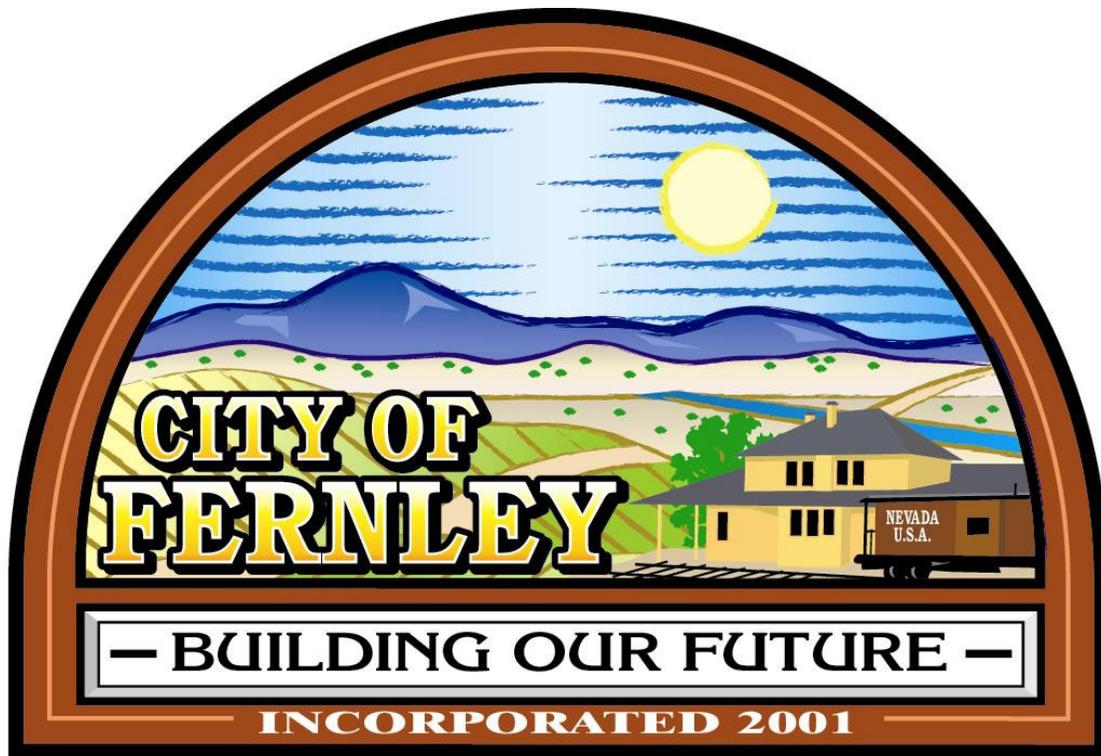


CITY OF FERNLEY NEVADA

FY2007/2008

ANNUAL BUDGET

FOR THE FISCAL YEAR
JULY 1, 2007 TO JUNE 30, 2008



City of Fernley Annual Budget For Fiscal Year 2007-2008

City Council

Mayor	Todd Cutler
Council Member Ward 1	Charles Shepperd
Council Member Ward 2	Joe Mortensen
Council Member Ward 3	Monte Martin
Council Member Ward 4	Curt Chaffin
Council Member Ward 5	Ralph Menke

The Fernley City Council meets in regular session the first and third Wednesday of the month in the Council Chambers in City Hall located at 595 Silver Lace Boulevard, Fernley Nevada.

Planning Commission

Bill Amerman
Bill Clegg
Marty Hardie
Bruce Maxwell
Bert McCoy
Jim Petersen
Robert Smith

The City of Fernley Planning Commission meets in regular session the second Wednesday of the month in the Council Chambers in City Hall located at 595 Silver Lace Boulevard, Fernley Nevada.

Staff

Gary Bacock, *City Manager*

Bonnie Duke <i>Finance Director (City Treasurer)</i>	Patricia Norman <i>City Clerk</i>	Lowell Patton <i>Public Works Director</i>	Keith Penner <i>Parks and Recreation Director</i>	Robert "Terry" Gilbert <i>Community Development Director</i>
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Paul Taggart, Law Offices of King and Taggart , *City Attorney*

Daniel Bauer, *Municipal Court Judge*

Allen Veil, *Chief of Police*

City of Fernley Annual Budget - Fiscal Year 2007-2008

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**City of Fernley Annual Budget
For Fiscal Year 2007-2008**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Fernley
Nevada**

For the Fiscal Year Beginning

July 1, 2006

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Fernley, Nevada for its annual budget for the fiscal year beginning July 1, 2006. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

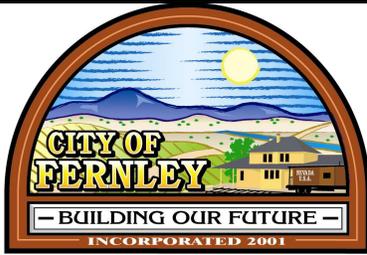
**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

The New Fernley City Hall



City of Fernley Annual Budget
For Fiscal Year 2007-2008

Budget Message



**City of Fernley
CITY MANAGER'S
OFFICE**

Administration,
Human Resources,
Budgeting,
Risk Management,
& Contracts

October 15, 2007

**Honorable Mayor and City Council
City of Fernley**

I respectfully submit the final budget for the City of Fernley for fiscal year 2007/2008 (FY 07/08). In the past fiscal years, due to our growth rate (fastest growing City in Nevada for several years), the challenges have been many and there are more challenges ahead. Teamwork, perseverance, and cooperation will enable the City to meet the challenges ahead and meet the objectives discussed in various City Council meetings. This budget reflects a positive outlook for next fiscal year, however, there are four major challenges reflected below, which include property tax changes & consequences (due to State Legislative action), the threat of changes to Franchise Fee requirements (due to a State Senator's threats), the removal of the old "Road Fund" revenue (due to Lyon County action), and infrastructure improvements needed to provide necessary services.

I believe the FY 07/08 budget meets the following City Council objectives:

Property Tax Rate - The FY 07/08 property tax rate in the budget is \$0.3505 per \$100 of assessed value, the maximum allowed under state statutes. Major tax limitation legislation (AB489) passed in the State Legislature limits a taxpayer's liability for property taxes, virtually independent of the levy rate. Therefore, the City's revenue from property tax is limited. If property tax limitation did not exist, the City could generate approximately \$1.3 million in additional revenue to provide services. The abatement of \$1.3 million is larger than the projected revenue from property tax of \$1.1 million.

The property tax limitation legislation is very significant to the City. The property tax levy set by the City Council (and previously by the Town Council) did not increase over a twelve fiscal year period from FY1995 to FY2006. Operations increased significantly due to growth and operations were funded through development of other revenue sources and growth in property tax revenue (due solely to growth in assessed value). The intent of the City Council has always been to increase the property tax rate only when needed for new services that were not provided (or were provided by other entities) in the past. For example, the City added animal control services and vector control services in prior years without a new source of revenue or increase in the property tax rate. By the State action the City is now effectively unable to produce significant revenue from property tax for new services, despite large increases in

City of Fernley Annual Budget For Fiscal Year 2007-2008

assessed value and increased demands for services. Therefore, there is a clear incentive to levy the maximum rate allowed. The City levied the maximum amount allowed by State law in FY2007 and FY2008.

Assessed values increased 33%, largely due to new construction. Revenue from property tax increased 21%. This should be sufficient for providing the current level of services; however, the demand for services has outpaced growth in property tax revenue. Therefore, the City intends to develop other revenue sources in order to provide the service to the community at the appropriate levels based on revenue limitations.

Franchise Fees: A significant portion of the general fund revenues are derived from either franchise fees or business license fees charged to public utilities operating within the City. The fees are 2% for electricity and telecommunications, 3% for natural gas and propane, and 5% for cable TV and refuse disposal. Although attempts to limit franchise fees were unsuccessful in the last legislative session, there is a movement to limit revenue from these sources. The City Council agreed to increase fees during FY2008. The final budget includes no rate increases because the increases were not enacted at the time the budget was set. Once these increases are implemented, additional revenue will be available to replace some of the revenue lost to property tax limitation.

County Pass-Through Road Fund: Prior to incorporation, Lyon County provided maintenance of City streets using revenues from gas taxes and property taxes (the property tax rate was \$0.0777). At incorporation, the City became responsible for maintaining the City streets and therefore received the distribution of gas taxes and property tax from Lyon County. In Lyon County's adopted budget for FY06/07 and each fiscal year thereafter, Lyon County stopped the property tax revenue that was previously allocated to the City. The current estimated revenue for this tax (\$0.0777) is approximately \$500,000. The City is currently examining its alternative to restore the fiscal equity, including petitions for re-allocation of consolidated tax and legal remedies for the act that resulted in the fiscal inequity.

Adequate Facilities and Infrastructure: With the growth in Fernley, the City is working diligently to provide both adequate facilities for effective and efficient provision of City services and adequate infrastructure for appropriate development in the City. A project to expand City Hall was substantially completed during FY2007. Water and sewer rates, including rates charged to developers, increased significantly effective July 1, 2007, primarily to fund a new treatment plant but also to provide sufficient revenues for operations and capital improvements. Numerous public works projects for water, sewer, streets, and storm drains are either slated for construction in FY2008 or are in the planning stages for implementation according to the capital improvement plans. Acquisition and development of properties for parks are also ongoing. Funding for park acquisition and development of parks is primarily provided from a Residential Construction Tax implemented in FY2003. Future operation and maintenance costs will be provided through user and developer fees for water and sewer projects, through gas taxes for street and storm drain projects and through general fund revenues for parks projects. In addition, the City established certain "Landscape Maintenance Districts" to provide funds for park maintenance through assessments to property owners.

Summary of Personnel Changes: The growth in Fernley increases the demand for city services. The City is using proper planning, management, and technology to provide services effectively with minimal increases in authorized positions. However, the

City of Fernley Annual Budget For Fiscal Year 2007-2008

tremendous growth has resulted in the need to increase staffing to maintain existing levels of service. Several changes were made during FY2007 to reorganize City operations. These included a plan to transition from contracted City Attorney and Prosecutor service to an Office of the City Attorney staffed by City employees, moving Animal Control from the Administrative Services Department to the Parks and Recreation Department, and moving Municipal Court administrative functions from the Administrative Services Department to the Office of the City Clerk. The Administrative Services Department was changed to the Finance Department (Office of the City Treasurer) with an added position to address information technology needs. The following analysis shows the changes from the originally adopted FY07 budget to the FY08 budget, including interim changes made during FY07.

The FY08 contains new positions, eliminates certain positions and provides additional hours for existing positions all of which results in a net additional 4.75 Full Time Equivalents (FTE).

The new positions are:

- City Attorney (1 FTE)
- Legal Secretary (1 FTE)
- Information Technology Specialist (1 FTE)
- Office Assistant II in the City Manager's Office (0.5 FTE)
- Senior Maintenance Worker (1 FTE)
- Two Senior Public Works Workers (2 FTE)
- Court Clerk (1 FTE)

The eliminated positions are:

- Accounting Technician (0.50 FTE)
- Assistant/Associate Engineer (2 FTE) Previously authorized positions that were not filled or funded
- Seasonal Vector Control Workers (0.90 FTE)

Additional hours for existing positions are:

- Increase Office Assistant II (Recording Secretary) in the Clerk's office from half time to full time, an increase of (0.50 FTE)
- Increase Office Assistant II in the Clerk's office from 0.60 FTE to 0.75 FTE, an increase of (0.15 FTE)

Although the budget did not include all requests from departments, this budget has been discussed with department heads. This budget provides the necessary resources to accomplish our goals and to address issues associated with our high growth.

Records Management: The City retained a consultant to perform an analysis of the records management function in the City. The results of the analysis will be considered in future budgets, subject to availability of revenue, to fund records management operations.

Maintain minimum fund balances to protect the City's financial integrity: The projected ending fund balance for the General Fund at June 30, 2007 is approximately

City of Fernley Annual Budget For Fiscal Year 2007-2008

\$653,000. Of this amount approximately \$300,000 is designated for future improvements (money was collected from developers in lieu of construction a portion of the improvements) leaving a fund balance of \$353,000 for future operations. This available ending fund balance is approximately 9% of total annual expenditures or slightly more than one month of expenditures to provide sufficient cash for unexpected shortfalls in revenues or demands upon city resources. In addition to the General Fund balance, the projected ending fund balance for the Capital Fund is approximately \$1,546,479, ending fund balance for the Residential Construction Tax Districts is \$541,962 and the ending fund balance for the Grant Fund is approximately \$542,962. These fund balances are sufficient to protect the City's financial integrity. Total ending fund balance for all governmental fund types (excluding enterprise funds) is \$3,449,025.

Establish utility fees that meet the Utility funds operating, debt service, and depreciation expenses: The City of Fernley strives to set utility rates to fully recover the costs of providing the services. The City recently completed a water facilities plan and a sewer facilities plan. The City also created a capital improvement committee to examine public improvement needs over the next several years and to recommend both improvements and possible funding sources for improvements. The results of these plans were incorporated into a comprehensive rate study for utility operations, capital replacements, debt service and capital improvements related to growth. The results of the rate study allowed the City to established appropriate rates for both customers and developers. The Rate Schedule was approved, effective July 1, 2007. The revenue estimates in the budget are based on old rates, since the budget was completed prior to implementation of the new rates. The FY2008 budget will be amended to reflect the additional revenues from the rate increase. The City also plans to issue bonds over the next five years as indicated in the rate study to fund operations and planned capital improvements over the five year study period.

THE BUDGET IN BRIEF:

Revenues and "Other Financing Sources" for all funds are estimated at \$16 million in the FY07/08 budget. The City has significant cash balances (including proceeds from previous bond issues) that will be used for expenditures in FY2008, primarily for infrastructure improvements such as the new water treatment plant. Cash balances plus revenues and other financing resources total approximately \$84 million. Expenditures and other uses total \$74 million in the FY07/08 budget, primarily for capital expenditures associated with construction of a new water treatment facility.

The budget does not reflect the recent rate increase for water and sewer enterprise funds because the rate increase had not been enacted at the time the budget was finalized. After the budget is adjusted for rate increases, operating revenues will be sufficient to provide for operating expenses in the enterprise funds. Operating expenses in governmental type funds are covered by anticipated operating revenues.

MAJOR POLICY ISSUES/PROJECTS:

There are many issues that affected the development of this budget. These issues represent challenges and opportunities that will impact how Fernley develops over the next several years.

WATER AND SEWER INFRASTRUCTURE: The City completed its comprehensive plan and facility plans and implemented water and sewer rate increases in order to

City of Fernley Annual Budget For Fiscal Year 2007-2008

provide infrastructure for both current customers and future customers. The rates were established to provide a structure in which “growth pays for growth” and existing customers pay their fair share for operations, replacements, debt service and required facilities.

The new Federal regulations for water quality standards require the construction of a new water treatment facility. In the past, the City has been able to delivery water, within previous water quality standards, with only disinfection treatment. The new stringent standards, primarily related to removal of arsenic, require significantly more treatment of groundwater prior to delivery to the customer. Also, the City will need to begin to use its surface water rights, in addition to groundwater rights, to provide water to the growing customer base. The water treatment facility is designed to treat both surface and groundwater to maximize efficiency in treating water with different influent qualities. The \$50 million bond issue was completed to provide the funding to construct the new treatment facility. Construction is schedule to begin in the fall of 2007.

The City also is developing a system to deliver water that does not meet the new drinking water standards (non-potable water) to be used strictly for landscape irrigation and construction uses. The concept is to provide non-potable water at a lower cost to the customer through a separate delivery system and meter. This should reduce the overall cost to the customer and conserve the more costly treated water. This system is generally referred to as the “purple pipe” system or alternative water systems. An enterprise fund was established to provide a separate accounting for alternative water delivery systems, including alternative systems for construction water. The City intends to start the system in the last quarter of FY2008.

The five-year Capital Improvement Plan for water and sewer projects was an integral part of the water and sewer rate analysis and implementation. Several additional water and sewer projects were identified that are planned for construction over the next five years. There is a further discussion of water and sewer projects in the enterprise fund section of this report.

Residential construction activity declined in the past 18 months but commercial construction activity increased. The City intends to adjust the five-year capital improvement schedule, as needed to respond to increases and decreases in development activity. The City also intends to authorize bonds needed for the five-year period covered by the Capital Improvement Plan and to periodically issue bonds for projects.

Although the City will continue to face challenges in providing water and sewer infrastructure, the City has made great strides in facing these challenges and implementing plans to solve the challenges.

CREATION OF NEW REVENUE SOURCES: The City is proactively examining alternatives to generate revenue to replace revenue lost through property tax limitation, minimal revenue from consolidated tax, and lost property tax revenue in the Streets and Storm Drains fund. The City Council approved a plan to increase franchise/business license fees for public utilities as the first step in replacing these revenues. The City is involved in monitoring the legislative process for either some relief from property tax limitation or from proposed legislation that would further limit property tax revenue. The City is studying the possibility of creating an enterprise fund for storm drain systems. The City is also considering a voter approved “override” tax rate if plans to construct and

City of Fernley Annual Budget For Fiscal Year 2007-2008

operate a City Community Center move forward. The City formed a Capital Improvement Committee to begin the process of impact fees for streets. The City also intends to become more proactive in obtaining special appropriations or grants for certain projects.

There are still challenges ahead to provide a steady revenue stream so that City can provide services. The process for prioritizing services was very challenging due to limited revenues. Public safety, human resources, risk management, street maintenance, parks, and government relations were just some of the areas discussed in the budget that may require more funding in the future. New revenue sources are needed before expansion of services in these areas can be considered.

Although there are challenges in accomplishing this goal, the City has completed much of the groundwork needed to obtain the revenue. The City intends to diligently pursue this goal FY2008.

WATER DELIVERY & WATER RIGHTS PRESERVATION: There are ordinances and procedures in place that have some water rights protection value, however this area has been under attack for many years and recently has been in the spotlight. The recent adoption of the alternative water service provides a mechanism to protect our water resources and the challenge is the full implementation of a practical delivery system. Staff will continue to pursue various methods to retain water rights in the Fernley Basin and to implement more efficient ways of utilizing water.

STREET ISSUES: The City inherited streets after the City's incorporation (7/1/01) and therefore there are many issues to address relating to bringing some streets up to standard, including the concern about the existing non-maintained graveled roads. The establishment of the Streets Fund will help with identifying funds and carefully prioritizing the street improvements by addressing the most deficient streets sooner rather than later. The City prepared a comprehensive Streets Capital Improvement Plan, including a long term financing plan, in FY07 to address this issue. The City also established a Capital Improvement Plan advisory committee to address issue related to potentially implementing impact fees for streets. The City intends to continue to pursue a long term plan and impact fees for new development.

LEADERSHIP AND MANAGEMENT PROCESSES: The City of Fernley is at a critical stage in developing a stable structure for the success of the City government and improvement of the Fernley community long term. Strategic planning, organizational definitions, and community leadership will be critical elements in the success or failure of the City government over the next five years.

LONG-TERM FINANCIAL POLICIES: This budget has been prepared within the context of a long-term financial plan. The plan's goal is to identify resources in the General Fund that can be used to fund future capital projects without compromising funding for operations.

RESIDENTIAL AND COMMERCIAL DEVELOPMENT: Residential and commercial development in Fernley is important to the community and important to the City government. Quality development should lead to quality services to the growing community. The City must begin to address long term strategic plans for construction and maintenance of infrastructure. Since the legislature and the Governor approved the relocation of the Washoe County line to the north, several square miles of residential

City of Fernley Annual Budget For Fiscal Year 2007-2008

and commercial development will create many challenges to overcome and benefits for the City. The City will continue to evaluate all projects with the intent of requiring development to mitigate all impacts of their project, including bringing appropriate water rights or water delivery to their project.

CLOSING: The budget is presented according to recommended practice of the Government Finance Officers Association (GFOA). The format has allowed the Council and the public to better understand the budget and the budget process. The City's FY03/04, FY04/05, FY05/06 and FY06/07 budgets received the award (GFOA's "Distinguished Budget Presentation Awards Program") and we intend to present the final budget to GFOA for review and consideration. I would like to thank the department heads in their efforts to submit information for the budget. Once again, special thanks goes to Bonnie Duke, City Treasurer/Administrative Services Director for her efforts to complete this entire document. I look forward to working with the Mayor, City Council, Department Heads, and the community to achieve our goals.

Respectfully submitted,



Gary A. Bacock, City Manager

City of Fernley Annual Budget For Fiscal Year 2007-2008

Fernley City Hall Groundbreaking Ceremony



From left: Steve Brigman, Shaw Engineering, Project Manager; Jim Magrogan, United Construction Company, contractor; Torben Schroder, United Construction Company, contractor; David Stix, Jr., Mayor; Brad Van Woert, Sheehan Van Woert Bigotti Architects; Monte Martin, Councilmember; Ralph Menke, Councilmember; Rick Jones, Councilmember; Curt Chaffin, Councilmember; Joe Mortensen, Council member.

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

Introduction

Description of the Budget Document

The budget document is divided into several sections. The Introduction includes narratives about the budget document, a community profile, a description of the budget process, the fund structure, citywide policies, and an organizational chart. The Overview section contains general information about revenues, appropriations and other financing sources. Following the Overview section are sections for each fund type, beginning with the General Fund and followed by Special Revenues Funds, Capital Project Funds, and Enterprise Funds. Each section provides detailed information on revenues, expenditures, and work programs for each function. The Appendices section contains a salary schedule, a listing of approved positions, a table of assumptions of cost allocation of personnel costs, and a glossary of terms and acronyms.

Community Profile

Fernley recently experienced growth due to its location near the Reno-Sparks metropolitan area and its excellent transportation systems that provide access to west coast markets. Fernley is situated on Interstate 80, approximately 28 miles east of Reno, and at the intersection of U. S. Highways 40, 50, and alternate 95. Fernley also has rail (freight) access. Northern and Central California markets are reached overnight, while Los Angeles, San Francisco, Portland, Salt Lake City, and Las Vegas are all within a 500 mile radius. The growth led to increased demand for services as residential development increased in response to the industrial development. The City was incorporated effective July 1, 2001 to respond to the growth.

Fernley is a growing community of approximately 20,000 people and includes surrounding agricultural areas. Fernley was established in 1904 as primarily an agricultural and ranching community. The Truckee Canal is about 32 miles in length and was constructed as part of the Newlands Project (a federal Bureau of Reclamation project) in 1905. The canal was designed to carry 1,500 cubic feet per second of water from the Truckee River through Fernley and ultimately into the Lahontan Reservoir. The Truckee Canal provided water to allow ranching and farming. This also coincided with the development of the railroad. In 1905 the Fernley station was listed in the official railroad guide and in December 1913, grading started for the new Fernley Depot, which was completed in August of 1914. The Depot was in use until the Southern Pacific Railroad closed it in September of 1985. The Depot was purchased by the Fernley Preservation Society in January of 1986 and was moved to its present location on Main Street in September 1986. The City acquired the Depot from the Preservation Society and there is a management agreement between the City and the Preservation Society for operation of the Depot. Through donations, the labor of the community, and State and Federal grants, the Depot is being restored and will live on as a symbol of the community's rich history.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Fernley was established as a "township" in the 1930's with the Lyon County Board of Commissioners as the governing body for Fernley. In 1985, the citizens installed a self-governing "town board" separate from the Lyon County Board of Commissioners. Effective July 1, 2001, Fernley incorporated as a city and assumed additional functions. All matters of development and business go before either the Fernley City Council or the Fernley Planning Commission. The North Lyon County Fire Protection District provides fire protection services and a Volunteer Fire Department provides full-time paramedic services. The County provides a Sheriff Substation and the County Sheriff provides law enforcement within the City under an interlocal agreement between Lyon County and the City of Fernley. In October 2002, the City established separate municipal court operations. The County also provides certain services within Fernley such as operation of the Canal Township Justice Court, senior center, indigent programs, cemetery, public health nurse and library.

In the 1980's business and industry started to take hold in Fernley with the establishment of the first Industrial Park. The second major Industrial Park developed and today several companies have located facilities in Fernley, benefiting the community and leading the way into the future. Companies that have recently moved to, or opened facilities in Fernley include, Amazon.com, Trex Inc., Quebecor Printing, MSC Industrial Supply, Allied Signal, UPS Worldwide Logistics (Honeywell), ARE Campers, Johns Manville, Sherwin Williams, and Feldmeir Corporation, just to name a few.

Fernley is an easy 1/2 hour drive to the historic Fort Churchill, the Buckland Station (currently being restored), and a "Pony Express" station. Fernley is just an hour's drive to historic Native American Petroglyphs (east of Fallon) and Virginia City (to the southwest). Historic Ghost Towns and mine sites are all within a day's drive of Fernley. Fernley is close to outdoor activities such as hunting and fishing, including Lake Tahoe, Lahontan Reservoir, Pyramid Lake and Walker Lake. The Fernley Wildlife Management area joins Fernley on the east with the Truckee River canal on the west. Fernley has ten community parks that include tennis courts, basketball courts, a skate park, lighted baseball and softball fields, and rodeo grounds. The City is also applying for transfer of 2,246 acres of federal land for various public purposes. Off road adventures include a professional ATV racetrack, the Reno/Fernley Raceway, and a Paint Ball Gaming Facility. The 18-hole Desert Lakes Golf Course provides recreational opportunities and full services in the clubhouse. Fernley offers a high quality of life and includes an ample work force for labor, administration, and clerical positions.

The community is now experiencing development of services and businesses. Lowe's and Walmart are schedule to open stores in the first half of FY2008. Other service businesses and retail businesses are developing in Fernley.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Long-term Non-financial Goals and Objectives

The City of Fernley was incorporated in 2001 and faced numerous challenges in providing services in a high growth community. The population more than doubled in the first six years of the City's operations. The City encompasses over 160 square miles, with a majority of this area currently undeveloped. Real estate development initially was primarily residential with the majority of residents working in the Reno-Sparks metropolitan area. Recently, residential development has slowed and business development has grown. The City's long term goal is to develop Fernley as a "Great Place to Live Work and Play" through quality planning and decision making.

The major issues to be addressed to accomplish the City's long term goals are: sustained and controlled growth, adequate infrastructure, provision of effective and efficient City services at appropriate service levels, public safety, recreational and cultural opportunities, and development of adequate funding sources to accomplish the goal.

Objectives that must be met in order to achieve these goals include: planning and foresight in policies for real estate development, updates in comprehensive plans and facility plans to provide adequate infrastructure, documentation and performance measurement for City services, coordination of public safety with other entities that currently provide the majority of public safety functions, development of recreational and cultural facilities and events, and implementation of necessary rate increases for enterprise fund operations, and development of new funding sources to provide necessary funding for sustained growth in operations other than enterprise funds.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Budget Process and Calendar of Events

The budget process generally begins in January with a general overview of the financial condition of the City and a projection of revenues for the coming year, considering economic conditions. The City Council outlines general budget policies and goals and budget preparation packets are distributed to department heads and others involved in submitting budget requests. Budget requests are submitted to the City Manager with a copy to the City Treasurer/Finance Director.

The City Manager and the Finance Director then review each request and meetings are held with each person submitting a request to review programs and clarify requests. The City Manager and Finance Director then compile all requests into a single recommended budget document to be considered in budget workshops of the City Council. A separate document in the format required by the Nevada State Tax Commission (the Tentative Budget) is filed by April 15 containing the basic financial information included in the City Manager's Recommended Budget. Following budget workshops, changes may be made to the City Manager's Recommended Budget for consideration in the public hearing on the budget. The public hearing is held on the third Tuesday in May according to State statute. The City Council directs the City Manager and Finance Director to make final adjustments to the budget following public hearings. The City Council must adopt the final budget by the end of May. The final budget document and the final document in the format required by the Nevada State Tax Commission are issued by June 1.

Developing the projected revenues used in the budget is a dynamic process. The Nevada State Tax Commission prepares preliminary revenue estimates for certain revenues in mid-February. The Tax Commission issues final revenue estimates in mid-March. City staff members prepare estimates of other revenues such as building and planning fees, business license fees, franchise fees, and miscellaneous revenues.

After the budget has been approved, the City Council may change the budget for governmental fund types in the following ways:

1. **For changes between expenditure line items within a single function:**
The individual with budget responsibility sends a memorandum to the City Manager requesting adjustments between line items. The total appropriation (the "bottom line") cannot be increased through this process. The number of positions, salaries, wages, and employee benefits cannot be changed through this process. However, reduction in personnel line items (due to unfilled positions, for example) can be used to increase non-personnel line items. If the request is in order, the City Manager approves the request and the line item adjustments are read into the record at the next City Council meeting. The Finance Department then records the budget adjustments in the computerized accounting system and, if necessary, files the changes with the Nevada Department of Taxation.

City of Fernley Annual Budget For Fiscal Year 2007-2008

2. For changes in expenditure line items between departments that do not increase total appropriations:

Budget modifications between departments (cost centers) must be accomplished through a resolution duly adopted by the City Council. The individual with budget responsibility submits a request to the City Manager. The City Manager and Finance Director review the request. If the request is in order, the Finance Department prepares a draft resolution for presentation to the City Council. Upon adoption of the resolution, the Finance Department records the budget adjustments in the computerized accounting system and amends the budget filed with the Department of Taxation. As long as total appropriations are not increased, the resolution does not require advertising as an “augmentation.”

3. For changes in total appropriations when new sources of funds are identified:

Budget adjustments that increase the total appropriation for a particular fund must be accomplished through a process known as “Budget Augmentation” as defined in Nevada Revised Statutes. The Budget Augmentation must be accomplished through a resolution of the City Council following proper advertisement and public hearing. The Budget Augmentation process is commonly used for appropriation of grant proceeds, final audited fund balances greater than anticipated or other money received that was not anticipated in the original budget. The Budget Augmentation resolution must identify the source of funds for the increased appropriation. The individuals with budget responsibility submit a request to the City Manager. The City Manager and the Finance Department review the request. If the request is in order, the Finance Department prepares the resolution and the advertisement for the resolution. The item is placed on the City Council agenda for public hearing, review and approval. Upon adoption of the resolution, the Finance Department records the budget adjustments in the computerized accounting system and amends the budget filed with the Department of Taxation.

The following calendar summarizes the events for the Fiscal 2007-2008 budget year:

Jan. 10, 2007	Wednesday	City Manager review and approval of budget instruction manual
Jan. 10, 2007	Wednesday	Distribution of Budget Request Instruction Manual to Department Heads
Feb. 7, 2007	Wednesday	Regular City Council Meeting to discuss required 2-20-07 notification to Department of Taxation of proposed tax rate changes.
Feb. 14, 2007	Wednesday	Last Day for Quarterly Economic Survey 2 nd Quarter FY07
Feb. 15, 2007	Thursday	Dept of Taxation provides Preliminary Revenue Projections Package
Feb. 20, 2007	Tuesday	Last day for City to notify Department of Taxation about proposed tax rate changes.
Feb. 20, 2007	Tuesday	Deadline for Submission of Budget Requests to City Manager and Finance Director.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Feb. 21 – 28, 2007	Wed. – Wed.	City Manager and Finance Director read all submissions and prepare outline for a recommended budget and prepare for meetings with departments.
Mar. 1 – Mar 9, 2007	Thurs. – Fri.	City Manager and Finance Director meet with departments to review and make determinations for inclusion in the recommended budget
Mar. 1, 2007	Thursday	Governor certifies population for distribution of Cigarette, Liquor, Basic City/County Relief Tax and Gasoline Tax. (NRS 370.260; 369.173; 377.055(3); and 360.285)
Mar. 1, 2007	Thursday	Assessor files tax roll with the State Board of Equalization and the Segregation of Property report with the Department of Taxation
Mar. 15, 2007	Tuesday	Dept of Taxation provides final Revenue Projections Package, specifically for motor vehicle fuel tax and consolidated tax
Mar. 21, 2007	Wednesday	Regular City Council Meeting. Designation of auditor or auditing firm must be made no later than three months prior to the close of the fiscal year. Dept of Taxation is to be notified of the designation (NRS 354.624)
April 2, 2007	Monday	Issuance of final recommended budget and recommended Five-Year Capital Improvement Plan to Mayor, City Council, departments and other interest parties for preparation for the budget workshops
Apr. 9 - 13, 2007	Mon - Fri	1 st Session of Workshops (Date and Time to be determined)
Apr. 16, 2007	Monday	Tentative Budget Submitted to Dept of Taxation (NRS354.596)
Apr. 18, 2007	Wednesday	Regular City Council Meeting. (Possible further budget workshops)
Apr. 25 - 27, 2007	Mon. – Fri.	2 nd Session Workshops (Date and Time to be determined)
May 7 – May 11, 2007	Mon. – Fri.	Other workshops, as needed. (Sessions 3, 4, etc.)
May 2 & 9, 2007	Wednesday	Notice of public hearing published for tentative City budget (NRS 354.596)
May 15, 2007	Tuesday	Public Hearing-Tentative City Budget (3 rd Tuesday in May NRS 354.596) Final Budget, as amended, adopted by the City Council. Council members authorized to sign final document.
May 31, 2007	Thursday	Final Budget Filed with Dept. of Taxation (NRS 354.598)
July 31, 2007	Friday	Indebtedness Report, Capital Improvement Plan and Debt Management Policy due to Department of Taxation

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Fund Structure and Budget Basis

The accounts of the City of Fernley are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in this report into fund types with four broad categories as follows. The following numbering system is standard in governmental accounting:

Governmental Funds:

General Fund (Fund 100): The General Fund is the general operating fund for the City. This fund accounts for all transactions not recorded in other funds and receives financial support from such sources as property taxes, sales taxes, fees, and intergovernmental revenues. Expenditures are authorized in the General Fund budget and include areas such as general government, community development, judicial, parks, and others.

Special Revenue Funds (Funds 200-299): Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Project Funds (Funds 300-399): Capital project funds account for financial resources used for the acquisition or construction of capital projects. These funds are often used to set aside money for projects identified in the Capital Improvement Plan.

Debt Service Funds (Funds 400-499): Debt Service Funds are used to account for the payment of principal and interest on certain general obligation debt, if a debt service fund is required in the bond covenants. Debt service for enterprise funds is accounted for within the enterprise fund.

Proprietary Funds:

Enterprise Funds (Funds 500-599): Enterprise funds are used to account for the revenues earned, expenses incurred, and net income for business-type functions. These businesses are financed from fees paid by the users of the systems.

Internal Service Funds (600-699): Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Fiduciary Funds:

Trust and Agency Funds (Funds 700-799): Trust and Agency Funds are used to account for money that “passes through” the City or that is otherwise outside of the control of the City Council.

The City of Fernley maintains capital assets records and other records necessary to convert the fund financial statements to the full accrual method for the government wide statements. The City does not maintain “account groups” for General Fixed Assets or General Long Term debt.

The basis for budgeting is Generally Accepted Accounting Principles. The City adopted Governmental Accounting Standards Statement #34 in FY2003/2004. The City does not budget at the government wide financial statement level. The funds in the budget are prepared according to Generally Accepted Accounting Principles for the fund financial statements. In the General Fund, Special Revenue Funds, and Capital Project Fund, the budget is based on the current financial resources measurement focus and the modified accrual basis of accounting. In the Enterprise funds, the budget is based on the economic resources measurement focus and the accrual basis of accounting.

Debt Management Policy

The City of Fernley’s policy is to maintain manageable debt limits through proper planning of projects and identification of sources of revenues for debt repayment without compromising revenue allocated to on-going operations.

As of June 30, 2007, the City had \$51,282,780 of general obligation revenue supported debt outstanding. The City’s general obligation revenue supported debt is paid from water and sewer systems revenue. The City is currently in the process of obtaining authorization for an additional \$50,000,000 of general obligation revenue supported debt which it anticipates issuing over the next two years. This additional debt will be used to provide infrastructure for the City’s water and sewer systems. The City presently has approximately \$103,266,904 of statutory debt limit available.

The City also has installment purchase debt outstanding in the amount of \$4,842,000. The installment purchase is paid from general fund resources and is not considered general obligation debt.

The City of Fernley does not currently have specific plans for proposed future general obligation debt beyond the amounts described above. However, the City Council may develop a Community Center project in the future and may consider general obligation debt as a means of financing the project. The City created a capital fund to finance future capital projects, including future debt service for projects. The City may seek other sources of funding, such as room tax revenues, for repayment of any debt that may be incurred.

City of Fernley Annual Budget For Fiscal Year 2007-2008

The City of Fernley is limited in the debt that may be incurred as follows:

FY2008 Assessed Valuation	\$681,831,281
30% of Assessed Valuation (NRS 266.600(4))	\$204,549,384
Outstanding General Obligation Debt	\$51,282,780
Proposed General Obligation Debt	\$50,000,000
Legal Debt Margin	\$103,233,904

Projected cash flow to repay debt is also an important factor in debt capacity.

Use fees in the Water and Sewer Enterprise Funds are used to repay the general obligation revenue supported debts. The City recently enacted increases in water and sewer rates to provide cash flow for debt repayment as well as operating and capital expenditures.

The City completed medium term obligation financing in the amount of \$5 million for construction of an expansion to City Hall. The medium term financing involved an Installment Purchase Agreement. The collateral for the Installment Purchase Agreement is pledged revenue in the City's general fund and a security interest in the property. The Installment Purchase Agreement contains a non-appropriation clause that extinguishes if the City Council fails to appropriate funds for repayment. The agreement allows the lender to pursue repayment from the secured property if the City Council does not appropriate money for repayment. The total project cost of \$7 million was funded from the \$5 million medium term obligation and \$2 million in cash from the Capital Fund. The medium term obligation is not considered general obligation debt for purposes of the statutory debt limit.

The City issued \$50 million in general obligation revenue supported debt issued in March 2007 for water and sewer projects. Bond proceeds in the amount of \$5.5 million will be used for a sewer interceptor project and \$44.5 million will be used for a new water treatment plant and associated systems to convey water to and from the new treatment facility.

It is the policy of the City of Fernley to retain qualified financial advisors and bond counsel when contemplating any new debt issuance to obtain the appropriate type of funding at favorable rates. The City of Fernley will identify the expected sources of funds for debt repayment for either general obligation debt that may be repaid from property taxes or revenue obligations that may be repaid from other sources such as use fees.

Capital Improvement Plan

The City of Fernley prepares as Five Year Capital Improvement Plan that is attached as Appendix D. This plan involves projections of available monies for capital projects as well as operation and maintenance of capital projects. A listing of capital projects for the current fiscal year is included under the heading "Capital Expenditure Summary." The major capital expenditure items relate to either streets or utility operations.

City of Fernley Annual Budget For Fiscal Year 2007-2008

The City recently organized a Capital Improvements Committee to specifically examine and make recommendations regarding public improvements and funding of specific improvements. The results of the Capital Improvements Committee may be used to implement impact fees, special assessment districts, or other methods to finance the necessary infrastructure improvements. The Capital Improvements Committee is specifically required for implementation of impact fees. The results of the committee will be incorporated into the citywide capital improvements plan required by statute.

The City currently uses gas tax, intergovernmental revenue from Lyon County, and transfers from the General Fund to maintain streets and to repair or reconstruct streets. Reconstruction of streets will improve the condition of the street and initially decrease maintenance costs for the street. The City currently does not maintain gravel roads within the City limits. New developments are required to improve streets to City standards before the streets will be accepted into the maintenance program. Maintenance costs for City streets and gravel roads within the City limits will continue to be a challenge. The City will continue to examine alternatives for funding on-going maintenance of streets and may not accept streets into the maintenance system if funding is not available.

The operation and maintenance costs associated with the capital improvements in the water and sewer enterprise funds were addressed in the recent rate increases. The costs associated with unfunded mandates such as arsenic removal have a significant impact on rates for the water and sewer utilities. The City intends to review water and sewer rates annually and to set rates at the proper levels to provide adequate funding for operations, capital expansion, and capital replacements.

The operation and maintenance costs associated with capital improvements other than water and sewer operations must be provided from other funding sources such as property taxes, consolidated tax, and franchise or business license fees. Limitations on these revenues sources provides greater challenges in providing a constant revenue stream to maintain new improvements such as city parks, streets, and storm drains. The City Council approved a plan to increase franchise/business license fees for public utilities doing business within the City as the first step to raise additional revenue for operation and maintenance cost of City facilities.

Performance Measurements

The City Council holds workshops in July of each year to discuss performance during the prior fiscal year and goals and objectives for future years. Following the City Council workshops, the City publishes a qualitative performance measurement document that details the results and performance during the prior year of operation and discusses the goals established in the budget and longer-term goals for future years. This document also discusses projects that occurred during the year that were not anticipated in the original budget together with an explanation of how the projects were completed within available resources. Currently, qualitative measures of performance include methods

City of Fernley Annual Budget For Fiscal Year 2007-2008

developed to cope with the City's significant growth without major bottlenecks. The City has been successful in bringing new functions online without major surprises. The City has not established formal quantitative performance measurement standards. The City may establish more formal quantitative performance measures as the City further develops.

Financial and Program Policies

The Fernley City Council has the responsibility to set the budget and establish tax rates for City operations. The Fernley City Council then is responsible for monitoring the budget throughout the year and establishing systems to safeguard City assets.

The City uses a fund accounting system as recommended by the National Council on Governmental Accounting. Fund accounting is needed to demonstrate compliance with regulations governing funding sources. Depending on the fund type, the basis of accounting may be different. The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The budgetary basis is the same as Generally Accepted Accounting Principles (GAAP). Formal budgetary integration is employed as a management control device during the year. Encumbrance accounting is used for major purchases through a computerized purchase order system that interfaces with the Accounts Payable and General Ledger modules.

Major financial policies are listed below.

Efficient Safeguarding of Assets: Management of the City of Fernley is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Proper authorization is required for encumbrance or expenditure of funds. The proper department must have adequate appropriation available prior to approval of the purchase. The City does not currently use a centralized purchasing function and has not adopted purchasing policies more stringent than state law. Per state law, at least two documented quotes must be attached to purchases between \$5,000 and \$10,000 and the City Manager is authorized to sign contracts under \$10,000. Either formal bids or advertising of intent to award a bid are required for purchases between \$10,000 and \$25,000 per NRS 332.039 and the City Council must formally award the bid. Purchases exceeding \$25,000 must be advertised and competitively bid. Splitting of orders, allowance for non-monetary items, or any other practices that might be construed as circumventing the purchasing process are unacceptable. Management is also responsible for adequately addressing risk and insurance issues to efficiently safeguard City assets.

Fund Balances and Contingencies: The City general fund balance should be maintained at an amount equivalent to between one and two months of projected annual expenditures (equivalent to between 8% and 17%). The projected annual expenditures before transfers and contingency for the general fund are approximately \$4 million; therefore the targeted ending fund balance for the general fund is between \$320,000 and

City of Fernley Annual Budget For Fiscal Year 2007-2008

\$680,000. The contingency account in the general fund should be established at 3% of projected annual expenditures, the maximum contingency allowed under State of Nevada statutes. Approximately \$300,000 of the amount in fund balance was collected from developers for use in future projects, therefore, the projected fund balance of approximately \$653,193 less the \$300,000 earmarked for projects is consistent with this policy.

Balanced Budget: The annual budget should be balanced with current revenues equal to or greater than current expenditures/expenses. The primary mechanisms, in order of priority, for balancing the budget are (1) improve productivity, (2) improve revenues (3) establish fees consistent with the cost of providing the service, (4) reduce programs (5) use fund balances in excess of target amounts, and, lastly, (6) maximize property tax rates when external constraints control these revenues.

Tax Rate: The tax rate should be set at a rate adequate to produce revenues needed to pay for City services, as approved by the City Council, and to provide a stable revenue source. Major legislative changes in property tax limitation have limited the amount of revenue the City will receive from property taxes. Therefore, the levy set by the City Council is *not* the major determinant of property tax revenue that the City will actually receive. The property tax limitation legislation had the unintended affect (sometimes referred to as a “perverse incentive”) of providing an incentive for each local government to levy the maximum rate available. In this Budget, the tax rate for FY2007/2008 is increased to the maximum available. Although this increase will not produce a significant amount of additional revenue, the City must have a funding source for new services, specifically vector control, animal control and added park properties. The tax rate has remained unchanged for many years.

General and Administrative Charges: Full cost accounting should be used to allocate costs to various funds, including general and administrative services such as management, finance, personnel, and use of facilities. The budget continues the past practice of allocating facility costs to enterprise funds as “building rent” but eliminates the practice of the enterprise funds paying certain costs (gas, electric, etc.) and deducting these costs from the “rent”. All costs of maintaining City Hall are now included in the General Fund so that costs can be appropriately monitored. The enterprise funds include an allocation of other costs such as management, finance, and personnel. Full cost accounting is also an important element in establishing user charges to cover the full cost of enterprise fund services. The growth in the number of funds and volume of transactions in the City will likely require the City to change the method of allocation of overhead to various funds. This project may be considered in FY08.

Capital Improvement Plan: The City will establish an annual process to plan, prioritize and identify financing for replacement of existing capital that is worn out or to create new capital projects. New capital projects or programs will not be implemented until a plan for financing the operation and maintenance of the project or program is identified and quantified. The Capital Fund includes a budget to prepare a more formal CIP with more financial projections and a more in depth analysis of funding alternatives to establish prudent public policy and to determine sources of funds for capital expenditures.

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Investments: Investments made by the City will be in conformance with State statutes and any investment policies that may be adopted by the City Council. All investments will address safety, liquidity, and yield. Interest earned from investment of available cash will be distributed to funds according to the average balance according to “ownership” of each fund in the total invested cash. Investments should be adequately collateralized.

Utility Rates: The City will periodically review utility rates and establish rates that will generate revenues adequate to cover operating expenses, debt service, and capital replacements/expansions in the water distribution and sewage collection systems. The water and sewer rates were increased effective July 1, 2007 and will be increased for each of the next four fiscal years.

Specific financial and operational policies for the FY2007/2008 budget year are listed below:

Improve productivity through use of technology and leadership: The City was faced with numerous challenges upon incorporation. It is critical for the City to establish systems in which employees can be productive and proud of their accomplishments. Adequate technology, training, and organizational leadership are critical in achieving productivity improvements. The City began a project in FY03/04 to logically approach this through a needs assessment, plan, budget, and implementation schedule. The first phase of the plan was implemented in FY04/05 and subsequent phases have occurred each fiscal year.

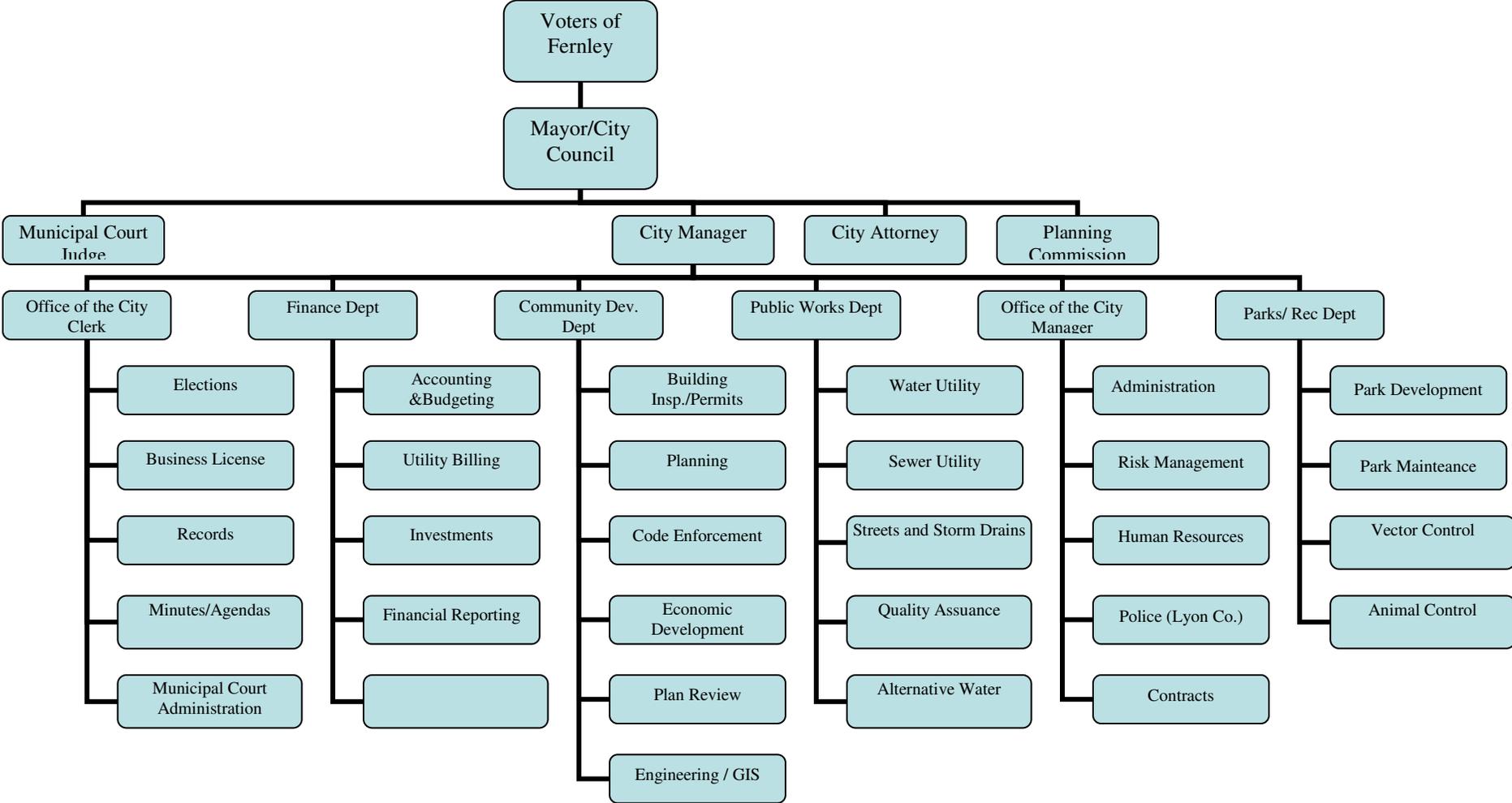
Fully explore alternatives for certain services: The City was forced to critically examine each service provided and thoroughly explore alternatives for providing services as efficiently as possible due to limited resources at the July 1, 2001 incorporation. The City simply had to find better, more efficient ways to conduct business. The City will be outsourcing some park maintenance functions to explore the cost/benefit ratio for outsourcing this service. The City will also be analyzing alternatives for the animal control function to determine the desired level of service, the delivery method and the costs of alternatives.

