WASHOE COUNTY, NEVADA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

		Investment Trust Fund
Additions		
Investment earnings:		
Interest	$	2,894,669
Net increase (decrease) in the fair value of investments		(314,960)
Contributions to pooled investments		169,458,517
Total Additions		172,038,226
Deductions		
Distributions from pooled investments		248,595,336
Change in Net Assets		(76,557,110)
Net Assets, July 1		158,074,664
Net Assets, June 30	$	81,517,554

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

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NOTES TO THE FINANCIAL STATEMENTS
and
REQUIRED SUPPLEMENTARY INFORMATION

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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 (BCC). 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 (STMGID), Truckee Meadows Fire Protection District (TMFPD), and Sierra Fire Protection District (SFPD), 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.

The Sierra Fire Protection District (SFPD) was formed pursuant to Chapter 474 of the NRS. The 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 and amortization) by related program revenues. Program revenues include charges to customers or applicants for goods, services, or privileges provided; operating grants, interest and contributions; and

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capital grants, interest and contributions, including special assessments and investment earnings legally restricted to support specific 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 reports the following major governmental fund:

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 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's Workers' Compensation Fund 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, OPEB trust, 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.

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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.

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

<u>Cash and Investments</u>

Washoe County manages a common cash and investment pool for the County, Regional Transportation Commission, Washoe County School District, the Washoe County Nevada OPEB Trust, 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.

<u>Restricted Assets</u>

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.

<u>Property Taxes Receivable</u>

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

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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 fiscal year 2011 was due and payable on the third Monday in August, 2010. 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.

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.

Capital Assets

Capital assets, which include land, buildings, equipment, intangible, 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 and intangible 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/amortized using the straight-line method over the following estimated useful lives:

	YEARS
Buildings	5-40
Improvements	3-40
Equipment	5-20
Vehicles	2-15
Intangible	3-75
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.

Intangible assets that are considered to have an indefinite useful life because there are no legal, contractual, regulatory, technological, or other factor that limits the useful life, are not amortized.

As used in these statements, accumulated depreciation includes amortization of intangible assets.

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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.

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.

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.

Equity Classifications

In government-wide statements and in proprietary fund 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 (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) 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 governmental fund financial statements, fund balances are classified based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources in the fund as follows:

- Nonspendable fund balances – Consist of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, if any.

- Restricted fund balances – Consist of amounts with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

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- Committed fund balances – Consist of resource balances with constraints imposed by formal action of the BCC through resolution or public meeting minutes that specifically state the revenue source and purpose of the commitment. Commitments can only be modified or rescinded through public meeting actions or resolutions by the BCC. Commitments can also include resources required to meet contractual obligations approved by the BCC.

- Assigned fund balances – Consist of resource balances intended to be used for specific purposes by authorized County management that do not meet the criteria to be classified as restricted or committed. In the General Fund, the assigned fund balance represents management approved encumbrances that have been re-appropriated in the subsequent year, and amounts necessary to fund budgetary shortfalls in the next fiscal year from unassigned resources.

- Unassigned fund balances – Consist of all resource balances in the General Fund not contained in other classifications. For other governmental funds, the unassigned classification is used only to report a deficit balance resulting from specific purposes for which amounts had been restricted, committed or assigned.

Based on the County's policy regarding the fund balance classification as noted above, when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When expenditures are incurred for purposes for which amounts in any unrestricted fund balance classifications could be used, committed funds are to be spent first, assigned funds second, and unassigned funds last.

Budgetary Stabilization

It is the County's policy to maintain a fund balance of 1.5% of expenditures and other uses for the purpose of budgetary stabilization. NRS 354.6115 authorizes the creation of a fund to stabilize operation of local governments and mitigate effects of natural disaster. The intent of this policy is to include a portion of the General Fund budgeted ending fund balance that will be committed to stabilization pursuant to NRS 354.6115. Fund balance that is committed to stabilization can be used after approval by the Board of County Commissioners when unanticipated declines in consolidated and property tax revenues are sustained for at least 6 months and declines from budget by 2.5% or greater or when unbudgeted expenditures are incurred due to a declared emergency or natural disaster.

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 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.

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 restricted, committed or assigned fund balance as appropriate. Augmentations from beginning fund balance and previously unbudgeted resources increased the fund appropriations by $25.3 million from encumbrances and net restricted resources that were reappropriated in the new fiscal year.

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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, 2011 of $1,439,825 is $439,825 over the statutory limit of $1,000,000 per NRS 244A.7645 subsection 4. The NRS states: "If the balance in the fund created in a county whose population is 40,000 or more but less than 400,000 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." Per NRS 0.050, the population limits continue to apply to Washoe County through June 30, 2011. Management is preparing a plan of corrective action to address this compliance problem, which includes reviewing capital purchase timing for fiscal year 2011/2012 and/or a surcharge reduction of up to $.05.

The administrative assessment fees collected by the Courts under NRS 176.059 and NRS 176.0611 are restricted for special use by the Courts within a 2- to 5-year time frame. Funds not used or committed after that period must be transferred to the General Fund. As of June 30, 2011, $668,315 remains uncommitted and in excess of the time frames established by the respective NRS, but not transferred to the General Fund by the Courts as required. County management will seek direction from the BCC on a policy that requires review of the excess amounts before the end of each fiscal year, and if the Courts have not committed the funds before the end of the year, require transfer of the excess to the General Fund as stipulated by law.

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, 2010 As Previously Reported	Restatements	July 1, 2010, As Restated
Governmental Funds and Governmental Activities			
Major Funds:			
General Fund	$ 31,923,297	$ 2,250,000	$ 34,173,297
Nonmajor Funds:			
Special revenue funds	90,957,371	(2,250,000)	88,707,371
Debt service funds	10,198,088	-	10,198,088
Capital projects funds:	74,985,200	-	74,985,200
Total Nonmajor Fund Balances	176,140,659	(2,250,000)	173,890,659
Total Governmental Fund Balances	208,063,956	-	208,063,956
Governmental Activities:			
Other adjustments	531,221,715	-	531,221,715
Total Governmental Activities Net Assets	739,285,671	-	739,285,671
Proprietary Funds and Business-type Activities			
Major Funds:			
Water Resources Fund	404,958,572	-	404,958,572
Nonmajor Enterprise Funds	32,085,535	-	32,085,535
Total Proprietary Fund Net Assets	437,044,107	-	437,044,107
Business-type Activities:			
Other adjustments	6,815,711	-	6,815,711
Business-type Activities Net Assets	443,859,818	-	443,859,818
Total Net Assets	$ 1,183,145,489	$ -	$ 1,183,145,489

The County implemented Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* which changed the classification of fund balances and clarified the definitions of the

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general fund and other fund types. The County's Stabilization Fund, accounted for as a special revenue fund in prior years, no longer meets the definition of a special revenue fund under GASB Statement 54. Fund balances in the General Fund and special revenue funds have been restated by $2.25 million to reflect this change.

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

NOTE 4 – CASH AND INVESTMENTS

In accordance with Nevada Revised Statutes (NRS), the County's cash is deposited with insured banks and insured credit unions and those deposits that are not within the limits of insurance must be secured by collateral. At year end, Washoe County's carrying amount of deposits was $62,842,827 and the bank balance was $66,132,895. 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. At June 30, 2011, $519,883 of the bank balances that were held in agency funds on behalf of others were uninsured and uncollaterized. The remaining 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 356.120, all monies deposited by a county treasurer that are 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.

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 and/or losses on investments are allocated to certain funds based on average daily cash balances.

