



WASHOE COUNTY

"Dedicated to Excellence in Public Service"



FINANCE DEPARTMENT
BUDGET DIVISION

1001 E NINTH ST.
POST OFFICE BOX 11130
RENO, NEVADA 89520-0027
PHONE (775) 328-2070
FAX (775) 328-2094

Date: May 19, 2007
To: Katy Singlaub, County Manager
From: John Sherman, Director of Finance
Subject: 2007-2008 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 \$878,421,211. Estimated expenses in the Proprietary Funds total \$99,634,934.

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 \$690,391 from the General Fund. The Indigent Health Fund is required by State Law and includes a \$0.08 property tax rate. The Senior Services Fund is financed by a \$0.01 and the Library Expansion Fund by a \$0.02 voter approved tax rate. The Capital Facilities Fund is financed by property taxes at a \$0.05 rate, which is shared with the two cities. The Debt Service Fund is financed, in part, by property tax and the recommended rate is \$0.0560. The fund balance of the Debt Service Fund, although adequate to meet fiscal year needs, is less than one year's principal and interest. The Tax in support of the Family court is a \$0.0192 tax rate. The General Fund includes the State mandated Indigent Insurance tax rate of \$0.015, the allowed Detention Center tax rate of \$0.0774, the Youth Services tax rate of \$0.0077, a general operating rate of \$0.9442, and the AB 104 Fair Share tax of \$0.0272.

The effects of Assembly Bill 489 on property tax revenues have been included in this budget. The details of these adjustments are delineated on page 5 (schedule 3).

The General, Health, and Public Works Project Funds comprise the unrestricted resources of the County and are generally referred to as the General Tax Supported Budget of the County. For the General Tax Funds, the estimate of available resources (opening fund balances plus 2007-2008 revenues) totals \$425,791,259. The budgeted ending fund balance in the General Tax Supported Budget less capital expenditures is approximately 6.39%. Other ending fund balances are at or below the minimum considered to be necessary or are restricted funds.

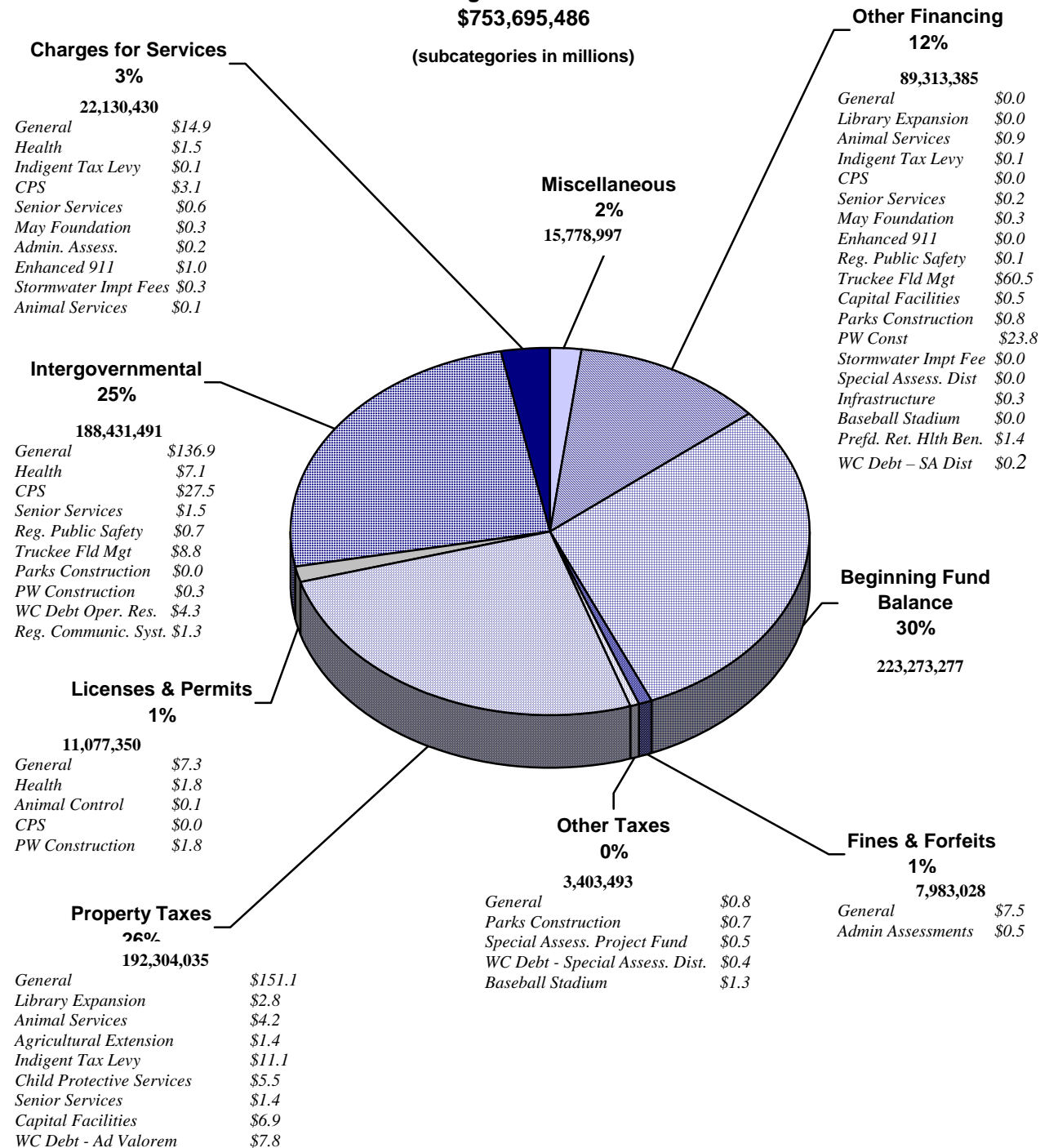
A special thanks to the Budget Division staff Melanie Purcell, Anna Heenan, Ron Steele, Patrick Morton, Kim Carlson, Pam Fine, Neeroo Manning, John Hull, and Valerie Wade for their many hours of hard work and dedication. In addition, I would like to thank all those department heads and staff for coming forward with ideas, plans and processes to make the organization more efficient and effective.

