WESTERN REGIONAL WATER COMMISSION ("WRWC")
AGENDA

Wednesday, October 18, 2017
9:00 a.m.

Note Change of Location to:
Truckee Meadows Water Authority, 1355 Capital Blvd., Reno, Nevada

TRUSTEES
Vaughn Hartung, Chairman  Donald Abbott  Neoma Jardon
Ron Smith, Vice Chair  Naomi Duerr  Bob Lucey
Sandra Ainsworth, Secretary-Treasurer  Jeanne Herman  Paul McKenzie

NOTICE OF POSSIBLE QUORUM OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS WATER AUTHORITY ("TMWA"), AND/OR A POSSIBLE QUORUM OF THE WASHOE COUNTY COMMISSION
(See following Notes)

Notes: Because several of the WRWC Trustees are also members of the Board of Directors of TMWA and/or the Board of County Commissioners ("BCC"), it is possible that a quorum of the TMWA Board and/or a quorum of the BCC may be present. Such members will not deliberate or take action at this meeting as members of the TMWA Board or the BCC, but may take action exclusively in their capacity as WRWC Trustees.

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, 1001 E 9th Street, Reno, NV, from Jim Smitherman, Water Resources Program Manager, (775) 954-4657, and on the WRWC website at http://www.wrwc.us
5. The meeting location is accessible to the disabled. 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) 954-4657 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 (1001 E. 9th Street), 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. Approval of Agenda. (For Possible Action)
5. Approval of the Minutes of the June 21, 2017, meeting. (For Possible Action)
6. Discussion and possible approval of the fiscal year 2016 - 2017 WRWC financial statements and audit opinion, and possible direction to staff – Ben Hutchins, Director, Finance & Administration Division, Washoe County Community Services Department, and Zeth Macy, Schettler Macy & Associates, LLC. (For Possible Action)

7. Discussion and possible designation of Schettler Macy & Associates, LLC as the external auditors for the fiscal year 2017 - 2018 WRWC financial statement audit; and, if approved, authorize the 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)

8. Report by the Desert Research Institute (“DRI”) on last winter’s cloud seeding operations for the Truckee River and Lake Tahoe Basins, and alternatives for operations for the upcoming winter; discussion and possible approval of funding in an amount not to exceed $100,000 from the Regional Water Management Fund (“RWMF”) to support similar limited operations for the upcoming winter; and, if approved, authorize the Chairman to execute an interlocal agreement with DRI for that purpose – Frank McDonough, Associate Research Scientist, DRI, and Chris Wessel, WRWC Water Management Planner. (For Possible Action)

9. Report on the analysis of historical precipitation data collected by Washoe County; discussion and possible approval of a proposal from DRI for continuation of the regional precipitation monitoring project; and, if approved, authorize the Chairman to execute an amendment to the Interlocal Agreement with DRI, in an amount not to exceed $20,000 from the RWMF, for that purpose – Dan McEvoy, PhD, Applied Climatologist, DRI, and Chris Wessel. (For Possible Action)

10. Discussion and possible approval of an amendment to the Agreement for Legal Services for the WRWC and the Northern Nevada Water Planning Commission, to extend the Agreement through June 2020; and, if approved, authorize the Chairman to execute an amendment to the Agreement for that purpose – Jim Smitherman, WRWC Water Resources Program Manager. (For Possible Action)

11. Discussion and possible direction to staff regarding agenda items and dates for future WRWC meetings — Jim Smitherman. (For Possible Action)

12. Commission Comments *

13. Staff Comments *

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

15. Adjournment. (For Possible Action)
The regular meeting of the Western Regional Water Commission (“WRWC”) Board of Trustees was held on Wednesday, June 21, 2017, at the Sparks Council Chambers, Legislative Building, 745 Fourth Street, Sparks, Nevada.

1. Roll Call and Determination of Presence of a Quorum
Chairman Hartung called the meeting to order at 9:00 a.m. There was a quorum present.

Commissioners Present:  
Donald Abbott  
Sandra Ainsworth  
Naomi Duerr (present at 9:03 a.m.)  
Vaughn Hartung  
Jeanne Herman  
Paul McKenzie  
Ron Smith  

Appointed by:  
City of Sparks  
Sun Valley General Improvement District (“SVGID”)  
City of Reno  
Washoe County  
TMWA (Washoe County)  
TMWRF  
TMWA (City of Sparks)

Commissioners Absent:  
Neoma Jardon  
Bob Lucey  

Appointed by:  
TMWA (City of Reno)  
TMWA (STMGID Successor)

2. Pledge of Allegiance
The Pledge of Allegiance was led by Rick Warner.

3. Public Comment
None

4. Approval of Agenda (For Possible Action)
COMMISSIONER SMITH MADE A MOTION TO APPROVE THE AGENDA, SECONDED BY COMMISSIONER HERMAN. THE MOTION CARRIED UNANIMOUSLY WITH SIX (6) MEMBERS PRESENT.

5. Approval of the Minutes of the May 17, 2017, Meeting (For Possible Action)
COMMISSIONER ABBOTT MADE A MOTION TO APPROVE THE MAY 17, 2017, MINUTES, SECONDED BY COMMISSIONER HERMAN. THE MOTION CARRIED UNANIMOUSLY WITH SIX (6) MEMBERS PRESENT.
6. Report on the Advanced Water Treatment Technologies Demonstration Project being conducted by the University of Nevada, Reno (“UNR”), and possible direction to staff - Jim Smitherman, WRWC Water Resources Program Manager, Rick Warner, Washoe County Community Services Department, and Dr. Krishna Pagilla, UNR. (For Possible Action)

(Commissioner Duerr present at 9:03 a.m.)

Rick Warner presented an update on the UNR portion of the overall project and answered questions from the Commissioners. Details of the update are included in the PowerPoint presentation that staff will email to each member of the WRWC. Mr. Warner also announced that the Nevada Water Innovation Campus Kick off Reception will be August 24, 2017.

COMMISSIONER DUERR MADE A MOTION TO ACCEPT THE REPORT, SECONDED BY COMMISSIONER MCKENZIE. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

7. Presentation of a detailed scope of work for Phase 1 of the Truckee Meadows Regional Planning Agency (“TMRPA”) project to develop a regional storm water drainage network Geographic Information System (“GIS”) map, and possible direction to staff – Jim Smitherman and Jeremy Smith, TMRPA. (For Possible Action)

Jim Smitherman presented the staff report on the detailed scope of work for Phase 1 of this project.