As of June 30, 2011, 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:					
Money Market Mutual Funds	$ 3,940,143	$ 3,940,143	$ -	$ -	$ -
Certificates of Deposit	20,011,829	10,011,829	10,000,000	-	-
U.S. Treasury Securities	58,191,038	12,865,153	7,615,590	18,134,348	19,575,947
U.S. Agency Securities	228,076,188	1,140,891	163,851,725	30,370,987	32,712,585
Collateralized Mortgage Obligations	7,570,195	-	-	-	7,570,195
Corporate Notes - TLGP	18,467,871	18,467,871	-	-	-
Corporate Notes	74,944,124	-	59,429,778	15,514,346	-
Total Investments	411,201,388	46,425,887	240,897,093	64,019,681	59,858,727
Total Cash	62,842,827	62,842,827	-	-	-
Total Cash and Investments[1]	$ 474,044,215	$ 109,268,714	$ 240,897,093	$ 64,019,681	$ 59,858,727

[1]Total cash and investments include restricted cash.

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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, 2011 were 9.8% 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, 2011, was 3 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.	$ 31,965,847	7.8%
Callable U.S. Agency and Corporate Note 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.	20,064,840	4.9%
Total	$ 52,030,687	12.7%

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, 2011, the County's investments are rated as follows:

S&P Rating	Mutual Funds	Certificates of Deposit	U.S. Treasury Securities	U.S. Agencies	CMO	Corporate Notes	Fair Value
NR	$ -	$ -	$ 58,191,038	$ -	$ -	$ -	$ 58,191,038
AAA	-	-	-	228,076,188	7,570,195	18,467,871	254,114,254
AAAm	3,940,143	-	-	-	-	-	3,940,143
AA+	-	-	-	-	-	15,193,322	15,193,322
AA-	-	10,000,000	-	-	-	14,662,545	24,662,545
AA	-	-	-	-	-	12,910,121	12,910,121
A+	-	-	-	-	-	32,178,136	32,178,136
A-1+	-	10,011,829	-	-	-	-	10,011,829
	$ 3,940,143	$ 20,011,829	$ 58,191,038	$ 228,076,188	$ 7,570,195	$ 93,411,995	$ 411,201,388

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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, 35%; Federal Agency Mortgage Backed Securities, 15%; Money Market Funds, 45%; Corporate bonds and notes, 4% and obligations issued by local governments of the State of Nevada, 25%.

At June 30, 2011, the following investments exceeded 5% of the County's total:

Federal Home Loan Banks	9.0%
Fannie Mae	20.4%
Freddie Mac	26.8%

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 Wells Fargo Bank.

Washoe County administers an external investment pool combining Washoe County money with voluntary investments from Washoe County School District, Regional Transportation Commission, Nevada Works, Truckee River Water Quality Settlement Agreement Joint Venture, Western Regional Water Commission, and the Library Investment, Deferred Compensation, Southwest Point Arrowcreek and Washoe County, Nevada OPEB Trust 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.

Investments held in the external investment pool at June 30, 2011 were:

	Fair Value	Principal Amount/ No. of Shares	Rate	Maturity Dates
Investment Type:				
Money Market Mutual Funds	$ 3,940,143	3,940,143	Variable	7/1/2011
Certificates of Deposit	20,011,829	20,000,000	0.5 - 0.9%	09/02/2011-11/09/2012
U.S. Treasury Securities	58,191,038	56,825,000	0.4 - 8.8%	04/15/2012-02/15/2020
U.S. Agency Securities	228,076,188	216,490,960	0.8 - 5.5%	6/28/2012 - 10/01/2020
Collateralized Mortgage Obligations	7,570,195	7,361,755	3.0 - 4.0%	8/1/2017 - 3/1/2018
Corporate Notes - TLGP	18,467,871	18,130,000	2.1 - 2.9%	04/30/2012- 06/22/2012
Corporate Notes	74,944,124	73,235,000	1.3 - 5.9%	1/31/2013- 04/15/2016
Total Investments in Pool	$ 411,201,388			

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External Investment Pool
Statement of Net Assets as of June 30, 2011

Assets:		
Cash	$	41,962,198
Investments:		
Money Market Mutual Funds		3,772
Certificates of Deposit		20,011,829
U.S. Treasury Securities		58,191,038
U.S. Agency Securities		228,076,188
Collateralized Mortgage Obligations		7,570,195
Corporate Notes - TLGP		18,467,871
Corporate Notes		74,944,124
Interest Receivable		2,357,508
Total Assets	$	451,584,723
Net Assets:		
Internal participants		370,067,169
External participants		81,517,554
Total Net Assets Held in Trust for Pool Participants ($1.00/par)	$	451,584,723

External Investment Pool
Statement of Changes in Net Assets for the Year Ended June 30, 2011

Additions:		
Investment earnings	$	11,140,882
Net realized gain (loss) on investments		3,581,591
Net increase (decrease) in fair value of investments		(5,093,832)
Increase in net assets resulting from operations		9,628,641
Net capital share transactions		(94,956,138)
Change in Net Assets		(85,327,497)
Net Assets, July 1		536,912,220
Net Assets, June 30	$	451,584,723

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NOTE 5 – RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments include amounts restricted for future debt service and reserves as required by bond covenants and ordinances; unspent bond proceeds restricted for various capital projects as required by bond ordinances; and reserves restricted for workers' compensation claims pursuant to NRS 616B.300. Restricted cash and investments at June 30, 2011, were as follows:

	Debt Service and Reserves	Projects	Claims	Total
Governmental Funds and Governmental Activities				
General Fund	$ 750,000	$ -	$ -	$ 750,000
Nonmajor Governmental Funds:				
Other Restricted Fund	148,434	-	-	148,434
Special Assessments Debt Service Fund	64,855	-	-	64,855
Parks Capital Projects Fund	-	5,768,976	-	5,768,976
Total Governmental Funds	963,289	5,768,976	-	6,732,265
Internal Service Funds:				
Risk Management Fund	-	-	1,799,000	1,799,000
Total Governmental Activities	963,289	5,768,976	1,799,000	8,531,265
Proprietary Funds and Business-type Activities				
Water Resources Fund	12,857,750	-	-	12,857,750
Total Restricted Cash and Investments	$ 13,821,039	$ 5,768,976	$ 1,799,000	$ 21,389,015

NOTE 6 – LONG-TERM ASSETS

Governmental Activities

Long-term assets in governmental activities include $2,149,086 in deferred bond issuance costs and $8,270,366 in net other postemployment benefits assets (Note 16). Long-term assets in internal service funds include $3,173,365 in refundable lease agreement deposits and $169,315 in prepaid lease expense, all relating to leased equipment in the Equipment Services Fund.

Business-type Activities

Long-term assets in business-type activities include $367,897 in deferred bond issuance costs and $185,779 in long term receivables in the Water Resources Fund.

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NOTE 7 – CAPITAL ASSETS

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets - Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 189,023,005	$ 475,812	$ 1,057,322	$ 188,441,495
Land use rights	3,997,096	45,651	-	4,042,747
Construction in progress	5,542,606	8,842,701	10,159,424	4,225,883
Total capital assets not being depreciated	198,562,707	9,364,164	11,216,746	196,710,125
Capital assets being depreciated:				
Land improvements	57,145,612	459,900	1,573,992	56,031,520
Buildings/improvements	313,638,221	2,784,731	-	316,422,952
Infrastructure	571,980,910	3,757,795	2,861,928	572,876,777
Equipment	78,103,917	6,525,731	1,668,151	82,961,497
Software	14,907,660	692,440	-	15,600,100
Other	515,804	-	-	515,804
Total capital assets being depreciated	1,036,292,124	14,220,597	6,104,071	1,044,408,650
Less accumulated depreciation for:				
Land improvements	29,128,312	2,484,151	426,354	31,186,109
Buildings/improvements	93,453,655	8,671,430	-	102,125,085
Infrastructure	345,842,626	22,500,351	2,067,125	366,275,852
Equipment	47,470,138	6,549,936	1,619,515	52,400,559
Software	6,956,139	1,777,922	-	8,734,061
Other	83,818	12,895	-	96,713
Total accumulated depreciation	522,934,688	41,996,685	4,112,994	560,818,379
Net capital assets being depreciated	513,357,436	(27,776,088)	1,991,077	483,590,271
Governmental activities capital assets, net	$ 711,920,143	$ (18,411,924)	$ 13,207,823	$ 680,300,396

