CITY OF RENO, NEVADA

Comprehensive Annual Financial Report

For Fiscal Year Ending June 30, 2003

CITY OF RENO
STATE OF NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year July 1, 2002 through June 30, 2003

Prepared by the City of Reno
Finance Department
ANDREW M. GREEN
Finance Director

CITY OF RENO, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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INTRODUCTORY SECTION

October 9, 2003

Residents of the City of Reno
The Honorable Mayor and Council Members
City of Reno, Nevada

We are pleased to submit the Comprehensive Annual Financial Report of the City of Reno for the fiscal year ended June 30, 2003.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. This letter of transmittal is designed to complement the Management Discussion and Analysis (MD&A) and should be read in conjunction with it. The City of Reno's MD&A can be found immediately following the report of the independent auditors.

The report contains a comprehensive analysis of the City's financial position and activities for the year. This report is presented in four sections:

- Introductory Section, which contains this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, an organization chart, and a list of principal officials of the City;

- Financial Section, which consists of the independent auditor's report, the management discussion and analysis, general purpose financial statements, including notes to the financial statements, and more detailed combining and individual fund statements, all completed in accordance with GASB 34;

- Statistical Section, which contains financial, demographic, and general information, generally presented for multiple years; and

- Compliance Section, which contains independent auditor's reports on compliance with laws and regulations and internal control and which contains Schedules of Expenditures of Federal Awards and Business License Fees. The Compliance Section also includes the Nevada Revised Statutes required reports on reserves and funds.

This Comprehensive Annual Financial Report presents the funds of the City of Reno, the primary government, and the Redevelopment Agency of the City of Reno, a component unit for which the City of Reno is financially accountable. Determination of "financial accountability" is based on criteria promulgated by Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. The City Council is financially accountable for the Redevelopment Agency of the City of Reno; therefore, the activities of the Agency are included in this report. The

Housing Authority of the City of Reno is a related organization of the City of Reno but not a component unit because the City's accountability does not extend beyond the appointment of board members.

Profile of the Government

Reno, Nevada which is the largest community in Northern Nevada and the third largest city in the state, began as "Lake's Crossing" in 1859 at a toll bridge for pioneers crossing the Truckee River on their way to California. In 1868, the Central Pacific Railroad established a town site in the area as a new stop in the growing transcontinental railroad. The city was incorporated in 1903. It is located in the southern part of Washoe County, nestled in Sierra Nevada Mountains 35 miles northwest of Lake Tahoe, in the area called the Truckee Meadows. The City was named after Civil War General Jesse Reno.

The City has a Council-Manager form of government with six Council members elected for staggered terms of four years. The Mayor is the chief elected official and formal representative of the City. Elected at-large, the Mayor serves for a four-year term. The City Manager is selected by the Council and is the City's chief administrative official. The Manager is responsible for all City business.

The City provides the full range of municipal services contemplated by statute or charter. This includes public safety (police, fire, and building inspection), public works, public improvements, planning and zoning, community development, parks and recreation, wastewater treatment, and general administrative services. In addition to general government activities, the City Council is financially accountable for the Redevelopment Agency of the City of Reno; therefore, the activities of the Agency are included in this report. The Housing Authority of the City of Reno is a related organization of the City of Reno but not a component unit because the City's accountability does not extend beyond the appointment of board members.

The City of Reno maintains budgetary controls. The objectives of theses budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. Prior to April 15, the Finance Director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the citizens via public hearings. The Nevada Department of Taxation notifies the City Council whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval.

All revisions to the adopted budget are a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available.

Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds, are included in the annual budget. Budgetary control is exercised at the function level. Encumbered amounts lapse at year end. However, encumbrances generally are reapportioned as part of the following year's budget augmentation.

Factors Affecting Economic Condition

Local economy. In its November 2003 issue, Time Magazine listed Reno among the top cities that businesses are migrating to for quality of life and business friendly atmosphere. Dun and Bradstreet and Entrepreneur Magazine named the Reno area as the best small city in America for small business. Inc. Magazine ranked Reno as the fourth best place among the nation=s top 50 small metropolitan areas for starting and growing a company. In its January 2002 issue, The Wall Street Journal noted Reno as a case study in the patience and perseverance needed to rebuild a local economy.

Reno's economy is principally based in the trade and service sector, with approximately 60% of the work force employed in these occupations. Although gaming and other recreational activities represent a significant portion of the growing economy and assessed valuation, the City is experiencing gradual diversification of its business base with the expansion of distribution, warehousing, and manufacturing facilities. Approximately 27% of the workforce is employed in the fields of construction, manufacturing, transportation, communications, public utilities, and finance related services. Nevada=s Freeport Law exempts state taxation on all personal property in transit through Nevada while it is being stored, assembled or processed for use in another state. There is no corporate or personal income tax. Nevada is a right-to-work state. These factors have contributed to the State=s tremendous growth in the 1990's. The Reno area is serviced by two major highways. Union Pacific railroad and a number of trucking and airline carriers make it possible to ship from Reno to 80% of the 11 western states on a next-day basis.

Located within walking distance of Reno=s downtown business center, the University of Nevada, Reno (UNR) covers 255 acres. Created through provisions of the federal Morrill Land-Grant Act of 1862, UNR offers over 70 undergraduate majors, along with masters and doctoral programs and has the State=s medical school. The University is ranked as one of AAmerica=s Best Colleges@ by U.S. News and World Report. Truckee Meadows Community College, also located in Reno, offers associate degrees, business specific training, continuing education, and is a lower cost institution to attend when starting to work toward a four-year degree. There are two specialized educational institutions in Reno: the Desert Research Institute and the National Judicial College. The first is a study center specializing in arid regions and the second is a training center for judges.

The Truckee Meadows and the surrounding area provide unlimited indoor and outdoor recreational activities. Within a fifty-mile radius is spectacular Lake Tahoe which provides a wide array of summer water sports venues and the largest concentration of ski areas and ski facilities in the world. Hiking, camping, kayaking, hunting and fishing, mountain climbing, skiing and ice skating are all available within a thirty-minute drive. Pyramid Lake, a recreational water area located on the Paiute Indian reservation north of Reno, is one of two locations worldwide that contains the prehistoric cui-ui fish. Rand McNally ranks the Reno-Tahoe area as the number one outdoor recreation area in the United States. Men's Journal rated Reno the third best small city in the country to live in for its recreational opportunities.

The City is the host to several special events throughout the year: Hot August Nights, a five-day 50's nostalgia celebration; the National Championship Air Races, a four-day events with six classes of airplanes competing for the fastest airspeed records in their respective classes; the Great Reno Balloon Race, a three-day, three-event competition for hot air balloonists; the week-long Wildest, Richest Rodeo in the West; and, for the fourth year in a row, the Reno-Tahoe Open, a PGA Golf Tournament.

In addition to the accomplishments of the Economic Development Authority of Western Nevada in bringing new business to Northern Nevada, the City of Reno Redevelopment Agency has various projects in progress to bring entertainment and housing projects in the City=s downtown sector.

Over 30 million dollars of City and one billion dollars in private/other public investment has been made in downtown Reno to modernize and beautify infrastructure and facilities. A maintenance district was established to ensure that the downtown area will remain clean and beautiful.

Various projects are underway to further promote growth in the downtown Reno area. Pre-construction work has begun on the Downtown Events Center, proposed 118,000 sq. ft. multi-purpose center located adjacent to the National Bowling Stadium. This center will, in addition to attracting over 100,000 people during bowling tournament years, increase the City's ability to attract mid-sized conventions, concerts and other venues too large for private facilities. In the planning stages are the 10 North Virginia Plaza, a $4 million project to develop a civic center plaza across from the new city hall to provide a permanent location for an ice rink facility destination point; the Mid-Block Project, a $15 million multi-use project containing approximately 10,000 sq. ft. of retail space and 55 condominiums located in the downtown; and the Riverside Project, a $13.3 million mixed-use project consisting of 7,800 sq. ft. of retail space and 58 condominiums on a 60,000 s.f. parcel.

The City is continuing work on its largest public works project to date – construction of the 2.1 mile depressed railway corridor known as the ReTRAC project. Special obligation, revenue-backed bonds totaling approximately $114.2 million have been sold and a $50 million loan from the Federal Department of Transportation has been procured to date to fund the project. Construction on the project has commenced and is still scheduled for completion in May of 2006.

Site preparation has begun on the construction of a future joint facility for the Reno Municipal Court and the Washoe County District Attorney, which includes the Family Court. This project is a result of a recommendation from a citizens' Justice Facilities Task Force. This project will produce construction cost savings for both entities and provide greater convenience to citizens of the City and County.

Although growth rates have slowed in the last year, the State of Nevada and the Reno-Sparks area are expected to continue to outperform the nation in 2003. The *American Economic Review* ranks Reno fifth in the nation for urban quality of life.

Cash Management. The City's investment policy was written to ensure the safety of its invested idle funds by limiting credit and interest rate risks. The City of Reno's investment policy was awarded the Municipal Treasurer's Association Certificate of Excellence in August 1991. The City of Reno was the first governmental entity in the State of Nevada to receive this prestigious award.

Permissible investments of the policy include certificate of deposit; bankers acceptances; repurchase agreements; money market mutual funds which are registered with the SEC, are rated "AAA" by a nationally recognized rating service, and invests only in securities issued by the Federal Government or agencies of the Federal Government or in the repurchase agreements fully collateralized by such securities; obligations of the United States Treasury and certain United States agencies, with specified dollar limits and maturity dates; and the State Local Government Investment Pool. All repurchase agreements and time deposits must be collateralized. The policy states that the collateral for repurchase agreement shall be United States Treasury or Government Agency issues, whose market value at the time of purchase is equal to 102% of the repurchase agreement's face value.

Statement Number 3 of the GASB "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" classifies risk by three categories. The city has chosen to limit its credit risk through a conservative investment policy and by complying with the Nevada Revised Statues.

Risk Management. The City has developed a risk management program to further promote its fundamental responsibility and financial capability to provide basic services to the citizens of Reno. The risk management program is divided into two functional areas: Risk Retention and Self-Funded Worker's Compensation. The Risk Retention Fund was designed to account for the operations of the self funded general insurance program. The Self-Funded Worker's Compensation Fund was designed to account for the operations of the self funded workers compensation program. This program offers two medical plans, the self funded plan and a health maintenance organization. It also offers dental and vision plans and life insurance benefits. Health insurance benefits are also available to retired city employees under various plans. Notes 12 and 13 to the financial statements describe more fully the purpose of the funds, insurance coverage and stop loss amounts.

As part of the risk management program, the City has an extensive safety program which provides on-going training for employees to minimize risk related to the work place.

Periodic review of the City's funding arrangements with respect to general liability maintains the City's assumption of risk at a reasonable and affordable level.

Pension information. The employees of the City are covered by the State of Nevada Public Employees' Retirement Plan. The City does not exercise any control over the plan and is not liable for any of the plan's unfunded obligations. The plan was established on July 1, 1928 by the Nevada Legislature and is governed by the Public Employee's Retirement Board, whose seven members are appointed by the Governor.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Reno, Nevada, for its Comprehensive Annual

Financial Report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial. Such Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Reno has received a Certificate of Achievement for the last twenty consecutive years (fiscal years ended June 30, 1983-2002). We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the certified public accountants of Bartig, Basler & Ray, CPAs, Inc. Appreciation is expressed to all persons who assisted and contributed to its preparation. The interest and support in planning and conducting the financial operations of the City by the City Council in a responsible and progressive manner is appreciated.

Respectfully submitted,

Andrew M. Green
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

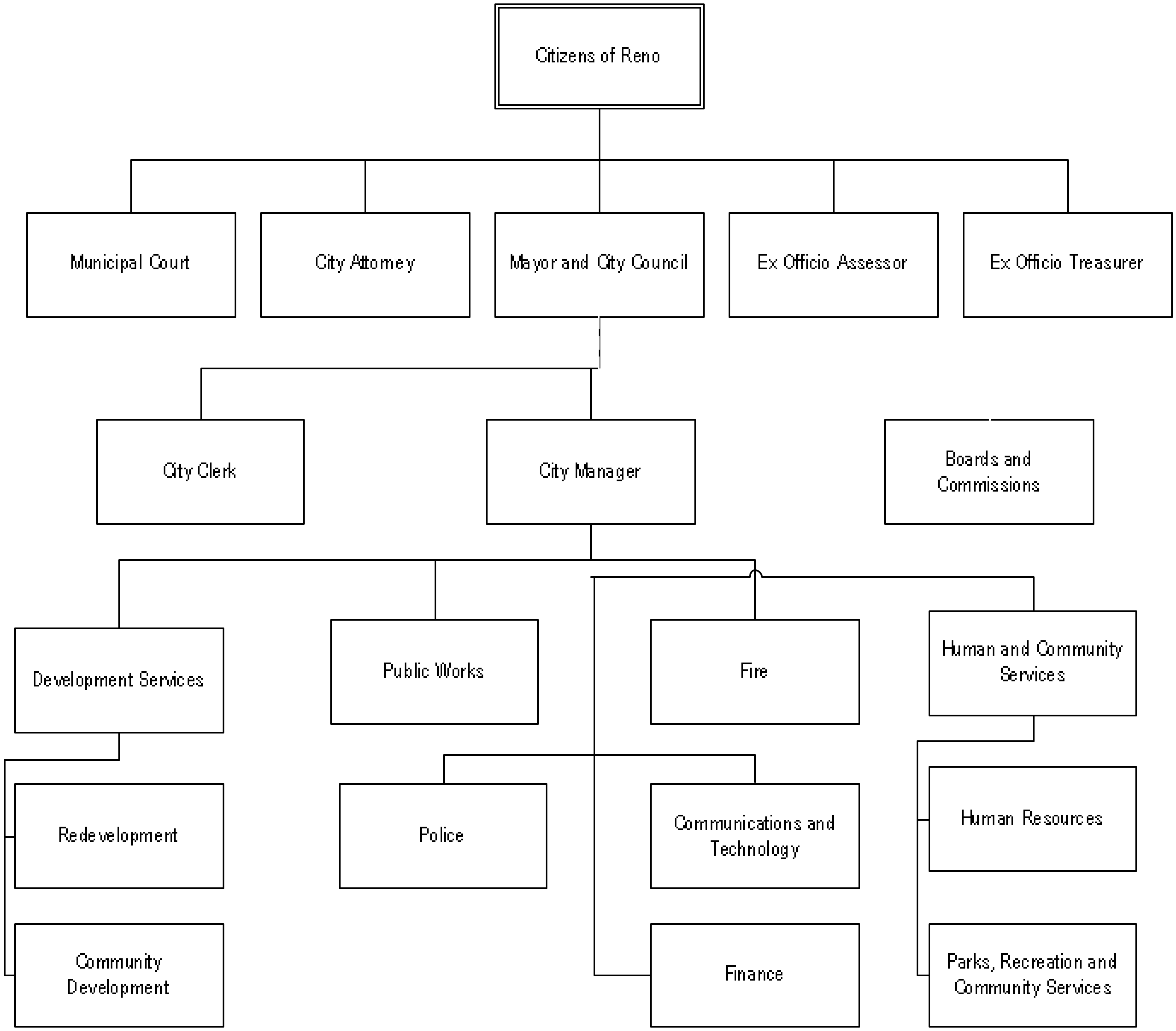
City of Reno, Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director


Citizens of Reno
Municipal Court
City Attorney
Mayor and City Council
Ex Officio Assessor
Ex Officio Treasurer
City Clerk
City Manager
Boards and Commissions
Development Services
Public Works
Fire
Human and Community Services
Redevelopment
Police
Communications and Technology
Human Resources
Community Development
Finance
Parks, Recreation and Community Services

CITY OFFICIALS

CITY COUNCIL

Robert A. Cashell, Mayor
Toni Harsh, Councilmember, Ward 1
Sandra Zadra, Councilmember, Ward 2
Jessica Sferrazza, Councilmember, Ward 3
Dwight Dortch, Councilmember, Ward 4
Dave Aiazzi, Councilmember, Ward 5
Pierre Hascheff, Councilmember, At Large

CITY MANAGER

Charles E. McNeely

CITY MANAGEMENT

Appointed by City Council

Lynnette R. Jones, City Clerk

OTHER ELECTED OFFICIALS

Patricia Lynch, City Attorney
Jay Dilworth, Judge
Paul Hickman, Judge
James Van Winkle, Judge
Kenneth Howard, Judge

FINANCIAL SECTION

Bartig, Basler & Ray
A Professional Corporation
Certified Public Accountants and Management Consultants

Frank V. Trythall
Kenneth E. Pope
Brad W. Constantine
Theril H. Lund
Bruce W. Stephenson
Roseanne M. Lopez

Curtis A. Orgill
M. Elba Zúñiga

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council Members
of the City of Reno

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno, Nevada, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the management of the City of Reno. Our responsibility is to express our opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 9, 2003 on our consideration of the City of Reno's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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1885 South Arlington Avenue, Suite 105, Reno, NV 89509-3370 • (775) 323-7122 • FAX (775) 323-1174

To the Honorable Mayor and Council Members
of the City of Reno

The Management's Discussion and Analysis (MD & A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund statements and schedules and the Schedule of Expenditures of Federal Awards (as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion on them.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler & Ray, CPAs, Inc.

Roseville, California
October 9, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Reno
Management's Discussion and Analysis

The following management's discussion and analysis is presented to provide the reader with an overview of the financial activity and overall financial condition of the City of Reno. The following document should be read in conjunction with the transmittal letter presented in the introductory section of this report to enhance the understanding of the financial information presented.

Financial Highlights

- Net assets improved by $63,713,210 or 18.4% over the prior year balance after adjustment.
- The City issued approximately $25.5 million in bonds to refinance and renovate a building which will become the new city hall; to provide additional funding to construct a downtown events center; and to finance improvements in the Stead Special Improvement District.
- Net capital assets grew $93,619,271 after a prior year adjustment to increase construction in progress.
- General Fund revenues totaled $135,669,180, a $4,569,083 increase over the prior year.
- General Fund expenditures declined 0.87% to $119,594,550.
- Property tax revenue increased by $1,399,081.
- Consolidated taxes increased from $40,757,992 to $42,948,773, or 5.4% over the prior year.
- Cash and investments at the governmental funds level shrunk almost $32 million, primarily due to the usage of bond proceeds to fund construction of the depressed railroad trench and downtown events center projects.

Financial Overview

The basic financial statements of the City of Reno are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. Additionally, supplemental information to the financial statements is contained in this report.

<u>Government-wide Financial Statements</u>

The government-wide financial statements are presented to provide readers with a broad overview of the City of Reno that is similar to that of the private sector.

The Statement of Net Assets presents information on all assets and liabilities for the City of Reno. The difference between the total assets and total liabilities is reported as "net assets". Over time increases and decreases in net assets may serve as an indicator of improvement or deterioration of financial condition.

The Statement of Activities reflects the changes which have occurred during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes.

Governmental activities which are supported primarily by taxes and intergovernmental revenues are distinguished from activities which are intended to recover all or a significant portion of costs through user fees and charges, as is the case with business-type functions, in the government-wide and fund financial statements. City of Reno governmental activities include those associated with general government; judicial; public safety; public works; planning and community developments; and parks, culture, and recreation. The business-type activities for the City of Reno include sewer operations, golf operations, animal services, dispatch center operations, and building permit operations.

Fund Financial Statements

A fund is a legal and accounting entity with a self-balancing set of accounts to record activity involving assets and liabilities. The City of Reno, as with other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City of Reno are divided into governmental, proprietary, and fiduciary funds

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds focus on the current inflows and outflows of resources. This information is useful in determining current financial requirements.

The City of Reno maintains 27 separate funds that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures, and changes in fund balance in the following eight funds because they qualify as major funds under the GASB 34 definition – General Fund, Streets Fund, Railroad Debt Service Fund, Events Center Debt Service Fund, Special Assessment District Debt Service Fund, Railroad Capital Project Fund, Downtown Events Center Capital Project Fund, and the Municipal Court Capital Project Fund. Information for the remaining twenty (19) funds which meet the definition of non-major funds is aggregated for reporting purposes.

A separate budget is prepared, annually, for each fund reflecting anticipated resources and uses of the collected resources. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City of Reno maintains enterprise and internal service proprietary fund types. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds consist of Sanitary Sewer, Golf Course, Animal Services, Dispatch Center, and Building Permit. Internal services funds are used to account for and allocate internal costs to the various functions on the City of Reno. Examples of internal service funds include Motor Vehicle, Risk Retention, Self-funded Medical Plan, and Self-funded Worker's Compensation. These functions primarily benefit governmental as opposed to business-type activities. Consequently, they have been included in the governmental activities of the government-wide financial statements.

Fiduciary Funds

Fiduciary fund are used to account for resources held for the benefit of parties outside of the City of Reno government. These funds are not reflected in the government-wide financial statements because the resources are not available to support City of Reno programs.

Notes to the Financial Statements

Notes to the financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the government-wide and fund financial statements.

Other Information

Combining and individual fund statements and schedules are presented immediately following the notes to the financial statement section of this report.

Financial Statement Analysis

Government-Wide Financial Statement Analysis

In order to enhance analysis and provide a means for evaluating the City of Reno's financial position, comparative information is provided below.

City of Reno's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2003	**2002***	**2003**	**2002**	**2003**	**2002**
Current and other assets	$294,111,813	$295,144,913	$25,198,924	$26,303,473	$319,310,737	$321,448,386
Restricted assets			22,271,888	18,293,963	22,271,888	18,293,963
Investment in Truckee Meadows Water Reclamation Facility			57,618,222	58,297,111	57,618,222	58,297,111
Delinquent accounts receivable			1,240,374	1,091,284	1,240,374	1,091,284
Capital assets	281,520,506	194,812,407	130,501,765	123,590,593	412,022,271	318,403,000
Total Assets	575,632,319	489,957,320	236,831,173	227,576,424	812,463,492	717,533,744
Current liabilities	43,368,823	30,406,774	7,061,798	4,602,658	50,430,621	35,009,432
Long-term liabilities	346,229,959	329,123,315	4,949,401	6,260,696	351,179,360	335,384,011
Total Liabilities	389,598,782	359,530,089	12,011,199	10,863,354	401,609,981	370,393,443
Net Assets:						
Invested in capital assets, net of related debt	140,927,234	74,350,515	127,046,765	119,990,593	267,973,999	194,341,108
Restricted	214,513,161	58,557,609	1,470,070	1,462,902	215,983,231	60,020,511
Unrestricted	(169,406,858)	(2,480,893)	96,303,139	95,259,575	(73,109,719)	92,778,682
Total Net Assets	$186,033,537	$130,427,231	$224,819,974	$216,713,070	$410,853,511	$347,140,301

*Note: Totals for Governmental Activities for FY 2003 have been restated to reflect the following prior year adjustments: $295,719 net increase to Capital Assets and $320,195 increase in deferred bond costs reported under Current and Other Assets.

Total assets as of June 30, 2003, net of accumulated depreciation of $107,844,450, totaled $812,463,492. Assets include cash/investments, receivables, prepaid items, and capital assets. Liabilities, which consisted primarily of long-term debt, totaled $401,609,981. Liabilities also include payables and unearned revenue. A comparison of assets and liabilities for the government-wide financial statements reflected net assets of $410,853,511. This total reflects an improvement during the year of $63,713,210, or 18.4%, after taking into consideration two prior period adjustment affecting governmental activities – $295,719 net increase to construction in progress and $320,195 in additional deferred bond costs. The majority of the City of Reno's net assets, $268 million, or 65%, is reflected in investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and construction in progress). Capital asset growth is responsible for 98% of the growth in total assets. Other asset investment includes a $57,618,222 ownership interest in the Truckee Meadows Water Reclamation Facility.

Fiscal year 2002/03 activity for the government-type and business-type entities is presented in the Statement of Activities and summarized on the next page. As indicated on this statement, governmental activities increased net assets of the City of Reno by $55,606,306. Business-type activities increased net assets by $8,106,904.

Total revenues in fiscal year 2002/03 increased 14.6% over the previous year's total, while expenses increased only 7.8%. The large decrease in expense within the Police function under governmental activities is largely due to the transfer of emergency dispatch call operations into a new business-type activity.

Fiscal year 2001/2002 general revenues have been adjusted to reflect the reclassification of franchise fees to program revenue under charges for services in the General Government function. After this adjustment, general revenues in the current year still rose 5% over general revenues collected in the prior year.

City of Reno Change in Net Assets

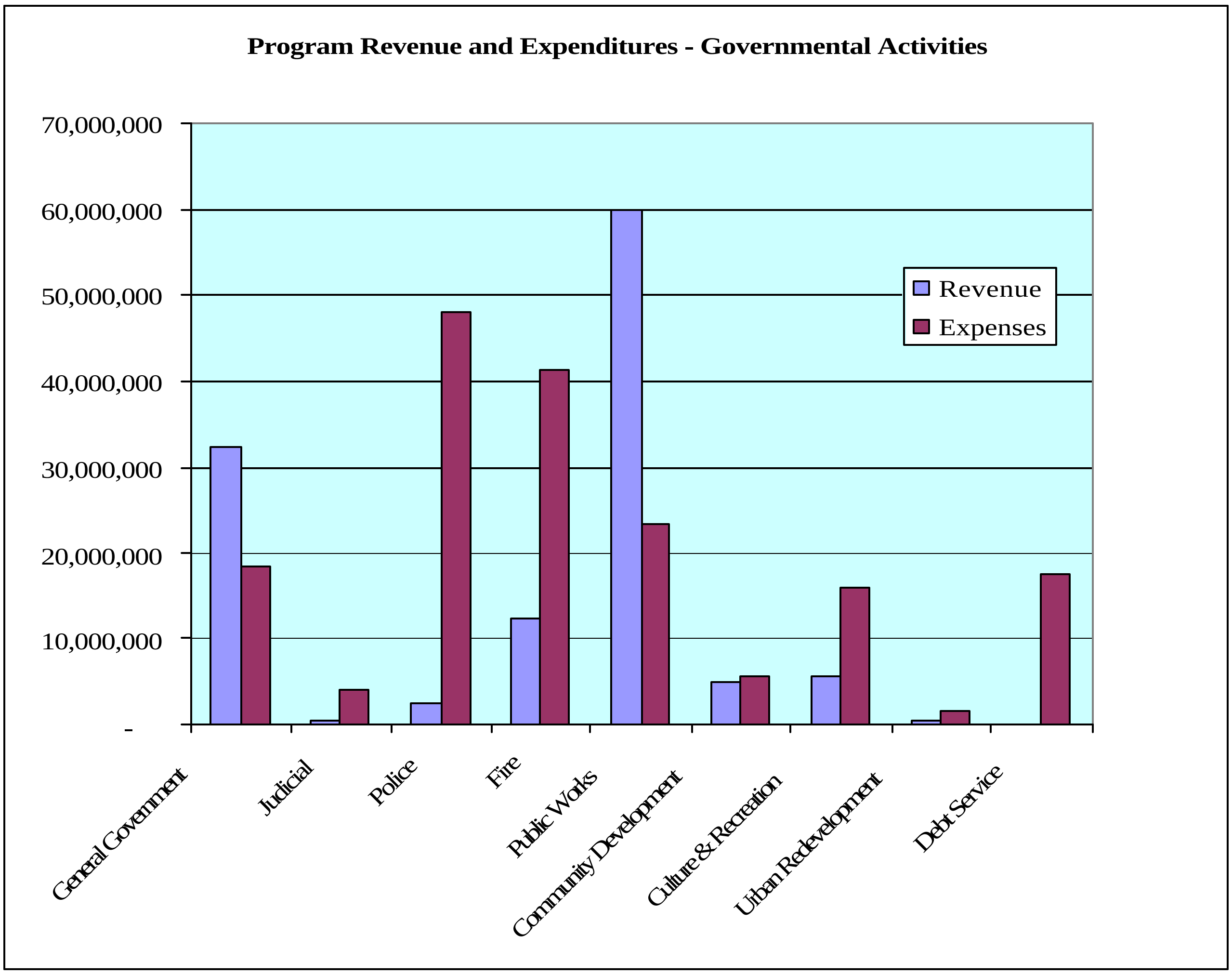
	Governmental Activities		Business Type Activities		Total	
	2003	2002*	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	$53,764,822	$47,702,700	$32,116,833	$28,876,765	$85,881,655	$76,579,465
Operating grants, interest and contributions	8,381,978	6,850,005	17,987	63,137	8,399,965	6,913,142
Capital grants, interest and contributions	56,401,220	40,311,605	11,885,620	8,270,821	68,286,840	48,582,426
Total Program Revenue	118,548,020	94,864,310	44,020,440	37,210,723	162,568,460	132,075,033
General revenues:						
Ad valorem taxes	49,529,532	47,796,806	-	-	49,529,532	47,796,806
Consolidated taxes	42,948,773	40,757,992	-	-	42,948,773	40,757,992
Shared revenues	3,551,915	3,687,113	-	-	3,551,915	3,687,113
Other taxes	11,453,738	9,631,522	-	-	11,453,738	9,631,522
Unrestricted investment & interest earnings	5,165,957	5,388,931	464,392	1,233,189	5,630,349	6,622,120
Other	3,418,429	2,638,247	255,580	111,047	3,674,009	2,749,294
Total Revenues	**234,616,364**	**204,764,921**	**44,740,412**	**38,554,959**	**441,925,236**	**243,319,880**
Expenses:						
General government	18,447,393	17,891,225	-	-	18,447,393	17,891,225
Judicial	4,130,566	4,026,192	-	-	4,130,566	4,026,192
Police	47,974,615	54,799,718	-	-	47,974,615	54,799,718
Fire	41,313,419	41,263,133	-	-	41,313,419	41,263,133
Public works	23,329,696	19,403,364	-	-	23,329,696	19,403,364
Planning & community development	5,489,076	5,165,370	-	-	5,489,076	5,165,370
Culture & recreation	16,081,352	15,659,627	-	-	16,081,352	15,659,627
Urban redevelopment	1,716,205	1,349,781	-	-	1,716,205	1,349,781
Interest & fiscal charges	17,567,596	6,406,058	-	-	17,567,596	6,406,058
Sanitary sewer	-	-	25,327,746	24,622,533	25,327,746	24,622,533
Golf courses	-	-	2,150,809	2,378,168	2,150,809	2,378,168
Building permits	-	-		6,048,698	5,933,092	6,048,698
Animal services shelter	-	-	1,114,066	965,714	1,114,066	965,714
Dispatch center	-	-	5,067,935	-	5,067,935	0
Total Expenses	176,049,918	165,964,468	39,593,648	34,015,113	215,643,566	199,979,581
Increase in net assets before transfers	58,566,446	38,800,453	5,146,764	4,539,846	226,281,670	43,340,299
Transfers	(2,960,140)	(3,593,971)	2,960,140	3,593,971	-	-
Change in Net Assets	55,606,306	35,206,482	8,106,904	8,133,817	63,713,210	43,340,299
Net assets, July 1, as restated	130,427,231	95,220,749	216,713,070	208,579,253	347,140,301	303,800,002
Net assets, June 30	$186,033,537	$130,427,231	$224,819,974	$216,713,070	$410,853,511	$347,140,391

*Note: FY 2001/02 charges for services are restated to reflect the reclassification of franchise fees from general revenues to charges for service.

Governmental Activities

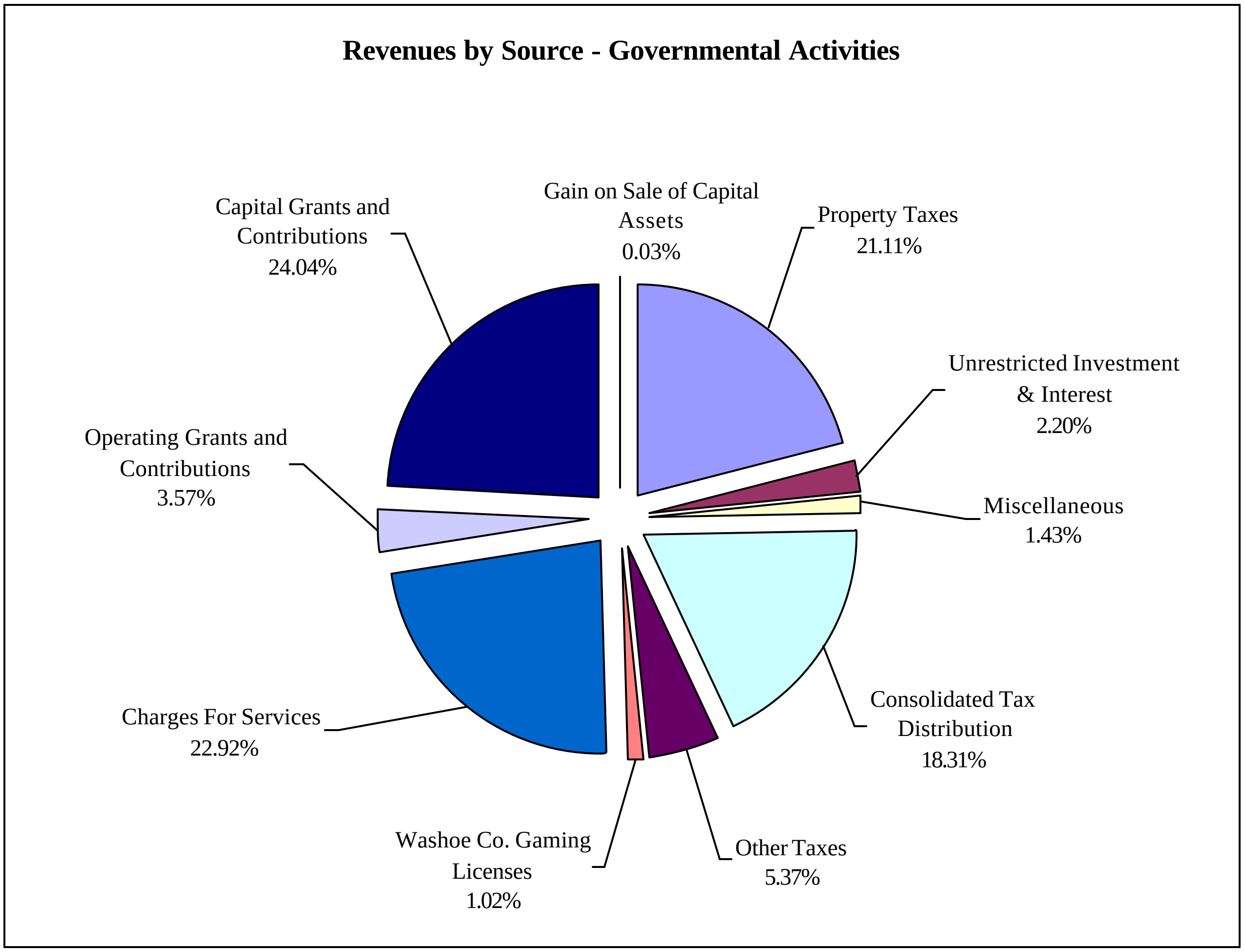
Program revenues are those revenues that derive directly from the program itself or from parties outside of the City's taxpayers or citizenry. They reduce the net cost of the function to be financed from the City's general revenues which include property taxes and other taxes. The following chart compares the expenses for a particular program and the revenues generated by the program to defray those expenses.

