



# WASHOE COUNTY

*"Dedicated to Excellence in Public Service"*



OFFICE OF THE COUNTY MANAGER  
FINANCE DEPARTMENT

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Date: June 30, 2006  
To: Katy Singlaub, County Manager  
From: John Sherman, Director of Finance  
Subject: 2006-2007 Budget

## **Revenue and Expenditure Summaries – All Governmental Funds**

The budget is comprised of 25 Governmental Funds and 6 Proprietary Funds. The combined appropriations in the Governmental Funds, including Fund Balance and Transfers Out, total \$786,961,663. Estimated expenses in the Proprietary Funds total \$89,316,567.

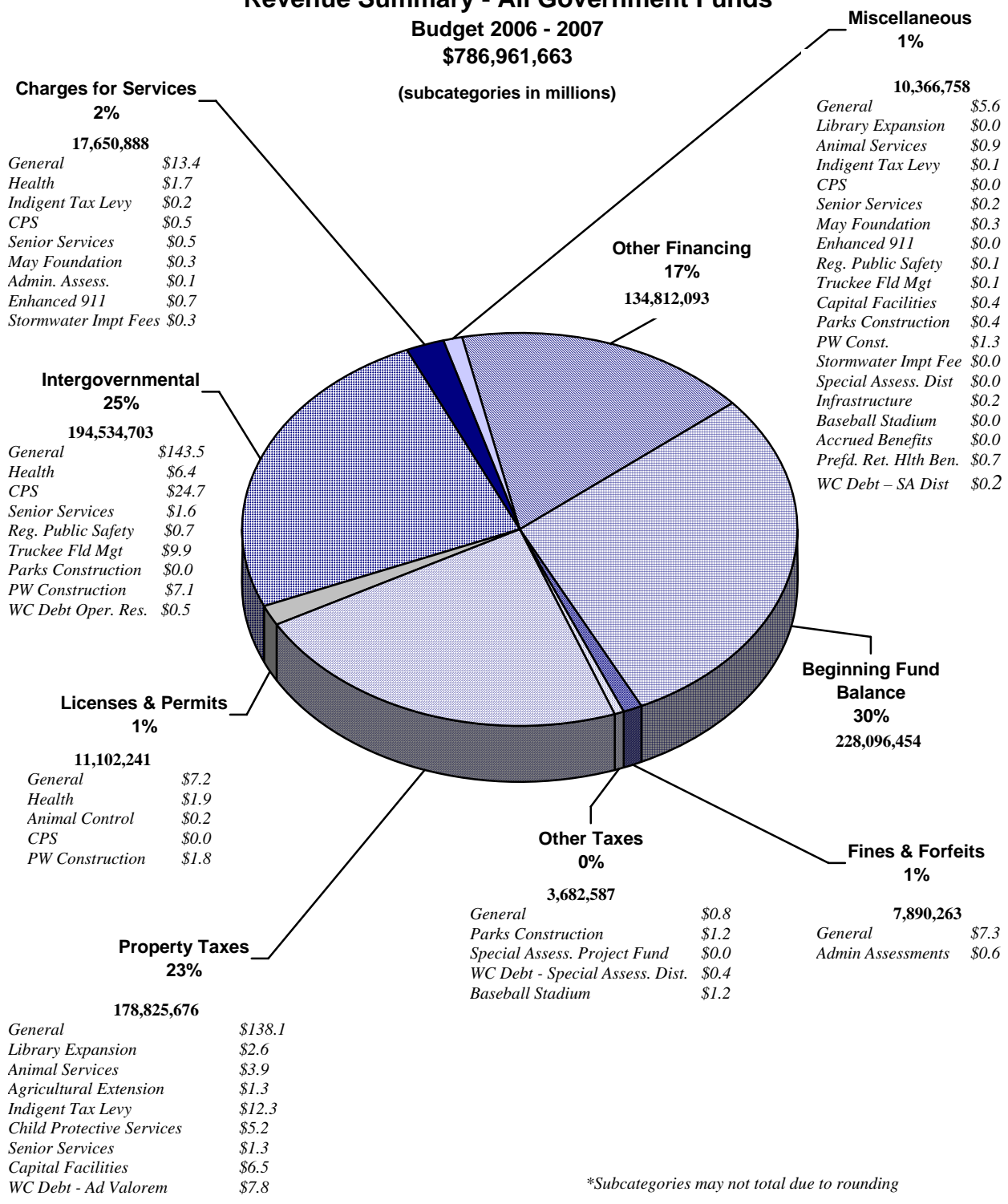
Nine of the Governmental Funds are financed in part by property taxes and/or Consolidated Tax revenues. Of these Funds, the Agricultural Extension Fund is financed by a \$0.01 legislatively approved tax rate. The Animal Services Fund is financed by a \$0.03 voter approved tax rate. The Child Protective 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 \$674,683 from the General Fund. The Indigent Health Fund is required by State Law and includes a \$0.0950 voter approved property tax rate. The Senior Services Fund is financed by a \$0.01 voter approved tax rate along with a General Fund transfer of \$360,000. The Library Expansion Fund is funded with a \$0.02 voter approved tax rate along with a General Fund transfer of \$105,000. 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 \$0.0601. 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 \$0.0077, a general operating rate of \$0.9251, 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 2006-2007 revenues) totals \$443,169,977. The budgeted ending fund balance in the General Tax Supported Budget less capital expenditures is approximately 6.7%. Other ending fund balances are at or below the minimum considered to be necessary, or are restricted funds.

# Revenue Summary - All Government Funds

Budget 2006 - 2007  
\$786,961,663

(subcategories in millions)

