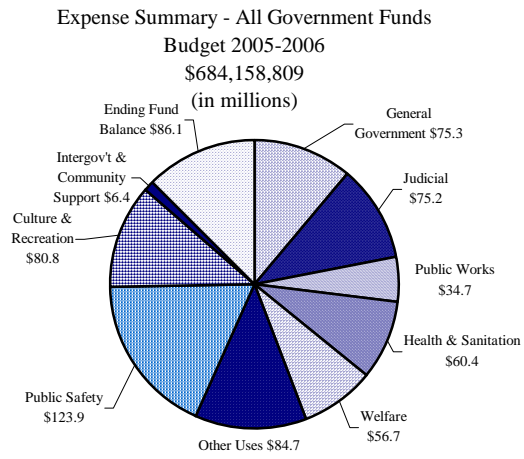
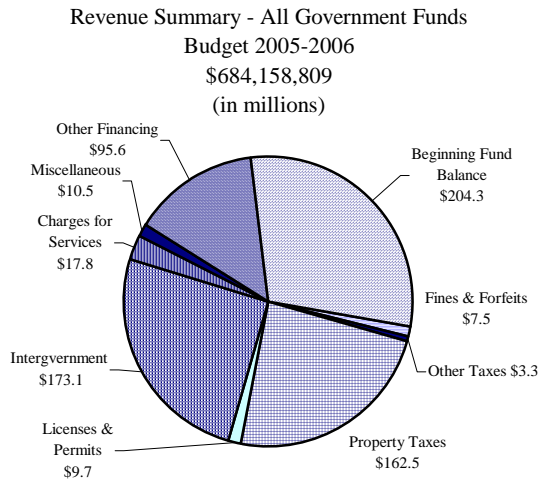


Date: June 30, 2005
 To: Katy Singlaub, County Manager
 From: John Sherman, Director of Finance
 Subject: 2005-2006 Budget

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 \$684,158,809. Estimated expenses in the Proprietary Funds total \$77,812,569.

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 \$598,928 from the General Fund. The Indigent Health Fund is required by State Law and includes a \$0.10 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 cities of Reno and Sparks. The Debt Service Fund is financed, in part, by property tax and the recommended rate is \$0.0715. 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 Accident tax rate of \$0.015, the allowed Detention Center tax rate of \$0.0774, the Youth Services tax rate of \$0.0083, a general operating rate of \$0.9081, and the AB 104 Fair Share tax of \$0.0272.

The General, Health, and Public Works Construction 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 2005-2006 revenues) totals \$408,216,023. The budgeted ending fund balance in the General Tax Supported Budget less capital expenditures is approximately 7.14%. Other ending fund balances are at or below the minimum considered to be necessary, or are restricted funds.

Where Your Tax Dollars Go

Fiscal Year 2005/2006		
ASSESSED VALUATION		
Property		11,977,348,539
Net Proceeds of Mines		1,200,000
TOTAL		11,978,548,539
		Property Tax Based on a \$100,000 Market Value
	Tax Rate	
STATE	0.1700	\$ 59.50
SCHOOL DISTRICT	1.1385	398.48
COUNTY OPERATING RATES		
General Fund		
Operating	0.9081	317.83
Detention Facility	0.0774	27.09
Indigent Accident Fund	0.0150	5.25
Youth Services	0.0083	2.91
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	0.1000	35.00
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	0.0715	25.03
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	\$945.08
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 2005-2006

	(1)	(2)	(3)	(4)	(5)	(6) (see Note 3)	(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	11,977,348,539	148,315,507	0.9231	110,562,904	(2,790,598)	107,772,306
B. Ad Valorem Outside Revenue Limitations: Net Proceeds of Mines	Same as above	1,200,000	14,860	Same as above	11,077	(280)	10,797
VOTER APPROVED:							
C. Voter Approved Overrides	0.1000	11,978,548,539	11,978,549	0.1000	11,978,549	(300,710)	11,677,839
LEGISLATIVE OVERRIDES:							
D. Accident Indigent (NRS 428.185)	0.0150	"	1,796,782	0.0150	1,796,782	(45,106)	1,751,676
E. Medical Indigent (NRS 428.285)	0.1000	"	11,978,549	0.1000	11,978,549	(300,709)	11,677,840
F. Capital Acquisition (NRS 354.59815)	0.0500	"	5,989,274	0.0500	5,989,274	(150,354)	5,838,920
G. Youth Services Levy (NRS 62.327)	0.0083	"	994,220	0.0083	994,220	(24,959)	969,261
H. Legislative Overrides	0.0774	"	9,271,397	0.0774	9,271,397	(232,749)	9,038,648
I. SCCRT Loss NRS 354.59813	0.1224	"	14,661,743	0.0000	0	0	0
J. Other: Family Court	0.0192	"	2,299,881	0.0192	2,299,881	(57,736)	2,242,145
K. Other: AB 104 (See Note 1)	0.0272	"	3,258,165	0.0272	3,258,165	(81,793)	3,176,372
L. SUBTOTAL LEGISLATIVE OVERRIDES	0.4195		50,250,011	0.2971	35,588,268	(893,406)	34,694,862
M. Subtotal A, B, C, L	1.7578		210,558,927	1.3202	158,140,798	(3,984,994)	154,155,804
N. Debt	0.0715		8,564,662	0.0715	8,564,662	(215,007)	8,349,655
O. TOTAL M AND N (see Note 2)	1.8293		219,123,589	1.3917	166,705,460	(4,200,001)	162,505,459

