

FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Board of Commissioners of
Washoe County, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washoe County, Nevada (the "County"), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Washoe County. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit:

Government-Wide Financial Statements

- the financial statements of the South Truckee Meadows General Improvement District, which represents 5.2 percent of the assets, 6.7 percent of the net assets and 2.2 percent of the revenues of the business-type activities

Fund Financial Statements

- the financial statements of the South Truckee Meadows General Improvement District Fund, which represent 7.0 percent of the assets, 8.7 percent of the net assets and fund balances, and less than one percent of the revenues and additions of the aggregate remaining fund information.

Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned fund is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washoe County, Nevada, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective

budgetary comparison for the General Fund and the Pre-Funded Retiree Health Benefits Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2009 on our consideration of Washoe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress - Other Postemployment Benefits on pages 4 through 13 and 73, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washoe County's basic financial statements. The accompanying Introductory Section, nonmajor combining and individual fund statements and schedules, statistical section, and the Schedule of Expenditures of Federal Awards (as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations*), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The nonmajor combining and individual fund statements and schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kafoury, Armstrong & Co.

Reno, Nevada
October 23, 2009

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

The discussion and analysis of Washoe County, Nevada (the County) is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activities, (c) identify changes in the County's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

We encourage readers to read this information in conjunction with the transmittal letter, financial statements and notes to gain a more complete picture of the information presented.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The auditor's report offers an unqualified opinion on the financial statements, the highest opinion that can be attained.

Cash and investments of \$443.8 million are available to meet liabilities due within one year of \$85.6 million. This is a conservative measure of cash and investments available to pay current obligations. The County's cash ratio is 5.1, meaning that the County has more than 5 times the cash and investments available to meet current obligations. Last year's cash ratio was 5.2.

Net capital assets increased \$92.7 million to \$1.1 billion. The current year increases include land of \$15.3 million, buildings and improvements of \$3.5 million, and new infrastructure of \$103 million. Depreciation expense totaled \$54.1 million.

Outstanding bonded debt and certificates of participation decreased from \$347.6 million to \$329.5 million. New debt of \$21.5 million was issued, offset by \$39.6 million in principal payments. Outstanding debt is \$1.3 billion below the legal debt limit. Standard & Poor's service raised its long-term and underlying rating to AA from AA- on Washoe County's general obligation bonds.

Total net assets increased by \$99.7 million over prior year to \$1.2 billion. The County's investment in capital assets exceeds related debt by \$913 million. Restricted net assets increased from \$167.7 to \$179.5 million and are 15% of total net assets. Unrestricted net assets decreased from \$131.1 million in the prior year to \$112.4 million in the current year. Business-type unrestricted net assets of \$99.8 million are generally not used to fund other operations.

Total revenue increased 13% to \$642.7 million. Program revenues of \$291 million made up 45% of the total, an increase of 39% over prior year. General revenues, before transfers, decreased 2% to \$351.8 million.

The County's primary revenue sources are ad valorem and consolidated taxes. These two revenue sources comprise 35% and 13% of countywide revenues, respectively. Ad valorem taxes increased by 6% from the prior year due to increased real and personal property assessed valuations, offset by abatements based on statutory tax bill caps. Property tax rates did not increase from the prior year. Consolidated taxes declined 16% or \$15.5 million, primarily reflecting a reduction in taxable sales and real property transfer taxes driven in part by the slowdown in the housing market and new construction.

Capital program revenues increased by \$81.3 million primarily due to a \$100 million capital contribution from developers in the Water Resources Fund.

Total expenses were \$543.1 million, a decrease of 1% countywide from prior year. Governmental activities made up 93% of the total expenses and were approximately level with prior year. Increased costs related to a special termination program, increased net obligations for other postemployment benefits and recognition of a pollution remediation liability were offset by budgeted expense reductions and a non-recurring payment to other agencies in the prior year. Expenses for business-type activities decreased by \$6.1 million primarily due to payments to other agencies in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which are comprised of government-wide financial statements, fund financial statements and accompanying notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. Government-wide financial statements are designed to provide a broad overview of the County's finances in a manner similar to a private-sector business.

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes or earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, public works, public safety, health and sanitation, welfare, culture and recreation and community support. The business-type activities of the County include water and sewer utilities, golf courses and building permits.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds which include the General Fund and the Pre-Funded Retiree Health Benefits Fund. Data from the remaining funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison is provided for each of the County's governmental funds to demonstrate compliance with the budget. The budgetary comparison statements for the General Fund and the Pre-Funded Retiree Health Benefits Fund are presented with the basic financial statements; the budgetary comparisons for all governmental funds are included in the fund financial statements.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for water and sewer utilities, golf courses and building permits. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles and for self-insurance activities including liability insurance, workers' compensation and group health insurance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate details for the Water Resources Fund, which is a major fund. Data from the remaining funds are combined into a single, aggregated presentation. All internal services funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the remaining enterprise and internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

Notes To The Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. Following the notes in this report, required supplementary information is presented concerning Washoe County's progress in funding its obligation to provide retiree health benefits. Other information, including combining and individual fund statements and schedules are presented after the basic financial statements and notes. Unaudited statistical information is provided on a ten-year basis, as available, for trend analysis and to provide historical perspective.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Washoe County Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008**	2009	2008
Assets						
Current and other assets	\$ 361,966	\$ 363,323	\$ 156,237	\$ 148,913	\$ 518,203	\$ 512,236
Net capital assets	739,998	745,412	409,124	311,023	1,149,122	1,056,435
Total Assets	1,101,964	1,108,735	565,361	459,936	1,667,325	1,568,671
Liabilities						
Current liabilities	30,079	28,722	6,819	8,567	36,898	37,289
Long-term liabilities	311,672	306,899	113,905	119,288	425,577	426,187
Total Liabilities	341,751	335,621	120,724	127,855	462,475	463,476
Net Assets						
Invested in capital assets, net of related debt	576,616	572,750	336,359	233,614	912,975	806,364
Restricted	170,975	163,355	8,515	4,376	179,490	167,731
Unrestricted	12,622	37,009	99,763	94,091	112,385	131,100
Total Net Assets	\$ 760,213	\$ 773,114	\$ 444,637	\$ 332,081	\$ 1,204,850	\$ 1,105,195

*For more detailed information see the Government-wide Statement of Net Assets and Notes to the Financial Statements.

**In 2008 the Central Truckee Meadow Remediation District (CTMRD) was reported as a business-type activity within the Water Resources Fund. In 2009, it was reported as a governmental activity. The 2008 amounts reported above have been adjusted to report CTMRD as a governmental activity.

Net Assets: Net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$1.2 billion at June 30, 2009, an increase of 9% over the prior year.

The largest portion of net assets (76%) reflects investment in capital assets (e.g., land, buildings, equipment and construction in progress) less any related outstanding debt used to acquire those assets. Net investment in capital assets rose by \$106.6 million over the prior year primarily due to a \$100 million capital asset contribution in the Water Resources Fund. Outstanding capital related debt decreased as scheduled principal payments were not offset by major new debt issuances for capital projects due to the budget shortfall reduction programs that deferred many planned capital projects. Washoe County uses these capital assets to provide services to citizens; therefore, they are not generally available for future spending. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets would not generally be used to liquidate related debt.

An additional portion of Washoe County's net assets (15%) represents resources that are subject to external restrictions (statutes, bond covenants, or granting agencies) on how they may be used. Restricted net assets increased by \$11.8 million from prior year primarily for debt service and self-insurance claim reserves.

Unrestricted net assets of \$112.4 million may be used to meet the County's other ongoing obligations to citizens and creditors. The decrease of \$18.7 million in unrestricted net assets from the prior year is primarily due to increased debt and other long term liabilities that are not capital related.