Depreciation expense was charged to functions/programs for the governmental activities as follows:

Governmental Activities:	
General government	$ 2,756,415
Judicial	2,072,965
Public safety	7,760,589
Public works	22,950,021
Health and sanitation	195,291
Welfare	557,662
Culture and recreation	3,464,246
Capital assets held by internal service funds charged to functions based on their usage of assets	1,850,917
Total Depreciation / Amortization Expense - Governmental Activities	41,608,106
Transfer of assets from business-type activities to governmental activities during the year	388,579
Total Increase in accumulated deprecation/amortization	$ 41,996,685

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	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets - Business-type Activities				
Capital assets not being depreciated:				
Land	$ 14,349,207	$ 52,500	$ -	$ 14,401,707
Plant capacity	825,150	-	-	825,150
Construction in progress	11,367,125	3,220,239	10,342,442	4,244,922
Total capital assets not being depreciated	26,541,482	3,272,739	10,342,442	19,471,779
Capital assets being depreciated:				
Land improvements	5,229,720	-	1,250	5,228,470
Buildings/improvements	65,337,606	90,343	2,703	65,425,246
Infrastructure	377,435,612	3,103,718	323,433	380,215,897
Equipment	2,659,920	45,350	284,013	2,421,257
Software	1,300,780	-	161,655	1,139,125
Plant, well capacity	11,675,603	-	1,401,719	10,273,884
Total capital assets being depreciated	463,639,241	3,239,411	2,174,773	464,703,879
Less accumulated depreciation for:				
Land improvements	2,521,646	232,590	672	2,753,564
Buildings/improvements	13,473,661	1,681,043	2,245	15,152,459
Infrastructure	69,749,119	7,530,087	52,416	77,226,790
Equipment	2,374,082	54,347	226,252	2,202,177
Software	818,171	125,137	161,655	781,653
Plant, well capacity	3,298,422	270,022	1,314,923	2,253,521
Total accumulated depreciation	92,235,101	9,893,226	1,758,163	100,370,164
Net capital assets being depreciated	371,404,140	(6,653,815)	416,610	364,333,715
Business-type activities capital assets, net	$ 397,945,622	$ (3,381,076)	$ 10,759,052	$ 383,805,494

The decrease in construction in progress for business-type activities includes impairments totaling $8,061,107 for construction stoppage, which was recognized as a special item in the Water Resources Fund.

Depreciation expense was charged to functions/programs for business activities as follows:

Business-Type Activities:	
Utilities	$ 9,659,324
Golf courses	220,437
Building and Safety	13,465
Total Depreciation / Amortization Expense - Business-type Activities	$ 9,893,226

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NOTE 8 –COMMITMENTS, CONTINGENCIES, AND OTHER LIABILITIES

Commitments

The County utilizes encumbrance accounting to identify fund obligations. Major commitments are entered into for construction projects with contracts that can span several years. Construction in progress and remaining commitments and encumbrances for governmental activities are:

	CIP Balance June 30, 2011	Remaining Commitments and Encumbrances
Governmental Funds and Governmental Activities		
General Fund:		
Road infrastructure projects	$ -	$ 1,137,480
Other	-	1,749,618
Total General Fund	-	2,887,098
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Equipment and services for grant programs	-	2,293,700
Flood prevention project planning	-	1,031,065
E911 communications system and implementation	-	933,150
Assessor's system and implementation	-	894,000
Court systems	-	825,656
Other	-	3,586,412
Total Special Revenue Funds	-	9,563,983
Capital Projects Funds:		
Parks and open space projects	1,406,261	4,161,197
Buildings and energy conservation projects	1,169,073	4,005,036
Flood prevention projects	46,332	4,897,421
Road infrastructure projects	-	2,622,288
Technology, systems and other projects	316,802	2,173,412
Detention center roof replacement project	-	1,000,000
Pedestrian path & bike lane projects	508,591	331,750
Water quality improvement project	434,290	126,648
Fire prevention projects	344,534	15,350
Total Capital Projects Funds	4,225,883	19,333,102
Total Governmental Funds and Govermental Activities	$ 4,225,883	$ 31,784,183

In addition, the Water Resources Fund has entered into contracts for the construction of water related projects with outstanding balances of $623,702.

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.

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

Series January 2000 Bonds	$	35,760,078
Series June 1, 2001 Refunding Bonds		91,435,000
Total RSCVA Bonds	$	127,195,078

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.

Other Liabilities

Governmental Activities

Other liabilities in governmental activities consist of deposits and amounts due to others of $1,374,956 in the General Fund for deposits and bail related to pending court cases or investigations, $424,674 in the General Fund for refundable deposits for park facilities and developer performance guarantees, and $214,488 for other customer and security deposits.

Business-type Activities

Other liabilities in business-type activities include $840,294 for developer deposits and $293,956 for customer deposits in the Water Resources Fund, and $36,056 in other business-type funds for developer and customer deposits.

NOTE 9 –DEFERRED/UNEARNED REVENUE

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

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	$ 3,231,123	$ -	$ 3,231,123
Other revenue	-	112,300	112,300
Unavailable:			
Ad valorem taxes	2,894,540	1,196,218	4,090,758
Special assessments	-	2,846,872	2,846,872
Grants and other revenue	-	5,497,349	5,497,349
Total Deferred/Unearned Revenue	$ 6,125,663	$ 9,652,739	$ 15,778,402

Unearned revenue in business-type activities consists of $45,034 for water rights leases in the South Truckee Meadows General Improvement District.

NOTE 10 – LONG-TERM OBLIGATIONS

Bond Redemptions and Advance Payment of Notes

The County called $140,000 in special assessment bonds for early redemption as funds were made available from the early payoff of special assessments.

On July 1, 2010, the County redeemed prior-to-maturity the remaining principal balance of $6,685,000 of the Washoe County Medium Term Bonds Series 2004 using unspent proceeds.

On March 1, 2011, the County issued an advance payment for the remaining outstanding balance of the governmental North

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Valley Sport Complex and business-type activity Sierra Sage Effluent Water notes in the respective amounts of $304,624 and $641,356 using a portion of unspent proceeds from groundwater right sales in 2003 and 2005.

On April 1, 2011, the County redeemed prior-to-maturity the remaining principal balance of $1,405,000 of the Washoe County, General Obligation Golf Course Bonds, Series 1997 using a portion of unspent proceeds from groundwater right sales in 2003 and 2005.

Defeasance/Early Extinguishment of Debt

In prior years, the County defeased certain general obligation debt by placing cash from unspent bond proceeds in a irrevocable trust to provide for all future debt service payments on previously issued 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, 2011, defeased debt consists of the Parks Revenue Series 2006 and Water Sewer Revenue Series 2005 bonds with remaining balances of $8,435,000 and $33,040,000, respectively.

On June 28, 2011, the Board of County Commissioners authorized the defeasance of the remaining outstanding principal amount of $17,015,000 for the General Obligation (Limited Tax) Parks, Open Space and Library Bonds, Series 2001. The defeased principal consists of maturities for May 1, 2012 through May 1, 2026, inclusively, and will be achieved using a portion of the proceeds of the $17,500,000 General Obligation (Limited Tax) Park and Library Refunding Bonds, Series 2011A.

On June 28, 2011, the Board of County Commissioners authorized the defeasance of a portion of the remaining outstanding principal in the amount of $12,275,000 for the General Obligation (Limited Tax) Building Bonds (additionally secured by pledged revenues), Series 2001A. The defeased principal consists of maturities for November 1, 2012 through November 1, 2026, inclusively, and will be achieve using a portion of the proceeds of the $12,900,000 General Obligation (Limited Tax) Building Refunding Bonds (additionally secured by pledged revenues), Series 2011B.