Revenue Summary - All Government Funds

Budget 2007 - 2008

\$753,695,486

(subcategories in millions)



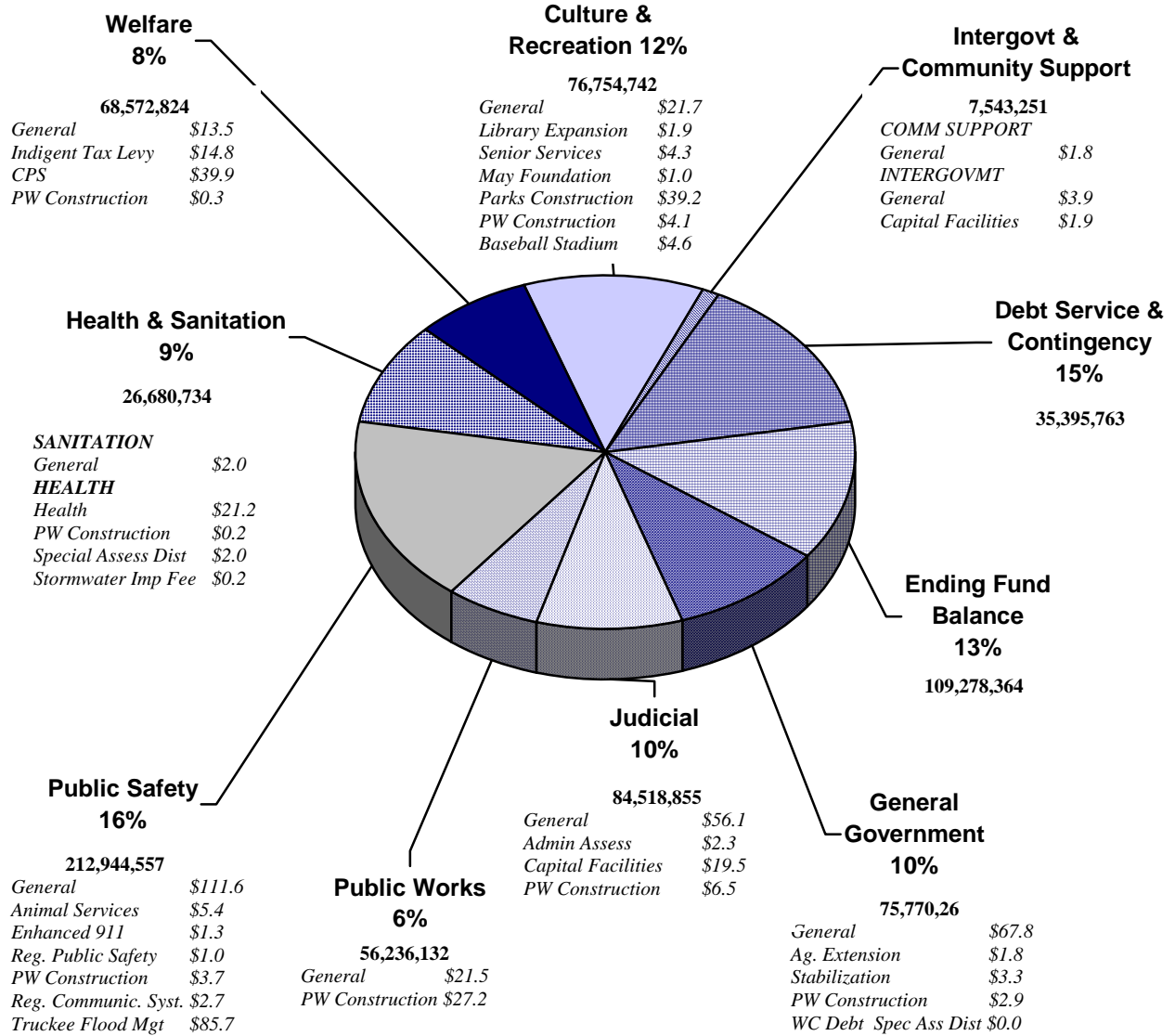
*Subcategories may not total due to rounding

Expense Summary - All Government Funds

Budget 2007 - 2008

\$753,695,486

(subcategories in millions)



*Subcategories may not total due to rounding

Where Your Tax Dollars Go

Fiscal Year 2007/2008		
ASSESSED VALUATION		
Property		15,103,492,476
Net Proceeds of Mines		2,000,000
TOTAL		15,105,492,476
		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	0.9592	335.72
Detention Facility	0.0774	27.09
Indigent Accident Fund	0.0150	5.25
Youth Services	0.0077	2.70
Family Court	0.0192	6.72
Child Protective Services (BCC)	0.0050	1.75
SPECIAL REVENUE FUNDS/DEBT SERVICE		
Library	0.0200	7.00
Animal Services	0.0300	10.50
Indigent Tax Levy	0.0800	28.00
Child Protective Services	0.0400	14.00
Senior Services	0.0100	3.50
Cooperative Extension	0.0100	3.50
County Debt Rate – Deb Service Funds	0.0560	19.6
SHARED TAX RATES		
Capital Improvements	0.0500	17.50
AB 104 Tax Rate	0.0272	9.52
COUNTY GOVERNMENT TAX RATES	1.3917	487.09
TOTAL STATE, SCHOOL & COUNTY	2.7002	\$945.07
NOTE: Shared Capital Facilities Tax Rate and AB 104 Tax apportioned between Cities of Reno and Sparks and Washoe County. The taxable value is 35% of the appraised value of the property. (a new \$100,000 home has a taxable value of \$35,000). The tax is determined by multiplying the tax rate by the value and dividing by 100.		

