NOTES TO THE FINANCIAL STATEMENTS and REQUIRED SUPPLEMENTARY INFORMATION

Page

Back to CAFR Home Page

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Washoe County was incorporated in 1861 and is a municipality of the State of Nevada governed by a five-member elected Board of County Commissioners. The major operations of Washoe County include various tax assessments and collections, judicial functions, law enforcement, certain public health and welfare functions, road maintenance, parks, libraries, and various administrative activities.

The accompanying financial statements of the County and its component units have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. Reporting Entity

These financial statements present the County and its component units. Component units are legally separate organizations for which the County is financially accountable. In the case of South Truckee Meadows General Improvement District, Truckee Meadows Fire Protection District, and Sierra Fire Protection District, financial accountability is determined primarily by the Board of County Commissioners' participation as the governing body of these entities. As the governing body, the Board can impose its will on significant aspects of the operations of these entities. The following component units are "blended" or included within the financial statements of Washoe County.

South Truckee Meadows General Improvement District was formed in 1981 pursuant to Chapter 318 of the Nevada Revised Statutes (NRS) to furnish water, storm drainage and sanitary sewer facilities to individuals within its geographic boundaries.

Truckee Meadows Fire Protection District levies taxes and, through equal monthly installments, pays its share of fire services in accordance with an interlocal agreement with the City of Reno.

On July 1, 2008, the Sierra Fire Protection District (SFPD) was formed pursuant to Chapter 474 of the NRS. SFPD was previously operated under an interlocal agreement between the State of Nevada, Sierra Fire Protection District and Washoe County under Chapter 473 of the NRS. The new District levies taxes to provide emergency medical services, structural and wildland fire suppression services, and watershed protection to the unincorporated areas of Washoe County within the District's boundaries.

Separate financial statements for the three districts are filed at the Washoe County Clerk's Office, 75 Court Street, Room 131, Reno, Nevada.

B. Basic Financial Statements – Government-wide Statements

The basic financial statements include both government-wide and fund financial statements. The reporting focus is on either the County as a whole or major individual funds and nonmajor funds in the aggregate. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity, including indirect cost allocations, has been removed from these statements. Interfund activities relating to services provided and used between functions are not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on user fees and service charges for support.

In the government-wide Statement of Net Assets, both governmental and business-type activities are presented on a consolidated basis by column and are reflected on a full accrual, economic resources basis, which recognizes all long-term assets as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. Functions are also supported by general revenues (property and consolidated taxes, certain intergovernmental revenues, investment earnings not legally restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. Program revenues include charges to customers or applicants for goods, services, or privileges provided; operating grants, interest and contributions; and capital grants, interest and contributions, including special assessments and investment earnings legally restricted to support specific

Back to Notes Section Index

programs. Program revenue must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary grants while capital grants reflect capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The emphasis in fund financial statements is on major funds in either governmental or business-type activity categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and business-type categories combined) for the determination of major funds. County management may electively add funds as major funds, when it is determined the funds have specific community or management focus. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County's internal service funds are presented in the proprietary funds financial statements. Because principal users of internal services are the County's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the costs of these services are reported in the appropriate functional activity.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type. Since, by definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements. The County uses the following funds:

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The **Pre-Funded Retiree Health Benefits Fund** accounts for resources to pay for retiree medical costs.

The County reports the following major enterprise fund:

The **Water Resources Fund** accounts for water planning, flood control and operations of the County's water and sewer systems.

The County reports the following additional fund types:

Internal Service Funds provide for property and liability claims against the County, unemployment claims, workers' compensation claims for disability, medical and rehabilitation expenses and related costs associated with on-the-job injuries, employee benefits, employee retirement healthcare, and vehicle purchases and maintenance services provided to County departments. The Truckee Meadows Fire Protection District Workers Compensation Fund, a component unit, accounts for workers' compensation claims for disability, medical and rehabilitation expenses and related costs associated with on-the-job injuries related to District employees.

Investment Trust Fund accounts for commingled pool assets held in trust for schools, special districts, and agencies, which use the County treasury as their depository.

Agency Funds are custodial in nature and do not involve measurement of results of operations. The funds account for assets held by the County as an agent for various local governments, special districts and individuals. Included are funds for apportioned property and sales taxes, shared revenues and other financial resources for schools, special districts, boards, and other state and city agencies; funds held for wards of the Public Guardian; unclaimed assets of decedents; social security, insurance and support payments for children in the welfare system; bonds posted with the District Court; social security benefits held on behalf of senior citizens; funds held for inmates housed at the County jail; employees' payroll deductions such as insurance, taxes, and credit union; unapportioned taxes for other local governments; contributions from property owners for payment of no-commitment special assessment debt; financial assurances for corrective action requirements of property owners; water planning fees collected from regional water customers; and assets held on behalf of special districts, boards and other miscellaneous agencies.

Back to Notes Section Index

D. Measurement Focus, Basis of Accounting

The measurement focus describes the types of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. The focus is upon determination of operating income, changes in net assets, financial position, and cash flows, similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus but are reported using the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due but will not be collected within 60 days after year-end, the receivable is recorded and an offsetting deferred revenue account is established. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to OPEB, compensated absences and claims and judgments, are recorded only when payment is due.

Governmental revenues susceptible to accrual are ad valorem taxes, interest, grant revenues and revenues collected and distributed by the State. State distributions include consolidated taxes, government services taxes, and motor vehicle fuel taxes. Construction taxes, licenses and permits, fines, and charges for services are recognized as revenue when they are received.

E. Financial Statement Amounts:

1. Cash and Investments

Washoe County manages a common cash and investment pool for the County, Regional Transportation Commission, Washoe County School District and other local entities. The investment pool operates in accordance with appropriate state laws and County policy. Each fund's share in the pool is displayed in the accompanying financial statements as cash and investments. Interest is allocated to the various funds based on each fund's average cash and investment balance where it is legally required to do so. Investment earnings for all other funds are credited to the General Fund, as provided by NRS 355.170–175. In addition to the cash and investment pool, certain cash deposits and investments are held separately by several county funds and reported accordingly. Investments are reported at fair value and changes in fair value are included in investment income.

For purposes of the statement of cash flows presented for proprietary funds, cash equivalents are defined as short-term, highly liquid investments, generally with original maturities of three months or less. Since all cash in proprietary funds is pooled with the rest of the County's cash and is available upon demand, all cash and investments in those funds are considered cash equivalents.

2. Restricted Assets

Restricted assets consist of cash and investments that are restricted in their use by bond covenants or other external agreements. They consist of remaining bond proceeds for specific capital projects, debt service obligations, and a worker's compensation deposit required by state statute.

3. Property Taxes Receivable

All real property in Washoe County is subject to physical reappraisal every five years. Annual adjustments are made to the assessed valuation to reflect general changes in property values. The assessed valuation of the property and its improvements is computed at 35% of "taxable value" as defined by statute. Taxable value is defined as full cash value for land, replacement cost less straight-line depreciation for land improvements, and statutory depreciation for personal property. The maximum depreciation allowed is 75% of replacement cost.

Tax rates are levied by the County Commissioners immediately after the Nevada Tax Commission has certified the combined tax rate and are then submitted to the Treasurer for collection. The tax rate levied is for the current fiscal year, July 1 to June 30, and the taxes are considered a lien against real property attaching on July 1. The tax for FY 2009 was due and payable on the third Monday in August 2008. Taxes may be paid in four installments on the third Monday in August and the first Mondays in October, January and March. No provision for uncollectible amounts has been established since management does not anticipate any material collection loss in respect to delinquent balances.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates. The major classifications of personal property are commercial and mobile homes. In Washoe County, taxes on motor vehicles are collected by a state agency and remitted to the County based on statutory formulas.

4. Inventories

Inventories for proprietary funds are valued at the lower of cost or market on a first-in, first-out basis. Truckee Meadows Fire Protection District General Fund inventories are valued at base cost per the terms of the contract with the City of Reno. For all other governmental funds, Washoe County charges consumable supplies as expenditures against appropriations at the time of purchase. Any inventories of such supplies at June 30 are not material to the individual funds and are not recognized in these financial statements.

5. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost. Contributed assets are recorded at their estimated fair market value at the date of donation. The County’s capitalization level for infrastructure assets is $100,000 and $10,000 for all other classifications of capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Generally, capital assets are depreciated using the straight-line method over the following estimated useful lives:

	YEARS
Buildings	25-40
Improvements	10-25
Equipment	5-10
Vehicles	2-15
Stormwater and Wastewater Lines and Pump Stations	10-75
Other Infrastructure	10-75

However, in the proprietary funds, a per unit of production method of depreciation may be used where it is deemed a more realistic reflection of the loss of economic value for the assets being used.

6. Long-term Obligations, Bond Discounts and Issuance Costs

In government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Back to Notes Section Index

7. Compensated Absences

In proprietary funds, compensated absences are recorded when the liabilities are incurred. In governmental funds, the current portion is recorded as an expenditure. The long-term portion is accounted for in the governmental column of the government-wide Statement of Net Assets.

The current portion of compensated absences is defined as those benefits actually paid or accrued as a result of employees who have terminated employment by June 30. Agreements with various employees' associations provide for payment of total accrued compensatory and vacation time in all cases. Accumulated sick leave benefits are payable to terminated employees who have accumulated a set number of hours up to a specified maximum, depending on the particular employee association.

8. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed at or near market rates, are treated as revenues and expenditures/expenses. Indirect cost allocations for support services are revenue and expense in the fund financial statements and are eliminated in the government-wide Statement of Activities. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost. Transfers between governmental or proprietary funds are netted as part of the reconciliation to government-wide financial statements.

9. Equity Classifications

In government-wide statements, equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets net of unspent financing proceeds.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reservations of fund balance consist of amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Proprietary fund equity is classified the same as the government-wide statements.

10. Reclassifications

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform with current year presentation.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds except trust and agency funds, which do not require budgets. All annual appropriations lapse at fiscal year end.

Washoe County adheres to the Local Government Budget and Finance Act (NRS 354.470-.626) incorporated within state statutes and the procedures set by the Department of Taxation to establish the budgetary data reflected in these financial statements. The Board adopts the budget on or before June 1 and files it with the Nevada State Department of Taxation.

The legal level of budgetary control is at the function level for each of the governmental funds and by the combined operating and non-operating expenses in proprietary funds. Statutes do not require that capital outlay, debt service payments and other cash transactions normally reflected in the balance sheet of proprietary funds be limited by the budget.

All budget amounts presented in these financial statements and schedules reflect the amended budget which has been adjusted for legally authorized revisions of the annual budgets during the year. Original budgets are provided for the General Fund and major special revenue fund in compliance with reporting requirements. The Finance Director may approve budget adjustments within a function. Budget adjustments between functions or funds may be approved by the Finance Director with Board notification. Adjustments that affect fund balance or increase the original budget require Board approval.

Back to Notes Section Index

Encumbrance accounting is employed in governmental and proprietary funds. In governmental funds, encumbrances, which include purchase orders and contracts awarded for which goods and services have not been received at year-end, are reappropriated in the subsequent year and are reported as a designation of fund balance.

Augmentations from beginning fund balance and previously unbudgeted resources increased the fund appropriations by $15.1 million from encumbrances and reserves for projects that were reappropriated in the new fiscal year.

Compliance

The County conformed to all significant statutory and administrative code constraints on its financial administration during the year with the following exceptions:

The actual uncommitted fund balance in the Enhanced 911 Fund for the fiscal year ended June 30, 2009 of $1,119,321 is $119,321 over the statutory limit of $1,000,000 per NRS 244A.7645 subsection 4. The NRS states: "If the balance in the fund created pursuant to subsection 3 which has not been committed for expenditure exceeds $1,000,000 at the end of any fiscal year, the board of county commissioners shall reduce the amount of the surcharge imposed during the next fiscal year by the amount necessary to ensure that the unencumbered balance in the fund at the end of the next fiscal year does not exceed $1,000,000." Based on the requirements of NRS 244A.7645, management is required to reduce the rate in the next fiscal year to address the violation.

The administrative assessment fees collected by the Courts are restricted for special usage by the Courts within a 2 to 5 year time frame. Funds not used or committed after that time frame must be transferred to the General Fund. As of June 30, 2009, a total of $1,080,610 remains un-committed and in excess of the time frames established by the respective NRS but were not transferred to the General Fund by the Courts as required. The Courts have been accruing administrative assessment funds for the purchase, implementation and support of a new case management system. The funds necessary for purchase of that system are expected to be committed in FY 2009/2010 and will rectify the compliance issue noted above.

Debt service expenditures in the Special Assessment Debt Service Fund and Truckee Meadows Fire Protection District Debt Service Fund exceed budget appropriations by $47,630 and $100, respectively. Although those appear to be potential violations of NRS 354.626, over expenditures occurred as a result of debt service repayments, which are an exception to the requirements under the statute for over expenditure. Adequate resources were available to fund debt service.

