

# ***INTRODUCTORY SECTION***

- \* Comptroller's Letter of Transmittal
- \* Board of County Commissioners
- \* Listing of County Officials
- \* Organization Chart
- \* Certificate of Achievement for Excellence in Financial Reporting



# WASHOE COUNTY

October 9, 2006

## *Office of the Comptroller*

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Residents of Washoe County  
The Honorable Board of County Commissioners  
Washoe County, Nevada

The comprehensive annual financial report of Washoe County, Nevada, for the fiscal year ended June 30, 2006, is hereby submitted. Nevada Revised Statutes (NRS) 354.624 requires the County to issue an annual report on its financial position and activities and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with county management. To the best of our knowledge, the information in this report is accurate in all material respects and presents fairly the financial position of the various funds and component units of Washoe County, including all disclosures necessary to understand the County's activities.

### **INTERNAL CONTROLS**

The County continually monitors internal controls. Internal controls are designed to provide reasonable, but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial reports that demonstrate compliance with applicable laws and regulations. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of such costs and benefits requires estimates and judgments made by management. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording and disclosure of its financial transactions.

### **AUDIT**

Kafoury, Armstrong & Co. has audited this report and their unqualified opinion is presented on the first page of the financial section. An audit is performed to provide reasonable assurance that these financial statements are free from material misstatements. This conclusion is reached after performance of various tests of financial transactions and disclosures. Tests were also performed on the internal control structure and its compliance with applicable laws and regulations. Testing was not sufficient to support an opinion, but the audit did not disclose material internal control weaknesses.

### **REPORT PRESENTATION**

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of county officials, the County's organizational chart, and Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the Independent Auditor's report, Management's Discussion and Analysis (MD & A), basic financial statements, and combining and individual fund financial statements and schedules. MD & A provides a narrative introduction, overview and analysis of the basic financial statements. It complements this letter and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, intended to provide additional historical perspective and context to better understand information presented in the financial statements and notes to financial statements.

## **THE FINANCIAL REPORTING ENTITY AND ITS SERVICES**

Washoe County was incorporated in 1861 and is a political subdivision of the State of Nevada. A five-member elected Board of County Commissioners governs the County. The County covers an area of 6,600 square miles in the northwest section of the State bordering California and Oregon. The county seat is the City of Reno, the third largest city in Nevada. Other communities in Washoe County are Sparks and Incline Village, at Lake Tahoe.

The County provides an array of mandated services including property appraisal and assessment; tax collection; criminal prosecution; presiding over civil, criminal, domestic and juvenile court cases; communicable disease control and child protective services. Regional services include adult and juvenile detention, parks, libraries, senior services, animal control and emergency management. Other community services include business licensing, land use planning and permitting. Administrative and internal support services include management, human resources, purchasing, finance and risk management.

This report includes the financial activities of two component units, South Truckee Meadows General Improvement District and Truckee Meadows Fire Protection District. Component units are legally separate entities for which the County is financially accountable. The Board of County Commissioners functions as the governing bodies for these entities.

The annual budget serves as the financial plan for county operations. After departmental input, state review and public hearings, the budget is adopted by June 1. The budget is integrated into the financial system for monitoring and control. The legal level of budgetary control is at the function level for governmental funds and operating and nonoperating expenses for 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 balance or increase the original budget require Board approval. Additional information regarding the budget process and adjustments made can be found in Note 1 to the financial statements.

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

Washoe County has many factors attractive to business. The Reno-Sparks area is within second-day delivery to every major western city and minutes from California, the world's sixth largest market. An excellent transportation network exists with an international airport, two major interstate highways, as well as major rail transportation providing freight and passenger service. The airport is designated an international port of entry and is served by ten scheduled airlines as well as charter carriers and cargo airlines. The combination of location, transportation network and warehousing space all contribute to a growing shipping business. Other factors attractive to businesses include:

- No corporate or personal income taxes or unitary taxes. Nevada is the only state that does not impose a gift tax.
- The area has a large, established foreign trade zone (FTZ 126), allowing foreign and domestic businesses to bring in foreign merchandise without customs duties or excise taxes until final product distribution.
- A Freeport Law exempts all inventories and manufacturing raw materials from taxation while in transit through the State.
- Various tax abatements and deferrals are available for new or expanding businesses that meet the State's plan for economic diversification and development.
- Industrial land is plentiful and relatively inexpensive, wages are competitive and the labor force is expanding.
- The Washoe County School District serves over 62,000 students with 61 elementary schools, 15 middle schools, 12 comprehensive high schools plus Truckee Meadows Community College High School, an alternative school and the Regional Technical Institute, which offers advanced level occupational classes for juniors and seniors.
- University of Nevada Reno is a fully accredited college offering approximately 180 major fields of study and advanced degree programs. Truckee Meadows Community College offers associate degrees in various disciplines and customizes programs for individual businesses.

Property taxes are the primary revenue source for the County. The following table provides information regarding property tax allocations for the prior and current years and for FY 2007 budget. The County rate has not changed in this time frame. Revenue increases reflect growth in assessed valuations mitigated by abatements based on statutory revenue caps.