AD VALOREM TAX RATE AND REVENUE RECONCILIATION

Fiscal Year 2007-2008

	(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	15,103,492,476	187,026,547	0.9592	144,872,700	(12,342,107)	132,530,593
B. Ad Valorem Outside Revenue Limitations: Net Proceeds of Mines	Same as above	2,000,000	24,766	Same as above	19,184	(1,634)	17,550
VOTER APPROVED:							
C. Voter Approved Overrides	0.1000	15,105,492,476	15,105,492	0.1000	15,105,492	(1,286,879)	13,818,613
LEGISLATIVE OVERRIDES:							
D. Accident Indigent (NRS 428.185)	0.0150	"	2,265,824	0.0150	2,265,824	(193,032)	2,072,792
E. Medical Indigent (NRS 428.285)	0.1000	"	15,105,492	0.0800	12,084,394	(1,029,503)	11,054,891
F. Capital Acquisition (NRS 354.59815)	0.0500	"	7,552,746	0.0500	7,552,746	(643,439)	6,909,307
G. Youth Services Levy (NRS 62B.150)	0.0077	"	1,163,123	0.0077	1,163,123	(99,090)	1,064,033
H. Legislative Overrides	0.0774	"	11,691,651	0.0774	11,691,651	(996,044)	10,695,607
I. SCCRT Loss NRS 354.59813	0.1356	"	20,483,048	0.0000	0	0	0
J. Other: Family Court	0.0192	"	2,900,255	0.0192	2,900,255	(247,081)	2,653,174
K. Other: AB 104 (See Note 1)	0.0272	"	4,108,694	0.0272	4,108,694	(350,031)	3,758,663
L. SUBTOTAL LEGISLATIVE OVERRIDES	0.4321		65,270,833	0.2765	41,766,687	(3,558,220)	38,208,467
M. Subtotal A, B, C, L	1.7704		267,427,638	1.3357	201,764,063	(17,188,840)	184,575,223
N. Debt	0.0560		8,459,076	0.0560	8,459,076	(720,652)	7,738,424
O. TOTAL M AND N (see Note 2)	1.8264		275,886,714	1.3917	210,223,139	(17,909,492)	192,313,647

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 \$2,501,942 and has budgeted accordingly.

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

Assembly Bill 489 (AB489) approved in the 2005 Nevada Legislature continues to have an impact on property tax revenues. The adjustments required have been included in the recommended final budget. The final budgeted revenue from property taxes has been reduced by \$17.2 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.)

2007-2008 Budget Highlights

- ❑ Washoe County's final budget for fiscal year 2007-2008 totals \$744,052,056.
- ❑ Estimated General Fund revenues for 2007-2008 total \$327,202,811 which represents an increase of 3.5% over 2006-2007.
- ❑ Washoe County property tax revenues (including delinquent taxes) are anticipated to increase 7.5%, for total revenue of \$192,304,035. (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 \$337,054,240, a growth of 1.8% over the 2006-2007 adopted budget.
- ❑ Combined rates of growth in population and consumer price index for the 2007-2008 year is 5.08%.
- ❑ 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 7.79 FTE's per 1,000 population in 2007-2008.
- ❑ Public Works Construction project budgets total \$45,103,733 and infrastructure preservation and other capital projects total \$168,628,360 for a total capital outlay of \$213,732,093.
- ❑ About 64.2% of the General Fund expenditures (excluding contingency and transfers) are for personnel; Public Safety comprises 33.2% 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 4).
- ❑ The budget reflects an increase in overall General Fund spending (excludes ending fund balance) per capita from an estimated 2006-2007 cost per capita of \$724 to a budgeted \$731 in fiscal year 2007-2008. This is an increase in spending per capita of 1.0% during a period of time showing a 5.08% 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 8.25 full time equivalents in the General Fund including Sheriff's patrol and Technology Services support; new positions were added to the Special Revenue Funds as part of the Child Protective Services expansion funded by the State of Nevada; to staff the Truckee River Flood Management Project; and to respond to increased demands for services in the Water Resources Fund; and several positions throughout the County were shifted to the local funding as part of grant packages. Additional funds were allocated for improving public safety facilities, park facilities, and technological equipment.

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

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

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

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

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



John Sherman
Director of Finance

BUDGET SUMMARY FOR WASHOE COUNTY

REVENUES	GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS			PROPRIETARY FUNDS BUDGET YEAR 6/30/2008 (4)	TOTAL (MEMO ONLY) COLUMNS 3+4 (5)
	ACTUAL PRIOR YEAR 6/30/2006 (1)	ESTIMATED CURRENT YEAR 6/30/2007 (2)	BUDGET YEAR 6/30/2008 (3)		
Property Taxes	164,891,604	179,340,003	192,304,035	0	192,304,035
Other Taxes	3,534,990	3,256,056	3,403,493	0	3,403,493
Licenses and Permits	10,033,071	10,836,426	11,077,350	0	11,077,350
Intergovernmental Resources	186,392,632	185,921,192	188,431,491	0	188,431,491
Charges for Services	19,856,888	21,367,001	22,130,430	85,011,861	107,142,291
Fines and Forfeits	8,026,060	8,154,118	7,983,028	0	7,983,028
Miscellaneous	11,992,139	19,538,278	15,778,997	153,479,343	169,258,340
TOTAL REVENUES	404,727,384	428,413,074	441,108,823	238,491,204	679,600,027
EXPENDITURES-EXPENSES					
General Government	62,003,707	73,560,627	75,770,264	55,325,339	131,095,603
Judicial	62,778,231	58,468,031	84,518,855	0	84,518,855
Public Safety	113,803,253	138,034,026	212,944,557	3,964,702	216,909,259
Public Works	20,852,464	30,298,484	56,236,132	0	56,236,132
Sanitation	1,638,768	2,011,322	2,011,323	33,686,459	35,697,782
Health	37,360,791	43,216,952	24,669,411	0	24,669,411
Welfare	52,955,515	57,892,122	68,572,824	0	68,572,824
Culture and Recreation	28,257,018	48,709,211	76,754,742	1,746,336	78,501,078
Community Support	835,704	2,165,994	1,769,713	0	1,769,713
Intergovernmental Expenditures	4,454,416	4,811,187	5,773,538	0	5,773,538
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	15,215,125	16,725,801	21,551,837	0	21,551,837
Interest Costs	9,273,173	9,786,591	12,843,926	4,912,098	17,756,024
TOTAL EXPENDITURES-EXPENSES	409,428,165	485,680,348	644,417,122	99,634,934	744,052,056
Excess of Revenues over (under) Expenditures-Expenses	(4,700,781)	(57,267,274)	(203,308,299)	138,856,270	(64,452,029)