Note 1: This tax is levied and collected by Washoe County, transferred to the State of Nevada Comptroller, distributed back to the entities in Washoe County based upon a legislative formula. Washoe County will receive approximately \$2,114,342 and has budgeted accordingly.

Note 2: Washoe County also budgeted for delinquent tax collections in the amount of \$1,080,751.

Note 3: Property Tax revenue reduction due to tax cap legislation.

The recently approved Assembly Bill 489 (AB489) will 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 \$4,200,000 for the estimated impact of AB489. Further adjustments may be necessary after the fiscal year 2005-2006 tax bills are computed and sent to property owners. (See schedule on previous page, column 6, for detail of impacts.)

2005-2006 Budget Highlights

- ❑ Washoe County's 2005-2006 final budget for fiscal year 2005-2006 totals \$684,158,810.
- ❑ Estimated General Fund revenues for 2005-2006 total \$288,102,098, which represents an increase of 10% over 2004-2005.
- ❑ Washoe County property tax revenues (including delinquent taxes) are anticipated increase 6.0%, for total revenue of \$162,524,180. (As mentioned above tax revenues may be impacted by the final outcome of the implementation of AB 489.)
- ❑ The General Fund portion of expenditures (including other uses) is \$312,877,5013, a growth of 14.7% over the 2004-2005 adopted budget.
- ❑ Combined rates of growth in population and consumer price index for the 2005-2006 year is 5.9%.
- ❑ Full-time equivalent positions (FTE's) per 1,000 population continue to decline in the recommended budget, from a high of 8.2 in 2000-2001 to about 7.5 FTE's per 1,000 population in 2005-2006.
- ❑ Public Works Construction project budgets total \$51,987,902 and infrastructure preservation and other capital projects total \$121,817,962 for a total capital outlay of \$173,805.864.
- ❑ About 71% of the General Fund expenditures (excluding contingency and transfers) are for personnel; Public Safety comprises 36% of the total General Fund expenses.
- ❑ Washoe County's portion of the property tax rate is \$1.3917 per \$100 of assessed value (see chart on page 2).
- ❑ The budget reflects an increase in overall General Fund spending (excludes ending fund balance) per capita from an estimated 2004-2005 cost per capita of \$662 to a budgeted \$679 in fiscal year 2005-2006. This is an increase in spending per capita of 2.6% during a period of time showing a 6.0% 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 36.15 full time equivalents in the General Fund, new positions were added to the Special Revenue Funds to complete the consolidation of Animal Service for the County and the cities of Sparks and Reno, additional utility and maintenance budgets for new parks and facilities, funds to continue to maintain and enhance technology for both capital and non capital items, and as mentioned earlier we set aside some of our additional revenues generated due to our strong economy to fund needed capital projects.

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 15 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 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 is currently undertaking a pilot program that includes small departments and /or divisions of a large department that represent all the functional areas within the County. This pilot will allow us to implement this process and identify issues that will need to be addressed prior to trying to implement the program across the County. Based on the results of the pilot, it will dictate how this tool will be used in future budget prioritization.