Total program revenues and expenses for government-type activities amounted to $118,548,020 and $176,049,918, respectively, for the 2002/03 fiscal year. As indicated below, program revenue exceeds expenditures for the General Government and Public Works functions. For General Government, this is largely a result of the City's policy to allocate general services paid out of the General Fund to the other funds which may fall into a non-General Government function. Public works revenue exceeded its expenditures due to two factors. First, approximately $21 million of contributed infrastructure assets, such as streets dedicated to and annexed by the City, were recorded as revenue but there is no offsetting capital outlay incurred by the City. Second, the Publics Works function received over $37 million of capital and operating grants and restricted revenue, which are reported as program revenue.



For the remaining functions, this chart indicates that services provided thereunder by the City of Reno are funded with tax dollars and other general revenues rather than from direct charges for those services. While the source of debt payments for the depressed railway and Downtown Events Center projects is various taxes levied by ordinances specifically for these projects, because they are taxes by nature, they are reported under general revenues rather than as program revenues.

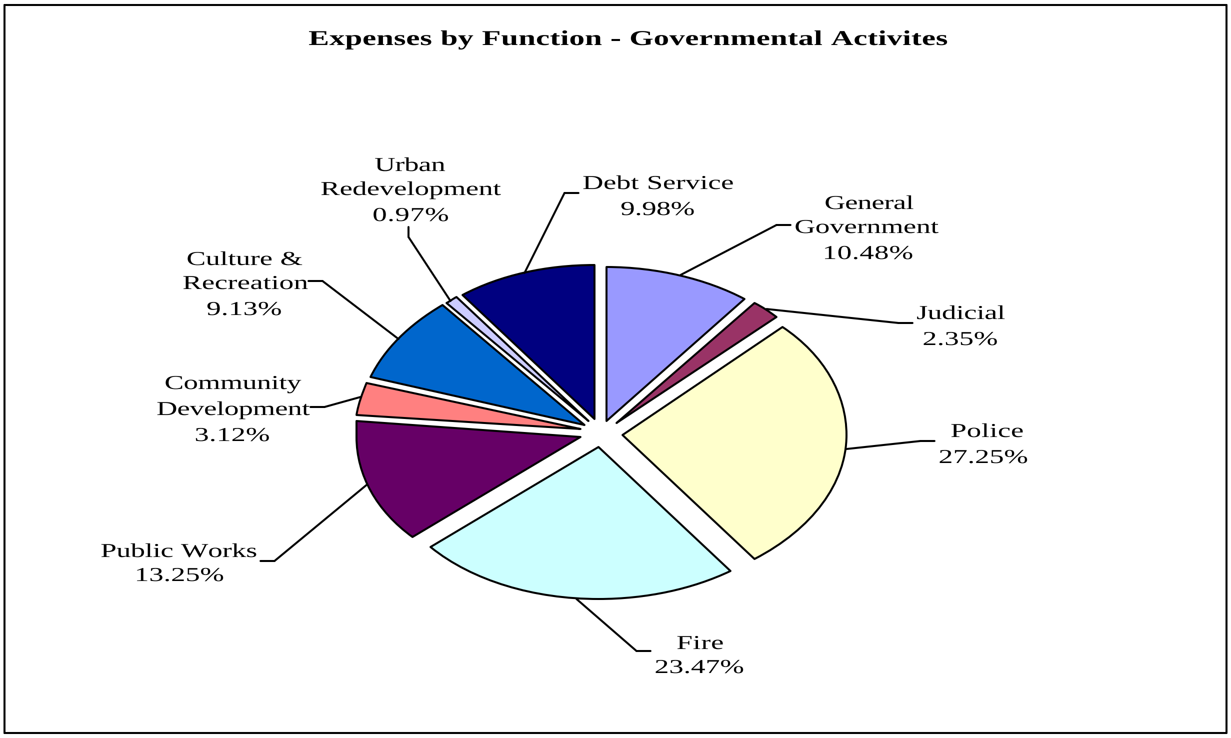
The sources of revenues have been charted to show their respective percentage of total revenues. Capital grants and contributions provided almost a quarter of the total revenues collected. Property taxes remain the major general revenue source.



In fiscal year 2002/03, capital grants, interest and contributions at 24.04% of total revenue surpassed ad valorem taxes at 21.11% as the major revenue source. In the prior fiscal year, capital grants, interest and contributions totaled 19.69% of total revenues, whereas ad valorem taxes totaled 23.34% of total revenues. The growth in capital grants, interest and contributions is due, in part, to the accrual of a $9.2 million federal grant received for the depressed railroad trench project and the accrual of $10.7 million in special assessments earmarked for the Downtown Events Center project.

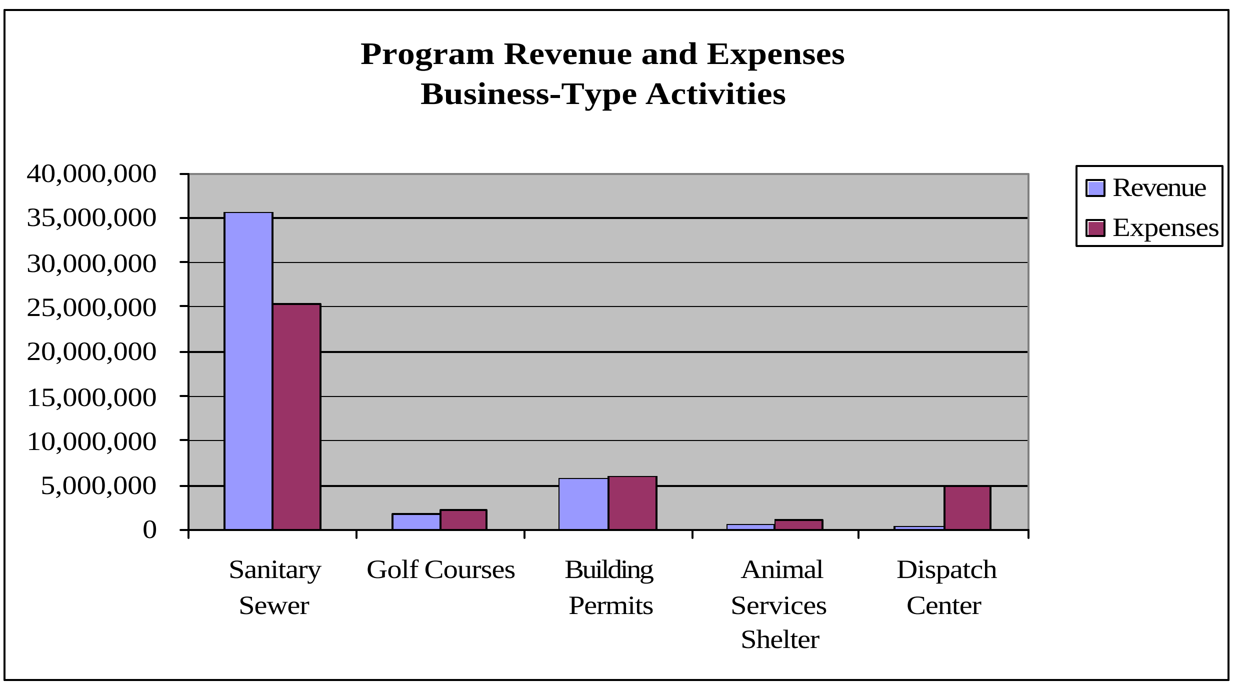
In terms of dollars, ad valorem tax collections increased by $1.4 million, or 2.9%. Charges for services increased 6.6% (this calculation takes in account the reclassification of $12.5 million in franchise fees that were reclassified as charges for service for fiscal year 2001/02). Consolidated taxes increased 5.4% over the amount collected in the preceding fiscal year. Unrestricted investment and interest earnings registered little change as did the City of Reno's allocation of County gaming license revenue.

The following chart provides a comparison of expenses by function/program as a percentage of total expenditures for all governmental expenses. Police and Fire continue to pose the largest cost to the city. When combined under the Public Safety category, they represent 50.72% of total governmental expenses. This is a decrease from the fiscal year 2001/02 percentage of 57.88% of total governmental expenses, primarily due to the spin-off of the Dispatch Center from Police into a new business-type activity.

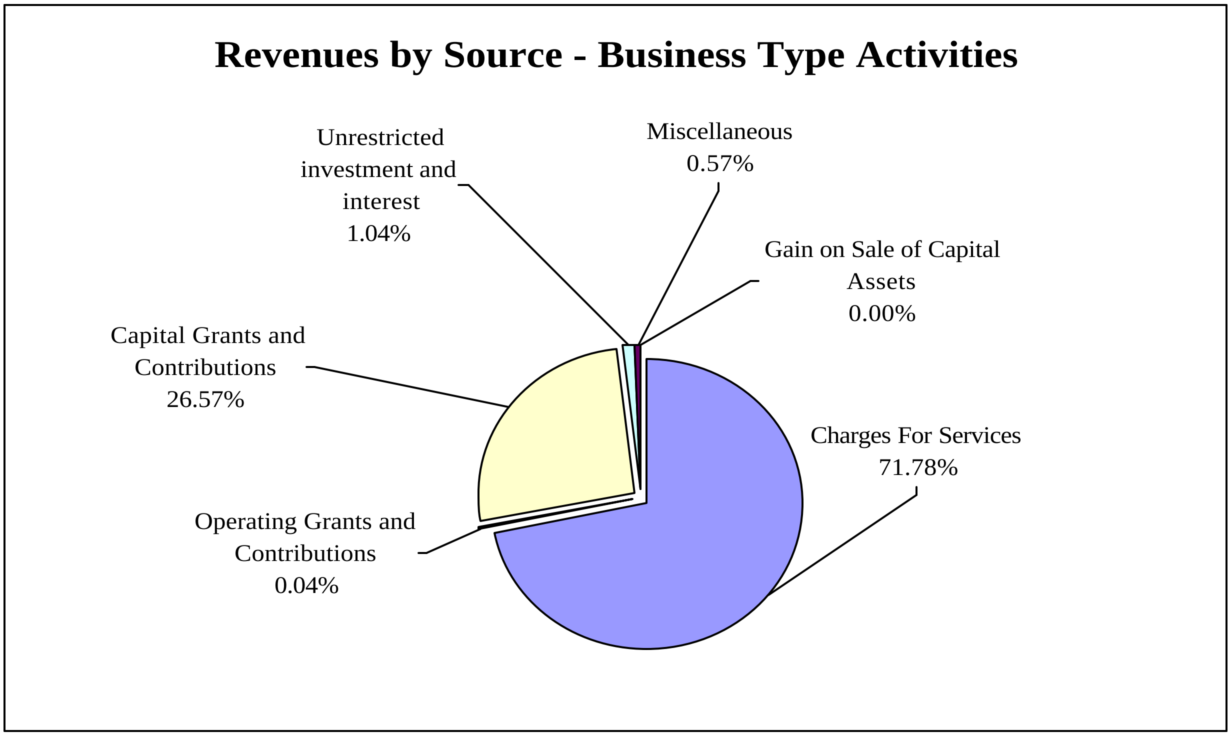


Business-type Activities

Business-type activities include sanitary sewer operations, City-owned or operated golf courses, building permit operations, the animal services shelter, and the new Dispatch Center's operations. Total program revenues and expenses are $44,020,440 and $39,593,649, respectively, for business-type activities for the 2002/03 fiscal year. The following graphs and charts are provided to enhance understanding of these activities.



The Sanitary Sewer program continues to be self-supporting, with operating revenues exceeding operating expenses by $10,221,148. The remaining programs all experienced operating losses. The Dispatch Center experienced the largest operating loss at $4,756,473. This new activity, which previously was accounted for as part of the Police function in governmental activities, is largely funded by transfers from governmental activities.



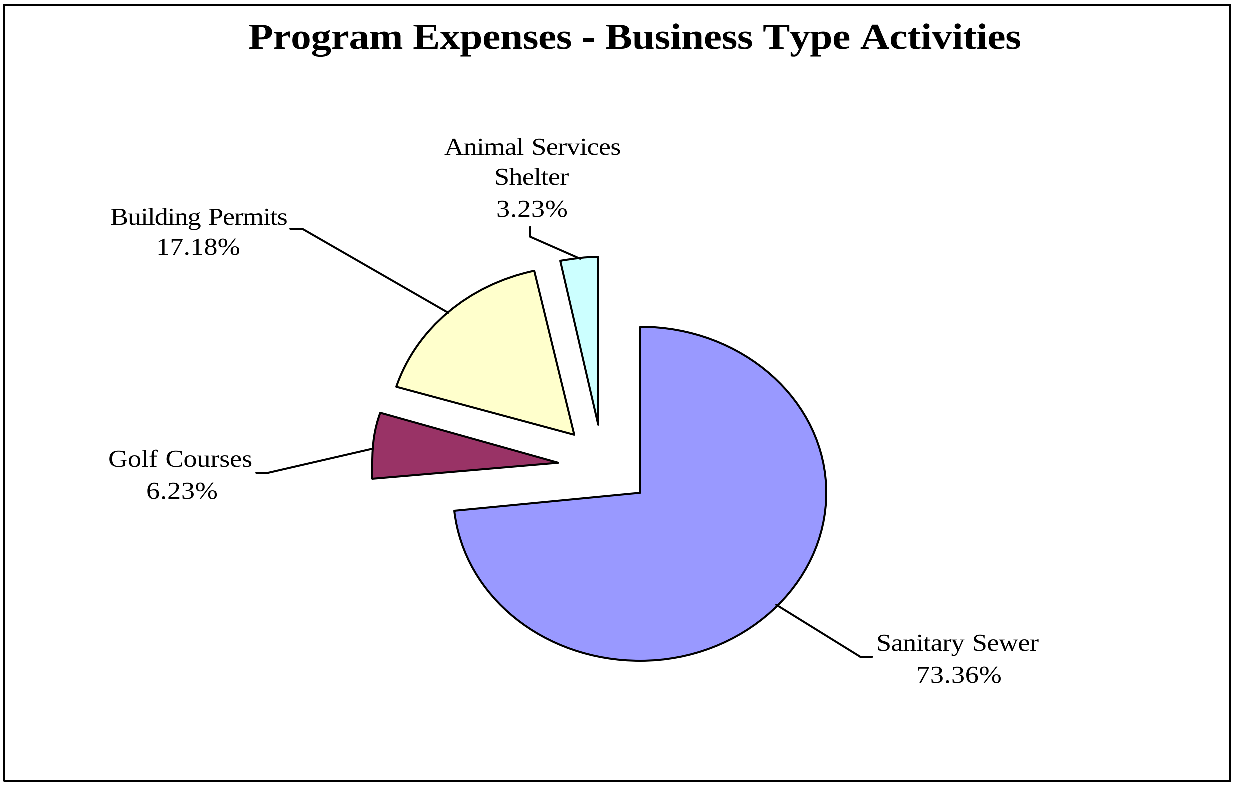
Charges for service remain the major source of revenue for business-type activities. While the percentage of total revenues for charges for service declined from 73.51% in fiscal year 2001/02 to 71.78% in fiscal year 2002/03, charges for service increased by $3.2 million, or 11.2%, in terms of dollars. Capital contributions from developers increased from $8,270,821 last fiscal year to $11,885,620 this fiscal year, thus increasing this category's contribution to total revenues received.

Total business-type expenses increased $5.6 million or 16.4% over the prior year. The largest increase incurred in employee benefits as a result of higher insurance costs.

Business-type Expenses by Type

	Business-type Activities 2003	2002	% Chg
Salaries and wages	$ 11,247,988	$ 7,252,612	55.1%
Employee Benefits	705,134	234,088	65.8%
Services and supplies	7,448,887	9,464,955	-21.3%
Depreciation	4,581,992	4,320,974	6.0%
Interest/issue costs	185,210	191,285	-3.2%
Loss relating to Joint Sewer Plant	12,424,438	10,551,199	17.8%
Total	$ 39,593,649	$ 34,015,113	16.4%

The following chart graphically presents the percentage contribution of each business-type's expense to total expenses.



Financial Analysis of the Government's Funds

The financial information presented thus far has focused on government-wide statements prepared using the full accrual method of accounting. As previously discussed, the focus of fund accounting is to measure inflows and outflow of current resources. This serves as an important measure of working capital for service provision to Reno residents. In particular, unreserved fund balance is useful in measuring resources available for spending at fiscal year-end. Since the focus in fund accounting is on current resource activity, the balance sheet does not reflect long-term assets and debt. The following pages summarize the fiscal year 2002/03 results under this focus.

<u>Governmental Funds</u>

The governmental funds of the City of Reno reflected a combined total amount of assets and liabilities of $263,650,516 and $43,983,784, respectively. This resulted in a total combined fund balance of $219,666,732. The unreserved portion of the combined fund balance amount was a deficit balance of $85,885,700. This represents a change of ($114,255,150) fromthe prior reporting period. This deficit in unreserved fund balance is primarily due to encumbrances of over $164 million in the Railroad Capital Projects Fund, $146 million of which is the balance remaining on the design-build contract.

Major Governmental Funds

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2003, the unreserved fund balance in the General Fund was $19,419,475 and the total fund balance was $21,847,851. As a measure of the General Fund's liquidity, it is useful to compare both the unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.2% of total fund expenditures while total fund balance represents 18.3% of expenditures. This represents approximately two months of expenditures.

The largest component of the governmental funds category for the 2002/03 fiscal year with respect to total assets is the Railroad Capital Projects Fund. Assets total $67,854,882 or 25.7% of the total governmental fund assets and are primarily comprised of cash and investments to be used to fund the construction of a 2.5 mile long depressed railway through the downtown area. The total fund balance for the Railroad Capital Projects Fund was $53,776,234, which is $34.5 million or 39.1% lower than the prior year's balance due to construction funding.

Assets in the Downtown Events Center Capital Projects Fund total $48,147,889 or 18.3% of the total assets in the governmental funds and are comprised primarily of cash and investments which will be used to construct a multi-purpose events center. The total fund balance for this fund at fiscal year-end 2002/03 was $46,832,957, which is $14.2 million or 23.3% lower than the prior year's balance due to construction funding.

The Streets Special Revenue Fund accounts for revenue sources restricted for expenditure on street reconstruction and maintenance. The major funding source is property taxes (48% of total revenues), followed by motor vehicle fuel taxes (31.7% of total revenues). The total fund balance for the Streets Special Revenue fund was $495,884.

The Railroad Debt Service Fund accumulates money for the payment of principal and interest on outstanding bonds and eventually on federal loans being used to construct the depressed railway. The primary repayment source has been room and sales taxes (96.8% of total revenues). The total fund balance for this fund at June 30, 2003, was $25,893,790.

The Events Center Debt Service Fund accumulates money for the payment of principal and interest on outstanding bonds being used to construct the multi-purpose facility. The primary repayment source has been room taxes (92.6% of total revenues). The total fund balance for this fund at June 30, 2003, was $17,902,729, which is $16.9 million or 167% higher primarily due to the issuance of special assessment bonds to provide additional funding of the project.

The Special Assessment Districts Debt Service Fund accumulates money for the payment of special assessment bonds, excluding the Downtown Events Center, in the City. The total fund balance for this fund at fiscal year-end 2002/03 is $2,511,885. Assets and liabilities of the fund increased 60% and 96%, respectively, due to the recordation of deferred assessment revenue to be collected and applied towards two new special assessment bond issuances.

The Municipal Court Capital Project Fund accounts for monies expended for the City of Reno's share of the costs incurred in the construction of a new court facility that will be shared with Washoe County. Total fund balance as of fiscal year-end 2002/03 was $6,131,541. The primary funding source during the fiscal year was operating transfers in from the City's Public Works Capital Project Fund. (Prior to establishing a separate fund, this project was under the auspices of the Public Works Capital Project Fund.) Court construction fees charged and accumulated by the municipal court are also being used to fund the project.

Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of $238,447,238 and $12,208,862, respectively. This resulted in a total net assets balance of $226,238,376. Unrestricted net assets total $97,721,541, or $96,303,139 after adjusting for the consolidation of internal service funds. Restricted net assets total $1,470,070 and primarily relate to sewer connection fees revenue restricted for sewer capital expenditures.

Major Proprietary Funds

The Sanitary Sewer Fund accounts for sewer services provided to Reno's citizens and some residents of Washoe County. Unrestricted net assets at the end of the 2002/03 fiscal year amounted to $97,626,981. Total operating revenues increased 8% while operating expenses increased 3.7%. The Sanitary Sewer Fund, however, experienced a loss before capital contributions and transfers of $1,569,774 because of the City's share of the net loss from the Truckee Meadows Water Reclamation Facility of $2,043,396. Approximately $1.4 million of the loss affected cash balances.

The Golf Course Fund accounts for the operations of the City's two golf courses. This fund was created starting fiscal year 2001/02. Prior to that, golf course operations were reported as part of the Parks and Recreation Special Revenue Fund. The fund experienced a net loss before capital contributions and transfers of $242,372, which is approximately half of the loss experienced in the prior year. However, the fund continues to have a positive net asset balance of $4,072,999.

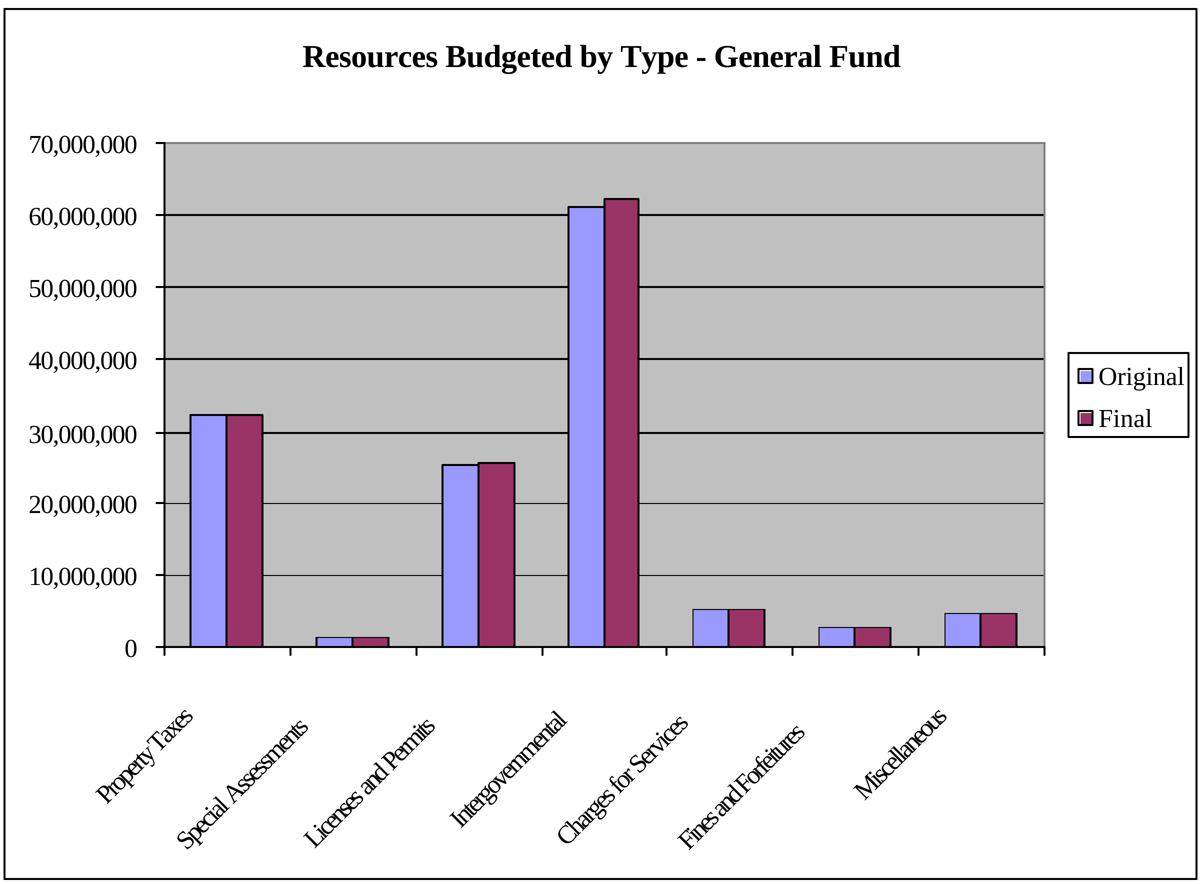
The Building Permit Fund accounts for activities involved in issuing a building permit which is required for the construction of a structure. Net assets at fiscal year end 2002/03 totaled $664,506, a decrease of $318,110 from the prior year's total. Operating losses accounted for $39,889 of the decline, while a one-time $285,658 loss on the transfer of vehicles to the Motor Vehicle Internal Service Fund represented 90% of the decline in total net assets.

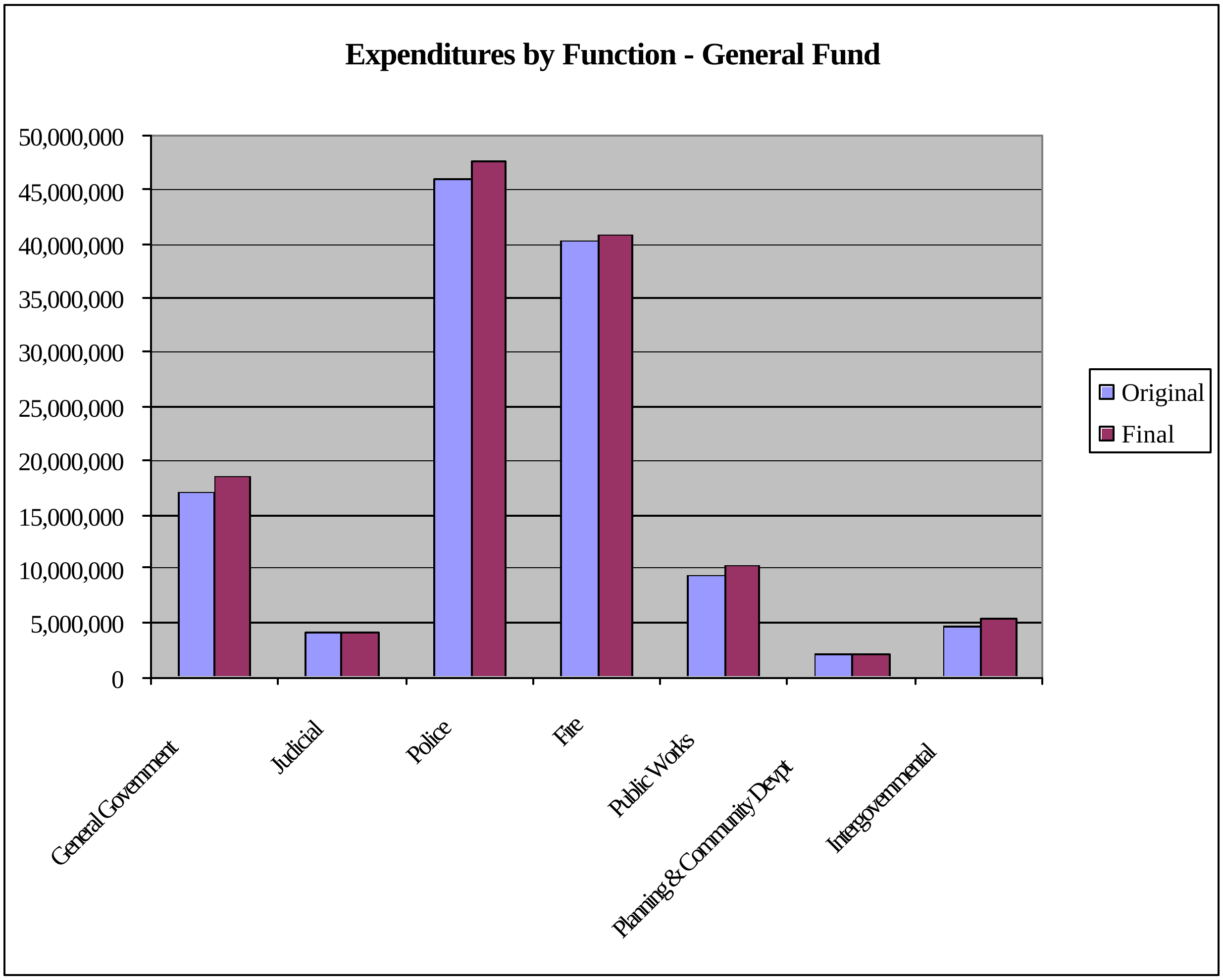
Budgetary Highlights for General Fund

Functions represent the legal level of budgetary control. The final budget appropriation for the General Fund expenditures was $128,988,420, which is $5,458,409 or 4.4% higher than the original budget of $123,530,011. All functions' fiscal year 2002/03 appropriations are substantially equivalent to the same percentage of total appropriations as those for fiscal year 2001/02.

Actual expenditures were 7.3% less than final budgeted expenditures. Over $4.7 million of the $9.4 million in excess budgeted funds was in the Contingency for budget changes in the Services and Supplies category. This excess budget amount represents: 1) $3.9 million set aside for transfer to the Municipal Court Capital Project Fund for the City's share of construction costs, and 2) $800,000 set aside for the purchase of fire trucks. These amounts will be carried forward into fiscal year 2003/04. The remaining savings is largely due to the City's recession plan implemented in fiscal year 2000/01 that requires departments to refrain from spending 2% of their budget.

The following charts provide a comparison of original budget and final budget numbers for revenue sources and expenditures by function.





Capital Assets Activity

As shown by the chart on the following page, at June 30, 2003, the City of Reno had a net capital asset investment of $412,022,271 in governmental and business-type activities. This represents an increase of 29.5% when compared to the prior year, and includes investment in land, buildings, improvements, machinery and equipment, infrastructure, and works of art.

Major capital investment activities for the 2002/03 fiscal year include:

- The addition of $20,980,980 in newly dedicated and constructed infrastructure assets, such as streets and traffic signals;
- The addition of $6.37 million of sewer lines and storm drain assets dedicated to the City in the current fiscal year;
- The purchase of various parcels of land for the Downtown Events Center and the depressed railway totaling $5,952,887;
- The addition of $4.69 million in buildings, $4.1 million of which were acquired in conjunction with attaining right of way for the depressed railway project and will be sold upon completion of the project; and
- The net addition of $42.19 million in construction in progress, $38.86 million of which relates to the depressed railway project.

Additional information on capital assets is presented in Note 5 in the *Notes to Financial Statements* section of this report.

City of Reno's Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business Type Activities		Total	
	2003	**2002***	**2003**	**2002**	**2003**	**2002**
Land and water rights	$45,722,842	$39,769,955	$6,028,074	$5,898,042	$51,750,916	$45,667,997
Construction in progress	76,682,034	34,783,094	12,360,580	8,805,988	89,042,614	43,589,082
Buildings	79,413,126	76,629,534	10,919,075	11,313,708	90,332,201	87,943,242
Arts and historical treasures	275,747	274,256	-	-	275,747	274,256
Improvements other than buildings	21,842,351	17,859,952	100,814,196	95,967,309	122,656,547	113,827,261
Equip't & motor vehicles	11,514,582	8,595,598	379,840	1,605,546	11,894,422	10,201,144
Infrastructure	46,069,824	16,900,018	-	-	46,069,824	16,900,018
Total	$281,520,506	$194,516,688	$130,501,765	$123,590,593	$412,022,271	$318,107,281

*Note: The 2001/02 total for Construction in Progress was increased by a net $295,719 to reflect a prior year adjustment.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2003 totaled $350,794,802, a 5.1% increase when compared to the prior year. Due to favorable interest rates, during fiscal year 2002/03, $21,705,000 of Series 2003 Capital Improvement Refunding Bonds were issued to advance refund $22,810,000 of the City's previously issued and outstanding 1993A Capital Improvement Refunding Bonds. This resulted in an economic gain of approximately $2 million to the City of Reno.

Other elements of long-term debt activity during the fiscal year included:

- Issuance of two bonds totaling $10.9 million for the refinancing and renovation of the future City Hall building, the repayment of which will be from general revenues and lease income on floors not to be occupied by City offices;
- Issuance of $12,175,000 of 2002 Special Improvement District No. 5 bonds for construction of the Downtown Events Center; and
- Issuance of $2,470,000 of 2001 Stead Special Improvement District No. 2 bonds to be used for certain street improvement projects in the Stead area northwest of Reno.

The City of Reno maintains an A1 rating from Moody's and an A+ from Standard and Poor's.

As of June 30, 2003 the City of Reno had $90,740,000 of general obligation debt outstanding, which is subject to the legal debt margin. After adjusting for monies currently available in the fund for debt service, this was below the legal debt limit of $675,175,000 by $593,530,000.

The chart in the page below summaries the City of Reno's outstanding debt. Additional information regarding the City of Reno's debt structure is presented in Note 8 in the *Notes to Financial Statements* section of this report.

Known Economic Factors

- The City of Reno is heavily reliant on property tax revenues from property within its boundaries. The recent economic downturn has caused some large property owners to seek property tax relief through the assessment appeal process. The City of Reno has no control or input into the State's decision grant or deny appeals. The City of Reno is considering enlarging its boundaries to help offset potential lost revenues.

City of Reno's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds	$92,397,473	$87,770,000	$ -	$ -	$ 92,397,473	$87,770,000
Special assessments	17,198,096	2,681,132	-	-	17,198,096	2,681,132
Special assessments - Sales and Room tax	220,482,540	220,418,802	-	-	220,482,540	220,418,802
Golf Course bonds	-	-	3,455,000	3,600,000	3,455,000	3,600,000
Notes payable	517,073	3,028,528	-	-	517,073	3,028,528
Compensated absences payable	15,634,772	15,117,837	1,494,401	1,002,658	17,129,173	16,120,495
Total	$346,229,954	$329,016,299	$4,949,401	$4,602,658	$351,179,355	$333,618,957

- Increase in City of Reno's tax base with the addition of Somersett Development – a 6,100 acre residential/commercial development in Reno's northwest end, with residential prices starting from the high $200,000s up to the $600,000 for the luxury homes.
- The City of Reno continues to work on four major projects, as well as four new projects, which will stimulate economic activity in the downtown area. These projects include:
  - ReTRAC Project – a $264 million project to depress a 2.5 mile railroad spur that currently runs through the middle of downtown to address economic, blight, and safety issues.
  - Downtown Events Center – a $121 million project to purchase/construct a multi-purpose facility to stimulate conventioneer, sporting, and entertainment activity as a economic stimulant and a diversification tool to reduce dependence on gaming.
  - Municipal Court/DA Facility – a $34 million joint project with Washoe County which will house City municipal courts and the County's district attorney functions.
  - New City Hall Building - an $11 million project to purchase and renovate an existing building in the downtown area for a new city hall.
  - Truckee River Kayak Park – a $1.5 million project creating a 2,600 foot kayaking course in the downtown portion of the Truckee River.
  - 10 North Virginia Plaza – a $4 million project to develop a civic center plaza across from the new city hall to provide a permanent location for an ice rink facility destination point.
  - Mid-Block Project – a $15 million multi-use project containing approximately 10,000 sq. ft. of retail space and 55 condominiums located in the downtown.
  - Riverside Project – a $13.3 million mixed-use project consisting of 7,800 sq. ft. of retail space and 58 condominiums on a 60,000 sq. ft. parcel.
- Washoe County residents voted to approve a measure authorizing joint animal shelter operations with Washoe County and the City of Sparks that will lower the operating property taxrate by 2 cents.
- The City of Reno and Washoe County continue to evaluate ways in which operations or programs can be consolidated under local cooperative agreements to reduce costs.
- In June the unemployment rate in the Reno MSA is 4.3%, which compares favorably to the state and national unemployment rates of 5.3% and 6.4%, respectively. This is also down from the 4.8% unemployment rate for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2002 and June 2003 remained at 1%.