Pursue other funding sources: The City will pursue other sources of funding, such as grants, to improve services to the community. The City may also examine alternatives for increase the business license fee for public utilities or for franchise fees.

Full Funding of Estimated Leave Payoff at Termination: Prior budgets of the City and Town did not include a provision for potential cash due to employees for certain accrued leave payable at termination of employment. Under the City’s personnel rules, accrued vacation and, in some cases, a portion of accrued sick leave are payable at termination and represent an unfunded liability. In addition, recent changes to the personnel rules allow for cash out prior to termination of certain annual leave and conversion of excess sick leave to annual leave. The budget provides for potential payoffs based on accrued amounts.

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

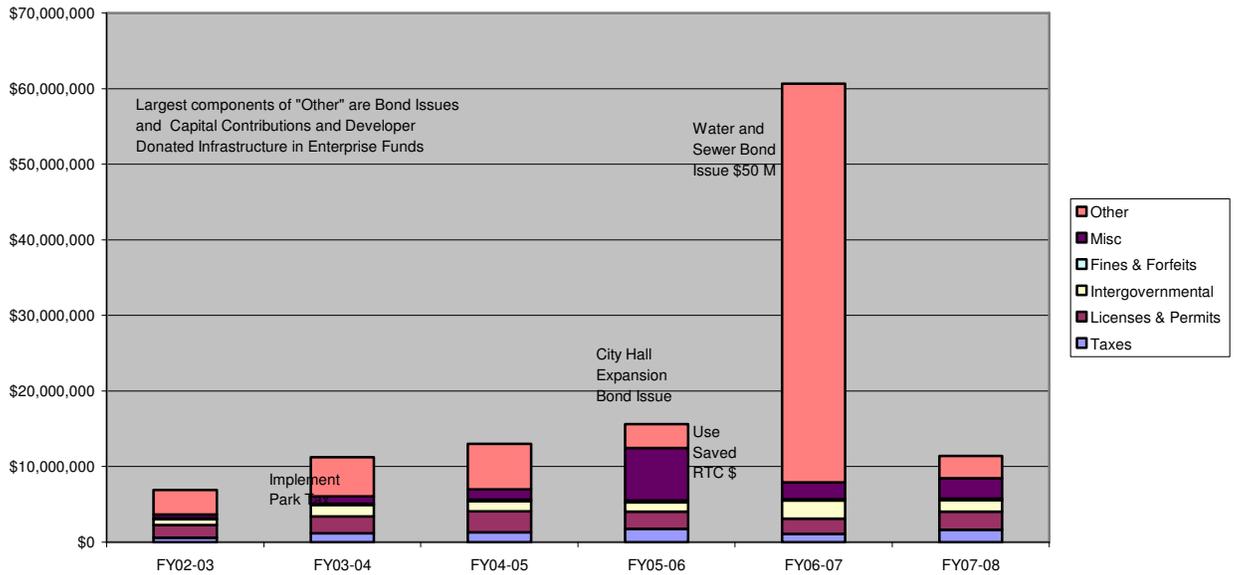
City of Fernley Organizational Chart



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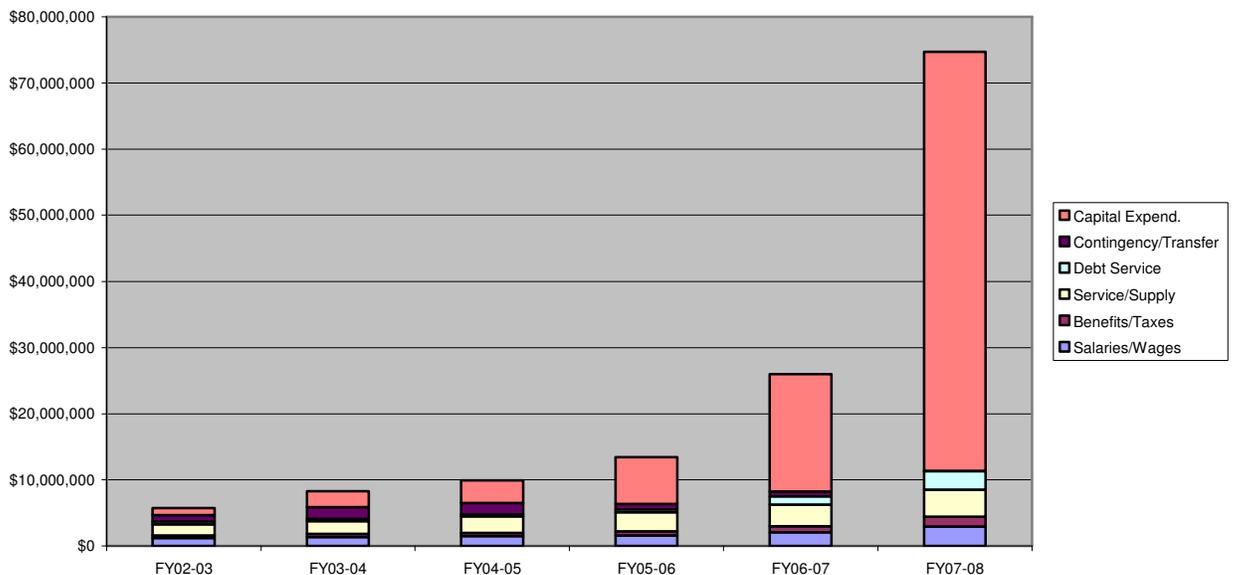
Overview Budget Summary-All Funds

A six fiscal year history of citywide funding sources is shown in the following graph.



Analysis

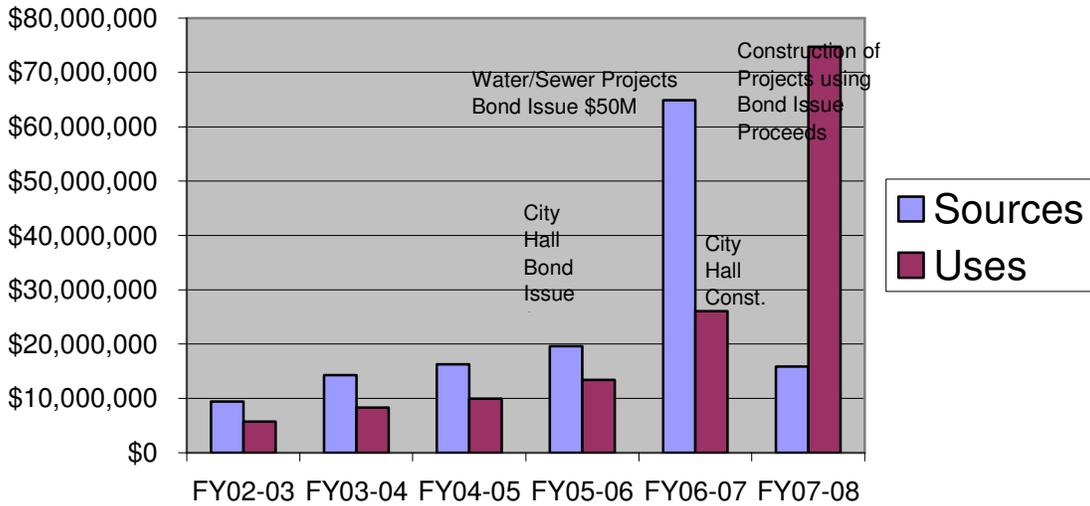
A six fiscal year history of citywide uses of funds is shown in the following graph.



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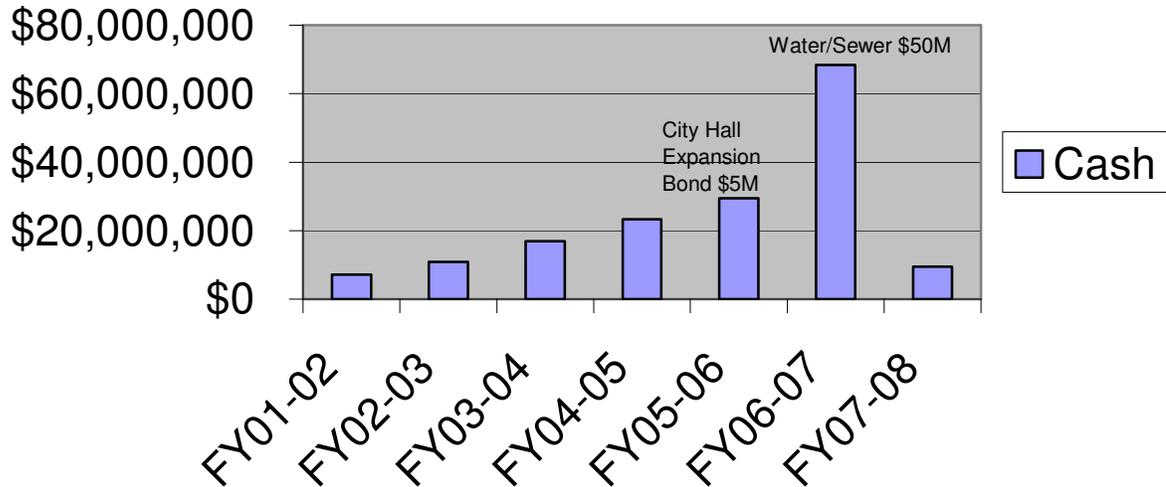
Analysis: The large increase in FY07-08 is primarily due to projected capital expenditures for a new water treatment facility to comply with more stringent standards for water.

A six fiscal year history of total citywide sources and uses of funds is shown in the following graph.



A six fiscal year history of total citywide cash balances is shown in the following graph.

Cash



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Total citywide sources and uses of cash for **FY2002/2003** are shown in the following table.

FY02-03	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Funding Sources					
Taxes	374,654	210,804			585,458
Licenses and Permits	1,724,743	0			1,724,743
Intergovernmental Resources	708,336	40,000			748,336
Charges for Services	0			2,497,055	2,497,055
Fines and Forfeits	104,330	24,174			128,504
Miscellaneous	51,734	1,272	2,143	427,172	482,321
Other Financing Sources	0	150,000	800,000	2,297,417	3,247,417
Total Revenue & Other Financing Sources	2,963,797	426,250	802,143	5,221,644	9,413,834
Beginning Fund (Cash) Balance	777,416	17,234	0	6,435,281	7,229,931
Total Available Resources	3,741,213	443,484	802,143	11,656,925	16,643,765
Funding Uses					
General Government	475,065				475,065
Judicial	118,839	25,958			144,797
Public Works	517,855	0		2,449,634	2,967,489
Community Development	301,269		73,948		375,217
Culture and Recreation	229,550	108,127			337,677
Health	40,828				40,828
Debt Service	95,431			339,004	434,435
Other Uses	950,000				950,000
Total Expenditures and Other Uses	2,728,837	134,085	73,948	2,788,638	5,725,508
Ending Fund (Cash) Balance	1,012,376	309,399	728,195	8,868,287	10,918,257
Total Fund Commitments and Fund (Cash) Balances	3,741,213	443,484	802,143	11,656,925	16,643,765
	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Salaries and Wages	652,814	0		548,776	1,201,590
Payroll Taxes and Benefits	222,901	0		187,819	410,720
Service and Supplies	570,030	18,317		1,105,109	1,693,456
Capital Expenditures	237,661	115,768	73,948	607,930	1,035,307
Debt Service	95,431			339,004	434,435
Contingency & Transfer	950,000				950,000
Total Uses by Object	2,728,837	134,085	73,948	2,788,638	5,725,508

City of Fernley Annual Budget For Fiscal Year 2007-2008

Total citywide sources and uses of cash for **FY2003/2004** are shown in the following table.

FY03-04	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Funding Sources					
Taxes	427,738	762,860			1,190,598
Licenses and Permits	2,230,728	10,901			2,241,629
Intergovernmental Resources	192,492	1,327,968			1,520,460
Charges for Services	0			3,050,237	3,050,237
Fines and Forfeits	141,028	29,808			170,836
Miscellaneous	78,861	6,740	8,480	869,741	963,822
Other Financing Sources	0	1,000,000	776,830	3,348,794	5,125,624
Total Revenue & Other Financing Sources	3,070,847	3,138,277	785,310	7,268,772	14,263,206
Beginning Fund (Cash) Balance	1,012,376	309,399	728,195	8,868,287	10,918,257
Total Available Resources	4,083,223	3,447,676	1,513,505	16,137,059	25,181,463
Funding Uses					
General Government	530,474				530,474
Judicial	151,937	2,577			154,514
Public Works	0	1,074,135		2,869,496	3,943,631
Community Development	421,771		14,323		436,094
Culture and Recreation	365,773	682,838			1,048,611
Health	48,395				48,395
Debt Service	0			331,797	331,797
Other Uses	1,772,553				1,772,553
Total Expenditures and Other Uses	3,290,903	1,759,550	14,323	3,201,293	8,266,069
Ending Fund (Cash) Balance	792,320	1,688,126	1,499,182	12,935,766	16,915,394
Total Fund Commitments and Fund (Cash) Balances	4,083,223	3,447,676	1,513,505	16,137,059	25,181,463
	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Salaries and Wages	670,804	99,363		564,603	1,334,770
Payroll Taxes and Benefits	254,990	40,268		251,943	547,201
Service and Supplies	525,871	194,264		1,185,896	1,906,031
Capital Expenditures	66,685	1,425,655	14,323	867,054	2,373,717
Debt Service	0			331,797	331,797
Contingency & Transfer	1,772,553				1,772,553
Total Uses by Object	3,290,903	1,759,550	14,323	3,201,293	8,266,069

City of Fernley Annual Budget For Fiscal Year 2007-2008

Total citywide sources and uses of cash for **FY2004/2005** are shown in the following table.

FY04-05	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Funding Sources					
Taxes	491,820	825,006			1,316,826
Licenses and Permits	2,765,687	31,278			2,796,965
Intergovernmental Resources	203,299	1,151,222			1,354,521
Charges for Services	0			3,272,365	3,272,365
Fines and Forfeits	144,407	30,760			175,167
Miscellaneous	124,430	38,007	30,176	1,159,236	1,351,849
Other Financing Sources	0	550,000	1,140,000	4,348,156	6,038,156
Total Revenue & Other Financing Sources	3,729,643	2,626,273	1,170,176	8,779,757	16,305,849
Beginning Fund (Cash) Balance	792,320	1,688,126	1,499,182	12,935,766	16,915,394
Total Available Resources	4,521,963	4,314,399	2,669,358	21,715,523	33,221,243
Funding Uses					
General Government	595,297				595,297
Judicial	170,595	1,273			171,868
Public Works	0	1,281,068		3,778,222	5,059,290
Community Development	669,105		167,229		836,334
Culture and Recreation	397,853	729,086			1,126,939
Health	124,091				124,091
Debt Service	0			332,212	332,212
Other Uses	1,690,000				1,690,000
Total Expenditures and Other Uses	3,646,941	2,011,427	167,229	4,110,434	9,936,031
Ending Fund (Cash) Balance	875,022	2,302,972	2,502,129	17,605,089	23,285,212
Total Fund Commitments and Fund (Cash) Balances	4,521,963	4,314,399	2,669,358	21,715,523	33,221,243
	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Salaries and Wages	931,695	99,889		450,566	1,482,150
Payroll Taxes and Benefits	338,936	39,372		171,261	549,569
Service and Supplies	639,542	286,174		1,522,377	2,448,093
Capital Expenditures	46,768	1,585,992	167,229	1,634,018	3,434,007
Debt Service	0			332,212	332,212
Contingency & Transfer	1,690,000				1,690,000
Total Uses by Object	3,646,941	2,011,427	167,229	4,110,434	9,936,031

City of Fernley Annual Budget For Fiscal Year 2007-2008

Total citywide sources and uses of cash for **FY2005/2006** are shown in the following table.

FY05-06	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Funding Sources					
Taxes	590,127	1,197,822			1,787,949
Licenses and Permits	2,231,632	40,071			2,271,703
Intergovernmental Resources	242,754	988,978			1,231,732
Charges for Services	0			4,009,287	4,009,287
Fines and Forfeits	192,646	35,778			228,424
Miscellaneous	289,389	309,154	5,195,809	1,184,106	6,978,458
Other Financing Sources	0	0	850,000	2,266,195	3,116,195
Total Revenue & Other Financing Sources	3,546,548	2,571,803	6,045,809	7,459,588	19,623,748
Beginning Fund (Cash) Balance	875,022	2,302,972	2,502,129	17,605,089	23,285,212
Total Available Resources	4,421,570	4,874,775	8,547,938	25,064,677	42,908,960
Funding Uses					
General Government	717,355				717,355
Judicial	163,631	5,533			169,164
Public Works	0	2,293,389		5,605,415	7,898,804
Community Development	837,307		515,459		1,352,766
Culture and Recreation	537,507	1,177,538			1,715,045
Health	275,985				275,985
Debt Service	94,789			334,420	429,209
Other Uses	850,000				850,000
Total Expenditures and Other Uses	3,476,574	3,476,460	515,459	5,939,835	13,408,328
Ending Fund (Cash) Balance	944,996	1,398,315	8,032,479	19,124,842	29,500,632
Total Fund Commitments and Fund (Cash) Balances	4,421,570	4,874,775	8,547,938	25,064,677	42,908,960
	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Salaries and Wages	1,221,480	92,561		306,283	1,620,324
Payroll Taxes and Benefits	400,436	38,794		210,914	650,144
Service and Supplies	835,570	250,749		1,754,659	2,840,978
Capital Expenditures	74,299	3,094,356	515,459	3,333,559	7,017,673
Debt Service	94,789			334,420	429,209
Contingency & Transfer	850,000				850,000
Total Uses by Object	3,476,574	3,476,460	515,459	5,939,835	13,408,328

City of Fernley Annual Budget For Fiscal Year 2007-2008

Total citywide sources and uses of cash for **FY2006/2007** are shown in the following table.

FY06-07	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Funding Sources					
Taxes	934,000	176,000			1,110,000
Licenses and Permits	2,008,500	16,000			2,024,500
Intergovernmental Resources	275,345	2,133,348			2,408,693
Charges for Services	0			4,200,500	4,200,500
Fines and Forfeits	140,500	36,000			176,500
Miscellaneous	205,278	55,200	300,000	1,656,000	2,216,478
Other Financing Sources	0	565,000	135,000	52,036,739	52,736,739
Total Revenue & Other Financing Sources	3,563,623	2,981,548	435,000	57,893,239	64,873,410
Beginning Fund (Cash) Balance	944,996	1,398,315	8,032,479	19,124,842	29,500,632
Total Available Resources	4,508,619	4,379,863	8,467,479	77,018,081	94,374,042
Funding Uses					
General Government	990,050				990,050
Judicial	201,550	5,000			206,550
Public Works	0	2,145,895		12,900,100	15,045,995
Community Development	753,300		5,800,000		6,553,300
Culture and Recreation	645,020	198,000			843,020
Health	400,150				400,150
Debt Service	378,400			886,436	1,264,836
Other Uses	565,000	135,000			700,000
Total Expenditures and Other Uses	3,933,470	2,483,895	5,800,000	13,786,536	26,003,901
Ending Fund (Cash) Balance	575,149	1,895,968	2,667,479	63,231,545	68,370,141
Total Fund Commitments and Fund (Cash) Balances	4,508,619	4,379,863	8,467,479	77,018,081	94,374,042
	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Salaries and Wages	1,188,100	122,200		786,900	2,097,200
Payroll Taxes and Benefits	554,400	41,595		326,200	922,195
Service and Supplies	1,153,470	390,100		1,700,600	3,244,170
Capital Expenditures	94,100	1,795,000	5,800,000	10,086,400	17,775,500
Debt Service	378,400			886,436	1,264,836
Contingency & Transfer	565,000	135,000			700,000
Total Uses by Object	3,933,470	2,483,895	5,800,000	13,786,536	26,003,901

City of Fernley Annual Budget For Fiscal Year 2007-2008

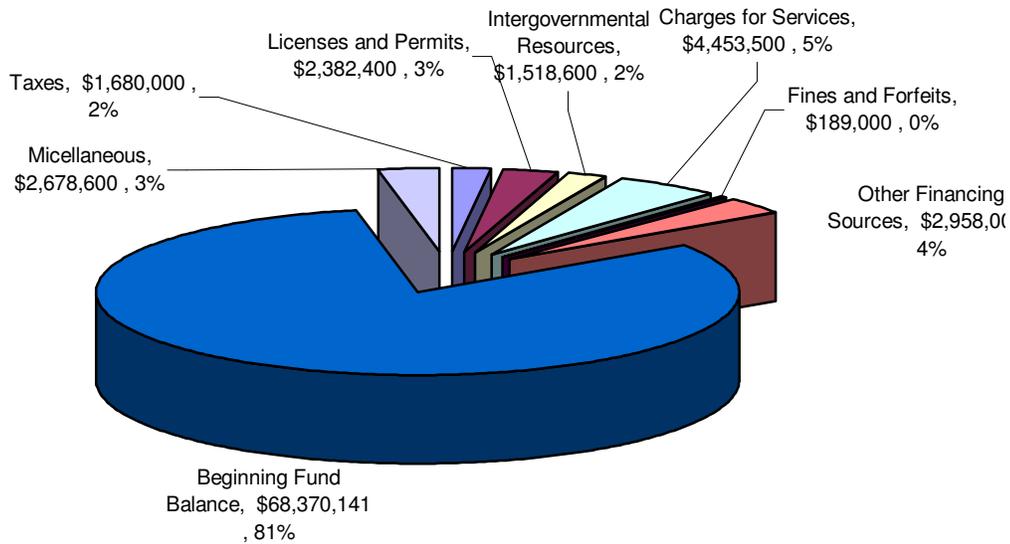
Total citywide sources and uses of cash for **FY2007/2008** are shown in the following table.

FY07-08	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Funding Sources					
Taxes	1,130,000	550,000			1,680,000
Licenses and Permits	2,351,400	31,000			2,382,400
Intergovernmental Resources	272,336	1,246,264			1,518,600
Charges for Services	0			4,453,500	4,453,500
Fines and Forfeits	153,000	36,000			189,000
Miscellaneous	155,000	39,600	250,000	2,234,000	2,678,600
Other Financing Sources	0	0	0	2,958,000	2,958,000
Total Revenue & Other Financing Sources	4,061,736	1,902,864	250,000	9,645,500	15,860,100
Beginning Fund (Cash) Balance	575,149	1,895,968	2,667,479	63,231,545	68,370,141
Total Available Resources	4,636,885	3,798,832	2,917,479	72,877,045	84,230,241
Funding Uses					
General Government	1,073,400				1,073,400
Judicial	243,100	20,000			263,100
Public Works	0	1,799,479		64,416,020	66,215,499
Community Development	1,124,680		1,391,000		2,515,680
Culture and Recreation	731,900	700,000			1,431,900
Health	391,910				391,910
Debt Service	378,702			2,400,436	2,779,138
Other Uses & Transfers	40,000	10,000			50,000
Total Expenditures and Other Uses	3,983,692	2,529,479	1,391,000	66,816,456	74,720,627
Ending Fund (Cash) Balance	653,193	1,269,353	1,526,479	6,060,589	9,509,614
Total Fund Commitments and Fund (Cash) Balances	4,636,885	3,798,832	2,917,479	72,877,045	84,230,241
	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Total
Salaries and Wages	1,691,900	149,900		1,114,700	2,956,500
Payroll Taxes and Benefits	864,200	77,800		574,000	1,516,000
Service and Supplies	1,008,890	435,500		2,602,360	4,046,750
Capital Expenditures	0	1,856,279	1,391,000	60,124,960	63,372,239
Debt Service	378,702			2,400,436	2,779,138
Contingency & Transfer	40,000	10,000			50,000
Total Uses by Object	3,983,692	2,529,479	1,391,000	66,816,456	74,720,627

City of Fernley Annual Budget For Fiscal Year 2007-2008

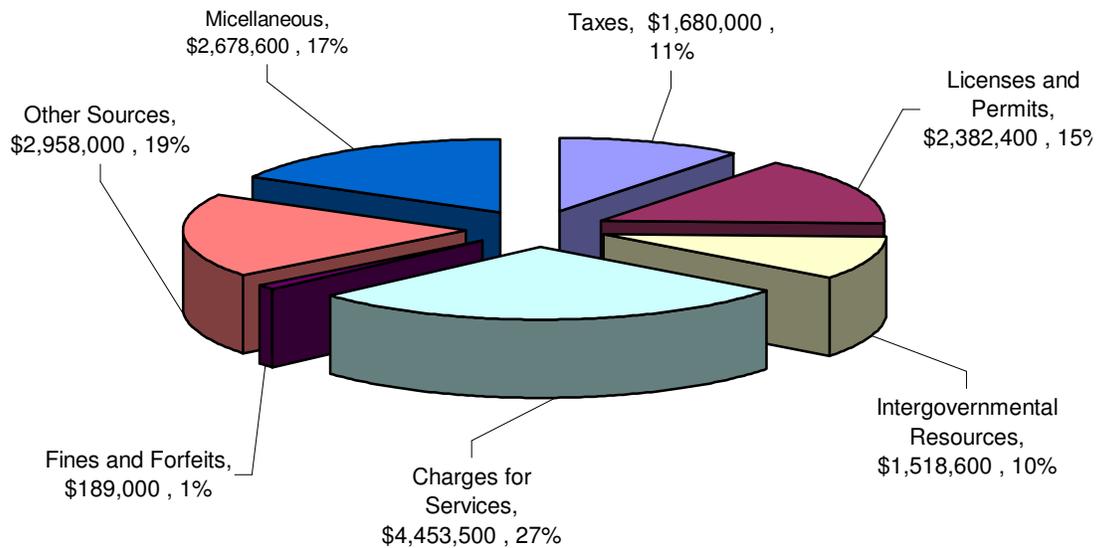
The FY 2007/2008 Citywide projected sources of cash are shown in the following chart:

FY2007/2008 Sources-All Funds



The FY2007/2008 Citywide projected revenues (without Beginning Fund Balance and Other Financing Sources) are shown in the following chart:

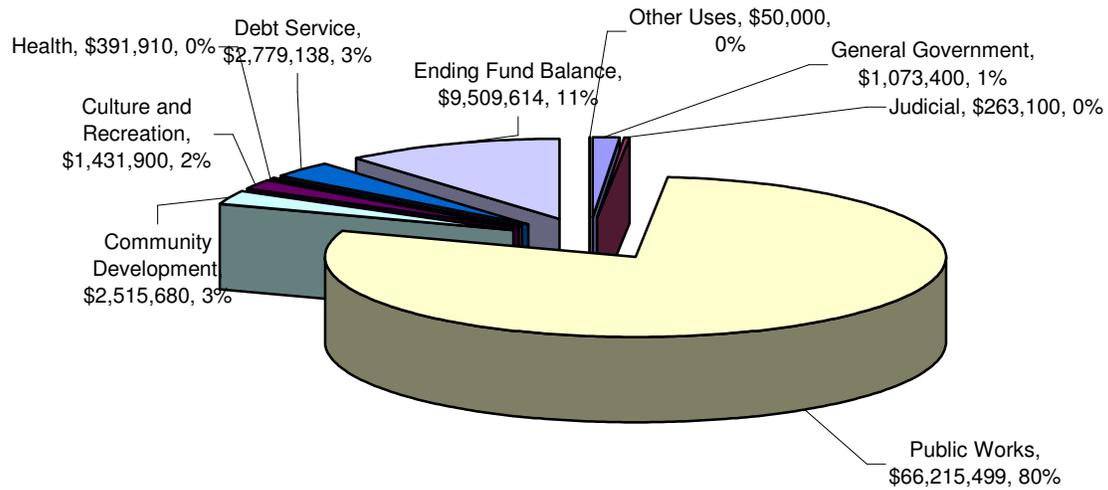
FY2007/2008 Revenues-All Funds



City of Fernley Annual Budget For Fiscal Year 2007-2008

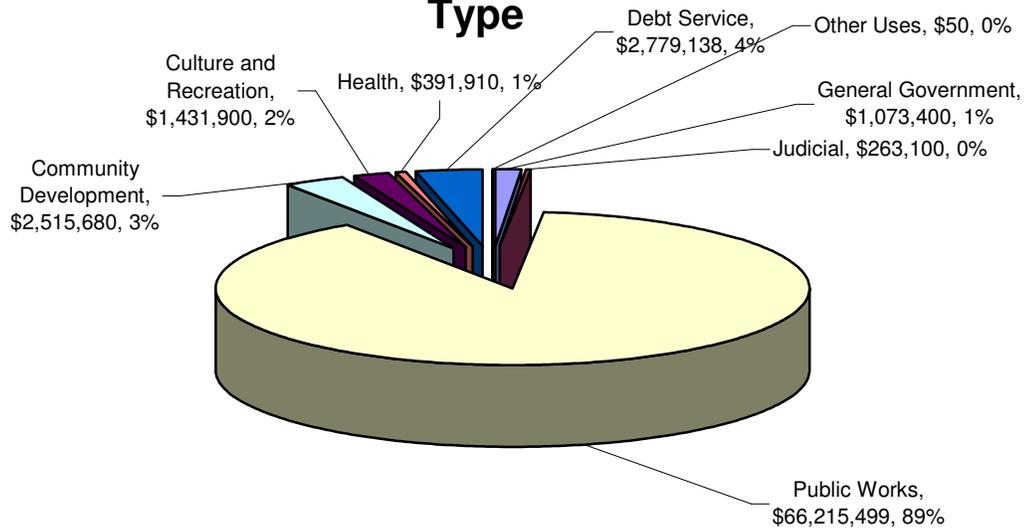
The FY2007/2008 Citywide projected uses of cash, detailed by function, are shown in the following chart:

FY 2007/2008 Citywide Uses by Type



The FY2007/2008 Citywide projected expenditures (without Ending Fund Balance, Contingencies and Transfers) by function are shown in the following chart:

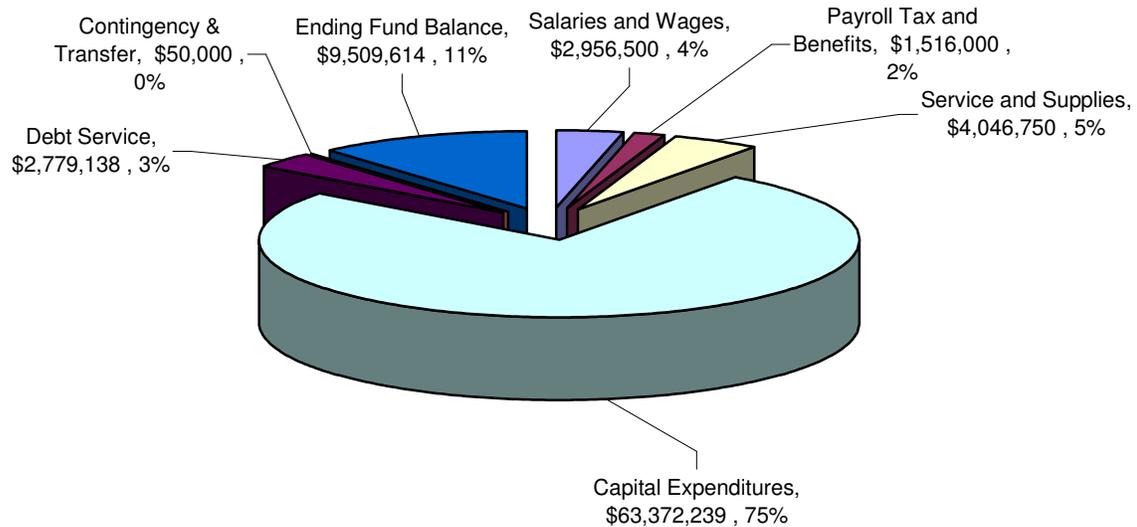
FY 2007/2008 Citywide Expenditures by Type



City of Fernley Annual Budget For Fiscal Year 2007-2008

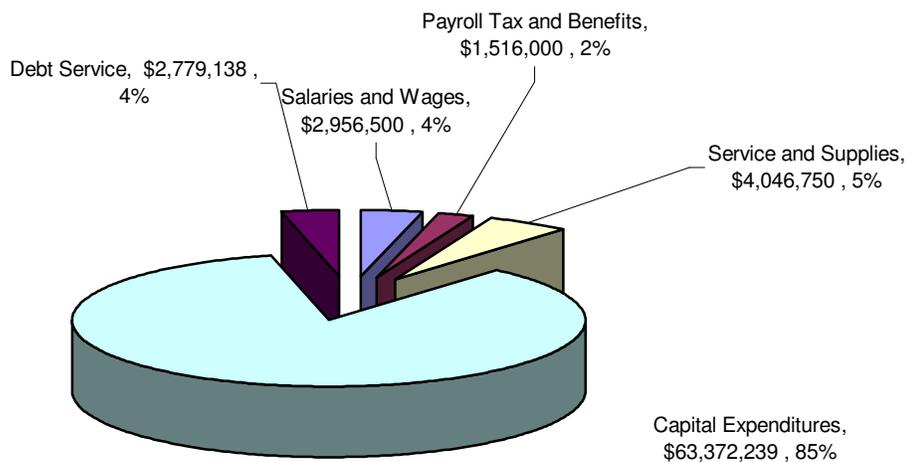
The FY2007/2008 Citywide projected uses of cash, detailed by object, are shown in the following chart:

Projected FY2007/2008 Citywide Uses by Object



The FY2007/2008 Citywide projected expenditures (without Ending Fund Balance, Contingencies and Transfers) by object are shown in the following chart:

Projected FY2007/2008 Expenditures by Object



City of Fernley Annual Budget For Fiscal Year 2007-2008

Revenue Sources

Property (Ad Valorem) Taxes:

NRS 361 determines the procedure for assessment and levy of taxes on real and personal property in Nevada. The County Assessor performs certain assessments and the State of Nevada performs other assessments (centrally assessed property). Tax levies are expressed in terms of dollars per \$100 of assessed value. The assessed valuation of the property is computed at 35% of “taxable value” as determined by County and State assessments according to statutes.

The State of Nevada enacted property tax limitation legislation in the 2005 legislative session. In general, this legislation limits the amount of tax liability for an owner-occupied single-family residence and certain rental properties to 3% of the prior year tax, assuming no new improvements were made to the residence. The legislation also limits other properties not otherwise qualifying for the 3% limitation to an 8% increase in the tax liability. New construction is not subject to the limit in the first year. The limitation legislation does not directly limit assessed value or tax levy, but provides for abatement of tax if the traditional method of calculation exceeds the limits. The abatement is then allocated to each entity comprising the combined tax rate.

The amount of tax, before abatement, is determined by multiplying the assessed value by the tax rate applicable to the area in which the property is located divided by 100. The abatement is the amount in excess of the maximum tax to the taxpayer. The abatement is allocated to each taxing entity for a particular property resulting in a decrease in the tax bill to the owner and a decrease in tax revenue to each taxing entity.

In addition to the statutory limitation referred to above, each “Local Government Taxing Unit” in Lyon County is subject to a limited Allowed Rate determined annually according to statutory formulas based on growth factors. The Fernley City Council may not establish a levy greater than the “Allowed Rate.” Voters may approve imposition of rates above the “Allowed Rate” and the Nevada State Legislature may impose rates above the “Allowed Rate.” The total combined rate for all “Local Government Taxing Units” in a single district may not exceed \$3.64 per \$100 of assessed value.

The City of Fernley Allowed Rate for FY2007/2008 is \$0.3505 per \$100 of assessed value. The FY2007/2008 budget assumes a levy of the full \$0.3505 per \$100 of assessed value. This represents revenue of approximately \$1,130,000. In past years, the City did not levy the full tax available. The City of Fernley Allowed Rate versus rate levied is shown in the table on the following page:

City of Fernley Annual Budget For Fiscal Year 2007-2008

Year	Assessed Value	Allowed Rate	Levied Rate	Allowed Revenue before abatement	Levied Revenue before abatement	Abatement Of Tax	Maximum Revenue Possible After Abate.	Tax Levied	Difference between maximum and levied
FY07/08	\$681,831,281	\$0.3505	\$0.3505	\$2,393,519	\$2,383,260	\$1,267,527	\$1,125,992	\$1,130,000	0
FY06/07	\$511,154,623	\$0.3481	\$0.3481	\$1,779,329	\$1,779,329	\$851,329	\$928,000	\$928,000	0
FY05/06	\$377,743,200	\$0.3447	\$0.1528	\$1,302,081	\$577,192	\$1,060	Not Calc.	\$576,132	Not Calc.
FY04/05	\$303,180,006	\$0.3432	\$0.1528	\$1,040,514	\$463,259	N/A	1,040,514	\$463,259	\$577,255
FY03/04	\$279,403,487	\$0.3141	\$0.1528	\$877,606	\$426,929	N/A	877,606	\$426,929	\$450,677
FY02/03	\$246,640,476	\$0.2936	\$0.1528	\$724,136	\$376,867	N/A	724,136	\$376,867	\$347,269
FY01/02	\$233,552,164	\$0.2576	\$0.1528	\$601,630	\$356,868	N/A	601,630	\$356,868	\$244,762

The highest levy in a Lyon County area in FY2007/2008 is within the City of Yerington at \$3.5957 per \$100 of assessed value, \$0.0443 below the \$3.64 overall cap. The tax rate for property located in the City of Fernley in FY2007/2008 is \$3.0988 per \$100 of assessed valuation, \$0.5412 below the \$3.64 cap.

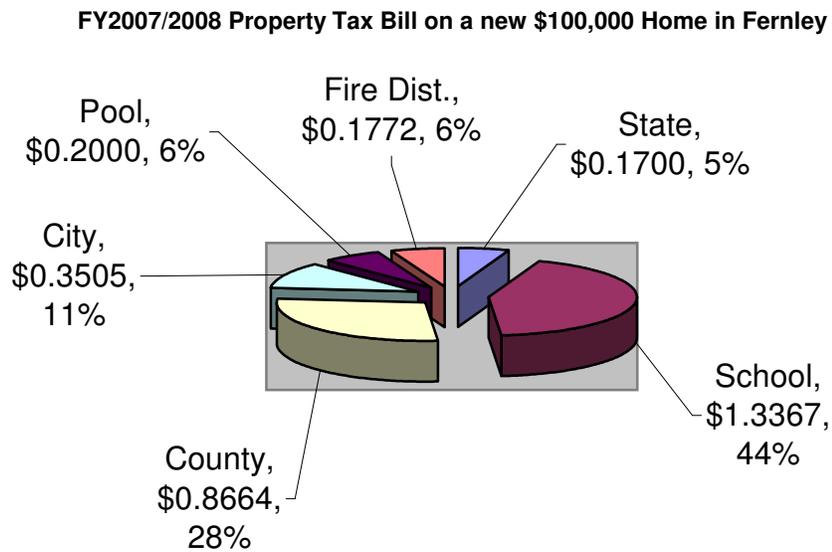
As indicated earlier, the recent property tax limitation legislation limits the amount the taxpayer will pay for property tax, regardless of the amount levied or the \$3.64 cap.

City of Fernley Annual Budget For Fiscal Year 2007-2008

The following table shows a hypothetical FY2007/2008 tax bill for the owner of a \$100,000 home within the City, before abatement under the property tax limitation legislation.

Local Government Taxing Unit	Levy	Tax Before Abatement
State	\$0.1700	\$59.50
School District	\$1.3367	\$467.85
Lyon County	\$0.8644	\$302.54
City of Fernley	\$0.3505	\$122.68
Fernley Swimming Pool District	\$0.2000	\$70.00
North Lyon Fire Maintenance District	\$0.1772	\$62.02
Total	\$3.0988	\$1,084.59

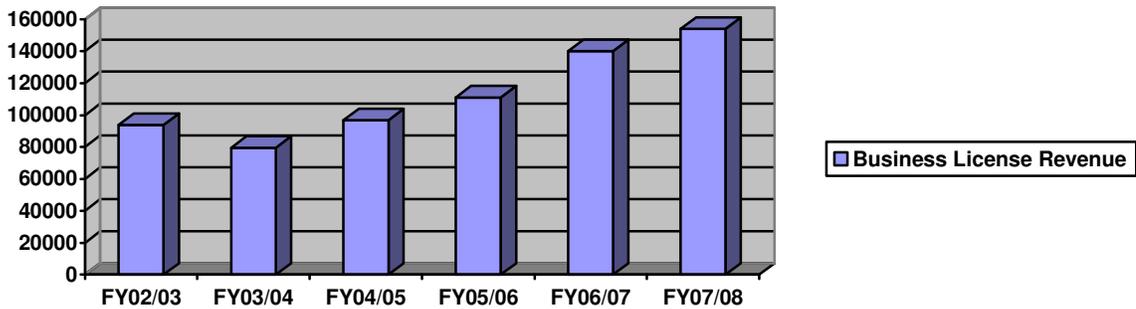
The following graph represents the information in the above table for a hypothetical tax bill on a \$100,000 home in the City of Fernley. If this were an existing home subject to abatement, the City would receive approximately half the amount (the other half abated).



City of Fernley Annual Budget For Fiscal Year 2007-2008

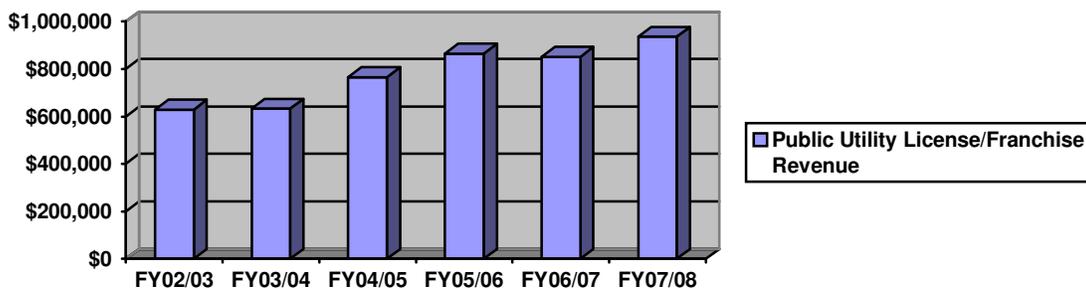
Licenses and Permits:

Business Licenses: Effective with the City's incorporation on July 1, 2001, the City of Fernley began issuing business licenses and collecting revenue for issuance of business licenses. A five-year history of collections for business licenses is shown in the following table:



The revenue estimate for FY2007/2008 was based on this trend analysis and other information such as population that indicate that prior growth rates should be indicative of growth during FY2007/2008.

Public Utility Business License and Franchise Fees: Upon incorporation, the City was able to charge a business license to certain public utilities and franchise fees for certain operations within the city limits. The City examined the rates for these types of services and increased rates during FY2002/2003 to provide a more stable revenue base for City operations. A six-year history for revenue from franchise fees as well as a projection of franchise fees for FY2007-2008 is shown in the following table:



The revenue estimate for FY2007/2008 was based on this trend analysis and other information such as population that indicate that prior growth rates should be indicative of growth during FY2007/2008. A more specific breakdown of the revenue from public utilities is shown in the following chart:

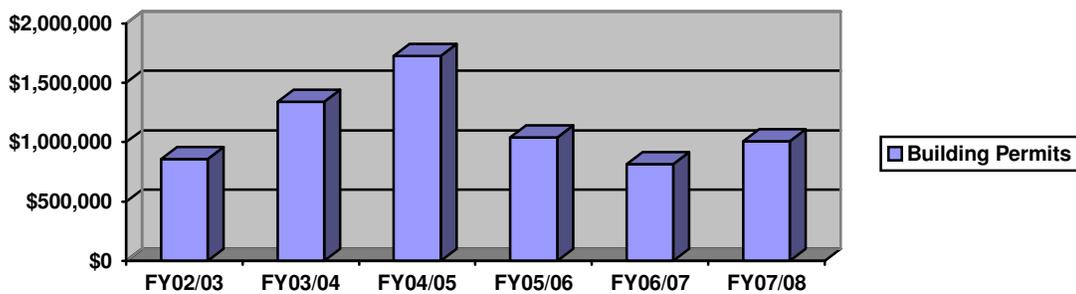
City of Fernley Annual Budget For Fiscal Year 2007-2008

Public Utility	Type of Business	Rate	FY2004 Revenue	FY2005 Revenue	FY2006 Revenue	FY2007 Revenue	FY2008 Estimate
Sierra Pacific Power (Bus Lic)	Electricity	2%	\$163,663	\$184,914	\$215,600	\$225,000	\$247,500
Southwest Gas (Bus Lic)	Natural Gas	3%	159,794	264,917	278,000	290,000	319,000
Wasatch Energy (Bus Lic)	Natural Gas	3%	95,500	99,402	109,000	114,000	125,400
SBC Communications (Bus Lic)	Telephone	2%	37,359	41,379	44,100	46,000	50,600
AT&T (Bus. Lic)	Comm.	2%	3,123	2,824	2,250	2,000	2,200
Charter Communications (Franchise)	Cable TV	5%	48,943	52,665	54,000	55,100	60,610
Reno Disposal (Franchise)	Refuse Disposal	5%	112,000	116,112	129,000	135,450	148,995
Other	Various		12,614	1,971	4,050		
	TOTAL		\$632,996	\$765,184	\$863,449	\$850,000	\$935,000

The City started the process to increase the fees 1% for public utilities in FY2008, with the exception of cable TV which is already at the maximum of 5%. The budget estimates do not include the proposed increase. The budget will be amended during FY2008 if this increase is enacted.

County Gaming Licenses: NRS 463 relates to licensing of gaming activity in Nevada. Lyon County is authorized to issue gaming licenses per NRS 463. Per NRS 463.323, Lyon County pays the City 75% of the revenue from gaming licenses collected from businesses within the boundaries of the incorporated City. The City estimates that the City's share of County gaming licenses will be approximately \$101,200 in FY2007/2008 based on the trend of amounts received from this revenue source in prior years. The town government received this same distribution before incorporation.

Building Permits and Fees: Upon incorporation, the City of Fernley was able to institute building permits and related fees. The proceeds from this function fund the Community Development Department. The City anticipates revenue of approximately \$1 million from building permit fees during FY2007/2008.



Planning and Zoning Fees: Upon incorporation, the City was able to impose certain planning and zoning fees. The proceeds from planning and zoning fees are used to fund the Community Development Department. The City anticipates revenue of approximately \$100,000 from planning and zoning application fees in FY2007/2008.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Public Works Fees: The Public Works Department charges fees for items such as road cut permits, plan reviews, and grading permits. The City anticipates receiving approximately \$25,000 during FY2007/2008 for these charges based on activity in prior years. The Public Works Department instituted new fees for inspection of developments. These fees will cover the City's cost to inspect the improvements.

