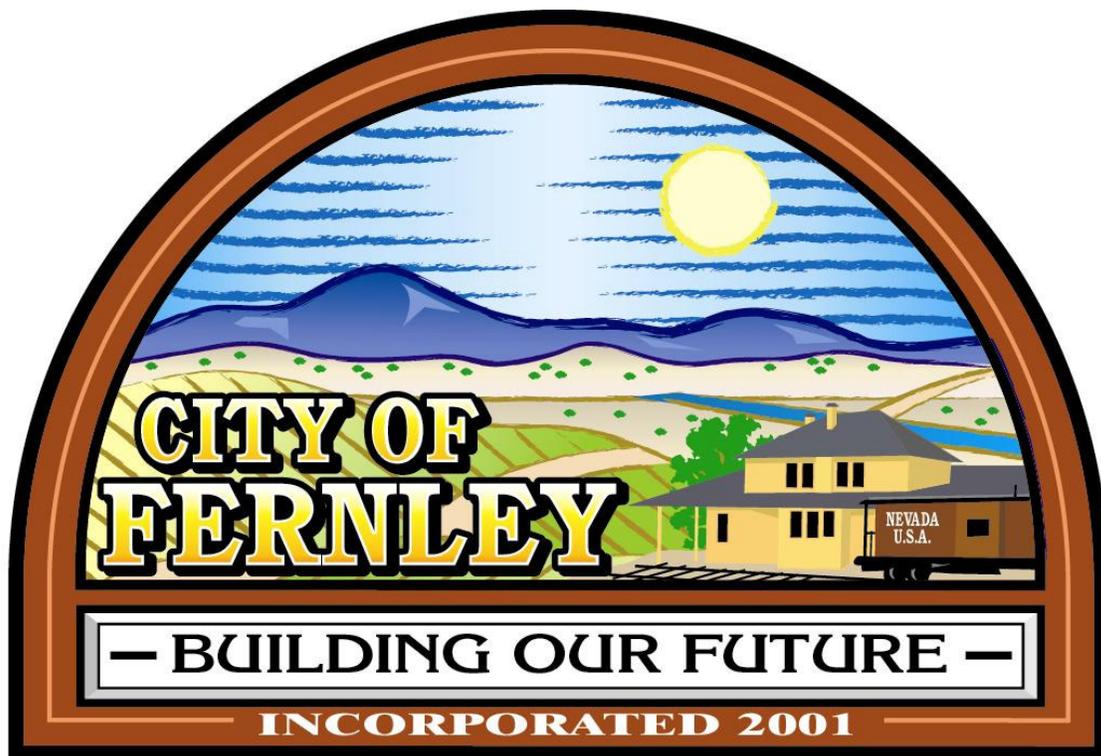


CITY OF FERNLEY NEVADA

FY2006/2007

ANNUAL BUDGET

FOR THE FISCAL YEAR
JULY 1, 2006 TO JUNE 30, 2007



City of Fernley Annual Budget For Fiscal Year 2006-2007

City Council

| | |
|-----------------------|-----------------|
| Mayor | David Stix, Jr. |
| Council Member Ward 1 | Richard Jones |
| 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>Administrative Services 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> | Peter Wysocki <i>Community Development Director</i> |
|--|---|--|---|---|

Paul Taggart, Law Offices of King and Taggart , *City Attorney*

Daniel Bauer, *Municipal Court Judge*

Sid Smith, *Chief of Police*

City of Fernley Annual Budget - Fiscal Year 2006-2007

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**City of Fernley Annual Budget
For Fiscal Year 2006-2007**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Fernley
Nevada**

For the Fiscal Year Beginning

July 1, 2005

President

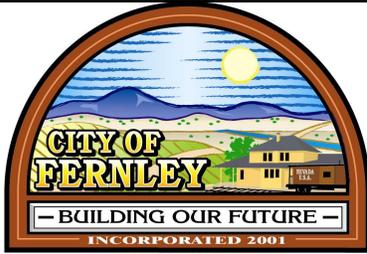
Executive Director

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, 2005. 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 2006-2007

Budget Message



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

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

July 11, 2006

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

I respectfully submit the final budget for the City of Fernley for fiscal year 2006/2007 (FY 06/07). 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 three 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), and the removal of the old "Road Fund" revenue (due to Lyon County action).

I believe the FY 06/07 budget meets the following City Council objectives:

Property Tax Rate - The FY 06/07 property tax rate in the budget is \$0.3481 per \$100 of assessed value, the maximum allowed under state statutes. Major tax limitation legislation (AB489) passed in the last session that 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 AB489 did not exist, the City could raise approximately \$50,000 for each penny (\$0.01) increase in the levy. Since AB489 exists, the City can only raise approximately \$9,000 for each penny increase in the levy.

The property tax limitation legislation is very significant to the City. The property tax rate as not been increased over at least the last twelve fiscal years (from the Town and the City). Operations have increased significantly due to growth and the operations have been 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 source of revenue or changing the tax rate. By the State action the City is now effectively unable to produce significant revenue from property tax for new services, despite large

City of Fernley Annual Budget For Fiscal Year 2006-2007

increases in assessed value and increased demands for services. Therefore, there is a clear incentive to levy the maximum rate allowed.

Assessed values increased 35%, largely due to new construction. Combined with the marginal increases in property taxes as a result of an increase in the levy, a favorable increase in property tax revenue for FY2006-2007 should be sufficient for providing the current level of services. Failure to maximize revenue from property taxes could result in future difficulties in full funding appropriate services for the community.

Franchise Fees: A significant portion of the general fund revenues are derived from either franchise fees or business licenses 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 legislation session, there is a movement to limit revenue from these sources. I recommend that the City Council have a healthy debate about whether rates should be increased in the future. The final budget includes no rate increases, however if we don't make changes during FY 06/07 (similar to the State change in property tax impacts) we may be prohibited from making changes in the future.

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, 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 \$390,000. 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. Planning and financing for the expansion of City Hall was completed during FY05/06 and construction began in May 2006 with substantial completion by June 2007. Several public works projects are in the planning stages such as a treatment plant for surface and groundwater, expansion of the sewer treatment plant, and improvements in distribution and collection systems. Acquisition and development of properties for parks are also ongoing. Future operation and maintenance costs will be provided through user and developer fees for water and sewer and through general fund revenues for parks and city hall projects.

Maintain existing levels of service to the community. 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 tremendous growth has resulted in the need to increase staffing to maintain existing levels of service. The budget contains new positions and provides additional hours for existing positions all of which results in a net additional 4.48 Full Time Equivalents (FTE). The new positions are: Assistant Public Works Director (1 FTE), Public Works Worker (1 FTE), Maintenance Worker (Parks) (1 FTE), and three new seasonal maintenance workers (1.48 FTE). Some basic park maintenance services

City of Fernley Annual Budget For Fiscal Year 2006-2007

will be contracted to the private sector in FY07. In addition, the title of the Vector Control Supervisor will be changed to Operations & Project Supervisor. 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 is currently soliciting for a consultant to perform an analysis of the records management function in the City. Based on the results and recommendations in the analysis, the City may need to add costs, including additional personnel (such as Records Management Supervisor, or Coordinator, or Manager), equipment (such as specialized scanners and other modern electronic storage devices), and supplies. The budget does not currently include the added costs for implementation of the analysis but does include sufficient appropriation to complete the study. When the project is completed (approximately by mid-fiscal year), a full set of recommendations will be presented to the City Council.

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 \$507,000. Of this amount approximately \$211,000 is designated for future improvements (money was collected from developers in lieu of construction a portion of the improvements) leaving a fund balance of \$296,000 for future operations. This available ending fund balance is approximately 8% of total annual expenditures or 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 \$1,333,129, ending fund balance for the Residential Construction Tax Districts is \$1,101,224 and the ending fund balance for the Grant Fund is approximately \$331,852. These fund balances are sufficient to protect the City's financial integrity. Total ending fund balance for governmental fund types (excluding enterprise funds) is \$3,980,838.

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 will be incorporated into a rate study for utility operations, capital replacements, and capital improvements related to growth. The results of the rate study will allow the City to established appropriate rates for both customers and developers. The revenue estimates in the budget are based on existing rates. These estimates will be revised in the future when the rate study is completed and rates increased.

THE BUDGET IN BRIEF:

Revenues and "Other Financing Sources" for all funds are estimated at \$16 million in the FY06/07 budget. Expenditures and other uses total \$20 million in the FY06/07 budget. The City will be spending more in capital projects from money collected or financing provided in earlier years.

Again, the City will be faced with major decisions and costs associated with the operations of the water utility as new regulations regarding water treatment for arsenic are implemented. The City is proactively seeking outside funding to react to this unfunded mandate and will continue to proactively seek solutions to minimize the impact

City of Fernley Annual Budget For Fiscal Year 2006-2007

to rate payers. In addition, the City will be developing a surface water treatment plant in order to place treated water into the potable water system. The City will also be developing the non-potable water system infrastructure to reduce the demand on the potable water system. Future rate increases will be needed to comply with this unfunded federal mandate.

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 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 intends to prepare a comprehensive Streets Capital Improvement Plan, including a long term financing plan, in FY07 to address this issue.

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 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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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, and FY05/06 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 in July 2006. 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 2006-2007**

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 16,500 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

City of Fernley Annual Budget For Fiscal Year 2006-2007

Federal grants, the Depot is being restored and will live on as a symbol of the community's rich history.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

The 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/Administrative Services Director.

The City Manager and the City Treasurer then review each request and meetings are held with each person submitting a request to review programs and clarify requests. The City Manager and City Treasurer 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 City Treasurer 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 Administrative Services 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 2006-2007

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 City Treasurer review the request. If the request is in order, the Administrative Services Department prepares a draft resolution for presentation to the City Council. Upon adoption of the resolution, the Administrative Services 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 Administrative Services Department review the request. If the request is in order, the Administrative Services 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 Administrative Services 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 2006-2007 budget year:

| | | |
|--------------------------|-----------|--|
| Jan 18, 2006 | Wednesday | Distribution of Budget Request Instruction Manual to Department Heads |
| Feb 17, 2006 | Friday | Deadline for Submission of Budget Requests to City Manager and City Treasurer. |
| Feb 21 – Feb 24, 2006 | Tue– Fri | City Manager and City Treasurer read all submissions and prepare outline for a recommended budget and prepare for meetings with departments. |
| Feb 21, 2006 | Tuesday | Dept of Taxation provides Preliminary Revenue Projections Package |
| Feb 27 – Mar 3, 2006 | Mon – Fri | City Manager and City Treasurer meet with departments to review and make determinations for inclusion in the City Manager’s Recommended Budget |

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

| | | |
|------------------|-----------|--|
| Mar 1, 2006 | Wednesday | 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, 2006 | Wednesday | Assessor files tax roll with the State Board of Equalization and the Segregation of Property report with the Department of Taxation |
| Mar 15, 2006 | Wednesday | Dept of Taxation provides final Revenue Projections Package |
| Mar. 15, 200 | 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 10, 2006 | Thursday | Issuance of City Manager's Recommended Budget to City Council to prepare for budget workshops. |
| April 17, 2006 | Monday | Tentative Budget Submitted to Dept of Taxation (NRS354.596) |
| April 19, 2006 | Wednesday | 1 st Workshop Session (prior to regular City Council Meeting) |
| April 26, 2006 | Wednesday | 2 nd Workshop Session (tentative) |
| May 3, 2005 | Wednesday | 3rd Workshop Session (prior to regular City Council Meeting) |
| May 3 & 10, 2006 | Wednesday | Notice of public hearing published for tentative City budget (NRS 354.596) |
| May 16, 2006 | 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, 2006 | Wednesday | Final Budget Filed with Dept. of Taxation (NRS 354.598) |
| Jun 30, 2006 | Friday | Indebtedness Report, Capital Improvement Plan and Debt Management Policy due to Department of Taxation |

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 2006-2007

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.

The City of Fernley has no outstanding general obligation debt and no authorized future general obligation debt. The City of Fernley does not currently have specific plans for proposed future general obligation debt. 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.

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

| | |
|--|---------------|
| FY2007 Assessed Valuation | \$511,154,623 |
| 30% of Assessed Valuation (NRS 266.600(4)) | \$153,346,387 |
| Outstanding General Obligation Bond | \$0 |
| Legal Debt Margin | \$153,346,387 |

Projected cash flow to repay debt is also an important factor in debt capacity. Since the City fully repaid a debt in FY2002/2003, cash flow may be available in the General Fund for either debt service for a new obligation or for other purposes as determined by the City Council during the budget process. The City budgeted for transfers from the

City of Fernley Annual Budget For Fiscal Year 2006-2007

General Fund to other funds in each fiscal year beginning in FY2003/2004 indicating positive cash flow from operations.

The debt in the water and sewer enterprise funds is not classified as general obligation debt. Use fees in the Water and Sewer Enterprise Funds are used to repay these debts. The Water and Sewer Enterprise funds currently have positive cash flow from operations before depreciation. Therefore, adequate cash is available to service existing debts. Debt in the water and sewer enterprise funds will be repaid from user fees. Per NRS 266.600(4), the debt limit does not apply to debts related to water and sewer projects.

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 revenues in the City's general fund and a security interest in the property. The Installment Purchase Agreement contains a non-appropriation clause which 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 will be 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.

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 separate Five Year Capital Improvement Plan. 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 are included under the heading "Capital Expenditure Summary." The major capital expenditure items relate to either streets or utility operations.

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 city-wide 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.

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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 are being considered in analysis of rates. The maintenance costs associated with unfunded mandates such as arsenic removal have a significant impact on rates for the water and sewer utilities. The City is currently expanding its sewer treatment facilities and has completed a preliminary engineering report for construction of a surface and groundwater treatment facility. In addition, the City is developing collection and distribution systems that will result in cost sharing among developers. All of these factors will affect the rate analysis. The City intends to set user rates at the proper levels to provide adequate funding for operations and capital replacements. Additional rates or cost sharing agreements will be developed for costs of new development.

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 which 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 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

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 and program 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 principals. 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 332.036 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 \$3.6 million; therefore the targeted ending fund balance for the general fund is between \$288,000 and \$612,000. 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 \$215,000 of the amount in fund balance was collected from developers for use in future projects, therefore, the projected fund balance of approximately \$500,000 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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 FY2006/2007 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.

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.

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 will require review and increase in the near future.

Specific financial and operational policies for the FY2006/2007 budget year are listed below:

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

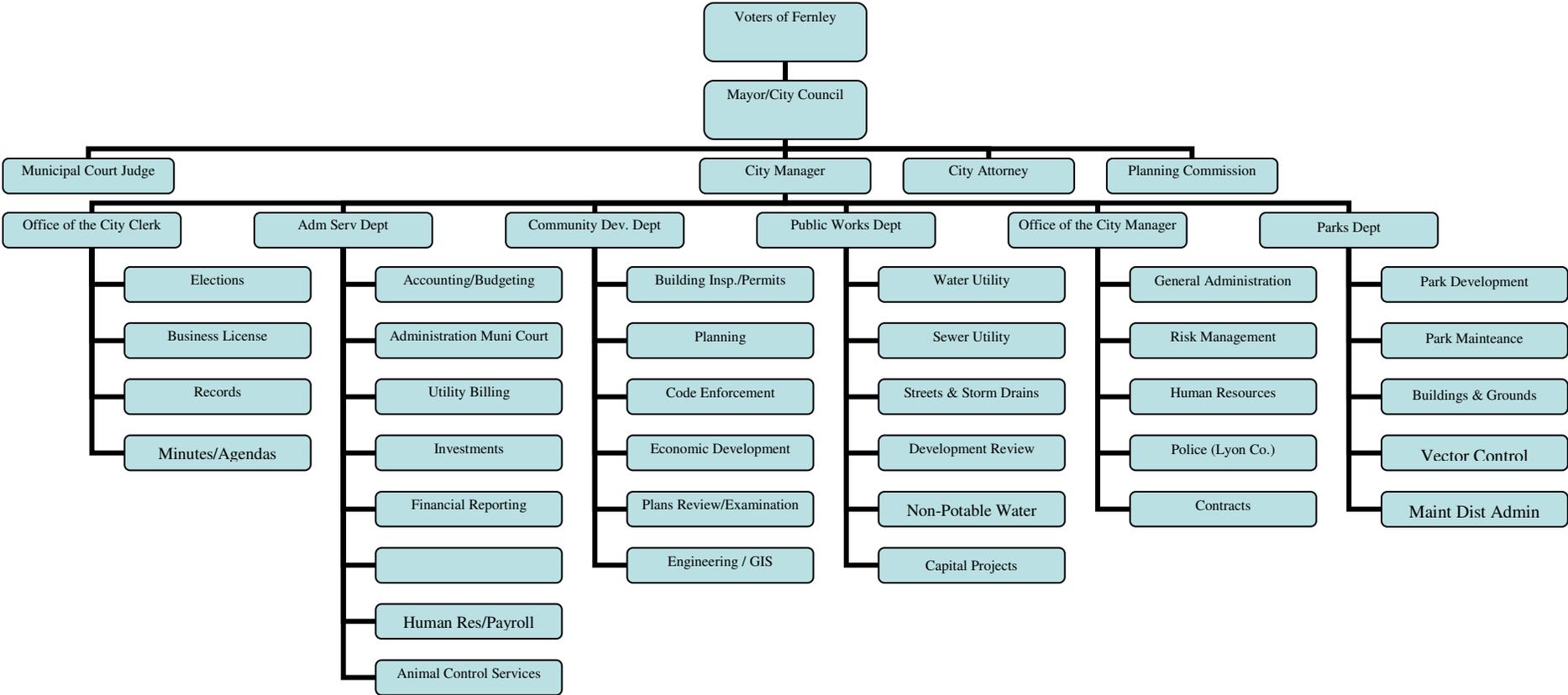
Fully explore alternatives for certain services: The City was forced to critically examine each service provided and thoroughly explore alternatives for providing services as efficiently as possible due to limited resources at the July 1, 2001 incorporation. The City simply had to find better, more efficient 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 2006-2007**

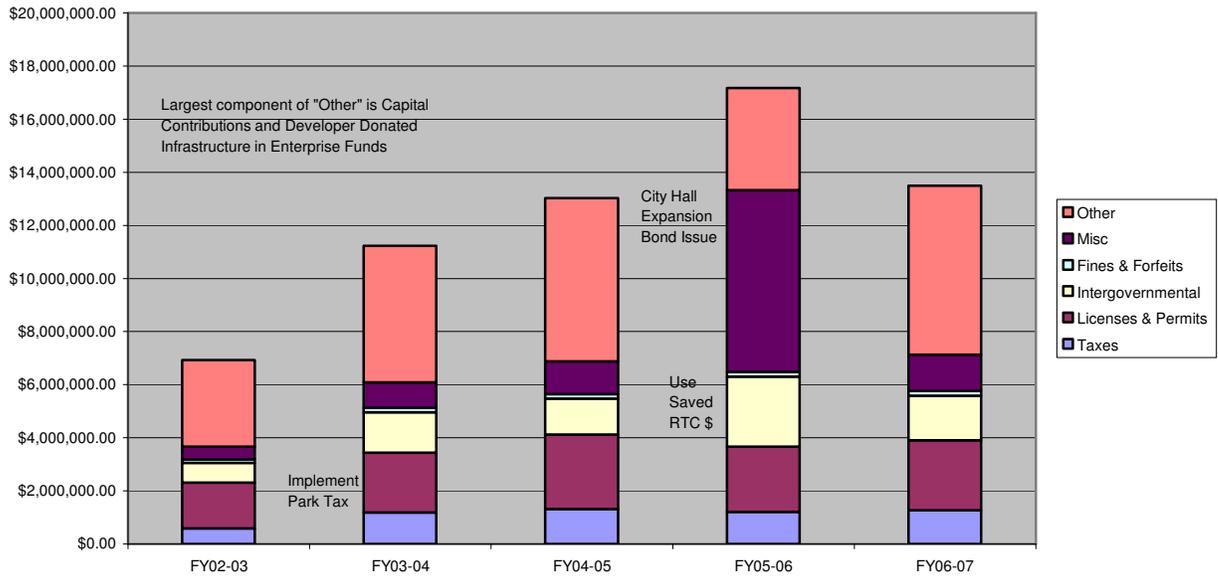
City of Fernley Organizational Chart



City of Fernley Annual Budget For Fiscal Year 2006-2007

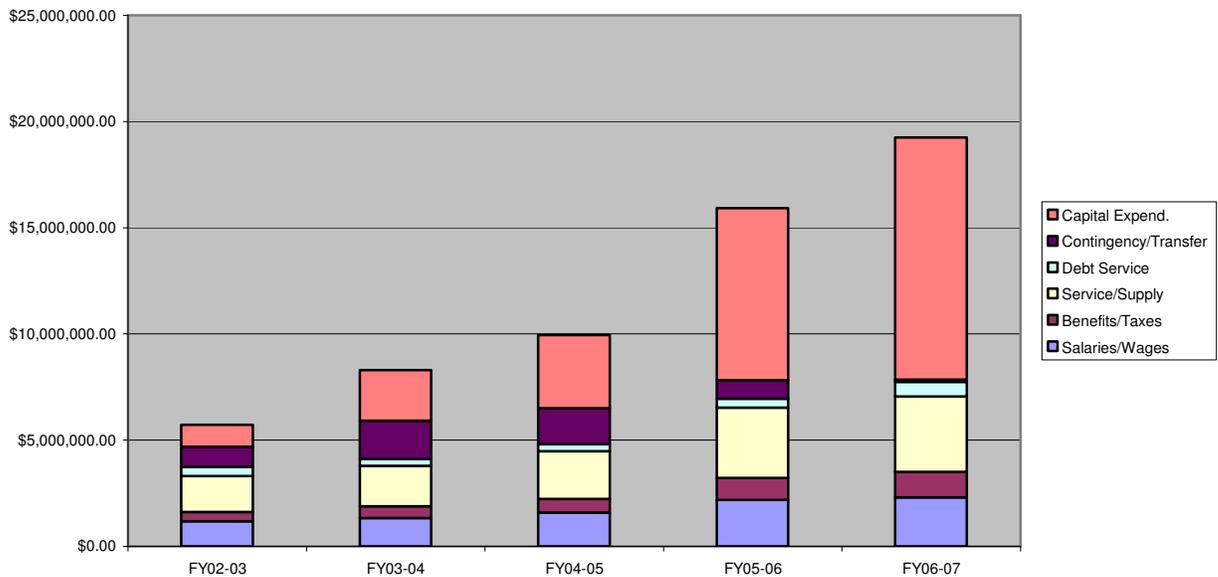
Overview Budget Summary-All Funds

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



Analysis

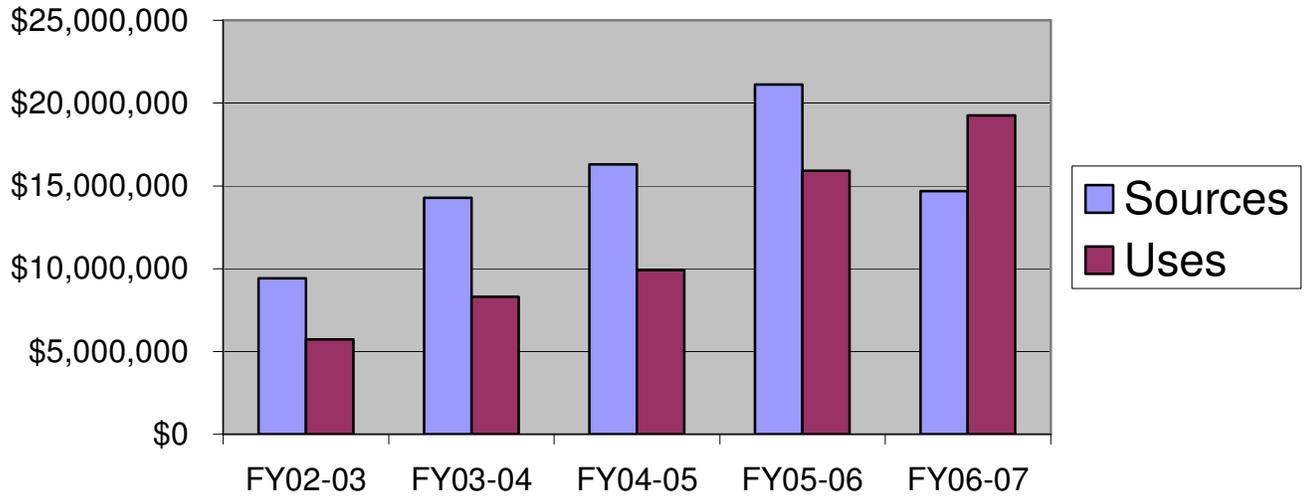
A five fiscal year history of citywide uses of funds is shown in the following graph.



Analysis:

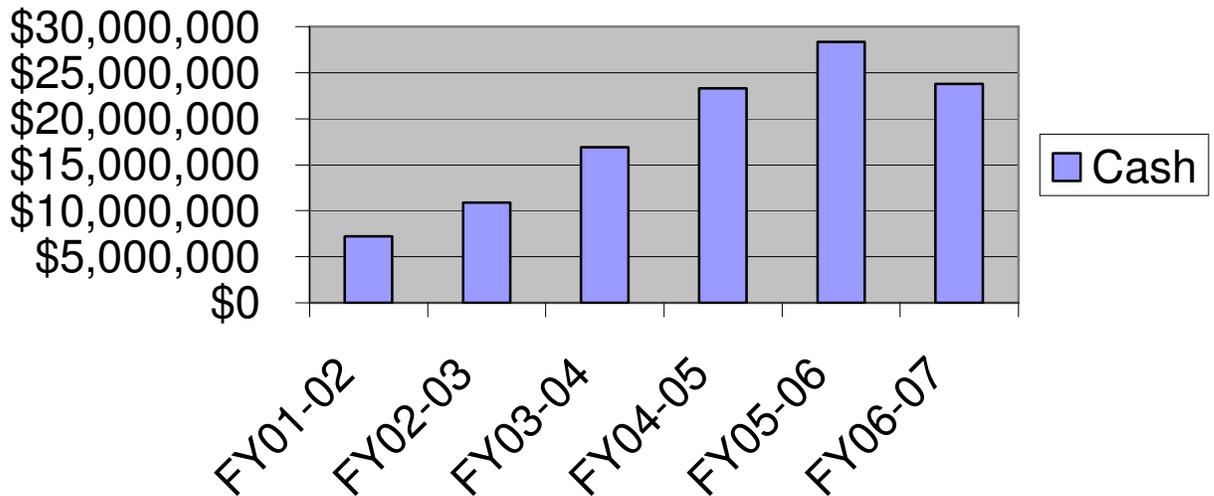
City of Fernley Annual Budget For Fiscal Year 2006-2007

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



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

Cash



City of Fernley Annual Budget For Fiscal Year 2006-2007

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 | | 525,141 | 1,177,955 |
| Payroll Taxes and Benefits | 222,901 | 0 | | 211,454 | 434,355 |
| 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 | | | 0 | 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 2006-2007

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 | 3,372,796 | 5,149,626 |
| Total Revenue & Other Financing Sources | 3,070,847 | 3,138,277 | 785,310 | 7,292,774 | 14,287,208 |
| 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 | 16,161,061 | 25,205,465 |
| Funding Uses | | | | | |
| General Government | 530,474 | | | | 530,474 |
| Judicial | 151,937 | 2,577 | | | 154,514 |
| Public Works | 0 | 1,074,135 | | 2,893,498 | 3,967,633 |
| 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 | 3,225,295 | 8,290,071 |
| 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 | 16,161,061 | 25,205,465 |
| | | | | | |
| | 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 | | | 24,002 | 1,796,555 |
| Total Uses by Object | 3,290,903 | 1,759,550 | 14,323 | 3,225,295 | 8,290,071 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 | 1,036,248 | 1,228,861 |
| Other Financing Sources | 0 | 550,000 | 1,140,000 | 4,471,144 | 6,161,144 |
| 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 | | 554,725 | 1,586,309 |
| Payroll Taxes and Benefits | 338,936 | 39,372 | | 267,102 | 645,410 |
| Service and Supplies | 639,542 | 286,174 | | 1,322,377 | 2,248,093 |
| 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 2006-2007

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 | 582,132 | 632,000 | | | 1,214,132 |
| Licenses and Permits | 2,411,500 | 34,000 | | | 2,445,500 |
| Intergovernmental Resources | 243,300 | 2,397,114 | | | 2,640,414 |
| Charges for Services | 0 | | | 3,950,500 | 3,950,500 |
| Fines and Forfeits | 138,500 | 36,000 | | | 174,500 |
| Miscellaneous | 249,500 | 342,050 | 5,210,000 | 1,049,000 | 6,850,550 |
| Other Financing Sources | 0 | 0 | 850,000 | 2,997,750 | 3,847,750 |
| Total Revenue & Other Financing Sources | 3,624,932 | 3,441,164 | 6,060,000 | 7,997,250 | 21,123,346 |
| Beginning Fund (Cash) Balance | 875,022 | 2,302,972 | 2,502,129 | 17,605,089 | 23,285,212 |
| Total Available Resources | 4,499,954 | 5,744,136 | 8,562,129 | 25,602,339 | 44,408,558 |
| Funding Uses | | | | | |
| General Government | 827,240 | | | | 827,240 |
| Judicial | 184,603 | 7,500 | | | 192,103 |
| Public Works | 0 | 2,793,776 | | 7,362,700 | 10,156,476 |
| Community Development | 1,123,100 | | 679,000 | | 1,802,100 |
| Culture and Recreation | 569,800 | 751,000 | | | 1,320,800 |
| Health | 332,550 | | | | 332,550 |
| Debt Service | 113,500 | | | 316,729 | 430,229 |
| Other Uses | 860,000 | | | | 860,000 |
| Total Expenditures and Other Uses | 4,010,793 | 3,552,276 | 679,000 | 7,679,429 | 15,921,498 |
| Ending Fund (Cash) Balance | 489,161 | 2,186,860 | 7,883,129 | 17,922,910 | 28,482,060 |
| Total Fund Commitments and Fund (Cash) Balances | 4,499,954 | 5,739,136 | 8,562,129 | 25,602,339 | 44,403,558 |
| | | | | | |
| | General Fund | Special Revenue Funds | Capital Projects | Enterprise Funds | Total |
| Salaries and Wages | 1,362,543 | 94,276 | | 733,300 | 2,190,119 |
| Payroll Taxes and Benefits | 649,200 | 46,200 | | 334,800 | 1,030,200 |
| Service and Supplies | 919,200 | 520,800 | | 1,862,400 | 3,302,400 |
| Capital Expenditures | 106,350 | 2,891,000 | 679,000 | 4,432,200 | 8,108,550 |
| Debt Service | 113,500 | | | 316,729 | 430,229 |
| Contingency & Transfer | 860,000 | | | | 860,000 |
| Total Uses by Object | 4,010,793 | 3,552,276 | 679,000 | 7,679,429 | 15,921,498 |

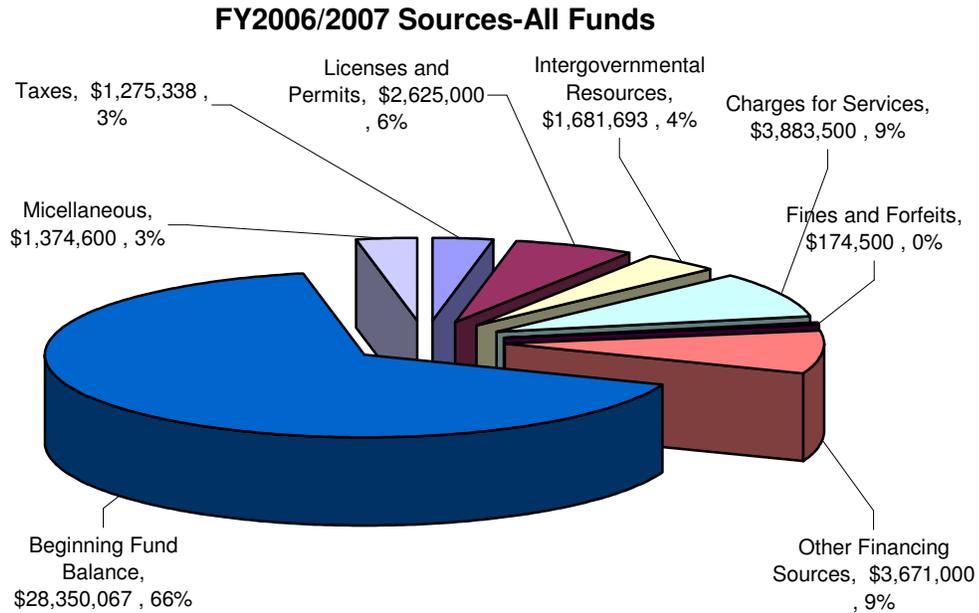
City of Fernley Annual Budget For Fiscal Year 2006-2007