BUDGET SUMMARY FOR WASHOE COUNTY

	GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS			PROPRIETARY FUNDS BUDGET YEAR 6/30/2008 (4)	TOTAL (MEMO ONLY) COLUMNS 3+4 (5)
	ACTUAL PRIOR YEAR 6/30/2006 (1)	ESTIMATED CURRENT YEAR 6/30/2007 (2)	BUDGET YEAR 6/30/2008 (3)		
OTHER FINANCING SOURCES (USES):					
Proceeds of Long-term Debt	28,985,370	30,212,755	77,900,000	0	
Sales of General Fixed Assets	51,444	25,286	10,000	140,000	
Proceeds of Medium-term Financing	109,000	0	16,479,385	0	
Proceeds of Lease Purchase Financing	0	0	0	0	
Operating Transfers In	58,517,150	64,613,289	119,649,725	5,076,000	
Operating Transfers (Out)	(61,456,671)	(68,497,450)	(124,725,725)	0	
TOTAL OTHER FINANCING SOURCES (USES)	26,206,293	26,353,880	89,313,385	5,216,000	
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES (Net Income)	21,505,512	(30,913,394)	(113,994,914)	144,072,270	xxxxxxxxxxxxxxxxxxxx
FUND BALANCE JULY 1, BEGINNING OF YEAR:					
Reserved	0	0	0	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Unreserved	232,681,160	254,186,672	223,273,277	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
TOTAL BEGINNING FUND BALANCE	232,681,160	254,186,672	223,273,277	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Prior Period Adjustments	0	0	0	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Residual Equity Transfers In	0	0	0	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Residual Equity Transfers (Out)	0	0	0	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
FUND BALANCE JUNE 30, END OF YEAR:					
Reserved	0	0	0	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
Unreserved	254,186,672	223,273,277	109,278,364	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
TOTAL ENDING FUND BALANCE	254,186,672	223,273,277	109,278,364		

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

Budget For Fiscal Year Ending June 30, 2008

Budget Summary for Washoe County
(Local Government)

GOVERNMENTAL FUNDS & EXPENDABLE TRUST FUNDS	BEGINNING FUND BALANCES	CONSOLIDATED TAX REVENUE	AD VALOREM TAXES REQUIRED *	TAX RATE	OTHER REVENUES	OTHER FINANCING SOURCES OTHER THAN TRANSFERS IN	OPERATING TRANSFERS IN	TOTAL
FUND NAME	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General	31,690,738	107,504,173	151,141,939	1.0957	68,556,699	10,000	0	358,903,550
Health	415,017	0	0	0.0000	10,472,462	0	10,471,000	21,358,479
Library Expansion	645,066	0	2,780,222	0.0200	22,000	0	105,000	3,552,288
Animal Services	1,848,107	0	4,167,584	0.0300	1,105,562	0	0	7,121,253
Agricultural Extension	1,136,076	0	1,394,361	0.0100	0	0	0	2,530,437
Regional Communication System	578,734	0	0	0.0000	2,435,177	0	0	3,013,911
Indigent Tax Levy	3,348,959	0	11,134,891	0.0800	291,800	0	0	14,775,650
Child Protective Services	9,241,195	0	5,554,446	0.0400	30,598,662	0	1,381,861	46,776,164
Senior Services	583,919	0	1,390,361	0.0100	2,248,568	0	360,000	4,582,848
May Foundation	71,023	0	0	0.0000	542,000	0	422,000	1,035,023
Administrative Assessments	2,564,182	0	0	0.0000	718,447	0	0	3,282,629
Enhanced 911	289,637	0	0	0.0000	1,046,850	0	0	1,336,487
Regional Public Safety	296,734	0	0	0.0000	832,605	0	0	1,129,339
Truckee River Flood Mgt Infrastructure	16,725,482	0	0	0.0000	9,318,994	60,000,000	0	86,044,476
Stabilization	3,250,000	0	0	0.0000	0	0	0	3,250,000
Capital Facilities	18,640,643	0	6,949,307	0.0500	500,000	0	0	26,089,950
Parks Construction	42,490,139	0	0	0.0000	1,557,825	0	0	44,047,964
Subtotal Governmental Fund Types, Expendable Trust Funds - This Page	133,815,651	107,504,173	184,513,111	1.3357	130,247,651	60,010,000	12,739,861	628,830,448
PROPRIETARY FUNDS								
	X				X	X	X	X
	X				X	X	X	X
	X				X	X	X	X
SUBTOTAL PROPRIETARY FUNDS	X				X	X	X	X
TOTAL ALL FUNDS	X				X	X	X	X

* 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, 2008

Budget Summary for Washoe County
(Local Government)

GOVERNMENTAL FUNDS & EXPENDABLE TRUST FUNDS	BEGINNING FUND BALANCES	CONSOLIDATED TAX REVENUE	AD VALOREM TAXES REQUIRED *	TAX RATE	OTHER REVENUES	OTHER FINANCING SOURCES OTHER THAN TRANSFERS IN	OPERATING TRANSFERS IN	TOTAL
FUND NAME	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Public Works Construction Projects	16,982,310	0	0	0.0000	2,509,368	23,809,385	2,228,167	45,529,230
Special Assessment Districts Projects	0	0	0	0.0000	6,000	10,570,000	0	10,576,000
Infrastructure	7,699,877	0	0	0.0000	300,000	0	75,000,000	82,999,877
Baseball Stadium	3,195,632	0	0	0.0000	1,400,000	0	0	4,595,632
Stormwater Impact Fee	2,202,152	0	0	0.0000	394,500	0	0	2,596,652
Retiree Health Benefits	47,099,519	0	0	0.0000	1,400,000	0	7,990,000	56,489,519
Washoe County Debt	11,034,606	0	7,790,924	0.0560	4,309,316	0	21,691,697	44,826,543
SAD Debt	1,243,530	0	0	0.0000	733,780	0	0	1,977,310
Subtotal Governmental Fund Types, Expendable Trust Funds - This Page	89,457,626	0	7,790,924	0.0560	11,052,964	34,379,385	106,909,864	249,590,763
PROPRIETARY FUNDS								
	X				X	X	X	X
	X				X	X	X	X
	X				X	X	X	X
SUBTOTAL PROPRIETARY FUNDS	X	0	0		X	X	X	X
TOTAL ALL FUNDS	223,273,277	107,504,173	192,304,035	1.3917	141,300,615	94,389,385	119,649,725	878,421,211