NOTE 3 – ACCOUNTING CHANGES AND RESTATEMENTS

During the year, certain accounting changes were made that required the restatement of fund balances and net assets as shown and discussed below:

Restatements to Fund Balances/Net Assets

	July 1, 2008, As Previously Reported	Restatements	July 1, 2008, As Restated
Governmental Funds and Governmental Activities			
Major Funds:			
General Fund	$ 43,322,117	$ -	$ 43,322,117
Pre-Funded Retiree Health Benefits Fund	57,161,781	-	57,161,781
Total Major Fund Balances	100,483,898	-	100,483,898
Nonmajor Funds:			
Special revenue funds	63,718,167	7,873,672	71,591,839
Debt service funds	9,201,872	-	9,201,872
Capital projects funds:	102,981,479	(1,278,589)	101,702,890
Total Nonmajor Fund Balances	175,901,518	6,595,083	182,496,601
Total Governmental Fund Balances	276,385,416	6,595,083	282,980,499
Governmental Activities:			
Capital assets net of accumulated depreciation	735,181,402	-	735,181,402
Long-term liabilities	(279,479,925)	(6,595,083)	(286,075,008)
Other adjustments	(507,711)	-	(507,711)
Internal service funds	41,535,191	-	41,535,191
Total Governmental Activities	496,728,957	(6,595,083)	490,133,874
Total Governmental Activities Net Assets	773,114,373	-	773,114,373
Proprietary Funds and Business-type Activities			
Major Funds:			
Water Resources Fund	306,249,116	(10,551,518)	295,697,598
Nonmajor Enterprise Funds	30,908,571	-	30,908,571
Total Proprietary Fund Net Assets	337,157,687	(10,551,518)	326,606,169
Business-type Activities:			
Other adjustments	5,474,688	-	5,474,688
Business-type Activities Net Assets	342,632,375	(10,551,518)	332,080,857
Total Net Assets	$ 1,115,746,748	$ (10,551,518)	$ 1,105,195,230

Restatements during the year included: (a) the Central Truckee Meadows Remediation District (CTMRD) special revenue fund was created to account for remediation of water quality previously reported in the Water Resources Fund; (b) the Baseball Stadium Fund which was previously reported in a capital projects fund was reclassified as a special revenue fund due to a change in the activities in the fund; and (c) the County implemented Governmental Accounting Standards Board (GASB) Statement 49 *Accounting and Financial Reporting for Pollution Remediation Obligations,* which required a change in the treatment of capital assets for remediation and the recognition of a long term liability.

Capital assets of $3,956,435, associated with the CTMRD, were transferred from the Water Resources fund to the Governmental Activities in conjunction with the transfer to the special revenue fund noted in (a) above. These assets were written off in accordance with the requirements of GASB 49. The net impact on the restatement of capital assets associated with changes (a) and (c) for Governmental Activities was zero.

Cash and cash equivalents at July 1, 2008 in the Water Resources Fund on the Statement of Cash Flows have been restated by $6,852,087 to $121,855,683 due to the move of the CTMRD to a special revenue fund as noted in (a) above.

Additionally, beginning fund balances have been restated in nonmajor special revenue and capital projects funds where funds have been combined.

NOTE 4 – CASH AND INVESTMENTS

Deposits

In accordance with Nevada Revised Statutes (NRS), the County's cash is deposited with insured banks and insured credit unions. All money deposited by the County that is not within the limits of insurance must be secured by collateral. At year end, Washoe County's carrying amount of deposits was $17,791,613 and the bank balance was $19,045,112. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records.

Custodial Credit Risk – Deposits

All deposits are subject to custodial credit risk, which is the risk that the County's deposits may not be returned to it in the event of a bank failure. The bank balance was covered by federal depository insurance, the Securities Investor Protection Corporation, collateral held by Washoe County's agent in the County's name or by collateral held by depositories in the name of the Nevada Collateral Pool, and was not exposed to custodial credit risk. The County does not have a formal policy relating to custodial credit risk, but follows NRS. According to NRS 356.020, all monies deposited by a county treasurer that is not within the limits of insurance provided by an instrumentality of the United States must be secured by collateral composed of the same types of securities allowed for investments which are identified below. The County participates in the State of Nevada Collateral Pool which requires depositories to maintain as collateral acceptable securities having a fair market value of at least 102 percent of the amount of the uninsured balances of the public money held by the depository. Under NRS 356.360, the State Treasurer manages and monitors all collateral for all public monies deposited by members of the pool.

Investments

The County has a formal investment policy that, in the opinion of management, is designed to insure conformity with NRS and seeks to limit exposure to investment risks. Pursuant to NRS 355.170, Washoe County may invest in the following types of securities:

- Obligations of the United States, or an agency or instrumentality of the United States, or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Time certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada, and certain farm loan bonds.
- Certain securities issued by local governments of the State of Nevada and other securities expressly provided by other statutes, including repurchase agreements.
- Money market mutual funds that are registered with the Securities and Exchange Commission, are AAA rated, and invest only in securities of the Federal Government or fully collateralized repurchase agreements.
- Commercial paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state operating in the United States that is rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better, provided the aggregate value does not exceed 20 percent of the total portfolio.
- Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that have a remaining term to maturity of no more than 5 years and are rated by a nationally recognized rating service as "A" or its equivalent, or better.

NRS 355.172 requires the Treasurer or his agent to take physical possession of securities purchased as an investment by the County in the name of Washoe County. If the securities purchased are subject to repurchase by the seller, the County may, in lieu of the requirement of possession, obtain a fully perfected, first-priority security interest having a fair market value equal to or greater than the repurchase price of the securities.

Investments are recorded at fair value. Earnings on investments are allocated to certain funds based on average daily cash balances.

Back to Notes Section Index

As of June 30, 2009, the County had the following investments and maturities:

		INVESTMENT MATURITIES (IN YEARS)			
	Fair Value	Less than 1	1 to 4	4 to 6	6 to 10
Investments					
U.S. Treasuries	$ 120,022,644	$ 5,958,486	$ 106,097,062	$ 6,118,440	$ 1,848,656
U.S. Agencies	219,726,316	38,108,910	138,612,812	17,676,664	25,327,930
Collateralized Mortgage Obligations	18,353,753	-	-	-	18,353,753
Corporate Note - TLGP	37,854,850	-	37,854,850	-	-
Corporate Note	28,414,839	-	28,414,839	-	-
Money Market Mutual Funds	132,133,141	132,133,141	-	-	-
Total Investments	556,505,543	176,200,537	310,979,563	23,795,104	45,530,339
Total Cash	17,791,613	17,791,613	-	-	-
Total Cash and Investments[1]	$ 574,297,156	$ 193,992,150	$ 310,979,563	$ 23,795,104	$ 45,530,339

[1]Total cash and investments include restricted cash.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires twelve to eighteen months of projected cash flow to be in investments maturing in one year or less. Investments maturing in less than one year at June 30, 2009 were 30.7% of the County's total cash and investments. The County's strategic investment plan seeks to obtain the desired average maturity of 2 to 4 years. The average maturity at June 30, 2009, was 2.6 years.

The County invests in the following types of securities that are considered to be highly sensitive to interest rate changes:

Investment	Fair Market Value	% of Total Investments
U.S. Agency Mortgage Backed Securities and Collateralized Mortgage Obligations - When interest rates fall, mortgages are refinanced and paid off early and the reduced stream of future interest payments diminish fair value.	$ 51,600,855	9.3%
U.S. Agency Callable Step-Up-Notes - On specified dates, the issuer can call the security. If the security is not called, the interest rate is increased by a specified amount. Prevailing interest rates may go up faster than the increase in the coupon interest rate.	4,281,651	0.8%
U.S. Agency Callable Securities - On specified dates, the issuer can call the security. Because they are subject to early repayment, the fair value of these securities is more sensitive in a period of declining interest rates.	40,313,276	7.2%
Total	$ 96,195,782	17.3%

Credit Risk
NRS allows investments in obligations of the U.S. Treasury and U.S. agencies, municipal bonds issued by local governments of the State of Nevada, corporate bonds rated "A" or better by a nationally recognized rating service, commercial paper rated "A-1," "P-1" or better by a nationally recognized rating service, repurchase agreements, certificates of deposit, money market mutual funds rated "AAA" by a nationally recognized rating service or other securities in which banking institutions may legally invest. County policy does not further restrict these investments.

As of June 30, 2009, the County's investments are rated as follows:

		QUALITY RATING BY STANDARD & POOR'S					
	Fair Value	**AAA**	**AAAm**	**AA+**	**AA-**	**A+**	**Unrated**
Investment Type							
U.S. Treasuries	$ 120,022,644	$ -	$ -	$ -	$ -	$ -	$ 120,022,644
U.S. Agencies	219,726,316	219,726,316	-	-	-	-	-
Collateralized Mortgage Obligations	18,353,753	18,353,753	-	-	-	-	-
Corporate Note - TLGP	37,854,850	37,854,850	-	-	-	-	-
Corporate Note	28,414,839	-		7,756,392	9,909,912	10,748,535	-
Money Market Mutual Funds	132,133,141	-	132,133,141	-	-	-	-
Total Investments	$ 556,505,543	$ 275,934,919	$ 132,133,141	$ 7,756,392	$ 9,909,912	$ 10,748,535	$ 120,022,644

Concentration of Credit Risk

The County's investment policy places no limit on amounts invested in direct obligations of the U.S. Treasury and securities backed by the full faith and credit of the U.S. government, while placing the following limits per issuer on all other securities: Federal Agency Securities, 25%; Federal Agency Mortgage Backed Securities, 15%; Money Market Funds, 45%; corporate bonds and notes, 25%; obligations issued by local governments of the State of Nevada, 25% and commercial paper, 20%.

At June 30, 2009, the following investments exceeded 5% of the County's total:

Federal Home Loan Banks	6.4%
Fannie Mae	11.2%
Freddie Mac	22.3%

Pooled Investments

Pooled investments are carried at fair value determined by quoted market prices, net of accrued interest. All pooled investments are physically collateralized and held by Bank of New York, except for Money Market Mutual Funds.

Washoe County administers an external investment pool combining Washoe County money with voluntary investments from Washoe County School District, Regional Transportation Commission, Nevada Works, TRWQSA Joint Venture, Western Regional Water Commission, and the Library Investment, Deferred Compensation and Southwest Point Arrowcreek Funds. The Board of County Commissioners has overall responsibility for investment of County funds, including the Investment Trust Fund, in accordance with NRS 355.175. The Washoe County Chief Investment Official is the Washoe County Treasurer, under authority delegated by the Board of County Commissioners. The Investment Committee, created by Washoe County Code Section 15.220, has been delegated the investment decision making authority in Washoe County and serves also in an advisory capacity to the Treasurer and Board of County Commissioners. The external investment pool is not registered with the SEC as an investment company. Public Financial Management, LLC determines the fair value of Washoe County investments monthly. The County has not provided or obtained any legally binding guarantees during the period to support the value of shares.

The participants' share and redemption value are calculated using the same method. Each participant's share is equal to their investment plus or minus monthly allocation of interest income, realized and unrealized gains and losses. The determination of realized gains and losses is independent of the determination of the net change in the fair value of investments for the previous year(s) as well as the current year.

Back to Notes Section Index

Investment held in the external investment pool at June 30, 2009, were:

Investment Type	Fair Value	Principal Amount/ No. of Shares	Rate	Maturity Dates
U.S. Treasury	$ 120,022,644	$ 117,630,000	0.9 - 8.8%	December 17, 2009 - May 15, 2017
U.S. Agency Securities	219,726,316	213,828,810	1.4 - 7.0%	July 7, 2009 - February 20, 2018
Collateralized Mortgage Obligations	18,353,753	17,964,152	3.0 - 4.0%	August 1, 2017 - March 1, 2018
Corporate Note - TLGP	37,854,850	37,260,000	0.7 - 3.25%	March 15, 2011 - June 22, 2012
Corporate Note	28,414,839	27,440,000	4.4 - 5.9%	July 20, 2010 - January 31, 2013
Money Market Mutual Funds	124,239,864	124,239,864	Variable	July 1, 2009
Total Pooled Investments	$ 548,612,266			

External Investment Pool
Statement of Net Assets
June 30, 2009

Assets:	
Investments in Securities:	
U.S. Treasury	$ 120,022,644
U.S. Agency Securities	219,726,316
Collateralized Mortgage Obligations	18,353,753
Corporate Note - TLGP	37,854,850
Corporate Note	28,414,839
Money Market Mutual Funds	124,239,864
Interest Receivable	2,666,289
Total Assets	$ 551,278,555
Net Assets:	
Internal participants	456,652,324
External participants	94,626,231
Total Net Assets Held in Trust for Pool Participants ($1.00/par)	$ 551,278,555

External Investment Pool
Statement of Changes in Net Assets for the
Year Ended June 30, 2009

Additions:	
Investment earnings	$ 18,881,322
Net realized gain (loss) on investments	3,773,017
Net increase (decrease) in fair value of investments	6,162,275
Increase in net assets resulting from operations	28,816,614
Net capital share transactions	(11,671,623)
Change in Net Assets	17,144,991
Net Assets, July 1	534,133,564
Net Assets, June 30	$ 551,278,555

Back to Notes Section Index

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

Major Governmental Funds

The restricted cash and investments balance of $1,421,577 in the General Fund is restricted pursuant to bond covenants; $750,000 reserves for the baseball stadium debt, $460,756 restricted for the 2004 $11.9 million Building and Parking Garage Bonds and $210,821 restricted for the 2006 $25.3 million Parks Bond Series.