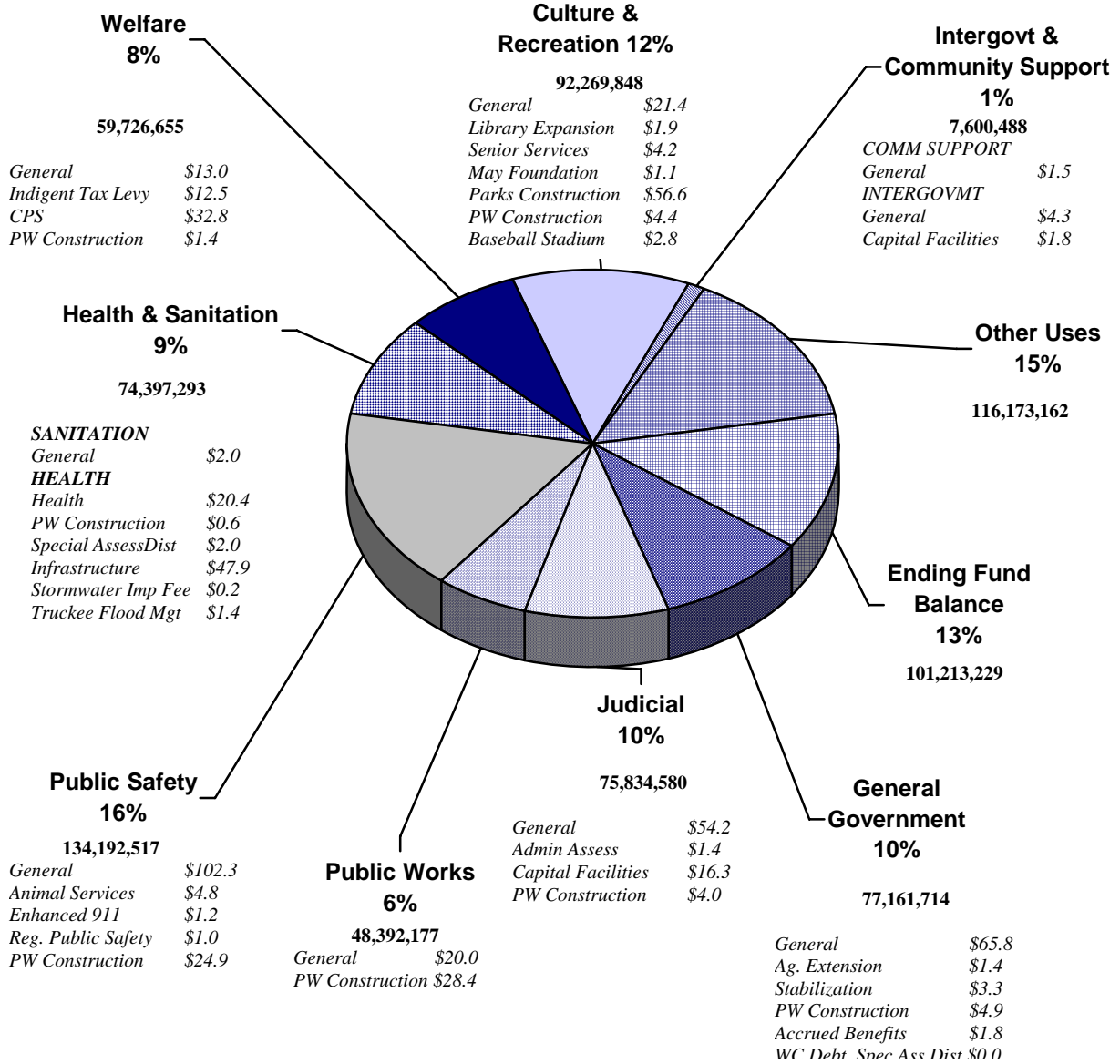


## Expense Summary - All Government Funds

Budget 2006 - 2007

**\$786,961,663**

(subcategories in millions)



\*Subcategories may not total due to rounding

**Where Your Tax Dollars Go**

<b>Fiscal Year 2006/2007</b>		
<b>ASSESSED VALUATION</b>		
Property		13,505,652,461
Net Proceeds of Mines		1,750,000
<b>TOTAL</b>		<b>13,507,402,461</b>
		Property Tax Based on a \$100,000 Market Value
	<b>Tax Rate</b>	
<b>STATE</b>	0.1700	\$ 59.50
<b>SCHOOL DISTRICT</b>	1.1385	398.48
<b>COUNTY OPERATING RATES</b>		
General Fund		
Operating	0.9251	323.79
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
<b>SPECIAL REVENUE FUNDS/DEBT SERVICE</b>		
Library	0.0200	7.00
Animal Services	0.0300	10.50
Indigent Tax Levy	0.0950	33.25
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	0.0601	21.04
<b>SHARED TAX RATES</b>		
Capital Improvements	0.0500	17.50
AB 104 Tax Rate	0.0272	9.52
<b>COUNTY GOVERNMENT TAX RATES</b>	<b>1.3917</b>	<b>487.09</b>
<b>TOTAL STATE, SCHOOL &amp; COUNTY</b>	<b>2.7002</b>	<b>\$945.07</b>
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 2006-2007

	(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	13,505,652,461	167,240,494	0.9401	126,966,639	(6,169,063)	120,797,576
B. Ad Valorem Outside Revenue Limitations: Net Proceeds of Mines	Same as above	1,750,000	21,670	Same as above	16,452	(799)	15,653
VOTER APPROVED:							
C. Voter Approved Overrides	0.1000	13,507,402,461	13,507,402	0.1000	13,507,402	(656,299)	12,851,103
LEGISLATIVE OVERRIDES:							
D. Accident Indigent (NRS 428.185)	0.0150	"	2,026,110	0.0150	2,026,110	(98,445)	1,927,665
E. Medical Indigent (NRS 428.285)	0.1000	"	13,507,402	0.0950	12,832,032	(623,484)	12,208,548
F. Capital Acquisition (NRS 354.59815)	0.0500	"	6,753,701	0.0500	6,753,701	(328,149)	6,425,552
G. Youth Services Levy (NRS 62.327)	0.0077	"	1,040,070	0.0077	1,040,070	(50,535)	989,535
H. Legislative Overrides	0.0774	"	10,454,730	0.0774	10,454,730	(507,975)	9,946,755
I. SCCRT Loss NRS 354.59813	0.1224	"	16,533,061	0.0000	0	0	0
J. Other: Family Court	0.0192	"	2,593,421	0.0192	2,593,421	(126,009)	2,467,412
K. Other: AB 104 (See Note 1)	0.0272	"	3,674,013	0.0272	3,674,013	(178,513)	3,495,500
L. SUBTOTAL LEGISLATIVE OVERRIDES	0.4189		56,582,508	0.2915	39,374,077	(1,913,110)	37,460,967
M. Subtotal A, B, C, L	1.7572		237,352,074	1.3316	179,864,570	(8,739,271)	171,125,299
N. Debt	0.0601		8,117,949	0.0601	8,117,949	(394,435)	7,723,514
O. TOTAL M AND N (see Note 2)	1.8173		245,470,023	1.3917	187,982,519	(9,133,706)	178,848,813

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 \$2,326,768 and has budgeted accordingly.

Note 2: Washoe County also budgeted for delinquent tax collections in the amount of \$1,145,595

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 \$9.1 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.)

