outside the Truckee Meadows Service Area (“TMSA”), and possible direction to staff – Jim Smitherman, WRWC Water Resources Program Manager. (For Possible Action)

10. Discussion and possible approval of a proposed schedule to prepare and adopt the 2016 update of the Comprehensive Regional Water Management Plan (“RWMP”) – Jim Smitherman. (For Possible Action)

11. Report on current beneficial uses of irrigation ditches in the Truckee Meadows, and RWMP provisions relating to such ditches – Chris Wessel, WRWC Water Management Planner. *


13. Possible direction to staff regarding agenda items for a possible January 21, 2015 meeting and other future meetings – Jim Smitherman. (For Possible Action)

14. Commission Comments *

15. Staff Comments *

16. Public comment – limited to no more than three minutes per speaker *

17. Adjournment. (For Possible Action)
STAFF REPORT

DATE: December 11, 2014

TO: Chairman and Members, Western Regional Water Commission

FROM: Jim Smitherman, Water Resources Program Manager

SUBJECT: Introduction of and oath of office for newly appointed Western Regional Water Commission ("WRWC") Trustees, including Ed Lawson (Sparks City Council), Naomi Duerr (Reno City Council), and possibly Ron Smith, Truckee Meadows Water Authority ("TMWA").

SUMMARY

Section 26, Chapter 531, Statutes of Nevada 2007, the Western Regional Water Commission Act (the “Act”), requires each member of the WRWC Board to file an oath of office with the Washoe County Clerk.

On November 24, 2014, the Sparks City Council appointed Ed Lawson to the WRWC, replacing WRWC Trustee Ron Smith. At the same meeting, the Sparks City Council appointed Mr. Smith to the TMWA Board, which may, at its December 17, 2014 meeting, appoint him to the WRWC Board, as its Sparks City council representative. On December 3, 2014, the Reno City Council appointed Naomi Duerr to the WRWC Board.

Newly appointed WRWC Trustees are typically sworn in prior to or at the beginning of their first meeting. The County Clerk has agreed to appear on December 17, 2014, and administer the required oaths of office at the beginning of the meeting.

JS:jd
The regular meeting of the Northern Nevada Water Planning Commission ("NNWPC") was held in the Washoe County Commission Chambers, 1001 East Ninth Street, Reno, Nevada and conducted the following business:

The meeting was called to order by Chairman Drinkwater at 1:30 p.m.

1. **Roll Call and Determination of Presence of a Quorum**

   **Voting Members Present:** Michael Drinkwater, Darrin Price, Michael DeMartini, John Erwin, Mickey Hazelwood, Danielle Henderson, Neil Krutz (arrived at 1:32) and David Solaro.

   **Voting Members Absent:** George Ball, John Flansberg and Jerry Schumacher.

   **Non-Voting Members Present:** None

   **Non-Voting Members Absent:** Chris Anderson, Kim Davis, Harry Fahnestock, My-Linh Nguyen and Edmund Quaglieri.

   **Staff Members Present:** Jim Smitherman; Chris Wessel; June Davis; and John Rhodes, Legal Counsel.

2. **Public Comment**

   None

3. **Approval of the Agenda (For Possible Action)**

   COMMISSIONER ERWIN MADE A MOTION TO APPROVE THE AGENDA, SECONDED BY COMMISSIONER SOLARO. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

4. **Approval of the Minutes from the August 6, 2014, Meeting (For Possible Action)**

   COMMISSIONER ERWIN MADE A MOTION TO APPROVE THE AUGUST 6, 2014, MINUTES, SECONDED BY COMMISSIONER PRICE. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

[Commissioner Krutz arrived at 1:32 p.m.]

5. **Review and possible approval of a request from the City of Reno on behalf of Reno, Sparks and Washoe County for an amount not to exceed $20,000 from the Regional Water Management Fund ("RWMF") to reimburse Reno for approximately half the cost of a study to evaluate an intertie connection between the Truckee Meadows Water Reclamation Facility ("TMWRF")’s reclaimed water system and Washoe County’s Huffaker Reservoir, and associated effluent management alternatives; and, if approved, authorize the NNWPC Program Manager to execute an interlocal agreement with the City of Reno for that purpose – David Kershaw, P.E., City of Reno, and Jim Smitherman, NNWPC Water Resources Program Manager. (For Possible Action)**

   Mr. Kershaw reviewed information included in the meeting packet regarding the request for funding including a brief history on how the scope of work originated. The primary intent of the scope of work is to evaluate the regional and seasonal benefits of connecting the TMWRF effluent reuse system to the Huffaker Reservoir. Mr. Kershaw reviewed some of the potential benefits of this interconnection.
COMMISSIONER PRICE MADE A MOTION TO APPROVE, SECONDED BY COMMISSIONER KRUTZ. THE MOTION CARRIED UNANIMOUSLY WITH EIGHT (8) MEMBERS PRESENT.

6. Discussion regarding the proposal by The Nature Conservancy (“TNC”) for “Optimizing Restoration Investments in the Truckee [River] Watershed”, and possible recommendation to the Western Regional Water Commission (“WRWC”) to approve funding for the project not to exceed $57,787 from the RWMF for fiscal years 2014-2015 and 2015-2016 (continued from August 6, 2014) – Mickey Hazelwood, TNC. (For Possible Action)

Commissioner Hazelwood reported that he has provided the information that was requested at the last NNWPC meeting for this item.

Chairman Drinkwater stated that he requested the information and thanked Commissioner Hazelwood for the report. Chairman Drinkwater expressed interest in finding out if the results of this project can be used in a year or two to identify areas of investigation to mitigate some of TMWRF’s discharge.