Bonds Authorized and Unissued

On June 28, 2011, the Board of County Commissioners authorized the issuance of $17,500,000 General Obligation (Limited Tax) Park and Library Refunding Bonds, Series 2011A, for the purpose of refunding the outstanding principal of the General Obligation (Limited Tax) Parks, Open Space & Library Bonds, Series 2001.

On June 28, 2011, the Board of County Commissioners authorized the issuance of $12,900,000 General Obligation (Limited Tax) Building Refunding Bonds (additionally secured by pledged revenues), Series 2011B, for the purpose of partially refunding the outstanding principal of the General Obligation (Limited Tax) Building Bonds (additionally secured by pledged revenues), Series 2001A.

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 between fiscal years 2002 and 2007. The total principal and interest remaining to be paid on the bonds is $92,736,336, payable through fiscal year 2036. For the current year, principal and interest paid for the bonds totaled $5,024,603, and pledged revenues totaled $10,399,629.

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 fiscal year 2036. Annual principal and interest payments on the bonds are expected to require as much as 39% of the pledged revenues. The total principal and interest remaining to be paid on the bonds is $52,361,747. For the current year, principal and interest paid for the bonds totaled $2,701,589, and pledged revenues totaled $6,477,502.

The County has pledged future car rental fees to repay $29.5 million in car rental fee revenue bonds issued in fiscal year 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 fiscal year 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 $121,910,007. For the current year, principal and interest paid for the bonds totaled $1,353,058, and pledged revenues totaled $1,256,238.

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Business-type activities

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 between fiscal years 1997 and 2007. 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 fiscal year 2035. Annual principal and interest payments on the bonds are expected to require as much as 121% of the utility's net revenues. The total principal and interest remaining to be paid on the bonds is $100,401,322. For the current year, principal and interest paid for the bonds totaled $5,305,080. Net pledged revenues totaled $15,217,845.

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 $2,080 were outstanding as of June 30, 2011.

The County has pledged future assessment revenues levied on special assessment districts throughout the county to repay $4.6 million in various local improvement bonds issued between fiscal years 2003 and 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 fiscal year 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 $3,833,099. For the current year, principal and interest paid for the bonds totaled $469,912 and pledged revenues totaled $500,615.

Special Assessment District No. 23, Southwest Pointe/Arrow Creek, has outstanding debt of $3,310,000. Washoe County is only acting as an agent for these bonds and is not liable for the debt.

Conduit Debt Obligations

The County has issued several series of revenue bonds for public and private sector activity in the public interest. The public sector revenue bonds are for the cost of constructing and maintaining certain streets and highways in the County. The revenue bonds are paid solely from certain taxes on motor vehicle fuel collected in the County. Private sector revenue bonds have been for water and gas facilities, colleges, and hospital facilities. The revenue bonds are paid solely from the revenue derived from the projects for which they were issued. The public and private revenue bonds 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, 2011 follow:

	Date of Issue	Original Issue	Principal Outstanding
Public Sector			
Regional Transportation Commission:			
Highway Revenue Bonds Series 2009	7/8/2009	$ 89,567,000	$ 89,567,000
Highway Revenue Bonds Series 2010ABC	3/12/2010	90,000,000	90,000,000
Subtotal Public Sector		179,567,000	179,567,000
Private Sector			
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	10,660,000
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
Subtotal Private Sector		343,575,000	343,035,000
Total Conduit Debt		$ 523,142,000	$ 522,602,000

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Operating Leases

Washoe County leases office space, land, equipment and water rights under various operating lease agreements. Total lease payments in fiscal year 2011 were $2,347,663. Future minimum payments for these leases are:

Year Ending June 30,		Land, Space, Water Rights		Equipment		Total
2012	$	1,142,003	$	866,753	$	2,008,756
2013		854,518		669,210		1,523,728
2014		529,650		272,041		801,691
2015		444,919		61,307		506,226
2016		259,210		2,011		261,221
Totals	$	3,230,300	$	1,871,322	$	5,101,622

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 fiscal year 2011, 81% 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, 2011 follow:

		Governmental Funds		Enterprise Funds		Total
Washoe County:						
Vacation	$	11,048,029	$	440,733	$	11,488,762
Sick Leave		8,065,269		306,006		8,371,275
Compensatory Leave		4,649,505		165,021		4,814,526
Benefits		325,716		12,631		338,347
Total County Funds		24,088,519		924,391		25,012,910
Component Units:						
Truckee Meadows FPD		1,156,910		-		1,156,910
Sierra FPD		772,945		-		772,945
Total Component Units		1,929,855		-		1,929,855
Total Compensated Absences	$	26,018,374	$	924,391	$	26,942,765

Pollution Remediation Obligation

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 CTMRD are held for remediation and are offset by a long-term liability for remediation. As of June 30, 2011, the remediation liability for net assets held in CTMRD was $8,649,056.

A soil remediation project has been identified at a County park. Three gasoline underground storage systems were removed from Rancho San Rafael Park in 1997 and petroleum impacted soils were encountered during removal activities. Assessment activities have been conducted and soil samples exceeding the action level are present. The cost, based on contractor estimates, is $450,000. Remediation expenditures for the current fiscal year totaled $47,839 leaving a balance to complete of $402,161. Approximately $150,000 of the liability will be completed in fiscal year 2012.

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Claims and Judgments

The claims and judgments liability of $30,906,244 includes $15,487,922 for pending property and liability claims, worker's compensation claims, and unprocessed health benefits claims. These claims consist of $13,063,000 generally liquidated through the Risk Management and Health Benefits internal service funds and $2,424,922 liquidated through Truckee Meadows Fire Protection District Workers Compensation Fund (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.

Also included, $15,418,322 for the County's portion of refunds due to property tax payers as a result of a decision on July 7, 2011, by the Nevada Supreme Court that affirmed a writ of mandamus issued by the Second Judicial District Court. The Second Judicial District Court ordered the County Treasurer to comply with the Washoe County Board of Equalization decision to roll back 2006-2007 taxable values for approximately 8,700 properties located in the Lake Tahoe area of Washoe County to 2002-2003 levels and to refund excess property taxes paid by property tax payers. The District Court's order also directed the County Treasurer to pay interest on the overpayments at a rate of .5% per month in accordance with NRS 361.486.

On August 23, 2011, as provided in NRS 354.220 and NRS 354.240, the BCC unanimously passed a resolution that directed the County Treasurer to make the refunds to the entitled taxpayers; authorized the necessary elected and appointed officials to withhold amounts refunded from subsequent apportionments of revenues from property tax to the other taxing units in the county which levied a tax represented in the combined tax rate; and authorized the payment of interest by withholding a proportionate share from the future allocations of property tax revenues to other affected taxing districts in the County which levied a tax represented in the combined tax rate. The refunds ordered are for property tax payments made between fiscal years 2006 and 2011. The County's portion of the interest associated with the ordered refunds of $2,433,011 has also been recognized as interest payable in governmental activities. The liability and the interest payable will be liquidated proportionately by the funds that received the tax revenues and include the General Fund; the Animal Shelter, Child Protective Services, Library Expansion, Indigent Tax Levy, Senior Services and Other Restricted special revenue funds; the Debt Service Fund and the Capital Facilities Tax Fund.