COMMISSIONER SMITH MADE A MOTION TO ACCEPT THE REPORT, SECONDED BY COMMISSIONER ABBOTT. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

8. Discussion and possible approval of three-month, no-cost time extensions for two Interlocal Agreements with the Desert Research Institute: a) The Cloud Seeding project for the 2016 - 2017 season, and b) The Cloud Seeding Monitoring Gauges project; and possible direction to staff - Chris Wessel, WRWC Water Management Planner, and Jim Smitherman. (For Possible Action)

Chris Wessel presented the staff report. Due to the heavy snowfall this year DRI is not able to complete their scope of work on the Interlocal Agreements listed above.

Wessel explained for Commissioner Duerr that this is a need based program but there are some fixed costs involved as well.

COMMISSIONER MCKENZIE MADE A MOTION TO APPROVE THE THREE-MONTH, NO-COST TIME EXTENSIONS, SECONDED BY COMMISSIONER HERMAN. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.
9. Discussion and possible approval of a Fifth Amendment to the Cooperative Agreement with Washoe County to provide staff services for the WRWC and the Northern Nevada Water Planning Commission (“NNWPC”), extending the Agreement for a term of two years; and if approved, authorize the Chairman to execute a Fifth Amendment for that purpose - Ben Hutchins, Division Director, Finance and Administration, Washoe County Community Services Department, and Jim Smitherman.  (For Possible Action)

Ben Hutchins presented information included in the staff report regarding this Fifth Amendment.

COMMISSIONER MCKENZIE MADE A MOTION TO APPROVE THE FIFTH AMENDMENT, SECONDED BY COMMISSIONER HERMAN.  MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

10. Final Report on legislative activities, including Bills passed in the 2017 session of the Nevada Legislature that may affect or are of interest to the WRWC / NNWPC; and possible direction to staff – John Rhodes, WRWC Legal Counsel.  (For Possible Action)

John Rhodes presented the staff report on the last session of the Legislature.  The WRWC Legislative Subcommittee started out tracking over 30 bills and 12 of those ended up being passed.  The staff report includes brief summaries of the bills that were passed.

COMMISSIONER DUERR MADE A MOTION TO ACCEPT THE REPORT, SECONDED BY COMMISSIONER HERMAN.  THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

11. Discussion and possible direction to staff regarding agenda items and dates for future WRWC meetings – Jim Smitherman.  (For Possible Action)

COMMISSIONER DUERR MADE A MOTION TO SKIP THE JULY WRWC MEETING, SECONDED BY COMMISSIONER AINSWORTH.  THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

12. Commission Comments

None

13. Staff Comments

Mr. Smitherman introduced Jennifer Purgitt as the new Administrative Secretary.

Mr. Smitherman will sent invitations for the Nevada Water Innovation Campus Kick off to all WRWC members.

14. Public Comment

None
15. Adjournment (For Possible Action)

The meeting was adjourned at 9:53 a.m.

Respectfully submitted by,
Christine Birmingham, Recording Secretary

Approved by Commission in session on ________________ 2017.

_____________________________
Chair Vaughn Hartung
Western Regional Water Commission

STAFF REPORT

DATE: October 12, 2017

TO: Chairman and Members, Western Regional Water Commission ("WRWC")

FROM: Ben Hutchins, Director, Finance & Administration Division, Washoe County Community Services Department

SUBJECT: Discussion and possible approval of the fiscal year 2016 - 2017 WRWC financial statements and audit opinion, and possible direction to staff.

SUMMARY
The attached report presents the WRWC's financial statements for the year ended June 30, 2017, 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, 2017, 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 September 21, 2016, the WRWC voted to designate Schettler Macy & Associates, LLC as the WRWC’s external auditors for fiscal year 2016 - 2017.

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 Schettler Macy & Associates, LLC to provide the audit services of its financial statements for the year ending June 30, 2017. 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
Staff recommends that the WRWC approve the financial statements and audit opinion from Schettler Macy & Associates, LLC for fiscal year 2016 - 2017.

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 Schettler Macy & Associates, LLC for fiscal year 2016 - 2017, and direct staff to file the same as a public record, as required by law.”

Attachments: Financial Statements
September 27, 2017

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

We have audited the financial statements of the governmental activities, and the General Fund of the Western Regional Water Commission (Commission) for the year ended June 30, 2017. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated September 13, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management’s discussion and analysis and budgetary comparison information, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

**Planned Scope, Timing of the Audit, and Other**

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.

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. Material misstatements may result 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. We will generally communicate our significant findings at the conclusion of the audit.
However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

This information is intended solely for the use of the Board of Trustees and the management of the Western Regional Water Commission and is not intended to be and should not be used by anyone other than these specified parties.

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2017. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures may also be particularly sensitive because of their significance to the financial statement users. As included in our letters dated November 16, 2011 and September 4, 2012, management has determined in accordance with the *Cooperative Agreement for Contractual Professional and Administrative Staff Services* dated November 7, 2008, the Commission is responsible for reimbursement of sick pay and accrued vacation, as discussed in Note 1 to the financial statements, however, this responsibility does not extend to other postemployment benefits.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.
In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested and received certain representations from management that are included in the management representation letter dated September 27, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors and/or during the audit fieldwork and completion phases. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Closing Comments

We appreciate the cooperation and courtesies extended to us during the course of the audit and we look forward to our continued association.

SCHETTLER MACY & ASSOCIATES, LLC
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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, 2017, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Western Regional Water Commission as of June 30, 2017, and the respective changes in its financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2017, on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission’s internal control over financial reporting and compliance.

Schettler Macy & Associates, LLC

Reno, Nevada
September 27, 2017
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, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Commission’s financial statements, which follow this narrative.