### **2006-2007 Budget Highlights**

- ❑ Washoe County's 2006-2007 final budget for fiscal year 2006-2007 totals \$688,351,544.
- ❑ Estimated General Fund revenues for 2006-2007 total \$315,972,900 which represents an increase of 9.7% over 2005-2006.
- ❑ Washoe County property tax revenues (including delinquent taxes) are anticipated to increase 10.0%, for total revenue of \$178,825,676. (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 \$331,191,461, a growth of 5.9% over the 2005-2006 adopted budget.
- ❑ Combined rates of growth in population and consumer price index for the 2005-2006 year is 6.90%.
- ❑ 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 7.86 FTE's per 1,000 population in 2006-2007.
- ❑ Public Works Construction project budgets total \$68,554,315 and infrastructure preservation and other capital projects total \$136,081,639 for a total capital outlay of \$204,635,954.
- ❑ About 70% 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 2005-2006 cost per capita of \$714 to a budgeted \$717 in fiscal year 2006-2007. This is an increase in spending per capita of .4% during a period of time showing a 6.9% 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 58.23 full time equivalents in the General Fund including expansion of the Family Peace Center and Alternative Sentencing programs; 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; to staff the Truckee River Flood Management Project; and to respond to increased demands for services in the Building & Safety Fund, Water Resources Fund, Senior Services Fund, and the Child Protective Services Fund; and additional funds were allocated for new parks and facilities, funds to continue to maintain and enhance technology for both capital and non capital items, increasing of public safety and judicial budgets, bolstering staff and equipment for voters, increasing reserves for Workers' Compensation and earmarking 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 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 recently completed a pilot program that includes small departments and /or divisions of a larger department that represent all the functional areas within the County. Two outcomes of the pilot were recently adopted by the Board, with direction to develop program definitions and ranking criteria across all departments in Washoe County to be utilized as one component of future resource allocation decisions. That process is underway for the 2008 budget.

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, Lisa Gianoli, Anna Heenan, Neeroo Manning, Patrick Morton, 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					
	ACTUAL PRIOR YEAR 6/30/2005 (1)	ESTIMATED CURRENT YEAR 6/30/2006 (2)	BUDGET YEAR 6/30/2007 (3)	PROPRIETARY FUNDS BUDGET YEAR 6/30/2007 (4)	TOTAL (MEMO ONLY) COLUMNS 3+4 (5)
<b>REVENUES</b>					
Property Taxes	152,862,397	163,146,982	178,825,676	0	178,825,676
Other Taxes	3,893,156	3,511,900	3,682,587	0	3,682,587
Licenses and Permits	9,817,374	10,468,256	11,102,241	0	11,102,241
Intergovernmental Resources	177,419,185	188,789,975	194,534,703	0	194,534,703
Charges for Services	18,029,899	18,468,981	17,650,888	76,278,468	93,929,356
Fines and Forfeits	7,610,192	7,965,567	7,890,263	0	7,890,263
Miscellaneous	14,040,307	13,205,137	10,366,758	45,745,697	56,112,455
<b>TOTAL REVENUES</b>	<b>383,672,510</b>	<b>405,556,798</b>	<b>424,053,116</b>	<b>122,024,165</b>	<b>546,077,281</b>
<b>EXPENDITURES-EXPENSES</b>					
General Government	54,750,469	71,357,719	77,161,714	57,027,395	134,189,109
Judicial	71,755,209	68,161,240	75,834,580	0	75,834,580
Public Safety	105,346,210	116,486,706	134,192,517	4,326,030	138,518,547
Public Works	20,233,029	22,467,507	48,392,177	0	48,392,177
Sanitation	0	1,596,448	2,011,322	21,443,357	23,454,679
Health	25,571,738	34,836,223	72,385,971	0	72,385,971
Welfare	57,020,781	55,737,545	59,726,655	0	59,726,655
Culture and Recreation	34,799,955	37,282,464	92,269,848	1,751,551	94,021,399
Community Support	570,650	1,113,669	1,490,249	0	1,490,249
Intergovernmental Expenditures	6,745,717	4,426,806	6,110,239	0	6,110,239
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				0	0
Debt Service - Principal	13,707,181	15,513,100	17,097,025	0	17,097,025
Interest Costs	8,677,721	9,796,919	11,362,680	4,768,234	16,130,914
<b>TOTAL EXPENDITURES-EXPENSES</b>	<b>399,178,660</b>	<b>438,776,345</b>	<b>599,034,977</b>	<b>89,316,567</b>	<b>688,351,544</b>
Excess of Revenues over (under) Expenditures-Expenses	(15,506,150)	(33,219,547)	(174,981,861)	32,707,598	(142,274,263)



**BUDGET SUMMARY FOR WASHOE COUNTY**

GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS					
	ACTUAL PRIOR YEAR 6/30/2005 (1)	ESTIMATED CURRENT YEAR 6/30/2006 (2)	BUDGET YEAR 6/30/2007 (3)	PROPRIETARY FUNDS BUDGET YEAR 6/30/2007 (4)	TOTAL (MEMO ONLY) COLUMNS 3+4 (5)
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of Long-term Debt	26,208,961	12,500,000	50,175,000	0	
Sales of General Fixed Assets	7,027,942	2,593	0	110,000	
Proceeds of Medium-term Financing	1,638,036	110,000	2,000,000	0	
Proceeds of Lease Purchase Financing	0	0	0	0	
Operating Transfers In	42,315,272	77,817,438	82,637,093	4,888,364	
Operating Transfers (Out)	(47,594,038)	(59,996,959)	(86,713,457)	(812,000)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>29,596,173</b>	<b>30,433,072</b>	<b>48,098,636</b>	<b>4,186,364</b>	
<b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES (Net Income)</b>	<b>14,090,023</b>	<b>(2,786,475)</b>	<b>(126,883,225)</b>	<b>36,893,962</b>	XXXXXXXXXXXXXXXXXXXX
<b>FUND BALANCE JULY 1, BEGINNING OF YEAR:</b>					
Reserved	0	0	0	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX
Unreserved	216,792,906	230,882,929	228,096,454	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>216,792,906</b>	<b>230,882,929</b>	<b>228,096,454</b>	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
<b>FUND BALANCE JUNE 30, END OF YEAR:</b>					
Reserved	0	0	0	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX
Unreserved	230,882,929	228,096,454	101,213,229	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX
<b>TOTAL ENDING FUND BALANCE</b>	<b>230,882,929</b>	<b>228,096,454</b>	<b>101,213,229</b>		