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

Washoe County Changes In Net Assets

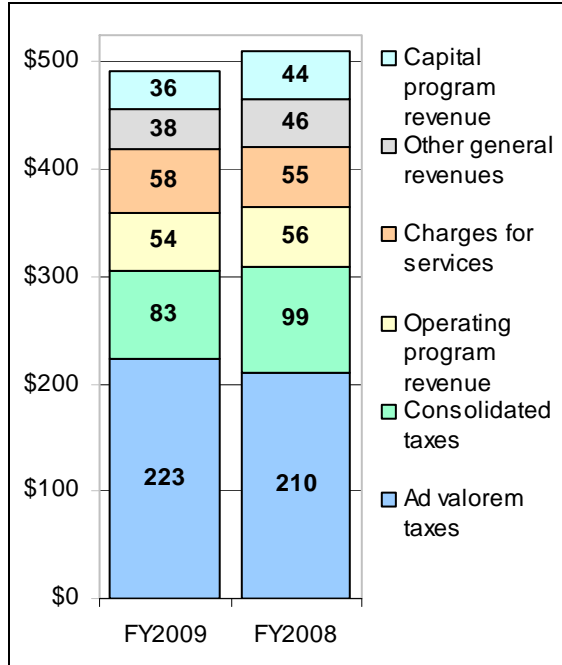
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 57,968	\$ 55,306	\$ 33,514	\$ 34,703	\$ 91,482	\$ 90,009
Operating grants, interest and contributions	54,398	55,506	34	612	54,432	56,118
Capital grants, interest and contributions	34,590	43,987	110,484	19,796	145,074	63,783
General Revenues:						
Ad valorem taxes	223,457	210,184	-	-	223,457	210,184
Consolidated taxes	83,070	98,567	-	-	83,070	98,567
Other intergovernmental	21,231	27,787	-	-	21,231	27,787
Unrestricted investment earnings	7,906	9,586	4,741	4,877	12,647	14,463
Other	9,334	8,972	2,019	20	11,353	8,992
Total Revenues	491,954	509,895	150,792	60,008	642,746	569,903
Expenses:						
General government	99,921	93,781	-	-	99,921	93,781
Judicial	58,766	58,415	-	-	58,766	58,415
Public safety	161,395	152,410	-	-	161,395	152,410
Public works	41,722	39,397	-	-	41,722	39,397
Health and sanitation	27,858	27,861	-	-	27,858	27,861
Welfare	64,048	66,193	-	-	64,048	66,193
Culture and recreation	38,364	53,447	-	-	38,364	53,447
Community support	1,662	1,555	-	-	1,662	1,555
Interest/fiscal charges	11,028	11,267	-	-	11,028	11,267
Utilities	-	-	34,699	40,232	34,699	40,232
Golf courses	-	-	1,757	1,741	1,757	1,741
Building permits	-	-	1,871	2,441	1,871	2,441
Total Expenses	504,764	504,326	38,327	44,414	543,091	548,740
Increase in Net Assets Before Transfers	(12,810)	5,569	112,465	15,594	99,655	21,163
Transfers	(91)	(240)	91	240	-	-
Change in Net Assets	(12,901)	5,329	112,556	15,834	99,655	21,163
Net Assets, July 1	773,114	767,785	332,081	316,247	1,105,195	1,084,032
Net Assets, June 30	\$ 760,213	\$ 773,114	\$ 444,637	\$ 332,081	\$ 1,204,850	\$ 1,105,195

Changes in Net Assets. The County's net assets increased \$99.7 million during the current fiscal year driven by capital program revenues for utilities. Total revenues of \$642.7 million exceeded prior year revenue by 13%. General revenues, mainly comprised of various taxes and investment earnings, represent 55% of total revenue, a decline from 63% in the prior year. General revenues decreased 2% from the prior fiscal year to \$352 million with the largest decrease from consolidated taxes which declined by 16%. Program revenues are directly related to service activities of a function and include charges for services, operating and capital grants and contributions, and related investment earnings when restricted for use in programs. Total program revenues of \$291 million increased by 39%, or \$81.1 million, from the prior year primarily due to a \$100 million capital contribution in utility activities. Total expenses of \$543.1 million decreased 1% over the prior year primarily in utility activities and in the culture and recreation function due to non-recurring payments to other agencies in the prior year. Other functional increases were largely due to increased personnel costs.

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

Governmental Activities. Governmental activities decreased the County's net assets by \$12.9 million. The two largest revenue sources are ad valorem and consolidated taxes, which together comprise 62% of governmental activity revenue.

**Governmental Activities -
Revenues by Source
In Millions of Dollars**



Ad valorem taxes increased by 6% from the prior year due to increased real and personal property assessed valuations, offset by abatements based on statutory tax bill caps. There was no increase in the tax rate.

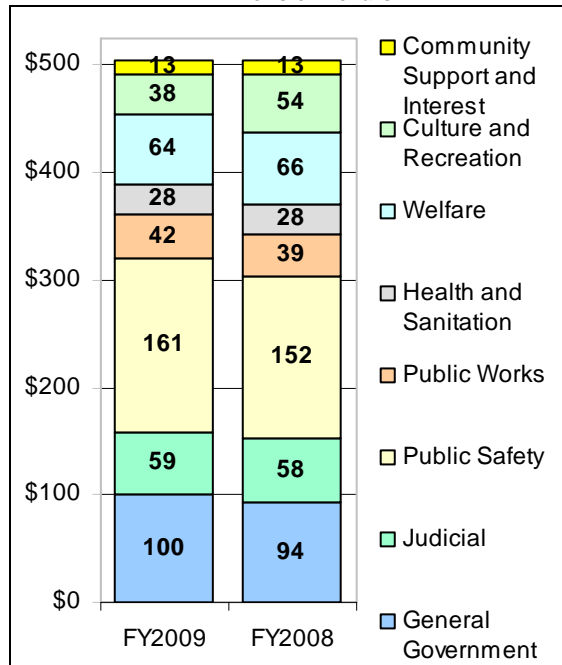
Consolidated sales taxes, received from the State, declined by 16% in the current year reflecting a reduction in taxable sales and real property transfer taxes driven in part by the slowdown in the housing market and new construction.

Operating program revenue decreased by 2% due in part to lower investment income. Charges for services increase of 5% were realized primarily in public safety and welfare activities. These increases resulted from a combination of higher activity levels plus increased fees.

Other general revenues, including miscellaneous taxes, licenses, fees, and investment earnings decreased \$8 million from the prior year due to lower intergovernmental revenue and reduced investment earnings.

Capital program revenue decreased \$8 million due to fewer roads built and contributed to the County by developers and other agencies.

**Governmental Activities -
Expenses by Function
In Millions of Dollars**



Increases for most functional areas were driven by personnel costs as other costs were reduced to help offset revenue declines for consolidated and other state shared taxes.

The largest functions are public safety and general government, which together comprise 52% of governmental activities expenses.

The public safety increase of 6% from the prior year was due to increased personnel costs. The increase in general government was primarily due to costs associated with special termination benefits and increased OPEB related costs.

The public works increase includes increased expense for maintenance (non-capital) projects and payment to local agencies for shared road maintenance under a new Interlocal agreement.

The culture and recreation functional expense decrease was from a non-recurring payment to other agencies in the prior year.

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

**Governmental Activities -
Program Revenues as a Percent of Expenses
by Function**

	<u>FY2009</u>	<u>FY2008</u>
General Government	30%	28%
Judicial	27%	24%
Public Safety	15%	18%
Public Works	34%	82%
Health and Sanitation	57%	55%
Welfare	54%	47%
Culture and Recreation	31%	17%
Community Support	6%	2%

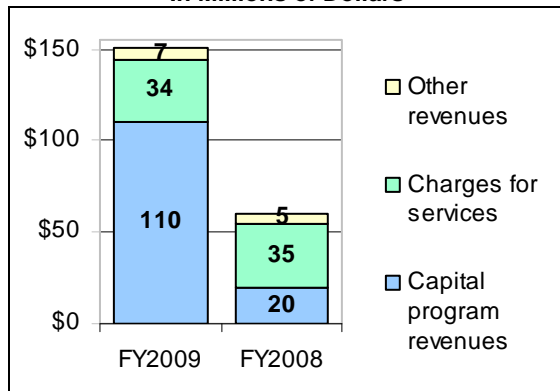
Program revenues for governmental activities provided an average of 29% towards costs of providing program services, a decrease from 30% in the prior year.

Decreases in program revenue/expense coverage in public works resulted from decreased contributions for capital projects.