### PROPERTY TAX REVENUES

USE/FUND	FY 2005		FY 2006		FY 2007	
	ACTUAL	ACTUAL	RATE	BUDGET		
<b>General Fund:</b>						
Operating rate	\$ 100,802,138	\$ 108,922,264	0.9251	\$ 120,294,081		
Detention	8,546,310	9,220,479	0.0774	10,019,361		
Indigent Insurance Program	1,646,963	1,785,522	0.0150	1,941,544		
China Springs Support	915,911	987,995	0.0077	993,860		
Family Court	2,120,019	2,287,251	0.0192	2,485,139		
AB 104 (shared w/other entities)	2,043,559	2,191,704	0.0272	2,326,768		
Agricultural Extension Fund	1,103,939	1,192,421	0.0100	1,294,650		
Indigent Tax Levy Fund	11,036,588	11,922,058	0.1000	12,295,999		
Child Protective Services Fund	4,412,267	4,769,685	0.0400	5,178,867		
Senior Services Fund	1,103,939	1,192,421	0.0100	1,294,650		
Library Expansion Fund	2,207,828	2,384,846	0.0200	2,587,180		
Animal Services Fund	3,377,370	3,639,159	0.0300	3,868,051		
Debt Service Fund	8,000,168	8,633,376	0.0601	7,777,574		
Capital Projects Fund (share with Reno/Sparks)	5,519,718	5,962,106	0.0500	6,467,952		
<b>Component Unit:</b>						
Sierra Fire Protection District	-	-		4,063,577		
Truckee Meadows Fire Protection District	9,203,942	9,636,952		10,028,486		
South Truckee Meadows GID	296	(15)		-		
<b>Total Washoe County</b>	<b>\$ 162,040,955</b>	<b>\$ 174,728,224</b>		<b>\$ 192,917,739</b>		

#### Entity Tax Rates (per \$100 assessed valuation):

Washoe County	1.3917	1.3917	1.3917
<b>Component Units:</b>			
Sierra Fire Protection District (SFPD)*	-	-	0.4200
Truckee Meadows Fire Protection District	0.4713	0.4713	0.4713

\* Pursuant to an interlocal agreement, SFPD will become a component unit effective July 1, 2006.

### PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year Ended June 30,	Net Secured Roll Tax Levy	Current Tax Collections	Percent of Levy Collected in Current Fiscal Year	Delinquent Tax Collected	Cumulative Total Taxes Collected	Total Taxes Collected as a % of Net Levy Roll
2002	\$ 291,602,632	\$ 288,339,841	98.88%	\$ 3,215,931	\$ 291,555,772	99.98%
2003	320,080,572	316,660,506	98.93%	3,371,163	320,031,669	99.98%
2004	348,063,837	345,198,433	99.18%	2,740,255	347,938,688	99.96%
2005	372,704,071	370,001,334	99.27%	2,217,729	372,219,063	99.87%
2006	404,224,369	401,305,423	99.28%	-	401,305,423	99.28%

The state constitution limits total taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the county, the county school district, the state, and any other city, town or special district) to an amount not to exceed \$5 per \$100 of assessed valuation of the property taxed. The combined overlapping tax rate is further limited, by statute, to \$3.64 per \$100 of assessed valuation in all counties of the State with certain statutory exceptions.

The overlapping tax rates per \$100 of assessed valuation for certain jurisdictions in Washoe County are presented below:

**OVERLAPPING PROPERTY TAX RATES (PER \$100 ASSESSED VALUATION)**

<b>Fiscal Year Ended June 30,</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Average Statewide Rate	\$3.0758	\$3.1115	\$3.1182	\$3.1124	\$3.1471
Washoe County	1.3453	1.3817	1.3917	1.3917	1.3917
City of Reno	0.9456	0.9456	0.9456	0.9456	0.9456
Washoe County School District	1.1385	1.1385	1.1385	1.1385	1.1385
Special Districts	0.0005	0.0004	0.0020	0.0019	0.0017
State of Nevada*	0.1500	0.1700	0.1700	0.1700	0.1700
<b>Total</b>	<b>\$3.5799</b>	<b>\$3.6362</b>	<b>\$3.6478</b>	<b>\$3.6477</b>	<b>\$3.6475</b>

\*Beginning in 2004, two cents of the State of Nevada rate is excluded from the \$3.64 statutory limitation.

Reno and Sparks are the center of a retail trade area that extends 300 miles eastward to Elko and Eureka, Nevada; 274 miles south to Goldfield, Nevada, Bishop and other Inyo County points in California; 100 miles west and northwest to Quincy, Westwood, Susanville, Truckee, Donner Summit and Lake Tahoe areas of California, and north 247 miles to Lakeview, Oregon. Taxable sales for the last five years follow:

**TAXABLE SALES**

<b>Fiscal Year Ended June 30,</b>	<b>Washoe County Total</b>	<b>Percent Change</b>	<b>State Total</b>	<b>Percent Change</b>
2002	\$ 5,292,178,588	2%	\$ 31,986,722,618	1%
2003	5,481,582,915	4%	33,908,130,387	6%
2004	6,023,436,676	10%	38,505,761,784	14%
2005	6,687,446,995	11%	44,192,447,817	15%
2006	7,245,524,852	8%	48,402,487,258	10%

Taxable sales in Washoe County for FY 2006 increased over the prior fiscal year by 8%, below the statewide rate of 10%. The increase in county taxable sales reflects strong performance in the following categories: automotive dealers and gasoline, general merchandise stores, food services and drinking establishments and miscellaneous store retailers.