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

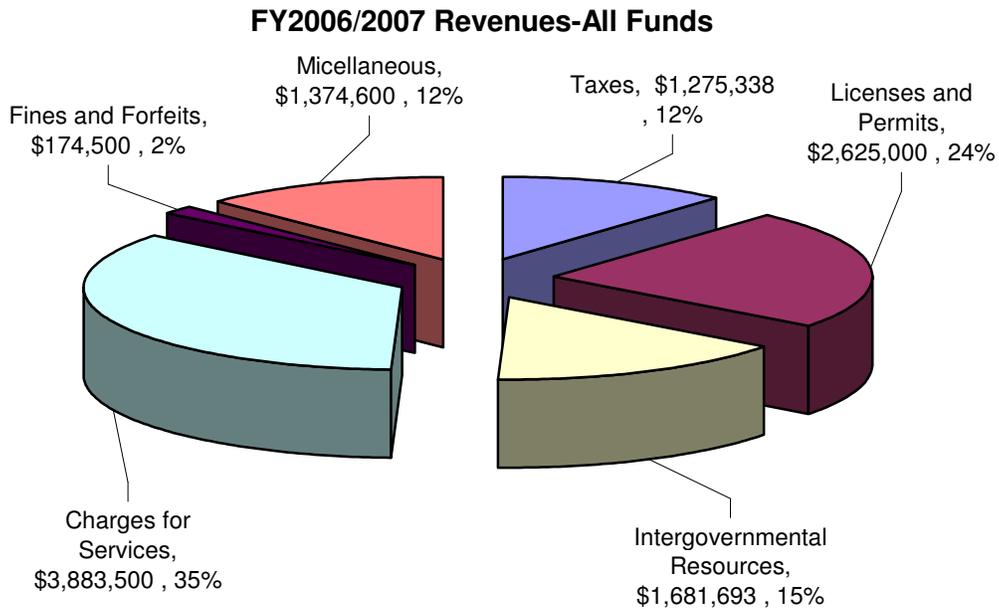
| FY06-07 | General Fund | Special Revenue Funds | Capital Projects | Enterprise Funds | Total |
|--|------------------|-----------------------|------------------|-------------------|-------------------|
| Funding Sources | | | | | |
| Taxes | 888,000 | 550,000 | | | 1,438,000 |
| Licenses and Permits | 2,591,000 | 34,000 | | | 2,625,000 |
| Intergovernmental Resources | 275,345 | 1,406,348 | | | 1,681,693 |
| Charges for Services | 0 | | | 4,453,500 | 4,453,500 |
| Fines and Forfeits | 138,500 | 36,000 | | | 174,500 |
| Miscellaneous | 111,000 | 69,600 | 250,000 | 944,000 | 1,374,600 |
| Other Financing Sources | 0 | 250,000 | 0 | 3,690,000 | 3,940,000 |
| Total Revenue & Other Financing Sources | 4,003,845 | 2,345,948 | 250,000 | 9,087,500 | 15,687,293 |
| Beginning Fund (Cash) Balance | 489,161 | 2,186,860 | 7,883,129 | 17,922,910 | 28,482,060 |
| Total Available Resources | 4,493,006 | 4,532,808 | 8,133,129 | 27,010,410 | 44,169,353 |
| Funding Uses | | | | | |
| General Government | 963,500 | | | | 963,500 |
| Judicial | 191,400 | 140,000 | | | 331,400 |
| Public Works | 0 | 2,102,045 | | 13,673,700 | 15,775,745 |
| Community Development | 1,126,300 | | 6,800,000 | | 7,926,300 |
| Culture and Recreation | 636,960 | 140,000 | | | 776,960 |
| Health | 334,250 | | | | 334,250 |
| Debt Service | 378,400 | | | 313,436 | 691,836 |
| Other Uses | 355,000 | | | | 355,000 |
| Total Expenditures and Other Uses | 3,985,810 | 2,382,045 | 6,800,000 | 13,987,136 | 27,154,991 |
| Ending Fund (Cash) Balance | 507,196 | 2,140,513 | 1,333,129 | 13,023,274 | 17,004,112 |
| Total Fund Commitments and Fund (Cash) Balances | 4,493,006 | 4,522,558 | 8,133,129 | 27,010,410 | 44,159,103 |
| | | | | | |
| | General Fund | Special Revenue Funds | Capital Projects | Enterprise Funds | Total |
| Salaries and Wages | 1,413,700 | 102,200 | | 786,900 | 2,302,800 |
| Payroll Taxes and Benefits | 722,300 | 53,245 | | 419,700 | 1,195,245 |
| Service and Supplies | 1,049,210 | 480,100 | | 2,066,100 | 3,595,410 |
| Capital Expenditures | 67,200 | 1,746,500 | 6,800,000 | 10,401,000 | 19,014,700 |
| Debt Service | 378,400 | | | 313,436 | 691,836 |
| Contingency & Transfer | 355,000 | | | | 355,000 |
| Total Uses by Object | 3,985,810 | 2,382,045 | 6,800,000 | 13,987,136 | 27,154,991 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

The FY 2006/2007 Citywide projected sources of cash are shown in the following chart:



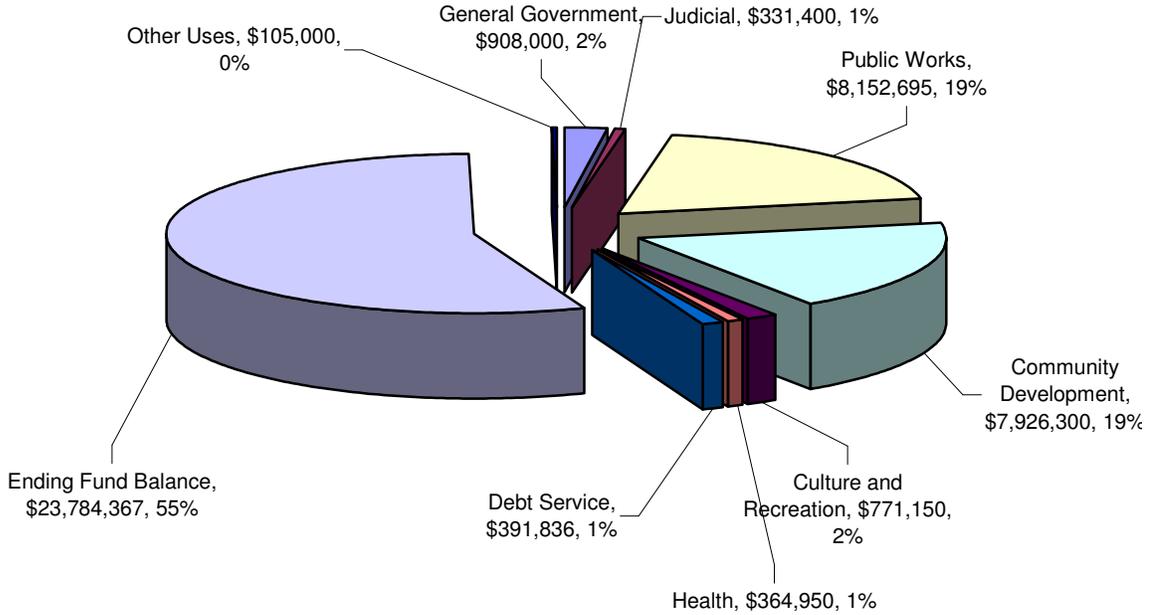
The FY2006/2007 Citywide projected revenues (without Beginning Fund Balance and Other Financing Sources) are shown in the following chart:



City of Fernley Annual Budget For Fiscal Year 2006-2007

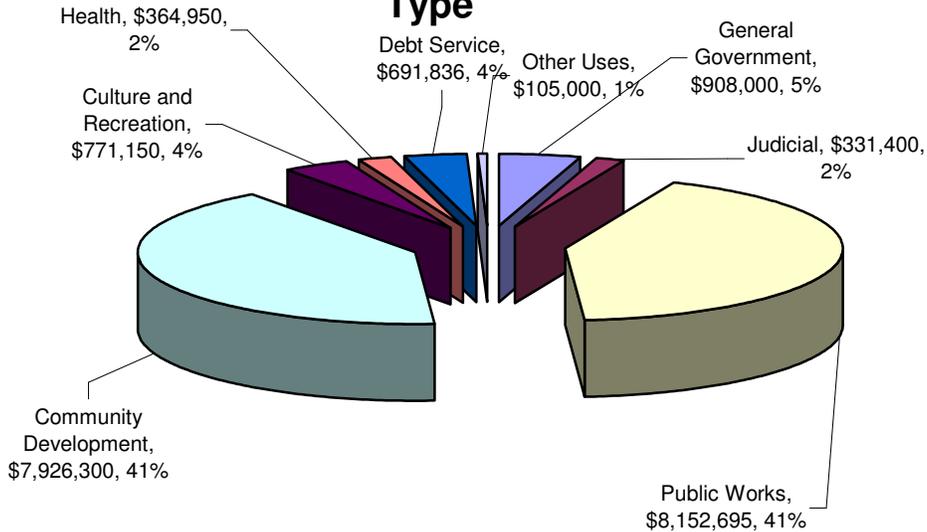
The FY2006/2007 Citywide projected uses of cash, detailed by function, are shown in the following chart:

FY 2006/2007 Citywide Uses by Type



The FY2006/2007 Citywide projected expenditures (without Ending Fund Balance, Contingencies and Transfers) by function are shown in the following chart:

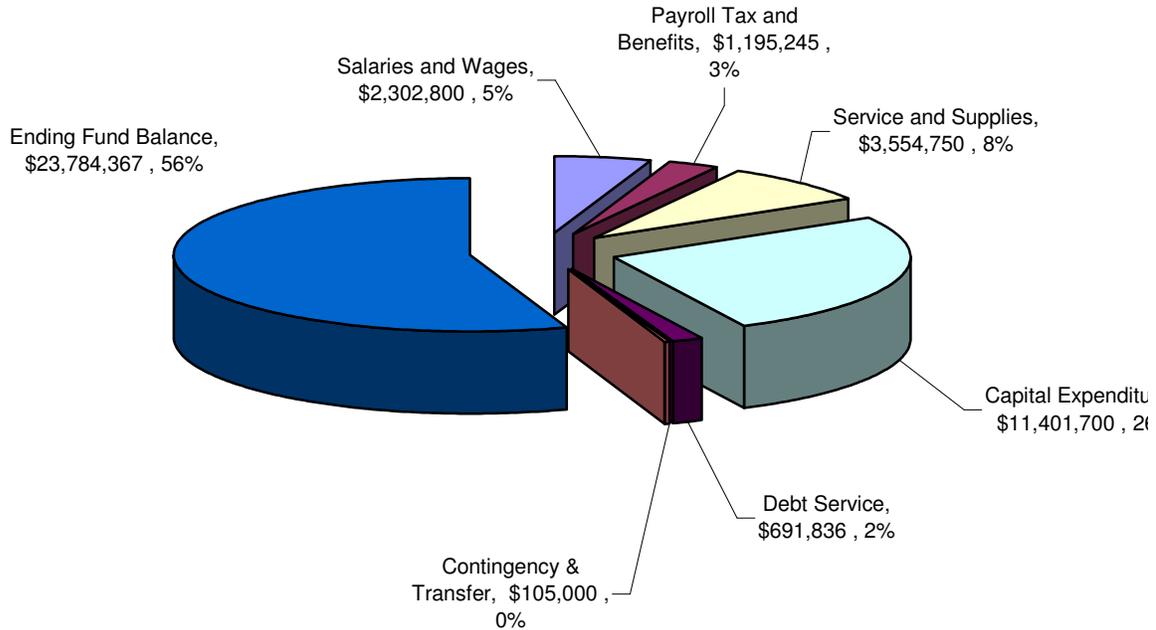
FY 2006/2007 Citywide Expenditures by Type



City of Fernley Annual Budget For Fiscal Year 2006-2007

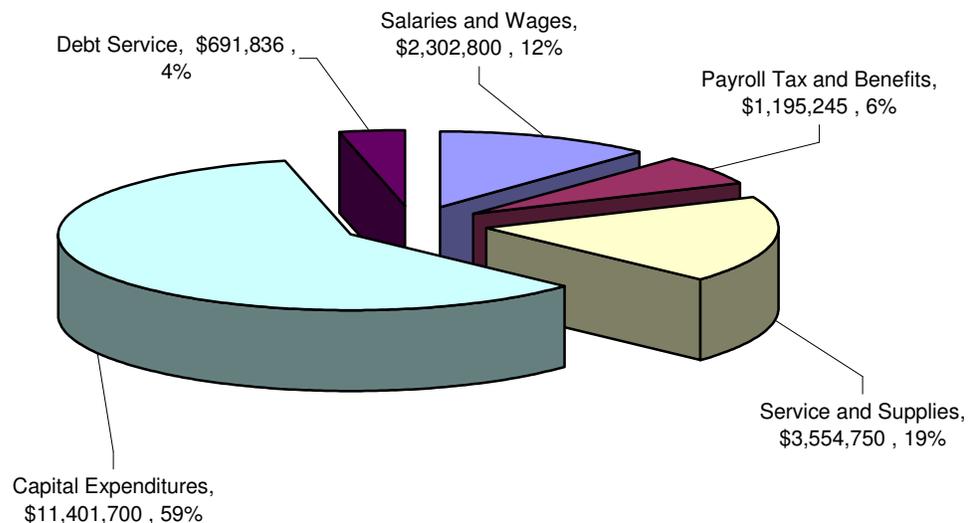
The FY2006/2007 Citywide projected uses of cash, detailed by object, are shown in the following chart:

Projected FY2006/2007 Citywide Uses by Object



The FY2006/2007 Citywide projected expenditures (without Ending Fund Balance, Contingencies and Transfers) by object are shown in the following chart:

Projected FY2006/2007 Expenditures by Object



City of Fernley Annual Budget For Fiscal Year 2006-2007

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 FY2006/2007 is \$0.3481 per \$100 of assessed value. The FY2006/2007 budget assumes a levy of the full \$0.3481 per \$100 of assessed value. This represents revenue of approximately \$883,300. 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 2006-2007

| 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 |
|---------|----------------|--------------|-------------|----------------------------------|---------------------------------|------------------|---------------------------------------|------------|---------------------------------------|
| FY06/07 | \$511,154,623 | \$0.3481 | \$0.3481 | \$1,779,329 | \$1,779,329 | \$896,329 | \$883,000 | \$883,000 | 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 FY2005/2006 was 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 FY2005/2006 was \$2.8975 per \$100 of assessed valuation, \$0.7425 below the \$3.64 cap.

If all other taxing entities for property located in the City levy the same amount in FY2006/2007 as in FY2005/2006, then the tax rate from property in Fernley in FY2006/2007 will be \$3.0928 per \$100 of assessed valuation, \$0.5472 below the \$3.64 cap.

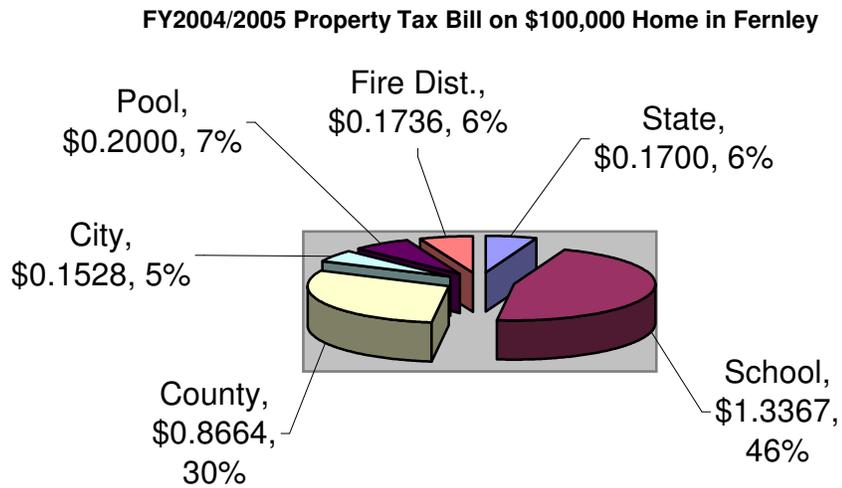
As indicated earlier, the recent property tax limitation legislation limits the amount the taxpayer will pay for property tax, regardless of the amount levied or the \$3.64 cap.

City of Fernley Annual Budget For Fiscal Year 2006-2007

The following table shows a hypothetical FY2005/2006 tax bill for the owner of a \$100,000 home within the City, before abatement under the recent property tax limitation legislation.

| Local Government Taxing Unit | Levy | Tax |
|--------------------------------------|-----------------|-------------------|
| State | \$0.1700 | \$59.50 |
| School District | \$1.3367 | \$467.85 |
| Lyon County | \$0.8644 | \$302.54 |
| City of Fernley | \$0.1528 | \$53.48 |
| Fernley Swimming Pool District | \$0.2000 | \$70.00 |
| North Lyon Fire Maintenance District | \$0.1736 | \$60.76 |
| Total | \$2.8975 | \$1,014.13 |

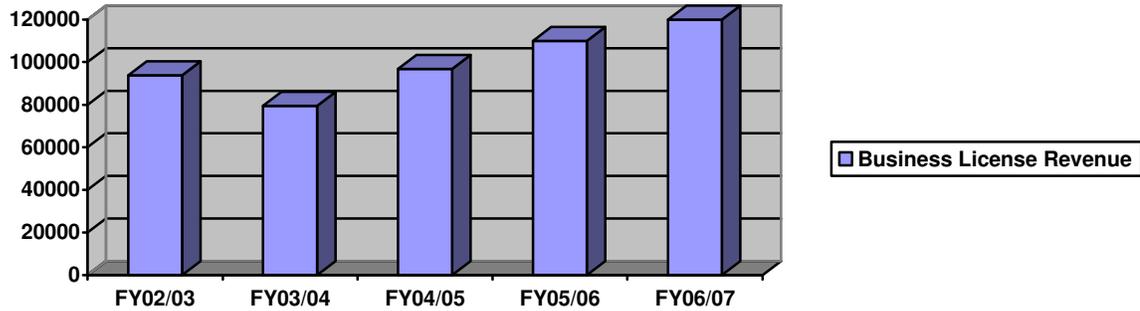
The following graph represents the information in the above table for a hypothetical tax bill on a \$100,000 home in the City of Fernley



City of Fernley Annual Budget For Fiscal Year 2006-2007

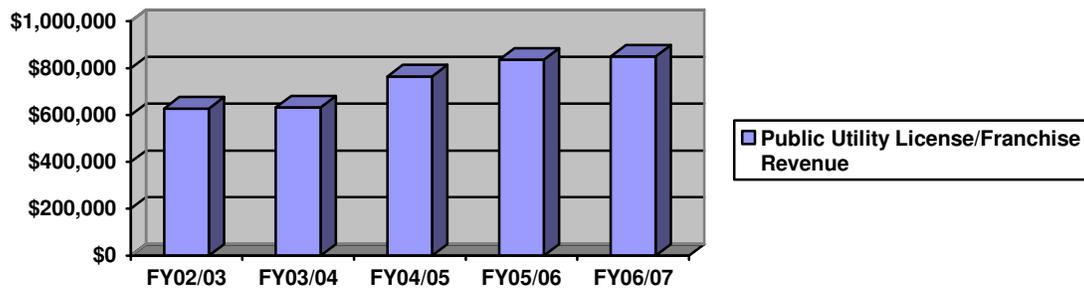
Licenses and Permits:

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 FY2006/2007 was based on this trend analysis and other information such as population that indicate that prior growth rates should be indicative of growth during FY2006/2007.

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 five year history for revenue from franchise fees as well as a projection of franchise fees for FY2006-2007 is shown in the following table:



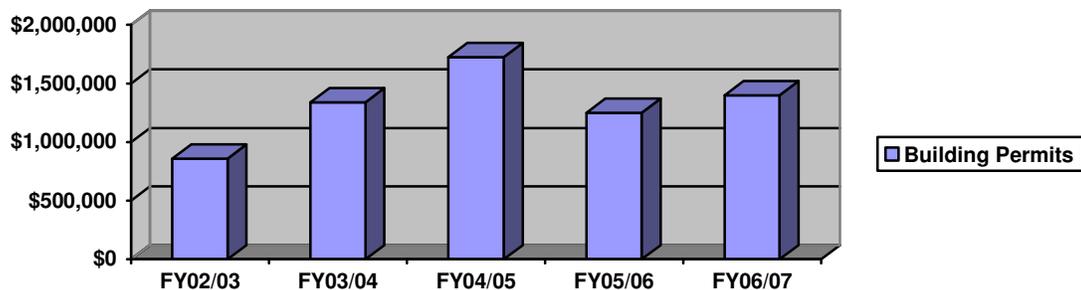
The revenue estimate for FY2006/2007 was based on this trend analysis and other information such as population that indicate that prior growth rates should be indicative of growth during FY2006/2007. A more specific breakdown of the revenue from public utilities is shown in the following chart:

City of Fernley Annual Budget For Fiscal Year 2006-2007

| Public Utility | Type of Business | Rate | FY2004 Revenue | FY2005 Revenue | FY2006 Estimate | FY2007 Estimate |
|------------------------------------|------------------|------|------------------|----------------|-----------------|-----------------|
| Sierra Pacific Power (Bus Lic) | Electricity | 2% | \$163,663 | \$184,914 | 215,600 | 225,000 |
| Southwest Gas (Bus Lic) | Natural Gas | 3% | 159,794 | 264,917 | 278,000 | 290,000 |
| Wasatch Energy (Bus Lic) | Natural Gas | 3% | 95,500 | 99,402 | 109,000 | 114,000 |
| SBC Communications (Bus Lic) | Telephone | 2% | 37,359 | 41,379 | 44,100 | 46,000 |
| AT&T (Bus. Lic) | Comm. | 2% | 3,123 | 2,824 | 2,250 | 2,000 |
| Charter Communications (Franchise) | Cable TV | 5% | 48,943 | 52,665 | 54,000 | 55,100 |
| Reno Disposal (Franchise) | Refuse Disposal | 5% | 112,000 | 116,112 | 129,000 | 135,450 |
| Other | Various | | 12,614 | 1,971 | 4,050 | |
| | TOTAL | | \$632,996 | 764,184 | 836,000 | 850,000 |

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 \$82,000 in FY2006/2007 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 new Community Development Department created during FY2001/2002. The City anticipates revenue of approximately \$1.4 million from building permit fees during FY06/07.



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 new Community Development Department created in FY2001/2002. The City anticipates revenue of approximately \$100,000 from planning and zoning application fees in FY2006/2007.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 \$16,000 during FY2005/2006 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:

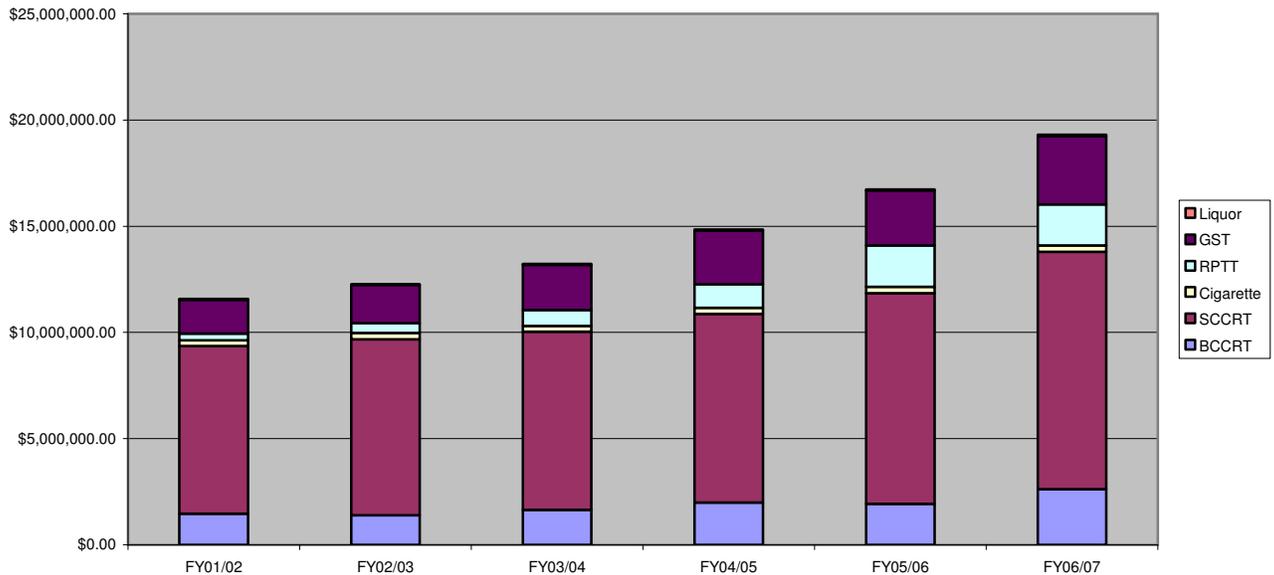
| NRS Chapter | Tax Rate | Description | Distribution |
|-------------|----------|-------------------------------------|---|
| 372 | 2.00% | State Sales Tax | To the State General Fund |
| 374 | 2.25% | Local School Support Tax | In state sales: Back to the school district in which the business is located. 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 2006-2007

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:

| | FY2006/2007 | FY2005/2006 | FY2004/2005 | FY2003/2004 |
|---|---------------------|---------------------|---------------------|---------------------|
| Basic City-County Relief Tax (BCCRT) | \$2,624,296 | \$ 1,933,873 | \$ 1,988,103 | \$ 1,643,052 |
| Supplemental City County Relief Tax (SCCRT) | 11,177,596 | 9,905,704 | 8,880,060 | 8,382,948 |
| Cigarette Tax | 306,412 | 307,617 | 285,453 | 271,057 |
| Liquor Tax | 57,625 | 56,680 | 50,616 | 49,484 |
| Real Property Transfer Tax (RPTT) | 1,919,248 | 1,954,374 | 1,101,306 | 746,134 |
| Government Services Tax (GST) | 3,229,631 | 2,585,200 | 2,540,371 | 2,143,670 |
| TOTAL | \$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 FY2006/2007 indicate that approximately \$7.8 million will actually be collected for SCCRT in Lyon County but approximately \$11.1 million will be distributed as part of consolidated tax for SCCRT.

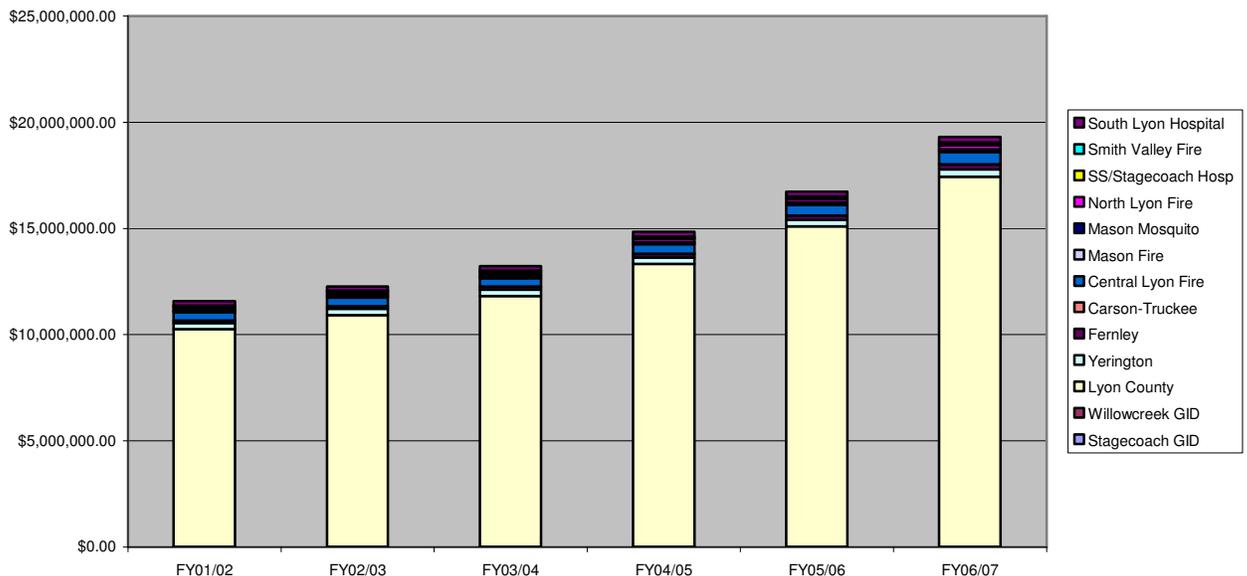
City of Fernley Annual Budget For Fiscal Year 2006-2007

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:

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



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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 FY2006/2007 estimated amounts allocable to the City of Fernley are shown in the following table.

| Description | Rate per Gallon | Note | Statute Reference | Estimated FY07 Lyon Co. Total | Estimated FY07 City Amount |
|------------------------|-----------------|------|-------------------|-------------------------------|----------------------------|
| County Option (RTC) | 9¢ | 1 | NRS 373.030 | \$1,689,656 | \$632,945 |
| County Option 1 | 1¢ | 2 | NRS 365.192 | \$188,702 | \$63,177 |
| Motor Vehicle Fuel Tax | 1.25¢ | 3 | NRS 365.180 | 291,821 | 0 |
| Motor Vehicle Fuel Tax | 1.75¢ | 4 | NRS 365.190 | 325,318 | 121,864 |
| Motor Vehicle Fuel Tax | 2.35¢ | 5 | NRS 365.180 | 548,619 | 88,307 |
| Subtotal | | | | \$1,354,460 | \$273,348 |
| Total | N/A | | | \$3,044,116 | \$906,293 |

Note References in Table:

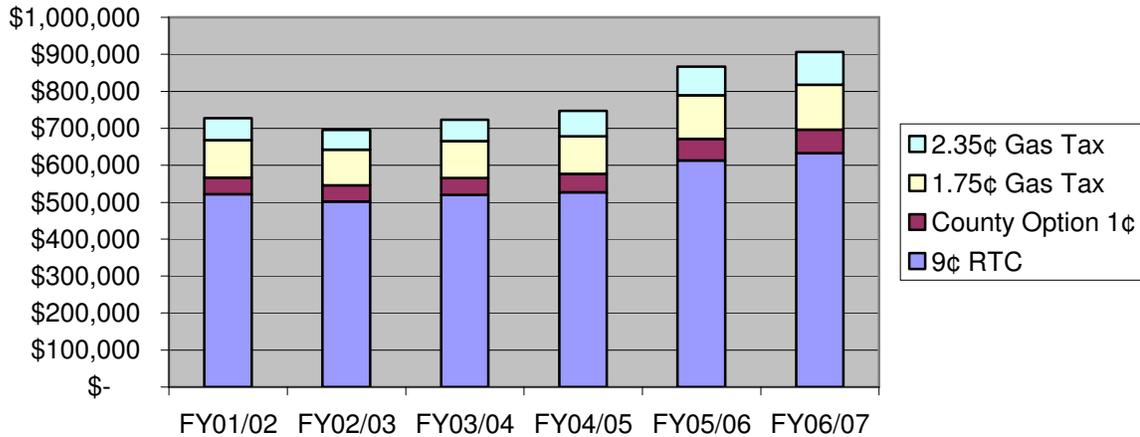
1. **County Option (RTC)**-The City of Fernley does not receive a direct distribution of this tax (NRS 373.040(2)(a)). The money collected goes into a fund in Lyon County's books and a Regional Transportation Commission oversees use of the money. The City of Fernley appoints one member of the three-member 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 FY2006/200 assessed value of Lyon County is \$1,364,617,737 and the FY2006/2007 assessed value of the City of Fernley is \$511,154,623. The City of Fernley assessed value is 37.46% of the total county assessed value, therefore the City of Fernley could expect \$632,945 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 16,357 and the estimated population of Lyon County is 48,860. Therefore, the City of Fernley would receive 33.48% or \$63,177 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 37.46% of this tax or \$121,864.
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. This formula results in 16.10% of the tax or \$88,307 apportioned to the City of Fernley.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| County Option (RTC) 9¢ | \$521,877 | \$501,811 | \$520,230 | \$527,439 | \$612,740 | 632,945 |
| County Option 1¢ | \$44,382 | \$44,232 | \$45,380 | \$49,550 | \$58,805 | 63,177 |
| 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 |
| Motor Vehicle Fuel Tax 2.35¢ | 59,325 | 53,790 | \$57,023 | \$68,574 | \$76,985 | 88,307 |
| Subtotal | \$205,183 | \$194,221 | 202,676 | 219,520 | \$253,608 | \$273,348 |
| Total | \$727,060 | \$696,032 | \$722,906 | \$746,959 | \$866,348 | \$906,293 |

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 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, FY2002/2003, FY2003/2004, and FY2004/2005 the City received \$52,882 from Lyon County for parks. The FY07 tentative budget for Lyon County increased this shared revenue to \$60,000.