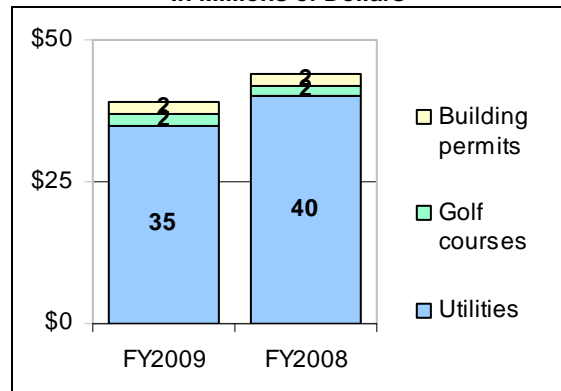
The increase in program revenue/expense coverage in culture and recreation was due to the payment in the prior year, of \$22.1 million, mostly from bond proceeds, to the City of Reno for construction of a baseball stadium.

Business-type Activities. Capital related program revenues increased by \$90 million over prior year primarily due to a \$100 contribution in the Water Resources Fund. Charges for services decreased by 3% primarily from reduced fees in utilities and golf courses.

**Business-Type Activities – Revenues by Source
In Millions of Dollars**



**Business-Type Activities – Expenses by Program
In Millions of Dollars**



Utilities expenses decreased by \$5 million from the prior year primarily due to a non-recurring \$5.2 million payment to other agencies for sewer capacity and interlocal agreements in the prior year.

**Business-Type Activities -
Program Revenues as a Percent of Expenses**

	<u>FY2009</u>	<u>FY2008</u>
Utilities	406%	128%
Golf courses	92%	91%
Building permits	76%	88%

Building permits activities declined \$0.6 million from the prior year as staff reductions and other adjustments were made to match the declining building activity.

MAJOR FUNDS FINANCIAL ANALYSIS

Washoe County uses fund accounting and budgetary integration to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of Washoe County's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's current funding requirements. Unreserved fund balance serves as a useful measure of net resources available for appropriation at the end of the fiscal year.

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

Current year governmental fund combined ending fund balances of \$266.6 million reflect a decrease of \$16.4 million from the prior year. Unreserved fund balance of \$199.6 million is available for appropriation. Of that amount, \$192.8 million has been designated by the Board as a resource for FY 2010 budget and \$5.2 million will be reappropriated for FY 2009 commitments. The remainder of fund balance is reserved to indicate that it is not available for appropriation, due to statutory or regulatory restrictions: (1) \$16.8 million for debt service, (2) \$44.7 million for unspent bond proceeds, grants, donations, and inventory and (3) \$5.5 million for self-insurance claims.

The **General Fund** is the County's primary operating fund. At the end of the current fiscal year total fund balance was \$37.1 million, a decrease of \$6.2 million from the prior year. Reserved fund balance decreased by \$0.6 million primarily due to decreased debt reserve requirements. Unreserved fund balance of \$28.9 million decreased \$5.6 from prior year due to a decrease in revenues.

Budget reduction adjustments affecting staff levels and expenditures were made throughout the year to offset the impact of a revenue shortfall caused by a greater than anticipated decline. A program of special termination benefits was offered to address expected continued revenue declines in the next fiscal year, partially funded by employee voluntary wage concessions. Additional discussion can be found in the General Fund Budgetary Highlights section.

As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to the total of expenditures and other financing uses. Unreserved and total fund balance represents 9.2% and 11.8%, respectively, of expenditures plus other financing uses as compared to 11% and 13.8%, respectively, in the prior year.

Key factors in the decrease in total fund balance are as follows:

- Revenues of \$306.9 million decreased \$8.4 million or 3% under prior year, primarily due to lower consolidated taxes and other shared state revenues.
- Ad valorem tax revenue exceeded prior year revenue by \$9.6 million. The 6% increase in ad valorem tax revenues over prior year reflects a 0.0037 cent increase in the General Fund rate combined with increases in real property assessed valuation offset by tax abatements due to legislation.
- Total intergovernmental revenues decreased by \$15.1 million. Consolidated tax decreased \$14.4 million or 16% from the prior year reflecting a slowdown in residential construction and in taxable sales which also adversely affected other shared tax revenues. Federal and state grant revenues were \$0.4 million or 5% under prior year largely due to the timing of public safety grant programs. The total award level for federal and state grants increased by \$3.5 million over the prior year.
- Investment earnings decreased by \$1.4 million due to lower interest income as well as lower realized and unrealized gains on investments.
- Expenditures of \$289.3 million increased \$2.2 million or 1% over the prior year. This increase included \$4.7 million for special termination benefits. Before the special termination program, expenditures decreased by \$2.5 million or 1%. Personnel costs of \$206.4 million, excluding the special termination benefits, decreased from the prior year by 1% as a result of staff reductions, voluntary wage concessions and other budget shortfall reduction programs. Personnel costs comprise 73% of expenditures in the General Fund.
- Revenues exceeded expenditures by \$17.7 million. Other financing sources and uses were a net use of \$23.9 million, primarily for transfers to other funds for support of operations and debt service.

The **Pre-Funded Retiree Health Benefits Fund** accounts for resources accumulated to pay future retiree health benefit premiums for eligible employees. The Fund has an unreserved fund balance of \$62.2 million. Transfers of \$2.3 million from the General Fund and investment income of \$2.8 million provided resources for the fund. The County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2008. However, the assets in this fund cannot be used to reduce the unfunded actuarial accrued liability until transferred to a separate irrevocable trust fund. The County is in the process of establishing a trust fund and transferring all assets in the 2010 fiscal year.

Proprietary Funds: Proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail and at fund level. They are accounted for using the full accrual basis of accounting, therefore, no reconciliation is required to the government-wide statements.

The **Water Resources Fund** was established to account for county-owned and operated water and sewer systems in the unincorporated areas of Washoe County. The Washoe County Department of Water Resources is the only organization in

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

Nevada that provides integrated water resource services for water supply, wastewater treatment, effluent reuse, flood management, flood early warning and water resource planning.

Effective July 1, 2008, the County elected to account for the activities of the Central Truckee Meadows Remediation District (CTMRD) in a newly-created special revenue fund; the District's activities were previously accounted for as part of the Water Resources Fund. Prior year amounts and beginning net assets presented in the Water Resources Fund financial statements have been restated to reflect this change in accounting for the CTMRD.

Cash increased by \$7.1 million during the year as a result of positive cash flow from operations. Capital assets increased \$108 million, chiefly as the result of contributions from developers totaling \$104 million. This total included the acceptance by the Board of County Commissioners of the Fish Springs Water Importation Project, which was dedicated to the County by Fish Springs Ranch, LLC. The project consists of infrastructure assets with a total value of \$100 million.

Operating revenues of \$27.9 million were 2% lower than the prior year, primarily due to the loss of \$1 million in water surcharge fees. Water surcharge fees were previously collected by the Regional Water Planning Commission, which was accounted for as part of the Water Resources Fund; these fees are now collected by the Western Regional Water Commission, a fiduciary fund. Operating expenses of \$28.3 million were 2.5% higher than the prior year, due to increased depreciation and an increase in staff time devoted to operations rather than capital projects.

Net non-operating revenues of \$3.8 million are \$8.4 million higher than the prior year. The recovery in the current year for embezzlement losses recognized in the prior year accounted for \$2 million of this increase. The balance of the increase resulted primarily from non-recurring charges in the prior year, including payments of \$2.4 million to the Truckee Meadows Water Authority and the City of Reno for connecting to their water and sewer systems, and the transfer of \$2.8 million from the Water Resources Fund to the newly-formed Western Regional Water Commission.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year the Board of County Commissioners (BCC) revised the County budget several times to reduce the impact of anticipated shortfalls in intergovernmental revenues, primarily in consolidated taxes and other state shared revenues in the General Fund. The budget shortfall reduction actions addressed both the current fiscal year and the upcoming budget for fiscal year 2009/2010 with a targeted reduction of \$47 million. Programs to reduce the anticipated revenue shortfall included reductions in General Fund department operating expenditures, deferral of capital projects requiring General Fund transfers, and reductions in operating support transfers to other funds. In addition, the BCC authorized voluntary special termination incentives to reduce the number of lay-offs that would be required to meet the targeted reductions. State budgetary procedures authorize the BCC to approve augmentations and transfers (or sweeps) of original budget authority within the funds but does not provide for reductions of expenditure budgets. Therefore, the budget shortfall reduction changes from original budget were swept to a special budget shortfall reduction category within current expenditures for reporting purposes.