Intergovernmental Revenues:

Consolidated Tax: Consolidated tax is made up of several elements, including certain components of sales tax. The elements of the consolidated tax are 1) Basic City-County Relief Tax (BCCRT), 2) Supplemental City-County Relief Tax (SCCRT), 3) Cigarette Tax, 4) Liquor Tax, 5) Real Property Transfer Tax (RPTT), and 6) Government Services Tax (GST). BCCRT and SCCRT are components of sales tax. The sales tax rate for sales made in the City of Fernley is 6.5%, the minimum rate for the State of Nevada. Lyon County does not impose a sales tax over and above the minimum rate. The components of the 6.5% sales tax are shown in the following table:

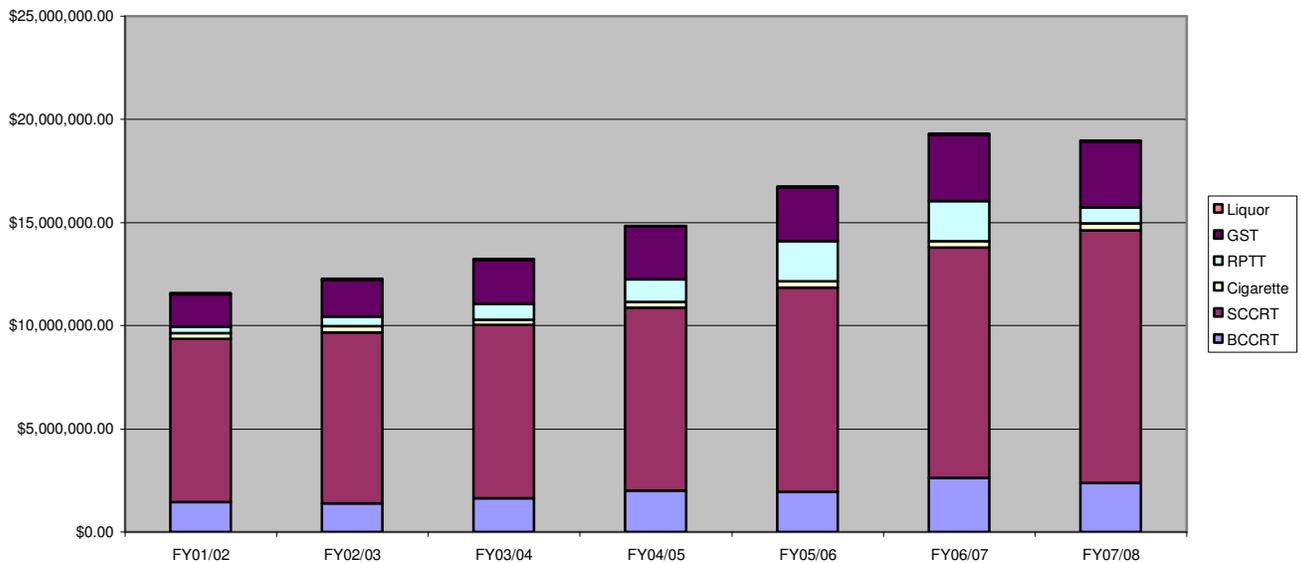
NRS Chapter	Tax Rate	Description	Distribution
372	2.00%	State Sales Tax	To the State General Fund
374	2.25%	Local School Support Tax	In state sales: Back to the school district in which the business is located. Out-of-state sales: To the State Distributive Schools Fund
377	0.50%	Basic City-County Relief Tax	In-state sales: Back to the County where the sale was made distributed to cities and districts as part of consolidated tax according to a statutory formula Out-of-state sales: Distributed to counties based on population and distributed to cities and districts as part of consolidated tax according to statutory formula
377	1.75%	Supplemental City-County Relief Tax	Tax distributed to all local governments in the state according to statutory formula as part of consolidated tax
	6.5%	Total	Minimum Statewide rate

City of Fernley Annual Budget For Fiscal Year 2007-2008

The amounts available for distribution in Lyon County (the City receives only a small portion of this revenue) for consolidated tax are listed in the following table:

	FY2007/2008	FY2006/2007	FY2005/2006	FY2004/2005	FY2003/2004
Basic City-County Relief Tax (BCCRT)	\$2,378,456	\$2,624,296	\$ 1,933,873	\$ 1,988,103	\$ 1,643,052
Supplemental City County Relief Tax (SCCRT)	12,248,840	11,177,596	9,905,704	8,880,060	8,382,948
Cigarette Tax	331,007	306,412	307,617	285,453	271,057
Liquor Tax	68,904	57,625	56,680	50,616	49,484
Real Property Transfer Tax (RPTT)	786,920	1,919,248	1,954,374	1,101,306	746,134
Government Services Tax (GST)	3,157,819	3,229,631	2,585,200	2,540,371	2,143,670
TOTAL	\$18,971,517	\$19,314,808	\$16,743,449	\$14,845,909	\$13,236,645

The following table shows the trend of the elements of consolidated tax for Lyon County since incorporation of the City in July 2001:



The largest component of Consolidated Tax is the Supplemental City County Relief Tax. Lyon County is considered an “importer” of SCCRT because the tax actually collected for SCCRT in Lyon County is less than the amount distributed because of formulas for guaranteed minimum distributions to rural counties in Nevada. Estimates for FY2007/2008 indicate that approximately \$6.5 million will actually be collected for SCCRT in Lyon County but approximately \$12.2 million will be distributed as part of consolidated tax for SCCRT.

City of Fernley Annual Budget For Fiscal Year 2007-2008

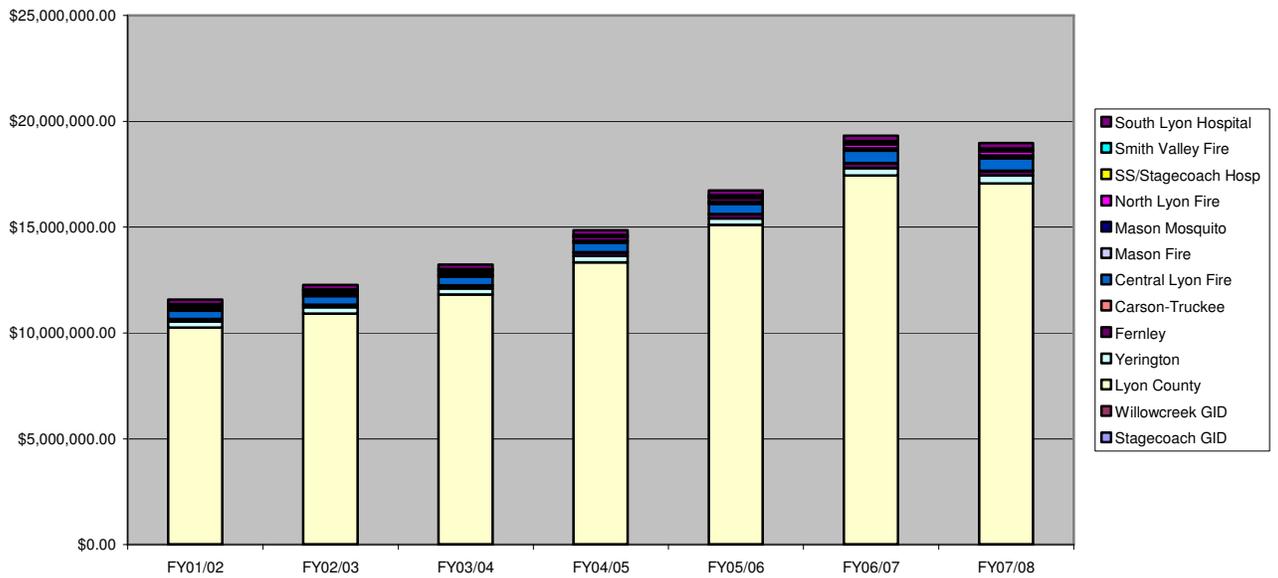
Consolidated Tax is distributed to Lyon County, incorporated cities, and other districts in Lyon County according to a statutory formula described in NRS 360.600 through 360.740. The estimated distribution of consolidated tax in Lyon County is shown in the following table:

	FY2007/2008	FY2006/2007	FY2005/2006	FY2004/2005	FY2003/2004
Stagecoach GID	\$ 19,064	\$ 19,064	\$19,064	\$ 19,064	\$ 19,064
Willowcreek GID	2,304	2,304	2,304	2,304	2,304
Lyon County	17,041,443	17,413,382	15,082,579	12,230,041	10,933,802
City of Yerington	380,036	355,855	305,038	291,222	291,641
City of Fernley	215,335	215,345	188,504	143,752	123,003
Carson-Truckee Water Conservancy District	11,231	11,175	10,018	8,385	7,725
Central Lyon Fire Protection	582,525	586,021	504,836	430,364	396,315
Mason Valley Fire Protection	70,189	67,744	61,077	57,378	56,592
Mason Valley Mosquito Abatement District	61,514	59,795	53,398	50,172	49,611
North Lyon Fire Protection	175,728	174,031	156,735	129,549	119,795
Silver Springs Stagecoach Hospital	92,317	84,182	75,382	67,681	65,787
Smith Valley Fire Protection	60,231	64,330	53,258	43,485	41,141
South Lyon Hospital District	262,600	261,580	231,256	209,191	205,947
Total	18,971,517	19,314,808	16,743,449	\$13,682,588	\$12,312,727

GID-General Improvement District

The following table shows the trend of the distributions of consolidated tax for entities within Lyon County since incorporation of the City in July 2001:

City of Fernley Annual Budget For Fiscal Year 2007-2008



This chart shows that Lyon County is primarily benefiting from growth in sales tax, real property transfer tax, and the other elements of consolidated tax while the other taxing entities do not enjoy the substantial revenue increases. The City of Fernley intends to address this fundamental fiscal inequity as Lyon County reduces shared revenues and decreases the level of service Lyon County provides under shares service agreements. However, the benefit of the City of Fernley not obtaining a significant portion of this revenue source is that declines in this revenues source do not dramatically impact the City's operating budget.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Motor Vehicle Fuel Taxes (Gas Taxes): The City of Fernley receives an allocation of certain taxes levied on sales of motor fuel. The State of Nevada administers the collection and distribution of proceeds to counties in the State. Lyon County disburses the City's portion of gas taxes to the City monthly. In addition to gas tax directly disbursed to the City, the City is entitled to a portion of gas tax distributed to the Lyon County Regional Transportation Commission, a statutory board established to account for a specific tax on sales of motor fuel. All of these funds are restricted for use in maintenance or capital projects relating to City streets. The various gas taxes with FY2007/2008 estimated amounts allocable to the City of Fernley are shown in the following table.

Description	Rate per Gallon	Note	Statute Reference	Estimated FY08 Lyon Co. Total	Estimated FY08 City Amount
County Option (RTC)	9¢	1	NRS 373.030	\$1,614,119	\$658,883
County Option 1	1¢	2	NRS 365.192	\$180,266	\$62,895
Motor Vehicle Fuel Tax	1.25¢	3	NRS 365.180	311,639	0
Motor Vehicle Fuel Tax	1.75¢	4	NRS 365.190	310,959	126,933
Motor Vehicle Fuel Tax	2.35¢	5	NRS 365.180	585,878	97,105
Subtotal				\$1,388,742	\$286,933
Total	N/A			\$3,002,861	\$945,816

Note References in Table:

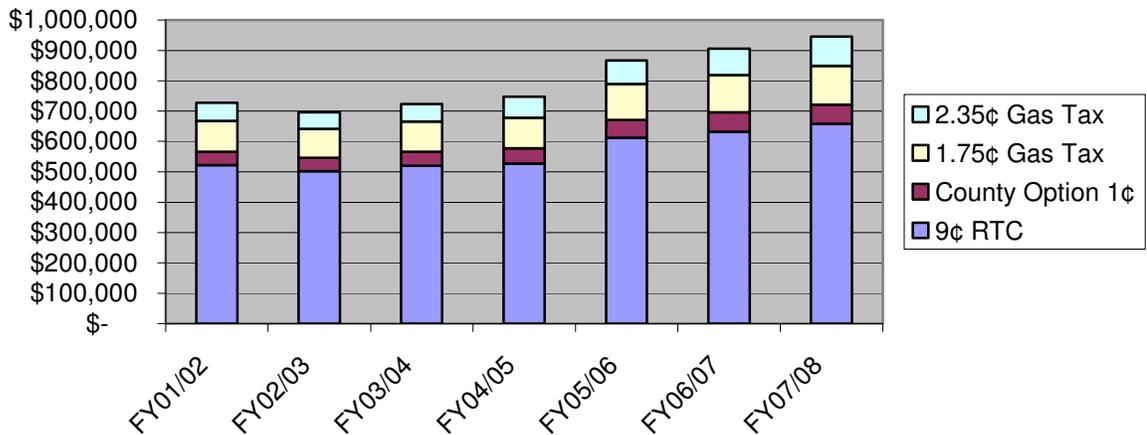
1. **County Option (RTC)**-The City of Fernley does not receive a direct distribution of this tax (NRS 373.040(2)(a)). The money collected goes into a fund in Lyon County's books and a Regional Transportation Commission oversees use of the money. The City of Fernley appoints one member of the three-member RTC board. The RTC can approve projects to use the money and incorporated cities receive an allocation based on relative assessed value (NRS 373.150). The FY2007/2008 assessed value of Lyon County is \$1,665,951,811 and the FY2007/2008 assessed value of the City of Fernley is \$679,959,918. The City of Fernley assessed value is 40.82% of the total county assessed value, therefore the City of Fernley could expect \$658,883 of this amount to be "reserved" for Fernley projects.
2. **County Option 1¢**-The City of Fernley receives an allocation of this tax based on relative population. The estimated population of the City of Fernley is 18,850 and the estimated population of Lyon County is 54,031. Therefore, the City of Fernley would receive 34.89% or \$62,895 from this tax.
3. **MVFT 1.25¢** - This tax is allocated to the county road fund with no amounts passed through to the City of Fernley.
4. **MVFT 1.75¢** - The City of Fernley receives an allocation of this tax based on relative assessed value. Therefore, the City of Fernley would receive 40.82% of this tax or \$126,933.
5. **MVFT 2.35¢** - The City of Fernley receives an allocation of this tax based on a formula weighted ¼ on Total Area, ¼ on Population, ¼ on Road Mileage, and ¼ on Vehicle travel miles. The formula results in 16.57% of the tax or \$97,105 apportioned to the City of Fernley.

City of Fernley Annual Budget For Fiscal Year 2007-2008

The historical estimates for fuel taxes are shown in the following table:

Description	FY02 City Amount	FY03 City Amount	FY04 City Amount	FY05 City Amount	FY06 City Amount	FY07 City Amount	FY08 City Amount
County Option (RTC) 9¢	\$521,877	\$501,811	\$520,230	\$527,439	\$612,740	\$632,945	\$658,883
County Option 1¢	\$44,382	\$44,232	\$45,380	\$49,550	\$58,805	63,177	62,895
Motor Vehicle Fuel Tax 1.25¢	0	0	0	0			
Motor Vehicle Fuel Tax 1.75¢	101,476	96,199	\$100,273	\$101,396	\$117,818	121,864	126,933
Motor Vehicle Fuel Tax 2.35¢	59,325	53,790	\$57,023	\$68,574	\$76,985	88,307	97,105
Subtotal	\$205,183	\$194,221	202,676	219,520	\$253,608	273,348	\$286,933
Total	\$727,060	\$696,032	\$722,906	\$746,959	\$866,348	906,293	\$945,816

The following graph shows the data for fuel taxes:



Road Ad Valorem Tax: Pursuant to NRS 403 and NRS 266, the City of Fernley is entitled to a portion of the ad valorem tax collected in the Lyon County road fund based on relative assessed value. Prior to FY2003/2004, Lyon County assessed \$0.0777 per \$100 of assessed value in the County Road Fund. In FY2003/2004, Lyon County stopped the levy in the Road Fund and levied the tax in the County general fund instead. This eliminated the legal requirement to share revenue with the City. Lyon County decided to provide an amount to the City in lieu of the lost revenue since the City assumed the expenses previously associated with this revenue. In the County's FY06 budget, the County Commissioners elected to provide approximately \$293,500 to the City. Lyon County changed its mind in FY07 and decided not to share this revenue with

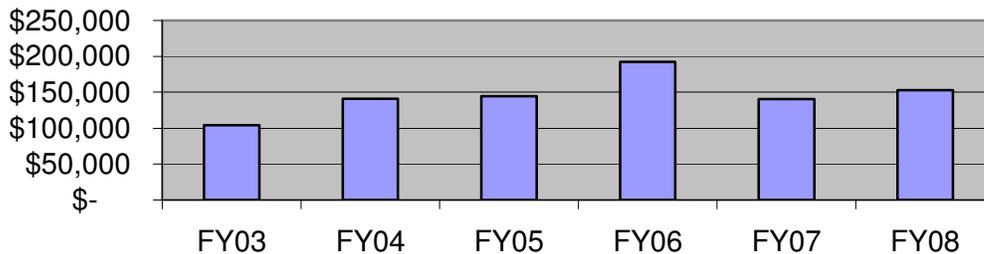
City of Fernley Annual Budget For Fiscal Year 2007-2008

the City. The City is investigating its alternatives to restore the fiscal inequity caused by Lyon County's action.

Parks Agreement: Lyon County has a policy to provide funding to Cities and other districts in the County for parks. In FY2001/2002 through FY2006/2007 the City received \$52,882 each fiscal year from Lyon County for parks. The FY08 tentative budget for Lyon County increased this shared revenue to \$60,000.

Fines and Forfeitures:

Municipal Court Fines and Forfeitures: Revenue from Court operations is expected to increase approximately 9% based on trends of revenues in prior fiscal years. The revenue estimate is \$154,000 for FY 08. The historical revenue for fines and forfeits is shown in the following chart:

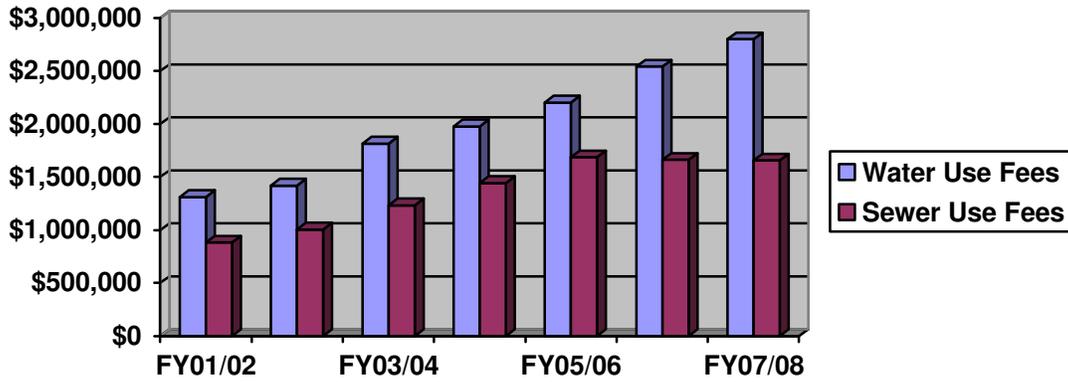


Charges for Services:

Water and Sewer Use Fees: The City of Fernley provides water and sewer services to a majority of the residents of Fernley. The City established a rate structure to charge users an amount needed to cover cost of operations, including depreciation and debt service. Capital contributions and the funded portion of depreciation are slated for use in capital projects and are not available for payment of operating costs. The City increased both user rates and capital fees in order to maintain sufficient balances for projected capital projects, especially compliance with unfunded mandates such as water treatment for arsenic removal.

The revenue estimates for FY08 were based on trend analysis as shown in the following chart. The rate increase is not reflected because the rates were not in place at the time the budget was adopted by the City Council:

City of Fernley Annual Budget For Fiscal Year 2007-2008



Miscellaneous Income:

Park Development Fees: The City and the developer of the Donner Trails subdivision have an agreement that provides for payment of \$100 per lot for park development. Based on the number of lots remaining in the subdivision, the City anticipates receiving \$15,000 in FY05 and \$10,000 in FY06 as this subdivision is virtually built out.

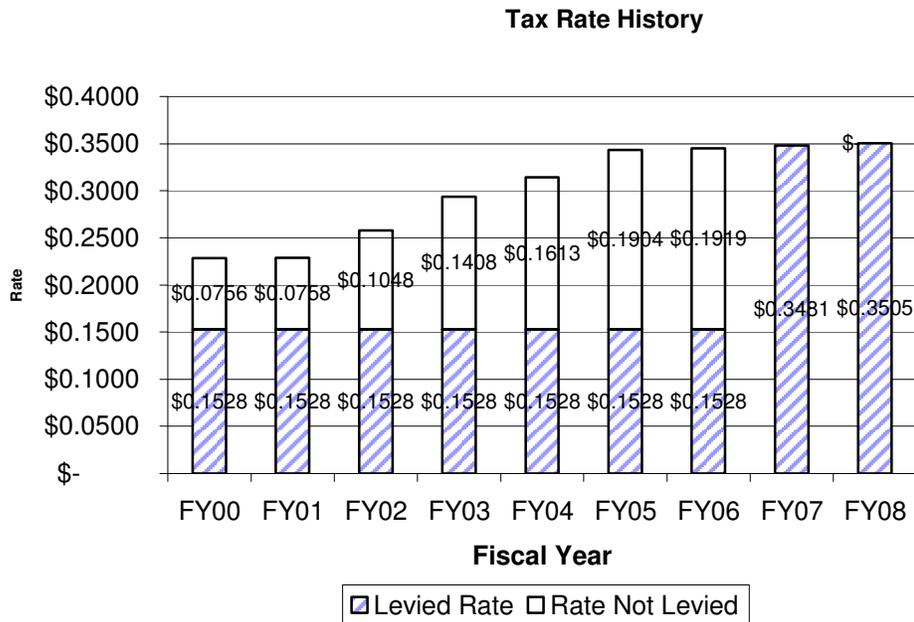
City of Fernley Annual Budget For Fiscal Year 2007-2008

Tax Rate History

The City's (or Town's) Allowed Rate and the rate levied for the past several fiscal years are shown in the following table:

Year	Fernley Allowed Rate	Fernley Levied Rate	Excess Rate Not Levied
FY2007-2008	\$0.3505	\$0.3505	-0-
FY2006-2007	\$0.3481	\$0.3481	-0-
FY2005-2006	\$0.3447	\$0.1528	\$0.1919
FY2004-2005	\$0.3432	\$0.1528	\$0.1904
FY2003-2004	\$0.3141	\$0.1528	\$0.1613
FY2002-2003	\$0.2936	\$0.1528	\$0.1408
FY2001-2002	\$0.2576	\$0.1528	\$0.1048
FY2000-2001	\$0.2286	\$0.1528	\$0.0758
FY1999-2000	\$0.2284	\$0.1528	\$0.0756

The tax rate history is shown in the following table:



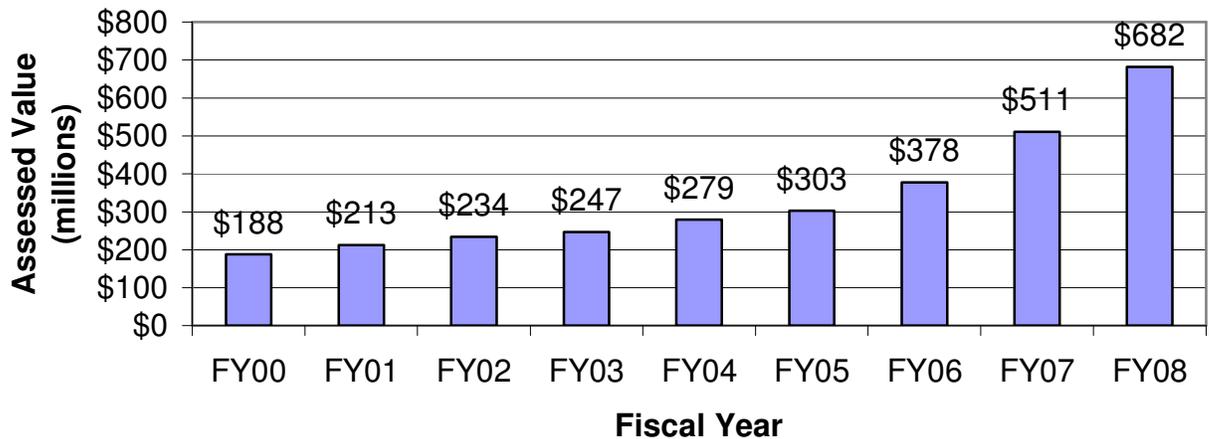
City of Fernley Annual Budget For Fiscal Year 2007-2008

Assessed Value History

The history for the assessed value of the Town of Fernley or the City of Fernley over the past several fiscal years is shown in the following table:

Year	Fernley Assessed Value	% Change in Value	Lyon County Assessed Value	% Change in Value
FY2007-2008	681,831,281	33.39%	1,672,893,091	22.59%
FY2006-2007	511,154,623	35.32%	1,364,617,737	29.58%
FY2005-2006	377,743,200	24.60%	1,053,093,222	17.3%
FY2004-2005	303,180,006	8.51%	897,631,383	10.72%
FY2003-2004	279,403,487	13.28%	810,688,136	9.15%
FY2002-2003	246,640,476	5.60%	762,493,482	5.57%
FY2001-2002	233,552,164	9.90%	722,102,643	5.14%
FY2000-2001	212,507,285	13.30%	672,144,241	9.26%
FY1999-2000	187,568,265		615,185,680	

Fernley Assessed Value History



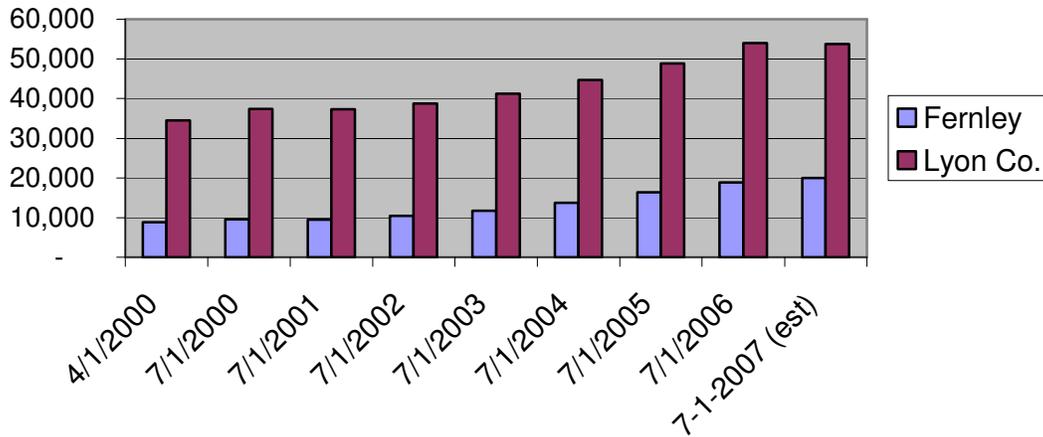
City of Fernley Annual Budget For Fiscal Year 2007-2008

Population History

The following table shows population data as published by the Nevada State Demographer, except for July 1, 2007 estimates which are based on City data:

Year	Fernley	% Change	Lyon County	% Change
July 1, 2007 (est)	20,000	6.10%	56,750	5.03%
July 1, 2006	18,850	15.24%	54,031	10.58%
July 1, 2005	16,357	18.74%	48,860	9.44%
July 1, 2004	13,775	17.55%	44,646	8.25%
July 1, 2003	11,718	12.24%	41,244	6.36%
July 1, 2002	10,440	9.56%	38,777	3.88%
July 1, 2001	9,529	(0.43%)	37,329	(0.17%)
July 1, 2000	9,570	8.40%	37,393	8.38%
April 1, 2000	8,830		34,501	

Population



City of Fernley Annual Budget For Fiscal Year 2007-2008

Capital Expenditure Summary

Capital Expenditures for FY2007/2008 are summarized in Appendix D.

The largest capital improvement projects slated for FY2008 are water, alternative water, and sewer infrastructure projects. The operation and maintenance costs of these projects were factored into a water and sewer rate increase effective July 1, 2007.

The capital improvement plan also has several streets projects funded primarily through shared revenues. The operation and maintenance costs for the street projects will be funded through gas taxes.

The proposed water treatment plant and associated piping systems are expected to cost in excess of \$63 million. The proposed treatment plan is designed to meet necessary compliance with the USEPA Arsenic Rule. Currently, all groundwater sources exceed the Maximum Contaminant Level for arsenic. However, the City and the State of Nevada (regulatory authority for the federal unfunded mandate) executed a Bilateral Compliance Agreement extending the compliance to January 2009. The treatment plant is also designed to treat surface water in the future to utilize the City's surface water rights since most of the underground right are currently used for existing customers. A combination of groundwater and surface water will be required to provide adequate potable water to the growing customer base. The system is also designed to provide untreated or minimally treated water for irrigation, landscaping, and construction.

The largest sewer project is an interceptor upgrade project estimated at \$5.5 million. The main trunk (approximately 8,000 linear feet) of the City's wastewater collection system, the Fernley Interceptor, is currently underperforming due to reverse grade conditions and undersizing. The project will upgrade the interceptor to correct these conditions. The City designed a adequately-sized interceptor that will allow continued collection as well as expand the City's capabilities for wastewater collection in the future.

The largest street project is reconstruction of the indicated street at an estimated cost of approximately \$400,000. The City will also be spending approximately \$375,000 for its Crack Seal Program and its Slurry, Seal Coat and Patch Program for multiple areas in the City. These programs will be paid from Gas Taxes.

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

General Fund

Overview:

The General Fund is used to account for all transactions not recorded in other funds. The primary sources of revenue for the General Fund include Property (Ad Valorem) Tax, Intergovernmental Revenues, and Licenses and Permits.

The General Fund contains the following cost centers arranged according to the function indicated. The function classifications are required under Nevada statutes for budgets of local governments in Nevada.

General Government:

Administration (eliminated in FY2007/2008)
Mayor and City Council
Office of the City Manager
Office of the City Attorney
Office of the City Treasurer/Finance
Office of the City Clerk
Facility and General Expenditures

Judicial:

Municipal Court

Public Works:

Public Works (Streets & Storm Drains) Note: Transferred to Special Revenue Fund in FY2003/2004

Culture and Recreation:

Parks

Community Development:

Community Development (Building and Planning)

Health:

Animal Services
Vector Control Services

Debt Service:

Debt Service-City Hall Construction Bond

Other Uses:

Contingency
Interfund Transfers

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

General Fund Summary

The following table summarizes the activity of the General Fund:

	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
Revenues:				
Taxes	491,820	590,127	934,000	1,130,000
Licenses and Permits	2,765,687	2,231,632	2,008,500	2,351,400
Intergovernmental Resources	203,299	242,754	275,345	272,336
Charges for Services	0	0	0	0
Fines and Forfeits	144,407	192,646	140,500	153,000
Miscellaneous	124,430	289,389	205,278	155,000
Total Revenues	3,729,643	3,546,548	3,563,623	4,061,736
Operating Expenditures:				
Administration	489,598	574,932	807,450	0
Mayor/City Council	0	0	0	78,450
Office of the City Manager	0	0	0	248,850
Office of the City Attorney	0	0	0	90,150
Finance	105,699	142,423	182,600	216,900
Office of the City Clerk	0	0	0	256,550
Facility and General Expense	0	0	0	182,500
Municipal Court	170,595	163,631	201,550	243,100
Public Works (Streets/Stormdrains)	0	0	0	0
Parks	378,300	508,797	632,020	731,900
Vector Control	40,139	161,150	208,900	225,760
Community Development	669,105	810,965	736,500	1,124,680
Animal Services	56,737	95,588	126,950	166,150
Debt Service	0	94,789	378,400	378,702
Total Operating Expenditures	1,910,173	2,552,275	3,274,370	3,943,692
Excess of Revenues over Operating Expenditures	1,819,470	994,273	289,253	118,044
Capital Expenditures:				
Administration	0	0	0	0
Mayor/City Council	0	0	0	0
Office of the City Manager	0	0	0	0
Office of the City Attorney	0	0	0	0
Finance	0	0	0	0
Office of the City Clerk	0	0	0	0
Facility and General Expense	0	0	0	0
Municipal Court	0	0	0	0
Animal Services	0	0	25,100	0
Public Works (Streets/Stormdrains)	0	0	0	0
Parks	19,553	28,710	13,000	0
Vector Control	27,215	19,247	39,200	0
Debt Service	0	0	0	0
Community Development	0	26,342	16,800	0
Total Capital Expenditures	46,768	74,299	94,100	0
Total Expenditures	1,956,941	2,626,574	3,368,470	3,943,692
Revenues less Total Expenditures	1,772,702	919,974	195,153	118,044
Other Financing Sources & Uses:				
Contingency (100-900-900)	0	0	0	50,000
Sale of Capital Assets (100-392-100)				
Transfer to Streets Fund (100-900-910)	450,000	0	550,000	0
Transfer to Capital Fund (100-900-910)	1,140,000	850,000	0	0
Transfer to Private Sector Community Support			15,000	
Transfer to (from) Grants Fund (100-900-910)	100,000	0	0	-10,000
Total Other Financing Uses	1,690,000	850,000	565,000	40,000
Total Expenditures and Other Uses	3,646,941	3,476,574	3,933,470	3,983,692
Net Increase (Decrease) in fund Balance	82,702	69,974	-369,847	78,044
Fund Balance July 1	792,320	875,022	944,996	575,149
Fund Balance June 30	875,022	944,996	575,149	653,193

City of Fernley Annual Budget For Fiscal Year 2007-2008

The following table summarizes General Fund Expenditures by Object:

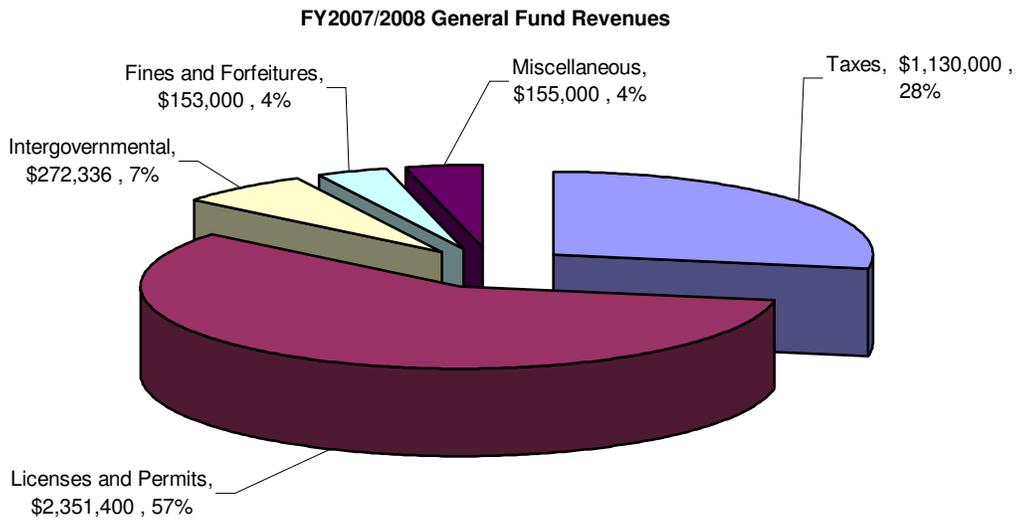
	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
Salaries and Wages	931,695	1,221,480	1,188,100	1,691,900
Payroll Taxes and Benefits	338,936	400,436	554,400	864,200
Service and Supplies	639,542	835,570	1,153,470	1,008,890
Capital Expenditures	46,768	74,299	94,100	0
Debt Service	0	94,789	378,400	378,702
Contingency and Transfers	1,690,000	850,000	565,000	40,000
Total	3,646,941	3,476,574	3,933,470	3,983,692

The following table summarizes General Fund Expenditures by Function

	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
Administration	489,598	574,932	807,450	0
Mayor/City Council	0	0	0	78,450
Office of the City Manager	0	0	0	248,850
Office of the City Attorney	0	0	0	90,150
Finance	105,699	142,423	182,600	216,900
Office of the City Clerk	0	0	0	256,550
Facility and General Expense	0	0	0	182,500
Municipal Court	170,595	163,631	201,550	243,100
Public Works (Streets/Stormdrains)	0	0	0	0
Parks	397,853	537,507	645,020	731,900
Vector Control	67,354	180,397	248,100	225,760
Community Development	669,105	837,307	753,300	1,124,680
Animal Services	56,737	95,588	152,050	166,150
Debt Service	0	94,789	378,400	378,702
Contingency and Transfers	1,690,000	850,000	565,000	40,000
Total	3,646,941	3,476,574	3,933,470	3,983,692

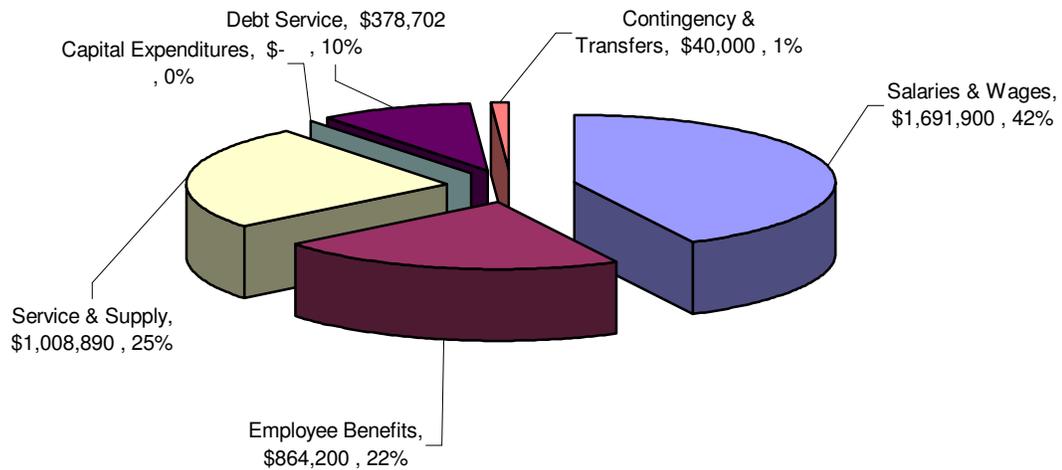
City of Fernley Annual Budget For Fiscal Year 2007-2008

The following chart shows FY2007/2008 General Fund Revenues by Type



The following chart shows FY2007/2008 General Fund Expenditures By Object

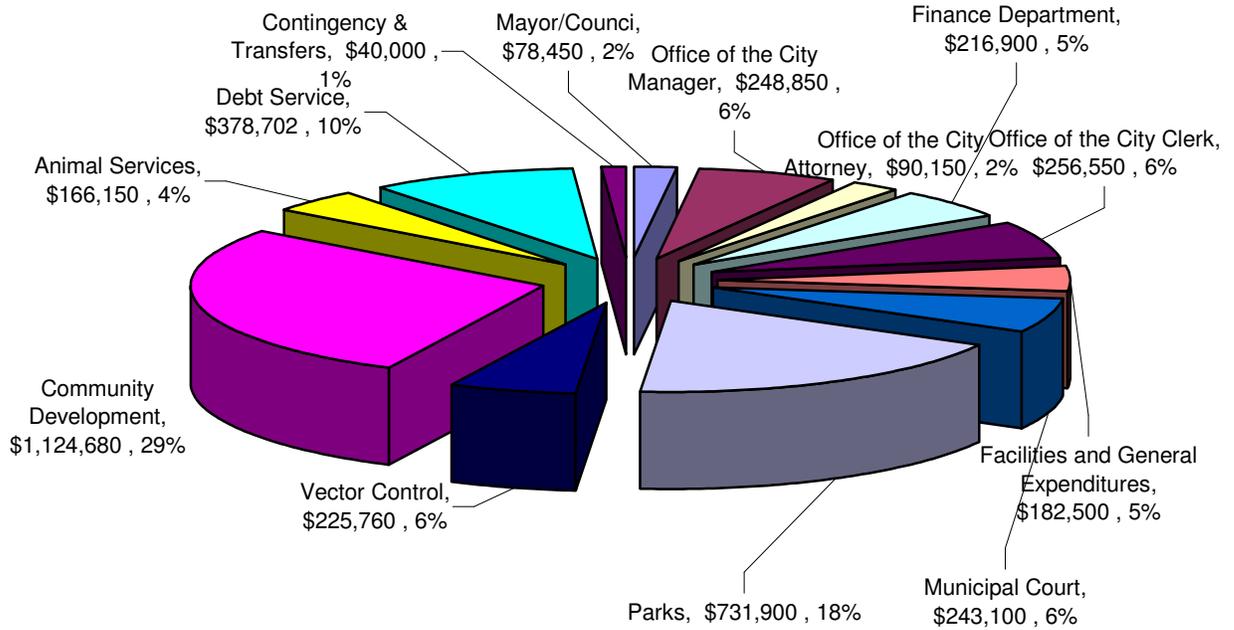
FY2007/2008 General Fund Expenditures By Object



City of Fernley Annual Budget For Fiscal Year 2007-2008

The following chart shows FY2007/2008 General Fund Expenditures By Function

FY2007/2008 General Fund Expenditures By Function



City of Fernley Annual Budget For Fiscal Year 2007-2008

The detail for General Fund Revenues is shown in the following table:

Account	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Estimated	FY07-08 Budget
	TAXES:				
100-310-100	Property Taxes	487,281	583,851	928,000	1,125,000
100-310-200	Property Taxes - Delinquent	4,539	6,276	6,000	5,000
	Total Taxes	491,820	590,127	934,000	1,130,000
	LICENSES AND PERMITS:				
100-320-100	Business License Fees	96,718	111,075	140,000	154,000
100-320-110	Bus Lic/Franchise Public Utilities	765,184	863,449	850,000	935,000
100-320-120	Realtor License Fees				
100-320-150	Liquor License Fees	25,925	24,831	32,000	35,200
100-320-160	Gaming License Fees	71,271	97,121	92,000	101,200
100-320-170	Animal License Fees	1,611	2,348	3,000	3,000
100-320-180	Passport Fees		9,300	11,500	13,000
100-320-200	Building Permits and Fees	1,724,012	1,042,513	815,000	1,010,000
100-320-205	Fire Life Safety Contract	0	0		
100-320-210	Planning and Zoning Permits and Fees	80,966	80,995	65,000	100,000
	Total Licenses and Permits	2,765,687	2,231,632	2,008,500	2,351,400
	INTERGOVERNMENTAL RESOURCES:				
100-330-310	CTX (Consolidated Tax)	148,417	187,872	215,345	212,336
100-330-400	Park Agreement	54,882	54,882	60,000	60,000
	State Grants				
	Total Intergovernmental Resources	203,299	242,754	275,345	272,336
	CHARGES FOR SERVICES:				
	Total Charges for Services		0	0	0
	FINES AND FORFEITS:				
100-350-100	Municipal Court Revenue	119,863	166,847	120,000	132,000
100-350-110	Town Code Violations (Justice Court)	665	0	0	
100-350-200	Warrant Fees	13,414	12,126	11,000	11,000
100-350-205	Misc Fees	7,425	10,713	7,000	7,000
100-350-210	Bond Fees	3,040	2,960	2,500	3,000
	Total Fines and Forfeits	144,407	192,646	140,500	153,000
	MISCELLANEOUS:				
100-360-100	Interest Income	29,547	60,479	65,000	80,000
100-360-200	Building Rental	20,000	20,000	20,000	40,000
100-360-710	Park Development	13,400	8,150	3,500	3,000
100-360-720	Donations-Animal Control	130	0	0	
100-360-730	Donations-Waste Removal Project				
100-360-735	Donations-Youth City Council			1,250	
100-360-810	Downtown Rehab Project		0	0	0
100-360-820	Bike Path Assessment	3,402	28,515	55,500	
100-360-821	Hwy 95A Turn Lane @ Cottonwood	6,871	13,724		
100-360-822	Hwy 95A Sidewalk Curb Gutter	7,260		23,528	
100-360-824	Miller Lane @ Shadow Lane		105,381		
100-360-823	Hardie Lane	27,180			
100-360-905	School RCT Admin Fee		1,536	1,500	2,000
100-360-900	Miscellaneous	16,640	51,604	35,000	30,000
	Total Miscellaneous	124,430	289,389	205,278	155,000
	TOTAL REVENUES	3,729,643	3,546,548	3,563,623	4,061,736

Analysis:

In FY 2007-2008 the property tax increased 21% on an increase in assessed value of 33%. The difference represents abatement of tax under recent property tax limitation legislation. Property tax limitation legislation limits the growth in this revenue source. In FY2006-2007, the City increased the tax rate from \$0.1528 to \$0.3481 per \$100 of assessed value (more than double) and assessed value increased 35.32%. However,

City of Fernley Annual Budget For Fiscal Year 2007-2008

revenue to the City only increased 52% due to the abatements under the property tax limitation legislation. The budget assumes the maximum legal levy even though each taxpayer will not pay the full levy and the City will not receive the full revenue from the levy.

The largest component of general fund revenues is Building Permits and Fees at approximately 25% to 47% of total general fund revenues each fiscal year. Revenues from Building Permits and Fees increased substantially after the City incorporated, primarily in residential development. In the last fiscal year, revenues from Building Permits and Fees decreased substantially due to a slow down in residential development, despite an increase in the commercial market. This revenue source is volatile and will likely decrease in future years as growth slows and projects are built out.

In FY08, the other major components of General Fund revenues are property taxes, consolidated tax, and a combination of business license and franchise fees, especially from public utilities operating within the City. Increases in consolidated tax are based on a statutory allocation formula based on growth factors so this revenue source will likely increase in future years as growth continues. If the City assumes responsibility for some services currently provided by Lyon County (such as law enforcement), the City would request reallocation of the Consolidated Tax revenue or other revenues to fund the programs. There is no guarantee that any re-allocation would occur. Revenues from business licenses and franchise fees will also likely increase in future years as growth continues and the City may increase these rates, especially for public utilities, in future years to provide additional revenues.

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

Program Descriptions

The City of Fernley uses cost centers (departments) to account for the costs of each program in the General Fund. This allows the City to determine the direct cost to provide a particular service or program. Indirect costs, such as administration, finance, insurance, facilities and general government, are allocated at the fund level rather than the program level.

The General Fund contains the following cost centers:

Category	Cost Center	Number
General Government	Administration	411
General Government	Mayor and City Council	412
General Government	Office of the City Manager	413
General Government	Office of the City Attorney	414
General Government	Office of the City Treasurer/Finance	415
General Government	Office of the City Clerk	416
General Government	Facilities and General Expenditures	417
Judicial	Municipal Court	425
Public Works	Public Works (Streets and Storm Drains)	475
Culture and Recreation	Parks	575
Community Development	Community Dev. (Building & Planning)	600
Health	Animal Services	525
Health	Vector Control	528
Debt Service	Debt Service	625
Other Uses	Contingency	900

The North Lyon County Fire Protection District, a separate legal and accounting entity, provides fire services within the boundaries of the City of Fernley. The Fernley Swimming Pool District, a separate legal and accounting entity, owns and operates the Fernley Swimming Pool. Lyon County provides certain services within the boundaries of the City of Fernley, such as law enforcement, library, senior center, juvenile probation, district court, justice court, welfare (indigent) programs, and operation of a regional youth facility.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Administration

Description:

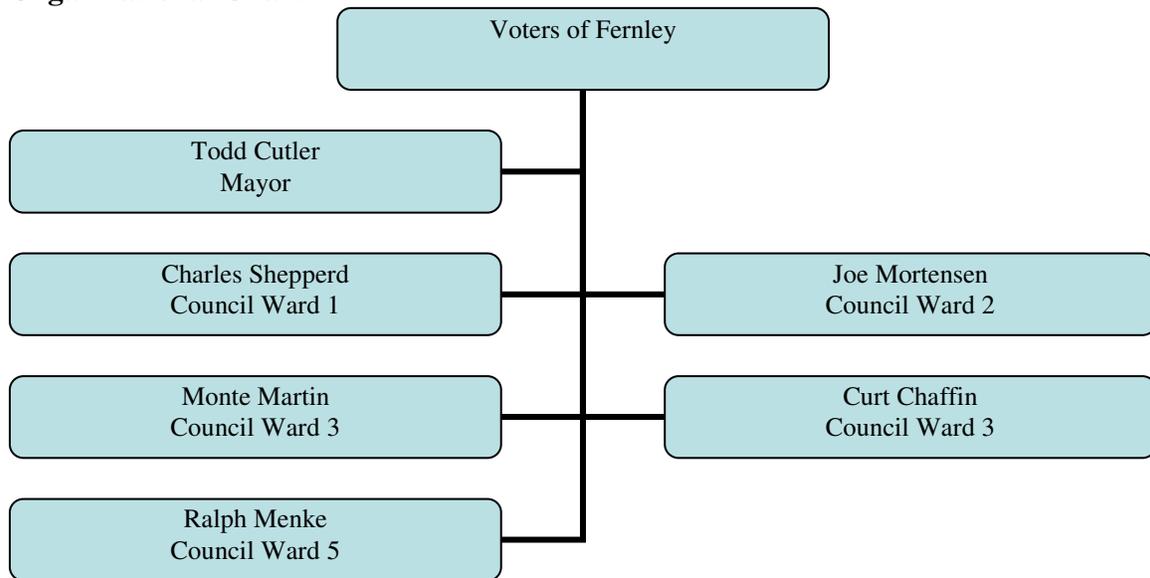
The Administration cost center was eliminated in the FY2007/2008 budget and the costs previously accounted for in this cost center were allocated to other cost centers. The Administration cost center previously included cost for the activities of the Mayor, City Council, City Manager, City Attorney, City Clerk, maintenance of City Hall, general liability insurance, community support, and other general expenses.