COMMISSIONER KRUTZ MADE A MOTION TO APPROVE, SECONDED BY COMMISSIONER SOLARO. THE MOTION CARRIED WITH SEVEN (7) IN FAVOR AND ONE (1) ABSTENTION BY COMMISSIONER HAZELWOOD.

7. Discussion and possible recommendation to the WRWC to make a determination that the draft consensus population forecast for 2034 prepared by the Truckee Meadows Regional Planning Agency (“TMRPA”) can be supported by the sustainable water resources set forth in the Comprehensive Regional Water Management Plan – Jim Smitherman. (For Possible Action)

Mr. Smitherman stated that the consensus forecast for population in Washoe County is done every two years and this is the first version done by the TMRPA. There are four data sources including the State Demographer, Truckee Meadows Water Authority (“TMWA”), Woods & Poole, and Global Insight. The forecasts from the data sources are averaged to come up with the consensus forecast.

Mr. Smitherman stated that the NNWPC’s task is to compare the 20-year population forecast for the County with the sustainable water resources as set forth in the Regional Water Management Plan (“RWMP”) and make a recommendation to the WRWC as to whether the projected population can be supported by the sustainable water resources. He recalled that in the year 2010, TMWA provided a twenty year water demand forecast calibrated to the consensus forecast done that year, and that the consensus forecast population for the year 2030 was 590,500 persons. Mr. Smitherman explained that, in comparison, what is shown for the year 2034 in this year’s draft consensus forecast is significantly lower. Mr. Smitherman stated the water demand associated with the 590,500 population projection was about 140,000 acre feet (per year) and that the sustainable water resources in the RWMP are estimated at about 183,000 acre feet (per year). Therefore, the water resources identified as sustainable using the State Engineer’s numbers and Truckee River Operating Agreement (“TROA”) are sufficient to support the twenty year population forecast.

Mr. Smitherman indicated that two years ago, based on the NNWPC’s recommendation, the WRWC determined that the sustainable water resources in the RWMP could support the projected population, and that is what he is recommending today.
There was some discussion regarding the difference between the forecasts from the outside sources and the forecasts from TMWA and the State Demographer.

Commissioner Erwin asked Jeremy Smith of TMRPA, why money is spent on the forecasts from outside sources when generally a mean between the State Demographer and TMWA forecasts is used. Mr. Smith stated the Regional Planning Governing Board (“RPGB”) Regulations on Procedure have been changed recently so that outside sources can be limited to only one source. Mr. Smith discussed the importance of having a forecast from an outside source to consider and stated that it does not necessarily have to be from Woods & Poole or Global Insight.

Commissioner Price asked about a time constraint if this item is not approved today. Mr. Smitherman stated the time constraints were lifted in the last amendments to the RPGB’s Regulations on Procedure, however it would hold up the progression of final approval of the draft consensus forecast, which is scheduled to go to the Regional Planning Commission on September 24, 2014.

Commissioner Price stated there are several documents referenced but not included with the staff report and expressed interest in delaying this item to the next meeting in order to have an opportunity to review some of the reports referenced. Mr. Smith stated the table included in the staff report is from the section of the draft consensus forecast describing the population increase. He also pointed out there was no change to the population methodology and the jurisdictional splits are identical in percentage.

Mr. Smitherman stated the task at hand for the NNWPC is to take the sustainable water resources estimate identified in the RWMP adopted in 2011 and compare it to the draft consensus forecast number, and not to dwell on how TMRPA arrived on that number. The sustainable water resources inventory has not changed substantially from four years ago when the population forecast was higher. Mr. Smitherman reported that Chris Wessel, NNWPC Water Management Planner, did a status check with the State Engineer’s records and it looks like there will be slightly more water in the inventory when the RWMP is updated next year.

There was some discussion regarding the suggested recommendation and the language used in the staff report.

[Commissioner Krutz left at 1:50 p.m.]

John Rhodes, Legal Counsel, stated the language in the staff report for the recommendation is from the RPGB and the TMRPA regulations. The WRWC makes a final determination as to whether the projected population can be served by the identified sustainable water resources. Mr. Rhodes advised the WRWC that, as a technical legal matter, those regulations cannot mandate or require the WRWC to perform that function, but the WRWC made the decision, in the spirit of interagency cooperation, to go ahead and provide such a finding, so that this issue is raised on a regular basis every two years to assure the public that this issue is being looked at so that land use planning approvals don't get ahead of available water resources.

Chairman Drinkwater asked how the information regarding the number of people the identified sustainable water resources can support was established. Mr. Smitherman stated the information was provided by the water demand model that TMWA used in 2010 for their Water Resources Plan.

Commissioner Erwin stated this process was used in the last RWMP and there was quite a bit of debate on the population forecast, with the numbers being significantly higher than what we see under the 2012 column in the staff report, so it is a reasonable estimate of the population going forward. Commissioner Erwin stated that he finds it is appropriate to accept staff's
recommendation that the population for 2034 is less than the estimated population that can be supported by the sustainable resources, which was already determined in the last RWMP.

COMMISSIONER ERWIN MADE A MOTION TO APPROVE, SECONDED BY COMMISSIONER SOLARO. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

[Commissioner Krutz returned at 1:54 p.m.]

8. Status report on the Bureau of Reclamation’s “Truckee Basin Study” – Jim Smitherman. (For Possible Action)

Mr. Smitherman stated that he attended a Technical Advisory Group workshop on July 14, 2014. The purpose of the workshop was to update the group on progress to date. Water supply scenarios and demand scenarios were also reviewed. Mr. Smitherman stated the next event will be a webinar workshop on November 10, 2014, to report on what will be included in the final draft report. By the end of the year, the report is expected to be submitted for internal review at the Bureau of Reclamation and should go to the Bureau of Reclamation’s Commissioner in Washington DC in March or April of 2015.