The \$8.1 million increase in revenues between original and final budget includes grants and donations received and approved during the year with a corresponding increase in expenditures. Total budgeted expenditures increased by \$8.8 million from the original budget. The change in budgeted expenditures included \$7.9 million for new grants and donations, \$0.9 million from contingency and transfers.

The \$2.4 million net increase to the budget shortfall reduction account included an increase of \$4.5 million for early termination benefits offset by \$6.9 million reductions in departments' operating expenditures across all functional categories based on the strategic priorities of the BCC which places public safety as a top priority. Expenditure reductions included reduced personnel costs related to wage concessions by most of the employee's associations as well as department's programs for meeting the reduced revenues. Contingency funds were reduced by \$0.8 million during the year and moved to expenditure budgets for special projects and for payment of interest on tax refunds.

Total revenues in the General Fund were under final budget by \$18.4 million or 6%. The budget variance was led by intergovernmental revenues which were \$16.8 million or 14% under budget. The major budget variance was \$7.6 million below budget for consolidated taxes reflecting a slowdown in residential construction and in taxable sales. These economic factors also contributed to below budget variance of \$2.6 million in charges for services related to recorder's fees, parks fees and other fees impacted by the slower economy. Federal grant variances to budget are primarily due to grants having federal fiscal years or awards for multiple year projects. Favorable budget variances were realized for fines and forfeits of \$1.1 million chiefly for delinquent property tax penalties.

Total expenditures in the General Fund were 9% or \$28.9 million below final budget. Excluding the budget shortfall reduction category, expenditures were \$26.5 or 8% under budget with expenditure variances by type of 45% for capital outlay, 17% for services and supplies and 3% for personnel costs. These savings came from hiring freezes, project deferrals and other

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

departmental actions to meet the expected revenue shortfall. The favorable budget variance for services and supplies and for capital outlay is also partially due to the multiple year budgets for many grants and reserved projects.

Functions represent the legal level of budgetary control for appropriations per NRS 354.626. All functional categories of current expenditures were below final budget. The large variances to budget for general government and public safety functional activities are primarily related to grants and other restricted funds that support multiple year projects.

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2009, is \$1.1 billion (net of accumulated depreciation), as summarized below. The increase in investment in capital assets for the current fiscal year of 9% was due to developer contributions in the Water Resources Fund, including \$100 million for the Fish Springs Water Importation Project. Outstanding commitments for capital expenditures totaled \$14.6 million as of year end.

Washoe County Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 184,898	\$ 172,726	\$ 17,599	\$ 14,444	\$ 202,497	\$ 187,170
Construction in progress	12,670	19,058	11,159	34,625	23,829	53,683
Land improvements	26,269	24,467	2,942	2,540	29,211	27,007
Building/improvements	227,590	224,379	53,500	53,251	281,090	277,630
Infrastructure	247,681	264,769	313,544	193,485	561,225	458,254
Equipment	40,445	39,555	938	1,090	41,383	40,645
Intangibles	445	458	9,442	11,588	9,887	12,046
Total	\$ 739,998	\$ 745,412	\$ 409,124	\$ 311,023	\$ 1,149,122	\$ 1,056,435

Additional information on the County's capital assets can be found in Note 6.

DEBT ADMINISTRATION

At June 30, 2009, Washoe County had total outstanding bonded debt and certificates of participation of \$329.5 million. Of this amount, \$77.4 million is general obligation debt backed by the full faith and credit of the County, \$197.9 million of general obligation bonds additionally secured by specified revenue sources, and \$3.3 million of special assessment debt for which the County is liable in the event of default by property owners subject to the assessment. The remainder of the County's debt represents revenue bonds and certificates of participation secured solely by specified revenue sources.

Washoe County Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
G.O. Bonds	\$ 75,280	\$ 84,755	\$ 2,153	\$ 2,818	\$ 77,433	\$ 87,573
G.O. Revenue Backed Bonds	89,657	101,882	108,206	112,029	197,863	213,911
Special Assessment Bonds	3,348	2,613	-	-	3,348	2,613
Revenue Bonds	46,490	37,060	-	-	46,490	37,060
Certificates of Participation	4,400	6,450	-	-	4,400	6,450
Total	\$ 219,175	\$ 232,760	\$ 110,359	\$ 114,847	\$ 329,534	\$ 347,607

Washoe County's current fiscal year outstanding debt decreased \$18.1 million as a result of \$39.6 million in principal payments, offset by \$21.5 million in new debt issued. New debt issued consists of \$1 million in local improvement bonds for water system improvements, and \$10.5 million general obligation (limited tax) refunding bonds series 2009B issued for a current refunding of \$10.2 million in public safety bonds series 1996. Also issued were drawdowns of \$10 million for authorized \$11 million subordinate car rental bonds for a minor league baseball stadium project. The subordinate bonds are on a drawdown basis with the outstanding balance at June 30, 2009, of \$10 million.

**WASHOE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(CONTINUED)**

State statute (NRS 244A.059) limits the amount of general obligation debt a government entity may issue to 10% of its total assessed valuation. The current limitation for Washoe County is \$1.7 billion, which is \$1.3 billion in excess of Washoe County's outstanding general obligation debt.

During the current year, general obligation debt issued by the County received insured ratings of AA by Standard and Poor's and Aa2 by Moody's. In February 2009, Standard & Poor's service raised its long-term and underlying rating to AA from AA- on Washoe County's general obligation bonds, affecting \$204.1 million in the County's general obligation debt.

Additional information regarding the County's long-term debt can be found in Notes 10, 11, and 12 to the financial statements.

ECONOMIC FACTORS

The FY 2010 budget assumes a continued unprecedented economic decline precipitated by the collapse of the housing market. Washoe County's unemployment rate rose to 11.5% at June 30, 2009, up from 6.4% in the prior year. The increase in unemployment coupled with the housing downturn has led to a contraction in consumption and has pushed taxable sales to double-digit monthly declines. The following budget data for FY 2010 excludes component units.

Property taxes are the greatest single source of governmental fund revenues comprising 49% of governmental fund budgeted revenues or \$199.4 million. This reflects a budgeted decrease of 3% from the prior year, reflecting a 12% decrease in assessed valuation partially mitigated by legislation known as the Abatement Act, which capped real property tax billing increases during the housing boom. The property tax rate remains constant at \$1.3917 per \$100 assessed valuation. Consolidated taxes, largely made up of sales taxes, are the County's second greatest revenue source. Due to the evaporation of home equity combined with high unemployment, it is anticipated that consolidated taxes will continue to decline by 10% from the prior year.

For FY 2010, the decreased revenue projections due to the continued economic decline led to a 7% reduction in the General Fund expenditure budget from FY 2009 estimates. Fund balance in the General Fund is budgeted at 8% of appropriations. Appropriations for contingencies were increased from the FY 2009 budget of \$1 million to \$3 million in FY 2010.

Total personnel costs, excluding termination benefits, are budgeted to decrease by 1% in FY 2010 with salaries and wages decreasing by 3% as a result of 2.5% salary concessions by employee associations and reductions in force. The decrease was offset by benefit costs increasing by 4% due to health insurance and retirement benefit increases. Full time equivalent positions (FTE's) per 1,000 of population continue to decline from a high of 8.3 in FY 2001 to 7.27 FTE's in FY 2010. Due to the budget reduction measures in both fiscal years 2009 and 2010, over 500 authorized positions were defunded and will remain unfilled throughout FY 2010. Total capital outlay is budgeted at \$97.4 million. Major budgeted projects include the Truckee River Flood Management Project, parks, open space and land, building projects, and roads.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of Washoe County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Washoe County Comptroller, P.O. Box 11130, Reno, NV 89520-0027. Effective January 1, this report will also be available on the web site at www.washoecounty.us/finance/CAFR2009.htm Truckee Meadows Fire Protection District (TMFPD), South Truckee Meadows General Improvement District (STMGID) and Sierra Fire Protection District are included in this report as component units. These entities issue separate audited financial statements that are filed at the Washoe County Clerk's Office, Washoe County Courthouse, Court Street and South Virginia, Reno, Nevada.