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

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

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

Financial Highlights

- The Commission’s Government-wide net position decreased by $16 thousand to $1.15 million.
- The Commission’s General Fund reported a decrease in fund balance of nearly $15 thousand to $1.18 million.
Governmental Activities:

- General revenues increased by $67 thousand or 5% from the prior year.
- Expenses decreased by nearly $4 thousand or 1% 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, 2017 and 2016:

### WESTERN REGIONAL WATER COMMISSION NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$1,441,663</td>
<td>$1,544,991</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>264,128</td>
<td>353,386</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>30,261</td>
<td>28,022</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$1,147,274</td>
<td>$1,163,583</td>
</tr>
</tbody>
</table>
Governmental Activities

The Commission’s governmental activities for the years ended June 30, 2017 and 2016 are presented in the following table:

### WESTERN REGIONAL WATER COMMISSION
**CHANGES IN NET POSITION**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>$1,448,757</td>
<td>$1,355,733</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>1,944</td>
<td>27,587</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,450,701</td>
<td>1,383,320</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>1,467,010</td>
<td>1,470,777</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,467,010</td>
<td>1,470,777</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>(16,309)</td>
<td>(87,457)</td>
</tr>
<tr>
<td><strong>Net Position, July 1</strong></td>
<td>1,163,583</td>
<td>1,251,040</td>
</tr>
<tr>
<td><strong>Net Position, June 30</strong></td>
<td>$1,147,274</td>
<td>$1,163,583</td>
</tr>
</tbody>
</table>

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

Overall, revenue was 5% more than the previous fiscal year, which is expected based on the recent growth and development in Washoe County. In the opinion of management, revenue is sufficient and will continue to be stable since member purveyors regularly monitor water rates to insure an acceptable level of cash flow for operations. As a result, a consistent and stable source of revenue should continue to provide sufficient financial resources for the Commission to achieve its desired goals and objectives.
Unrestricted net position as of June 30, 2017 was $1.15 million, whereas operating expenses in the June 30, 2018 budget are only $703 thousand, or 30% of the total budget. All other budgeted expenses relate to projects and can be managed in a way that aligns with remaining resources and expected future revenues.

REQUESTS FOR INFORMATION

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

Western Regional Water Commission
c/o Washoe County Community Services Department
1001 E. Ninth Street
Reno, NV 89512
FINANCIAL STATEMENTS
WESTERN REGIONAL WATER COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016)

<table>
<thead>
<tr>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>2017</th>
<th>2016</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>$ 1,089,769</td>
<td>$ 1,212,710</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>348,521</td>
<td>329,121</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>3,363</td>
<td>3,160</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>1,441,663</td>
<td>1,544,991</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>31,074</td>
<td>36,670</td>
</tr>
<tr>
<td>Accrued salaries payable</td>
<td>6,578</td>
<td>16,881</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>226,476</td>
<td>299,835</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>264,128</td>
<td>353,386</td>
</tr>
<tr>
<td>Accrued Compensated Absences</td>
<td>30,261</td>
<td>28,022</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>294,389</td>
<td>381,408</td>
</tr>
<tr>
<td>Net Position, Unrestricted</td>
<td>$ 1,147,274</td>
<td>$ 1,163,583</td>
</tr>
</tbody>
</table>

See accompanying notes.
### Program Expenses

| Services and supplies | 2017 $1,467,010 | 2016 $1,470,777 |

### General Revenues

<table>
<thead>
<tr>
<th>Water surcharge fees</th>
<th>1,448,757</th>
<th>1,355,733</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted investment earnings</td>
<td>1,944</td>
<td>27,587</td>
</tr>
<tr>
<td><strong>Total General Revenues</strong></td>
<td><strong>1,450,701</strong></td>
<td><strong>1,383,320</strong></td>
</tr>
</tbody>
</table>

| Change in Net Position | (16,309) | (87,457) |

| Net Position - July 1 | 1,163,583 | 1,251,040 |

| Net Position - June 30 | $1,147,274 | $1,163,583 |
WESTERN REGIONAL WATER COMMISSION

GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2017
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016)

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$ 1,089,769</td>
<td>$ 1,212,710</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>348,521</td>
<td>329,121</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>3,363</td>
<td>3,160</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 1,441,663</td>
<td>$ 1,544,991</td>
</tr>
</tbody>
</table>

| **LIABILITIES**        |              |              |
| Accounts payable       | $ 31,074     | $ 36,670     |
| Accrued salaries payable | 6,578     | 16,881      |
| Due to other governments | 226,476 | 299,835     |
| **Total Liabilities**  | 264,128      | 353,386      |

| **DEFERRED INFLOWS OF RESOURCES** |              |              |
| Unavailable revenue - surcharge fees | 2,413        | 1,493        |

| **FUND BALANCE**        |              |              |
| Assigned to subsequent year's budget | 865,163      | 1,120,314    |
| Unassigned               | 309,959      | 69,798       |
| **Total Fund Balance**   | 1,175,122    | 1,190,112    |

**Total Liabilities, Deferred Inflows of Resources, and Fund Balance**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 1,441,663</td>
<td>$ 1,544,991</td>
</tr>
</tbody>
</table>

See accompanying notes.
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund Balance - Governmental Fund  $  1,175,122

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

Accrued compensated absences 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.  (30,261)

Revenues that are not available to pay for current expenditures and therefore are not reported in the governmental fund.  2,413

Net Position - Governmental Activities  $  1,147,274

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>$1,447,837</td>
<td>$1,355,100</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>1,944</td>
<td>27,587</td>
</tr>
<tr>
<td></td>
<td>1,449,781</td>
<td>1,382,687</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>1,464,771</td>
<td>1,468,673</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>(14,990)</td>
<td>(85,986)</td>
</tr>
<tr>
<td><strong>FUND BALANCE, July 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,190,112</td>
<td>1,276,098</td>
</tr>
<tr>
<td><strong>FUND BALANCE, June 30</strong></td>
<td>$1,175,122</td>
<td>$1,190,112</td>
</tr>
</tbody>
</table>

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Net Change in Fund Balance - Governmental Fund $ (14,990)

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. (2,239)

Revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues in
the governmental fund. 920

Change in Net Position of Governmental Activities $ (16,309)

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

<table>
<thead>
<tr>
<th></th>
<th>Original And Final Budget</th>
<th>Actual</th>
<th>Variance To Final Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>$ 1,416,677</td>
<td>$ 1,447,837</td>
<td>$ 31,160</td>
<td>$ 1,355,100</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>40,000</td>
<td>-</td>
<td>(40,000)</td>
<td>-</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>27,985</td>
<td>1,944</td>
<td>(26,041)</td>
<td>27,587</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(34,881)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,484,662</td>
<td>1,449,781</td>
<td></td>
<td>1,382,687</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>2,604,976</td>
<td>1,464,771</td>
<td>1,140,205</td>
<td>1,468,673</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>(1,120,314)</td>
<td>(14,990)</td>
<td>1,105,324</td>
<td>(85,986)</td>
</tr>
<tr>
<td><strong>FUND BALANCE, July 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,280,321</td>
<td>1,190,112</td>
<td>(90,209)</td>
<td>1,276,098</td>
</tr>
<tr>
<td><strong>FUND BALANCE, June 30</strong></td>
<td>$ 160,007</td>
<td>$ 1,175,122</td>
<td>$ 1,015,115</td>
<td>$ 1,190,112</td>
</tr>
</tbody>
</table>

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 public water purveyors of Washoe County. Previously, the four water purveyors consisted of the Truckee Meadows Water Authority, Washoe County Water Resources, Sun Valley General Improvement District and South Truckee Meadows General Improvement District. However, as of December 31, 2014, Washoe County Water Resources and South Truckee Meadows General Improvement District merged with the Truckee Meadows Water Authority.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Government-Wide Statements

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Commission’s functions. The functions are also supported by the general government revenues. The Statement of Activities reduces gross expenses by related program revenues and operating grants. The Statement of Activities is also presented on a full accrual basis.
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

Fund Financial Statements

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

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

Accounts Receivable

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

Compensated Absences

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

Earned vacation and compensatory time may each be accumulated up to a maximum of 240 hours. The earned vacation and compensatory time is payable upon termination and the liability is reported at the employees’ current rate of pay.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 800 hours.