Requests for information
This financial report is designed to provide a general overview of the financial activity and condition of the City of Reno to all having such an interest in the City of Reno. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Reno Finance Department, 490 South Center Street, P. O. Box 1900, Reno, Nevada, 89505.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

CITY OF RENO, NEVADA

Statement of Net Assets
June 30, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 231,271,429	$ 18,121,527	$ 249,392,956
Receivables:			
Accounts	75,398	7,365,056	7,440,454
Delinquent Taxes	1,575,647	--	1,575,647
Special assessments	15,736,827	--	15,736,827
Long-term receivable	30,062	--	30,062
Interest receivable	500,274	44,778	545,052
Due from other governments	23,766,314	1,048,070	24,814,384
Internal balances	1,616,065	(1,616,065)	--
Inventories	314,163	114,383	428,546
Prepaid items	700,654	121,175	821,829
Deposits, land	5,696,545	--	5,696,545
Other assets	9,542	--	9,542
Deferred charges	12,818,893	--	12,818,893
Restricted assets	--	22,271,888	22,271,888
Investment in Truckee Meadows Water Reclamation Facility		57,618,222	57,618,222
Delinquent accounts receivable	--	1,240,374	1,240,374
Capital assets (net of accumulated depreciation)	281,520,506	130,501,765	412,022,271
TOTAL ASSETS	575,632,319	236,831,173	812,463,492
LIABILITIES			
Accounts payable	7,100,914	978,289	8,079,203
Accrued salaries and benefits	2,381,299	113,714	2,495,013
Contracts and retained percentage payable	8,670,758	947,442	9,618,200
Accrued interest payable	2,094,990	373	2,095,363
Due to other governments	664,109	27,769	691,878
Other liabilities, including deposits	1,427,497	32,083	1,459,580
Liability for self-insurance	15,121,981	--	15,121,981
Unearned revenue	5,907,275	4,486,989	10,394,264
Liabilities payable from restricted assets	--	475,139	475,139
Noncurrent liabilities:			
Due within one year	8,139,727	150,000	8,289,727
Due in more than one year, net of bond premium and discount	338,090,232	4,799,401	342,889,633
TOTAL LIABILITIES	389,598,782	12,011,199	401,609,981
NET ASSETS			
Invested in capital assets, net of related debt	140,927,234	127,046,765	267,973,999
Restricted for:			--
Capital projects	127,621,131	1,452,124	129,073,255
Debt service	81,254,891	--	81,254,891
Streets	558,941	--	558,941
Claims	2,859,392	--	2,859,392
Other purposes	2,218,806	17,946	2,236,752
Unrestricted (deficit)	(169,406,858)	96,303,139	(73,103,719)
TOTAL NET ASSETS	$ 186,033,537	$ 224,819,974	$ 410,853,511

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Activities
For the Year Ended June 30, 2003

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	$ 18,447,393	$ 32,259,525	$ 32,297	$ --
Judicial	4,130,566	534,251	--	--
Police	47,974,615	414,546	1,898,934	336,534
Fire	41,313,419	12,372,991	--	43,420
Public works	23,329,696	1,426,483	2,423,332	56,021,266
Planning and community development	5,489,076	1,357,088	3,570,032	--
Culture and recreation	16,081,352	5,077,548	457,383	--
Urban redevelopment	1,716,205	322,390	--	--
Debt service:				--
Interest and fiscal charges	17,567,596	--	--	--
Total Governmental Activities	176,049,918	53,764,822	8,381,978	56,401,220
Business-Type Activities:				
Sanitary sewer	25,327,746	23,663,275	--	11,885,620
Golf courses	2,150,809	1,837,518	--	--
Building permits	5,933,092	5,695,061	--	--
Animal services shelter	1,114,066	609,517	17,987	--
Dispatch center	5,067,935	311,462	--	--
Total Business-Type Activities	39,593,648	32,116,833	17,987	11,885,620
TOTAL PRIMARY GOVERNMENT	$ 215,643,566	$ 85,881,655	$ 8,399,965	$ 68,286,840

GENERAL REVENUES
Taxes:
Ad valorem taxes
Consolidated tax
SCCR taxes - AB104
Other taxes
Gaming licenses
Unrestricted Investment and interest earnings
Gain on early retirement of debt
Gain on sale of capital assets
Miscellaneous
Transfers
TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, JULY 1
PRIOR PERIOD ADJUSTMENT
NET ASSETS, JUNE 30

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ 13,844,429	$ --	$ 13,844,429
(3,596,315)	--	(3,596,315)
(45,324,601)	--	(45,324,601)
(28,897,008)	--	(28,897,008)
36,541,385	--	36,541,385
(561,956)		(561,956)
(10,546,421)		(10,546,421)
(1,393,815)	--	(1,393,815)
--	--	--
(17,567,596)	--	(17,567,596)
(57,501,898)	--	(57,501,898)
--	10,221,149	10,221,149
--	(313,291)	(313,291)
--	(238,031)	(238,031)
--	(486,562)	(486,562)
--	(4,756,473)	(4,756,473)
--	4,426,792	4,426,792
(57,501,898)	4,426,792	(53,075,106)
49,529,532	--	49,529,532
42,948,773	--	42,948,773
3,551,915	--	3,551,915
9,057,094	--	9,057,094
2,396,644	--	2,396,644
5,165,957	464,392	5,630,349
444,296		444,296
61,120	278	61,398
2,913,013	255,302	3,168,315
(2,960,140)	2,960,140	--
113,108,204	3,680,112	116,788,316
55,606,306	8,106,904	63,713,210
129,811,317	216,713,070	346,524,387
615,914		615,914
$ 186,033,537	$ 224,819,974	$ 410,853,511

The accompanying notes are an integral part of these financial statements.

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BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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CITY OF RENO, NEVADA

Balance Sheet
Governmental Funds
June 30, 2003

	General Fund	Street Fund	Railroad Debt Fund	Downtown Events Center Debt Fund
ASSETS				
Cash and investments	$ 16,596,433	$ 1,981,253	$ 23,989,403	$ 16,617,279
Receivables:				
Accounts	48,073	13,308	--	--
Accrued interest	42,079	10,650	--	32,454
Delinquent taxes	820,444	134,387	--	--
Special assessments:				
Current	--	--	--	321,466
Delinquent	90,368	--	--	--
Deferred	--	637	--	10,673,533
Long-term	--	--	--	--
Due from other funds	--	--	--	--
Due from other governments	8,838,970	512,971	1,904,887	934,108
Inventories	55,392	2,211	--	--
Prepaid items	33,536	--	--	--
Deposits, land	--	--	--	--
Other assets	8,457	--	--	--
TOTAL ASSETS	$ 26,533,752	$ 2,655,417	$ 25,894,290	$ 28,578,840
LIABILITIES				
Accounts payable	$ 1,369,117	$ 1,060,863	$ 500	$ --
Accrued salaries and benefits	2,276,927	23,355	--	--
Contracts and retained percentage payable	2,719	670,484	--	--
Accrued interest payable	--	295	--	--
Due to other funds	--	--	--	--
Due to other governments	29,812	--	--	--
Other liabilities, including deposits	375,924	341,480	--	2,578
Deferred taxes	381,696	62,419	--	--
Deferred revenue	249,706	637	--	10,673,533
TOTAL LIABILITES	4,685,901	2,159,533	500	10,676,111
FUND BALANCES				
Reserved for:				
Encumbrances	2,072,267	5,840,015	--	--
Inventories	55,392	2,211	--	--
Receivables	--	--	--	--
Prepaid items	33,536	--	--	--
Capital projects	--	859,301	--	--
Park capital outlay	--	--	--	--
Future signalization	--	--	--	--
Debt service	--	--	25,893,790	17,902,729
Court assessments	--	--	--	--
Other programs	267,181	--	--	--
Unreserved, reported in:				
General fund	19,419,475	--	--	--
Special revenue funds	--	(6,205,643)	--	--
Capital projects funds	--	--	--	--
TOTAL FUND BALANCES	21,847,851	495,884	25,893,790	17,902,729
TOTAL LIABILITIES AND FUND BALANCES	$ 26,533,752	$ 2,655,417	$ 25,894,290	$ 28,578,840

The accompanying notes are an integral part of these financial statements.

Special Assessment Districts Debt Fund	Municipal Court Capital Project Fund	Railroad Capital Project Fund	Downtown Events Center Capital Project Fund	Other Governmental Funds	Total
$ 2,262,579	$ 6,239,991	$ 54,977,243	$ 45,579,118	$ 45,420,962	$ 213,664,261
--	--	--	--	14,017	75,398
11,004	--	92,764	122,939	128,632	440,522
--	--	--	--	620,816	1,575,647
207,890	--	--	--	--	529,356
4,393	--	--	--	--	94,761
4,438,540	--	--	--	--	15,112,710
30,062	--	--	--	--	30,062
--	--	--	33,332	2,276,602	2,309,934
7,983	--	9,222,370	--	2,308,352	23,729,641
--	--	--	--	--	57,603
--	--	278,460	--	12,538	324,534
--	--	3,284,045	2,412,500	--	5,696,545
1,085	--	--	--	--	9,542
$ 6,963,536	$ 6,239,991	$ 67,854,882	$ 48,147,889	$ 50,781,919	$ 263,650,516
$ --	$ 108,450	$ 1,722,688	$ 523,636	$ 2,128,998	$ 6,914,252
--	--	1,730	--	71,426	2,373,438
--	--	6,732,543	791,289	473,723	8,670,758
--	--	5,788	7	1,245	7,335
--	--	--	--	2,112,271	2,112,271
--	--	--	--	634,297	664,109
528	--	--	--	705,044	1,425,554
--	--	--	--	299,354	743,469
4,451,123	--	5,615,899	--	81,700	21,072,598
4,451,651	108,450	14,078,648	1,314,932	6,508,058	43,983,784
--	39,000	164,336,585	14,178,607	3,610,658	190,077,132
--	--	--	--	--	57,603
30,062	--	--	--	--	30,062
--	--	--	--	12,038	45,574
--	6,092,541	--	32,654,350	13,253,820	52,860,012
--	--	--	--	5,230,704	5,230,704
--	--	--	--	626,258	626,258
2,481,823	--	--	--	9,095,017	55,373,359
--	--	--	--	498,241	498,241
--	--	--	--	486,306	753,487
--	--	--	--	--	19,419,475
--	--	--	--	11,290,043	5,084,400
--	--	(110,560,351)	--	170,776	(110,389,575)
2,511,885	6,131,541	53,776,234	46,832,957	44,273,861	219,666,732
$ 6,963,536	$ 6,239,991	$ 67,854,882	$ 48,147,889	$ 50,781,919	$ 263,650,516

The accompanying notes are an integral part of these financial statements.

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CITY OF RENO, NEVADA

Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2003

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	$ 219,666,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	272,797,361
Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds	12,818,893
Long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds	(348,222,331)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds	15,908,792
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Statement of Net Assets	13,064,090
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	$ 186,033,537

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2003

	General Fund	Street Fund	Railroad Debt Service Fund	Downtown Events Center Debt Fund
REVENUES				
Taxes	$ 32,410,010	$ 5,315,709	$ 978,896	$ 5,596,237
Special assessments	1,151,932	670	--	321,466
Fees, licenses, and permits	26,163,095	198,750	--	--
Intergovernmental	60,063,381	3,556,795	6,725,011	--
Grants and contributions	1,116,420	1,462,269	--	--
Charges for services	6,364,271	--	--	--
Fines and forfeitures	2,612,231	116,260	--	--
Miscellaneous	5,787,840	429,897	254,151	126,245
TOTAL REVENUES	135,669,180	11,080,350	7,958,058	6,043,948
EXPENDITURES				
Current:				
General government	16,232,523	--	--	--
Judicial	4,017,116	--	--	--
Public safety - Police	45,588,649	--	--	--
Public safety - Fire	39,846,654	--	--	--
Public works	10,492,201	8,606,471	--	--
Planning and community development	1,965,651	--	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Intergovernmental	1,451,756	--	--	--
Capital outlay	--	6,466,750	--	--
Debt service:				
Principal	--	--	--	--
Interest	--	--	5,483,696	6,257,902
Bond issue costs	--	--	--	262,265
Fiscal charges	--	--	32,947	7,814
TOTAL EXPENDITURES	119,594,550	15,073,221	5,516,643	6,527,981
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,074,630	(3,992,871)	2,441,415	(484,033)
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	--	--	12,175,000
Premium on bonds issued	--	--	--	71,955
Discounts on bonds issued	--	--	--	--
Payment to refunded debt escrow agent	--	--	--	--
Sale of capital assets	--	--	--	--
Transfers from other funds	3,606,144	1,729,735	--	5,128,665
Transfers to other funds	(16,426,460)	(201,149)	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(12,820,316)	1,528,586	--	17,375,620
NET CHANGE IN FUND BALANCES	3,254,314	(2,464,285)	2,441,415	16,891,587
FUND BALANCES, BEGINNING OF YEAR	18,593,537	2,960,169	23,452,375	1,011,142
FUND BALANCES, END OF YEAR	$ 21,847,851	$ 495,884	$ 25,893,790	$ 17,902,729

The accompanying notes are an integral part of these financial statements.

Special Assessment Districts Debt Fund	Municipal Court Capital Project Fund	Railroad Capital Project Fund	Downtown Events Center Capital Projects Fund	Other Governmental Funds	Total
$ --	$ --	$ --	$ --	$ 15,410,543	$ 59,711,395
287,761	--	--	337,497	805,449	2,904,775
--	--	--	--	--	26,361,845
--	--	--	--	1,051,919	71,397,106
--	--	9,222,370	--	4,311,281	16,112,340
--	--	--	--	3,241,872	9,606,143
--	--	--	--	--	2,728,491
202,659	706,738	1,313,868	484,458	3,469,196	12,775,052
490,420	706,738	10,536,238	821,955	28,290,260	201,597,147
--	--	--	--	435,325	16,667,848
--	--	--	--	--	4,017,116
--	--	--	--	--	45,588,649
--	--	--	--	--	39,846,654
--	--	500,594	1,617,323	2,284,246	23,500,835
--	--	--	--	3,269,689	5,235,340
--	--	--	--	14,229,611	14,229,611
--	--	--	--	1,424,710	1,424,710
--	--	--	--	--	1,451,756
--	1,269,616	44,492,714	8,311,248	7,172,930	67,713,258
225,633	--	--	--	8,880,704	9,106,337
119,001	--	--	--	5,041,361	16,901,960
67,936	--	--	--	254,695	584,896
31,788	--	--	--	75,903	148,452
444,358	1,269,616	44,993,308	9,928,571	43,069,174	246,417,422
46,062	(562,878)	(34,457,070)	(9,106,616)	(14,778,914)	(44,820,275)
2,470,000	--	--	--	32,605,000	47,250,000
26,283	--	--	--	1,803,777	1,902,015
--	--	--	--	(27,250)	(27,250)
--	--	--	--	(23,596,955)	(23,596,955)
--	--	--	--	2,500	2,500
408,495	6,694,419	--	--	24,294,741	41,862,199
(2,516,353)	--	--	(5,128,665)	(22,115,977)	(46,388,604)
388,425	6,694,419	--	(5,128,665)	12,965,836	21,003,905
434,487	6,131,541	(34,457,070)	(14,235,281)	(1,813,078)	(23,816,370)
2,077,398	--	88,233,304	61,068,238	46,086,939	243,483,102
$ 2,511,885	$ 6,131,541	$ 53,776,234	$ 46,832,957	$ 44,273,861	$ 219,666,732

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2003

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES	$ (23,816,370)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	64,382,928
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase Net Assets.	58,620
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.	31,744,696
The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on Net Assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(15,094,994)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(712,963)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds is reported with Governmental Activities.	(955,611)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 55,606,306

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	$ 32,372,581	$ 32,372,581	$ 32,410,010	$ 37,429
Special assessments	1,247,471	1,247,471	1,151,932	(95,539)
Licenses and permits:				
Business licenses and permits:				
Business licenses	9,497,775	9,497,775	9,814,258	316,483
City gaming licenses	2,850,000	2,850,000	2,798,038	(51,962)
Liquor licenses	1,100,000	1,100,000	1,083,803	(16,197)
Non-business licenses and permits	67,000	67,000	135,892	68,892
Franchises:				--
Electricity	3,306,000	3,306,000	4,026,704	720,704
Telephone	3,335,000	3,335,000	3,291,210	(43,790)
Natural gas	1,900,000	1,900,000	1,507,664	(392,336)
Sanitation	1,315,600	1,315,600	1,417,765	102,165
Water	790,000	790,000	689,154	(100,846)
Cable television	1,416,000	1,471,000	1,398,607	(72,393)
Total licenses and permits	25,577,375	25,632,375	26,163,095	530,720
Intergovernmental:				
Federal grants	990,000	2,136,782	1,118,820	(1,017,962)
State grants	--	--	(2,400)	(2,400)
State shared revenues	43,000,000	43,000,000	42,948,773	(51,227)
Contributed capital, City	--	--	18,968	18,968
County shared revenues:				
County gaming licenses	2,340,000	2,340,000	2,396,644	56,644
AB 104	3,370,000	3,370,000	3,551,915	181,915
Fire consolidated payment	11,270,418	11,270,418	11,162,892	(107,526)
Other	59,920	12,000	(15,811)	(27,811)
Total intergovernmental	61,030,338	62,129,200	61,179,801	(949,399)
Charges for services:				
General government:				
Administration fees	1,515,000	1,515,000	2,195,565	680,565
Planning application fees	569,000	569,000	1,357,088	788,088
Other	698,759	701,759	489,064	(212,695)
Judicial:				
Municipal court charges	170,000	170,000	195,426	25,426

continued

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
General Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Charges for services:				
Public safety:				
Police service charges	$ 276,949	$ 330,869	$ 261,129	$ (69,740)
Dispatch charges	--	--	(231,377)	(231,377)
Work permits	190,000	190,000	121,979	(68,021)
Fire service charges	254,929	254,929	306,549	51,620
Public works:				
Engineering fees	769,600	769,700	997,763	228,063
Parking receipts	687,600	687,600	652,873	(34,727)
Other	13,100	10,000	18,212	8,212
Total charges for services	5,144,937	5,198,857	6,364,271	1,165,414
Fines and forfeits:				
Municipal court fines	2,346,000	2,346,000	2,280,456	(65,544)
Municipal court forfeitures	100,000	100,000	56,790	(43,210)
Delinquent license penalties	285,000	285,000	274,985	(10,015)
Total fines and Forfeits	2,731,000	2,731,000	2,612,231	(118,769)
Miscellaneous:				
Investment earnings	600,000	600,000	420,897	(179,103)
Interest earnings, other	--	--	(129)	(129)
Rent and royalties	90,000	90,000	37,420	(52,580)
Reimbursement and restitution	3,844,310	4,003,194	5,073,013	1,069,819
Private grants	--	--	29,307	29,307
Other	100,000	100,000	227,332	127,332
Total Miscellaneous	4,634,310	4,793,194	5,787,840	994,646
TOTAL REVENUES	132,738,012	134,104,678	135,669,180	1,564,502
EXPENDITURES				
Current:				
General government:				
City Council:				
Salaries and wages	315,968	315,968	318,859	(2,891)
Employee benefits	181,724	175,724	188,565	(12,841)
Services and supplies	456,547	457,336	437,886	19,450
Subtotal	954,239	949,028	945,310	3,718
City Clerk:				
Salaries and wages	561,021	547,021	570,017	(22,996)
Employee benefits	242,580	242,580	213,474	29,106
Services and supplies	437,174	451,174	603,244	(152,070)
Subtotal	1,240,775	1,240,775	1,386,735	(145,960)

continued

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
General Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
EXPENDITURES				
City Manager:				
Salaries and wages	$ 1,435,657	$ 1,323,317	$ 1,286,047	$ 37,270
Employee benefits	554,249	471,270	462,687	8,583
Services and supplies	1,483,598	2,263,772	1,666,930	596,842
Capital outlay	--	36,500	--	36,500
Subtotal	3,473,504	4,094,859	3,415,664	679,195
Finance:				
Salaries and wages	2,187,822	2,155,888	2,184,653	(28,765)
Employee benefits	902,365	826,313	820,836	5,477
Services and supplies	3,181,524	4,170,667	2,731,312	1,439,355
Capital outlay	407,500	342,131	47,825	294,306
Subtotal	6,679,211	7,494,999	5,784,626	1,710,373
City Attorney:				
Salaries and wages	2,010,668	2,010,668	2,101,308	(90,640)
Employee benefits	769,518	769,518	790,851	(21,333)
Services and supplies	329,329	403,878	344,419	59,459
Subtotal	3,109,515	3,184,064	3,236,578	(52,514)
Human Resources:				
Salaries and wages	727,161	727,161	728,473	(1,312)
Employee benefits	331,313	331,313	304,613	26,700
Services and supplies	224,584	220,679	157,218	63,461
Subtotal	1,283,058	1,279,153	1,190,304	88,849
Civil Service Commission:				
Salaries and wages	166,832	166,832	170,967	(4,135)
Employee benefits	59,555	59,555	64,926	(5,371)
Services and supplies	65,143	65,143	37,414	27,729
Subtotal	291,530	291,530	273,307	18,223
General government summary:				
Salaries and wages	7,405,129	7,246,855	7,360,324	(113,469)
Employee benefits	3,041,304	2,876,273	2,845,952	30,321
Services and supplies	6,177,899	8,032,649	5,978,423	2,054,226
Capital outlay	407,500	378,631	47,825	330,806
Total General government	17,031,832	18,534,408	16,232,523	2,301,884

continued

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
General Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
EXPENDITURES				
Judicial:				
Salaries and wages	$ 2,366,046	$ 2,366,046	$ 2,302,931	$ 63,115
Employee benefits	931,813	931,813	957,107	(25,294)
Services and supplies	733,102	763,977	757,078	6,899
Capital outlay	70,000	70,000	--	70,000
Total Judicial	4,100,961	4,131,836	4,017,116	114,720
Public Safety:				
Police department:				
Salaries and wages	30,092,469	30,092,469	29,172,222	920,243
Employee benefits	12,151,072	12,151,072	11,426,174	724,898
Services and supplies	3,810,619	5,284,602	4,824,102	460,500
Capital outlay	41,667	47,100	166,151	(119,051)
Subtotal	46,095,827	47,575,243	45,588,649	1,986,590
Fire Department:				
Salaries and wages	27,085,597	27,085,597	26,675,138	410,459
Employee benefits	10,176,356	10,176,356	9,578,102	598,254
Services and supplies	2,693,917	2,983,440	3,226,152	(242,712)
Capital outlay	250,000	626,293	367,262	259,031
Subtotal	40,205,870	40,871,686	39,846,654	1,025,032
Total Public safety summary:				
Salaries and wages	57,178,066	57,178,066	55,847,360	1,330,706
Employee benefits	22,327,428	22,327,428	21,004,276	1,323,152
Services and supplies	6,504,536	8,268,042	8,050,254	217,788
Capital outlay	291,667	673,393	533,413	139,980
Total Public safety	86,301,697	88,446,929	85,435,303	3,011,626
Public works:				
Salaries and wages	3,970,293	4,119,293	4,056,997	62,296
Employee benefits	1,581,996	1,581,996	1,597,626	(15,630)
Services and supplies	3,733,068	4,503,706	4,813,868	(310,162)
Capital outlay	54,000	54,000	23,710	30,290
Total Public works:	9,339,357	10,258,995	10,492,201	(233,206)
Planning and community development:				
Salaries and wages	937,497	937,497	948,091	(10,594)
Employee benefits	361,372	361,372	343,943	17,429
Services and supplies	807,295	833,833	673,617	160,216
Total Planning and community development	2,106,164	2,132,702	1,965,651	167,051

continued

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
General Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
EXPENDITURES				
Intergovernmental:				
Retired Employees Trust	$ 750,000	$ 750,000	$ 1,451,756	$ (701,756)
Miscellaneous	3,900,000	4,733,550	--	4,733,550
Total Intergovernmental	4,650,000	5,483,550	1,451,756	4,031,794
TOTAL EXPENDITURES	123,530,011	128,988,420	119,594,550	9,393,870
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,208,001	5,116,258	16,074,630	10,958,372
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,855,851	3,753,824	3,606,144	(147,680)
Transfers to other funds	(16,044,793)	(16,426,460)	(16,426,460)	--
TOTAL OTHER FINANCING SOURCES (USES)	(13,188,942)	(12,672,636)	(12,820,316)	(147,680)
NET CHANGES IN FUND BALANCES	(3,980,941)	(7,556,378)	3,254,314	10,810,692
CONTINGENCY	(1,986,870)	(1,519,216)	--	1,519,216
FUND BALANCE, BEGINNING OF YEAR	15,076,574	18,593,537	18,593,537	--
FUND BALANCE, END OF YEAR	$ 9,108,763	$ 9,517,943	$ 21,847,851	$ 12,329,908

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Street Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes				
Ad valorem	$ 5,306,873	$ 5,306,873	$ 5,315,709	$ 8,836
Special assessments:				
Sidewalk assessments	--	--	670	670
Licenses and permits:				
Excavation permits	150,000	150,000	198,750	48,750
Intergovernmental:				
Federal grants	--	1,695,750	1,462,269	(233,481)
State grants	--	--	--	--
Motor vehicle fuel tax	3,245,098	3,245,098	3,507,521	262,423
County road tax	49,200	49,200	49,274	74
Total intergovernmental	3,294,298	4,990,048	5,019,064	29,016
Fines and forfeitures:				
Street patching penalties	115,398	115,398	116,260	862
Miscellaneous:				
Investment earnings	250,000	250,000	23,819	(226,181)
Interest earnings	1,500	1,500	134,127	132,627
Reimbursements and restitution	--	--	158,140	158,140
Exactions	10,000	10,000	113,811	103,811
Other	--	--	--	--
Total miscellaneous	261,500	261,500	429,897	168,397
TOTAL REVENUES	9,128,069	10,823,819	11,080,350	256,531
EXPENDITURES				
Current:				
Public works:				
Salaries and wages	2,462,460	2,462,460	2,319,780	142,680
Employee benefits	1,025,398	1,025,398	925,818	99,580
Services and supplies	2,555,949	2,584,949	3,536,707	(951,758)
Capital outlay	8,908,101	10,603,851	8,290,919	2,312,932
TOTAL EXPENDITURES	14,951,908	16,676,658	15,073,224	1,603,434

continued

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
Street Fund
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (5,823,839)	$ (5,852,839)	$ (3,992,874)	$ 1,859,965
OTHER FINANCING SOURCES (USES)				
Transfers in	1,700,735	1,729,735	1,729,735	--
Transfers out	(201,149)	(201,149)	(201,149)	--
TOTAL OTHER FINANCING SOURCES (USES)	1,499,586	1,528,586	1,528,586	--
NET CHANGE IN FUND BALANCES	(4,324,253)	(4,324,253)	(2,464,288)	1,859,965
FUND BALANCES, BEGINNING OF YEAR	6,191,066	2,960,172	2,960,172	--
FUND BALANCES, END OF YEAR	$ 1,866,813	$ (1,364,081)	$ 495,884	$ 1,859,965

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Fund Net Assets
Proprietary Funds
June 30, 2003

	Business-Type Activities - Enterprise Funds		
	Sanitary Sewer Fund	Golf Course Fund	Building Permit Fund
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 17,031,856	$ 14,389	$ 654,498
Receivables:			
Accounts	7,359,186	--	3,026
Accrued Interest	42,728	--	1,483
Due from other governments	715,730	--	--
Inventories	19,523	78,792	1,342
Prepaid expenses	121,175	--	--
Total Current Assets	25,290,198	93,181	660,349
Noncurrent Assets:			
Restricted assets:			
Cash and cash equivalents	21,972,827	--	--
Accrued interest receivable	58,402	--	--
Due from other governments	240,659	--	--
Total Restricted Assets	22,271,888	--	--
Delinquent accounts receivable	1,240,374	--	--
Investment in Truckee Meadows Water Reclamation Facility	57,618,222	--	--
Capital assets:			
Land	1,417,517	2,725,000	107,317
Water rights	1,765,991	--	--
Buildings	12,207,688	1,203,025	--
Improvements other than buildings	139,677,827	7,265,811	591,534
Machinery and equipment	717,817	618,597	--
Construction in progress	12,360,580	--	--
Total capital assets	168,147,420	11,812,433	698,851
Less accumulated depreciation	(46,354,505)	(4,012,736)	(48,732)
Net capital assets	121,792,915	7,799,697	650,119
Total Noncurrent Assets	202,923,399	7,799,697	650,119
TOTAL ASSETS	$ 228,213,597	$ 7,892,878	$ 1,310,468

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ 420,784	$ 18,121,527	$ 17,607,168
2,844	7,365,056	--
567	44,778	59,752
332,340	1,048,070	36,673
14,726	114,383	256,560
--	121,175	376,120
771,261	26,814,989	18,336,273
--	21,972,827	--
--	58,402	--
--	240,659	--
--	22,271,888	--
--	1,240,374	--
--	57,618,222	--
12,248	4,262,082	--
--	1,765,991	--
691,641	14,102,354	--
--	147,535,172	--
--	1,336,414	19,354,094
--	12,360,580	--
703,889	181,362,593	19,354,094
(444,855)	(50,860,828)	(10,630,949)
259,034	130,501,765	8,723,145
259,034	211,632,249	8,723,145
$ 1,030,295	$ 238,447,238	$ 27,059,418

continued

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Fund Net Assets (continued)
Proprietary Funds
June 30, 2003

	Business-Type Activities - Enterprise Funds		
	Sanitary Sewer Fund	Golf Course Fund	Building Permit Fund
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 895,433	$ 32,238	$ 38,054
Accrued salaries and benefits	32,857	8,149	31,479
Contracts and retained percentage payable	947,442	--	--
Accrued interest payable	373	--	--
Accrued liabilities, other	--	--	--
Due to other funds	--	197,663	--
Due to other governments	--	--	--
Deposits	5,956	16,253	--
Deferred revenue	4,486,989	--	--
Bonds payable	--	150,000	--
Total Current Liabilities (payable from current assets)	6,369,050	404,303	69,533
Current liabilities (payable from restricted assets):			
Accounts payable	65,564	--	--
Contracts and retained percentage payable	192,953	--	--
Accrued interest payable	1,300	--	--
Due to other governments	195,072	--	--
Deferred revenue	20,250	--	--
Total Current Liabilities (payable from restricted assets)	475,139	--	--
Total Current Liabilities	6,844,189	404,303	69,533
Noncurrent Liabilities:			
Compensated absences payable	497,388	110,576	576,429
Bonds payable	--	3,305,000	--
Total Noncurrent Liabilities	497,388	3,415,576	576,429
TOTAL LIABILITIES	7,341,577	3,819,879	645,962
NET ASSETS			
Invested in capital, net of related debt	121,792,915	4,344,697	650,119
Restricted for:			
Capital projects	1,452,124	--	--
Claims	--	--	--
Building permit operations	--	--	14,387
Unrestricted (deficit)	97,626,981	(271,698)	--
TOTAL NET ASSETS	$ 220,872,020	$ 4,072,999	$ 664,506

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ 12,564	$ 978,289	$ 186,662
41,229	113,714	7,861
--	947,442	--
--	373	--
--	--	15,121,981
--	197,663	--
27,769	27,769	--
9,874	32,083	1,943
--	4,486,989	--
--	150,000	--
91,436	6,934,322	15,318,447
--	65,564	
--	192,953	
--	1,300	
--	195,072	
--	20,250	
--	475,139	--
91,436	7,409,461	15,318,447
310,008	1,494,401	95,283
--	3,305,000	--
310,008	4,799,401	95,283
401,444	12,208,862	15,413,730
259,034	127,046,765	8,723,145
	--	
--	1,452,124	--
--	--	2,859,392
3,559	17,946	--
366,258	97,721,541	63,151
$ 628,851	$ 226,238,376	$ 11,645,688

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
June 30, 2003

	Business-Type Activities - Enterprise Funds		
	Sanitary Sewer Fund	Golf Course Fund	Building Permit Fund
OPERATING REVENUES			
Charges for services	$ 23,817,156	$ 1,837,518	$ 5,688,932
Fines and forfeitures	532,968	--	--
Miscellaneous	249,412	5,736	6,129
TOTAL OPERATING REVENUES	24,599,536	1,843,254	5,695,061
OPERATING EXPENSES			
Salaries and wages	3,303,613	704,382	3,561,533
Employee benefits	1,212,582	214,122	1,320,488
Services and supplies	4,414,627	656,488	833,211
Joint Sewer plant	10,381,042	--	--
Depreciation	4,206,300	325,982	19,718
TOTAL OPERATING EXPENSES	23,518,164	1,900,974	5,734,950
OPERATING INCOME (LOSS)	1,081,372	(57,720)	(39,889)
NONOPERATING REVENUES (EXPENSES)			
Private grants	--	--	--
Investment earnings	454,199	558	7,437
Interest expense	--	(185,210)	--
Gain (loss) on asset disposal	(1,061,949)	--	(285,658)
Net loss from Truckee Meadows Water Reclamation Facility	(2,043,396)	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,651,146)	(184,652)	(278,221)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,569,774)	(242,372)	(318,110)
CAPITAL CONTRIBUTIONS			
Connection charges	5,517,739	--	--
Contribution of assets	6,367,881	--	--
TOTAL CAPITAL CONTRIBUTIONS	11,885,620	--	--
TRANSFERS			
Transfers in	--	--	--
Transfers out	(452,246)	(1,524)	--
TOTAL TRANSFERS IN (OUT)	(452,246)	(1,524)	--
CHANGES IN NET ASSETS	9,863,600	(243,896)	(318,110)
NET ASSETS, BEGINNING OF YEAR	211,008,420	4,316,895	982,616
NET ASSETS, END OF YEAR	$ 220,872,020	$ 4,072,999	$ 664,506

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
$ 899,089	$ 32,242,695	$ 17,670,887
3,886	536,854	--
18,758	280,035	35,039
921,733	33,059,584	17,705,926
3,989,523	11,559,051	876,473
1,334,328	4,081,520	351,190
621,546	6,525,872	20,137,975
--	10,381,042	--
29,993	4,581,993	2,512,663
5,975,390	37,129,478	23,878,301
(5,053,657)	(4,069,894)	(6,172,375)
17,987	17,987	--
2,198	464,392	292,010
--	(185,210)	--
(110,641)	(1,458,248)	41,174
--	(2,043,396)	--
(90,456)	(3,204,475)	333,184
(5,144,113)	(7,274,369)	(5,839,191)
--	5,517,739	--
--	6,367,881	3,852,828
--	11,885,620	3,852,828
4,872,436	4,872,436	117,739
--	(453,770)	(10,000)
4,872,436	4,418,666	107,739
(271,677)	9,029,917	(1,878,624)
900,528	217,208,459	13,524,312
$ 628,851	226,238,376	$ 11,645,688
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(1,418,402)	
	$ 224,819,974	

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Cash Flows
Proprietary Funds
June 30, 2003

	Business-type Activities - Enterprise Funds		
	Sanitary Sewer Fund	Golf Course Fund	Building Permit Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 23,794,619	$ 1,864,747	$ 5,686,592
Cash received from other funds for services	687,449	--	--
Cash received from miscellaneous income	--	5,736	6,129
Cash paid for employee's salaries and benefits	(3,958,283)	(838,419)	(4,337,848)
Cash payments for goods and services	(13,400,870)	(499,898)	(295,012)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(1,664,570)	(229,179)	(992,547)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	5,458,345	302,987	67,314
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from private grants	--	--	--
Transfers in	--	--	--
Transfers out	(452,246)	(1,524)	--
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(452,246)	(1,524)	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from connection charges, capital contributions	5,517,739	--	--
Investment in Truckee Meadows Water Reclamation Facility	(1,364,507)	--	--
Proceeds from sale of capital assets	--	--	--
Acquisition and construction of capital assets	(6,560,788)	(22,743)	--
Principal paid on general obligation bond maturities	--	(145,000)	--
Interest paid on debt	(8,180)	(185,210)	--
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,415,736)	(352,953)	--
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings received	640,744	1,071	10,641
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,231,107	(50,419)	77,955
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	35,773,576	64,808	576,543
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 39,004,683	$ 14,389	$ 654,498

The accompanying notes are an integral part of these financial statements.