Consolidated taxes, consisting of sales, cigarette, liquor, real property transfer and government services taxes (a tax on the value of vehicles), are the second greatest revenue source for the County. County consolidated tax revenues follow:

**CONSOLIDATED TAX REVENUES**

<b>Fiscal Year Ended June 30,</b>	<b>Washoe County Total</b>	<b>% Increase</b>
2003	\$ 80,672,964	5%
2004	89,950,461	12%
2005	100,673,842	12%
2006	109,656,346	9%
2007 (Budgeted)	119,162,141	9%

Sales taxes and government services taxes contributed most significantly to the current fiscal year increase, showing 9% and 7% gains, respectively.

The following table indicates the annual average number of persons working in nonagricultural industrial employment in the Reno-Sparks Metropolitan Service Area:

### ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT

	June 2006	June 2005	Annual Change	
			Total	%
<b>Total All Industries</b>	226,700	216,000	10,700	5.0%
Natural Resources and Mining	400	400	-	0.0%
Construction	26,100	22,800	3,300	14.5%
Manufacturing	14,300	14,100	200	1.4%
Trade, Transportation and Utilities	48,400	44,900	3,500	7.8%
Information	2,800	3,000	(200)	-6.7%
Financial Activities	11,000	10,900	100	0.9%
Professional and Business Services	28,400	26,100	2,300	8.8%
Education and Health Services	20,100	19,700	400	2.0%
Leisure and Hospitality	39,800	39,400	400	1.0%
Other Services	7,400	7,100	300	4.2%
Government	28,000	27,600	400	1.4%

Industrial based employment increased 5% over the prior year, matching the state rate and significantly ahead of the national rate of 1.4%. The construction sector experienced the greatest percentage growth and pays the third highest hourly wage rate, increasing job quality as well. In June, unemployment in Washoe County was 4.0%, an increase of 0.2% over prior year. The state and national seasonally adjusted unemployment rates were 4.2% and 4.6%, respectively.

Gaming, tourism and feeder services remain predominant industries in Washoe County. Gaming revenues are not a significant source of county revenues, as they are primarily allocated to the State; however, they are an indicator of economic health. Gaming activity for the last five years follows:

### GAMING ACTIVITY

Fiscal Year Ended June 30,	Gross Taxable Gaming Revenue			State Gaming Collection		
	State	Washoe County	% Change Washoe County	State	Washoe County	% Change Washoe County
2002	\$ 9,300,296,816	\$ 1,049,151,610	-6%	\$ 711,578,089	\$78,394,147	-5%
2003	9,563,841,353	1,033,110,637	-2%	721,834,741	76,522,635	-2%
2004	10,111,504,378	1,011,657,616	-2%	762,101,561	81,074,958	6%
2005	11,005,537,993	1,016,864,082	0.5%	904,217,355	81,323,585	0.3%
2006	12,193,784,441	1,072,936,817	6%	1,002,447,124	83,922,077	3%

A 6% increase in gaming fee collections in FY 2004 reflects the impact of a 2% decline in taxable revenues coupled with a 9% increase in the tax rate for percentage fee collections, which became effective September 1, 2003. FY 2005 reflects the first modest countywide increase since 2001, followed by a stronger increase in FY 2006.

The greatest impact to Nevada gaming comes from the proliferation of gaming in other states. California, a major market for Washoe County, has approved gambling contracts with many of the State's Indian tribes. Other forms of legalized gaming, including lotteries and internet gaming, are adding competitive pressure. Even so, three new players to the Reno-Sparks gaming sector have announced significant expansions or plans to enter the local market and local gaming interests have expansions planned or currently in the works.

Local response to gaming competition has been to increase emphasis on special events and to concentrate on the area's natural attractions including Lake Tahoe and Pyramid Lake. Lake Tahoe, one of the most spectacular lakes in the world, is the largest Alpine lake in North America and is linked to Pyramid Lake by the Truckee River, as it winds its way through 105 miles of scenic beauty in the Truckee River Basin. A kayaking course was recently completed on the Truckee River in downtown Reno, to national acclaim. The Sierra Nevada Mountains feature Alpine and Nordic skiing at 18 major resorts, all within an hour's drive of Reno. The Tahoe Rim Trail, a 165-mile path encircling the Tahoe Basin was recognized nationally as one of 50 Millennium Legacy Trails. Rand-McNally, in recent years, has rated Washoe County as one of the top family outdoor recreational areas in the nation.