City of Fernley Annual Budget For Fiscal Year 2006-2007

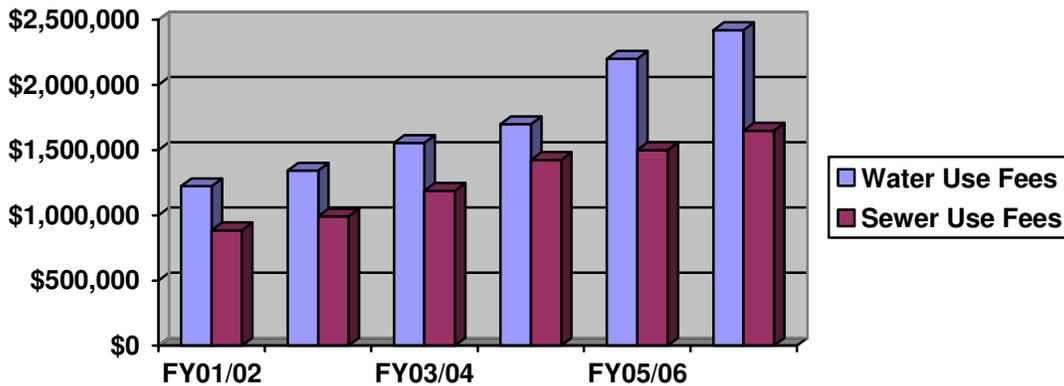
Fines and Forfeitures:

Municipal Court Fines and Forfeitures: The City of Fernley operates a municipal court and receives fines, forfeitures, and other fees from cases adjudicated in the court. The FY2002/2003 revenue of \$104,330 was for the nine month period from October 1, 2002 through June 30, 2003. Revenue from Court operations is expected to remain unchanged at \$138,500 in FY2005/2006 and FY2006/2007.

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. These funds are currently not recovering full costs of operations after depreciation and rate increases will be needed to fund operations. These funds currently have a positive cash flow because depreciation is a non-cash item and because the City receives capital contributions from developers for new homes. 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 will also need to consider increases in 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 FY07 were based on trend analysis as shown in the following chart:



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.

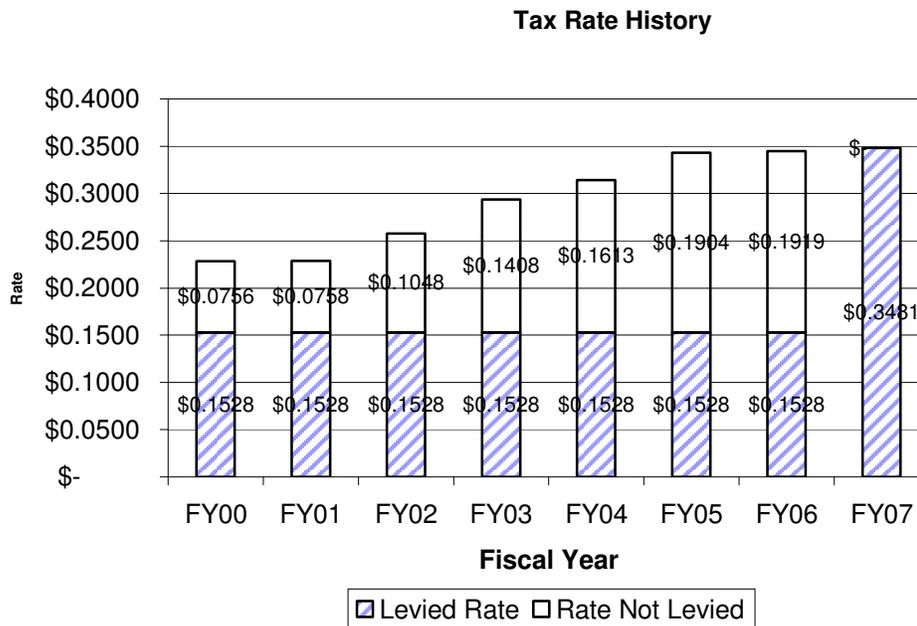
City of Fernley Annual Budget For Fiscal Year 2006-2007

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 |
|-------------|----------------------|---------------------|------------------------|
| 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:



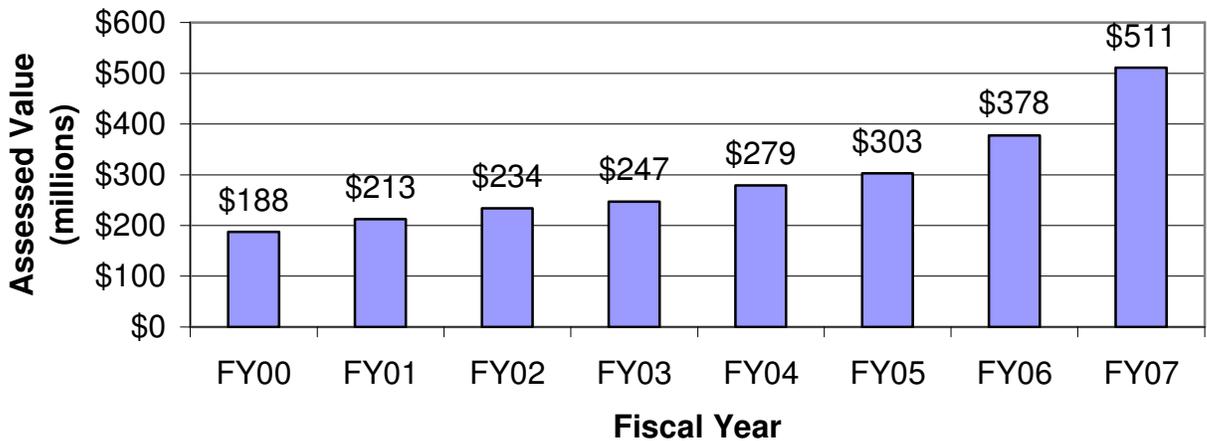
**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

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 |
|-------------|------------------------|-------------------|----------------------------|-------------------|
| 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



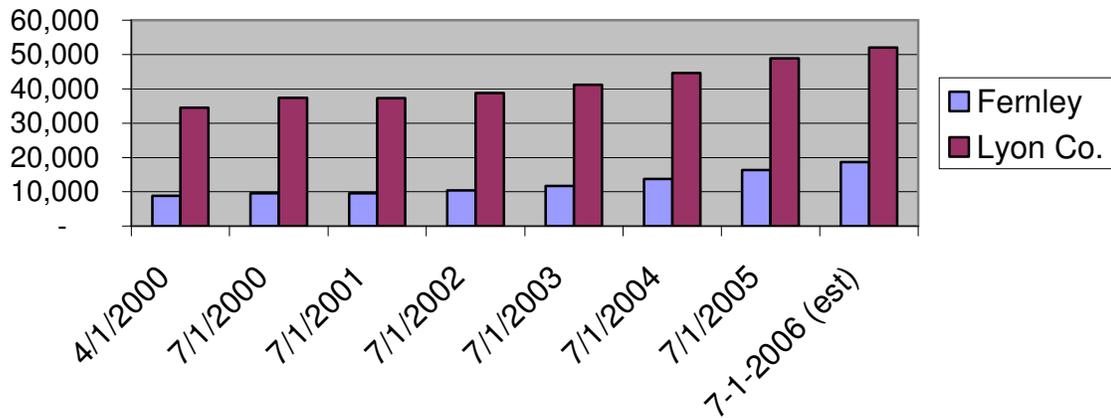
City of Fernley Annual Budget For Fiscal Year 2006-2007

Population History

The following table shows population data as published by the Nevada State Demographer, except for July 1, 2006 estimates which are based on City data:

| Year | Fernley | % Change | Lyon County | % Change |
|--------------------|---------|----------|-------------|----------|
| July 1, 2006 (est) | 18,700 | 14.32% | 52,000 | 6.43% |
| 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 2006-2007**

Capital Expenditure Summary

Capital expenditures approved in FY2006/2007 for the General Fund are:

| | |
|--|------------------|
| General Fund | |
| Administration: | |
| None | |
| Subtotal Administration | \$ - |
| Finance: | |
| None | |
| Subtotal Finance | \$ - |
| Municipal Court: | |
| None | \$ - |
| Subtotal Municipal Court | \$ - |
| Parks | |
| Park Maintenance Machinery | \$ 13,000 |
| Vehicle | |
| Subtotal Parks | \$ 13,000 |
| Vector Control: | |
| 3/4 Ton Pickup with Flatbed and Snow Plow Assembly | \$ 31,200 |
| Mozzie 8HP Electric Fogger, 2x Cannon Applicator | \$ 8,000 |
| Subtotal Vector Control | \$ 39,200 |
| Community Development (Building & Planning): | |
| Vehicle | \$ 15,000 |
| Subtotal Community Development | \$ 15,000 |
| Animal Services: | |
| Vehicle and associated equipment | |
| Subtotal Animal Services | \$ - |
| Total General Fund | \$ 67,200 |

Capital expenditures approved in FY2006/2007 for the Special Revenue Funds are:

City of Fernley Annual Budget For Fiscal Year 2006-2007

| | |
|--|---------------------|
| Special Revenues Funds: | |
| Administrative Assessment Fees Fund: | |
| None | |
| Subtotal Administrative Assessment Fees | \$ - |
| Court Facilities Fees Fund: | |
| None (Note amounts accumulate for future court facilities) | \$ 90,000 |
| Subtotal Court Facilities Fees Fund | \$ 90,000 |
| Grants Fund: | |
| | |
| Subtotal Grants Fund | \$ - |
| Residential Construction Tax District #1 | |
| Projects | |
| Subtotal RCT District #1 | \$ - |
| Residential Construction Tax District #2 | |
| Projects | \$ 140,000 |
| Subtotal RCT District #2 | \$ 140,000 |
| Streets Fund | |
| Crack Seal Program | \$ 135,000 |
| Slurry, Seal Coat, and Patch Program | \$ 325,000 |
| Cape Seal Program | \$ 50,000 |
| Rancho Sierra Improvements | \$ 374,500 |
| Cottonwood/Hardie Lane Improvements | \$ 612,000 |
| 1-1/2 Ton Sander and Plow | \$ 14,500 |
| Sander Hydraulics for Ford Dump Truck | \$ 5,500 |
| | \$ - |
| Subtotal Streets Fund | \$ 1,516,500 |
| Total Special Revenue Funds | \$ 1,746,500 |

Capital expenditures approved in FY2006/2007 for the Capital Fund are:

| | |
|------------------------------------|---------------------|
| Capital Fund: | |
| Technology Development | \$ 300,000 |
| City Hall Expansion | \$ 6,500,000 |
| Subtotal Capital Fund | \$ 6,800,000 |
| Total Capital Project Funds | \$ 6,800,000 |

Capital expenditures approved in FY2006/2007 for the Enterprise Funds are:

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

| | |
|---|---------------------|
| Enterprise Funds: | |
| Water Utility Enterprise Fund | |
| Highland Water Improvements | \$ 800,000 |
| Wellhead Protection Program Update | \$ 150,000 |
| Well9/9A Booster Station Bypass | \$ 313,000 |
| Well 14 Pump Station | \$ 550,000 |
| Well 11 Tie-in Upgrade | \$ 35,000 |
| NE Tank Exterior Coating Repair | \$ 75,000 |
| Groundwater/Surface Water Treatment Plant (continue planning) | \$ 600,000 |
| 3/4 Ton Pickup | \$ 25,000 |
| Utility Bed for Pickup | \$ 7,500 |
| VACTOR Truck (25%) | \$ 68,750 |
| Loader (50%) | \$ 62,500 |
| Manlift (33%) | \$ 12,000 |
| Smooth Drum Finish Roller (50%) | \$ 17,000 |
| Skid-steer Loader (50%) | \$ 22,000 |
| 6" Trash Pump | \$ 13,000 |
| Meter Reader GPS Software | \$ 9,000 |
| Subtotal Water Utility Fund | \$ 2,759,750 |
| Non-Potable Water Utility Enterprise Fund | |
| Non-Potable Water Transmission Main | \$ 200,000 |
| Non-Potable Water Distribution Center | \$ 700,000 |
| Subtotal Non-Water Utility Fund | \$ 900,000 |
| Sewer Utility Enterprise Fund: | |
| East Lift Station Headworks Realignment (inc. grit) | \$ 400,000 |
| Summer Street Rerouting | \$ 78,000 |
| Correct Reverse Grade Manholes 290-292 & 292-296 | \$ 330,000 |
| West Lift Forcemain Investigations | \$ 20,000 |
| Fernley Interceptor Upgrade (Designed FY06) | \$ 5,450,000 |
| Rolling Meadows Lift Station Gen-Set and ATS | \$ 75,000 |
| 3/4 Ton Pickup | \$ 25,000 |
| Utility Bed | \$ 7,500 |
| VACTOR Truck (74%) | \$ 206,250 |
| Loader (50%) | \$ 62,500 |
| Manlift (33%) | \$ 12,000 |
| Smooth Drum Finish Roller (50%) | \$ 17,000 |
| Skid-steer Loader (50%) | \$ 22,000 |
| All-Terrain Vehicle | \$ 8,000 |
| Swing Checks @ East Lift Station | \$ 15,000 |
| 6" Trash Pump | \$ 13,000 |
| | \$ - |
| Subtotal Sewer Utility Enterprise Fund | \$ 6,741,250 |

Total capital expenditures approved in FY2006/2007 for all funds are:

| | |
|-----------------------------------|----------------------|
| Total Capital Expenditures | \$ 19,014,700 |
|-----------------------------------|----------------------|

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

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
Finance

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 2006-2007**

General Fund Summary

The following table summarizes the activity of the General Fund:

| | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|---|-------------------|-------------------|---------------------|-------------------|
| Revenues: | | | | |
| Taxes | 427,738 | 491,820 | 582,132 | 888,000 |
| Licenses and Permits | 2,230,728 | 2,765,687 | 2,411,500 | 2,591,000 |
| Intergovernmental Resources | 192,492 | 203,299 | 243,300 | 275,345 |
| Charges for Services | 0 | 0 | 0 | 0 |
| Fines and Forfeits | 141,028 | 144,407 | 138,500 | 138,500 |
| Miscellaneous | 78,861 | 124,430 | 249,500 | 111,000 |
| Total Revenues | 3,070,847 | 3,729,643 | 3,624,932 | 4,003,845 |
| Operating Expenditures: | | | | |
| Administration | 433,348 | 489,598 | 659,540 | 780,900 |
| Administrative Services | 95,558 | 105,699 | 167,700 | 182,600 |
| Municipal Court | 151,937 | 170,595 | 184,603 | 191,400 |
| Public Works (Streets/Stormdrains) | 0 | 0 | 0 | 0 |
| Parks | 324,629 | 378,300 | 536,800 | 623,960 |
| Vector Control | 0 | 40,139 | 185,400 | 176,400 |
| Community Development | 397,798 | 669,105 | 1,096,750 | 1,111,300 |
| Animal Services | 48,395 | 56,737 | 100,150 | 118,650 |
| Debt Service | 0 | 0 | 113,500 | 378,400 |
| Total Operating Expenditures | 1,451,665 | 1,910,173 | 3,044,443 | 3,563,610 |
| Excess of Revenues over Operating Expenditures | 1,619,182 | 1,819,470 | 580,489 | 440,235 |
| Capital Expenditures: | | | | |
| Administration | 1,568 | 0 | 0 | 0 |
| Administrative Services | 0 | 0 | 0 | 0 |
| Municipal Court | 0 | 0 | 0 | 0 |
| Animal Services | 0 | 0 | 25,000 | 0 |
| Public Works (Streets/Stormdrains) | 0 | 0 | 0 | 0 |
| Parks | 41,144 | 19,553 | 33,000 | 13,000 |
| Vector Control | 0 | 27,215 | 22,000 | 39,200 |
| Debt Service | 0 | 0 | 0 | 0 |
| Community Development | 23,973 | 0 | 26,350 | 15,000 |
| Total Capital Expenditures | 66,685 | 46,768 | 106,350 | 67,200 |
| Total Expenditures | 1,518,350 | 1,956,941 | 3,150,793 | 3,630,810 |
| Revenues less Total Expenditures | 1,552,497 | 1,772,702 | 474,139 | 373,035 |
| Other Financing Sources & Uses: | | | | |
| Contingency (100-900-900) | 0 | 0 | 10,000 | 105,000 |
| Sale of Capital Assets (100-392-100) | -4,277 | | | |
| Transfer to Streets Fund (100-900-910) | 750,000 | 450,000 | 0 | 250,000 |
| Transfer to Capital Fund (100-900-910) | 776,830 | 1,140,000 | 850,000 | 0 |
| Transfer to Grants Fund (100-900-910) | 250,000 | 100,000 | 0 | 0 |
| Total Other Financing Uses | 1,772,553 | 1,690,000 | 860,000 | 355,000 |
| Total Expenditures and Other Uses | 3,290,903 | 3,646,941 | 4,010,793 | 3,985,810 |
| Net Increase (Decrease) in fund Balance | -220,056 | 82,702 | -385,861 | 18,035 |
| Fund Balance July 1 | 1,012,376 | 792,320 | 875,022 | 489,161 |
| Fund Balance June 30 | 792,320 | 875,022 | 489,161 | 507,196 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

The following table summarizes General Fund Expenditures by Object:

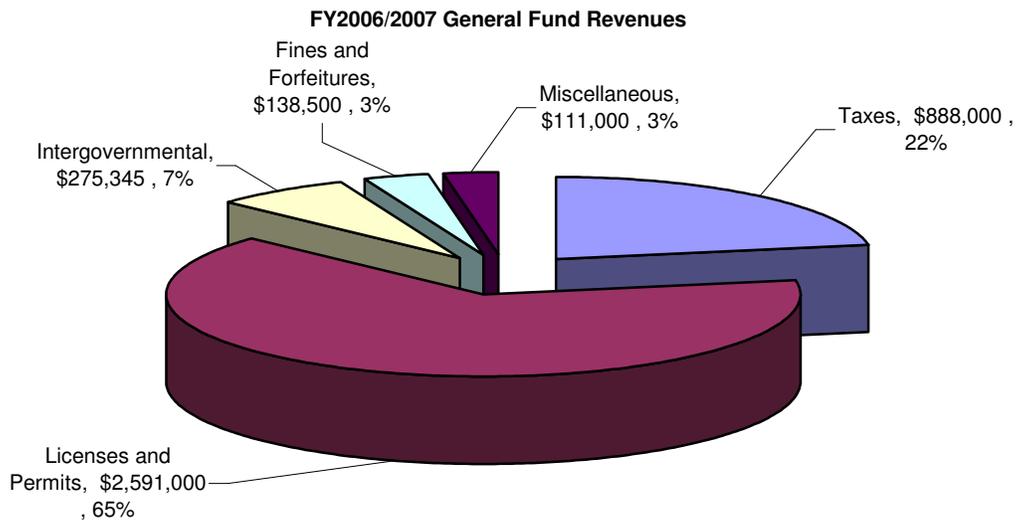
| | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-----------------------------------|------------------|------------------|---------------------|-------------------|
| Salaries and Wages | 670,804 | 931,695 | 1,362,543 | 1,413,700 |
| Payroll Taxes and Benefits | 254,990 | 338,936 | 649,200 | 722,300 |
| Service and Supplies | 525,871 | 639,542 | 919,200 | 1,049,210 |
| Capital Expenditures | 66,685 | 46,768 | 106,350 | 67,200 |
| Debt Service | 0 | 0 | 113,500 | 378,400 |
| Contingency and Transfers | 1,772,553 | 1,690,000 | 860,000 | 355,000 |
| Total | 3,290,903 | 3,646,941 | 4,010,793 | 3,985,810 |

The following table summarizes General Fund Expenditures by Function

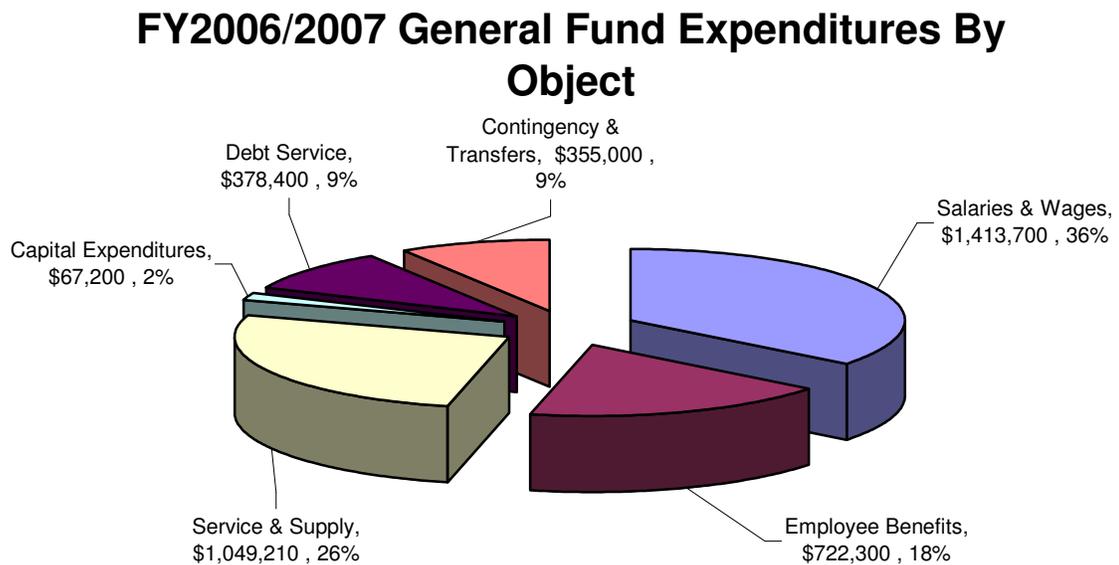
| | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|---|------------------|------------------|---------------------|-------------------|
| Administration | 434,916 | 489,598 | 659,540 | 780,900 |
| Administrative Services | 95,558 | 105,699 | 167,700 | 182,600 |
| Municipal Court | 151,937 | 170,595 | 184,603 | 191,400 |
| Public Works (Streets/Stormdrains) | 0 | 0 | 0 | 0 |
| Parks | 365,773 | 397,853 | 569,800 | 636,960 |
| Vector Control | 0 | 67,354 | 207,400 | 215,600 |
| Community Development | 421,771 | 669,105 | 1,123,100 | 1,126,300 |
| Animal Services | 48,395 | 56,737 | 125,150 | 118,650 |
| Debt Service | 0 | 0 | 113,500 | 378,400 |
| Contingency and Transfers | 1,772,553 | 1,690,000 | 860,000 | 355,000 |
| Total | 3,290,903 | 3,646,941 | 4,010,793 | 3,985,810 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

The following chart shows FY2006/2007 General Fund Revenues by Type



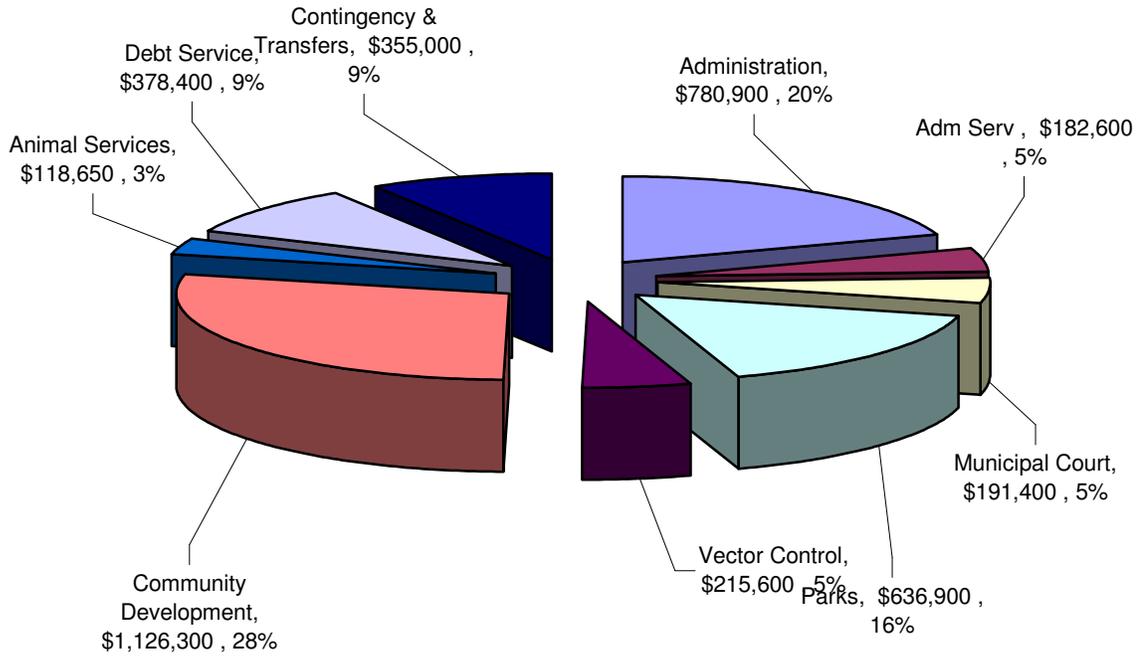
The following chart shows FY2006/2007 General Fund Expenditures By Object



City of Fernley Annual Budget For Fiscal Year 2006-2007

The following chart shows FY2006/2007 General Fund Expenditures By Function

FY2006/2007 General Fund Expenditures By Function



City of Fernley Annual Budget For Fiscal Year 2006-2007

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

| Account | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|--|-------------------|-------------------|---------------------|-------------------|
| | TAXES: | | | | |
| 100-310-100 | Property Taxes | 420,189 | 487,281 | 576,132 | 883,000 |
| 100-310-200 | Property Taxes - Delinquent | 7,549 | 4,539 | 6,000 | 5,000 |
| | Total Taxes | 427,738 | 491,820 | 582,132 | 888,000 |
| | LICENSES AND PERMITS: | | | | |
| 100-320-100 | Business License Fees | 79,480 | 96,718 | 110,000 | 120,000 |
| 100-320-110 | Bus Lic/Franchise Public Utilities | 632,996 | 765,184 | 836,000 | 850,000 |
| 100-320-120 | Realtor License Fees | | | | |
| 100-320-150 | Liquor License Fees | 19,034 | 25,925 | 25,000 | 27,000 |
| 100-320-160 | Gaming License Fees | 75,015 | 71,271 | 80,000 | 82,000 |
| 100-320-170 | Animal License Fees | 1,766 | 1,611 | 1,500 | 2,000 |
| 100-320-180 | Passport Fees | | | 9,000 | 10,000 |
| 100-320-200 | Building Permits and Fees | 1,338,991 | 1,724,012 | 1,250,000 | 1,400,000 |
| 100-320-205 | Fire Life Safety Contract | | 0 | 0 | 0 |
| 100-320-210 | Planning and Zoning Permits and Fees | 83,446 | 80,966 | 100,000 | 100,000 |
| | Total Licenses and Permits | 2,230,728 | 2,765,687 | 2,411,500 | 2,591,000 |
| | INTERGOVERNMENTAL RESOURCES: | | | | |
| 100-330-310 | CTX (Consolidated Tax) | 137,610 | 148,417 | 188,500 | 215,345 |
| 100-330-400 | Park Agreement | 54,882 | 54,882 | 54,800 | 60,000 |
| | State Grants | | | | |
| | Total Intergovernmental Resources | 192,492 | 203,299 | 243,300 | 275,345 |
| | CHARGES FOR SERVICES: | | | | |
| | Total Charges for Services | | | 0 | 0 |
| | FINES AND FORFEITS: | | | | |
| 100-350-100 | Municipal Court Revenue | 121,437 | 119,863 | 120,000 | 120,000 |
| 100-350-110 | Town Code Violations (Justice Court) | 1,740 | 665 | 0 | 0 |
| 100-350-200 | Warrant Fees | 9,207 | 13,414 | 9,000 | 9,000 |
| 100-350-205 | Misc Fees | 6,004 | 7,425 | 7,000 | 7,000 |
| 100-350-210 | Bond Fees | 2,640 | 3,040 | 2,500 | 2,500 |
| | Total Fines and Forfeits | 141,028 | 144,407 | 138,500 | 138,500 |
| | MISCELLANEOUS: | | | | |
| 100-360-100 | Interest Income | 7,220 | 29,547 | 60,000 | 65,000 |
| 100-360-200 | Building Rental | 20,000 | 20,000 | 20,000 | 20,000 |
| 100-360-710 | Park Development | 16,950 | 13,400 | 7,500 | 1,000 |
| 100-360-720 | Donations-Animal Control | | 130 | 0 | 0 |
| 100-360-820 | Bike Path Assessment | 14,686 | 3,402 | 37,000 | |
| 100-360-821 | Hwy 95A Turn Lane @ Cottonwood | 8,624 | 6,871 | | |
| 100-360-822 | Hwy 95A Sidewalk Curb Gutter | | 7,260 | | 0 |
| 100-360-824 | Miller Lane @ Shadow Lane | | | 105,000 | |
| 100-360-823 | Hardie Lane | | 27,180 | | |
| 100-360-900 | Miscellaneous | 11,381 | 16,640 | 20,000 | 25,000 |
| | Total Miscellaneous | 78,861 | 124,430 | 249,500 | 111,000 |
| | TOTAL REVENUES | 3,070,847 | 3,729,643 | 3,624,932 | 4,003,845 |

Analysis:

In FY 2005-2006 the property tax increased 18.36% due to assessed value increase of 24.6% with no change in the tax rate. 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

City of Fernley Annual Budget For Fiscal Year 2006-2007

increased 35.32%. However, 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 34% to 47% of total general fund revenues each fiscal year. Revenues from Building Permits and Fees have increased substantially since the City incorporated and demonstrate the growth in Fernley, primarily in residential development. This revenue source is volatile and will likely decrease in future years as growth slows and projects are built out.