Nonmajor Special Revenue Funds

The Truckee River Flood Management Infrastructure Fund has cash of $4,270,028 restricted by bond covenants; $700,519 restricted for debt service and $3,569,509 held in trust as security for the County's obligations associated with Certificates of Participation relating to the Regional Public Safety Training Center. Restricted cash of $804,568 in the Other Restricted Fund is restricted by bond covenant, for debt service.

Nonmajor Capital Projects Funds

The restricted cash of $10,229,226 in the Parks Capital Projects Fund is restricted for parks and open space projects as specified by bond ordinances. Restricted cash of $15,844,769 in the Capital Facilities Fund represents remaining bond proceeds that are restricted by bond ordinance for the construction of the Sparks Justice Court Facility.

Major Enterprise Funds

The current restricted cash and investments balance of $44,935,741 in the Water Resources Fund consists of $40,836,718 remaining bond proceeds restricted by bond covenants for capital projects and $4,099,023, restricted by bond covenant, for debt service. Non-current restricted cash and investments of $6,164,760 are restricted pursuant to the Water Sewer Series 2005 bond ordinance.

Nonmajor Enterprise Funds

The Golf Course Fund has restricted cash of $159,497 for the payment of the next maturing installments of principal and interest on the Golf Course Series 1997 bond issue.

Internal Service Funds

Cash of $1,803,000 is restricted in the Risk Management Fund for a workers' compensation deposit to insure the payment of claims pursuant to NRS 616B.300.

NOTE 6 – LONG-TERM ASSETS

Governmental Funds

Long-term assets in governmental funds include $2,650,772 in deferred bond issuance costs.

Internal Service Funds

Long-term assets in internal service funds includes $3,446,274 in refundable lease agreement deposits and $557,780 prepaid lease expense, all relating to leased equipment in the Equipment Services Fund.

Enterprise Funds

Long-term assets in enterprise funds include $723,019 in deferred bond issuance costs and $105,548 in long term receivables.

Back to Notes Section Index

NOTE 7 – CAPITAL ASSETS

	Beginning Balances *	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 172,726,128	$ 12,295,181	$ 123,700	$ 184,897,609
Construction in progress	19,058,100	20,713,522	27,101,280	12,670,342
Total capital assets not being depreciated	191,784,228	33,008,703	27,224,980	197,567,951
Capital assets being depreciated:				
Land improvements	50,261,143	4,523,931	301,274	54,483,800
Buildings/improvements	301,138,666	11,696,123	47,864	312,786,925
Infrastructure	564,813,492	8,450,786	3,025,930	570,238,348
Equipment	83,233,598	9,764,032	2,768,215	90,229,415
Intangibles	515,804	-	-	515,804
Total capital assets being depreciated	999,962,703	34,434,872	6,143,283	1,028,254,292
Less accumulated depreciation for:				
Land improvements	25,793,914	2,481,626	60,294	28,215,246
Buildings/improvements	76,759,870	8,448,266	11,713	85,196,423
Infrastructure	300,044,296	24,488,253	1,975,593	322,556,956
Equipment	43,679,107	8,716,927	2,611,696	49,784,338
Intangibles	58,028	12,895	-	70,923
Total accumulated depreciation	446,335,215	44,147,967	4,659,296	485,823,886
Net capital assets being depreciated	553,627,488	(9,713,095)	1,483,987	542,430,406
Governmental activities capital assets, net	$ 745,411,716	$ 23,295,608	$ 28,708,967	$ 739,998,357
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 14,443,866	$ 3,154,785	$ -	$ 17,598,651
Construction in progress	34,624,527	4,241,805	27,706,907	11,159,425
Total capital assets not being depreciated	49,068,393	7,396,590	27,706,907	28,758,076
Capital assets being depreciated:				
Land improvements	4,859,558	623,024	29,885	5,452,697
Buildings/improvements	63,325,184	2,061,409	-	65,386,593
Infrastructure	248,675,247	127,388,131	-	376,063,378
Equipment	4,466,934	127,546	276,945	4,317,535
Intangibles	14,252,821	-	1,752,068	12,500,753
Total capital assets being depreciated	335,579,744	130,200,110	2,058,898	463,720,956
Less accumulated depreciation for:				
Land improvements	2,319,404	220,864	29,885	2,510,383
Buildings/improvements	10,073,799	1,813,287	-	11,887,086
Infrastructure	55,190,631	7,329,285	-	62,519,916
Equipment	3,377,276	256,545	254,712	3,379,109
Intangibles	2,664,266	477,833	83,710	3,058,389
Total accumulated depreciation	73,625,376	10,097,814	368,307	83,354,883
Net capital assets being depreciated	261,954,368	120,102,296	1,690,591	380,366,073
Business-type activities capital assets, net	$ 311,022,761	$ 127,498,886	$ 29,397,498	$ 409,124,149

* Beginning balances as restated (Note 3)

Back to Notes Section Index

Depreciation expense was charged to functions/programs for the primary government as follows:

Governmental Activities:		
General government	$	3,298,532
Judicial		1,960,496
Public safety		7,272,170
Public works		24,985,685
Health and sanitation		232,861
Welfare		557,750
Culture and recreation		3,341,929
Capital assets held by internal service funds charged to functions based on their usage of assets		2,438,250
Total Depreciation Expense - Governmental Activities	$	44,087,673
Business-Type Activities:		
Utilities	$	9,730,205
Golf courses		266,333
Building and Safety		17,566
Total Depreciation Expense - Business-type Activities	$	10,014,104

The increase in accumulated depreciation includes depreciation expense and adjustments for reclassification of assets of $60,294 for governmental activities and $83,710 for business-type activities.

		Balance June 30, 2009		Remaining Commitment
Construction in Progress and Commitments:				
Parks and open space projects	$	4,309,521	$	3,168,783
Regional flood control projects		3,607,382		2,692,427
Regional communications system projects		1,095,035		4,486,247
Judicial system & facilities projects		995,962		1,312,392
Others including General Fund projects		2,662,442		1,634,200
Governmental Construction In Progress	$	12,670,342	$	13,294,049

In addition, the Water Resources Fund has entered into contracts for the construction of water related projects with outstanding balances of $1,334,555.

NOTE 8 – TERMINATION BENEFITS, OTHER LIABILITIES AND CONTINGENCIES

Termination Benefits

During the year, Washoe County offered voluntary termination incentives to address an expected budget shortfall due to declining revenues in the current fiscal year and in fiscal year 2009/2010. Voluntary termination incentives included the following options:

- Retiree medical service credit in the Washoe County Retiree Health Benefit Program of up to 5 years
- Delayed retirement allowance for the purpose of eligibility for retiree medical benefits
- Increased sick leave payout
- Purchase of service credit in the Public Employees Retirement System
- Voluntary severance pay of up to 3 months base pay

Washoe County management also notified employees of a plan for involuntary termination to meet the expected budget shortfalls, with a severance payment of 1 to 3 months of base pay, depending on years of service. As of June 30, 2009, 148 employees agreed to voluntary termination and 27 employees were involuntarily terminated due to budget reductions. Additional voluntary terminations under the plan are expected in the 2009/2010 fiscal year. However, additional involuntary reductions in force are not anticipated.

Back to Notes Section Index

Governmental Activities
Total costs for non-healthcare related termination benefits under the above plans during the year were $4,801,544 in governmental funds and $9,097 in internal service funds. Accrued salaries and benefits as of June 30, 2009 include $362,794 for these termination benefits.

The increase in the Actuarial Accrued Liability attributed to additional service credits for healthcare related termination benefits in the Washoe County Retiree Health Benefit Program was $2 million. (Note 16)

Business-type Activities
Total costs in proprietary funds for non-healthcare related termination benefits were $16,655.

Other Liabilities

Governmental Activities
Other liabilities in governmental activities in the General Fund consists of deposits and amounts due to others of $2,074,547 for seized property forfeitures, contingent fees, bail and other customer funds. Of this amount, $855,137 is for deposits and bail related to pending court cases, and $916,656 represents refundable deposits for park facilities and developer performance guarantees.

Business-type Activities
Other liabilities in business-type activities in the Water Resources Fund include $458,289 for developer connection fee credits and $464,557 for inspection deposits.

Contingencies

The County is involved in various lawsuits. The outcome of these lawsuits is not presently determinable; however, management does not anticipate that they would materially impact the financial position of the County.

The County is currently the defendant in various lawsuits with property owners disputing the County Assessor's valuation methods used for property within the Lake Tahoe Basin. The County intends to vigorously defend the Assessor's valuations; however, the outcome of these lawsuits is not presently determinable. An adverse ruling could result in a rollback of property values and subsequent rebates to property owners. The impact on the County's financial condition cannot be reasonably estimated.

Washoe County is contingently liable on the following Reno-Sparks Convention & Visitors Authority (RSCVA) bonds:

Series 1999B General Obligation Bonds - Various Purpose Recreational Facility Bonds	$	2,505,000
Series January 2000 Bonds		32,149,882
Series June 1, 2001 Refunding Bonds		92,250,000
Total RSCVA Bonds	$	126,904,882

Although the County is contingently liable for the general obligation bonds of RSCVA in the event of a default, it is anticipated that RSCVA resources would be reallocated to retire the bonds. Therefore, the likelihood of Washoe County assuming the debt is remote.

NOTE 9 –DEFERRED/UNEARNED REVENUE

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Back to Notes Section Index

At the end of the current fiscal year, major components of deferred and unearned revenue reported were as follows:

	General Fund	Nonmajor Governmental Funds	Total
Unearned:			
Federal payments in lieu of taxes	$ 3,147,222	$ -	$ 3,147,222
Unavailable:			
Ad valorem taxes	3,195,590	1,270,643	4,466,233
Special assessments	-	3,738,239	3,738,239
Grants and other revenue	1,502,678	5,256,272	6,758,950
Total Deferred/Unearned Revenue	$ 7,845,490	$ 10,265,154	$ 18,110,644

NOTE 10 – LONG-TERM OBLIGATIONS

New Financing

On June 12, 2009, Washoe County issued $999,268 in Local Improvement Bonds Series 2009 on behalf of Special Assessment District (SAD) No. 39 (Lightning W Water System). The proceeds will be used to finance the cost of water system improvements. Bonds will be retired annually through 2029, commencing November 1, 2009. Interest is payable on May 1 and November 1, commencing November 1, 2009. The bonds are special obligations of the County, payable from the assessment levied in SAD 39 and the County's Surplus and Deficiency Fund. The County's General Fund and taxing power further secure the Bonds. The interest rate on the Bonds is 7.18%.

Advance and Current Refundings

On March 31, 2009, Washoe County issued $10,540,000 of General Obligation (Limited Tax) Refunding Bonds Series 2009B. The proceeds were used for a current refunding of $10,220,000 of outstanding General Obligation Public Safety Bonds Series 1996 and to pay the bond cost of issuance. Bond principal will be retired annually through 2017, commencing May 1, 2010. Interest is payable on November 1 and May 1, commencing on November 1, 2009. The Bonds constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest, subject to Nevada constitutional and statutory limitations regarding the aggregate amount of ad valorem taxes. Interest rates on the bonds range from 3% to 4.2%. The bonds are rated AA by Standard and Poor's and Aa2 by Moody's.

The refunding bonds were issued at a premium of $73,382. The bond proceeds were deposited in an escrow account controlled by U.S. Bank. The amount deposited, $10,436,314, is deemed to be sufficient to meet the debt service provisions of the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt by $216,314. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This refunding was undertaken to reduce total debt service payments over the next 8 years by $496,632 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $430,683. The refunded bonds are considered to be defeased and the liability relating to the refunded portion of the bonds has been removed from the governmental activities column of the statement of net assets.

On March 31, 2009, the County defeased $9,445,000 of the $24,375,000 in outstanding General Obligation Parks Bonds Series 2006. The partial refunding was financed with $10,451,226 of unexpended Parks Bonds proceeds and deposited in an irrevocable escrow account controlled by U.S. Bank. The reacquisition price exceeded the net carrying amount of the defeased debt by $1,006,226. The amount deposited is deemed to be sufficient to meet the debt service provisions of the refunded bonds. The refunding was undertaken to reduce total debt service payments by $3,985,695 over the next 27 years. The refunded bonds are considered to be defeased and the liability relating to the refunded portion of the bonds has been removed from the governmental activities column of the statement of net assets.