The area is also home to Hot August Nights, recognized as the top classic car event in the nation; the Great Reno Balloon Races; Reno Rodeo; National Championship Air Races and the West Coast Wine Competition. The area also hosts the American Bowling Congress and Women's International Bowling Congress on alternate years and the Reno-Tahoe Open, a Professional Golf Association (PGA) sanctioned tournament. The arts are well represented by the Reno Philharmonic and Chamber Orchestras, ballet, opera and Artown, a month-long event held in July that is noted by the National Endowments for the Arts as one of the country's most comprehensive festivals. More than 300 events are attended by 260,000 people annually.

For the second year in a row, Reno/Tahoe International Airport served over 5 million passengers. The airport bested its FY 2004 11% increase by an additional 1.5%, serving 5.2 million passengers. During the year, nonstop Saturday only service was added to Chicago. Due to that success, daily nonstop service will be added in December. In June, 9.8 million pounds of air cargo was handled for the month, exceeding prior year by 7%. This was the 16<sup>th</sup> consecutive monthly increase in air cargo service.

Nevada remains one of the fastest growing states in the nation and while not growing as fast as the State, Washoe County continues to add thousands of new residents annually. The latest population estimate for Washoe County is 396,844, with Reno at 206,735, Sparks at 85,618 and the unincorporated area at 104,491 citizens.

## **STRATEGIC PRIORITIES**

The Board's FY 2006 strategic priorities were:

- Increase the Safety and Security of Our Region
- Preserve Our Quality of Life
- Regional Collaboration
- Promote Quality Economic Development
- Government Efficiency and Financial Stability
- Encourage Citizen Participation
- Workforce Development

Activities engaged in to support those priorities follow:

### **Increase the Safety and Security of Our Region:**

- **The Truckee River Flood Management Project** is a community coalition brought together by the Cities, the Pyramid Lake Paiute Tribe, the University of Nevada, the general public and County to create a regional flood management plan to protect the community against flooding. The coalition was established in 1998 in response to the January 1997 Flood, a declared disaster. Some actions taken in FY 2006 included:
  - Established the Joint Truckee River Flood Project Coordinating Committee to oversee the flood project for the 50-mile Truckee River corridor;
  - Created a new department, hired a project director and support staff and established a special revenue fund to account for the flood project funded by a .125% infrastructure sales tax;
  - Completion of the "Living River Plan" and submission to the Army Corp of engineers for authorization and funding from Congress. The Living River plan objectives include:
    - Protect the 50-mile river corridor and adjacent homes and businesses from 100-year flood events;
    - Restore the Truckee River ecosystem and water quality enhancement;
    - Provide enhanced recreation opportunities, river access and preserve open space;
    - Preserve the remaining flood plain to allow the river to flood naturally; and
    - Restoration of natural river curves, re-vegetation and maintaining minimum flows.

- Pursuant to the Land Acquisition Plan, purchased 63 acres of critical floodplain land totaling \$16.4 million with agreements for another 61 acres at a cost of \$42 million.
- While the major crime rate remains stable, the jail population is increasing. Actions taken to address this situation include:
  - Construction of a 264-bed **jail expansion**, scheduled to open in the spring of 2007;
  - Established a new **Alternative Sentencing Department** to provide intensive supervision for compliance with Justice and Municipal Court orders.
- Emergency Planning efforts included the following:
  - Homeland Security grant expenditures totaled \$2.7 million for equipment support and responder training at various levels. The Emergency Management Department sponsored a large **hazardous materials and weapons of mass destruction exercise program** involving over 400 regional responders and public safety officials in a six-month series of progressive training and exercises named “Noble Responder”.
  - The County received \$588,000 from Federal Emergency Management Agency (FEMA) for its response efforts during the **New Year’s flood event**.
  - The region sent 80 local emergency responders to Emmitsburg, Maryland for federal **emergency training**. The responders were from the Cities, the County, Red Cross and other aid organizations and volunteers; with the purpose of coordinating efforts, maximizing resources and practicing the most efficient response procedures to protect life and property.
  - The **Regional Snow Emergency Response Plan** was completed with the Cities and includes GIS-based regional snow removal route maps to coordinate and prioritize plowing routes.

### Preserve Our Quality of Life:

- Efforts undertaken to support this strategy included:
  - For the fifth consecutive year the County was recognized as the #1 Local Government in the United States for **waste reduction and recycling** by the Environmental Protection Agency (EPA). An estimated savings of \$700,000 is realized through re-refinement of used oil, reusing office supplies, furniture and equipment, and using biodegradable food storage and food service supplies at the jail. This year a new program for recycling and reusing batteries is being implemented. We use reclaimed water for golf courses and landscaping, and our fleet of alternative fuel vehicles has grown to 200, reducing energy utilization and fuel costs.
  - **Erosion control** projects, ongoing in Incline Village, reduce sediment and run-off pollution flowing into Lake Tahoe. The Ponderosa Subdivision water quality improvement project was recognized as the American Public Works Association Project of the Year in the Environmental Category for reducing soil erosion into Lake Tahoe.
  - Representatives from Washoe County, the U.S. Forest Service, Incline Village General Improvement District, State Public Lands, Tahoe Regional Planning Agency (TRPA) and the Tahoe Trails Associations worked with the owners of the 777-acre **Incline Lakes** towards acquisition of this property for the benefit of the public. Funding is being sought under the Southern Nevada Public Lands Management Act.
  - The County implemented “**Open Arms**” on their public television station to promote adoptions and foster care, with 7 placements as a result of the new television show. Adoptive homes have been found for more than 300 children since assuming that responsibility from the State in 2003 and substantiated cases of child abuse and neglect are declining.
  - A **needs assessment for seniors** in Incline Village was completed and one for the rest of the County is in process. Issues addressed include increased communications through computer kiosks in public areas, participation in the launch of a 211 referral hotline, bilingual staff to address the needs of an increasing Hispanic population and enhanced wellness and mental health services for eligible seniors.