* 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, 2008

Budget Summary for Washoe County
(Local Government)

GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS	*	SALARIES AND WAGES	EMPLOYEE BENEFITS	SERVICES, SUPPLIES AND OTHER CHARGES **	CAPITAL OUTLAY	CONTINGENCIES AND USES OTHER THAN OPERATING TRANSFERS OUT	OPERATING TRANSFERS OUT	ENDING FUND BALANCES	TOTAL
FUND NAME		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General		157,379,375	58,287,609	76,787,517	7,420,546	1,000,000	36,179,193	21,849,310	358,903,550
Health	R	12,735,579	4,495,943	3,839,280	142,000	0	0	145,677	21,358,479
Library Expansion	R	1,366,489	480,459	29,956	0	0	792,559	882,825	3,552,288
Animal Services	R	1,993,360	711,283	2,075,952	662,000	0	570,694	1,107,964	7,121,253
Agricultural Extension	R	412,897	147,495	1,057,604	150,000	0	0	762,441	2,530,437
Regional Communications System	R	380,795	115,853	644,472	1,555,351	0	0	317,440	3,013,911
Indigent Tax Levy	R	0	0	14,775,650	0	0	0	0	14,775,650
Child Protective Services	R	13,587,097	4,701,394	21,388,753	240,000	0	400,000	6,458,920	46,776,164
Senior Services	R	2,151,436	830,499	1,286,640	0	0	0	314,273	4,582,848
May Foundation	R	575,846	140,371	247,485	0	0	0	71,321	1,035,023
Administrative Assessments	R	150,000	0	1,324,500	865,000	0	80,382	862,747	3,282,629
Enhanced 911	R	0	0	981,250	300,000	0	0	55,237	1,336,487
Regional Public Safety	R	279,395	90,974	414,209	200,000	0	0	144,761	1,129,339
Truckee River Flood Mgt Infrastructure	R	1,045,729	297,910	2,009,035	65,000	875,000	81,283,232	468,570	86,044,476
Stabilization	R	0	0	3,250,000	0	0	0	0	3,250,000
Capital Facilities	C	0	0	1,910,475	19,500,000	0	4,074,665	604,810	26,089,950
Parks Construction	C	0	0	0	39,219,563	0	0	4,828,401	44,047,964
SUBTOTAL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS - THIS PAGE		192,057,998	70,299,790	132,022,778	70,319,460	1,875,000	123,380,725	38,874,697	628,830,448

* 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, 2008

Budget Summary for Washoe County
(Local Government)

GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS	*	SALARIES AND WAGES	EMPLOYEE BENEFITS	SERVICES, SUPPLIES AND OTHER CHARGES **	CAPITAL OUTLAY	CONTINGENCIES AND USES OTHER THAN OPERATING TRANSFERS OUT	OPERATING TRANSFERS OUT ***	ENDING FUND BALANCES	TOTAL
FUND NAME		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Public Works Construction Projects	C	0	0	0	45,103,733	0	0	425,497	45,529,230
Special Assessment Districts Projects	C	0	0	0	10,570,000	0	0	6,000	10,576,000
Infrastructure	C	0	0	0	82,950,000	0	0	49,877	82,999,877
Baseball Stadium	C	0	0	0	4,595,632	0	0	0	4,595,632
Stormwater Impact Fee	C	0	0	0	193,268	0	0	2,403,384	2,596,652
Retiree Health Benefits	R	0	0	0	0	0	1,345,000	55,144,519	56,489,519
Washoe County Debt	D	0	0	33,872,943	0	0	0	10,953,600	44,826,543
SAD Debt	D	0	0	556,520	0	0	0	1,420,790	1,977,310
SUBTOTAL		0	0	34,429,463	143,412,633	0	1,345,000	70,403,667	249,590,763
TOTAL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS		192,057,998	70,299,790	166,452,241	213,732,093	1,875,000	124,725,725	109,278,364	878,421,211

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

** Includes debt services requirement.

*** Includes residual equity transfers.

BUDGET PROCESS AND FINANCIAL POLICIES

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
Strategic Planning	█	█	█									
Develop Budget Guidelines		█	█									
CIP	█	█	█	█	█	█	█	█				
Prepare Supplemental Budget Requests				█	█	█						
Base Budget	█	█	█	█								
Submit Departmental Request to Finance					█	█						
Workshops/Review Requests & Prepare Recommended Budget						█	█	█	█			
Submit Recommended Budget to BCC								█	█			
Appeals Process								█				
Public Hearings									█			
Budget Adoption									█			
Budget Implementation Amendment/Augmentation										█	█	█

Strategic Planning

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

CIP

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

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

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

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

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

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

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

Base Budget

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

Workshops/Appeals Process

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

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

Final Budget

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

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

Budgetary Controls

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

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

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

Budgetary status information is available through the SAP enterprise 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