In FY07, 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), then the City would request reallocation of the Consolidated Tax revenue or other revenues to fund the programs. 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 2006-2007**

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:

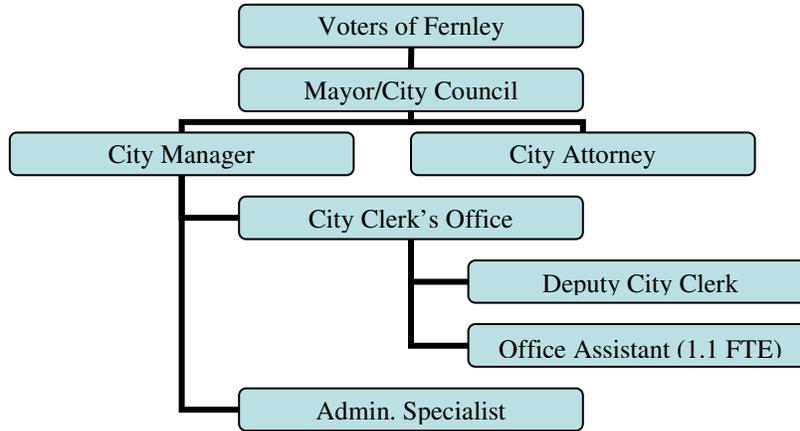
| Category | Cost Center | Number |
|------------------------|---|--------|
| General Government | Administration | 411 |
| General Government | Administrative Services | 415 |
| Judicial | Municipal Court | 425 |
| Public Works | Public Works (Streets and Storm Drains) | 475 |
| Culture and Recreation | 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.

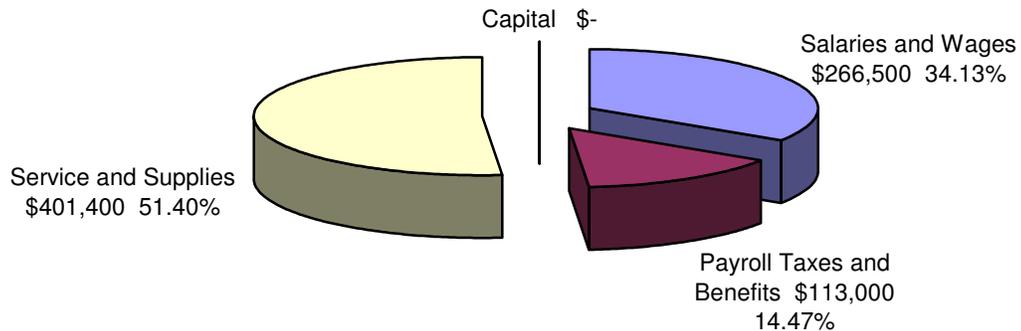
City of Fernley Annual Budget For Fiscal Year 2006-2007

Administration

Organizational Chart:



Administration FY2006/2007 Expenditures



Description:

The Administration cost center includes 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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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
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

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

City of Fernley Annual Budget For Fiscal Year 2006-2007

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
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

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 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.

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:

No new positions are added, however, Professional Services increased, primarily for a consultant to analyze the records management function and make recommendations.

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Staffing Levels and Cost Allocation:

The Administration cost center includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|-----------------------------------|-------|-----|---------------|
| Mayor | 1.00 | 90% | .90 |
| City Council | 5.00 | 90% | 4.50 |
| City Manager | 1.00 | 90% | .90 |
| Administrative Specialist | 1.00 | 90% | .90 |
| City Clerk | 1.00 | 90% | .90 |
| Deputy City Clerk | 1.00 | 90% | .90 |
| Office Assistant II (2 positions) | 1.10 | 90% | .99 |
| Office Assistant II | 1.00 | 10% | .10 |
| | 12.10 | | 10.09 |

Goals and Objectives:

Clerk's 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.
 - 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.

Clerk's 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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

Clerk's 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.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

Clerk's 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.

Clerk's 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.

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.

Clerk's 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.

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Task #10: Implement plans.

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.

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 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 2006-2007

The line item budget for the Administration cost center follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|-------------------------------------|-------------------|-------------------|---------------------|-------------------|
| 100-411-100 | Salaries and Wages | 182,644 | 198,777 | 212,000 | 225,000 |
| 100-411-130 | Overtime | | 543 | 1,200 | 1,500 |
| 100-411-140 | Annual Leave Pay | 626 | 814 | 17,240 | 18,000 |
| 100-411-150 | Sick Leave Pay | 564 | 724 | 11,600 | 12,000 |
| 100-411-160 | Holiday Pay | 783 | 1,642 | 9,200 | 10,000 |
| | Subtotal Salaries & Wages | 184,617 | 202,500 | 251,240 | 266,500 |
| 100-411-200 | FICA | 1,942 | 1,371 | | |
| 100-411-210 | Medicare | 2,637 | 2,867 | 3,600 | 3,800 |
| 100-411-220 | Unemployment | 481 | 892 | 2,500 | 2,700 |
| 100-411-230 | Retirement (PERS) | 29,083 | 34,595 | 49,400 | 52,300 |
| 100-411-240 | Group Insurance | 23,733 | 27,366 | 44,000 | 45,000 |
| 100-411-250 | Workers Compensation Insurance | 4,130 | 4,207 | 7,500 | 8,000 |
| 100-411-260 | Other Benefits | 1,123 | 926 | 1,200 | 1,200 |
| | Subtotal Employee Benefits | 63,129 | 72,224 | 108,200 | 113,000 |
| | Total Salaries & Benefits | 247,746 | 274,724 | 359,440 | 379,500 |
| 100-411-300 | Professional Services-City Attorney | 53,995 | 59,778 | 55,200 | 55,200 |
| 100-411-310 | Professional Services-Legal | 1,425 | 16,980 | 10,000 | 10,000 |
| 100-411-321 | Professional Services-GIS | | | | 1,500 |
| 100-411-322 | Professional Services-Other | 19,683 | 21,155 | 40,000 | 80,000 |
| 100-411-342 | Tech Services-Other | 677 | 25 | 1,000 | 1,000 |
| 100-411-344 | Tech Services-Elections | 0 | 0 | 5,000 | 30,000 |
| 100-411-348 | Commission on Ethics Assessment | 1,132 | 1,130 | 3,200 | 4,000 |
| 100-411-410 | Utility Service-Water & Sewer | 2,229 | 1,467 | 3,000 | 3,000 |
| 100-411-412 | Utility Service-Refuse | 888 | 1,042 | 1,500 | 1,500 |
| 100-411-430 | Service-Building Maintenance | 4,064 | 2,217 | 3,000 | 3,000 |
| 100-411-441 | Rental | 1,503 | 1,474 | 3,000 | 3,000 |
| 100-411-520 | Insurance | 23,745 | 30,750 | 45,000 | 55,000 |
| 100-411-530 | Communications | 4,400 | 3,487 | 6,000 | 6,000 |
| 100-411-540 | Advertising | 650 | 1,132 | 3,000 | 3,000 |
| 100-411-550 | Printing and Postage | 2,231 | 2,721 | 2,000 | 2,000 |
| 100-411-580 | Travel & Training | 13,925 | 13,597 | 15,000 | 25,000 |
| 100-411-581 | Dues & Subscriptions-NLCM | 4,468 | 11,116 | 10,000 | 11,000 |
| 100-411-585 | Educational Assistance Program | 0 | 0 | 0 | 1,000 |
| 100-411-600 | General Supplies | 5,718 | 5,545 | 12,000 | 12,000 |
| 100-411-604 | General Supplies-Passports | | | | 4,000 |
| 100-411-605 | Minor Equipment | 6,720 | 5,204 | 10,000 | 10,000 |
| 100-411-612 | Bldg Maint-Supplies | 8,292 | 1,821 | 9,000 | 10,000 |
| 100-411-621 | Natural Gas | 1,542 | 2,835 | 3,000 | 5,000 |
| 100-411-622 | Electricity | 11,840 | 13,711 | 20,000 | 25,000 |
| 100-411-640 | Books and Periodicals | 145 | 26 | 200 | 200 |
| 100-411-650 | Community Support | 16,330 | 17,661 | 40,000 | 40,000 |
| | Total Service & Supplies | 185,602 | 214,874 | 300,100 | 401,400 |
| | Total Operating Expenses | 433,348 | 489,598 | 659,540 | 780,900 |
| 100-411-730 | Improvements Other Than Buildings | | | | |
| 100-411-741 | Machinery | 1,568 | | | |
| | Total Capital | 1,568 | 0 | 0 | 0 |
| | Total Operating and Capital | 434,916 | 489,598 | 659,540 | 780,900 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

Analysis:

No new positions were added in FY06/07. In FY05/06, Salaries and Wages increased approximately 7% due to an additional position of Administrative Specialist in the Office of the City Manager and additional hours for personnel in the City Clerk's Office. Annual increases for existing personnel are factored into the budget and Cost of Living increase (COLA) are factored into the budget. Employee Benefits increased primarily due to assumptions regarding full Group Insurance Coverage at maximum rates for each employee, even though some existing employees opted out of coverage and due to a new position eligible for PERS. The City's Group Insurance premiums decreased approximately 18% in FY05 and are assumed to remain the same during FY06 and FY07.

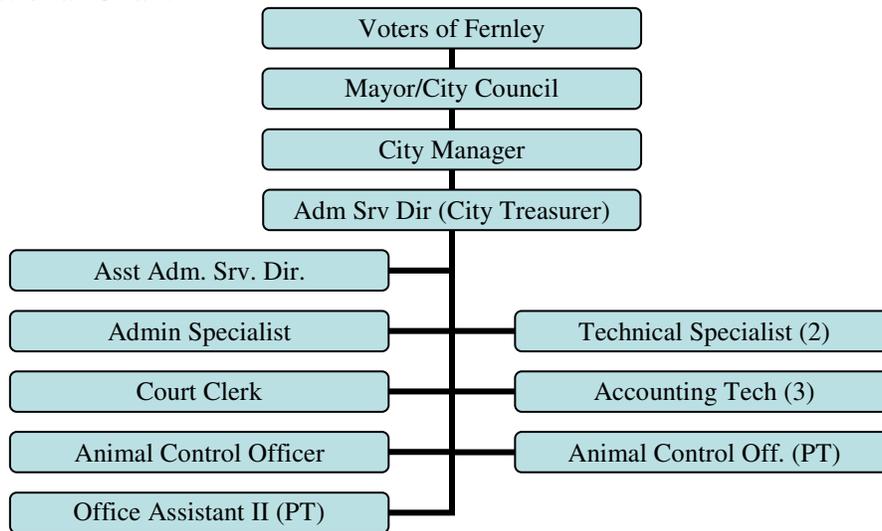
In FY 05/06, the Professional Services-Other line item was increased to hire a consultant to conduct labor negotiations and for the City Clerk to hire a consultant to plan for records retention. In FY06/07, the Professional Services-Other contains appropriation to continue the records retention project started in FY06. The Travel and Training line item was increased for anticipated conferences for City Council members, the City Manager, and the City Clerk. The Minor Equipment line item was increased for computer replacements, software, and furniture. These items will be less than \$5,000 each, therefore, they do not meet the capitalization criteria to be included in the capital section. The Community Support Line item was increased to fund the following community programs:

| | |
|---|---------------|
| Fernley 4 th of July Fireworks | 12,500 |
| 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) | 3,500 |
| Other | 1,500 |
| TOTAL | 40,000 |

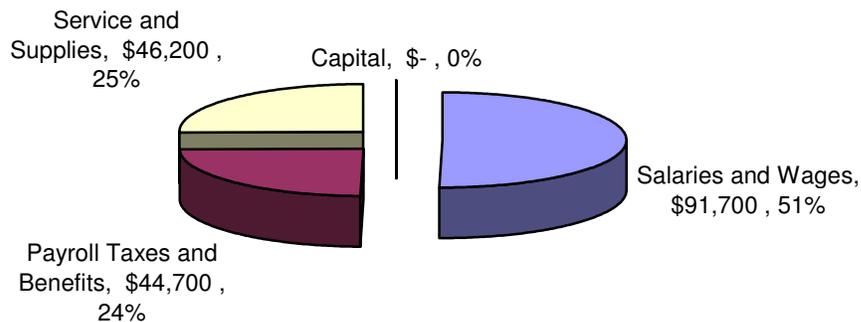
City of Fernley Annual Budget For Fiscal Year 2006-2007

Administrative Services Department

Organizational Chart:



Admin Serv (Finance) FY2005/2006 Expenditures



Description:

The Administrative Services Department provides financial management, internal control, and guidance to the City Manager, Mayor, and City Council. The Administrative Services Department is responsible for utility billing, payroll, accounts payable, purchasing, fund accounting (general ledger), administrative functions of the municipal court, fixed assets, employee benefit administration, capital asset accounting, investment of central treasury, internal financial reporting, 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 Administrative Services Department performs services for enterprise funds and performs the administrative function of the municipal court, the costs of the department are allocated between cost centers the General Fund and the enterprise funds.

City of Fernley Annual Budget For Fiscal Year 2006-2007

The priorities of the Administrative Services Department for the upcoming year are:

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

Staffing Levels and Cost Allocation:

The Administrative Services cost center includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|-----------------------------------|-------------|-----|---------------|
| Adm Services Dir (City Treasurer) | 1.00 | 30% | .30 |
| Asst. Adm. Srv. Director | 1.00 | 34% | .34 |
| Administrative Specialist | 1.00 | 30% | .30 |
| Technical Specialist | 1.00 | 34% | .34 |
| Technical Specialist | 1.00 | 20% | .20 |
| Accounting Technician | 1.00 | 30% | .30 |
| Accounting Technician | 1.00 | 8% | .08 |
| Accounting Technician | 1.00 | 5% | .05 |
| Court Clerk | 1.00 | 8% | .08 |
| TOTALS | 7.00 | | 1.99 |

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

The line item budget for the Administrative Services Department follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|--------------------------------|-------------------|-------------------|---------------------|-------------------|
| 100-415-100 | Salaries and Wages | 42,189 | 48,523 | 69,400 | 74,000 |
| 100-415-130 | Overtime | 542 | 2,024 | 2,000 | 2,100 |
| 100-415-140 | Annual Leave Pay | 3,127 | 1,928 | 6,000 | 6,400 |
| 100-415-150 | Sick Leave Pay | 749 | 1,329 | 4,800 | 5,000 |
| 100-415-160 | Holiday Pay | 1,325 | 1,483 | 4,000 | 4,200 |
| | Subtotal Salaries & Wages | 47,932 | 55,287 | 86,200 | 91,700 |
| 100-415-200 | FICA | | | | |
| 100-415-210 | Medicare | 649 | 741 | 1,200 | 1,300 |
| 100-415-220 | Unemployment | 175 | 311 | 900 | 900 |
| 100-415-230 | Retirement (PERS) | 9,382 | 10,479 | 16,600 | 17,700 |
| 100-415-240 | Group Insurance | 10,239 | 11,135 | 14,400 | 21,900 |
| 100-415-250 | Workers Compensation Insurance | 1,207 | 1,217 | 2,600 | 2,800 |
| 100-415-260 | Other Benefits | 78 | 85 | 100 | 100 |
| | Subtotal Employee Benefits | 21,730 | 23,968 | 35,800 | 44,700 |
| | Total Salaries & Benefits | 69,662 | 79,255 | 122,000 | 136,400 |
| 100-415-322 | Professional Services-Other | 30 | 2,380 | 9,000 | 5,000 |
| 100-415-328 | Professional Services-Auditing | 5,667 | 8,333 | 13,000 | 15,000 |
| 100-415-342 | Tech. Services-Other | 10,371 | 1,938 | 3,000 | 3,000 |
| 100-415-530 | Communications | 962 | 1,128 | 1,700 | 1,700 |
| 100-415-540 | Advertising | 1,694 | 1,928 | 1,500 | 2,500 |
| 100-415-550 | Printing and Postage | 756 | 1,075 | 1,000 | 1,500 |
| 100-415-580 | Travel & Training | 1,479 | 1,957 | 5,000 | 5,000 |
| 100-415-581 | Dues & Memberships | 509 | 794 | 1,000 | 1,000 |
| 100-415-585 | Educational Assistance Program | 0 | 0 | 0 | 1,000 |
| 100-415-600 | General Supplies | 2,227 | 5,247 | 4,000 | 4,000 |
| 100-415-605 | Minor Equipment | 2,201 | 1,467 | 6,000 | 6,000 |
| 100-415-640 | Books & Periodicals | 0 | 197 | 500 | 500 |
| | Total Service & Supplies | 25,896 | 26,444 | 45,700 | 46,200 |
| | Total Operating Expenses | 95,558 | 105,699 | 167,700 | 182,600 |
| 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 | 95,558 | 105,699 | 167,700 | 182,600 |

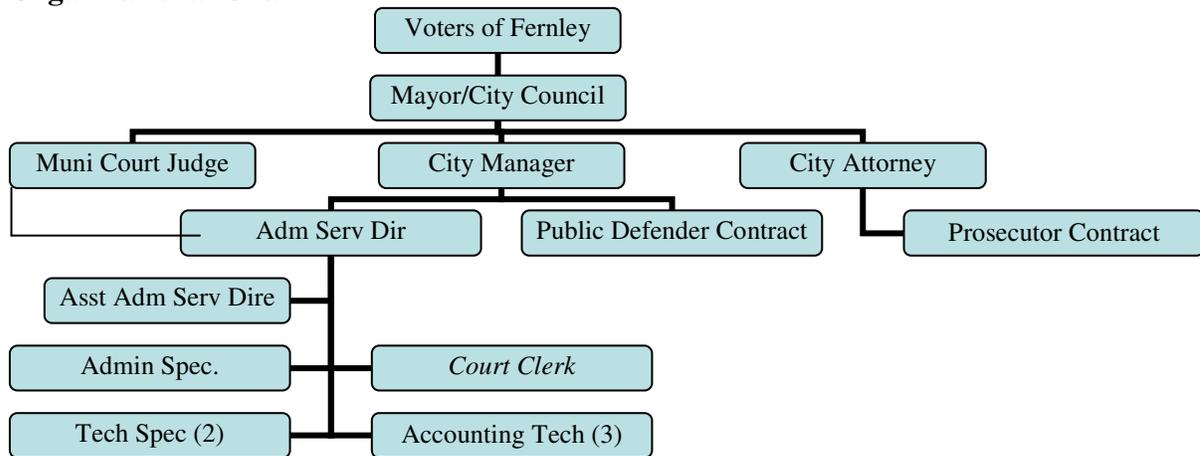
Analysis:

No new positions were added in FY07. In FY05/06, Salaries and Wages increased due a new position of Deputy City Treasurer. The calculations include projected step increases for existing personnel and Cost of Living Increases. Professional Services increased due to hiring consultants or temporary labor for special projects, such as data conversion and capital asset inventories, as well as coverage for unexpected absences in the department. No major capital items are anticipated, other than the technology improvements identified in the Capital fund.

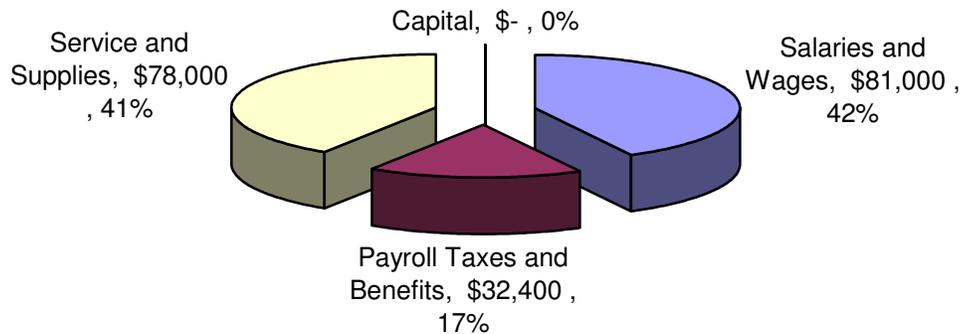
City of Fernley Annual Budget For Fiscal Year 2006-2007

Municipal Court

Organizational Chart:



Municipal Court FY2006/2007 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.

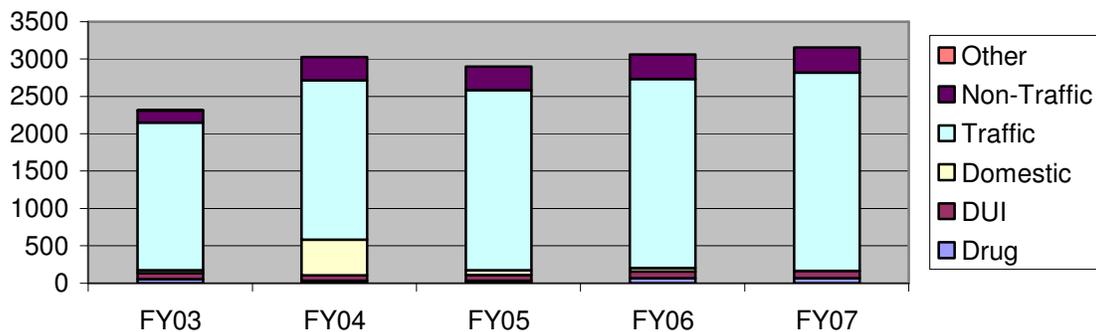
Growth:

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. In the last two fiscal years, there has been an increase of approximately 12% per year in the operations of the Court.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 (est.) | 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 (est.) | 68 | 91 | 45 | 2530 | 326 | 0 | 3060 |
| % change | 100.0% | 21.3% | (30.8%) | 5.0% | 3.8% | N/M | 5.5% |
| 7/1/05 to 6/30/06 (est.) | 70 | 95 | 0 | 2650 | 340 | 0 | 3155 |
| % change | 2.9% | 4.3% | N/M | 4.7% | 4.3% | N/M | 3.1% |



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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

Significant Expenditures and Staffing Changes:

The number of FTE assigned to Municipal Court duties is the same as the prior fiscal year at 1.99 FTE

Staffing Levels and Cost Allocation:

The Prosecutor and Public Defender services are provided through contracts and therefore, no City employees are involved in these functions. The Municipal Court cost center includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|----------------------------------|------|------|---------------|
| Municipal Court Judge | .40 | 100% | .40 |
| Administrative Services Director | 1.00 | 10% | .10 |
| Administrative Specialist | 1.00 | 10% | .10 |
| Technical Specialist | 1.00 | 40% | .40 |
| Technical Specialist | 1.00 | 10% | .10 |
| Accounting Technician | 1.00 | 2% | .02 |
| Court Clerk | 1.00 | 85% | .85 |
| Accounting Technician | 1.00 | 2% | .02 |
| TOTAL | 7.40 | | 1.99 |

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.

The line item budget for the Municipal Court follows:

City of Fernley Annual Budget For Fiscal Year 2006-2007

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|---------------------------------|-------------------|-------------------|---------------------|-------------------|
| 100-425-100 | Regular Pay | 58,484 | 66,159 | 61,603 | 66,000 |
| 100-425-130 | Overtime Pay | 97 | 252 | 2,000 | 2,000 |
| 100-425-140 | Annual Leave Pay | 1,864 | 2,137 | 4,300 | 5,300 |
| 100-425-150 | Sick Leave Pay | 2,293 | 1,284 | 4,300 | 4,300 |
| 100-425-160 | Holiday Pay | 1,615 | 1,855 | 3,400 | 3,400 |
| | Subtotal Salaries & Wages | 64,353 | 71,687 | 75,603 | 81,000 |
| 100-425-200 | FICA | 1,468 | 1,488 | 1,500 | 1,500 |
| 100-425-210 | Medicare | 1,013 | 1,049 | 1,100 | 1,200 |
| 100-425-220 | Unemployment | 240 | 395 | 800 | 800 |
| 100-425-230 | Retirement (PERS) | 7,833 | 9,284 | 10,000 | 3,000 |
| 100-425-240 | Group Insurance | 3,794 | 7,951 | 14,700 | 21,900 |
| 100-425-250 | Workers Comp-Other | 2,161 | 1,972 | 2,300 | 2,400 |
| 100-425-260 | Other Benefits | 1,339 | 1,333 | 1,600 | 1,600 |
| | Subtotal Employee Benefits | 17,848 | 23,472 | 32,000 | 32,400 |
| | Total Salaries & Benefits | 82,201 | 95,159 | 107,603 | 113,400 |
| 100-425-312 | Professional Service-Prosecutor | 36,000 | 39,016 | 36,000 | 36,000 |
| 100-425-314 | Professional Service-Pub. Def. | 23,644 | 24,946 | 24,500 | 24,500 |
| 100-425-322 | Professional Service-Other | 3,109 | 2,208 | 2,500 | 2,500 |
| 100-425-342 | Tech Services-Other | 1,375 | 1,203 | 1,500 | 1,500 |
| 100-425-530 | Communications | 1,305 | 1,563 | 2,000 | 2,000 |
| 100-425-540 | Advertising | 0 | 0 | 500 | 500 |
| 100-425-550 | Printing and Postage | 971 | 1,120 | 1,000 | 1,000 |
| 100-425-580 | Travel & Training | 789 | 1,665 | 3,000 | 3,000 |
| 100-425-581 | Dues and Memberships | 255 | 385 | 500 | 500 |
| 100-425-585 | Educational Assistance Program | 0 | 0 | 0 | 1,000 |
| 100-425-600 | General Supplies | 2,157 | 1,939 | 4,000 | 4,000 |
| 100-425-605 | Minor Equipment | 131 | 996 | 1,000 | 1,000 |
| 100-425-640 | Books & Periodicals | 0 | 395 | 500 | 500 |
| | Interlocal Agreement | | | | |
| | Total Service & Supplies | 69,736 | 75,436 | 77,000 | 78,000 |
| | Total Operating Expenses | 151,937 | 170,595 | 184,603 | 191,400 |
| 100-425-730 | Improvements Other Than Bldgs | | | | |
| 100-425-741 | Machinery | | | | |
| 100-425-743 | Furniture & Fixtures | | | | |
| | Total Capital | 0 | 0 | 0 | 0 |
| | Total Operating and Capital | 151,937 | 170,595 | 184,603 | 191,400 |

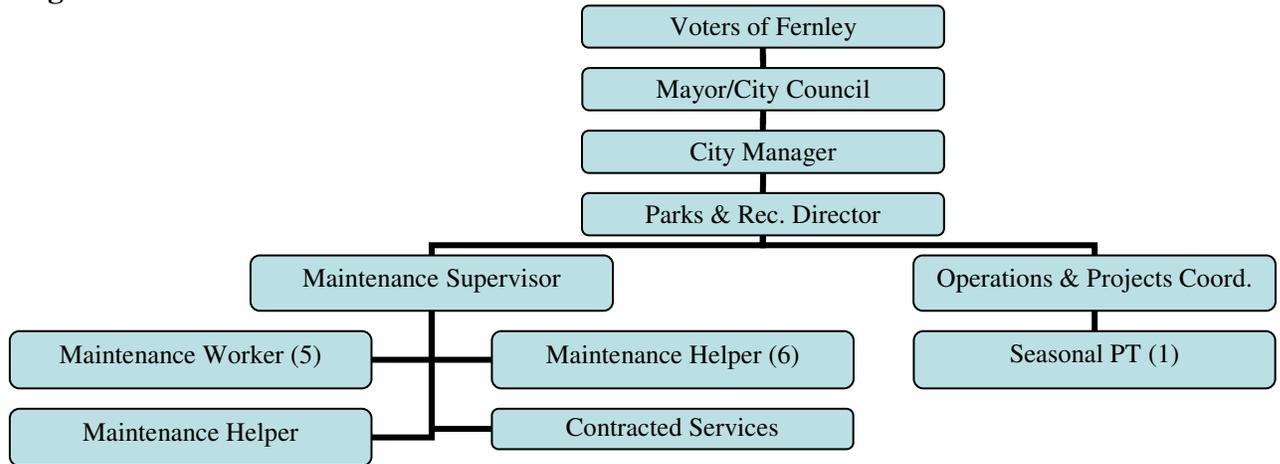
Analysis:

There are no significant increases or decreases in the budget for the municipal court function. Increases in Salaries and Wages reflect recurring Cost of Living and Merit increases for employees. Increases in prior years were due to the increased volume of activity.

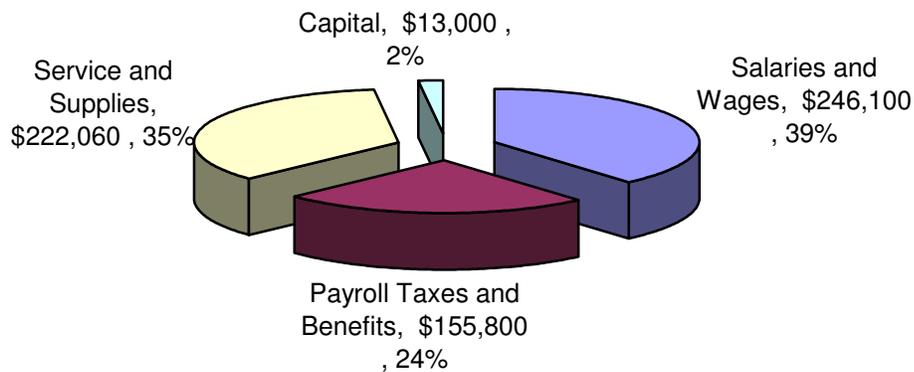
City of Fernley Annual Budget For Fiscal Year 2006-2007

Parks

Organizational Chart:



Parks FY2006/2007 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 FY06/07, the budget assumes creation of one new full time Maintenance Worker position. Some routine maintenance will be contracted to the private sector. The City will continue to use a contract to manage projects and will contract the maintenance of certain parks. The FY06/07 budget assumes an increase in the use of seasonal employees for a total of 6,123 hours per year and one additional seasonal employee at 60 hours per year.

Staffing Levels and Cost Allocation:

The Parks cost center includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|--|-------|------|---------------|
| Parks and Recreation Director | 1.00 | 100% | 1.00 |
| Maintenance Supervisor | 1.00 | 100% | 1.00 |
| Maintenance Worker (5 Positions) | 5.00 | 100% | 5.00 |
| Maintenance Helper (part time) | .03 | 100% | .03 |
| Maintenance Helpers (Part time) | 2.94 | 100% | 2.94 |
| Operations and Projects Coordinator (Vector Control Supervisor) | 1.00 | 0% | |
| Vector Control Assistant (part time) (1) | .49 | 0% | |
| TOTAL | 11.46 | | 9.97 |

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.

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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.