### Regional Collaboration:

- **Regional Animal Services** were fully consolidated with the completion of the Regional Animal Shelter facility, the assumption of City of Reno animal shelter operations and employees and shared facility funding and operations with the Nevada Humane Society.



- A **regional road maintenance services agreement** was adopted with the Cities of Reno and Sparks. The agreement provides for the sharing of equipment, supplies and crews to reduce costs and improve services to citizens.
- An agreement was negotiated with the Washoe County School District to **use schools for voting on election days**. This will significantly increase the number of polling sites available to voters, enhancing the speed and efficiency of the voting process and the speed of tallying election results.

**Promote Quality Economic Development:**

- The County approved \$11.2 million in Economic Development Revenue Bonds for Sierra Nevada College in Incline Village to assist in financing the Tahoe Center for Environmental Sciences. These bonds do not constitute debt of the County and provide financing at low interest rates for private projects with an identified public benefit.

**Government Efficiency and Financial Stability:**

- The Washoe County **Capital Improvements Program** is a five-year plan designed to provide for the adequacy of public facilities that will assist in the provision of services for new and existing county residents. It links the County's physical development planning with fiscal planning, as well as creating private sector jobs. Budgeted categories of the current year's and five-year program follow:

<b>CIP Project Categories</b>	<b>FY06</b>	<b>FY07</b>	<b>FY07-11</b>
Buildings	\$ 36,156,633	\$ 25,908,463	\$ 49,306,023
Erosion Control	2,000,000	1,300,000	9,200,000
Flood and Stormwater	43,527,611	33,275,892	178,052,892
Major Equipment	180,000	1,060,000	3,855,000
Parks, Land and Trails	49,826,248	53,426,881	79,825,722
Sanitary Sewer	35,745,000	15,795,000	52,875,000
Streets and Parking Lots	12,402,932	16,584,619	36,841,637
Technology	8,784,592	5,096,820	17,899,572
Water	81,155,700	88,818,000	211,472,000
<b>Totals</b>	<b>\$ 269,778,716</b>	<b>\$ 241,265,675</b>	<b>\$ 639,327,846</b>

- The **Department of Water Resources** is responsible for Water Planning, Remediation, Stormwater Management/Flood Control and operation of county-owned or operated water, wastewater and reclaimed water systems. Current year budgeted utility projects totaled \$106.2 million. Major additions included: the Cold Springs Wastewater Treatment Plant at \$1.2 million, which was completed during 2006 at a total project cost of \$7.9 million; \$17.3 million related to the Longley Lane Water Treatment Facility which is expected to be completed during FY 2007 at a total project cost of \$20.5 million; \$1.5 million for the North Lemmon Valley Water System Improvements Phase 1-4 (NLV) expected to be completed during 2007 at a total project cost of \$4.3 million, including \$2.5 million of state and federal grant funds; \$7.0 million related to the South Truckee Meadows Surface Water Treatment Facility and Water Source Improvements which are expected to be completed during FY 2008 at a total cost of \$43.8 million; \$3.0 million related to the Spanish Springs Flood control project, which is expected to be completed during FY 2007 at a total project cost of \$10.6 million; \$2.8 million is related to the Spanish Springs Sewering Phase I project, which is expected to be completed during FY 2007, at a total project cost of \$4.7 million, including \$3.7 million in state and federal grant funds.
- A **Technology Strategic Plan** was adopted by the Board that will guide future technology investments and provide direction to projects designed to enhance customer service and access. Some of those projects include customer relationship management, public safety and crime prevention, tax payment and treasury management, library and information services enhancement and employment functions.
- The **Building and Safety Department** received upgraded ratings for the effectiveness of their residential and commercial codes and inspections from the International Standards Organization (ISO). This will result in better insurance rates for residents.

- In March, Washoe County received a credit rating upgrade from **Standard and Poor's** to "AA-stable outlook" from A+. This is the first AA rating given to a Northern Nevada local government. Standard and Poor's stated that the upgrade was based on good management in general and specifically regarding financial management, growing economic diversification, low unemployment rate and strong fund balances. The higher rate will result in lower interest payments on future borrowing.
- On September 25, 2006, **Moody's Investors Service** assigned an Aa2 rating to the County's General Obligation (Limited Tax) Park Bonds (Additionally Secured by Pledged Revenues), Series 2006 and upgraded the rating to Aa2 from Aa3 on the County's other outstanding general obligation bonds. Moody's has also upgraded to Aa3 from A1 the rating on the County's Series 2000 certificates of participation. The upgrade to Aa2 reflects the County's above average economic growth; consistently solid financial operations; healthy coverage from additionally pledged revenues; and a favorable debt profile.