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BASIC FINANCIAL STATEMENTS



Washoe County, Nevada

Many Communities. One County.

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BASIC FINANCIAL STATEMENTS

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WASHOE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and investments (Note 4)	\$ 273,226,085	\$ 92,934,135	\$ 366,160,220
Restricted cash and investments (Notes 4,5)	32,570,168	45,095,238	77,665,406
Accounts receivable	2,143,403	3,437,498	5,580,901
Consolidated tax receivable	13,321,603	-	13,321,603
Property taxes receivable	5,738,677	-	5,738,677
Other taxes receivable	8,798,477	-	8,798,477
Interest receivable	1,536,989	635,285	2,172,274
Due from other governments	20,141,604	1,529,569	21,671,173
Internal balances	(5,440,410)	5,440,410	-
Inventory	435,093	163,224	598,317
Deposits and other assets	1,036,556	8,310	1,044,866
Restricted assets (Notes 4,5)	1,803,000	6,164,760	7,967,760
Long-term assets (Note 6)	6,654,826	828,567	7,483,393
Capital Assets: (Note 7)			
Land and construction in progress	197,567,951	28,758,076	226,326,027
Other capital assets net of depreciation	542,430,406	380,366,073	922,796,479
Total Assets	<u>1,101,964,428</u>	<u>565,361,145</u>	<u>1,667,325,573</u>
Liabilities			
Accounts payable	9,519,889	778,830	10,298,719
Accrued salaries and benefits (Note 8)	7,721,600	231,233	7,952,833
Contracts/retention payable	3,702,312	197,192	3,899,504
Interest payable	2,194,346	2,285,103	4,479,449
Due to other governments	1,622,555	1,353,302	2,975,857
Other liabilities (Note 8)	2,171,650	1,180,314	3,351,964
Unearned revenue (Note 9)	3,147,222	-	3,147,222
Noncurrent Liabilities: (Notes 10,11,12,16)			
Due within one year	43,948,384	5,511,255	49,459,639
Due in more than one year, payable from restricted assets	1,803,000	-	1,803,000
Due in more than one year	265,920,187	109,186,529	375,106,716
Total Liabilities	<u>341,751,145</u>	<u>120,723,758</u>	<u>462,474,903</u>
Net Assets (Note 14)			
Invested in capital assets, net of related debt	576,615,466	336,359,152	912,974,618
Restricted for:			
General government	8,107,707	-	8,107,707
Judicial	3,724,584	-	3,724,584
Public safety	48,393,633	316,369	48,710,002
Public works	416,248	-	416,248
Health and sanitation	341,225	-	341,225
Welfare	15,127,728	-	15,127,728
Culture and recreation	1,974,408	-	1,974,408
Debt service	17,794,312	8,198,562	25,992,874
Capital projects	49,707,754	-	49,707,754
Claims	25,387,759	-	25,387,759
Unrestricted	12,622,459	99,763,304	112,385,763
Total Net Assets	<u>\$ 760,213,283</u>	<u>\$ 444,637,387</u>	<u>\$ 1,204,850,670</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions
Primary Government				
Governmental Activities:				
General government	\$ 99,921,483	\$ 21,509,202	\$ 2,511,071	\$ 5,566,641
Judicial	58,766,288	8,117,168	2,842,169	4,876,651
Public safety	161,395,104	12,578,950	9,484,470	2,636,516
Public works	41,722,026	3,287,825	110,850	10,862,923
Health and sanitation	27,857,746	5,655,533	8,353,637	1,789,578
Welfare	64,048,221	4,757,324	27,835,381	2,292,860
Culture and recreation	38,363,584	2,062,098	3,160,966	6,564,611
Community support	1,661,739	-	99,667	-
Interest on long-term debt	11,028,218	-	-	-
Total Governmental Activities	504,764,409	57,968,100	54,398,211	34,589,780
Business-type Activities:				
Utilities	34,699,492	30,478,519	34,219	110,484,424
Golf courses	1,756,729	1,616,564	-	-
Building permits	1,870,622	1,418,762	-	-
Total Business-type Activities	38,326,843	33,513,845	34,219	110,484,424
Total Primary Government	\$ 543,091,252	\$ 91,481,945	\$ 54,432,430	\$ 145,074,204

General Revenues:

Ad valorem taxes

Unrestricted intergovernmental revenues:

Consolidated taxes

LGTA sales taxes

Infrastructure sales tax

Other intergovernmental revenues

Other miscellaneous

Unrestricted investment earnings

Gain on sales of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, July 1, As Restated (Note 3)

Net Assets, June 30

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (70,334,569)	\$ -	\$ (70,334,569)
(42,930,300)	-	(42,930,300)
(136,695,168)	-	(136,695,168)
(27,460,428)	-	(27,460,428)
(12,058,998)	-	(12,058,998)
(29,162,656)	-	(29,162,656)
(26,575,909)	-	(26,575,909)
(1,562,072)	-	(1,562,072)
(11,028,218)	-	(11,028,218)
<u>(357,808,318)</u>	<u>-</u>	<u>(357,808,318)</u>
-	106,297,670	106,297,670
-	(140,165)	(140,165)
<u>-</u>	<u>(451,860)</u>	<u>(451,860)</u>
-	105,705,645	105,705,645
<u>(357,808,318)</u>	<u>105,705,645</u>	<u>(252,102,673)</u>
223,457,233	-	223,457,233
83,069,992	-	83,069,992
10,318,194	-	10,318,194
7,041,028	-	7,041,028
3,871,921	-	3,871,921
9,307,045	2,019,089	11,326,134
7,905,667	4,741,381	12,647,048
26,563	-	26,563
(90,415)	90,415	-
<u>344,907,228</u>	<u>6,850,885</u>	<u>351,758,113</u>
(12,901,090)	112,556,530	99,655,440
<u>773,114,373</u>	<u>332,080,857</u>	<u>1,105,195,230</u>
<u>\$ 760,213,283</u>	<u>\$ 444,637,387</u>	<u>\$ 1,204,850,670</u>

**WASHOE COUNTY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009**

	<u>General Fund</u>	<u>Pre-Funded Retiree Health Benefits Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments (Note 4)	\$ 31,178,797	\$ 61,971,743	\$ 130,223,490	\$ 223,374,030
Restricted cash and investments (Notes 4,5)	1,421,577	-	31,148,591	32,570,168
Accounts receivable	1,200,942	-	827,134	2,028,076
Consolidated tax receivable	12,313,612	-	1,007,991	13,321,603
Property taxes receivable	4,124,813	-	1,613,864	5,738,677
Other taxes receivable	3,426,058	-	5,372,419	8,798,477
Interest receivable	481,585	267,871	636,333	1,385,789
Due from other governments	3,785,119	-	16,293,627	20,078,746
Inventory	-	-	221,957	221,957
Deposits	18,865	-	382,241	401,106
Total Assets	\$ 57,951,368	\$ 62,239,614	\$ 187,727,647	\$ 307,918,629
Liabilities				
Accounts payable	\$ 4,170,642	\$ -	\$ 3,972,550	\$ 8,143,192
Accrued salaries and benefits (Note 8)	6,287,886	-	1,377,030	7,664,916
Contracts/retention payable	12,500	-	3,689,812	3,702,312
Due to other governments	459,004	-	1,060,225	1,519,229
Other liabilities (Note 8)	2,071,547	-	100,103	2,171,650
Deferred/unearned revenue (Note 9)	7,845,490	-	10,265,154	18,110,644
Total Liabilities	20,847,069	-	20,464,874	41,311,943
Fund Balances (Note 14)				
Reserved for:				
Debt service	1,421,577	-	15,399,022	16,820,599
Projects	6,829,790	-	37,680,993	44,510,783
Claims	-	-	5,488,152	5,488,152
Inventory	-	-	221,957	221,957
Unreserved, reported in:				
General Fund	28,852,932	-	-	28,852,932
Special Revenue Funds	-	62,239,614	62,277,837	124,517,451
Capital Projects Funds	-	-	46,194,812	46,194,812
Total Fund Balances	37,104,299	62,239,614	167,262,773	266,606,686
Total Liabilities/Fund Balances	\$ 57,951,368	\$ 62,239,614	\$ 187,727,647	\$ 307,918,629

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2009**

Fund Balances - Governmental Funds \$ 266,606,686

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets and long-term assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Governmental capital assets	\$ 1,201,837,763	
Less accumulated depreciation/amortization	<u>(470,503,610)</u>	731,334,153

Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Deferred bond costs		2,650,772
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Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in governmental funds.