Commissioner Erwin asked if it is too early to tell whether there would be any suggestion coming from the study that would alter the sustainable resources addressed in the previous agenda item. Mr. Smitherman stated it is too early to say.

   a. Report on the status of projects and work plan supported by the RWMF
   b. Financial report on the RWMF
   c. Report on the acquisition of water rights, consistent with the existing interlocal agreement between the Truckee Meadows Water Authority (“TMWA”) and the WRWC, to partially satisfy the 6700 acre-feed water rights requirement in the Truckee River Operating Agreement
   d. Report on the TMRPA’s parcel-based population and employment modeling project
   e. Informational report from the NNWPC representative on the TMWA Standing Advisory Committee (“TMWA SAC”)

Mr. Smitherman stated staff reports are provided for items typically included in the Program Manager’s report. Mr. Smitherman reviewed information included in the staff report for item 9.c stating that about 381 acre feet of water rights have been purchased so far. The net average cost per acre foot is $5,488 and there is a balance remaining of about $600,000 in the contract.

Commissioner Erwin stated since Tesla will be coming to the area, he anticipates there will be some upward pressure on the water rights prices. There is buying activity currently going on, including purchasing water rights to improve water quality and to partially comply with the Truckee River Operating Agreement (“TROA”), which is another source of upward pressure on the prices. Commissioner Erwin stated a third source of upward pressure is that there has been a recent grant to the Pyramid Lake Piute Tribe of about ten million dollars and they will also be looking to acquire more water rights.

10. Discussion regarding possible agenda items for the October 1, 2014, NNWPC meeting, and other future meetings, and possible direction to staff – Jim Smitherman. (For Possible Action)
Mr. Smitherman stated future agenda items will include: a status report on the septic system and groundwater quality project that is underway; a report on drought water supply management from Mr. Hauck (Inaudible) at TMWA; a report on the consolidation efforts of public purveyors; and, a scope and level of effort for the RWMP update.

Commissioner Edwin asked if there was an interest in including a look at the population forecasting. Commissioner Price expressed interest in seeing additional information on that.

11. Commission Comments
None

12. Staff Comments
None

13. Public Comment
None

14. Adjournment (For Possible Action)

COMMISSIONER ERWIN MADE A MOTION TO ADJOURN AT 2:01 PM, SECONDED BY COMMISSIONER SOLARO. THE MOTION CARRIED UNANIMOUSLY WITH EIGHT (8) MEMBERS PRESENT.

Respectfully submitted by Christine Birmingham.

Approved by:

________________________________
Michael Drinkwater, Chairman

APPROVED BY COMMISSION IN SESSION ON __________, 2014.
Western Regional Water Commission

STAFF REPORT

DATE: December 11, 2014

TO: Chairman and Members, Western Regional Water Commission

FROM: Ben Hutchins, Director, Finance & Administration Division, Washoe County Community Services Department ("CSD")

SUBJECT: Discussion and possible approval of the 2013 - 2014 WRWC financial statements and audit opinion

SUMMARY
The attached report presents the Western Regional Water Commission’s ("WRWC") financial statements for the year ended June 30, 2014, and the auditor’s opinion thereof. It is the auditor’s expressed opinion that the financial statements present fairly, in all material respects, the financial position of the WRWC as of June 30, 2014, and the changes in its financial position and budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America. The report is being presented for consideration, discussion and approval.

PREVIOUS ACTION
On April 16, 2014, the WRWC ratified the WRWC Program Manager’s designation of the Bullard Macy Group as the WRWC’s external auditors for fiscal year 2013 - 2014.

BACKGROUND
Pursuant to NRS 354.624, each local government shall provide for an annual audit of its financial statements. In keeping with this statute, the WRWC engaged the Bullard Macy Group to provide the audit services of its financial statements for the year ending June 30, 2014. The audit results, and opinion and findings of the auditor, must be presented at a meeting of the governing body and immediately thereafter filed as a public record with the secretary of the governing body; the county clerk; and the Nevada Department of Taxation.

FISCAL IMPACT
None.

RECOMMENDATION
Washoe County's CSD, Finance & Administration Division Director recommends that the WRWC approve the financial statements and audit opinion from the Bullard Macy Group for fiscal year 2013 - 2014.

POSSIBLE MOTION
Should the Commission agree with the above recommendation, a suggested motion is: “Move to approve the WRWC financial statements and audit opinion from the Bullard Macy Group for fiscal year 2013 - 2014, and direct staff to file the same as a public record, as required by law.”

