



WASHOE COUNTY

"Dedicated to Excellence in Public Service"



FINANCE DEPARTMENT
BUDGET DIVISION

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Date: May 19, 2008
To: Katy Singlaub, County Manager
From: John Sherman, Director of Finance
Subject: 2008-2009 FINAL Budget

Revenue and Expenditure Summaries – All Governmental Funds

The budget is comprised of 26 Governmental Funds and 6 Proprietary Funds. The combined appropriations in the Governmental Funds, including Fund Balance and Transfers out, total \$879,854,272. Estimated expenses in the Proprietary Funds total \$98,735,534. A sources and uses summary are shown on pages 2 and 3.

Nine of the Governmental Funds are financed in part by property taxes and/or Consolidated Tax revenues. Of these Funds, the Agricultural Extension Fund is financed by a \$0.01 legislatively approved tax rate. The Animal Services Fund is financed by a \$0.03 voter approved tax rate. The Child Protective Services Fund is financed by a \$0.04 voter-approved tax rate, a \$0.005 tax authorized by the Board of County Commissioners, in addition to a transfer of \$739,361 from the General Fund. The Indigent Health Fund is required by State Law and includes a \$0.08 property tax rate. The Senior Services Fund is financed by a \$0.01 and the Library Expansion Fund by a \$0.02 voter approved tax rate. The Capital Facilities Fund is financed by property taxes at a \$0.05 rate, which is shared with the two cities. The Debt Service Fund is financed, in part, by property tax and the recommended rate is \$0.0523. The fund balance of the Debt Service Fund, although adequate to meet fiscal year needs, is less than one year's principal and interest. The Tax in support of the Family court is a \$0.0192 tax rate. The General Fund includes the State mandated Indigent Insurance tax rate of \$0.015, the allowed Detention Center tax rate of \$0.0774, the Youth Services tax rate of \$0.0077, a general operating rate of \$0.9479, and the AB 104 Fair Share tax of \$0.0272. A summary of these tax rates, a sample overlapping tax rate and the tax paid on a property worth \$100,000 are shown on page 4.

The effects of Assembly Bill 489 on property tax revenues have been included in this budget. The details of these adjustments are delineated on page 5.

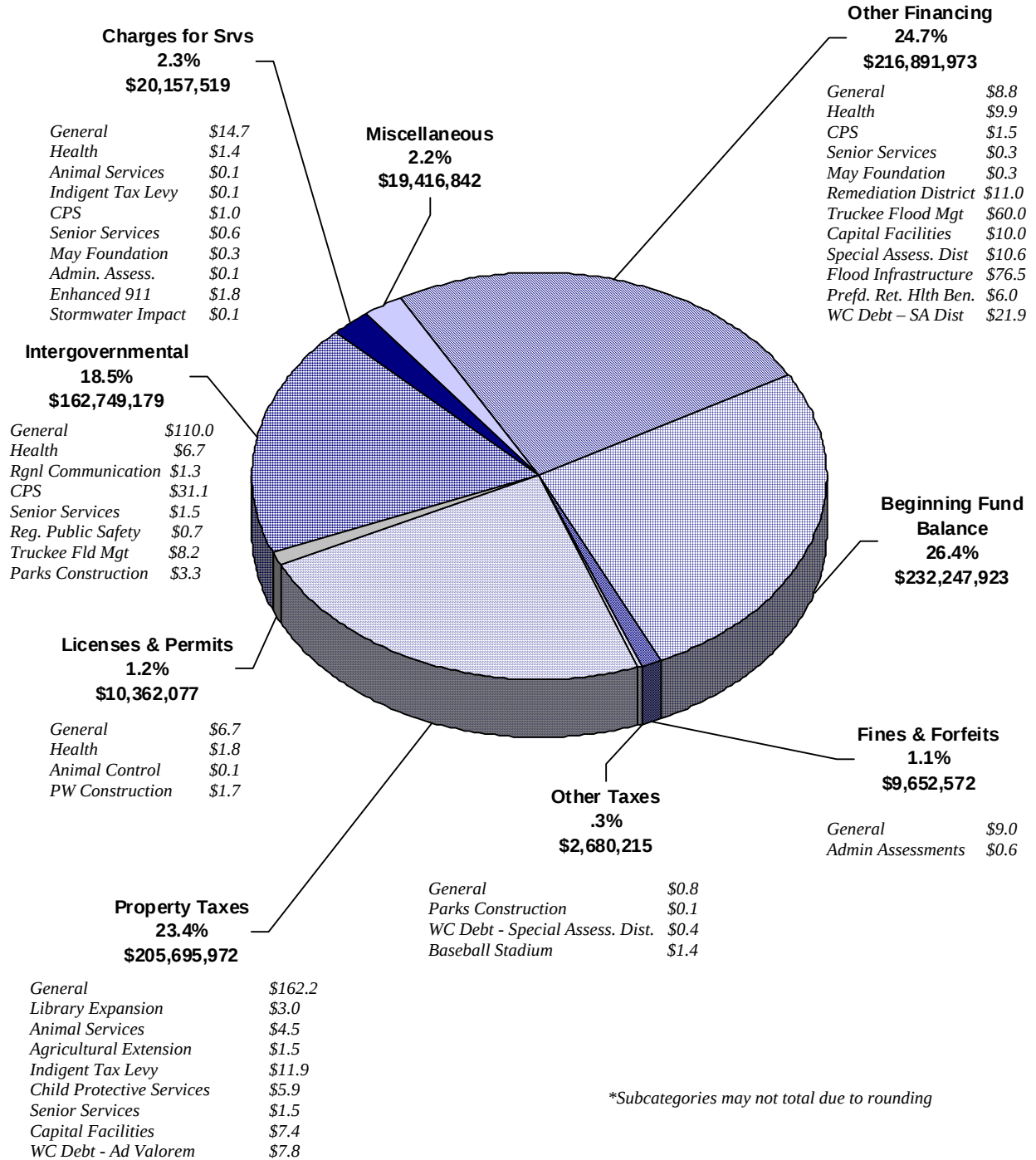
The General, Health, and Public Works Project Funds comprise the unrestricted resources of the County and are generally referred to as the General Tax Supported Budget of the County. For the General Tax Funds, the estimate of available resources (opening fund balances plus 2008-2009 revenues) totals \$389,480,593. The budgeted ending fund balance in the General Tax Supported Budget less capital expenditures is approximately 6.82%. Other ending fund balances are at or below the minimum considered to be necessary or are restricted funds. The County is transferring excess reserves as designated by the Board of County Commissioners from the Risk Management and Health Benefits Funds to the General Fund. Risk Management will maintain reserves between 75% and 90% of the actuarially recommended rates plus operating costs. Health Benefits is reserving an amount equal to actuarial and accrued pending claims plus operating cash. The County has experienced positive experience in both funds resulting in reduced actuarial reserves and increased available cash.

Revenue and Other Resources Summary - All Government Funds

Budget 2008 - 2009

\$879,854,272

(subcategories in millions)

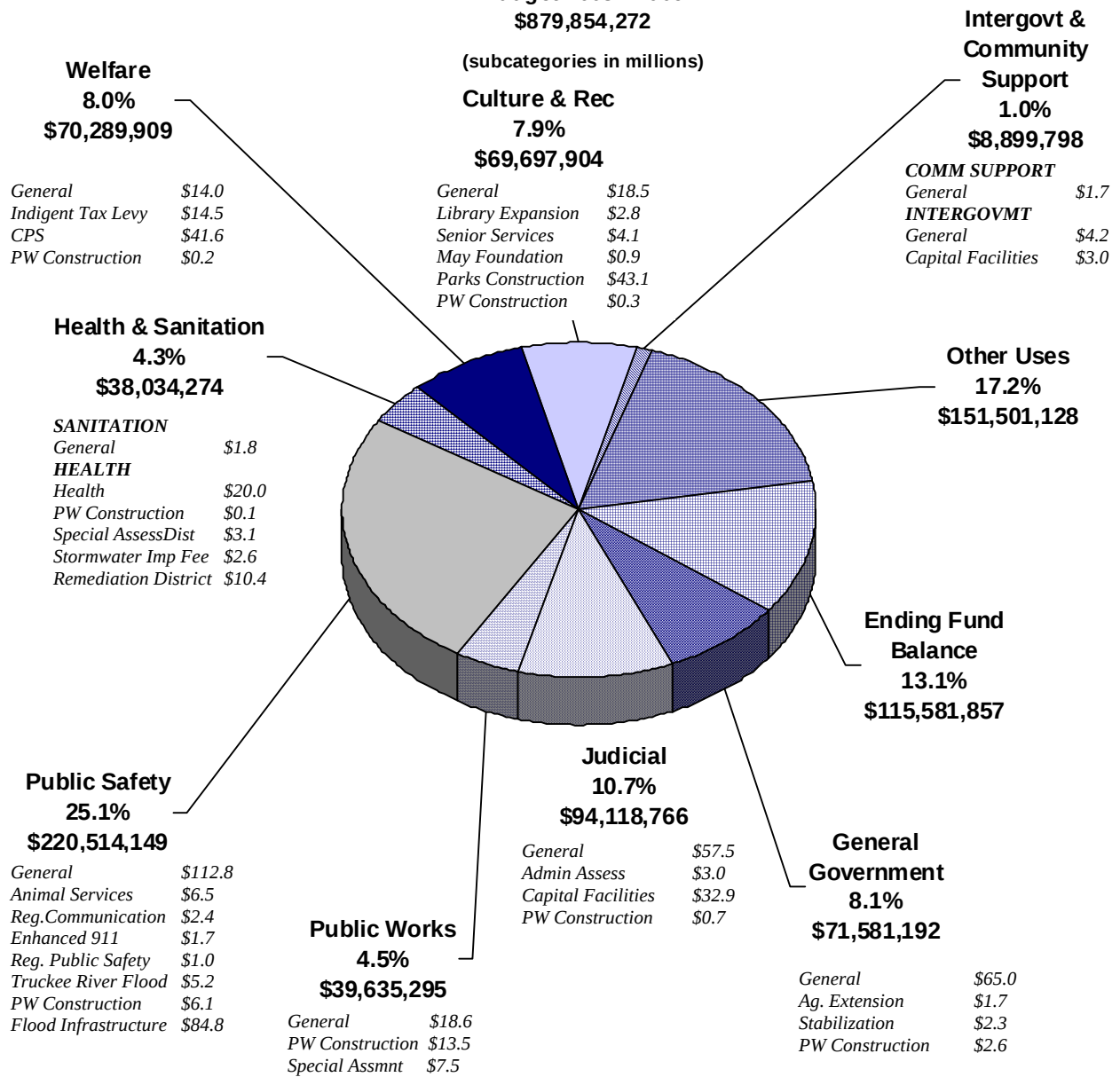


Expenditures and Other Financing Uses Summary All Government Funds

Budget 2008 - 2009

\$879,854,272

(subcategories in millions)



*Subcategories may not total due to rounding

Where Your Tax Dollars Go

Fiscal Year 2008/2009		
ASSESSED VALUATION		
Property		17,203,810,574
Net Proceeds of Mines		3,200,000
TOTAL		17,207,010,574
		Property Tax Based on a \$100,000 Market
	Tax Rate	Value
STATE	0.1700	\$ 59.50
SCHOOL DISTRICT	1.1385	398.48
COUNTY OPERATING RATES		
General Fund		
Operating	0.9479	331.77
Detention Facility	0.0774	27.09
Indigent Accident Fund	0.0150	5.25
Youth Services	0.0077	2.70
Family Court	0.0192	6.72
Child Protective Services (BCC)	0.0050	1.75
SPECIAL REVENUE FUNDS/DEBT SERVICE		
Library	0.0200	7.00
Animal Services	0.0300	10.50
Indigent Tax Levy	0.0800	28.00
Child Protective Services	0.0400	14.00
Senior Services	0.0100	3.50
Cooperative Extension	0.0100	3.50
County Debt Rate – Deb Service Funds	0.0523	18.31
SHARED TAX RATES		
Capital Improvements	0.0500	17.50
AB 104 Tax Rate	0.0272	9.52
COUNTY GOVERNMENT TAX RATES	1.3917	487.10
TOTAL STATE, SCHOOL & COUNTY	2.7002	\$945.07
NOTE: Shared Capital Facilities Tax Rate and AB 104 Tax apportioned between Cities of Reno and Sparks and Washoe County. The taxable value is 35% of the appraised value of the property. (a new \$100,000 home has a taxable value of \$35,000). The tax is determined by multiplying the tax rate by the value and dividing by 100.		