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-411-100	Salaries and Wages	198,777	231,650	225,000	
100-411-130	Overtime	543	980	1,500	
100-411-140	Annual Leave Pay	814	2,490	18,000	
100-411-150	Sick Leave Pay	724	2,354	12,000	
100-411-160	Holiday Pay	1,642	3,067	10,000	
	Subtotal Salaries & Wages	202,500	240,541	266,500	0
100-411-200	FICA	1,371	987		
100-411-210	Medicare	2,867	3,377	5,050	
100-411-220	Unemployment	892	966	2,700	
100-411-230	Retirement (PERS)	34,595	42,416	51,050	
100-411-240	Group Insurance	27,366	32,500	45,000	
100-411-250	Workers Compensation Insurance	4,207	5,112	8,000	
100-411-260	Other Benefits	926	787	1,200	
	Subtotal Employee Benefits	72,224	86,145	113,000	0
	Total Salaries & Benefits	274,724	326,686	379,500	0
100-411-300	Professional Services-City Attorney	59,778	50,582	55,200	
100-411-310	Professional Services-Legal	16,980	13,360	43,750	
100-411-321	Professional Services-GIS			1,500	
100-411-322	Professional Services-Other	21,155	20,265	60,000	
100-411-342	Tech Services-Other	25	922	2,000	
100-411-344	Tech Services-Elections	0	1,775	0	
100-411-348	Commission on Ethics Assessment	1,130	2,326	4,000	
100-411-410	Utility Service-Water & Sewer	1,467	1,153	3,000	
100-411-412	Utility Service-Refuse	1,042	1,420	1,500	
100-411-430	Service-Building Maintenance	2,217	3,005	3,000	
100-411-431	Service-Janitorial				
100-411-441	Rental	1,474	1,745	4,000	
100-411-520	Insurance	30,750	46,310	60,000	
100-411-530	Communications	3,487	6,384	7,000	
100-411-540	Advertising	1,132	2,055	7,000	
100-411-550	Printing and Postage	2,721	4,554	15,000	
100-411-580	Travel & Training	13,597	13,937	20,000	
100-411-581	Dues & Subscriptions-NLCM	11,116	13,811	11,000	
100-411-585	Educational Assistance Program	0	0	0	
100-411-600	General Supplies	5,545	8,461	30,000	
100-411-604	General Supplies-Passports			4,000	
100-411-605	Minor Equipment	5,204	3,560	5,000	
100-411-612	Bldg Maint-Supplies	1,821	1,347	0	
100-411-621	Natural Gas	2,835	3,257	5,000	
100-411-622	Electricity	13,711	19,147	25,000	
100-411-640	Books and Periodicals	26	0	1,000	
100-411-650	Community Support	17,661	28,870	60,000	
	Total Service & Supplies	214,874	248,246	427,950	0
	Total Operating Expenses	489,598	574,932	807,450	0
100-411-730	Improvements Other Than Buildings				
100-411-741	Machinery				
	Total Capital	0	0	0	0
	Total Operating and Capital	489,598	574,932	807,450	0

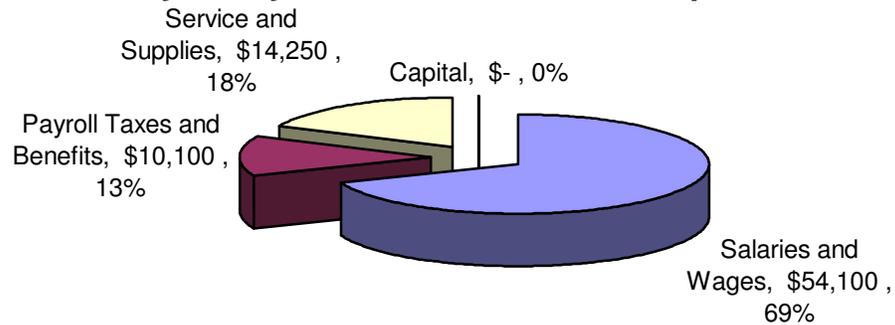
City of Fernley Annual Budget For Fiscal Year 2007-2008

Mayor and City Council

Organizational Chart:



Mayor/City Council FY2007/2008 Expenditures



Description:

The City of Fernley operates under a Council/Manager form of government, which combines the strong political leadership of the elected Mayor and City Council with the strong professional experience of an appointed manager. The general powers of the City Council are described in NRS 266.390 and NRS 266.260 through 266.368. The primary duties of the City Council are to:

1. Acquire, improve, equip, operate and maintain public works
2. Control and maintain buildings and real property for City use
3. Regulate traffic and parking

City of Fernley Annual Budget For Fiscal Year 2007-2008

4. Provide utilities
5. Grant franchises
6. Create and enforce ordinances
7. Control animals and collect associated fees
8. Provide for safeguarding of public health within the City
9. Provide for the abatement, prevention and removal of nuisances
10. License and regulate professions, trades, and businesses
11. Create any office that may be deemed necessary for the good government of the city
12. Provide for filling all vacancies in elective and appointive offices
13. Regulate and prescribe the powers, duties and compensation of all officers of the city, except as otherwise provided by law
14. Require all officers or employees of the city responsible for the handling of city funds to give bond and security for the faithful performance of their duties
15. Require from every officer of the city at any time a report in detail of all transactions in his office, or any matters connected therewith

The mayor is considered the Chief Executive Officer of the City (NRS 266.165) and is responsible for the general affairs of the City through performing the following general duties:

1. Give the City Council information relative to the state of the City
2. Recommend to the City Council measures that may be beneficial to the City
3. See that general laws and ordinances of the City are observed and enforced
4. Take proper measures to preserve the public peace
5. Oversee contract administration
6. Perform other duties prescribed by ordinance
7. Preside over the City Council when in session
8. Vote in the case of a tie of the City Council
9. Veto
10. Sign resolutions, ordinances, licenses, warrants, and claims against the City

Goals and Objectives:

Mayor/City Council Goal: To effectively and efficiently govern the City of Fernley.

Objective #1: To consider and act upon Council agenda items at regular meetings and request of staff any adjustments in regulations or policies to address issues confronting the City.

Mayor/City Council Goal: To effectively and efficiently prioritize projects and to allocate resources accordingly.

Objective #1: To annually review goals, objectives, and projects and provide appropriate feedback to staff during the budget process.

Mayor/City Council Goal: To provide vision and leadership.

Objective #1: To annually, and as needed, review goals, objectives, and priorities and provide for appropriate feedback to staff.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Mayor/City Council Goal: To develop policies and procedures to efficiently direct City operations and maximize the creativity and performance of City employees.

Objective #1: To annually, and as needed, review with the City Manager desired changes in the organization.

Mayor/City Council Goal: To develop effective intergovernmental relations to improve services to the public.

Objective #1: To meet with Lyon County regarding continued law enforcement, road tax, and animal control issues.

Objective #2: To attend various meetings of the Nevada League of Cities, POOL/PACT, and legislative meetings to keep abreast of current trends and issues.

City of Fernley Annual Budget For Fiscal Year 2007-2008

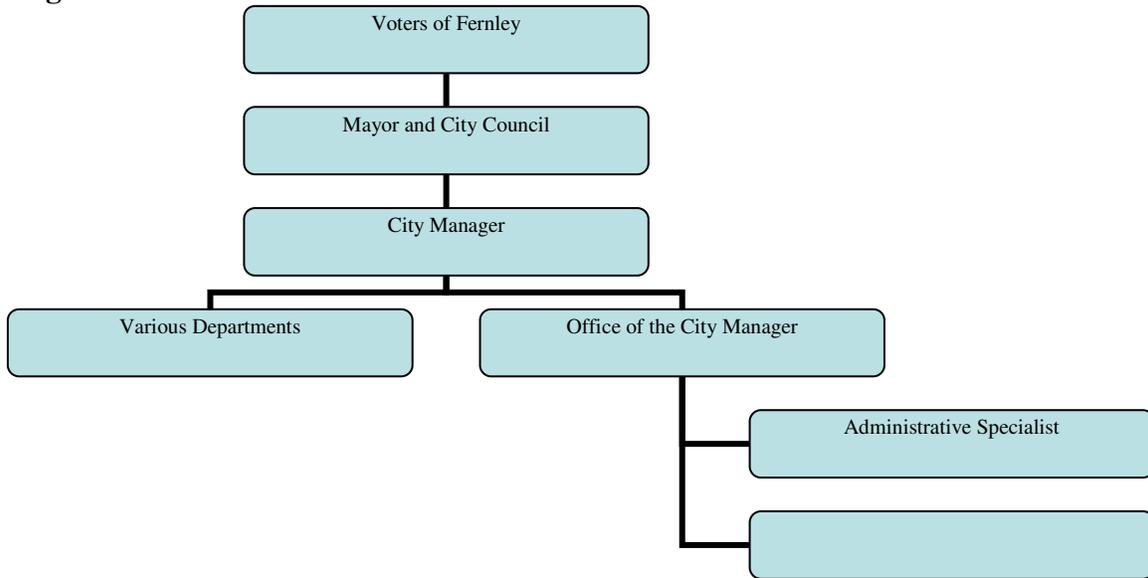
Line Item Budget Mayor/City Council:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-412-100	Salaries and Wages				54,100
100-412-130	Overtime				
100-412-140	Annual Leave Pay				
100-412-150	Sick Leave Pay				
100-412-160	Holiday Pay				
	Subtotal Salaries & Wages	0	0	0	54,100
100-412-200	FICA				1,900
100-412-210	Medicare				800
100-412-220	Unemployment				600
100-412-230	Retirement (PERS)				5,100
100-412-240	Group Insurance				0
100-412-250	Workers Compensation Insurance				1,700
100-412-260	Other Benefits				
	Subtotal Employee Benefits	0	0	0	10,100
	Total Salaries & Benefits	0	0	0	64,200
100-412-300	Professional Services-City Attorney				
100-412-310	Professional Services-Legal				
100-412-321	Professional Services-GIS				
100-412-322	Professional Services-Other				
100-412-342	Tech Services-Other				500
100-412-348	Commission on Ethics Assessment				
100-412-441	Rental				1,000
100-412-530	Communications				1,750
100-412-540	Advertising				
100-412-550	Printing and Postage				0
100-412-580	Travel & Training				5,000
100-412-581	Dues & Subscriptions-NLCM				
100-412-585	Educational Assistance Program				
100-412-600	General Supplies				
100-412-602	Supplies - Events				5,000
100-412-605	Minor Equipment				1,000
100-412-640	Books and Periodicals				
100-412-650	Community Support				
	Total Service & Supplies	0	0	0	14,250
	Total Operating Expenses	0	0	0	78,450
100-412-730	Improvements Other Than Buildings				
100-412-741	Machinery				
100-412-743	Furniture and Fixtures				
	Total Capital	0	0	0	0
	Total Operating and Capital	0	0	0	78,450

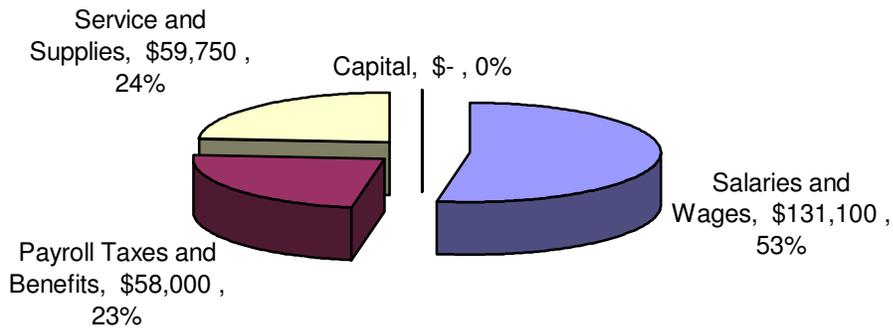
City of Fernley Annual Budget For Fiscal Year 2007-2008

Office of the City Manager

Organizational Chart:



Office of City Manager FY2007/2008 Expenditures



Description:

The City Manager is the Chief Administrative Officer of the City. The duties of the City Manager are contained in Fernley City Ordinance 2001-0001. The primary duties of the City Manager include:

1. Direct and supervise the administration of all departments, offices, and agencies of the City
2. Administer the affairs of the City
3. Assist the Mayor in accomplishing the Mayor's statutory duties
4. Appoint and remove non-elected officers and employees
5. Prepare the City's budget annually
6. Keep the Council advised on financial matters and make recommendations

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7. Recommend a schedule of pay for each office and position in the City
8. Recommend adoption of policies and procedures
9. Maintain the structure of the organization, subject to City Council approval
10. Attend meetings of the City Council
11. Supervise purchase of items, let contracts under \$10,000, bid items over \$10,000
12. Investigate the affairs of the City or any department
13. Perform other duties as may be required by the Council

Legal Requirements:

The City operates under a Council/Manager form of government. Ordinance 2001-001 created the Office of the City Manager.

Significant Expenditures and Staffing Changes:

One half time Office Assistant II was added to the Office of the City Manager during Fy2007/2008.

Staffing Levels and Cost Allocation:

Portions of the cost of the department are allocated to this cost center in the General Fund as well as to enterprise funds. See Appendices A through C of this report for a full analysis of the cost allocations.

Goals and Objectives:

City Manager Goal: To effectively manage and administer the day-to-day operations of the City according to the policy and direction of the Mayor and City Council within the limitations of appropriated resources.

Objective #1: To effectively delegate appropriate responsibility and authority to qualified department heads according to the direction of the Mayor and City Council.

Objective #2: To keep the Mayor and City Council members informed regarding day-to-day operations and issues.

City Manager Goal: To efficiently plan and complete quality capital projects, within available resources and as directed by the Mayor and City Council.

Objective #1: To provide input into the prioritization process for the Capital Improvement Program.

Objective #2: To effectively select quality consultants to provide specialized services toward completion of projects within available resources.

City Manager Goal: To provide advice to the Mayor and City Council.

Objective #1: To keep current on trends and issues at both the state and federal level.

Objective #2: To coordinate efforts for intergovernmental relations.

City of Fernley Annual Budget For Fiscal Year 2007-2008

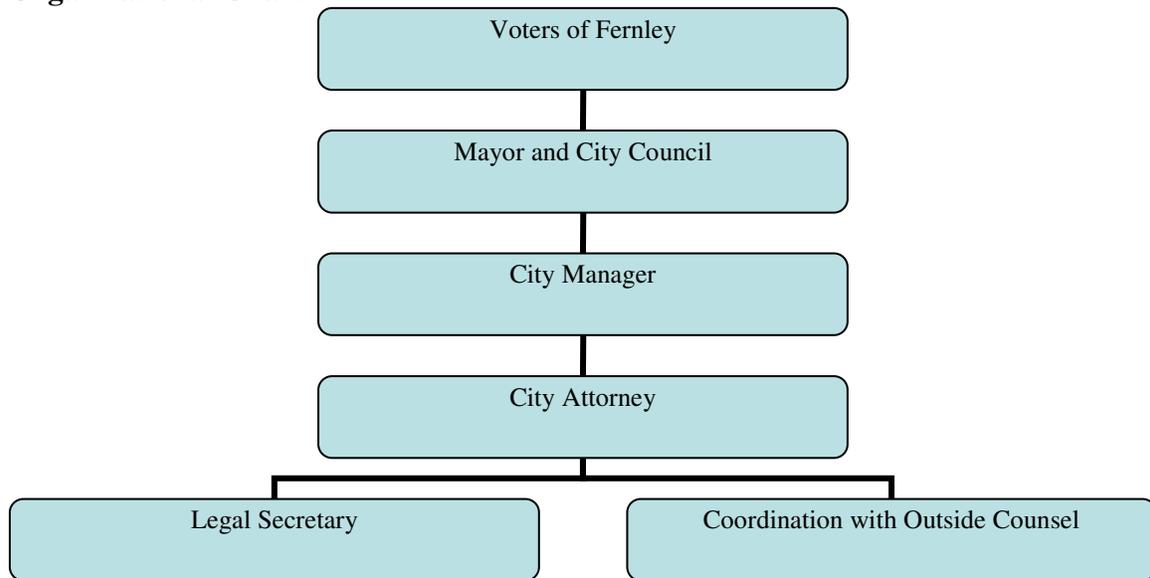
Line Item Budget - Office of the City Manager:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-413-100	Salaries and Wages				108,000
100-413-130	Overtime				1,500
100-413-140	Annual Leave Pay				8,100
100-413-150	Sick Leave Pay				7,500
100-413-160	Holiday Pay				6,000
	Subtotal Salaries & Wages	0	0	0	131,100
100-413-200	FICA				0
100-413-210	Medicare				1,900
100-413-220	Unemployment				1,300
100-413-230	Retirement (PERS)				26,600
100-413-240	Group Insurance				24,200
100-413-250	Workers Compensation Insurance				4,000
100-413-260	Other Benefits				
	Subtotal Employee Benefits	0	0	0	58,000
	Total Salaries & Benefits	0	0	0	189,100
100-413-300	Professional Services-City Attorney				
100-413-310	Professional Services-Legal				10,000
100-413-321	Professional Services-GIS				
100-413-322	Professional Services-Other				25,000
100-413-342	Tech Services-Other				500
100-413-348	Commission on Ethics Assessment				
100-413-441	Rental				1,000
100-413-530	Communications				1,750
100-413-540	Advertising				2,000
100-413-550	Printing and Postage				7,500
100-413-580	Travel & Training				5,000
100-413-581	Dues & Subscriptions-NLCM				
100-413-585	Educational Assistance Program				500
100-413-600	General Supplies				5,000
100-413-605	Minor Equipment				1,000
100-413-640	Books and Periodicals				500
100-413-650	Community Support				
	Total Service & Supplies	0	0	0	59,750
	Total Operating Expenses	0	0	0	248,850
100-413-730	Improvements Other Than Buildings				
100-413-741	Machinery				
100-413-743	Furniture and Fixtures				
	Total Capital	0	0	0	0
	Total Operating and Capital	0	0	0	248,850

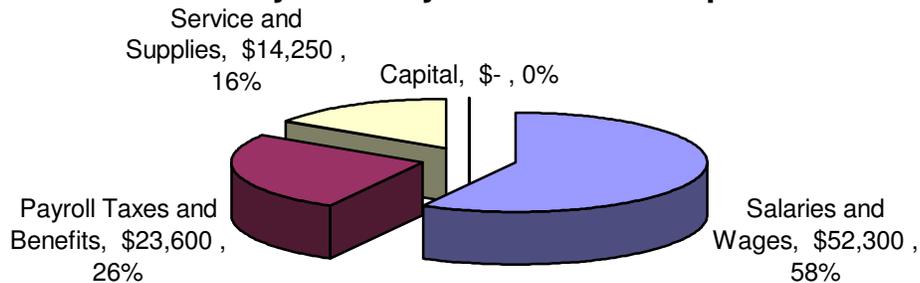
City of Fernley Annual Budget For Fiscal Year 2007-2008

Office of the City Attorney

Organizational Chart:



Office of City Attorney FY2007/2008 Expenditures



Description:

Legal Requirements:

Pursuant to NRS 266.470, the city attorney shall be the legal adviser of the council and all officers of the city in all matters respecting the affairs of the city and shall perform such duties as may be required by the council or prescribed by ordinance.

Significant Expenditures and Staffing Changes:

The City Attorney services were previously provided by an outside law firm. Prosecution services were also provided by an outside law firm. Effective July 1, 2007, these services were changed to an in-house Office of the City Attorney.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Staffing Levels and Cost Allocation:

The costs of the office of the City Attorney are allocated to various cost centers as follows: 40% to prosecution services, 40% to general civil services, and 20% to legal matters relating to enterprise funds.

City of Fernley Annual Budget For Fiscal Year 2007-2008

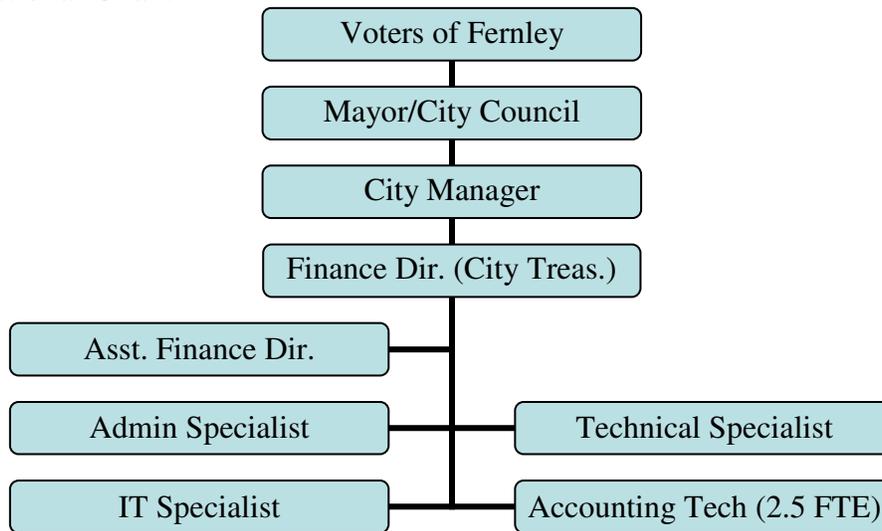
Line Item Budget – City Attorney Cost Center:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-414-100	Salaries and Wages				43,100
100-414-130	Overtime				500
100-414-140	Annual Leave Pay				3,300
100-414-150	Sick Leave Pay				3,000
100-414-160	Holiday Pay				2,400
	Subtotal Salaries & Wages	0	0	0	52,300
100-414-210	Medicare				800
100-414-220	Unemployment				600
100-414-230	Retirement (PERS)				10,600
100-414-240	Group Insurance				10,000
100-414-250	Workers Compensation Insurance				1,600
	Subtotal Employee Benefits	0	0	0	23,600
	Total Salaries & Benefits	0	0	0	75,900
100-414-342	Tech Services-Other				500
100-414-441	Rental				1,000
100-414-530	Communications				1,750
100-414-580	Travel & Training				5,000
100-414-600	General Supplies				5,000
100-414-605	Minor Equipment				1,000
	Total Service & Supplies	0	0	0	14,250
	Total Operating Expenses	0	0	0	90,150
	Total Capital	0	0	0	0
	Total Operating and Capital	0	0	0	90,150

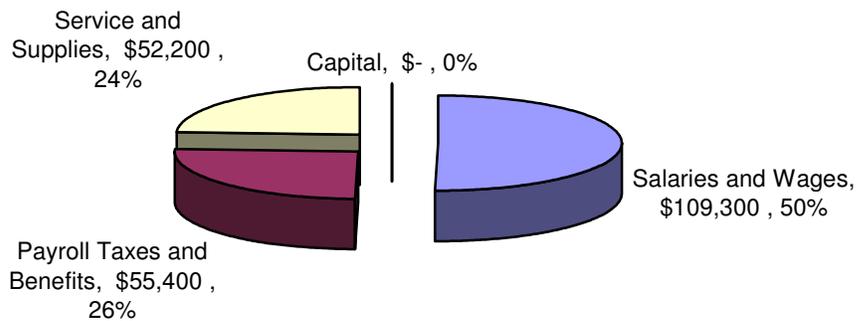
City of Fernley Annual Budget For Fiscal Year 2007-2008

Office of the City Treasurer/Finance Department

Organizational Chart:



Finance FY2007/2008 Expenditures



Description:

The Finance Department provides financial management, internal control, and guidance to the City Manager, Mayor, and City Council. The Finance Department is responsible for utility billing, payroll, accounts payable, purchasing, fund accounting (general ledger), employee benefit administration, capital asset accounting, investment of central treasury, internal financial reporting, information technology, certain aspects of risk management and human resource management, internal audit, coordination of the annual examination of the financial statements by independent accountants, compliance with accounting standards, and special projects as assigned by the City Manager. Because the Finance Department performs services for enterprise funds, the costs of the department are allocated between this cost center in the General Fund and the enterprise funds.

The priorities of the Finance Department for the upcoming year are:

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1. Streamline the steps needed for audit of the financial statement prepared under GASB #34, a new accounting standard that requires additional record keeping.
2. Coordinate planning and implementation of appropriate technology, including coordination of the Technology Committee, administration of contracts, presentations to the City Council for approval of projects, and implementation of approved projects.
3. Streamline processes in human resource management and payroll.
4. Coordinate water and sewer rate analysis and implementation of appropriate rate increases.
5. Provide quality internal and external customer service through appropriate training and policy/procedure development.
6. Submit the completed budget for consideration under the Government Finance Officers Association Distinguished Budget Presentation Awards Program and plan for future submission of a Comprehensive Annual Financial Report and other “popular” reporting programs.
7. Provide quality financial information and support to the City Manager, Mayor, City Council, other City departments for continued improvement of the public perception of the City government.
8. Begin research and planning for future implementation of a more formal performance measurement program.

Legal Requirements:

The Office of the City Treasurer was established under City of Fernley Ordinance #2001-0005. Appointment of a City Treasurer is required pursuant to NRS 266.405. The City Treasurer reports to and is under the supervision of the City Manager. The statutory duties and responsibilities of the City Treasurer are described in NRS 266.500 through 266.525. The City Council may prescribe the specific duties and responsibilities of the City Treasurer through ordinances. The job description for the City Treasurer (Administrative Services Director), duly adopted by the City Council, indicates that the City Treasurer serves as the chief financial officer and budget officer for the City, oversees payroll and data processing functions of the City, manages the operation of the Administrative Services Department, and provides related assistance to the City Manager.

Significant Expenditures and Staffing Changes:

No new positions were added.

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Staffing Levels and Cost Allocation:

The staff levels and cost allocations for the department are shown in Appendices A through C of this report:

Goals and Objectives:

Goal: To efficiently provide timely internal financial services in a cost effective manner within resource constraints.

Objective #1: To effectively implement and use applicable technology to maximize productivity.

Task #1: To maintain integrated financial software.

Task #2: To expand and upgrade computer hardware and networks, as needed, to implement further integrated financial software.

Task #3: To develop the knowledge, skills, and abilities of Department personnel, as needed, to effectively and efficiently use software to increase productivity.

Task #4: To delegate responsibilities to the Assistant City Treasurer to assure that monthly tasks are completed.

Objective #2: To develop and implement internal policies and procedures for efficient processing of financial data.

Task #1: To design and implement new procedures for purchasing and cash disbursements to improve internal controls and accountability.

Task #2: To train staff on policies and procedures.

Task #3: To delegate responsibilities to the Assistant City Treasurer to monitor programs.

Objective #3: To improve administration of payroll and benefits.

Task #1: To develop an Employee Benefits Orientation program and coordinate with the City Manager's Office on Human Resource issues.

Task #2: To develop and implement procedures for maintenance of personnel records, including computerized information.

Objective #4: To implement procedures for monthly general ledger "closing" and issuance of internal financial statement.

Task #1: To develop checklists and assign personnel to monthly reconciliation of certain general ledger accounts to subsidiary ledgers.

Task #2: To develop a review procedure for the City Treasurer or Assistant City Treasurer to sign off on the monthly processes.

Task #3: To develop an internal audit function to periodically review actual practices against internal control procedures.

Goal: To efficiently coordinate the annual examination of the financial statements by independent accounts.

Objective #1: To provide information needed for audit of financial statements under GASB #34 and other pronouncements.

Task #1: Develop record-keeping systems to gather the information necessary to implement the new accounting standards.

Task #2: Keep current on standards.

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Task #3: Prepare checklist and take decisions regarding implementation of accounting standards to the person or body with proper authority to make the decision.

Objective #1: To prepare workpapers and other information needed to streamline the audit process.

Task #1: Coordinate with independent accountants in planning of the audit.

Task #2: Prepare certain workpapers.

Task #3: Train personnel in the practices to facilitate the audit at year-end.

Goal: To streamline the budget process and create a user friendly budget document.

Objective #1: To obtain information from department heads, City Council, and other parties to ascertain citywide visions and goals.

Task #1: Develop budget instructions and forms.

Task #2: Assist departments in format of budget submissions.

Task #3: Coordinate with City Manager on budget workshops to obtain the vision and direction of the City Council and incorporate in final budget documents.

Objective #1: To prepare the budget document according to the format recommended by GFOA.

Task #1: Research GFOA criteria.

Task #2: Organize the budget document according to the criteria.

Task #3: Complete the outlined document using information gathered.

Goal: To develop the process for analysis of water and sewer rates to initially set the rate structure and to annually update the rate analysis and set rates accordingly.

Objective #1: To prepare analysis.

Objective #2: To prepare for public meetings with City Council on analysis.

Objective #3: To implement the new rates and rate structure.

Goal: To participate in organizations and attend conferences to improve the leadership and technical capacity of the Administrative Services Department, including staff.

Objective #1: To attend conferences to keep current.

Objective #2: To develop targeted training for staff to improve productivity through development of skill levels.

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Line Item Budget Office of the City Treasurer/Finance Cost Center:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-415-100	Salaries and Wages	48,523	62,240	74,000	89,700
100-415-130	Overtime	2,024	1,727	1,100	1,500
100-415-140	Annual Leave Pay	1,928	3,310	3,400	6,800
100-415-150	Sick Leave Pay	1,329	3,366	2,000	6,300
100-415-160	Holiday Pay	1,483	1,669	3,200	5,000
	Subtotal Salaries & Wages	55,287	72,312	83,700	109,300
100-415-200	FICA				0
100-415-210	Medicare	741	976	1,300	1,600
100-415-220	Unemployment	311	363	900	1,100
100-415-230	Retirement (PERS)	10,479	13,554	17,700	22,100
100-415-240	Group Insurance	11,135	13,712	19,900	27,200
100-415-250	Workers Compensation Insurance	1,217	1,553	2,800	3,300
100-415-260	Other Benefits	85	72	100	100
	Subtotal Employee Benefits	23,968	30,230	42,700	55,400
	Total Salaries & Benefits	79,255	102,542	126,400	164,700
100-415-322	Professional Services-Other	2,380	9,703	9,000	4,000
100-415-328	Professional Services-Auditing	8,333	12,667	18,000	18,000
100-415-342	Tech. Services-Other	1,938	2,494	4,000	4,000
100-415-530	Communications	1,128	1,376	1,700	1,700
100-415-540	Advertising	1,928	904	3,000	3,000
100-415-550	Printing and Postage	1,075	1,265	2,000	2,000
100-415-580	Travel & Training	1,957	4,425	9,000	9,000
100-415-581	Dues & Memberships	794	989	1,000	1,000
100-415-585	Educational Assistance Program	0	0	0	1,000
100-415-600	General Supplies	5,247	5,212	4,500	4,500
100-415-605	Minor Equipment	1,467	846	3,500	3,500
100-415-640	Books & Periodicals	197	0	500	500
	Total Service & Supplies	26,444	39,881	56,200	52,200
	Total Operating Expenses	105,699	142,423	182,600	216,900
100-415-730	Improvements Other Than Bldgs.				
100-415-741	Machinery				
100-415-743	Furniture and Fixtures				
	Total Capital	0	0	0	0
	Total Operating and Capital	105,699	142,423	182,600	216,900

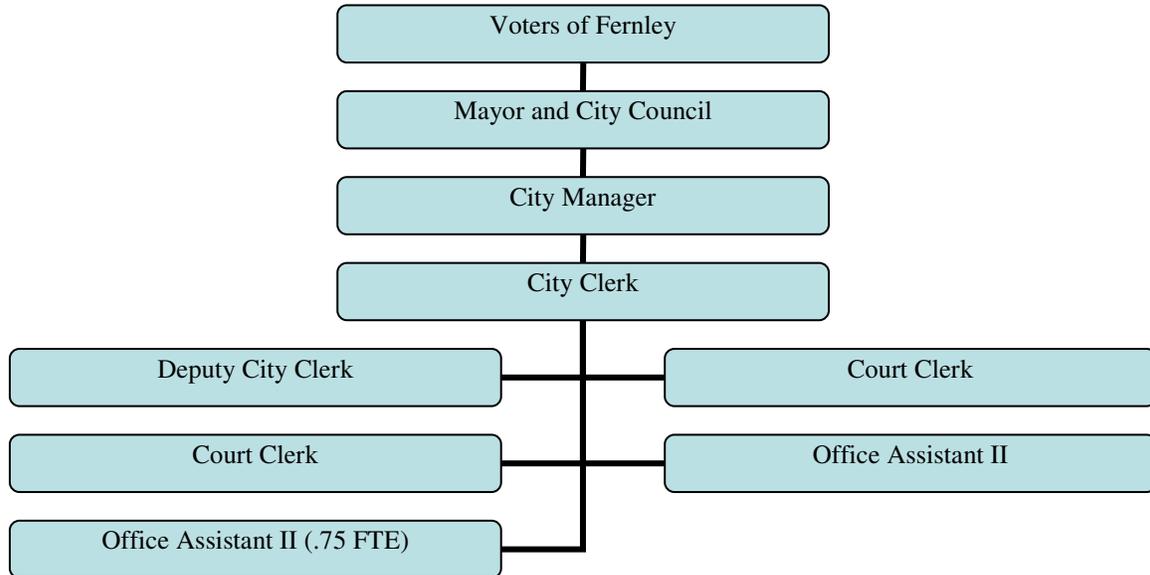
Analysis:

No new positions were added in FY08. In the latter part of FY07, reorganization occurred that transferred the animal control services to the Parks and Recreation Department and the administrative functions of the Municipal Court to the Office of the City Clerk. An Information Technology Specialist position was added. The calculations include projected step increases for existing personnel and Cost of Living Increases. No major capital items are anticipated, other than the technology improvements and software upgraded identified in the Capital fund.

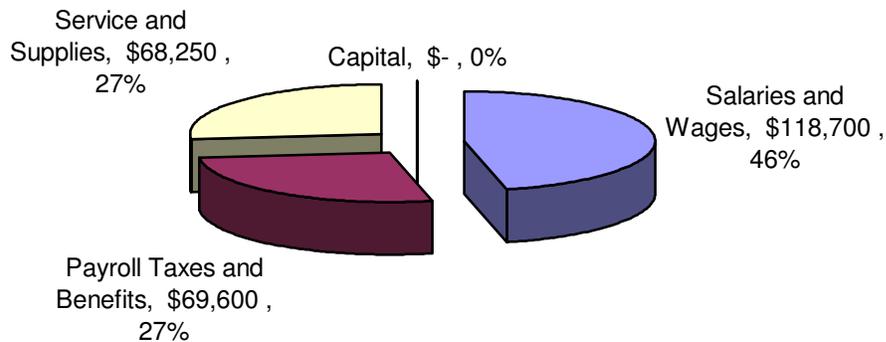
City of Fernley Annual Budget For Fiscal Year 2007-2008

Office of the City Clerk

Organizational Chart:



Office of City Clerk FY2007/2008 Expenditures



Description:

The primary responsibilities of the City Clerk are to administer and safeguard the integrity of the municipal governing process including the administration of an open and fair election process. Pursuant to NRS 266.480, the city clerk shall (1) keep their office at the place of meeting of the city council, or some other place convenient thereto, as the council may direct, (2) keep the corporate seal and all papers and records of the city, (3) keep a record of the proceedings of the city council, whose meetings they shall attend, (4) countersign all contracts made in behalf of the city, and every such contract or contracts to which the city is a party shall be void unless signed by the city clerk, and (5) cause to

City of Fernley Annual Budget For Fiscal Year 2007-2008

be published quarterly in some newspaper published in the city a statement of the finances of the city, showing receipts and disbursements, and bills allowed and paid with the signature of the mayor attested by the city clerk. The City Clerk is also responsible for overseeing city elections pursuant to NRS 293C to NRS 306. Additional responsibilities include processing City Council agendas and minutes, providing notification of meeting decisions to interested parties, processing passport applications, maintaining the calendar for use of City Hall meeting rooms, distributing mail, preparing the Clerk's budget, processing the Franchise Business License fees, administering the Business and Liquor license programs and providing clerical support to the Mayor, City Council, and City Manager, as needed. The City Clerk is also responsible for the timely and accurate accumulation, organization, dissemination, and archival of information from City Council, staff, and citizens for decision-making consistent with public law and community values. In FY2007-2008, the administrative operations of the Municipal Court were transferred to the Office of the City Clerk.

Because the Office of the City Clerk performs services for enterprise funds and performs the administrative functions of the municipal court, the costs of the department are allocated between cost centers in the General Fund and the enterprise funds.

Legal Requirements:

The general duties of the Office of the City Clerk are described in NRS 266.480. The requirements related to elections are described in NRS 293C through NRS 306.

Significant Expenditures and Staffing Changes:

The Office of the City Clerk assumed responsibility for the administrative functions in the Fernley Municipal Court. Two staff members were transferred into the Office of the City Clerk from another department. In addition, one Office Assistant II position was increased from .50 FTE to 1.00 FTE and another Office Assistant II positions was increased from .50 FTE to .75 FTE.

Staffing Levels and Cost Allocation:

One Office Assistant II positions was upgraded from part time to full time. Another Office Assistant II positions was increased from 0.60 FTE to 0.75 FTE. One Court Clerk and one Accounting Technician (reclassified to Court Clerk) position was transferred from the Administrative Services Department in the latter part of FY07. The cost allocations for all the positions are shown in Appendices A through C of this report.

Goals and Objectives:

Goal: To conduct city business in compliance with NRS and the Open Meeting Law.

Objective #1: To process City Council agendas in a timely and effective manner.

Task #1: Gather agenda items from Mayor, Council, Staff, and the public.

Task #2: Post agendas 3 days prior to the day of the meeting, excluding weekends and holidays.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Task #3: Mail, fax, or email a copy of the agenda to all persons requesting a copy and to anyone who has an item on the agenda.

Task #4: Ensure a Recording Secretary is present at the meeting and that minutes are approved within 30 days of each meeting.

Task #5: Enter agenda items into database for easy access. File agenda, agenda reports, and audiocassette tapes and electronic media in an easily retrievable fashion.

Goal: To provide a basis to regulate entities which do business in Fernley, collect fees sufficient to cover the cost of any impact of such business upon Fernley, and collect additional revenue for the operations of Fernley Government.

Objective #1: To assist applicants in obtaining the proper business or liquor licenses, processing franchise fees, and to ensure compliance of all businesses with the City's business license ordinances, State and Federal regulations.

Task #1: Review application for applicable inspector's signatures, completion of all applicable forms, and payment of fees and penalties.

Task #2: Agendize each application for City Council approval.

Task #3: Complete background investigation for liquor license applicants.

Task #4: Mail the approved license to the applicant in a timely fashion.

Task #5: Notify all businesses of annual renewal requirements and/or payment delinquency.

Task #6: Provide information on businesses as requested by the public and other State and local agencies.

Task #7: Maintain database with business information including payment records.

Task #8: Provide funds to the Administrative Services Department for deposit.

Task #9: Investigate reports of businesses being conducted without a valid business license.

Task #10: Enforce regulations and assist businesses, which are operating without a license or with a delinquent license, to become compliant.

Task #11: Review and revise Title 5 regarding issuance of business licenses.

Goal: To conduct City elections pursuant to NRS 293C, including redistricting when necessary.

Objective #1: To proactively train and prepare for future elections, including completing an agreement with Lyon County Clerk/Treasurer to conduct municipal elections in even number years.

Task #1: Obtain training and assistance, as needed, to plan for efficient election.

Task #2: Arrange for adequate funding needed to prepare plan and implement plan.

Task #3: Review and modify Ward boundaries.

Task #4: Establish an inter-local agreement with Lyon County to combine resources and provide assistance with elections.

Task #5: Ensure candidates meet legal requirements for filing declaration of candidacy and assist them in mandatory filing requirements.

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Task #6: Fulfill publication requirements for notice of city election in a timely fashion.

Task #7: Recruit and appoint the necessary election officers and election boards, including: poll workers, absent ballot board and counting board.

Task #8: Review and choose voting format such as touch screen machines or paper ballot and make arrangements for the necessary equipment.

Task #9: Design sample, absent, and general ballots in compliance with grouping order for type of office, content, mailing, and notice of location requirements.

Task #10: Establish procedures and location for security of ballots.

Task #11: Arrange for absentee and early voting, including extended hours the Clerk's office is open to the public.

Task #12: Work with Lyon County to obtain the necessary pollbooks and equipment.

Task #13: Prepare polling location materials supplies, and arrange for secure location until distributed.

Task #14: Ensure compliance with accessibility to polling place for elderly and disabled voters.

Task #15: Establish procedures for replacement of spoiled ballots.

Task #16: Establish procedures for accounting of used and unused ballots and for rejecting ballots.

Task #17: Establish standard for counting votes.

Task #18: Post copies of voting results in a timely fashion, including submitting information to the Secretary of State's election web site.

Task #19: Ensure canvass and abstract of votes is completed in a timely fashion.

Task #20: Ensure proper reports are submitted to the Commission on Ethics and Secretary of State in a timely manner.

Goal: To process ordinances and resolutions

Objective #1: To process ordinances and resolutions in compliance with NRS 266.115.

Task #1: Place ordinances and resolutions on City Council agendas for approval.

Task #2: Publish notification of proposal and adoption of ordinances and resolutions.

Task #3: Ensure that the ordinances are completed within the timeframe required by NRS 266.155.

Task #4: Ensure the Mayor and City Clerk sign the originals and distribute copies as necessary.

Task #5: Accept all ordinances and resolutions in electronic format for codification with City Code.

Goal: To process passport applications, including passport photo service if requested.

Objective #1: To process complete passport applications and/or photos in compliance with U. S. Department of State regulations.

Task #1: Provide appropriate application to applicant.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Task #2: Review application for correct information, verifying proof of citizenship and current photo identification.

Task #3: If requested, provide two 2" X 2" photographs.

Task #4: Process payments to City of Fernley and US Department of State.

Task #5: Complete transmittal form and send applications, photos, and payments to US Department of State.

Goal: To countersign contracts, keep the corporate seal and records of the City.

Objective #1: To establish and maintain a comprehensive electronic imaging, records and information management program.

Task #1: Pursuant to NRS 266.480(4), countersign all contracts made in behalf of the City.

Task #2: Establish document categories and classes, including documents deemed "sensitive".

Task #3: Initiate a records retention program based on department policies and schedules.

Task #4: Establish electronic imaging and document tracking process.

Task #5: Establish migration process from active records to storage.

Task #6: Establish records destruction procedure.

Task #7: Establish training program.

Task #8: Establish monitoring to measure program compliance.

Task #9: Establish program enforcement.

Task #10: Implement plans.

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Line Item Budget – Office of the City Clerk:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-416-100	Salaries and Wages				98,400
100-416-130	Overtime				500
100-416-140	Annual Leave Pay				7,400
100-416-150	Sick Leave Pay				6,900
100-416-160	Holiday Pay				5,500
	Subtotal Salaries & Wages	0	0	0	118,700
100-416-210	Medicare				1,800
100-416-220	Unemployment				1,200
100-416-230	Retirement (PERS)				24,200
100-416-240	Group Insurance				38,800
100-416-250	Workers Compensation Insurance				3,600
	Subtotal Employee Benefits	0	0	0	69,600
	Total Salaries & Benefits	0	0	0	188,300
100-416-321	Professional Services-GIS				1,500
100-416-322	Professional Services-Other				25,000
100-416-342	Tech Services-Other				500
100-416-344	Tech Services-Elections				10,000
100-416-441	Rental				1,000
100-416-530	Communications				1,750
100-416-540	Advertising				5,000
100-416-550	Printing and Postage				7,500
100-416-580	Travel & Training				5,000
100-416-585	Educational Assistance Program				500
100-416-600	General Supplies				5,000
100-416-604	Supplies Passports				4,000
100-416-605	Minor Equipment				1,000
100-416-640	Books and Periodicals				500
	Total Service & Supplies	0	0	0	68,250
	Total Operating Expenses	0	0	0	256,550
	Total Capital	0	0	0	0
	Total Operating and Capital	0	0	0	256,550

**City of Fernley Annual Budget
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Facilities and General Expenditures

Organizational Chart:

N/A

Description:

Certain general and administrative costs that are not readily allocable to certain cost centers were previously accounted for in the Administration cost center. In FY2007-2008, certain cost centers were split out of the Administration cost center. The remaining costs that were not readily allocable were moved to this cost center.

Legal Requirements:

There is no legal requirement to segregate the general and administrative costs.

Significant Expenditures and Staffing Changes:

This is a new cost center.

Staffing Levels and Cost Allocation:

The budget does not include any allocation of personnel to facilities but does contain janitorial contracts, supplies, and utilities for City Hall.

The detail for the community support line is:

Fernley 4 th of July Fireworks	15,000
Lyon Council on Alcohol and Drugs	10,000
Western Nevada Development District	5,000
Northern Nevada Development Authority	7,500
Retired Senior Volunteer Program (RSVP)	4,000
Compass	8,500
TOTAL	50,000

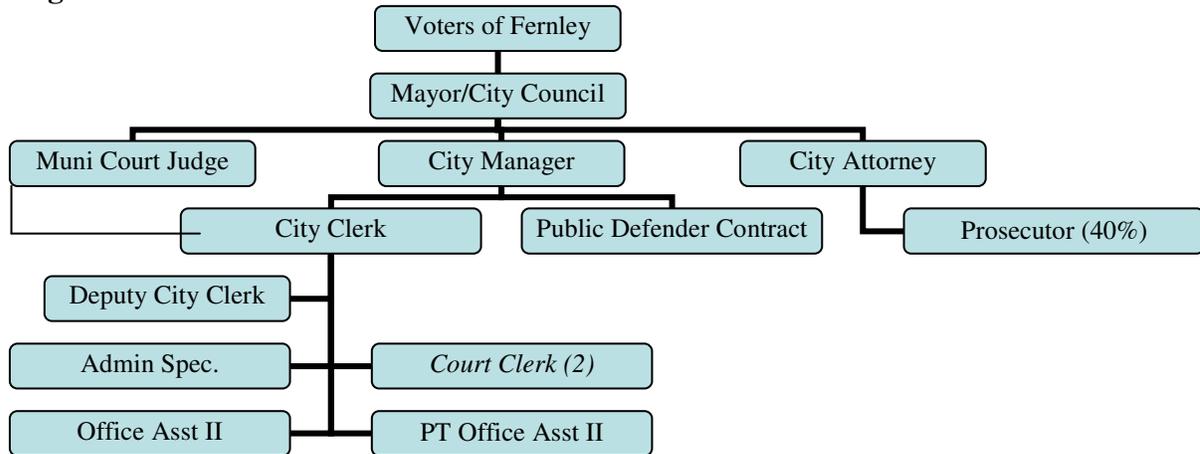
Line Item Budget:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Subtotal Salaries & Wages	0	0	0	0
	Subtotal Employee Benefits	0	0	0	0
	Total Salaries & Benefits	0	0	0	0
100-417-348	Commission on Ethics Assessment				4,000
100-417-410	Utility Service-Water and Sewer				3,000
100-417-412	Utility Service-Refuse				1,500
100-417-430	Service-Building Maintenance				3,000
100-417-431	Service-Janitorial				20,000
100-417-520	Insurance				60,000
100-417-581	Dues & Subscriptions-NLCM				11,000
100-417-621	Natural Gas				5,000
100-417-622	Electricity				25,000
100-417-650	Community Support				50,000
	Total Service & Supplies	0	0	0	182,500
	Total Operating Expenses	0	0	0	182,500
	Total Capital	0	0	0	0
	Total Operating and Capital	0	0	0	182,500

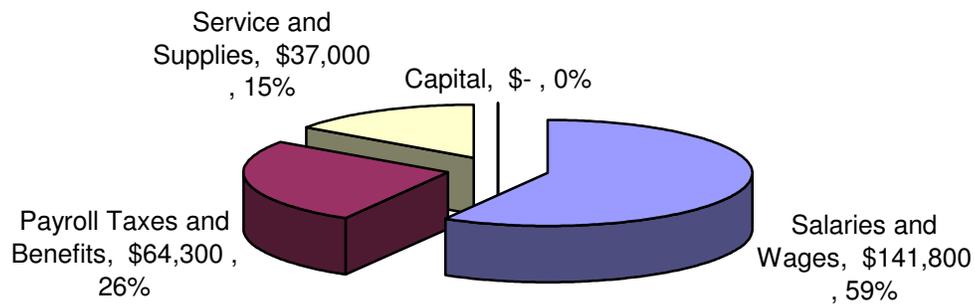
City of Fernley Annual Budget For Fiscal Year 2007-2008

Municipal Court

Organizational Chart:



Municipal Court FY2007/2008 Expenditures



Description:

The Fernley Municipal Court is a limited jurisdiction court that hears misdemeanor cases. Maximum sentences are \$1,000 or six months in jail or both.