Business-type Activitise - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
$ 796,640	$ 32,142,598	$ --
--	687,449	17,711,950
18,758	30,623	35,039
(4,497,967)	(13,632,517)	(1,069,175)
(446,901)	(14,642,681)	(16,429,363)
(647,039)	(3,533,335)	(474,983)
(4,776,509)	1,052,137	(226,532)
17,987	17,987	--
4,872,436	4,872,436	117,739
--	(453,770)	(10,000)
4,890,423	4,436,653	107,739
--	5,517,739	--
--	(1,364,507)	--
--	--	53,878
--	(6,583,531)	(1,872,389)
--	(145,000)	--
--	(193,390)	--
--	(2,768,689)	(1,818,511)
3,974	656,430	392,555
117,888	3,376,531	(1,544,749)
302,896	36,717,823	19,151,917
$ 420,784	$ 40,094,354	$ 17,607,168

continued

The accompanying notes are an integral part of these financial statements.

CITY OF RENO, NEVADA

Statement of Cash Flows (continued)
Proprietary Funds
June 30, 2003

	Business-type Activities - Enterprise Funds		
	Sanitary Sewer Fund	Golf Course Fund	Building Permit Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,081,372	$ (57,720)	$ (39,889)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	4,206,300	325,982	19,718
Changes in assets and liabilities:			
(Increasse) decrease:			
Accounts receivable	(583,807)	--	(3,026)
Due from other governments	41,935	--	--
Inventories	800	29,229	686
Prepaid expenses	(119,119)	2,917	374
Increase (decrease):			
Accounts payable	679,713	2,186	8,208
Accrued salaries and benefits	16,422	7,387	15,245
Compensated absences payable	122,616	9,485	65,998
Contracts and retained percentage payable	(382,707)	--	--
Accrued liabilities, other	4,509	(14,479)	--
Due to other governments	(33,293)	--	--
Deferred revenue	423,604	(2,000)	--
Total adjustments	4,376,973	360,707	107,203
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 5,458,345	$ 302,987	$ 67,314
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions:			
Contribution of assets	$ 6,367,881	$ --	$ --

The accompanying notes are an integral part of these financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
$ (5,053,657)	$ (4,069,894)	$ (6,172,375)
29,993	4,581,993	2,512,663
	--	
	--	
47,156	(539,677)	--
(167,870)	(125,935)	41,063
14,379	45,094	(133,405)
226	(115,602)	(6,342)
	--	
(3,487)	686,620	20,386
37,999	77,053	3,563
293,644	491,743	(11,733)
--	(382,707)	--
(2,661)	(12,631)	3,519,648
27,769	(5,524)	--
--	421,604	--
277,148	5,122,031	5,945,843
$ (4,776,509)	$ 1,052,137	$ (226,532)
$ --	$ 6,367,881	$ 3,852,828

CITY OF RENO, NEVADA

Statement of Fiduciary Net Assets
Agency Funds
June 30, 2003

ASSETS		
Cash and Investments	$	5,486,837
Accrued interest receivable		10,719
Special assessments, current		719,773
Due from other governments		14,973
TOTAL ASSETS		6,232,302
LIABILITIES		
Accounts payable		53,796
Accrued liabilities		45,131
Deposits		1,473,555
Due to others		4,659,820
TOTAL LIABILITIES		6,232,302
NET ASSETS	$	--

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS

Notes to the Financial Statements

Note 1: **Summary of Significant Accounting Policies**

The financial statements of the City of Reno, Nevada (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant accounting policies consistently applied in the preparation of the accompanying general purpose financial statements follows.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the statement include the following:

1. For the first time the financial statements include:

   a) A Management Discussion and Analysis (MD & A) section providing an analysis of the City's overall financial position and results of operations.

   b) Financial statements prepared using full accrual accounting for all City activities, including infrastructure (roads, bridges, etc.).

2. A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has implemented the general provisions of the statements in the current year and will retroactively report infrastructure (assets acquired prior to July 1, 2001) on or before June 30, 2006.

Reporting Entity

The City of Reno, Nevada was incorporated on March 16, 1903. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire and building inspection), streets, culture and recreation, public improvements, planning and zoning, wastewater treatment and general administrative services.

As required by GAAP, these financial statements present the City of Reno and its component unit, the Redevelopment Agency of the City of Reno. The criteria used to include a component unit with the primary government's financial statements is one of "financial responsibility". The Redevelopment Agency of the City of Reno (RACOR) is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. RACOR is dependent upon the City through taxing

Note 1: **Summary of Significant Accounting Policies** (continued)

Reporting Entity (continued)

authority. RACOR is governed by a separate board, which is comprised of the members of the City Council. RACOR's financial information is presented in a blended format and is included in the financial statements of the City. Separate financial statements of the Redevelopment Agency of the City of Reno are filed at the City Clerk's office. Following GAAP, the General Fund of RACOR is reclassified as a Special Revenue Fund when the component unit is included within the City's financial reporting entity. Other RACOR funds included within these financial statements include the Redevelopment Agency Extraordinary Maintenance Capital Projects Fund and the Redevelopment Agency Debt Service Fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double-counting of internal activities. Services provided by the General Fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the General Fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are associated with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services and operating expenses, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially

Note 1: **Summary of Significant Accounting Policies** (continued)

Government-Wide and Fund Financial Statements (continued)

equal values. Nonoperating revenues, such as subsidies and investment earnings and nonoperating expenses result from nonexchange transactions or ancillary activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All applicable pronouncements, including FASB Statements and Interpretations, APB Opinions and ARBs issued prior to November 30, 1989, except for those that conflict with or contradict GASB pronouncements have been applied in the preparation of these financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for special assessment revenues. The City considers ad valorem taxes as available if they are collected within 30 days after year-end. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, which are recorded as fund liabilities when due.

Note 1: **Summary of Significant Accounting Policies** (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The following primary sources of revenues are considered susceptible to accrual under the modified accrual basis of accounting:

- Ad valorem taxes
- County shared revenue
- State shared revenues

Sales taxes are considered "available" when in the hands of the intermediary collecting government and are recognized as revenue at that time. Licenses and permits, fines and forfeits and charges for services are the primary revenue sources not susceptible to accrual because they are generally not measurable until received in cash.

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenue arise in governmental fund types when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenues is removed from the governmental funds balance sheet and revenue is recognized.

The City reports the following major governmental funds:

The **General Fund** is used to account for resources traditionally associated with the City that are not required legally or by sound financial management to be accounted for in another fund.

The **Street Fund** is used to account for revenue resources restricted for expenditures on streets.

The **Railroad Debt Service Fund** is used to accumulate monies for payment of bonds issued for the purpose of constructing and expanding railroad grade projects in the City.

The **Downtown Events Center Fund** is used to accumulate monies for payment of bonds issued for the purpose of the acquisition and construction of the Downtown Events Center.

The **Special Assessment Districts Fund** is used to accumulate monies for payment of special assessments bonds of the City.

Note 1: **Summary of Significant Accounting Policies** (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The **Municipal Court Capital Project Fund** is used to account for the City of Reno's portion of the acquisition and construction of the Muncipal Court Building, a joint project with Washoe County.

The **Railroad Capital Projects Fund** is used to account for acquisition and construction of railroad grade projects in the City.

The **Downtown Events Center Capital Projects Fund** is used to account for the acquisition and construction of the Downtown Events Center.

The City reports the following major enterprise funds:

The **Sanitary Sewer Fund** is used to account for sewer services provided by the residents of Reno and some residents of Washoe County and to account for connection fee revenues restricted for capital expenditures and the related projects.

The **Golf Course Fund** is used to account for golfing operations of the two City golf courses.

The **Building Permit Fund** is used to account for activities involved in issuing permits that authorize the construction of structures. Resources are provided by building permit fees.

Additionally, the City reports the following fund types:

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other governmental units on a cost-reimbursement basis. The City uses internal service funds to account for its vehicle operations and self-insurance programs.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

Note 1: **Summary of Significant Accounting Policies** (continued)

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. This is in accordance with Nevada Revised Statutes and the City of Reno Charter. The operating budget includes proposed expenditures/expenses and the means of financing them. Appropriations are required to be detailed by object (salaries and wages, employee benefits, services and supplies, or capital outlay) within a department, within a function, within a fund.

2. Public hearings are conducted prior to the adoption of the budget to obtain taxpaper comment.

3. On or before June 1, the budget is legally adopted by a majority vote of the City Council members.

4. The City Manager is authorized under Nevada law to amend the budget by transferring appropriations within an function or program. Transfers between any function or program within a fund or transfers of appropriations between funds and the contingency account, may be authorized subject to subsequent approval by the City Council. Revisions that alter the total appropriations of a function or fund (augmentations) must be approved in advance by the City Council in the form of a resolution. If the fund being augmented receives property tax revenue, notice is published in the local newspaper three working days in advance of the public meeting. The budgets were augmented during the year in accordance with these procedures.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds and Internal Service Funds. Such funds have legally adopted annual budgets which lapse at year-end.

6. Budgeted appropriations may not be exceeded by actual expenditures of the various functions in the General Fund, Special Revenue Funds and Capital Projects Funds, and by operating and non-operating expenses in the proprietary fund types. Fund equity in the proprietary fund types may not be a deficit.

Note 1: **Summary of Significant Accounting Policies** (continued)

Budgets and Budgetary Accounting (continued)

7. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Cash, Cash Equivalents and Investments

The City maintains a cash and investment pool that is available for use by all funds. Monies that are not required for immediate obligations are invested.

Cash and cash equivalents includes currency on hand, demand deposits with banks, and proprietary funds' equity in the investment pool, as their balances are available on demand.

Investments are reported at fair value.

Restricted cash and cash equivalents are monies that are restricted by legal or contractual requirements.

Accrued Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned.

Inventories

Inventories in the governmental funds are valued at cost, which approximates market, using the first-in/first-out method. Inventories of proprietary funds are valued at the lower of cost (first-in, first-out method) or market. In all funds, inventories are recorded as expenditures/expenses when consumed. Reported inventories in the governmental funds, which consist primarily of supplies and materials for resale, are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of total assets.

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. All such balances within the governmental activities or business-type activities are eliminated in the government-wide statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Note 1: **Summary of Significant Accounting Policies** (continued)

Restricted Assets

The ordinance levying a connection fee for tapping into the City's sewer lines restricts all monies received as such for the construction of and improvements to the sewer plant and sewer line system. Accordingly, a portion of the assets in the Sanitary Sewer Enterprise Fund have been restricted for that purpose.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of $10,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded at cost including capitalized interest incurred during the construction phase on debt-financed projects. Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

Assets	Life
Buildings, building components and building services	10 to 50 years
Improvements other than buildings	10 to 30 years
Equipment and motor vehicles	3 to 20 years
Infrastructure	10 to 60 years

Compensated Absences

Unused vested vacation leave may be accumulated and is paid at the time of termination from City employment. Unused vested sick leave may be accumulated and generally is paid at termination at the rate of one hour of compensation for every two hours accrued. Accumulated sick leave benefits are payable to terminated employees who have accumulated a set number of hours up to a specified maximum, depending on the particular employee association. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund statements. The City classifies 100% of its liability for compensated absences as long-term.

Note 1: **Summary of Significant Accounting Policies** (continued)

Allowance for Uncollectible Receivables

The City has not established an allowance for uncollectible receivables since prior experience has shown that uncollectible receivables are not material in amount. An allowance has not been established for uncollectible delinquent accounts of the Sanitary Sewer Enterprise Fund because the accounts are secured by a lien on real property.

Long-Term Liabilities

General obligation and tax allocation bonds and notes payable are recognized as a liability of the Debt Service Funds when due. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

In the government-wide and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related bond.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of bonds issued is reported as other financing sources, as are bond premiums. Bond discounts are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Equity

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

a. **Invested in Capital Assets, Net of Related Debt –** Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Note 1: **Summary of Significant Accounting Policies** (continued)

Fund Equity (continued)

b. **Restricted Net Assets –** Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation.

c. **Unrestricted Net Assets –** All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The City first utilizes restricted resources to finance qualifying activities, then unrestricted resources, as needed.

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

Note 2: **Reconciliation of Government-Wide and Fund Financial Statements**

A. **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between *total fund balances – governmental funds* and *total net assets of governmental activities*. One element of that reconciliation explains that long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. The details of the $(348,222,331) difference are as follows:

Bonds payable, net of bond premium and discount	$ (330,595,187)
Accrued interest payable	(2,087,655)
Compensated absences	(15,539,489)
Net Difference in Reporting Long-Term Liabilities	$ (348,222,331)

Another element of that reconciliation states that other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Note 2: **Reconciliation of Government-Wide and Fund Financial Statements** (continued)

A. **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets** (continued)

Bond costs, deferred charges	$ 13,218,622
Less: Current year amortization	(399,729)
Net Difference in Reporting Other Assets	$ 12,818,893

B. **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	$ 69,996,052
Depreciation expense	(5,613,124)
Net Difference in Reporting Capital Asset Activity	$ 64,382,928

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *Net change in fund balances – governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report the proceeds from the sale of assets as other financing sources. However, in the statement of activities only the gain or loss on the sale is recorded." The details of this difference are as follows:

Gain on sale of assets on the statement of activities	$ 61,120
Proceeds of sale included in the governmental funds	(2,500)
Net Difference in Reporting Transactions Involving Capital Asset Sales/Disposition	$ 58,620

Note 2: **Reconciliation of Government-Wide and Fund Financial Statements** (continued)

B. **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities** (continued)

Another element of that reconciliation states that "Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund statement." The details of this difference are as follows:

Deferred revenue decreases net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	$ 13,133,746
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	18,610,950
Net Difference in Reporting Revenues	$ 31,744,696

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt issued or incurred:	
General obligation bonds and refunding bonds issued	$ (47,250,000)
Plus net bond discounts	(1,874,765)
Plus bond issuance costs	1,371,851
Accrued interest	(169,919)
Principal repayments:	
General obligation debt	7,050,633
State of Nevada note	2,511,455
Refunded debt	22,810,000
Gain on early retirement	455,751
Net Difference in Reporting Long-Term Debt Transactions	$ (15,094,994)

Note 2: **Reconciliation of Government-Wide and Fund Financial Statements** (continued)

B. **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities** (continued)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Amortization of current year bond discount and issuance costs	$ (291,311)
Compensated absences change	(421,652)
Net Difference in Reporting Other Long-Term Transactions	$ (712,963)

Note 3: **Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Cash and investments are reported as "Cash and Investments" or "Restricted Assets", as appropriate in the Government-Wide Statement of Net Assets. Included in each fund's portion of the pooled cash is the fund's portion of cash on hand which in total, amounted to $70,212 at June 30, 2003.

Cash Deposits. At year-end, the carrying amount of the City's bank deposits was $4,868,046 and the bank balance was $12,724,948. These deposits are classified by the following credit risks:

Insured by Federal Deposit Insurance Corporation	$ 100,000
Insured or collateralized with securities held by the City's agent in the City's name	12,624,948
Total Bank Balances	$ 12,724,948

Investments. Investments authorized by state statutes and further restricted by City Council include, but are not limited to, obligations of the U.S. Treasury, obligations of other U.S. government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers acceptances, money market mutual funds, repurchase agreements, and the State of Nevada Local Government Investment Pool, an external investment pool, which is administered by the State Treasurer with oversight by the Board of Finance of the State of Nevada. The City's investment in the external investment pool is the same as the value of the pool shares.

Note 3: **Cash and Investments** (continued)

The City's investments at June 30, 2003 are categorized to give an indication of the level of risk assumed by the City. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by a counter party's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a counter party's trust department or agent but not in the City's name. Fair values of the City's investments as of June 30, 2003 are:

	Category			
	1	2	3	Fair Value
U.S. Agency obligations	$ 62,247,360	$ --	$ --	$ 62,247,360
Bank repurchase agreement	22,096,412	--	--	22,096,412
State of Nevada Local Government Investment Pool	12,597,191	--	--	12,597,191
Money market mutual funds	174,983,399	--	--	174,983,399
Total Investments	$ 271,924,362	--	--	$ 271,924,362

Note 4: **Property Tax**

Washoe County is responsible for the assessment, collection and subsequent distribution to the City of property taxes. Property taxes are billed in July of each year. They are due in installments by the third Monday in August and the first Mondays in October, January and March.

In the event of delinquent payments, the County Treasurer must assess a 4% penalty on the first installment, a 7% penalty on two installments, 11% on three installments and a 16% penalty if all four installments are delinquent. In the event of nonpayment, the County will file a lien against the property on the first Monday in June. If delinquent taxes and penalties are not paid after two years from the date of the lien, the County Treasurer will obtain a deed to the property and may sell the property to satisfy the lien.

The 1979 Nevada Legislature enacted provisions requiring the combined overlapping tax rate be limited to $3.64 per $100 of assessed valuation except in the case of severe financial emergencies as defined in NRS 354.705.

The 1981 Legislature enacted "tax shift" legislation designed to further reduce the level of property taxes collected throughout the state. The overall sales tax increased from 3.5% to 5.75%; the additional revenue is being distributed to local governmental units in order to reduce the revenues they would otherwise be required to generate from property taxes for operating purchases. Such additional revenue is distributed as a component of the consolidated tax.

Note 5: **Capital Assets**

Capital Asset activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2003
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 39,769,955	$ 5,952,887	$ --	$ --	$ 45,722,842
Construction in progress	34,487,375	54,975,226	--	(12,780,567)	76,682,034
Total capital assets, not being depreciated	74,257,330	60,928,113	--	(12,780,567)	122,404,876
Capital assets, being depreciated:					
Infrastructure	17,332,967	21,698,135	--	8,911,939	47,943,041
Improvements other than buildings	34,748,116	1,353,965	--	4,164,346	40,266,427
Buildings	93,289,970	4,685,941	--	--	97,975,911
Arts and historical treasures	405,697	16,500	--	--	422,197
Equipment	22,331,873	4,892,619	(503,692)	2,770,876	29,491,676
Total capital assets, being depreciated	168,108,623	32,647,160	(503,692)	15,847,161	216,099,252
Less accumulated depreciation for:					
Insfrastructure	(432,949)	(1,428,257)	--	--	(1,861,206)
Improvements other than buildings	(16,888,164)	(1,547,923)	--	--	(18,436,087)
Buildings	(16,660,436)	(1,902,349)	--	--	(18,562,785)
Arts and historical treasures	(131,441)	(15,009)	--	--	(146,450)
Equipment	(13,736,275)	(3,232,249)	486,071	(1,494,641)	(17,977,094)
Total accumulated depreciation	(47,849,265)	(8,125,787)	486,071	(1,494,641)	(56,983,622)
Total capital assets, being depreciated, net	120,259,358	24,521,373	(17,621)	14,352,520	159,115,630
Governmental activities capital assets, net	$ 194,516,688	$ 85,449,486	$ (17,621)	$ 1,571,953	$ 281,520,506
Business-Type Activities:					
Capital assets, not being depreciated:					
Land and water rights	$ 5,898,042	$ 130,032	$ --	$ --	$ 6,028,074
Construction in progress	8,805,988	8,049,997	(4,487,458)	1,053	12,360,580
Total capital assets, not being depreciated	14,704,030	8,171,029	(4,487,458)	1,053	18,388,654
Capital assets, being depreciated:					
Improvements other than buildings	138,610,422	8,924,750	--	--	147,535,172
Buildings	14,102,353	--	--	--	14,102,353
Equipment	3,947,265	160,025	--	(2,770,876)	1,336,414
Total capital assets, being depreciated	156,660,040	9,084,775	--	(2,770,876)	162,973,939
Less accumulated depreciation for:					
Improvements other than buildings	(42,643,113)	(4,094,973)	--	17,110	(46,720,976)
Buildings	(2,788,645)	(377,518)	--	(17,115)	(3,183,278)
Equipment	(2,341,719)	(109,502)	--	1,494,647	(956,574)
Total accumulated depreciation	(47,773,477)	(4,581,993)	--	1,494,642	(50,860,828)
Total capital assets, being depreciation, net	108,886,563	4,502,782	--	(1,276,234)	112,113,111
Business-type activities capital assets, net	$ 123,590,593	$ 12,673,811	$ (4,487,458)	$ (1,275,181)	$ 130,501,765

Note 5: **Capital Assets** (continued)

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

Government Activities:	
General government	$ 1,105,314
Judicial	12,046
Police	261,131
Fire	500,483
Public works	1,617,888
Planning and community development	192,250
Culture and recreation	1,658,882
Urban redevelopment	265,131
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,512,663
Total depreciation expense – governmental activities	$ 8,125,787
Business-Type Activities:	
Sanitary Sewer Fund	$ 4,206,300
Golf Course Fund	325,982
Building Permit Fund	19,718
Animal Services Shelter Fund	29,993
Total depreciation expense – business-type activities	$ 4,581,993

Commitments outstanding for construction at June 30, 2003 totaled approximately $191 million.

On January 9, 2002, the City entered into an interlocal agreement with Washoe County for the construction of joint facilities to house the City's Municipal Court and Washoe County's District Attorney's office. The County owns the land on which the joint facilities will be constructed. The facility will be jointly owned by the City and County as a condominium. On February 1, 2002, the City paid the County a fixed amount of $2.3 million for their share of the demolition and relocation costs. Pursuant to the interlocal agreement, the County will reimburse the City for 60% of the design fees. The 60% represents the estimate of the County's eventual share of the total joint costs of construction of their private space and a corresponding share of the construction costs of the common areas. The total project costs are expected to be approximately $34 million. At June 30, 2003, the City's share of the project costs was approximately $15.3 million, which includes the $2.3 million of demolition and relocation costs.

Note 5: **Capital Assets** (continued)

Enterprise fund construction in progress at June 30, 2003 primarily represents progress on sewer projects, including construction of interceptors and treatment plant improvements. No additional financing will be required to complete construction in progress projects at June 30, 2003.

Note 6: **Investment in Truckee Meadows Water Reclamation Facility (Joint Venture)**

Pursuant to an agreement dated March 24, 1980, the Cities of Reno and Sparks jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (the Facility). A committee known as the Reno-Sparks Coordinating Committee advises the City Council of Reno and Sparks on matters relating to the Joint Wastewater Treatment Facility. The Cities have joint control in approving budgets for the Facility and providing financing for the operations thereof. As of June 30, 2003, approximately 66% of the Facility was owned by Reno and 34% by Sparks.

The City of Sparks is responsible for administration and daily operation of the Facility. The cost of operating and maintaining the Facility is divided in proportion to the volume of sewage entering from each City. It has historically been the Cities' policy not to fund depreciation on the assets of the Facility, thereby creating an accumulative deficit. Staff of the two Cities are in the process of developing a capital improvement replacement plan. During the year ended June 30, 2003, the City of Reno's share of the Facility's loss before contributions, recorded in the Sanitary Sewer Enterprise Fund, was $2,043,396. The City of Reno uses the equity method to account for its investment in the jointly operated facility.

Separate financial statements for the Facility are available by contacting the Truckee Meadows Water Reclamation Facility.

Summary June 30, 2003 financial information for the Facility is as follows:

ASSETS	
Current assets	$ 3,411,584
Utility plant	78,882,116
Total	$ 82,293,700
LIABILITIES AND EQUITY	
Current liabilities	$ 1,562,158
Equity:	
Contributed capital	126,684,701
Accumulated deficit	(45,953,159)
Total	$ 82,293,700

Note 6: **Investment in Truckee Meadows Water Reclamation Facility (Joint Venture)** (continued)

OPERATING INFORMATION	
Operating revenue	$ 14,328,627
Operating expenses before depreciation	(14,328,627)
Depreciation	(3,115,134)
Nonoperating income (expense)	30,763
Loss before contributions	(3,084,371)
Capital contributions	2,021,929
Net Change in Accumulated Deficit	$ (1,062,442)

The Truckee Meadows Water Reclamation Facility is in the process of expansion. Commitments outstanding for construction at June 30, 2003 totaled approximately $2,973,791 million. These commitments will be shared based on future capacity requirements for each entity.

Note 7: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2003 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Downtown Events Center Capital Project Fund	Nonmajor Governmental Funds	$ 33,332
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,078,939
	Golf Course Fund	197,663
Total Nonmajor Governmental Funds		2,276,602
		$ 2,309,934

During the year, loans were provided to cover short-term cash requirements.

Note 7: **Interfund Balances and Activity** (continued)

Transfers

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

(a) Between Governmental and Business-Type Activities:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Enterprise Funds	$ 4,459,214	Per Dispatch Fund policy General Fund subsidy.
	Nonmajor Enterprise Funds	413,222	Per Animal Control Shelter Fund policy General Fund subsidy.
Sanitary Sewer Fund	General Fund	376,174	Reimburse General Fund for technology Improvements paid for by IS and ½ of gls administrator.
	Internal Service Fund	76,072	Reimburse Motor Vehicle Fund for sewer maintenance.
Golf Course Fund	General Fund	1,524	Reimburse General Fund for technology improvements paid for by IS.
	Total	$ 5,326,206	

(b) Between Funds within the Governmental or Business-Type Activities:

Transfer From	Transfer To	Amount	Purpose
General Fund	Street Fund	$ 1,729,735	Per Council direction transfer 2 cents property tax and water toll fees to help support Street program.
	Nonmajor Governmental Funds	8,171,107	Per PRCS Fund policy General Fund subsidy of various programs.
	Nonmajor Governmental Funds	187,581	General Fund portion of 96 bond issued for McQueen Fire Station.
	Nonmajor Governmental Funds	60,000	Transfer funds for debt repayment purposes
	Nonmajor Governmental Funds	1,143,934	Per Council policy 1% of General Fund expenditures transferred to City Capital Project Fund for CIP projects.
	Nonmajor Governmental Funds	220,000	Per Civic Center proposal General Fund portion of 1 East 1 Street.

Note 7: **Interfund Balances and Activity** (continued)

Transfers (continued)

(b) Between Funds within the Governmental or Business-Type Activities (continued):

Transfer From	Transfer To	Amount	Purpose
General Fund	Internal Service Funds	$ 41,667	Transfer to Motor Vehicle Fund, funds budgeted in police department for purchase of new vehicles for new police team.
		11,554,024	
Street Fund	General Fund	201,149	Transfer from Street Program to General Fund to cover cost of additional engineering positions hired in place of outside consultants.
Downtown Events Center Capital Project Fund	Downtown Events Center Debt Service Fund	5,128,665	Transfer of funds from capital projects to debt for required reserves.
Special Assessment Districts Debt Service Fund	Nonmajor Governmental Funds	2,516,353	Transfer funds for 1 East First Street renovations.
Nonmajor Governmental Funds	General Fund	21,456	Transfer to cover partial costs of Economic Development Manager.
	General Fund	421,040	Transfer to General Fund $125,000 for police technology improvements, $100,000 for special events, $137,500 for fire personnel and $58,540 for partial reimbursement of webmaster portion per Council direction.
	General Fund	30,635	Transfer approved by Court to pay for specific court expenditures.
	General Fund	41,259	Transfer approved by Court to help pay the costs of the collection.
	General Fund	87,048	Transfer to offset drug forfeiture expenditures by police department.
	General Fund	138,713	Transfer from cmp allocation to pay for position assigned to building inventory and to reimburse General Fund for cmp items paid for.
	General Fund	17,291	Close fund to be used for fire equipment replacement.

Note 7: Interfund Balances and Activity (continued)

Transfers (continued)

(b) Between Funds within the Governmental or Business-Type Activities (continued):

Transfer From	Transfer To	Amount	Purpose
Nonmajor Governmental Funds	General Fund	$ 785,000	To reimburse General Fund for maintenance and utilities at 1 East 1 Street.
	General Fund	1,474,855	Reimburse General Fund for RDA portion of downtown maintenance, 14% of ACM, ½ City Attorney and indirect costs not paid in previous years.
	Municipal Court Capital Project Fund	6,694,419	Transfer of funds held in public works capital projects to municipal capital projects where they will be spent.
	Special Assessment Districts Debt Service Fund	408,495	Clear balance of closed fund.
	Nonmajor Governmental Funds	150,000	Transfer to PRCS for grants awarded by CDBG for seniors and youths.
	Nonmajor Governmental Funds	357,737	Transfer to CDBG Administration to reimburse all costs.
	Nonmajor Governmental Funds	15,478	Transfer to CDBG Rehab. Administration to reimburse all costs.
	Nonmajor Governmental Funds	971,851	Transfer of PRCS allocation of room tax per Council direction.
	Nonmajor Governmental Funds	180,000	Transfer of CIP Funds to PRCS for small projects.
	Nonmajor Governmental Funds	68,516	Transfer to cover cost of downtown ambassador position.
	Nonmajor Governmental Funds	200,000	Transfer to Capital Projects to help with new municipal court building.
	Nonmajor Governmental Funds	50,766	Close fund to be used for NECC.
	Nonmajor Governmental Funds	5,063,769	Transfer of debt service proceeds to capital projects fund to pay for renovations.
	Nonmajor Governmental Funds	3,985,716	Transfer of debt service proceeds to capital projects fund to pay for renovations.

Note 7: **Interfund Balances and Activity** (continued)

Transfers (continued)

(b) Between Funds within the Governmental or Business-Type Activities (continued):

Transfer From	Transfer To	Amount	Purpose
	Nonmajor Governmental Funds	$ 44,019	Transfer funds to reimburse impact fees for work completed on traffic signals.
	Nonmajor Governmental Funds	256,924	Capital Tax fund portion of ’96 bond issued for UST & McKinley.
	Nonmajor Govenrmental Funds	650,990	Transfer to debt service fund for ’97 recreation bonds issued for NECC, Paradise Park, and Neil Road Community Center.
		24,632,330	
	Total	$ 41,516,168	
Internal Service Funds	General Fund	$ 10,000	Reimburse General Fund for technology improvements paid for by IS.