AD VALOREM TAX RATE AND REVENUE RECONCILIATION

Fiscal Year
2008-2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	ALLOWED TAX RATE	ASSESSED VALUATION	ALLOWED AD VALOREM REVENUE [(1) X (2)]	TAX RATE LEVIED	TOTAL AD VALOREM REVENUE WITH NO CAP [(1) X (4)]	AD VALOREM TAX ABATEMENT	BUDGETED AD VALOREM REVENUE WITH CAP
OPERATING RATE:							
A. Ad Valorem Subject to Revenue Limitations	1.2383	17,203,810,574	213,034,786	0.9629	165,655,492	(23,295,877)	142,359,615
B. Ad Valorem Outside Revenue Limitations: Net Proceeds of Mines	Same as above	3,200,000	39,626	Same as above	30,813	(4,333)	26,480
VOTER APPROVED:							
C. Voter Approved Overrides	0.1000	17,207,010,574	17,207,011	0.1000	17,207,011	(2,419,796)	14,787,215
LEGISLATIVE OVERRIDES:							
D. Accident Indigent (NRS 428.185)	0.0150	"	2,581,052	0.0150	2,581,052	(362,969)	2,218,083
E. Medical Indigent (NRS 428.285)	0.1000	"	17,207,011	0.0800	13,765,608	(1,935,836)	11,829,772
F. Capital Acquisition (NRS 354.59815)	0.0500	"	8,603,505	0.0500	8,603,505	(1,209,898)	7,393,607
G. Youth Services Levy (NRS 62B.150)	0.0077	"	1,324,940	0.0077	1,324,940	(186,324)	1,138,616
H. Legislative Overrides	0.0774	"	13,318,226	0.0774	13,318,226	(1,872,922)	11,445,304
I. SCCRT Loss NRS 354.59813	0.1356	"	23,332,706	0.0000	0	0	0
J. Other: Family Court	0.0192	"	3,303,746	0.0192	3,303,746	(464,601)	2,839,145
K. Other: AB 104 (See Note 1)	0.0272	"	4,680,307	0.0272	4,680,307	(658,184)	4,022,123
L. SUBTOTAL LEGISLATIVE OVERRIDES	0.4321		74,351,493	0.2765	47,577,384	(6,690,734)	40,886,650
M. Subtotal A, B, C, L	1.7704		304,632,916	1.3394	230,470,700	(32,410,740)	198,059,960
N. Debt	0.0523		8,999,267	0.0523	8,999,267	(1,265,553)	7,733,714
O. TOTAL M AND N (see Note 2)	1.8227		313,632,183	1.3917	239,469,967	(33,676,293)	205,793,674

Note 1: This tax is levied and collected by Washoe County, transferred to the State of Nevada Comptroller, and then distributed back to the entities in Washoe County based upon a legislative formula. Washoe County will receive approximately \$2,677,313 and has budgeted accordingly.

Note 2: Washoe County also budgeted for delinquent tax collections in the amount of \$1,247,109

Assembly Bill 489 (AB489) approved in the 2005 Nevada Legislature continues to have an impact on property tax revenues. The adjustments required have been included in the recommended final budget. The final budgeted revenue from property taxes has been reduced by \$33.7 million based on the estimated impact of AB489. The impact of this legislation is monitored closely during the year in comparison to the budgeted estimates to anticipate any adjustments that may need to be made. (See schedule on previous page, column 6, for detail of impacts.)

2008-2009 Budget Highlights

- ❑ Washoe County's combined appropriations in the governmental funds, including fund balance and transfers out, total \$879,854,290.
- ❑ Budget expenditures in the proprietary funds total \$98,735,534.
- ❑ Estimated General Fund revenues (excluding transfers and opening fund balance) for 2008-2009 total \$312,070,059 which represents a decrease of .9% over 2007-2008 estimated year end revenue.
- ❑ Washoe County property tax revenues (including delinquent taxes) are anticipated to increase 7.0%, for total revenue of \$205,793,674. (As mentioned above tax revenues continue to be impacted by the outcome of the implementation of AB 489.)
- ❑ The General Fund portion of expenditures (including other uses) is \$322,880,828, a decline of 4.2% over the 2007-2008 adopted budget.
- ❑ Combined rates of growth in population and consumer price index for the 2008-2009 year is 5.4%.
- ❑ Full-time equivalent positions (FTE's) per 1,000 population continue to decline in the recommended budget, from a high of 8.26 in 2000-2001 to 7.54 FTE's per 1,000 population in 2008-2009.
- ❑ Public Works Construction project budgets total \$23,544,369 and infrastructure preservation and other capital projects total \$188,121,307 for a total capital outlay of \$211,665,676.
- ❑ About 72.4% of the General Fund expenditures (excluding contingency and transfers) are for personnel salaries and benefits.
- ❑ Public Safety function has the largest expenditures budgeted at \$220.5 million or 25.1% of the expenditures and other uses of resources for the government funds. General fund has 51.1% of those expenditures, \$112.8 million, 38.4% of the total General Fund expenses (excluding contingency, transfers and fund balance).
- ❑ Washoe County's portion of the property tax rate is \$1.3917 per \$100 of assessed value (see chart on page 5, column 4).
- ❑ The budget reflects a decrease in overall General Fund spending (excludes ending fund balance) per capita from an estimated 2007-2008 cost per capita of \$814 to a budgeted \$772 in fiscal year 2008-2009. This is a decrease in spending per capita of 5.16% during a period of time showing a 5.4% increase in the combined growth in population and CPI.
- ❑ Expenditures: New positions were added to several areas to meet increased demands in the total amount of 16.85 full time equivalents in the General Fund. Sixty five percent (11 FTE's) of the increase in staffing is due to the staff required for a new District Court Family Court Judge.

The management and staff of the County have accepted the challenge and responsibility of understanding the citizens' vision of the future of Washoe County and the services they want and are willing to pay for. It is the County's policy and history to involve and inform its citizens. While five elected commissioners are voted into office on a district basis, the voice of the citizens is also heard through more than 30 boards and commissions, including 16 Citizen Advisory Boards. These boards are on the ground representing residents and property owners in designated geographical areas – from Gerlach/Empire in the north to Washoe Valley in the south. They provide advice on land use, budget, taxes and other matters important to each neighborhood. Many of these boards have been in place for over 25 years.

Washoe County has a track record of encouraging its citizens to be the eyes and ears of policy direction. Now, it is tapping into the collective experience of its business leaders. The Organizational Effectiveness Committee was established in 1996 to develop and emphasize a comprehensive and consistent approach to the evaluation of County services. We have found the input from this group of ten outstanding people sharing their vast business experience to be invaluable.

An additional element was added to the budget process in 2004 with the establishment of a committee to recommend strategies for long-term financial stability, called "Charting our Course...Investing in our Future". This Committee drafted criteria for prioritizing County services, and these draft criteria, as well as the Committee's recommendations regarding revenue enhancements and efficiency improvements, have been incorporated into the budget. The Committee's draft criteria include considerations such as whether the expenditure supports a statutory or voter mandate, whether it helps the County to better collect prescribed revenues, whether the expenditure helps to extend the life of needed infrastructure and other taxpayer assets, whether it demonstrates efficient and effective operations, and eleven other critical elements. The County completed a pilot program that included small departments and /or divisions of a larger department that represent all the functional areas within the County. The criteria were then applied to all County programs and the results are being used in various ways to allocate resources and decision making during the budget process.

The County staff continues to try innovative ways to enhance the productivity and the service levels offered to its citizens by encouraging suggestions from both employees and citizens through the County Suggestion Program. This is one of many ways we get input from our community.

A special thanks to the staff in the Budget Division – Kim Carlson, Pamela Fine, Anna Heenan, Neeroo Manning, Melanie Purcell, Ron Steele, Valerie Wade - and David Ybarra, Management Services, for the many hours of hard work and dedication in putting this budget together. A thank you to all the department heads, elected officials and staff for coming forward with ideas, plans and processes to make the organization more efficient and effective. Without hard work and a great deal of cooperation from everyone involved, the budget process would not have been successful.

John Sherman
Director of Finance

BUDGET SUMMARY FOR WASHOE COUNTY

	GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS			PROPRIETARY FUNDS BUDGET YEAR 6/30/2009 (4)	TOTAL (MEMO ONLY) COLUMNS 3+4 (5)
	ACTUAL PRIOR YEAR 6/30/2007 (1)	ESTIMATED CURRENT YEAR 6/30/2008 (2)	BUDGET YEAR 6/30/2009 (3)		
REVENUES					
Property Taxes	182,157,121	196,125,590	205,695,972	0	205,695,972
Other Taxes	3,530,429	2,868,133	2,680,215	0	2,680,215
Licenses and Permits	10,782,736	10,453,769	10,362,077	0	10,362,077
Intergovernmental Resources	176,544,862	181,967,661	162,749,179	0	162,749,179
Charges for Services	22,510,449	20,888,154	20,157,519	82,837,183	102,994,702
Fines and Forfeits	8,739,968	9,278,544	9,652,572	0	9,652,572
Miscellaneous	21,580,919	19,711,428	19,416,842	118,586,543	138,003,385
TOTAL REVENUES	425,846,484	441,293,279	430,714,376	201,423,726	632,138,102
EXPENDITURES-EXPENSES					
General Government	66,302,476	72,769,780	71,581,192	56,909,297	128,490,489
Judicial	54,627,373	62,604,129	94,118,766	0	94,118,766
Public Safety	125,566,423	145,914,301	220,514,149	2,806,413	223,320,562
Public Works	25,913,018	27,142,839	39,635,295	0	39,635,295
Sanitation	1,910,002	1,910,756	1,810,191	32,383,855	34,194,046
Health	40,915,320	21,343,272	36,224,083	0	36,224,083
Welfare	57,931,572	63,649,684	70,289,909	0	70,289,909
Culture and Recreation	47,096,357	56,223,081	69,697,904	1,786,250	71,484,154
Community Support	1,468,523	2,377,868	1,681,518	0	1,681,518
Intergovernmental Expenditures	4,866,126	5,779,524	7,218,280	0	7,218,280
Contingencies	0	0	1,000,000	0	1,000,000
Utility Enterprises				0	0
Hospitals				0	0
Transit Systems				0	0
Airports				0	0
Other Enterprises					
Debt Service – Principal	16,362,978	20,790,188	16,105,937	0	16,105,937
Interest Costs	10,198,553	11,746,244	14,268,218	4,849,719	19,117,937
TOTAL EXPENDITURES-EXPENSES	453,158,721	492,251,666	644,145,442	98,735,534	742,880,976
Excess of Revenues over (under) Expenditures-Expenses	(27,312,237)	(50,958,387)	(213,431,066)	102,688,192	(110,742,874)

	GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS			PROPRIETARY FUNDS BUDGET YEAR 6/30/2009 (4)	TOTAL (MEMO ONLY) COLUMNS 3+4 (5)
	ACTUAL PRIOR YEAR 6/30/2007 (1)	ESTIMATED CURRENT YEAR 6/30/2008 (2)	BUDGET YEAR 6/30/2009 (3)		
OTHER FINANCING SOURCES (USES):					
Proceeds of Long-term Debt	30,212,755	0	70,000,000	0	
Sales of General Fixed Assets	53,327	102,680	0	225,000	
Proceeds of Medium-term Financing	5,373,813	18,942,932	10,570,000	0	
Proceeds of Lease Purchase Financing	0	0	0	0	
Operating Transfers In	60,942,462	49,656,418	136,321,973	3,585,000	
Operating Transfers (Out)	(68,289,641)	(40,662,872)	(120,126,973)	(19,780,000)	
TOTAL OTHER FINANCING SOURCES (USES)	28,292,716	28,039,158	96,765,000	(15,970,000)	
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES (Net Income)	980,479	(22,919,229)	(116,666,066)	86,718,192	xxxxxxxxxxxxxxxxxxxx
FUND BALANCE JULY 1, BEGINNING OF YEAR:					
Reserved	0	0		xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Unreserved	254,186,673	255,167,152	232,247,923	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
TOTAL BEGINNING FUND BALANCE	254,186,673	255,167,152	232,247,923	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Prior Period Adjustments	0	0	0	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Residual Equity Transfers In	0	0	0	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Residual Equity Transfers (Out)	0	0	0	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
FUND BALANCE JUNE 30, END OF YEAR:				xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Reserved	0	0		xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Unreserved	255,167,152	232,247,923	115,581,857	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
TOTAL ENDING FUND BALANCE	255,167,152	232,247,923	115,581,857		

ESTIMATED REVENUES AND OTHER RESOURCES
SCHEDULE A - GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND TAX SUPPORTED PROPRIETARY FUND TYPES

Budget For Fiscal Year Ending June 30, 2009

Budget Summary for Washoe County
(Local Government)

GOVERNMENTAL FUNDS & EXPENDABLE TRUST FUNDS	BEGINNING FUND BALANCES	CONSOLIDATED TAX REVENUE	AD VALOREM TAXES REQUIRED *	TAX RATE	OTHER REVENUES	OTHER FINANCING SOURCES OTHER THAN TRANSFERS IN	OPERATING TRANSFERS IN	TOTAL
FUND NAME	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General	24,589,187	84,373,000	162,213,944	1.0994	65,483,115	0	8,816,195	345,475,441
Health	279,202	0	0	0.0000	9,885,464	0	9,947,500	20,112,166
Library Expansion	854,607	0	2,973,943	0.0200	40,000	0	0	3,868,550
Animal Services	2,244,816	0	4,458,164	0.0300	541,300	0	0	7,244,280
Agricultural Extension	827,147	0	1,491,221	0.0100	0	0	0	2,318,368
Regional Communication System	672,774	0	0	0.0000	2,512,852	0	0	3,185,626
Indigent Tax Levy	2,166,627	0	11,909,772	0.0800	442,821	0	0	14,519,220
Child Protective Services	9,089,872	0	5,941,886	0.0400	32,094,934	0	1,478,722	48,605,414
Senior Services	650,511	0	1,487,221	0.0100	2,195,334	0	324,000	4,657,066
May Foundation	173,424	0	0	0.0000	557,000	0	358,700	1,089,124
Administrative Assessments	2,826,439	0	0	0.0000	747,400	0	0	3,573,839
Enhanced 911	169,554	0	0	0.0000	1,765,443	0	0	1,934,997
Regional Public Safety	369,143	0	0	0.0000	805,352	0	0	1,174,495
Central Truckee Meadows Remediation District	0	0	0	0.0000	2,705,000	0	11,000,000	13,705,000
Truckee River Flood Mgt Infrastructure	23,393,196	0	0	0.0000	9,280,540	60,000,000	0	92,673,736
Stabilization	2,250,000	0	0	0.0000	0	0	0	2,250,000
Capital Facilities	21,842,432	0	7,433,607	0.0500	650,000	10,000,000	0	39,926,039
Parks Construction	42,512,883	0	0	0.0000	4,399,249	0	0	46,912,132
Subtotal Governmental Fund Types, Expendable Trust Funds - This Page	134,911,814	84,373,000	197,909,758	1.339	134,105,804	70,000,000	31,925,117	653,225,493

* Washoe County budgets for delinquent taxes and they are included in this amount. The AB104 property taxes shared with the Cities is also included.