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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The line item budget for the Parks cost center follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|------------------------------------|-------------------|-------------------|---------------------|-------------------|
| 100-575-100 | Regular Pay | 94,066 | 145,295 | 196,600 | 210,100 |
| 100-575-130 | Overtime Pay | 4,073 | 5,896 | 8,000 | 11,000 |
| 100-575-140 | Annual Leave Pay | 3,042 | 8,615 | 9,000 | 10,000 |
| 100-575-150 | Sick Leave Pay | 4,196 | 5,457 | 5,900 | 6,000 |
| 100-575-160 | Holiday Pay | 3,973 | 5,392 | 8,800 | 9,000 |
| 100-575-170 | Other Leave Pay | | | 0 | 0 |
| | Subtotal Salaries and Wages | 109,350 | 170,655 | 228,300 | 246,100 |
| 100-575-200 | FICA | 1,213 | 968 | 1,500 | 1,500 |
| 100-575-210 | Medicare | 1,507 | 2,354 | 3,300 | 3,600 |
| 100-575-220 | Unemployment | 558 | 1,563 | 2,300 | 2,500 |
| 100-575-230 | Retirement (PERS) | 17,377 | 25,708 | 39,500 | 48,600 |
| 100-575-240 | Group Insurance | 24,450 | 23,303 | 66,000 | 91,000 |
| 100-575-250 | Workers Compensation Insurance | 3,216 | 4,631 | 6,800 | 7,400 |
| 100-575-260 | Other Benefits | | 1,040 | 2,300 | 1,200 |
| | Subtotal Employee Benefits | 48,321 | 59,567 | 121,700 | 155,800 |
| | Total Salaries & Benefits | 157,671 | 230,222 | 350,000 | 401,900 |
| 100-575-322 | Professional Services-Other | 40,766 | 11,143 | 40,000 | 41,640 |
| 100-575-320 | Professional Services -engineering | | 206 | | |
| 100-575-342 | Tech Services-Other | 1,664 | 1,710 | 16,300 | 10,000 |
| 100-575-410 | Utility Service-Water and Sewer | 33,734 | 28,127 | 28,000 | 28,000 |
| 100-575-412 | Utility Service-Refuse | 2,666 | 4,168 | 6,000 | 8,000 |
| 100-575-430 | Service-Repair and Maintenance | 17,190 | 11,792 | 10,000 | 7,000 |
| 100-575-520 | Insurance | | | 500 | |
| 100-575-530 | Communications | 2,186 | 4,868 | 8,000 | 8,420 |
| 100-575-540 | Advertising | 749 | 410 | 500 | 500 |
| 100-575-550 | Printing and Postage | | 301 | | |
| 100-575-580 | Travel and Training | 175 | 1,006 | 1,000 | 1,000 |
| 100-575-581 | Dues and Memberships | | 380 | 500 | 500 |
| 100-575-585 | Educational Assistance Program | 0 | 12 | 0 | 1,000 |
| 100-575-600 | General Supplies | 48,536 | 55,781 | 40,000 | 75,000 |
| 100-575-605 | Minor Equipment | 3,490 | 5,587 | 5,000 | 8,300 |
| 100-575-610 | Automotive Supplies | 1,825 | 3,013 | 4,000 | 3,000 |
| 100-575-612 | Building Maintenance Supplies | | 767 | 1,500 | 1,500 |
| 100-575-616 | Safety Supplies | 927 | 2,123 | 3,000 | 2,000 |
| 100-575-622 | Electricity | 8,361 | 10,182 | 12,000 | 13,600 |
| 100-575-623 | Propane | 414 | 630 | 1,000 | 600 |
| 100-575-626 | Gasoline | 4,241 | 5,790 | 9,000 | 12,000 |
| 100-575-640 | Books and Periodicals | | 15 | | |
| 100-575-642 | Licenses and Permits | 34 | 67 | 500 | |
| | Total Service & Supplies | 166,958 | 148,078 | 186,800 | 222,060 |
| | Total Operating Expenditures | 324,629 | 378,300 | 536,800 | 623,960 |
| 100-575-730 | Improvements Other Than Bldgs. | 1,026 | | 0 | 0 |
| | Depot Restoration | | | | |
| 100-575-741 | Machinery | 15,800 | 6,000 | 10,000 | 13,000 |
| 100-575-742 | Vehicles | 24,318 | 13,553 | 23,000 | |
| 100-575-743 | Furniture and Fixtures | | | | |
| | Total Capital | 41,144 | 19,553 | 33,000 | 13,000 |
| | Total Operating and Capital | 365,773 | 397,853 | 569,800 | 636,960 |

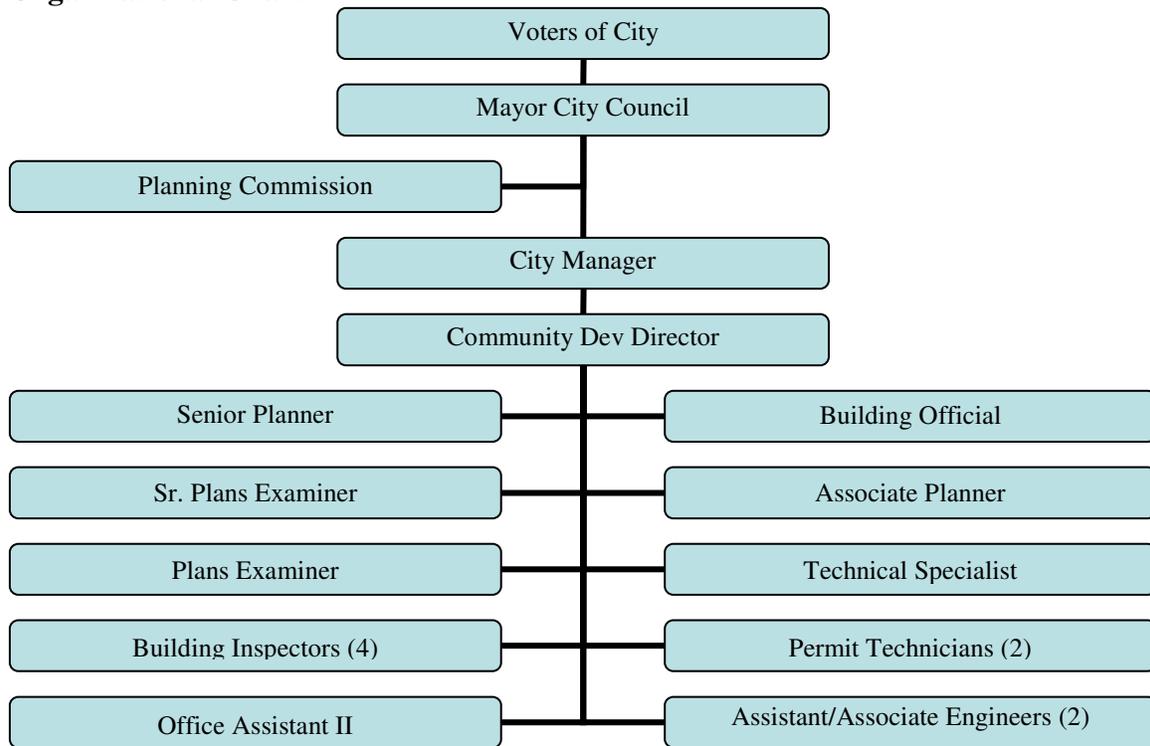
Analysis:

In FY07 one new full time position (1 FTE) and three seasonal positions (1.48 FTE) were added. In FY05/06, Salaries and Wages increased due to the addition of one full time maintenance employee. Professional and contract services were increased to supplement City personnel for park maintenance and to properly plan for park development.

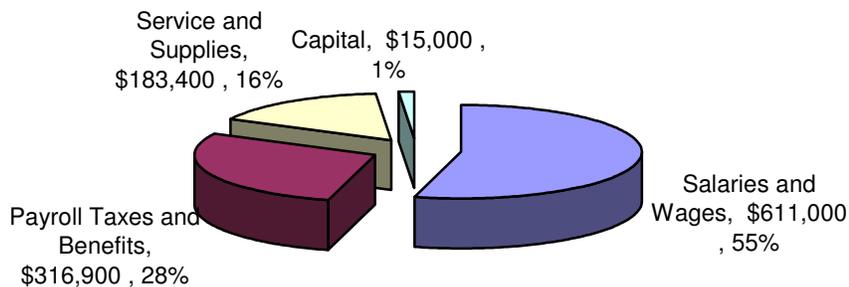
City of Fernley Annual Budget For Fiscal Year 2006-2007

Community Development

Organizational Chart:



Building & Planning FY2006/2007 Expenditures



Description:

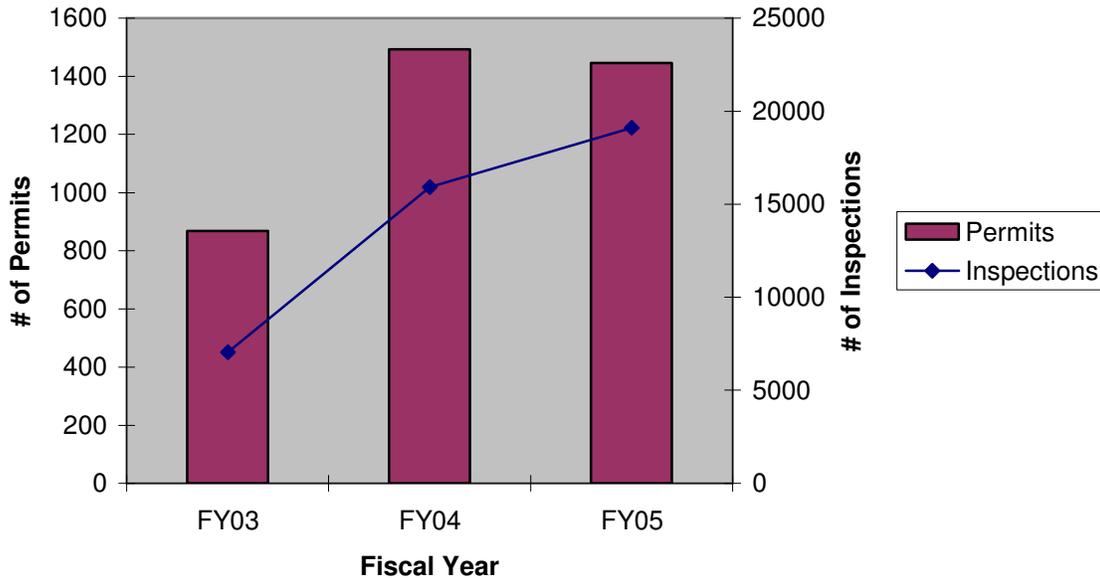
The Community Development Department exists to perform four primary functions: (1) building inspections and permits, (2) planning and zoning, (3) engineering, and (4) code

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enforcement. The Community Development Department provides support to the Planning Commission, including research and recommendations.

Growth

Permits Issued / Inspections Performed



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.

Staffing Levels and Cost Allocation:

The Community Development cost center includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|--------------------------------|------|------|---------------|
| Community Development Director | 1.00 | 100% | 1.00 |
| Senior Planner | 1.00 | 100% | 1.00 |
| Building Official | 1.00 | 100% | 1.00 |
| Permit Technician | 2.00 | 100% | 2.00 |
| Building Inspectors | 4.00 | 100% | 5.00 |
| Senior Plans Examiner | 1.00 | 100% | 1.00 |
| Plans Examiner | 1.00 | 100% | 1.00 |

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| | | | |
|------------------------------|-------|------|-------|
| Assistant/Associate Engineer | 2.00 | 100% | 2.00 |
| Assistant/Associate Planner | 1.00 | 100% | 1.00 |
| Technical Specialist | 1.00 | 100% | 1.00 |
| Office Assistant II | 1.00 | 50% | 0.50 |
| | 16.00 | | 15.50 |

Goals and Objectives:

HIGH PRIORITY:

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

Goal: To reduce and maintain residential building permit review/process to two weeks.

Task #1: Continue to streamline building permit processing procedures.

Goal: To start the Downtown Fernley plan.

Task #1: Recruit and contract with a consultant.

Task #2: Hold workshops.

Task #3: Complete a draft.

Goal: To complete the roadway Capital Improvement Plan (CIP).

Task #1 Assist in hiring the necessary consultants to assist the City with the CIP.

Task #2 Hold necessary public hearing.

Goal: To continue to perform all inspections within the requested date.

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: Establish 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 increase roadway capacities and Level of Service (LOS).

Task #1: Require roadway improvements with new development to maintain or increase LOS.

Task #2: Work with Nevada Department of Transportation (NDOT) staff to improve LOS on State Highways.

Task #3: Coordinate City's road projects with road improvements required with development.

Goal: To complete an update of the development code.

Task #1: Staff review of all chapters and propose changes and/or new standards.

Task #2: Review draft changes and/or new standards with Planning Commission and City Council.

MEDIUM PRIORITY

Goal: To start on a trail/bike lane plan for Farm District Road.

Goal: To implement the Design Award Program.

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Goal: To assist with City Hall expansion.

Goal: To assist in City-wide technology updates and web site development.

Goal: To create and maintain monthly statistical public information pamphlets.

Goal: To Request an ISO re-evaluation and re-rating.

Goal: To continue “complaint-based”, part-time code enforcement program, upon full staffing.

Task #1: Investigate, inspect and respond to written complaints within 5 working days of receipt of the complaint.

Task #2: Conduct re-inspections within 5 working days of the deadline given to remedy the violation.

Task #3: Establish policies and procedures for violations that are not remedied.

Task #4: Maintain statistical data.

LOWER PRIORITY

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 Planning and Engineering review process public information pamphlets.

City of Fernley Annual Budget For Fiscal Year 2006-2007

The line item budget for the Community Development Department follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|-----------------------------------|-------------------|-------------------|---------------------|-------------------|
| 100-600-100 | Regular Pay | 210,995 | 346,248 | 494,200 | 500,000 |
| 100-600-130 | Overtime Pay | 8,120 | 14,300 | 8,000 | 8,000 |
| 100-600-140 | Annual Leave Pay | 4,210 | 11,267 | 44,200 | 44,000 |
| 100-600-150 | Sick Leave Pay | 4,931 | 7,788 | 30,200 | 32,000 |
| 100-600-160 | Holiday Pay | 5,688 | 9,177 | 27,000 | 27,000 |
| 100-600-170 | Other Leave Pay | | | | |
| | Subtotal Salaries and Wages | 233,944 | 388,780 | 603,600 | 611,000 |
| 100-600-200 | FICA | | | | |
| 100-600-210 | Medicare | 3,272 | 5,336 | 8,800 | 8,900 |
| 100-600-220 | Unemployment | 1,007 | 2,593 | 6,000 | 6,100 |
| 100-600-230 | Retirement (PERS) | 41,363 | 59,802 | 118,400 | 122,100 |
| 100-600-240 | Group Insurance | 37,855 | 67,196 | 159,500 | 159,500 |
| 100-600-250 | Workers Compensation Insurance | 5,773 | 9,078 | 18,100 | 18,300 |
| 100-600-260 | Other Benefits | 2,600 | 1,300 | 2,000 | 2,000 |
| | Subtotal Employee Benefits | 91,870 | 145,305 | 312,800 | 316,900 |
| | Total Salaries & Benefits | 325,814 | 534,085 | 916,400 | 927,900 |
| 100-600-320 | Professional Services-Engineering | | | | 36,000 |
| 100-600-321 | Professional Services-GIS | | | | 38,000 |
| 100-600-322 | Professional Services-Other | 29,790 | 61,057 | 85,000 | 100,000 |
| 100-600-342 | Tech Services-Other | 721 | 570 | 2,000 | 2,000 |
| 100-600-430 | Service-Repair and Maintenance | 479 | 1,180 | 2,000 | 2,000 |
| 100-600-441 | Rental | 4,112 | 6,227 | 6,000 | 6,000 |
| 100-600-530 | Communications | 4,280 | 7,880 | 10,000 | 10,000 |
| 100-600-540 | Advertising | 1,283 | 2,557 | 1,500 | 1,500 |
| 100-600-550 | Printing and Postage | 5,887 | 3,884 | 8,000 | 7,500 |
| 100-600-580 | Travel & Training | 9,239 | 11,140 | 22,000 | 22,500 |
| 100-600-581 | Dues and Memberships | 1,132 | 1,627 | 2,000 | 2,000 |
| 100-600-585 | Educational Assistance Program | 0 | 0 | 1,000 | 1,000 |
| 100-600-600 | General Supplies | 6,016 | 11,461 | 12,000 | 12,000 |
| 100-600-605 | Minor Equipment | 1,364 | 19,468 | 20,250 | 6,400 |
| 100-600-610 | Automotive Supplies | 581 | 3,289 | 1,100 | 500 |
| 100-600-616 | Safety Supplies | 139 | 165 | 500 | 500 |
| 100-600-626 | Gasoline | 1,932 | 3,760 | 6,000 | 8,000 |
| 100-600-640 | Books and Periodicals | 5,029 | 755 | 1,000 | 1,500 |
| | Total Service & Supplies | 71,984 | 135,020 | 180,350 | 183,400 |
| | Total Operating Expenditures | 397,798 | 669,105 | 1,096,750 | 1,111,300 |
| 100-600-730 | Improvements Other Than Bldgs | | | | |
| 100-600-741 | Machinery | | | | |
| 100-600-742 | Vehicles | 23,973 | | 26,350 | 15,000 |
| 100-600-743 | Furniture and Fixtures | | | | |
| | Total Capital | 23,973 | 0 | 26,350 | 15,000 |
| | Total Operating and Capital | 421,771 | 669,105 | 1,123,100 | 1,126,300 |

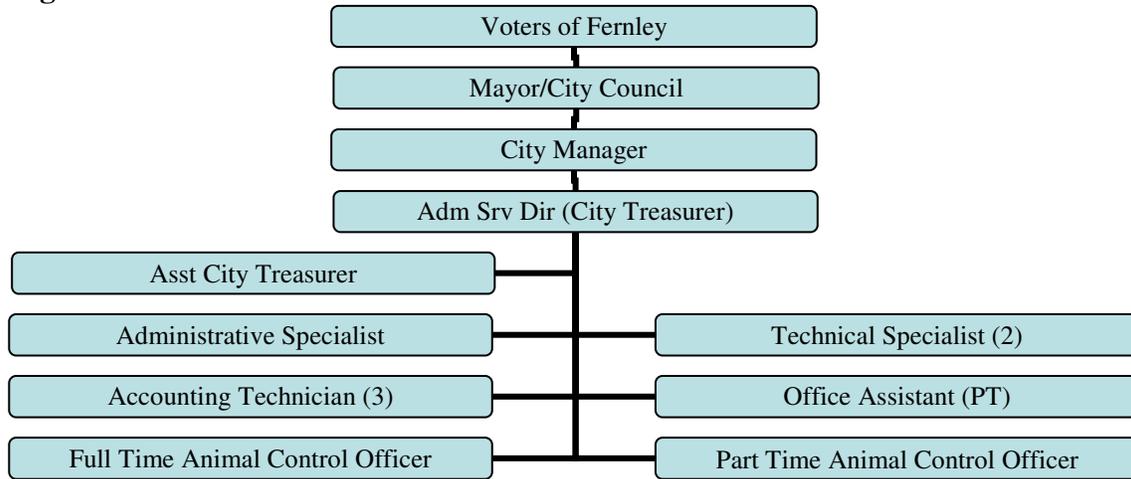
Analysis:

In FY07, no new positions were added. 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%). No annual salary adjustments for employees have been factored in, pending labor negotiations. Benefits increased primarily due to additional staff positions. Professional services include updates for the GIS system and the Fernley Downtown plan. Expenses for a capital improvement plan will be accounted for in the Capital Fund.

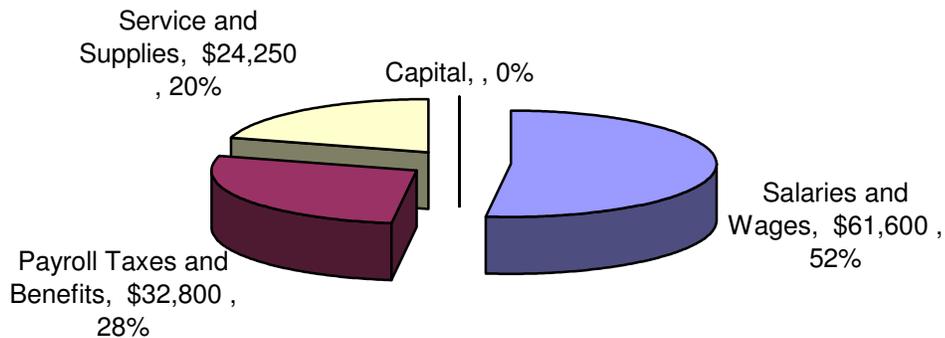
City of Fernley Annual Budget For Fiscal Year 2006-2007

Animal Control

Organizational Chart:



Animal Control FY2006/2007 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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

Significant Expenditures and Staffing Changes:

No new positions were added in FY07.

Staffing Levels and Cost Allocation:

The Animal Control cost center includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|------------------------------------|-------|------|---------------|
| Administrative Services Director | 1.00 | 0% | 0.00 |
| Animal Control Officer | 1.00 | 100% | 1.00 |
| Animal Control Officer (part time) | .50 | 100% | 0.50 |
| Office Assistant (part time) | .50 | 100% | 0.50 |
| | 10.50 | | 2.00 |

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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The line item budget for the Animal Control cost center follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|--------------------------------|-------------------|-------------------|---------------------|-------------------|
| 100-525-100 | Regular Pay | 25,113 | 27,213 | 47,900 | 50,000 |
| 100-525-130 | Overtime Pay | 2,126 | 1,307 | 2,000 | 2,000 |
| 100-525-140 | Annual Leave Pay | 1,106 | 1,119 | 3,500 | 3,600 |
| 100-525-150 | Sick Leave Pay | 963 | 2,397 | 2,700 | 3,000 |
| 100-525-160 | Holiday Pay | 1,300 | 1,395 | 3,000 | 3,000 |
| | | | | 0 | 0 |
| | Subtotal Salaries and Wages | 30,608 | 33,431 | 59,100 | 61,600 |
| 100-525-200 | FICA | | | 0 | 0 |
| 100-525-210 | Medicare | 421 | 451 | 900 | 1,000 |
| 100-525-220 | Unemployment | 147 | 280 | 600 | 1,000 |
| 100-525-230 | Retirement (PERS) | 5,680 | 6,338 | 11,500 | 12,500 |
| 100-525-240 | Group Insurance | 5,061 | 5,008 | 6,500 | 16,500 |
| 100-525-250 | Workers Compensation Insurance | 783 | 919 | 1,800 | 1,800 |
| | Subtotal Employee Benefits | 12,092 | 12,996 | 21,300 | 32,800 |
| | Total Salaries and Benefits | 42,700 | 46,427 | 80,400 | 94,400 |
| 100-525-322 | Professional Services-Other | 79 | 0 | 1,000 | 1,000 |
| 100-525-342 | Tech Services-Other | 338 | 0 | 2,500 | 2,500 |
| 100-525-346 | Co. Shelter Agreement | | 3,000 | 3,000 | 3,000 |
| 100-525-430 | Service-Repair & Maintenance | 1,088 | 7 | 1,500 | 1,500 |
| 100-525-530 | Communications | 1,067 | 2,432 | 4,500 | 4,500 |
| 100-525-540 | Advertising | 0 | 0 | 0 | 1,000 |
| 100-525-550 | Printing and Postage | 82 | 239 | 500 | 500 |
| 100-525-580 | Travel & Training | 0 | 55 | 500 | 500 |
| 100-525-581 | Dues and Memberships | 100 | 235 | 0 | 500 |
| 100-525-585 | Educational Assistance Program | 0 | 0 | 0 | 1,000 |
| 100-525-600 | General Supplies | 1,423 | 1,135 | 2,500 | 2,500 |
| 100-525-605 | Minor Equipment | 0 | 459 | 1,500 | 3,000 |
| 100-525-610 | Automotive Supplies | 50 | 1,937 | 500 | 500 |
| 100-525-626 | Gasoline | 1,468 | 811 | 1,500 | 2,000 |
| 100-525-640 | Books and Periodicals | 0 | 0 | 250 | 250 |
| | Total Service and Supplies | 5,695 | 10,310 | 19,750 | 24,250 |
| | Total Operating Expenses | 48,395 | 56,737 | 100,150 | 118,650 |
| 100-525-730 | Improvements Other Than Bldgs | | | | |
| 100-525-741 | Machinery | | | | |
| 100-525-742 | Vehicles | | | 25,000 | |
| 100-525-743 | Furniture and Fixtures | | | | |
| | Total Capital | 0 | 0 | 25,000 | 0 |
| | Total Operating and Capital | 48,395 | 56,737 | 125,150 | 118,650 |

Analysis:

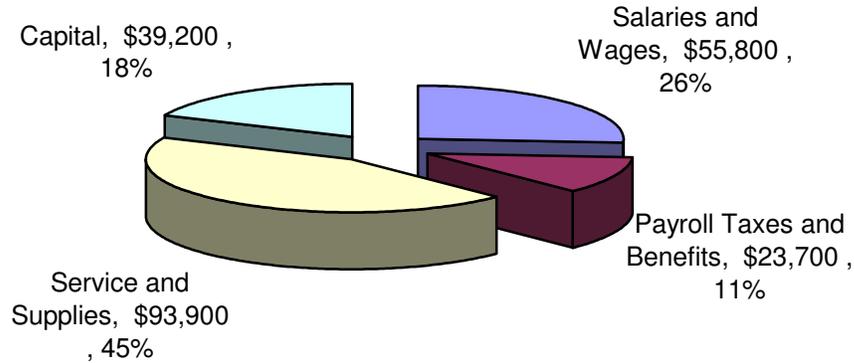
In FY07, no new positions were added. Service and supply line items increased primarily due to additional education and newer small equipment. In FY06, Salaries and Wages increased due to the creation of new positions. The budget also includes projected step increases for current employees. In FY06, the capital expenditure is for acquisition of another vehicle for the added personnel.

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Vector Control

Organizational Chart:
See Parks Department

Vector Control FY2006/2007 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:

Additional season labor was added in FY07 and the title of the Vector Control Supervisor was changed to Operations and Project Supervisor.

Staffing Levels and Cost Allocation:

The Animal Control cost center includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|---|------|------|---------------|
| Operations and Project Supervisor (previously Vector Control Supervisor) | 1.00 | 100% | 1.00 |
| Vector Control Helpers (part time) | .89 | 100% | 0.89 |
| | 1.89 | | 1.89 |

Goals and Objectives:

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

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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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The line item budget for the Vector Control cost center follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|---------------------------------|-------------------|-------------------|---------------------|-------------------|
| 100-528-100 | Regular Pay | | 7,149 | 46,500 | 50,000 |
| 100-528-130 | Overtime Pay | | 2,069 | 8,700 | 2,500 |
| 100-528-140 | Annual Leave Pay | | 137 | 300 | 1,000 |
| 100-528-150 | Sick Leave Pay | | | 1,000 | 1,000 |
| 100-528-160 | Holiday Pay | | | 2,000 | 1,300 |
| 100-528-170 | Other Leave Pay | | | | |
| | Subtotal Salaries and Wages | 0 | 9,355 | 58,500 | 55,800 |
| 100-528-200 | FICA | | 95 | 1,100 | 500 |
| 100-528-210 | Medicare | | 70 | 800 | 800 |
| 100-528-220 | Unemployment | | 160 | 500 | 600 |
| 100-528-230 | Retirement (PERS) | | 835 | 7,000 | 11,000 |
| 100-528-240 | Group Insurance | | 0 | 6,000 | 11,000 |
| 100-528-250 | Workers Compensation Insurance | | 244 | 2,000 | 2,800 |
| 100-528-260 | Other Benefits | | 0 | | |
| | Subtotal Employee Benefits | 0 | 1,404 | 17,400 | 26,700 |
| | Total Salaries & Benefits | 0 | 10,759 | 75,900 | 82,500 |
| 100-528-322 | Professional Services-Other | | 0 | 10,000 | |
| 100-528-342 | Tech Services-Other | | 0 | 1,000 | 12,000 |
| 100-528-410 | Utility Service-Water and Sewer | | 0 | | |
| 100-528-412 | Utility Service-Refuse | | 0 | | |
| 100-528-430 | Service-Repair and Maintenance | | 0 | 1,000 | 2,000 |
| 100-528-530 | Communications | | 0 | 1,000 | 1,000 |
| 100-528-540 | Advertising | | 26 | | |
| 100-528-550 | Printing and Postage | | | | |
| 100-528-580 | Travel and Training | | 710 | 1,000 | 1,000 |
| 100-528-581 | Dues and Memberships | | 0 | | |
| 100-528-585 | Educational Assistance Program | | 0 | 1,000 | 1,000 |
| 100-528-600 | General Supplies | | 10,159 | 70,000 | 67,100 |
| 100-528-605 | Minor Equipment | | 13,831 | 10,000 | 2,000 |
| 100-528-610 | Automotive Supplies | | 1,790 | 10,000 | |
| 100-528-612 | Building Maintenance Supplies | | 107 | 1,000 | |
| 100-528-616 | Safety Supplies | | 2,757 | 1,000 | 3,300 |
| 100-528-622 | Electricity | | 0 | 500 | 0 |
| 100-528-623 | Propane | | 0 | | |
| 100-528-626 | Gasoline | | 0 | 2,000 | 4,500 |
| 100-528-640 | Books and Periodicals | | 0 | | |
| 100-528-642 | Licenses and Permits | | 0 | | |
| | Total Service & Supplies | 0 | 29,380 | 109,500 | 93,900 |
| | Total Operating Expenditures | 0 | 40,139 | 185,400 | 176,400 |
| 100-528-730 | Improvements Other Than Bldgs. | | | 13,000 | 0 |
| | Buildings | | | | |
| 100-528-741 | Machinery | | 11,313 | 9,000 | 8,000 |
| 100-528-742 | Vehicles | | 15,902 | | 31,200 |
| 100-528-743 | Furniture and Fixtures | | | | |
| | Total Capital | 0 | 27,215 | 22,000 | 39,200 |
| | Total Operating and Capital | 0 | 67,354 | 207,400 | 215,600 |

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 FY07.

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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 FY2006/2007 budget for the debt service function follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|-------------------------------|-------------------|-------------------|---------------------|-------------------|
| | Total Salaries and Benefits | | | 0 | 0 |
| 100-625-861 | Principal | | | | 158,000 |
| 100-625-860 | Interest | | | 113,500 | 220,400 |
| 100-625-331 | Service & Supplies (Bank Fee) | | | | |
| | Total Service and Supplies | | | 113,500 | 378,400 |
| | Total Operating Expenses | 0 | 0 | 113,500 | 378,400 |

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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 FY2006/2007 are approximately \$3.6 million. The contingency is established at slightly less than the full 3% or \$105,000. 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 FY2006/2007 budget for the contingency function follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|------------------------------|-------------------|-------------------|---------------------|-------------------|
| | Total Salaries & Benefits | | | 0 | 0 |
| 100-900-900 | Contingency | 0 | 0 | 10,000 | 105,000 |
| | Total Service & Supplies | | | 10,000 | 105,000 |
| | Total Operating Expenditures | | | 10,000 | 105,000 |
| | Capital Expenditures | | | | |
| | Total Capital | | | 0 | 0 |
| | Total Operating and Capital | 0 | 0 | 10,000 | 105,000 |

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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.