Attachments
WESTERN REGIONAL WATER COMMISSION

Financial Statements

JUNE 30, 2014
# TABLE OF CONTENTS

## WESTERN REGIONAL WATER COMMISSION

### JUNE 30, 2014

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS' REPORT</td>
<td>1</td>
</tr>
<tr>
<td>MANAGEMENT'S DISCUSSION AND ANALYSIS</td>
<td>3</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Government-Wide Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Statement of Net Assets</td>
<td>8</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>9</td>
</tr>
<tr>
<td><strong>Fund Financial Statements:</strong></td>
<td></td>
</tr>
<tr>
<td>Balance Sheet - Governmental Fund</td>
<td>10</td>
</tr>
<tr>
<td>Reconciliation of the Governmental Fund Balance</td>
<td>11</td>
</tr>
<tr>
<td>to the Statement of Net Assets</td>
<td></td>
</tr>
<tr>
<td>Statement of Revenues, Expenditures, and Changes</td>
<td>12</td>
</tr>
<tr>
<td>in Fund Balance - Governmental Fund</td>
<td></td>
</tr>
<tr>
<td>Reconciliation of the Governmental Fund Statement</td>
<td>13</td>
</tr>
<tr>
<td>of Revenues, Expenditures, and Changes in Fund</td>
<td></td>
</tr>
<tr>
<td>Balance to the Statement of Activities</td>
<td></td>
</tr>
<tr>
<td>Statement of Revenues, Expenditures and Changes in</td>
<td>14</td>
</tr>
<tr>
<td>Fund Balance – Budget and Actual – General Fund</td>
<td></td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>15</td>
</tr>
<tr>
<td><strong>COMPLIANCE SECTION</strong></td>
<td></td>
</tr>
<tr>
<td>Report on Internal Control over Financial</td>
<td>23</td>
</tr>
<tr>
<td>Reporting and on Compliance and Other Matters</td>
<td></td>
</tr>
<tr>
<td>Based on an Audit of Financial Statements</td>
<td></td>
</tr>
<tr>
<td>Performed in Accordance with Government Auditing</td>
<td></td>
</tr>
<tr>
<td>Standards</td>
<td></td>
</tr>
<tr>
<td>Auditors' Comments</td>
<td>24</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ 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, 2014, 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

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, 2014, 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 October 17, 2014, 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.

The Bullard Macy Group

Reno, Nevada
October 17, 2014
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, 2014. 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 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: 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 directed by a Board of Trustees composed of members from each of the governing agencies.

Financial Highlights

- Government-wide net position decreased by $2.17 million to $1.64 million.
- The Commission’s General Fund also reported a decrease in fund balance of $2.17 million.

Governmental Activities:

- General revenues increased by nearly $27 thousand or 2% from the prior year.
- Expenses increased by $2.34 million or 174% 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.

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, 2014 and 2013:

WESTERN REGIONAL WATER COMMISSION NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
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<td>Current assets</td>
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<td>$ 4,218,764</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>708,210</td>
<td>386,761</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>22,647</td>
<td>17,128</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>730,857</td>
<td>403,889</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ 1,640,883</td>
<td>$ 3,814,875</td>
</tr>
</tbody>
</table>
WESTERN REGIONAL WATER COMMISSION

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Governmental Activities

The Commission’s governmental activities for the years ended June 30, 2014 and 2013 are presented in the following table:

WESTERN REGIONAL WATER COMMISSION
CHANGES IN NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating grants and contributions $ - $ 23,223</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>1,470,252</td>
<td>1,488,190</td>
</tr>
<tr>
<td>Earnings on investments 44,955 37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>1,515,207</td>
<td>1,511,450</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>3,689,199</td>
<td>1,346,601</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>3,689,199</td>
<td>1,346,601</td>
</tr>
<tr>
<td>Change in Net Position (2,173,992) 164,849</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Position, July 1</strong></td>
<td>3,814,875</td>
<td>3,650,026</td>
</tr>
<tr>
<td><strong>Net Position, June 30</strong></td>
<td>$ 1,640,883 $ 3,814,875</td>
<td></td>
</tr>
</tbody>
</table>

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

Overall revenue was comparable to the previous fiscal year and, in the opinion of management, 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.
Unrestricted net position as of June 30, 2014 was $1.64 million, whereas operating expenses in the June 30, 2015 budget are only $613 thousand, or 22% 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
4930 Energy Way
Reno, NV 89502
FINANCIAL STATEMENTS
WESTERN REGIONAL WATER COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2014
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2013)

<table>
<thead>
<tr>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$1,979,411</td>
<td>$3,856,508</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>310,860</td>
<td>304,006</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>76,402</td>
<td>46,878</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>5,067</td>
<td>11,372</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>2,371,740</td>
<td>4,218,764</td>
</tr>
<tr>
<td>LIABILITIES AND NET POSITION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>11,646</td>
<td>16,564</td>
</tr>
<tr>
<td>Accrued salaries payable</td>
<td>11,799</td>
<td>10,591</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>684,765</td>
<td>359,606</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>708,210</td>
<td>386,761</td>
</tr>
<tr>
<td>Accrued Compensated Absences</td>
<td>22,647</td>
<td>17,128</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>730,857</td>
<td>403,889</td>
</tr>
<tr>
<td>Net Position, Unrestricted</td>
<td>$1,640,883</td>
<td>$3,814,875</td>
</tr>
</tbody>
</table>

See accompanying notes.
### WESTERN REGIONAL WATER COMMISSION

#### STATEMENT OF ACTIVITIES

**YEAR ENDED JUNE 30, 2014**

*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)*

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>$ 3,689,199</td>
<td>$ 1,346,601</td>
</tr>
<tr>
<td><strong>Program Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating grants</td>
<td>-</td>
<td>23,223</td>
</tr>
<tr>
<td><strong>Net Program Revenues (Expenses)</strong></td>
<td>(3,689,199)</td>
<td>(1,323,378)</td>
</tr>
<tr>
<td><strong>General Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>1,470,252</td>
<td>1,488,190</td>
</tr>
<tr>
<td>Unrestricted investment earnings</td>
<td>44,955</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total General Revenues</strong></td>
<td>1,515,207</td>
<td>1,488,227</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>(2,173,992)</td>
<td>164,849</td>
</tr>
<tr>
<td><strong>Net Position - July 1</strong></td>
<td>3,814,875</td>
<td>3,650,026</td>
</tr>
<tr>
<td><strong>Net Position - June 30</strong></td>
<td>$ 1,640,883</td>
<td>$ 3,814,875</td>
</tr>
</tbody>
</table>

*See accompanying notes.*
WESTERN REGIONAL WATER COMMISSION

GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2014
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2013)