Note 8: **Long-Term Debt**

Long-term liabilities at June 30, 2003 consisted of the following:

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2003
Governmental Activities					
Tax Allocation Bonds:					
1995A Downtown Redevelopment Project	7/1/03 – 6/1/18	5.6% - 6.20%	$1,800,000-$1,315,000	$ 23,995,000	$ 22,055,000
(to finance portion of Agency's downtown redevelopment projects)					
1998A Downtown Redevelopment Project	7/1/03 – 6/1/18	6.40% - 6.75%	$60,000-$450,000	4,000,000	3,930,000
(to finance portion of Agency's downtown redevelopment projects)					
1998F Downtown Redevelopment Project	7/1/03 – 9/1/17	4.45% - 5.25%	$855,000-$1,105,000	22,685,000	18,350,000
(to partially refund 1990 and 1991 downtown redevelopment project bonds)					
Total Tax Allocation Bonds				50,680,000	44,335,000
General Obligation Bonds:					
1992 Street Bond	5/1/04	5.80% - 6.20%	$750,000	14,500,000	750,000
(to finance street improvement projects)					
1996 Medium-Term (limited tax) Bonds	7/1/03 – 12/1/06	4.25% - 4.70%	$370,000-$430,000	3,460,000	1,600,000
(to finance various improvement projects)					
1997B Street Refunding Bonds	7/1/03 – 5/1/12	4.40% - 5.125%	$65,000-$1,285,000	9,025,000	8,560,000
(to partially refund 1992 Street Bond)					
1997A Recreational Facilities Bonds	7/1/03 – 8/1/07	4.30% - 4.80%	$525,000-$635,000	5,200,000	2,890,000
(to finance construction of various recreational facilities)					
2002 Capital Improvement Revenue	6/30/06 – 6/1/32	5.125% - 5.375%	$130,000-$10,655,000	108,625,000	108,625,000
(to finance the acquisition, renovation, construction and improvements of the new Downtown Events Center)					
2002 ReTRAC Transportation Rail Access Corridor Project	6/30/14 – 6/1/41	5.00% - 5.50%	$265,000-$9,405,000	114,245,000	114,245,000
(to refund all 1998 Series Sales and Room Tax Revenue bonds and provide additional funding)					
2003 Capital Improvement Refunding Bonds	4/1/04 – 6/1/10	4.00% - 5.00%	$2,465,000-$3,615,000	21,705,000	21,705,000
(to refund 1993A Capital Improvement Bonds)					
2003A Building Bonds (Tax Exempt)	6/1/12 – 6/1/18	3.75%	$780,000-$970,000	6,100,000	6,100,000
(to finance renovations for the new City Hall and Police Department buildings)					
2003B Building Bonds (Taxable)	6/1/04 – 6/1/11	6.17%	$480,000-$735,000	4,800,000	4,800,000
(to finance renovations for the new City Hall and Police Department buildings)					
Subtotal				287,660,000	269,275,000
1993 Special Assessment District No. 1	12/1/03	5.25%	$30,062	$ 267,387	$ 30,062
(to finance sidewalks, curbs and gutter improvements)					
1995 Special Assessment District No. 1	7/1/03 – 6/1/09	5.40%	$21,000	206,000	126,000
(to finance sidewalks, curbs and gutter improvements)					
1996 Special Assessment District No. 1	7/1/03 – 6/1/09	5.40%	$25,000	251,000	150,000
(to finance sidewalks, curbs and gutter improvements)					
1997 Special Assessment District No. 2	7/1/03 – 4/1/10	6.09%	$5,164	48,280	36,150
(to finance sidewalks, curbs and gutter improvements)					
1997 Special Assessment District No. 3	7/1/03 – 4/1/10	6.09%	$7,061	66,009	49,424
(to finance sidewalks, curbs and gutter improvements)					
1998 Special Assessment District No. 1	7/1/03 – 4/1/10	6.09%	$22,665	211,894	158,657
(to finance sidewalks, curbs and gutter improvements)					
1998 Special Assessment District No. 2	7/1/03 – 4/1/10	6.09%	$8,110	75,817	56,769
(to finance sidewalks, curbs and gutter improvements)					
1999 Special Assessment District No. 1	71/03 – 1/1/11	5.90%	$4,600	44,700	36,800
(to finance sidewalks, curbs and gutter improvements)					
1999 Special Assessment District No. 3	7/1/03 – 2/1/22	4.50% - 5.60%	$90,000-$85,000	1,763,728	1,674,999
(to finance sidewalks, curbs and gutter improvements)					

Note 8: **Long-Term Debt** (continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2003
Governmental Activities (continued)					
General Obligation Bonds (continued):					
2000 Special Assessment District No. 1 *(to finance sidewalks, curbs and gutter improvements)*	7/1/03 – 1/15/12	4.39%	$14,744	$ 147,438	$ 132,696
2001 Stead Special Improvement District No. 2 *(to acquire and improve streets in Northwest Reno)*	6/1/04 – 6/1/23	2.75% - 5.00%	$100,000-$170,000	2,470,000	2,470,000
2002 Special Improvement District No. 5 *(to partially finance the construction of the Downtown Events Center)*	6/1/04 – 6/1/23	3.00% - 5.00%	$425,000-$855,000	12,175,000	12,175,000
Subtotal				17,727,253	17,096,557
Total General Obligation Bonds				305,387,253	286,371,557
Notes Payable:					
State of Nevada *(to finance loans made by the City for affordable housing projects)*	7/1/03 – 6/30/15	--	$16,320-$25,400	579,708	517,073
Total Governmental Activities				$ 356,646,961	$ 331,223,630
Business-Type Activities					
1993 Golf Course Refunding *(to refund the 1989 Golf Course Bond)*	7/1/03 – 6/30/19	4.30% - 5.25%	$150,000-$305,000	$ 4,225,000	$ 3,455,000

The following is a summary of long-term liabilities transactions for the year ended June 30, 2003:

	Balance July 1, 2002	Additions	Retirements	Balance June 30, 2003	Amounts Due within One Year
Governmental Activities					
Tax Allocation Bonds:					
1995A Downtown Redevelopment Project	$ 23,235,000	$ --	$ 1,180,000	$ 22,055,000	$ 1,800,000
1995B Downtown Redevelopment Project	540,000	--	540,000	--	--
1998A Downtown Redevelopment Project	3,970,000	--	40,000	3,930,000	60,000
1998F Downtown Redevelopment Project	19,160,000	--	810,000	18,350,000	855,000
Total Tax Allocation Bonds	46,905,000	--	2,570,000	44,335,000	2,715,000
General Obligation Bonds:					
1992 Street Bond	1,455,000	--	705,000	750,000	750,000
1993A Capital Improvement Refunding	25,440,000	--	25,440,000	--	--
1996 Medium-Term (limited tax) Bonds	1,955,000	--	355,000	1,600,000	370,000
1997B Street Refunding Bonds	8,620,000	--	60,000	8,560,000	65,000
1997A Recreational Facilities Bonds	3,395,000	--	505,000	2,890,000	525,000
2002 Capital Improvement Revenue (Special Event Center)	108,625,000	--	--	108,625,000	--
Less: Unamortized Discount	(93,383)	--	(3,122)	(90,261)	--
2002 ReTRAC Transp. Rail Access Cor. Project	114,245,000	--	--	114,245,000	--
Less: Unamortized Discount	(2,357,783)	--	(60,585)	(2,297,198)	--
2003 Capital Improvement Refunding Bonds	--	21,705,000	--	21,705,000	2,465,000
Less: Unamortized Discount	--	1,803,777	120,252	1,683,525	--
2003A Building Bonds (Tax Exempt)	--	6,100,000	--	6,100,000	--
Less: Unamortized Discount	--	(15,250)	(492)	(14,758)	--
2003B Building Bonds (Taxable)	--	4,800,000	--	4,800,000	480,000
Less: Unamortized Discount	--	(12,000)	(706)	(11,294)	--
Subtotal	261,283,834	34,381,527	27,120,347	268,545,014	4,655,000

Note 8: **Long-Term Debt** (continued)

	Balance July 1, 2002	Additions	Retirements	Balance June 30, 2003	Amounts Due within One Year
General Obligation Bonds (continued):					
1993 Special Assessment District No. 1	$ 58,624	$ --	$ 28,561	$ 30,063	$ 30,063
1995 Special Assessment District No. 1	147,000	--	21,000	126,000	21,000
1996 Special Assessment District No. 1	175,000	--	25,000	150,000	25,000
1997 Special Assessment District No. 2	41,314	--	5,163	36,151	5,164
1997 Special Assessment District No. 3	56,485	--	7,060	49,425	7,061
1998 Special Assessment District No. 1	181,322	--	22,665	158,657	22,665
1998 Special Assessment District No. 2	64,879	--	8,110	56,769	8,110
1999 Special Assessment District No. 1	41,400	--	4,600	36,800	4,600
1999 Special Assessment District No. 3	1,763,728	--	88,729	1,674,999	90,000
Add: Unamortized Premium	3,908	--	196	3,712	--
2000 Special Assessment District No. 1	147,438	--	14,742	132,696	14,744
2001 Stead Special Improvement District No. 2	--	2,470,000	--	2,470,000	100,000
Add: Unamortized Premium	--	26,283	110	26,173	--
2002 Special Improvement District No. 5	--	12,175,000	--	12,175,000	425,000
Add: Unamortized Premium	--	71,955	300	71,655	--
Subtotal	2,681,098	14,743,238	226,236	17,198,100	753,407
Total General Obligation Bonds	263,964,932	49,124,765	27,346,583	285,743,114	5,408,407
Notes Payable:					
State of Nevada	528,528	--	11,455	517,073	16,320
Sierra Development Co.	2,500,000	--	2,500,000	--	--
Total Notes Payable	3,028,528	--	2,511,455	517,073	16,320
Compensated absences – Governmental	15,117,837	785,666	268,731	15,634,772	--
Total Governmental Activities	$ 329,016,297	$ 49,910,431	$ 32,696,769	$ 346,229,959	$ 8,139,727
Business-Type Activities					
1993 Golf Course Refunding	$ 3,600,000	$ --	$ 145,000	$ 3,455,000	$ 150,000
Compensated absences – Business-type activities	1,003,000	491,401	--	1,494,401	--
Total Business-Type Activities	$ 4,603,000	$ 491,401	$ 145,000	$ 4,949,401	$ 150,000

New Debt:

On January 1, 2003, the City issued $21,705,000 of Capital Improvement Refunding Bonds. The proceeds of the Series 2003 Bonds ("the Bonds") are to be used to pay costs of issuance relating to the Bonds and to refund the City's General Obligation (Limited Tax) Capital Improvement Refunding Bonds, Series 1993A in the amount of $22,810,000. The Bonds constitute direct and general obligation of the City, and the full faith and credit of the City is pledged for the payment of principal and interest, and any premium due thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. The Bonds will mature annually on April 1 of each year starting in 2004 and ending in 2010. Interest on the Bonds is payable on April 1 and October 1, commencing October 1, 2003. Interest rates range from 5.2% to 5.6%. Total

Note 8: **Long-Term Debt** (continued)

New Debt (continued):

debt service payments over the next 6.5 years will decrease by $2,200,973 as a result of the refunding and will result in an economic gain of $2,013,060.

On January 7, 2003, the City issued $6,100,000 of Building Bonds (Tax-Exempt) Series A and $4,800,000 of Building Bonds (Taxable) Series 2003B. The proceeds of these bonds are to be used to pay off a note payable of $2.5 million and to pay for renovations to convert the One East First Street building purchased in prior year to the new City Hall building, and to pay for renovations to convert the existing City Hall to the new Police Department building. The Series A bonds will mature annually on June 1 of each year starting in 2012 and ending in 2018, and the Series B bonds will mature annually on June 1 of each year starting in 2004 and ending in 2011. Interest on the Bonds is payable on June 1 and December 1, commencing June 1, 2003. Interest rate is 3.75% on the Series A bonds and 6.17% on the Series B bonds.

On June 1, 2003, the City issued $2,470,000 of 2001 Stead Special Improvement District No. 2 bonds and $12,175,000 of 2002 Special Improvement District No. 5 Bonds (Downtown Events Center). The Events Center Bonds are being issued for the purpose of acquiring, constructing and improving a downtown events center project. The Stead Bonds are being issued for the purpose of acquiring and improving certain street projects situated in the northwest area of the City. The payment of principal and interest shall be made from the special assessments levied against and secured by a lien upon the property within the Special Assessment Districts. If the assessments are insufficient to pay the bond principal and interest, the deficiency shall be paid first out of the surplus and deficiency fund, then out of the City's General Fund and a possible ad valorem property tax levy. Both bonds will mature annually on June 1 of each year starting in 2004 and ending in 2023. Interest on the bonds is payable on June 1 and December 1, commencing December 1, 2003. Interest rates range between 2.75% and 5.00% for the Stead Bonds, and between 3.00% and 5.00% for the Events Center Bonds.

Note 8: **Long-Term Debt** (continued)

Presented below is a summary of debt service requirements to maturity of the City's governmental bonds and notes payable:

Fiscal Year	Debt Supported by Ad Valorem Tax		Debt Supported by Special Assessment Installments		Debt Supported by Sales Tax and Room Tax Revenues	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2004	$ 6,475,000	$ 4,803,695	$ 753,406	$ 689,194	$ --	$ 11,704,844
2005	7,055,000	4,217,038	753,406	689,194	--	11,704,844
2006	7,440,000	3,846,848	763,344	621,464	130,000	11,704,844
2007	6,815,000	3,454,309	773,344	594,692	285,000	11,699,644
2008	7,175,000	3,096,689	788,344	567,371	445,000	11,688,244
2009-2013	29,495,000	9,848,541	3,894,775	2,405,204	5,100,000	57,980,494
2014-2018	21,795,000	3,298,650	4,315,000	1,640,384	15,160,000	55,728,563
2019-2023	--	--	5,065,000	676,911	30,690,000	49,989,100
2024-2028	--	--	--	--	48,890,000	40,104,063
2029-2033	--	--	--	--	61,810,000	24,830,950
2034-3038	--	--	--	--	33,890,000	12,442,450
2039-2042	--	--	--	--	26,470,000	2,839,988
Subtotal	86,250,000	32,565,770	17,096,557	7,843,105	222,870,000	302,472,025
Unamortized premium (discount)	1,657,473	--	101,539	--	(2,387,460)	--
Total	$ 87,907,473	$ 32,565,770	$ 17,198,096	$ 7,843,105	$ 220,482,540	$ 302,472,025

Fiscal Year	Debt Support by Specific or General Revenues		Notes Payable	
June 30,	Principal	Interest	Principal	Interest
2004	$ 895,000	$ 187,828	$ 16,320	$ --
2005	940,000	146,450	17,041	--
2006	985,000	102,226	17,735	--
2007	1,035,000	54,954	18,458	--
2008	635,000	15,240	19,163	--
2009-2013	--	--	108,396	--
2014-2018	--	--	132,387	--
2019-2023	--	--	161,631	--
2024-2028	--	--	25,943	--
	$ 4,490,000	$ 506,698	$ 517,073	$ --

Note 8: **Long-Term Debt** (continued)

Presented below is a summary of debt service requirements to maturity of the City's business type bonds.

Fiscal Year June 30,	Principal	Interest
2004	$ 150,000	$ 178,540
2005	150,000	171,490
2006	160,000	164,290
2007	170,000	156,450
2008	180,000	147,950
2009-2013	1,030,000	591,320
2014-2018	1,310,000	292,688
2019	309,000	16,012
	$ 3,455,000	$ 1,718,740

The amount of long-term debt that can be incurred by the City is limited by State statute. Total outstanding long-term obligations during a year can be no greater than 15% of the assessed value of taxable property at the beginning of the fiscal year. The City is in compliance with this limitation. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with such limitations and restrictions.

The City has issued various special assessment bonds, the proceeds of which have been used to fund infrastructure improvements. These bonds do not constitute debt of the City within the meaning of any constitutional or statutory provision or limitation and are not considered a general obligation of the City. They are considered special obligations payable solely from assessments levied in the Districts. However, in case of deficiencies, the bonds are further secured by the General Fund, then by general ad valorem taxes.

In the current and prior years, the City and the Redevelopment Agency defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2003, $11,340,000 of these bonds outstanding are considered defeased.

Note 9: **Operating Leases**

The City is committed under various noncancelable operating leases, primarily for office buildings and equipment (principally in the General Fund).

Future minimum operating lease commitments are as follows:

Year Ending June 30,	
2004	$ 518,860
2005	518,860
2006	296,539
2007	169,908
2008	79,908
Total	$ 1,584,075

Rent expenditures were $535,622 for the year ended June 30, 2003.

Note 10: **Net Asset Restatements**

Adjustments resulting from errors or a change to comply with the provisions of new accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net assets.

- Governmental activities capital assets – an adjustment for $295,718 was made to record prior year construction in progress omitted in prior year.
- Governmental activities long-term debt – an adjustment of $320,196 was made to correct unamortized bond issuance costs.

Note 11: **Contingent Liabilities**

Litigation – The City is a defendant in a number of lawsuits arising principally from claims against the City for alleged improper actions by City employees, including alleged improper police action and negligence. Total damages claimed are substantial; however, it has been the City's experience that such actions are settled for amounts substantially less than the claimed amounts. The City has liability insurance policies which would offset damages. The policies have aggregate deductibles of $750,000 per occurrence for general liability claims. The policies provide for a $100,000 aggregate deductible for claims against public officials. City management and the City Attorney estimate that the potential claims against the City would not materially affect the financial condition of the City.

Note 11: **<u>Contingent Liabilities</u>** (continued)

The City is a defendant in several eminent domain cases related to property acquisitions for the ReTRAC Project and the Downtown Events Center Project. No liability has been accrued on the City's financial statements because of the uncertainty of the outcome of these cases. The total appraised value of the properties exceeds $9 million and the total listed potential exposure exceeds $27 million. However, those cases that have been settled indicate reported average additional costs of 21% over appraisal values. Most cases are expected to go to trial in 2004

<u>Water Quality Settlement</u> – Pursuant to an interlocal agreement amended and restated on June 11, 1997 and July 28, 1998, the City of Reno, the City of Sparks, and Washoe County entered into a joint venture for the purchase of water rights pursuant to the Truckee River Water Quality Settlement Agreement (TRWQSA) dated October 10, 1996. Parties to the TRWQSA are the City of Reno, Washoe County, the City of Sparks, the U.S. Department of the Interior (DOI), the U.S. Department of Justice, the U.S. Environmental Protection Agency, the Nevada Division of Environmental Protection and the Pyramid Lake Palute Tribe of Indians (TRIBE).

The TRWQSA settled and dismissed pending litigation by the TRIBE filed 12 years ago relating to the expansion of the Truckee Meadows Water Reclamation Facility (TMWRF), which is operated by Reno and Sparks. It allows Reno and Sparks to use the sewage plant's full capacity in exchange for the purchase of $24,000,000 of water rights. This amount includes DOI's share of funding of $12,000,000. The purchase of the remaining water rights are or will be financed by Washoe County under the State of Nevada Water Pollution Control Revolving Fund. Pursuant to the agreement, the City began transferring a portion of the sewer connection fees to pay their share of the financing.

Washoe County is responsible for administration of the Joint Venture. The arrangement is considered a joint venture because the agreement results in a contractual entity; joint control exists in a three-member oversight committee with one member each appointed by Washoe County, Reno and Sparks; and there is an ongoing financial relationship/responsibility on the part of the participating entities. The arrangement is considered a joint venture with no equity interest recorded on the City of Reno's balance sheet as of June 30, 2002, because no explicit and measurable equity interest is deemed to exist. The entire equity was reserved for purchase of water rights and repayment of debt and was, therefore, unavailable to the City of Reno. Each entity (Washoe County, Reno, and Sparks) will own an undivided and equal interest in the property and water rights purchased. The amount attributable to the City of Reno at June 30, 2003 is $1,765,991 and is recorded in the Sanitary Sewer Enterprise Fund.

Separate financial statements and information for the Joint Venture are available by contacting the Washoe County Comptroller's Department, 1001 E. 9th Street, Reno, Nevada.

Note 11: **Contingent Liabilities** (continued)

Truckee Meadows Water Authority – The Truckee Meadows Water Authority ("Authority") is a joint powers authority formed in November 2000, pursuant to a Cooperative Agreement (the "Agreement") among the City of Reno, Nevada ("Reno"), the City of Sparks, Nevada ("Sparks") and Washoe County, Nevada (the "County"). The Authority was formed in order to purchase the water assets, to undertake the water utility operations of Sierra Pacific Power Company ("SPPCo"), a Nevada corporation, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows community. The Authority and SPPCo entered into an Asset Purchase Agreement dated as of January 15, 2001 in order to establish the terms and conditions of the Authority's purchase of the water system. The Authority has issued bonds that do not constitute an obligation of Reno, Sparks, the County or the State of Nevada.

The Authority is considered a joint venture because: 1) the Agreement results in a contractual entity, 2) joint control exists in a seven member governing body with three directors appointed by Reno, two directors appointed by Sparks, one directed appointed by the County and one at-large director, who shall be an elected official from the governing body of a member, and 3) there is an ongoing financial relationship/responsibility on the part of the participating entities. The arrangement is considered a joint venture with no equity interest recorded on the City's balance sheet as of June 30, 2003, because no explicit and measurable equity interest is deemed to exist.

The City has entered into a cancelable administrative services agreement with the Authority expiring June 30, 2004. Under the agreement, the City will provide a variety of services including, but not limited to, accounting, purchasing, investing and other financial services, budgeting, human resources, administration of payroll and employee benefits, development and maintenance of information systems, and property management. The fee for such services is $47,040 per month, increasing 4% annually. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid $97,582 during the year ended June 30, 2003 for vehicle maintenance.

Separate financial statements and information for the Joint Venture are available by contacting the Authority at 1155 Corporate Blvd., P.O. Box 30013, Reno, Nevada 89520-3013.

Note 12: **Risk Retention and Self-Funded Workers Compensation Funds**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a Risk Retention Internal Service Fund and a Self-Funded Workers Compensation Internal Service Fund to account for and financial these risks of loss. Under these programs, the Funds provide coverage for up to a maximum of

Note 12: **Risk Retention and Self-Funded Workers Compensation Funds** (continued)

$750,000 for each worker's compensation claim, $500,000 for each general liability claim, and $10,000 for each property damage claim, with the exception of flood and earthquake occurrences. In fiscal year 2003, the funds provided coverage of up to the statutory limits for each worker's compensation claim and the amount for which the City is liable for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Funds and for other insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Risk Retention Internal Service Fund and the Self-Funded Workers Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for claims. The reserves for the Risk Retention Internal Service Fund and the Self-Funded Workers Compensation Internal Service Fund were $2,859,392 and $0, respectively, at June 30, 2003. Claims liabilities of $2,467,888 and $11,275,839 are reported in the funds at June 30, 2003, respectively.

Liabilities include other incremental costs. Changes in the funds' claims liability amounts for the past two years were:

	Risk Retention Fund	Self-Funded Workers Compensation Fund
Claims liability, July 1, 2001	$ 3,299,095	$ 3,872,413
Claims and changes in estimates	689,499	4,529,183
Claim payments	(711,272)	(1,326,707)
Claims liability, June 30, 2002	3,277,322	7,074,889
Claims and changes in estimates	(89,265)	5,933,521
Claim payments	(720,169)	(1,732,571)
Claims liability, June 30, 2003	$ 2,467,888	$ 11,275,839

Note 13: Self-Funded Medical Plan Internal Service Fund

The City is self-insured for medical insurance for certain City employees. Payments to the Self-Funded Medical Plan Internal Service Fund are accounted for as operating revenues and as expenditures/expenses, as appropriate, in the General Fund and other funds. The City maintains stop-loss coverage in the amount of $70,000 per employee per year. The City's maximum payment is $1 million per individual per lifetime.

A liability (included in accrued liabilities in the accompanying financial statements) for claims incurred but unasserted has been recorded in the fund in an amount as actuarially determined. Changes in the fund's claims liability amounts for the past two years were:

Claims liability, July 1, 2001	$ 1,006,091
Claims and changes in estimates	8,091,382
Claim payments	(7,845,408)
Claims liability, June 30, 2002	1,252,065
Claims and changes in estimates	9,852,310
Claims payments	(9,726,121)
Claims liability, June 30, 2003	$ 1,378,254

Note 14: Other Post Employment Benefits

The City provides health insurance benefits to its employees from the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first. The percentage of the health insurance premium paid by the City is dependent upon the applicable bargaining unit contract and ranges from 50% to 100%. The City's contribution is financed on a pay-as-you-go basis. The amount of these expenditures for the year ended June 30, 2003 was $1,451,756. There were 343 participants eligible to receive benefits at June 30, 2003.

Note 15: Defined Benefit Pension Plan

Plan Description – The City of Reno contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information. That

Note 15: **Defined Benefit Pension Plan** (continued)

report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Funding Policy – Plan members are funded under the employer pay contribution plan, wherein the City is required to contribute all amounts due under the plan. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes. The City's contribution rates and amounts contributed (equal to required contribution) for the last three years are as follows:

	Contribution Rate			Percentage
Fiscal Year	Regular Members	Police/Fire	Total Contribution	of APC Contributed
2002-2003	18.75%	28.50%	$ 19,497,401	100%
2001-2002	18.75%	28.50%	18,327,929	100%
2000-2001	18.75%	28.50%	16,910,873	100%

Note 16: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets**

Expenditures and operating/nonoperating expenses were in excess of budget in the following funds, an apparent violation of Nevada Revised Statute 354.626:

	Final Budget	Expenditures/ Expenses	Variance to Final Budget
Major Governmental Funds:			
Railroad Capital Project Fund	$ 40,455,656	$ 44,993,308	$ (4,537,652)
Major Business-Type Funds:			
Building Permit Fund	5,730,998	6,020,608	(289,610)
Internal Service Funds:			
Self-Funded Medical Fund	9,548,575	11,020,555	(1,471,980)
Self-Funded Workers Compensation Fund	2,769,142	6,794,773	(4,025,631)

Note 16: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets** (continued)

	Final Budget	Expenditures/ Expenses	Variance to Final Budget
Nonmajor Governmental Funds:			
Special Revenue Funds:			
Community Development Block Grant Fund	2,839,368	2,862,275	(22,907)
Downtown Events Center Fund	--	33,332	(33,332)

Deficit Fund Equity

The Downtown Events Center Special Revenue Fund had a net asset deficit of $33,332 which will be eliminated in future years through a transfer from the General Fund.

The Community Development Block Grant Fund had a net asset deficit of $309,490 which will be eliminated in future years through additional grant receipts.

The Self-Funded Medical Plan and Self-Funded Worker's Compensation internal service funds have net assets deficits of $1,146,205 and $4,025,268, respectively. These deficits are expected to be eliminated in future years through rate increases.

Note 17: **Special Ad Valorem Capital Projects Fund**

Pursuant to NRS 354.598155, the Special Ad Valorem Capital Projects Fund expended $832,140 on the following projects:

Administration – indirect cost allocation	$ 10,115
Sidewalk repairs	56,377
Alley repair	620
Park maintenance projects	5,732
Fire exhaust	190,366
Undergound storage tanks monitoring	51,154
Downtown lights	2,204
Public art	74,000
Wells Avenue project	184,648
Bond payment transfer	256,924
Total	$ 832,140

Note 18: Conduit Debt Obligations

During prior years the City issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities and for the equipment therein which is deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities and equipment transfers to the private-sector entity served by the bond issuance. The bonds, issued pursuant to NRS Chapter 268, are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

On February 26, 1998, the City of Reno issued $34,940,000 of insured hospital revenue bonds and $20,000,000 of insured variable rate demand hospital revenue bonds for the St. Mary's Regional Medical Center project. The amount of bonds outstanding as of June 30, 2003, is $28,576,000 and $20,000,000, respectively. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On May 7, 1998, the City of Reno issued $3,070,000 in variable rate economic development revenue bonds for the University of Nevada Student Aid Fund, Inc. project. The amount of bonds outstanding as of June 30, 2003, is $770,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

Note 19: Special Assessment Debt With No Government Commitment

On April 23, 2002, the City of Reno issued $4,135,622 of 2000 Special Assessment District No. 2 bonds for the Sierra Corporate Center Project. The bonds do not represent a debt of the City, and the City will not be liable thereon except for the pledge of the special assessment revenue collected on behalf of the 2000 Special Assessment District No. 2 and the amount deposited in the bond reserve fund on behalf of the district. The amount of bonds outstanding at June 30, 2003 is $3,865,000.

On April 23, 2003, the City of Reno issued $18,000,000 of 2002 Special Assessment District No. 4 bonds for the Somersett Parkway Project. The bonds do not represent a debt of the City, and the City will not be liable thereon except for the pledge of the special assessment revenue collected on behalf of the 2002 Special Assessment District No. 4 and the amount deposited in the bond reserve fund on behalf of the district. The amount of bonds outstanding at June 30, 2003 is $18,000,000.

NONMAJOR GOVERNMENTAL FUNDS

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and Investments	$12,524,009	$ 9,425,815	$ 23,471,138	$ 45,420,962
Receivables:				
Accounts	10,348	--	3,669	14,017
Accrued interest	39,247	27,038	62,347	128,632
Delinquent taxes	75,444	545,372	--	620,816
Special Assessments:				
Current	--	--	--	--
Delinquent	--	--	--	--
Deferred	--	--	--	--
Long-term	--	--	--	--
Due from other funds	2,276,602	--	--	2,276,602
Due from other governments	2,266,862	--	41,490	2,308,352
Inventories	--	--	--	--
Prepaid items	12,538	--	--	12,538
Deposits, land	--	--	--	--
Other assets	--	--	--	--
TOTAL ASSETS	$17,205,050	$ 9,998,225	$ 23,578,644	$ 50,781,919
LIABILITIES				
Accounts payable	$ 616,901	$ 500	$ 1,511,597	$ 2,128,998
Accrued salaries and benefits	71,426	--	--	71,426
Contracts and retained percentage payable	199,046	--	274,677	473,723
Accrued interest payable	--	--	1,245	1,245
Due to other funds	2,112,271	--	--	2,112,271
Due to other governments	2,820	--	631,477	634,297
Other liabilities, including deposits	24,700	640,059	40,285	705,044
Deferred taxes	36,705	262,649	--	299,354
Deferred revenue	81,700	--	--	81,700
TOTAL LIABILITIES	3,145,569	903,208	2,459,281	6,508,058
FUND BALANCES				
Reserved for:				
Encumbrances	912,891	--	2,697,767	3,610,658
Prepaid items	12,038	--	--	12,038
Capital projects	928,150	--	12,325,670	13,253,820
Park capital outlay	--	--	5,230,704	5,230,704
Future signalization	--	--	626,258	626,258
Debt service	--	9,095,017	--	9,095,017
Receivables	--	--	--	--
Inventories	--	--	--	--
Court assessments	498,241	--	--	498,241
Other programs	418,118	--	68,188	486,306
Unreserved, reported in:				
Special revenue funds	11,290,043	--	--	11,290,043
Capital projects funds	--	--	170,776	170,776
TOTAL FUND BALANCES	14,059,481	9,095,017	21,119,363	44,273,861
TOTAL LIABILITIES AND FUND BALANCES	$17,205,050	$ 9,998,225	$ 23,578,644	$ 50,781,919

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2003

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	$ 2,941,067	$ 10,558,067	$ 1,911,409	$ 15,410,543
Special assessments	--	--	805,449	805,449
Fees, licenses and permits	--	--	--	--
Intergovernmental	128,024	--	923,895	1,051,919
Grants and contributions	3,784,750	--	526,531	4,311,281
Charges for services	3,241,872	--	--	3,241,872
Fines and forfeitures	--	--	--	--
Miscellaneous	1,701,306	224,094	1,543,796	3,469,196
TOTAL REVENUES	11,797,019	10,782,161	5,711,080	28,290,260
EXPENDITURES				
Current:				
General government	435,325	--	--	435,325
Public works	--	--	2,284,246	2,284,246
Planning and community development	3,269,689	--	--	3,269,689
Culture and recreation	13,883,602	--	346,009	14,229,611
Urban redevelopment	1,424,710	--	--	1,424,710
Capital outlay	433,235	--	6,739,695	7,172,930
Intergovernmental	--	--	--	--
Debt Service:				
Principal	--	8,880,704	--	8,880,704
Interest	17,829	5,023,532	--	5,041,361
Bond issue costs	--	254,695	--	254,695
Fiscal charges	--	75,903	--	75,903
TOTAL EXPENDITURES	19,464,390	14,234,834	9,369,950	43,069,174
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,667,371)	(3,452,673)	(3,658,870)	(14,778,914)
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	32,605,000	--	32,605,000
Premium on bonds issued	--	1,803,777	--	1,803,777
Discounts on bonds issued	--	(27,250)	--	(27,250)
Payment to refunding escrow agent	--	(23,596,955)	--	(23,596,955)
Sale of capital assets	2,500	--	--	2,500
Transfers from other funds	9,914,689	1,155,495	13,224,557	24,294,741
Transfers to other funds	(4,490,866)	(9,049,485)	(8,575,626)	(22,115,977)
TOTAL OTHER FINANCING SOURCES (USES)	5,426,323	2,890,582	4,648,931	12,965,836
NET CHANGE IN FUND BALANCES	(2,241,048)	(562,091)	990,061	(1,813,078)
FUND BALANCES, BEGINNING OF YEAR	16,300,529	9,657,108	20,129,302	46,086,939
FUND BALANCES, END OF YEAR	$ 14,059,481	$ 9,095,017	$ 21,119,363	$ 44,273,861

SPECIAL REVENUE FUNDS

– SPECIAL REVENUE FUNDS –

To account for specific revenues that are restricted to expenditures for particular purposes.

NONMAJOR SPECIAL REVENUE FUNDS

Community Development Block Grant Fund – to account for Community Development Block Grants received for the purpose of providing better housing, improved living conditions, and economic opportunities for people of low and moderate income.

Community Development Block Grant Administration Fund – to account for expenditures incurred in the administration of eligible Block Grant programs and the Rental Rehabilitation Program Grant. Resources are provided by federal grants and transfers from the Block Grant Division.

Events Center Fund – to account for the City of Reno's share of the net operating revenues, or portion of the net operating loss, for the National Bowling Stadium and the to-be-constructed multi-purpose Downtown Events Center facility per an Interlocal Agreement with the Reno-Sparks Convention and Visitors Authority.

Room Tax Fund – to account for a one percent City tax imposed upon the gross income from room rentals within the City. By ordinance, revenues provided by this tax must be used one-half for developing, building, maintaining, expanding or repairing City parks and other recreational facilities, and one-half for City improvements or programs, the primary purpose of which is the improvement or betterment of the City as a final destination for visitors and tourism.

Parks and Recreation Fund – to account for the operations of the Parks/Recreation and Community Services Department. This includes all activities necessary to provide recreational services including swimming pools operations.

Stabilization Fund – to account for resources for future stabilization of City finances.

Courts Fund – to account for the collection of court administrative assessment fees to be used to improve the courts per NRS 176.059 and to account for the collection and expenditure of the Municipal Court collection fees as allowed by NRS 176.064 and construction fees as allowed by NRS 176.0611.

Drug Forfeiture Fund – to account for revenue sources restricted for expenditures to enforce the provisions of Nevada Revised Statutes regarding controlled substance and for law enforcement uses as specified by the Department of Justice.

Redevelopment Agency Fund – to account for the operations of the Redevelopment Agency which has been combined with the City of Reno for financial statement purposes.