ESTIMATED REVENUES AND OTHER RESOURCES

GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND TAX SUPPORTED PROPRIETARY FUND TYPES

Budget For Fiscal Year Ending June 30, 2009

Budget Summary for Washoe County
(Local Government)

GOVERNMENTAL FUNDS & EXPENDABLE TRUST FUNDS	BEGINNING FUND BALANCES	CONSOLIDATED TAX REVENUE	AD VALOREM TAXES REQUIRED *	TAX RATE	OTHER REVENUES	OTHER FINANCING SOURCES OTHER THAN TRANSFERS IN	OPERATING TRANSFERS IN	TOTAL
FUND NAME	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Public Works Construction Projects	21,655,186	0	0	0.0000	2,237,800	0	0	23,892,986
Special Assessment Districts Projects	28,906	0	0	0.0000	6,000	10,570,000	0	10,604,906
Infrastructure	8,161,027	0	0	0.0000	270,000	0	76,500,000	84,931,027
Baseball Stadium	105,764	0	0	0.0000	1,400,000	0	0	1,505,764
Stormwater Impact Fee	2,487,772	0	0	0.0000	175,000	0	0	2,662,772
Retiree Health Benefits	55,802,790	0	0	0.0000	1,800,000	0	5,990,000	63,592,790
Washoe County Debt	7,775,179	0	7,786,214	0.0523	19,500	0	21,906,856	37,487,749
SAD Debt	1,319,485	0	0	0.0000	631,300	0	0	1,950,785
Subtotal Governmental Fund Types, Expendable Trust Funds - This Page	97,336,109	0	7,786,214	0.0523	6,539,600	10,570,000	104,396,856	226,628,779
TOTAL ALL FUNDS	232,247,923	84,373,000	205,695,972	1.3917	140,645,404	80,570,000	136,321,973	879,854,272

* Washoe County budgets for delinquent taxes and they are included in this amount. The AB104 property taxes shared with the Cities is also included.

ESTIMATED EXPENDITURES AND OTHER FINANCING USES

Budget For Fiscal Year Ending June 30, 2009

Budget Summary for: Washoe County
(Local Government)

GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS		SALARIES AND WAGES	EMPLOYEE BENEFITS	SERVICES, SUPPLIES AND OTHER CHARGES **	CAPITAL OUTLAY	CONTINGENCIES AND USES OTHER THAN OPERATING TRANSFERS OUT	OPERATING TRANSFERS OUT	ENDING FUND BALANCES	TOTAL
FUND NAME	*	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General		154,138,206	58,883,951	76,543,972	4,561,258	1,000,000	27,753,441	22,594,613	345,475,441
Health	R	12,189,565	4,372,887	3,334,846	75,000	0	0	139,868	20,112,166
Library Expansion	R	1,354,730	479,355	903,648	95,000	0	845,783	190,034	3,868,550
Animal Services	R	2,020,271	738,231	2,407,375	1,300,000	0	0	778,403	7,244,280
Agricultural Extension	R	0	0	1,537,329	150,000	0	0	631,039	2,318,368
Regional Communications System	R	391,341	120,594	630,835	1,290,000	0	0	752,856	3,185,626
Indigent Tax Levy	R	0	0	14,519,220	0	0	0	0	14,519,220
Child Protective Services	R	14,810,388	4,828,418	21,870,858	90,000	0	400,000	6,605,750	48,605,414
Senior Services	R	1,836,777	763,663	1,503,282	0	0	0	553,344	4,657,066
May Foundation	R	506,344	123,259	243,413	0	0	0	216,108	1,089,124
Administrative Assessments	R	250,000	0	1,777,400	1,005,000	0	118,695	422,744	3,573,839
Enhanced 911	R	0	0	1,396,422	300,000	0	0	238,575	1,934,997
Regional Public Safety	R	272,826	93,738	406,371	200,000	0	0	201,560	1,174,495
Central Truckee Meadows Remed. District	R	357,571	107,353	4,949,089	5,005,000	0	0	3,285,987	13,705,000
Truckee River Flood Mgt Infrastructure	R	1,020,836	304,702	2,619,379	20,000	1,204,100	85,447,351	2,057,368	92,673,736
Stabilization	R	0	0	2,250,000	0	0	0	0	2,250,000
Capital Facilities	C	0	0	2,991,886	32,863,455	0	4,057,457	13,241	39,926,039
Parks Construction	C	0	0	0	43,085,022	0	0	3,827,110	46,912,132
SUBTOTAL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS - THIS PAGE		189,148,855	70,816,151	139,885,325	90,039,735	2,204,100	118,622,727	42,508,600	653,225,493

* FUND TYPES: R-Special Revenue
C-Capital Projects
D-Debt Service
T-Expendable Trust

** Includes debt services requirement.

ESTIMATED EXPENDITURES AND OTHER FINANCING USES

Budget For Fiscal Year Ending June 30, 2009

Budget Summary for: Washoe County
(Local Government)

GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS	*	SALARIES AND WAGES	EMPLOYEE BENEFITS	SERVICES, SUPPLIES AND OTHER CHARGES **	CAPITAL OUTLAY	CONTINGENCIES AND USES OTHER THAN OPERATING TRANSFERS OUT	OPERATING TRANSFERS OUT ***	ENDING FUND BALANCES	TOTAL
FUND NAME		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Public Works Construction Projects	C	0	0	0	23,544,369	0	0	348,617	23,892,986
Special Assessment Districts Projects	C	0	0	0	10,570,000	0	0	34,906	10,604,906
Infrastructure	C	0	0	0	84,847,300	0	0	83,727	84,931,027
Baseball Stadium	C	0	0	0	1,500	0	1,504,246	18	1,505,764
Stormwater Impact Fee	C	0	0	0	2,662,772	0	0	0	2,662,772
Retiree Health Benefits	R	0	0	50,250	0	0	0	63,542,540	63,592,790
Washoe County Debt	D	0	0	29,840,135	0	0	0	7,647,614	37,487,749
SAD Debt	D	0	0	534,950	0	0	0	1,415,835	1,950,785
SUBTOTAL		0	0	30,425,335	121,625,941	0	1,504,246	73,073,257	226,628,779
TOTAL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS		189,148,855	70,816,151	170,310,660	211,665,676	2,204,100	120,126,973	115,581,857	879,854,272

* FUND TYPES: R-Special Revenue
C-Capital Projects
D-Debt Service
T-Expendable Trust

** Includes debt services requirement.

*** Includes residual equity transfers.

PROPRIETARY AND NON EXPENDABLE TRUST FUNDS

Budget For Fiscal Year Ending June 30, 2009

Budget Summary for: Washoe County
(Local Government)

FUND NAME	*	OPERATING REVENUES (1)	OPERATING EXPENSES** (2)	NON- OPERATING REVENUES (3)	NON- OPERATING EXPENSES (4)	OPERATING TRANSFERS		NET INCOME (7)
						IN (5)	OUT (6)	
Building & Safety	E	2,700,000	2,804,973	55,000	1,440	0	0	(51,413)
Water Resources	E	28,179,171	32,383,855	117,650,393	4,705,801	0	11,000,000	97,739,908
Golf Course	E	1,827,950	1,786,250	60,500	143,918	0	0	(41,718)
Health Benefit	I	34,182,000	39,680,246	320,000	13,610	3,585,000	3,780,000	(5,386,856)
Risk Management	I	7,229,340	8,154,609	380,650	0	0	5,000,000	(5,544,619)
Equipment Services	I	8,718,722	9,060,832	345,000	0	0	0	2,890
TOTAL		82,837,183	93,870,765	118,811,543	4,864,769	3,585,000	19,780,000	86,718,192

*FUND TYPES: E-Enterprise
I-Internal Service
N-Nonexpendable Trust

** Includes debt services requirement.

BUDGET PROCESS

The annual budget serves as the financial plan for Washoe County operations. The budget is prepared for all funds of the County which include the General Fund, Special Revenue Funds, Internal Service Funds, Enterprise Funds, Capital Project Funds, and Debt Service Funds.

The County maintains all financial records for these funds on the modified accrual method of accounting in accordance with generally accepted accounting principles as recommended by the Governmental Accounting Standards Board utilizing guidance from the Government Finance Officers Association's *Governmental Accounting, Auditing, and Financial Reporting* "Blue Book".

Washoe County's financial policies are dictated by a number of sources, including Nevada Revised Statutes, Chapter 354; Nevada Administrative Code, Chapter 354; Washoe County Code, Chapter 15; and Board adopted Financial Policies and Procedures and General Fiscal Policies (details in the Financial Policies section at the end of the Introduction section). A legislatively mandated definition of what constitutes a balanced budget has been spiritedly debated each session, but one has never been formally adopted. Washoe County adheres, with no exceptions, to the practice of adopting a final balanced budget with no deficit spending.

Additionally, budgets are prepared in compliance with adopted financial policies that state "The County shall pay for all recurring expenditures with recurring revenues and use non-recurring revenues for non-recurring expenditures."; and "Budgets are required for all funds except agency and non-expendable trust funds that do not receive ad valorem or supplemental city/county relief taxes."

After departmental input, state review and public hearings, the budget is adopted by the governing Board by June 1. The budget is integrated into the SAP enterprise resource planning system for monitoring and control. The legal level of budgetary control is held at the function level for governmental and proprietary funds. The Budget Manager may approve budget adjustments within a function. The Budget Manager, with Board notification, may approve budget adjustments between functions or funds. Adjustments that affect fund balances or increase the original budget require Board approval.

The County's fiscal year runs July 1 through June 30. Washoe County incorporates base budgeting and strategic planning into a process that provides long-term direction coupled with short-term goals, objectives and performance measures. The basic budget process timeline is highlighted in the following chart. A more detailed explanation of these budget process steps follows, along with revenue and expenditure assumptions used to calculate the base budget.

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Strategic Planning												
Develop Budget Guidelines												
CIP												
Prepare Supplemental Budget Requests												
Base Budget												
Submit Departmental Request to Finance												
Workshops/Review Requests & Prepare Recommended Budget												
Submit Recommended Budget to BCC												
Appeals Process												
Public Hearings												
Budget Adoption												
Budget Implementation Amendment/Augmentation												

Strategic Planning

The budget process starts with strategic planning workshops which are concluded by the end of October each year. These workshops are started in September with department heads identifying strategic issues that are of high priority for the coming year. The strategic planning process involves citizen surveys (as a primary data source), community focus groups and other methods of determining community needs and priorities. It also involves analysis of demographic, economic and workload trends. The information gathered from the strategic planning workshops is reviewed during workshops with department heads and with the Board of County Commissioners in which the Board adopts the County's overall strategic plan. Each year's strategic planning process builds on previously approved strategic plans. These workshops continue the identification of important strategic issues for the coming year and provide the framework for the development of the Budget Guidelines.

CIP

The Washoe County Capital Improvements Program (CIP) is a five-year plan for maintaining existing infrastructure and building or acquiring new facilities to meet demands from growth, legal mandates and health and safety issues. It is used to link the County's physical development planning with fiscal planning.

Washoe County's CIP includes major projects requiring the expenditure of public funds, over and above annual operating expenses, for the purchase, construction, or replacement of the physical assets of the community. Major capital projects are normally non-recurring (e.g. new buildings, streets, utility systems, land for parks, investments in new technology, etc.) and have a cost of at least \$100,000.

Two committees review the projects for prioritization and funding. The CIP Committee reviews the projects related to buildings, major equipment, streets, parking lots, highways, parks, open space, water resources and wastewater with an estimated cost of greater than \$100,000. The Information Technology Advisory Committee (ITAC) reviews all technology projects and makes recommendations on the projects with an estimated cost greater than \$100,000.

A part of the request process is to identify the operating costs associated with the capital requests. These costs are analyzed as a part of the decision making process.

The Washoe County CIP Committee meets monthly to evaluate capital projects and discuss issues related to capital planning and budgeting. The committee is comprised of the County Manager, the two Assistant County Managers, the Undersheriff, a Washoe County Planning Commission member, a representative of the District Attorney's office and Directors of the following departments: Community Development, Finance, Parks and Recreation, Public Works and Water Resources.

ITAC meets monthly to evaluate technology projects and discuss issues related to all County technology planning and budgeting. The committee is comprised of the County Manager, Assistant Sheriff, District Attorney, Treasurer, County Clerk, District Court Administrator, Internet Working Group Chairman, Information Technology Standards Committee Chairman, Associate Library Director, Comptroller, Division Director for District Health Department, Directors of the following departments: Information Technology, Public Works, Human Resources, Law Library and Finance.

Many of the projects submitted through the CIP process have been previously analyzed and prioritized by other committees, boards and working groups representing elected and appointed officials, citizens and staff. Approved CIP projects are included in the Tentative Budget filed by April 15 of each year.

Base Budget

The Base Budget process uses the assumptions and guidelines developed jointly with department heads and the Budget Division to set the base for each department. The assumptions are given in detail under the Revenue Assumptions and Expenditure Assumptions sections. Base budgets are then calculated and available for department review and input. The base budget is established to provide each department with the same amount as the previous year's budget with adjustments for negotiated salary increases, benefit cost adjustments and other miscellaneous increases or reductions due to contractual agreements that may increase or decrease the base. Departments may adjust their allowed service and supply and capital accounts so long as they do not exceed their total base budget amount. Supplemental budget requests, requests for new programs, expansions or adjustments for significant changes in workload, service demand and exceptional inflationary factors are prepared by the department with the assistance of the Finance Department. Base budget adjustments are recommended based on County priorities and available resources, which are outlined during the strategic planning workshops as well as budget workshops with the Board. Departments submit workplans and objectives for base budgets. This information is to provide the Board of County Commissioners, the County Manager and the staff within departments with improved information regarding the activities of each department, its workload and how well the department is accomplishing its objectives. It also provides expected service levels with the financial resources that are allocated.