Governmental bonds payable	(214,775,364)	
Bond premiums, discounts and deferred charge on refundings	(2,003,754)	
Capital leases payable	(4,740,464)	
Accrued Interest payable	(2,194,346)	
Arbitrage payable	(734,017)	
Net OPEB obligation	(36,690,226)	
Remediation obligation	(7,239,113)	
Compensated absences	<u>(26,335,759)</u>	(294,713,043)

Deferred revenues that were not available to fund current expenditures and therefore are not reported in governmental funds.		14,963,422
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Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of internal service funds are reported with governmental activities.

Total net assets of internal service funds	44,811,703	
Internal balances receivable from business-type activities	<u>1,355,540</u>	46,167,243

Governmental funds report allocations of indirect expenses to enterprise funds. However, in the statement of activities indirect expenses are eliminated.		<u>(6,795,950)</u>
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Total Net Assets of Governmental Activities		<u><u>\$ 760,213,283</u></u>
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The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Pre-Funded Retiree Health Benefits Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Ad valorem	\$ 161,406,754	\$ -	\$ 61,028,399	\$ 222,435,153
Residential construction tax	-	-	96,720	96,720
Car rental fee	-	-	1,257,149	1,257,149
Other taxes	816,272	-	-	816,272
Special assessments	-	-	843,039	843,039
Licenses and permits	7,278,517	-	3,896,782	11,175,299
Intergovernmental revenues	106,316,062	-	57,755,560	164,071,622
Charges for services	11,910,845	-	12,632,075	24,542,920
Fines and forfeits	10,124,839	-	667,115	10,791,954
Miscellaneous	9,083,719	2,799,498	11,122,379	23,005,596
Total Revenues	306,937,008	2,799,498	149,299,218	459,035,724
Expenditures				
Current:				
General government	65,050,748	47,750	-	65,098,498
Judicial	55,271,970	-	356,633	55,628,603
Public safety	113,356,050	-	33,692,574	147,048,624
Public works	17,959,864	-	-	17,959,864
Health and sanitation	1,707,191	-	20,826,766	22,533,957
Welfare	13,867,102	-	47,424,538	61,291,640
Culture and recreation	16,993,529	-	7,205,576	24,199,105
Community support	1,661,739	-	-	1,661,739
Intergovernmental	3,412,882	-	14,377,763	17,790,645
Capital outlay	-	-	31,635,012	31,635,012
Debt Service:				
Principal	-	-	24,872,851	24,872,851
Interest	-	-	11,593,731	11,593,731
Debt service fees and other fiscal charges	-	-	360,192	360,192
Total Expenditures	289,281,075	47,750	192,345,636	481,674,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,655,933	2,751,748	(43,046,418)	(22,638,737)
Other Financing Sources (Uses)				
Debt and refunding bonds issued (Note 9)	-	-	21,489,103	21,489,103
Bond premium	-	-	73,382	73,382
Proceeds from asset disposition	24,327	-	126,210	150,537
Refunding payment to escrow agent	-	-	(10,436,314)	(10,436,314)
Transfers in	36,195	2,326,085	45,927,044	48,289,324
Transfers out	(23,934,273)	-	(29,366,835)	(53,301,108)
Total Other Financing Sources (Uses)	(23,873,751)	2,326,085	27,812,590	6,264,924
Net Change in Fund Balances	(6,217,818)	5,077,833	(15,233,828)	(16,373,813)
Fund Balances, July 1, As Restated (Note 3)	43,322,117	57,161,781	182,496,601	282,980,499
Fund Balances, June 30	\$ 37,104,299	\$ 62,239,614	\$ 167,262,773	\$ 266,606,686

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Governmental Funds	\$	(16,373,813)
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$ 28,826,590	
Less current year depreciation	<u>(41,649,423)</u>	(12,822,833)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Donated capital assets	12,162,149	
Change in unavailable deferred revenue	<u>8,416,634</u>	20,578,783
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which bonds issued exceeded repayments:		
Bonds and loans issued	(21,489,103)	
Bond premium	(73,382)	
Issuance costs	242,741	
Deferred charge on refunding	216,314	
Bond principal payments	33,023,987	
Principal payments capital leases	<u>2,068,864</u>	13,989,421
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of bond premium	272,821	
Amortization of bond discount	(4,228)	
Amortization of deferred charge on refunding	(82,657)	
Amortization of bond issuance costs	(246,889)	
Change in long-term compensated absences	(382,948)	
Change in net OPEB obligation	(19,127,231)	
Change in remediation obligation	(644,030)	
Change in arbitrage payable	(222,096)	
Change in accrued interest payable	719,123	
Transfers of assets to proprietary funds	(57,555)	
Disposition of capital assets	<u>(3,129,010)</u>	(22,904,700)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net (expense) of internal service funds is reported with governmental activities.		
Change in net assets of internal service funds	4,597,774	
Internal charges reported in business activities	<u>34,278</u>	<u>4,632,052</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(12,901,090)</u></u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem	\$ 162,213,944	\$ 162,213,944	\$ 161,406,754	\$ (807,190)
Other taxes	815,815	815,815	816,272	457
Licenses and permits	6,729,227	6,729,227	7,278,517	549,290
Intergovernmental revenues	115,116,055	123,080,418	106,316,062	(16,764,356)
Charges for services	14,661,417	14,493,404	11,910,845	(2,582,559)
Fines and forfeits	9,045,572	9,071,222	10,124,839	1,053,617
Miscellaneous	8,716,422	8,946,023	9,083,719	137,696
Total Revenues	317,298,452	325,350,053	306,937,008	(18,413,045)
Expenditures by Function and Activity				
Current:				
General Government:				
Legislative	614,900	860,400	586,989	273,411
Executive	3,478,481	3,173,485	3,088,394	85,091
Elections	2,907,822	2,834,822	2,807,848	26,974
Finance	14,277,394	14,296,494	12,753,064	1,543,430
Other General Government	49,746,369	52,702,112	45,814,453	6,887,659
Total General Government	71,024,966	73,867,313	65,050,748	8,816,565
Judicial:				
District Courts	16,873,612	16,756,905	16,239,665	517,240
District Attorney	21,661,728	21,572,066	19,598,244	1,973,822
Law Library	919,892	850,892	856,123	(5,231)
Public Defense	10,693,160	10,843,160	10,710,203	132,957
Justice Courts	8,126,899	7,920,943	7,571,969	348,974
Constables	236,321	303,379	295,766	7,613
Total Judicial	58,511,612	58,247,345	55,271,970	2,975,375
Public Safety:				
Sheriff and Detention	96,691,379	100,010,590	91,909,671	8,100,919
Medical Examiner	2,111,493	2,244,829	1,931,045	313,784
Fire Suppression	249,284	249,284	240,346	8,938
Juvenile Services	15,149,560	15,275,848	14,421,207	854,641
Protective Services	4,415,701	6,520,605	4,853,781	1,666,824
Total Public Safety	118,617,417	124,301,156	113,356,050	10,945,106
Public Works:				
Public Works	19,316,789	19,051,248	17,959,864	1,091,384
Health and Sanitation:				
Water Planning	1,810,191	1,707,191	1,707,191	-
Welfare:				
Social Services	13,979,583	13,941,675	13,867,102	74,573

(CONTINUED)