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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 FY2005/2006 budget for this fund follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|-------------------------------------|-------------------|-------------------|---------------------|-------------------|
| | Revenues: | | | | |
| | Fines & Forfeitures | | | | |
| 200-350-100 | Admin Assess Fee Revenue | 12,642 | 12,698 | 15,000 | 15,000 |
| 200-360-100 | Interest Earnings | 78 | 879 | 1,100 | 1,100 |
| | Miscellaneous Revenues | | | | |
| | Total Revenues | 12,720 | 13,577 | 16,100 | 16,100 |
| | Operating Expenditures: | | | | |
| 200-425-322 | Professional Services-Other | | | | |
| 200-425-580 | Travel & Training | 535 | 1,273 | 5,000 | 5,000 |
| 200-425-600 | General Supplies | 2,042 | 0 | 500 | 5,000 |
| 200-425-605 | Minor Equipment | | | 2,000 | 40,000 |
| | Total Operating Expenditures | 2,577 | 1,273 | 7,500 | 50,000 |
| | Net from Operations | 10,143 | 12,304 | 8,600 | -33,900 |
| | Capital Expenditures: | | | | |
| 200-425-741 | Machinery | | | | |
| | Furniture and Fixtures | | | | |
| | Total Capital | 0 | 0 | 0 | 0 |
| | Revenues less Expenditures | 10,143 | 12,304 | 8,600 | -33,900 |
| | Transfers in & Out | | | | |
| | Fund Balance July 1 | 4,450 | 14,593 | 26,897 | 35,497 |
| | Fund Balance June 30 | 14,593 | 26,897 | 35,497 | 1,597 |

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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 FY2005/2006 budget for this fund follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|-----------------------------|----------------|----------------|------------------|----------------|
| | Revenues: | | | | |
| 210-350-100 | Court Facility Fee Revenue | 17,166 | 18,062 | 21,000 | 21,000 |
| 210-360-100 | Interest Earnings | 157 | 712 | 2,100 | 2,500 |
| | Total Revenues | 17,323 | 18,774 | 23,100 | 23,500 |
| 210-425-322 | Professional Service-Other | | | | |
| 210-425-741 | Machinery | | | | 90,000 |
| | Total Expenditures | | | 0 | 90,000 |
| | Revenues less Expenditures | 17,323 | 18,774 | 23,100 | -66,500 |
| | Fund Balance July 1 | 11,161 | 28,484 | 47,258 | 70,358 |
| | Fund Balance June 30 | 28,484 | 47,258 | 70,358 | 3,858 |

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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 | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|--------------------------------|----------------|----------------|------------------|----------------|
| | Revenues: | | | | |
| 220-330-100 | CDBG Grant Revenue | | | | |
| 220-330-300 | PUC Grant Revenue | 105,000 | | | |
| 220-360-100 | Interest Earnings | 2,064 | 9,232 | 19,500 | 15,000 |
| | Other Grant Revenue | | | | |
| | Total Revenues | 107,064 | 9,232 | 19,500 | 15,000 |
| | Expenditures: | | | | |
| 220-480-322 | Prof Serv-WNDD Grant Writing | 7,500 | | | |
| | Total Operating Expenditures | 7,500 | 0 | 0 | 0 |
| 220-480-645 | CDBG Grant Expenditures | 105,963 | | | |
| | Tourism Grant Expenditures | | | | |
| 220-480-650 | TEA-21 Match-Depot Restoration | | | | |
| 220-480-655 | PUC Grant Expenditures | | 99,449 | | |
| 220-480-730 | Other Grant Expenditures | 7,601 | | 210,000 | |
| | Total Capital Expenditures | 113,564 | 99,449 | 210,000 | 0 |
| | Total Expenditures | 121,064 | 99,449 | 210,000 | 0 |
| | Revenues less Expenditures | -14,000 | -90,217 | -190,500 | 15,000 |
| 220-390-500 | Transfer from General Fund | 250,000 | 100,000 | 0 | 0 |
| 220-390-505 | Transfer from RCT #1 Fund | 154,200 | 0 | | |
| | Fund Balance July 1 | 107,369 | 497,569 | 507,352 | 316,852 |
| | Fund Balance June 30 | 497,569 | 507,352 | 316,852 | 331,852 |

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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 | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|---------------------------------|----------------|----------------|------------------|----------------|
| | Revenues: | | | | |
| 230-310-300 | RCT Tax | 454,733 | 381,140 | 232,000 | 200,000 |
| 230-330-100 | CDBG Grant Revenue | 7,000 | 0 | | |
| 230-330-110 | Land & Water Conservation Grant | 40,949 | 0 | | |
| 230-360-100 | Interest Earnings | 1,373 | 1,320 | 4,600 | 1,000 |
| | Other Revenue | | | | |
| | Total Revenues | 504,055 | 382,460 | 236,600 | 201,000 |
| | Expenditures: | | | | |
| 230-575-322 | Professional Services | | 3,662 | | |
| | Total Operating Expenditures | 0 | 3,662 | 0 | 0 |
| 230-575-710 | Land | 1,769 | | | |
| 230-575-720 | Buildings | | | | |
| 230-575-730 | Improvements | 448,857 | 604,468 | 15,000 | |
| 230-575-741 | Machinery | 8,720 | | | |
| | Total Capital | 459,346 | 604,468 | 15,000 | 0 |
| | Revenues less Expenditures | 44,709 | -225,670 | 221,600 | 201,000 |
| | Transfers From General Fund | | 400,000 | -400,000 | |
| | Transfers To Grants Fund | -154,200 | 0 | | |
| | Fund Balance July 1 | 113,582 | 4,091 | 178,421 | 21 |
| | Fund Balance June 30 | 4,091 | 178,421 | 21 | 201,021 |

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The multi-year capital improvement plan for the RCT District #1 Fund follows:

| | | | | | | | | |
|---|----------------|------------------|------------------|------------------|-----------------|------------------|------------------|--------------------|
| City of Fernley | | | | District #1 | | | | |
| Capital Improvement Plan | | | | | | | | |
| Parks | | | | | | | | |
| | | | | | | | | |
| | Project Number | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | Total |
| Sources | | | | | | | | |
| Residential Construction Tax | | \$138,071 | \$454,733 | \$432,000 | \$432,000 | \$432,000 | \$432,000 | \$2,320,804 |
| TEA-21 Grants | | | | | | | | \$0 |
| Land, Water Conserv. Grant | | | \$40,949 | | | | | \$40,949 |
| CDBG Grant Restrooms (Grants Fund) | 220-001 | \$40,000 | | | | | | \$40,000 |
| CDBG Grant - ADA | 230-001 | | \$7,000 | | | | | \$7,000 |
| Interfund Activity | | | \$2,763 | \$400,000 | (\$400,000) | | | \$2,763 |
| Other Grants | | | | | | | | \$0 |
| Interest Income | | \$240 | \$1,373 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$5,613 |
| | | | | | | | | \$0 |
| Total Sources | | \$178,311 | \$506,818 | \$833,000 | \$33,000 | \$433,000 | \$433,000 | \$2,417,129 |
| | | | | | | | | \$0 |
| Uses: | | | | | | | | |
| Develop Parks CIP | | | | | | | | \$0 |
| OTP Restroom Sewer Phase I (Grants Fund) | 220-001 | \$83,398 | \$110,816 | | | | | \$194,214 |
| OTP Restrooms-ADA Compliance | 230-001 | | \$11,528 | | | | | |
| OTP Restroom Concession Phase II (L&WCF Grant) | 230-003 | | \$111,593 | | | | | |
| Bandstand Shelters Project | 230-002 | \$24,729 | \$153,939 | | | | | \$178,668 |
| BOR Park-Acquisition and Development | 230-004 | | \$0 | \$180,000 | \$40,000 | \$100,000 | | \$320,000 |
| Eagle's Nest/Fernwood Park-Improvements | 230-005 | | \$20,109 | \$5,000 | \$0 | \$5,000 | \$5,000 | \$35,109 |
| OTP-Senior Field Lights | 230-006 | | \$135,738 | | | | | \$135,738 |
| Quigley Property Fields / Equestrian Area (Sundance Park) | 230-007 | | \$2,000 | \$400,000 | \$0 | | | \$402,000 |
| OTP New Skate Park | 230-008 | | \$0 | | | \$20,000 | \$20,000 | \$40,000 |
| Rodeo Bleachers & Canopy | 230-009 | | \$150 | | \$0 | | | \$150 |
| Bandstand Shelters Electrical Lighting Sound | 230-010 | | \$14,405 | \$20,000 | | | | \$34,405 |
| Develop North Side (Round-A-Bout & Hwy 50A Imp) | 230-011 | | | | \$0 | \$100,000 | | \$100,000 |
| OTP - Install lights on Little League Minor League field | 230-012 | | | | | \$100,000 | | \$100,000 |
| Other Park Improvements | 230-999 | | \$12,633 | \$225,000 | \$0 | \$25,000 | \$25,000 | \$287,633 |
| Total Uses | | \$108,127 | \$572,911 | \$830,000 | \$40,000 | \$350,000 | \$50,000 | \$1,951,038 |
| Sources Less Uses | | \$70,184 | (\$66,093) | \$3,000 | (\$7,000) | \$83,000 | \$383,000 | \$466,091 |
| Balance July 1, 20XX | | \$0 | \$70,184 | \$4,091 | \$7,091 | \$91 | \$83,091 | |

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| 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 |

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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 | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|-----------------------------------|----------------|----------------|------------------|----------------|
| | Revenues: | | | | |
| 231-310-300 | RCT Tax | 308,127 | 443,866 | 400,000 | 350,000 |
| 231-330-100 | Grants | 4,700 | 0 | 60,000 | |
| 231-360-100 | Interest Earnings | 1,717 | 10,891 | 18,000 | 20,000 |
| | Other Revenue | | | | |
| | Total Revenues | 314,544 | 454,757 | 478,000 | 370,000 |
| | Expenditures: | | | | |
| 231-575-322 | Professional Services | | | | |
| | Other Grant Expenditures | | | | |
| | Total Expenditures | 0 | 0 | 0 | 0 |
| 231-575-731 | Land | | | 125,000 | |
| 231-575-720 | Buildings | | | 61,000 | |
| 231-575-730 | Improvements Other Than Buildings | 98,268 | 21,507 | 340,000 | 140,000 |
| 231-575-741 | Machinery | 4,160 | | | |
| | Total Capital | 102,428 | 21,507 | 526,000 | 140,000 |
| | Revenues less Expenditures | 212,116 | 433,250 | -48,000 | 230,000 |
| | Transfers to RCT Dist #1 | | -400,000 | 400,000 | |
| | Fund Balance July 1 | 72,837 | 284,953 | 318,203 | 670,203 |
| | Fund Balance June 30 | 284,953 | 318,203 | 670,203 | 900,203 |

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The multi-year capital improvement plan for the RCT District #2 Fund follows:

| City of Fernley Capital Improvement Plan Parks | | | | | District #2 | | | |
|--|----------------|-----------------|------------------|-----------------|--------------------|------------------|------------------|--------------------|
| | Project Number | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | Total |
| Sources | | | | | | | | |
| Residential Construction Tax | | \$72,733 | \$308,127 | \$450,000 | \$450,000 | \$450,000 | \$450,000 | \$2,180,860 |
| TEA-21 Grants | | | | | | | | \$0 |
| Land, Water Conserv. Grant | | | | | | | | \$0 |
| CDBG Grant | 231-001 | | \$4,700 | | | | | \$4,700 |
| Interfund Activity | | | | (\$400,000) | \$400,000 | | | |
| Other Grants | | | | | | | | \$0 |
| Interest Income | | \$104 | \$1,717 | \$6,000 | \$10,000 | \$10,000 | \$10,000 | \$37,821 |
| | | | | | | | | \$0 |
| Total Sources | | \$72,837 | \$314,544 | \$56,000 | \$860,000 | \$460,000 | \$460,000 | \$2,223,381 |
| | | | | | | | | \$0 |
| Uses: | | | | | | | | \$0 |
| Develop Parks CIP | | | | | | | | \$0 |
| ITP-ADA Improvement Project | 231-001 | | \$650 | \$10,000 | \$10,000 | | | \$20,650 |
| Green Valley Park- Field/Parking Lot/Restroom | 231-002 | | | \$40,000 | \$15,000 | | | \$85,000 |
| ITP-Picnic Shelter at Old BB Court w/ADA Access | 231-004 | | | | \$50,000 | \$5,000 | \$5,000 | \$60,000 |
| ITP-Skatepark Improvements | 231-005 | | \$18,523 | | \$10,000 | \$10,000 | | \$38,523 |
| ITP-Softball field lights | 231-006 | | \$77,577 | | | | | \$77,577 |
| Picnic Shelter over Old School House BBQ's | 231-007 | | | | \$20,000 | \$5,000 | | \$25,000 |
| Depot Park Restroom and Sewer System | 231-008 | | | | \$45,000 | \$25,000 | \$25,000 | \$95,000 |
| Civic Center Park-Greenbelt Development | 231-009 | | \$300 | | \$30,000 | \$30,000 | \$30,000 | \$90,300 |
| City Hall Landscaping | 231-011 | | | | \$40,000 | \$25,000 | \$25,000 | \$90,000 |
| Gazebo Silver Lace & Main Street | 231-012 | | | | \$30,000 | | | \$30,000 |
| Memorial Park Improvements | 231-013 | | \$25 | | \$10,000 | \$10,000 | \$5,000 | \$25,025 |
| 80 Acre Park Fernley Hill/BLM Exchange | 231-014 | | | | | \$10,000 | \$10,000 | \$20,000 |
| Memorial Park - ADA Restrooms & Septic | 231-015 | | | | | \$18,000 | | \$18,000 |
| Other Park Improvements | 231-999 | | \$5,353 | | \$740,000 | \$200,000 | | \$945,353 |
| | | | | | | | | \$0 |
| Total Uses | | \$0 | \$102,428 | \$50,000 | \$1,000,000 | \$338,000 | \$100,000 | \$1,590,428 |
| Sources Less Uses | | \$72,837 | \$212,116 | \$6,000 | (\$140,000) | \$122,000 | \$360,000 | \$632,953 |
| Balance July 1, 20XX | | \$0 | \$72,837 | \$284,953 | \$290,953 | \$150,953 | \$272,953 | |

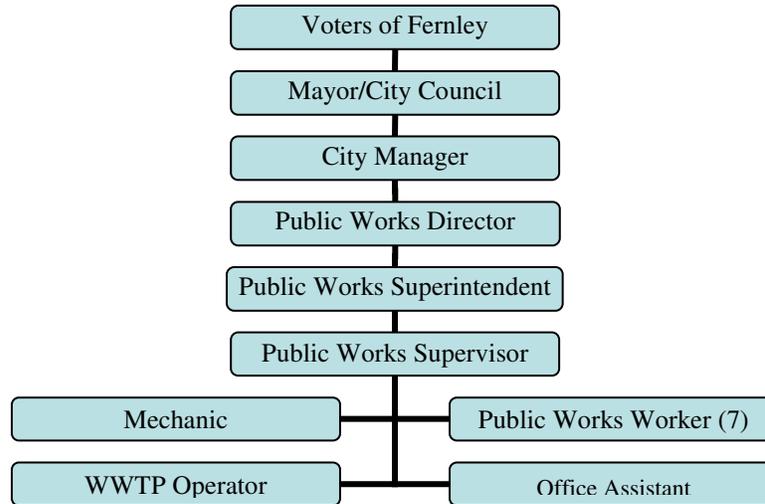
City of Fernley Annual Budget For Fiscal Year 2006-2007

| 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 |
| 231-999 | RCT District #2 Park Equipment Acquisition Costs | Cost to plan, specify, bid, and install park equipment |

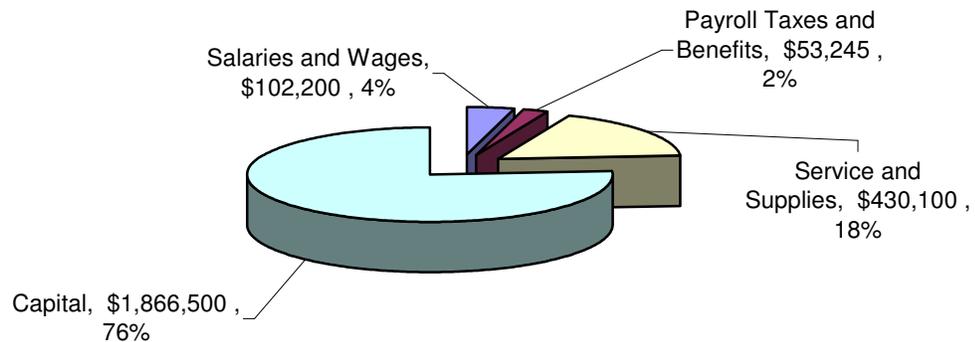
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Streets and Storm Drains

Organizational Chart:



Streets FY2006/2007 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

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 FY2006/2007.

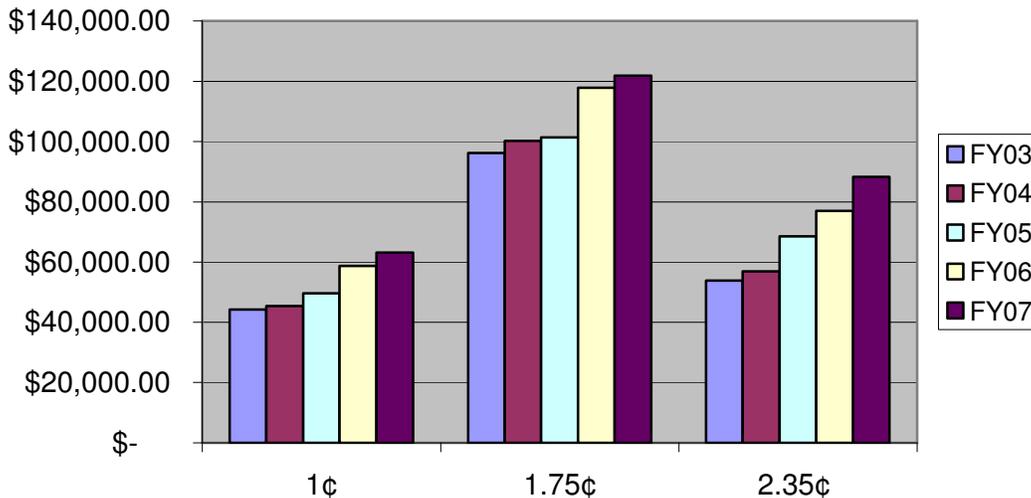
The major programs for the department during FY2006/2007 will be:

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

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 |
|-----------|--------------|--------------|--------------|--------------|--------------|
| 1¢ Option | \$44,232 | \$45,380 | \$49,550 | \$58,805 | \$63,177 |
| % Change | | 2.6% | 9.2% | 18.7% | 7.4% |
| 1.75¢ Tax | \$96,199 | \$100,273 | \$101,396 | \$117,818 | \$121,864 |
| % Change | | 4.2% | 1.1% | 16.2% | 3.4% |
| 2.35¢ Tax | 53,790 | 57,023 | 68,574 | \$76,985 | \$88,307 |
| % Change | | 6.0% | 20.3% | 12.3% | 14.71% |



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.

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The City also receives 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:

| | Revenue | Draw | Balance |
|------------------|-----------|-----------|-----------|
| FY02 | \$521,877 | \$0 | \$521,877 |
| FY03 | \$501,811 | \$152,633 | \$871,055 |
| FY04 | \$520,230 | \$711,214 | \$680,071 |
| FY05 (Estimated) | \$527,439 | \$650,000 | \$557,510 |
| FY06 (Estimated) | \$612,740 | 1,050,000 | \$120,250 |
| FY07 (Estimated) | | | |

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.

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 FY07. A full time Assistant Public Works Director will be allocated 10% to the Streets and Storm Drains Fund. A full time Public Works Worker will be allocated 10% to the Streets and Storm Drains Fund.

Staffing Levels and Cost Allocation:

The Streets and Storm Drains fund includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|-----------------------------------|------|-----|---------------|
| Public Works Director | 1.00 | 30% | .30 |
| Assistant Public Works Director | 1.00 | 10% | .10 |
| Public Works Field Superintendent | 1.00 | 30% | .30 |
| Public Works Supervisor | 1.00 | 20% | .20 |

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| Position | FTE | % | Allocated FTE |
|-----------------------------------|-------|-----|---------------|
| Office Assistant | 1.00 | 34% | .34 |
| Mechanic | 1.00 | 10% | .10 |
| WWTP Operator | 1.00 | 10% | .10 |
| Public Works Worker (7 positions) | 7.00 | 10% | .70 |
| Public Works Worker (OIT) | 1.00 | 10% | .10 |
| | 15.00 | | 2.24 |

Capital Improvement Projects:

The following Capital Improvement Projects are planned for FY07:

| | |
|---------------------------------------|---------------------|
| Streets Fund | |
| Crack Seal Program | \$ 135,000 |
| Slurry, Seal Coat, and Patch Program | \$ 325,000 |
| Cape Seal Program | \$ 50,000 |
| Rancho Sierra Improvements | \$ 374,500 |
| Cottonwood/Hardie Lane Improvements | \$ 612,000 |
| 1-1/2 Ton Sander and Plow | \$ 14,500 |
| Sander Hydraulics for Ford Dump Truck | \$ 5,500 |
| | \$ - |
| Subtotal Streets Fund | \$ 1,516,500 |

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.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 ares.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|--------------------------------------|------------------|------------------|------------------|------------------|
| | Revenues: | | | | |
| 240-320-220 | Public Works Fees | 10,901 | 15,747 | 9,000 | 9,000 |
| 240-320-2XX | Inspection Fees | | 15,531 | 25,000 | 25,000 |
| 240-330-300 | County Road Fund Property Tax | 221,819 | 213,620 | 293,506 | 0 |
| 240-330-320 | Motor Vehicle Fuel Tax (Gas Tax) | 216,736 | 233,448 | 253,608 | 273,348 |
| 240-330-325 | Regional Transportation (RTC) | 731,764 | 704,154 | 1,050,000 | 633,000 |
| 240-330-326 | Road Tax | | | 740,000 | 500,000 |
| | Donations (Cash & Mat/Labor) | | | 250,000 | |
| 240-360-100 | Interest Earnings | 1,351 | 14,973 | 31,500 | 30,000 |
| | Total Revenues | 1,182,571 | 1,197,473 | 2,652,614 | 1,470,348 |
| | Expenditures: | | | | |
| 240-475-100 | Regular Pay | 76,075 | 76,936 | 70,176 | 75,300 |
| 240-475-120 | Standby Pay | 2,229 | 1,453 | 2,100 | 4,200 |
| 240-475-130 | Overtime | 8,578 | 7,316 | 7,300 | 8,000 |
| 240-475-140 | Annual Leave Pay | 5,630 | 5,484 | 6,000 | 6,000 |
| 240-475-150 | Sick Leave Pay | 3,866 | 5,505 | 4,900 | 4,900 |
| 240-475-160 | Holiday Pay | 2,985 | 3,195 | 3,800 | 3,800 |
| | Subtotal Salaries and Wages | 99,363 | 99,889 | 94,276 | 102,200 |
| 240-475-200 | FICA | 346 | 27 | | |
| 240-475-210 | Medicare | 768 | 916 | 1,400 | 1,482 |
| 240-475-220 | Unemployment | 346 | 566 | 900 | 1,022 |
| 240-475-230 | Retirement (PERS) | 18,358 | 17,595 | 18,200 | 17,775 |
| 240-475-240 | Group Insurance | 16,139 | 15,374 | 22,400 | 29,900 |
| 240-475-250 | Workers' Compensation Ins. | 4,311 | 4,413 | 2,800 | 3,066 |
| 240-475-260 | Other Benefits | | 481 | 500 | |
| | Subtotal Employee Benefits | 40,268 | 39,372 | 46,200 | 53,245 |
| | Total Salaries and Benefits | 139,631 | 139,261 | 140,476 | 155,445 |
| 240-475-320 | Professional Services-Engineering | 56,487 | 107,248 | 150,000 | 50,000 |
| 240-475-322 | Professional Services-Other | 188 | 504 | 1,000 | 1,000 |
| 240-475-324 | Professional Services-Environmental | 2,660 | 8,501 | 3,000 | 3,000 |
| 240-475-325 | Professional Services-PW Inspections | | 14,996 | 25,000 | 25,000 |
| 240-475-342 | Tech Services-Other | 338 | 300 | | |
| 240-475-412 | Utility Service-Refuse | 611 | 17 | 3,000 | 3,000 |
| 240-475-420 | Contract-Street Sweeping | 9,203 | 0 | 50,000 | 50,000 |
| 240-475-422 | Contract-Traffic Light Maintenance | 1,127 | 3,860 | 10,000 | 15,000 |
| 240-475-426 | Contract-Striping | 0 | 0 | 40,000 | 25,000 |
| | Contract-Gravel Road Investigations | | 0 | 50,000 | 50,000 |
| 240-475-430 | Service-Repair & Maintenance | 1,600 | 926 | 10,000 | 3,000 |
| 240-475-442 | Rental-Equipment/Vehicles | 0 | 6,130 | 1,000 | 1,000 |
| 240-475-530 | Communications | 3,458 | 5,170 | 4,500 | 3,000 |
| 240-475-540 | Advertising | 1,180 | 337 | 1,000 | 1,000 |
| 240-475-550 | Printing and Postage | 1,477 | 2,524 | 2,000 | 2,000 |
| 240-475-580 | Travel & Training | 4,032 | 662 | 3,500 | 3,500 |
| 240-475-581 | Dues and Memberships | 201 | 0 | 1,000 | 1,000 |
| 240-475-585 | Educational Assistance Program | 0 | 0 | 1,000 | 1,000 |
| 240-475-600 | General Supplies | 6,589 | 16,718 | 14,600 | 14,600 |
| 240-475-605 | Minor Equipment | 2,700 | 6,782 | 10,000 | 15,000 |
| 240-475-610 | Automotive Supplies | 1,331 | 576 | 3,000 | 3,000 |
| 240-475-615 | Supplies-Signs and Striping | 8,068 | 6,152 | 17,500 | 25,000 |
| 240-475-616 | Safety Supplies | 329 | 662 | 3,000 | 3,000 |
| 240-475-622 | Electricity | 84,606 | 93,106 | 98,000 | 115,000 |
| 240-475-626 | Gasoline | 5,384 | 6,068 | 10,000 | 15,000 |
| 240-475-640 | Books & Periodicals | 24 | 0 | 200 | 1,000 |
| 240-475-642 | Licenses and Permits | 94 | 0 | 1,000 | 1,000 |
| | Total Service and Supplies | 191,687 | 281,239 | 513,300 | 430,100 |
| | Total Operating Expenses | 331,318 | 420,500 | 653,776 | 585,545 |
| 240-475-730 | Improvements Other Than Bldgs. | 731,764 | 852,018 | 2,140,000 | 1,496,500 |
| 240-475-741 | Machinery | 11,053 | 8,550 | | 20,000 |
| | Total Capital | 742,817 | 860,568 | 2,140,000 | 1,516,500 |
| | Total Operating and Capital | 1,074,135 | 1,281,068 | 2,793,776 | 2,102,045 |
| | Revenues less Expenditures | 108,436 | -83,595 | -141,162 | -631,697 |
| 240-390-500 | Transfers From General Fund | 750,000 | 450,000 | 0 | 250,000 |
| | Fund Balance July 1 | 0 | 858,436 | 1,224,841 | 1,083,679 |
| | Fund Balance June 30 | 858,436 | 1,224,841 | 1,083,679 | 701,982 |

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

Analysis:

Revenues decreased in FY07, primarily due to an action by Lyon County to discontinue revenue sharing for property tax. Salaries and wages increased due to added personnel.

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

Private Sector Community Support

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|-----------------------------------|----------------|----------------|------------------|----------------|
| | Revenues: | | | | |
| 231-310-300 | Private Sector Donations | | | 15,000 | |
| 231-330-100 | | | | | |
| 231-360-100 | Interest Earnings | | | 250 | |
| | Other Revenue | | | | |
| | Total Revenues | 0 | 0 | 15,250 | 0 |
| | Expenditures: | | | | |
| 231-575-322 | Professional Services | | | 5,000 | 10,250 |
| | Other Grant Expenditures | | | | |
| | Total Expenditures | 0 | 0 | 5,000 | 10,250 |
| 231-575-720 | Buildings | | | | |
| 231-575-730 | Improvements Other Than Buildings | | | | |
| 231-575-741 | Machinery | | | | |
| | Total Capital | 0 | 0 | 0 | 0 |
| | Revenues less Expenditures | 0 | 0 | 10,250 | -10,250 |
| | Transfers to Other Funds | | | | |
| | Fund Balance July 1 | 0 | 0 | 0 | 10,250 |
| | Fund Balance June 30 | 0 | 0 | 10,250 | 0 |

The fund was originally established for broad purposes. This will be used for the concert in the parks series in FY06 and FY07.

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.

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

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 | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-------------|--|-------------------|-------------------|---------------------|-------------------|
| | Revenues: | | | | |
| 300-360-100 | Interest Earnings | 8,480 | 30,176 | 210,000 | 250,000 |
| | Bond Proceeds | | | 5,000,000 | |
| | Miscellaneous Revenues | | | | |
| | Total Revenues | 8,480 | 30,176 | 5,210,000 | 250,000 |
| 300-425-720 | Cost Sharing-New Animal Shelter Facility | | | 30,000 | |
| 300-425-322 | Feasibility Study-Community Center/City Hall | | | 0 | |
| 300-425-720 | Buildings | | 77,692 | 574,000 | 6,500,000 |
| 300-425-741 | Machinery (Technology) | | 75,984 | 75,000 | 300,000 |
| 300-425-322 | Capital Improvement Plan | | | 0 | |
| 300-425-730 | Improvements (Entrance Signs) | | 0 | | |
| 300-425-742 | Vehicles | 14,323 | 13,553 | | |
| | Total Capital | 14,323 | 167,229 | 679,000 | 6,800,000 |
| | Revenues less Expenditures | -5,843 | -137,053 | 4,531,000 | -6,550,000 |
| 300-390-500 | Transfer from General Fund | 776,830 | 1,140,000 | 850,000 | |
| | Fund Balance July 1 | 728,195 | 1,499,182 | 2,502,129 | 7,883,129 |
| | Fund Balance June 30 | 1,499,182 | 2,502,129 | 7,883,129 | 1,333,129 |

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 segregates \$30,000 in the budget for potential contribution toward a regional animal shelter facility in FY06. If the money is not spent in FY06, the appropriation may be carried over to FY07 as part of a future augmentation.

Expansion of City Hall: The City has completed preliminary designed, issued \$5 million in bonds and intends to proceed with this project. Approximately \$500,000 of the estimated \$7 million project will be spent in FY06 and the remaining \$6.5 million will be spent in FY07. The project is slated for completion by June 2007.

**City of Fernley Annual Budget
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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.

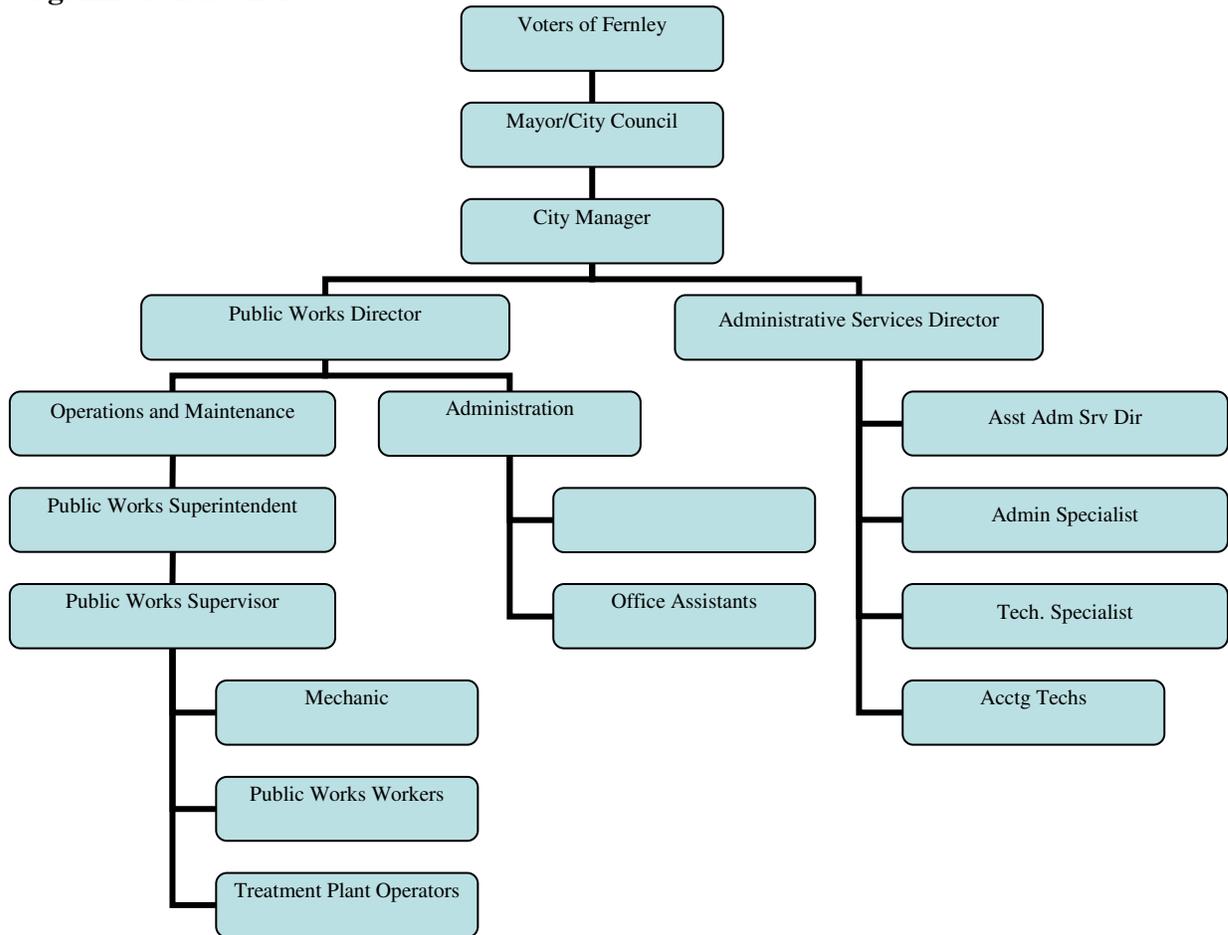
Fernley Sewer Enterprise Fund: The City of Fernley provides sewer services to certain customers within the City. This fund is used to account for the operations of the sewer utility.