The County staff continues to try innovative ways to enhance the productivity and the service levels 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, Lisa Gianoli, Anna Heenan, Ron Steele, Valerie Wade, and Karen Wallace - 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 6/30/2006	TOTAL (MEMO ONLY) COLUMNS 3+4 (5)
REVENUES	ACTUAL PRIOR YEAR 6/30/2004 (1)	ESTIMATED CURRENT YEAR 6/30/2005 (2)	BUDGET YEAR 6/30/2006 (3)		
Property Taxes	141,754,811	153,663,613	162,524,180	0	162,524,180
Other Taxes	2,410,698	3,526,400	3,312,904	0	3,312,904
Licenses and Permits	8,076,657	9,833,742	9,660,592	0	9,660,592
Intergovernmental Resources	154,137,146	187,435,285	173,095,610	0	173,095,610
Charges for Services	17,787,355	18,164,250	17,806,709	71,814,447	89,621,156
Fines and Forfeits	7,809,346	7,513,523	7,456,172	0	7,456,172
Miscellaneous	5,271,110	12,508,984	10,451,070	44,899,982	55,351,052
TOTAL REVENUES	337,247,123	392,645,797	384,307,237	116,714,429	501,021,666
EXPENDITURES-EXPENSES					
General Government	53,118,676	61,079,359	75,268,154	51,970,740	127,238,894
Judicial	42,148,462	81,830,554	75,241,073	0	75,241,073
Public Safety	97,825,413	115,730,347	123,885,181	4,235,729	128,120,910
Public Works	19,275,144	22,224,475	34,718,259	0	34,718,259
Sanitation	32,864	0	1,596,448	16,650,936	18,247,384
Health	17,589,916	26,583,525	58,755,137	0	58,755,137
Welfare	42,866,450	59,868,187	56,696,370	0	56,696,370
Culture and Recreation	28,832,484	38,111,252	80,792,946	1,939,134	82,732,080
Community Support	506,214	725,894	951,127	0	951,127
Intergovernmental Expenditures	5,673,881	6,233,728	5,426,175	0	5,426,175
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	14,271,839	13,706,635	14,543,700	0	14,543,700
Interest Costs	9,064,144	8,655,162	9,760,777	3,016,030	12,776,807
TOTAL EXPENDITURES-EXPENSES	331,205,487	434,749,120	538,635,348	77,812,569	616,447,917
Excess of Revenues over (under) Expenditures-Expenses	6,041,636	(42,103,322)	(154,328,111)	38,901,860	(115,426,251)

BUDGET SUMMARY FOR WASHOE COUNTY

GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS				PROPRIETARY FUNDS BUDGET YEAR 6/30/2006 (4)	TOTAL (MEMO ONLY) COLUMNS 3+4 (5)
	ACTUAL PRIOR YEAR 6/30/2004 (1)	ESTIMATED CURRENT YEAR 6/30/2005 (2)	BUDGET YEAR 6/30/2006 (3)		
OTHER FINANCING SOURCES (USES):					
Proceeds of Long-term Debt	16,885,283	26,208,962	30,844,807	0	
Sales of General Fixed Assets	4,673,960	7,541,450	85,000	100,000	
Proceeds of Medium-term Financing	1,200,000	1,810,036	8,100,000	0	
Proceeds of Lease Purchase Financing	0	0	0	0	
Operating Transfers In	45,549,766	41,371,865	56,534,305	4,111,566	
Operating Transfers (Out)	(54,065,669)	(47,072,605)	(59,395,871)	(1,250,000)	
TOTAL OTHER FINANCING SOURCES (USES)	14,243,340	29,859,708	36,168,241	2,961,566	
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES (Net Income)	20,284,976	(12,243,615)	(118,159,870)	41,863,426	XXXXXXXXXXXXXXXXXX
FUND BALANCE JULY 1, BEGINNING OF YEAR:					XXXXXXXXXXXXXXXXXX
Reserved	0	0	0	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
Unreserved	196,246,101	216,531,077	204,287,462	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
TOTAL BEGINNING FUND BALANCE	196,246,101	216,531,077	204,287,462	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
Prior Period Adjustments	0	0	0	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
Residual Equity Transfers In	0	0	0	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
Residual Equity Transfers (Out)	0	0	0	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
FUND BALANCE JUNE 30, END OF YEAR:					XXXXXXXXXXXXXXXXXX
Reserved	0	0	0	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
Unreserved	216,531,076	204,287,461	86,127,591.39	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
TOTAL ENDING FUND BALANCE	216,531,076	204,287,461	86,127,591		

ESTIMATED REVENUES AND OTHER RESOURCES

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

Budget For Fiscal Year Ending June 30, 2006

Budget Summary for Washoe County

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	46,270,888	102,100,000	123,556,392	1.0602	62,360,707	85,000	1,648,000	336,020,986
Health	1,007,076	0	0	0.0000	9,886,553	0	9,227,179	20,120,808
Library Expansion	116,576	0	2,351,568	0.0200	22,000	0	105,000	2,595,144
Animal Services	385,088	0	3,515,352	0.0300	724,650	0	0	4,625,090
Agricultural Extension	548,106	0	1,176,784	0.0100	0	0	0	1,724,890
Indigent Tax Levy	0	0	11,760,340	0.1000	224,500	0	0	11,984,840
Child Protective Services	6,284,953	0	4,707,385	0.0400	20,907,839	0	1,315,935	33,216,112
Senior Services	604,015	0	1,176,784	0.0100	2,142,064	0	120,000	4,042,863
May Foundation	391,710	0	0	0.0000	646,687	0	332,000	1,370,397
Administrative Assessments	2,812,640	0	0	0.0000	557,937	0	0	3,370,577
Enhanced 911	476,920	0	0	0.0000	1,047,000	0	0	1,523,920
Regional Public Safety	265,378	0	0	0.0000	754,354	0	0	1,019,732
Stabilization	3,250,000	0	0	0.0000	0	0	0	3,250,000
Capital Facilities	16,485,938	0	5,878,920	0.0500	85,000	0	973,664	23,423,522
Parks Construction	22,982,500	0	0	0.0000	1,270,750	20,000,000	6,976,778	51,230,028
Subtotal Governmental Fund Types, Expendable Trust Funds - This Page	101,881,786	102,100,000	154,123,525	1.3202	100,630,041	20,085,000	20,698,556	499,518,908
PROPRIETARY FUNDS								
SUBTOTAL PROPRIETARY FUNDS								
TOTAL ALL FUNDS								