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$1,979,411</td>
<td>$3,856,508</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>310,860</td>
<td>304,006</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>76,402</td>
<td>46,878</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>5,067</td>
<td>11,372</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$2,371,740</td>
<td>$4,218,764</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$11,646</td>
<td>$16,564</td>
</tr>
<tr>
<td>Accrued salaries payable</td>
<td>11,799</td>
<td>10,591</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>684,765</td>
<td>359,606</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>708,210</td>
<td>386,761</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unavailable revenue - surcharge fees</td>
<td>1,104</td>
<td>280</td>
</tr>
<tr>
<td><strong>FUND BALANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assigned to subsequent year's budget</td>
<td>1,235,110</td>
<td>3,575,411</td>
</tr>
<tr>
<td>Unassigned</td>
<td>427,316</td>
<td>256,312</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>1,662,426</td>
<td>3,831,723</td>
</tr>
<tr>
<td><strong>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</strong></td>
<td>$2,371,740</td>
<td>$4,218,764</td>
</tr>
</tbody>
</table>

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund Balance - Governmental Fund $ 1,662,426

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

Accrued compensated absenses reported in the
Statement of Net Position are not due and payable in the
current period and therefore are not reported in the
governmental fund. (22,647)

Revenues that are not available to pay for current
expenditures and therefore are not reported in the
governmental fund. 1,104

Net Position - Governmental Activities $ 1,640,883

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>$1,469,428</td>
<td>$1,490,322</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>-</td>
<td>23,223</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>44,955</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,514,383</td>
<td>$1,513,582</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENDITURES</strong></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services and supplies</td>
<td>3,683,680</td>
<td>1,342,805</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balance</strong></td>
<td>(2,169,297)</td>
<td>170,777</td>
</tr>
<tr>
<td><strong>FUND BALANCE, July 1</strong></td>
<td>3,831,723</td>
<td>3,660,946</td>
</tr>
<tr>
<td><strong>FUND BALANCE, June 30</strong></td>
<td>$1,662,426</td>
<td>$3,831,723</td>
</tr>
</tbody>
</table>

See accompanying notes.
Net Change in Fund Balance - Governmental Fund $ (2,169,297)

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. (5,519)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. 824

Change in Net Position of Governmental Activities $ (2,173,992)
WESTERN REGIONAL WATER COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

<table>
<thead>
<tr>
<th></th>
<th>2014 Original And Final Budget</th>
<th>2014 Actual</th>
<th>2014 Variance To Final Budget</th>
<th>2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>$1,366,984</td>
<td>$1,469,428</td>
<td>$102,444</td>
<td>$1,490,322</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,223</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>83,537</td>
<td>44,955</td>
<td>(38,582)</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>1,450,521</td>
<td>1,514,383</td>
<td>63,862</td>
<td>1,513,582</td>
</tr>
</tbody>
</table>

| EXPENDITURES        |                                 |             |                               |             |
| Services and supplies| 5,025,932                      | 3,683,680   | 1,342,252                     | 1,342,805   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,575,411) | (2,169,297) | 1,406,114                     | 170,777     |

| FUND BALANCE, July 1 | 3,707,496                        | 3,831,723   | 124,227                       | 3,660,946   |
| FUND BALANCE, June 30| $132,085                         | $1,662,426  | $1,530,341                    | $3,831,723  |

See accompanying notes.
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 four 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 by the following member agencies: 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 directed by a Board of Trustees comprised of members from each of the governing agencies.

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 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 measureable 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 7).

Compensated Absences

As described in Note 7, 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 oblige 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.

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 of 600 hours.
Revenue

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

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, 2013, 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, if amounts do not exceed the original budget, subject to subsequent Board approval. 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).

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, 2014 consisted of the following:

| Cash in County Treasury | $1,979,411 |

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 cost plus accrued interest, which approximates fair value. The fair value of the Commission’s position in the pool equals the value of the pool shares.
WESTERN REGIONAL WATER COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

*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.

**NOTE 4 – LONG-TERM LIABILITIES**

The following is a summary of long-term liability activity of the Commission for the year ended June 30, 2014:

<table>
<thead>
<tr>
<th></th>
<th>July 1, 2013</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2014</th>
<th>Amount Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated absences</td>
<td>$ 17,128</td>
<td>$ 5,519</td>
<td>$ -</td>
<td>$ 22,647</td>
<td>$ -</td>
</tr>
</tbody>
</table>

**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, 2014, 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.

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 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2014, the Commission implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. These changes were incorporated in the Commission’s 2014 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 7 – 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.

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 other than pensions. Total costs reimbursed by the Commission to the County for these services were $304,539 for the year ended June 30, 2014.

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 Community Services Department. Total costs reimbursed by the Commission to the County for these services were $125,366 for the year ended June 30, 2014.
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, 2014 were $1,469,428, which includes accounts receivable of $310,860.

NOTE 8 – 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 intends to budget 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 vested and managed by TMWA for the collective benefit of Reno, Sparks and Washoe County. Total costs for purchases made under this agreement through June 30, 2014 were $2,057,404.

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.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 17, 2014 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
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, 2014, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated October 17, 2014.

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 over financial reporting.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
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.

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.

The Bullard Macy Group

Reno, Nevada
October 17, 2014
WESTERN REGIONAL WATER COMMISSION

AUDITORS’ COMMENTS
JUNE 30, 2014

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

We did not note any financial weaknesses of a magnitude to justify inclusion within our report.

Prior Year

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

STAFF REPORT

DATE: December 11, 2014
TO: Chairman and Members, Western Regional Water Commission ("WRWC")
FROM: Ben Hutchins, Director, Finance & Administration Division, Washoe County Community Services Department ("CSD")
SUBJECT: Discussion and possible designation of Schettler, Macy & Associates, LLC as the WRWC’s external auditors for the Fiscal Year 2014 - 2015 financial statement audit, and, if approved, authorize the Vice-Chairman to execute the related Engagement Letter, and direct staff to file the required documents with the State of Nevada.