**ESTIMATED REVENUES AND OTHER RESOURCES**

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

Budget For Fiscal Year Ending June 30, 2007

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	36,977,549	112,472,713	138,060,753	1.0766	65,439,434	0	832,000	353,782,449
Health	943,611	0	0	0.0000	9,936,097	0	9,496,000	20,375,708
Library Expansion	113,116	0	2,587,180	0.0200	22,000	0	105,000	2,827,296
Animal Services	2,012,570	0	3,868,051	0	1,012,713	0	0	6,893,334
Agricultural Extension	734,595	0	1,294,650	0	0	0	0	2,029,245
Indigent Tax Levy	0	0	12,295,999	0	224,500	0	0	12,520,499
Child Protective Services	7,900,746	0	5,178,867	0	25,292,224	0	1,285,110	39,656,947
Senior Services	500,039	0	1,294,650	0	2,286,960	0	360,000	4,441,649
May Foundation	177,051	0	0	0	558,461	0	417,000	1,152,512
Administrative Assessments	2,459,023	0	0	0	696,394	0	0	3,155,417
Enhanced 911	628,585	0	0	0	684,690	0	0	1,313,275
Regional Public Safety	255,742	0	0	0	825,956	0	58,000	1,139,698
Truckee River Flood Mgt Infrastructure	26,130,746	0	0	0	10,002,819	0	0	36,133,565
Stabilization	3,250,000	0	0	0	0	0	0	3,250,000
Capital Facilities	17,359,102	0	6,467,952	0	315,000	0	0	24,142,054
Parks Construction	24,161,564	0	0	0	1,619,825	35,175,000	0	60,956,389
Subtotal Governmental Fund Types, Expendable Trust Funds - This Page	123,604,039	112,472,713	171,048,102	1.3316	118,917,073	35,175,000	12,553,110	573,770,037
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, 2007

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	32,158,721	0	0	0	10,238,351	15,000,000	11,614,748	69,011,820
Special Assessment Districts Projects	43,357	0	0	0	17,000	2,000,000	0	2,060,357
Infrastructure	18,359,846	0	0	0	225,000	0	29,500,000	48,084,846
Baseball Stadium	1,598,870	0	0	0	1,220,000	0	0	2,818,870
Stormwater Impact Fee	1,811,463	0	0	0	324,500	0	0	2,135,963
Accrued Benefits	440,139	0	0	0	10,000	0	1,350,000	1,800,139
Retiree Health Benefits	37,884,037	0	0	0	650,000	0	7,990,000	46,524,037
Alturas Power Mitigation	0	0	0	0.0000	0	0	0	0
Washoe County Debt	11,001,484	0	7,777,574	0	479,444	0	19,629,235	38,887,737
SAD Debt	1,194,498	0	0	0	673,359	0	0	1,867,857
Subtotal Governmental Fund Types, Expendable Trust Funds - This Page	104,492,415	0	7,777,574	0	13,837,654	17,000,000	70,083,983	213,191,626
PROPRIETARY FUNDS								
SUBTOTAL PROPRIETARY FUNDS		0	0					
<b>TOTAL ALL FUNDS</b>	<b>228,096,454</b>	<b>112,472,713</b>	<b>178,825,676</b>	<b>1.3917</b>	<b>132,754,727</b>	<b>52,175,000</b>	<b>82,637,093</b>	<b>786,961,663</b>

\* 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, 2007

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		146,666,883	53,549,363	76,168,054	8,011,743	1,000,000	45,795,418	22,590,988	353,782,449
Health	R	12,724,569	4,189,404	3,420,058	25,000	0	0	16,677	20,375,708
Library Expansion	R	1,370,078	454,274	26,658	0	0	787,701	188,585	2,827,296
Animal Services	R	1,908,063	649,486	1,569,692	662,000	0	569,195	1,534,898	6,893,334
Agricultural Extension	R	387,066	130,959	749,552	150,000	0	0	611,668	2,029,245
Indigent Tax Levy	R	0	0	12,520,499	0	0	0	0	12,520,499
Child Protective Services	R	11,956,133	3,986,420	16,499,579	340,000	0	400,000	6,474,815	39,656,947
Senior Services	R	2,134,709	755,328	1,276,122	12,000	0	0	263,490	4,441,649
May Foundation	R	552,287	127,757	347,305	87,000	0	0	38,163	1,152,512
Administrative Assessments	R	0	0	744,700	620,000	0	101,500	1,689,217	3,155,417
Enhanced 911	R	150,000	0	890,714	200,000	0	0	72,561	1,313,275
Regional Public Safety	R	255,787	80,327	463,394	224,999	0	0	115,191	1,139,698
Truckee River Flood Mgt Infrastructure	R	565,826	168,607	642,469	0	0	33,927,775	828,888	36,133,565
Stabilization	R	0	0	3,250,000	0	0	0	0	3,250,000
Capital Facilities	C	0	0	1,777,996	16,300,000	0	4,070,469	1,993,589	24,142,054
Parks Construction	C	0	0	0	56,560,709	0	0	4,395,680	60,956,389
<b>SUBTOTAL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS - THIS PAGE</b>		<b>178,671,401</b>	<b>64,091,925</b>	<b>120,346,792</b>	<b>83,193,451</b>	<b>1,000,000</b>	<b>85,652,058</b>	<b>40,814,410</b>	<b>573,770,037</b>

\* 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, 2007

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	68,554,315	0	0	457,505	69,011,820
Special Assessment Districts Projects	C	0	0	0	2,000,000	0	0	60,357	2,060,357
Infrastructure	C	0	0	0	47,893,670	0	0	191,176	48,084,846
Baseball Stadium	C	0	0	0	2,801,250	0	35	17,585	2,818,870
Stormwater Impact Fee	C	0	0	0	193,268	0	0	1,942,695	2,135,963
Accrued Benefits	R	1,800,000	0	0	0	0	0	139	1,800,139
Retiree Health Benefits	R	0	0	0	0	0	1,061,364	45,462,673	46,524,037
Alturas Power Mitigation	C	0	0	0	0	0	0	0	0
Washoe County Debt	D	0	0	27,989,365	0	0	0	10,898,372	38,887,737
SAD Debt		0	0	499,540	0	0	0	1,368,317	1,867,857
<b>SUBTOTAL</b>		<b>1,800,000</b>	<b>0</b>	<b>28,488,905</b>	<b>121,442,503</b>	<b>0</b>	<b>1,061,399</b>	<b>60,398,819</b>	<b>213,191,626</b>
<b>TOTAL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS</b>		<b>180,471,401</b>	<b>64,091,925</b>	<b>148,835,697</b>	<b>204,635,954</b>	<b>1,000,000</b>	<b>86,713,457</b>	<b>101,213,229</b>	<b>786,961,663</b>

\* 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 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. 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 financial 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
<b>Strategic Planning</b>	■	■	■									
<b>Develop Budget Guidelines</b>		■	■									
<b>CIP</b>	■	■	■	■	■	■	■	■				
<b>Prepare Supplemental Budget Requests</b>				■	■	■						
<b>Base Budget</b>	■	■	■	■								
<b>Submit Departmental Request to Finance</b>					■	■						
<b>Workshops/Review Requests &amp; Prepare Recommended Budget</b>						■	■	■	■			
<b>Submit Recommended Budget to BCC</b>								■	■			
<b>Appeals Process</b>								■				
<b>Public Hearings</b>									■			
<b>Budget Adoption</b>									■			
<b>Budget Implementation Amendment/Augmentation</b>										■	■	■