* 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, 2006

Budget Summary for Washoe County

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	23,228,129	0	0	0.0000	6,313,735	10,844,807	11,687,558	52,074,229
Extraordinary Maintenance	0	0	0	0.0000	0	0	0	0
Special Assessment Districts Projects	97,657	0	0	0.0000	59,625	8,100,000	0	8,257,282
Infrastructure	31,526,472	0	0	0.0000	9,347,873	0	0	40,874,345
Baseball Stadium	537,405	0	0	0.0000	1,208,000	0	0	1,745,405
Stormwater Impact Fee	1,629,342	0	0	0.0000	324,500	0	0	1,953,842
Accrued Benefits	171,933	0	0	0.0000	7,500	0	4,050,000	4,229,433
Retiree Health Benefits	33,677,830	0	0	0.0000	650,000	0	4,403,344	38,731,174
Alturas Power Mitigation	0	0	0	0.0000	0	0	0	0
Washoe County Debt	10,426,128	0	8,400,655	0.0715	554,444	0	15,655,847	35,037,074
SAD Debt	1,110,779	0	0	0.0000	587,339	0	39,000	1,737,118
Subtotal Governmental Fund Types, Expendable Trust Funds - This Page	102,405,675	0	8,400,655	0	19,053,016	18,944,807	35,835,749	184,639,902
PROPRIETARY FUNDS								
SUBTOTAL PROPRIETARY FUNDS		0	0					
TOTAL ALL FUNDS	204,287,462	102,100,000	162,524,180	1.3917	119,683,057	39,029,807	56,534,305	684,158,810

* 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, 2006

Budget Summary for Washoe County

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		136,275,457	50,547,991	69,586,389	7,460,571	1,000,000	48,007,094	23,143,485	336,020,986
Health	R	12,317,531	3,991,493	3,731,755	77,000	0	0	3,028	20,120,808
Library Expansion	R	1,258,700	431,353	30,635	0	0	786,191	88,265	2,595,144
Animal Services	R	1,615,850	531,005	1,587,277	0	0	566,007	324,951	4,625,090
Agricultural Extension	R	431,151	138,637	573,020	160,000	0	0	422,082	1,724,890
Indigent Tax Levy	R	0	0	11,984,840	0	0	0	0	11,984,840
Child Protective Services	R	10,643,020	3,494,795	14,513,061	332,000	0	1,210,243	3,022,993	33,216,112
Senior Services	R	1,915,008	674,199	1,320,093	0	0	0	133,563	4,042,863
May Foundation	R	551,732	120,972	300,237	19,000	0	0	378,456	1,370,397
Administrative Assessments	R	0	0	571,853	692,296	0	973,664	1,132,764	3,370,577
Enhanced 911	R	100,000	0	800,100	591,950	0	0	31,870	1,523,920
Regional Public Safety	R	222,576	65,509	259,827	385,000	0	0	86,820	1,019,732
Stabilization	R	0	0	3,250,000	0	0	0	0	3,250,000
Capital Facilities	C	0	0	1,656,242	15,800,000	0	2,928,834	3,038,446	23,423,522
Parks Construction	C	0	0	0	50,670,012	0	0	560,016	51,230,028
SUBTOTAL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS - THIS PAGE		165,331,025	59,995,954	110,165,329	76,187,829	1,000,000	54,472,033	32,366,739	499,518,908

* 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, 2006

Budget Summary for Washoe County

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	51,987,902	0	0	86,327	52,074,229
Extraordinary Maintenance	C	0	0	0	0	0	0	0	0
Special Assessment Districts Projects	C	0	0	0	8,200,000	0	39,000	18,282	8,257,282
Infrastructure	C	0	0	0	36,056,865	0	3,677,372	1,140,108	40,874,345
Baseball Stadium	C	0	0	0	1,180,000	0	225,900	339,505	1,745,405
Stormwater Impact Fee	C	0	0	0	193,268	0	0	1,760,574	1,953,842
Accrued Benefits	R	4,000,000	0	0	0	0	0	229,433	4,229,433
Retiree Health Benefits	R	0	0	0	0	0	981,566	37,749,608	38,731,174
Alturas Power Mitigation	C	0	0	0	0	0	0	0	0
Washoe County Debt	D	0	0	23,843,883	0	0	0	11,193,191	35,037,074
SAD Debt		0	0	493,294	0	0	0	1,243,824	1,737,118
SUBTOTAL		4,000,000	0	24,337,177	97,618,035	0	4,923,838	53,760,852	184,639,902
TOTAL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS		169,331,025	59,995,954	134,502,506	173,805,864	1,000,000	59,395,871	86,127,591	684,158,810