Workshops/Appeals Process

The Board of County Commissioners holds a series of public workshops beginning in February of each year, to review department requests and program needs prior to the formal budget presentations and hearings. The Budget Division works with departments to identify what goals, objectives and performance measures they will accomplish with their base budget allotments and any requests for above base funding. The Budget Division, using the data provided by departments and the strategic planning process, makes recommendations for above base adjustments. The Board of County Commissioners then gives direction to the Budget Division staff as to the preparation of the tentative budget. A tentative budget is prepared and sent to the State Department of Taxation, which is required to be submitted on or before April 15th of each year.

The departments may file appeals to the recommended budget with the County Manager. The County Manager then makes recommendations for either approval or denial. After consideration, the department may further appeal their recommended budget to the Board of County Commissioners. The Board of County Commissioners reviews departmental appeals for increases to the budget and provides additional direction to the Budget Division based on the appeals process.

Final Budget

Based on direction from the County Manager and the Board of County Commissioners, the Budget Division will prepare a budget for the formal budget hearing, as mandated by Nevada Revised Statute 354.596, with the Board of County Commissioners. A public hearing on the Tentative Budget and Final Budget adoption is held on the third Monday in May. Subject to changes indicated, if any, to the tentative budget, the Final Budget is adopted at this hearing or at any time and place to which the public hearing is adjourned. The final budget must be adopted by June 1 and filed with the State Department of Taxation in accordance to State law.

During legislative years, an amended Final Budget may be filed with the Nevada Department of Taxation which incorporates legislative changes. The amended Final Budget must be filed within 30 days after the close of session.

Budgetary Controls

Washoe County maintains budgetary controls to assure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of County Commissioners. Appropriations are adopted at the department level. Appropriation control is maintained through the accounting system.

Under the base budget concept adopted by the County in 1993-94, departments are relieved of line-item controls. The departments have the authority to expend funds within their service and supply and capital outlay accounts as a total rather than at each line item other than travel which is controlled at the line item level. The Budget Division works with departments during the year to realign service and supply line items, if necessary, to reflect changes in spending patterns that occur which vary from the original budget. The departments, however, cannot exceed their total department budget, and are accountable to the Board of County Commissioners for program goals, objectives and performance measures adopted during the budget process.

Beginning in Fiscal Year 1998-99, the Board of County Commissioners directed the Budget Division to adjust departments' salary and benefit accounts for any salary savings during the course of the fiscal year. It was also directed that a portion of these savings would be used to pay for retiring/departing employees' accrued sick leave, vacation time and compensatory pay.

Budgetary status information is available through the SAP enterprise resource planning system. Monthly financial status reports are provided to the Board of County Commissioners, utilizing statistical and graphic presentations to assure budgetary compliance, to highlight any potential problems, and to initiate planning for the following fiscal year.

Basis of Accounting

Washoe County implemented Governmental Accounting Standards Board Statement 34, beginning with the June 30, 2001, Comprehensive Annual Financial Report. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Major, combining and individual governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, in this case, within 60 days after year-end. Expenditures generally are recorded when a liability is incurred. Exceptions are debt service, compensated absences and claims and judgments, which are recorded when payment is due. The Statement of Net Assets presents the County's entire financial position, distinguishing between governmental and business-type activities. The end result is net assets, which is segregated into three components: invested in capital assets, net of related debt; restricted and unrestricted net assets. The Statement of Activities provides both the gross and net cost of operations, again, distinguishing between governmental and business-type transactions. Program revenues are applied to the functions that generate them, in order to determine functional net costs and the extent to which costs are supported by general revenues.

Budgetary Basis of Accounting

Budgets are prepared on a modified accrual basis. The process varies from generally accepted accounting principles (GAAP) as a result of provisions made to treat encumbrances as budgeted expenditures in the year of commitment to purchase. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All annual appropriations lapse at fiscal year end to the extent they have not been expended or lawfully encumbered. However, encumbrances and appropriations for unfinished capital projects will generally be re-appropriated (carried over) as part of the following year's budget.

Fund Descriptions

The accounts of the County of Washoe are organized on the basis of funds and account groups, each of which is considered a separate accounting entity with a self-balancing set of accounts. Funds are established to segregate specific activities or objectives of a government in accordance with specific regulations, restrictions, or limitations. All funds established by a government must be classified in one of these fund types for financial reporting purposes:

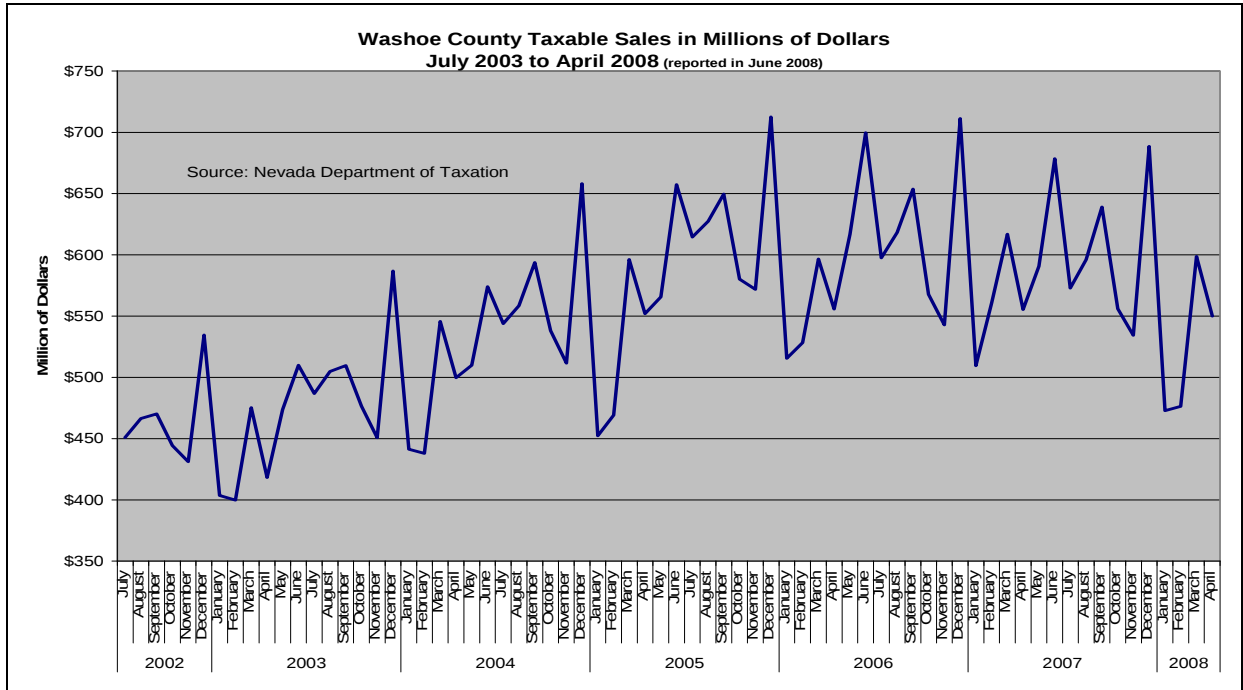
1. Governmental Fund Types
 - General Fund
 - Special Revenue Funds
 - Debt Service Funds
 - Capital Project Funds
2. Proprietary Fund Types
 - Enterprise Funds
 - Internal Service Funds
3. Fiduciary Fund Types
 - Intergovernmental funds for taxes, fines and fees collected for other governments
 - Public Guardian/Administrator Trust Funds
 - Court Trust
 - Senior Services Trust
 - Sheriff's Trust
 - Southwest Pointe Arrowcreek Special Assessment District
 - Other miscellaneous fiduciary funds

The description of each of the individual fund types are contained on the first page of the associated section. The separate fund pages include a description and purpose of the fund that necessitates it be accounted for separately.

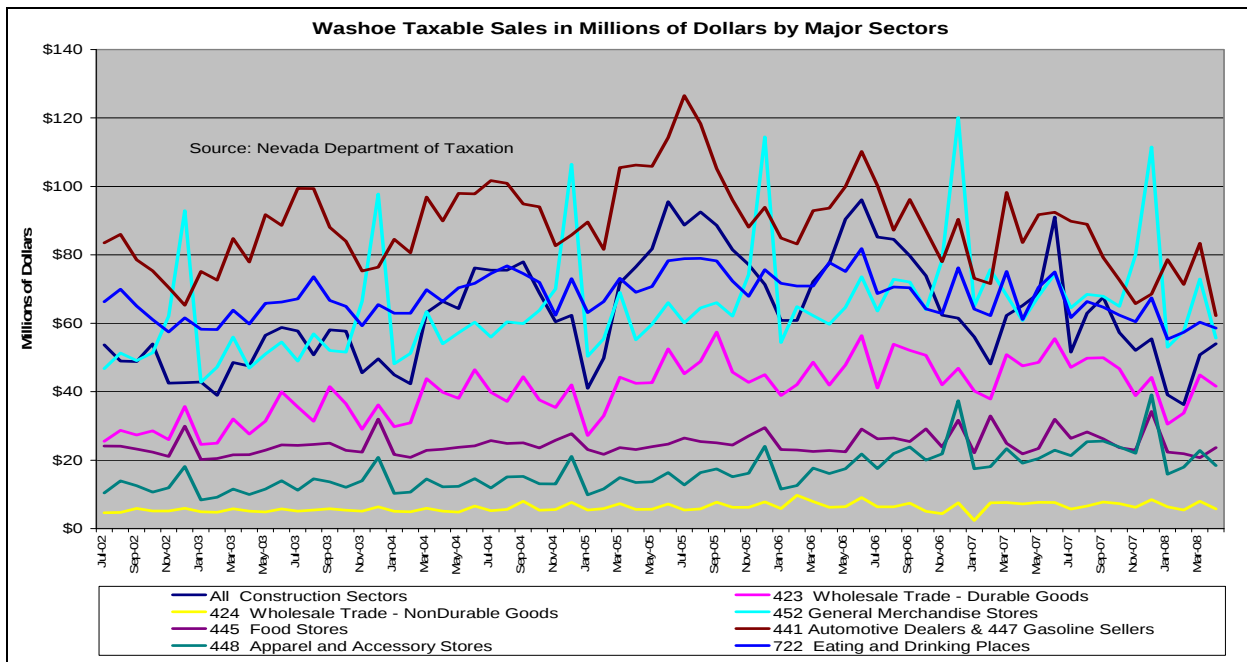
Economic Indicators

Taxable Sales

Over the last few years, beginning in 2006, there has been a rapid decline from prior years. When the current year's budget was developed, a declining growth was anticipated for fiscal year 2008-2009.