SUMMARY
Schettler, Macy & Associates, LLC (formerly known as The Bullard Macy Group and Bullard, Schettler, Macy & Silva, LLC) has performed the WRWC audit for the past six fiscal years. Staff is recommending that the WRWC designate Schettler, Macy & Associates, LLC, as the auditors for fiscal year 2014 - 2015, approve the engagement letter, and direct staff to report this designation to the State of Nevada by the March 31, 2015 deadline.

PREVIOUS ACTION
On April 16, 2014, the Commission ratified the WRWC Program Manager’s designation of the Bullard Macy Group as the external auditors for the fiscal year ended June 30, 2014.

On January 16, 2013 the Commission designated The Bullard Macy Group as its external auditors for the fiscal year ended June 30, 2013.

On February 10, 2012 the Commission selected Schettler, Macy & Silva, LLC as the external auditors for fiscal year ended June 30, 2012.

On February 11, 2011 the Commission selected Schettler, Macy & Silva, LLC as the external auditors for fiscal year ended June 30, 2011.

On April 9, 2010 the Commission ratified the WRWC Program Manager’s designation of Schettler, Macy & Silva, LLC as the external auditors for fiscal year ended June 30, 2010.

On March 13, 2009 the Commission selected Schettler, Macy & Silva, LLC as the external auditors for fiscal year ended June 30, 2009.

BACKGROUND
NRS requires the selection of external auditors to be made and communicated to the State no later than March 31st of each year. In keeping with this deadline, Washoe County’s CSD secured an engagement letter and price proposal from Schettler, Macy & Associates, LLC (letter attached).
Since the firm has performed audits in past fiscal years in a professional and cost effective manner, and the proposed fee for the 2014 - 2015 audit is reasonable and without an increase in cost, staff recommends designating Schettler, Macy & Associates, LLC as the external auditors for fiscal year 2014 - 2015.

**FISCAL IMPACT**
The proposal received from Schettler, Macy & Associates, LLC indicates audit services would be billed based on their standard hourly rates, plus out-of-pocket costs, with a not-to-exceed total fee of $8,500. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710139, Professional Services, Cost Object WP310700.6.

**RECOMMENDATION**
Staff recommends that the WRWC designate Schettler, Macy & Associates, LLC as the external auditors for fiscal year ending June 30, 2015, authorize the Vice-Chairman to execute the related Engagement Letter, and direct staff to report the designation to the State by the statutory deadline.

**POSSIBLE MOTION**
Should the Commission agree with the above noted recommendation, a suggested motion is: “Move to designate Schettler, Macy & Associates, LLC as the WRWC’s external auditors for fiscal year ending June 30, 2015, authorize the Vice-Chairman to execute the related engagement letter, and direct staff to report the designation to the State by the statutory deadline.”

Attachments: Schettler, Macy & Associates, LLC letter of engagement
November 14, 2014

Mr. Ben Hutchins, CPA
Western Regional Water Commission
c/o Washoe County Department of Water Resources
4930 Energy Way
Reno, NV 89502

Dear Ben,

We are pleased to confirm our understanding of the services we are to provide the Western Regional Water Commission (WRWC) for the year ended June 30, 2015. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of WRWC as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), 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. As part of our engagement, we will apply certain limited procedures to WRWC’s RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management’s Discussion and Analysis
2) Budgetary Comparison Schedule

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of WRWC and other procedures we consider necessary to enable us to express such opinions.
We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that WRWC is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.
Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management’s views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.
Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls
Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

Audit Procedures—Compliance
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of WRWC’s compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

Engagement Administration, Fees, and Other
We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to WRWC; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Schettler Macy & Associates, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the State of Nevada or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities.
We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schettler Macy & Associates, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State of Nevada.

Zeth M. Macy is the engagement partner and is responsible for supervising the engagement and signing the reports. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $8,500. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report (under our former name The Bullard Macy Group) accompanies this letter.

We appreciate the opportunity to be of service to the WRWC and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Thank you.

Very truly yours,

SCHETTLER MACY & ASSOCIATES, LLC

Zeth M. Macy, CPA
Partner
RESPONSE:
This letter correctly sets forth the understanding of the Western Regional Water Commission.

By: 

Title: 

Date: 
Western Regional Water Commission

STAFF REPORT

DATE: December 11, 2014

TO: Chairman and Members, Western Regional Water Commission

FROM: Jim Smitherman, Water Resources Program Manager

SUBJECT: Report and discussion on the (proposed) Amendment to the 2012 Truckee Meadows Regional Plan modifying limitations on the use of effluent outside the Truckee Meadows Service Area (“TMSA”).

SUMMARY
On December 11, 2014, the Regional Planning Governing Board (“RPGB”) unanimously approved an amendment to the 2012 Truckee Meadows Regional Plan (“TMRP”) which modifies the restriction on planning for infrastructure to convey treated wastewater effluent outside the TMSA. An excerpt of the amendment appears below:

Master plans, facilities plans and other similar plans may allow for the conveyance of reclaimed water outside the TMSA as a method to effectively manage reclaimed water from wastewater treatment facilities.

The amendment also clarifies the definitions of “Infrastructure” and “Municipal Services” in the TMRP to differentiate reclaimed water facilities from other facilities, and reclaimed water supply from potable water supply, respectively.

BACKGROUND
On June 12, 2014, the RPGB approved a motion to sponsor a proposed amendment to the TMRP to modify the limitation on infrastructure for the conveyance of treated wastewater effluent outside the TMSA. On November 12, 2014, the Regional Planning Commission (“RPC”) considered the proposed amendment and voted to recommend to the RPGB adoption of the amendment.