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

** Includes debt services requirement.

*** Includes residual equity transfers.

BUDGET PROCESS

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 is discussed, 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										█	█	█

Discussion

The budget process starts with strategic planning workshops. 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 \$50,000.

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 \$50,000. The Information Technology Advisory Committee (ITAC) reviews all technology projects and makes recommendations on the projects with an estimated cost greater than \$50,000.

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.

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 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 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 30 days from 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 on-line accounting 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:

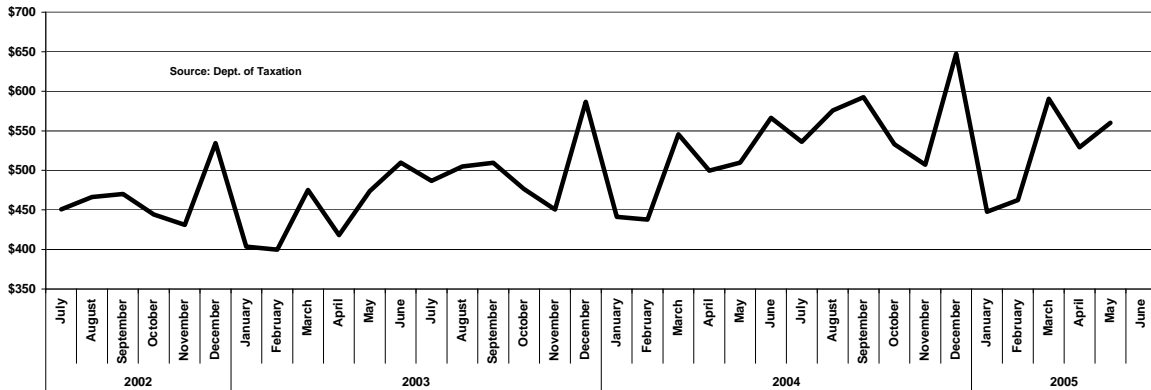
1. Governmental Fund Types
 - General Fund
 - Special Revenue Funds
 - Debt Service Funds
 - Capital Project Funds
2. Proprietary Fund Types
 - Enterprise Funds
 - Internal Service Funds
3. Fiduciary Fund Types
 - Truckee Meadows Fire Protection District
 - South Truckee Meadows General Improvement District
 - Alturas Power Mitigation
 - Accrued Benefits
 - Retiree Health Benefits
 -

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.

Taxable Sales

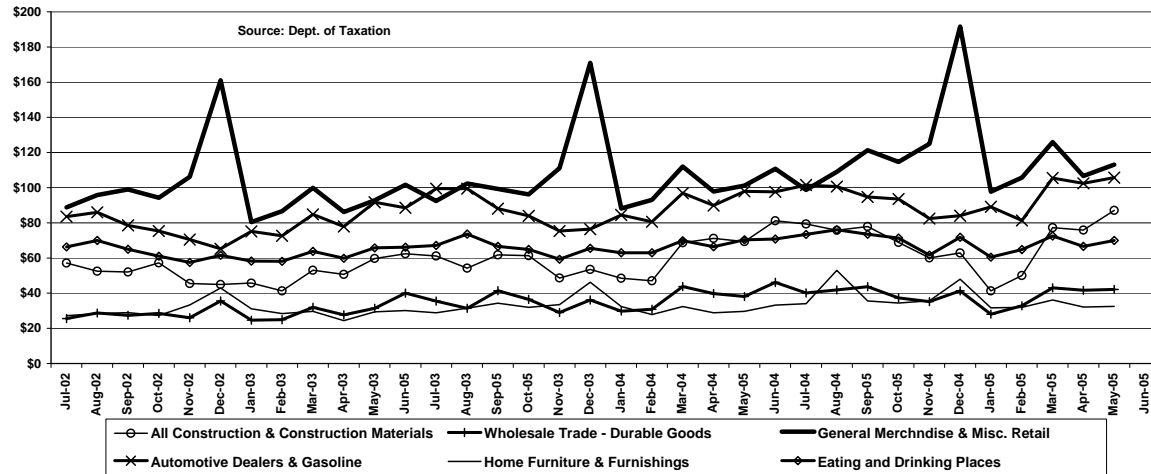
Over the last 12 months the local economy has continued the growth that started late in 2002-2003 fiscal year. This growth has been swifter and stronger than expected. When the current year's budget was developed continued growth was anticipated for fiscal year 2004-2005; however, the economic data did not suggest the growth to be as robust.