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NOTE 11 - LONG-TERM OBLIGATIONS ACTIVITY	Date of Issue	Maturity Date	Interest Rate
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds			
Ad Valorem:			
Library, Parks & Open Space Series 2001	5/15/2001	7/12/2011	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
Medium-Term:			
Property Acquisition Series 2000A	8/1/2000	8/1/2010	4.5 - 4.8
Antelope Valley Road Special Assessment 30 Series 2001B	12/1/2001	11/1/2011	3.0 - 4.5
Sparks Justice Court Facility Series 2004	9/22/2004	7/1/2010	2.9 - 3.7
Edison Way Property Series 2007	3/28/2007	3/1/2017	3.83
Revenue: (Note 10)			
Facility Series 2001A	12/1/2001	11/1/2011	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 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			
SAD 21: Cold Springs Sewer Refunding	10/15/2003	7/1/2016	2.0 - 4.0
SAD 29: Mt. Rose Sewer Phase 1	11/12/2004	11/1/2024	4.55
SAD 35: Rhodes Road - $116,141, SAD 36: Evergreen Hills Dr-$240,587	2/25/2005	11/1/2014	3.8
SAD 31: Spearhead Way/Running Bear Drive	4/28/2006	5/1/2016	4.29
SAD 37: Spanish Spring Sewer Phase 1a	5/16/2007	5/1/2027	4.35
SAD 39: 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	N/A	N/A	N/A
Deferred Refunding Charge	N/A	N/A	N/A
Total Deferred Amounts			
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	3/1/2011	6.0
Total Capital Lease/Notes Obligations			

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Original Note / Issue	Principal Outstanding July 1, 2010	Additions/ Issued	Reduction/ Principal Matured / Called	Principal Outstanding June 30, 2011	Principal Due in 2011-2012
$ 22,785,000	$ 17,750,000	$ -	$ 735,000	$ 17,015,000	$ 780,000
15,515,000	12,720,000	-	415,000	12,305,000	430,000
16,725,000	2,745,000	-	2,745,000	-	-
10,750,000	9,055,000	-	275,000	8,780,000	290,000
10,540,000	9,405,000	-	1,200,000	8,205,000	1,245,000
14,000,000	2,305,000	-	2,305,000	-	-
1,327,290	310,400	-	152,140	158,260	158,260
13,900,000	8,210,000	-	8,210,000	-	-
4,645,000	3,420,000	-	435,000	2,985,000	452,000
16,620,000	13,325,000	-	510,000	12,815,000	540,000
19,260,000	14,750,000	-	610,000	14,140,000	635,000
3,280,000	3,075,000	-	160,000	2,915,000	160,000
11,900,000	9,790,000	-	485,000	9,305,000	505,000
12,500,000	11,585,000	-	255,000	11,330,000	265,000
21,000,000	19,860,520	-	414,851	19,445,669	433,701
25,305,000	14,930,000	-	-	14,930,000	-
	153,235,920	-	18,906,991	134,328,929	5,893,961
21,915,000	17,445,000	-	570,000	16,875,000	595,000
18,500,000	18,103,500	-	455,700	17,647,800	515,900
11,000,000	9,808,025	-	-	9,808,025	-
	45,356,525	-	1,025,700	44,330,825	1,110,900
1,085,000	420,000	-	85,000	335,000	50,000
1,281,308	935,000	-	45,000	890,000	50,000
356,728	146,661	-	28,791	117,870	30,280
109,000	58,000	-	11,000	47,000	10,000
728,813	550,740	-	31,849	518,891	23,017
999,268	863,001	-	120,088	742,913	16,921
	2,973,402	-	321,728	2,651,674	180,218
N/A	1,979,195	-	201,812	1,777,383	-
N/A	(65,619)	-	(2,959)	(62,660)	-
N/A	(90,015)	-	(12,477)	(77,538)	-
	1,823,561	-	186,376	1,637,185	-
16,950,000	2,250,000	-	2,250,000	-	-
464,126	320,442	-	320,442	-	-
	2,570,442	-	2,570,442	-	-

(CONTINUED)

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NOTE 11 - LONG-TERM OBLIGATIONS ACTIVITY (CONTINUED)	Date of Issue	Maturity Date	Interest Rate
GOVERNMENTAL ACTIVITIES *(Continued)*			
Other Liabilities - Notes 10, 16			
Compensated Absences	N/A	N/A	N/A
Net other post employment benefits obligations	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 Bonds			
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	6/30/2000	1/1/2020	3.7
Sewer Series 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	4/1/2011	4.75 - 5.4
Total General Obligation Bonds			
Less Deferred amounts			
Unamortized Bond Premium	N/A	N/A	N/A
Unamortized Bond Discounts	N/A	N/A	N/A
Total Deferred amounts			
Leases/Notes			
Golf Course Fund:			
Note payable/Sierra Sage Golf Course Effluent	4/1/2001	3/1/2011	6.0
Other Liabilities (Note 10)			
Compensated absences	N/A	N/A	N/A
Due to other governments	N/A	N/A	N/A
Total Other Liabilities			
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%. The remaining principal outstanding of $19,445,669 has a current interest rate of 2.527%. Interest rate on outstanding amount will be reset May 1, 2016.

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Original Note / Issue	Principal Outstanding July 1, 2010	Additions/ Issued	Reduction/ Principal Matured / Called	Principal Outstanding June 30, 2011	Principal Due in 2011-2012
$ N/A	$ 26,947,839	$ 18,630,965	$ 19,560,430	$ 26,018,374	$ 19,889,580
N/A	2,554,532	826,718	2,851,962	529,288	-
N/A	122,974	-	122,974	-	-
N/A	8,341,023	2,653,860	1,943,666	9,051,217	150,000
N/A	18,133,423	15,729,322	2,956,501	30,906,244	21,522,922
	56,099,791	37,840,865	27,435,533	66,505,123	41,562,502
	262,059,641	37,840,865	50,446,770	249,453,736	48,747,581
6,262,710	1,464,600	-	717,860	746,740	746,740
3,720,000	1,425,000	-	175,000	1,250,000	185,000
1,249,137	610,867	-	67,826	543,041	70,103
1,675,000	543,346	-	45,816	497,530	47,528
635,000	108,096	-	9,115	98,981	9,455
21,000,000	15,040,507	-	1,105,561	13,934,946	1,140,380
3,000,000	2,424,061	-	139,596	2,284,465	144,116
14,463,000	12,267,037	-	667,829	11,599,208	686,727
65,000,000	26,100,000	-	-	26,100,000	-
6,500,000	5,835,624	-	279,582	5,556,042	287,838
4,600,000	3,968,866	-	177,982	3,790,884	185,578
3,000,000	1,565,000	-	1,565,000	-	-
	71,353,004	-	4,951,167	66,401,837	3,503,465
N/A	901,459	-	45,084	856,375	-
N/A	(10,867)	-	(10,867)	-	-
	890,592	-	34,217	856,375	-
977,170	674,660	-	674,660	-	-
N/A	928,366	769,258	773,233	924,391	706,644
N/A	147,000	-	147,000	-	-
	1,075,366	769,258	920,233	924,391	706,644
	73,993,622	769,258	6,580,277	68,182,603	4,210,109
	$ 336,053,263	$ 38,610,123	$ 57,027,047	$ 317,636,339	$ 52,957,690

*** 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.

NOTE 12 – DEBT SERVICE REQUIREMENTS

The annual requirements to amortize outstanding debt are as follows:

Governmental Activities – Primary Government

Year Ended June 30,	General Obligation Bonds Principal*	General Obligation Bonds Interest	Special Assessment Debt Principal*	Special Assessment Debt Interest	Revenue Bonds Principal*	Revenue Bonds Interest
2012	$ 5,893,961	$ 5,712,951	$ 180,218	$ 133,539	$ 1,110,900	$ 1,698,955
2013	5,962,406	5,480,190	200,950	125,490	1,088,200	1,646,618
2014	6,211,008	5,233,690	200,937	116,646	1,177,200	1,592,117
2015	6,481,546	4,965,993	185,437	107,666	1,282,100	1,532,195
2016	7,403,063	4,692,942	180,917	99,395	1,397,800	1,466,305
2017-2021	33,196,583	18,936,968	730,727	382,468	8,574,179	6,341,493
2022-2026	38,048,549	11,183,129	724,327	187,923	12,611,388	4,197,652
2027-2031	20,095,273	3,958,895	248,161	28,298	9,388,096	5,600,637
2032-2036	11,036,540	1,301,501	-	-	2,104,638	9,547,868
2037-2041	-	-	-	-	1,748,601	11,884,270
2042-2046	-	-	-	-	1,452,273	14,462,263
2047-2051	-	-	-	-	1,201,293	17,368,280
2052-2056	-	-	-	-	992,607	20,650,208
2057-2058	-	-	-	-	201,550	5,251,013
Total	$ 134,328,929	$ 61,466,259	$ 2,651,674	$ 1,181,425	$ 44,330,825	$ 103,239,874