Revenue

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

Use of Estimates

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

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, 2016, 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.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

2. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the Board’s members.

3. The Commission’s Program Manager is authorized to transfer appropriations between accounts within the Water Management Fund. Augmentations in excess of the original budget require approval from the Board.

4. Formal budgetary integration is employed as a management control device for the Commission’s General Fund. The budget is legally adopted, and its annual appropriations lapse at year-end.

5. Budgeted appropriations may not be exceeded by actual expenditures of the various programs in the budgeted governmental fund (the General Fund).

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, 2017 consisted of the following:

Cash in County Treasury $1,089,769

The Commission maintains all of its cash and investments with the Washoe County Treasurer in an investment pool. The Treasurer allocates interest to participants based upon their average balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County’s financial statements. The Washoe County financial statements may be obtained by contacting the Office of the Comptroller at 1001 E. Ninth Street, Room D-200, Reno, NV 89512. The Investment Committee oversees the Washoe County Treasurer’s investments and policies.
Investments held in the County’s investment pool are available on demand and are stated at fair value in accordance with GASB 72. The fair value of the Commission’s position in the pool equals the value of the pool shares.

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

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

**NOTE 4 – LONG-TERM LIABILITIES**

The following is a summary of long-term liability activity of the Commission for the year ended June 30, 2017:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2016</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2017</th>
<th>Amount Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated absences</td>
<td>$28,022</td>
<td>$2,239</td>
<td>-</td>
<td>$30,261</td>
<td>$-</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, 2017, 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.
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

Unassigned – the residual classification for the General Fund.

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

NOTE 6 – RELATED PARTY TRANSACTIONS

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

The Commission reimburses the County for all actual costs for the services provided by the assigned employees, including wages, hours, compensatory time, sick leave, special sick leave, annual leave, insurance premiums, worker’s compensation insurance, and all other benefits the County currently provides or may provide in the future. Reimbursable future obligations of the Commission include compensated absences, but do not include postemployment benefits. Total costs reimbursed by the Commission to the County for these services were $284,102 for the year ended June 30, 2017.

In addition to the services provided by the assigned employees, routine and general administrative activities in support of the Commission’s mission are provided by other personnel of the County. Total costs reimbursed by the Commission to the County for these services were $80,408 for the year ended June 30, 2017.

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, 2017 were $1,447,837, which includes accounts receivable of $348,521.

**NOTE 7 – COMMITMENTS**

On May 16, 2013, the Commission entered into an interlocal agreement with Truckee Meadows Water Authority (TMWA) to implement plans to manage and maximize the yield of regional water supplies in furtherance of the Truckee River Operating Agreement (TROA). Part of the TROA provides that Reno, Sparks and Washoe County agree to provide 6,700 acre-feet of water rights for water quality purposes. TMWA is actively engaged in the water rights market in the ordinary course of its operation of the public water system. Through this agreement the Commission 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 conveyed to Reno, Sparks and Washoe County as tenants in common with undivided 1/3 interest each. Total costs for purchases made under this agreement through June 30, 2017 were $2,637,823.

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 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 27, 2017, 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, 2017, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated September 27, 2017.

Internal Control over Financial Reporting

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

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

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

Reno, Nevada
September 27, 2017
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: October 12, 2017
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 external auditors for the fiscal year 2017 - 2018 WRWC financial statement audit; and, if approved, authorize the Chairman to execute the related Engagement Letter, and direct staff to file the required documents with the State of Nevada.

SUMMARY
Staff is recommending that the WRWC designate Schettler Macy & Associates, LLC, as the external auditors for fiscal year 2017 - 2018, approve the related Engagement Letter, and direct staff to report this designation to the State of Nevada by the March 30, 2018 deadline.

PREVIOUS ACTION
On September 21, 2016, the Commission designated Schettler Macy & Associates, LLC as its external auditors for the fiscal year ended June 30, 2017.

BACKGROUND
NRS requires the selection of external auditors to be made and communicated to the State no later than March 30th 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 Schettler Macy & Associates, LLC has performed audits in past fiscal years in a professional and cost effective manner, and the proposed fee for the 2017 - 2018 audit is reasonable with no increase in cost over the prior year, staff recommends designating Schettler Macy & Associates, LLC as the external auditors for fiscal year 2017 - 2018.

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 $8,700. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710139, Professional Services, Cost Object WP310706.

RECOMMENDATION
Staff recommends that the WRWC designate Schettler Macy & Associates, LLC as the external auditors for fiscal year ending June 30, 2018, authorize the 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, 2018, authorize the 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
October 9, 2017

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

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, 2018. 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, 2018. 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.

**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 proper 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*.

**Other Services**

We will also assist in preparing the financial statements and related notes of WRWC in conformity with U.S. generally accepted accounting principles based on information provided by you. 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*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

**Management Responsibilities**

Management is responsible for designing, implementing, 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 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 and all
accompanying information 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 the accuracy and completeness of that information. 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 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, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of 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.
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, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

**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 $8,700. 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: October 12, 2017
TO: Chairman and Members, Western Regional Water Commission (“WRWC”)
FROM: Chris Wessel, WRWC Water Management Planner
SUBJECT: Report by the Desert Research Institute (“DRI”) on last winter’s cloud seeding operations for the Truckee River and Lake Tahoe Basins, and alternatives for operations for the upcoming winter; discussion and possible approval of funding in an amount not to exceed $100,000 from the Regional Water Management Fund (“RWMF”) to support similar limited operations for the upcoming winter; and, if approved, authorize the Chairman to execute an interlocal agreement with DRI for that purpose.