Bonds Authorized and Unissued

On February 26, 2008, the Board of County Commissioners authorized the issuance of Subordinate Lien Car Rental Fee Capital Appreciation Revenue Bonds (Minor League Baseball Stadium Project) Series 2008 in the maximum principal amount of $11,000,000, for the purpose of financing, within the County, a minor league baseball stadium project. At June 30, 2009, bonds totaling $9,999,845 have been issued, leaving a remaining authorized and unissued balance of $1,000,155.

On May 12, 2009, the Board of County Commissioners authorized the issuance of $3,900,000 General Obligation (Limited Tax) Refunding Bonds (additionally secured by pledged revenues) Series 2009A, for the purpose of refunding various outstanding bonds secured by consolidated tax pledged revenues.

Back to Notes Section Index

On May 12, 2009, the Board of County Commissioners authorized the issuance of $5,090,000 General Obligation (Limited Tax) Medium-Term Refunding Bonds Series 2009C, for the purpose of refunding various outstanding bonds.

On May 12, 2009, the Board of County Commissioners authorized the issuance of $1,565,000 General Obligation (Limited Tax) Golf Course Refunding Bonds (additionally secured by pledged revenues) Series 2009D, for the purpose of refunding certain outstanding golf course bonds secured by an irrevocable pledge of all or a portion of the net revenues of the golf course facilities.

Special Assessment Debt

Special assessment bonds are issued to finance improvements that benefit taxpayers in the defined area. Bonds are repaid from assessments levied against these taxpayers, and are secured by their real property. In case of deficiencies, the County's General Fund and taxing power further secure all bonds. Delinquent special assessments of $3,758 were outstanding as of June 30, 2009.

The County has pledged future assessment revenues levied on special assessment districts throughout the county to repay $5.5 million in various local improvement bonds issued from 1999 through 2009. Proceeds from the bonds provided financing for improvements in roads, water and sewer in the various districts. The bonds are intended to be paid solely from assessment revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require as much as 99% of the assessment revenues. The total principal and interest remaining to be paid on the bonds is $5,016,906. For the current year, principal and interest paid for the bonds totaled $371,347, and pledged revenues totaled $525,782.

Special Assessment District No. 23 (SAD 23) Southwest Pointe/Arrow Creek, SAD 23 has outstanding debt of $4,530,000. Washoe County is only acting as an agent for these bonds and is not liable for the debt.

Bond Redemptions

The County was able to call $70,000 in special assessment bonds for early redemption as funds were made available from the early payoff of special assessments.

Prior Defeased Debt Outstanding

In prior years, the County defeased certain general obligation debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, prior year defeased debt consists of the Consolidated Jail Facility Bonds - Partial Refunding, Series July 15, 1986 with a remaining balance of $5,565,000.

Revenue Bonds

The county has pledged specific revenues to repay bonds in governmental and business activities.

<u>Governmental activities</u>

The County has pledged 15% of the Consolidated tax revenue receipts for the repayment of various General Obligation Revenue bonds consisting of the Facility Bonds Series 2001A; Office Building Bonds Series 2002A; Library Building Bonds Series 2004; Building and Parking Garage Bonds Series 2004; Public Safety Bonds Series 2006; and Parks Bonds Series 2006, issued from 2002 through 2006. The total principal and interest remaining to be paid on the bonds is $108,283,030, payable through 2036. For the current year, principal and interest paid for the bonds totaled $15,499,255, and pledged revenues totaled $11,518,074.

The County has pledged future infrastructure sales tax revenues to repay $42.9 million in Flood Control Series 2006 and Sales Tax Series 1998 flood control bonds. Proceeds from the bonds provided financing for expansion of, and improvements to, the flood control system. The bonds are intended to be paid solely from infrastructure tax revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require as much as 43% of the pledged revenues. The total principal and interest remaining to be paid on the bonds is $63,694,417. For the current year, principal and interest paid for the bonds totaled $2,732,691, and pledged revenues totaled $7,041,028.

The County has pledged future car rental fees to repay $29.5 million in car rental fee revenue bonds issued in February 2008. Proceeds from the bonds provided financing to acquire, improve, equip, operate and maintain within the County a minor league baseball stadium project. The bonds are intended to be paid solely from car rental fee revenues and are payable through 2058. Annual principal and interest payments on the bonds are expected to require 100% of the car rental fee revenue. The total principal and interest remaining to be paid on the bonds is $124,918,999. For the current year, principal and interest paid for the bonds totaled $1,173,744, and pledged revenues totaled $1,257,149.

<u>Business-type activities</u>

The County has pledged future utility customer revenues and connection fees and investment earnings, net of specified operating expenses, to repay $120.6 million in utility system revenue bonds issued from 1997 through 2006. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The bonds are intended to be paid solely from utility customer net revenues and are payable through 2035. Annual principal and interest payments on the bonds are expected to require as much as 85% of the utility's net revenues. The total principal and interest remaining to be paid on the bonds is $167,633,487. For the current year, principal and interest paid for the bonds totaled $8,277,781, and net pledged revenues totaled $16,632,103.

The County has pledged future net golf course revenues derived from the operation and use of certain golf course facilities to repay $3 million in Golf Course Series 1997 revenue bonds. Proceeds from the bonds provided financing for the acquisition, improvement and equipment for golf course facilities. Annual principal and interest payments on the bonds are expected to require as much as 79% of the golf course net revenues and are payable through 2018. The total principal and interest remaining to be paid on the bonds is $2,166,926. For the current year, principal and interest paid for the bonds totaled $239,617, and net pledged revenues totaled $320,172.

Conduit Debt Obligations

The County has issued several series of revenue bonds for private activity in the public interest. They have been for water and gas facilities, colleges, and hospital facilities. The revenue bonds, which are paid solely from the revenue derived from the projects for which they were issued, do not become liabilities of the County under any conditions, and are therefore excluded from the County's financial statements. Outstanding balances at June 30, 2009 follow:

	Date of Issue	Original Issue	Principal Outstanding
Renown Health (Washoe Medical Center):			
Hospital Revenue Bonds, Series 2001A	10/15/2001	$ 33,875,000	$ 33,875,000
Sierra Nevada College:			
Economic Development Revenue Bonds, Series 2005	4/1/2005	11,200,000	11,100,000
Sierra Pacific Power Company d/b/a NV Energy:			
Gas and Water Facilities Refunding Revenue Bonds Series 2006A, 2006B and 2006C	11/22/2006	218,500,000	218,500,000
Water Facilities Refunding Revenue Bonds Series 2007A & 2007B	4/27/2007	80,000,000	80,000,000
Total Conduit Debt		$ 343,575,000	$ 343,475,000

Capital Leases

Building leases consist of a lease purchase agreement for the Regional Training Complex. The following is an analysis of assets acquired under capital leases as of June 30, 2009:

	Governmental Fund Assets
Asset Description:	
Buildings	$ 15,117,369
Less: Accumulated Amortization/Depreciation	(2,872,051)
Total Lease/Purchases	$ 12,245,318

The future minimum lease payments for the capital lease are:

Year Ending June 30,	Principal	Interest	Total
2010	2,150,000	161,288	2,311,288
2011	2,250,000	54,844	2,304,844
Totals	$ 4,400,000	$ 216,132	$ 4,616,132

Operating Leases

Washoe County leases office space, land, equipment and water rights under various operating lease agreements. Total lease payments in FY 2009 were $3,266,146. Future minimum payments for these leases are:

Year Ending June 30,	Land, Space, Water Rights	Equipment	Total
2010	$ 1,595,815	$ 847,839	$ 2,443,654
2011	1,386,496	485,418	1,871,914
2012	740,113	336,235	1,076,348
2013	261,568	170,523	432,091
2014	110,135	22,178	132,313
2015-2019	46,360	-	46,360
Totals	$ 4,140,487	$ 1,862,193	$ 6,002,680

Compensated Absences

The liability for compensated absences is included in noncurrent liabilities on the government-wide Statement of Net Assets. The liability will be liquidated primarily by the General Fund for governmental activities and by the Water Resources Fund for business-type activities. In FY 2009, 80% of governmental funds' compensated absences were paid by the General Fund, and in enterprise funds, 77% were paid by the Water Resources Fund. Truckee Meadows Fire Protection District's (TMFPD) compensated absences are generally liquidated from the TMFPD General Fund. Sierra Fire Protection District's (SFPD) compensated absences are generally liquidated from the SFPD General Fund.

Outstanding balances at June 30, 2009 follow:

	Governmental Funds	Enterprise Funds	Total
Washoe County:			
Vacation	$ 11,400,436	$ 440,690	$ 11,841,126
Sick Leave	7,716,538	304,057	8,020,595
Compensatory	5,103,916	191,917	5,295,833
Benefits	318,862	12,405	331,267
Total County Funds	24,539,752	949,069	25,488,821
Component Units:			
Truckee Meadows FPD	1,468,254	-	1,468,254
Sierra FPD	548,673	-	548,673
Total Component Units	2,016,927	-	2,016,927
Total Compensated Absences	$ 26,556,679	$ 949,069	$ 27,505,748

Net Other Postemployment Benefits Obligation

In fiscal year 2008, the County and its component units implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement required the County and component units to calculate and record a net other postemployment benefit obligation. At June 30, 2009, the net other postemployment benefit liability for the County was $34,947,099. Currently, the County finances their liability on the pay-as-you-go basis with funds accumulated in the Pre-Funded Retiree Health Benefits Fund for this purpose. In fiscal year 2010, the County intends to establish an irrevocable health benefits trust to pay retiree medical premiums.

At June 30, 2009, the net other postemployment benefit liability for Truckee Meadows Fire Protection District (TMFPD) and Sierra Fire Protection District (SFPD) was $1,240,440 and $502,687, respectively. TMFPD finances the liability on the pay-as-you-go basis with funds accumulated in the TMFPD Pre-Funded Retiree Health Benefits Fund. SFPD finances the liability on the pay-as-you-go basis with funds accumulated in the SFPD Pre-Funded Retiree Health Benefits Fund.

Back to Notes Section Index

Arbitrage

Section 148 of the Internal Revenue Code requires issuers of most types of tax-exempt bonds to rebate investment earnings in excess of bond yield to the federal government in installment payments made at least once every five years, with the final installment made when the last bond in the issue is redeemed.

The arbitrage liability of $734,017 for governmental activities debt consists of $507,715 for the Sparks Justice Court Facilities Bonds Series 2004, which will be due after September 21, 2009, and $226,302 for the Parks Bonds Series 2006, which will be due after October 18, 2011. The liabilities for governmental activities will be liquidated through the Capital Facilities Fund for the Series 2004 bonds and through the Parks Construction Fund for the Series 2006 bonds. The arbitrage liability of $343,254 for business-type activities relates to the Water and Sewer Bonds Series 2005; this liability will be liquidated through the Water Resources Fund and will be due after December 20, 2010.

Remediation Obligation

In fiscal year 2009, the County implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This statement requires that governments calculate and record a liability for the estimated cost of pollution remediation obligations. A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in remediation activities. The pollution remediation activities of the Central Truckee Meadows Remediation District (CTMRD) are paid for through an annual charge billed directly to residents and businesses within the District's boundaries. Accordingly, the CTMRD's pollution remediation obligation is limited to the net assets accumulated by the fund for payment of future remediation-related expenditures. All of the assets in the Central Truckee Meadows Remediation District (CTMRD) are held for remediation and are offset by a long-term liability for remediation. Long-term liabilities for July 1, 2008, have been restated to include $6,595,083 for remediation obligations. As of June 30, 2009, the remediation liability for net assets held in CTMRD was $ 7,239,113.

Claims and Judgments

The claims and judgments liability of $18,931,954 includes pending property and liability claims, worker's compensation claims, and unprocessed health benefits claims. These claims consist of $14,027,000 generally liquidated through the Risk Management and Health Benefits internal service funds and $4,904,954 liquidated through Truckee Meadows Fire Protection District Workers Compensation Fund (see Note 17). The Risk Management and Health Benefits Funds finance the payment of claims by charging other funds based on Management's assessment of the relative insurance risk that should be assumed by individual funds or, as needed, through transfers from the General Fund. The TMFPD Workers Compensation Fund finances the payment of claims through transfers from the TMFPD General Fund.