**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 15<sup>th</sup> 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 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 SAP enterprise 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

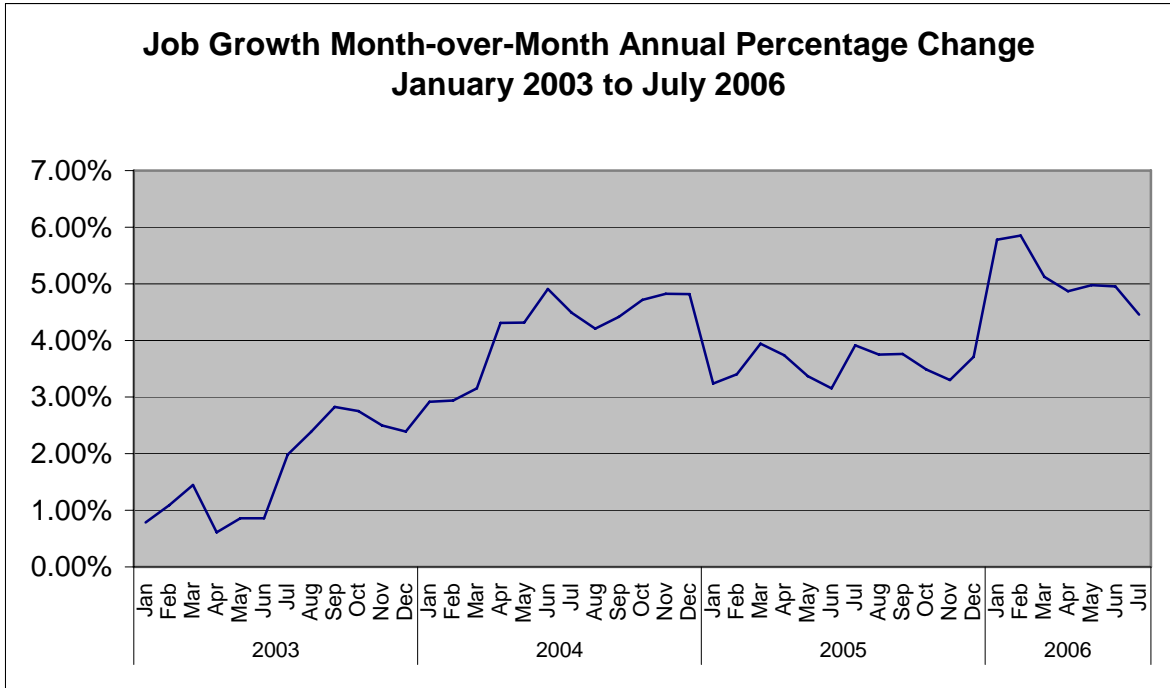
The description of each of the individual fund types are contained on the first page of the associated section. The separate fund pages include a description and purpose of the fund that necessitates it be accounted for separately.

**Economic Indicators**

The economic condition of Washoe County continues to be healthy. Job growth numbers are strong, unemployment remains low and our unit growth in housing gained in FY06. Sales tax collections continue to grow and year over year are up over 7.5%. We anticipate the local economy to continue to grow over the next 12 months, but at a slower pace.

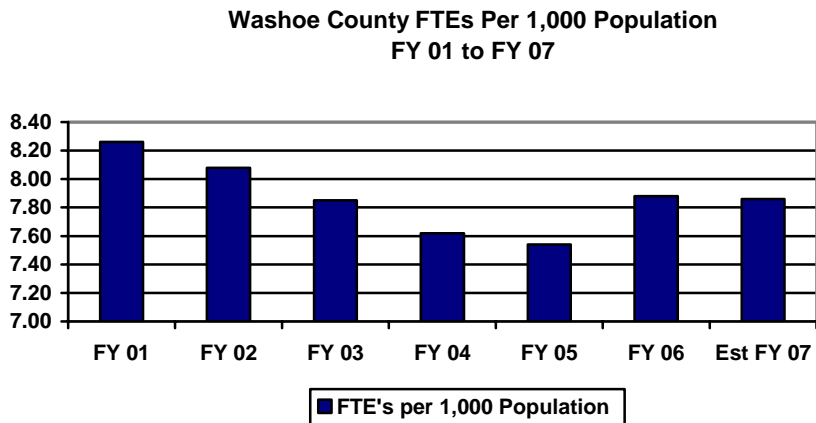
**Job Growth**

Healthy job growth continued through 2005 and into 2006 in Washoe County. Job growth has stimulated taxable sales. Construction sectors have also shown strong growth. The trend toward higher paying jobs continues.



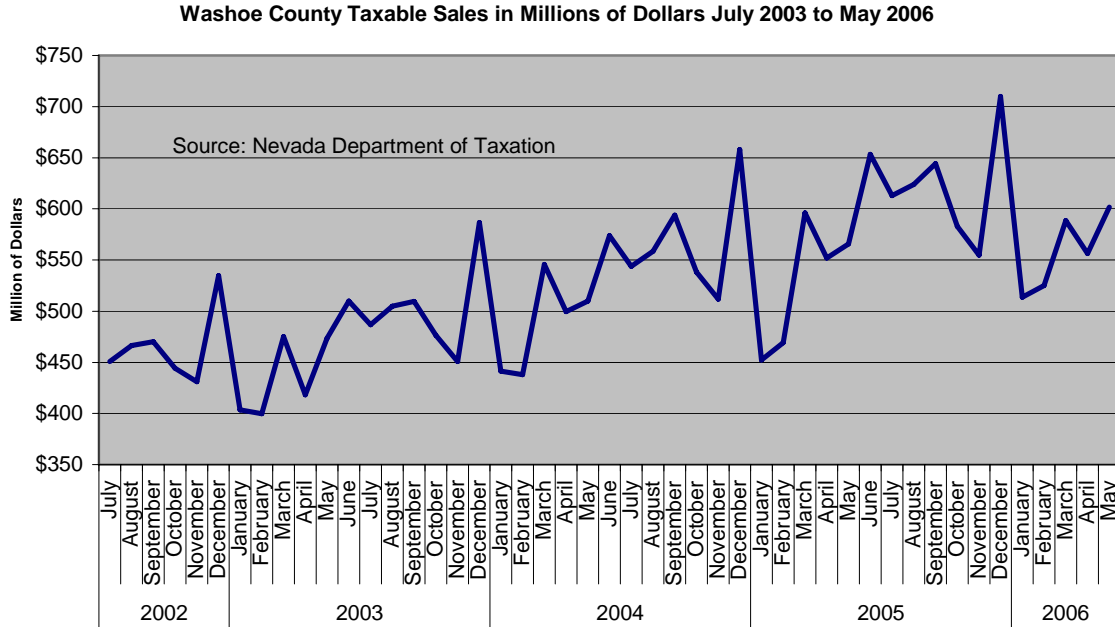
**Full Time Equivalents**

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.