SUMMARY

Since 2009, DRI has conducted its cloud seeding program for the Truckee River and Lake Tahoe Basins using funds provided by either the Truckee Meadows Water Authority (“TMWA”) or the Truckee River Fund (“TRF”), and the WRWC. TMWA has indicated that funding will not be available from TMWA or the TRF for cloud seeding operations for the 2017-2018 water year. DRI anticipates that some cloud seeding funding will be available from the State of Nevada for water year 2018-2019. In anticipation of reduced funding for the upcoming winter, DRI has provided a Proposal and Scope of Work, including a budget for $100,000 (attached) from the RWMF, to support a modified cloud seeding operation for water year 2017-2018. The WRWC budget for FY 2017-2018 includes $100,000 for the proposed cloud seeding operations.

The cloud seeding program requires permits from both the United States Forest Service and the State of California. The State permit has been ”grandfathered” in through the California Department of Water Resources since the inception of DRI’s cloud seeding operations. The permits remain active as along as the project continues, without interruption, for each consecutive water year. In the event that operations were suspended for the upcoming water year, permits would likely be revoked and new permits would be required. In addition to the cost of the permits, DRI anticipates that California Environmental Quality Act and National Environmental Policy Act studies would be required, at a cost well in excess of $50,000. This year’s proposal is intended to bridge the gap to the 2018-2019 water year, at which time the program can be reevaluated based on the availability of State funding.

Mr. Frank McDonough, an Associate Research Scientist at DRI will provide a presentation about last winter’s cloud seeding operations for water year 2016-2017, and the proposed modified operations for the upcoming winter. In addition, Mr. McDonough will provide an update regarding DRI’s efforts to secure funding from other cloud seeding beneficiaries and potentially interested parties.
On October 4, 2017, the Northern Nevada Water Planning Commission (“NNWPC”) received a report and the proposal from Mr. McDonough, and voted to recommend approval by the WRWC.

BACKGROUND
Wintertime 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. DRI estimates that, for the Truckee River Basin, cloud-seeding has boosted water in the snowpack by an average of 18,000 acre-feet a year over the last 10 years.

DRI funding cuts 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 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 WRWC for the 2009-2010 water year. DRI has applied for and received funding from the TRF, and more recently TMWA, and the WRWC to cover operations in each successive water year.

FISCAL IMPACT
The fiscal impact to the RWMF, should this item be approved, will be $100,000. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object WP310103.

RECOMMENDATION
The NNWPC recommends that the WRWC approve funding in an amount not to exceed $100,000 from the RWMF to support DRI’s Cloud Seeding Operations for the upcoming water year; and, if approved, authorize the Chairman to execute an interlocal agreement with DRI for that purpose.

POSSIBLE MOTION
“Move to approve funding in an amount not to exceed $100,000 from the RWMF to support DRI’s Cloud Seeding Operations for the upcoming water year, and authorize the Chairman to execute an interlocal agreement with DRI for that purpose."

CW:jp

Attachment: Proposal and Scope of Work: Cloud Seeding Project for the Tahoe and Truckee Basins for Water Year 2018
September 17, 2017

Western Regional Water Commission
1001 E. 9th St
Reno, NV 89502

To: The Western Regional Water Commission (WRWC):

Attached is our proposal and budget for the Water Year 2018 Tahoe-Truckee cloud seeding project. The project represents a smaller-scale continuation of the remote generator operations and will again focus on seeding the Tahoe-Truckee target area, and we plan to use the same seeding sites as last year.

If the revised proposal and budget are found to be satisfactory we request a purchase order be drafted in the amount of the proposed budget in order for DRI to be able to initiate and complete the work in a timely manner. A project start date of October 21, 2017 and project stop date of June 30, 2018 is requested.

Respectively yours,

Frank McDonough

Frank McDonough Research Meteorologist: Project Manager
Frank.McDonough@dri.edu
775.674.7140
720.839.5309 (cell)
Attachments: Proposal and Budget
Cc: Maria Garretson (DRI)
Proposal and Scope of Work

Cloud Seeding Project for the Tahoe and Truckee Basins for WY2018

Submitted to the

Western Regional Water Commission

By
Desert Research Institute
Division of Atmospheric Sciences
Desert Research Institute
2215 Raggio Parkway
Reno, NV 89512

September 2017

Project Contact: Frank McDonough
Project Manager 775-674-7140
Frank.McDonough@dri.edu
Introduction

Cloud seeding is a long-term water management tool designed to increase snowpack, streamflow, and subsequent water supplies. Since the State of Nevada halted funding the statewide cloud seeding program in 2009, the Tahoe-Truckee portion of the former State project has been funded locally by the Truckee Meadows Water Authority (TMWA) and the Western Regional Water Commission (WRWC). Through their support of the program, these entities have built the project infrastructure to include; 7 high-altitude remote controlled cloud seeding generators, 2 weather stations, a mountain top web camera, 8 precipitation gauges, and cellular and satellite communications systems to operate the equipment, obtain realtime weather and generator performance data.

The Tahoe-Truckee program has added over 14,000 acre-feet of snow water equivalent (SWE), on average, to the watershed for more than 30 years. The project has been operated along and west of the Sierra Crest, delivering snowfall to the east slopes of the Sierra and the Carson Range. Over the past few years funding through the WRWC has allowed DRI to add 8 winter precipitation gauges to Tahoe-Truckee watershed.

Most of the project equipment is located on US Forest Service land. Significant time and resources have been spent to acquire all necessary permits to site and operate this equipment. In addition, the Tahoe-Truckee Cloud Seeding project has been operated under a ‘grandfather’ permit from the California Department of Water Resources. These permits require operations to be conducted on a continuous yearly basis. If the Tahoe-Truckee program is halted, starting a new project over the region may require new permits to be issued and new environmental impact studies (California Environmental Quality Act and National Environmental Policy Act) to be funded and conducted. While studies in other California watersheds have shown that there are no negative effects from cloud seeding, the studies have cost the projects well over $50,000.

Although there was well-above normal snowpack this past winter, the past 10-years shows that snowfall and the resulting Sierra snowpack can vary widely. Four of the past six years had well below average snowpack and Lake Tahoe was below its natural rim for 18 straight months between Fall 2014 and Spring 2016 (Fig. 1). The heavy snowfall this past winter caused the suspension the cloud seeding program in early January. As a result the cloud seeding generators remain 75% full of silver iodide solution. This is nearly $40,000 worth of consumables that are available to the project for the 2018 water year.