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Events Center Fund
ASSETS			
Cash and Investments	$ 61,879	$ 4,271	$ --
Receivables:			
Accounts	--	--	--
Accrued interest	266	--	--
Delinquent taxes	--	--	--
Due from other funds	--	--	--
Due from other governments	1,784,458	83,870	--
Prepaid items	--	500	--
TOTAL ASSETS	$ 1,846,603	$ 88,641	$ --
LIABILITIES			
Accounts payable	$ 118,066	$ 57,422	$ --
Accrued salaries and benefits	934	1,219	--
Contracts and retained percentage payable	8,427	--	--
Due to other funds	1,958,166	30,000	33,332
Due to other governments	--	--	--
Other liabilities, including deposits	3,500	--	--
Deferred taxes	--	--	--
Deferred revenue	67,000	--	--
TOTAL LIABILITIES	2,156,093	88,641	33,332
FUND BALANCES			
Reserved for:			
Encumbrances	--	--	--
Prepaid items	--	--	--
Capital projects	--	--	--
Court assessments	--	--	--
Other programs	(309,490)	--	--
Unreserved	--	--	(33,332)
TOTAL FUND BALANCES	(309,490)	--	(33,332)
TOTAL LIABILITIES AND FUND BALANCES	$ 1,846,603	$ 88,641	$ --

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2003

	Room Tax Fund	Parks and Recreation Fund	Stabilization Fund
ASSETS			
Cash and Investments	$ 772,033	$ 1,066,712	$ 3,552,979
Receivables:			
Accounts	--	7,366	--
Accrued interest	2,971	2,229	14,621
Delinquent taxes	--	--	--
Due from other funds	--	318,436	1,958,166
Due from other governments	355,888	21,309	--
Prepaid items	11,678	--	--
TOTAL ASSETS	$ 1,142,570	$ 1,416,052	$ 5,525,766
LIABILITIES			
Accounts payable	$ 84,719	$ 283,915	$ --
Accrued salaries and benefits	--	65,791	--
Contracts and retained percentage payable	--	173,012	--
Due to other funds	90,773	--	--
Due to other governments	--	605	--
Other liabilities, including deposits	--	21,200	--
Deferred taxes	--	--	--
Deferred revenue	--	--	--
TOTAL LIABILITIES	175,492	544,523	--
FUND BALANCES			
Reserved for:			
Encumbrances	175,047	703,888	--
Prepaid items	11,678	--	--
Capital projects	--	--	--
Court assessments	--	--	--
Other programs	--	104,850	--
Unreserved	780,353	62,791	5,525,766
TOTAL FUND BALANCES	967,078	871,529	5,525,766
TOTAL LIABILITIES AND FUND BALANCES	$ 1,142,570	$ 1,416,052	$ 5,525,766

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2003

	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
ASSETS				
Cash and Investments	$ 1,479,515	$ 620,898	$ 4,965,722	$ 12,524,009
Receivables:				
Accounts	--	--	2,982	10,348
Accrued interest	3,850	1,860	13,450	39,247
Delinquent taxes	--	--	75,444	75,444
Due from other funds	--	--	--	2,276,602
Due from other governments	--	--	21,337	2,266,862
Prepaid items	--	--	360	12,538
TOTAL ASSETS	$ 1,483,365	$ 622,758	$ 5,079,295	$ 17,205,050
LIABILITIES				
Accounts payable	$ 54,759	$ --	$ 18,020	$ 616,901
Accrued salaries and benefits	--	--	3,482	71,426
Contracts and retained percentage payable	--	--	17,607	199,046
Due to other funds	--	--	--	2,112,271
Due to other governments	2,215	--	--	2,820
Other liabilities, including deposits	--	--	--	24,700
Deferred taxes	--	--	36,705	36,705
Deferred revenue	--	--	14,700	81,700
TOTAL LIABILITIES	56,974	--	90,514	3,145,569
FUND BALANCES				
Reserved for:				
Encumbrances	--	--	33,956	912,891
Prepaid items	--	--	360	12,038
Capital projects	928,150	--	--	928,150
Court assessments	498,241	--	--	498,241
Other programs	--	622,758	--	418,118
Unreserved	--	--	4,954,465	11,290,043
TOTAL FUND BALANCES	1,426,391	622,758	4,988,781	14,059,481
TOTAL LIABILITIES AND FUND BALANCES	$ 1,483,365	$ 622,758	$ 5,079,295	$ 17,205,050

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2003

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Events Center Fund
REVENUES			
Taxes:			
Ad valorem taxes	$ --	$ --	$ --
Room taxes	--	--	--
Intergovernmental	--	--	--
Grants and contributions	3,428,032	142,000	--
Charges for services	--	--	--
Investment earnings	1,099	--	--
Interest earnings, other	64,844	--	--
Reimbursement & restitutions	--	--	--
Miscellaneous	156,038	--	--
TOTAL REVENUES	3,650,013	142,000	--
EXPENDITURES			
Current:			
General government	--	--	33,332
Planning and community development	2,844,446	425,243	--
Culture and recreation	--	--	--
Urban redevelopment	--	--	--
Capital outlay	--	--	--
Debt Service:			
Principal	--	--	--
Interest	17,829	--	--
TOTAL EXPENDITURES	2,862,275	425,243	33,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	787,738	(283,243)	(33,332)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	--	--	--
Transfers in	--	373,215	--
Transfers out	(1,174,205)	(89,972)	--
TOTAL OTHER FINANCING SOURCES (USES)	(1,174,205)	283,243	--
NET CHANGE IN FUND BALANCES	(386,467)	--	(33,332)
FUND BALANCES, BEGINNING OF YEAR	76,977	--	--
FUND BALANCES, END OF YEAR	$ (309,490)	$ --	$ (33,332)

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2003

	Room Tax Fund	Parks and Recreation Fund	Stabilization Fund
REVENUES			
Taxes:			
Ad valorem taxes	$ --	$ --	$ --
Room taxes	1,943,702	--	--
Intergovernmental	--	--	--
Grants and contributions	--	214,718	--
Charges for services	--	3,241,872	--
Investment earnings	12,760	1,382	63,266
Interest earnings, other	--	(2,896)	--
Reimbursement & restitutions	28	27,625	--
Miscellaneous	54	197,521	--
TOTAL REVENUES	1,956,544	3,680,222	63,266
EXPENDITURES			
Current:			
General government	401,993	--	--
Planning and community development	--	--	--
Culture and recreation	--	13,883,602	--
Urban redevelopment	--	--	--
Capital outlay	123,910	309,325	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
TOTAL EXPENDITURES	525,903	14,192,927	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,430,641	(10,512,705)	63,266
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	--	2,500	--
Transfers in	--	9,472,958	--
Transfers out	(1,592,891)	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(1,592,891)	9,475,458	--
NET CHANGE IN FUND BALANCES	(162,250)	(1,037,247)	63,266
FUND BALANCES, BEGINNING OF YEAR	1,129,328	1,908,776	5,462,500
FUND BALANCES, END OF YEAR	$ 967,078	$ 871,529	$ 5,525,766

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2003

	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
REVENUES				
Taxes:				
Ad valorem taxes	$ --	$ --	$ 997,365	$ 997,365
Room taxes	--	--	--	1,943,702
Intergovernmental	--	--	128,024	128,024
Grants and contributions	--	--	--	3,784,750
Charges for services	--	--	--	3,241,872
Investment earnings	16,881	8,095	81,847	185,330
Interest earnings, other	--	--	--	61,948
Reimbursement & restitutions	--	--	379,836	407,489
Miscellaneous	322,533	95,024	275,369	1,046,539
TOTAL REVENUES	339,414	103,119	1,862,441	11,797,019
EXPENDITURES				
Current:				
General government	--	--	--	435,325
Planning and community development	--	--	--	3,269,689
Culture and recreation	--	--	--	13,883,602
Urban redevelopment	--	--	1,424,710	1,424,710
Capital outlay	--	--	--	433,235
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	17,829
TOTAL EXPENDITURES	--	--	1,424,710	19,464,390
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	339,414	103,119	437,731	(7,667,371)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	--	2,500
Transfers in	--	--	68,516	9,914,689
Transfers out	(71,895)	(87,048)	(1,474,855)	(4,490,866)
TOTAL OTHER FINANCING SOURCES (USES)	(71,895)	(87,048)	(1,406,339)	5,426,323
NET CHANGE IN FUND BALANCES	267,519	16,071	(968,608)	(2,241,048)
FUND BALANCES, BEGINNING OF YEAR	1,158,872	606,687	5,957,389	16,300,529
FUND BALANCES, END OF YEAR	$ 1,426,391	$ 622,758	$ 4,988,781	$ 14,059,481

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Intergovernmental:				
Federal grants	$ 3,369,000	$ 3,641,301	$ 3,318,523	$ (322,778)
State grants	--	110,000	109,509	(491)
Total Intergovernmental	3,369,000	3,751,301	3,428,032	(323,269)
Miscellaneous:				
Investment earnings	--	1,400	1,099	(301)
Interest earnings, other	64,000	102,700	64,844	(37,856)
Reimbursements and restitution	--	--	--	--
Loan payments	50,000	105,000	109,076	4,076
Other	--	10,000	46,962	36,962
Total Miscellaneous	114,000	219,100	221,981	2,881
TOTAL REVENUES	3,483,000	3,970,401	3,650,013	(320,388)
EXPENDITURES				
Current:				
Planning and Community Development:				
Salaries and wages	97,551	97,551	65,207	32,344
Employee benefits	42,430	42,430	35,464	6,966
Services and supplies	36,897	36,897	42,130	(5,233)
Community projects	2,055,843	2,632,490	2,701,645	(69,155)
Total Planning and Community Development	2,232,721	2,809,368	2,844,446	(35,078)
Debt Service:				
Interest	--	30,000	17,829	12,171
TOTAL EXPENDITURES	2,232,721	2,839,368	2,862,275	(22,907)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,250,279	1,131,033	787,738	(343,295)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,250,279)	(1,208,010)	(1,174,205)	33,805
NET CHANGE IN FUND BALANCES	--	(76,977)	(386,467)	(309,490)
FUND BALANCE, BEGINNING OF YEAR	--	76,977	76,977	--
FUND BALANCE, END OF YEAR	$ --	$ --	$ (309,490)	$ (309,490)

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Development Block Grant Administration Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Intergovernmental:				
Federal Grants	$ 132,000	$ 132,000	$ 142,000	$ 10,000
Miscellaneous:				
Reimbursements and restitution	--	--	--	--
TOTAL REVENUES	132,000	132,000	142,000	10,000
EXPENDITURES				
Current:				
Planning and community development:				
Salaries and wages	173,024	142,146	126,134	16,012
Employee benefits	66,854	56,487	53,608	2,879
Services and supplies	225,235	227,324	245,501	(18,177)
TOTAL EXPENDITURES	465,113	425,957	425,243	714
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(333,113)	(293,957)	(283,243)	10,714
OTHER FINANCING SOURCES (USES)				
Transfers in	449,289	407,020	373,215	(33,805)
Transfers out	(116,176)	(113,063)	(89,972)	23,091
TOTAL OTHER FINANCING SOURCES (USES)	333,113	293,957	283,243	(10,714)
NET CHANGE IN FUND BALANCES	--	--	--	--
FUND BALANCE, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, END OF YEAR	$ --	$ --	$ --	$ --

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Events Center Fund
For the Year Ended June 30, 2002

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Miscellaneous:				
Events Center revenue	$ --	$ --	$ --	$ --
Other	--	--	--	--
Total Miscellaneous	--	--	--	--
TOTAL REVENUES	--	--	--	--
EXPENDITURES				
Current:				
General Government:				
Services and supplies	--	--	33,332	(33,332)
TOTAL EXPENDITURES	--	--	33,332	(33,332)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	--	(33,332)	(33,332)
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	--	--	--	--
NET CHANGE IN FUND BALANCES	--	--	(33,332)	(33,332)
FUND BALANCE, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, END OF YEAR	$ --	$ --	$ (33,332)	$ (33,332)

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Room Tax Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes:				
Room Tax	$ 2,000,000	$ 2,000,000	$ 1,943,702	$ (56,298)
Miscellaneous:				
Investment earnings	40,000	20,000	12,760	(7,240)
Reimbursement and restitution	--	28	28	--
Other income	--	--	54	54
Total Miscellaneous	40,000	20,028	12,842	(7,186)
TOTAL REVENUES	2,040,000	2,020,028	1,956,544	(63,484)
EXPENDITURES				
Current:				
General Government:				
Tourism:				
Services and supplies	418,960	418,960	401,993	16,967
Capital outlay	--	1,109,356	123,910	985,446
TOTAL EXPENDITURES	418,960	1,528,316	525,903	1,002,413
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,621,040	491,712	1,430,641	938,929
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers out	(1,621,040)	(1,621,040)	(1,592,891)	28,149
TOTAL OTHER FINANCING SOURCES (USES)	(1,621,040)	(1,621,040)	(1,592,891)	28,149
NET CHANGE IN FUND BALANCES	--	(1,129,328)	(162,250)	967,078
FUND BALANCE, BEGINNING OF YEAR	--	1,129,328	1,129,328	--
FUND BALANCE, END OF YEAR	$ --	$ --	$ 967,078	$ 967,078

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parks and Recreation Fund
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	$ 546,267	$ 604,147	$ 253,918	$ (350,229)
State grants	--	--	(39,200)	(39,200)
Total Intergovernmental	546,267	604,147	214,718	(389,429)
Charges for Services:				
Engineering charges	150,000	150,000	145,561	(4,439)
Swimming pool fees	384,258	384,258	387,785	3,527
Recreation facility fees	3,028,817	3,028,817	2,638,648	(390,169)
Parks and recreation fees	59,000	59,000	69,878	10,878
Total Charges for Services	3,622,075	3,622,075	3,241,872	(380,203)
Miscellaneous:				
Investment earnings	40,000	40,000	1,382	(38,618)
Interest earnings, other	--	--	(2,896)	(2,896)
Rents and royalties	20,000	20,000	40,600	20,600
Reimbursements and restitution	--	3,150	27,625	24,475
Private grants	109,000	209,000	156,685	(52,315)
Other	--	--	236	236
Total Miscellaneous	169,000	272,150	223,632	(48,518)
TOTAL REVENUES	4,337,342	4,498,372	3,680,222	(818,150)
EXPENDITURES				
Current:				
Culture and Recreation:				
Salaries and wages	6,575,514	6,593,460	6,340,202	253,258
Employee benefits	1,902,186	1,902,888	1,818,809	84,079
Services and supplies	5,879,266	6,026,650	5,418,991	607,659
Capital outlay	600,184	1,419,880	614,925	804,955
TOTAL EXPENDITURES	14,957,150	15,942,878	14,192,927	1,749,951
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,619,808)	(11,444,506)	(10,512,705)	931,801
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	2,500	2,500
Transfers in	9,470,107	9,501,107	9,472,958	(28,149)
Transfers out	--	--	--	--
TOTAL OTHER FINANCING SOURCSE (USES)	9,470,107	9,501,107	9,475,458	(25,649)
NET CHANGE IN FUND BALANCES	(1,149,701)	(1,943,399)	(1,037,247)	906,152
FUND BALANCE, BEGINNING OF YEAR	1,420,164	1,908,776	1,908,776	--
FUND BALANCE, END OF YEAR	$ 270,463	$ (34,623)	$ 871,529	$ 906,152

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Stabilization Fund
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	$ 180,000	$ 180,000	$ 63,266	$ (116,734)
TOTAL REVENUES	180,000	180,000	63,266	(116,734)
EXPENDITURES				
Current:				
General Government:				
Services and supplies	250,000	250,000	--	250,000
TOTAL EXPENDITURES	250,000	250,000	--	250,000
NET CHANGE IN FUND BALANCES	(70,000)	(70,000)	63,266	133,266
FUND BALANCE, BEGINNING OF YEAR	5,507,913	5,462,500	5,462,500	--
FUND BALANCE, END OF YEAR	$ 5,437,913	$ 5,392,500	$ 5,525,766	$ 133,266

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Courts Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Miscellaneous:				
Investment earnings	$ 25,000	$ 19,000	$ 16,881	$ (2,119)
Court administrative charges	120,000	150,000	154,013	4,013
Court construction fees	130,000	150,000	168,520	18,520
TOTAL REVENUES	275,000	319,000	339,414	20,414
EXPENDITURES				
Current:				
Judicial:				
Services and supplies	739,744	249,365	--	249,365
TOTAL EXPENDITURES	739,744	249,365	--	249,365
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(464,744)	69,635	339,414	269,779
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers out	(40,000)	(70,635)	(71,895)	(1,260)
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	(70,635)	(71,895)	(1,260)
NET CHANGE IN FUND BALANCES	(504,744)	(1,000)	267,519	268,519
FUND BALANCE, BEGINNING OF YEAR	504,744	1,158,872	1,158,872	--
FUND BALANCE, END OF YEAR	$ --	$ 1,157,872	$ 1,426,391	$ 268,519

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Drug Forfeiture Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Miscellaneous:				
Investment earnings	$ 25,000	$ 10,000	$ 8,095	$ (1,905)
Federal drug forfeiture monies	25,000	25,000	--	(25,000)
State drug forfeiture monies	50,000	80,000	77,414	(2,586)
Other forfeiture monies	1,100	20,000	17,610	(2,390)
TOTAL REVENUES	101,100	135,000	103,119	(31,881)
EXPENDITURES				
General Government:				
Services and supplies	592,533	300,000	--	300,000
TOTAL EXPENDITURES	592,533	300,000	--	300,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(491,433)	(165,000)	103,119	(331,881)
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers out	--	(87,048)	(87,048)	--
TOTAL OTHER FINANCING SOURCES (USES)	--	(87,048)	(87,048)	--
NET CHANGE IN FUND BALANCES	(491,433)	(252,048)	16,071	(331,881)
FUND BALANCE, BEGINNING OF YEAR	491,433	606,687	606,687	--
FUND BALANCE, END OF YEAR	$ --	$ 354,639	$ 622,758	$ 268,119

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Fund
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	$ 1,060,874	$ 1,060,874	$ 997,365	$ (63,509)
Room taxes (redevelopment)	--	--	--	--
Total Taxes	1,060,874	1,060,874	997,365	(63,509)
Intergovernmental:				
Federal grants	290,000	--	--	--
State Shared Revenues:				
Motor vehicle privilege tax	128,024	128,024	128,024	--
Total Intergovernmental	418,024	128,024	128,024	--
Miscellaneous:				
Investment earnings	50,000	121,305	81,847	(39,458)
Rent and royalties	--	--	2	2
Reimbursements and restitution	100,000	335,000	379,836	44,836
Parking revenues	185,000	185,000	273,597	88,597
Other	98,158	98,158	1,770	(96,388)
Total Miscellaneous	433,158	739,463	737,052	(2,411)
TOTAL REVENUES	1,912,056	1,928,361	1,862,441	(65,920)
EXPENDITURES				
Current:				
Urban Redevelopment:				
Salaries and wages	416,985	416,985	370,431	46,554
Employee benefits	163,987	163,987	136,017	27,970
Services and supplies	795,986	831,960	918,262	(86,302)
Capital outlay	4,949,387	4,593,603	--	4,593,603
Total Urban Redevelopment	6,326,345	6,006,535	1,424,710	4,581,825
TOTAL EXPENDITURES	6,326,345	6,006,535	1,424,710	4,581,825
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,414,289)	(4,078,174)	437,731	4,515,905
OTHER FINANCING SOURCES (USES)				
Transfers in	67,863	67,863	68,516	653
Transfers out	(1,474,855)	(1,474,855)	(1,474,855)	--
TOTAL OTHER FINANCING SOURCES (USES)	(1,406,992)	(1,406,992)	(1,406,339)	653
NET CHANGE IN FUND BALANCES	(5,821,281)	(5,485,166)	(968,608)	4,516,558
FUND BALANCE, BEGINNING OF YEAR	5,851,281	5,957,389	5,957,389	--
FUND BALANCE, END OF YEAR	$ 30,000	$ 472,223	$ 4,988,781	$ 4,516,558

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DEBT SERVICE FUNDS

– DEBT SERVICE FUNDS –

To account for the accumulation of resources and payment of general obligation (and debt supported by dedicated revenue sources) principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies.

DEBT SERVICE FUNDS

Major Debt Service Funds

Railroad Fund – to accumulate monies for payment of bonds issued for the purpose of constructing and expanding railroad grade projects in the City.

Downtown Events Center Fund – to accumulate monies for payment of bonds issued for the purpose of acquisition and construction of the Downtown Events Center.

Special Assessment Districts Fund – to accumulate monies for payment of special assessment bonds of the City.

Nonmajor Debt Service Funds

City of Reno Fund – to accumulate monies for payment of general obligation bonds (and debt supported by dedicated revenue sources) of the City that are not required to be accounted for in proprietary funds.

Redevelopment Agency Fund – to accumulate monies for payment of tax allocation bonds and notes of the Redevelopment Agency.

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Railroad Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes:				
Room taxes (railroad)	$ 1,103,000	$ 1,103,000	$ 978,896	$ (124,104)
Intergovernmental:				
Sales taxes (railroad)	6,100,000	6,100,000	6,725,011	625,011
Miscellaneous:				
Investment earnings	125,000	280,000	254,151	(25,849)
TOTAL REVENUES	7,328,000	7,483,000	7,958,058	475,058
EXPENDITURES				
Debt Service:				
Principal	605,000	--	--	--
Interest	196,190	5,483,693	5,483,695	(2)
Fiscal charges	12,075,093	50,000	32,947	17,053
TOTAL EXPENDITURES	12,876,283	5,533,693	5,516,642	17,051
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,548,283)	1,949,307	2,441,416	492,109
FUND BALANCE, BEGINNING OF YEAR	5,548,283	23,452,374	23,452,374	--
FUND BALANCE, END OF YEAR	$ --	$ 25,401,681	$ 25,893,790	$ 492,109

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Downtown Events Center Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes:				
Room taxes (Events Center)	$ 6,211,846	$ 6,211,846	$ 5,596,237	$ (615,609)
Special Assessments	--	--	321,466	321,466
Miscellaneous:				
Investment earnings	--	80,000	126,245	46,245
Other	--	--	--	--
TOTAL REVENUES	6,211,846	6,291,846	6,043,948	(247,898)
EXPENDITURES				
Debt Service:				
Principal	--	--	--	--
Interest	6,257,902	6,257,902	6,257,902	--
Fiscal charges	--	1,000	7814	(6,814)
Bond issue costs	--	--	262,265	(262,265)
TOTAL EXPENDITURES	6,257,902	6,258,902	6,527,981	(269,079)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(46,056)	32,944	(484,033)	(516,977)
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	--	12,175,000	12,175,000
Premium on bonds issued	--	--	71,955	71,955
Transfers in	5,128,665	5,128,665	5,128,665	--
Transfers out	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	5,128,665	5,128,665	17,375,620	12,246,955
NET CHANGE IN FUND BALANCES	5,082,609	5,161,609	16,891,587	11,729,978
FUND BALANCE, BEGINNING OF YEAR	--	1,011,142	1,011,142	--
FUND BALANCE, END OF YEAR	$ 5,082,609	$ 6,172,751	$ 17,902,729	$ 11,729,978

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Assessment Districts Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Special assessments	$ 458,929	$ 282,600	$ 287,761	$ 5,161
Miscellaneous:				
Investment earnings	58,000	36,329	34,085	(2,244)
Interest earnings, other	297,767	163,680	161,356	(2,324)
Other	2,900	169,155	7,218	(161,937)
TOTAL REVENUES	817,596	651,764	490,420	(161,344)
EXPENDITURSE				
Debt Service:				
Principal	507,285	293,645	225,633	68,012
Interest	310,663	119,252	119,001	251
Fiscal charges	40,567	30,659	31,788	(1,129)
Bond issue costs	--	--	67,936	(67,936)
TOTAL EXPENDITURES	858,515	443,556	444,358	(802)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,919)	208,208	46,062	(162,146)
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	--	2,470,000	2,470,000
Premium on bonds issued	--	--	26,283	26,283
Transfers in	--	408,495	408,495	--
Transfers out	--	--	(2,516,353)	(2,516,353)
TOTAL OTHER FINANCING SOURCES (USES)	--	408,495	388,425	(20,070)
NET CHANGE IN FUND BALANCES	(40,919)	616,703	434,487	(182,216)
FUND BALANCE, BEGINNING OF YEAR	1,901,005	2,077,398	2,077,398	--
FUND BALANCE, END OF YEAR	$ 1,860,086	$ 2,694,101	$ 2,511,885	$ (182,216)

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2003

	City of Reno Fund	Redevelopment Agency Fund	Total
ASSETS			
Cash and investments	$ 4,769,011	$ 4,656,804	$ 9,425,815
Receivables:			
Accrued interest	24,105	2,933	27,038
Delinquent taxes	127,727	417,645	545,372
TOTAL ASSETS	$ 4,920,843	$ 5,077,382	$ 9,998,225
LIABILITIES			
Accounts payable	$ 500	$ --	$ 500
Deferred taxes	59,466	203,183	262,649
Other liabilities	640,059	--	640,059
TOTAL LIABILITIES	700,025	203,183	903,208
FUND BALANCES			
Reserved for:			
Debt service	4,220,818	4,874,199	9,095,017
TOTAL RESERVE FUND BALANCES	4,220,818	4,874,199	9,095,017
TOTAL LIABILITIES AND FUND BALANCES	$ 4,920,843	$ 5,077,382	$ 9,998,225

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2003

	City of Reno Fund	Redevelopment Agency Fund	Total
REVENUES			
Taxes:			
Ad valorem taxes	$ 5,042,939	$ 5,515,128	$ 10,558,067
Investment earnings	120,001	104,083	224,084
Miscellaneous	10	--	10
TOTAL REVENUES	5,162,950	5,619,211	10,782,161
EXPENDITURES			
Debt Service:			
Principal	6,310,704	2,570,000	8,880,704
Interest	2,403,962	2,619,570	5,023,532
Bond issue costs	254,695	--	254,695
Fiscal charges	60,204	15,699	75,903
TOTAL EXPENDITURES	9,029,565	5,205,269	14,234,834
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,866,615)	413,942	(3,452,673)
OTHER FINANCING SOURCES (USES)			
Bonds issued	32,605,000	--	32,605,000
Premium on bonds issued	1,803,777	--	1,803,777
Discount on bonds issued	(27,250)	--	(27,250)
Payment to refunded debt escrow agent	(23,596,955)	--	(23,596,955)
Transfers in	1,155,495	--	1,155,495
Transfers out	(9,049,485)	--	(9,049,485)
TOTAL OTHER FINANCING SOURCES (USES)	2,890,582	--	2,890,582
NET CHANGE IN FUND BALANCES	(976,033)	413,942	(562,091)
FUND BALANCES, BEGINNING OF YEAR	5,196,851	4,460,257	9,657,108
FUND BALANCES, END OF YEAR	$ 4,220,818	$ 4,874,199	9,095,017

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City of Reno Fund
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	$ 5,036,364	$ 5,036,364	$ 5,042,939	$ 6,575
Miscellaneous:				
Investment earnings	201,478	153,193	120,001	(33,192)
Other	--	1,035,820	10	(1,035,810)
TOTAL REVENUES	5,237,842	6,225,377	5,162,950	(1,062,427)
EXPENDITURES				
Debt Service:				
Principal	4,255,000	6,310,704	6,310,704	--
Interest	2,127,731	2,337,695	2,403,962	(66,267)
Fiscal charges	5,000	25,000	60,204	(35,204)
Bond issue costs	--	237,266	254,695	(17,429)
TOTAL EXPENDITURES	6,387,731	8,910,665	9,029,565	(118,900)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURS	(1,149,889)	(2,685,288)	(3,866,615)	(1,181,327)
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	32,605,000	32,605,000	--
Premium on bonds issued	--	--	1,803,777	1,803,777
Discount on bonds issued	--	(27,250)	(27,250)	--
Payment to refunded debt escrow agent	--	(23,285,764)	(23,285,764)	--
Advanced refunding escrow payment	--	(311,191)	(311,191)	--
Transfers in	1,095,495	1,155,495	1,155,495	--
Transfers out	--	(9,049,485)	(9,049,485)	--
TOTAL OTHER FINANCING SOURCES (USES)	1,095,495	1,086,805	2,890,582	1,803,777
NET CHANGE IN FUND BALANCES	(54,394)	(1,598,483)	(976,033)	622,450
FUND BALANCE, BEGINNING OF YEAR	5,360,768	5,196,851	5,196,851	--
FUND BALANCE, END OF YEAR	$ 5,306,374	$ 3,598,368	$ 4,220,818	$ 622,450

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes:				
Ad valorem	$ 5,872,532	$ 5,872,532	$ 5,515,128	$ (357,404)
Miscellaneous:				
Investment earnings	150,000	195,000	104,083	(90,917)
Other	--	--	--	--
TOTAL REVENUES	6,022,532	6,067,532	5,619,211	(448,321)
EXPENDITURES				
Debt Service:				
Principal	2,570,000	2,570,000	2,570,000	--
Interest	2,619,569	2,619,569	2,619,570	(1)
Fiscal charges	15,000	15,000	15,699	(699)
TOTAL EXPENDITURES	5,204,569	5,204,569	5,205,269	(700)
NET CHANGE IN FUND BALANCES	817,963	862,963	413,942	(449,021)
FUND BALANCE, BEGINNING OF YEAR	4,373,463	4,460,257	4,460,257	--
FUND BALANCE, END OF YEAR	$ 5,191,426	$ 5,323,220	$ 4,874,199	$ (449,021)

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CAPITAL PROJECTS FUNDS

– CAPITAL PROJECTS FUNDS –

To account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

CAPITAL PROJECTS FUNDS

Major Capital Projects Funds

Municipal Court Fund – to account for the City of Reno's portion of the acquisition and construction of the Municipal Court Building, a joint project with Washoe County.

Railroad Fund – to account for acquisition and construction of railroad grade projects in the City.

Downtown Events Center Fund – to account for the acquisition and construction of the Downtown Events Center.

Nonmajor Capital Projects Funds

Public Works Fund – to account for traffic signal, safety improvements and other designated capital expenditures relating to traffic improvements and other capital improvement projects, including City Hall renovations, that are not accounted for in other divisions.

City Bonds Fund – to account for the acquisition and construction of public park improvements, public safety improvements, sanitary sewer improvements, street and storm drain improvements, fire station construction and equipping, and construction and rehabilitation of various recreational facilities. Resources are provided by bond funds.

Parks Fund – to account for the acquisition and improvement of parks, playgrounds, and recreation facilities within the City. Resources are provided by park land and construction tax fees.

City Extraordinary Maintenance Fund – to account for the extraordinary maintenance of capital projects purchased with bond proceeds in accordance with Nevada Revised Statutes.

Special Ad Valorem Fund – to account for a special ad valorem tax levied by the County which can only be used for the purchase of capital assets and major repairs (not considered maintenance) of existing capital assets. Resources can also be used to repay medium-term financing to fund capital projects.

Special Assessment Districts Fund – to account for the acquisition and construction of streets, sidewalks, and curbs and gutters, where the cost of such improvements is assessed to property owners.

Street Impact Fund – to account for street capital improvement projects. Resources are provided by street project impact fees and bond proceeds.

Redevelopment Agency Extraordinary Maintenance Fund – to account for the extraordinary maintenance of capital projects purchased with bond proceeds in accordance with Nevada Revised Statutes.

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Municipal Court Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Miscellaneous:				
Investment earnings	$ --	$ --	$ 33,306	$ 33,306
Other	--	--	673,432	673,432
TOTAL REVENUES	--	--	706,738	706,738
EXPENDITURES				
Capital Outlay:				
Improvements other than buildings	--	6,546,964	1,269,616	5,277,348
TOTAL EXPENDITURES	--	6,546,964	1,269,616	5,277,348
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(6,546,964)	(562,878)	5,984,086
OTHER FINANCING SOURCES (USES)				
Transfers in	--	6,546,964	6,694,419	147,455
TOTAL OTHER FINANCING SOURCES (USES)	--	6,546,964	6,694,419	147,455
NET CHANGE IN FUND BALANCES	--	--	6,131,541	6,131,541
FUND BALANCE, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, END OF YEAR	$ --	$ --	$ 6,131,541	$ 6,131,541

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Railroad Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Intergovernmental Revenue:				
Federal grants	$ --	$ --	$ 9,222,370	$ 9,222,370
Miscellaneous:				
Investment earnings	25,000	1,280,000	1,313,718	33,718
Other	--	--	150	150
TOTAL REVENUES	25,000	1,280,000	10,536,238	9,256,238
EXPENDITURES				
Current:				
Public Works:				
Salaries and wages	188,087	188,087	205,656	(17,569)
Employee benefits	78,069	78,069	74,121	3,948
Services and supplies	55,500	169,500	220,817	(51,317)
Total Public Works	321,656	435,656	500,594	(64,938)
Capital Outlay:				
Land	--	10,000,000	1,597,796	8,402,204
Buildings	--	--	4,028,214	(4,028,214)
Machinery and equipment	2,000	20,000	11,586	8,414
Improvements other than buildings	30,000,000	30,000,000	38,855,118	(8,855,118)
Total Capital Outlay	30,002,000	40,020,000	44,492,714	(4,472,714)
TOTAL EXPENDITURES	30,323,656	40,455,656	44,993,308	(4,537,652)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,298,656)	(39,175,656)	(34,457,070)	4,718,586
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds (net)	30,298,656	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	30,298,656	--	--	--
NET CHANGE IN FUND BALANCES	--	(39,175,656)	(34,457,070)	4,718,586
FUND BALANCE, BEGINNING OF YEAR	--	88,233,304	88,233,304	--
FUND BALANCE, END OF YEAR	$ --	$ 49,057,648	$ 53,776,234	$ 4,718,586

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Downtown Events Center Fund
For the Year Ended June 30, 2003

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Special assessments	$ 750,000	$ 750,000	$ 337,497	$ (412,503)
Miscellaneous:				
Investment earnings	--	640,000	484,458	(155,542)
TOTAL REVENUES	750,000	1,390,000	821,955	(568,045)
EXPENDITURES				
Current:				
Public works:				
Services and supplies	--	1,875,000	1,617,323	257,677
Capital Outlay:				
Land	--	5,849,782	4,355,091	1,494,691
Improvements	56,174,873	10,917,674	3,956,157	6,961,517
Total Capital Outlay	56,174,873	16,767,456	8,311,248	8,456,208
TOTAL EXPENDITURES	56,174,873	18,642,456	9,928,571	8,713,885
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,424,873)	(17,252,456)	(9,106,616)	8,145,840
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,128,665)	(5,128,665)	(5,128,665)	--
TOTAL OTHER FINANCING SOURCES (USES)	(5,128,665)	(5,128,665)	(5,128,665)	--
NET CHANGE IN FUND BALANCES	(60,553,538)	(22,381,121)	(14,235,281)	8,145,840
FUND BALANCE, BEGINNING OF YEAR	60,553,538	61,068,238	61,068,238	--
FUND BALANCE, END OF YEAR	$ --	$ 38,687,117	$ 46,832,957	$ 8,145,840

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003

	Public Works Fund	City Bonds Fund	Parks Fund
ASSETS			
Cash and Investments	$ 10,003,581	$ 463,382	$ 5,103,516
Receivables:			
Accounts	3,669	--	--
Accrued interest	23,891	1,034	14,139
Due from other governments	213	--	--
TOTAL ASSETS	$ 10,031,354	$ 464,416	$ 5,117,655
LIABILITIES			
Accounts payable	$ 236,360	$ 175,932	$ 70,262
Contracts and retained percentage payable	79,676	99,470	4,904
Accrued interest payable	15	670	129
Due to other governments	--	--	--
Other liabilities	40,285	--	--
TOTAL LIABILITIES	356,336	276,072	75,295
FUND BALANCES			
Reserved for:			
Encumbrances	2,069,283	--	--
Park capital outlay	--	188,344	5,042,360
Capital projects	6,911,289	--	--
Future signalization	626,258	--	--
Sensitive lands	68,188	--	--
Unreserved	--	--	--
TOTAL FUND BALANCES	9,675,018	188,344	5,042,360
TOTAL LIABILITIES AND FUND BALANCES	$ 10,031,354	$ 464,416	$ 5,117,655

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
Nonmajor Capital Projects Funds
June 30, 2003

	City Extraordinary Maintenance Fund	Special Ad Valorem Fund	Special Assessment Districts Fund
ASSETS			
Cash and Investments	$ 89,047	$ 838,297	$ 291,623
Receivables:			
Accounts	--	--	--
Accrued interest	236	2,271	1,919
Due from other governments	--	41,277	--
TOTAL ASSETS	$ 89,283	$ 881,845	$ 293,542
LIABILITIES			
Accounts payable	$ --	$ --	$ 12,366
Contracts and retained percentage payable	--	1,394	5,320
Accrued interest payable	--	33	--
Due to other governments	--	--	--
Other liabilities	--	--	--
TOTAL LIABILITIES	--	1,427	17,686
FUND BALANCES			
Reserved for:			
Encumbrances	--	135,094	105,080
Park capital outlay	--	--	--
Capital projects	89,283	745,324	--
Future signalization	--	--	--
Sensitive lands	--	--	--
Unreserved	--	--	170,776
TOTAL FUND BALANCES	89,283	880,418	275,856
TOTAL LIABILITIES AND FUND BALANCES	$ 89,283	$ 881,845	$ 293,542

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
Nonmajor Capital Projects Funds
June 30, 2003

	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
ASSETS			
Cash and Investments	$ 6,557,145	$ 124,547	$ 23,471,138
Receivables:			
Accounts	--	--	3,669
Accrued interest	18,526	331	62,347
Due from other governments	--	--	41,490
TOTAL ASSETS	$ 6,575,671	$ 124,878	$ 23,578,644
LIABILITIES			
Accounts payable	$ 1,016,677	$ --	$ 1,511,597
Contracts and retained percentage payable	83,913	--	274,677
Accrued interest payable	398	--	1,245
Due to other governments	631,477	--	631,477
Other liabilities	--	--	40,285
TOTAL LIABILITIES	1,732,465	--	2,459,281
FUND BALANCES			
Reserved for:			
Encumbrances	388,310	--	2,697,767
Park capital outlay	--	--	5,230,704
Capital projects	4,454,896	124,878	12,325,670
Future signalization	--	--	626,258
Sensitive lands	--	--	68,188
Unreserved	--	--	170,776
TOTAL FUND BALANCES	4,843,206	124,878	21,119,363
TOTAL LIABILITIES AND FUND BALANCES	$ 6,575,671	$ 124,878	$ 23,578,644