Business-type Activities – Primary Government

Year Ended June 30,	General Obligation Bonds Principal*	General Obligation Bonds Interest
2012	$ 3,503,465	$ 2,565,788
2013	2,842,645	2,458,586
2014	2,936,142	2,365,113
2015	3,037,305	2,268,454
2016	3,136,212	2,168,256
2017-2021	15,874,065	9,305,910
2022-2026	10,695,939	7,151,929
2027-2031	12,221,064	4,922,490
2032-2036	12,155,000	1,556,500
Total	$ 66,401,837	$ 34,763,026

*Principal amounts shown exclude discounts and premiums.

NOTE 13 – INTERFUND ACTIVITY

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.

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Interfund transfers for the year ended June 30, 2011

Transfers from:	Transfers to:	Amount	
General Fund	Nonmajor Governmental Funds	$ 14,184,796	
	Nonmajor Enterprise Funds	225,000	
	Subtotal	14,409,796	
Nonmajor Governmental Funds	General Fund	238,110	
	Nonmajor Governmental Funds	24,100,796	(a)
	Nonmajor Enterprise Funds	2,033,669	(b)
	Subtotal	26,372,575	
Internal Service Funds	General Fund	2,500,000	(c)
Total Transfers In / Out		$ 43,282,371	

Significant transfers during the year of a non-routine nature included: (a) $6,685,000 from the Capital Facilities Fund to the Debt Service Fund for a prior-to-maturity redemption of the Medium Term Sparks Justice Court Bonds using unspent bond proceeds for the project that was indefinitely postponed, (b) $2,033,669 for use of interest on water rights sale proceeds to retire golf course debt, and (c) $2,500,000 for return of excess reserves and proceeds from budgetary driven fleet reductions.

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 invested 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 externally imposed (statutory, bond covenant, contract or grantor) 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 $176,674,749 of restricted net assets, all of which is externally imposed.

Unrestricted net assets represent available financial resources of the County. The deficit in unrestricted net assets in governmental activities is a result of underfunding the annual required contribution for other postemployment benefits (Note 16) and the unrestricted amounts for the Incline Village tax refunds (Note 10).

Fund Financial Statements

<u>Governmental Funds</u>

Governmental fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources of the fund.

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Fund balance classifications by County function consist of the following:

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
Nonspendable:			
Inventory / prepaid items	$ 303,745	$ 333,632	$ 637,377
Restricted for:			
General Government	-	5,119,858	5,119,858
Judicial	-	3,804,587	3,804,587
Public Safety	-	41,025,238	41,025,238
Health and Sanitation	-	11,550,753	11,550,753
Welfare	-	1,420,296	1,420,296
Other functional activities	9,638	628,218	637,856
Capital Projects:			
General Government	-	5,099,619	5,099,619
Judicial	-	5,667,740	5,667,740
Public Safety	-	7,249,857	7,249,857
Public Works	-	8,171,668	8,171,668
Culture and Recreation	-	29,944,317	29,944,317
Debt Service	750,000	11,584,844	12,334,844
Total Restricted	759,638	131,266,995	132,026,633
Committed to:			
Stabilization	4,143,300	-	4,143,300
General Government	163,659	-	163,659
Public Safety	-	4,606,773	4,606,773
Public Works	970,405	-	970,405
Health and Sanitation	-	810,834	810,834
Welfare	-	12,881,520	12,881,520
Culture and Recreation	-	1,516,879	1,516,879
Total Committed	5,277,364	19,816,006	25,093,370
Assigned to:			
FY12 Budget Shortfall	6,888,685	-	6,888,685
General Government	571,514	-	571,514
Public Safety	289,236	-	289,236
Welfare	324,764	-	324,764
Other functional activities	567,520	142,637	710,157
Total Assigned	8,641,719	142,637	8,784,356
Unassigned	23,789,019	-	23,789,019
Total fund balances	$ 38,771,485	$ 151,559,270	$ 190,330,755

Proprietary Funds

Net assets for business funds and internal services funds are categorized as invested in capital assets, net of related debt, restricted and unrestricted as described for the government-wide financial statements.

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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 pension contributions for the last three years are as follows:

Contribution Rates

	Employer Pay Contribution Rate		Employee/Employer Pay Contribution Rate	
Fiscal Year	Regular Members	Police/ Fire	Regular Members	Police/ Fire
2010-11	21.50%	37.00%	11.25%	18.50%
2009-10	21.50%	37.00%	11.25%	18.50%
2008-09	20.50%	33.50%	10.50%	17.25%

Contribution Cost

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010-11	$ 42,496,829	100%	$ -
2009-10	41,892,817	100%	-
2008-09	42,302,707	100%	-

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Eligibility

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, an agent multiple-employer defined benefit OPEB plan. Both plans are administered through the Washoe County, Nevada OPEB Trust

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(Trust), an irrevocable trust established on May 11, 2010 by the Board of Washoe County Commissioners (BCC). The Trust, a multiple employer trust, was created to fund and account for the participating employers' costs of retiree healthcare benefits pursuant to Nevada Revised Statutes 287.017. Complete financial statements of the Trust may be obtained by writing to: OPEB Trust, c/o Washoe County Comptroller's Office, P.O. Box 11130, Reno, Nevada, 89520.

Additionally, Truckee Meadows Fire Protection District (TMFPD) and Sierra Fire Protection District (SFPD), component units, provide OPEB for eligible employees through the Truckee Meadows Fire Protection District Retiree Group Medical Plan and Sierra Fire Protection District Retiree Group Medical Plan both single-employer defined benefit plans. As of July 1, 2010 both plans are also administered through the Trust.

Washoe County Retiree Health Benefit Program (RHBP)

In accordance with NRS 287.010, the Board of County Commissioners adopted the RHBP 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.

As of June 30, 2011, all employees hired before July 1, 2010 who retire from County employment and receive monthly payments under the Public Employees Retirement System of Nevada (PERS) are eligible to participate in the RHBP. In addition, employees hired before this date who have terminated employment prior to retirement may enroll in the RHBP upon commencing retirement if the County is that individual's last public employer. These persons must show evidence of good health and are subject to a 12 month pre-existing condition limitation.

For eligible retirees, the County pays a portion of the retiree's premium based on years of County service. 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, and Tier 2 includes all employees hired after the Tier 1 exclusion dates. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums depending on the Tier. Retirees pay 100% of the premium for dependent coverage.

For Tier 1 retirees, the retiree's contribution is determined as follows, except for the cost of dental benefits which is 100% paid for by the retiree, regardless of service:

Years of Service	Tier 1 Retiree Contribution
Less than 10	100%
10 but less than 15	50%
15 but less than 20	25%
20 or more	0%

For Tier 2 retirees, the retiree's contribution is the monthly premium amount set by the County less a County paid premium subsidy equal to the Non-State Retiree Subsidy Adjustment described in the State of Nevada's Public Employee Benefit Plan below. The County's monthly subsidy for fiscal year 2011 depends on years of full-time service and ranges from a minimum of $86 for five years to a maximum of $473 for 20 or more years.

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

NRS 287.023 allowed the County retirees to join the State's PEBP through September 1, 2008, at the County's expense. Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. PEBP is administered by a nine member governing board and 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.