NOTE 11 - LONG-TERM OBLIGATIONS ACTIVITY

	Date of Issue	Maturity Date	** Interest Rate
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds			
Ad Valorem:			
Public Safety	12/1/1996	6/1/2017	4.8 - 8.25 %
Library, Parks & Open Space Series 2001	5/15/2001	5/1/2026	4.2 - 6.5
Library, Parks & Open Space Series 2002B	10/1/2002	5/1/2030	3.0 - 5.0
Jail Forward Refunding Series 2003	6/3/2003	9/1/2010	4.0 - 5.0
Animal Control Shelter Series 2003A	8/5/2003	6/1/2030	3.0 - 4.625
Various Purpose Refunding Series 2009B	3/31/2009	5/1/2017	3.0 - 4.2
Total Ad Valorem Supported Bonds			
Medium-Term:			
Various Purpose Series June 1, 1999	6/1/1999	6/1/2009	3.8 - 4.6
Property Acquisition Series 2000A	8/1/2000	8/1/2010	4.5 - 4.8
Antelope Valley Road Special Assessment Series 2001B	12/1/2001	11/1/2011	3.0 - 4.5
Sparks Justice Court Facility Series 2004	9/22/2004	7/1/2014	2.9 - 3.7
Edison Way Property Series 2007	3/28/2007	3/1/2017	3.83
Truckee Meadows Fire Protection District (a component unit)			
Various Purpose Series June 1, 1999	6/1/1999	6/1/2009	3.8 - 4.6
Total Medium-Term Bonds			
Revenue: (Note 10)			
Facility Series 2001A	12/1/2001	11/1/2026	4.0 - 5.5
Office Building Series 2002A	10/1/2002	1/1/2027	3.0 - 5.0
Library Building Series 2004	3/1/2004	3/1/2025	3.5 - 5.0
Building and Parking Garage Series 2004	12/8/2004	1/1/2025	3.75 - 5.0
Public Safety Series 2006	4/12/2006	3/1/2036	4.0 - 4.5
Flood Control Series 2006	5/18/2006	12/1/2035	Variable
Parks Series 2006	10/18/2006	3/1/2036	4.0 - 5.0
Total General Obligation Revenue Bonds			
Total General Obligation Bonds			
Revenue Bonds (Note 10)			
Sales Tax Series 1998	12/1/1998	12/1/2028	4.0 - 5.1
Senior Lien Car Rental Fee Series 2008	2/26/2008	12/1/2027	Variable
Subordinate Lien Car Rental Fee Series 2008	2/26/2008	12/1/2057	7.0
Total Revenue Bonds			
Special Assessment Bonds (with governmental commitment) - Note 10			
Calle de la Plata-$274,171, Matterhorn Blvd-$537,251, Osage/Placerville-$146,659	10/21/1999	10/1/2009	5.75
Cold Springs Sewer Refunding	10/15/2003	7/1/2016	2.0 - 4.0
Mt. Rose Sewer Phase 1	11/12/2004	11/1/2024	4.55
Rhodes Road - $116,141, Evergreen Hills Dr-$240,587	2/25/2005	11/1/2014	3.8
Spearhead Way/Running Bear Drive	4/28/2006	5/1/2016	4.29
Spanish Spring Sewer Phase 1a	5/16/2007	5/1/2027	4.35
Lightning W Water System	6/12/2009	5/1/2029	7.18
Total Special Assessment Debt			
Less Deferred amounts			
Unamortized Bond Premium	N/A	N/A	N/A
Unamortized Bond Discounts/Deferred Refunding Charge	N/A	N/A	N/A
Total Deferred amounts			

Back to Notes Section Index

Original Note/ Issue	Principal Outstanding July 1, 2008	Additions/ Issued	Reduction/ Principal Matured/ Called	Principal Outstanding	Principal Due in 2009-2010
$ 19,000,000	$ 11,215,000	$ -	$ 11,215,000	$ -	$ -
22,785,000	19,100,000	-	655,000	18,445,000	695,000
15,515,000	13,515,000	-	390,000	13,125,000	405,000
16,725,000	7,845,000	-	2,485,000	5,360,000	2,615,000
10,750,000	9,575,000	-	255,000	9,320,000	265,000
10,540,000	-	10,540,000	-	10,540,000	1,135,000
	61,250,000	10,540,000	15,000,000	56,790,000	5,115,000
7,030,000	785,000	-	785,000	-	-
14,000,000	6,585,000	-	2,085,000	4,500,000	2,195,000
1,327,290	597,192	-	140,773	456,419	146,019
13,900,000	11,135,000	-	1,440,000	9,695,000	1,485,000
4,645,000	4,243,000	-	404,000	3,839,000	419,000
1,300,000	160,000	-	160,000	-	-
	23,505,192	-	5,014,773	18,490,419	4,245,019
16,620,000	14,270,000	-	460,000	13,810,000	485,000
19,260,000	16,065,000	-	725,000	15,340,000	590,000
3,280,000	3,280,000	-	50,000	3,230,000	155,000
11,900,000	10,710,000	-	450,000	10,260,000	470,000
12,500,000	12,070,000	-	240,000	11,830,000	245,000
21,000,000	20,636,919	-	379,577	20,257,342	396,822
25,305,000	24,850,000	-	9,920,000	14,930,000	-
	101,881,919	-	12,224,577	89,657,342	2,341,822
	186,637,111	10,540,000	32,239,350	164,937,761	11,701,841
21,915,000	18,510,000	-	520,000	17,990,000	545,000
18,500,000	18,500,000	-	-	18,500,000	396,500
11,000,000	50,010	9,949,835	-	9,999,845	-
	37,060,010	9,949,835	520,000	46,489,845	941,500
958,081	40,000	-	29,000	11,000	11,000
1,085,000	595,000	-	80,000	515,000	60,000
1,281,308	1,040,000	-	50,000	990,000	50,000
356,728	204,999	-	30,979	174,020	27,359
109,000	87,000	-	15,000	72,000	9,000
728,813	646,128	-	59,658	586,470	20,730
999,268	-	999,268	-	999,268	31,267
	2,613,127	999,268	264,637	3,347,758	209,356
N/A	2,458,264	73,382	272,821	2,258,825	-
N/A	(125,642)	(216,314)	(86,885)	(255,071)	-
	2,332,622	(142,932)	185,936	2,003,754	-

(CONTINUED)

Back to Notes Section Index

NOTE 11 - LONG-TERM OBLIGATIONS ACTIVITY (CONTINUED)

	Date of Issue	Maturity Date	** Interest Rate
GOVERNMENTAL ACTIVITIES *(Continued)*			
Capital Lease/Notes Obligations			
Certificates of Participation Series 2000	9/1/2000	9/1/2010	4.4 - 5.25 %
Note payable/North Valley Sports Complex Effluent	4/1/2001	6/1/2021	6.0
Total Capital Lease/Notes Obligations			
Other Liabilities - Note 10			
Compensated absences	N/A	N/A	N/A
Net other postemployment benefits obligation	N/A	N/A	N/A
Arbitrage	N/A	N/A	N/A
Remediation obligation	N/A	N/A	N/A
Claims and judgments	N/A	N/A	N/A
Total Other Liabilities			
Total Governmental Activities			
BUSINESS-TYPE ACTIVITIES *			
General Obligation Debt			
Medium-Term:			
Water Resources Fund:			
Water Series 2001B	12/1/2001	11/1/2011	3.0 - 4.5
Revenue: (Note 10)			
Water Resources Fund:			
Water Sewer Series 1997	6/4/1997	2/15/2017	5.0 - 6.5
Lemmon Valley Sewer Series 1997	8/13/1997	1/1/2018	3.33
Sewer Series 2000A & 2000B	6/30/2000	1/1/2020	3.7
Sewer Series 2001	2/2/2001	7/1/2021	3.125
Sewer Series 2004	6/11/2004	1/1/2024	3.213
Water Series 2005	6/17/2005	1/1/2025	2.81
Water and Sewer Series 2005	12/21/2005	1/1/2035	4.0 - 5.0
Spanish Springs Sewer Series 2005A	8/25/2006	7/1/2026	2.931
Storm Sewer Series 2006	11/1/2006	1/1/2026	4.224
Golf Course Fund:			
Golf Course Series 1997	9/1/1997	9/1/2017	4.75 - 5.4
Total General Obligation Revenue Bonds			
Total General Obligation Bonds			
Less Deferred amounts			
Unamortized Bond Premium	N/A	N/A	N/A
Unamortized Bond Discounts/Deferred Refunding Charge	N/A	N/A	N/A
Total Deferred amounts			
Leases/Notes			
Golf Course Fund:			
Note payable/Sierra Sage Golf Course Effluent	4/1/2001	6/1/2021	6.0
Other Liabilities - Note 10			
Compensated Absences	N/A	N/A	N/A
Due to other governments	N/A	N/A	N/A
Arbitrage	N/A	N/A	N/A
Total Business-Type Activities			
Total Washoe County Obligations			

* Business-type debt is expected to be retired primarily through operations.

** Interest on the variable-rate flood control bonds is equal to the sum of BMA (Bond Market Association) Swap Rate plus 0.70%. Drawdowns are 1) 05/18/2007 $16,560,000 current interest 4.363% and 2) 01/18/2007 $4,440,000 current interest rate 4.34%. Interest rate for both drawdowns will be reset May 1, 2011.

Back to Notes Section Index

Original Note/ Issue	Principal Outstanding July 1, 2008	Additions/ Issued	Reduction/ Principal Matured/ Called	Principal Outstanding	Principal Due in 2009-2010
$ 16,950,000	$ 6,450,000	$ -	$ 2,050,000	$ 4,400,000	$ 2,150,000
464,126	359,328	-	18,864	340,464	20,022
	6,809,328	-	2,068,864	4,740,464	2,170,022
N/A	26,221,083	20,351,827	20,016,231	26,556,679	22,179,950
N/A	17,562,995	27,449,429	8,322,198	36,690,226	-
N/A	511,921	222,096	-	734,017	507,715
N/A	6,595,083	644,030	-	7,239,113	-
N/A	20,555,858	587,096	2,211,000	18,931,954	6,238,000
	71,446,940	49,254,478	30,549,429	90,151,989	28,925,665
	306,899,138	70,600,649	65,828,216	311,671,571	43,948,384
6,262,710	2,817,808	-	664,227	2,153,581	688,981
3,720,000	1,745,000	-	155,000	1,590,000	165,000
1,249,137	739,978	-	63,489	676,489	65,622
2,310,000	755,444	-	51,048	704,396	52,954
21,000,000	17,151,394	-	1,039,081	16,112,313	1,071,806
3,000,000	2,690,254	-	130,976	2,559,278	135,217
14,463,000	13,548,069	-	631,580	12,916,489	649,452
65,000,000	62,860,000	-	1,180,000	61,680,000	1,240,000
6,500,000	6,370,963	-	263,775	6,107,188	271,564
4,600,000	4,303,272	-	163,709	4,139,563	170,697
3,000,000	1,865,000	-	145,000	1,720,000	155,000
	112,029,374	-	3,823,658	108,205,716	3,977,312
	114,847,182	-	4,487,885	110,359,297	4,666,293
N/A	2,278,195	-	93,630	2,184,565	-
N/A	(13,867)	-	(1,500)	(12,367)	-
	2,264,328	-	92,130	2,172,198	-
997,170	756,530	-	29,564	726,966	52,306
N/A	1,008,956	863,230	923,117	949,069	792,656
N/A	247,000	-	100,000	147,000	-
N/A	163,689	179,565	-	343,254	-
	119,287,685	1,042,795	5,632,696	114,697,784	5,511,255
	$ 426,186,823	$ 71,643,444	$ 71,460,912	$ 426,369,355	$ 49,459,639

** Interest on the variable-rate senior lien car rental bonds is equal to the greater of: (1) the minimum rate of 3% per annum and (2) the sum of (a) 70% of the swap rate plus (b) 2.22% for each of the reset periods. The rate maximum is 6.5% for December 1, 2012 - November 30, 2017, 7.5% December 1, 2017 - November 20, 2022 and 8% for December 1, 2022- November 30, 2027. Current interest rate is 5.02% with a reset date of December 1, 2012.