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
June 30, 2003

	Public Works Fund	City Bonds Fund	Parks Fund
REVENUES			
Taxes:			
Park district construction taxes	$ --	$ --	$ 1,911,409
Special assessment	--	--	--
Intergovernmental	--	--	--
Grants and contributions	451,531	75,000	--
Charges for services	--	--	--
Miscellaneous:			
Investment earnings	57,918	(7,021)	63,244
Other	1,145,315	9,500	18,055
TOTAL REVENUES	1,654,764	77,479	1,992,708
EXPENDITURES			
Current:			
Public works	1,065,152	91	--
Culture and recreation	--	--	346,009
Capital outlay	866,468	3,063,005	1,390,529
TOTAL EXPENDITURES	1,931,620	3,063,096	1,736,538
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(276,856)	(2,985,617)	256,170
OTHER FINANCING SOURCES (USES)			
Transfers in	10,664,185	--	--
Transfers out	(7,842,150)	(68,057)	--
TOTAL OTHER FINANCING SOURCES (USES)	2,822,035	(68,057)	--
NET CHANGE IN FUND BALANCES	2,545,179	(3,053,674)	256,170
FUND BALANCES, BEGINNING OF YEAR	7,129,839	3,242,018	4,786,190
FUND BALANCES, END OF YEAR	$ 9,675,018	$ 188,344	$ 5,042,360

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Nonmajor Capital Projects Funds
June 30, 2003

	City Extraordinary Maintenance Fund	Special Ad valorem Fund	Special Assessment Districts Fund
REVENUES			
Taxes:			
Park district construction taxes	$ --	$ --	$ --
Special assessment	--	--	805,449
Intergovernmental	--	923,895	--
Grants and contributions	--	--	--
Charges for services	--	--	--
Miscellaneous:			
Investment earnings	1,022	7,869	8,401
Other	--	66,501	99,999
TOTAL REVENUES	1,022	998,265	913,849
EXPENDITURES			
Current:			
Public works	--	568,497	589,330
Culture and recreation	--	--	--
Capital outlay	--	6,719	140,543
TOTAL EXPENDITURES	--	575,216	729,873
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,022	423,049	183,976
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	2,516,353
Transfers out	--	(256,924)	(408,495)
TOTAL OTHER FINANCING SOURCES (USES)	--	(256,924)	2,107,858
NET CHANGE IN FUND BALANCES	1,022	166,125	2,291,834
FUND BALANCES, BEGINNING OF YEAR	88,261	714,293	(2,015,978)
FUND BALANCES, END OF YEAR	$ 89,283	$ 880,418	$ 275,856

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Nonmajor Capital Projects Funds
June 30, 2003

	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
REVENUES			
Taxes:			
Park district construction taxes	$ --	$ --	$ 1,911,409
Special assessment	--	--	805,449
Intergovernmental	--	--	923,895
Grants and contributions	--	--	526,531
Charges for services	--	--	--
Miscellaneous:			
Investment earnings	71,031	1,430	203,894
Other	532	--	1,339,902
TOTAL REVENUES	71,563	1,430	5,711,080
EXPENDITURES			
Current:			
Public works	61,176	--	2,284,246
Culture and recreation	--	--	346,009
Capital outlay	1,272,431	--	6,739,695
TOTAL EXPENDITURES	1,333,607	--	9,369,950
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,262,044)	1,430	(3,658,870)
OTHER FINANCING SOURCES (USES)			
Transfers in	44,019	--	13,224,557
Transfers out	--	--	(8,575,626)
TOTAL OTHER FINANCING SOURCES (USES)	44,019	--	4,648,931
NET CHANGE IN FUND BALANCES	(1,218,025)	1,430	990,061
FUND BALANCES, BEGINNING OF YEAR	6,061,231	123,448	20,129,302
FUND BALANCES, END OF YEAR	$ 4,843,206	$ 124,878	$ 21,119,363

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Public Works Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Intergovernmental:				
Federal grants	$ --	$ 410,621	$ 473,074	$ 62,453
State grants	--	--	(21,543)	(21,543)
Total Intergovernmental	--	410,621	451,531	40,910
Miscellaneous:				
Investment earnings	130,000	64,000	57,918	(6,082)
Private grants	--	1,000	21,000	20,000
Rents and royalties	--	--	119,124	119,124
Other income	--	--	1,005,191	1,005,191
Total Miscellaneous	130,000	65,000	1,203,233	1,138,233
TOTAL REVENUES	130,000	475,621	1,654,764	1,179,143
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	114,000	1,065,152	(951,152)
Capital Outlay:				
Improvements other than buildings	1,422,222	9,917,202	866,468	9,050,734
TOTAL EXPENDITURES	1,422,222	10,031,202	1,931,620	8,099,582
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,292,222)	(9,555,581)	(276,856)	9,278,725
OTHER FINANCING SOURCES (USES)				
Transfers in	1,343,934	10,664,197	10,664,185	(12)
Transfers out	(271,712)	(7,694,695)	(7,842,150)	(147,455)
TOTAL OTHER FINANCING SOURCES (USES)	1,072,222	2,969,502	2,822,035	(147,467)
NET CHANGE IN FUND BALANCES	(220,000)	(6,586,079)	2,545,179	9,131,258
FUND BALANCE, BEGINNING OF YEAR	620,125	7,129,839	7,129,839	--
FUND BALANCE, END OF YEAR	$ 400,125	$ 543,760	$ 9,675,018	$ 9,131,258

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City Bonds Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Intergovernmental:				
Federal grants	$ --	$ 75,000	$ 75,000	$ --
Miscellaneous:				
Investment earnings	--	200	(7,021)	(7,221)
Other income	--	--	9,500	9,500
TOTAL REVENUES	--	75,200	77,479	2,279
EXPENDITURES				
Current:				
Culture and Recreation:				
Services and supplies	--	--	91	(91)
Capital Outlay:				
Improvements other than buildings	--	3,249,158	3,063,005	186,153
TOTAL EXPENDITURES	--	3,249,158	3,063,096	186,062
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(3,173,958)	(2,985,617)	188,341
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers out	--	(68,057)	(68,057)	--
TOTAL OTHER FINANCING SOURCES (USES)	--	(68,057)	(68,057)	--
NET CHANGE IN FUND BALANCES	--	(3,242,015)	(3,053,674)	188,341
FUND BALANCE, BEGINNING OF YEAR	--	3,242,015	3,242,018	3
FUND BALANCE, END OF YEAR	$ --	$ --	$ 188,344	$ 188,344

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parks Fund
For the Year Ended June 30, 2003

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Park construction	$ 1,140,000	$ 1,807,000	$ 1,911,409	$ 104,409
Miscellaneous:				
Investment earnings	112,500	97,700	63,244	(34,456)
Reimbursements and restitution	--	--	1,575	1,575
Private grants	--	--	10,980	10,980
Other	--	--	5,500	5,500
Total Miscellaneous	112,500	97,700	81,299	(16,401)
TOTAL REVENEUS	1,252,500	1,904,700	1,992,708	88,008
EXPENDITURES				
Current:				
Culture and Recreation:				
Services and supplies	--	--	346,009	(346,009)
Capital Outlay:				
Improvements other than buildings	1,930,706	5,080,391	1,390,529	3,689,862
TOTAL EXPENDITURES	1,930,706	5,080,391	1,736,538	3,343,853
NET CHANGE IN FUND BALANCES	(678,206)	(3,175,691)	256,170	(3,255,845)
FUND BALANCE, BEGINNING OF YEAR	1,518,763	4,786,190	4,786,190	--
FUND BALANCE, END OF YEAR	$ 840,557	$ 1,610,499	$ 5,042,360	$ (3,255,845)

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City Extraordinary Maintenance Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Miscellaneous:				
Investment earnings	$ 3,000	$ 1,200	$ 1,022	$ (178)
EXPENDITURES	--	--	--	--
NET CHANGE IN FUND BALANCES	3,000	1,200	1,022	(178)
FUND BALANCE, BEGINNING OF YEAR	89,131	88,261	88,261	--
FUND BALANCE, END OF YEAR	$ 92,131	$ 89,461	$ 89,283	$ (178)

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Ad Valorem Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Intergovernmental:				
County capital projects	$ 952,725	$ 952,725	$ 923,895	$ (28,830)
Total Intergovernmental	952,725	952,725	923,895	(28,830)
Miscellaneous:				
Investment earnings	20,000	7,300	7,869	569
Reimbursements and restitution	--	25,224	66,501	41,277
Total Miscellaneous	20,000	32,524	74,370	41,846
TOTAL REVENUES	972,725	985,249	998,265	13,016
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	9,880	9,880	568,497	(558,617)
Capital Outlay				
Improvements other than buildings	705,921	1,432,738	6,719	1,426,019
TOTAL EXPENDITURES	715,801	1,442,618	575,216	867,402
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	256,924	(457,369)	423,049	880,418
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers out	(256,924)	(256,924)	(256,924)	--
TOTAL OTHER FINANCING SOURCES (USES)	(256,924)	(256,924)	(256,924)	--
NET CHANGE IN FUND BALANCES	--	(714,293)	166,125	880,418
FUND BALANCE, BEGINNING OF YEAR	--	714,293	714,293	--
FUND BALANCE, END OF YEAR	$ --	$ --	$ 880,418	$ 880,418

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Assessment Districts Fund
For the Year Ended June 30, 2003

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Special assessments	$ --	$ 801,519	$ 805,449	$ 3,930
Miscellaneous:				
Investment earnings	--	13,700	8,401	(5,299)
Reimbursements and restitution	--	100,000	99,999	(1)
Total Miscellaneous	--	113,700	108,400	(5,300)
TOTAL REVENUES	--	915,219	913,849	(1,370)
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	20,971	589,330	(568,359)
Capital Outlay				
Improvements other than buildings	--	420,988	140,543	280,445
TOTAL EXPENDITURES	--	441,959	729,873	(287,914)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	473,260	183,976	(289,284)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	--	2,383,208	--	(2,383,208)
Transfers in	--	--	2,516,353	2,516,353
Transfers out	--	(840,490)	(408,495)	431,995
TOTAL OTHER FINANCING SOURCES (USES)	--	1,542,718	2,107,858	565,140
NET CHANGE IN FUND BALANCES	--	2,015,978	2,291,834	275,856
FUND BALANCE, BEGINNING OF YEAR	--	(2,015,978)	(2,015,978)	--
FUND BALANCE, END OF YEAR	$ --	$ --	$ 275,856	$ 275,856

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Street Impact Fund
For the Year Ended June 30, 2003

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous:				
Investment earnings	$ 150,000	$ 90,000	$ 71,031	$ (18,969)
Street impact fees	--	--	532	532
TOTAL REVENUES	150,000	90,000	71,563	(18,437)
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	15,258	15,258	61,176	(45,918)
Capital Outlay:				
Improvements other than buildings	134,742	3,000,000	1,272,431	1,727,569
TOTAL EXPENDITURES	150,000	3,015,258	1,333,607	1,681,651
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(2,925,258)	(1,262,044)	1,663,214
OTHER FINANCING SOURCES (USES)				
Transfers in	--	44,019	44,019	--
Transfers out	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	--	44,019	44,019	--
NET CHANGE IN FUND BALANCES	--	(2,881,239)	(1,218,025)	1,663,214
FUND BALANCE, BEGINNING OF YEAR	--	6,061,231	6,061,231	--
FUND BALANCE, END OF YEAR	$ --	$ 3,179,992	$ 4,843,206	$ 1,663,214

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Extraordinary Maintenance Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Miscellaneous:				
Investment earnings	$ 5,000	$ 2,000	$ 1,430	$ (570)
EXPENDITURES	--	--	--	--
NET CHANGE IN FUND BALANCES	5,000	2,000	1,430	(570)
FUND BALANCE, BEGINNING OF YEAR	125,468	123,448	123,448	--
FUND BALANCE, END OF YEAR	$ 130,468	$ 125,448	$ 124,878	$ (570)

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ENTERPRISE FUNDS

– ENTERPRISE FUNDS –

To account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

ENTERPRISE FUNDS

Major Enterprise Funds

Sanitary Sewer Fund – to account for sewer services provided to the residents of Reno and some residents of Washoe County and to account for connection fee revenues restricted for capital expenditures and the related projects.

Golf Course Fund – to account for golfing operations of two City golf courses.

Building Permit Fund – to account for activities involved in issuing a building permit which authorizes the construction of a structure. Resources are provided by building permit fees.

Nonmajor Enterprise Funds

Animal Services Shelter Fund – to account for activities involved in providing an animal control shelter for Reno, Sparks, and adjacent areas of Washoe County.

Dispatch Center Fund – to account for activities involved in providing dispatch center services for Reno and other public agencies in Northern Nevada.

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Sanitary Sewer Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
OPERATING REVENUES				
Charges for Services:				
User fees	$ 22,528,264	$ 22,528,264	$ 23,121,292	$ 593,028
Other	419,349	419,349	695,864	276,515
Total Charges for Services	22,947,613	22,947,613	23,817,156	869,543
Fines and forfeits	450,000	450,000	532,968	82,968
Miscellaneous:				
Reimbursements and restitution	--	39,436	163,912	124,476
Other	--	--	85,500	85,500
Total Miscellaneous	--	39,436	249,412	209,976
TOTAL OPERATING REVENUES	23,397,613	23,437,049	24,599,536	1,162,487
OPERATING EXPENSES				
Salaries and wages	3,796,604	3,795,934	3,303,613	492,321
Employee benefits	1,428,380	1,425,780	1,212,582	213,198
Services and supplies	5,280,612	5,656,312	4,414,629	1,241,683
Joint sewer plant	10,600,000	10,600,000	10,381,042	218,958
Depreciation	2,491,520	2,491,520	4,206,300	(1,714,780)
TOTAL OPERATING EXPENSES	23,597,116	23,969,546	23,518,166	451,380
OPERATING INCOME (LOSS)	(199,503)	(532,497)	1,081,370	1,613,867
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	1,606,780	1,606,780	454,199	(1,152,581)
Gain (loss) on asset disposal	--	--	(1,061,949)	(1,061,949)
Net loss from Truckee Meadows Water Reclamation Facility	(2,491,520)	(2,491,520)	(2,043,396)	448,124
TOTAL NONOPERATING REVENUES (EXPENSES)	(884,740)	(884,740)	(2,651,146)	(1,766,406)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFESR	(1,084,243)	(1,417,237)	(1,569,776)	(152,539)
CAPITAL CONTRIBUTIONS				
Connection charges	--	5,920,000	5,517,739	(402,261)
Contributions of assets	--	--	6,367,881	6,367,881
TOTAL CAPITAL CONTRIBUTIONS	--	5,920,000	11,885,620	5,965,620
TRANSFERS				
Transfers out	(452,246)	(452,246)	(452,246)	--
CHANGES IN NET ASSETS	$ (1,536,489)	$ 4,050,517	9,863,598	$ 5,813,081
NET ASSETS, BEGINNING OF YEAR			211,008,420	
NET ASSETS, END OF YEAR			$ 220,872,018	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Golf Course Fund
For the Year Ended June 30, 2003

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for Services:				
Golf course fees	$ 2,214,200	$ 1,595,000	$ 1,263,176	$ (331,824)
Concession and merchandise sales	96,000	280,200	249,247	(30,953)
Equipment and cart rental fees	--	357,000	243,880	(113,120)
Other	--	78,000	81,215	3,215
Total Charges for Services	2,310,200	2,310,200	1,837,518	(472,682)
Miscellaneous	65,000	65,000	5,736	(59,264)
TOTAL OPERATING REVENUES	2,375,200	2,375,200	1,843,254	(531,946)
OPERATING EXPENSES				
Salaries and wages	809,622	809,622	704,382	105,240
Employee benefits	227,637	227,637	214,122	13,515
Services and supplies	769,511	767,987	656,488	111,499
Depreciation	154,500	154,500	325,982	(171,482)
TOTAL OPERATING EXPENSES	1,961,270	1,959,746	1,900,974	58,772
OPERATING INCOME (LOSS)	413,930	415,454	(57,720)	(473,174)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	21,280	21,280	558	(20,722)
Debt service - interest	(185,210)	(185,210)	(185,210)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	(163,930)	(163,930)	(184,652)	(20,722)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	250,000	251,524	(242,372)	(493,896)
TRANSFERS				
Transfers Out	--	(1,524)	(1,524)	--
CHANGES IN NET ASSETS	$ 250,000	$ 250,000	(243,896)	$ (493,896)
NET ASSETS, BEGINNING OF YEAR			4,316,895	
NET ASSETS, END OF YEAR			$ 4,072,999	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Building Permit Fund
For the Year Ended June 30, 2003

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for Services:				
Building permits	$ 2,656,136	$ 2,656,136	$ 2,935,811	$ 279,675
Electrical and plumbing permits	161,725	161,725	140,503	(21,222)
Plan check fees	1,305,276	1,305,276	1,507,647	202,371
Plumbing inspection fees	601,323	601,323	716,762	115,439
Electrical inspection fees	348,348	348,348	355,844	7,496
Other building and safety fees	79,687	79,687	32,365	(47,322)
Total Charges for Services	5,152,495	5,152,495	5,688,932	536,437
Miscellaneous:				
Reimbursements and restitution	--	--	6,129	6,129
TOTAL OPERATING REVENUES	5,152,495	5,152,495	5,695,061	542,566
OPERATING EXPENSES				
Salaries and wages	3,446,497	3,446,497	3,561,533	(115,036)
Employee benefits	1,391,330	1,391,330	1,320,488	70,842
Services and supplies	856,924	867,439	833,211	34,228
Depreciation	25,732	25,732	19,718	6,014
TOTAL OPERATING EXPENSES	5,720,483	5,730,998	5,734,950	(3,952)
OPERATING INCOME (LOSS)	(567,988)	(578,503)	(39,889)	538,614
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	50,000	50,000	7,437	(42,563)
Gain (loss) on asset disposal	--	--	(285,658)	(285,658)
TOTAL NONOPERATING REVENUES (EXPENSES)	50,000	50,000	(278,221)	(328,221)
INCOME (LOSS) BEFORE TRANSFERS	(517,988)	(528,503)	(318,110)	210,393
TRANSFERS				
Transfers out	(195,721)	(195,721)	--	195,721
CHANGES IN NET ASSETS	$ (713,709)	$ (724,224)	(318,110)	$ 406,114
NET ASSETS, BEGINNING OF YEAR			982,616	
NET ASSETS, END OF YEAR			$ 664,506	

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2003

	Animal Services Shelter Fund	Dispatch Center Fund	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 218,769	$ 202,015	$ 420,784
Receivables:			
Accounts	2,844	--	2,844
Accrued Interest	567	--	567
Due from other governments	332,340	--	332,340
Inventories	14,726	--	14,726
Prepaid expenses	--	--	--
Total Current Assets	569,246	202,015	771,261
Noncurrent Assets:			
Restricted assets:			
Cash and cash equivalents	--	--	--
Accrued interest receivable	--	--	--
Due from other governments	--	--	--
Total Restricted Assets	--	--	--
Investment in Truckee Meadows Water Reclamation Facility	--	--	--
Capital assets:			
Land	12,248	--	12,248
Water rights	--	--	--
Buildings	691,641	--	691,641
Improvements other than buildings	--	--	--
Machinery and equipment	--	--	--
Construction in progress	--	--	--
Total capital assets	703,889	--	703,889
Less accumulated depreciation	(444,855)	--	(444,855)
Net capital assets	259,034	--	259,034
Total Noncurrent Assets	259,034	--	259,034
TOTAL ASSETS	$ 828,280	$ 202,015	$ 1,030,295

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
Nonmajor Enterprise Funds
June 30, 2003

	Animal Services Shelter Fund	Dispatch Center Fund	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 11,141	$ 1,423	$ 12,564
Accrued salaries and benefits	4,245	36,984	41,229
Contracts and retained percentage payable	--	--	--
Accrued interest payable	--	--	--
Accrued liabilities, other	--	--	--
Due to other funds	--	--	--
Due to other governments	27,769	--	27,769
Deposits	9,874	--	9,874
Deferred revenue	--	--	--
Bonds payable	--	--	--
Total Current Liabilities (payable from current assets)	53,029	38,407	91,436
Current liabilities (payable from restricted assets):			
Accounts payable	--	--	--
Contracts and retained percentage payable	--	--	--
Accrued interest payable	--	--	--
Due to other governments	--	--	--
Deferred revenue	--	--	--
Total Current Liabilities (payable from restricted assets)	--	--	--
Total Current Liabilities	53,029	38,407	91,436
Noncurrent Liabilities:			
Compensated absences payable	20,738	289,270	310,008
Bonds payable	--	--	--
Total Noncurrent Liabilities	20,738	289,270	310,008
TOTAL LIABILITIES	73,767	327,677	401,444
NET ASSETS			
Invested in capital, net of related debt	259,034	--	259,034
Restricted for:			--
Capital projects	--	--	--
Claims	--	--	--
Building permit operations	3,559	--	3,559
Unrestricted (deficit)	491,920	(125,662)	366,258
TOTAL NET ASSETS	$ 754,513	$(125,662)	$ 628,851

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2003

	Animal Services Shelter Fund	Dispatch Center Fund	Total
OPERATING REVENUES			
Charges for services	$ 587,627	$ 311,462	$ 899,089
Fines and forfeitures	3,886	--	3,886
Miscellaneous	18,758	--	18,758
TOTAL OPERATING REVENUES	610,271	311,462	921,733
OPERATING EXPENSES			
Salaries and wages	425,871	3,563,652	3,989,523
Employee benefits	196,457	1,137,871	1,334,328
Services and supplies	426,443	195,103	621,546
Joint Sewer plant	--	--	--
Depreciation	29,993	--	29,993
TOTAL OPERATING EXPENSES	1,078,764	4,896,626	5,975,390
OPERATING INCOME (LOSS)	(468,493)	(4,585,164)	(5,053,657)
NONOPERATING REVENUES (EXPENSES)			
Private grants	17,987	--	17,987
Investment earnings	1,910	288	2,198
Interest expense	--	--	--
Gain (loss) on asset disposal	(110,641)	--	(110,641)
Net loss from Truckee Meadows Water Reclamation Facility	--	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	(90,744)	288	(90,456)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND	(559,237)	(4,584,876)	(5,144,113)
CAPITAL CONTRIBUTIONS IN (OUT)			
Connection charges	--	--	--
Contribution of assets	--	--	--
TOTAL CAPITAL CONTRIBUTIONS IN (OUT)	--	--	--
TRANSFERS			
Transfers in	413,222	4,459,214	4,872,436
Transfers out	--	--	--
TOTAL TRANSFERS IN (OUT)	413,222	4,459,214	4,872,436
CHANGES IN NET ASSETS	(146,015)	(125,662)	(271,677)
NET ASSETS, BEGINNING OF YEAR	900,528	--	900,528
NET ASSETS, END OF YEAR	$ 754,513	$ (125,662)	$ 628,851

CITY OF RENO, NEVADA

Statement of Cash Flows
Nonmajor Enterprise Funds
June 30, 2003

	Animal Services Shelter Fund	Dispatch Center Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ (202,271)	$ 311,462	$ 109,191
Cash received from other funds for services	687,449	--	687,449
Cash received from miscellaneous income	18,758	--	18,758
Cash paid for employee's salaries and benefits	(530,073)	(3,967,894)	(4,497,967)
Cash payments for goods and services	(267,467)	(179,434)	(446,901)
Cash paid to other funds for motor vehicle rentals, liability			--
and medical insurance, and indirect costs	(225,418)	(421,621)	(647,039)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(519,022)	(4,257,487)	(4,776,509)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from private grants	17,987	--	17,987
Cash received from other funds			--
Transfers in	413,222	4,459,214	4,872,436
Transfers out	--	--	--
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	431,209	4,459,214	4,890,423
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from connection charges, capital contributions	--	--	--
Investment in Truckee Meadows Water Reclamation Facility	--	--	--
Proceeds from sale of capital assets			--
Acquisition and construction of capital assets	--	--	--
Principal paid on general obligation bond maturities	--	--	--
Interest paid on debt	--	--	--
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	--	--	--
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings received	3,686	288	3,974
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(84,127)	202,015	117,888
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	302,896	--	302,896
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 218,769	$ 202,015	$ 420,784

continued

CITY OF RENO, NEVADA

Statement of Cash Flows (continued)
Nonmajor Enterprise Funds
June 30, 2003

	Animal Services Shelter Fund	Dispatch Center Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (468,493)	$ (4,585,164)	$ (5,053,657)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	29,993	--	29,993
Changes in assets and liabilities:			--
(Increasse) decrease:			--
Accounts receivable	47,156	--	47,156
Due from other governments	(167,870)	--	(167,870)
Inventories	14,379	--	14,379
Prepaid expenses	226	--	226
Increase (decrease):			--
Accounts payable	(4,910)	1,423	(3,487)
Accrued salaries and benefits	1,015	36,984	37,999
Compensated absences payable	4,374	289,270	293,644
Contracts and retained percentage payable	--	--	--
Accrued interest payable			--
Accrued liabilities, other	(2,661)	--	(2,661)
Due to other governments	27,769	--	27,769
Deferred revenue	--	--	--
Total adjustments	(50,529)	327,677	277,148
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (519,022)	$ (4,257,487)	$ (4,776,509)

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Animal Services Shelter Fund
For the Year Ended June 30, 2003

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for Services:				
Washoe County cost share	$ 328,054	$ 328,054	$ 311,696	$ (16,358)
Sparks cost share	144,954	144,954	149,318	4,364
Animal redemption	52,000	52,000	66,146	14,146
Animal adoption	30,369	30,369	28,470	(1,899)
Animal boarding	6,279	6,279	20,691	14,412
Animal facility acceptance fee	2,339	2,339	7,427	5,088
Forfeited deposits	--	--	3,879	3,879
Total Charges for Services	563,995	563,995	587,627	23,632
Fines and forfeits	4,418	4,418	3,886	(532)
Miscellaneous:				
Reimbursements and restitution	126,953	126,953	16,442	(110,511)
Other	2,060	2,060	2,316	256
Total Miscellaneous	129,013	129,013	18,758	(110,255)
TOTAL OPERATING REVENUES	697,426	697,426	610,271	(87,155)
OPERATING EXPENSES				
Salaries and wages	574,792	505,076	425,871	79,205
Employee benefits	225,462	225,462	196,457	29,005
Services and supplies	354,296	498,916	426,443	72,473
Depreciation	50,000	50,000	29,993	20,007
TOTAL OPERATING EXPENSES	1,204,550	1,279,454	1,078,764	200,690
OPERATING INCOME (LOSS)	(507,124)	(582,028)	(468,493)	113,535
NONOPERATING REVENUES (EXPENSES)				
Private grants	12,414	12,414	17,987	5,573
Investment earnings	14,072	14,072	1,910	(12,162)
Gain (loss) on asset disposal	--	--	(110,641)	(110,641)
TOTAL NONOPERATING REVENUES (EXPENSES)	26,486	26,486	(90,744)	(117,230)
INCOME (LOSS) BEFORE TRANSFERS	(480,638)	(555,542)	(559,237)	(3,695)
TRANSFERS				
Transfers in	413,222	413,222	413,222	--
CHANGES IN NET ASSETS	$ (67,416)	$ (142,320)	(146,015)	$ (3,695)
NET ASSETS, BEGINNING OF YEAR			900,528	
NET ASSETS, END OF YEAR			$ 754,513	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Dispatch Center Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
OPERATING REVENUES				
Charges for Services:				
Dispatch services	$ 450,000	$ 450,000	$ 311,462	$ (138,538)
TOTAL OPERATING REVENUES	450,000	450,000	311,462	(138,538)
OPERATING EXPENSES				
Salaries and wages	3,465,412	3,465,412	3,563,652	(98,240)
Employee benefits	1,192,173	1,192,173	1,137,871	54,302
Services and supplies	251,629	251,629	195,103	56,526
TOTAL OPERATING EXPENSES	4,909,214	4,909,214	4,896,626	12,588
OPERATING INCOME (LOSS)	(4,459,214)	(4,459,214)	(4,585,164)	(125,950)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	--	--	288	288
TOTAL NONOPERATING REVENUES (EXPENSES)	--	--	288	288
INCOME (LOSS) BEFORE TRANSFERS	(4,459,214)	(4,459,214)	(4,584,876)	(125,662)
TRANSFERS				
Transfers in	4,459,214	4,459,214	4,459,214	--
CHANGES IN NET ASSETS	$ --	$ --	(125,662)	$ (125,662)
NET ASSETS, BEGINNING OF YEAR			--	
NET ASSETS, END OF YEAR			$ (125,662)	

INTERNAL SERVICE FUNDS

– INTERNAL SERVICE FUNDS –

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units on a cost-reimbursement basis.

INTERNAL SERVICES FUNDS

Motor Vehicle Fund – to account for the costs of acquisition of motor vehicles and of operating a maintenance facility for motor vehicles used by City departments. Such costs are billed to the user department.

Risk Retention Fund – to account for the operations of the self-funded general insurance program.

Self-Funded Medical Plan Fund – to account for the operations of the self-funded group health and accidence insurance program.

Self-Funded Workers Compensation Fund – to account for the operations of the self-funded workers compensation program.

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2003

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 5,175,354	$ 4,999,684	$ 227,663
Receivables:			
Accrued interest	14,036	13,116	4,386
Due from other governments	36,673	--	--
Inventories	256,560	--	--
Prepaid expenses	--	321,953	--
Total Current Assets	5,482,623	5,334,753	232,049
Non Current Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	19,263,738	90,356	--
Less accumulated depreciation	(10,558,343)	(72,606)	--
Net Capital Assets	8,705,395	17,750	--
TOTAL ASSETS	14,188,018	5,352,503	232,049
LIABILITIES			
Current Liabilities:			
Accounts payable	163,602	2,503	--
Accrued salaries and benefits	5,725	913	--
Accrued liabilities	--	2,467,888	1,378,254
Other Liabilities	1,943	--	--
Total Current Liabilities	171,270	2,471,304	1,378,254
Noncurrent Liabilities:			
Compensated absences payable	76,729	4,057	--
TOTAL LIABILITIES	247,999	2,475,361	1,378,254
NET ASSETS			
Invested in capital assets, net of related debt	8,705,395	17,750	--
Restricted for claims	--	2,859,392	--
Unrestricted (deficit)	5,234,624	--	(1,146,205)
TOTAL NET ASSETS	$ 13,940,019	$ 2,877,142	$ (1,146,205)

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2003

	Self-Funded Workers Compensation Fund	Total
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 7,204,467	$ 17,607,168
Receivables:		
Accrued interest	28,214	59,752
Due from other governments	--	36,673
Inventories	--	256,560
Prepaid expenses	54,167	376,120
Total Current Assets	7,286,848	18,336,273
Non Current Assets:		
Capital Assets:		
Machinery, equipment and motor vehicles	--	19,354,094
Less accumulated depreciation	--	(10,630,949)
Net Capital Assets	--	8,723,145
TOTAL ASSETS	7,286,848	27,059,418
LIABILITIES		
Current Liabilities:		
Accounts payable	20,557	186,662
Accrued salaries and benefits	1,223	7,861
Accrued liabilities	11,275,839	15,121,981
Other Liabilities	--	1,943
Total Current Liabilities	11,297,619	15,318,447
Noncurrent Liabilities:		
Compensated absences payable	14,497	95,283
TOTAL LIABILITIES	11,312,116	15,413,730
NET ASSETS		
Invested in capital assets, net of related debt	--	8,723,145
Restricted for claims	--	2,859,392
Unrestricted (deficit)	(4,025,268)	63,151
TOTAL NET ASSETS	$ (4,025,268)	$ 11,645,688

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2003

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
OPERATING REVENUES			
Charges for services	$ 4,092,249	$ 1,120,625	$ 10,834,776
Miscellaneous	14,982	3,762	--
TOTAL OPERATING REVENUES	4,107,231	1,124,387	10,834,776
OPERATING EXPENSES			
Salaries and wages	631,369	99,593	--
Employee benefits	256,310	41,107	--
Services and supplies	1,789,659	732,272	11,020,555
Depreciation	2,505,563	7,100	--
TOTAL OPERATING EXPENSES	5,182,901	880,072	11,020,555
OPERATING INCOME (LOSS)	(1,075,670)	244,315	(185,779)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	66,167	56,475	23,269
Gain (loss) on asset disposal	53,878	(12,704)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	120,045	43,771	23,269
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(955,625)	288,086	(162,510)
CAPITAL CONTRIBUTIONS IN (OUT)			
Contributions of assets	3,852,828	--	--
TRANSFERS			
Transfers in	117,739	--	--
Transfers out	--	(10,000)	--
CHANGES IN NET ASSETS	3,014,942	278,086	(162,510)
NET ASSETS, BEGINNING OFYEAR	10,925,077	2,599,056	(983,695)
NET ASSETS, END OF YEAR	$ 13,940,019	$ 2,877,142	$ (1,146,205)

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)
Internal Service Funds
For the Year Ended June 30, 2003

	Self-Funded Workers Compensation Fund	Total
OPERATING REVENUES		
Charges for services	$ 1,623,237	$ 17,670,887
Miscellaneous	16,295	35,039
TOTAL OPERATING REVENUES	1,639,532	17,705,926
OPERATING EXPENSES		
Salaries and wages	145,511	876,473
Employee benefits	53,773	351,190
Services and supplies	6,595,489	20,137,975
Depreciation	--	2,512,663
TOTAL OPERATING EXPENSES	6,794,773	23,878,301
OPERATING INCOME (LOSS)	(5,155,241)	(6,172,375)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	146,099	292,010
Gain (loss) on asset disposal	--	41,174
TOTAL NONOPERATING REVENUES (EXPENSES)	146,099	333,184
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(5,009,142)	(5,839,191)
CAPITAL CONTRIBUTIONS IN (OUT)		
Contributions of assets	--	3,852,828
TRANSFERS		
Transfers in	--	117,739
Transfers out	--	(10,000)
CHANGES IN NET ASSETS	(5,009,142)	(1,878,624)
NET ASSETS, BEGINNING OFYEAR	983,874	13,524,312
NET ASSETS, END OF YEAR	$ (4,025,268)	$ 11,645,688

CITY OF RENO, NEVADA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2003

	Motor Vehicle Fund	Risk Retention Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	$ 4,109,707	$ 1,144,230
Cash received from miscellaneous income, reimbursements and restitutions	14,982	3,762
Cash paid for employees' salaries and benefits	(776,818)	(121,536)
Cash payments to suppliers for goods and services	(1,744,707)	(1,424,066)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(215,133)	(158,085)
Cash paid to deferred compensation plans	(20,162)	(4,697)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,367,869	(560,392)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	117,739	(10,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	117,739	(10,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	53,878	--
Acquisition of capital assets	(1,872,389)	--
Principal paid on debt	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,818,511)	--
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	95,699	87,362
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(237,204)	(483,030)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,412,558	5,482,714
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,175,354	$ 4,999,684

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2003

	Self-Funded Medical Plan Fund	Self-Funded Workers Compensation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds for services	$ 10,834,776	$ 1,623,237	$ 17,711,950
Cash received from miscellaneous income, reimbursements and restitutions	--	16,295	35,039
Cash paid for employees' salaries and benefits	--	(170,821)	(1,069,175)
Cash payments to suppliers for goods and services	(10,860,791)	(2,399,799)	(16,429,363)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(33,575)	(36,774)	(443,567)
Cash paid to deferred compensation plans	--	(6,557)	(31,416)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(59,590)	(974,419)	(226,532)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	--	--	107,739
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	--	--	107,739
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of machinery and equipment	--	--	53,878
Acquisition of capital assets	--	--	(1,872,389)
Principal paid on debt	--	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	--	--	(1,818,511)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings received	26,974	182,520	392,555
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,616)	(791,899)	(1,544,749)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	260,279	7,996,366	19,151,917
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 227,663	$ 7,204,467	$ 17,607,168