TMFPD Retiree Group Medical Plan (TMFPD RGMP)

Prior to July 1, 2000, TMFPD provided health insurance benefits to retired employees. At June 30, 2000, ten retirees were participating in TMFPD RGMP. 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.

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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.

SFPD Retiree Group Medical Plans (SFPD RGMP)

As of July 1, 2006, SFPD provides health insurance benefits to eligible retired employees who transferred from State service on July 1, 2006. In accordance with Nevada Revised Statutes, the Board of Washoe County Commissioners acting as ex-officio Board of Fire Commissioners for the SFPD entered into an agreement between the SFPD and the Sierra Fire Fighters Association for retiree health insurance. Eligible employees who retire from District employment and receive monthly payments under PERS are allowed coverage in the SFPD'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 and Annual OPEB Cost

The amount of contributions each year for RHPB, TMFPD RGHP and the SFPD RGHP are established by the Board of County Commissioners and the TMFPD and SFPD Boards of Fire Commissioners, respectively, and may be amended through negotiations with their respective employee associations. The required contributions are based on projected pay-as-you-go financing requirements, with an additional amount, generally equal to the normal cost, to prefund benefits.

Additionally, the County is required to provide a subsidy for their retirees that have elected to join PEBP which is established and may be amended by the State of Nevada Legislature. The subsidy is paid on the pay-as-you-go basis, with an additional amount contributed to prefund future benefits. Contribution requirements for plan members and the participating employers are assessed by PEBP Board annually.

During the current fiscal year the County transferred $14 million to the Trust to fund future retiree health benefits for both the RHBP and PEBP. These contributions were allocated between the RHBP and the PEBP based on the proportionate share of each plan's Unfunded Actuarial Accrued Liability to the total. Also during the year, TMFPD and SFPD transferred $3,469,573 and $523,790, respectively, to the Trust to fund future retiree health benefits for their retiree group health plans.

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The annual OPEB cost and related information for each plan for the fiscal year ended June 30, 2011 are as follows:

	RHBP	PEBP	TMFPD RGMP	SFPD RGMP
Determination of Annual Required Contribution:				
Normal cost	$ 11,150,000	$ -	$ 104,600	$ 85,300
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	11,250,000	444,162	587,600	243,200
Annual Required Contribution (ARC)	$ 22,400,000	$ 444,162	$ 692,200	$ 328,500
Determination of Net OPEB Obligation:				
Annual Required Contribution	$ 22,400,000	$ 444,162	$ 692,200	$ 328,500
Interest on Net OPEB Obligation	(1,060,000)	(25,043)	79,312	35,642
Adjustment to ARC	784,000	26,945	(213,149)	(95,787)
Annual OPEB Cost	22,124,000	446,064	558,363	268,355
Retiree Benefit Payments Paid by Employer	-	-	(193,865)	(7,323)
Contributions Made to Trust	(13,499,575)	(503,425)	(3,469,573)	(523,790)
Increase (decrease) in Net OPEB Obligation	8,624,425	(57,361)	(3,105,075)	(262,758)
Net OPEB Obligation (Asset), Beginning of Year	(15,137,077)	(357,764)	1,762,486	792,046
Net OPEB Obligation (Asset), End of Year	$ (6,512,652)	$ (415,125)	$ (1,342,589)	$ 529,288

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at June 30, 2011 and the two preceding years for each of the plans were as follows:

Plan	Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation / (Asset)
RHBP	2009	$ 25,720,000	$ 7,767,000	30.20%	$ 34,353,000
	2010	29,461,000	78,951,077	267.99%	(15,137,077)
	2011	22,124,000	13,499,575	61.02%	(6,512,652)
PEBP	2009	673,329	428,838	63.69%	594,099
	2010	674,049	1,625,912	241.22%	(357,764)
	2011	446,064	503,425	112.86%	(415,125)
TMFPD RGMP	2009	790,500	119,882	15.17%	1,240,440
	2010	665,302	143,256	21.53%	1,762,486
	2011	558,363	3,663,438	656.10%	(1,342,589)
SFPD RGMP	2009	265,600	6,478	2.44%	502,687
	2010	305,218	15,859	5.20%	792,046
	2011	268,355	531,113	197.91%	529,288

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Listed below is the funded status of each plan, as of their most recent actuarial valuations:

	RHBP	PEBP	TMFPD RGMP	SFPD RGMP
Valuation date	7/1/2010	6/30/2010	7/1/2009	7/1/2009
Actuarial Accrued Liability (AAL)	$ 273,801,000	$ 7,437,111	$ 4,472,236	$ 1,769,515
Actuarial Value of Plan assets	70,887,000	1,925,471	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 202,914,000	$ 5,511,640	$ 4,472,236	$ 1,769,515
Funded Ratio (Actual Value of Plan Assets/AAL)	25.89%	25.89%	0.00%	0.00%
Covered Payroll (Active Plan Members)	$ 163,749,753	n/a	n/a	$ 2,306,835
UAAL as a Percentage of Covered Payroll	123.92%	n/a	n/a	76.71%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to 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. Mortality demographic assumptions used for all plans were based on the RP 2000 Combined Mortality Table – Male and Female.

Significant methods and assumptions were as follows:

	RHBP	PEBP	TMFPD RGMP	SFPD RGMP
Valuation date	7/1/2010	6/30/2010	7/1/2009	7/1/2009
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percentage of pay, open	Level dollar amount, open	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization period	30 years	30 years	10 years	10 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	7%	7%	4.5%	4.5%
Healthcare cost trend rate	10% initial 4.75% ultimate	10% initial 4.75% ultimate	8% initial 4.5% ultimate	6.5% initial 4.5% ultimate

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.

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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	$ 1,190,000	$ 2,520,000	$ 3,710,000
Workers' compensation claims	2,113,000	5,034,000	7,147,000
Unprocessed Health Benefits Fund claims	2,206,000	-	2,206,000
Total Pending Claims	$ 5,509,000	$ 7,554,000	$ 13,063,000

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 $23,190,545.

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, 2009	$ 11,611,000	$ 2,416,000
Claims and changes in estimates	2,280,519	21,300,648
Claim payments	(3,345,519)	(21,015,648)
Claims Liability, June 30, 2010	10,546,000	2,701,000
Claims and changes in estimates	3,862,068	21,342,788
Claim payments	(3,551,068)	(21,837,788)
Claims Liability, June 30, 2011	$ 10,857,000	$ 2,206,000

The non-discounted carrying amount of unpaid claims in the Risk Management Fund at June 30 is $12,113,000. The interest rate used for discounting was 3%.

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.

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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. Under the plan, TMFPD and the City of Reno self-insure up to a maximum of $2.5 million for each workers' compensation claim. All 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. 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, 2011 was approximately 25%. 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 June 30, 2011. The actuarial estimates are on a net basis with respect to excess insurance, and do not contain any provisions for uncollectible excess insurance. The data and estimates used are net of recoveries from subrogation and all estimates are undiscounted with respect to the time value of money. Allocated loss adjustment expense is included in the actuarial calculations. The undiscounted carrying amount of unpaid claims as of June 30, 2011 was estimated at $2,424,922, which was significantly lower than the previous year due to the closure of a single large claim and to lower claim trends.

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

		TMFPD
Claims Liability/Activity:		
Claims Liability, June 30, 2009	$	4,904,954
Claims and changes in estimates		1,563,173
Claim payments		(1,581,704)
Claims Liability, June 30, 2010		4,886,423
Claims and changes in estimates		(1,269,349)
Claim payments		(1,192,152)
Claims Liability, June 30, 2011	$	2,424,922

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

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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, 2011, the joint venture's net expenditures totaled $12,128,241; included in this total is land acquired incidentally to the acquisition of water rights and valued at approximately $100,000, and challenged water rights which are expected to yield cash receipts of approximately $300,000 when retired. Proceeds received from the resale of land or the retirement of challenged water rights will be netted against expenditures when received.