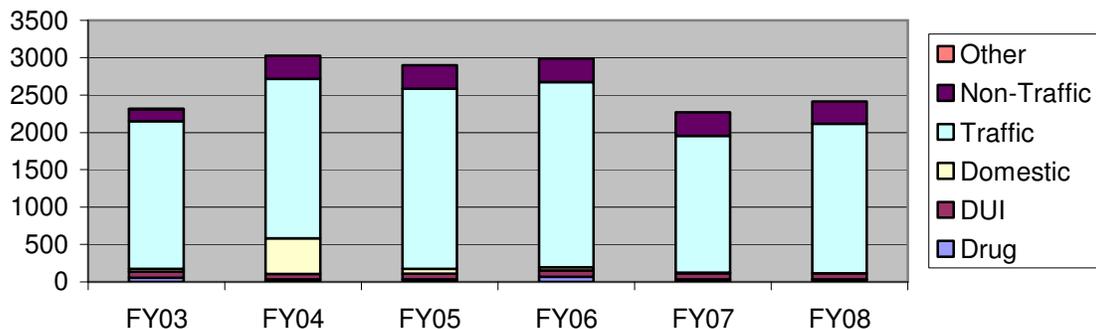
Growth:

The Municipal Court began operations on October 1, 2001 as a joint operation with the Canal Township Justice Court. The City began separate operations on October 1, 2002. The caseload for the court has decreased as shown in the following table and chart.

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Following is a summary of the charges filed in Municipal Court for the periods indicated:

	Drug	DUI	Domestic Violence	Traffic	Non- Traffic	Other	Total
7/1/02 to 6/30/03	55	82	37	1979	160	5	2318
7/1/03 to 6/30/04	33	71	48	2132	309	0	2593
% change	(40%)	(13.4%)	29.7%	7.7%	93.1%	N/M	11.9%
7/1/04 to 6/30/05	34	75	65	2410	314	1	2899
% change	3.03%	5.6%	35.4%	13.0%	1.6%	N/M	11.8%
7/1/05 to 6/30/06	67	86	44	2474	315	0	2986
% change	48%	15%	(32%)	2.6%	-	NM	3%
7/1/06 to 6/30/07 (est.)	35	81	5	1829	319	0	2269
% change	(48%)	(5.8%)	(87%)	(26%)	1%		(24%)
7/1/07 to 6/30/08 (est)	35	80	0	2000	300	0	2415
% change	-	-	-	9.3%	(6%)		6.4%



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Legal Requirements:

NRS 266.550 through 266.595 describes the jurisdiction and operation of municipal courts. The municipal court has similar powers and jurisdiction in the city that are provided by law for justices' courts, subject to the overall limited jurisdiction of misdemeanor criminal offenses. The powers of the municipal court include the power to charge and collect those fees authorized pursuant to NRS 5.073.

Significant Expenditures and Staffing Changes:

The number of FTE assigned to Municipal Court duties in the prior fiscal year was 1.99 FTE, excluding the prosecution service. In FY2007-2008, prosecution services were converted from a contract with a firm to City employees. This accounts for the majority in the increase in FTE for this cost center. FTE allocation in FY08 is 3.00.

Staffing Levels and Cost Allocation:

The Prosecutor services were previously provided under a contract. In FY2007-2008, these services are provided through allocation of the staff in the Office of the City Attorney. Public Defender services are provided through contracts and therefore, no City employees are involved in this function. The Municipal Court cost center includes the personnel allocated at the noted percentages as shown in Appendices A through C of the report.

Goals and Objectives:

Goal: To provide efficient and fair disposition of traffic and non-traffic misdemeanors that involve violation of city ordinances.

Goal: To establish policies and procedures for efficient and timely administration of court processes.

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Line Item Budget – Municipal Court Cost Center:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-425-100	Regular Pay	66,159	67,527	75,000	123,700
100-425-130	Overtime Pay	252	661	2,000	500
100-425-140	Annual Leave Pay	2,137	2,486	4,300	6,600
100-425-150	Sick Leave Pay	1,284	2,321	4,300	6,100
100-425-160	Holiday Pay	1,855	2,057	3,400	4,900
	Subtotal Salaries & Wages	71,687	75,052	89,000	141,800
100-425-200	FICA	1,488	1,488	1,700	2,300
100-425-210	Medicare	1,049	1,098	1,400	2,100
100-425-220	Unemployment	395	314	800	1,500
100-425-230	Retirement (PERS)	9,284	9,866	10,500	21,600
100-425-240	Group Insurance	7,951	6,811	21,900	30,900
100-425-250	Workers Comp-Other	1,972	2,022	2,400	4,300
100-425-260	Other Benefits	1,333	1,216	1,600	1,600
	Subtotal Employee Benefits	23,472	22,815	40,300	64,300
	Total Salaries & Benefits	95,159	97,867	129,300	206,100
100-425-312	Professional Service-Prosecutor	39,016	33,000	36,000	
100-425-314	Professional Service-Pub. Def.	24,946	21,300	24,500	24,500
100-425-322	Professional Service-Other	2,208	1,546	2,500	2,500
100-425-342	Tech Services-Other	1,203	1,204	2,500	1,500
100-425-530	Communications	1,563	2,087	2,000	2,000
100-425-540	Advertising	0	0	0	500
100-425-550	Printing and Postage	1,120	1,353	750	1,000
100-425-580	Travel & Training	1,665	588	0	0
100-425-581	Dues and Memberships	385	201	500	500
100-425-600	General Supplies	1,939	3,805	3,000	4,000
100-425-605	Minor Equipment	996	285	0	0
100-425-640	Books & Periodicals	395	395	500	500
	Total Service & Supplies	75,436	65,764	72,250	37,000
	Total Operating Expenses	170,595	163,631	201,550	243,100
	Total Capital	0	0	0	0
	Total Operating and Capital	170,595	163,631	201,550	243,100

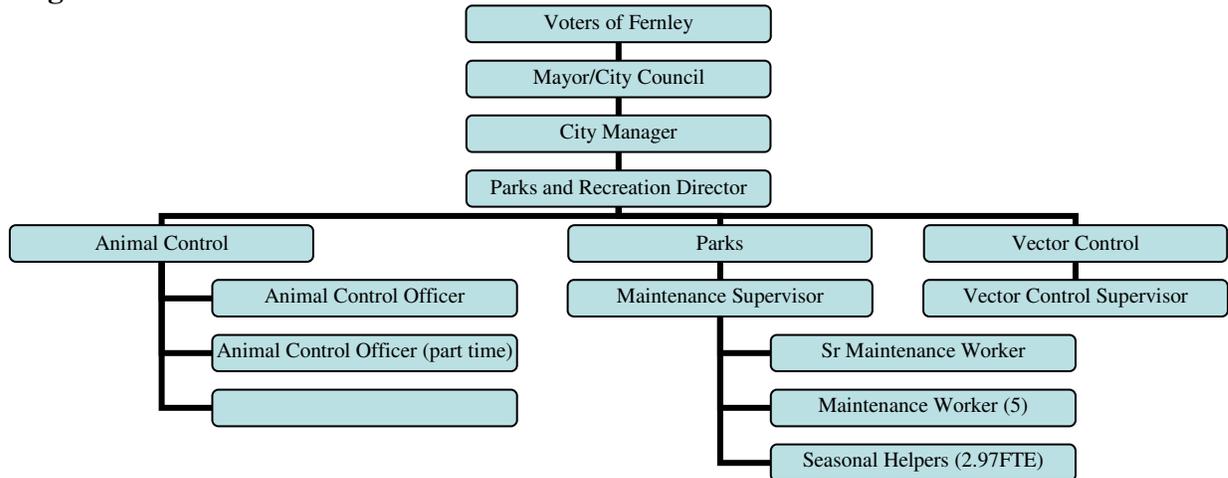
Analysis:

The increase in Salaries and Wages for the Municipal Court reflect a salary increase for the judge, an additional court clerk position, and a change from contracted prosecution services to prosecutions services provided in-house by the City Attorney's Office. The decrease in service and supplies reflects the change in prosecution services.

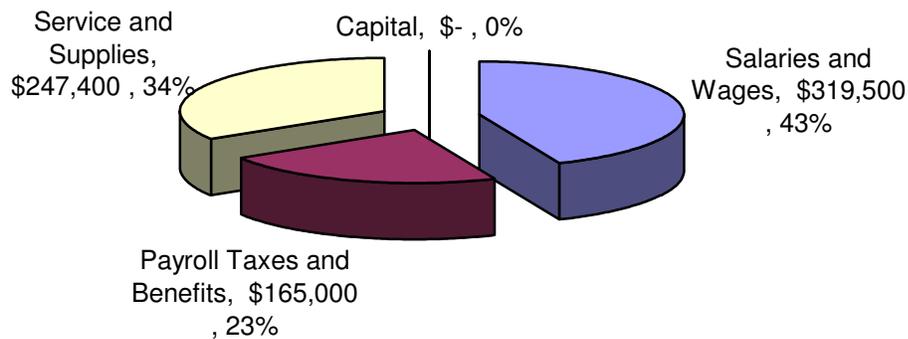
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Parks

Organizational Chart:



Parks FY2007/2008 Expenditures



Description:

Parks Department staff members are responsible for maintenance of the following parks:

Facility Name	Nearest Cross Streets	Area (in acres)
Fernley Depot (Assistance)	Main Street/Lois Lane	1.00
Eagle's Nest Park	Eaglewood Dr/Wildwood Dr.	0.25
Green Valley Park	Green Valley Dr/Ricci Ln.	6.00
In Town Park	Hwy 95A/Cedar St.	2.25
Johnson Memorial Park	Richards Wy/Smithridge	10.00
Millennium Park/City Hall	Silver Lace Blvd/Main St	1.00
Out of Town Park	Farm District Rd/Hwy 50A	72.30
Ponderosa Park	Farm District Rd/Edgewood Dr	2.00
River Ranch Park	River Ranch Rd	2.00
Fernley Pool (Assistance)	Cottonwood Ln./Hardie Ln.	

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The following parks are scheduled to come into the maintenance system in the near future:

Facility Name	Nearest Cross Streets	Area (in acres)
Autumn Winds Park	Farm District Rd./Clearwater Pwy.	7.00
Cloverland Park	Clover Ln.	2.00
Silverland Park	Tamsen Ln.	3.00
Jackson Ranch		
Friendly Five		

The Parks Department staff members also maintain the grounds at City Hall and provide cleaning services in City Hall.

Significant Expenditures and Staffing Changes:

In FY07/08, the budget assumes creation of one new full time Senior Maintenance Worker position.

Staffing Levels and Cost Allocation:

The Parks cost center includes allocated costs for personnel as noted in Appendices A through C of this report.

Goals and Objectives:

Goal: To conduct effectively manage, maintain and improve existing parks and facilities while ensuring proper development of new properties and programs.

Objective #1: To repair and renovate inadequate irrigation systems.

Task #1: Identify problem areas and systems.

Task #2: Establish system mapping with GPS and GIS interface.

Task #3: Budget for system improvements annually until improvements are completed for all facilities.

Task #4: Create as-builts for all park irrigation systems using GPS and GIS.

Objective #2: To establish written fee schedules for appropriate events and activities within the Parks.

Task #1: Evaluate events and activities based on impacts to utilities.

Task #2: Meet with user groups for their input and recommendations.

Task #3: Propose fee schedule based on impacts.

Objective #3: To expand available athletic field opportunities, enhance existing athletic facilities and coordinate facility management.

Task #1: Program all athletic tournaments and other special events up to one year in advance to avoid conflicts with other athletic leagues, activities and special events.

Task #2: Meet with athletic field users to schedule and coordinate routine and tournament activities.

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Task #3: Facilitate pursuit of donations, grants and sponsorships to fund facility improvements by user groups.

Objective #4: To facilitate creation of new youth activities, programs and facilities.

Task #1: Attend and participate in COMPASS and other youth activity groups.

Task #2: Coordinate with groups to improve and enhance their efforts to develop and establish activities, programs and facilities.

Task #3: Complete update of Parks and Recreation Plan, including inventory of existing facilities, possible properties for and projection of future development priorities.

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Line Item Budget – Parks Cost Center:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-575-100	Regular Pay	145,295	209,153	220,000	266,600
100-575-130	Overtime Pay	5,896	10,248	13,500	10,000
100-575-140	Annual Leave Pay	8,615	5,634	12,000	16,100
100-575-150	Sick Leave Pay	5,457	6,512	10,000	14,900
100-575-160	Holiday Pay	5,392	6,927	10,000	11,900
	Subtotal Salaries and Wages	170,655	238,474	265,500	319,500
100-575-200	FICA	968	1,141	2,500	3,300
100-575-210	Medicare	2,354	3,296	4,600	4,500
100-575-220	Unemployment	1,563	1,483	2,500	3,100
100-575-230	Retirement (PERS)	25,708	27,901	45,000	52,700
100-575-240	Group Insurance	23,303	32,049	54,000	90,600
100-575-250	Workers Compensation Insurance	4,631	5,982	7,400	9,600
100-575-260	Other Benefits	1,040	1,430	2,000	1,200
	Subtotal Employee Benefits	59,567	73,282	118,000	165,000
	Total Salaries & Benefits	230,222	311,756	383,500	484,500
100-575-322	Professional Services-Other	11,143	51,795	50,000	48,700
100-575-320	Professional Services -engineering	206	0		
100-575-342	Tech Services-Other	1,710	4,048	10,000	10,000
100-575-410	Utility Service-Water and Sewer	28,127	32,287	38,000	38,000
100-575-412	Utility Service-Refuse	4,168	6,883	8,000	11,000
100-575-430	Service-Repair and Maintenance	11,792	8,495	10,000	9,000
100-575-441	Rental			2,500	
100-575-520	Insurance		500		
100-575-530	Communications	4,868	7,294	8,420	8,500
100-575-540	Advertising	410	42	0	0
100-575-550	Printing and Postage	301	0	500	500
100-575-580	Travel and Training	1,006	403	2,000	2,000
100-575-581	Dues and Memberships	380	110	500	500
100-575-585	Educational Assistance Program	12	0	1,000	1,000
100-575-600	General Supplies	55,781	43,382	75,000	75,000
100-575-605	Minor Equipment	5,587	5,511	8,300	9,000
100-575-610	Automotive Supplies	3,013	2,832	1,000	1,000
100-575-612	Building Maintenance Supplies	767	1,053	1,500	1,500
100-575-616	Safety Supplies	2,123	3,527	3,500	3,500
100-575-621	Natural Gas			1,000	1,000
100-575-622	Electricity	10,182	17,924	14,600	14,600
100-575-623	Propane	630	487	600	600
100-575-626	Gasoline	5,790	10,468	12,000	12,000
100-575-640	Books and Periodicals	15	0		
100-575-642	Licenses and Permits	67	0	100	
	Total Service & Supplies	148,078	197,041	248,520	247,400
	Total Operating Expenditures	378,300	508,797	632,020	731,900
100-575-741	Machinery	6,000	28,710	13,000	
100-575-742	Vehicles	13,553	0		
	Total Capital	19,553	28,710	13,000	0
	Total Operating and Capital	397,853	537,507	645,020	731,900

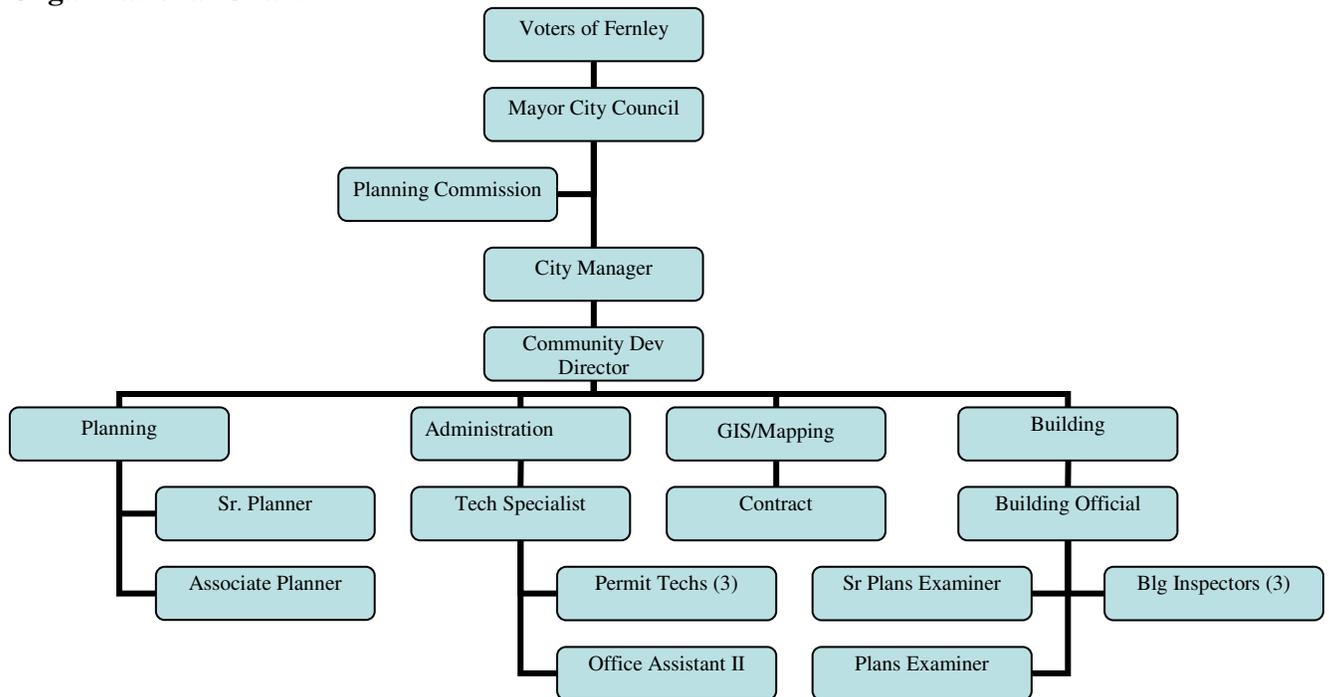
Analysis:

In FY08 one new full time position (1 FTE) was added. Salaries and Wages increased due to the additional employee and regular cost of living and merit increases. Service and supplies appropriation decreased slightly. Vehicle and equipment purchases will be made from the Capital Fund.

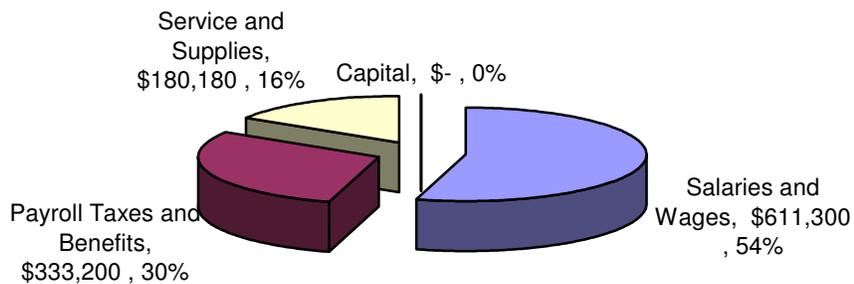
City of Fernley Annual Budget For Fiscal Year 2007-2008

Community Development

Organizational Chart:



Building & Planning FY2007/2008 Expenditures



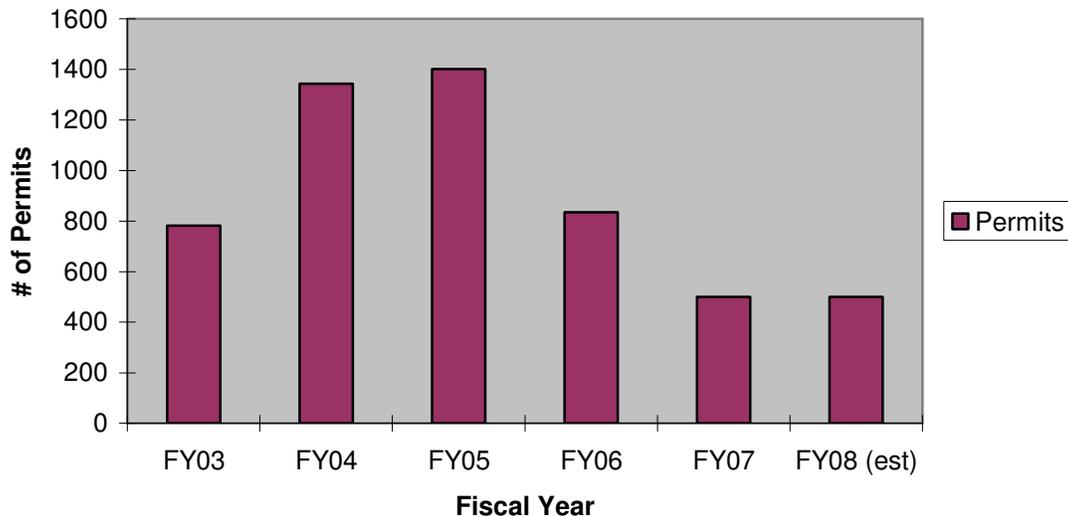
Description:

The Community Development Department exists to perform four primary functions: (1) building inspections and permits, (2) planning and zoning, (3) geographic information systems and mapping, and (4) code enforcement. The Community Development Department provides support to the Planning Commission, including research and recommendations.

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Growth

Permits Issued



Legal Requirements:

NRS 278 describes the Nevada laws related to planning. City Councils are authorized to establish planning departments or participate in Regional Planning Commissions. Pursuant to NRS 266, the City Council has the authority to pass ordinances relating to buildings and to require building inspections.

Significant Expenditures and Staffing Changes:

No new positions were added in the department. Two previously unfilled and unfunded positions were removed from the Authorized Positions for FY08.

Staffing Levels and Cost Allocation:

The Community Development cost center includes 14 positions as listed in Appendices A through C of this report. The cost of one of the positions is allocated 50% to this cost center.

Goals and Objectives:

Goal: To meet all statutory requirements for review of planning applications.

Goal: To continue to improve the building permit process.

Task #1: Continue to implement policies and procedures to improve the plan review and building permit process.

Goal: To review civil improvement plans within 30 days of submittal.

Task #1: Ensure that all applications are complete and accurate.

Task #2: Establish policies and procedures for efficient review of civil plans.

Task #3: Improve the civil improvement plan process.

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- Goal: To continue to perform all inspections within the requested dates.
- Goal: To continue high level of customer service and professional review of projects.
Task #1: Provide public counter coverage during business hours.
Task #2: Reply to phone calls within 24 hours.
Task #3: Improve over the counter plan check procedures for minor residential projects.
Task #4: Continue to complete all staff reports by Planning Commission and City Council packet deadlines.
- Goal: To evaluate the Department and reorganize the structural and staff alignments, as needed.
- Goal: To update the development code.
Task #1: Include changes identified in the Comprehensive Plan.
Task #2: Include changes desired by the Planning Commission and City Council.
Task #3: Include changes identified by staff and public input.
- Goal: To establish greater communication between the City, the development community, and the citizens of Fernley.
Task #1: Continue quarterly meetings with the development community.
Task #2: Establish neighborhood meetings
Task #3: Continue to improve customer service training for staff.
- Goal: To provide code enforcement services.
Task #1: Respond and investigate complaints within one week.
Task #2: Re-inspect violations within one week after deadlines.
Task #3: Utilize non-judicial means to correct the issue.
Task #4: Coordinate failures to comply cases with the City Attorney's office.
Task #5: Maintain monthly statistical information.
- Goal: To reduce and maintain residential building permit review/process to two weeks.
Task #1: Continue to streamline building permit processing procedures.
- Goal: To initiate the development process of the Downtown.
Task #1: Hold neighborhood meetings with the citizens.
Task #2: Hold meetings with downtown business/land owners.
Task #3: Meet with all stakeholders to develop a plan and to determine needs.
Task #4: Develop a plan though the use of a consultant
Task #5: Present plan options to all stakeholders
Task #6: Prioritize planning options for presentation to the Planning Commission and the City Council.
- Goal: To maintain monthly statistical public information pamphlets.
- Goal: To assist in City-wide technology updates.
- Goal: To assist with City Hall expansion.

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Goal: To assist the Parks and Recreation Department in long term planning for parks and open space.

Task #1: Identify potential public lands for open space as part of the Master Plan update.

Task #2: Continue to acquire land under the Truckee Canal for a regional trail system.

Task #3: Work with BOR and BLM on long-term park and open space planning.

Goal: To create new review process public information pamphlets.

Planning Projects for FY08

Downtown Development Plan: Both the citizens and the City are interested in revitalizing the downtown area and getting much needed business services brought into the City of Fernley. To determine the needs of the citizens and the current business/land owners, neighborhood meetings are being held throughout the City. As a result of the meetings, a list of needs will be established to assist in bringing new businesses to the City. The list will also help existing business modify their existing businesses to better serve their customers. The City staff will work closely with the Chamber of Commerce, business community, citizens, builders, and developers to begin the transition of the downtown. Involved in this process will be changes to the City's codes, research for grants, and community involvement. Once all data is collected, development options are established and Code changes are identified, additional neighborhood meetings will be held to get a consensus from the citizen and downtown business/land owners. The plan options will be presented to the Planning Commission and the City Council will be briefed on the process.

Development Code and Comprehensive Plan: During FY08, significant changes to the layout and content of the Development Code will be presented to the Planning Commission and City Council. These changes will provide more options to the citizens and the development community as well as clarifying the content of the Code.

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Line Item Budget – Community Development:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-600-100	Regular Pay	346,248	435,469	325,000	507,300
100-600-130	Overtime Pay	14,300	7,498	3,000	2,500
100-600-140	Annual Leave Pay	11,267	18,939	15,000	38,100
100-600-150	Sick Leave Pay	7,788	13,098	20,000	35,200
100-600-160	Holiday Pay	9,177	11,068	15,000	28,200
	Subtotal Salaries and Wages	388,780	486,072	378,000	611,300
100-600-210	Medicare	5,336	6,660	5,000	8,900
100-600-220	Unemployment	2,593	3,518	3,600	6,100
100-600-230	Retirement (PERS)	59,802	64,969	70,000	124,800
100-600-240	Group Insurance	67,196	70,131	90,000	173,000
100-600-250	Workers Compensation Insurance	9,078	8,016	10,000	18,400
100-600-260	Other Benefits	1,300	0	5,000	2,000
	Subtotal Employee Benefits	145,305	153,294	183,600	333,200
	Total Salaries & Benefits	534,085	639,366	561,600	944,500
100-600-320	Professional Services-Engineering		120	6,000	6,000
100-600-321	Professional Services-GIS			38,000	51,000
100-600-322	Professional Services-Other	61,057	105,686	40,000	40,000
100-600-342	Tech Services-Other	570	1,639	3,000	2,000
100-600-430	Service-Repair and Maintenance	1,180	930	2,000	5,780
100-600-441	Rental	6,227	4,852	6,000	6,000
100-600-530	Communications	7,880	9,971	10,000	10,000
100-600-540	Advertising	2,557	840	6,000	3,000
100-600-550	Printing and Postage	3,884	8,042	6,500	7,500
100-600-580	Travel & Training	11,140	10,182	17,500	17,500
100-600-581	Dues and Memberships	1,627	838	2,000	2,000
100-600-585	Educational Assistance Program	0	49	1,000	1,000
100-600-600	General Supplies	11,461	9,738	24,000	13,000
100-600-605	Minor Equipment	19,468	11,804	6,400	6,900
100-600-610	Automotive Supplies	3,289	381	500	500
100-600-616	Safety Supplies	165	145	500	500
100-600-626	Gasoline	3,760	5,686	4,000	6,000
100-600-640	Books and Periodicals	755	696	1,500	1,500
	Total Service & Supplies	135,020	171,599	174,900	180,180
	Total Operating Expenditures	669,105	810,965	736,500	1,124,680
100-600-741	Machinery		26,342		
100-600-742	Vehicles		0	16,800	
	Total Capital	0	26,342	16,800	0
	Total Operating and Capital	669,105	837,307	753,300	1,124,680

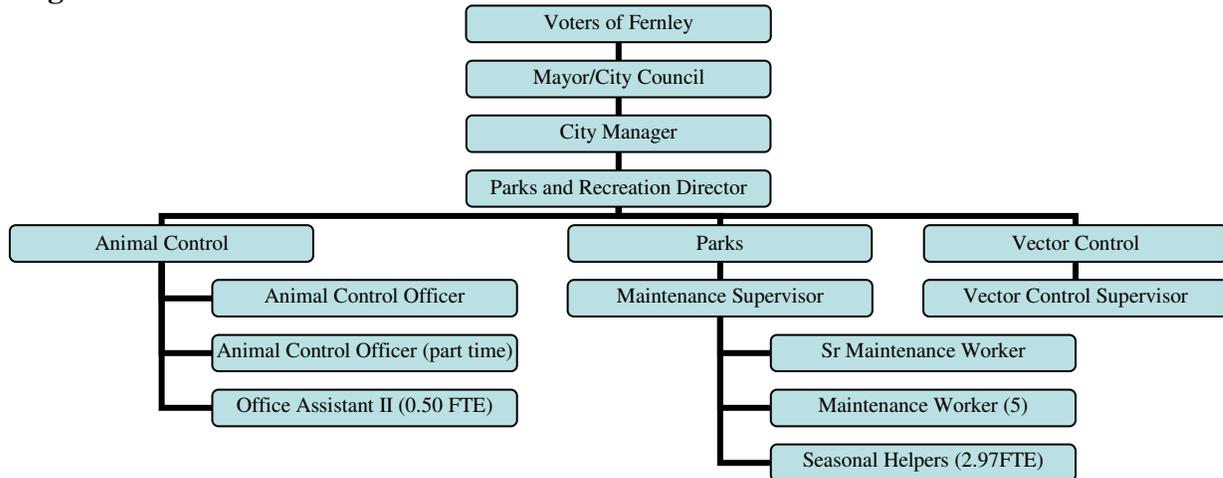
Analysis:

In FY06 and FY07, positions were authorized but not fully funded for two engineering positions. These positions have been dropped in the FY08 budget. The FY08 budget includes cost of living and step increases for employees. There were several unfilled positions in FY07 that are fully funded in FY08. Service and supply line items increased, primarily for professional services for special projects, such as downtown improvement plan, and engineering and GIS services. In FY06, Salaries and Wages increased due to additional staff positions and projected step increases for existing personnel (4%). Expenses for a capital outlays will be accounted for in the Capital Fund.

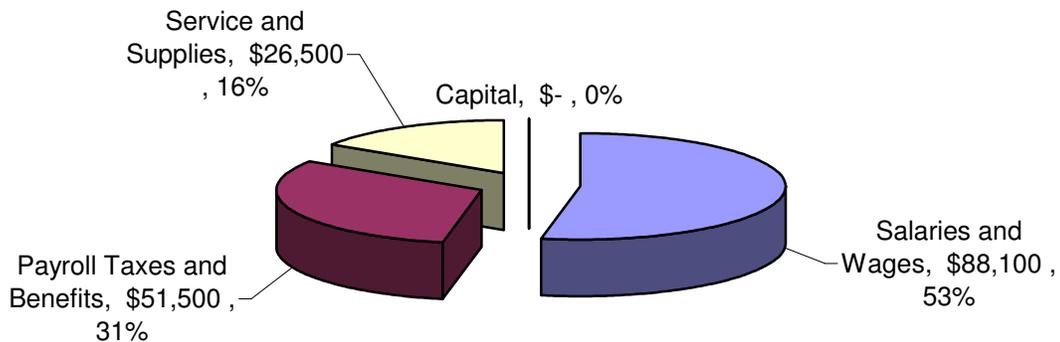
City of Fernley Annual Budget For Fiscal Year 2007-2008

Animal Control

Organizational Chart:



Animal Control FY2007/2008 Expenditures



Description:

The City of Fernley assumed responsibility for animal control services in the latter part of FY2001/2002. Lyon County provided services relating to animals in the Town of Fernley prior to incorporation. After the July 1, 2001 incorporation, Lyon County ceased providing the services and the City ultimately organized the services in the latter part of the first year of operation as an incorporated city. The City initially employed one part time person for animal control service who reported to the Community Development Director. In FY2002/2003, the part-time position was increased to full time. In FY2004/2005, the program was transferred from the Community Development Department to the Administrative Services Department, and an additional part-time Animal Control Officer position was added. In FY06-07, the function was transferred to the Parks and Recreation Department.

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Significant Expenditures and Staffing Changes:

No new positions were added in FY08. A portion of the Parks and Recreation Director's salary was allocated to this cost center in FY08 that was not allocated in previous fiscal years. The Parks and Recreation Director is responsible for implementing programs, through use of staff in the department.

Staffing Levels and Cost Allocation:

The Animal Control cost center includes personnel allocated as listed in Appendices A through C of this report. A portion of the cost of the Parks and Recreation Director is allocated to this cost center in FY08.

Goals and Objectives:

Goal: To respond to requests for service related to animals within the City limits according to local and state laws.

Objective #1: To respond to complaints regarding animals at large or animals posing a threat to the health and safety.

Objective #2: To coordinate with the Lyon County Sheriff's office to attain and transport animals in emergency situations.

Objective #3: To deposit dogs at the Lyon County Animal Shelter.

Objective #4: To return animals to owners, if possible, in 24 hours.

Goal: To patrol the City and react to observed situations, as needed, when not responding to a call or performing other required duties.

Goal: To provide quality customer service to the citizens of Fernley related to animal services.

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Line Item Budget – Animal Control:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-525-100	Regular Pay	27,213	48,801	40,000	70,800
100-525-130	Overtime Pay	1,307	1,223	2,000	3,100
100-525-140	Annual Leave Pay	1,119	3,371	2,600	5,300
100-525-150	Sick Leave Pay	2,397	1,751	2,000	4,900
100-525-160	Holiday Pay	1,395	2,419	3,000	4,000
	Subtotal Salaries and Wages	33,431	57,565	49,600	88,100
100-525-210	Medicare	451	820	800	1,300
100-525-220	Unemployment	280	417	500	900
100-525-230	Retirement (PERS)	6,338	9,512	10,500	17,400
100-525-240	Group Insurance	5,008	4,618	16,500	29,200
100-525-250	Workers Compensation Insurance	919	1,520	1,800	2,700
	Subtotal Employee Benefits	12,996	16,887	30,100	51,500
	Total Salaries and Benefits	46,427	74,452	79,700	139,600
100-525-322	Professional Services-Other	0	3,712	2,000	2,000
100-525-342	Tech Services-Other	0	2,191	2,000	2,000
100-525-346	Co. Shelter Agreement	3,000	3,000	3,000	3,500
100-525-430	Service-Repair & Maintenance	7	1,419	1,500	1,500
100-525-530	Communications	2,432	4,563	4,500	4,500
100-525-540	Advertising	0	29	1,000	1,000
100-525-550	Printing and Postage	239	39	500	500
100-525-580	Travel & Training	55	44	2,000	500
100-525-581	Dues and Memberships	235	0	500	500
100-525-585	Educational Assistance Program	0	3,262	1,000	0
100-525-600	General Supplies	1,135	1,443	3,500	3,000
100-525-605	Minor Equipment	459	0	3,000	2,500
100-525-610	Automotive Supplies	1,937		500	500
100-525-616	Safety Supplies				800
100-525-626	Gasoline	811	1,434	2,000	3,500
100-525-640	Books and Periodicals	0	0	250	250
100-252-650	Legal Settlement			20,000	
	Total Service and Supplies	10,310	21,136	47,250	26,550
	Total Operating Expenses	56,737	95,588	126,950	166,150
100-525-742	Vehicles	0	0	25,100	
	Total Capital	0	0	25,100	0
	Total Operating and Capital	56,737	95,588	152,050	166,150

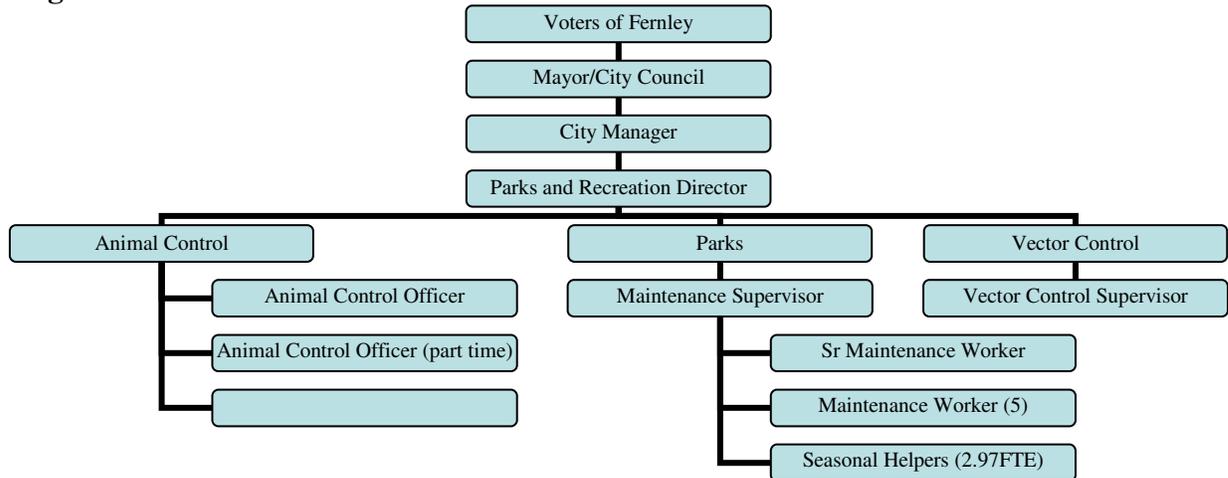
Analysis:

In FY08, no new positions were added. The Service and Supply section of the budget for FY06/07 contains \$20,000 for a legal settlement that is non-recurring. With the exception of the legal settlement, Service and Supply line items decreased primarily due to lower expenditures for small equipment items that were purchased in previous years. In FY06, Salaries and Wages increased due to the creation of new positions. The budget also includes projected step increases for current employees.

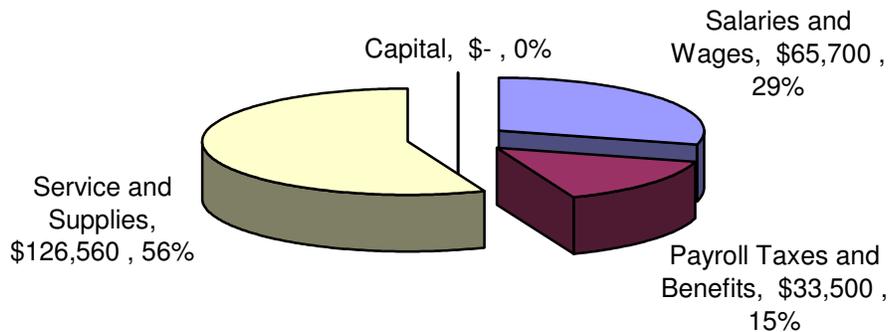
City of Fernley Annual Budget For Fiscal Year 2007-2008

Vector Control

Organizational Chart:



Vector Control FY2007/2008 Expenditures



Description:

The City of Fernley recently experienced cases of West Nile Virus in mosquitoes. The City has developed a Vector Control Program to deal with the Public Health issue.

Significant Expenditures and Staffing Changes:

The seasonal labor was deleted in FY08 in favor of contracts for aerial application of pesticides. A portion of the Parks and Recreation Director's salary was allocated to this cost center in FY08 that was not allocated in previous fiscal years. The Parks and Recreation Director is responsible for implementing programs, through use of staff in the department.

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Staffing Levels and Cost Allocation:

The Vector Control cost center includes the personnel allocated as listed in Appendices A through C of this report. A total of 1.33 FTE are allocated to this function.

Goals and Objectives:

Goal: To minimize public health impacts due to vector borne diseases.

Objective: To further develop a baseline program to include more comprehensive surveillance and testing of mosquitoes to identify public health concerns.

Task#1: Budget for additional light traps to increase sampling of mosquito species.

Task#2: Survey known breeding sites for appropriate sampling locations and install additional light traps at those sites.

Task #3: Budget for college intern to provide a seasonal scientific resource employee to facilitate species specific identification, surveillance and testing.

Task #4: Continue development of GIS mapping program from breeding sites and chemical application records.

Goal: To integrate Vector Control and Parks staffing and equipment for maximum efficiency.

Objective #1: To facilitate work assignment flexibility and resource integration.

Task#1: Cross train Parks staff in use of abatement equipment and chemicals.

Task#2: Utilize college intern position for chemical application and scientific analysis.

Task #3: Utilize Vector Control equipment for appropriate Park applications such as broadcasting fertilizer pellets using larvacide cannons.

Objective #2: To increase public education and expand the use of low impact methods of larvaciding to reduce the need for adulticiding with aerial and/or fogging applications.

Task#1: Utilize seasonal employee and college intern for non-complex larvacide applications to drain intersects and retention basins via all terrain vehicle operations.

Task#2: Increase available mosquito fish population by working with the Desert Lakes Golf Course management team to breed fish in existing course water hazards.

Task #3: Increase stocking of mosquito fish in appropriate breeding sites.

Task #4: Develop effective public information program to mitigate cultural practices that create mosquito breeding habitat.

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Line Item Budget – Vector Control:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-528-100	Regular Pay	7,149	40,210	46,000	53,000
100-528-130	Overtime Pay	2,069	7,800	3,500	2,000
100-528-140	Annual Leave Pay	137	287	2,000	4,000
100-528-150	Sick Leave Pay		1,459	2,000	3,700
100-528-160	Holiday Pay		1,708	2,300	3,000
	Subtotal Salaries and Wages	9,355	51,464	55,800	65,700
100-528-200	FICA	95	709	500	0
100-528-210	Medicare	70	761	800	1,000
100-528-220	Unemployment	160	431	600	700
100-528-230	Retirement (PERS)	835	7,652	11,000	13,100
100-528-240	Group Insurance	0	6,721	11,000	16,700
100-528-250	Workers Compensation Insurance	244	1,509	2,800	2,000
	Subtotal Employee Benefits	1,404	17,783	26,700	33,500
	Total Salaries & Benefits	10,759	69,247	82,500	99,200
100-528-322	Professional Services-Other	0	4,796	10,000	16,810
100-528-342	Tech Services-Other	0	632	2,000	12,000
100-528-430	Service-Repair and Maintenance	0	50	2,000	2,000
100-528-530	Communications	0	2,061	2,500	1,250
100-528-540	Advertising	26			
100-528-580	Travel and Training	710	0	1,000	1,000
100-528-581	Dues and Memberships	0			500
100-528-585	Educational Assistance Program	0	0	0	1,000
100-528-600	General Supplies	10,159	64,694	97,100	80,000
100-528-605	Minor Equipment	13,831	7,072	2,000	2,000
100-528-610	Automotive Supplies	1,790	7,583	1,000	2,000
100-528-612	Building Maintenance Supplies	107	65		
100-528-616	Safety Supplies	2,757	1,029	3,300	2,000
100-528-626	Gasoline	0	3,921	5,500	6,000
	Total Service & Supplies	29,380	91,903	126,400	126,560
	Total Operating Expenditures	40,139	161,150	208,900	225,760
100-528-730	Improvements Other Than Bldgs.		10,698	0	0
100-528-741	Machinery	11,313	8,549	13,800	
100-528-742	Vehicles	15,902		25,400	
	Total Capital	27,215	19,247	39,200	0
	Total Operating and Capital	67,354	180,397	248,100	225,760

Analysis:

The costs for FY05 represent approximately half a year since the program began in mid FY05. Costs for chemicals are much higher than originally anticipated. High chemical costs are expected in FY08.

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Debt Service

This cost center is used to account for the payment of debt incurred for construction of the expansion of the City Hall building. The debt was originally issued in December 2005 in the amount of \$5 million and bears interest at 4.49% payable over 20 years.

The FY2007/2008 budget for the debt service function follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
100-625-861	Principal			158,000	165,000
100-625-860	Interest		94,789	220,400	213,702
100-625-331	Service & Supplies (Bank Fee)				
	Total		94,789	378,400	378,702

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Contingency

The City of Fernley may budget for a contingency not to exceed 3% of total estimated annual expenditures, excluding transfers out. The annual expenditures (before transfers and contingency) for the City of Fernley for FY2007/2008 are approximately \$3.9 million. The contingency is established at less than the full 3% limit (\$117,000). The \$50,000 contingency amount is less than 1% of annual expenditures. Pursuant to NRS 354.608, no expenditure may be made directly from a contingency account, except as a budget transfer to the appropriate account. If the City Council desires to use money from the contingency account, the City Council may authorize a budget transfer (for example from Contingency to Service and Supplies) and then pay for the item from the appropriate account (for example, Service and Supplies).

The FY2007/2008 budget for the contingency function follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Total Salaries & Benefits		0		0
100-900-900	Contingency	0	0		50,000
	Total Service & Supplies		0		50,000
	Total Operating Expenditures		0		50,000
	Capital Expenditures				
	Total Capital		0		0
	Total Operating and Capital	0	0		50,000

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Special Revenue Funds

Overview:

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The City of Fernley maintains the following special revenue funds for the purposes described:

Administrative Assessment Fees Fund: To account for a portion of fees collected in the Fernley Municipal Court as required by NRS 176.059. These monies are used to improve the operations of the court, or to acquire and/or use appropriate advanced technology, including training, acquisition of capital items, management and operations studies or audits. Any money remaining in the fund after two fiscal years reverts to the City General Fund.

Court Facilities Assessment Fees Fund: To account for fees collected in the Fernley Municipal Court pursuant to NRS 176.0611 and authorized in City of Fernley Ordinance #2001-0011. These monies are used to (1) acquire land for court facilities, (2) construct or acquire court facilities, (3) renovate or remodel existing court facilities, (4) acquire furniture, fixtures and equipment needed due to construction, acquisition or renovation of court facilities, (5) acquire advanced technology for use in renovation of court facilities, or (6) to pay debt service on bond issues related to construction, acquisition, or renovation of court facilities. Any money remaining in the fund after five fiscal years reverts to the City General Fund.

Grants: To account for certain projects primarily financed through grants and to segregate funds earmarked as matching funds for grants. Grants relating to enterprise funds are not included in this fund.

Residential Construction Tax District #1: To account for a tax to be used for park development in the District #1 identified in the City of Fernley park plan.

Residential Construction Tax District #2: To account for a tax to be used for park development in the District #2 identified in the City of Fernley park plan.

Streets and Storm Drain: To account for gas taxes that must be used for street maintenance and capital expenditures as well as other revenues that may be used for projects associated with streets and storm drains.

Private Sector Community Support: To account for private sector donations that are restricted for specific programs or facilities.

Green Valley Landscape Maintenance District: To account for fees charged to property owners within the Green Valley subdivision used for maintenance of a park located within the subdivision

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Autumn Winds Landscape Maintenance District: To account for fees charged to property owners within the Autumn Winds Subdivision used for maintenance of a park located within the subdivision.

Silverland Landscape Maintenance District: To account for fees charged to property owners within the Silverland Subdivision used for maintenance of a park located within the subdivision.