Washoe County Taxable Sales in Millions of Dollars July 2003 to 2005



Automobile sales are the largest contributor and general merchandise and retail remains strong contributors to the taxable sales.

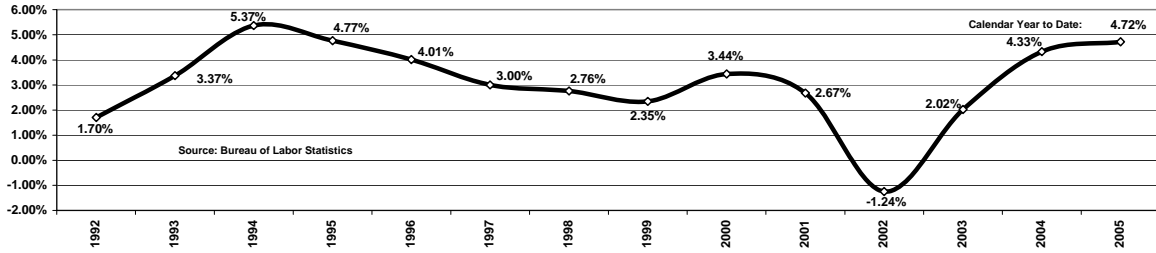
Washoe Taxable Sales in Millions of Dollars by Major Sectors



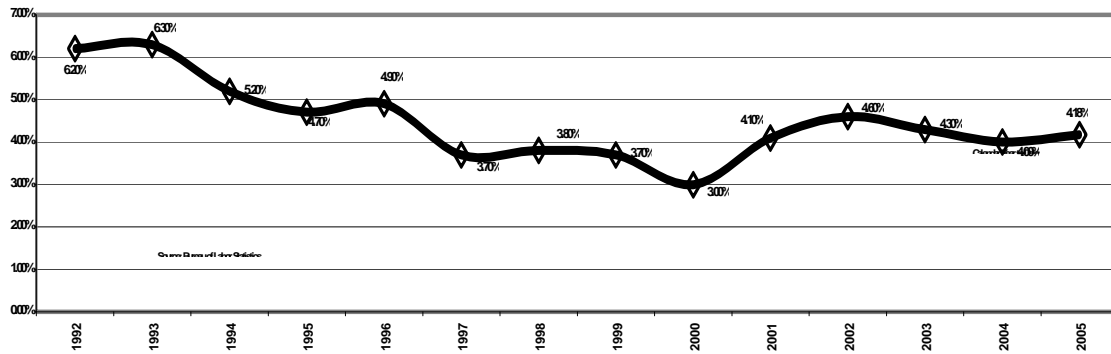
Local Economic Indicators

The strong local economy has boosted revenues in the current fiscal year. For next fiscal year, the revenue outlook is projected to be a return to more moderate revenue growth. With the additional revenue received this year, the County provided much needed support to fund capital needs. The benefits will be that we complete needed projects and limit the amount of long-term debt and the associated costs. We also felt it prudent, in strong economic times that may not be sustainable; to use these dollars for one time costs. The graphs below show the recent trends for key economic indicators for the coming fiscal year.

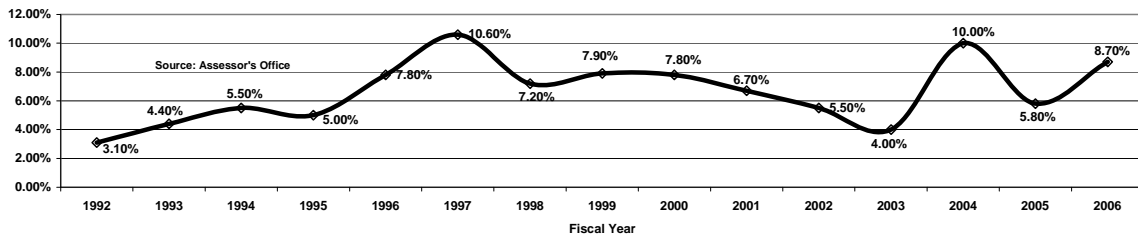
Reno MSA: Annual Job Growth Rates 1992 to 2006