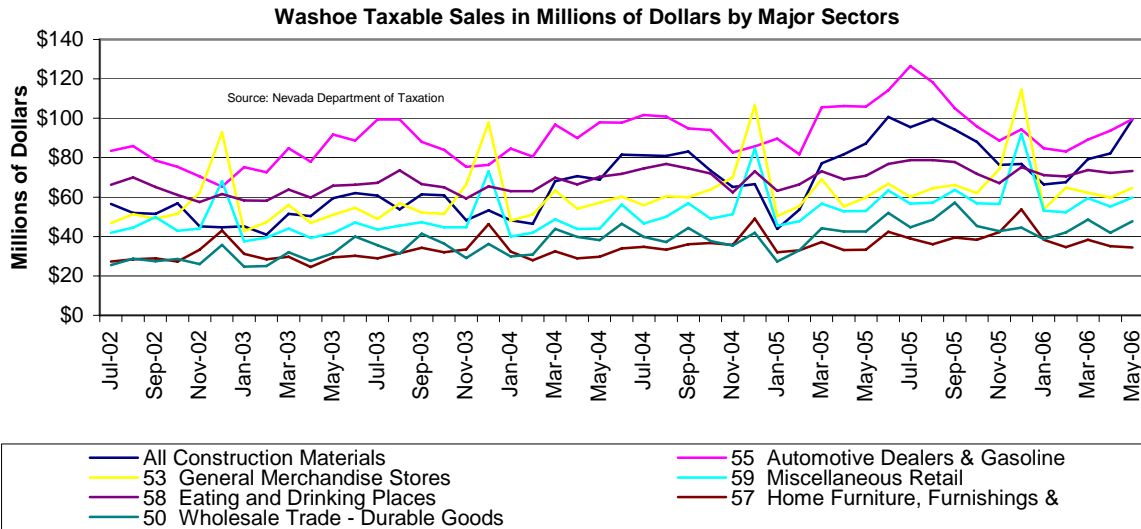


## Taxable Sales

Over the last few years, the local economy continued growth that started late in 2002, however the early months of 2006 show closer to a steady or slightly decreasing trend from the year before. When the current year's budget was developed, continued growth was anticipated for fiscal year 2006-2007, however at a reduced rate from prior years.

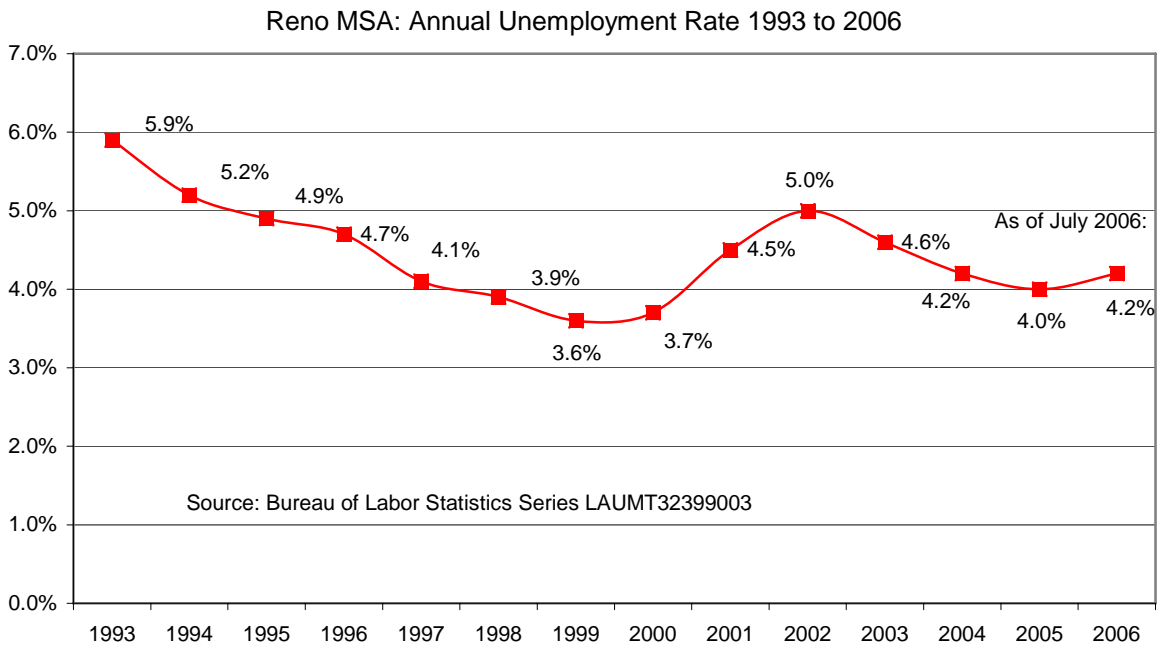
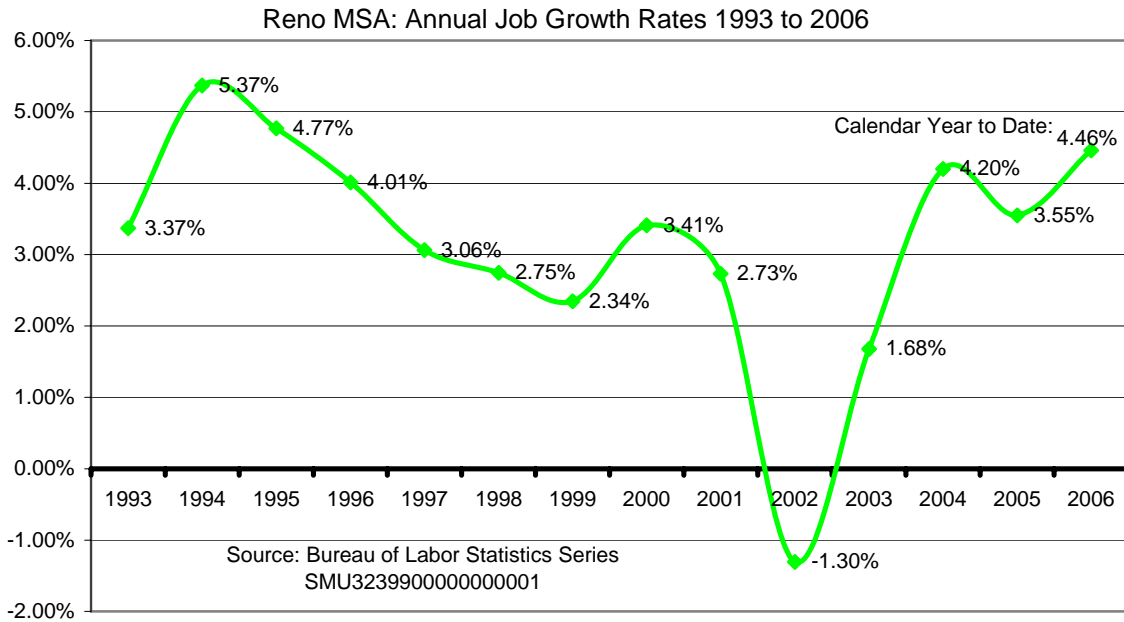


Automobile sales are the largest contributor and general merchandise and retail remains strong contributors to the taxable sales.