RECOMMENDATION
Staff recommends that the WRWC accept the staff report, and provide any direction as appropriate.

POSSIBLE MOTION
Should the Commission agree with the above recommendation, a suggested motion is:

“Move to accept the staff report.”

JS:jd
Western Regional Water Commission

STAFF REPORT

DATE: December 11, 2014

TO: Chairman and Members, Western Regional Water Commission

FROM: Jim Smitherman, Water Resources Program Manager

SUBJECT: Discussion and possible approval of a proposed schedule to prepare and adopt the 2016 update of the Comprehensive Regional Water Management Plan (“RWMP”).

SUMMARY
In anticipation of the upcoming 2016 update of the RWMP, staff has developed a time table for the Northern Nevada Water Planning Commission’s (“NNWPC”) review of the Plan and chapter revisions proposed by staff. The schedule outlines the NNWPC meeting schedule through November 2015 and shows the RWMP chapters that staff intends to present for consideration. As a practical matter, review and final draft dates are tentative, because information needed to complete some chapter revisions may not be made available to staff within the scheduled time frames.

Approval of the proposed schedule will provide compliance with the provisions of the Western Regional Water Commission Act (the "Act"), Chapter 531, Statutes of Nevada 2007, Section 50, which requires the RWMP to be reviewed by the NNWPC on a schedule to be established by the WRWC Board, which must at least provide for such a review within 5 years after adoption of the RWMP, and at least every 5 years thereafter.

Staff will facilitate the completion of an updated Plan by January 2016, to comply with the 5 year period required by the Act. The process incorporates the additional requirement, set forth in Section 45 of the Act, that the NNWPC hold at least one public hearing prior to acting on the proposed amendments. The schedule anticipates that the NNWPC will approve and recommend the updated Plan for adoption by the WRWC following the required public hearing.

RECOMMENDATION
Staff recommends that the WRWC approve the proposed schedule for the review of the RWMP and completion of the 2016 update, and provide any direction as appropriate.

POSSIBLE MOTION
Should the Commission agree with the above recommendation, a suggested motion is: “Move to approve the proposed schedule for the review of the Regional Water Management Plan and completion of the 2016 update.”

JS:jd

Attachment
<table>
<thead>
<tr>
<th>Event</th>
<th>NNWPC Meeting</th>
<th>NNWPC Meeting</th>
<th>NNWPC Meeting</th>
<th>NNWPC Meeting</th>
<th>NNWPC Meeting</th>
<th>NNWPC Meeting</th>
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<td>3-Dec</td>
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<td>4-Feb</td>
<td>4-Mar</td>
<td>1-Apr</td>
<td>6-May</td>
<td>3-Jun</td>
<td>1-Jul</td>
<td>5-Aug</td>
<td>2-Sep</td>
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<td>Public Hearing/Notice</td>
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<td></td>
<td></td>
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<tr>
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**Chapter 1: Policies**
- Deliver Chap.
- WPC Review
- Final Draft

**Chapter 2: Water Resources**
- Deliver Chap.
- WPC Review
- Final Draft

**Chapter 3: Purveyors**
- Deliver Chap.
- WPC Review
- Final Draft

**Chapter 4: Wastewater & WQ**
- Deliver Chap.
- WPC Review
- Final Draft

**Chapter 5: Flood**
- Deliver Chap.
- WPC Review
- Final Draft

**Chapter 6: Population Proj.**
- Deliver Chap.
- WPC Review
- Final Draft

**Chapter 7: Conservation**
- Deliver Chap.
- WPC Review
- Final Draft

**Chapter 8: Financing**
- Deliver Chap.
- WPC Review
- Final Draft

**Chapter 9: Issues/Action**
- Deliver Chap.
- WPC Review
- Final Draft
Western Regional Water Commission

STAFF REPORT

DATE: December 17, 2014

TO: Chairman and Members, Western Regional Water Commission

FROM: Chris Wessel, Water Management Planner

SUBJECT: Report on current beneficial uses of irrigation ditches in the Truckee Meadows, and Regional Water Management Plan ("RWMP") provisions relating to such ditches

Throughout the history of the Truckee Meadows area, the primary means of irrigation has been accomplished by diversion of Truckee River water through a network of irrigation ditches. The first ditches were constructed beginning in 1850; and, of the original 15 major ditch systems in the Truckee Meadows, 11 remain in active service today. In addition to irrigation water, the ditch system provides water for hydroelectric power generation and the delivery of raw water for municipal use. Several upstream reservoirs were constructed to maximize the use of the water resource and ensure water delivery during the summer months when demand is high and the Truckee River historically would be reduced to a minimal flow. The following table summarizes information regarding the major ditches that still operate and serve the Truckee Meadows.