Fernley Non-Potable Water Enterprise Fund: The City of Fernley intends to provide non-potable water to certain customers within the City for landscaping and irrigation to conserve potable water for drinking and inside the home use.

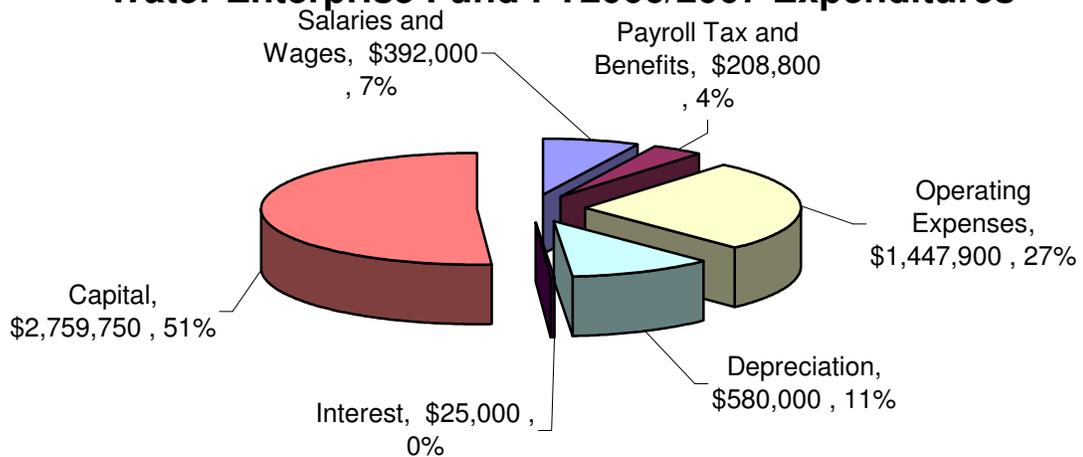
City of Fernley Annual Budget For Fiscal Year 2006-2007

Water Utility Fund

Organizational Chart:



Water Enterprise Fund FY2006/2007 Expenditures



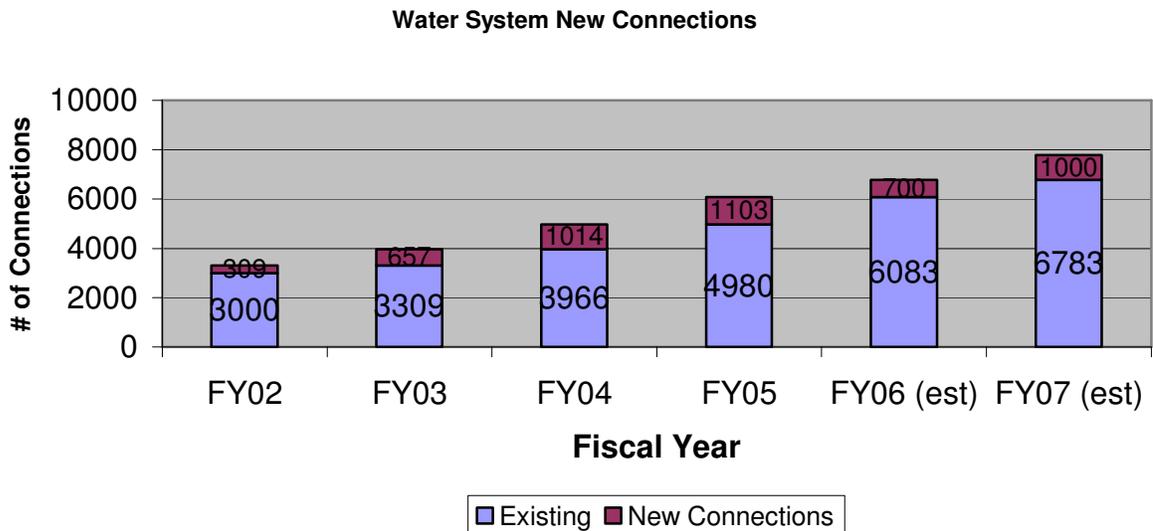
City of Fernley Annual Budget For Fiscal Year 2006-2007

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 7,783 customers on the system by June 30, 2007. The following chart shows the number of new connections to the water system since July 1, 2001, including estimates for FY06 and FY07.



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

City of Fernley Annual Budget For Fiscal Year 2006-2007

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. The City is not adequately funding for normal capital replacements, so rate increases will be needed.

Rate Increases

The City is currently conducting a rate analysis and increases in user rates will be necessary to fund current cash operating costs as well as to provide funding for future capital replacements. The enterprise fund is meeting its current direct operating costs through existing use fees, however, the current rates do not fully provide for the projected replacement costs of the plant and equipment. The enterprise fund has collected a substantial amount from connection fees to fund expansions needed to accommodate development, however, these rates will also need to be increased because of the new plant and equipment needed to comply with arsenic regulations and other plant expansions. Rate increases have not been factored into the budget because they have not yet been implemented. The recent completion of the water facilities plan will provide the necessary data for a comprehensive rate analysis.

Capital Improvement Projects

The following capital improvement projects are included in the FY07 budget:

| Water Utility Enterprise Fund | |
|---|---------------------|
| Highland Water Improvements | \$ 800,000 |
| Wellhead Protection Program Update | \$ 150,000 |
| Well9/9A Booster Station Bypass | \$ 313,000 |
| Well 14 Pump Station | \$ 550,000 |
| Well 11 Tie-in Upgrade | \$ 35,000 |
| NE Tank Exterior Coating Repair | \$ 75,000 |
| Groundwater/Surface Water Treatment Plant (continue planning) | \$ 600,000 |
| 3/4 Ton Pickup | \$ 25,000 |
| Utility Bed for Pickup | \$ 7,500 |
| VACTOR Truck (25%) | \$ 68,750 |
| Loader (50%) | \$ 62,500 |
| Manlift (33%) | \$ 12,000 |
| Smooth Drum Finish Roller (50%) | \$ 17,000 |
| Skid-steer Loader (50%) | \$ 22,000 |
| 6" Trash Pump | \$ 13,000 |
| Meter Reader GPS Software | \$ 9,000 |
| Subtotal Water Utility Fund | \$ 2,759,750 |

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 \$30 million. The project will span multiple fiscal years and will require rate increases and bonding to provide cash for construction. The \$600,000 budgeted for FY07 will be used to prepare for this process for construction in FY08.

Significant Expenditures and Staffing Changes:

City of Fernley Annual Budget For Fiscal Year 2006-2007

Two positions were added in the Public Works Department in FY07. A new Assistant Public Works Director will be allocated 45% to the Water Fund and a new Public Works Worker will be allocated 45% to the Water Fund resulting in a net increase of 2 FTE to the Department of which 0.90 FTE is funded by the Water Fund. These positions are needed because of growth in the number of customers served and the significant capital projects that will be undertaken in the near future.

Staffing Levels and Cost Allocation:

The Water Utility enterprise fund includes the following personnel allocated at the noted percentages, including allocation from various other departments (overhead):

| Position | FTE | % | Allocated FTE |
|---|-------|-----|---------------|
| Mayor | 1.00 | 5% | .05 |
| City Council (5 Members) | 5.00 | 5% | .25 |
| City Manager | 1.00 | 5% | .05 |
| Administrative Specialist (CM Office) | 1.00 | 5% | .05 |
| City Clerk | 1.00 | 5% | .05 |
| Deputy City Clerk | 1.00 | 5% | .05 |
| Office Assistant II (City Clerk's Office) | 1.10 | 5% | .06 |
| City Treasurer/Adm Serv Director | 1.00 | 30% | .30 |
| Asst. Adm. Serv. Director | 1.00 | 33% | .33 |
| Admin Specialist | 1.00 | 30% | .30 |
| Technical Specialist (ASD) | 1.00 | 33% | .33 |
| Technical Specialist (ASD) | 1.00 | 20% | .20 |
| Accounting Technician (ASD) | 1.00 | 30% | .30 |
| Accounting Technician (ASD) | 1.00 | 45% | .45 |
| Accounting Technician (ASD) | 1.00 | 45% | .45 |
| Court Clerk (ASD) | 1.00 | 5% | .05 |
| Public Works Director | 1.00 | 40% | .40 |
| Asst. Public Works Director | 1.00 | 40% | .40 |
| Public Works Field Superintendent | 1.00 | 40% | .40 |
| Public Works Supervisor | 1.00 | 40% | .40 |
| Office Assistant (Public Works) | 1.00 | 33% | .33 |
| Mechanic | 1.00 | 40% | .40 |
| WWTP Operator | 1.00 | 20% | .20 |
| Public Works Worker (OIT) | 1.00 | 20% | .20 |
| Public Works Worker (7 positions) | 7.00 | 50% | 3.50 |
| Office Asst. II (CDD) | 1.00 | 20% | .20 |
| | 36.10 | | 9.70 |

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

The cash flow statement for the water utility follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|----------------------------|--------------------------------------|-------------------|-------------------|---------------------|-------------------|
| CASH FLOW STATEMENT | | | | | |
| | Cash Received from Customers | 1,814,697 | 1,857,837 | 2,425,000 | 2,798,000 |
| | Service & Supplies | -837,145 | -1,027,005 | -1,250,000 | -1,447,900 |
| | Wages & Benefits | -423,879 | -316,079 | -529,600 | -600,800 |
| | Non-Operating Revenues | 37,142 | 63,024 | 39,000 | 34,000 |
| | Cash from Operations | 590,815 | 577,777 | 684,400 | 783,300 |
| | Proceeds from Grants | | | 132,750 | |
| | Cash Received from Other Funds | -24,002 | | | |
| | Cash Advances to Other Funds | | | | |
| | Intergovernmental Transfer | | | -800,000 | |
| | Interest Paid on Debt | -46,351 | -34,203 | -27,138 | -25,000 |
| | Interest Income | 43,321 | 132,032 | 360,000 | 360,000 |
| | Deferred Charge | | -6,107 | | |
| | Principal Payments on Long Term Debt | -128,546 | -135,000 | -135,000 | -135,000 |
| | Capital Contributions | 1,419,780 | 2,026,164 | 1,275,000 | 1,225,000 |
| | Developer Oversize Agreement | 154,858 | 122,988 | | |
| | In Lieu Of Water Rights Fees | 722,743 | 693,236 | 300,000 | 200,000 |
| | Grants for Construction | | | | |
| | Disposition of Capital Asset | | 7,030 | | |
| | Acquisition of Assets & Projects | -763,440 | -738,508 | -1,833,500 | -2,759,750 |
| | Increase (Decrease) in Cash | 1,969,178 | 2,645,409 | -43,488 | -351,450 |
| | Cash & Equivalents July 1 | 4,493,302 | 6,462,480 | 9,107,889 | 9,064,401 |
| | Cash & Equivalents June 30 | 6,462,480 | 9,107,889 | 9,064,401 | 8,712,951 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

The summarized income statement for the water utility follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|---------------------------------|--|-------------------|-------------------|---------------------|-------------------|
| SUMMARY INCOME STATEMENT | | | | | |
| | Operating Revenues: | | | | |
| 510-370-100 | Water Use Fees | 1,555,133 | 1,699,220 | 2,200,000 | 2,420,000 |
| 510-370-300 | Material & Labor Charges | 239,297 | 260,850 | 200,000 | 373,000 |
| 510-370-310 | PW Inspection Fees | | 15,381 | 25,000 | 5,000 |
| 510-370-400 | Engineer Review Fees | | | | |
| | Operating Revenues | 1,794,430 | 1,975,451 | 2,425,000 | 2,798,000 |
| | Operating Expenses: | | | | |
| | Salaries, Wages & Benefits | 425,250 | 455,586 | 529,600 | 600,800 |
| | Service & Supplies | 911,609 | 944,090 | 1,250,000 | 1,447,900 |
| | Depreciation | 649,691 | 701,678 | 680,000 | 680,000 |
| | Total Operating Expenses | 1,986,550 | 2,101,354 | 2,459,600 | 2,728,700 |
| | Operating Income or Loss | -192,120 | -125,903 | -34,600 | 69,300 |
| | Non-Operating Revenues & Expenses | | | | |
| 510-380-100 | Interest Income | 44,368 | 149,709 | 360,000 | 360,000 |
| 510-800-860 | Interest Expense | -49,096 | -33,077 | -27,138 | -25,000 |
| 510-380-200 | Rental Income | | 1,500 | 9,000 | 9,000 |
| 510-380-900 | Miscellaneous Income | 37,142 | 61,524 | 30,000 | 25,000 |
| 510-370-400 | Engineer Review Fees | | | | |
| 510-370-500 | Assessment Fees | | | | |
| 510-380-500 | In Lieu of Water Rights Fees | 722,743 | 693,236 | 300,000 | 200,000 |
| | Intergovernmental Transfer | | | | |
| 510-380-400 | Sale of Capital Assets | | 2,210 | | |
| | Total Non-Operating Income & Expenses | 755,157 | 875,102 | 671,862 | 569,000 |
| | Capital Contributions In: | | | | |
| 510-395-900 | Developer Contribution-Donner Trails | 132,920 | 105,392 | 50,000 | 50,000 |
| 510-395-910 | Customer Contributions-Hookups | 1,529,900 | 1,875,000 | 1,125,000 | 1,125,000 |
| 510-395-920 | Capital Grant BOR | | 151,164 | 132,750 | |
| 510-395-930 | Desert Lakes Reimbursements | 103,508 | 17,596 | 100,000 | 50,000 |
| 510-395-934 | Whippletree Assessments | 2,346 | | | |
| 510-395-940 | Developer Donated Infrastructure | 2,448,328 | 1,432,404 | | |
| 510-395-950 | Developer Donated Water Rights | 1,619,855 | 3,615,650 | | |
| | Intergovernmental Transfer | | | -800,000 | |
| | Other Grants | | | | |
| | Total Capital Contributions In | 5,836,857 | 7,197,206 | 607,750 | 1,225,000 |
| | Net Income or Loss | 6,399,894 | 7,946,405 | 1,245,012 | 1,863,300 |
| | Beginning Retained Earnings | 3,079,411 | 3,763,340 | 9,479,305 | 11,709,745 |
| | Adjustment for Change in Capitalization | | | | |
| | Ending Retained Earnings | 9,479,305 | 11,709,745 | 10,724,317 | 13,573,045 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

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

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-----------------------------------|--|-------------------|-------------------|---------------------|-------------------|
| DETAIL OPERATING EXPENSES: | | | | | |
| 510-810-100 | Regular Pay | 235,316 | 248,829 | 300,000 | 310,000 |
| 510-810-120 | Standby Pay | 4,083 | 3,729 | 5,400 | 8,000 |
| 510-810-130 | Overtime | 19,914 | 23,793 | 22,500 | 24,000 |
| 510-810-140 | Annual Leave Pay | 15,446 | 20,065 | 20,000 | 15,000 |
| 510-810-150 | Sick Leave Pay | 9,657 | 12,655 | 18,500 | 20,000 |
| 510-810-160 | Holiday Pay | 8,990 | 10,637 | 14,600 | 15,000 |
| 510-810-170 | Other Leave Pay | | | | |
| | Contract Salaries | | | | |
| | Total Salaries and Wages | 293,406 | 319,708 | 381,000 | 392,000 |
| 510-810-200 | FICA | 45 | 73 | 300 | 300 |
| 510-810-210 | Medicare | 2,767 | 3,518 | 5,000 | 5,700 |
| 510-810-220 | Unemployment | 1,062 | 1,991 | 3,500 | 3,900 |
| 510-810-230 | Retirement-PERS | 51,701 | 54,247 | 64,300 | 76,300 |
| 510-810-240 | Group Insurance | 64,437 | 61,043 | 63,000 | 110,000 |
| 510-810-250 | Workers Compensation | 11,698 | 13,853 | 11,000 | 11,800 |
| 510-810-260 | Other Benefits | 134 | 1,153 | 1,500 | 800 |
| | Total Employee Benefits | 131,844 | 135,878 | 148,600 | 208,800 |
| | Total Salaries and Benefits | 425,250 | 455,586 | 529,600 | 600,800 |
| 510-810-300 | Professional Services-City Attorney | 16,283 | 16,910 | 17,000 | 17,000 |
| 510-810-310 | Professional Services-Legal | 0 | 1,088 | 5,000 | 5,000 |
| 510-810-320 | Professional Services-Engineering | 28,851 | 99,268 | 80,000 | 50,000 |
| 510-810-322 | Professional Services-Other | 3,171 | 505 | 2,000 | 2,500 |
| 510-810-324 | Professional Services-Environmental | | | | 3,000 |
| 510-810-325 | Professional Services-PW Inspections | | 15,033 | 25,000 | 5,000 |
| 510-810-328 | Professional Services-Auditing/Acct Asst | 5,666 | 8,333 | 13,000 | 15,000 |
| 510-810-340 | Tech Services-Lab Analysis | 17,271 | 16,914 | 15,000 | 20,000 |
| 510-810-342 | Tech Services-Other | 5,364 | 5,740 | 7,000 | 7,000 |
| 510-810-410 | Utility Service Water and Sewer | | | | |
| 510-810-345 | Research and Development | 600 | | | |
| 510-810-412 | Utility Service Refuse | 1,643 | 1,585 | 2,000 | 2,000 |
| 510-810-430 | Service Repair and Maintenance | 23,020 | 31,784 | 50,000 | 35,000 |
| 510-810-431 | Road Maintenance (contract service) | | 0 | 6,000 | 6,000 |
| 510-810-441 | Rental | 11,938 | 14,524 | 65,000 | 25,000 |
| 510-810-520 | Insurance | 23,547 | 23,593 | 30,000 | 50,000 |
| 510-810-530 | Communications | 3,942 | 3,447 | 4,000 | 6,000 |
| 510-810-540 | Advertising | 502 | 2,428 | 3,500 | 3,500 |
| 510-810-550 | Printing and Postage | 16,468 | 17,458 | 20,900 | 25,000 |
| 510-810-580 | Travel and Training | 3,113 | 3,869 | 5,000 | 5,000 |
| 510-810-581 | Dues and Memberships | 729 | 584 | 1,500 | 1,500 |
| 510-810-585 | Educational Assistance Program | 0 | 0 | 0 | 1,000 |
| 510-810-600 | General Supplies | 134 | 264 | | |
| 510-810-601 | Office Supplies | 8,122 | 5,180 | 9,000 | 9,000 |
| 510-810-605 | Minor Equipment | 22,716 | 14,401 | 29,000 | 43,300 |
| 510-810-610 | Automotive Supplies | 4,452 | 10,256 | 15,000 | 36,000 |
| 510-810-614 | Plant/Shop/Maint Supplies | 57,192 | 74,564 | 98,000 | 108,000 |
| 510-810-615 | Customer Hookup Supplies (see revenue) | 274,280 | 234,748 | 200,000 | 373,000 |
| 510-810-616 | Safety Supplies | 854 | 2,477 | 3,000 | 3,000 |
| 510-810-618 | Supplies-Well Head Protection Program | 0 | 266 | 500 | 500 |
| 510-810-621 | Natural Gas | 2,393 | 3,512 | 4,000 | 4,000 |
| 510-810-622 | Electricity | 244,650 | 252,371 | 370,000 | 400,000 |
| 510-810-623 | Propane | 0 | 102 | 100 | 100 |
| 510-810-626 | Gasoline | 10,727 | 26,813 | 58,000 | 25,000 |
| 510-810-640 | Books and Periodicals | 761 | 1,995 | 1,500 | 1,500 |
| 510-810-642 | Permits and Licenses | 28,617 | 4,812 | 10,000 | 10,000 |
| 510-810-698 | Water Rights Protection | 94,603 | 49,266 | 100,000 | 150,000 |
| 510-810-699 | Miscellaneous Expense | | | 0 | 0 |
| | Total Service & Supplies | 911,609 | 944,090 | 1,250,000 | 1,447,900 |
| | Other Expenses | | | | |
| 510-810-800 | Depreciation | 649,691 | 701,678 | 680,000 | 680,000 |
| 510-800-860 | Interest Expense | 49,096 | 33,077 | 27,138 | 25,000 |
| | Total Expenses | 2,035,646 | 2,134,431 | 2,486,738 | 2,753,700 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

Analysis:

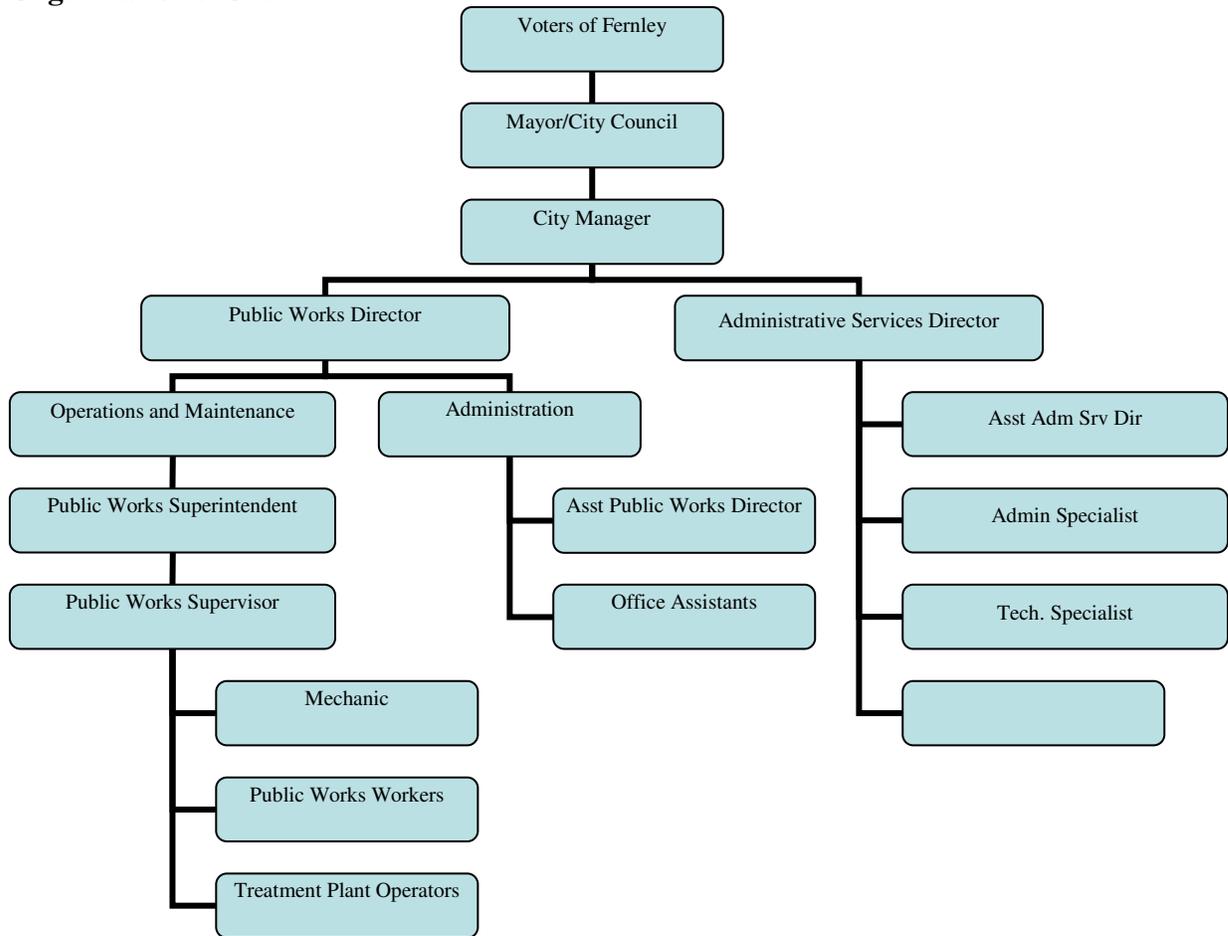
Use fees are projected to increase 19% due to an increase in the number of connections. Customer contributions for hookup (connection) fees and other development contributions are expected to increase by approximately 1,200 new hookups in FY06.

Salaries and Wages increased due to change in the allocation of personnel costs and projected step increases for existing personnel. No annual salary adjustment increases for employees are reflected pending completion of collective bargaining and a classification compensation study. See the Capital Expenditure Summary for a listing of approved capital projects.

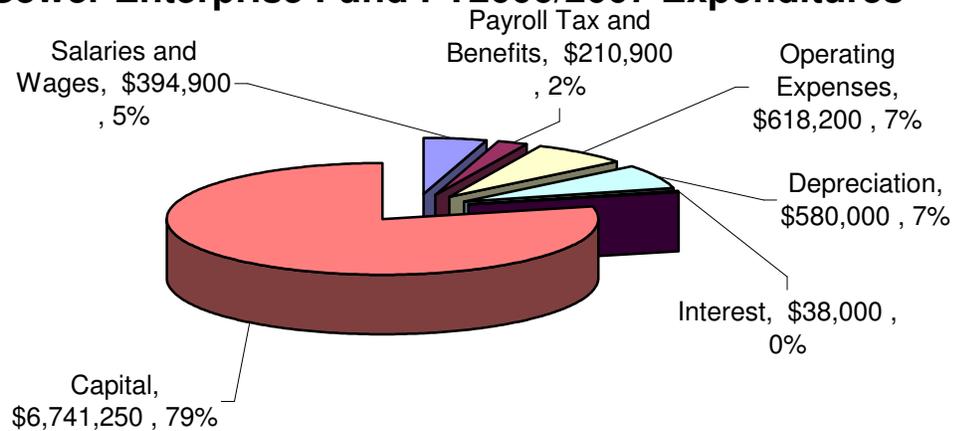
City of Fernley Annual Budget For Fiscal Year 2006-2007

Sewer Utility Fund

Organizational Chart:



Sewer Enterprise Fund FY2006/2007 Expenditures



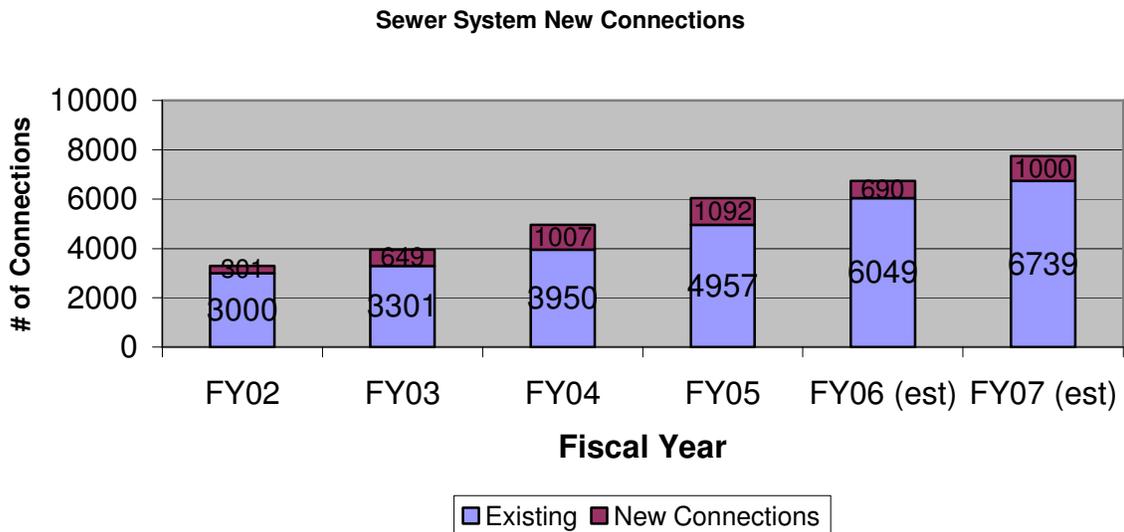
City of Fernley Annual Budget For Fiscal Year 2006-2007

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 7,739 by June 30, 2007. The following chart shows the number of new connections to the sewer system since July 1, 2001, including estimates for FY06 and FY07.



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 is currently conducting a rate analysis and increases in user rates will be necessary to fund current cash operating costs as well as to provide funding for future capital replacements. The enterprise fund is meeting its current direct operating costs through existing use fees, however, the current rates do not fully provide for the projected replacement costs of the plant and equipment. The enterprise fund has collected a substantial amount from connection fees to fund expansions needed to accommodate development, however, these rates will also need to be increased because of the new plant and equipment needed to comply with arsenic regulations and other plant expansions.

City of Fernley Annual Budget For Fiscal Year 2006-2007

Rate increases have not been factored into the budget because they have not yet been implemented.

Capital Expenditures:

The following capital expenditures are included in the FY07 budget:

| | |
|---|---------------------|
| Sewer Utility Enterprise Fund: | |
| East Lift Station Headworks Realignment (inc. grit) | \$ 400,000 |
| Summer Street Rerouting | \$ 78,000 |
| Correct Reverse Grade Manholes 290-292 & 292-296 | \$ 330,000 |
| West Lift Forcemain Investigations | \$ 20,000 |
| Fernley Interceptor Upgrade (Designed FY06) | \$ 5,450,000 |
| Rolling Meadows Lift Station Gen-Set and ATS | \$ 75,000 |
| 3/4 Ton Pickup | \$ 25,000 |
| Utility Bed | \$ 7,500 |
| VACTOR Truck (74%) | \$ 206,250 |
| Loader (50%) | \$ 62,500 |
| Manlift (33%) | \$ 12,000 |
| Smooth Drum Finish Roller (50%) | \$ 17,000 |
| Skid-steer Loader (50%) | \$ 22,000 |
| All-Terrain Vehicle | \$ 8,000 |
| Swing Checks @ East Lift Station | \$ 15,000 |
| 6" Trash Pump | \$ 13,000 |
| | \$ - |
| Subtotal Sewer Utility Enterprise Fund | \$ 6,741,250 |

The largest project is the Fernley interceptor Upgrade. The City intends to enter into reimbursement agreements with developers for the pro rata share of this improvement, however, the specific cost allocations have not yet been determined.

Significant Expenditures and Staffing Changes:

Two positions were added in the Public Works Department in FY07. A new Assistant Public Works Director will be allocated 45% to the Water Fund and a new Public Works Worker will be allocated 45% to the Water Fund resulting in a net increase of 2 FTE to the Department of which 0.90 FTE is funded by the Water Fund. These positions are needed because of growth in the number of customers served and the significant capital projects that will be undertaken in the near future.