### Encourage Citizen Participation:

- Citizen participation is profoundly felt in times of emergency. **Citizen emergency response** included:
  - **Community Emergency Response Team (CERT)** is a Federal Emergency Management Agency (FEMA) program that helps educate citizens about hazards and trains them in lifesaving skills to respond to emergency situations in their communities, in Washoe County, CERTs have been used for Emergency call-outs, Airport and Runway Security, Special Event Support, Disaster Preparedness Training and other areas.
  - **The Citizen's Homeland Security Councils (CHSC)** primary goal is education in identifying potential terrorist threats in order to keep panic and confusion at a minimum through the efforts of a trained citizenry.
  - The **Search and Rescue Unit** is responsible for search and rescue functions; assists in major events; maintains a fleet of specialty vehicles; conducts training and provides logistical help to other divisions and agencies. The manpower for these functions is provided by volunteers from eight separate groups, which include:
 

○ Washoe County Search & Rescue, Inc.	○ Communications Unit
○ Washoe County Sheriff's Hasty Team	○ Contractor's Auxiliary
○ Washoe County Sheriff's Air Squadron	○ Wilderness Finders
○ Special Vehicle Unit	○ Animal Rescue Team
- Other vital areas of **citizen participation** include:
  - **Court Appointed Special Advocate (CASA)** volunteers offer children trust and advocacy during complex legal proceedings. They explain to the child the events that are happening and the roles the judge, lawyers and social workers play. They also provide judges with carefully researched background of the child to help the court make a sound decision about that child's future.
  - There are currently 16 **Citizen Advisory Boards (CABs)** with from five to nine Board appointed member/volunteers. The boards study and give counsel on public issues. Their purpose is primarily to communicate ideas and concerns of local citizens to the County Commissioners, thus enabling them to better do the job to which they were elected.
  - Citizens providing **foster care or adopting** help children who would not otherwise have a family life by giving them the love, care, protection and guidance essential for their personal growth and development.
  - Volunteer **poll workers** assist our citizens in one of our most precious freedoms, the right to vote and participate in the governing process. Over 1,100 workers assisted in 257 precincts in the primary elections, and will again be called upon for the general election, in November. The Election Certification Board is also made up of volunteers who confirm the election results prior to Board approval.
  - Various individuals and groups volunteer to preserve and maintain historical or educational sights for public use, including Friends of the Old Huffaker Schoolhouse, Truckee Meadows Remembered, and the May Foundation.
  - The **Organizational Effectiveness Committee** is a group of individuals from the private or not-for-profit sector and Commissioner appointees working with county staff to offer insights that will facilitate strategic improvements in the county organization in order to provide progressive regional leadership in the delivery of services in a quality, cost-effective manner.
  - The **Washoe County Leadership Academy**, a 10-week program designed to educate citizens about county programs and services, as well as provide training to foster community leadership, was launched. The Spring 2006 session saw 24 participants graduate and 25 participants are currently enrolled in the Fall

2006 session. Upon graduation, these participants present their proposals to the Commission and management to improve our community's quality of life.

### **Workforce Development:**

- Last December the Board adopted a **Diversity in Action Plan** with the goal of making the county workforce reflective of the population served. The five-year plan was developed with input from the National Association for the Advancement of Colored People, Asian-American Caucus, Hispanic Chamber of Commerce, Minority Alliance, Disability Advocacy, the Truckee Meadows Community College diversity staff and area business leaders.
- A **Wellness Program** was approved by the Board in an effort to reduce health benefit costs, one of the fastest growing elements in the budget. Eleven specific recommendations were provided by employees and a third-party provider is being sought to add these components to a comprehensive wellness program.
- A **fraud and abuse hotline** was created for employees to report suspected incidents. The reports will be directed to and handled by a third party resource, independent from the County to insure anonymity.
- **In-house training and certification programs** have expanded for all employees in order to enhance competence and provide for expanded promotional opportunities.

### **FINANCIAL PLANS**

The budget serves as the County's financial plan. The County is the recipient of the Distinguished Budget Presentation Award from the Government Finance Officers Association, meaning that the budget is acknowledged as meeting nationally recognized guidelines for serving as a planning document, as well as an operational guide and communications vehicle. Significant variances to the June 30, 2006 budget are discussed in Management's Discussion and Analysis, as are results of operations and changes in financial position. Compliance with budget and other statutory issues are addressed in Note 2 to the financial statements.

The FY 2007 budget reflects healthy economic conditions as well as forecasts for continuing economic growth, although at a slower pace. Supporting factors include strong job growth; a low, stable unemployment rate; and continuing growth in taxable sales and real property taxes, the County's primary revenue sources. Real property taxes and sales taxes are projected to increase by 10% and 7%, respectively. There is no change in the property tax rate, which remains \$1.3917 per \$100 assessed valuation.