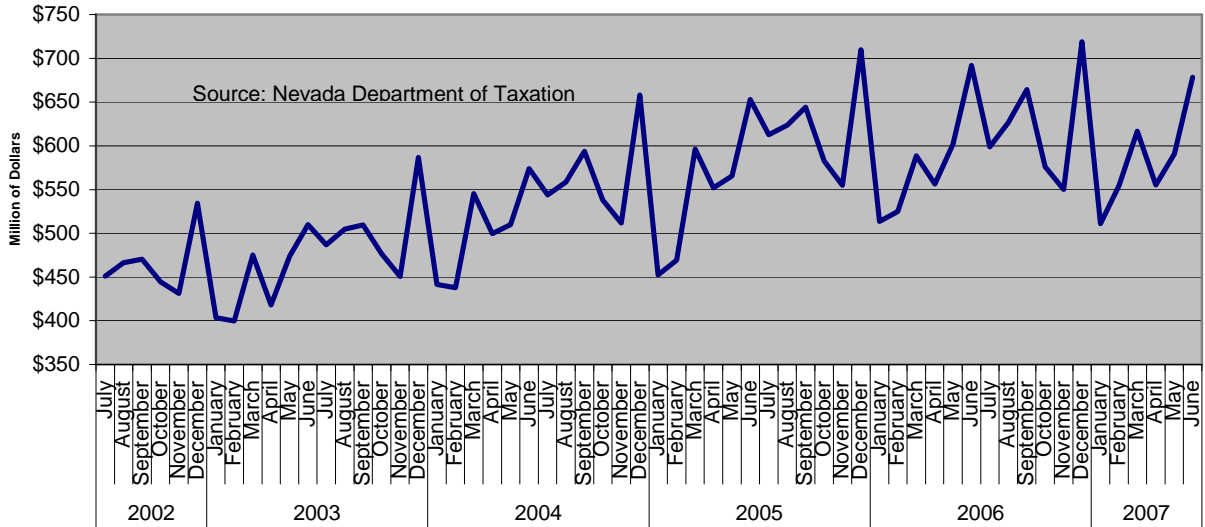
The description of each of the individual fund types are contained on the first page of the associated section. The separate fund pages include a description and purpose of the fund that necessitates it be accounted for separately.

Economic Indicators

Taxable Sales

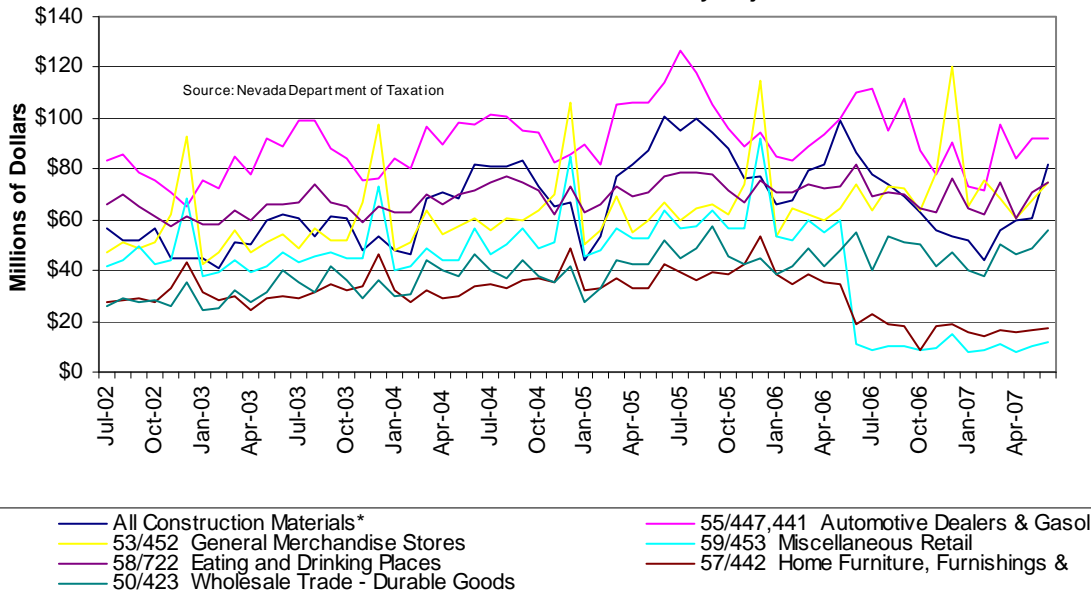
Over the last few years, the local economy continued growth that started late in 2002, however 2006 and early 2007 show a steady or slightly decreasing trend from prior years. When the current year's budget was developed, limited to stagnate growth was anticipated for fiscal year 2007-2008, and may decline from prior years.