A continuation of a smaller scale cloud seeding effort for water year 2018 will help keep the project infrastructure operational, keep all permits current, and potentially add 6,000 to 10,000 acre-feet of SWE snowpack to the watershed at a cost of $10 to $16 per acre-foot. It is expected that the State of Nevada will begin to fund a significant portion of the Tahoe-Truckee program beginning in water year 2019.
Project location

The limited WY2018 project proposal focuses on a cloud seeding effort for the Tahoe Basin and the Truckee River Basin. Figure 2 shows the location of the project. The red-shaded region closely approximates the cloud seeding target area for the two basins. The DRI ground-based cloud seeding generator (CSG) sites used in WY2017 are shown as yellow squares.

Project description

The project design and method of operation will be the same as those used for the project conducted in WY2017 and previous years, except the duration will be for 2-months instead of the entire winter. Seeding will be conducted from a line of five ground-based CSG locations (7 CSGs) positioned on, or a few miles upwind of, the main Sierra Nevada crest to the west of Lake Tahoe (Fig. 2). The generators have been positioned to take advantage of the generally southwest wind directions in winter storms in the Tahoe area, and are remotely activated by DRI staff when the proper weather and cloud conditions for seeding have been verified.

Ground-based cloud seeding is based on the following sequence of events. The seeding material is silver iodide (AgI). The seeding “generators” burn a solution containing AgI dissolved in acetone. The burning process produces a “smoke” of microscopic AgI particles (about 0.0001 mm is size) that are transported downwind and dispersed into clouds over the mountains. Vertical dispersion up to at least 3000 feet above the surface is produced by the turbulence created by wind moving over the uneven terrain. In the presence of cloud droplets existing at temperatures below -5º C the silver iodide particles act as ice-forming nuclei and enhance the ice particle concentration in the natural clouds. Once initiated by silver iodide the ice particles grow in size and mass as they move downwind and begin falling to the surface when they have sufficient mass to overcome the upward motion in the clouds. In the time frame of 20 to 30 minutes snowfall within a seeding plume can reach the surface in and around the Tahoe Basin. This “chain-of-events” in the cloud seeding process has been verified by numerous detailed experiments conducted in the Sierra Nevada and other mountainous regions of the western U.S. (Huggins, 2009).

Project Phases

Phase 1 of the project will include preparation of the seeding generators at the locations shown in Figure 2. This will require two weeks of work. The Barker Pass generator, which is always removed in the spring, will be reinstalled per the annual use USFS permit. Phase 1 typically includes refilling the seeding solution tanks, refilling propane tanks, testing all generator components and communications links. The precipitation gauge network will also be prepared for the winter. With the cloud seeding generator tanks about 75% full there will be no additional cloud seeding solution added to the generators. Three generators have ~90 gallons of solution, which allows for about 200 hours of seeding per unit, the two dual-generators are
filled with 110 gallons of solution, which allows for 240 hours of seeding per unit for a grand total of 880 hours of possible seeding this season. This translates to a potential to add 6,000 to 10,000 acre-feet of water stored as snow the mountains in the Tahoe-Truckee basin.

The meteorological forecasts and observations needed to conduct the project are available either through the DRI Western Regional Climate Center or through public web-based weather data links. These data links are combined in a special cloud seeding weather web page (http://www.dri.edu/weather-information) that will be revised as needed for the water year 2018 season. Water year snow conditions and the progress of seeding operations for the Tahoe area can also be monitored throughout the winter at the following site: http://www.dri.edu/current-operations.

All operational guidelines, safety restrictions and suspension criteria for the project have previously been developed and can also be found on the DRI cloud seeding web site at: http://cloudseeding.dri.edu/. These guidelines specify the cloud conditions, wind and temperature conditions in which a seeding operation can be initiated, and also specify certain hazardous weather conditions (such as avalanche, heavy holiday traffic and potential flooding situations) during which no seeding can be done.

**Phase 2** of the project will involve the actual cloud seeding operations. In this reduced season’s program DRI will conduct 24/7 cloud seeding operations for two months (January and February 2018). In Phase 2 the project manager will begin monitoring the weather and making forecasts for seeding events to be expected within three to five days. The project manager (meteorologist), and an experienced cloud seeding meteorologist/graduate student will ensure that 24/7 operations will be conducted. As a storm begins to affect the Tahoe-Truckee River region cloud and weather conditions will be monitored more frequently to determine when seeding criteria are satisfied. When the shift meteorologist determines that conditions for conducting a seeding operation are satisfied, seeding will commence using the remotely controlled CSG communication network. The Tahoe communication links are internet-based and a generator can be started from any computer with Internet access. Seeding commences when all pre-established seeding criteria are met, and continues until conditions in the storm fail to meet the criteria.

**Phase 3** of the project will begin in May 2018 and includes the documentation of weather events to verify that seeding occurred during optimal time periods. Each period will be evaluated and a seedability factor (SF) will be applied to quantify the fraction of time when seeding was potentially effective. The estimates of snow water enhancement will be made and adjusted by the SF. A report on project operations, including the measureable outcome, will be completed during Phase 3. Phase 3 also includes the removal of seeding units as dictated by some of the Forest Service special use permits. Phase 3 will end on June 30, 2018.

**Principals involved**

The project will be managed by Frank McDonough, he will be assisted by an experienced cloud seeding meteorologist/graduate student. Two experienced technicians that
are jointly supported by this and other DRI cloud seeding projects will provide field operations and maintenance support.

**Schedule**

**Start Phase 1:** 21 October 2017. Generator preparations begin.

**End Phase 1:** 1 November 2017. All seeding generators are installed, upgraded, tested and ready for use. All web-based computer products are prepared for use in Phase 2.

**Start Phase 2:** 1 January 2018. Cloud seeding occurs as storm conditions dictate. Cloud seeding equipment is monitored and maintained as needed. A log of seeding operations is maintained and the weather data needed to assess operations are archived. The cloud seeding update page is frequently revised throughout the season.

**End Phase 2:** 28 February 2018 is the approximate end of the operational cloud seeding period.

**Start Phase 3:** 1 May 2018. Weather data are analyzed to assess the seeding operations. Estimates of water augmentation from seeding operations are made. A report on operations is completed by 30 June 2018.

**End Phase 3:** 30 June 2018 end of season summer shutdown for the generators, per USFS permits.

**Budget discussion:**

Budget for the smaller scale WY2018 project is $100,000. Approximately $40,000 worth of cloud seeding solution from last year’s operation is currently in the generators. The details of the budget are presented in the spreadsheet in Table 1. As indicated the total cost for the WY2018 project is $100,000. In the event that additional program funding is made available for WY2018, cloud seeding operations may be extended accordingly.