The FY 2007 budget is based on the Board of County Commissioners' adopted strategic priorities and goals, after departmental input, state review and public hearings. The Board identified the following strategic priorities for FY 2007:

- Improve Public Safety, Security and Health
- Preserve and Enhance Our Quality of Life
- Improve Regional Collaboration
- Support a Healthy Economy
- Improve Government Efficiency and Financial Stability
- Provide Excellent Public Services
- Develop Our Workforce

Budget appropriations for FY 2007 reflect the following:

- Combined appropriations in the Governmental Funds, including Fund Balance of \$101.2 million, total \$787.0 million. Proprietary expense appropriations total \$89.3 million.
- Property tax revenues are budgeted at \$178.8 million, a 10% increase over FY 2006.
- Estimated General Fund revenues for FY 2007 total \$316 million, representing an increase of 10% over FY 2006 estimated revenues.
- General Fund appropriations, including other financing uses is \$331.2 million, a growth of 5.9% over the FY 2006 adopted budget.
- Public Works Construction project budgets total \$68.6 million and infrastructure preservation and other capital project budgets total \$136.1 million, for total capital outlay of \$204.6 million.

### **RISK MANAGEMENT**

Risk Management is divided into two functional areas: Risk Management and Health Benefits. The Risk Management Fund, an internal service fund, accounts for revenues received for providing the County with property and liability insurance, workers' compensation insurance and unemployment compensation insurance. Workers' compensation and liability are self-insured programs. Workers' compensation has a self-insured retention of \$1.5 million. Liability claims have a self-insured retention of \$1.5 million per occurrence with excess liability coverage of

\$5 million. Property is insured with a \$50,000 deductible. The Health Benefits Fund, created pursuant to NRS 354.6145, was designed to meet the financial needs and responsibilities of the County's employee health insurance program. This program offers two medical plans, the self-funded plan and a health maintenance organization. It also offers dental and vision plans and life insurance benefits. Health insurance benefits are also available to retired county employees under various plans. Note 20 to the financial statements describes more fully the purpose of the funds and stop loss amounts.

## **CASH MANAGEMENT**

Allowable investments for public funds are restricted by state statute (NRS 355.170), but generally include obligations of the United States government, certain federal government agencies and certificates of deposit. The County utilizes money markets to invest temporarily idle cash. Investments are more fully described in Notes 1 (F) and 5 to the financial statements.

Entity-wide cash and investments at June 30, 2006 increased \$91.6 million from the prior year, largely due to new financing and unspent bond proceeds for construction projects. Total bonds issued during the year were \$106.1 million. Information regarding debt is detailed in Notes 11, 12 and 13 of this report. Other contributors to increased cash included increased cash from proprietary operations and utility hookup fees. Cash increases were partially offset by capital asset acquisitions and debt service.

Accounting principles generally accepted in the United States of America (GAAP), require that investments be reported at fair market value rather than cost. At June 30, entity-wide investment earnings were \$8.6 million, which included \$628,000 of realized gain and \$5.6 million of unrealized loss. Investment earnings decreased by \$3.5 million from the prior year due to unrealized losses on investments offset by increased interest earnings, resulting from rising interest rates.

## **AWARDS**

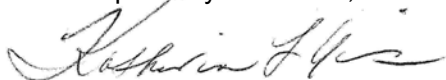
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washoe County for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the 24<sup>th</sup> consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

The preparation of this report on a timely basis could not have been accomplished without the many hours and dedicated service of the Comptroller's entire staff. More particularly, the accounting staff supervised by Patricia Gonzales, C.P.A., Chief Deputy Comptroller, and comprised of Sheri Mendez, C.P.A., Accounting Manager; Cynthia Washburn and Mary Solorzano, Senior Accountants; Sadie Dukatz, Darlene Frazer, C.P.A., Joe Mavis and Marilyn Urbani, Accountants, and Sandra McGarva, Administrative Secretary Supervisor. Thanks also to the Reprographics Department for their efforts and expertise in producing this document, the Community Relations Department for their contribution of photographs and press releases, and to the staff from Kafoury, Armstrong & Co., Certified Public Accountants, for their contributions and support. Special thanks to County Manager, Katy Singlaub, Finance Director, John Sherman, C.P.A. and the Board of County Commissioners for their interest and support in the planning and conducting of the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Katherine L. Garcia, C.P.A., C.P.F.O.  
Comptroller

# WASHOE COUNTY BOARD OF COMMISSIONERS

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**Robert Larkin,**  
Chair  
District Four

**Bonnie Weber,**  
Vice Chair  
District Five ↓



**Pete Sferrazza,**  
District Three



**David Humke,**  
District Two



**Jim Galloway,**  
District One

Washoe County is home to Lake Tahoe, one of the most beautiful places on earth; to the majestic Sierra Nevada mountains; to the life-giving Truckee River; to vast open ranges and blue sky; to pastoral ranches and to friendly, vibrant communities including the cities of Reno and Sparks.

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## Vision Statement

Our vision is that by preserving and enhancing our high quality of life, Washoe County will remain a healthy, safe and compelling place in which to live, work, recreate, visit and invest.