<table>
<thead>
<tr>
<th>Ditch Name</th>
<th>Built</th>
<th>Length (miles)</th>
<th>Typical Operational Flows (CFS)</th>
<th>Approximate Diversion* (AFA)</th>
<th>Terminus</th>
<th>Owner/Operator</th>
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<td>1904</td>
<td>2.2</td>
<td>327</td>
<td>0</td>
<td>Truckee River@ Quilici Ranch, Verdi</td>
<td>TMWA</td>
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<td>1856</td>
<td>32</td>
<td>35</td>
<td>11,000 +/-</td>
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<td>Steamboat Canal &amp; Irrigation Co.</td>
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<td>1874</td>
<td>5.5</td>
<td>&lt;1</td>
<td>40</td>
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<td>399</td>
<td>5 +/-</td>
<td>Truckee River</td>
<td>TMWA</td>
</tr>
<tr>
<td>Highland</td>
<td>1880</td>
<td>12</td>
<td>95/ up to 120</td>
<td>30,000 – 60,000</td>
<td>Rancho San Rafael</td>
<td>TMWA</td>
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<td>1902</td>
<td>2.2</td>
<td>396</td>
<td>Apprx. 100 AF (some agri. use)</td>
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<tr>
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<td>15</td>
<td>4,000</td>
<td>Whites Creek</td>
<td>Last Chance Ditch &amp; Irrigation Co.</td>
</tr>
<tr>
<td>Lake</td>
<td>1860</td>
<td>14</td>
<td>8</td>
<td>2,600</td>
<td>Thomas Creek</td>
<td>Lake Ditch Co.</td>
</tr>
<tr>
<td>Orr</td>
<td>1870</td>
<td>34</td>
<td>12 +/-</td>
<td>3,200</td>
<td>Truckee River via N. Truckee Drain</td>
<td>Orr Ditch Co.</td>
</tr>
<tr>
<td>Cochran</td>
<td>1862</td>
<td>32</td>
<td>4 +/-</td>
<td>950</td>
<td>Steamboat Creek via Boynton Slough</td>
<td>Cochran Ditch LLC</td>
</tr>
<tr>
<td>Pioneer</td>
<td>1861</td>
<td>9</td>
<td>6-8</td>
<td>2,000</td>
<td>Steamboat Creek</td>
<td>private</td>
</tr>
</tbody>
</table>

Irrigation diversion from the Truckee River into the irrigation ditches is regulated primarily by the Orr Ditch Decree which was signed and put into effect in 1944. This decree was the result of a lengthy court battle between the US Bureau of Reclamation and the Orr Water Ditch Company, et al. The case resulted from disputes arising when the U.S. Bureau of Reclamation sought to confirm water rights held for the Newlands Project. The result was a watershed adjudication that set priority dates for all existing water rights. The final decree incorporated several preexisting documents and agreements, specifically, the Truckee River Agreement of 1935 (U.S. v Orr Water Ditch Company, Final Decree, 1944).

The Orr Ditch Decree is a comprehensive "rule book" of water rights in the Truckee River Watershed. It defines for each water right, among other things, the owner, date of priority, point of diversion, location of use, type of use, total area to be irrigated and the annual volume to be used (entitlement). The Orr Ditch Decree's mandate is administered by the U.S. District Court Water Master (Water Master). The Water Master is appointed by the US District Court of Nevada and has the responsibility of regulating the upstream reservoirs and diversions from the Truckee River.

As development has expanded in Reno, Sparks and Washoe County, a considerable number of associated storm water collection systems were constructed which discharge to the irrigation ditches. Until 2002, there were no formal agreements between the private ditch operators and the municipalities to jointly manage the conveyance of storm water though the ditches. By 2003 both Reno and Washoe County had entered into annual maintenance agreements with Steamboat, Last Chance Ditch and Lake Ditch companies for contribution toward maintenance costs.

City of Reno staff identified three cost alternatives for storm water conveyance to consider moving forward: 1) Annual maintenance reimbursement -- approximately $250,000 plus some capital improvement costs; 2) Acquire ditches and assume maintenance responsibilities -- approximately $191,400 per year for maintenance, plus an estimated $2,500,000 in capital improvement costs over five years; and 3) Remove all storm water runoff from ditches and construct new and/or connect to existing storm drain systems (if capacity exists) -- approximately $134,600,000.

Irrigation water conveyance facilities are outside the scope of the RWMP, and are not directly addressed. However, such facilities are discussed as they relate to raw water delivery for the Truckee Meadows Water Authority, as a groundwater recharge component for the Truckee Meadows, and as to their role in flood control and storm water conveyance.

CW:jd
Western Regional Water Commission

STAFF REPORT

DATE: December 11, 2014
TO: Chairman and Members, Western Regional Water Commission ("WRWC")
FROM: Jim Smitherman, WRWC Water Resources Program Manager
SUBJECT: Report on Cloud Seeding funding efforts and related legislative activities.

SUMMARY
In September 2014, the WRWC directed staff to work with water districts and authorities in various Nevada locations interested in cloud seeding to collectively request the Nevada Legislature to reinstate funding. Since that time the interested parties have convened three conference calls and received a statewide cloud seeding proposal from the Desert Research Institute ("DRI"). Prior to the first conference call, the Humboldt River Basin Water Authority recommended, and the Interim Legislative Committee on Public Lands agreed, to request a bill draft seeking to establish a State-financed matching fund for cloud seeding. The proposal is intended to provide an annual cost estimate for statewide cloud seeding operations to be used as a basis for the bill draft.

Conference call participants have included representatives from:
Carson Water Subconservancy
Central Nevada Regional Water Authority
Humboldt River Basin Water Authority
Nevada Division of Water Resources
Southern Nevada Water Authority
Truckee Carson Irrigation District
Truckee Meadows Water Authority
Walker River Irrigation District
Western Regional Water Commission

BACKGROUND
Seasonal winter cloud seeding is focused on enhancing snowfall in mountainous regions to increase the snowpack, resulting in more spring runoff and water supplies in the surrounding areas. The DRI cloud seeding program has been in operation for more than 25 years. State cuts to DRI funding in 2008 threatened to eliminate its cloud seeding operations such that outside financing was necessary to continue the program. In response, DRI applied to the Truckee River Fund ("TRF") in 2009 to support the operation of five cloud-seeding generators in the Sierra Nevada. DRI received approval for partial funding from the TRF and the Regional Water Management Fund ("RWMF"), through the WRWC, for the 2009-2010 water year. DRI has applied for and received funding from the TRF, and more recently TMWA, and the RWMF to cover operations in each successive water year.

JS:jd