<table>
<thead>
<tr>
<th>Table 1. Proposed budget for WY2018 DRI Tahoe-Truckee Cloud Seeding Program Budget</th>
<th>Costs ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field Technician Labor</td>
<td>$34,000</td>
</tr>
<tr>
<td>Meteorological Forecasting/Program Management/Reporting</td>
<td>$50,000</td>
</tr>
<tr>
<td>Truck/Snowmobile/Fuel</td>
<td>$6,000</td>
</tr>
<tr>
<td>Parts and Equipment for generators, weather stations, and precipitation gauges</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$100,000</strong></td>
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Figure 1. Hydrograph of Lake Tahoe lake level from mid-2013 through mid-2017 from the Tahoe City, CA gage. Gage heights are the lake level minus 6220 feet, thus a value of 5’ implies a lake level of 6225’. The natural rim is 6223’.
Figure 2. Operations area for WY2017 Tahoe-Truckee cloud seeding project. Red shaded area denotes the target region; Yellow pins with blue labels represent DRI cloud seeding generators; Red X’s denote SNOTEL stations and other geographic features are as labeled.
Western Regional Water Commission

STAFF REPORT

DATE: October 12, 2017

TO: Chairman and Members, Western Regional Water Commission ("WRWC")

FROM: Chris Wessel, WRWC Water Management Planner

SUBJECT: Report on the analysis of historical precipitation data collected by Washoe County; discussion and possible approval of a proposal from the Desert Research Institute ("DRI") for continuation of the regional precipitation monitoring project; and, if approved, authorize the Chairman to execute an amendment to the Interlocal Agreement with DRI, in an amount not to exceed $20,000 from the Regional Water Management Fund ("RWMF"), for that purpose

SUMMARY
Dan McEvoy, PhD, Applied Climatologist at DRI, has reviewed the long term data collected as part of the regional precipitation monitoring program originated by Washoe County in the mid-1990s. The original purpose of the monitoring program was to establish observed precipitation in hydrobasins identified for future potential sustainable water importation projects. In order to validate the usefulness of the data, Dr. McEvoy proposed to conduct the following analysis:

- Conduct a thorough Quality Assurance/Quality Control of all Network data to eliminate any spurious measurements;
- Evaluate the Network’s value on the performance of gridded data products in the data sparse regions of Washoe County by comparison of observed values to modeled grid data. Error statistics including correlation, bias, and root mean squared error will be computed at each station using the entire record; and,
- Summarize the results from the data analysis and discuss implications for potential hydrologic applications using the Network data such as groundwater recharge estimates and precipitation trend analysis.

Dr. McEvoy will provide a brief presentation to the WRWC regarding his analysis.

The Northern Nevada Water Planning Commission ("NNWPC"), at its August 2, 2017 meeting, recommended that the WRWC approve DRI’s proposal for continuation of the regional precipitation monitoring project for the 2017-2018 water year, in an amount not to exceed $20,000 from the RWMF.

BACKGROUND
Washoe County sponsored a precipitation gauge monitoring program over the last 17+ years, through its former Department of Water Resources, as part of its early regional water resource planning efforts. Since the consolidation of the County's water utility with the Truckee Meadows Water Authority, the precipitation gauge monitoring program no longer had a funding source. Recognizing the importance and value of precipitation data for regional water planning
purposes, staff investigated continuing the program as part of the WRWC’s statutory regional water planning mandate.

The program involves data collection and maintenance of 77 manual “can” gauges (the "Network") where measurements are collected. The gauges are serviced twice a year. The intended use of the precipitation data was to validate existing perennial groundwater recharge estimates within the targeted hydrobasins. The Network data has recently been compiled electronically and provides a unique opportunity to analyze the quality of Network precipitation records and use the data to validate spatial estimates of precipitation, while potentially improving existing groundwater recharge estimates.

**PREVIOUS ACTION**
At staff’s request, DRI submitted a proposal, which was recommended for approval by the NNWPC at its May 4, 2016 meeting, and subsequently approved by the WRWC at its September 21, 2016 meeting, to provide DRI personnel to assist in the monitoring and maintenance of the Network ($21,883); and, 2) perform an extensive analysis on the Network precipitation records and compare data to several gridded precipitation products ($16,106), a one-time expense.

**FISCAL IMPACT**
The fiscal impact to the RWMF will be $20,000 which was anticipated in the fiscal year 2017-2018 approved budget. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object WP310008.

**RECOMMENDATION**
Staff recommends that the WRWC accept the report, approve an expenditure in the amount of $20,000 from the RWMF to fund 2017-2018 water year regional precipitation monitoring activities, as proposed by DRI; and, if approved, authorize the Chairman to execute an amendment to the Interlocal Agreement with DRI, for that purpose.

**POSSIBLE MOTION**
Should the Commission agree with the NNWPC’s recommendation, a possible motion would be “Move to approve DRI’s proposal to continue the regional precipitation monitoring project for the 2017-2018 water year, and authorize the Chairman to execute an amendment to the Interlocal Agreement with DRI, in an amount not to exceed $20,000 from the RWMF, for that purpose.”

CW:jp

Attachment: DRI Proposal
Washoe County Rain Gauge Network: Continued Operation Plan and Historical Data Analysis
Personnel: Dan McEvoy, Greg McCurdy, and Albert Wolf, Desert Research Institute (DRI) and Western Regional Climate Center (WRCC)

Purpose

Washoe County installed and maintained a storage rain gauge network (Network) of over 80 gauges with records that date back to the late 1990s. Following the recent merger of the Washoe County water utility with Truckee Meadows Water Authority, the Network program responsibilities have been assumed by the Western Regional Water Commission (WRWC). The program involves data collection and maintenance of manual gauges where measurements are collected and gauges are serviced twice a year. The intended use of the precipitation data was to validate and potentially improve existing groundwater recharge estimates that are commonly calculated using Hardman maps or Parameter Regression on Independent Slopes Model (PRISM; Daly et al. 1994) data. Additionally, Network could be used to provide improved monitoring of regional water sources and supplies. Precipitation measurements outside of the Network are sparse in this region, especially central and northern Washoe County, and minimal efforts have been put into validating spatial estimates of precipitation. The Network data has recently been compiled electronically and provides a unique opportunity to analyze the quality of Network precipitation records, use the Network data to validate spatial estimates of precipitation, and potentially improve existing groundwater recharge estimates. We are proposing to have Desert Research Institute (DRI) continue assisting in the monitoring and maintenance of the network.