Staffing Levels and Cost Allocation:

The Sewer Utility enterprise fund includes the following personnel allocated at the noted percentages:

| Position | FTE | % | Allocated FTE |
|-------------------------------|------|----|---------------|
| Mayor | 1.00 | 5% | .05 |
| City Council (5 Members) | 5.00 | 5% | .25 |
| City Manager | 1.00 | 5% | .05 |
| Admin. Specialist (CM Office) | 1.00 | 5% | .05 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

| Position | FTE | % | Allocated FTE |
|---|-------|-----|---------------|
| City Clerk | 1.00 | 5% | .05 |
| Deputy City Clerk | 1.00 | 5% | .05 |
| Office Assistant II (City Clerk's Office) | 1.10 | 5% | .06 |
| City Treasurer/Adm Serv Director | 1.00 | 30% | .30 |
| Asst Adm. Serv. Director | 1.00 | 33% | .33 |
| Administrative Specialist | 1.00 | 30% | .30 |
| Technical Specialist (ASD) | 1.00 | 33% | .33 |
| Technical Specialist(ASD) | 1.00 | 20% | .20 |
| Accounting Tech (ASD) | 1.00 | 30% | .30 |
| Accounting Tech(ASD) | 1.00 | 45% | .45 |
| Accounting Tech (ASD) | 1.00 | 45% | .45 |
| Court Clerk (ASD) | 1.00 | 5% | .05 |
| Public Works Director | 1.00 | 30% | .30 |
| Asst Public Works Director | 1.00 | 30% | .30 |
| Public Works Field Superintendent | 1.00 | 30% | .30 |
| Public Works Supervisor | 1.00 | 40% | .40 |
| Office Assistant (Public Works) | 1.00 | 33% | .33 |
| Mechanic | 1.00 | 50% | .50 |
| WWTP Operator | 1.00 | 70% | .70 |
| Public Works Worker (OIT) | 1.00 | 70% | .70 |
| Public Works Worker (7 positions) | 7.00 | 40% | 2.80 |
| Office Asst II (CDD) | 1.00 | 20% | .20 |
| | 36.10 | | 9.55 |

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|----------------------------|--------------------------------------|-------------------|-------------------|---------------------|-------------------|
| CASH FLOW STATEMENT | | | | | |
| | Cash Received from Customers | 1,235,540 | 1,414,528 | 1,525,500 | 1,655,500 |
| | Service & Supplies | -348,751 | -495,372 | -612,400 | -618,200 |
| | Wages & Benefits | -392,667 | -305,748 | -538,500 | -605,800 |
| | Miscellaneous Income | 0 | 0 | 0 | 0 |
| | Cash from Operations | 494,122 | 613,408 | 374,600 | 431,500 |
| | Proceeds from Grants | | | | |
| | Cash Received from Other Funds | | | | |
| | Cash Advanced to Other Funds | | | | |
| | Developer Agreements | 25,149 | 18,799 | | |
| | Interest Expense | -48,122 | -43,729 | -39,155 | -38,000 |
| | Interest Income | 41,386 | 129,157 | 350,000 | 350,000 |
| | Principal Payments on Long Term Debt | -108,778 | -113,173 | -115,436 | -115,436 |
| | Capital Contributions | 1,798,158 | 2,182,969 | 1,440,000 | 1,945,000 |
| | Grants for Construction | | | | |
| | Acquisition of Assets & Projects | -103,614 | -895,510 | -1,898,700 | -6,741,250 |
| | Increase (Decrease) in Cash | 2,098,301 | 1,891,921 | 111,309 | -4,168,186 |
| | Cash & Equivalents July 1 | 4,374,985 | 6,473,286 | 8,365,207 | 8,476,516 |
| | Cash & Equivalents June 30 | 6,473,286 | 8,365,207 | 8,476,516 | 4,308,330 |

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

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|---------------------------------|---------------------------------------|-------------------|-------------------|---------------------|-------------------|
| SUMMARY INCOME STATEMENT | | | | | |
| | Operating Revenues: | | | | |
| 520-370-100 | Sewer Use Fees | 1,187,062 | 1,425,278 | 1,500,000 | 1,650,000 |
| 520-370-300 | Material and Labor Charges | 150 | 796 | 500 | 500 |
| 520-370-310 | PW Inspection Fees | | 15,381 | 25,000 | 5,000 |
| | Miscellaneous | | | | |
| | Operating Revenues | 1,187,212 | 1,441,455 | 1,525,500 | 1,655,500 |
| | Operating Expenses: | | | | |
| | Salaries, Wages & Benefits | 395,249 | 440,013 | 538,500 | 605,800 |
| | Service & Supplies | 363,948 | 499,040 | 612,400 | 618,200 |
| | Depreciation | 542,244 | 528,916 | 580,000 | 580,000 |
| | Total Operating Expenses | 1,301,441 | 1,467,969 | 1,730,900 | 1,804,000 |
| | Operating Income or Loss | -114,229 | -26,514 | -205,400 | -148,500 |
| | Non-Operating Revenues & Expenses | | | | |
| 520-380-100 | Interest Income | 42,604 | 145,033 | 350,000 | 350,000 |
| 520-800-860 | Interest Expense | -45,947 | -41,464 | -39,155 | -38,000 |
| 520-380-900 | Miscellaneous Income | | | | |
| 520-380-400 | Disposition of Assets | | | 12,500 | |
| | Total Non-Operating Income & Expenses | -3,343 | 103,569 | 323,345 | 312,000 |
| | Capital Contributions In: | | | | |
| 520-395-900 | Developer Contribution-Donner Trails | 14,769 | 11,710 | 14,000 | 22,000 |
| 520-395-910 | Customer Contributions-Hookups | 1,907,505 | 2,182,969 | 1,386,000 | 1,848,000 |
| 520-395-930 | Desert Lakes Reimbursement | 30,000 | 7,089 | 40,000 | 75,000 |
| 520-395-932 | Fremont Assessment | 983 | | | |
| 520-395-940 | Developer Donated Infrastructure | 2,317,013 | 1,065,523 | | |
| | Other Grants | | | | |
| | Total Capital Contributions In | 4,270,270 | 3,267,291 | 1,440,000 | 1,945,000 |
| | Net Income or Loss | 4,152,698 | 3,344,346 | 1,557,945 | 2,108,500 |

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The detail expenditures for the sewer enterprise fund follow:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|-----------------------------------|--|-------------------|-------------------|---------------------|-------------------|
| DETAIL OPERATING EXPENSES: | | | | | |
| 520-810-100 | Regular Pay | 216,954 | 238,771 | 269,400 | 310,000 |
| 520-810-120 | Standby Pay | 3,736 | 4,277 | 5,400 | 10,800 |
| 520-810-130 | Overtime | 18,144 | 23,761 | 22,500 | 24,100 |
| 520-810-140 | Annual Leave Pay | 14,538 | 19,071 | 21,000 | 15,000 |
| 520-810-150 | Sick Leave Pay | 9,411 | 12,482 | 19,000 | 20,000 |
| 520-810-160 | Holiday Pay | 8,414 | 10,427 | 15,000 | 15,000 |
| | Total Salaries and Wages | 271,197 | 308,789 | 352,300 | 394,900 |
| 520-810-200 | FICA | 45 | 73 | 0 | 0 |
| 520-810-210 | Medicare | 2,730 | 3,443 | 5,100 | 5,700 |
| 520-810-220 | Unemployment | 1,007 | 1,923 | 3,500 | 3,900 |
| 520-810-230 | Retirement-PERS | 47,443 | 52,799 | 65,400 | 76,900 |
| 520-810-240 | Group Insurance | 61,714 | 58,592 | 100,100 | 111,100 |
| 520-810-250 | Workers Compensation | 10,979 | 13,332 | 10,600 | 11,800 |
| 520-810-260 | Other Benefits | 134 | 1,062 | 1,500 | 1,500 |
| | Total Employee Benefits | 124,052 | 131,224 | 186,200 | 210,900 |
| | Total Salaries and Benefits | 395,249 | 440,013 | 538,500 | 605,800 |
| 520-810-300 | Professional Services-City Attorney | 17,007 | 19,728 | 17,000 | 17,000 |
| 520-810-310 | Professional Services-Legal | 0 | 360 | 5,000 | 5,000 |
| 520-810-320 | Professional Services-Engineering | 63,188 | 119,567 | 80,000 | 50,000 |
| 520-810-322 | Professional Services-Other | 4,114 | 370 | 4,000 | 4,000 |
| 520-810-324 | Professional Service-Environmental | | | | 3,000 |
| 520-810-325 | Professional Services-PW Inspections | | 14,996 | 25,000 | 5,000 |
| 520-810-328 | Professional Services-Auditing/Acct Asst | 5,666 | 8,334 | 13,000 | 15,000 |
| 520-810-340 | Tech Services-Lab Analysis | 9,551 | 12,641 | 10,000 | 10,000 |
| 520-810-342 | Tech Services-Other | 3,214 | 6,302 | 7,000 | 10,000 |
| 520-810-412 | Utility Service Refuse | 1,460 | 1,395 | 3,000 | 10,000 |
| 520-810-426 | Contract-Sewer Cleaning & Inspection | 0 | 975 | 30,000 | 30,000 |
| 520-810-430 | Service Repair and Maintenance | 21,597 | 32,524 | 35,000 | 35,000 |
| 520-810-435 | Equipment Rental | 0 | 2,550 | | |
| 520-810-441 | Rental | 11,438 | 10,586 | 10,000 | 15,000 |
| 520-810-520 | Insurance | 24,524 | 22,899 | 53,000 | 50,000 |
| 520-810-530 | Communications | 4,222 | 3,799 | 6,000 | 6,000 |
| 520-810-540 | Advertising | 371 | 575 | 2,500 | 2,500 |
| 520-810-550 | Printing and Postage | 14,616 | 17,184 | 20,000 | 20,000 |
| 520-810-580 | Travel and Training | 2,305 | 2,909 | 4,000 | 4,000 |
| 520-810-581 | Dues and Memberships | 0 | 326 | 1,500 | 1,500 |
| 520-810-585 | Educational Assistance Program | 0 | 60 | 1,000 | 1,000 |
| 520-810-600 | General Supplies | 0 | 608 | 0 | 0 |
| 520-810-601 | Office Supplies | 5,936 | 5,246 | 10,000 | 10,000 |
| 520-810-605 | Minor Equipment | 13,064 | 6,729 | 10,000 | 24,000 |
| 520-810-610 | Automotive Supplies | 2,288 | 7,231 | 17,000 | 17,000 |
| 520-810-612 | Buildings and Grounds Supplies | | 414 | | |
| 520-810-614 | Plant/Shop/Maint Supplies | 42,699 | 40,829 | 63,200 | 65,000 |
| 520-810-616 | Safety Supplies | 878 | 1,646 | 3,000 | 3,000 |
| 520-810-621 | Natural Gas | 2,406 | 3,565 | 4,000 | 4,000 |
| 520-810-622 | Electricity | 102,044 | 133,034 | 132,000 | 155,000 |
| 520-810-623 | Propane | 486 | 152 | 200 | 200 |
| 520-810-626 | Gasoline | 10,788 | 15,147 | 30,000 | 30,000 |
| 520-810-640 | Books and Periodicals | 0 | 714 | 1,000 | 1,000 |
| 520-810-642 | Permits and Licenses | 86 | 5,645 | 15,000 | 15,000 |
| 520-810-699 | Miscellaneous Expense | | | 0 | 0 |
| | Total Service & Supplies | 363,948 | 499,040 | 612,400 | 618,200 |
| 520-810-800 | Depreciation | 542,244 | 528,916 | 580,000 | 580,000 |
| 520-800-860 | Interest | 45,950 | 41,464 | 39,155 | 38,000 |
| | Total Expenses | 1,347,391 | 1,509,433 | 1,770,055 | 1,842,000 |

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Analysis:

Use fees are projected to increase 10% in FY07 due to an increase in the number of connections. Customer contributions for hookup (connection) fees and other development contributions are expected to increase by approximately 1,000 new hookups in FY07.

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

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

Non-Potable Water Utility Fund

Organizational Chart:

See water and sewer fund descriptions for an organizational chart.

Description:

The Non-potable 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 and irrigations. The use of non-potable water will result in conservation of treated water and lower costs to customers (versus using potable water for landscaping and irrigation).

Rates

The City is currently conducting 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 non-potable water delivery system. In addition, developers are required to put in “purple pipe” mains and laterals to each home for delivery of non-potable water when the City completes infrastructure.

Capital Expenditures:

The following capital expenditures are included in the FY07 budget:

| | |
|--|-------------------|
| Non-Potable Water Utility Enterprise Fund | |
| Non-Potable Water Transmission Main | \$ 200,000 |
| Non-Potable Water Distribution Center | \$ 700,000 |
| Subtotal Non-Water Utility Fund | \$ 900,000 |

Significant Expenditures and Staffing Changes:

The City intends to construct an alternative (non-potable) water distribution main to connect the Non-Potable Water Distribution Facility to available distributions systems in developments. As a result, there are no current operations and maintenance costs associated with this capital improvement. Future operations and maintenance costs will be paid for through user fees established for affected users.

Goals and Objectives:

Goal: To provide a safe adequate non-potable (alternative) water supply and distribution to the City of Fernley non-potable 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.

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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 non-potable water distribution and transmission mains for adequate transfer of non-potable 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 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 non-potable 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.

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 non-potable water distribution system to serve new public facilities.

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

City of Fernley Annual Budget For Fiscal Year 2006-2007

The cash flow statement for the non-potable water utility enterprise fund follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|----------------------------|--------------------------------------|-------------------|-------------------|---------------------|-------------------|
| CASH FLOW STATEMENT | | | | | |
| | Cash Received from Customers | | 0 | 0 | 0 |
| | Service & Supplies | | 0 | 0 | 0 |
| | Wages & Benefits | | 0 | 0 | 0 |
| | Miscellaneous Income | | 0 | 0 | 0 |
| | Cash from Operations | 0 | 0 | 0 | 0 |
| | Proceeds from Grants | | | | |
| | Cash Received from Other Funds | | | | |
| | Cash Advanced to Other Funds | | | | |
| | Developer Agreements | | | | |
| | Intergovernmental Transfers | | | 800,000 | |
| | Interest Expense | | | | |
| | Interest Income | | 693 | 20,000 | 20,000 |
| | Principal Payments on Long Term Debt | | | | |
| | Capital Contributions | | 131,300 | 130,000 | 500,000 |
| | Grants for Construction | | | | |
| | Acquisition of Assets & Projects | | | -700,000 | -900,000 |
| | Increase (Decrease) in Cash | 0 | 131,993 | 250,000 | -380,000 |
| | Cash & Equivalents July 1 | | 0 | 131,993 | 381,993 |
| | Cash & Equivalents June 30 | | 131,993 | 381,993 | 1,993 |

The summary income statement for the non-potable water utility enterprise fund follows:

| Account # | Description | FY03-04 Actual | FY04-05 Actual | FY05-06 Expected | FY06-07 Budget |
|---------------------------------|---------------------------------------|-------------------|-------------------|---------------------|-------------------|
| SUMMARY INCOME STATEMENT | | | | | |
| | Operating Revenues: | | | | |
| 520-370-100 | Sewer Use Fees | | | | |
| 520-370-300 | Material and Labor Charges | | | | |
| | Miscellaneous | | | | |
| | Operating Revenues | 0 | 0 | 0 | 0 |
| | Operating Expenses: | | | | |
| | Salaries, Wages & Benefits | 0 | 0 | 0 | 0 |
| | Service & Supplies | 0 | 0 | 0 | 0 |
| | Depreciation | 0 | 0 | 0 | 0 |
| | Total Operating Expenses | 0 | 0 | 0 | 0 |
| | Operating Income or Loss | 0 | 0 | 0 | 0 |
| | Non-Operating Revenues & Expenses | | | | |
| 520-380-100 | Interest Income | | 990 | 20,000 | 20,000 |
| 520-800-860 | Interest Expense | | | | |
| 520-380-900 | Miscellaneous Income | | | | |
| 520-380-400 | Loss on Disposition of Assets | | | | |
| | Total Non-Operating Income & Expenses | 0 | 990 | 20,000 | 20,000 |
| | Capital Contributions In: | | | | |
| 520-395-910 | Customer Contributions-Hookups | | 131,300 | 130,000 | 500,000 |
| 520-395-940 | Developer Donated Infrastructure | | | | |
| | Intergovernmental Transfer | | | 800,000 | |
| | Other Grants | | | | |
| | Total Capital Contributions In | 0 | 131,300 | 930,000 | 500,000 |
| | Net Income or Loss | 0 | 132,290 | 950,000 | 520,000 |

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

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
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Appendix A – Salary Schedules

The salary table (assuming employer only PERS) for the City of Fernley effective July 1, 2006 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 | 9.57 | 9.95 | 10.35 | 10.76 | 11.19 | 11.64 | 12.11 | 12.59 | 13.09 | 19,906 | 27,227 |
| 99 | 9.81 | 10.20 | 10.61 | 11.03 | 11.47 | 11.93 | 12.41 | 12.91 | 13.43 | 20,405 | 27,934 |
| 100 | 10.06 | 10.46 | 10.88 | 11.32 | 11.77 | 12.24 | 12.73 | 13.24 | 13.77 | 20,925 | 28,642 |
| 101 | 10.32 | 10.73 | 11.16 | 11.61 | 12.07 | 12.55 | 13.05 | 13.57 | 14.11 | 21,466 | 29,349 |
| 102 | 10.57 | 10.99 | 11.43 | 11.89 | 12.37 | 12.86 | 13.37 | 13.90 | 14.46 | 21,986 | 30,077 |
| 103 | 10.84 | 11.27 | 11.72 | 12.19 | 12.68 | 13.19 | 13.72 | 14.27 | 14.84 | 22,547 | 30,867 |
| 104 | 11.11 | 11.50 | 12.01 | 12.49 | 12.99 | 13.51 | 14.05 | 14.61 | 15.19 | 23,109 | 31,595 |
| 105 | 11.39 | 11.85 | 12.32 | 12.81 | 13.32 | 13.85 | 14.40 | 14.98 | 15.58 | 23,691 | 32,406 |
| 106 | 11.67 | 12.14 | 12.63 | 13.14 | 13.67 | 14.22 | 14.79 | 15.38 | 16.00 | 24,274 | 33,280 |
| 107 | 11.96 | 12.44 | 12.94 | 13.46 | 14.00 | 14.56 | 15.14 | 15.75 | 16.38 | 24,877 | 34,070 |
| 108 | 12.27 | 12.76 | 13.27 | 13.80 | 14.35 | 14.95 | 15.52 | 16.14 | 16.79 | 25,522 | 34,923 |
| 109 | 12.58 | 13.08 | 13.60 | 14.14 | 14.71 | 15.30 | 15.91 | 16.55 | 17.21 | 26,166 | 35,797 |
| 110 | 12.88 | 13.40 | 13.94 | 14.50 | 15.08 | 15.68 | 16.31 | 16.96 | 17.64 | 26,790 | 36,691 |
| 111 | 13.20 | 13.73 | 14.28 | 14.85 | 15.44 | 16.06 | 16.70 | 17.37 | 18.06 | 27,456 | 37,565 |
| 112 | 13.53 | 14.07 | 14.63 | 15.22 | 15.83 | 16.46 | 17.12 | 17.80 | 18.51 | 28,142 | 38,501 |
| 113 | 13.87 | 14.42 | 15.00 | 15.60 | 16.22 | 16.87 | 17.54 | 18.24 | 18.97 | 28,850 | 39,458 |
| 114 | 14.22 | 14.79 | 15.38 | 16.00 | 16.64 | 17.31 | 18.00 | 18.72 | 19.47 | 29,578 | 40,498 |
| 115 | 14.57 | 15.15 | 15.76 | 16.39 | 17.05 | 17.73 | 18.44 | 19.18 | 19.95 | 30,306 | 41,496 |
| 116 | 14.95 | 15.55 | 16.17 | 16.82 | 17.49 | 18.19 | 18.92 | 19.68 | 20.47 | 31,096 | 42,578 |
| 117 | 15.32 | 15.93 | 16.57 | 17.23 | 17.92 | 18.64 | 19.39 | 20.17 | 20.98 | 31,866 | 43,638 |
| 118 | 15.70 | 16.33 | 16.98 | 17.66 | 18.37 | 19.10 | 19.86 | 20.65 | 21.48 | 32,656 | 44,678 |
| 119 | 16.09 | 16.73 | 17.40 | 18.10 | 18.82 | 19.57 | 20.35 | 21.16 | 22.01 | 33,467 | 45,781 |
| 120 | 16.49 | 17.15 | 17.84 | 18.55 | 19.29 | 20.06 | 20.86 | 21.69 | 22.56 | 34,299 | 46,925 |
| 121 | 16.90 | 17.58 | 18.28 | 19.01 | 19.77 | 20.56 | 21.38 | 22.24 | 23.13 | 35,152 | 48,110 |
| 122 | 17.32 | 18.01 | 18.73 | 19.48 | 20.26 | 21.07 | 21.91 | 22.79 | 23.70 | 36,026 | 49,296 |
| 123 | 17.76 | 18.47 | 19.21 | 19.98 | 20.78 | 21.61 | 22.47 | 23.37 | 24.30 | 36,941 | 50,544 |
| 124 | 18.20 | 18.93 | 19.69 | 20.48 | 21.30 | 22.15 | 23.04 | 23.96 | 24.92 | 37,856 | 51,834 |
| 125 | 18.65 | 19.40 | 20.18 | 20.99 | 21.83 | 22.70 | 23.61 | 24.55 | 25.53 | 38,792 | 53,102 |
| 126 | 19.12 | 19.88 | 20.68 | 21.51 | 22.37 | 23.26 | 24.19 | 25.16 | 26.17 | 39,770 | 54,434 |
| 127 | 19.60 | 20.38 | 21.20 | 22.05 | 22.93 | 23.85 | 24.80 | 25.79 | 26.82 | 40,768 | 55,786 |
| 128 | 20.09 | 20.89 | 21.73 | 22.60 | 23.50 | 24.44 | 25.42 | 26.44 | 27.50 | 41,787 | 57,200 |
| 129 | 20.59 | 21.41 | 22.27 | 23.16 | 24.09 | 25.05 | 26.05 | 27.09 | 28.17 | 42,827 | 58,594 |
| 130 | 21.10 | 21.94 | 22.82 | 23.73 | 24.68 | 25.67 | 26.70 | 27.77 | 28.88 | 43,888 | 60,070 |
| 131 | 21.63 | 22.50 | 23.40 | 24.34 | 25.31 | 26.32 | 27.37 | 28.46 | 29.60 | 44,990 | 61,568 |
| 132 | 22.17 | 23.06 | 23.98 | 24.94 | 25.94 | 26.98 | 28.06 | 29.18 | 30.35 | 46,114 | 63,128 |
| 133 | 22.72 | 23.63 | 24.58 | 25.56 | 26.58 | 27.64 | 28.75 | 29.90 | 31.10 | 47,258 | 64,688 |
| 134 | 23.29 | 24.22 | 25.19 | 26.20 | 27.25 | 28.34 | 29.47 | 30.65 | 31.88 | 48,443 | 66,310 |
| 135 | 23.87 | 24.82 | 25.81 | 26.84 | 27.91 | 29.03 | 30.19 | 31.40 | 32.66 | 49,650 | 67,933 |
| 136 | 24.47 | 25.45 | 26.47 | 27.53 | 28.63 | 29.78 | 30.97 | 32.21 | 33.50 | 50,898 | 69,680 |
| 137 | 25.08 | 26.08 | 27.12 | 28.20 | 29.33 | 30.50 | 31.72 | 32.99 | 34.31 | 52,166 | 71,365 |
| 138 | 25.71 | 26.74 | 27.81 | 28.92 | 30.08 | 31.28 | 32.53 | 33.83 | 35.18 | 53,477 | 73,174 |
| 139 | 26.35 | 27.40 | 28.50 | 29.64 | 30.83 | 32.06 | 33.34 | 34.67 | 36.06 | 54,808 | 75,005 |
| 140 | 27.01 | 28.09 | 29.21 | 30.38 | 31.60 | 32.86 | 34.17 | 35.54 | 36.96 | 56,181 | 76,877 |
| 141 | 27.69 | 28.80 | 29.95 | 31.15 | 32.40 | 33.70 | 35.05 | 36.45 | 37.91 | 57,595 | 78,853 |
| 142 | 28.38 | 29.52 | 30.70 | 31.93 | 33.21 | 34.54 | 35.92 | 37.36 | 38.85 | 59,030 | 80,808 |
| 143 | 29.09 | 30.25 | 31.46 | 32.72 | 34.03 | 35.39 | 36.81 | 38.28 | 39.81 | 60,507 | 82,805 |
| 144 | 29.82 | 31.01 | 32.25 | 33.54 | 34.88 | 36.28 | 37.73 | 39.24 | 40.81 | 62,026 | 84,885 |
| 145 | 30.57 | 31.79 | 33.06 | 34.38 | 35.76 | 37.19 | 38.68 | 40.23 | 41.84 | 63,586 | 87,027 |
| 146 | 31.33 | 32.58 | 33.88 | 35.24 | 36.65 | 38.12 | 39.64 | 41.23 | 42.88 | 65,166 | 89,190 |
| 147 | 32.11 | 33.39 | 34.73 | 36.12 | 37.56 | 39.06 | 40.62 | 42.24 | 43.93 | 66,789 | 91,374 |
| 148 | 32.91 | 34.23 | 35.60 | 37.02 | 38.50 | 40.04 | 41.64 | 43.31 | 45.04 | 68,453 | 93,683 |

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 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 |
| 130 | Associate Planner |
| 132 | Assistant Engineer |
| 134 | Assistant Admin. Services Director (Deputy Treasurer) Associate Engineer City Clerk Public Works Superintendent Assistant Public Works Director Senior Planner |
| 138 | Park and Recreation Director |
| 141 | Building Official |
| 148 | Administrative Services Director Community Development Director Public Works Director |
| Contract | City Manager |

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

The following table shows the authorized positions for Fiscal Year 2005-2006 in terms of Full Time Equivalents (FTE).

| Department/Position | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 |
|--|-------------|-------------|-------------|-------------|--------------|--------------|
| ELECTED OFFICIALS: | | | | | | |
| Mayor | 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 |
| <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> |
| MUNICIPAL COURT: | | | | | | |
| Municipal Court Judge | 0.20 | 0.20 | 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> |
| OFFICE OF THE CITY MANAGER: | | | | | | |
| City Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Senior Office Assistant | | | | | 1.00 | |
| Administrative Specialist | | | | | | 1.00 |
| <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> |
| OFFICE OF THE CITY CLERK: | | | | | | |
| City Clerk | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Deputy City Clerk | | | | 1.00 | 1.00 | 1.00 |
| Office Assistant II (regular part-time) | 0.75 | 0.75 | 0.75 | 0.50 | 1.10 | 1.10 |
| 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> |
| ADMINISTRATIVE SERVICES | | | | | | |
| Admin. Services Director (City Treasurer) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Asst Adm Srv Director (Deputy City Treas.) | | | | | 1.00 | 1.00 |
| Business Office Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | |
| Administrative Specialist | | | | | | 1.00 |
| Senior Office Assistant | 1.00 | 1.00 | 1.00 | 3.00 | 3.00 | |
| Technical Specialist | | | | | | 2.00 |
| 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 | |
| Accounting Technician | | | | | | 3.00 |
| 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 |
| SUBTOTAL ADMINISTRATIVE | <i>5.00</i> | <i>6.50</i> | <i>6.50</i> | <i>9.00</i> | <i>11.00</i> | <i>11.00</i> |
| COMMUNITY DEVELOPMENT | | | | | | |
| Community Development Director | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Senior Planner (Assistant Director) | | | | | 1.00 | 1.00 |
| Building Official | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Office Assistant | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 | |
| Permit Technician | | | | | | 2.00 |
| Building Inspector | 1.00 | 2.00 | 2.00 | 4.00 | 5.00 | 5.00 |
| Senior Plans Examiner | | | | | 1.00 | 1.00 |

**City of Fernley Annual Budget
For Fiscal Year 2006-2007**

| Department/Position | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Assistant/Associate Engineer | | | | 1.00 | 2.00 | 2.00 |
| Assistant/Associate Planner | | | | 1.00 | 1.00 | 1.00 |
| Development Assistant | | 1.00 | 1.00 | 1.00 | 1.00 | |
| Technical Specialist | | | | | | 1.00 |
| Driver/Clerk | | | | 1.00 | 1.00 | |
| Office Assistant II | | | | | | 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> |
| Parks and Recreation Department: | | | | | | |
| Parks and Recreation Director | | | | 1.00 | 1.00 | 1.00 |
| Maintenance Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Maintenance Worker | 2.00 | 2.00 | 2.00 | 3.00 | 4.00 | 5.00 |
| Maintenance Helper (3 seasonal) | | 1.47 | 1.47 | 1.47 | 1.47 | 2.95 |
| Maintenance Helper (part time) | 0.05 | 0.03 | 0.03 | 0.03 | .03 | .03 |
| Vector Control Supervisor | | | | 1.00 | 1.00 | |
| 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> |
| PUBLIC WORKS DEPARTMENT: | | | | | | |
| Public Works Director | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Assistant Public Works Director | | | | | | 1.00 |
| Public Works Field Superintendent | 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 |
| Office Assistant II | 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 |
| Sr. WWTP Operator | 1.00 | 1.00 | 1.00 | | | |
| WWTP Operator | | | | 1.00 | 1.00 | 1.00 |
| Public Works Worker I (II) | 1.00 | 1.00 | 1.00 | 7.00 | 7.00 | 8.00 |
| 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> |
| TOTAL | 33.60 | 39.45 | 40.62 | 51.89 | 60.90 | 65.38 |

**City of Fernley Annual Budget
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Appendix C – Allocation Percentages for Personnel

Total Number of Positions:

| Descriptions | Positions | FTE |
|------------------------------|-----------|-------|
| Elected Officials | 6 | 6.00 |
| Contract | 1 | 0.40 |
| Full Time Employees | 53 | 53.00 |
| Regular Part Time Employees | 3 | 1.60 |
| Part Time/Seasonal Employees | 11 | 4.38 |
| Total | 74 | 65.38 |

**City of Fernley Annual Budget
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Appendix D – 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.

Account Groups – Accounting entities used to establish control over and accountability for the government’s general fixed assets and the unmatured principal of its general long-term debt, including special assessment debt for which the government is obligated in some manner. Current authoritative literature provides for two such account groups: the general fixed assets account group (GFAAG) and the general long-term debt account group (GLTDAG). The long-term portions of claims, judgments, compensated absences and unfunded pension contributions not reported in proprietary or trust funds are also usually reported in the GLTDAG. Account groups are dissimilar to funds in that they are not used to account for sources, uses and balances of expendable available financial resources.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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 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 – See **Fixed Assets**.

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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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.

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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 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.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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.

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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 Circular A-128, *Audits of State and Local Governments*, 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

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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 Fixed Assets – Capital assets that are not assets of any fund, but of the governmental unit as a whole. Most often these assets arise from the expenditures of the financial resources of governmental funds.

General Fixed Asset Account Group (GFAAG) - A self-balancing group of accounts established to account for fixed assets of a government not accounted for through specific proprietary funds or trust funds.

General Fund – The fund used to account for all financial resources, except those required to be accounted for in another fund.

General Long Term Debt – Long-term debt expected to be repaid from governmental funds.

General Long Term Debt Account Group (GLTDAG) – A self-balancing group of accounts established to account for the unmatured general long-term debt of a government.

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.

General Purpose Financial Statements (GPFS) – Five combined financial statements that, together with the accompanying notes, constitute the minimum financial reporting needed for fair presentation in conformity with GAAP.

City of Fernley Annual Budget For Fiscal Year 2006-2007

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.

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.

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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 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.

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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 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.

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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.

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

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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.

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

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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.

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.

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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.

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.

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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.

Statement of Cash Receipts and Disbursements – A financial presentation summarizing an entity’s cash transactions in an accounting period. This statement is not currently required by GAAP.

Statement of Changes in Financial Position – A GAAP financial statement for proprietary and similar trust funds that summarizes all important aspects of a government’s financing and investing activities, regardless of whether cash or other elements of working capital are directly affected.

Statement of Changes in Equity – The financial statement that reconciles the equity balances of an entity at the beginning and end of an accounting period in conformity with GAAP. It explains the relation between the operating statement and the balance sheet. Statements of changes in equity of government should be combined with operating statements into “all-inclusive” operating statement formats.

Statement of Financial Position – See **Balance Sheet**.

Statement of Revenues and Expenditures – The financial statement that is the government funds and expendable trust fund GAAP operating statement. It presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in an entity’s net current assets. Statement of changes in equity of governments should be combined with operating statements into “all-inclusive” operating statement formats.

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.

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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.

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 E – Acronyms

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| 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 |