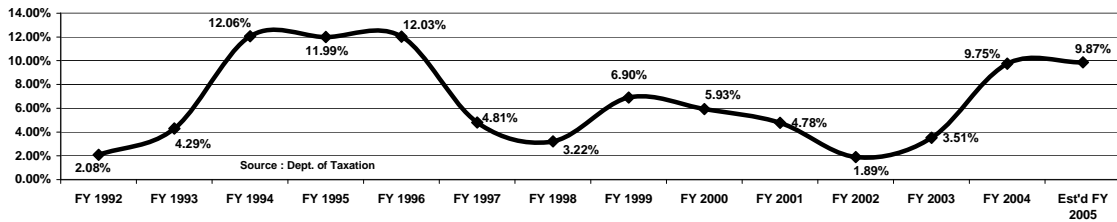
Reno MSA: Annual Unemployment Rate 1992 to 2005



Assessed Value Fiscal Year Percent Change 1992 to 2006 (AV growth determines property tax revenue)



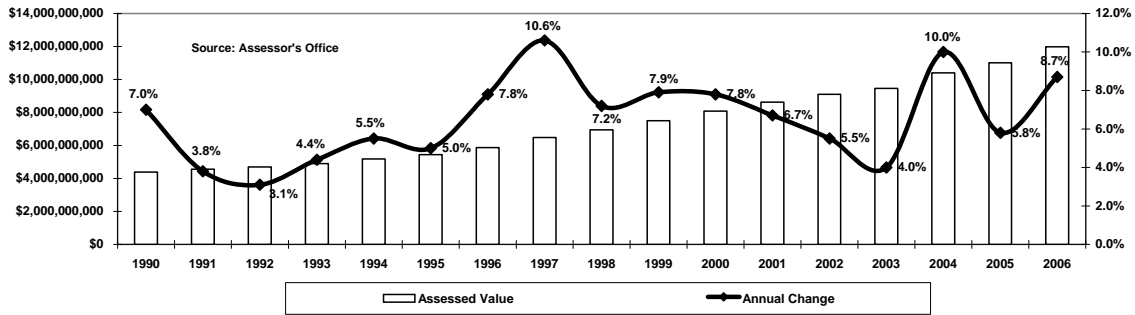
Taxable Sales Fiscal Year Percent Change 1992 to 2005



Assessed Valuation

Nearly 40% of General Fund revenue 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 two years due to a strong housing market and land value increases across the County. Figure 4 illustrates assessed value growth from 1991 to 2005.