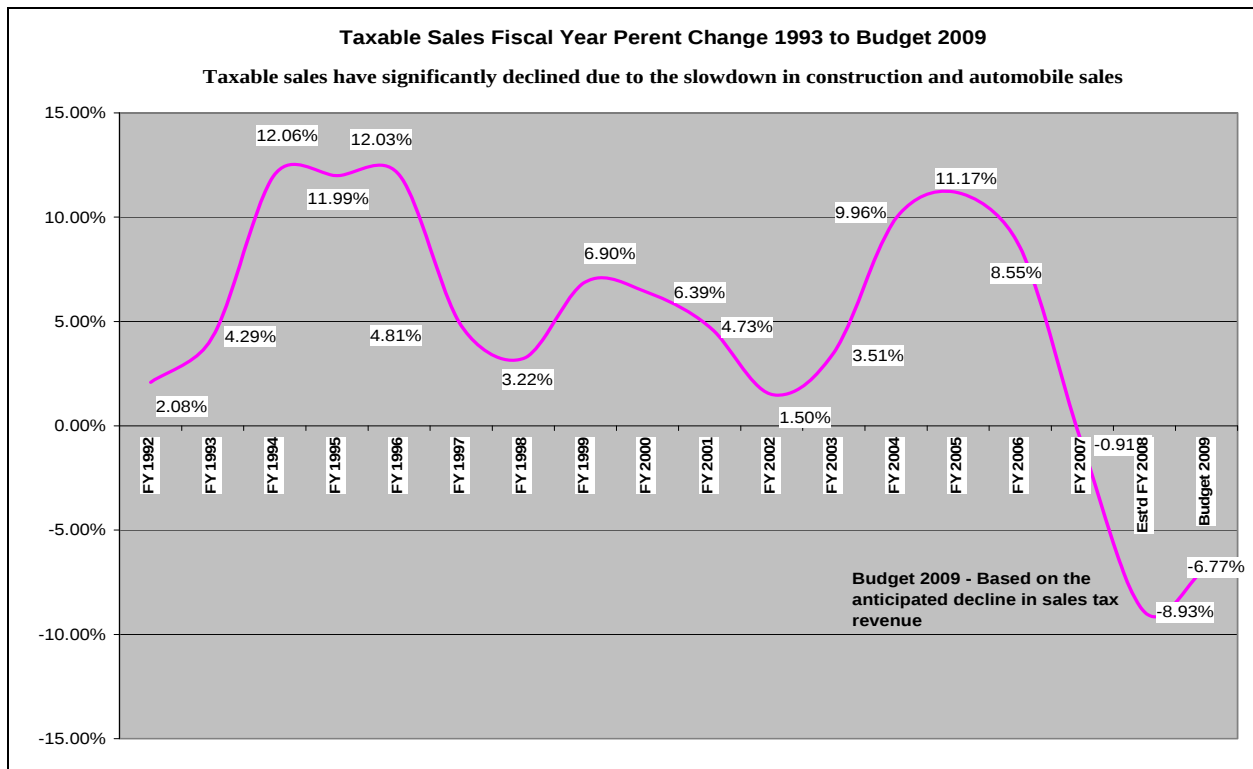
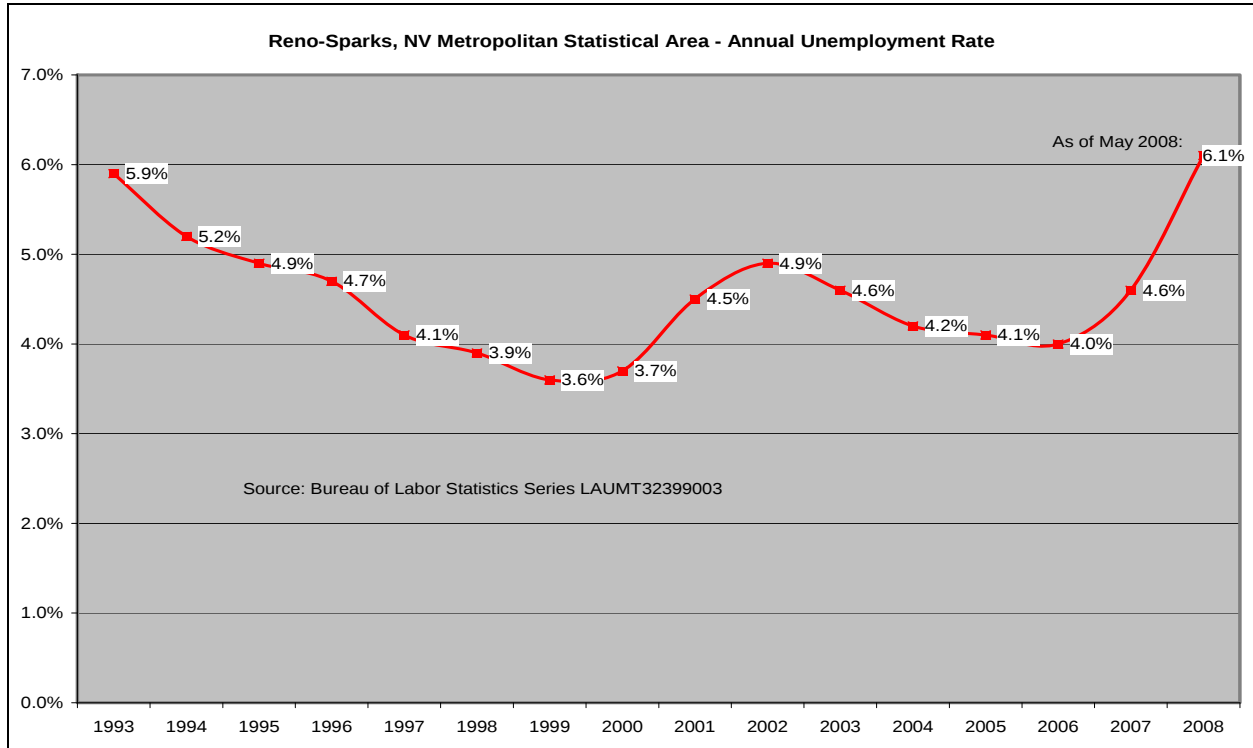


Automobile sales are the largest contributor to taxable sales and beginning in 2006, the automotive sector has softened considerably as well as the home furniture and furnishing, the latter as a result of a decline in new home construction as well as all construction sectors.



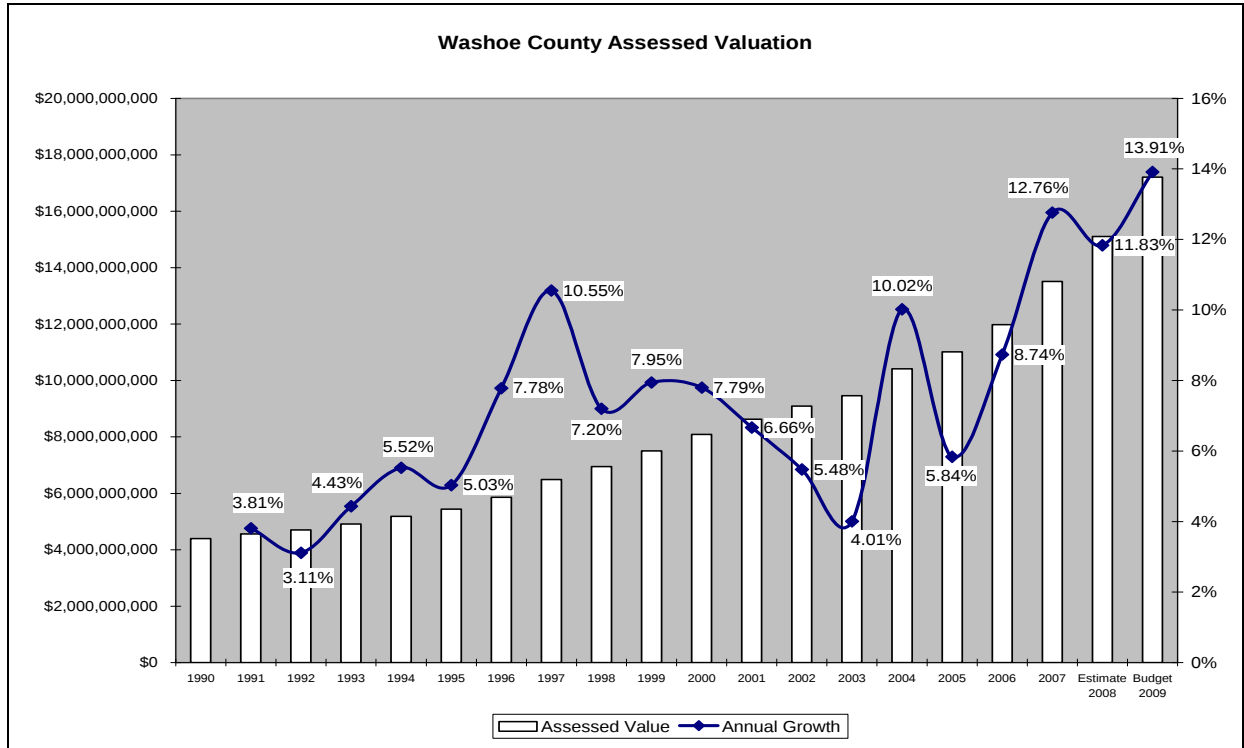
Local Economic Indicators

For next fiscal year, the revenue outlook is projected to show a decline over the last year and one of the highest unemployment rates in the last fifteen years.. As the previous strong economic times have begun to decline, the current budget has significantly reduced operating expenditures and capital budgets. The graphs below show the recent trends for key economic indicators for the coming fiscal year.



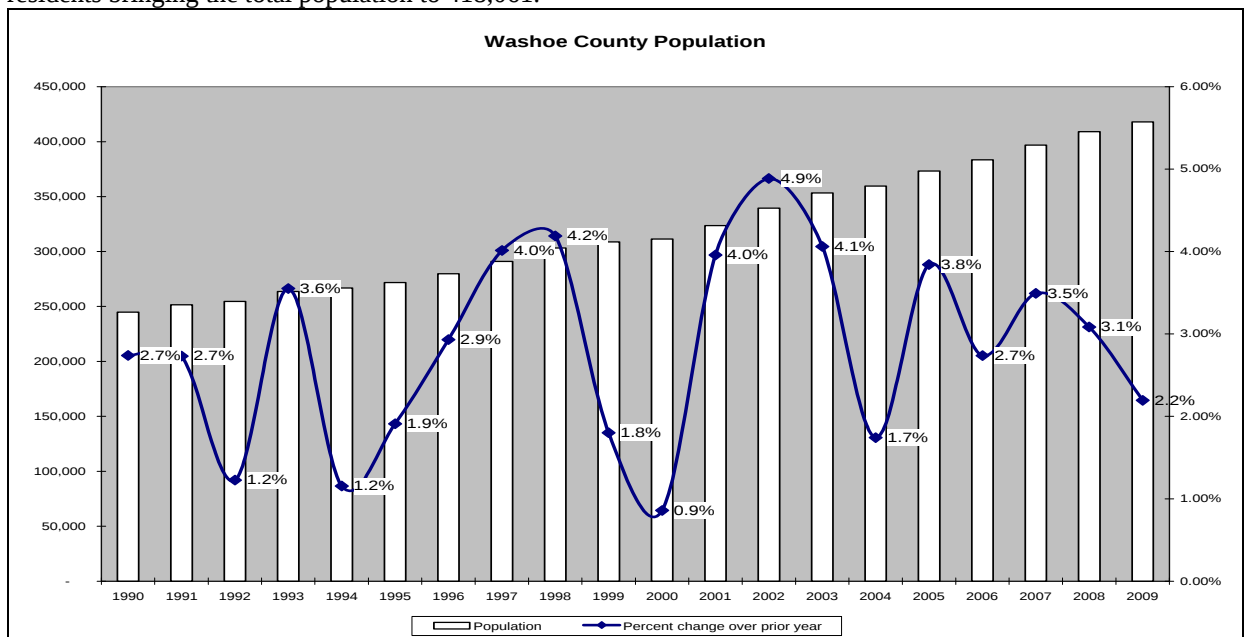
Assessed Valuation

Nearly 50.6% of General Fund revenue (excluding fund balance) comes from property taxes. Much like taxable sales, Washoe County experienced very robust assessed valuation growth during the mid-1990s. Growth tapered off in 2002 and 2003, but rebounded in 2004 and has continued to grow over the last five years due to a strong housing market and land value increases across the County. The table below illustrates assessed value growth from 1990 to Budget 2009. Recent legislation has limited the revenue growth associated with increases in assessed value.



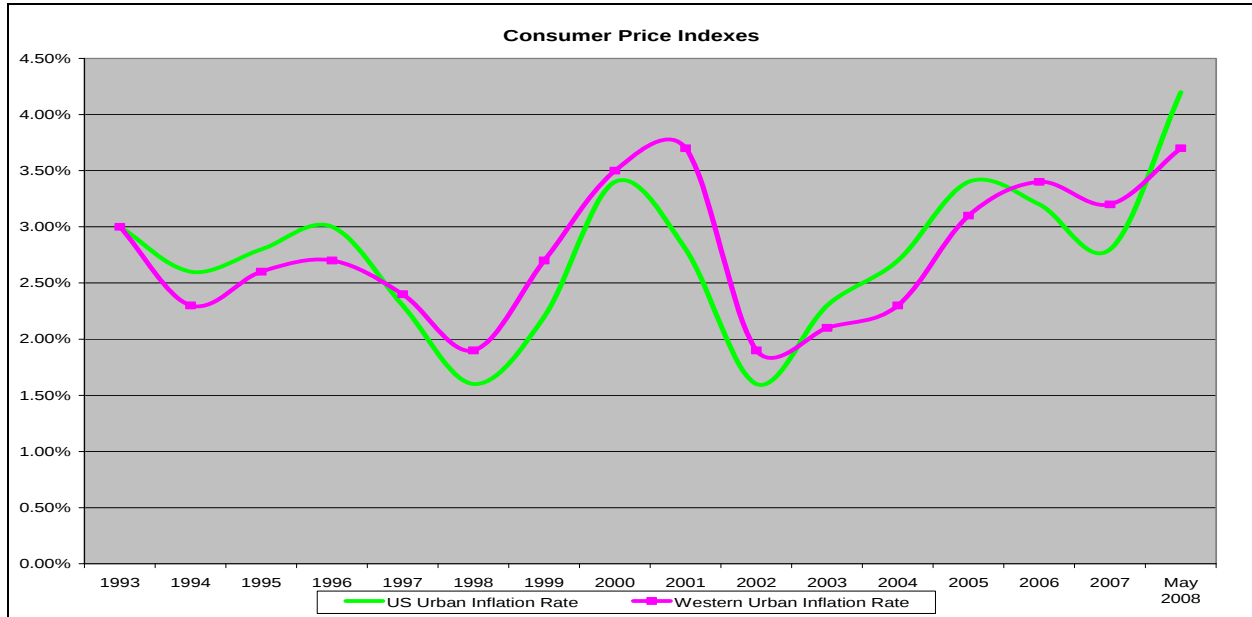
Population

Nevada remains one of the fastest growing states in the country and while not growing as fast as the state, Washoe County continues to add thousands of new residents annually. In the last year, Washoe County grew an additional 8,976 residents bringing the total population to 418,061.