**WASHOE COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Culture and Recreation:				
Library	\$ 11,655,017	\$ 10,957,691	\$ 10,599,455	\$ 358,236
Regional Parks and Open Space	7,713,830	6,997,670	6,394,074	603,596
Total Culture and Recreation	19,368,847	17,955,361	16,993,529	961,832
Community Support	2,475,182	2,428,482	1,661,739	766,743
Budget Shortfall Reduction	-	2,435,254	-	2,435,254
Intergovernmental	4,226,394	4,226,394	3,412,882	813,512
Total Expenditures	309,330,981	318,161,419	289,281,075	28,880,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,967,471	7,188,634	17,655,933	10,467,299
Other Financing Sources (Uses)				
Proceeds from asset disposition	-	-	24,327	24,327
Transfers in	8,816,195	8,835,195	36,195	(8,799,000)
Transfers out	(27,753,441)	(27,839,975)	(23,934,273)	3,905,702
Contingency	(1,000,000)	(153,623)	-	153,623
Total Other Financing Sources (Uses)	(19,937,246)	(19,158,403)	(23,873,751)	(4,715,348)
Net Change in Fund Balances	(11,969,775)	(11,969,769)	(6,217,818)	5,751,951
Fund Balance, July 1	34,564,388	34,564,382	43,322,117	8,757,735
Fund Balance, June 30	\$ 22,594,613	\$ 22,594,613	\$ 37,104,299	\$ 14,509,686

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
PRE-FUNDED RETIREE HEALTH BENEFITS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous:				
Investment earnings	\$ 1,800,000	\$ 1,800,000	\$ 1,825,076	\$ 25,076
Net increase (decrease) in the fair value of investments	-	-	974,422	974,422
Total Revenues	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,799,498</u>	<u>999,498</u>
Expenditures				
Current:				
General government	<u>50,250</u>	<u>50,250</u>	<u>47,750</u>	<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,749,750	1,749,750	2,751,748	1,001,998
Other Financing Sources (Uses)				
Transfers:				
General Fund	<u>5,990,000</u>	<u>5,990,000</u>	<u>2,326,085</u>	<u>(3,663,915)</u>
Net Change in Fund Balances	7,739,750	7,739,750	5,077,833	(2,661,917)
Fund Balances, July 1	<u>55,802,790</u>	<u>55,802,790</u>	<u>57,161,781</u>	<u>1,358,991</u>
Fund Balances, June 30	<u>\$ 63,542,540</u>	<u>\$ 63,542,540</u>	<u>\$ 62,239,614</u>	<u>\$ (1,302,926)</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service
	Water Resources Fund	Other Enterprise Funds	Total	
Assets				
Current Assets:				
Cash and investments (Note 4)	\$ 77,874,295	\$ 15,059,840	\$ 92,934,135	\$ 49,852,055
Restricted cash and investments (Notes 4,5)	44,935,741	159,497	45,095,238	-
Accounts receivable	3,119,995	317,503	3,437,498	-
Reimbursements receivable	-	-	-	115,327
Interest receivable	567,474	67,811	635,285	151,200
Due from other governments	1,529,569	-	1,529,569	62,858
Inventory	131,783	31,441	163,224	213,136
Deposits	-	-	-	268,212
Other assets	8,310	-	8,310	367,238
Total Current Assets	128,167,167	15,636,092	143,803,259	51,030,026
Noncurrent Assets:				
Restricted cash and investments (Notes 4,5)	6,164,760	-	6,164,760	1,803,000
Long-term receivables (Note 6)	105,548	-	105,548	-
Long-term assets (Note 6)	-	-	-	4,004,054
Deferred issuance cost (Note 6)	706,457	16,562	723,019	-
Capital Assets: (Note 7)				
Land and nondepreciable assets	16,759,037	839,614	17,598,651	-
Construction in progress	10,899,221	260,204	11,159,425	-
Land improvements	1,404,588	4,048,109	5,452,697	-
Buildings and improvements	64,051,042	1,335,551	65,386,593	34,024
Infrastructure	351,233,166	24,830,212	376,063,378	-
Equipment	2,665,453	1,652,082	4,317,535	23,950,456
Intangibles	11,457,526	1,043,227	12,500,753	-
Less accumulated depreciation	(68,177,304)	(15,177,579)	(83,354,883)	(15,320,276)
Total Noncurrent Assets	397,269,494	18,847,982	416,117,476	14,471,258
Total Assets	525,436,661	34,484,074	559,920,735	65,501,284
Liabilities				
Current Liabilities:				
Accounts payable	704,901	73,929	778,830	1,376,697
Accrued salaries and benefits	184,483	46,750	231,233	56,684
Compensated absences (Notes 10,11)	641,501	151,155	792,656	184,511
Contracts/retention payable	176,278	20,914	197,192	-
Interest payable	2,240,284	44,819	2,285,103	-
Due to other governments	1,343,152	10,150	1,353,302	103,326
Other liabilities (Note 8)	1,153,211	27,103	1,180,314	-
Notes, bonds, leases payable (Notes 10,11,12)	4,511,293	207,306	4,718,599	-
Pending claims (Note 17)	-	-	-	6,238,000
Total Current Liabilities	10,955,103	582,126	11,537,229	7,959,218

(CONTINUED)

**WASHOE COUNTY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities Internal Service
	<u>Water Resources Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Noncurrent Liabilities: (Notes 10,11,12)				
Compensated absences	\$ 126,586	\$ 29,827	\$ 156,413	\$ 36,409
Notes, bonds, leases payable	106,655,823	2,227,293	108,883,116	-
Due to other governments	147,000	-	147,000	-
Pending claims	-	-	-	10,890,954
Pending claims payable from restricted cash	-	-	-	1,803,000
Total Noncurrent Liabilities	<u>106,929,409</u>	<u>2,257,120</u>	<u>109,186,529</u>	<u>12,730,363</u>
Total Liabilities	<u>117,884,512</u>	<u>2,839,246</u>	<u>120,723,758</u>	<u>20,689,581</u>
Net Assets (Note 14)				
Invested in capital assets, net of related debt	319,962,331	16,396,821	336,359,152	8,664,204
Restricted for public safety	-	316,369	316,369	-
Restricted for debt service	8,039,065	159,497	8,198,562	-
Restricted for claims	-	-	-	25,387,759
Unrestricted	<u>79,550,753</u>	<u>14,772,141</u>	<u>94,322,894</u>	<u>10,759,740</u>
Total Net Assets	<u>\$ 407,552,149</u>	<u>\$ 31,644,828</u>	<u>439,196,977</u>	<u>\$ 44,811,703</u>

Indirect expenses reported in the Statement of Revenues,
Expenses and Changes in Net Assets are not reported in
the Statement of Activities to enhance comparability
between governments that allocate indirect expenses
and those that do not.

	6,795,950
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(1,355,540)</u>
Net Assets of Business-type Activities	<u>\$ 444,637,387</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water Resources Fund	Other Enterprise Funds	Total	
Operating Revenues				
Charges for Services:				
Utility fees	\$ 27,903,523	\$ 2,574,996	\$ 30,478,519	\$ -
Golf course fees	-	1,616,564	1,616,564	-
Building permits and fees	-	1,418,762	1,418,762	-
Self insurance fees	-	-	-	38,852,438
Equipment service billings	-	-	-	8,202,009
Miscellaneous	-	-	-	842,965
Total Operating Revenues	<u>27,903,523</u>	<u>5,610,322</u>	<u>33,513,845</u>	<u>47,897,412</u>
Operating Expenses				
Salaries and wages	5,471,141	1,869,834	7,340,975	1,794,202
Employee benefits	2,036,161	642,626	2,678,787	666,110
Services and supplies	11,920,562	1,991,886	13,912,448	45,277,486
Depreciation/amortization	8,858,677	1,155,427	10,014,104	2,438,250
Total Operating Expenses	<u>28,286,541</u>	<u>5,659,773</u>	<u>33,946,314</u>	<u>50,176,048</u>
Operating Income (Loss)	<u>(383,018)</u>	<u>(49,451)</u>	<u>(432,469)</u>	<u>(2,278,636)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	5,939,720	703,972	6,643,692	1,740,307
Miscellaneous	34,219	5,820	40,039	-
Federal grant	-	-	-	63,026
Gain (loss) on asset disposition	-	-	-	94,153
Interest/bond issuance costs	(4,206,667)	(139,584)	(4,346,251)	-
Embezzlement recovery	2,013,269	-	2,013,269	-
Total Nonoperating Revenues (Expenses)	<u>3,780,541</u>	<u>570,208</u>	<u>4,350,749</u>	<u>1,897,486</u>
Income (Loss) Before Capital Contributions and Transfers	<u>3,397,523</u>	<u>520,757</u>	<u>3,918,280</u>	<u>(381,150)</u>
Capital Contributions				
Hookup fees	2,453,224	31,972	2,485,196	-
Contributions	105,040,682	183,528	105,224,210	21,691
Federal/state grants	908,571	-	908,571	-
Total Capital Contributions	<u>108,402,477</u>	<u>215,500</u>	<u>108,617,977</u>	<u>21,691</u>