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## Mission Statement

The mission of Washoe County is to provide efficient, effective and high quality public services through:

- **Excellent regional services,**
- **Open, informed and collaborative decision-making,**
- **Valued staff that is accessible and accountable,**
- **Quality, sustainable facilities and infrastructure,**
- **Responsible growth management; and**
- **Preservation of our natural resources, open spaces and magnificent natural landscape.**

Our service role in fulfillment of this mission includes, but is not limited to, justice and public safety, health and sanitation, social services, culture and recreation, elections and administrative services, and public works.

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**WASHOE COUNTY, NEVADA  
LISTING OF COUNTY OFFICIALS  
AS OF JUNE 30, 2006**

**Elected Officials**

	<b>First Elected</b>	<b>*Term Ends</b>	
District 1: Commissioner	1997	2009	Jim Galloway
District 2: Commissioner	2003	2007	David Humke
District 3: Commissioner	1999	2007	Pete Sferrazza
District 4: Chair, Board of County Commissioners	2005	2009	Robert Larkin
District 5: Vice Chair, Board of County Commissioners	2003	2007	Bonnie Weber
County Clerk	1999	2007	Amy Harvey
County Recorder	1999	2007	Kathryn L. Burke
County Assessor	1983	2007	Robert McGowan
County Treasurer	1995	2007	Bill Berrum
District Attorney	1995	2007	Richard A. Gammick
Public Administrator	1999	2007	Donald L. Cavallo
Sheriff	2000	2007	Dennis Balaam

*\*Term expires first Monday in January of the year indicated*

**Appointed Officials**

County Manager	Katy Singlaub
Assistant County Manager	John Berkich
Assistant County Manager	David Childs
Comptroller	Katherine Garcia
County Coroner	Vernon McCarty
Acting Director of Building and Safety	Don Jeppson
Director of Cooperative Extension	Frank Flavin
Director of Community Development	Adrian Freund
Director of Finance	John Sherman
Director of Human Resources	Joanne Ray
Director of Juvenile Services	Mike Pomi
Director of Law Library	Sandra Marz
Director of Library	Nancy Cummings
Director of Public Works	Clayton T. Gadd
Director of Purchasing	John Balentine
Director of Regional Parks and Open Space	Doug Doolittle
Director of Senior Services	Marietta Bobba
Director of Social Services	Mike Capello
Director of Technology Services	Cory Casazza
Director of Truckee River Flood Management Project	Naomi Duerr
Director of Water Resources	Steven Bradhurst
District Health Officer	Mary Anderson
Public Defender	Jeremy Bosler
Registrar of Voters	Daniel Burk

# Washoe County, Nevada Organization Chart

## Washoe County Citizens

### Board of County Commissioners

#### County Manager

**Katy Singlaub**

**Assistant County Manager**  
**David Childs**

**Assistant County Manager**  
**John Berkich**

**Office of the County Manager**

**Building and Safety**  
Don Jeppson (Acting)

**Human Resources**  
Joanne Ray

**Coroner**  
Vernon McCarty

**Finance**  
John Sherman

**Community Relations**  
Kathy Carter

**Community Development**  
Adrian Freund

**Regional Parks/Open Space**  
Doug Doolittle

**Public Defender**  
Jeremy Bosler

Budget Division  
Comptroller's Office  
Collections Division  
Purchasing Division  
Risk Management Division

**Internal Audit**  
Bill Mikawa

**Water Resources**  
Steve Bradhurst

**Public Works**  
Tom Gadd

**Senior Services**  
Marietta Bobba

**Registrar of Voters**  
Dan Burk

**Management Services Division**  
John Slaughter

Engineering  
General Services Division

**Social Services**  
Michael Capello

**Technology Services**  
Cory Casazza

**Flood Control<sup>4</sup>**  
Naomi Duerr

**Public Guardian**  
Susan DeBoer, Acting

**Library<sup>3</sup>**  
Nancy Cummings

**Labor Relations**  
Steve Watson

### Courts<sup>1</sup>

DISTRICT COURTS  
FAMILY COURTS  
JUSTICE COURTS  
JUVENILE SERVICES – Mike Pomi  
LAW LIBRARY – Sandra Marz

### Elected Departments<sup>1</sup>

ASSESSOR – Robert McGowan  
CLERK – Amy Harvey  
DISTRICT ATTORNEY – Richard Gammick  
PUBLIC ADMINISTRATOR – Don Cavallo  
RECORDER – Kathryn Burke  
SHERIFF – Dennis Balaam  
TREASURER – Bill Berrum  
CONSTABLE – Joseph Kubo

### Departments Appointed by Other Boards<sup>1</sup>

DISTRICT HEALTH – Mary Anderson  
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT<sup>2</sup>  
COOPERATIVE EXTENSION – Frank Flavin



1/19

1-County Manager is Liaison  
2-Board of County Commissioners sits as Board of Fire Trustees  
3-Director Appointed by Library Board of Trustees  
4-Director Appointed by Truckee River Flood Project Management Coordinating Committee

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washoe County,  
Nevada

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emery*

Executive Director