Washoe County Taxable Sales in Millions of Dollars July 2003 to June 2007



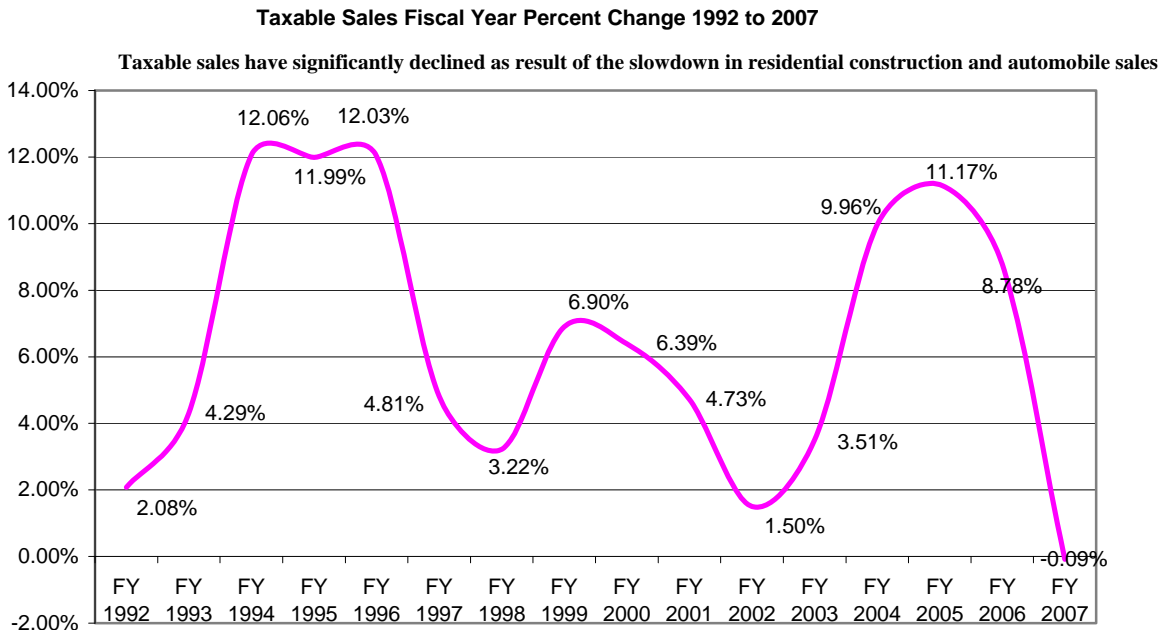
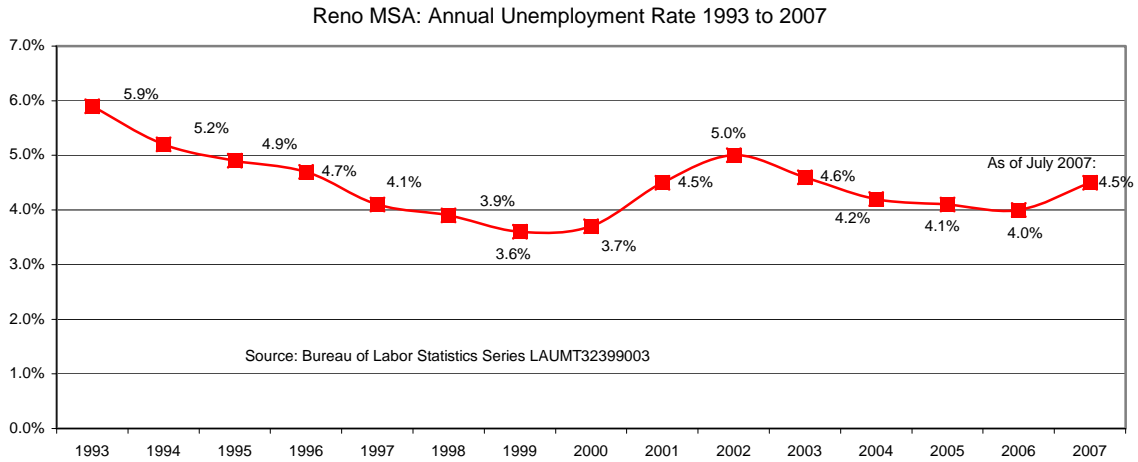
Automobile sales are the largest contributor and general merchandise and retail remains strong contributors to the taxable sales. In June, 2006, the State changed the reporting categories, primarily in the retail and construction sectors making year over year comparisons difficult. Beginning in 2006, the automotive sector has softened considerably as well as the home furniture and furnishings, the latter as a result of a decline in new home construction.

Washoe Taxable Sales in Millions of Dollars by Major Sectors



Local Economic Indicators

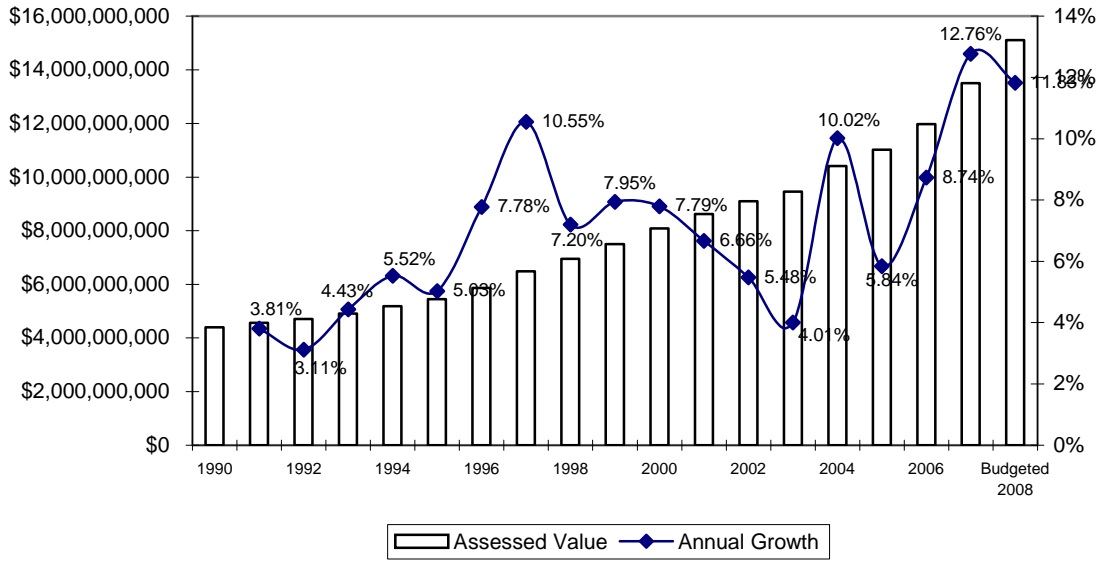
For next fiscal year, the revenue outlook is projected to be a return to more moderate revenue growth. As the previous strong economic times have begun to moderate, the current budget has significantly reduced capital budgets. The graphs below show the recent trends for key economic indicators for the coming fiscal year.



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 four years due to a strong housing market and land value increases across the County. The table below illustrates assessed value growth from 1990 to 2008.

Washoe County Assessed Valuation

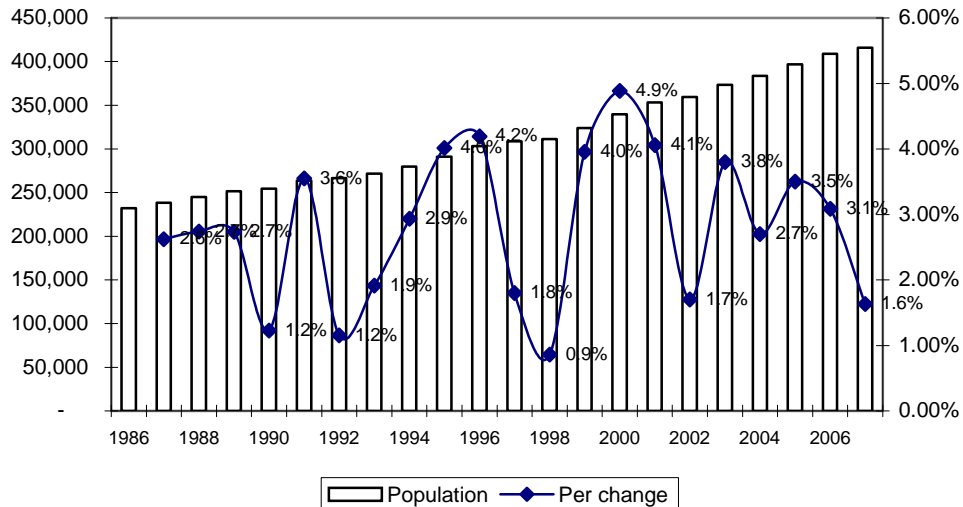


Recent legislation has limited the revenue growth associated with increases in assessed value.