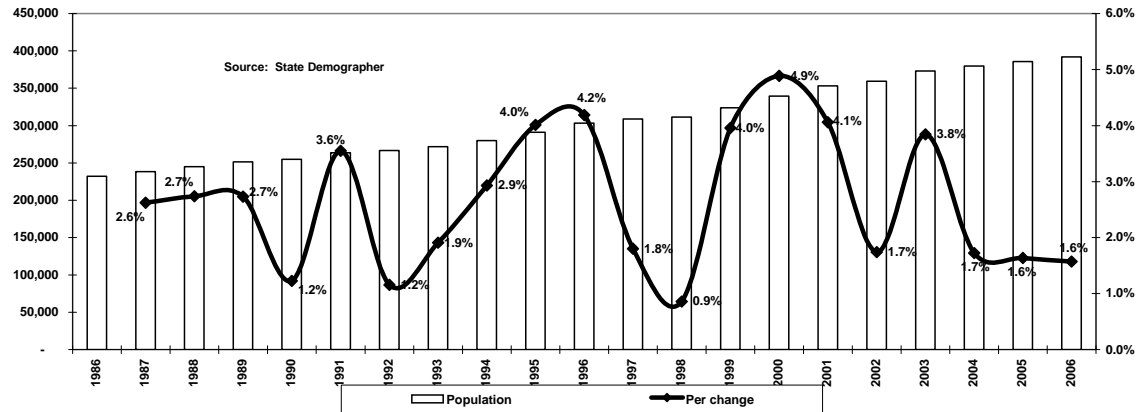
Washoe County Assessed Valuation



Population

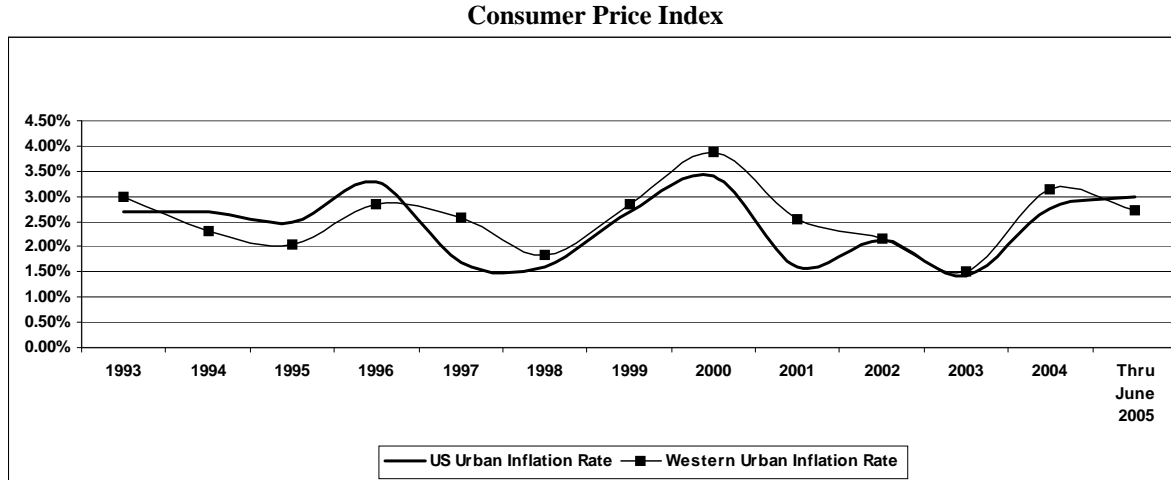
Nevada remains one of the fastest growing states in the country and while not growing as fast as the state, Washoe County continues to add thousands of new residents annually. In the last year, Washoe County grew an additional 10,220 residents bringing the total population to 383,453.

Washoe County Population



Consumer Price Index

Given some of the inflationary pressures such as fuel costs inflation still remains relatively low. We are seeing an increase but to date about 3%.



Revenue Assumptions

Based on the review of local and national indicators, the fiscal year 2005-2006 revenue assumptions follow:

Property Taxes

- The County's assessed value increased by 8.5% over the 2004-05 fiscal year, from \$11,016,258,259 to \$11,978,548,539.
- Property tax rate will remain the same as fiscal year 2004-2005 rates.
- Property taxes comprise 43% of the County's General Fund revenues.

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 2005-2006 consolidated taxes are anticipated to grow 8% from current year collections. Consolidated taxes make up 35% of General Fund revenue.
- We project an overall decline of 2.4% in AB104 revenues due to a statutory 20% reduction in the GST tax. This reduction is the fifth and final in a 5-year phase out of the AB104 GST (Government Services Tax).

Other Revenues

- Other significant County revenues include Government Services taxes, 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 2005-2006 budget, the bargaining units had not finalized a contract. The cost of living adjustment used for the budget approximates that of the CPI of approximately 3%.
- Employee benefit costs are increasing by 9.5% due to health insurance and retirement benefit increases.
- Capital expenditures are being funded through additional transfers to capital funds. We made a decision when preparing the budget to use a portion of the additional dollars being generated by our strong economy to fund one-time capital costs. We set aside dollars for brick and mortar projects as well as technology.

Overall Budget Guidelines Set By The Board of County Commissioners

- Budget Growth limited to Consumer Price Index and Population Growth of 5.99%. The approved General Fund budget is 5.46% increase from 2004-05 estimated year end expenditures.
- Fund balance in the General Fund is budgeted at 7.6%.
- Maintain Contingency at \$1 million. Both of these financial practices contributed to a stable bond rating of Aa3.
- Continue salary savings being returned to the General Fund. This practice has allowed us to fund important priorities that arise during the fiscal year.
- Maintain pay-as-you-go Capital Projects. An example of this is the County's Infrastructure Preservation Program as well as the additional capital dollars budgeted this year as a result of our improved revenue collections.

A broad based economic expansion has created an opportunity to invest in important services and provided a foundation from which to exercise prudent fiscal management. 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 two 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.

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.

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.

Performance Measures

In 1994 the County joined a collaborative effort initiated by the Innovations Group to develop common performance measures. The intent of these common performance measures is to enable management to make a quick assessment of how their organization performs relative to a group of similar communities and programs. These performance measures are collected through a variety of techniques:

- Citizen feedback – includes meetings with citizen advisory boards
- Citizen surveys – includes service program questionnaires and selected service surveys, e.g. Sheriff's Department, Planning Department
- Media feedback – includes communication to and from the local media
- Internal program evaluations – performance evaluations initiated by the Board of County Commissioners or County Manager, through Internal Audit Division
- External program evaluations – performance evaluations authorized by the Board of County Commissioners (e.g. overall facility master plan)

In addition, other empirical tools such as management by observation, awards, competitive grant funding, and review of goal and objective accomplishment are used in measuring the County's performance. The results of these performance techniques and tools are reflected throughout the budget, both operating and capital, and are an integral component of the County's policy and budget processes.

As a result of careful and conservative financial planning, the County of Washoe continues to be in a strong financial position. The County's current financial policies are designed to promote financial independence and to help insulate the County against a future economic downturn. Washoe County continues to be a desirable place to live, work and build for the future.

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 used 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.

Debt Management Policy

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.

- The Finance Department 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.
- 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.
- 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.
- 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.
- The County Comptroller shall diligently monitor the county's compliance with bond covenants and assure the county's compliance with federal arbitrage regulations.
- 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.