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 $4,042,747 have been recorded as of June 30, 2011.

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 (Members). 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.

Under the terms of the Cooperative Agreement, the Authority's Board of Directors has the power to periodically assess the Members directly for budgets and for the satisfaction of any liabilities imposed against the Authority. No such assessments have been made since the Authority's formation. The arrangement is considered a joint venture with no equity interest recorded on Washoe County's balance sheet as of June 30, 2011, because no explicit and measurable equity interest is deemed to exist. The County appoints two directors of a seven-member governing body.

On December 9, 2009, the Board of County Commissioners and the Truckee Meadows Water Authority Board of Directors approved an interlocal agreement governing the merger of the Washoe County Department of Water Resources Water Utility into the Authority, which is intended to be the surviving water purveyor. The parties are currently engaged in a due diligence process, following which the governing boards will have an opportunity to review and approve an addendum to the agreement to move ahead with the consolidation.

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.

Truckee River Flood Management Authority

The Truckee River Flood Management Authority (TRFMA) is a joint powers authority formed in March, 2011, pursuant to a Cooperative Agreement among the Cities of Reno and Sparks and Washoe County (Members). The governing body of each Member appoints two directors who must be elected officials of the Member's governing body. The TRFMA was formed in order to regulate and control waters of the Truckee River that flow through their territories to reduce or mitigate flooding for the ongoing benefit of the Truckee Meadows community and is authorized to issue bonds that do not constitute an obligation of Reno, Sparks, the County or the State of Nevada.

The primary source of revenue for the TRFMA consists of the net revenues of the Infrastructure Tax pledged by the County to support the TRFMA. The Infrastructure Tax is collected by the State of Nevada Department of Taxation and remitted to the County pursuant to procedures established in NRS Chapter 377B that restricts spending of these proceeds to projects for the management of floodplains, the prevention of floods or facilities relating to public safety. Net revenues consist of the balance remaining after paying or reserving for County obligations for existing flood project related debt obligations.

Under the terms of the Cooperative Agreement, the TRFMA Board of Directors has the power to periodically impose, assess, levy, collect and enforce fees, rates and charges in an amount sufficient for services or facilities, or both services or facilities and also to discharge any debt instruments or financing agreements. No such assessments have been made since the TRFMA's formation. The arrangement is considered a joint venture with no equity interest recorded on Washoe County's balance sheet as of June 30, 2011, because no explicit and measurable equity interest is deemed to exist.

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The County is obligated within 90 days of being requested in writing by the TRFMA, to convey title to all real property, personal property, contract rights, and cash or fund balances acquired by the County from proceeds of the Truckee River Flood Management Infrastructure Fund. As of June 30, 2011, no request had been made and no transfer of assets had occurred.

NOTE 19 – SUBSEQUENT EVENTS

Debt Related Events

On July 12, 2011, Washoe County issued $17,360,000 General Obligation (Limited Tax) Park and Library Refunding Bonds Series 2011A. Bond principal will be retired annually through fiscal year 2026, commencing May 1, 2012. Interest is payable on November 1 and May 1, commencing on November 1, 2011. The bonds have a fixed interest rate of 4.2%. The proceeds were used for a current refunding of $17,015,000 in outstanding principal for the General Obligation (Limited Tax) Park, Open Space, and Library Bond Series 2001 and to pay the bond cost of issuance.

On August 3, 2011, Washoe County issued $12,565,000 General Obligation (Limited Tax) Building Refunding Bonds (additionally secured by pledged revenues), Series 2011B. Bond principal will be retired annually through fiscal year 2027, commencing November 1, 2012. Interest is payable on November 1 and May 1, commencing on November 1, 2011. The bonds have a fixed interest rate of 4.180%. The proceeds were used for a partial advance refunding totaling $12,275,000 of the outstanding principal for the General Obligation (Limited Tax) Building Bonds (additionally secured by pledged revenues), Series 2001A and to pay the bond cost of issuance.

On August 23, 2011, the Board of County Commissioners authorized issuance of the General Obligation (limited tax) Reno-Sparks Convention & Visitors Authority (RSCVA) refunding bonds (additional secured with pledged revenues), Series 2011 for the maximum principal amount of $94,750,000. The bonds will be used to refund the current outstanding principal balance of $91 million of the Washoe County, Nevada (Reno-Sparks Convention & Visitors Authority) General Obligation (Limited Tax) Convention Center Refunding Bonds (additionally secured with pledged revenues), Series 2001A, and pay the cost of issuing the 2011 Bonds. Although the County is contingently liable for the general obligation bonds of RSCVA in the event of 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. The 2011 Bonds are expected to be issued on or about October 18, 2011.

Other Events

On August 23, 2011, as provided in NRS 354.220 and NRS 354.240, the BCC unanimously passed a resolution that directed the County Treasurer to make refunds to taxpayers as a result of a Nevada Supreme Court decision issued on July 7, 2011, affirming a writ of mandamus issued by the Second Judicial District Court. The Second Judicial District Court ordered the County Treasurer to comply with the Washoe County Board of Equalization decision to roll back 2006-2007 taxable values for approximately 8,700 properties located in the Lake Tahoe area of Washoe County to 2002-2003 levels and to refund excess property taxes paid by property tax payers plus interest. The estimated amount of the refunds and interest in governmental activities is $15,418,322 and $2,433,011, respectively (Note 10, Claims and Judgments).

Since the court-ordered refunds became due subsequent to year end, no provision for the liability has been made in governmental funds. Funding for the refunds as authorized by the BCC on August 23, 2011, will be provided from reserves in the Health Benefits and Risk Management funds of $8.4 million and $7 million, respectively, and from the deferral of $3 million in capital projects budgeted in fiscal year 2012.

On June 28, 2011, the Board of Fire Commissioners of the Truckee Meadows Fire Protection District, a component unit of Washoe County, took action not to renew the First Amended Interlocal Agreement for Fire Service and Consolidation (Agreement), with the City of Reno. The effect of this notice is to terminate the Agreement effective on June 30, 2012. Start-up costs to reconstitute the District as a stand-alone agency are estimated to be $1 million.

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SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a / b) Funded Ratio	(b - a) Unfunded Actuarial Accrued Liability (UAAL)	(c) Covered Payroll	[(b - a) / c] UAAL as a Percent of Covered Payroll
RHBP						
July 1, 2007	$ -	$ 245,970,000	0.00%	$ 245,970,000	$ 186,318,007	132.02%
July 1, 2008	-	276,684,000	0.00%	276,684,000	181,854,743	152.15%
July 1, 2010	70,887,000	273,801,000	25.89%	202,914,000	163,749,753	123.92%
PEBP						
June 30, 2008	-	9,717,075	0.00%	9,717,075	n/a	n/a
June 30, 2010	1,925,471	7,437,111	25.89%	5,511,640	n/a	n/a
TMFPD RGMP						
July 1, 2006	-	4,374,648	0.00%	4,374,648	n/a	n/a
July 1, 2009	-	4,472,236	0.00%	4,472,236	n/a	n/a
SFPD RGMP						
July 1, 2007	-	1,296,221	0.00%	1,296,221	2,610,906	49.65%
July 1, 2009	-	1,769,515	0.00%	1,769,515	2,306,835	76.71%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – SCHEDULE OF FUNDING PROGRESS

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

NOTE 2 – EMPLOYER CONTRIBUTIONS

The County began funding the RHBP and the PEBP by creating the Washoe County, Nevada OPEB Trust (Trust) for this purpose. TMFPD and SFPD joined the Trust in the current fiscal year. Information on employer contributions can be found in the Trust's separately issued financial statements, a copy of which can be obtained by writing to: OPEB Trust, c/o Washoe County Comptroller's office, PO Box 11130, Reno, NV 89520.

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