Back to Notes Section Index

NOTE 12 - DEBT SERVICE REQUIREMENTS

The annual requirements to amortize the following outstanding debt:

Year Ended June 30,	General Obligation Ad Valorem Debt Principal*	General Obligation Ad Valorem Debt Interest	General Obligation Non-Ad Valorem Debt Principal*	General Obligation Non-Ad Valorem Debt Interest	Special Assessment Debt Principal*	Special Assessment Debt Interest
Governmental Activities - Primary Government						
2010	$ 5,115,000	$ 2,616,055	$ 6,586,841	$ 4,636,196	$ 209,356	$ 160,045
2011	5,370,000	2,362,245	6,851,991	4,350,916	191,728	159,666
2012	2,745,000	2,197,278	4,728,961	4,113,430	200,218	151,336
2013	2,850,000	2,092,466	4,747,406	3,924,970	215,950	142,312
2014	2,965,000	1,975,225	4,946,008	3,728,668	220,937	132,473
2015-2019	13,795,000	7,785,246	21,750,375	15,829,542	903,462	519,917
2020-2024	12,070,000	4,778,531	23,643,548	11,111,459	838,729	309,850
2025-2029	10,235,000	1,711,163	19,596,831	5,653,451	567,378	93,549
2030-2034	1,645,000	79,663	9,480,115	2,464,394	-	-
2035-2039	-	-	5,815,685	381,958	-	-
2040-2044	-	-	-	-	-	-
2045-2049	-	-	-	-	-	-
2050-2054	-	-	-	-	-	-
2055-2058	-	-	-	-	-	-
	56,790,000	25,597,872	108,147,761	56,194,984	3,347,758	1,669,148
Business-type Activities - Primary Government						
2010	-	-	4,666,293	4,624,359	-	-
2011	-	-	4,846,167	4,440,056	-	-
2012	-	-	5,028,465	4,260,194	-	-
2013	-	-	4,427,645	4,089,736	-	-
2014	-	-	4,601,142	3,916,202	-	-
2015-2019	-	-	24,976,123	16,808,377	-	-
2020-2024	-	-	23,524,906	11,961,094	-	-
2025-2029	-	-	16,553,556	7,680,592	-	-
2030-2034	-	-	17,655,000	3,754,500	-	-
2035-2039	-	-	4,080,000	204,000	-	-
	-	-	110,359,297	61,739,110	-	-
Total	$ 56,790,000	$ 25,597,872	$ 218,507,058	$ 117,934,094	$ 3,347,758	$ 1,669,148

*Principal amounts shown exclude discounts and premiums.

Back to Notes Section Index

	Revenue Bonds		Lease/Notes		Total Debt	
	Principal*	Interest	Principal*	Interest	Principal*	Interest
	$ 941,500	$ 1,794,918	$ 2,170,022	$ 181,271	$ 15,022,719	$ 9,388,485
	1,025,700	1,749,270	2,271,250	73,599	15,710,669	8,695,696
	1,110,900	1,698,956	22,554	17,450	8,807,633	8,178,450
	1,091,784	1,648,008	23,938	16,066	8,929,078	7,823,822
	1,180,458	1,593,703	25,407	14,598	9,337,810	7,444,667
	7,606,948	7,140,726	152,426	47,598	44,208,211	31,323,029
	10,804,795	5,199,156	74,867	5,141	47,431,939	21,404,137
	14,069,105	3,732,874	-	-	44,468,314	11,191,037
	2,266,880	8,670,395	-	-	13,391,995	11,214,452
	1,881,967	10,925,548	-	-	7,697,652	11,307,506
	1,566,274	13,395,972	-	-	1,566,274	13,395,972
	1,295,976	16,161,765	-	-	1,295,976	16,161,765
	1,071,626	19,290,177	-	-	1,071,626	19,290,177
	575,932	13,931,457	-	-	575,932	13,931,457
	46,489,845	106,932,925	4,740,464	355,723	219,515,828	190,750,652
	-	-	52,306	52,976	4,718,599	4,677,335
	-	-	44,741	39,485	4,890,908	4,479,541
	-	-	47,486	36,740	5,075,951	4,296,934
	-	-	50,400	33,826	4,478,045	4,123,562
	-	-	53,492	30,733	4,654,634	3,946,935
	-	-	320,915	100,213	25,297,038	16,908,590
	-	-	157,626	10,824	23,682,532	11,971,918
	-	-	-	-	16,553,556	7,680,592
	-	-	-	-	17,655,000	3,754,500
	-	-	-	-	4,080,000	204,000
	-	-	726,966	304,797	111,086,263	62,043,907
	$ 46,489,845	$ 106,932,925	$ 5,467,430	$ 660,520	$ 330,602,091	$ 252,794,559

NOTE 13 – INTERFUND BALANCES, LOANS AND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2009

Transfers from:	Transfers to:	Amount	
General Fund	Pre-Funded Retiree Health Benefits Fund	$ 2,326,085	
	Water Resources Fund	76,784	
	Nonmajor Governmental Funds	17,946,404	
	Internal Service Funds	3,585,000	
	Subtotal	23,934,273	
Nonmajor Governmental Funds	General Fund	36,195	
	Nonmajor Governmental Funds	27,980,640	(a)
	Internal Service Funds	1,350,000	
	Subtotal	29,366,835	
Water Resources Fund	Internal Service Funds	22,233	
Total Transfers In / Out		$ 53,323,341	

Significant transfers during the year of a non routine nature included: (a) $10,451,226 for the transfer of unexpended Parks Bonds proceeds from the Parks Capital Projects Fund to the Debt Service Fund to partially defease the General Obligation Parks Bonds, Series 2006.

NOTE 14 – FUND BALANCES / NET ASSETS

Government-wide Financial Statements

The government-wide Statement of Net Assets utilizes a net asset presentation. Net assets are categorized as investment in capital assets, net of related debt, restricted and unrestricted. Related debt is the debt outstanding that relates to the acquisition, construction, or improvement of capital assets.

Restricted assets are assets which have third-party (statutory, bond covenant or granting agency) limitations on their use. Restricted assets are classified either by function, debt service, capital projects, or claims. Assets restricted by function relate to net assets of governmental and enterprise funds whose use is legally limited by outside parties for a specific purpose. The restriction for debt service represents assets legally restricted by statute or bond covenants for future debt service requirements of both principal and interest. The amount restricted for capital projects consists of unspent grants, donations, and debt proceeds with third party restrictions for use on specific projects or programs. Net assets restricted for claims represent the amount legally required to be held for payment of future claims in the self-insurance funds. The government-wide statement of net assets reports $179,490,289 of restricted net assets, all of which is externally imposed.

Unrestricted net assets represent available financial resources of the County.

Fund Financial Statements

<u>Governmental Funds</u>
Governmental funds report fund balance reservations to isolate the portion of fund balance that is not an available current financial resource due to legal or third party restrictions on spending or amounts not available for subsequent year's appropriations.

Fund balances in debt service funds are reserved for future debt service requirements of both principal and interest. Reserves for projects relate to amounts legally restricted by outside parties for a specific project or program and may be reappropriated in the subsequent year. The reserve for future claims is the amount required to pay for future claims in the self-insurance funds

Back to Notes Section Index

pursuant to NRS 354.6215. Fund balance reserved for inventory reflects the balance of inventory on hand at the end of the year and is not available for future spending.

In the individual fund statements included in supplemental information, unreserved fund balance is broken down between designated and undesignated. Designations of unreserved fund balance for future years' expenditures reflect County management's intended use of otherwise available current financial resources. Amounts designated for encumbrances are limited to actual ending fund balance less the budgeted beginning fund balance for the subsequent fiscal year. In funds with insufficient ending fund balance, designations of fund balance for encumbrances are limited to available fund balance in excess of the amount designated for future years' expenditures and are available for reappropriation in the subsequent year.

Unreserved fund balances in governmental funds consist of the following:

	Designated			
Fund	**Future Years Expenditures**	**Encumbrances**	**Undesignated**	**Total**
General Fund	$ 28,852,932	$ -	$ -	$ 28,852,932
Pre-Funded Retiree Health Benefits Fund				
Nonmajor Special Revenue Funds	58,736,939	2,258,236	1,282,662	62,277,837
Nonmajor Capital Projects Funds	42,937,871	2,943,292	313,649	46,194,812
Totals	$ 130,527,742	$ 5,201,528	$ 1,596,311	$ 137,325,581

Fiduciary Funds

Net assets held in trust for pool participants in the Statement of Fiduciary Net Assets represent cash and investments held in trust for other agencies participating in Washoe County's investment pool.

NOTE 15 - PENSION PROGRAM

Plan Description

Washoe County and Sierra Fire Protection District (SFPD), a component unit, contribute to the Public Employees Retirement System of the State of Nevada (PERS), a cost-sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability benefits and death benefits, including annual cost-of-living adjustments, to plan members and beneficiaries. Chapter 286 of the Nevada Revised Statutes established the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy

Benefits for plan members are funded under one of two methods. Under the employer pay contribution plan method, the County and SFPD are required to contribute all amounts due under the plan.

The second method for providing benefits, used only by employee members of SFPD, is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the Plan, while the SFPD is required to match that contribution.

The contribution requirements of plan members and the County are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation.

The County's contribution rates and amounts contributed for the last three years are as follows:

	Employer Pay Contribution Rate		Employee/Employer Pay Contribution Rate		
Fiscal Year	Regular Members	Police/ Fire	Regular Members	Police/ Fire	Total Contribution
2008-09	20.50%	33.50%	10.50%	17.25%	$ 42,302,707
2007-08	20.50%	33.50%	10.50%	17.25%	43,011,794
2006-07	19.75%	32.00%	10.50%	16.50%	39,537,590

Actuarial Information

Actuarial valuations are prepared annually by the independent actuary for PERS, with the most recent actuarial valuations prepared as of June 30, 2008. The actuarial cost method used in the valuation is the entry age normal cost method. The actuarial method used for valuing assets is as follows:

The actuarial value of assets is equal to the prior year's actuarial value of assets plus net new money (contributions minus benefit payments and administrative expenses), expected investment return, and 20% of each of the previous five years' gain/(losses) due to investment return greater/(less) than expected. The actuarial value of assets is further limited to be not less than 80% or greater than 120% of market value.

The unfunded actuarial accrued liability is being amortized by level percentage-of-payroll payments over a period of 30 years from July 1, 2008. Under the level percentage-of-payroll amortization method, the dollar amounts of calculated amortization payments increase in direct proportion to the assumed payroll growth rates of 6.5% per year for regular employees and 8.0% per year for police and firefighters. These payroll growth rates are based on 3.5% inflation.

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS

The County provides other postemployment benefits (OPEB) for eligible employees through the Retiree Health Benefit Program, a single employer defined benefit OPEB plan, and participates in the State of Nevada's Public Employee Benefit Plan (PEBP), an agent multiple-employer defined benefit OPEB plan.

Washoe County Retiree Health Benefit Program

<u>Plan Description</u>
In accordance with NRS 287.010, the Board of County Commissioners adopted the Retiree Health Insurance Plan to provide postemployment benefits to eligible employees upon retirement. Retirees are offered medical, prescription, vision, life insurance, and dental for themselves and their dependents. Retirees can choose between the Self Funded Group Health Plan (SFGHP) and an HMO Plan. The benefit formula is based upon years of service. Tier 1 employees, as defined in the eligibility section below, will receive a County paid benefit of 50% of the retiree's health benefit premium with 10 years of service, 75% with 15 years, and 100% with 20 or more years. Retirees must pay the full premiums for dental and dependent coverage. Eligibility requirements, benefit levels, employee contributions, and employer contributions are governed by the County for their health benefits plan and can be amended through the County's collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. Currently, the County finances the Plan on a pay-as-you-go basis with transfers from the General Fund to the Health Benefits Fund.

<u>Eligibility</u>
As of June 30, 2009, all employees who retire from County employment and receive monthly payments under the PERS are eligible to participate in the Retiree Health Insurance Plan. Retiree benefits are provided under two contribution tiers. Tier 1 includes employees hired prior to various exclusion dates between 1997 and 1999, as stipulated in employee association contracts. Tier 2 includes all employees hired after the tier 1 exclusion dates. Under NRS 287.023, tier 2 employees are allowed to join the State PEBP plan and the County is required to pay a subsidy. In 2005, County agreed to pay tier 2 employees the same portion of benefit premiums they would be required to pay to PEBP had such formerly excluded employees retired from the County and applied for benefits with the PEBP. The actuarial valuation includes the value of the expected County paid benefits for tier 2 employees remaining in the County's benefit plan.

Funding Policy

The County implemented GASB No. 45 prospectively for the fiscal year ended June 30, 2008. The County established a funding policy of its retiree health plan liabilities in 1997 and established the Pre-Funded Retiree Health Benefits Fund to accumulate a sufficient fund balance for payment of future retiree health benefits. The amount of contributions each year is equal to an amount to fund current retiree health plan premium costs plus an amount to fund the annual "normal cost" for active employees. The "normal cost" is an actuarially determined amount representing the cost associated with one year of service for currently active employees. The normal cost is reduced to reflect the portion of the current retiree premium payments that have already been contributed through the funding of normal cost in prior years. This funding is also known as pay-as-you-go retiree payments plus normal cost funding. These contributions, accumulated with interest, will be used in the future to pay the County's portion of retiree health premiums for future retirees.

During the current fiscal year, the County transferred $2,326,085 to the Pre-Funded Retiree Health Benefits Fund to fund future retiree health benefits. Various employee associations waived the requirement for the County to fund the normal cost in fiscal year 2008/2009 only. At June 30, 2009, the fund balance available for future benefits is $62,239,614. 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 intends to establish a trust fund in the 2010 fiscal year.