Population

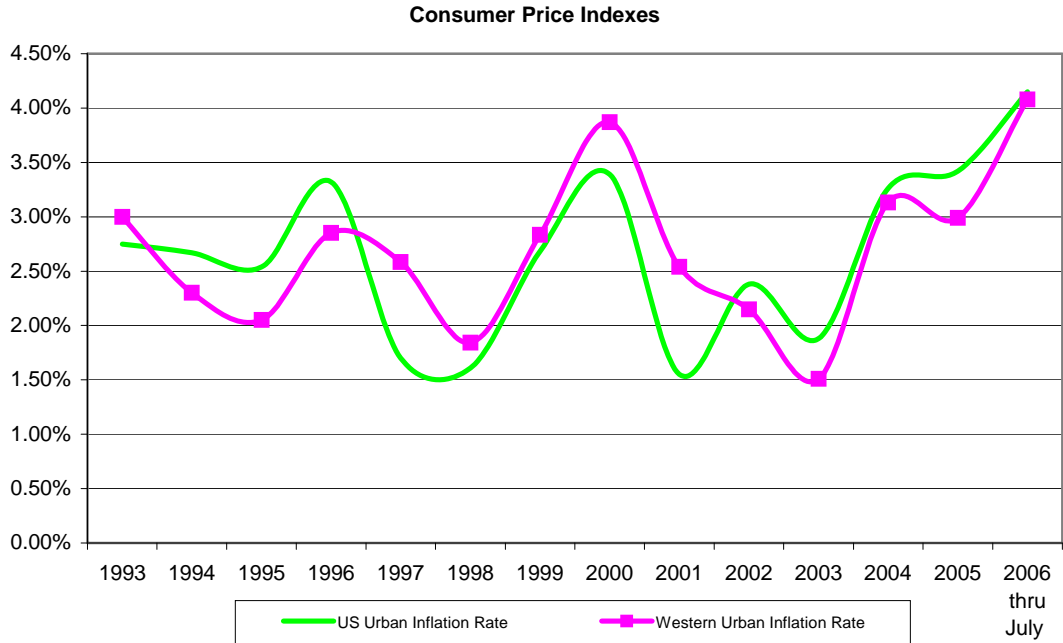
Nevada remains one of the fastest growing states in the country and while not growing as fast as the state, Washoe County continues to add thousands of new residents annually. In the last year, Washoe County grew an additional 12,241 residents bringing the total population to 409,085.

Washoe County Population



Consumer Price Index

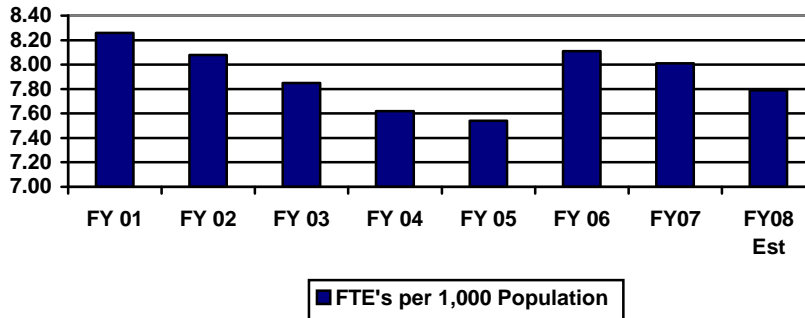
Given some of the inflationary pressures such as fuel and other energy costs, our inflation rate is steadily climbing. We are seeing an increase to date of about 4.1%.



Full Time Equivalents

Full-time equivalent positions (FTE's) per 1,000 population continued to decline in the recommended budget until FY 06 when the FTE count increased due to adding 30 new positions for the jail expansion and Mills Lane Court Security, and subsequently have again declined in FY 07 and 08.

**Washoe County FTEs Per 1,000 Population
FY 01 to FY 08**



Revenue Assumptions

Based on the review of local and national indicators, the fiscal year 2007-2008 revenue assumptions follow:

Property Taxes

- The County's assessed value increased by 11.8% over the 2006-07 fiscal year, from \$13,507,402,461 to \$15,105,492,476.
- Property tax rate will remain the same as fiscal year 2006-2007 rates.
- Property taxes comprise 46% 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 2007-2008 consolidated taxes are anticipated to grow 3.5% from current year collections. Consolidated taxes make up 37.1% of General Fund revenue (excluding fund balance). However, if continued declines in taxable sales are experienced, these estimates will be reduced.
- We project an overall increase of 3.5% 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 2007-2008 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 13.5% 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 5.08%. The approved General Fund budget reflects a 3.73% increase from 2006-07 estimated year end expenditures.
- Fund balance in the General Fund is budgeted at 6.5%.
- Maintain Contingency at \$1 million. Both of these financial practices contributed to a more favorable bond rating of AA- from Standard & Poor and a Aa2 from Moody's.

- 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 three fiscal years we had the opportunity to invest in important services and fund much needed capital projects and provide a foundation from which to exercise prudent fiscal management. As the economy appears to once again to be slowing considerably led by a significant slowdown in residential construction and reduced purchase of new autos the possibility of future expenditure cuts appears likely. This prudent financial management contributed to our bond rating improvement as evaluated by Standard & Poor and Moody's. Our current rating is one of the best in our State among local governments and are the highest in Northern Nevada.

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.
- Pursuant to NRS 350.001, the Debt Commission is comprised of one representative of the county, one from the school district, one representative from the city in which the county seat is located; one representative of the other incorporated cities jointly; and two representative of the public at large. The Commission reviews and approves debt issuance by the local entities, as well as oversight of the entities' indebtedness and debt management plans.

Investment Policy

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