Friendly Five Landscape Maintenance District: To account for fees charged to property owners within the Friendly Five Subdivision used for maintenance of a park located within the subdivision.

B C Ranch Landscape Maintenance District: To account for fees charged to property owners within the B C Ranch Subdivision used for maintenance of a park located within the subdivision.

Sario Ranch Landscape Maintenance District: To account for fees charged to property owners within the Sario Ranch Subdivision used for maintenance of a park located within the subdivision.

Jackson Ranch Landscape Maintenance District: To account for fees charged to property owners within the Jackson Ranch Subdivision used for maintenance of a park located within the subdivision.

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Administrative Assessment Fees

Description:

This fund was established to account for a portion of the fees collected in the Fernley Municipal Court as required by NRS 176.059. Prior to FY04, the court assessed between \$15 and \$105 for certain misdemeanors. The Nevada State Legislature increased the required assessments to between \$25 and \$115. Of this assessment, \$2 is allocated to Lyon County's juvenile court or juvenile probation program to provide service to juvenile offenders; \$7 is placed in this special revenue fund for the use of the Municipal Court, and the remainder of each assessment is paid to the State of Nevada for a special account in the State general fund. The monies in this Administrative Assessment Fees special revenue fund are used to improve the operation of the court or to acquire and/or use appropriate advanced technology, including training, acquisition of assets, management and operations studies, or audits. Any money remaining in the fund after two fiscal years reverts to the City General Fund. The Municipal Court Judge and the City Manager share responsibility and accountability for this fund.

The FY2007/2008 budget for this fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Revenues:				
	<i>Fines & Forfeitures</i>				
200-350-100	Admin Assess Fee Revenue	12,698	15,113	15,000	15,000
200-360-100	Interest Earnings	879	1,148	1,500	1,100
	Miscellaneous Revenues				
	Total Revenues	13,577	16,261	16,500	16,100
	Operating Expenditures:				
200-425-322	Professional Services-Other		200		
200-425-580	Travel & Training	1,273	3,427	4,000	5,000
200-425-600	General Supplies	0	293	0	5,000
200-425-605	Minor Equipment		1,613	1,000	10,000
	Total Operating Expenditures	1,273	5,533	5,000	20,000
	Net from Operations	12,304	10,728	11,500	-3,900
	Capital Expenditures:				
200-425-741	Machinery				
	Furniture and Fixtures				
	Total Capital	0	0	0	0
	Revenues less Expenditures	12,304	10,728	11,500	-3,900
	Transfers in & Out			-45,000	
	Fund Balance July 1	14,593	26,897	37,625	4,125
	Fund Balance June 30	26,897	37,625	4,125	225

The transfer in FY06-07 was to supplement appropriations for the City Hall Expansion Project, which includes the Court room, Chambers, and administrative offices for the Fernley Municipal Court.

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Court Facility Fees

Description:

The fund was created to account for fees collected in the Fernley Municipal Court as allowed in NRS 176.0611 and authorized in City of Fernley Ordinance #2001-0011. The fee will be collected for twenty-five years, from 2001 through 2026. The court facility assessment fee is \$10 for each case in which a defendant is found guilty of certain misdemeanors. The fee is in addition to any fines imposed by the Municipal Court Judge. The fees collected in this fund are to be used to:

- Acquire land on which to construct additional facilities for the Fernley Municipal Court or a regional justice center that includes the Municipal Court
- Construct or acquire additional facilities for the Fernley Municipal Court
- Renovate or remodel existing facilities for the Fernley Municipal Court
- Acquire furniture, fixtures, and equipment necessitated by the construction or acquisition of additional facilities or the renovation of an existing facility.
- Acquire advanced technology for use in the additional or renovated facilities
- Pay debt service on any bonds issued for the acquisition of land or facilities or the construction or renovation of facilities for the Municipal Court or a regional center that includes the Municipal Court

Any money remaining in the fund after five fiscal years reverts to the City General Fund for the continued maintenance of court facilities.

The FY2007/2008 budget for this fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Revenues:				
210-350-100	Court Facility Fee Revenue	18,062	20,665	21,000	21,000
210-360-100	Interest Earnings	712	2,095	2,500	2,500
	Total Revenues	18,774	22,760	23,500	23,500
210-425-322	Professional Service-Other				
210-425-741	Machinery			0	0
	Total Expenditures		0	0	0
	Revenues less Expenditures	18,774	22,760	23,500	23,500
	Transfers In & Out			-90,000	
	Fund Balance July 1	28,484	47,258	70,018	3,518
	Fund Balance June 30	47,258	70,018	3,518	27,018

The transfer in FY06-07 was to supplement appropriations for the City Hall Expansion Project, which included the Court room, chambers, and administrative offices for the Fernley Municipal Court.

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Grants

Description:

The grants special revenue fund is used to account for the receipt and use of grant funds for certain projects related to general government (non-enterprise fund) projects. The fund is also used to segregate specific City funds for use as match for certain grants. The use of a special revenue fund to account for grants will allow for appropriate control of grant monies, identification of specific monies to use as matching funds, and allocation of expenditures, if appropriate, to quantify in-kind contributions for grants. Only grants that have been awarded or are pending award are included in the projected revenues. If pending grants are not awarded, the associated revenue and expenditure accounts will be removed, thereby “freeing” the allocated match money for other projects. If additional grants are awarded in the future, appropriate revenue and expenditure accounts will be added to account for each grant. The amount of match initially transferred to the Grants special revenue fund in FY2002/2003 was \$150,000. An additional \$250,000 was transferred in FY2003/2004 and \$100,000 was transferred in FY2004/2005.

The line item budget for the Grants special revenue fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Revenues:				
220-330-100	CDBG Grant Revenue				
220-330-300	PUC Grant Revenue				
220-360-100	Interest Earnings	9,232	17,062	20,200	15,000
	Other Grant Revenue				
	Total Revenues	9,232	17,062	20,200	15,000
	Expenditures:				
220-480-322	Prof Serv-WNDD Grant Writing				
	Total Operating Expenditures	0	0	0	0
220-480-645	CDBG Grant Expenditures				
	Tourism Grant Expenditures				
220-480-650	TEA-21 Match-Depot Restoration		1,652	5,000	
220-480-655	PUC Grant Expenditures	99,449			
220-480-730	Other Grant Expenditures		0		
	Total Capital Expenditures	99,449	1,652	5,000	0
	Total Expenditures	99,449	1,652	5,000	0
	Revenues less Expenditures	-90,217	15,410	15,200	15,000
220-390-500	Transfer from General Fund	100,000	0	0	0
	Transfer to General Fund				-10,000
220-390-505	Transfer from RCT #1 Fund	0			
	Fund Balance July 1	497,569	507,352	522,762	537,962
	Fund Balance June 30	507,352	522,762	537,962	542,962

No appropriations were approved for FY08 because projects were not identified and awarded at the time the budget was approved. Appropriations may be adjusted as projects or grants are awarded. The changes will be made in FY08 through the augmentation process, if needed. Interest will accrue on the money held in the fund.

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Residential Construction Tax District #1

Description:

The Residential Construction Tax (RCT) District #1 special revenue fund is used to account for the receipt and use of a special tax that is dedicated to specific purposes for construction of parks in accordance with the City Park plan. The fund may also be used to account for additional revenues for park projects if multiple funding sources, including RCT, are used for a specific project.

The line item budget for the Residential Construction Tax District #1 special revenue fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Revenues:				
230-310-300	RCT Tax	381,140	440,536	46,000	200,000
230-330-100	CDBG Grant Revenue	0			
230-330-110	Land & Water Conservation Grant	0			
230-360-100	Interest Earnings	1,320	5,032	5,000	1,000
	Other Revenue		0		
	Total Revenues	382,460	445,568	51,000	201,000
	Expenditures:				
230-575-322	Professional Services	3,662			
	Total Operating Expenditures	3,662	0	0	0
230-575-710	Land		240,000		
230-575-720	Buildings		0		
230-575-730	Improvements	604,468	51,710		
230-575-741	Machinery		7,525		
	Total Capital	604,468	299,235	0	0
	Revenues less Expenditures	-225,670	146,333	51,000	201,000
	Transfers From General Fund	400,000			
	Transfers To Other Fund	0	-200,000	-175,000	-25,000
	Fund Balance July 1	4,091	178,421	124,754	754
	Fund Balance June 30	178,421	124,754	754	176,754

The amounts previously collected in District #1 have been expended on projects. In addition, District #1 borrowed funds from District #2 to complete projects. No projects are slated for construction from District #1 until amounts are fully repaid to District #2 and sufficient money is accumulated to pay for a future project.

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Projects included in District #1 since inception of the fund

Project Number	Project Title	Project Description
220-001	OTP Restroom/Sewer Improvement-Phase I Completed	Out of Town Park-Install Prefabricated Restroom Building, Install Water/Sewer/Electrical for the new restroom and the rest of the park, Remove three septic systems. Partially funded through CDBG Grant (\$40K)
230-001	OTP Park Restrooms-ADA Compliance Completed	Out of Town Park – Install sidewalks to Restrooms, ADA Parking, Ramp to Restroom, Ramp to Bandstand. Partially funded through CDBG Grant #CDBG/03/007 (\$11,700 of which ~ 60% or \$7,000 to this project)
230-002	OTP-Bandstand & Shelters Completed	Out of Town Park – Erect Picnic Shelter, Replace Bandstand (old bandstand destroyed by vandal fire) , construct concrete walls
230-003	OTP-Restroom Concession Stand Improvements (Phase 2) Completed	Out of Town Park – Install a new pre-fabricated combination restroom/concession stand building with utility hookups, Connect building to water sewer electrical. Partially funded through Land and Water Conservation Fund Grant # 32-00269 (\$40,949)
230-004	BOR Park – Property Acquisition from through BLM	Acquire 100+ acres currently under the control of the Bureau of Reclamation through BLM Recreation and Public Purposes Lease Program. Contract for studies needed to effect the transfer
230-005	Eagle's Nest / Fernwood Park	Eagles' Nest Subdivision – Acquire land, install fences, concrete pads for picnic tables and BBQ Pits, sprinkling system, grass
230-006	OTP-Senior Field Lights	Install Lights at Senior Field
230-007	Quigley Property (Sundance Park) Completed	Acquire property south of Out of Town Park, planning, grading, development
230-008	OTP-New Skate Park	Construct a new skate park
230-009	Rodeo Bleachers and Canopy	Construct improvements at the rodeo grounds
230-010	Bandstand Shelters Electrical Lighting Sound	Electrical Improvements at Bandstand area
230-011	OTP-North Side Development (Round-About & Hwy 50A Improvements)	Improve Park in relation to changes from the NDOT project
230-012	OTP-Install lights on two little league fields	Install additional lighting

No projects are slated during FY08 due to limited revenue availability.

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Residential Construction Tax District #2

Description:

The Residential Construction Tax (RCT) District #2 special revenue fund is used to account for the receipt and use of a special tax that is dedicated to specific purposes for construction of parks in accordance with the City Park plan. The fund may also be used to account for additional revenues for park projects if multiple funding sources, including RCT, are used for a specific project.

The line item budget for the Residential Construction Tax District #2 special revenue fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Revenues:				
231-310-300	RCT Tax	443,866	757,286	130,000	350,000
231-330-100	Grants	0	0	60,000	
231-360-100	Interest Earnings	10,891	17,891	23,000	20,000
	Other Revenue		25,000		
	Total Revenues	454,757	800,177	213,000	370,000
	Expenditures:				
231-575-322	Professional Services				
	Other Grant Expenditures				
	Total Expenditures	0	0	0	0
231-575-731	Land		398,020		
231-575-720	Buildings		60,875		700,000
231-575-730	Improvements Other Than Buildings	21,507	314,477	170,000	
231-575-741	Machinery		92,800		
	Total Capital	21,507	866,172	170,000	700,000
	Revenues less Expenditures	433,250	-65,995	43,000	-330,000
	Transfers to RCT Dist #1	-400,000	200,000	175,000	25,000
	Fund Balance July 1	284,953	318,203	452,208	670,208
	Fund Balance June 30	318,203	452,208	670,208	365,208

The capital project slated for FY08 from this fund is the Diamond F Improvement Project.

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Projects included in District #2 since the creation of the Fund

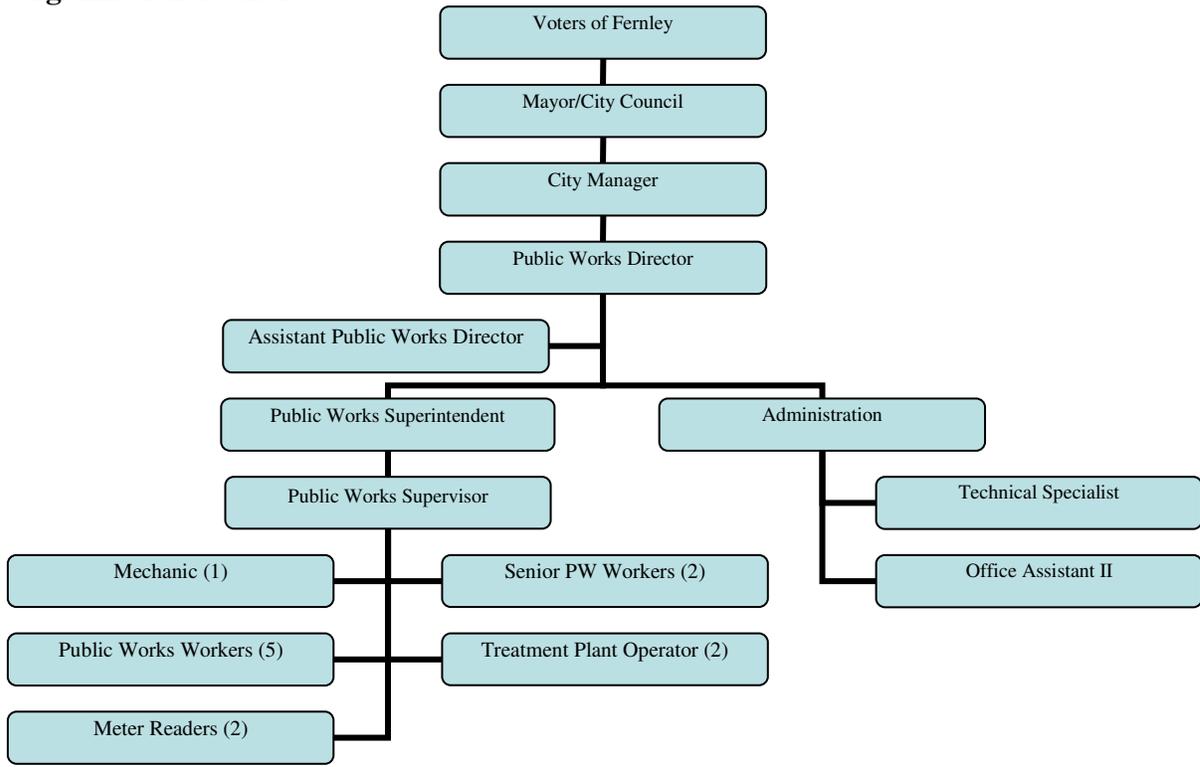
Project Number	Project Title	Project Description
231-001	ITP Park Restrooms-ADA Compliance	In Town Park – Install Parking for ADA from 95A. Partially funded through CDBG Grant #CDBG/03/007(\$11,700 of which ~ 40% or 4,700 to this project)
231-002	Green Valley Park Field, Parking Lot, Restroom Improvements	Construct improvements at Green Valley Park
231-004	ITP-Picnic Shelter at Old Basketball Court w/ADA Access	Improve access at the In Town Park
231-005	ITP – Skatepark Improvements	Add improvements to the existing park
231-006	ITP-Softball field lights	Install lights at softball field
231-007	Picnic Shelter over Old School House BBQ's	Install picnic shelters
231-008	Depot Park Restroom and Sewer Improvements	Improvements to the Depot park
231-009	Civic Center Park-Greenbelt Development	Improve the property across from City Hall and adjacent to Millenium Grove. Grass, Sprinkling System, Path
231-010	Millenium Grove	Improve property near City Hall (Completed Project)
231-011	City Hall Landscaping	Improve the property at City Hall
231-012	Gazebo Silver Lace and Main Street	Install Gazebo and related improvements
231-013	Memorial Park Install Half Moon Basketball Court	Construct basketball court
231-014	80 Acre Park – Fernley Hills/BLM Exchange	Create a new park
231-015	Memorial Park – ADA Restrooms and Septic	Add improvements in Memorial Park
231-016	Diamond F Improvements	Improvements to facilities located in the "Farm District" planning area to bring the facilities up to code for use as a public event facility
231-999	RCT District #2 Park Equipment Acquisition Costs	Cost to plan, specify, bid, and install park equipment

The expenditures in FY08 are all related to Project 231-016, the Diamond F Improvements Project.

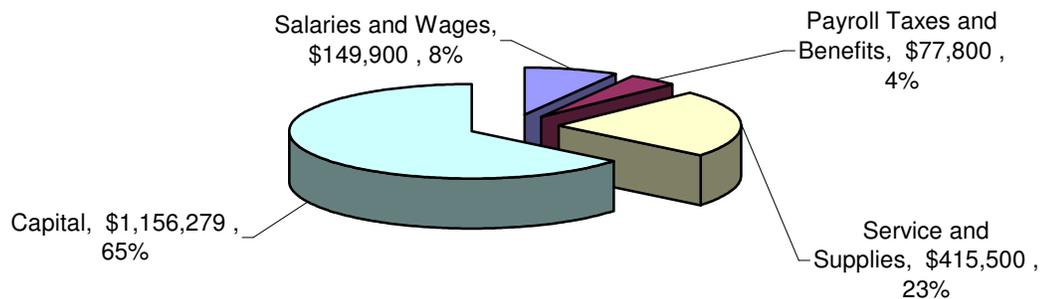
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Streets and Storm Drains

Organizational Chart:



Streets FY2007/2008 Expenditures



Description:

The Public Works Department is committed to excellence in public service in all assigned responsibilities, including maintaining roadways and storm drains, coordinating with the Community Development Department, reviewing plans, and performing other public works activities. The Public Works Department is responsible for all public roadways, storm drains, and signage within the incorporated areas of the City. The Public Works Department is also responsible for reviewing plans for development within the incorporated city. The Public Works Department is expected to respond in a timely

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and efficient manner to all public roadway and drainage problems. The highest priority project for the department is to implement the streets improvement and maintenance plan. Several major capital projects are planned for FY2007/2008.

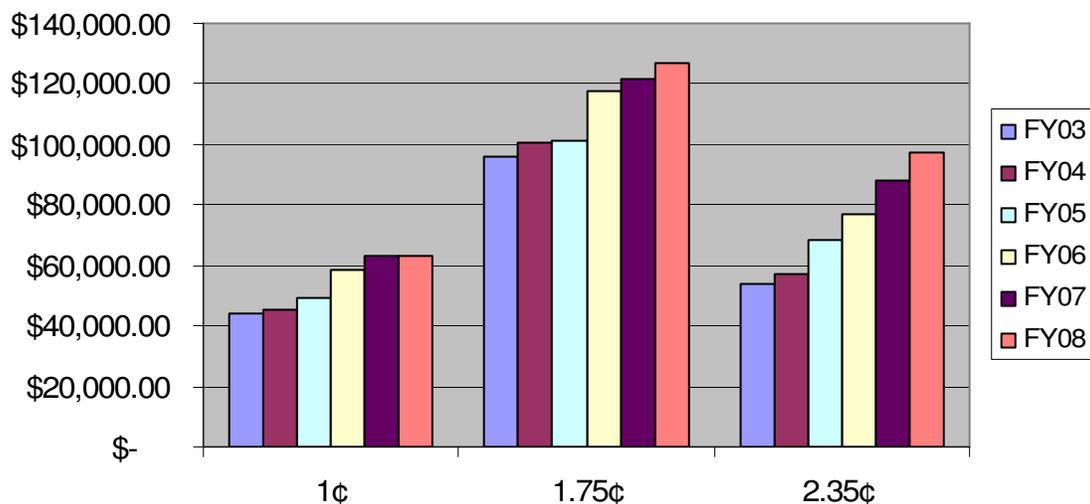
The major programs for the department during FY2007/2008 will be:

1. sign replacement and repair
2. pothole patching
3. weed mitigation
4. street sweeping (contracts)
5. crack sealing (contracts using RTC and RCT funds)
6. street striping (contracts using RTC and RCT funds)
7. Reconstruction Projects

Revenue Estimates:

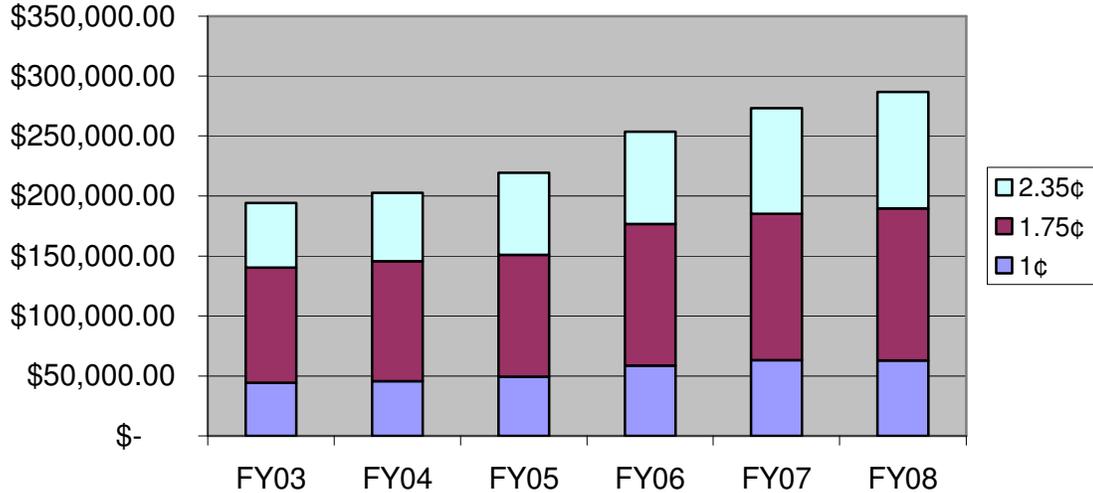
The City receives a direct distribution of certain gas taxes from the State of Nevada. The revenue received from these taxes is shown in the following table and chart:

Tax	FY03 Revenue	FY04 Revenue	FY05 Revenue	FY06 Revenue	FY07 Revenue	FY08 Revenue
1¢ Option	\$44,232	\$45,380	\$49,550	\$58,805	\$63,177	\$62,895
% Change		2.6%	9.2%	18.7%	7.4%	(0.4)%
1.75¢ Tax	\$96,199	\$100,273	\$101,396	\$117,818	\$121,864	\$126,933
% Change		4.2%	1.1%	16.2%	3.4%	4.16%
2.35¢ Tax	53,790	57,023	68,574	\$76,985	\$88,307	\$97,105
% Change		6.0%	20.3%	12.3%	14.71%	10.0%



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The 1¢ tax is allocated based on the City’s population relative to the total population of the County. The 1.75¢ tax is allocated based on the City’s assessed value relative to the total assessed value of the county. The 2.35¢ tax is allocated based on relative area, population, road miles, and vehicle travel miles. The total amounts received for these three types of fuel tax over the past fiscal years are shown in the following chart:



The City also previously received intergovernmental revenues from Lyon County for use on City streets. Prior to FY03/04, the revenue source was equivalent to 7.77¢ per \$100 of assessed value. In FY07, Lyon County decided to cease this shared revenue. The City is analyzing its options to restore fiscal equity. The City’s three year history of this revenue source follows:

	FY03 Revenue	FY04 Revenue	FY05 Revenue	FY06 Revenue
Intergovernmental	\$194,964	\$217,100	\$212,800	\$81,825
% Change		11.35%	(2.0%)	(61.6%)

The City also receives a portion of the County 9¢ option tax that is administered by the Lyon County Regional Transportation Commission. This fund is available for streets projects. The City does not receive a direct distribution of this money but draws against amount held on its behalf as projects are completed, similar to a construction draw system. The history of this fund is as follows:

	City RTC portion	Draw	Balance
FY02	\$521,877	\$0	\$521,877
FY03	\$501,811	\$152,633	\$871,055
FY04	\$520,230	\$711,214	\$680,071
FY05	\$527,439	\$650,000	\$557,510
FY06	\$612,740	\$1,050,000	\$120,250
FY07	\$632,945	\$630,295	\$122,900
FY08 (Estimated)	\$658,883	\$781,783	0

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In addition to these revenue sources, the City transferred money to the Streets and Storm Drains Fund to provide for maintenance and reconstruction of city streets and storm drain systems.

The County implemented a residential construction tax on each building permit issued in the City. These funds are collected by the City of Fernley with each building permit and remitted to Lyon County. The funds collected in Fernley can be drawn against projects. Revenue is recognized when the funds are drawn for a project. The history of this revenue source is as follows:

	Collections	Draw	Balance
FY05	\$ 44,850	0	\$ 44,850
FY06	\$414,280	0	\$459,130
FY07	\$240,785	\$699,915	0
FY08 (Estimated)	\$300,000	\$300,000	0

Legal Requirements:

Storm drain systems and streets must be designed to meet not only the City of Fernley standards but also Orange Book standards for Public Works Construction.

Significant Expenditures and Staffing Changes:

Two positions were added to the Public Works Department in FY08. Two Senior Public Works Workers were added to respond to the increased maintenance for City streets from increased road miles accepted into the maintenance system.

Staffing Levels and Cost Allocation:

The Streets and Storm Drains fund includes allocation of personnel in the Public Works Department as indicated in Appendices A through C. A total of 3.40 FTE are allocated to this cost center

Capital Improvement Projects:

The Capital Improvement Plan lists the streets projects approved for FY08 as well as projections for the following four years.

Goals and Objectives:

Goal #1: To provide adequate access to all areas of Fernley via City-maintained right of way whenever fiscally practical.

Objective #1: To maintain, update, and use the data within the City Paver Program street inventory.

Task #1: Input collected survey information into Paver database for purpose of prediction modeling.

Task #2: Maintain and update the City's street inventory upon acceptance of new streets, changes in street names, and naming of new streets.

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Task #3: Use the data from the Paver Program to determine streets in need of maintenance repair.

Task #4: Determine the best maintenance and repair alternative for each project with the objective of optimizing spending.

Task #5: Prepare construction drawings, bid documents, advertisements for bids and to award projects.

Objective #2: To manage and inspect street projects and programs awarded under contract.

Task #1: Manage and assure that the weed mitigation and street sweeping programs are being performed as required in contracts.

Task #2: Manage and inspect the maintenance repair crack sealing and slurry seal projects to assure contractor performance in compliance with specifications in contracts.

Task #3: Manage and inspect reconstruction projects to assure that construction meets the required contractual specifications.

Objective #3: To maintain, repair, and install traffic control devices within the City of Fernley.

Task #1: Perform maintenance repairs on the City traffic lights and signs.

Task #2: Replace street signs that are damaged, missing, or required to be changed by MUTCD (Manual of Uniform Traffic Control Devices) standards.

Task #3: Re-stripe existing or install new striping to meet MUTCD requirements thereby enhancing public safety.

Goal #2: To provide adequate conveyance and disposal of storm drain water generated in the Fernley area.

Objective #1: To collect survey data and previous hydrology studies for the development of storm drain model.

Task #1: Train City personnel in the use of the survey equipment for the collection of GIS data.

Task #2: Collect survey data to aid in the development of City storm drain model.

Task #3: Collect and review previous hydrology studies for use in the calibration of the storm drain model.

Task #4: Build the storm drain model based on the above collected information.

Objective #2: To prepare an Environmental Assessment to utilize the Truckee Carson Irrigation District (TCID) ditches for the transport of storm water as required by the National Environmental Policy Act of 1969 (NEPA).

Task #1: Identify potential locations based on the information from the above objectives.

Task #2: Clarify Bureau of Reclamation (BOR) requirements.

Task #3: Research potential funding sources for the project.

Task #4: Estimate the long-term costs as a result of the project.

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The revenues for the Streets and Storm Drains fund are listed in the following table:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Revenues:				
240-320-220	Public Works Fees	15,747	6,491	6,000	6,000
240-320-2XX	Inspection Fees	15,531	33,580	10,000	25,000
240-330-300	County Road Fund Property Tax	213,620	293,745	0	0
240-330-320	Motor Vehicle Fuel Tax (Gas Tax)	233,448	227,691	273,348	287,381
240-330-325	Regional Transportation (RTC)	704,154	467,542	1,100,000	658,883
240-330-326	Road Tax		0	700,000	300,000
	Donations (Cash & Mat/Labor)		190,000		
240-360-100	Interest Earnings	14,973	29,665	0	0
	Total Revenues	1,197,473	1,248,714	2,089,348	1,277,264

The revenue from the County Road Fund Property Tax cannot be replaced by increases in the City's tax rate due to property tax limitation legislation. Additional sources of revenue for this fund will be required to keep up on the services provided. The City is researching impact fees and other possible charges, the possible formation of additional taxing districts, and other methods of providing a steady source of revenue for this core City function.

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Streets and Storm Drains Fund Expenditures and Fund Balance:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Expenditures:				
240-475-100	Regular Pay	76,936	73,403	95,300	111,500
240-475-120	Standby Pay	1,453	1,506	4,200	6,000
240-475-130	Overtime	7,316	6,122	8,000	10,000
240-475-140	Annual Leave Pay	5,484	4,919	6,000	8,400
240-475-150	Sick Leave Pay	5,505	3,482	4,900	7,800
240-475-160	Holiday Pay	3,195	3,129	3,800	6,200
	Subtotal Salaries and Wages	99,889	92,561	122,200	149,900
240-475-200	FICA	27			0
240-475-210	Medicare	916	1,290	1,682	2,000
240-475-220	Unemployment	566	561	822	1,400
240-475-230	Retirement (PERS)	17,595	18,372	17,775	27,400
240-475-240	Group Insurance	15,374	13,274	16,000	41,750
240-475-250	Workers' Compensation Ins.	4,413	4,634	4,566	4,500
240-475-260	Other Benefits	481	663	750	750
	Subtotal Employee Benefits	39,372	38,794	41,595	77,800
	Total Salaries and Benefits	139,261	131,355	163,795	227,700
240-475-320	Professional Services-Engineering	107,248	41,639	47,000	50,000
240-475-322	Professional Services-Other	504	500	3,500	3,000
240-475-324	Professional Services-Environmental	8,501	1,140	1,500	3,000
240-475-325	Professional Services-PW Inspections	14,996	22,613	25,000	25,000
240-475-342	Tech Services-Other	300	96	100	0
240-475-412	Utility Service-Refuse	17	0	1,000	3,000
240-475-420	Contract-Street Sweeping	0	20,240	25,000	50,000
240-475-422	Contract-Traffic Light Maintenance	3,860	1,674	3,000	15,000
240-475-426	Contract-Striping	0	0	5,000	5,000
240-475-427	Contract-Gravel Road Investigations	0	0	50,000	5,000
240-475-430	Service-Repair & Maintenance	926	7,566	2,000	3,000
240-475-431	Service-Gravel Road Maintenance				45,000
240-475-442	Rental-Equipment/Vehicles	6,130	0	1,000	1,000
240-475-530	Communications	5,170	6,416	3,000	3,500
240-475-540	Advertising	337	727	4,000	2,500
240-475-550	Printing and Postage	2,524	802	3,000	2,000
240-475-580	Travel & Training	662	1,824	3,500	3,500
240-475-581	Dues and Memberships	0	135	1,000	1,000
240-475-585	Educational Assistance Program	0	0	1,000	1,000
240-475-600	General Supplies	16,718	13,465	25,000	20,000
240-475-605	Minor Equipment	6,782	525	2,500	10,000
240-475-610	Automotive Supplies	576	1,566	1,500	3,000
240-475-615	Supplies-Signs and Striping	6,152	8,380	25,000	25,000
240-475-616	Safety Supplies	662	444	1,000	3,000
240-475-622	Electricity	93,106	104,513	111,000	115,000
240-475-623	Propane				1,000
240-475-626	Gasoline	6,068	10,951	10,000	15,000
240-475-640	Books & Periodicals	0	0	1,000	1,000
240-475-642	Licenses and Permits	0	0	500	1,000
	Total Service and Supplies	281,239	245,216	357,100	415,500
	Total Operating Expenses	420,500	376,571	520,895	643,200
240-475-730	Improvements Other Than Bldgs.	852,018	1,916,818	1,600,000	1,085,779
240-475-741	Machinery	8,550		20,000	70,500
	Total Capital	860,568	1,916,818	1,620,000	1,156,279
	Total Operating and Capital	1,281,068	2,293,389	2,140,895	1,799,479
	Revenues less Expenditures	-83,595	-1,044,675	-51,547	-522,215
240-390-500	Transfers From General Fund	450,000	0	550,000	
	Fund Balance July 1	858,436	1,224,841	180,166	678,619
	Fund Balance June 30	1,224,841	180,166	678,619	156,404

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Analysis:

Revenues decreased in FY08, primarily due to withdrawal and use of the majority of funds available in the Regional Transportation Commission fund administered by Lyon County in FY07. The funds were used for projects.

Salaries and Wages increased due to additional personnel. Projected projects are lower due to limited funding available for projects.

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Private Sector Community Support

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Revenues:				
235-310-300	Private Sector Donations		21,098	3,000	
235-330-100					
235-360-100	Interest Earnings		163		
	Other Revenue				
	Total Revenues	0	21,261	3,000	0
	Expenditures:				
235-575-322	Professional Services		10,479	28,000	0
	Other Grant Expenditures				
	Total Expenditures	0	10,479	28,000	0
235-575-720	Buildings				
235-575-730	Improvements Other Than Buildings				
235-575-741	Machinery				
	Total Capital	0	0	0	0
	Revenues less Expenditures	0	10,782	-25,000	0
	Transfers to Other Funds			15,000	
	Fund Balance July 1	0	0	10,782	782
	Fund Balance June 30	0	10,782	782	782

The fund was originally established for broad purposes. This will be used for the concert in the parks series of events as well as other events.

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Green Valley Landscape Maintenance District

Description:

The approval process for this subdivision contained a provision to create a landscape maintenance district pursuant to NRS 278.4787, NRS278A, 278.360 and 278.460. The documents that created the landscape district require a special revenue fund to account for the fees collected from property owners and the costs incurred for maintenance of certain common areas within the subdivision. The fees collected can be used for landscape, lighting, security wall, fence, trail, park and open space maintenance.

Revenue Estimates:

The budget assumes that 80 homeowners will be charged \$10 per month for total revenue of \$9,600. The Parks and Recreation Department staff will maintain the facilities and the full cost will be charged to this special revenue fund. The fee will be collected with the water/sewer bill for each parcel.

Account #	Description	FY06-07 Expected	FY07-08 Budget
	Revenues:		
251-340-100	Landscape Maint Dist Fees		9,600
	Interest Earnings		100
	Other Revenue		
	Total Revenues	0	9,700
	Expenditures:		
251-581-100	Regular Pay		4,000
251-581-120	Standby Pay		
251-581-130	Overtime		100
	Subtotal Salaries and Wages	0	4,100
251-581-200	FICA		300
251-581-210	Medicare		100
251-581-220	Unemployment		0
251-581-230	Retirement (PERS)		
251-581-240	Group Insurance		
251-581-250	Workers' Compensation Ins.		100
	Subtotal Employee Benefits	0	500
	Total Salaries and Benefits	0	4,600
251-581-320	Professional Services-Engineering		
251-581-322	Professional Services-Other		500
251-581-410	Utility Service-Water and Sewer		1,000
251-581-412	Utility Service-Refuse		500
251-581-600	General Supplies		1,000
	Total Service and Supplies	0	3,000
	Total Operating Expenses	0	7,600
	Total Capital	0	0
	Total Operating and Capital	0	7,600
	Revenues less Expenditures	0	2,100
251-390-500	Transfers From General Fund		
	Fund Balance July 1	0	0
	Fund Balance June 30	0	2,100

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Autumn Winds Landscape Maintenance District

Description:

The approval process for this subdivision contained a provision to create a landscape maintenance district pursuant to NRS 278.4787, NRS278A, 278.360 and 278.460. The documents that created the landscape district require a special revenue fund to account for the fees collected from property owners and the costs incurred for maintenance of certain common areas within the subdivision. The fees collected can be used for landscape, lighting, security wall, fence, trail, park and open space maintenance.

Revenue Estimates:

The budget assumes that 100 homeowners will be charged \$10 per month for total revenue of \$112,000. The Parks and Recreation Department staff will maintain the facilities and the full cost will be charged to this special revenue fund. The fee will be collected with the water/sewer bill for each parcel.

Account #	Description	FY06-07 Expected	FY07-08 Budget
	Revenues:		
252-340-100	Landscape Maint Dist Fees		12,000
	Interest Earnings		100
	Other Revenue		
	Total Revenues	0	12,100
	Expenditures:		
252-582-100	Regular Pay		7,000
252-582-120	Standby Pay		
252-582-130	Overtime		100
	Subtotal Salaries and Wages	0	7,100
252-582-200	FICA		400
252-582-210	Medicare		100
252-582-220	Unemployment		100
252-582-250	Workers' Compensation Ins.		200
	Subtotal Employee Benefits	0	800
	Total Salaries and Benefits	0	7,900
252-582-320	Professional Services-Engineering		
252-582-322	Professional Services-Other		500
252-582-410	Utility Water & Sewer		1,500
252-582-412	Utility Service-Refuse		500
252-582-600	General Supplies		1,500
	Total Service and Supplies	0	4,000
	Total Operating Expenses	0	11,900
	Total Capital	0	0
	Total Operating and Capital	0	11,900
	Revenues less Expenditures	0	200
252-390-500	Transfers From General Fund		
	Fund Balance July 1	0	0
	Fund Balance June 30	0	200

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Silverland Landscape Maintenance District

Description:

The approval process for this subdivision contained a provision to create a landscape maintenance district pursuant to NRS 278.4787, NRS278A, 278.360 and 278.460. The documents that created the landscape district require a special revenue fund to account for the fees collected from property owners and the costs incurred for maintenance of certain common areas within the subdivision. The fees collected can be used for landscape, lighting, security wall, fence, trail, park and open space maintenance.

Revenue Estimates:

The homes in this subdivision have not been built and occupied. The park in this subdivision has not been built. No activity will occur in this special revenue fund until the park is completed.

Account #	Description	FY06-07 Expected	FY07-08 Budget
	Revenues:		
253-340-100	Landscape Maint Dist Fees		
	Interest Earnings		
	Other Revenue		
	Total Revenues	0	0
	Expenditures:		
253-583-100	Regular Pay		
	Subtotal Salaries and Wages	0	0
	Subtotal Employee Benefits	0	0
	Total Salaries and Benefits	0	0
	Total Service and Supplies	0	0
	Total Operating Expenses	0	0
	Total Capital	0	0
	Total Operating and Capital	0	0
	Revenues less Expenditures	0	0
253-390-500	Transfers From General Fund		
	Fund Balance July 1	0	0
	Fund Balance June 30	0	

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Friendly Five Landscape Maintenance District

Description:

The approval process for this subdivision contained a provision to create a landscape maintenance district pursuant to NRS 278.4787, NRS278A, 278.360 and 278.460. The documents that created the landscape district require a special revenue fund to account for the fees collected from property owners and the costs incurred for maintenance of certain common areas within the subdivision. The fees collected can be used for landscape, lighting, security wall, fence, trail, park and open space maintenance.

Revenue Estimates:

The homes in this subdivision have not been built and occupied. The park in this subdivision has not been built. No activity will occur in this special revenue fund until the park is completed.

Account #	Description	FY06-07 Expected	FY07-08 Budget
	Revenues:		
254-340-100	Landscape Maint Dist Fees		
	Interest Earnings		
	Other Revenue		
	Total Revenues	0	0
	Expenditures:		
	Subtotal Salaries and Wages	0	0
	Subtotal Employee Benefits	0	0
	Total Salaries and Benefits	0	0
	Total Service and Supplies	0	0
	Total Operating Expenses	0	0
	Total Capital	0	0
	Total Operating and Capital	0	0
	Revenues less Expenditures	0	0
254-390-500	Transfers From General Fund		
	Fund Balance July 1	0	0
	Fund Balance June 30	0	

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B C Ranch Landscape Maintenance District

Description:

The approval process for this subdivision contained a provision to create a landscape maintenance district pursuant to NRS 278.4787, NRS278A, 278.360 and 278.460. The documents that created the landscape district require a special revenue fund to account for the fees collected from property owners and the costs incurred for maintenance of certain common areas within the subdivision. The fees collected can be used for landscape, lighting, security wall, fence, trail, park and open space maintenance.

Revenue Estimates:

The homes in this subdivision have not been built and occupied. The park in this subdivision has not been built. No activity will occur in this special revenue fund until the park is completed.

Account #	Description	FY06-07 Expected	FY07-08 Budget
	Revenues:		
255-340-100	Landscape Maint Dist Fees		
	Interest Earnings		
	Other Revenue		
	Total Revenues	0	0
	Expenditures:		
	Subtotal Salaries and Wages	0	0
	Subtotal Employee Benefits	0	0
	Total Salaries and Benefits	0	0
	Total Service and Supplies	0	0
	Total Operating Expenses	0	0
255-585-730	Improvements Other Than Bldgs.		
255-585-741	Machinery		
255-585-742	Vehicles		
255-585-743	Furniture and Fixtures		
	Total Capital	0	0
	Total Operating and Capital	0	0
	Revenues less Expenditures	0	0
255-390-500	Transfers From General Fund		
	Fund Balance July 1	0	0
	Fund Balance June 30	0	

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Sario Ranch Landscape Maintenance District

Description:

The approval process for this subdivision contained a provision to create a landscape maintenance district pursuant to NRS 278.4787, NRS278A, 278.360 and 278.460. The documents that created the landscape district require a special revenue fund to account for the fees collected from property owners and the costs incurred for maintenance of certain common areas within the subdivision. The fees collected can be used for landscape, lighting, security wall, fence, trail, park and open space maintenance.

Revenue Estimates:

The homes in this subdivision have not been built and occupied. The park in this subdivision has not been built. No activity will occur in this special revenue fund until the park is completed.

Account #	Description	FY06-07 Expected	FY07-08 Budget
	Revenues:		
256-340-100	Landscape Maint Dist Fees		
	Interest Earnings		
	Other Revenue		
	Total Revenues	0	0
	Expenditures:		
	Subtotal Salaries and Wages	0	0
	Subtotal Employee Benefits	0	0
	Total Salaries and Benefits	0	0
	Total Service and Supplies	0	0
	Total Operating Expenses	0	0
	Total Capital	0	0
	Total Operating and Capital	0	0
	Revenues less Expenditures	0	0
256-390-500	Transfers From General Fund		
	Fund Balance July 1	0	0
	Fund Balance June 30	0	

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Jackson Ranch Landscape Maintenance District

Description:

The approval process for this subdivision contained a provision to create a landscape maintenance district pursuant to NRS 278.4787, NRS278A, 278.360 and 278.460. The documents that created the landscape district require a special revenue fund to account for the fees collected from property owners and the costs incurred for maintenance of certain common areas within the subdivision. The fees collected can be used for landscape, lighting, security wall, fence, trail, park and open space maintenance.

Revenue Estimates:

The homes in this subdivision have not been built and occupied. The park in this subdivision has not been built. No activity will occur in this special revenue fund until the park is completed.

Account #	Description	FY06-07 Expected	FY07-08 Budget
	Revenues:		
257-340-100	Landscape Maint Dist Fees		
	Interest Earnings		
	Other Revenue		
	Total Revenues	0	0
	Expenditures:		
	Subtotal Salaries and Wages	0	0
	Subtotal Employee Benefits	0	0
	Total Salaries and Benefits	0	0
	Total Service and Supplies	0	0
	Total Operating Expenses	0	0
	Total Capital	0	0
	Total Operating and Capital	0	0
	Revenues less Expenditures	0	0
256-390-500	Transfers From General Fund		
	Fund Balance July 1	0	0
	Fund Balance June 30	0	

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Concerts in the Park Series



David John and the Comstock Cowboys started the City's 2nd season of Concerts in the Park.
Here David John and Doc Quam are dueling fiddles

Capital Project Funds

Overview:

Capital project funds are used to account for financial resources used for the acquisition or construction of capital projects. The City of Fernley uses these funds to set aside money for a specific purpose. The City of Fernley currently maintains one capital project fund.

Capital Fund: To accrue funds under a “pay as you go” program to provide funding for future projects involving replacement of equipment and buildings or new facilities and equipment.

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Capital Fund

Description:

The purpose of the Capital Fund is to segregate money earmarked for capital replacement and improvements so that adequate funds will be available to meet future needs for capital items. These types of funds are sometimes referred to as “depreciation” funds because the purpose is to set aside funds annually for the ultimate replacement of capital items. The fund is also used to plan for new equipment and facilities that may be needed. The City’s annual process to update the Capital Improvement Plan is an important element in the amount and nature of funds set aside in this fund as well as priority for expenditures in the funds.

The line item budget for the Capital Fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
	Revenues:				
300-360-100	Interest Earnings	30,176	195,809	300,000	250,000
	Bond Proceeds		5,000,000		
	Miscellaneous Revenues				
	Total Revenues	30,176	5,195,809	300,000	250,000
300-425-720	Cost Sharing-New Animal Shelter Facility		0		
300-425-322	Feasibility Study-Community Center/City Hall		0		
300-425-720	Buildings	77,692	450,644	5,500,000	1,000,000
300-425-741	Machinery (Records Management)	75,984	64,815	275,000	100,000
300-425-741	Machinery (Disaster Recovery/Software Upgrades/ computer replacements)				150,000
300-425-741	Machinery				20,000
300-425-322	Capital Improvement Plan		0		
300-425-730	Improvements (Basement Records)	0		25,000	40,000
300-425-742	Vehicles	13,553			81,000
	Total Capital	167,229	515,459	5,800,000	1,391,000
	Revenues less Expenditures	-137,053	4,680,350	-5,500,000	-1,141,000
300-390-500	Transfer from Other Funds	1,140,000	850,000	135,000	
	Fund Balance July 1	1,499,182	2,502,129	8,032,479	2,667,479
	Fund Balance June 30	2,502,129	8,032,479	2,667,479	1,526,479

Specific projects included in the capital expenditures line items are:

If Lyon County proceeds with plans for a regional animal shelter facility, the City may benefit from contributing toward the costs of constructing the facility. The Fund segregated \$30,000 in the budget for potential contribution toward a regional animal shelter facility in FY06 and FY07. The appropriation is not included in FY08 but the budget may be amended during the year if the City Council decides to contribute.

Expansion of City Hall: The City completed the majority of this project in FY07. Expenditures will be incurred in FY08 to fully complete the project. The project was funded through issuance of debt in the amount of \$5 million and approximately \$2 million in cash from the capital fund.

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Enterprise Funds

Enterprise funds are used to account for the revenues earned, expenses incurred, and net income for businesses operated by the City of Fernley. The businesses are financed from fees paid by users of the services.

The City of Fernley maintains the following enterprise funds:

Fernley Water Enterprise Fund: The City of Fernley provides water services to certain customers within the City. This fund is used to account for the operations of the water utility.