Annual OPEB Cost and Net OPEB Obligation

The County had an actuarial valuation performed for the Plan as of July 1, 2008. The valuation was done to determine the funded status of the Plan as well as the County's annual required contribution (ARC) for the fiscal year ended June 30, 2009. As of June 30, 2009, the Plan was zero percent funded. For fiscal year 2009, the County's employer contribution, including the value of the Plan's implicit rate subsidy, for retirees' benefits was $7,767,253 for 1,079 eligible participants with 164 dependents. Retirees' contributions totaled $2,247,773. The County's contribution was financed on the pay-as-you-go basis with funds accumulated in the Health Benefits Fund for this purpose.

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	$ 23,562,000	$ 7,162,000	30.40%	$ 16,400,000
2009	25,720,000	7,767,000	30.20%	34,353,000

The net OPEB obligation as of June 30, 2009 was calculated as follows:

Determination of Annual Required Contribution:	
Normal cost	$ 14,403,000
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	11,198,000
Annual Required Contribution (ARC)	$ 25,601,000
Determination of Net OPEB Obligation:	
Annual Required Contribution	$ 25,601,000
Interest on Net OPEB Obligation	754,000
Adjustment to ARC	(635,000)
Annual OPEB Cost	25,720,000
Retiree Benefit Payments Paid by County	(7,767,000)
Contributions Made to Trust	-
Increase (decrease) in Net OPEB Obligation	17,953,000
Net OPEB Obligation Beginning of Year	16,400,000
Net OPEB Obligation End of Year	$ 34,353,000

Funded Status and Funding Progress

Actuarial Accrued Liability (AAL)	$	276,684,000
Actuarial Value of Plan assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	276,684,000
Funded Ratio (Actual Value of Plan Assets/AAL)		0.00%
Covered Payroll (Active Plan Members as of June 30, 2009)	$	181,854,748
UAAL as a Percentage of Covered Payroll		152.15%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.6% interest rate on investments and an annual healthcare cost trend rate beginning at 9% for fiscal year 2009, and declining by 1% per year for five years, to an ultimate trend of 5% for the 2014 fiscal year and beyond. The actuarial value of assets was not determined as the County has not advance-funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years on an open basis. It was assumed the County's payroll would increase 3.5% per year for the purpose of amortization.

State of Nevada's Public Employee Benefit Plan (PEBP)

Plan Description and Eligibility
NRS 287.023 allows retired employees of governmental entities within the State of Nevada to join the State's Public Employee Benefit Program (PEBP), an agent multiple-employer defined benefit OPEB plan administered by a nine member governing board. PEBP provides medical, prescription, vision, life and accident insurance, and dental for retirees. Retirees can choose between a self funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan and no financial reports are issued.

Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. The statutes were revised with an effective date of November 30, 2008, to create new participation limitations so that only active members of PEBP can elect coverage after retirement. Based on the statute revision, former County employees and retirees must have retired and joined PEBP by September 1, 2008 to elect PEBP membership. Consequently, no employees retiring from the County on or after September 1, 2008 will be eligible to participate in the PEBP plan as a retiree at the County's expense.

Funding Policy
The County implemented GASB No. 45 prospectively for the fiscal year ended June 30, 2008. The County is required to provide a subsidy for their retirees that have elected to join PEBP. The subsidy is paid on the pay-as-you-go basis. Contribution requirements for plan members and the participating employers are assessed by PEBP Board annually. The unsubsidized non-state retiree share plan rates in effect for the 2009 fiscal year ranged from $323 (high deductible/with Medicare) to $736 (low deductible/without Medicare) per month for retirees. The subsidy depends on years of service and ranges from a minimum of $103 for 5 years of service to a maximum of $564 for 20 or more years of service. Subsidies for retiree premiums participating in the State PEBP are paid directly to the State when due. The County's obligation for subsidies is limited to payment of the statutorily required contribution.

Back to Notes Section Index

Annual OPEB Cost and Net OPEB Obligation

The County had an actuarial valuation performed for the Plan as of June 30, 2008, and an additional roll-forward valuation for the 2009 fiscal year. The valuation was done to determine the funded status of the Plan as well as the County's annual required contribution (ARC). As of June 30, 2009, the Plan was zero percent funded. For fiscal year 2009, the County's employer contribution for retirees' benefits was $428,838 for 287 eligible participants. The County's contribution was financed on the pay-as-you-go basis with PEBP subsidy payments paid directly to PEBP.

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	$ 633,732	$ 284,124	44.83%	$ 349,608
2009	673,329	428,838	63.69%	594,099

The net OPEB obligation as of June 30, 2009 was calculated as follows:

Determination of Annual Required Contribution:	
Normal cost	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	678,008
Annual Required Contribution (ARC)	$ 678,008
Determination of Net OPEB Obligation:	
Annual Required Contribution	$ 678,008
Interest on Net OPEB Obligation	16,082
Adjustment to ARC	(20,761)
Annual OPEB Cost	673,329
Retiree Benefit Payments Paid by County	(428,838)
Contributions Made to Trust	-
Increase (decrease) in Net OPEB Obligation	244,491
Net OPEB Obligation Beginning of Year	349,608
Net OPEB Obligation End of Year	$ 594,099

Funded Status and Funding Progress

Actuarial Accrued Liability (AAL)	$ 9,717,075
Actuarial Value of Plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 9,717,075
Funded Ratio (Actual Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members as of June 30, 2008)	n/a
UAAL as a Percentage of Covered Payroll	n/a

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes

Back to Notes Section Index

to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.6% interest rate on investments and an annual healthcare cost trend rate beginning at 10% for first year, and declining by .5% per year to an ultimate trend of 5% for the tenth year and beyond. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, the Unfunded AAL is amortized as a level dollar amount over 30 years on an open basis.

Truckee Meadows Fire Protection District Retiree Group Medical Plan

Plan Description and eligibility
Prior to July 1, 2000, Truckee Meadows Fire Protection District (TMFPD), a component unit, provided health insurance benefits to retired employees through a single-employer defined benefit plan. At June 30, 2000, ten retirees were participating in TMFPD health benefits program. On July 1, 2000, pursuant to an Interlocal Agreement for Fire Services and Consolidation, fire district operations were transferred to the City of Reno. In accordance with the Interlocal Agreement, TMFPD pays a proportionate share of employees' retiree health benefit costs based on service earned prior to July 1, 2000 for those employees who transferred employment to the City of Reno. Health benefits include medical, vision, dental and drug coverage. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan and no financial reports are issued.

Eligible retirees are allowed coverage in the City of Reno's health and life benefit programs. The exact coverage depends on the retirees' union membership. Local #731 retirees prior to age 65 or eligibility for Medicare are required to pay for 40% of their benefits as well as 40% of the benefits of their spouse. Thereafter, retirees are required to pay for 50% of their coverage and 100% of their spouse's coverage. Local #39 retirees prior to age 65 or eligibility for Medicare are required to pay for 25% of their coverage if they have at least 15 but less than 30 years of service and 0% if they have over 30 years of service. There is no coverage after age 65 and spouses are not covered.

Funding policy
TMFPD implemented GASB No. 45 prospectively for the fiscal year ended June 30, 2008. The TMFPD Pre-Funded Retiree Health Benefits Fund is used to accumulate a sufficient fund balance for payment of future retiree health benefits. The amount of contributions each year are generally equal to the "normal cost", which is the present value of future benefits attributed to one year of service, plus a payment towards the Unfunded Actuarial Liability. This funding is also known as pay-as-you-go retiree payments plus normal cost funding.

During the current fiscal year, $125,000 was transferred to the TMFPD Pre-Funded Retiree Health Benefits Fund from the TMFPD General Fund. The estimated actuarial liability as of July 1, 2006 was $4,374,648. At June 30, 2009, the fund balance available for future benefits is $5,089,291 or 104% of the estimated actuarial liability. The assets in this fund cannot be used to reduce the unfunded actuarial accrued liability until transferred to a separate irrevocable trust fund.

Annual OPEB Cost and Net OPEB Obligation
TMFPD had an actuarial valuation performed for the Plan as of July 1, 2006, and additional roll-forward valuations as of July 1, 2007 and July 1, 2008. The valuations were done to determine the funded status of the Plan as well as TMFPD's annual required contribution (ARC) for the fiscal year ended June 30, 2009. As of June 30, 2009, the Plan was zero percent funded. For fiscal year 2009, the TMFPD employer contribution paid to the City of Reno for retirees' benefits was $119,882 for 25 eligible participants.

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	$ 690,000	$ 120,178	17.42%	$ 569,822
2009	790,500	119,882	15.17%	1,240,440

The net OPEB obligation as of June 30, 2009 was calculated as follows:

Determination of Annual Required Contribution:	
Normal cost at year end	$ 143,300
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	647,200
Annual Required Contribution (ARC)	$ 790,500
Determination of Net OPEB Obligation:	
Annual Required Contribution	$ 790,500
Interest on Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost	790,500
Retiree Benefit Payments Paid by District	(119,882)
District Contributions Made to Trust	-
Increase in Net OPEB Obligation	670,618
Net OPEB Obligation Beginning of Year	569,822
Net OPEB Obligation End of Year	$ 1,240,440

Funded Status and Funding Progress

Actuarial Accrued Liability (AAL)	$ 4,374,648
Actuarial Value of Plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 4,374,648
Funded Ratio (Actual Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members as of June 30, 2009)	n/a
UAAL as a Percentage of Covered Payroll	n/a

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used

include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2006 actuarial valuation, the Projected Unit Benefit Cost Method was used. Significant actuarial assumptions used were a 5.5% effective annual discount rate and an initial 12.5% health cost trend for fiscal year 2007, reduced by 1.5% per year until it reaches 5% for fiscal year 2012 and thereafter. Roll-forward valuations were done as of July 1, 2007 and July 1, 2008, for the 2007/2008 and 2008/2009 fiscal years, respectively. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals present value of benefits divided by service at expected retirement. The plan's unfunded actuarial accrued liability is being amortized as a level dollar over a ten year amortization period on an open basis.

Sierra Fire Protection District Retiree Group Medical Plan

Plan Description
As of July 1, 2006, the District provides health insurance benefits to eligible retired employees who transferred from State service on July 1, 2006, through the Sierra Fire Protection District Retiree Group Medical Plan. The plan is a single-employer defined benefit other post employment benefit (OPEB) plan administered by Benefit Resource Group. As of June 30, 2009, there were 4 employees who retired from the District. The District pays prefunding of the service costs or other associated costs of the future obligation of health benefits to retiring District employees and has set aside $398,861 as of June 30, 2009 for this purpose.

Eligibility
In accordance with Nevada Revised Statutes, the Board of Washoe County Commissioners acting as ex-officio Board of Fire Commissioners for the Sierra Fire Protection District (District) entered into an agreement between the District and the Sierra Fire Fighters Association for retiree health insurance. Eligible employees who retire from District employment and receive monthly payments under the Public Employees Retirement System (PERS) of Nevada are allowed coverage in the District's health benefit programs. Health benefits include medical, vision, dental and drug coverage. The District pays 50% of the cost of health premiums of retirees who transferred to the District as of July 1, 2006 and retire directly from the District with 10 or more years of service with the Nevada Division of Forestry or the District. Retirees are responsible for the remaining 50% of the health premiums. Eligibility requirements, benefit levels, employee contributions, and employer contributions may be amended by the mutual agreement of the Sierra Fire Protection District and the Sierra Fire Fighters Association, I.A.F.F. Local 3895.

Funding Policy
The District implemented GASB No. 45 prospectively for the fiscal year ended June 30, 2008. An actuarial valuation of retiree health and life benefits was completed as of July 1, 2007, using the Projected Unit Benefit Cost Method. During the current fiscal year, the District transferred $124,200 to the Pre-Funded Retiree Health Benefits Fund to fund future retiree health benefits. The estimated actuarial liability as of July 1, 2007 was $1,296,221. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar over a ten year amortization period on an open basis. The net assets available for benefits at June 30, 2009 were $398,861, or 27.8% of the estimated actuarial liability. The assets in this fund cannot be used to reduce the unfunded actuarial accrued liability until transferred to a separate irrevocable trust fund. No stand-alone financial reports have been issued for the District's Post-Employment Health Care Benefits Plan.

Annual OPEB Cost and Net OPEB Obligation
SFPD had an actuarial valuation performed for the Plan as of July 1, 2006, and additional roll-forward valuations as of July 1, 2007 and July 1, 2008. The valuations were done to determine the funded status of the Plan as well as SFPD's annual required contribution (ARC) for the fiscal year ended June 30, 2009. As of June 30, 2009, the Plan was zero percent funded. For fiscal year 2009, SFPD paid benefits of $6,478 for 4 eligible participants.