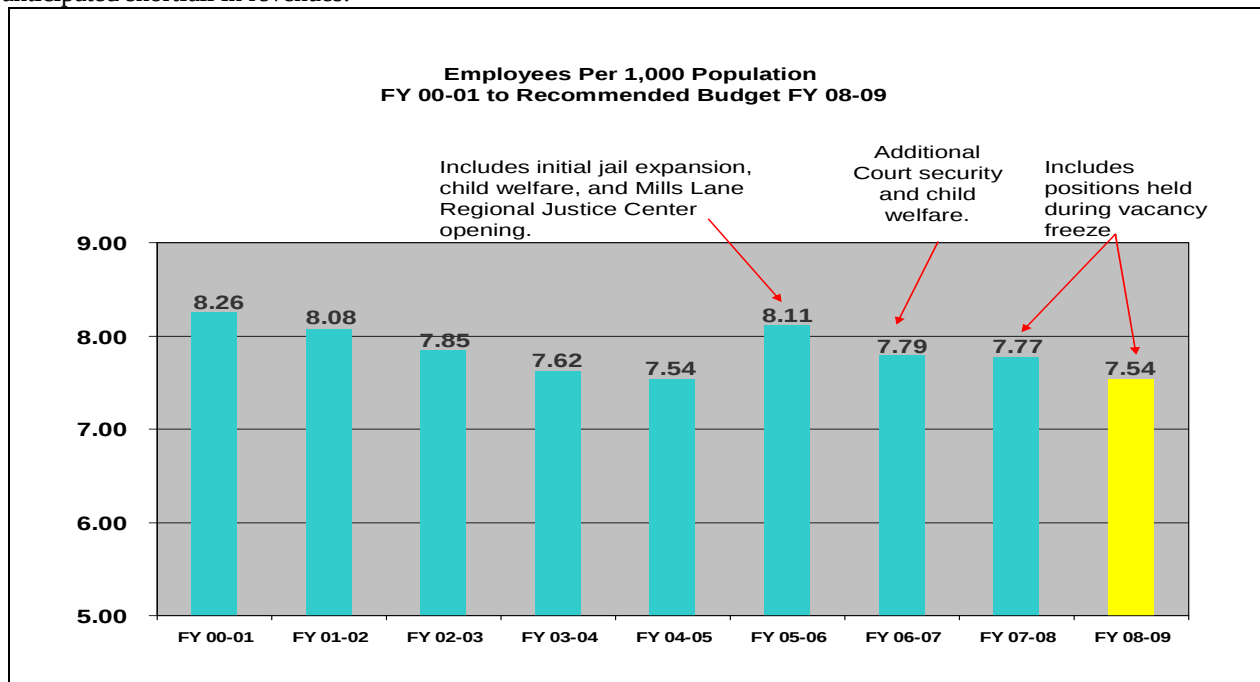
Consumer Price Index

Given some of the inflationary pressures such as fuel and other energy costs, our inflation rate is steadily climbing. We are seeing an increase to date of about 4.2% in the US Urban Inflation Rate and 3.7% in the Western Urban Inflation Rate as of May 2008.



Full Time Equivalents

Full-time equivalent positions (FTE's) per 1,000 population continued to decline in the recommended budget until FY 06 when the FTE count increased due to adding 30 new positions for the jail expansion and Mills Lane Court Security, and subsequently have again declined in FY 08 and 09 due to a hiring freeze given the current economic situation and anticipated shortfall in revenues.



Revenue Assumptions

Based on the review of local and national indicators, the fiscal year 2008-2009 revenue assumptions follow:

Property Taxes

- The County's assessed value increased by 13.9% over the 2007-08 fiscal year, from \$15,105,492,476 to \$17,207,010,574.
- Property tax rate will remain the same as fiscal year 2007-2008 rates.
- Property taxes comprise 52% of the County's General Fund revenues (excluding fund balance and transfers).

Consolidated Taxes

- Effective July 1, 1998, amendments to NRS 377.080 changed local government tax distributions for the following taxes: Supplemental City/County Relief Tax (SCCRT), Basic City/County Relief Tax (BCCRT), Cigarette Tax, Liquor Tax, Government Services Tax (GST) and Real Property Transfer Tax (RPTT). These taxes, which were previously distributed and reported individually, are now reflected as a single consolidated tax.
- The sales tax rate in Washoe County totals 7.375%. Of this amount, the County receives a share from four increments: A 1-3/4% levy defined in State law as the Supplemental City/County Relief Tax (SCCRT), a 1/2% Basic City County Relief Tax (BCCRT) a 1/4% levy defined in State law as Fair Share makeup tax, and 1/4% levy that is divided, with 1/8 cent for flood control and the remaining 1/8 cent being used to fund the City of Reno's ReTrac Project. Each of these sales tax levies is apportioned between the County, cities and special districts. A portion of the SCCRT is also apportioned to rural counties in the state depending on the amount of statewide sales tax collections.
- For fiscal year 2008-2009 consolidated taxes are anticipated to decline 6.8% from current year collections. Consolidated taxes make up 27.0% of General Fund revenue (excluding fund balance and transfers). However, if continued declines in taxable sales are experienced, these estimates will be reduced.
- We project an overall decrease of 4.7%, \$13.8 million, in AB104 revenues from current year collections of \$14.5 million.

Other Revenues

- Other significant County revenues include charges for services, fuel taxes, grants, and licenses and permits. Minimal growth is projected in these categories as a whole, some are projected with slight declines and others have a small percentage of growth. Grants are only budgeted if actually known, otherwise we will add revenue and expenditure authority upon actual receipt of the grant. This practice will always cause our current year budgeted grant revenue to be lower than prior year actual and estimated.

Expenditure Assumptions

- At the time of completing the fiscal year 2008-2009 budget, the nine bargaining units have not finalized the contracts. Given the current economic condition and the loss in revenues no cost of living adjustment (COLA) was included in the budget.
- Due to going from a three tier system to a four tier system and a decrease in the overall claims over the last couple years for the health benefits there was no increase in the health insurance rates from fiscal year 2007 - 2008 to fiscal year 2008 2009.
- Most major capital expenditures have been delayed due to the revenue shortfall but dollars have been set aside to continue the building, parks, roads and technology infrastructure needs.

Overall Budget Guidelines Set By The Board of County Commissioners

- Budget Growth is limited to Consumer Price Index and Population Growth of 5.4%, however, given the anticipated decline in general fund revenues the expenditures are not budgeted to increase but to decrease over fiscal year 2007 – 2008. The fiscal year 2008-2009 budget expenditures and other uses of funds has decreased by 3.1% over last year's estimated year end expenditures..

- The budgeted ending fund balance in the general tax supported budget less capital expenditures is approximately 6.82%.
- Maintain contingency at \$1 million.
- Continue sweeping general fund salary savings out of departments to allow for funding of other important priorities that arise during the fiscal year.

With decreasing revenues and increasing demands, actions were implemented in the 2001-2002 fiscal year to reduce expenditure growth in addition to making reductions in the 2002-2003 year and the 2003-2004 year. These reductions involved hiring slowdowns, canceling one-time capital projects and reductions to both 2002 and 2003 capital and service and supply budgets. Only after these reductions were made did the Board agree to increase the operating tax rate, rather than cut budgets further. However, after a broad based economic expansion over the last three fiscal years we had the opportunity to invest in important services and fund much needed capital projects and provide a foundation from which to exercise prudent fiscal management. As the economy appears to once again to be slowing considerably led by a significant slowdown in residential construction and reduced purchase of new autos the reduction in overall expenditures was required. This prudent financial management contributed to our bond rating improvement as evaluated by Standard & Poor and Moody's. Our current rating is one of the best in our State among local governments.

Policy Initiatives

Over the past several years, the County has initiated a number of service and quality improvements. These improvements reflect the County's mission of providing progressive regional leadership in the delivery of services in a quality, cost-effective manner. Current projects include the on-going development of detailed departmental mission statements coordinated with accompanying performance goals and measures which are supportive of and linked to the County mission.

Base Budget

In 1993-94 the County adopted the concept of base budgeting. The County's goals in adopting this concept were to:

- Increase managerial flexibility and authority
- Encourage better use of resources
- Change the focus of the budgetary process from inputs to outcomes
- Simplify and streamline the process

Flexibility and changing the focus to outcomes was achieved by developing departmental base budgets and control at the department level. For example, County management would not limit how much a department planned to spend on training but would hold the department head accountable to having the staff adequately trained. The financial control would be the inability to spend more than their authorized departmental budget. The analysis shifted to questions about what the departments were going to accomplish and what the level of service would be. The analysis and discussion focused on meaningful and measurable statements about what would be done for the customer.

The base budget uses the current fiscal year's authorized budget (less capital outlay and any one-time appropriation authority) as the base. Adjustments to the base budget are made by the Budget Division in consultation with the departments. The base budget is intended to provide sufficient monies to departments for the maintenance of existing service levels. The base is adjusted each year to cover any Board approved contracts along with employee labor agreements that have been approved.

Performance Measures

In 2004, the Management Services Division of the Manager's Office began a three-year project to upgrade performance data collection and reporting as used in the budget, into a more powerful performance measurement and management system. The system will make it possible for managers to monitor the performance of their units so that they can make adjustments in the allocation of resources, if necessary, to meet their annual performance targets. The system revolves around mission statements for each department or division that clearly identify the purpose of that unit in measurable and

auditable terms, and are supportive of the County mission. The purpose of a unit is expressed not in the type of services it provides, but in the outcome it seeks to achieve through the provision of those services.

The system will also list discrete and easily auditable long and short-term goals for each department. Goals will identify those one-time changes or additions a department may want to make to remain up-to-date, increase service levels, shift direction, or comply with new mandates.

Objectives statements will identify the means by which a unit will seek to achieve its mission on a daily basis. Metrics to measure the efficiency, effectiveness, quality, and quantity with which those objectives are being met will be used. Performance benchmarks developed on a local or nationwide level will be used to compare performance to previous years or to other jurisdictions. Significant variances may reveal the need to change operating methods.

Employment of the system will make it easier for departments to determine when they may need to develop strategic plans to make changes to improve service delivery, or to meet changing demand. It will also make it possible for the Board of County Commissioners to implement strategic change by increasing or decreasing the performance targets of a unit, or a mix of units, or by adding new targets.

Evaluation of the County's Fiscal Condition and Financial Indicators

The Financial Trend Monitoring System (FTMS), which was developed by the International City/County Management Association, is based on "factors" representing the primary forces that influence financial condition. The factors evaluated are Community Resources, Operating Position, Debt, Revenues and Expenditures. Associated with these factors are several "indicators" that measure different aspects of the factors. The indicators can be used to monitor changes in the factors, or more generally, to monitor changes in the financial condition of the County. These indicators cannot explain specifically why a problem is occurring, nor do they provide a single number or index to measure financial health. What the factors provide are **flags** (warning trends) for identifying problems, **clues** about their causes and **time** to take anticipatory action.

The County utilizes FTMS to monitor the financial condition of the County to assist in the effort to ensure that the County can (1) maintain existing service levels, (2) withstand local and regional economic disruptions and (3) meet the demands of natural growth, decline and change.

Overall, the Community Resources indicators are positive, however, unemployment and median housing sales prices show early warning trends. **Population** has continually increased each year with an overall percentage increase of 27% over the last ten years, which would indicate a warning, however revenues have also risen, which mitigate this warning trend. The **Median Age** of residents has consistently stayed approximately 36 years of age, which is a positive trend. The **Labor Force** within the community has consistently grown, over 20% overall in the last 10 years, indicating a healthy economy. Assessed **Property Values** continue a growth trend, which translates into increased revenues and shows positive trending. The **Unemployment Rate** has risen back to 4.5% after dropping from that rate in fiscal year 2002-03 indicating an early warning trend; the previous ten year high was 4.7% in fiscal year 2001-02. **Personal Income Per Capita**, adjusted for inflation, has grown a total of 17% over the last 10 years, indicating a positive trend. **Median Housing Sales Price** has posted a decrease for the last two fiscal years after eight years of positive growth, indicating an early warning trend.

Several of the Operating Position indicators show early warning trends. The General Fund has ended each year for the last ten years with an **Operating Surplus**, which is a positive trend, however the most recent fiscal year 2006-07 posted the lowest surplus at .4% of revenues in the last ten years; and the **General Fund – Fund Balance** has varied within acceptable benchmarks for the same ten-year period, however the fund balance is at its lowest percentage of revenues since fiscal year 2000-01. Washoe County's **Liquidity** ratio remains positive, but has also dipped from the last two years. Enterprise Fund profit/losses are positive for two funds, but are negative for the Building and Safety Fund, which correlates with the downturn in the local construction and housing industry.

Debt indicators show continued positive trends with no warnings. Washoe County's overall debt position is considered extremely healthy, as supported by the bond rating AA- from Standard & Poor's. **Current Liabilities**, County-wide, have decreased to 7.00% for fiscal year 2006-07. The percent of **Long-term Debt**, approximately 50% of which is voter approved issues, compared to assessed valuation has remained relatively stable over the last ten years and the **Debt**

Service as a percent of total revenue has not exceeded 6.63% over the last ten years, with both indicators well below industry benchmarks at 10% and 20%, respectively. **Debt Service Per Capita** is \$492.04 per 1,000 population in fiscal year 2006-07, also well below the \$1,000 per 1,000 population benchmark, and the **Debt to Assets** ratio of 28.81% is well below the 50% benchmark.

Most revenue indicators show positive trends, although some trends are indicating potential downward movement, with General Fund Revenue Surplus posting a negative percentage, indicating a warning trend. **General Fund Total Revenue Per Capita**, hit its all time high in fiscal year 2005-06 at \$749.52, however dropped slightly to \$749.09 in fiscal year 2006-07. **General Fund Restricted Revenue** as a percentage of total revenues decreased overall in the last ten years, indicating a positive trend. **Property Tax Revenue** per capita is also at its highest level in fiscal year 2006-07, at \$337.92, but will continue to be monitored as to the impact of AB489 legislation capping property tax increases. The fiscal year 2007-08 value of the tax abatement is expected to approximate \$17.9 million. **Uncollected Property Taxes** due remains extremely low at less than 1% of the total levy. **General Fund Revenue Surplus** compared to budget has remained within the 3% benchmark for nine of the last ten years, but dipped significantly in fiscal year 2006-07, due to slumping consolidated tax collections, indicating a warning trend.