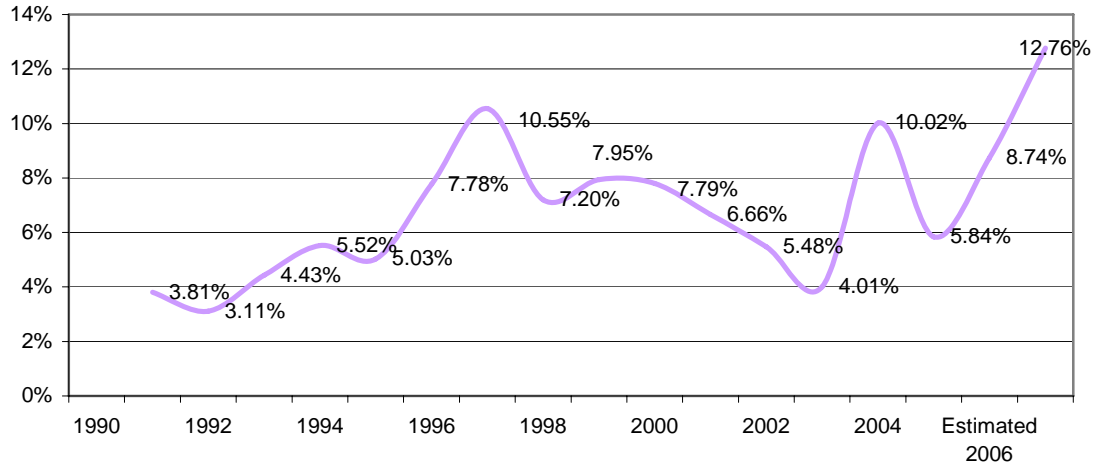
### Local Economic Indicators

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 continued to provide needed support to fund capital projects. The benefits continue, as we complete needed projects and limit the amount of long-term debt and the associated costs. We also feel 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.

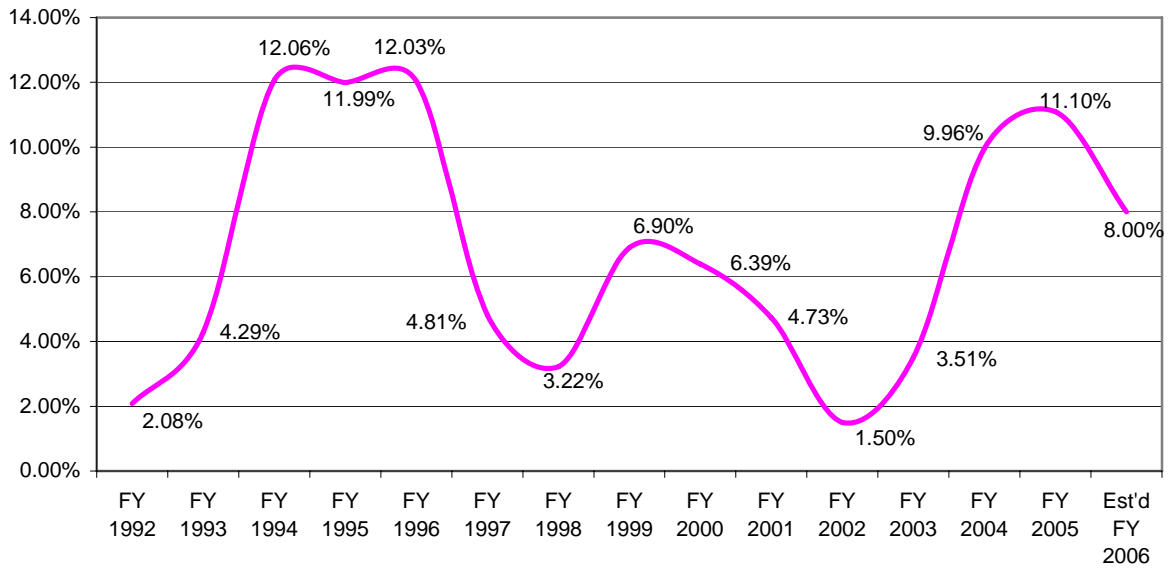


**Assessed Value Fiscal Year Percent Change 1990 to 2007**  
**(AV growth determines property tax revenue)**

Recent legislation has limited the revenue growth associated with increases in assessed value.



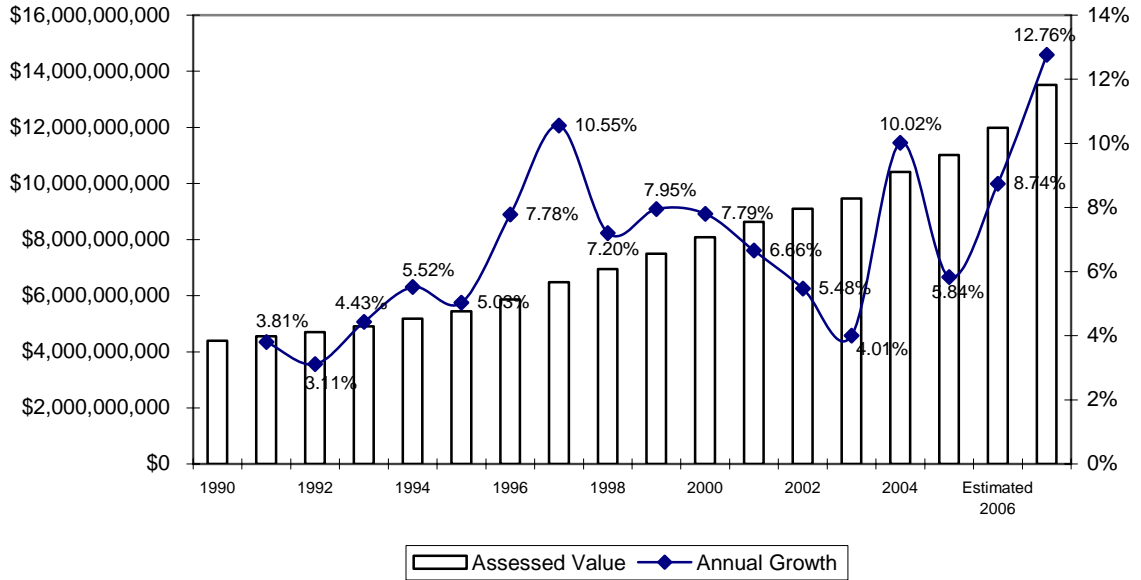
**Taxable Sales Fiscal Year Percent Change 1992 to 2006**



## Assessed Valuation

Nearly 40% of General Fund revenue (including 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 three years due to a strong housing market and land value increases across the County. The table below illustrates assessed value growth from 1990 to 2007.