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	$ 243,565	$ -	0.00%	$ 243,565
2009	265,600	6,478	2.44%	502,687

The net OPEB obligation as of June 30, 2009 was calculated as follows:

Determination of Annual Required Contribution:		
Normal cost at year end	$	79,600
Amortization of Unfunded Actuarial Accrued Liability (UAAL)		186,000
Annual Required Contribution (ARC)	$	265,600
Determination of Net OPEB Obligation:		
Annual Required Contribution	$	265,600
Interest on Net OPEB Obligation		-
Adjustment to ARC		-
Annual OPEB Cost		265,600
Retiree Benefit Payments Paid by District		(6,478)
District Contributions Made to Trust		-
Increase in Net OPEB Obligation		259,122
Net OPEB Obligation Beginning of Year		243,565
Net OPEB Obligation End of Year	$	502,687

Funded Status and Funding Progress

Actuarial Accrued Liability (AAL)	$	1,296,221
Actuarial Value of Plan assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	1,296,221
Funded Ratio (Actual Value of Plan Assets/AAL)		0.00%
Covered Payroll (Active Plan Members as of June 30, 2009)	$	2,610,906
UAAL as a Percentage of Covered Payroll		49.65%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the Projected Unit Benefit Cost Method was used. Significant actuarial assumptions used were a 5% effective annual discount rate and an initial 9% health cost trend for fiscal year 2007, reduced by 1% per year until it reaches 5% for fiscal year 2012 and thereafter. A roll-forward valuation was done as of July 1, 2008, for the 2008/2009 fiscal year. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals present value of benefits divided by service at expected retirement. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar over a ten year amortization period on an open basis.

NOTE 17 - RISK MANAGEMENT

Washoe County currently self-funds its fiscal responsibility related to exposures of loss from torts; theft of, damage to, or destruction of assets; and errors or omissions. Since 1981, when Washoe County started self-funding its workers' compensation obligation, it has increased the number of programs where self-funding is practiced and the proportion of the loss exposure which it self-funds.

Two funds were established to account for these programs. The Risk Management Fund accounts for costs related to general liability, auto liability, workers' compensation, property coverage and unemployment compensation. The property program combines self-funding with insurance purchased from outside carriers with a $10,000 to $50,000 deductible. The Health Benefits Fund accounts for life insurance, medical, prescription, dental and vision programs. The plans contained within the Health Benefits Fund are handled through contracts with an external claims administrator, a preferred provider organization for medical services and through the purchase of various insurance plans.

Annually, there are a number of lawsuits and unresolved disputes involving the County, which are administered by the Risk Management Division. These items are reviewed by the Risk Manager, with input from the District Attorney's Office and the appropriate third party administrator, to set values to the extent a value is determinable. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, including the effects of specific incremental claim adjustment expenses, salvage and subrogation. Allocated claim adjustment expenses are included. Annually, an aggregate value is placed on all claims through the performance of an actuarial study.

The values set by the actuary for both short and long-term liabilities, using a 75% confidence level, are as follows:

	Current	Long-Term	Total
Pending Claims:			
Property and liability claims	$ 1,399,000	$ 2,543,000	$ 3,942,000
Workers' compensation claims	2,423,000	5,246,000	7,669,000
Unprocessed Health Benefits Fund claims	2,416,000	-	2,416,000
Total Pending Claims	$ 6,238,000	$ 7,789,000	$ 14,027,000

Many items involving the Risk Management Fund do not specifically fall within the criteria used by the actuaries for evaluation. Such items include contract disputes and noninsurance items. In the 1980's, management declared their intention to have $1,000,000 of net assets in the Fund available for claims that fall into areas not recognized in the actuarial studies, or for possible catastrophic losses that exceed parameters of the actuarial studies. Currently, there is a net asset balance of $18,298,758.

The level of insurance coverage purchased this year by the County remains the same as the previous year. There were no settlements in excess of insurance coverage in any of the three prior fiscal years. Claims' liability and activity for the Risk Management and the Health Benefits Funds for the fiscal years ending June 30 were as follows:

	Risk Management Fund	Health Benefits Fund
Claims Liability/Activity:		
Claims Liability, June 30, 2007	$ 15,182,000	$ 1,700,000
Claims and changes in estimates	1,717,831	20,607,017
Claim payments	(3,077,831)	(20,004,017)
Claims Liability, June 30, 2008	13,822,000	2,303,000
Claims and changes in estimates	831,093	21,268,987
Claim payments	(3,042,093)	(21,155,987)
Claims Liability, June 30, 2009	$ 11,611,000	$ 2,416,000

Back to Notes Section Index

The nondiscounted carrying amount of unpaid claims in the Risk Management Fund at June 30 is $13,122,000. The interest rate used for discounting was 4%.

South Truckee Meadows General Improvement District, a component unit, is a participant in Washoe County's property insurance program and self-insurance program for general liability.

Truckee Meadows Fire Protection District (TMFPD) and Sierra Fire Protection District (SFPD), component units, are exposed, as are all entities, to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. TMFPD and SFPD have joined together with similar public agencies throughout the State of Nevada to create a pool, Nevada Public Agency Insurance Pool (NPAIP), under the Nevada Interlocal Cooperation Act. Property and liability is fully insured with NPAIP. Each District pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that provides coverage for its members up to $10 million per event and a $13 million general aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to $300 million per loss with various sublimits established for earthquake, flood, equipment breakdown, and money and securities.

SFPD has joined together with a Nevada public agencies insurance pool, Public Agency Compensation Trust (PACT), in order to pool workers' compensation risk in a common public agencies risk management and insurance program. The PACT is considered a self-sustaining risk pool that will provide coverage based on established statutory limits. SFPD pays an annual premium to the PACT to fully fund the workers' compensation liability based on payroll costs.

TMFPD's workers' compensation is fully insured with City of Reno's self-funded workers' compensation plan. During the fiscal year ended June 30, 2004, TMFPD and the City of Reno instituted a "pay as you go" system for workers' compensation claims. TMFPD shares the combined losses with the Reno Fire Department (RFD). Each year, TMFPD is assigned the portion of paid losses corresponding to the ratio of employees originally transferred from TMFPD to the total number of current RFD employees. The ratio applied to TMFPD for fiscal year ended June 30, 2009 was approximately 26%. TMFPD established the Workers' Compensation Fund to account for this program.

The liability for workers' compensation claims was determined through an actuarial valuation performed for TMFPD as of December 31, 2007. Using a 70% probability level set by the actuary, claims of $4,904,954 were determined to be long-term in nature. The nondiscounted carrying amount of unpaid claims was $8,380,000. The interest rate used for discounting was 5%. Allocated loss adjustment expense is included in the actuarial calculation. Under the plan, TMFPD and the City of Reno self-insure up to a maximum of $2.5 million for each workers' compensation claim. Claims incurred prior to fiscal year 2004 remain the liability of City of Reno under the guaranteed payment plan in effect prior to July 1, 2003.

Claims' liability and activity for the fiscal years ending June 30 were as follows:

		TMFPD
Claims Liability/Activity:		
Claims Liability, June 30, 2007	$	3,743,441
Claims and changes in estimates		1,268,000
Claim payments		(580,583)
Claims Liability, June 30, 2008		4,430,858
Claims and changes in estimates		1,486,000
Claim payments		(1,011,904)
Claims Liability, June 30, 2009	$	4,904,954

There were no settled claims in excess of insurance coverage in the three prior fiscal years for any of the County's component units.

NOTE 18 – JOINT VENTURES

Local Government Oversight Committee Joint Venture (Truckee River Water Quality Settlement Agreement)

Washoe County and the Cities of Reno and Sparks have entered into a joint venture for the purchase of water rights pursuant to the Truckee River Water Quality Settlement Agreement (TRWQSA) dated October 10, 1996. Parties to the TRWQSA are Washoe County, City of Reno, City of Sparks, United States Department of the Interior (DOI), U.S. Department of Justice, U.S.

Back to Notes Section Index

Environmental Protection Agency, Nevada Division of Environmental Protection and the Pyramid Lake Paiute Tribe of Indians (Tribe).

The agreement settled and dismissed pending litigation by the Tribe relating to the expansion of the Truckee Meadows Water Reclamation Facility (TMWRF), which is operated by the Cities of Reno and Sparks. It allows Reno and Sparks to use the sewage plant's full capacity in exchange for the expenditure of $24,000,000 ($12,000,000 by DOI and $12,000,000 by the joint venture) for the acquisition of Truckee River water rights. As of June 30, 2009, the joint venture's expenditures totaled $11,005,000. The remaining expenditures of $995,000 are expected to be completed from existing financial resources, without further contributions from the joint venture participants.

Washoe County is responsible for administration of the joint venture. Water rights will be jointly managed by Washoe County, Reno, Sparks and DOI. The arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist. All equity is reserved for purchase of water rights and is therefore unavailable to the entities. Each entity (Washoe County, Reno and Sparks) will own an undivided and equal interest in the property and water rights purchased. The County's proportionate share of the water rights and related property purchases are included in capital assets when purchased. Assets of $3,588,689 have been recorded as of June 30, 2009.

Separate audited financial statements and information for the joint venture are available by contacting the Washoe County Department of Water Resources, 4930 Energy Way, Reno, NV 89502.

Truckee Meadows Water Authority

The Truckee Meadows Water Authority (Authority) is a joint powers authority formed in November 2000, pursuant to a Cooperative Agreement among the Cities of Reno and Sparks and Washoe County. The Authority was formed in order to purchase water assets and undertake water utility operations of Sierra Pacific Power Company (SPPCo), a Nevada corporation, and to develop, manage and maintain supplies of water for the ongoing benefit of the Truckee Meadows community. The Authority issued bonds that do not constitute an obligation of Reno, Sparks, the County or the State of Nevada.

The arrangement is considered a joint venture with no equity interest recorded on Washoe County's balance sheet as of June 30, 2009, because no explicit and measurable equity interest is deemed to exist. The County appoints one director of a seven-member governing body.

Separate audited financial statements and information for the joint venture are available by contacting the Authority's Chief Financial Officer at P.O. Box 30013, Reno, NV 89520-3013.

NOTE 19 - SUBSEQUENT EVENTS

On July 8, 2009, Washoe County issued $89,567,000 of Highway Revenue (Motor Vehicle Fuel Tax) Bonds Series 2009, at the request of the Regional Transportation Commission (RTC). The proceeds will be used to finance the costs of constructing and maintaining certain streets and highways in the County; funding a reserve fund for the Bonds; and paying the cost of issuance. The Bonds constitute special, limited obligations of Washoe County, payable solely from and secured by an irrevocable pledge of the Net Pledged Revenues, derived primarily from certain taxes on motor vehicle fuel collected by RTC. The Bonds shall not be considered or held to be a general obligation of the County or RTC. Owners of the Bonds may not look to any other funds or account other than those specifically pledge to the payment of the Bonds.

On July 20, 2009, the Nevada State Board of Equalization issued a verbal decision that nearly 9,000 Incline Village/Crystal Bay property owners were entitled to have their fiscal year 2007 property values rolled back to fiscal year 2003 property values which would result in property tax refunds. A written decision was to follow the State Board of Equalization's verbal decision within 60 days, and upon issuance of the written decision the County would have 30 days to appeal. On October 6, 2009, prior to the release of the written decision and the County's ability to appeal, a District Court decision was handed down ordering the Washoe County Treasurer to issue refunds to the affected property owners. As of the issuance of this report, legal remedies available to the County are yet to be determined, and the fiscal impact of the District Court order could not be estimated due to the complexity of Nevada property tax law.

Back to Notes Section Index

WASHOE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

Washoe County Retiree Health Benefit Program

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a / b) Funded Ratio	(b - a) Accrued Liability (UAAL)	(c) Covered Payroll	[(b - a) / c] UAAL as a Percent of Covered Payroll
July 1, 2007	$ -	$ 245,970,000	0.00%	$ 245,970,000	$ 186,318,077	132.02%
July 1, 2008	-	276,684,000	0.00%	276,684,000	181,854,748	152.15%

Washoe County - State of Nevada's Public Employee Benefit Plan (PEBP)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a / b) Funded Ratio	(b - a) Accrued Liability (UAAL)	(c) Covered Payroll	[(b - a) / c] UAAL as a Percent of Covered Payroll
June 30, 2008	$ -	$ 9,717,075	0.00%	$ 9,717,075	n/a	n/a

Truckee Meadows Fire Protection District Retiree Group Medical Plan

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a / b) Funded Ratio	(b - a) Accrued Liability (UAAL)	(c) Covered Payroll	[(b - a) / c] UAAL as a Percent of Covered Payroll
July 1, 2006	$ -	$ 4,374,648	0.00%	$ 4,374,648	n/a	n/a

Sierra Fire Protection District Retiree Group Medical Plan

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a / b) Funded Ratio	(b - a) Accrued Liability (UAAL)	(c) Covered Payroll	[(b - a) / c] UAAL as a Percent of Covered Payroll
July 1, 2007	$ -	$ 1,296,221	0.00%	$ 1,296,221	$ 2,610,906	49.65%

The County and its component units implemented GASB Statement No. 45 prospectively for the fiscal year ended June 30, 2008. Information for prior years is not available.

Back to Notes Section Index

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