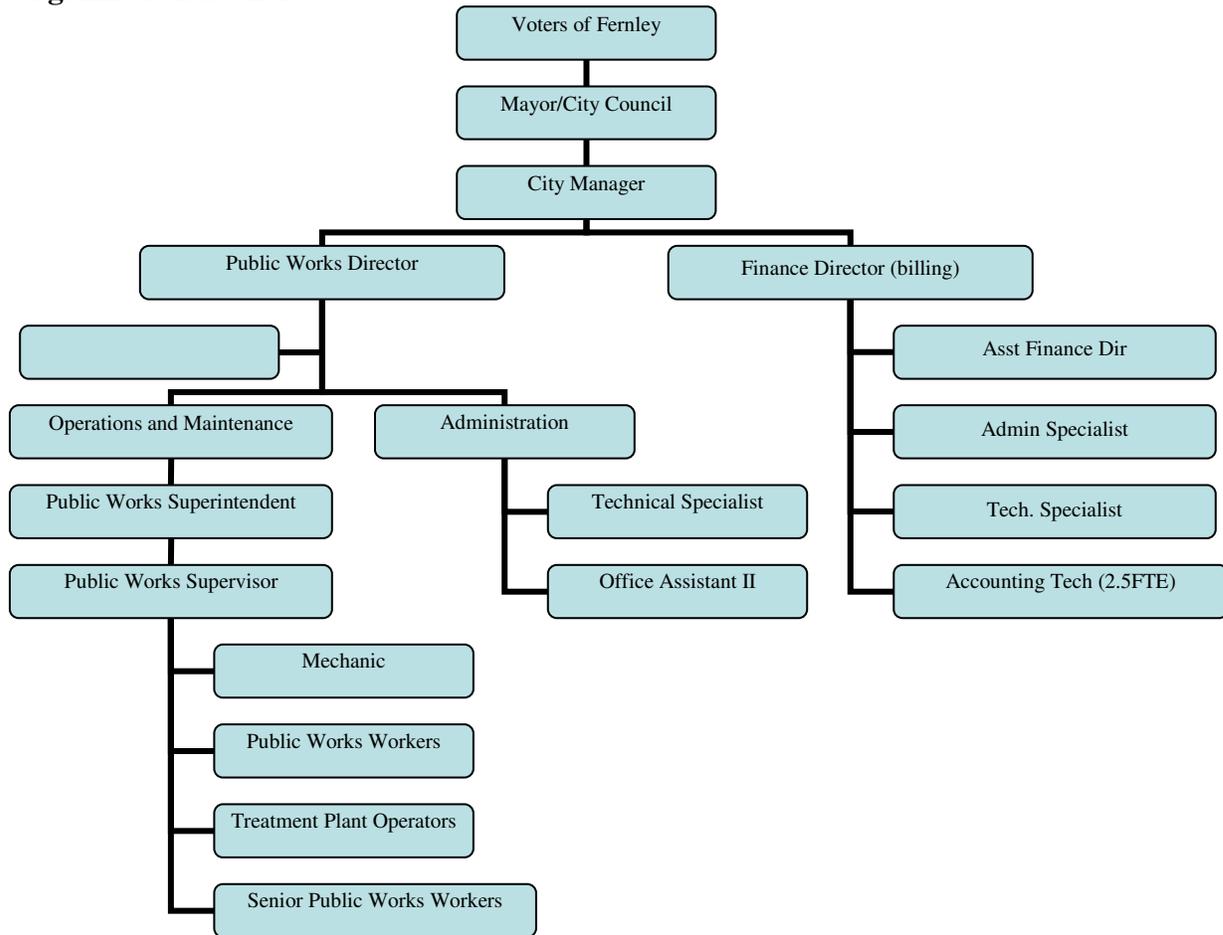
Fernley Sewer Enterprise Fund: The City of Fernley provides sewer services to certain customers within the City. This fund is used to account for the operations of the sewer utility.

Fernley Alternative Water Enterprise Fund: The City of Fernley intends to provide alternative water to certain customers within the City for landscaping, irrigation, construction and other uses to conserve potable water for drinking and inside the home use.

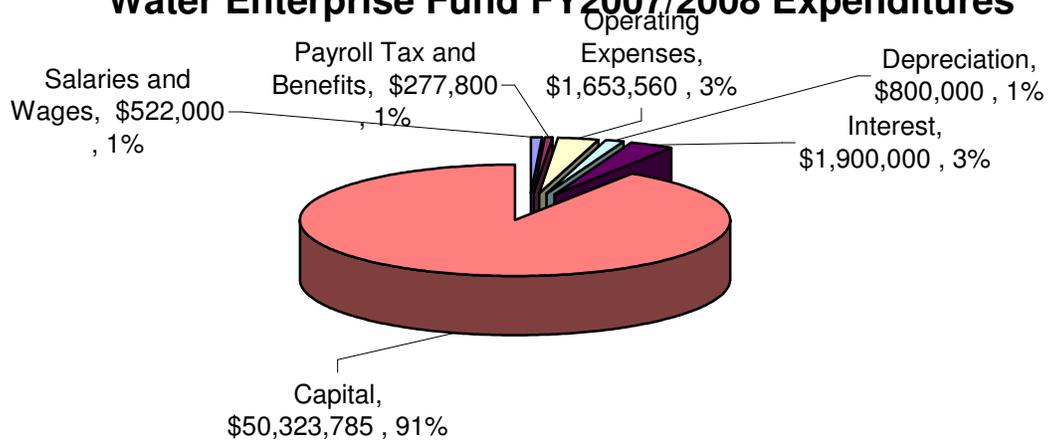
City of Fernley Annual Budget For Fiscal Year 2007-2008

Water Utility Fund

Organizational Chart:



Water Enterprise Fund FY2007/2008 Expenditures



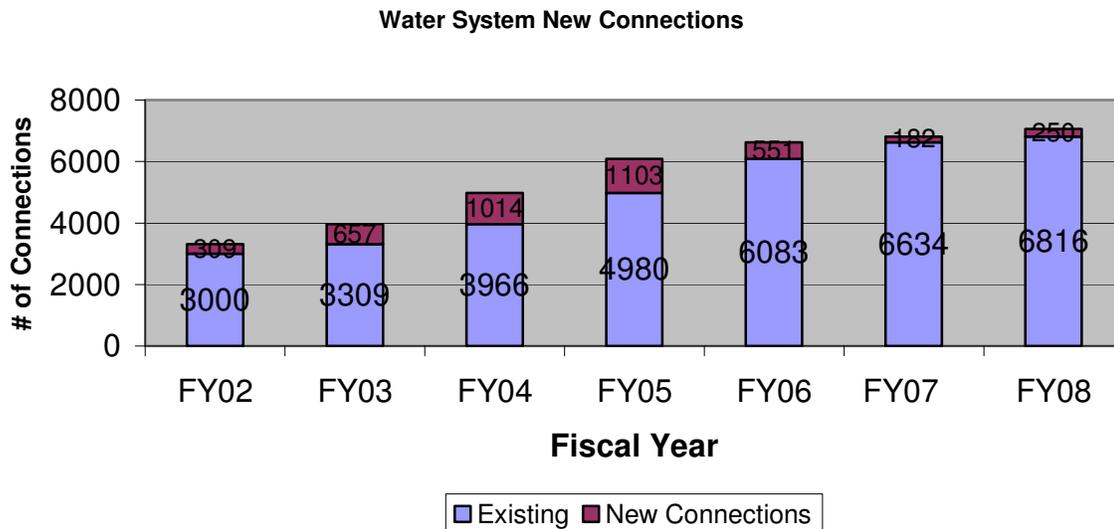
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Description:

The water utility fund exists to provide safe drinking water to customers within the utility service area. The largest issue facing the water utility is implementation of the new regulations regarding arsenic levels allowed in water. The City currently does not provide for treatment of water, other than disinfection with chlorine, because of the good quality of water from the groundwater aquifer. Unfortunately, the standards for water quality are much more stringent because new regulations were implemented in March 2006. Fortunately, the City entered into a Bi-Lateral Agreement with the State of Nevada to reach compliance by 2009. The City is preparing for construction of a new groundwater treatment plant to treat water to the new standards. In addition, this water treatment plant will also treat surface water so the City can use its surface water rights for potable water use. This will result in a fundamental change in operations because of the necessity to construct and pay for the operation and maintenance of the new facilities. The City is investigating and applying for financial assistance to implement the unfunded mandate, but user rates will need to be increased to pay for a portion of the unfunded mandate.

Growth

The number of customers served has increased significantly in recent years. Approximately 3,000 customers were on the city water system when the City incorporated on July 1, 2001. The number of customers on the system has more than doubled during this time with an estimated 7,066 customers on the system by June 30, 2008. The following chart shows the number of new connections to the water system since July 1, 2001, including estimates for FY08.



The City has been able to accommodate the growth in the system through requiring developers to build appropriate infrastructure for the specific development, through requirements for dedication of water rights, and through imposition of connection and

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other fees. The City has incurred capital expenditures to drill new wells and improve existing wells to provide an adequate supply of water for the development and has charged the development for the pro rata share.

Rate Increases

The City conducted a rate analysis and increased user rates and development rates to fund current cash operating costs as well as to provide funding for future capital replacements. Rate increases have not been factored into the budget because they were not in effect at the time the budget was adopted. The budget will be adjusted during FY08 to reflect revenue based on the new rates.

Capital Improvement Projects

The five year capital improvement plan, including capital expenditures authorized in FY08, is detailed in Appendix D:

The largest project planned over the next year will be the Groundwater/Surface Water Treatment plant at an estimated total project cost of more than \$43 million. The project will span multiple fiscal years and required rate increases and bonding to provide cash for construction.

Significant Expenditures and Staffing Changes:

Two positions were added in the Public Works Department in FY08. Two Senior Public Works Worker positions were added to provide adequate services for a growing customer base and to oversee the significant capital projects that will be undertaken in the near future.

Staffing Levels and Cost Allocation:

The Water Utility enterprise fund includes personnel allocated at various percentages, including allocation from various other departments (overhead). The full listing of personnel is included in Appendices A through C of this report.

A total of 10.82 FTE are allocated to the fund to perform the services, including an allocation for overhead.

Goals and Objectives:

Goal: To provide a safe adequate water supply and distribution system to the City of Fernley water customers in the most efficient and cost effective manner as fiscally practical.

Objective #1: To construct new water storage tanks for adequate storage and transfer of water to needed areas for improved system delivery capabilities and maintain system pressure equalization.

Task #1: Coordinate the design with the engineering team to incorporate future needs and existing conditions.

Task #2: Review the existing conditions and prior engineering reports to determine the size and location of the tank.

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Task #3: Design the modifications and put the project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Test the facility and place it into service.

Objective #2: To install water booster pumping station to efficiently deliver water to new storage site(s).

Task #1: Coordinate the design with the engineering team to implement the pumping station design.

Task #2: Determine the characteristics of the design.

Task #3: Design the pumping equipment and put the project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Test the facility and place it into service.

Objective #3: To install water distribution and transmission mains for adequate transfer of water to needed areas for improved system delivery capabilities and storage sites.

Task #1: Coordinate the design with the engineering team to incorporate future needs and existing conditions.

Task #2: Review the existing conditions and prior engineering reports to determine the size and alignment of pipelines.

Task #3: Design the pipeline alignments and put the project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Test the facility and place it into service.

Objective #4: To equip new production wells with pumping equipment.

Task #1: Coordinate the design with the engineering team to implement the pumping station design.

Task #2: Review the testing reports and determine the characteristics of the design.

Task #3: Design the pumping equipment and put the project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Test the facility and place it into service.

Objective #5: To incorporate modeling and GIS mapping for water and utility system planning and upgrading of the City's water system.

Task #1: Coordinate the design parameters with the engineering team.

Task #2: Review the existing conditions and prior engineering reports to determine the extent of the modeling and GIS mapping.

Task #3: Develop useable reports and mapping for future planning.

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Objective #6: To construct new facilities to expand the water distribution system to serve new public facilities.

Task #1: Work with other City departments to accommodate construction of new public facilities.

Objective #7: To continue compliance with the Bilateral Compliance Agreement with the State of Nevada by continuing with construction of a groundwater arsenic water treatment plant.

Task #1: Review preliminary engineering report and coordinate design with engineering team to incorporate future needs and existing conditions.

Task #2: Secure Funding.

Task #3: Put project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Objective #8: To utilize City of Fernley surface water rights as part of expanding water production by construction of a surface water treatment plant.

Task #1: Review preliminary engineering report and coordinate design with engineering team to incorporate future needs and existing conditions.

Task #2: Secure funding.

Task #3: Put project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Test facility and place in service.

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The cash flow statement for the water utility follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
CASH FLOW STATEMENT					
	Cash Received from Customers	1,857,837	2,325,752	2,540,000	2,798,000
	Service & Supplies	-1,027,005	-1,407,417	-1,125,400	-1,653,560
	Wages & Benefits	-316,079	-370,977	-579,100	-799,800
	Non-Operating Revenues	63,024	46,941	35,000	34,000
	Cash from Operations	577,777	594,299	870,500	378,640
	Proceeds from Grants		0		
	Proceeds from Bond Issue			44,918,068	
	Cash Received from Other Funds				
	Cash Advances to Other Funds				
	Intergovernmental Transfer		-800,000		
	Interest Paid on Debt	-34,203	-26,432	-535,000	-1,900,000
	Interest Income	132,032	315,950	860,000	1,500,000
	Deferred Charge	-6,107	-6,087	-400,000	
	Principal Payments on Long Term Debt	-135,000	-145,000	-135,000	-135,000
	Capital Contributions	2,026,164	1,014,573	800,000	1,175,000
	Developer Oversize Agreement	122,988	149,452		
	In Lieu Of Water Rights Fees	693,236	329,970	350,000	350,000
	Grants for Construction				
	Disposition of Capital Asset	7,030			
	Acquisition of Assets & Projects	-738,508	-1,475,577	-3,139,750	-50,323,785
	Increase (Decrease) in Cash	2,645,409	-48,852	43,588,818	-48,955,145
	Cash & Equivalents July 1	6,462,480	9,107,889	9,059,037	52,647,855
	Cash & Equivalents June 30	9,107,889	9,059,037	52,647,855	3,692,710

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The summarized income statement for the water utility follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
SUMMARY INCOME STATEMENT					
Operating Revenues:					
510-370-100	Water Use Fees	1,699,220	1,991,035	2,420,000	2,420,000
510-370-300	Material & Labor Charges	260,850	173,453	100,000	373,000
510-370-310	PW Inspection Fees	15,381	37,428	20,000	5,000
510-370-400	Engineer Review Fees				
	Operating Revenues	1,975,451	2,201,916	2,540,000	2,798,000
Operating Expenses:					
	Salaries, Wages & Benefits	455,586	513,064	579,100	799,800
	Service & Supplies	944,090	1,144,496	1,125,400	1,653,560
	Depreciation	701,678	739,799	750,000	800,000
	Total Operating Expenses	2,101,354	2,397,359	2,454,500	3,253,360
	Operating Income or Loss	-125,903	-195,443	85,500	-455,360
Non-Operating Revenues & Expenses					
510-380-100	Interest Income	149,709	345,511	860,000	1,500,000
510-800-860	Interest Expense	-33,077	-25,224	-535,000	-1,900,000
510-380-200	Rental Income	1,500	8,250	9,000	9,000
510-380-900	Miscellaneous Income	61,524	38,691	26,000	25,000
510-370-400	Engineer Review Fees				
510-370-500	Assessment Fees				
510-380-500	In Lieu of Water Rights Fees	693,236	329,970	350,000	350,000
	Intergovernmental Transfer				
510-380-400	Sale of Capital Assets	2,210			
	Total Non-Operating Income & Expenses	875,102	697,198	710,000	-16,000
Capital Contributions In:					
510-395-900	Developer Contribution-Donner Trails	105,392	62,920	50,000	50,000
510-395-910	Customer Contributions-Hookups	1,875,000	881,823	750,000	1,125,000
510-395-920	Capital Grant BOR	151,164	132,750		
510-395-930	Desert Lakes Reimbursements	17,596	86,209	0	0
510-395-934	Whippletree Assessments		324		
510-395-940	Developer Donated Infrastructure	1,432,404	2,633,534	5,000,000	5,000,000
510-395-950	Developer Donated Water Rights	3,615,650	10,501,525	10,000,000	10,000,000
	Intergovernmental Transfer		-800,000		
	Other Grants				
	Total Capital Contributions In	7,197,206	13,499,085	15,800,000	16,175,000
	Net Income or Loss	7,946,405	14,000,840	16,595,500	15,703,640
	Beginning Retained Earnings	3,763,340	9,479,305	23,480,145	40,075,645
	Adjustment for Change in Capitalization				
	Ending Retained Earnings	11,709,745	23,480,145	40,075,645	55,779,285

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The detail of expenditures in the water utility enterprise fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
DETAIL OPERATING EXPENSES:					
510-810-100	Regular Pay	248,829	301,979	310,000	407,900
510-810-120	Standby Pay	3,729	5,338	8,000	8,000
510-810-130	Overtime	23,793	22,692	24,000	25,000
510-810-140	Annual Leave Pay	20,065	16,944	15,000	30,500
510-810-150	Sick Leave Pay	12,655	14,611	20,000	28,100
510-810-160	Holiday Pay	10,637	11,142	15,000	22,500
	Total Salaries and Wages	319,708	372,706	392,000	522,000
510-810-200	FICA	73	55	300	200
510-810-210	Medicare	3,518	4,627	5,700	7,100
510-810-220	Unemployment	1,991	2,369	3,000	4,900
510-810-230	Retirement-PERS	54,247	58,838	75,000	99,600
510-810-240	Group Insurance	61,043	59,113	90,000	139,700
510-810-250	Workers Compensation	13,853	13,650	11,800	15,800
510-810-260	Other Benefits	1,153	1,706	1,300	800
	Total Employee Benefits	135,878	140,358	187,100	277,800
	Total Salaries and Benefits	455,586	513,064	579,100	799,800
510-810-300	Professional Services-City Attorney	16,910	15,501	17,000	0
510-810-310	Professional Services-Legal	1,088	840	0	5,000
510-810-320	Professional Services-Engineering	99,268	90,029	50,000	50,000
510-810-322	Professional Services-Other	505	6,323	15,000	2,500
510-810-324	Professional Services-Environmental		0	500	3,000
510-810-325	Professional Services-PW Inspections	15,033	33,210	25,000	5,000
510-810-328	Professional Services-Auditing/Acct Asst	8,333	12,666	17,000	15,000
510-810-340	Tech Services-Lab Analysis	16,914	15,046	22,000	20,000
510-810-342	Tech Services-Other	5,740	4,147	9,000	7,000
510-810-412	Utility Service Refuse	1,585	1,774	2,000	2,000
510-810-430	Service Repair and Maintenance	31,784	94,675	10,000	35,000
510-810-431	Road Maintenance (contract service)	0	5,331	1,000	6,000
510-810-441	Rental	14,524	56,038	25,000	25,000
510-810-520	Insurance	23,593	25,724	35,000	66,000
510-810-530	Communications	3,447	4,001	5,000	6,000
510-810-540	Advertising	2,428	1,296	1,500	3,500
510-810-550	Printing and Postage	17,458	20,831	25,000	25,000
510-810-580	Travel and Training	3,869	2,947	4,000	5,000
510-810-581	Dues and Memberships	584	656	1,500	1,500
510-810-585	Educational Assistance Program	0	0	1,000	1,000
510-810-600	General Supplies	264	0		
510-810-601	Office Supplies	5,180	7,571	9,000	9,000
510-810-605	Minor Equipment	14,401	2,600	8,300	45,460
510-810-610	Automotive Supplies	10,256	13,336	20,000	36,000
510-810-612			15,070		
510-810-614	Plant/Shop/Maint Supplies	74,564	57,688	108,000	108,000
510-810-615	Customer Hookup Supplies (see revenue)	234,748	206,837	100,000	373,000
510-810-616	Safety Supplies	2,477	1,804	3,000	3,000
510-810-618	Supplies-Well Head Protection Program	266	0	500	5,000
510-810-621	Natural Gas	3,512	4,586	3,500	4,000
510-810-622	Electricity	252,371	320,646	425,000	600,000
510-810-623	Propane	102	0	100	100
510-810-626	Gasoline	26,813	51,566	20,000	25,000
510-810-640	Books and Periodicals	1,995	1,517	1,500	1,500
510-810-642	Permits and Licenses	4,812	4,000	10,000	10,000
510-810-698	Water Rights Protection	49,266	66,240	150,000	150,000
	Total Service & Supplies	944,090	1,144,496	1,125,400	1,653,560
510-810-800	Depreciation	701,678	739,799	750,000	800,000
510-800-860	Interest Expense	33,077	25,224	535,000	1,900,000
	Total Expenses	2,134,431	2,422,583	2,989,500	5,153,360

City of Fernley Annual Budget For Fiscal Year 2007-2008

Analysis:

Use fees are projected to remain unchanged and do not reflect a rate increase enacted shortly after the final budget was approved. User fees increased approximately 250% under a phased implementation over a five year period. The rate structure was also changed to provide a more equitable split between various consumer groups such as single family homes, master metered multi-family dwellings, and commercial accounts. Connection fees charged to developers increased 244% to provide funding for new customers.

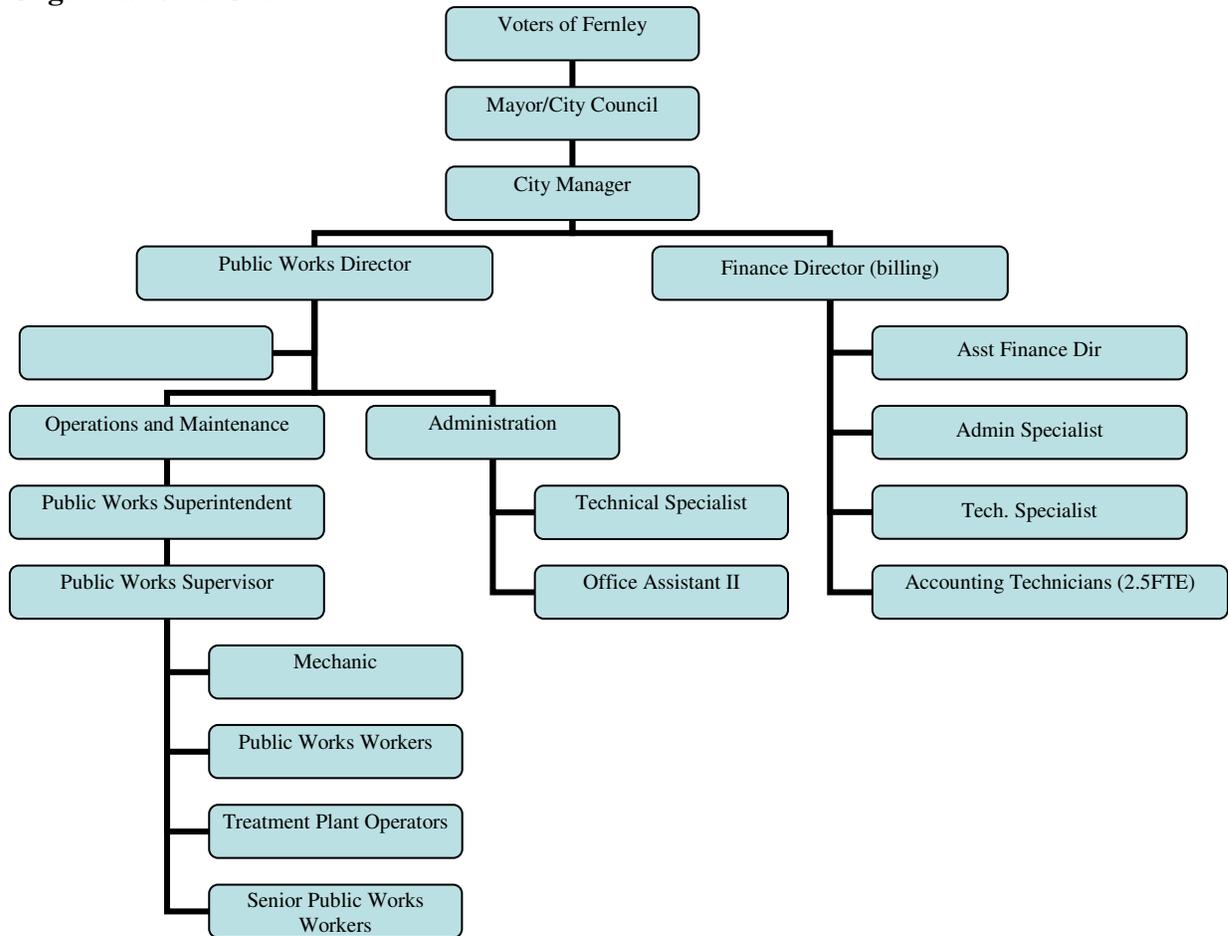
Salaries and Wages increased due to additional positions and change in the allocation of personnel costs and projected step increases for existing personnel.

The largest capital project is construction of a water treatment facility and associated conveyance systems. Additional projects for system replacements are also slated for FY08. For a full list of the five year capital improvement plan, see Appendix D. Operation and maintenance costs for these capital projects were factored into recently enacted rate increases.

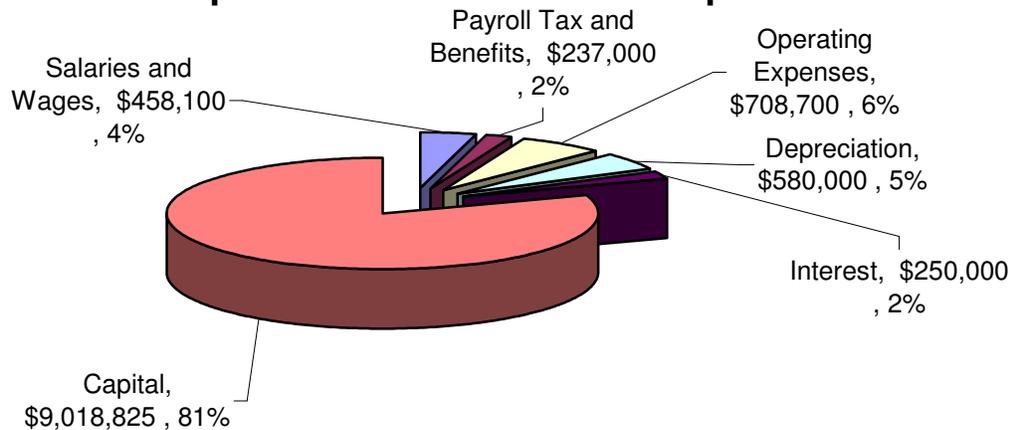
City of Fernley Annual Budget For Fiscal Year 2007-2008

Sewer Utility Fund

Organizational Chart:



Sewer Enterprise Fund FY2007/2008 Expenditures



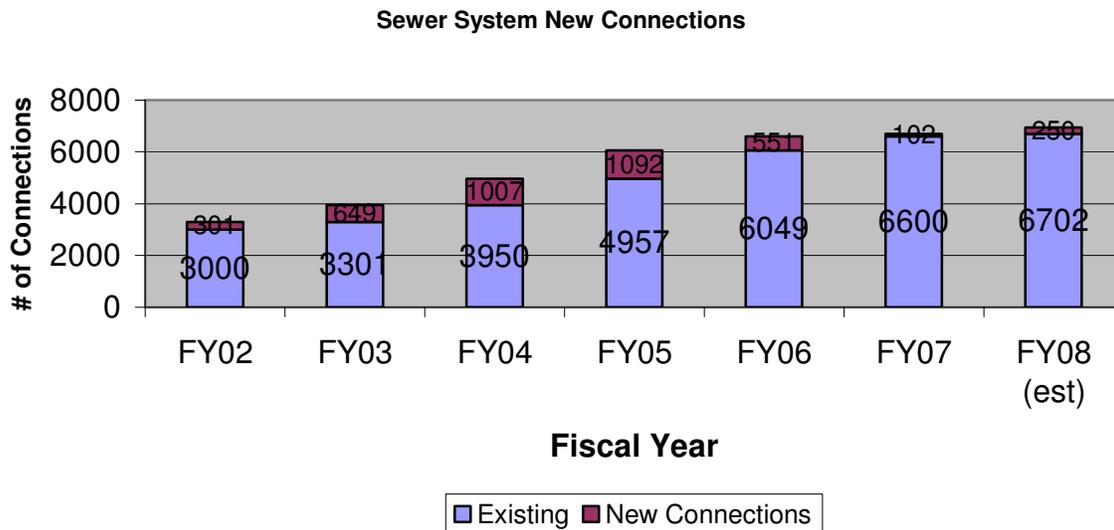
City of Fernley Annual Budget For Fiscal Year 2007-2008

Description:

The sewer utility exists to provide for safe effective disposal of sewage in compliance with regulatory standards. Activities accounted for in the sewer utility enterprise fund include maintenance of the sewer collection system and the wastewater treatment facility. The sewer collection system consists of lift stations and sewer mains. The wastewater treatment facility consists of aerated ponds with discharge of treated effluent to either rapid infiltration basins or wetlands for wildlife refuge.

Growth

The number of customers served has increased significantly in recent years. Approximately 3,000 customers were on the city sewer system when the City incorporated on July 1, 2001. The number of customers on the system has more than doubled for an expected customer count of 6,952 by June 30, 2007. The following chart shows the number of new connections to the sewer system since July 1, 2001, including estimates for FY08.



The City has been able to accommodate the growth in the system through requiring developers to build appropriate infrastructure for the specific development and through imposition of connection and other fees. The City has incurred capital expenditures to improve lift stations. The City will be expanding the sewer treatment facilities.

Rate Increases

The City conducted a rate analysis and increased user rates needed to fund current cash operating costs as well as to provide funding for future capital replacements. The enterprise fund has collected connection fees to fund expansions needed to accommodate development, however, these rates also increased because of the new plant and equipment needed to new customers and other plant expansions. Rate increases have not been factored into the budget because they were not implemented at the time the budget was approved. The revenue estimates will be adjusted during FY08.

City of Fernley Annual Budget For Fiscal Year 2007-2008

Capital Expenditures:

The capital expenditures in the FY08 budget are listed in the Capital Improvement Plan in Appendix D of this report.

The largest projects are the Fernley Interceptor Upgrade Project and the Highway 50 Liftstation Project.

Significant Expenditures and Staffing Changes:

Two positions were added in the Public Works Department in FY08. Two full time Senior Public Works Worker positions were added to provide adequate service for a growing customer base and the significant capital projects that will be undertaken in the near future.

Staffing Levels and Cost Allocation:

The Sewer Utility enterprise fund includes personnel allocated at the noted percentages in appendices A through C. A total of 9.02 FTE are included in the costs for sewer operations, including billing and administrative overhead.

Goals and Objectives:

Goal: To provide uninterrupted adequate sewer collection system, treatment and disposal services to the City of Fernley sewer customers in the most efficient and cost effective manner as fiscally practical.

Objective #1: To provide engineering and GIS services for planning and assessment of the existing collection system.

Task #1: Complete surveying, mapping, flow analysis and correlation, to allow model generation and analysis of the sewer collection infrastructure.

Task #2: Review the existing conditions of a portion of the City's collection system through video inspections.

Task #3: Compile collected information into a database that can be set up in the GIS system and shared with the Sewer Model.

Task #4: Develop a Master Plan Report for planning and budgeting of system upgrades.

Objective #2: To complete upgrades of existing facilities to improve efficiencies and reduce operation and maintenance (O&M) costs.

Task #1: Develop plans and specifications and bid documents for planned upgrades to existing facilities as well as identifying costs associated with changing current City policy regarding ownership of sanitary sewer laterals.

Task #2: Advertise and solicit bids from contractors to complete planned work.

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Task #3: Obtain authorization from City Council to proceed with construction.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Start up and verify operation of upgrades to facilities.

Objective #3: To construct new facilities to expand the sewer collection system to serve public facilities.

Task #1: Work with other City departments to accommodate construction of new public facilities.

Objective #4: To make repairs to existing sewer lift stations as part of an ongoing program to continually maintain and improve existing facilities.

Task #1: Assess facilities with greatest need for repairs.

Task #2: Select necessary repairs to appropriate facilities.

Task #3: Coordinate the repairs with City staff or outside contractors.

Task #4: Start up and monitor operations.

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The cash flow statement for the sewer utility enterprise fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
CASH FLOW STATEMENT					
	Cash Received from Customers	1,414,528	1,683,535	1,660,500	1,655,500
	Service & Supplies	-495,372	-347,242	-575,200	-708,700
	Wages & Benefits	-305,748	-146,220	-534,000	-695,100
	Miscellaneous Income	0	12,500	1,000	0
	Cash from Operations	613,408	1,202,573	552,300	251,700
	Proceeds from Grants				
	Proceeds from Bond Issue			5,551,671	
	Deferred Charge			-44,000	
	Cash Received from Other Funds				
	Cash Advanced to Other Funds				
	Developer Agreements	18,799	24,660		
	Interest Expense	-43,729	-39,156	-101,000	-250,000
	Interest Income	129,157	304,633	410,000	350,000
	Principal Payments on Long Term Debt	-113,173	-117,745	-115,436	-115,436
	Capital Contributions	2,182,969	1,120,919	1,041,000	1,633,000
	Grants for Construction				
	Acquisition of Assets & Projects	-895,510	-1,857,982	-6,844,650	-9,018,825
	Increase (Decrease) in Cash	1,891,921	637,902	449,885	-7,149,561
	Cash & Equivalents July 1	6,473,286	8,365,207	9,003,109	9,452,994
	Cash & Equivalents June 30	8,365,207	9,003,109	9,452,994	2,303,433

The summary income statement for the sewer utility enterprise fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
SUMMARY INCOME STATEMENT					
	Operating Revenues:				
520-370-100	Sewer Use Fees	1,425,278	1,648,640	1,650,000	1,650,000
520-370-300	Material and Labor Charges	796	33	500	500
520-370-310	PW Inspection Fees	15,381	37,428	10,000	5,000
	Miscellaneous				
	Operating Revenues	1,441,455	1,686,101	1,660,500	1,655,500
	Operating Expenses:				
	Salaries, Wages & Benefits	440,013	483,433	534,000	695,100
	Service & Supplies	499,040	506,921	575,200	708,700
	Depreciation	528,916	503,744	580,000	580,000
	Total Operating Expenses	1,467,969	1,494,098	1,689,200	1,983,800
	Operating Income or Loss	-26,514	192,003	-28,700	-328,300
	Non-Operating Revenues & Expenses				
520-380-100	Interest Income	145,033	337,837	410,000	350,000
520-800-860	Interest Expense	-41,464	-36,800	-101,000	-250,000
520-380-900	Miscellaneous Income			1,000	
520-380-400	Disposition of Assets		12,500		
	Total Non-Operating Income & Expenses	103,569	313,537	310,000	100,000
	Capital Contributions In:				
520-395-900	Developer Contribution-Donner Trails	11,710	7,201	22,000	22,000
520-395-910	Customer Contributions-Hookups	2,182,969	1,120,919	924,000	1,386,000
520-395-930	Desert Lakes Reimbursement	7,089	17,459	0	75,000
520-395-933	East Lift Station Assessment		12,767	30,000	50,000
520-395-934	Sewer Interceptor Assessment		36,328	65,000	100,000
520-395-940	Developer Donated Infrastructure	1,065,523	2,469,666	5,000,000	5,000,000
	Total Capital Contributions In	3,267,291	3,664,340	6,041,000	6,633,000
	Net Income or Loss	3,344,346	4,169,880	6,322,300	6,404,700

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The detail expenditures for the sewer enterprise fund follow:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
DETAIL OPERATING EXPENSES:					
520-810-100	Regular Pay	238,771	279,771	310,000	352,300
520-810-120	Standby Pay	4,277	5,641	10,800	10,800
520-810-130	Overtime	23,761	21,581	24,100	25,000
520-810-140	Annual Leave Pay	19,071	17,282	15,000	26,300
520-810-150	Sick Leave Pay	12,482	13,683	20,000	24,300
520-810-160	Holiday Pay	10,427	10,815	15,000	19,400
	Total Salaries and Wages	308,789	348,773	394,900	458,100
520-810-200	FICA	73	55	100	200
520-810-210	Medicare	3,443	4,427	5,700	6,200
520-810-220	Unemployment	1,923	2,271	2,000	4,300
520-810-230	Retirement-PERS	52,799	56,403	56,900	85,900
520-810-240	Group Insurance	58,592	57,133	61,100	117,200
520-810-250	Workers Compensation	13,332	12,899	11,800	13,900
520-810-260	Other Benefits	1,062	1,472	1,500	1,500
	Total Employee Benefits	131,224	134,660	139,100	237,000
	Total Salaries and Benefits	440,013	483,433	534,000	695,100
520-810-300	Professional Services-City Attorney	19,728	15,501	17,000	0
520-810-310	Professional Services-Legal	360	0	0	5,000
520-810-320	Professional Services-Engineering	119,567	54,688	50,000	50,000
520-810-322	Professional Services-Other	370	8,680	14,000	4,000
520-810-324	Professional Service-Environmental		0	0	3,000
520-810-325	Professional Services-PW Inspections	14,996	32,686	25,000	5,000
520-810-328	Professional Services-Auditing/Acct Asst	8,334	12,667	17,000	15,000
520-810-340	Tech Services-Lab Analysis	12,641	9,605	10,000	10,000
520-810-342	Tech Services-Other	6,302	3,111	10,000	10,000
520-810-412	Utility Service Refuse	1,395	1,384	5,000	10,000
520-810-426	Contract-Sewer Cleaning & Inspection	975	9,803	5,000	30,000
520-810-430	Service Repair and Maintenance	32,524	9,005	20,000	35,000
520-810-431	Service Road Maintenance				6,000
520-810-435	Equipment Rental	2,550			
520-810-441	Rental	10,586	11,786	5,000	15,000
520-810-520	Insurance	22,899	25,356	40,000	70,000
520-810-530	Communications	3,799	4,354	6,000	6,000
520-810-540	Advertising	575	956	2,000	2,500
520-810-550	Printing and Postage	17,184	22,362	20,000	25,000
520-810-580	Travel and Training	2,909	1,032	4,000	5,000
520-810-581	Dues and Memberships	326	173	500	1,500
520-810-585	Educational Assistance Program	60	0	500	1,000
520-810-600	General Supplies	608	0	0	0
520-810-601	Office Supplies	5,246	7,400	8,000	10,000
520-810-605	Minor Equipment	6,729	959	10,000	24,000
520-810-610	Automotive Supplies	7,231	9,646	12,000	17,000
520-810-612	Buildings and Grounds Supplies	414	14,766		
520-810-614	Plant/Shop/Maint Supplies	40,829	58,810	50,000	65,000
520-810-616	Safety Supplies	1,646	1,816	3,000	3,000
520-810-621	Natural Gas	3,565	5,046	5,000	4,000
520-810-622	Electricity	133,034	152,756	205,000	230,000
520-810-623	Propane	152	51	200	200
520-810-626	Gasoline	15,147	26,841	20,000	30,000
520-810-640	Books and Periodicals	714	719	1,000	1,500
520-810-642	Permits and Licenses	5,645	4,962	10,000	15,000
	Total Service & Supplies	499,040	506,921	575,200	708,700
520-810-800	Depreciation	528,916	503,746	580,000	580,000
520-800-860	Interest	41,464	36,800	101,000	250,000
	Total Expenses	1,509,433	1,530,900	1,790,200	2,233,800

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Analysis:

Use fees are projected to remain unchanged for FY08, before increases in revenues expected due to a planned rate increase in FY08. The rate increase was enacted after the final approval of the budget, therefore revenues will be adjusted accordingly during FY08. Rate increases for user fees are approximately 25% over five years. Development charges increased approximately 90%.

Salaries and Wages increased due to added personnel and a change in allocation of personnel costs to the sewer function and projected step increases for existing personnel. See the Capital Expenditure Summary in Appendix D for a full list of capital expenditures.

The largest capital items are construction of a sewer interceptor for approximately \$5.3 million and a lift station for approximately \$2.5 million. These projects are funded through proceeds from a bond in FY06-07 and existing cash balances.

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Alternative Water Utility Fund

Organizational Chart:

See water and sewer fund descriptions for an organizational chart.

Description:

The Alternative Water Utility exists to account for the construction of infrastructure and subsequent operations and maintenance costs for an alternative water system to provide non-potable water for landscaping, irrigation, construction and other uses. The use of untreated water will result in conservation of treated water and lower costs to customers (versus using potable water for landscaping, irrigation, construction or other uses).

Rates

The City will conduct a rate analysis and will establish user rates necessary to fund current cash operating costs as well as to provide funding for future capital replacements. The City currently collects \$1,300 for each new home in defined areas for use in planning and constructing the alternative water delivery system. In addition, developers are required to put in “purple pipe” mains and laterals to each home for delivery of alternative water when the City completes delivery infrastructure. The City also plans to set appropriate rates for water used in construction and to eliminate the use of water meters attached to fire hydrants on the potable water system for construction use.

Capital Expenditures:

The following capital expenditures are included in the FY08 budget:

Fund/Description:	FY2008
Alternative Water Utility Enterprise Fund	
3/4 Ton Pickup	\$ 25,000
Utility Bed for Pickup	\$ 7,500
Shop Tenant Improvements (10% of \$32,000)	\$ 3,200
Equipment Storage Building (10% of \$189,000)	\$ 18,900
Small Equipment Tilt Trailer (10% of \$6,000)	\$ 600
10 Wheel Dump Truck (10% of \$130,000)	\$ 13,000
Angle Broom (10% of \$6,500)	\$ 650
Asphalt Hotbox Trailer (10% of \$35,000)	\$ 3,500
Alternative Water Transmission Mains	\$ 500,000
Construction Water Filling Stations (2)	\$ 160,000
Alternative Water Master Plan	\$ 50,000
Subtotal Alternative Water Fund	\$ 782,350

Significant Expenditures and Staffing Changes:

The City intends to construct an alternative (non-potable) water distribution main to connect the Alternative Water Distribution Facility to available distributions systems in developments and for other uses such a construction. FY08 is the first year the system will be operational, therefore FY08 is the first year with budgeted operation and

City of Fernley Annual Budget For Fiscal Year 2007-2008

maintenance costs. User fees will be established and implemented in conjunction with completion of construction of facilities and startup of operations.

Goals and Objectives:

Goal: To provide a safe adequate alternative water supply and distribution to the City of Fernley alternative water customers in the most efficient and cost effective manner as fiscally practical.

Objective #1: To utilize the City of Fernley surface water rights as part of expanding water production by constructing an alternate water distribution center.

Task #1: Coordinate the design with the engineering team to incorporate future needs and existing conditions.

Task #2: Review the existing conditions and prior engineering reports to determine the size and alignment of pipelines.

Task #3: Design the pipeline alignment and put the project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Test the facility and place it into service.

Objective #2: To install alternative water distribution and transmission mains for adequate transfer of non-potable water to needed areas for improved system delivery capabilities and storage sites, including sites for drawing water for construction use.

Task #1: Coordinate the design with the engineering team to incorporate future needs and existing conditions.

Task #2: Review the existing conditions and prior engineering reports to determine the size and alignment of pipelines.

Task #3: Design the pipeline alignment and put the project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Test the facility and place it into service.

Objective #3: To construct new water storage tanks for adequate storage and transfer of alternative water to needed areas for improved system delivery capabilities and maintain system pressure equalization.

Task #1: Coordinate the design with the engineering team to incorporate future needs and existing conditions.

Task #2: Review the existing conditions and prior engineering reports to determine the size and location of the tank.

Task #3: Design the modifications and put the project out to bid.

Task #4: Coordinate construction activities to ensure the construction is in compliance with design specifications.

Task #5: Test the facility and place it into service.

Objective #4: To incorporate modeling and GIS mapping for water and utility system planning and upgrading of the City's non-potable water system.

Task #1: Coordinate the design parameters with the engineering team.

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Task #2: Review the existing conditions and prior engineering reports to determine the extent of the modeling and GIS mapping.

Task #3: Develop useable reports and mapping for future planning.

Objective #5: To construct new facilities to expand the alternative water distribution system to serve new public facilities.

Task #1: Work with other City departments to accommodate construction of new public facilities.

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The cash flow statement for the Alternative Water Utility Enterprise Fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
CASH FLOW STATEMENT					
	Cash Received from Customers	0	0	0	0
	Service & Supplies	0	0	0	-240,100
	Wages & Benefits	0	0	0	-193,800
	Miscellaneous Income	0	0	0	0
	Cash from Operations	0	0	0	-433,900
	Intergovernmental Transfers		800,000		
	Interest Income	693	13,703	40,000	20,000
	Capital Contributions	131,300	117,000	130,000	130,000
	Acquisition of Assets & Projects			-102,000	-782,350
	Increase (Decrease) in Cash	131,993	930,703	68,000	-1,066,250
	Cash & Equivalents July 1	0	131,993	1,062,696	1,130,696
	Cash & Equivalents June 30	131,993	1,062,696	1,130,696	64,446

The summary income statement for the Alternative Water Utility Enterprise Fund follows:

Account #	Description	FY04-05 Actual	FY05-06 Actual	FY06-07 Expected	FY07-08 Budget
SUMMARY INCOME STATEMENT					
	Operating Revenues:				
	Operating Revenues	0	0	0	0
	Operating Expenses:				
	Salaries, Wages & Benefits	0	0	0	193,800
	Service & Supplies	0	120	0	240,100
	Depreciation	0	580	0	200,000
	Total Operating Expenses	0	700	0	633,900
	Operating Income or Loss	0	-700	0	-633,900
	Non-Operating Revenues & Expenses				
530-380-100	Interest Income	990	19,433	40,000	20,000
	Total Non-Operating Income & Expenses	990	19,433	40,000	20,000
	Capital Contributions In:				
530-395-910	Customer Contributions-Hookups	131,300	117,000	130,000	130,000
530-395-940	Developer Donated Infrastructure		319,036	300,000	
	Intergovernmental Transfer		800,000		
	Total Capital Contributions In	131,300	1,236,036	430,000	130,000
	Net Income or Loss	132,290	1,254,769	470,000	-483,900

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For Fiscal Year 2007-2008**

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**City of Fernley Annual Budget
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Appendices

The following appendices are included in this budget:

Appendix A-Salary Schedule

Appendix B-Authorized Personnel (Including Full Time Equivalents)

Appendix C-Allocation Percentages for Personnel Costs

Appendix D-Glossary of Key Terms

Appendix E-Acronyms

City of Fernley Annual Budget For Fiscal Year 2007-2008

Appendix A – Salary Schedules

The salary table (assuming employer only PERS) for the City of Fernley effective July 1, 2007 is shown in the following table. The table includes 4.00% step increments, 2.50% range increments.