Some expense indicators show early warning trends. The **General Fund Expenditures Per Capita** indicator has shown a warning trend due to increases, but historically that trend was mitigated by accompanying increases in revenues per capita. However, in fiscal year 2006-07 there was a significant increase in expenditures per capita to the rate of \$671.72, which was not matched by an accompanying increase in revenue per capita, which decreased the net revenues per capita to a rate not seen since fiscal year 2001-02. **Employees Per 1,000 Population** rate has remained relatively steady in the last ten years. **Workers' Compensation** has shown a warning trend during the last five fiscal years due to legislation enacted which provides increased benefits for public safety employees, however that trend has been mitigated by annual adjustments to the charges for services to cover this increased expense, and the net assets which are earmarked to cover liabilities including workers' compensation ended fiscal year 2006-07 at \$7.3 million. Steadily increasing **Fringe Benefits** costs as a percentage of salaries for the ten year period indicate a warning trend, and are primarily due to the increased cost of medical insurance and workers' compensation. Washoe County's overall benefits percentage to total salaries ended fiscal year 2006-07 at 35.57%. Group insurance costs are approximately 11.5% of the total payroll and retirement costs are approximately 20.7% of the total payroll. **Maintenance Effort per mile of paved streets** has increased during the last two years to \$5,398 in fiscal year 2006-07, and the pavement condition index rating remains well within acceptable range, due in large part to application techniques and better quality materials. **Maintenance Effort for buildings and developed parks** is showing an increased trend in spending, reversing several years of downward trending.

Financial Policies

As recommended by the Government Finance Officers Association "Financial Policies: Design and Implementation" publication, the Washoe County Financial Policies were established in 1996 as a "guideline for operational and strategic decision making related to financial matters". Policies are continually reviewed and revised given changes in Washoe County Code, department restructuring and various administrative procedure changes required to improve the overall financial management of the County. The current financial policies that the County operates with are as follows:

1. **REVENUE POLICIES:** To maintain and enhance the County's revenue base.
 - 1.1 The County shall, through the legislative process and interlocal cooperation, work to maintain a diversified and stable revenue structure.
 - 1.2 The County shall attempt to maintain a diversified and stable economic base by supporting land use and economic development policies promoting tourism, commercial and industrial employment.
 - 1.3 The County shall estimate its annual and multi-year revenues by an objective, analytical process.
 - 1.4 The County, where possible, shall institute user fees and charges for programs and services in the County. The user fees shall be established at a level related to the cost of providing those services. The user fees shall be adjusted on a predetermined schedule or annually so as to avoid major fluctuations.
 - 1.5 The County's enterprise funds shall review user fees on a predetermined schedule approved by the Board of County Commissioners or annually and report to the Board of County Commissioners as to the adequacy of the fees in supporting the total direct and indirect costs of the activity.

- 1.6 The County shall avoid targeting revenues for specific programs unless legally required or when the revenue source has been established for the sole purpose of financing a specified program or project.

2. REVENUE FORECASTING AND MONITORING POLICIES: The goal of the County's policies in regards to revenue forecasting and monitoring is to develop and maintain a revenue monitoring system to assist in trend analysis and revenue forecasting. The specific policies are as follows:

- 2.1 The Finance Department, to emphasize and facilitate long-range financial planning, shall develop and maintain current projections of revenues for the current fiscal year and for at least five succeeding years.
- 2.2 The Finance Department shall maintain and further develop methods to analyze, forecast, and track major revenue resources and shall maintain at least ten years' historical data for all major revenue sources.

3. REVENUE COLLECTION: The County's policy regarding revenue collection is to develop and maintain an aggressive revenue collection program to assure that moneys due the County are received in a timely fashion.

- 3.1 All revenue collections should follow the internal control procedures specified in the Washoe County Internal Control Procedures Manual maintained by the Comptroller. *(Updated September 2001)*

4. ASSET MANAGEMENT: To protect the public investment and insure the maximum utilization and useful life of the facilities, land, and land rights. The specific policies regarding asset management are presented below.

- 4.1 The County Public Works Department shall review every three years or more often as the need arises, which of the County's lands or lands and buildings are not actively utilized and whether there are holdings that have no foreseeable purpose. Their findings shall be reported to the Board of County Commissioners for appropriate action.
- 4.2 The County shall dispose of surplus personal property in the most cost-effective manner allowed by State law.
- 4.3 The County shall assure that long range planning identifies undeveloped land needed to meet County goals. Such properties will be given a high budgetary priority so that it can be acquired prior to development.

5. RESOURCE ALLOCATION: The County's policy regarding resource allocation is to allocate discretionary resources in direct relation to the goals of the Board of County Commissioners .

- 5.1 Each proposed capital improvement program project will include a statement describing how the proposed improvement accomplishes the goals of the Board of County Commissioners.

6. CAPITAL IMPROVEMENTS MAINTENANCE AND REPLACEMENT: The County, through a program of Infrastructure Preservation, shall maintain capital improvements to the level required to adequately protect the County's capital investment and to minimize future maintenance and replacement costs.

- 6.1 The Equipment Services Division of the County shall establish an equipment and vehicle replacement schedule that maximizes value taking into consideration safety, efficiency, and utilization and maintenance costs. The schedule will be coordinated with a rate structure that will adequately fund the replacement or reconditioning of the assets.
- 6.2 General Services and Risk Management shall provide a building replacement value, based on a 50 year amortization for all major County Government Buildings, for inclusion and potential funding in the 5 year Capital Improvement Program.
- 6.3 The Engineering Division of Public Works shall maintain paved roads maintenance and improvement schedule that identifies annual and projected need for not less than five years including square footage of paving and other surface treatments and anticipated costs.
- 6.4 The County shall finance the replacement of water and sewer infrastructure through the water and sewer enterprise funds. The County shall finance the replacement of public buildings, parks, streets, storm drains, and sidewalks through the general fund.
- 6.5 The County shall continue to utilize all gasoline tax revenues for road maintenance and repair and provide such additional support as required to maintain an average Pavement Condition Index of not less than 78.

7. CAPITAL IMPROVEMENT PROGRAM MANAGEMENT: The goal of the County's policies regarding capital improvement program management is to systematically plan, schedule, and finance capital projects to ensure their

cost-effectiveness. The capital improvement program will strive to balance between new capital needs, capital repair and replacement projects and available resources. The specific policies for capital improvement program management are presented below:

- 7.1 Every capital improvement program project shall have a project manager who will manage the project scope, ensure that required phases are completed according to schedule, authorize all project expenditures, ensure that all regulations and laws are observed and quarterly or more often report project status to the Board of County Commissioners through the Manager's Office.
- 7.2 A capital improvement program coordinating committee will review project proposals, determine project phasing, review and evaluate the draft capital improvement program document, and monitor capital improvement project progress on an ongoing basis.
- 7.3 Construction projects and capital purchases (other than vehicles or equipment to be acquired through the equipment replacement fund) which cost \$100,000 or more will be included within the capital improvement program except for Infrastructure Preservation Projects which will be managed by the respective Department (Engineering, Parks and Facility Management). Capital outlay items less than \$100,000 will be included within the requesting or managing departments operating budget. *(Revised May 2006)*
- 7.4 The County shall base the planning and design of capital improvements on standards which minimize construction costs, while assuring acceptable useful life and reducing maintenance costs.
- 7.5 The County shall design and construct water, sewer, and storm drain improvements to the size required to serve the County's future capacity needs, to the extent allowable without impairing operations, so that substantial redesign and reconstruction of these facilities is not required as the service demand and workload increases. Such facilities should be sized to serve the planned land use adopted in the Washoe County Comprehensive Plan-Area Plan, and if appropriate the City of Reno and City of Sparks Master Plan.
- 7.6 The County shall consider the following life cycle cost accounting components in the design and construction of facility improvements wherever possible: energy efficiency; maintenance efficiency; efficient physical relationships for those County staff working in the facility; capacity adequate to meet the requirements for the next five to ten years; ability to accommodate future expansion with minimum remodeling costs; connectivity to computer and communications networks.

8. CAPITAL IMPROVEMENT FUNDING: Revenue resources for each proposed capital improvement project shall be identified either in the annual operating budget or the five year capital improvement program. Alternative financing methods shall be analyzed for capital projects including but not limited to leases, lease purchase, developer build and lease backs as well as bank and bond financing, grant funding and joint ventures. Projects financed must meet an initial test of being required to achieve County goals and priorities.

- 8.1 The County will strive to maintain a high reliance on pay-as-you-go financing for its capital improvements.
- 8.2 The first year of the five-year capital improvements plan will be used as the basis for formal fiscal year appropriations during the annual budget process. Appropriations made in prior years for which expenditures have not been made or projects not completed will be reevaluated and incorporated into appropriations for the new fiscal year.

9. GRANT PROGRAM FUNDING: Due to the lack of stability inherent in grant funding, and to reduce reliance on grant assistance, the County shall discourage the use of grant assistance for mandated functions with the exception outlined below. Grants will be encouraged for special projects which strengthen a program, have a definable starting and ending date, and do not expand the service in such a way as to require the substitution of local funds to continue part or all of the service once grant assistance ends. *(Revisions to the County Code adopted October 2002 by the BCC revised section 9.1 – 9.10 policy statements)*

- 9.1 The County shall use grant assistance to establish or expand a mandated or other program in those instances where local funds would otherwise be utilized to provide the same service if the grant were not available and/or the elimination of the program at the end of the grant funding period is viable.
- 9.2 An officer or employee of a department or agency of the county shall not submit an application for a grant, an amendment or supplement of a grant, a request for contribution of money or property, without approval from the director of finance or the county manager and, if applicable, the governing/managing board of the department or agency.
- 9.3 The County shall utilize a uniform grants application process to assure consistent and complete information is available for consideration of grants not included in the budget process. The officer or employee making the

application shall advise the county grants administrator of the application on a form prescribed by the grants administrator.

- 9.4 Only the Board of County Commissioners can accept a grant award.
- 9.5 Upon award of a grant, the officer or employee shall communicate the fact to the director of finance and the board of county commissioners and shall forward to the county comptroller all pertinent grant details so that the accounting records of the county can clearly reflect grant activity.
- 9.6 An officer or employee of a department or agency of the county may accept personal property for the use and benefit of the county where the value singly or in the aggregate is less than \$3,000 from a contributor during a fiscal year. In such event, the officer or employee will notify the board in writing of the acceptance.
- 9.7 Except as otherwise provided herein, all cash donations must be reported to the board and expenditure authorization obtained. This requirement does not apply to: (a) An officer or employee of a department or agency of the county that has included within the budget expenditure authority for anticipated cash donations may accept cash donations of less than \$3,000 from a contributor in a fiscal year and expend money from such sources in accordance with the approved department or agency budget. In such event, the officer or employee will notify the board in writing of the acceptance of the cash donation; (b) An officer or employee of a department or agency of the county with statutory authority over an account may accept cash donations to that account and make expenditures there from as provided in such statutes; and (c) An officer or employee of a department or agency of the county authorized by statute to establish and maintain a specific gift fund, may accept cash donations to that fund and make expenditure there from as provided by statute.
- 9.8 All money received from grants and contributions shall be transmitted by the officer or employee applying for the grant or contribution to the county treasurer for deposit in the appropriate account. The officer or employee must complete the appropriate forms designated by the comptroller and must submit those forms along with the deposit. All property received must be identified on forms prescribed by the comptroller and distributed, as appropriate, for inventory control, recording in the financial records and ongoing maintenance.
- 9.9 The county comptroller shall maintain all grant and contribution information in such a way that the information is readily available for review. The Comprehensive Annual Financial Report shall include a schedule of federal awards and provide details of all federal grant activity in the county for the fiscal year reported.
- 9.10 Details concerning state grants, deferred revenues and private contributions shall be maintained in the financial records for review upon request.

10. PERFORMANCE BUDGET SYSTEM: The performance budget system is to link day-to-day operations with long-run financial planning, to eliminate the guesswork of where the County is going and how it plans to get there, and to provide a linkage between the goals of the Board of County Commissioners, the allocation of moneys within the annual operating budget, and assignments to staff. The specific policies of the County as it regards the performance budget system are presented below.

- 10.1 All County Departments shall assure that all expenses attributable to an existing or proposed program show full cost and are accurately reflected in program budget requests.
- 10.2 The Finance Department Administration and Budget Division shall strive to ensure an optimal allocation of human and fiscal resources to fund approved services and programs.
- 10.3 All County Departments Heads are given flexibility of resource use within each program in order to adjust to changing conditions to meet service objectives in the most cost-effective manner that is consistent with public policy and law.
- 10.4 All County Department Heads are responsible to maintain performance measurement and productivity indicators that will show the effectiveness of their programs. The measures will be reported in a report to the Board of County Commissioners and/or through the Annual Budget Book produced by the Budget Division of the Finance Department.
- 10.5 Each County Department will develop and annually update objectives for each program which identify the service(s) being provided, the level of service(s) being provided, and the resources required to accomplish the specified objectives.
- 10.6 The Budget Division of the County shall develop and update annually a financial trend monitoring system which will examine basic fiscal trends, and report positive and negative financial trends to the Board of County Commissioners.
- 10.7 The Government Finance Officers Associated Distinguished Budget Presentation Award should be pursued annually.