(CONTINUED)

**WASHOE COUNTY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009**

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water Resources Fund	Other Enterprise Funds	Total	
Transfers				
Transfers in	\$ 76,784	\$ -	\$ 76,784	\$ 4,957,233
Transfers out	(22,233)	-	(22,233)	-
Total Transfers	54,551	-	54,551	4,957,233
Change in Net Assets	111,854,551	736,257	112,590,808	4,597,774
Net Assets, July 1, As Restated (Note 3)	295,697,598	30,908,571		40,213,929
Net Assets, June 30	\$ 407,552,149	\$ 31,644,828		\$ 44,811,703
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(34,278)	
Change in Net Assets of Business-type Activities			\$ 112,556,530	

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Resources Fund	Other Enterprise Funds	Total	Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows From Operating Activities:				
Cash received from customers	\$ 23,437,200	\$ 5,582,212	\$ 29,019,412	\$ 9,452,115
Cash received from other funds	3,262,615	8,250	3,270,865	37,755,699
Cash received from others	881,576	-	881,576	931,943
Cash received from embezzlement recovery	2,013,269	-	2,013,269	-
Cash payments for personnel costs	(7,505,526)	(2,585,103)	(10,090,629)	(2,525,544)
Cash payments for services and supplies:				
Paid to other funds	-	(1,312,584)	(1,312,584)	-
Paid to others	(11,040,003)	(676,855)	(11,716,858)	(46,882,081)
Net Cash Provided (Used) by Operating Activities	<u>11,049,131</u>	<u>1,015,920</u>	<u>12,065,051</u>	<u>(1,267,868)</u>
Cash Flows From Noncapital Financing Activities:				
Federal grants	-	-	-	63,026
Contributions	-	5,820	5,820	-
Loans to other funds	564,502	-	564,502	-
Transfers from other funds	76,784	-	76,784	4,935,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>641,286</u>	<u>5,820</u>	<u>647,106</u>	<u>4,998,026</u>
Cash Flows From Capital and Related Financing Activities:				
Proceeds from asset disposition	-	-	-	86,526
Cash received from federal/state grants	1,032,057	-	1,032,057	-
Contributions from others	1,904,326	31,972	1,936,298	-
Principal paid on financing	(4,342,885)	(174,564)	(4,517,449)	-
Interest paid on financing	(4,708,083)	(128,347)	(4,836,430)	-
**Acquisition of capital assets	(4,550,608)	(722,264)	(5,272,872)	(1,144,021)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10,665,193)</u>	<u>(993,203)</u>	<u>(11,658,396)</u>	<u>(1,057,495)</u>
Cash Flows From Investing Activities:				
Investment earnings	6,093,889	739,916	6,833,805	1,716,597
*Proceeds from assets held for resale	-	-	-	1,369,995
*Equipment supply deposit paid	-	-	-	(1,600,318)
Net Cash Provided (Used) by Investing Activities	<u>6,093,889</u>	<u>739,916</u>	<u>6,833,805</u>	<u>1,486,274</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,119,113	768,453	7,887,566	4,158,937
Cash and Cash Equivalents, July 1, As Restated (Note 3)	<u>121,855,683</u>	<u>14,450,884</u>	<u>136,306,567</u>	<u>47,496,118</u>
Cash and Cash Equivalents, June 30	<u>\$ 128,974,796</u>	<u>\$ 15,219,337</u>	<u>\$ 144,194,133</u>	<u>\$ 51,655,055</u>

(CONTINUED)

**WASHOE COUNTY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Resources Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Activities Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (383,018)	\$ (49,451)	\$ (432,469)	\$ (2,278,636)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	8,858,677	1,155,427	10,014,104	2,438,250
Construction in progress write off	523,844	-	523,844	-
Contributed inventory	47,158	-	47,158	-
Facilities rental revenue	21,059	-	21,059	-
Other non-operating revenue	13,160	-	13,160	-
Embezzlement recovery	2,013,269	-	2,013,269	-
*Imputed rental expense	-	-	-	164,173
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(226,834)	(17,746)	(244,580)	91,550
Other receivables	-	-	-	343,049
Due from other governments	(104,500)	-	(104,500)	(56,903)
Inventory	(41,066)	(10,212)	(51,278)	33,726
Other assets	-	-	-	(287,862)
Increase (decrease) in:				
Accounts payable	206,015	2,459	208,474	207,373
Accrued salaries and benefits	2,373	(13,353)	(10,980)	(17,880)
Compensated absences	(597)	(59,290)	(59,887)	(47,352)
Due to other governments	249,108	10,150	259,258	(40,768)
Other liabilities	(129,517)	(2,064)	(131,581)	(192,684)
Pending claims	-	-	-	(1,623,904)
Total Adjustments	11,432,149	1,065,371	12,497,520	1,010,768
Net Cash Provided (Used) by Operating Activities	<u>\$ 11,049,131</u>	<u>\$ 1,015,920</u>	<u>\$ 12,065,051</u>	<u>\$ (1,267,868)</u>

***Noncash investing, capital and financing activities:**

During the current fiscal year, the Equipment Services Fund entered into equipment rental agreements requiring cash deposits totaling \$1,600,318. Deposits remaining from prior year rental agreements total \$2,114,168. These deposits are considered to be equivalent to noninterest bearing loans. Interest income and rental expense of \$164,173 have been imputed to give accounting recognition to these transactions. Lease deposits totaling \$1,345,720 were forfeited to acquire the leased assets and subsequently sold during the year at a gain of \$24,275. Non cash transfers of capital assets from the Water Resources Fund to the Equipment Services Fund totaled \$22,233.

****Acquisition of Capital Assets**

Financed by Cash	\$ 4,550,608	\$ 722,264	\$ 5,272,872	\$ 1,144,021
Capital contributions received	104,993,524	183,528	105,177,052	21,691
Capital transferred from other funds	-	-	-	22,233
Increase/(decrease) in accounts, contracts, retention, and notes payable	(2,399,235)	20,914	(2,378,321)	(299,157)
Increase/(decrease) in other liabilities	32,979	-	32,979	-
Capitalized interest	556,987	-	556,987	-
Total Acquisition of Capital Assets	<u>\$ 107,734,863</u>	<u>\$ 926,706</u>	<u>\$ 108,661,569</u>	<u>\$ 888,788</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009**

	Investment Trust Fund	Agency Funds
Assets		
Cash and investments (Note 4)	\$ 94,128,814	\$ 28,374,956
Financial assurances	-	2,202,379
Accounts receivable	-	279,209
Property taxes receivable	-	8,914,709
Interest receivable	497,417	-
Total Assets	94,626,231	39,771,253
Liabilities		
Due to others/governments	-	39,771,253
Net Assets		
Held in trust for pool participants	\$ 94,626,231	\$ -

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	Investment Trust Fund
Additions	
Investment earnings:	
Interest	\$ 3,377,295
Net increase in the fair value of investments	1,966,911
Contributions to pooled investments	169,263,167
Total Additions	174,607,373
Deductions	
Distributions from pooled investments	174,031,774
Change in Net Assets	575,599
Net Assets, July 1	94,050,632
Net Assets, June 30	\$ 94,626,231

The notes to the financial statements are an integral part of this statement.