Range	Hourly Rates of Pay									Annual Rates	
	A	B	C	D	E	F	G	H	I	A	I
98	9.86	10.25	10.66	11.09	11.53	11.99	12.47	12.97	13.49	20,509	28,059
99	10.10	10.50	10.92	11.36	11.81	12.28	12.77	13.28	13.81	21,008	28,725
100	10.36	10.77	11.20	11.65	12.12	12.60	13.10	13.62	14.16	21,549	29,453
101	10.63	11.06	11.50	11.96	12.44	12.94	13.46	14.00	14.56	22,110	30,285
102	10.89	11.33	11.78	12.25	12.74	13.25	13.78	14.33	14.90	22,651	30,992
103	11.17	11.62	12.08	12.56	13.06	13.58	14.12	14.68	15.27	23,234	31,762
104	11.44	11.90	12.38	12.88	13.40	13.94	14.50	15.08	15.68	23,795	32,614
105	11.73	12.20	12.69	13.20	13.73	14.28	14.85	15.44	16.06	24,398	33,405
106	12.02	12.50	13.00	13.52	14.06	14.62	15.20	15.81	16.44	25,002	34,195
107	12.32	12.81	13.32	13.85	14.40	14.98	15.58	16.20	16.85	25,626	35,048
108	12.64	13.15	13.68	14.23	14.80	15.39	16.01	16.65	17.32	26,291	36,026
109	12.96	13.48	14.02	14.58	15.16	15.77	16.40	17.06	17.74	26,957	36,899
110	13.27	13.80	14.35	14.92	15.52	16.14	16.79	17.46	18.16	27,602	37,773
111	13.60	14.14	14.71	15.30	15.91	16.55	17.21	17.90	18.62	28,288	38,730
112	13.94	14.50	15.08	15.68	16.31	16.96	17.64	18.35	19.08	28,995	39,686
113	14.29	14.86	15.45	16.07	16.71	17.38	18.08	18.80	19.55	29,723	40,664
114	14.65	15.24	15.85	16.48	17.14	17.83	18.54	19.28	20.05	30,472	41,704
115	15.01	15.61	16.23	16.88	17.56	18.26	18.99	19.75	20.54	31,221	42,723
116	15.40	16.02	16.66	17.33	18.02	18.74	19.49	20.27	21.08	32,032	43,846
117	15.78	16.41	17.07	17.75	18.46	19.20	19.97	20.77	21.60	32,822	44,928
118	16.17	16.82	17.49	18.19	18.92	19.68	20.47	21.29	22.14	33,634	46,051
119	16.57	17.23	17.92	18.64	19.39	20.17	20.98	21.82	22.69	34,466	47,195
120	16.98	17.66	18.37	19.10	19.86	20.65	21.48	22.34	23.23	35,318	48,318
121	17.41	18.11	18.83	19.58	20.36	21.17	22.02	22.90	23.82	36,213	49,546
122	17.84	18.55	19.29	20.06	20.86	21.69	22.56	23.46	24.40	37,107	50,752
123	18.29	19.02	19.78	20.57	21.39	22.25	23.14	24.07	25.03	38,043	52,062
124	18.75	19.50	20.28	21.09	21.93	22.81	23.72	24.67	25.66	39,000	53,373
125	19.21	19.98	20.78	21.61	22.47	23.37	24.30	25.27	26.28	39,957	54,662
126	19.69	20.48	21.30	22.15	23.04	23.96	24.92	25.92	26.96	40,955	56,077
127	20.18	20.99	21.83	22.70	23.61	24.55	25.53	26.55	27.61	41,974	57,429
128	20.68	21.51	22.37	23.26	24.19	25.16	26.17	27.22	28.31	43,014	58,885
129	21.20	22.05	22.93	23.85	24.80	25.79	26.82	27.89	29.01	44,096	60,341
130	21.73	22.60	23.50	24.44	25.42	26.44	27.50	28.60	29.74	45,198	61,859
131	22.27	23.16	24.09	25.05	26.05	27.09	28.17	29.30	30.47	46,322	63,378
132	22.83	23.74	24.69	25.68	26.71	27.78	28.89	30.05	31.25	47,486	65,000
133	23.40	24.34	25.31	26.32	27.37	28.46	29.60	30.78	32.01	48,672	66,581
134	23.99	24.95	25.95	26.99	28.07	29.19	30.36	31.57	32.83	49,899	68,286
135	24.59	25.57	26.59	27.65	28.76	29.91	31.11	32.35	33.64	51,147	69,971
136	25.20	26.21	27.26	28.35	29.48	30.66	31.89	33.17	34.50	52,416	71,760
137	25.83	26.86	27.93	29.05	30.21	31.42	32.68	33.99	35.35	53,726	73,528
138	26.48	27.54	28.64	29.79	30.98	32.22	33.51	34.85	36.24	55,078	75,379
139	27.14	28.23	29.36	30.53	31.75	33.02	34.34	35.71	37.14	56,451	77,251
140	27.82	28.93	30.09	31.29	32.54	33.84	35.19	36.60	38.06	57,866	79,165
141	28.52	29.66	30.85	32.08	33.36	34.69	36.08	37.52	39.02	59,322	81,162
142	29.23	30.40	31.62	32.88	34.20	35.57	36.99	38.47	40.01	60,798	83,221
143	29.96	31.16	32.41	33.71	35.06	36.46	37.92	39.44	41.02	62,317	85,322
144	30.71	31.94	33.22	34.55	35.93	37.37	38.86	40.41	42.03	63,877	87,422
145	31.48	32.74	34.05	35.41	36.83	38.30	39.83	41.42	43.08	65,478	89,606
146	32.27	33.56	34.90	36.30	37.75	39.26	40.83	42.46	44.16	67,122	91,853
147	33.08	34.40	35.78	37.21	38.70	40.25	41.86	43.53	45.27	68,806	94,162
148	33.91	35.27	36.68	38.15	39.68	41.27	42.92	44.64	46.43	70,533	96,574

City of Fernley Annual Budget For Fiscal Year 2007-2008

The following table shows the classifications and ranges approved by the City:

Range	Classification
Hourly (Part-time and seasonal)	Maintenance Helper
102	Vector Control Assistant
103	Office Assistant I
110	Office Assistant II
111	Maintenance Worker
112	Permit Technician
113	Accounting Technician I Court Clerk I Public Works Worker I Senior Maintenance Worker
114	Animal Control Officer
115	Accounting Technician II Court Clerk II Technical Specialist I
116	Treatment Plant Operator I
117	Building Inspector I Deputy City Clerk Public Works Worker II Technical Specialist II Water Meter Reader
119	Maintenance Supervisor Senior Public Works Worker
120	Treatment Plant Operator II
121	Administrative Specialist Building Inspector II Legal Secretary Mechanic Plans Examiner
122	Treatment Plant Operator II
123	Building Inspector III Senior Plans Examiner Senior Treatment Plant Operator Vector Control Supervisor
125	Public Works Supervisor
128	Assistant Planner Information Technology Specialist
130	Associate Planner
132	Assistant Engineer
134	Assistant Admin. Services Director (Deputy Treasurer) Associate Engineer Public Works Superintendent Assistant Public Works Director Senior Planner
136	City Clerk
140	Parks and Recreation Director
141	Building Official
148	Finance Director/City Treasurer Community Development Director Public Works Director
Contract	City Manager City Attorney

**City of Fernley Annual Budget
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Appendix B – Authorized Personnel

The following table shows the authorized positions for Fiscal Year 2007-2008 in terms of Full Time Equivalents (FTE).

Department/Position	FY02	FY03	FY04	FY05	FY06	FY07	FY08
ELECTED OFFICIALS:							
Mayor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Council Members (5 Members)	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<i>Subtotal Elected Officials</i>	<i>6.00</i>	<i>6.00</i>	<i>6.00</i>	<i>6.00</i>	<i>6.00</i>	<i>6.00</i>	<i>6.00</i>
MUNICIPAL COURT:							
Municipal Court Judge	0.20	0.20	0.40	0.40	0.40	0.40	0.40
<i>Subtotal Judicial</i>	<i>0.20</i>	<i>0.20</i>	<i>0.40</i>	<i>0.40</i>	<i>0.40</i>	<i>0.40</i>	<i>0.40</i>
OFFICE OF THE CITY MANAGER:							
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Office Assistant					1.00		
Administrative Specialist						1.00	1.00
Office Assistant II (1/2 Animal Control)							0.50
<i>Subtotal Office of the City Manager</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>2.00</i>	<i>2.00</i>	<i>2.50</i>
OFFICE OF THE CITY ATTORNEY:							
City Attorney							1.00
Legal Secretary							1.00
<i>Subtotal Office of the City Manager</i>							<i>2.00</i>
OFFICE OF THE CITY CLERK:							
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk				1.00	1.00	1.00	1.00
Court Clerk (moved from Adm Srv Dpt)							1.00
Court Clerk (moved from Adm Srv Dpt)							1.00
Office Assistant II (regular full time)							1.00
Office Assistant II (regular part-time)	0.75	0.75	0.75	0.50	1.10	1.10	0.75
Office Assistant II (part-time)	0.10	0.50	0.98	0.49	0		
<i>Subtotal Office of the City Clerk</i>	<i>1.85</i>	<i>2.25</i>	<i>2.73</i>	<i>2.99</i>	<i>3.10</i>	<i>3.10</i>	<i>5.75</i>
FINANCE DEPARTMENT (CITY TREAS)							
Finance Director (City Treasurer)	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Asst Finance Director (Deputy City Treas.)					1.00	1.00	1.00
Business Office Manager	1.00	1.00	1.00	1.00	1.00		
Administrative Specialist						1.00	1.00
Senior Office Assistant	1.00	1.00	1.00	3.00	3.00		
Information Technology Specialist							1.00
Technical Specialist						2.00	1.00
Office Assistant II (Court Clerk)		1.00	1.00	1.00	1.00		
Court Clerk						1.00	
Office Assistant I (regular part-time)		0.50	0.50				
Office Assistant I (II)	2.00	2.00	2.00	2.00	2.00		0.50
Accounting Technician						3.00	2.00
Animal Control Officer				1.00	1.00	1.00	
Animal Control Officer (regular part-time)					0.50	0.50	
Office Assistant II (part-time)					0.50	0.50	
<i>Subtotal Finance Department</i>	<i>5.00</i>	<i>6.50</i>	<i>6.50</i>	<i>9.00</i>	<i>11.00</i>	<i>11.00</i>	<i>7.50</i>

**City of Fernley Annual Budget
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Department/Position	FY02	FY03	FY04	FY05	FY06	FY07	FY08
COMMUNITY DEVELOPMENT							
Community Development Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Planner					1.00	1.00	1.00
Assistant/Associate Planner				1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Plans Examiner					1.00	1.00	1.00
Plans Examiner							1.00
Building Inspector	1.00	2.00	2.00	4.00	5.00	5.00	3.00
Technical Specialist/Office Supervisor						1.00	1.00
Office Assistant	1.00	1.00	1.00	2.00	2.00		
Permit Technician						2.00	3.00
Office Assistant II						1.00	1.00
Assistant/Associate Engineer				1.00	2.00	2.00	
Development Assistant		1.00	1.00	1.00	1.00		
Driver/Clerk	0.50			1.00	1.00		
<i>Subtotal Community Development</i>	<i>4.50</i>	<i>7.00</i>	<i>7.00</i>	<i>12.00</i>	<i>16.00</i>	<i>16.00</i>	<i>14.00</i>
Parks and Recreation Department:							
Parks and Recreation Director				1.00	1.00	1.00	1.00
Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Maintenance Worker							1.00
Maintenance Worker	2.00	2.00	2.00	3.00	4.00	5.00	5.00
Maintenance Helper (6 seasonal)		1.47	1.47	1.47	1.47	2.95	2.94
Maintenance Helper (part time)	0.05	0.03	0.03	0.03	.03	.03	.03
Vector Control Supervisor				1.00	1.00		1.00
Animal Control Officer							1.00
Animal Control Officer (regular part time)							0.50
Office Assistant II (1/2 City Manager's Off)							0.50
Operations and Projects Coordinator						1.00	
Vector Control Workers (3 seasonal)					.90	.90	
<i>Subtotal Parks and Recreation Department</i>	<i>3.50</i>	<i>4.50</i>	<i>4.50</i>	<i>7.50</i>	<i>9.40</i>	<i>11.88</i>	<i>13.97</i>
PUBLIC WORKS DEPARTMENT:							
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Public Works Director						1.00	1.00
Public Works Field Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works Field Supervisor		1.00	1.00	1.00	1.00	1.00	1.00
Technical Specialist							1.00
Office Assistant II	1.00			1.00	1.00	1.00	1.00
Public Works Admin Coordinator		1.00	1.00				
Office Assistant (part time)			0.49				
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sr. WWTP Operator	1.00	1.00	1.00				
Treatment Plant Operator				1.00	1.00	1.00	2.00
Senior Public Works Worker							2.00
Public Works Worker I (II)	1.00	1.00	1.00	7.00	7.00	6.00	5.00
Water Meter Reader						2.00	2.00
Utility Worker I (II)	6.00	5.00	5.00				
<i>Subtotal Public Works Department</i>	<i>12.00</i>	<i>12.00</i>	<i>12.49</i>	<i>13.00</i>	<i>13.00</i>	<i>15.00</i>	<i>18.00</i>
TOTAL	33.60	39.45	40.62	51.89	60.90	65.38	70.12

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

Appendix D – Five-Year Capital Improvement Plan

Fund/Description:	FY2008	FY2009	FY2010	FY2011	FY2012
General Fund					
Administration:					
Equipment Replacements		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Subtotal Administration	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Finance:					
Equipment Replacements		\$ 500	\$ 500	\$ 500	\$ 500
Subtotal Finance	\$ -	\$ 500	\$ 500	\$ 500	\$ 500
Municipal Court:					
Equipment Replacements		\$ 500	\$ 500	\$ 500	\$ 500
Subtotal Municipal Court	\$ -	\$ 500	\$ 500	\$ 500	\$ 500
Parks					
Park Maintenance Machinery		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Vehicles					
Subtotal Parks	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Vector Control:					
Equipment Replacements		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Vehicles					
Subtotal Vector Control	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Community Development (Building & Planning):					
Equipment Replacements		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Subtotal Community Development	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Animal Services:					
Vehicle and associated equipment		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Subtotal Animal Services	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total General Fund	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

Fund/Description:	FY2008	FY2009	FY2010	FY2011	FY2012
Special Revenues Funds:					
Residential Construction Tax District #1					
Projects			\$ 200,000	\$ 200,000	
Subtotal RCT District #1	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -
Residential Construction Tax District #2					
Projects	\$ 700,000			\$ 200,000	
Subtotal RCT District #2	\$ 700,000	\$ -	\$ -	\$ 200,000	\$ -
Streets Fund					
3/4 Ton Pickup	\$ 25,000				
Utility Bed for Pickup	\$ 7,500				
Street Sweeper					
Pickup Mounted Street Stripper	\$ 38,000				
Storm Drainage Master Plan	\$ 30,000				
Crack Seal Program	\$ 125,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Slurry, Seal Coat and Patch Program	\$ 250,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Rancho Sierra Design (Lily Lane, Ambee Way, Raven Way)	\$ 58,900	\$ 677,352			
West Street/Diane Way Reconstruction (Construction, Design C)	\$ 404,628				
Lyon Drive Phase I Reconstruction		\$ 789,277			
Lyon Drive Phase II Reconstruction	\$ 72,251	\$ 830,992			
Willow Way, Curry, Cedar Reconstruction		\$ 812,310			
Willow Way Rehabilitation		\$ 40,706	\$ 254,416		
Hardie Lane Phase I Reconstruction		\$ 112,301	\$ 935,842		
Hardie Lane Phase II Reconstruction			\$ 144,009	\$ 1,200,079	
Shadow Lane Reconstruction				\$ 70,854	\$ 340,097
Palomino Drive Reconstruction				\$ 15,380	\$ 83,053
Sierra Street Reconstruction				\$ 18,547	\$ 100,543
Pioneer Court Reconstruction				\$ 16,315	\$ 88,102
6th Street Reconstruction					\$ 62,367
7th Street Reconstruction					\$ 50,580
G Street Reconstruction					\$ 35,366
Subtotal Streets Fund	\$ 1,011,279	\$ 3,562,938	\$ 1,634,267	\$ 1,621,175	\$ 1,060,108
Total Special Revenue Funds	\$ 1,711,279	\$ 3,562,938	\$ 1,834,267	\$ 2,021,175	\$ 1,060,108

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

Fund/Description:	FY2008	FY2009	FY2010	FY2011	FY2012
Capital Project Funds:					
Capital Fund:					
City Hall Expansion	\$ 1,000,000				
Records Management Hardware/Software	\$ 100,000				
Hardware/Software upgrades and implementation of Technology	\$ 150,000				
Chevy Colorado - Parks and Recreation Director	\$ 13,000				
Ford Escape - Fleet Vehicle City Hall	\$ 18,000				
Chevy Silverado Full Size Pickup-New Parks Employee	\$ 21,000				
Chevy Colorado - Animal Control (re-using existing Box/Cages)	\$ 13,000				
1/2 Ton Full Size 4WB Extended Cab Pickup-CDD	\$ 16,000				
Tractor	\$ 20,000				
Equipment Replacements/Technology Improvements		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Basement Improvements-Records Management	\$ 40,000				
Subtotal Capital Fund	\$ 1,391,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total Capital Project Funds	\$ 1,391,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

**City of Fernley Annual Budget
For Fiscal Year 2007-2008**

Fund/Description:	FY2008	FY2009	FY2010	FY2011	FY2012
Enterprise Funds:					
Water Utility Enterprise Fund					
3/4 Ton Pickup	\$ 25,000				
Utility Bed for Pickup	\$ 7,500				
Shop Tenant Improvements (45% of \$32,000)	\$ 14,400				
Equipment Storage Building (45% of \$189,000)	\$ 85,050				
Small Equipment Tilt Trailer (45% of \$6,000)	\$ 2,700				
10 Wheel Dump Truck (45% of \$130,000)	\$ 58,500				
Angle Broom (45% of \$6,500)	\$ 2,925				
Asphalt Hotbox Trailer (45% of \$35,000)	\$ 15,750				
Vehicle/Machinery Replacements		\$ 250,000	\$ 450,000	\$ 450,000	\$ 450,000
Groundwater/Surface Water Treatment Plant	\$ 42,000,000				
Raw Water Supply Infrastructure	\$ 6,500,000	\$ 6,500,000			
Potable Water Distribution Infrastructure (\$5M)	\$ -	\$ 1,000,000			
Water Tanks Interior Coating (NE, Sage, Ricci)	\$ 15,000	\$ 150,000	\$ 150,000	\$ 150,000	
Ricci Tank Exterior Coating Repair	\$ 80,000				
Well Building Air Conditioning Upgrades	\$ 100,000				
SCADA	\$ 150,000				
Water Master Plan Update	\$ 30,000				
Well Electrical Retrofits		\$ 50,000			
Transmission Main Rehabilitation	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Well 12 Pump Station and Transmission Main (\$1.425M)		\$ 1,425,000			
Well 4 Pump Station Conversion	\$ 586,960				
Mesa Drive Tansmission Main	\$ 450,000				
Well 15 Pump Station and Transmission Main (\$1.6M)		\$ 1,601,000			
Micci/Mull Transmission Main (610000)		\$ 610,000			
Well 10 Pump Station and Transmission Main		\$ 1,425,000			
Ricci Lane Transmission Main		\$ 350,000			
Canal Transmission Main			\$ 610,056		
Additional Ricci Tank Storage			\$ 350,388		
Surface Water Treatment Plant Expansion					\$ 20,000,000
Subtotal Water Utility Fund	\$ 50,323,785	\$ 13,561,000	\$ 1,760,444	\$ 800,000	\$ 20,650,000

**City of Fernley Annual Budget
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Fund/Description:	FY2008	FY2009	FY2010	FY2011	FY2012
Sewer Utility Enterprise Fund:					
3/4 Ton Pickup	\$ 25,000				
Utility Bed for Pickup	\$ 7,500				
3/4 Ton Pickup	\$ 25,000				
Utility Bed for Pickup	\$ 7,500				
Shop Tenant Improvements (45% of \$32,000)	\$ 14,400				
Equipment Storage Building (45% of \$189,000)	\$ 85,050				
Small Equipment Tilt Trailer (45% of \$6,000)	\$ 2,700				
10 Wheel Dump Truck (45% of \$130,000)	\$ 58,500				
Angle Broom (45% of \$6,500)	\$ 2,925				
Asphalt Hotbox Trailer (45% of \$35,000)	\$ 15,750				
Sewer Main Rehabilitation	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Lateral Rodder	\$ 5,000				
Vehicle/Equipment Replacements		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
East WWTP Aerator Upgrade	\$ 29,500				
East WWTP Equipment Storage Facility	\$ 90,000				
Sewer Master Plan Update	\$ 30,000				
West Lift Station Upgrade	\$ 620,000				
95A Interceptor - Manhole 19 - Front - Manhole 345	\$ 5,300,000				
Highway 50 Lift Station	\$ 2,500,000				
SCADA Upgrade		\$ 150,000			
Interceptor Construction Manholes 345-296		\$ 3,800,000			
Interceptor Construction Manholes 19-25		\$ 740,000			
Interceptor Extension Phase I MH 38 Southward		\$ 860,000			
Interceptor Construction Manholes 222-107			\$ 340,000		
Interceptor Extension Phase II MH 38 Southward			\$ 1,500,000		
East Lift Station Upgrade II			\$ 2,200,000		
EWWTTP Expansion beyond 3 MGD Phase I			\$ 3,700,000		
EWWTTP Expansion up to 11 MGD					\$ 26,000,000
East Lift Station Upgrade III					\$ 580,000
	\$ -				
Subtotal Sewer Utility Enterprise Fund	\$ 9,018,825	\$ 6,000,000	\$ 8,190,000	\$ 450,000	\$ 27,030,000

**City of Fernley Annual Budget
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Fund/Description:	FY2008	FY2009	FY2010	FY2011	FY2012
Alternative Water Utility Enterprise Fund					
3/4 Ton Pickup	\$ 25,000				
Utility Bed for Pickup	\$ 7,500				
Shop Tenant Improvements (10% of \$32,000)	\$ 3,200				
Equipment Storage Building (10% of \$189,000)	\$ 18,900				
Small Equipment Tilt Trailer (10% of \$6,000)	\$ 600				
10 Wheel Dump Truck (10% of \$130,000)	\$ 13,000				
Angle Broom (10% of \$6,500)	\$ 650				
Asphalt Hotbox Trailer (10% of \$35,000)	\$ 3,500				
Alternative Water Transmission Mains	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Construction Water Filling Stations (2)	\$ 160,000				
Alternative Water Master Plan	\$ 50,000				
Subtotal Alternative Water Fund	\$ 782,350	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Total Enterprise Funds	\$ 60,124,960	\$ 20,061,000	\$ 10,450,444	\$ 1,750,000	\$ 48,180,000
Total Capital Expenditures	\$ 63,227,239	\$ 23,733,938	\$ 12,394,711	\$ 3,881,175	\$ 49,350,108

**City of Fernley Annual Budget
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Appendix E – Glossary of Key Terms

Accountability – The state of being obliged to explain one’s actions, to justify what one does. Accountability requires governments to answer to the citizenry – to justify the raising of public resources and the purpose for which they are used.

Accounting System – The methods and records established to identify, assemble, analyze, classify, record and report a government’s transactions and to maintain accountability for the related assets and liabilities.

Accounts Payable – A short-term liability account reflecting amounts owed to private persons or organizations for goods and services furnished to a government (but not including amounts due to other funds or other governments).

Accounts Receivable – An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

Accrual Basis – The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

Accrued Benefits – The amount of a pension plan participant’s benefit (whether or not vested) as of a specified date, determined in accordance with the terms of the pension plan and based on compensation (if applicable) and service to that date.

Accrued Salaries and Wages Payable – A liability account reflecting salaries and wages earned by employees but not due until a later date.

Accumulated Depreciation – A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of fixed assets.

Ad Valorem Tax – A tax based on value (e.g., a property tax).

Adopted Budget – The resulting budget that has been approved by the City Council.

Advance from Other Funds – A liability account used to record noncurrent portion of long-term debt owed by one fund to another fund within the same reporting entity. **See Due to Other Funds and Interfund Receivable/Payable.**

Agency Fund – A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

Allocation – The distribution of available monies, personnel, and equipment among various city departments or offices.

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Allowance for Uncollectibles – A contra-asset valuation account used to indicate the portion of a receivable not expected to be collected.

Amortization – (1) the portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt to maturity.

Amount to be Provided – An “other debit” account in the GLTDAG representing the amount to be provided from taxes, special assessments or other general revenues to retire outstanding general long-term liabilities.

Annual Budget – A budget applicable to a single fiscal year.

Annual Financial Report – A financial report applicable to a single fiscal year.

Appropriated Budget – The expenditure authority created by the appropriation bills or ordinances, which are signed into law, and the related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes.

Appropriation – A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

Appropriation Account – A budgetary account set up to record spending authorizations for specific purposes. The account is credited with the original appropriation and any supplemental appropriation and is charged with expenditures and encumbrances.

Asset – a probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

Audit – A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of management’s assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities. The auditor obtains this evidential matter through inspection, observation, inquiries and confirmations with third parties.

See Internal Auditing, Financial Audit, Single Audit, Performance Audit, Pre-Audit and Post-Audit.

Audit Committee – A group of individuals, selected by the governing body, having specific responsibility for addressing all issues related to the external financial audit. Ideally, the audit committees form a direct communication link between the auditor and the governing body; therefore, the majority of the committee’s members normally would be expected not to have management responsibilities within the entity under audit.

Audit Finding – In the context of a financial audit, a weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the

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audit report in conformity with GAGAS. A typical audit finding is composed of a statement of the conditions (i.e. weakness or instance on noncompliance) and the criterion or criteria used to define it, and explanation of the cause of the condition, a discussion of its results and recommendations for improvement. Findings ordinarily are presented together with a response from management that states management's concurrence or non-concurrence with each finding and its plan for corrective action.

Audit Management – The process used to procure auditing services (See **Audit Procurement**), to monitor the performance of the auditor and to ensure the satisfactory resolution of issues raised in the audit.

Audit Procurement – The process used to obtain auditing services from independent public accountants.

Audit Program – A detailed outline of the work to be done and the procedures to be followed in any given audit.

Auditor's Report – In the context of a financial audit, a statement by the auditor describing the scope of the audit and auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

Audit Resolution – The process whereby corrective action is planned, implemented and monitored to remedy weakness discovered and reported in conjunction.

Audit Scope – In the context of a financial audit, the focus of audit testing as well as the reference point used by auditors when evaluating the results of audit tests or otherwise exercising their professional judgment. The minimum acceptable audit scope for government would result in an opinion on the combined (i.e., general purpose) financial statements, with each fund type and account group considered separately when applying materiality evaluations.

Balance Sheet – The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

Basic Financial Statements – Those financial statements, including notes thereto, necessary for the fair presentation of the financial position and results of operations of an entity in conformity with GAAP. The basic financial statements include a balance sheet, an "all-inclusive" operating statement, a budget comparison statement (for all governmental funds for which annual appropriated budgets are adopted), and a statement of changes in financial position (for proprietary funds, pension trust funds, and nonexpendable trust funds).

Basis of Accounting – A term used to refer to *when* revenues, expenditures, expenses, and transfers – and the related assets and liabilities – are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the

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measurements made, regardless of the nature of the measurement, on either the cash or accrual method.

Bond – A written promise to pay a specified sum of money (principal) of face value at a specified future date (maturity date) along with periodic interest paid at a specified percentage (interest rate) of the principal. Bonds are typically used for long-term debt.

Bond Anticipation Notes – Short-term interest bearing notes issued in anticipation of bonds to be issued at a later date.

Bond Discount – The difference between the present value and the face amount of bonds when the former is less than the latter. In common usage, the term also often includes issuance costs withheld from the bond proceeds by the underwriter.

Bond Indenture – A formal agreement, also called a deed of trust, between an issuer of bonds and the bondholder.

Bond Ordinance or Resolution – An ordinance or resolution authorizing a bond issue.

Bond Premium – The difference between the present value and the face amount of bonds when the former is greater than the latter.

Book Value – Value as shown by the books of account. In the case of assets subject to reduction by valuation allowances, book value refers to cost or stated value less the appropriate allowance. Sometimes a distinction is made between gross book value and net book value, the former designating value before deduction of related allowances and the latter the value after their deduction. In the absence of any modifiers, however, book value is understood to be synonymous with net book value.

Budget – A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

Budgetary Accounts – Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formal budgetary integration.

Budget Calendar – The schedule of key dates or milestones that a government follows in preparation and adoption of the budget.

Budgetary Control – The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

Budget Document – The instrument used by the City Manager and/or Budget Director to present a Comprehensive Financial Program to the Mayor and City Council and general public. This document serves as a Financial Plan, a policy statement for current and future services, and a management tool for reporting the City's goals and objectives, and a medium for communicating the Council's plan, the City's organization structure and

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service priorities to the public. The budget document usually consists of three parts. The first part contains a message from the City Manager, together with a summary of proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the past years' actual revenues, expenditures and other data used in making estimates. The third part is composed of drafts of the appropriation, revenue and borrowing measures necessary to put the budget into effect.

Budget Message – A general discussion of the proposed budget as presented in writing by the City Manager to the Mayor and Council. The budget message should contain an explanation of the principal budget items, an outline of the government's experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

Capital Assets – Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single period.

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Capital Budget – A plan of proposed capital expenditures and the means of financing them.

Capital Expenditures – Expenditures resulting in the acquisition of or addition to the government's general fixed assets.

Capital Improvement Program (CIP) – A five year plan of capital expenditures and the proposed means of financing the expenditures. A plan for capital expenditures to be incurred each year over a fixed period of years setting forth each capital project, the duration of the project and the amount to be expended each year in financing those projects.

Capital Projects Fund – A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Carrying Amount – the amount at which assets and liabilities are reported in the financial statements. Carrying amount also is known as book value.

Cash Basis – A basis of accounting under which transactions are recognized only when cash is received or disbursed.

Certified Public Accountant (CPA) – An accountant who has met all the statutory and licensing requirements of a given state for use of that designation. All U.S. states require accountants, at a minimum, to complete successfully a uniform national examination before being allowed to designate themselves as CPAs.

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Combined Statements – Overview – See General Purpose Financial Statements.

Combining Statements – By Fund Type – The second of the financial reporting pyramid's three reporting levels containing GAAP financial statements. Such statements are presented for each fund type (e.g., special revenue funds) for which the government maintains more than one fund. They include GAAP financial statements for each fund of a particular fund type in separate adjacent columns and a total column, which duplicates the column for that fund type in the combined statements-overview.

Compensated Absences – Absences, such as vacation, illness, and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance and long-term disability pay.

Compliance Auditing – Auditing for compliance with applicable laws and regulations. Tests of compliance with laws and regulations are substantive tests; therefore, the term “compliance auditing” should not be confused with the similar term “compliance testing” which usually refers to testing for compliance with internal control procedures.

Comprehensive Annual Financial Report (CAFR) – The official annual report of a government. It includes (a) the five combined financial statements in the combined statements – overview and their related notes (the “liftable” GPFS) and (b) combining statements by fund type and individual fund and account group financial statements prepared in conformity with GAAP and organized into a financial reporting pyramid. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, required supplementary information, extensive introductory material and a detailed statistical section. Every government reporting entity should prepare a CAFR.

Continuing Appropriation – An appropriation that, once established, is automatically renewed without further legislative action, period after period, until altered or revoked.

Control Procedures – The policies and procedures in addition to the control environment and accounting system that management has established to provide reasonable assurance that specific entity objectives will be achieved.

Cost Accounting – The method of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

Covered Payroll – All compensation that is paid to active employees covered by the PERS and on which contributions are based. Covered payroll also may be referred to a covered compensation.

Credit Risk – The risk that a counter party to an investment transaction will not fulfill its obligations. Credit risk can be associated with the issuer of a security, with a financial institution holding deposits or with parties holding securities or collateral. Credit risk

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exposure can be affected by concentration of deposits or investments in any one investment type or with any one counter party.

Debt Ratios – Comparative statistics illustrating the relation between the issue's outstanding debt and such factors as its tax base, income, or population. These ratios often are used as part of the process of determining the credit rating of an issue, especially with general obligation bonds.

Debt Service – Actual cost of interest and principal on bond maturities as well as interest costs of bond anticipation notes.

Deferred Compensation Plans – Plans that offer employees the opportunity to defer receipt of a portion of their salary and the related liability for federal income taxes. Several sections of the Internal Revenue Code authorize certain state and local governments to provide deferred compensation plans for their employees.

Deferred Maintenance – The act of not performing (deferring) maintenance at the time it should have been, or was scheduled to be, performed. Maintenance in this context means more than routine preventative maintenance and repairs. It also includes replacement of parts, periodic road resurfacing and other activities needed to maintain the fixed asset at its originally contemplated serviceability for its original estimated life.

Deficit - (1) The excess of an entity's liabilities over its assets; (2) the excess of expenditures over revenues during a single accounting period.

Delinquent Taxes – Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached.

Department – An organizational or budgetary unit established by City Code to carry out specified public services.

Depreciation – (1) Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a fixed asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of fixed assets, less any salvage value, is prorated over the estimated service life of such an assets, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

Direct Expenses – Expenses specifically traceable to specific goods, services, units, programs, activities, or functions. Direct expenses differ from indirect expenses in that the latter cannot be specifically traced and so must be allocated on some systematic and reasonable basis.

Division – An organizational unit composed of one or more responsibility centers and/or activities that perform like tasks within a city department.

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Due From Other Funds – An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. The account includes only short-term obligations on open account, not interfund loans. This account is used to record the position of each fund in the central treasury.

Due To Other Funds – A liability account reflecting amounts owed by a particular fund to another funds for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans. This account is used to record the position of each fund in the central treasury.

Encumbrance – (1) Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed. (2) An obligation in the form of a purchase order, contract, or salary commitment that is chargeable to an appropriation, or for which part of an appropriation is reserved.

Endowment – Funds or property that are donated with either a temporary or permanent restriction as to the use of principal.

Enterprise Fund – A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the full costs of providing the goods or services be financed primarily through charges and fees thus removing the expenses from the tax rate.

Entitlement – The amount of payment to which a state or local government is entitled pursuant to an allocation formula contained in applicable statutes.

Estimate Life – The expected economic useful life of an asset from the date placed in service to the projected retirement date.

Expendable Trust Fund – A trust fund whose resources, including both principal and earnings may be expended. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Expenditures – Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements and shared revenues.

Expenses – Outflows or other using up of assets or incurrence of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or center operations.

Federal Financial Assistance – For purposes of applying the provisions of the Single Audit Act of 1984 and OMB CircularA-128, *Audits of State and Local Governments*,

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assistance provided by a federal agency in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. Federal financial assistance does *not* include direct federal cash assistance to individuals.

Fiduciary Type Fund – The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Financial Reporting Pyramid – The plan of organization for the financial section of the CAFR/CUFR, as set forth in the 1987 Codification of Governmental Accounting and Financial Reporting Standards. The pyramid presents GAAP financial statements on three distinct and progressively more detailed reporting levels: (1) combined statements – overview (the “liftable” GPFS/CUFS), (2) combining statements – by fund type and (3) individuals fund statements.

Financing Plan – The estimate of revenues and their sources that will pay for the service programs outlined in the annual budget.

Fiscal Year – A twelve-month period for which an organization plans the use of its funds. In the City of Fernley , the fiscal year is July 1 to June 30.

Fixed Assets – Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include buildings, equipment, improvements other than buildings, and land. In the private sector, these assets are referred to most often as property, plant, and equipment.

Fixed Budget – A budget setting forth dollar amounts that are not subject to change based on the volume of goods or services to be provided.

Fixed Costs – Costs of providing goods or services that do not vary proportionately to the volume of goods or services provided (e.g., insurance and contributions to retirement systems).

Flexible Budget – A budget whose dollar amounts vary according to the volume of goods or services to be provided.

Fund – A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance – The difference between fund assets and fund liabilities of governmental and similar trust funds.

Fund Balance-Reserved for Inventories – An account used to segregate a portion of fund balance to indicate that inventories of supplies do not represent expendable available financial resources even though they are a component of net current assets.

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Fund Type – Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

General Fund – The fund used to account for all financial resources, except those required to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the GASB.

Goal – A desired outcome or end product, as well as a statement of purpose of an organization. Goals are usually broad in scope and rarely change from year to year.

Governmental Accounting – The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

Governmental Accounting Standards Board (GASB) – The authoritative accounting and financial reporting standard-setting body for government entities.

Governmental Fund Types – Funds used to account for the acquisition, use and balance of expendable financial resources and the related current liabilities except those accounted for in proprietary funds and fiduciary funds. In essence, these funds are accounting segregations of financial resources. Expendable assets are assigned to a particular governmental fund type according to the purposes for which they may or must be used. Current liabilities are assigned to the fund type from which they are to be paid. The difference between the assets and liabilities of governmental fund types is referred to as fund balance. The measurement focus of these fund types is on the determination of financial position and changes in financial positions (sources, uses and balances of financial resources), rather than on net income determination. The statement of revenues, expenditures and changes in fund balance is the primary governmental fund type operating statement. It may be supported or supplemented by more detailed schedules of revenues, expenditures, transfers and other changes in fund balance. Under GAAP, there are four governmental fund types: general, special revenue, debt service, and capital projects.

Grant – A contribution of assets by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the state and federal governments. Grants are usually made for specific purposes.

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Impact Fees – Fees charged to developers to cover, in whole or in part, the anticipated cost of improvement that will be necessary as a result of the development.

Incurred-But-Not-Reported (IBNR) Claims/Losses – Claims for insured events that have occurred but have not yet been reported to the government entity, insurer or reinsurer as of the date of the financial statements. IBNR claims also may include expected future developments on claims already reported.

Indirect Expense – See **Overhead**.

Infrastructure Assets – Public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the government unit.

Interfund Receivable/Payable – Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

Interfund Transactions – Transactions between funds of the same governmental reporting entity. They include (1) Quasi-external transactions, (2) reimbursements, (3) residual equity transfers, and (4) operating transfers.

Interfund Transfers – All interfund transactions except loans, quasi-external transactions, and reimbursements. Transfers can be classified as belonging to one of two major categories: Residual Equity Transfers or Operating Transfers.

Internal Auditing – An independent appraisal of the diverse operations and controls within a governmental entity to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and economically, and the organization's objectives are being achieved. The term covers all forms of appraisal of activities undertaken by auditors working for and within the organization.

Internal Control Structure – Policies and procedures established to provide reasonable assurance that specific government objectives will be achieved.

Internal Service Fund – A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Legal Level of Budgetary Control – The level at which spending in excess of budgeted amounts would be a violation of law.

Level of Budgetary Control – One of three possible levels of budgetary control and authority to which organizations, programs, activities, and functions may be subject. These levels of budgetary control are (a.) appropriated budget, (b.) legally authorized nonappropriated budget review and approval process, which is outside the appropriated

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budget process, or (c.) nonbudgeted financial activities, which are not subject to the appropriated budget and the appropriation process or to any legally authorized nonappropriated budget review and approval process, but still are relevant for sound financial management and oversight.

Levy – (1) (Verb) to impose taxes, special assessments or service charges for the support of government activities. (2) (Noun) The total amount of taxes, special assessments or service charges imposed by a government.

Liability – Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Liquidity – The ability to convert assets to cash quickly, without significant losses.

Lump-Sum Appropriation – An appropriation made for a stated purpose, or for a named department, without specifying further the amounts that may be spent for specific activities or for particular objects of expenditures (e.g., a lump-sum appropriation for the police department would not specify the amounts to be spent for uniform patrol, traffic control, etc., or for salaries and wages, materials and supplies, and travel).

Maintenance – The act of keeping capital assets in a state of good repair. It includes preventative maintenance; normal periodic repairs; replacement of parts, structural components and so forth and other activities needed to maintain the assets so that it continues to provide normal services and achieves its optimum life.

Market Risk – The risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreement will decline. Market risk is affected by the length to maturity of a security, the need to liquidate a security before maturity, the extent to which collateral exceeds the amount invested and how often the amount of collateral is adjusted for changing market values.

Measurement Focus – The accounting convention that determines (1) which assets and which liabilities are included on a government's balance sheet and where they are reported there, and (2) whether an operating statement presents information on the flow of financial resources (revenues and expenditures) or information on the flow of economic resources (revenues and expenses).

Mid-Year Review – A projection of current year expenditures that is completed after six months of activity in the fiscal year.

Modified Accrual Basis – (1) The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments are recognized when they become susceptible to accrual, that is when they are both “measurable” and “available to finance expenditures of the current

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period”. “Available” means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. (2) Basis of accounting for all governmental funds and expendable trust and agency funds under which revenues are recorded when they become measurable and available. Expenditures are recorded when the liability is incurred, except interest on general long-term obligations which is recorded when due.

Net Income – Proprietary fund excess of operating revenues, nonoperating revenues and operating transfers in over operating expenses, nonoperating expenses and operating transfers out.

Nonappropriated Budget – A financial plan for an organization, program, activity or function approved in a manner authorized by constitution, charter, statute or ordinance but not subject to appropriation and, therefore, outside the boundaries of the definition of appropriated budget.

Nonoperating Expenses – Proprietary fund expenses not directly related to the fund’s primary activities (e.g. interest).

Nonoperating Revenues – Proprietary fund revenues incidental to, or by-products of, the fund’s primary activities.

Notes to the Financial Statements – The SSAP and other disclosures required for a fair presentation of the financial statements of a government in conformity with GAAP and not included on the face of the financial statements themselves. The notes to the financial statements are an integral part of the GPFS/CUFS.

Objectives – Specific Statements describing what is to be achieved toward accomplishment of a stated goal including by how much and within what time frame.

Operating Budget – Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law. Even when not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government.

Operating Expenses – Proprietary fund expenses related directly to the fund’s primary activities.

Operating Revenues – Proprietary fund revenues directly related to the fund’s primary activities. They consist primarily of user charges for goods and services.

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Operating Transfer – All interfund transfers other than residual equity transfers (e.g. legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended).

Ordinance – A law set forth by a governmental authority; a municipal regulation.

Other Financing Sources – Governmental fund general long-term debt proceeds, amounts equal to the present value of minimum lease payments arising from capital leases, proceeds from the sale of general fixed assets, and operating transfers in. Such amounts are classified separately from revenues on the governmental operating statement.

Other Financing Uses – Governmental operating transfers out and the amount of refunding bond proceeds deposited with the escrow agent. Such amounts are classified separately from expenditures on the governmental operating statement.

Overhead – Those elements of cost necessary in the production of a good or service which are not directly traceable to the product or service. Usually these costs relate to an object of expenditure that does not become an integral part of the finished product or service, such as rent, heat, light, supplies, management, accounting, and supervision.

Performance Auditing – A systematic process of objectively obtaining and evaluating evidence regarding the performance of an organization, program, function, or activity. Evaluation is made in terms of its economy and efficiency of operations, effectiveness in achieving desired regulations, for the purpose of ascertaining the degree of correspondence between performance and established criteria and communicating the results to interested users. The performance audit function provides an independent, third-party review of management's performance and the degree to which the performance of the audited entity meets prestated expectations.

Performance Measures – The units used to express the extent to which an activity or service meets the objective. More specifically, the performance measure or indicator documents the lever or quality of a service output.

Perpetual Inventory – A system whereby the inventory of units of property at any date may be obtained directly from the records, without resorting to an actual physical count, for each item or group of items to be inventoried. This system provides an ongoing record of goods ordered, received and withdrawn and the balance on hand, in units and frequently also in value.

Policy – A definite course of action adopted after a review of information and directed at the realization of goals.

Post-Audit – An examination of financial transactions that have been completed or are in various stages of completion at the end of an accounting period.

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Pre-Audit – An examination of financial transactions that have been completed or are in various stages of completion at the end of an accounting period.

Premium – The excess of the price of a security over its face value, excluding any amount of accrued interest bought or sold.

Priority – A value that ranks goals and objectives in order of importance relative to one another.

Procedure – A method used in carrying out a policy or plan of action.

Program – Collections of work-related activities initiated to accomplish a desired end.

Property, Plant & Equipment – Durable goods usually valued over \$1,000 and having a useful life of more than one year.

Proprietary Fund Types – Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the GASB has issued pronouncement applications to those entities and activities, they should be guided by these pronouncements.

Public Entity Risk Pool – A cooperative group of government entities joining together to finance an exposure, liability or risk. Risk may include property and liability, workers' compensation or employee health care. A pool may be a stand-alone entity or included as part of a larger governmental entity that acts as the pool's sponsor.

Purchase Order – A document authorizing the delivery of a specified merchandise or the rendering of certain services and the making of a charge for them.

Qualified Opinion - An opinion stating that "except for" the effect of the matter to which the qualification relates, the financial statements present fairly the financial positions, results of operations and (when applicable) changes in financial position in conformity with GAAP. Such an opinion is expressed when a lack of sufficient, competent evidential matter or restrictions on the scope of the auditor's examination have led the auditor to conclude that an unqualified opinion cannot be expressed, or when the auditor believes, on the basis of his examination, that (1) the financial statements contain a departure from GAAP, the effect of which is material, (2) there has been a material change between periods in accounting principles or in the method of their application or (3) there are significant uncertainties affecting the financial statements, and the auditor has decided not to express an adverse opinion or to disclaim an opinion.

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Quasi-External Transactions – Interfund transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the government unit (e.g., payments in lieu of taxes from an enterprise fund to the general fund, internal service funds billings to departments, routine employer contributions to a pension trust fund and routine service charges for inspection, engineering, utilities or similar services provided by a department financed from one fund to a department financed from another fund). These transactions should be accounted for as revenues, expenditures or expenses in the funds involved.

Ratings – In the context of bonds, normally an evaluation of creditworthiness performed by an independent rating service.

Recoverable Expenditure – An expenditure that is made for or on behalf of another government, fund or department or for a private individual, firm or corporation that will subsequently be recovered in cash or its equivalent.

Reimbursements – (1) Repayments of amounts remitted on behalf of another party (2) Interfund transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it but that properly apply to another fund (e.g., an expenditure properly chargeable to a special revenue fund is initially made from the general fund, and is subsequently reimbursed). These transactions are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reduction of expenditures or expenses in the fund reimbursed.

Reinsurance – A transaction in which a reinsurer, for a consideration (premium), assumes all or part of a risk undertaken originally by another insurer. However, the legal rights of the insured are not affected by the reinsurance transaction, and the insurance enterprise issuing the insurance contract remains liable to the insured for payment of policy benefits.

Revenue Bonds – Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

Revenues – (1) Increases in the net current assets of a government fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers are classified as “other financing sources” rather than revenues. (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions and residual equity transfers. Also, operating transfers in are classified separately from revenues.

Risk Management – All the ways and means used to avoid accidental loss or to reduce the consequence if it does occur.

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Salary-Related Benefits – Benefits and payments that are directly related to salary payments such as taxes, pension payments and employee insurance premiums.

Self-Insurance – A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

Shared Revenues – Revenues levied by one government but shared on a predetermined basis, often in proportion to the amount collected at the local level, with another government or class of governments.

Single Audit – An audit performed in accordance with the Single Audit Act of 1984 and the Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. The Single Audit Act allows or requires a government (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require that use of special revenue funds when legally mandated.

Submitted Budget – The proposed budget that has been approved by the City Manager and forwarded to the City Council for their approval.

Summary of Significant Accounting Policies (SSAP) – A disclosure of accounting policies, required by GAAP, that should identify and describe the accounting principals followed by the reporting entity and the methods of applying those principles that materially affect the determination of financial position, changes in financial position or results of operations. In general, the disclosure should encompass important judgments as to the appropriateness of principles relating to the recognition of revenue and allocation of asset costs to current and future periods; in particular, it should encompass those accounting principles and methods that involve any of the following: (1) a selection from existing acceptable alternatives, (2) principles and methods peculiar to government and (3) unusual or innovative applications of accounting principles, including those peculiar to government.

Supplemental Appropriation – Appropriation made by the City Council to cover expenditures that exceed the original appropriations.

Tax Abatement – A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments and service charges.

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Tax Liens – Claims governments have upon properties until the taxes levied against them have been paid. This term is sometimes limited to those delinquent taxes the government has taken legal action to collect through the filing of liens.

Trust and Agency Fund – One of seven fund types in governmental accounting. See **Trust Funds** and **Agency Funds**.

Unamortized Discounts on Bonds Sold – A contra-liability account used to reflect that portion of the face value of bonds exceeding the amount received from their sale (excluding amounts paid for accrued interest) which remains to be amortized over the remaining life of such bonds.

Unamortized Premiums on Investments – An asset account used to reflect that portion of the excess of the amount paid for investments (excluding amounts paid for accrued interest) over their face value which remains to be amortized over the remaining life of such investments.

Unencumbered Appropriation – That portion of an appropriation not yet expended or encumbered.

Unqualified Opinion – An auditor's opinion stating that the financial statements present fairly the financial position, results of operations and (when applicable) changes in financial position in conformity with GAAP (which include adequate disclosure). This conclusion may be expressed only when the auditor has formed such an opinion on the basis of an examination made in accordance with GAAS or GAGAS.

Vested Benefit – A benefit for which the employer has an obligation to make payment even if an employee terminates; thus, the benefit is not contingent on an employee's future service.

Vouchers Payable – Liabilities for goods and services evidenced by vouchers that have been pre-audited and approved for payment but that have not been paid.

Wasting Assets – Mines, timberlands, quarries, oil fields and similar assets that diminish in value by the removal of their contents.

Work Order – A written order authorizing and directing the performance of a certain task and issued to the person who is to direct the work. Among the items of information included on the order are the nature and location of the job, specifications of the work to be performed and a job number, which is referred to in reporting the amount of labor, materials and equipment used.

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Appendix F – Acronyms

ADA	Americans with Disabilities Act
BCCRT	Basic City County Relief Tax
BLM	Bureau of Land Management
BOR	Bureau of Reclamation
CDBG	Community Development Block Grant
CIP	Capital Improvement Program (Plan)
COLA	Cost of Living Adjustment
CTX	Consolidated Tax
EA	Environmental Assessment
FEMA	Federal Emergency Management Agency
FTE	Full Time Equivalent
FYXX/ZZ or FYZZ	Fiscal year beginning July 1, 20XX and Ending June 30, 20ZZ
GAAP	General Accepted Accounting Principles
GAAS	General Accepted Auditing Standards
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GST	Government Services Tax
ICC	International Code Council
ISO	Insurance Services Office
ITP	In Town Park
L&WCF	Land and Water Conservation Fund
LOS	Level of Service
MUTCD	Manual of Uniform Traffic Control Devices
MVFT	Motor Vehicle Fuel Tax
NDOT	Nevada Department of Transportation
NEPA	National Environmental Policy Act of 1969
NRS	Nevada Revised Statutes
OTP	Out of Town Park
RCT	Residential Construction Tax
RPTT	Real Property Transfer Tax
RTC	Regional Transportation Commission
SCCRT	Supplemental City County Relief Tax
TCID	Truckee Carson Irrigation District
TEA-21	Transportation Equity Act for the 21 st Century