Scope of Work

Network Monitoring and Maintenance

DRI has a long history of weather station installation and maintenance and Greg McCurdy and Albert Wolff have extensive experience in this field and have spent significant time in remote regions of Nevada. DRI will assist WRWC staff in the collection and maintenance of the Network. This partnership between WRWC and DRI staff will help to develop familiarity with the locations of gauges, routes to follow, measurement process, precipitation record keeping, and gauge maintenance. Fieldwork will be conducted twice a year, one in the Fall and one in the Spring, to the Network to empty gauges, record precipitation measurements, and perform maintenance on all gauges.
Figure 1. Network locations (blue dots) and PRISM control points (green dots) used in Jeton et al. (2005).

**Cost Estimate**

The *Network Monitoring and Maintenance* cost is estimated not to exceed $20,000 for fiscal year 2017-2018.
Western Regional Water Commission

STAFF REPORT

DATE: October 12, 2017
TO: Chairman and Members, Western Regional Water Commission (“WRWC”)
FROM: Jim Smitherman, Water Resources Program Manager

SUBJECT: Discussion and possible of an amendment to the Agreement for Legal Services for the WRWC and the Northern Nevada Water Planning Commission (“NNWPC”), to extend the Agreement through June 2020; and, if approved, authorize the Chairman to execute an amendment to the Agreement for that purpose.

SUMMARY
Both the WRWC and the NNWPC require legal services on a regular and continuing basis. Since May 1, 2008, the required legal services have been provided on a contractual basis by Rhodes Law Offices, Ltd., a Nevada corporation solely owned by John B. Rhodes, a former Deputy District Attorney for Washoe County. The current Agreement for Legal Services expires on November 1, 2017. Mr. Rhodes is uniquely qualified to represent the WRWC and the NNWPC. He has many years of experience in local governmental law, water law, water resource planning, and the Nevada Open Meeting Law; for the ten-year period prior to his retirement from Washoe County, he served as legal counsel to the Regional Water Planning Commission (“RWPC”), predecessor to the NNWPC; and, he has provided all legal representation required by the WRWC and NNWPC since their formation.

Mr. Rhodes has offered to renew and extend the Agreement for representation of the WRWC and the NNWPC through June 30, 2020, upon the same terms and conditions, including the continuation of a 10% reduction in compensation which became effective November 1, 2011. This fee reduction is comparable to or exceeds previous compensation reductions which applied to Washoe County employees. Those compensation reductions have since been recovered by the County's employees, but will remain effective for all payments due for legal services provided commencing November 1, 2017.

PREVIOUS ACTION
On November 1, 2009, the WRWC approved an Agreement for Legal Services with Rhodes Law Offices, Ltd. (the "Agreement") for the required legal representation for a two-year period beginning November 1, 2009, and ending November 1, 2011. The Agreement included a voluntary 2.5% retroactive and prospective fee reduction in the amount of $2,700 for the period April 1, 2009 through December 31, 2009, to coincide with compensation reductions in effect for Washoe County employees during that period of time. The retroactive portion of the 2.5% reduction was deducted from the payment due for legal services provided in November 2009.

On September 2, 2010, the WRWC approved an Amendment to the Agreement to accept a 3.0% voluntary reduction in attorney compensation, retroactive to July 1, 2010, to implement an adjustment comparable to and coinciding with the 2.84% overall reduction in total labor costs.
adopted by Washoe County for the 2010/2011 fiscal year. (This reduction resulted in a savings of $5,760 which, together with the prior voluntary reduction in the amount of $2,700, resulted in a total discount or savings of $8,460 over the term of the Agreement.)

On November 7, 2011, the WRWC approved a Second Amendment to the Agreement to accept a 10% voluntary reduction in attorney compensation, effective November 1, 2011. (This reduction resulted in a savings of $39,600 which, together with the prior voluntary reductions in the amounts of $5,760 and $2,700, resulted in a total discount or savings of $48,060 through July 31, 2014.)

On September 17, 2014, the WRWC approved a Third Amendment to the Agreement to continue the 10% voluntary reduction in attorney compensation agreed upon in the Second Amendment. (This reduction will result in a savings of $46,800 from August 1, 2014 through October 31, 2017 which, together with the prior voluntary reductions in the amounts of $5,760, $2,700, and $39,600 will result in a total discount or savings of $94,860 through the termination date of the current Agreement.)

BACKGROUND
Mr. Rhodes has provided a broad scope of legal services required by the WRWC and the NNWPC, including: working closely with staff to ensure that all meeting agendas and staff reports comply with Nevada Open Meeting law and other legal requirements; providing legal representation at all public meetings of the WRWC, and its subcommittees, and the NNWPC; drafting legal documents such as interlocal agreements and contracts with planning consultants and other service providers; addressing specific Open Meeting Law and other statutory compliance issues; evaluating the propriety of proposed expenditures from the Regional Water Management Fund; coordinating and collaborating with the Truckee Meadows Regional Planning Agency on issues involving both land use and water resource planning; assessing potential liability from a risk management perspective; advising/representing the WRWC and the NNWPC on federal, state, and local legislative issues; and, providing services as a registered lobbyist at the Nevada Legislature.

In November 2011, Mr. Rhodes advised staff that he estimated, based upon his representing the NNWPC and WRWC for the prior three years that future necessary legal services for both entities would average approximately 10 to 20 hours per week and 65 hours monthly, exclusive of any civil litigation. That estimate has continued to be accurate. Over the 33-month period from November 1, 2011 through July 31, 2014, the time required for providing the required legal services ranged from 48 to 82 hours per month, for a monthly average of 66.09 hours, resulting in a corresponding average billing rate of $163 per hour.

Over the immediately preceding 38-month period from August 1, 2014 through September 30, 2017, the time required for providing the required legal services ranged from 39 to 82 hours per month, for a monthly average of 63.68 hours, resulting in a corresponding average billing rate of $169.60 per hour for that period, and an average billing rate of $166 per hour for all legal services provided pursuant to the terms of the Agreement since November 1, 2011.
FISCAL IMPACT
The fiscal impact to the budget of the WRWC will be $129,600 for each one-year period, which is $14,400 less than initially provided for in the original Agreement, and equal to the amount currently budgeted for legal representation on an annual basis.

RECOMMENDATION
Staff and the NNWPC recommend that the WRWC approve an amendment to the Agreement for Legal Services for the WRWC and the NNWPC, with Rhodes Law Offices, Ltd., to extend the Agreement through June 2020 on the same terms and conditions.