11. ANNUAL OPERATING BUDGET: The annual operating budget serves several purposes since it is the financial plan for the year as well as a policy document and an operations guide. The specific policies of the County regarding the annual operating budget are:

- 11.1 The County shall pay for all recurring expenditures with recurring revenues and use non-recurring revenues for non-recurring expenditures.
- 11.2 The County shall avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets (e.g., use of non-recurring revenues to fund recurring expenses).
- 11.3 Operating and capital expenditures by departments shall not exceed their total authorized departmental budget. Departments may exceed the authorized budget for line item accounts as long as the department does not exceed its total authorized budget. Departments cannot exceed their specific travel budget. Upon approval by the Budget Manager the Finance Department Administration or Budget division can reallocate up to \$5,000 from within a Departments budget to cover travel costs over the final approved budgeted amount. Amounts greater than \$5,000 need approval from the Board of County Commissioners prior to appropriations being moved. Costs of extradition and travel to rural Washoe County are not considered departmental travel.
- 11.4 Any increases in total fund appropriations and revenue augmentations must be recommended by the Finance Department Administration or Budget Division or Departments with Finance Administration or Budget Division approval and approved by the Board of County Commissioners.
- 11.5 Upon approval by the Budget Manager, budgeted amounts within a function in the same fund may be transferred by the Finance Department Administration or Budget Division, if amounts do not exceed the original budget. Transfers to different funds or different functions within the same fund need Board of County Commissioners approval.
- 11.6 Increases in appropriations and revenue augmentations (including new grants and loans) will be reviewed by the Finance Department Administration or Budget Division and the Administration Division or the Budget Division will provide a recommendation to the Board of County Commissioners.
- 11.7 The Comptroller is to be sent copies of all transactions or grants, loans or appropriation changes. No action that affects accounting controls will be completed without first informing the Comptroller so that an accurate and complete accounting control is maintained, in a format prescribed by the Comptroller.
- 11.8 Functions included in the County Budget in funds other than in the General Fund or Health Fund that are fully funded with dedicated resources will carryover 100% of their fund balance. Funds other than the General Fund or Health fund that are partially supported with General Fund resources will receive an augmentation of 100% of their undesignated fund balance limited to the amount of their unencumbered appropriation authority. Undesignated fund balance in excess of the unencumbered appropriation authority is subject to the augmentation process.
- 11.9 Each department's base budget will be calculated as follows: Services and Supply categories will be funded at the base level plus adjustments. Each budget unit will be adjusted for merit and cost of living changes and retirement or health benefits cost increases. Base budgets will not include any amount for capital outlay.
- 11.10 Strategic planning workshops will be held with the Board, prior to formal budget hearings, to facilitate issue identification, prioritization and action planning. The Board will be asked to prioritize the issues at the conclusion of the workshops. Guidance will be sought from the Board as to how the County budget should be prepared with respect to new debt, tax rates and related matters.
- 11.11 Finance Department Administration and Budget division staff will work with the departments regarding base budget adjustments and will prepare a base budget. Departments will be given the opportunity to request funding above the base level for review and possible inclusion to the recommended budget. The recommended budget will provide departments with the information to determine if an appeal is needed. The departments may appeal the recommended budget to the County Manager; after consideration and recommendation from the County Manager, the department may further appeal to the Board of County Commissioners.
- 11.12 Based on Board guidance and direction from the County Manager, the Budget Division will prepare a budget for the formal budget hearing with the Commissioners.
- 11.13 At the conclusion of this hearing, the Budget division will prepare a final budget to be sent to the State. There may be an additional iteration due to Legislative action.
- 11.14 Budgets are required for all funds except agency and non expendable trust funds that do not receive ad valorem or Supplemental City/County Relief taxes. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). All unencumbered appropriations lapse at the end of the fiscal year and fall to fund balance. Valid outstanding encumbrances and contracts at the end of the fiscal year are approved as budget augmentations for the following year when the Board of County Commissioners accepts and approves the annual audit report.

12. FINANCIAL RESERVES: The County's goal regarding financial reserves is to provide a prudent level of reserves for future unexpected expenses and revenue declines, to accumulate funds in support of future planned capital improvements, and to "level" high and low expenditure years in the five year financial plan. The specific policies of the County in regards to financial reserves are presented below:

- 12.1 The County shall maintain a fund balance in the debt service fund not to exceed one year principal and interest in accordance with debt policy, bond requirements and Nevada Department of Taxation Guidelines.
- 12.2 The County's General Fund shall maintain a fund balance equal to 7-9% of the appropriations.
- 12.3 The County shall maintain an actuarially sound reserve in the Risk Management Fund to protect the County's risk and insurance management program.
- 12.4 When a surplus exists which exceeds these financial reserve policies, the County shall accelerate capital improvements from later years within the five year capital improvement program to the extent (1) they are required earlier, and (2) County staff can effectively undertake the improvement at an earlier date.
- 12.5 A general fund contingency of approximately 1% of total authorized general fund department budgets less capital outlay (but not less than \$1,000,000) shall be budgeted. The contingency reserve shall be used to provide for unanticipated or unforeseen needs that arise during the year. Funds shall be authorized from the contingency account in accordance with Nevada Revised Statute. The contingency budget shall not exceed 3% of the general fund budget less capital outlay in accordance with Nevada Revised Statute.
- 12.6 An Enterprise Fund or an Internal Service Fund will not exceed its overall appropriation authority in a manner that would jeopardize the financial integrity of the fund.

13. ENTERPRISE FUNDS: The enterprise funds are to operate in a business like manner in accordance with NRS and are to fully account for all resources and expenditures.

- 13.1 Any enterprise fund that is supporting debt will prepare or have prepared a periodic rate study to ensure that the fees or rates are sufficient to meet the debt service requirements.
- 13.2 Any Enterprise Fund will reimburse the General Fund for overhead services annually. The method of reimbursement will be based on the most current indirect cost allocation method for the County.

14. DEBT: The debt management policy is contained in a separate document and is to provide a framework for the wise and prudent use of debt, and to limit the use of debt so as not to place a burden on the fiscal resources of the County and its taxpayers.

- 14.1 The Finance Administration Division of the County shall evaluate alternative financing methods and pay-as-you-go versus financing of capital improvements with the assistance of bond counsel and external financial advisors.
- 14.2 The County shall conduct all financing on a competitive basis. However, negotiated financing may be used due to market volatility or the use of an unusual or complex financing or security structure.
- 14.3 The term of debt financing for the acquisition of County assets shall not exceed the useful life of the assets. When multiple assets are acquired or constructed with a single bond issue, those assets with shorter lives will be deemed to be paid first or will be issued as a separate series of the bond issue.
- 14.4 The Finance Department shall monitor all forms of County debt annually coincident with the preparation of the County's five-year financial plan and report concerns and remedies, if needed, to the Board of County Commissioners.
- 14.5 The County Comptroller shall diligently monitor the County's compliance with bond covenants and assure the County's compliance with federal arbitrage regulations.
- 14.6 The Finance Department shall maintain good communication with bond rating agencies about its financial condition. The County will follow a policy of full disclosure on every financial report and bond prospectus, where applicable.
- 14.7 Any bond issue, bank financing or similar borrowing proposed for any entity governed by the Board of County Commissioners will be coordinated by the Finance Department Administration Division. The Treasurer's Office and the Comptroller will be kept informed with the Treasurer's Office doing the investing of the funds and the Comptroller's Office having responsibility for accounting and record keeping associated with the bond issues and other financing mechanisms.

15. ACCOUNTING SYSTEM: The goal of County accounting policies are to maintain a system of accounting which makes it possible to show that all applicable laws have been complied with, that fully discloses the County's financial position and the results of all of the County's funds and account groups, and that would achieve an unqualified auditor's opinion on each fiscal audit. The specific policies as it regards this goal are presented below:

- 15.1 The County Comptroller shall maintain the County's accounting system in such a way as to conform with generally accepted accounting principles established by the National Committee on Governmental Accounting, and so as to result in an unqualified opinion by the County's independent auditor. The Government Finance Officer's Certificate for Achievement for Excellence in Financial Reporting should be pursued annually.
- 15.2 The County Comptroller shall maintain an integrated accounting system so that production and costs for each program can be identified and evaluated.
- 15.3 The County Comptroller shall prepare and provide the Board of County Commissioners with a comprehensive annual financial report, by fund, comparing actual revenues and expenditures with budgeted amounts.
- 15.4 The Finance Department Administration and Budget Division shall conduct periodic financial and performance audits to assure that, the County's programs utilize best management practices, and that County fiscal resources are utilized effectively and efficiently.
- 15.5 The County shall maintain an internal audit program as a management tool.
- 15.6 The Comptroller's Office and the Finance Department Administration and Budget Division shall coordinate any proposed changes, additions, or deletions of funds, organizations or divisions that are to be incorporated into the Chart of Accounts.

16. PURCHASING SYSTEM: The goal of the County's purchasing policies is to maintain a centralized system for the effective and efficient purchasing of goods and services. The specific purchasing policies of the County are presented below.

- 16.1 The Purchasing Department shall provide for competitive bidding whenever possible.
- 16.2 The Purchasing Department shall maintain an efficient and effective system of inventory management for County-stocked items, and for sale or disposal of surplus items.
- 16.3 The Purchasing Department shall not approve the award of purchase orders for capital items unless the items were approved in the budget or a subsequent Board of County Commissioner agenda. Capital Outlay items (i.e. furniture, fixtures, computers or other equipment) in excess of \$10,000 must be approved by the Board of County Commissioners as part of the budget or in a subsequent agenda action. *(Revised December 2006 via the Guide to Washoe County Purchasing Procedures manual)*
The Equipment Services Fund may purchase Capital Outlay items for major repairs without the specific approval of the Board of County Commissioners if adequate funds and expenditure authority is available. Purchase orders of non-capital items with a cumulative total in excess of \$10,000 must have the approval of the Board of County Commissioners either in the annual budget or by specific agenda action. . The award of a consulting contract that are purely knowledge based in the amount of \$25,000 or less shall have the approval of the Board of County Commissioners *(revised October 2005, Ordinance 1279)*.
- 16.4 Departments shall submit all lease or lease-purchase agreements, excluding space leases, to the Finance Department Administrative Division or the Budget Division for review and recommendation. Finance Administration, the Budget Division or the requesting Department must obtain the approval of the Board of County Commissioners for the lease-purchase of any capital equipment. The Purchasing Department will verify the approval by the Board of County Commissioners.
- 16.5 Departments must obtain the approval of the Equipment Services Division and the Finance Department Administration or Budget Division before authorizing the purchase of any vehicles or rolling stock. The Purchasing Department will verify the approval by the Equipment Services Department and the Board of County Commissioners.
- 16.6 Departments must obtain the approval of the Telecommunications Division before authorizing the purchase of any telecommunications equipment. The Purchasing Department will verify the approval by the Telecommunications Division and the Board of County Commissioners.
- 16.7 Departments may purchase new or replacement computers, printers, software or related items that are included on the County approved list of standardized software and equipment with Technology Services acknowledgment that the appropriate connections exist or are planned and budgeted for, and that budget authority exists for the installation and maintenance of the equipment and software. The purchase of any non-standard software personal computers, printers, or related computer equipment shall require the same information as the standard items plus an acknowledgment from the Technology Services Department that

equipment and/or software will have no negative impact on existing County network and systems. The Purchasing Department will verify that acknowledgments have been provided by the Technology Services Department.

- 16.8 Departments must obtain the approval of the Facilities Management Division before authorizing the purchase of materials for the repair, modification or remodel of county buildings. Items such as floor, wall and window coverings, and materials for the repair or modification of plumbing, electrical and mechanical systems in buildings are subject to prior approval. The Purchasing Department will verify the approval by the Facility Management Division.
- 16.9 Departments must submit all printing requests to the Reprographics Division of General Services for estimate. Services available from Reprographics at a comparable cost, quality and within the required time frame will be done by Reprographics. Reprographics may authorize printing services to be provided by outside services. The Purchasing Department will verify the review by the Reprographics Unit.
- 16.10 Departments shall submit all requests for leased office space or work environments to the Public Works Department and Finance Department Administration or Budget Division for review and recommendation. Public Works, in conjunction with the requesting Department, must obtain the approval of the Finance Department Administration or Budget Division and the Board of County Commissioners for the lease of any office space or work environments.
- 16.11 Departments shall submit all architectural, interior and space planning design proposals to the Capital Projects Division of Public Works for review and recommendations. The Purchasing Department will verify the approval by the Capital Projects Division and the Board of County Commissioners.
- 16.13 For purposes of fixed assets classification, a fixed asset is a capital item valued at \$10,000 or more. High risk items under \$10,000 but greater than \$3,000, though not capitalized, will continue to be inventoried and the list verified once a year. The Purchasing Department will continue to maintain a list of high risk items. *(Revised June 2003)*

17. CASH MANAGEMENT: The goal of the County's investment policies is to achieve a reasonable rate of return while minimizing the potential for capital losses arising from market changes or issuer default. The following factors will be considered in priority order in determining investments: (1) safety; (2) liquidity; and (3) yield. Investment and cash management are the responsibility of the Treasurer. The specific investment policies of the County are presented below.

- 17.1 The Treasurer shall strive to keep all idle cash balances fully invested through daily projections of cash flow requirements. To avoid forced liquidation's and losses of investment earnings, cash flow and future requirements will be the primary consideration when selecting maturities.
- 17.2 The Treasurer shall take care to maintain a healthy balance of investment types and maturities as the market and the County's investment portfolio change.
- 17.3 The Treasurer shall maintain current financial statements for each institution in which cash is invested. Investments shall be limited to 20% of the total net worth of any institution and may be reduced further or refused altogether if an institutions financial situation becomes unhealthy.
- 17.4 The Treasurer, in order to maximize yields from the County's portfolio, shall consolidate cash balances from all funds for investment purposes, and will allocate investment earnings to each fund in accordance with generally accepted accounting principles.
- 17.5 The Treasurer shall invest only in those instruments authorized by Nevada Revised Statute 355.170. The Treasurer will thoroughly investigate any new investment vehicles before committing County funds to them.
- 17.6 The Treasurer will protect ownership of the County's investment securities through third-party custodial safekeeping.
- 17.7 The Treasurer shall develop and maintain an Investment Management Plan which addresses the County's administration of its portfolio including investment strategies, practices, and procedures.

Investment Policy

The County utilizes an Investment Committee, comprised of the County Manager, Assistant County Manager, Finance Director, Treasurer, Chairman of the Board of County Commissioners and another Commissioner appointed by the County Commission Chair, to guide investment activities of the County. The committee shall establish types of investments considered proper for the county, within the framework of the statutes of the State of Nevada regarding investment media acceptable for counties, and recognizing the conflicting desires for maximum safety and maximum yields.