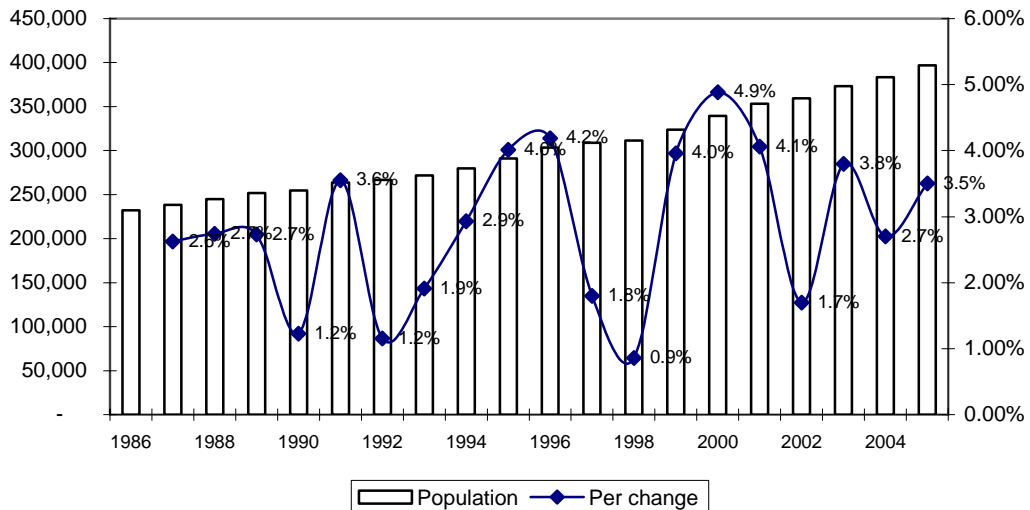
### Washoe County Assessed Valuation



## 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 13,391 residents bringing the total population to 396,844.

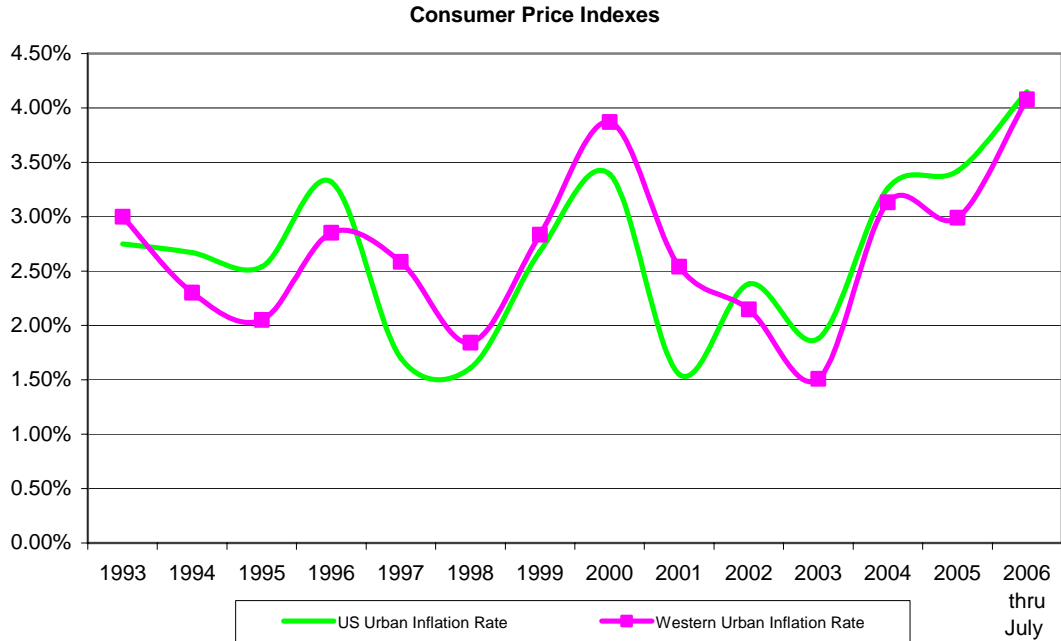
### Washoe County Population





## 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 4.1%.



## Revenue Assumptions

Based on the review of local and national indicators, the fiscal year 2006-2007 revenue assumptions follow:

### *Property Taxes*

- The County's assessed value increased by 14.7% over the 2005-06 fiscal year, from \$11,978,548,539 to \$13,505,652,461.
- Property tax rate will remain the same as fiscal year 2005-2006 rates.
- Property taxes comprise 43% of the County's General Fund revenues (excluding fund balance).

### *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 2006-2007 consolidated taxes are anticipated to grow 7.4% from current year collections. Consolidated taxes make up 35.5% of General Fund revenue (excluding fund balance).
- We project an overall increase of 7.3% in AB104 revenues from current year collections.

#### *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 2006-2007 budget, the nine bargaining units had finalized three year contracts. The cost of living adjustment (COLA) used for the budget of 3.5% covers the agreed-upon COLA for the fiscal year.
- Employee benefit costs are increasing by 9.6% due to health insurance 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 is limited to Consumer Price Index and Population Growth of 6.9%. The approved General Fund budget reflects a 3.8% increase from 2005-06 estimated year end expenditures.
- Fund balance in the General Fund is budgeted at 7%.
- Maintain Contingency at \$1 million. Both of these financial practices contributed to a more favorable bond rating of AA- from Standard & Poors.
- 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. This prudent financial management contributed to our bond rating improvement as evaluated by Standard & Poors. 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. David Ybarra of Management Services, is the project manager.

### **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.

Financial trends through fiscal year 2005 indicate that Washoe County's operations are very healthy, and few warning trends emerged. Community indicators evaluating population growth, labor force, property values, employment base and personal income per capita all showed a growth pattern. Operating position indicators evaluating operating surplus, general fund balance, and liquidity ratios were all positive, including the raising of Washoe County's bond rating from A+ to AA-. Debt indicators evaluated included current liabilities, long term debt, debt service, debt service per capita and debt to asset ratios and no warning trends emerged. Revenue indicators showed continued growth; and expenditure indicators were positive in all but two areas, with corrective action underway.

### **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.