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2003

	Motor Vehicle Fund	Risk Retention Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (1,075,670)	$ 244,315
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,505,563	7,100
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	17,458	23,605
Inventories	(133,405)	--
Prepaid expenses	--	24,677
Increase (decrease) in:		
Accounts payable	63,572	(50,146)
Accrued salaries and benefits	2,581	439
Accrued liabilities	--	(809,434)
Accrued liabilities, other	1,943	--
Compensated absences payable	(14,173)	(948)
Total Adjustments	2,443,539	(804,707)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,367,869	$ (560,392)
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	$ 3,852,828	$ --

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2003

	Self-Funded Medical Plan Fund	Self-Funded Workers Compensation Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (185,779)	$ (5,155,241)	$ (6,172,375)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	--	2,512,663
Changes in assets and liabilities:			
(Increase) decrease in:			
Due from other governments	--	--	41,063
Inventories	--	--	(133,405)
Prepaid expenses	--	(31,019)	(6,342)
Increase (decrease) in:			
Accounts payable	--	6,960	20,386
Accrued salaries and benefits	--	543	3,563
Accrued liabilities	126,189	4,200,950	3,517,705
Accrued liabilities, other	--	--	1,943
Compensated absences payable	--	3,388	(11,733)
Total Adjustments	126,189	4,180,822	5,945,843
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (59,590)	$ (974,419)	$ (226,532)
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions:			
Contributions of assets	$ --	$ --	$ 3,852,828

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Motor Vehicle Fund
For the Year Ended June 30, 2003

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for services	$ 3,813,449	$ 3,981,921	$ 4,092,249	$ 110,328
Miscellaneous:				
Reimbursements and restitution	--	--	14,982	14,982
Other	319,833	319,833	--	(319,833)
Total Miscellaneous	319,833	319,833	14,982	(304,851)
TOTAL OPERATING REVENUES	4,133,282	4,301,754	4,107,231	(194,523)
OPERATING EXPENSES				
Salaries and wages	825,777	825,777	631,369	194,408
Employee benefits	331,052	331,052	256,310	74,742
Services and supplies	1,740,617	1,989,498	1,789,659	199,839
Depreciation	2,500,000	2,500,000	2,505,563	(5,563)
TOTAL OPERATING EXPENSES	5,397,446	5,646,327	5,182,901	463,426
OPERATING INCOME (LOSS)	(1,264,164)	(1,344,573)	(1,075,670)	268,903
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	250,000	250,000	66,167	183,833
Gain (loss) on asset disposal	--	--	53,878	(53,878)
TOTAL NONOPERATING REVENUES (EXPENSES)	250,000	250,000	120,045	129,955
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,014,164)	(1,094,573)	(955,625)	398,858
CAPITAL CONTRIBUTIONS IN (OUT)				
Contributions of assets	--	--	3,852,828	(3,852,828)
TRANSFERS				
Transfers in	76,072	117,739	117,739	--
CHANGES IN NET ASSETS	$ (938,092)	$ (976,834)	3,014,942	$ (3,453,970)
NET ASSETS, BEGNNING OFYEAR			10,925,077	
NET ASSETS, END OF YEAR			$ 13,940,019	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Risk Retention Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
OPERATING REVENUES				
Charges for services	$ 1,120,622	$ 1,120,622	$ 1,120,625	$ 3
Miscellaneous:				
Reimbursements and restitution	5,000	5,000	1,017	(3,983)
Other	--	--	2,745	2,745
Total Miscellaneous	5,000	5,000	3,762	(1,238)
TOTAL OPERATING REVENUES	1,125,622	1,125,622	1,124,387	(1,235)
OPERATING EXPENSES				
Salaries and wages	100,288	100,288	99,593	695
Employee benefits	40,907	40,907	41,107	(200)
Services and supplies	2,116,406	2,181,906	732,272	1,449,634
Depreciation	13,000	13,000	7,100	5,900
TOTAL OPERATING EXPENSES	2,270,601	2,336,101	880,072	1,456,029
OPERATING INCOME (LOSS)	(1,144,979)	(1,210,479)	244,315	1,454,794
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	200,000	200,000	56,475	(143,525)
Gain (loss) on asset disposal	--	--	(12,704)	(12,704)
TOTAL NONPOPERATING REVENUES (EXPENSES)	200,000	200,000	43,771	(156,229)
INCOME (LOSS) BEFORE TRANSFERS	(944,979)	(1,010,479)	288,086	1,298,565
OPERATING TRANSFERS				
Operating transfers in	--	--	--	--
Operating transfers out	(10,000)	(10,000)	(10,000)	--
TOTAL OPERATING TRANSFERS	(10,000)	(10,000)	(10,000)	--
CHANGES IN NET ASSETS	$ (954,979)	$(1,020,479)	278,086	$ 1,298,565
NET ASSETS, BEGINNING OF YEAR			2,599,056	
NET ASSETS, END OF YEAR			$ 2,877,142	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Self-Funded Medical Plan Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
OPERATING REVENUES				
Charges for services	$ 11,193,153	$ 11,193,153	$ 10,834,776	$ (358,377)
Miscellaneous:				
Other	224,000	224,000	--	(224,000)
TOTAL OPERATING REVENUES	11,417,153	11,417,153	10,834,776	(582,377)
OPERATING EXPENSES				
Services and supplies	9,548,575	9,548,575	11,020,555	(1,471,980)
OPERATING INCOME (LOSS)	1,868,578	1,868,578	(185,779)	(2,054,357)
NONOPERATNG REVENUES (EXPENSES)				
Investment earnings	22,000	22,000	23,269	(1,269)
CHANGES IN NET ASSETS	$ 1,890,578	$ 1,890,578	(162,510)	$ (2,055,626)
NET ASSETS, BEGINNING OF YEAR			(983,695)	
NET ASSETS, END OF YEAR			$ (1,146,205)	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Self-Funded Workers Compensation Fund
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
OPERATING REVENUES				
Charges for services	$ 1,218,204	$ 1,218,204	$ 1,623,237	$ 405,033
Miscellaneous:				
Other	--	--	16,295	16,295
TOTAL OPERATING REVENUES	1,218,204	1,218,204	1,639,532	421,328
OPERATING EXPENSES				
Salaries and wages	125,162	125,162	145,511	(20,349)
Employee benefits	50,130	50,130	53,773	(3,643)
Services and supplies	1,888,938	2,593,600	6,595,489	(4,001,889)
Depreciation	250	250	--	250
TOTAL OPERATING EXPENSES	2,064,480	2,769,142	6,794,773	(4,025,631)
OPERATING INCOME (LOSS)	(846,276)	(1,550,938)	(5,155,241)	(3,604,303)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	300,000	300,000	146,099	153,901
Gain (loss) on asset disposal	--	--	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	300,000	300,000	146,099	(153,901)
CHANGES IN NET ASSETS	$ (546,276)	$ (1,250,938)	(5,009,142)	$ (3,758,204)
NET ASSETS, BEGINNING OF YEAR			983,874	
NET ASSETS, END OF YEAR			$ (4,025,268)	

FIDUCIARY FUNDS

– AGENCY FUNDS –

Agency funds are used to account for assets held by the government as an agent.

AGENCY FUNDS

Deposit Fund – to account for performance and other deposits that are refundable.

Special Assessment District Funds – to account for collections of special assessments from property owners. The City is not obligated in any manner for debt incurred on capital improvements to the properties.

Washoe Local Emergency Planning Committee – to account for state and federal grant monies received by the Washoe Local Emergency Planning Committee to purchase equipment relative to preparedness for a potential weapons of mass destruction or terrorist incident and to provide related training and planning. The City of Reno acts as the fiscal agent for the Committee.

CITY OF RENO, NEVADA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2003

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
DEPOSITS FUND				
ASSETS				
Cash and investments	$ 3,498,875	$ 2,727,891	$ 4,713,133	$ 1,513,633
Accrued interest receivable	28,475	7,783	28,475	7,783
TOTAL ASSETS	$ 3,527,350	$ 2,735,674	$ 4,741,608	$ 1,521,416
LIABILITIES				
Accounts payable	$ 1,750	$ 2,730	$ 1,750	$ 2,730
Accrued liabilities	50,586	45,131	50,586	45,131
Deposits	3,475,014	2,626,735	4,628,194	1,473,555
TOTAL LIABILITIES	$ 3,527,350	$ 2,674,596	$ 4,680,530	$ 1,521,416
SPECIAL ASSESSMENT DISTRICT FUNDS				
ASSETS				
Cash and investments	$ 262,229	$ 6,219,990	$ 2,545,108	$ 3,937,111
Special assessments, current	103,390	719,774	103,391	719,773
Accrued interest receivable	1,192	2,936	1,192	2,936
TOTAL ASSETS	$ 366,811	$ 6,942,700	$ 2,649,691	$ 4,659,820
LIABILITIES				
Due to others	$ 366,811	$ 19,709,118	$ 15,416,109	$ 4,659,820
TOTAL LIABILITIES	$ 366,811	$ 19,709,118	$ 15,416,109	$ 4,659,820
WASHOE LOCAL EMERGENCY PLANNING COMMITTEE				
ASSETS				
Cash and investments	$ --	$ 200,313	$ 164,220	$ 36,093
Accrued interest receivable	--	--	--	--
Due from other governments	--	14,973	--	14,973
TOTAL ASSETS	$ --	$ 215,286	$ 164,220	$ 51,066
LIABILITIES				
Accounts payable	$ --	$ 51,066	$ --	$ 51,066
TOTAL LIABILITIES	$ --	$ 51,066	$ --	$ 51,066
TOTALS, AGENCY FUNDS				
ASSETS				
Cash and investments	$ 3,761,104	$ 9,148,194	$ 7,422,461	$ 5,486,837
Accrued interest receivable	29,667	10,719	29,667	10,719
Special assessments, current	103,390	719,774	103,391	719,773
Due from other governments	--	14,973	--	14,973
TOTAL ASSETS	$ 3,894,161	$ 9,893,660	$ 7,555,519	$ 6,232,302
LIABILITIES				
Accounts payable	$ 1,750	$ 53,796	$ 1,750	$ 53,796
Accrued liabilities	50,586	45,131	50,586	45,131
Deposits	3,475,014	2,626,735	4,628,194	1,473,555
Due to others	366,811	19,709,118	15,416,109	4,659,820
TOTAL LIABILITIES	$ 3,894,161	$ 22,434,780	$ 20,096,639	$ 6,232,302

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STATISTICAL SECTION

CITY OF RENO, NEVADA Table 1

Government-Wide Expenses by Function

Fiscal Years Ended June 30, 2003, and 2002

(Unaudited)

	2003	2002
General government	$ 18,447,393	$ 17,891,225
Judicial	4,130,566	4,026,192
Police	47,974,615	54,799,718
Fire	41,313,419	41,263,133
Public works	23,329,696	19,403,364
Planning and community development	5,489,076	5,165,370
Culture and recreation	16,081,352	15,659,627
Urban redevelopment	1,716,205	1,349,781
Debt Service:		
Interest and fiscal charges	17,567,596	6,406,058
Total Governmental Activities	176,049,918	165,964,468
Sanitary sewer	25,327,746	24,622,533
Golf courses	2,150,809	2,378,168
Building permits	5,933,092	6,048,698
Animal services shelter	1,114,066	965,714
Communications and technology	5,067,935	
Total Business-Type Activities	39,593,648	34,015,113
Total	$ 215,643,566	$ 199,979,581

CITY OF RENO, NEVADA

Government-Wide Revenues

Fiscal Years Ended June 30, 2003 and 2002

(Unaudited)

	2003	2002
Program Revenues		
Charges for services	$ 85,881,655	$ 76,579,465
Operating grants and contributions	8,399,965	6,913,142
Capital grants and contributions	68,286,840	48,582,426
Total Program Revenues	162,568,460	132,075,033
General Revenues		
Taxes	105,087,314	99,697,239
Licenses	2,396,644	2,176,194
Unrestricted interest and investment earnings	5,630,349	6,622,120
Miscellaneous	3,168,315	2,619,556
Gain on sale of capital assets	61,398	129,738
Gain on early retirement of debt	444,296	--
Total General Revenues	116,788,316	111,244,847
Total Program and General Revenues	$ 279,356,776	$ 243,319,880

CITY OF RENO, NEVADA Table 3

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands) (Unaudited)

Fiscal Year Ended June 30	General Government	Judicial	Public Safety	Public Works	Parks and Recreation	Community and Urban Development	Inter-governmental	Debt Service	Total
1994	6,552	1,652	48,837	3,940 (2)	1,780	13,198 (2)	557	12,075	88,591
1995	7,037	1,935	52,040	10,172 (3)	4,217 (3)	6,433 (3)	467	11,321	93,622
1996	6,835	1,870	53,545	10,607	5,340	8,115	456	10,848	97,616
1997	8,172	2,031	55,943	16,763	9,676 (4)	8,113	461	12,052	113,211
1998	11,846	2,132	59,723	17,630	11,049	9,068	503	13,604	125,555
1999	11,478	2,515	63,359	18,930	11,938	6,206	532	12,002	126,960
2000	13,725	2,902	66,920	20,594	13,090	7,116	613	12,106	137,066
2001	17,481	3,310	80,728	19,354	13,322	7,022	709	15,185	157,111
2002	17,843	3,708	87,495	27,422	13,825 (5)	1,096	1,098	13,987	166,474
2003	16,668	4,017	85,435 (6)	23,501	14,230	6,660	1,452	26,008	177,971

(1) Includes general, special revenue and debt service funds.

(2) Reorganization in 1994 classified all public works personnel, services and supplies under Planning and Community Development.

(3) Reorganization in 1995 reclassified engineering and maintenance functions to be independent of planning and community development; parks maintenance to be included under the parks and recreation classificiation.

(4) Reorganization in 1997 reclassified swimming pools and municipal golf course activity previously reported as enterprise funds into a new special revenue fund.

(5) Reorganization in 2002 reclassified municipal golf course activity (charges for services) previously reported under parks and recreation into a new enterprise fund.

(6) Reorganization in 2003 reclassified dispatch center activity (charges for services) previously reported under police into a new enterprise fund

CITY OF RENO, NEVADA Table 4

GENERAL GOVERNMENTAL REVENUES BY SOURCE[1]

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands) (Unaudited)

Fiscal Year Ended June 30	Taxes	Special Assessments [2]	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeits	Miscellaneous	Total
1994	25,010	1,341	14,825	37,100	5,037	2,325	4,394	90,032
1995	27,006	1,152	17,080	38,934	4,887	2,305	6,285	97,649
1996	29,877	964	17,291	43,374	5,581	2,367	6,453	105,907
1997	33,428	901	18,649	46,856	7,995 [3]	2,502	7,003	117,334
1998	36,972	1,922	19,161	48,129	8,591	2,397	7,001	124,173
1999	43,295	1,561	21,134	54,207	9,050	2,711	6,111	138,069
2000	48,129	1,683	21,872	59,725	9,390	2,614	7,135	150,548
2001	48,774	1,637	23,882	72,036	9,650	3,051	9,908	168,938
2002	53,855	1,178	25,881	74,693	8,475	2,803	7,463	174,348
2003	59,711	2,905	26,362	87,509	9,606	2,729	12,775	201,597

(1) Includes general, special revenue and debt service funds.

(2) Special assessment collections previously recorded in the Special Assessment fund type have been excluded.

(3) Reorganization in 1997 reclassified swimming pools and municipal golf course activity (charges for services), previously reported as enterprise funds into a new special revenue fund.

(4) Reorganization in 2002 reclassified municipal golf course activity (charges for services) previously reported under parks and recreation into a new enterprise fund.

(5) Reorganization in 2003 reclassified dispatch center activity (charges for services) previously reported under police into a new enterprise fund

CITY OF RENO, NEVADA Table 5

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands) (Unaudited)

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1994	23,781	21,765	91.5	753	22,518	94.7	1,099	4.6
1995	25,963	24,798	95.5	518	25,316	97.5	805	3.1
1996	29,485	29,077	98.6	592	29,669	100.6	1,986	6.7
1997	32,683	32,063	98.1	850	32,913	100.7	1,040	3.2
1998	36,164	36,015	99.6	516	36,531	101.0	1,321	3.7
1999	40,184	39,760	98.9	440	40,200	100.0	1,307	3.3
2000	43,884	43,449	99.0	1,010	44,459	101.3	647	1.5
2001	44,839	44,300	98.8	400	44,700	99.7	667	1.5
2002	48,985	43,194	88.2	450	43,645	89.1	379	0.8
2003	46,177	45,572	98.7	449	46,021	99.7	712	1.5

Source: Washoe County Assessor and Treasurer

(1) For 1991, information as to current versus delinquent collections is not available for the Redevelopment Agency.
For this statistical table all Redevelopment collections are shown as current.

CITY OF RENO, NEVADA Table 6

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands) (Unaudited)

	Taxable Real and Personal Property		
Fiscal Year Ended June 30	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value*
1994	2,702,863 #	7,722,466	0.35
1995	2,829,086 #	8,083,103	0.35
1996	3,599,286 #	10,283,674	0.35
1997	3,881,648 #	11,090,423	0.35
1998	3,963,115 #	11,323,186	0.35
1999	4,399,428 ##	12,569,795	0.35
2000	4,084,454 ##	11,669,869	0.35
2001	4,318,883 ##	12,339,666	0.35
2002	4,380,916 #	12,516,903	0.35
2003	4,501,165 #	15,754,077	0.35

Source:

Nevada State Department of Taxation
Washoe County Assessor's Office

*Pursuant to State statute, all property is assessed at 35% of its estimated value.

NOTE: All amounts reflect the City of Reno, the Redevelopment Agency of the City of Reno, and the Reno Tax Increment District.

CITY OF RENO, NEVADA Table 7

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

(per $100 of assessed value) (Unaudited)

Fiscal Year Ended June 30	City of Reno City Operations	City of Reno G.O. Debt	City of Reno City Total	State of Nevada	School District	Washoe County	Special Districts *	Total
1994	.5436	.2015	.7451	.1500	1.1135	1.2100	.0052	3.2238
1995	.5644	.1843	.7487	.1500	1.1135	1.2443	.0052	3.2617
1996	.5757	.1644	.7401	.1500	1.1135	1.2443	.0052	3.2531
1997	.5986	.1548	.7534	.1500	1.1135	1.2443	.0050	3.2662
1998	.6999	.1547	.8546	.1500	1.0985	1.2445	.0050	3.3526
1999	.7711	.1365	.9076	.1500	1.0985	1.2445	.0050	3.4056
2000	.7804	.1272	.9076	.1500	1.1385	1.2445	.0050	3.4456
2001	.7946	.1130	.9076	.1500	1.1385	1.2495	.0050	3.4506
2002	.8442	.1114	.9556	.1500	1.1385	1.2705	.0005	3.5151
2003	.9456	.1108	1.0564	.1700	1.1385	1.3817	.0022	3.7488

Fiscal Year Ended June 30	Redevelopment Agency
1994	3.2123
1995	3.2615
1996	3.2529
1997	3.2669
1998	3.3532
1999	3.4062
2000	3.4456
2001	3.4506
2002	3.5151
2003	3.2398

Source: State of Nevada, Department of Taxation/Redbook

* Special District rate of .0050 for Regional Water Planning Board applies to the entire City. Other district rates apply to limited portions to the City.

CITY OF RENO, NEVADA Table 8

PRINCIPAL TAXPAYERS

JUNE 30, 2003

(Amounts Expressed in Thousands) (Unaudited)

Taxpayers	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Circus Circus & Eldorado Joint Venture	Casino/Hotel	$ 81,926	2.1%
El Dorado Resorts LLC	Casino/Hotel	38,366	1.0%
Harrah's Club	Casino/Hotel	35,031	0.9%
DP Industrial LLC	Real Estate	34,540	0.9%
Golden Road Motor Inn Inc	Casino/Hotel	33,680	0.9%
Washoe Medical Center Inc	Medical	33,650	0.9%
Circus Circus Casinos Inc	Casino/Hotel	33,141	0.9%
International Game Technology	Gaming	30,636	0.8%
FHR Corporation	Casino/Hotel	27,936	0.7%
PNK(Reno) LLC	Gaming	23,566	0.6%
Total		$ 372,472	9.6%

Source: Office of the Washoe County Assessor

NOTE: Does not include utility companies as these are centrally assessed by the State.

CITY OF RENO, NEVADA Table 9

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands) (Unaudited)

Fiscal Year Ended June 30	Special Assessment Billings	Current Assessments Collected	Ratio of Total Collections to Billings	Outstanding Assessments
1994	1,558	1,472	0.94	5,527
1995	1,334	1,257	0.94	4,404
1996	1,178	1,152	0.98	3,690
1997	1,090	898	0.82	2,790
1998 (1)	1,978	1,807	0.91	1,836
1999	1,961	1,847	0.94	1,618
2000	453	498	1.10	1,804
2001	1,387	1,378	0.99	1,036
2002	318	292	0.92	2,474
2003	10637	3636	0.34	6198

Source: Office of the Washoe County Treasurer

(1) In 1998, the downtown police district and the downtown maintenance district were reclassified as special assessments.

(1) In 1998, the downtown police district and the downtown maintenance district was reclassified as special assessments.

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2003

(Amounts Expressed in Thousands) (Unaudited)

Net assessed value			$	4,501,165
Debt limit - 15% of assessed value			$	675,175
Amount of debt applicable to debt limit:				
Total bonded debt	$	90,740		
Less: Assets in Debt Service Fund Available for Payment of Debt		9,095		
Total amount of debt applicable to debt limit				81,645
Legal debt margin			$	593,530

The Charter of the City of Reno states that the City shall not incur an indebtedness in excess of 15 percent of the total assessed valuation of the taxable property within the boundaries of the City. The charter exempts (a) warrants or other securities which are payable upon presentation or demand or within 1 year from the date thereof, (b) securities payable from special assessments against benefited property, and (c) securities issued pursuant to any general or special law the principal and interest of which are payable solely from revenues of the City derived from other than general ad valorem taxes.

Calculation of the City's legal debt margin is performed in accordance with NRS 266.600.

CITY OF RENO, NEVADA Table 11

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands) (Unaudited)

Fiscal Year Ended June 30	Population[1]	Assessed Value	Gross Bonded Debt[2]	Less Debt Service Funds[3]	Debt Payable from Enterprise Revenues[4]	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1994	148	2,702,863	112,245	9,082	19,230	83,933	3.11	568
1995	154	2,829,086	107,685	9,346	18,065	80,274	2.84	523
1996	159	2,895,915	112,310	10,074	7,795	94,441	3.26	593
1997	163	3,379,037	110,800	9,934	2,225	98,641	2.92	605
1998	166	3,470,283	113,745	6,567	1,000	106,178	3.06	640
1999	165	3,749,654	114,550	9,449	-	105,101	2.80	637
2000	182	3,869,089	109,640	20,851	-	88,789	2.29	488
2001	187	4,318,883	97,975	23,430	-	74,545	1.73	399
2002	187	4,380,916	91,370	9,657	3,600	76,113	1.78	418
2003	192	4,501,165	94,195	9,095	3,455	81,645	1.81	425

(1) From Table 12

(2) Amounts do not include special assessment bonds.

(3) Amount available for payment of general obligation bonds only.

(4) General obligation bonds which are payable from enterprise fund revenue.

CITY OF RENO, NEVADA Table 12

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT [1] TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands) (Unaudited)

Fiscal Year Ended June 30	Principal	Interest (2)	Total Debt Service	Total General Governmental Expenditures (3)	Ratio of Debt Service to Total General Governmental Expenditures
1994	2,100	3,187	5,287	88,591	6.0%
1995	1,965	3,310	5,275	93,622	5.6%
1996	2,125	3,158	5,283	97,616	5.4%
1997	2,290	3,067	5,357	113,211	4.7%
1998	2,935	2,890	5,825	125,555	4.6%
1999	3,420	2,914	6,334	126,960	5.0%
2000	3,645	2,697	6,342	137,066	4.6%
2001	3,840	2,520	6,360	157,111	4.0%
2002	9,690	5,666	15,356	172,433	8.0%
2003	9,106	16,902	26,008	246,278	10.5%

(1) The total debt service reported on this statement is restricted to G.O. Bonds supported by Ad Valorem Tax. Such debt, therefore, does not include G.O. Bonds supported by Golf Course revenues or special assessment installments.

(2) Excludes bond issuance and other costs.

(3) Includes general, special revenue and debt service funds.

CITY OF RENO, NEVADA Table 13

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

GENERAL OBLIGATION BONDS

JUNE 30, 2003

(Amounts Expressed in Thousands) (Unaudited)

Jurisdiction	Net Bonded Debt Outstanding	Percentage Applicable to Reno	Amount Applicable to Reno
City of Reno	$ 40,517	100.00	$ 40,517
Redevelopment Agency of the City of Reno	44,335	100.00	44,335
Washoe County School District	352,425	47.85	168,635
Washoe County	111,958	47.85	53,572
State of Nevada	1,081,124	8.43	91,139
Total	$ 1,630,359		$ 398,199

Note: Includes general obligation bonds repaid through general property taxes and golf course bonds.

CITY OF RENO, NEVADA Table 14
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year Ended June 30	(1) Population	(2) Per Capita Income	(3) Public School Enrollment	(4) Unemployment Rate
1994	147,806 **	27,059 ##	23,392	5.5%
1995	153,621 **	20,400 #	24,807	5.5%
1996	159,215 **	20,400 #	27,041	4.4%
1997	154,710 *	26,930 #	30,294	4.5%
1998	161,710 *	27,290 #	26,797	4.1%
1999	164,600 *	28,510 #	27,980	3.4%
2000	182,990 **	29,050 #	28,939	3.0%
2001	190,700 **	31,000 #	27,006	4.0%
2002	187,043 *	34,900 ##	29,195	4.8%
2003	193,478 *	36,988 ##	32,503	4.6%

Sources:

(1) *State of Nevada, Department of Taxation-Demographer's Office
**City of Reno Planning Department Estimate(beginning 01/02 FY only State provides)

(2) #Comprehensive Planning Commission of Washoe County
##State of Nevada, Department of Employment, Training and Rehabilitation

(3) Washoe County School District

(4) State of Nevada, Department of Employment, Training and Rehabilitation.
Rate is for the entire County.

CITY OF RENO, NEVADA Table 15

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year Ended June 30	Commercial Construction[1]		Residential Construction[1]		Estimated[2] Property Value	Bank[3] Statewide Deposits*
	Permits	Value*	Permits	Value*		
1994	2,192	220,486	5,302	148,774	8,616,417	9,857,367
1995	2,079	417,547	4,662	129,109	9,609,622	9,805,438
1996	2,457	265,823	5,473	209,186	10,283,676	7,696,684
1997	2,537	175,188	5,938	211,289	386,476,200	2,926,000 -4
1998	2,650	250,866	5,657	218,860	469,726,723	3,698,900
1999	2,579	221,216	6,124	273,736	494,952,712	6,100,258
2000	2,461	188,765	6,036	265,834	454,599,319	6,834,801
2001	2,350	304,513	6,277	290,016	594,529,476	N/A
2002	2,260	274,433	5,935	262,880	537,312,444	N/A
2003	2,327	251,742	7,089	332,887	584,628,610	N/A

* Amounts expressed in thousands

(1) Based on permits issued by the City Department of Building and Safety which includes new construction and and remodeling. Property values are estimated construction costs.

(2) Property value combines commercial and residential property, the breakdown of which is not available. The historical estimated property values are as provided by the Washoe County Assessor. Property values for the years prior to 1994 do not include the Redevelopment Agency.

(3) Information provided includes deposits in commercial banks and savings and loan associations statewide. Due to a number of mergers and the conversion of state-chartered institutions to nationally-chartered institutions, a significant amount of banking deposits are no longer required to be reported to the State.

CITY OF RENO, NEVADA Table 16
SCHEDULE OF INSURANCE IN FORCE
AS OF JUNE 30, 2003 (Unaudited)

Type of Policy	Company Policy No.	Period From-To	Coverage
General Excess	Marsh/Insurance Co	08-02-03	$5,000,000 each occurrence; self-insured retention
Liability, Auto	of Pennsylvania	08-02-04	$1,000,000 Self Insured Retention
and Public Officials	#4200-2795		
Property			
All Risk Property	Marsh/Lexington	05-15-03	$5,000,000 per occurrence
Commercial Property and	#7471690	05-15-04	Earthquake/Flood separate
Commercial Inland Marine			$10,000 deductible all risk
(including Auto Damage)			$1,000,000 deductible-Earthquake
			5% Deductible Flood
Earthquake/Flood	Marsh/Affiliated	05-15-03	$100,000,000 Excess Limit
	#TE005	05-15-04	$50,000,000 in excess of $5,000,000
			Flood
Boiler & Machinery	Marsh/Chubb Group	05-15-03	$10,000,000 Property Limit
	#7832-42-28	05-15-04	$5,000 deductible
Public Official's Bond	Marsh/Hartford	11-27-03	$100,000
(Clerk)	72BSBAZ4790	11-27-04	
Excess Worker's	J & H/Reliance	09-01-03	Statutory Limits
Compensation	National	09-01-04	$1 million employers liability
	#NXC0131537-00		$400,000 self-insured retention
Employee Dishonesty	Marsh/Hartford	01-23-02	$1,000,000 limit/loss
	#53BPEBM5800	01-23-05	$10,000 deductible/loss

1)	Date of Incorporation:	March 16, 1903		
2)	Form of Government:	Council/Manager		
3)	Area:	June 30, 2002	85.77	square miles
4)	Streets and Alleys:	Streets - paved	546.0	miles
		Streets - unpaved	1.9	miles
		Alleys- paved	2.4	miles
		Alleys- unpaved	11.6	miles
5)	Miles of Sewers:	Storm	237.00	miles
		Sanitary Sewer Lines	578.00	miles

6) Building Permits:

Issued Fiscal Year Ended June 30,	Number Permits	Valuation
1994	7,494	369,259,950
1995	6,741	546,656,000
1996	7,930	475,008,714
1997	8,475	386,476,200
1998	8,307	469,726,723
1999	8,703	494,952,712
2000	8,497	454,599,319
2001	8,627	594,529,476
2002	8,195	537,312,444
2003	9,416	584,628,610

7)	Fire Protection:	Number of Stations	16
		Number of Authorized Emergency Personnel	276
		Number of Fire Prevention Officers	12
		Number of Training Personnel	4
		Number of Administrative Personnel	32
8)	Police Protection:	Number of Sworn Employees	300
		Number of Non-commissioned Employees	152
9)	Parks & Leisure Services:	Number of parks	73
		Total acres	1955
		Joint developments with Washoe County School District, maintained by the City	16
		Number of playgrounds with children's play equipment	51
		Number of golf courses:	
		9 hole golf course, 48 acres	1
		18 hole golf course, 219 acres	1
		Number of swimming pools:	
		outdoor	2
		indoor	3

10) Sanitary Sewer Services:

Two sanitary sewer plants serve Reno. One plant serves the Stead area and is owned solely by Reno. A second plant is owned jointly with the City of Sparks and serves both cities.

Plant capacity:

Stead	1.3 M.G.D.
Joint Plant	40.0 M.G.D.

Average amount of daily sewage treated by both plants for year ended June 30, 2003 is 30.33 M.G.D.

11) Employees as of June 30, 2003:

ELECTED:		
	Mayor	1
	City Council	6
	City Attorney	1
	Municipal Court Judges	4
POSITIONS:		
	City Manager and department heads	15
	City employees including temporary employees	1,877
	Total	1,904

12) Elections:

	Registered Voters	Votes Cast	Percent Voting
Last Municipal:			
November 7, 2002	185,404	106,952	57.69%

13) Population:

Population count for last six censuses:

1950	32,497
1960	51,470
1970	72,863
1980	100,576
1990	130,221
2000	180,480

14) Taxable sales by year for last 10 years (in thousands):

(Includes all of Washoe County):

1994	3,276,983
1995	3,468,337
1996	4,046,422
1997	4,240,921
1998	4,359,038
1999	4,669,486
2000	4,957,235
2001	4,798,531
2002	5,280,706
2003	5,475,602

(Source: State of Nevada Department of Taxation)

15)	Media:	Newspapers	Reno Gazette-Journal, News and Review, Ahora
		Television outlets	The five major network affiliates, a PBS and three independent stations and four cable companies operate in Reno
16)	Utilities:	Natural gas/ electricity:	Sierra Pacific Power Company
		Telephone	SBC
		Water	Truckee Meadows Water Authority

17) Education:

The Washoe County School District operates within Reno the following schools by type:

High Schools	7
Middle Schools	8
Elementary Schools	30
Charter Schools	6
Number of Administrators	78
Number of Teachers	1,279
Number of Students	32,503
Number of Students(Charter Schools)	1,453

(Source: Washoe County School District)

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SINGLE AUDIT REPORT

Bartig, Basler & Ray
A Professional Corporation
Certified Public Accountants and Management Consultants

Frank V. Trythall
Kenneth E. Pope
Brad W. Constantine
Theril H. Lund
Bruce W. Stephenson
Roseanne M. Lopez

Curtis A. Orgill
M. Elba Zúñiga

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Council Members
of the City of Reno
Reno, Nevada

We have audited the financial statements of City of Reno, Nevada as of and for the year ended June 30, 2003, and have issued our report thereon dated October 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Reno's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Reno's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate letter, dated October 9, 2003.

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1885 South Arlington Avenue, Suite 105, Reno, NV 89509-3370 • (775) 323-7122 • FAX (775) 323-1174

To the Honorable Mayor and Council Members
of the City of Reno

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler & Ray, CPAs, Inc.

October 9, 2003
Roseville, California

Bartig, Basler & Ray
A Professional Corporation
Certified Public Accountants and Management Consultants

Frank V. Trythall
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Council Members
of the City of Reno
Reno, Nevada

Compliance

We have audited the compliance of City of Reno, Nevada with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. City of Reno's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Reno's management. Our responsibility is to express an opinion on City of Reno's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Reno's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Reno's compliance with those requirements.

In our opinion, the City of Reno complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and that is described in the accompanying Schedule of Findings and Questioned Costs as item 03-1.

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To the Honorable Mayor and Council Members
of the City of Reno

Internal Control Over Compliance

The management of City of Reno is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Reno's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Reno's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 03-1.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler + Ray, CPAs, Inc.

October 9, 2003
Roseville, California

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Agriculture			
Passed through Nevada Department of Education			
Special Milk Program for Children	10.556		$ 11,880
Passed through Nevada Department of Employment, Training and Rehabilitation			
Summer Food Service Program for Children	10.559		70,577
Total U.S. Department of Agriculture			$ 82,457
U.S. Department of Health and Human Services			
Passed through Nevada Department of Human Resources			
Child Care & Development Block Grant	93.575		169,574
Child Care & Mandatory Funds of the Child Care and Development Fund	93.594		878
Total U.S. Department of Health and Human Services			$ 170,452
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grants-Entitlement Grants	14.218 *		1,975,285
Community Development Block Grant Section 108 Loan Guarantees	14.248		625,000
HOME Investment Partnership Program Grant	14.239 *		1,576,852
Passed through Nevada Housing Division			
HOME Investment Partnership Program Grant	14.239 *		242,293
Passed through Nevada State Welfare Division			
Emergency Shelter Grant	14.231		130,000
Total U.S. Department of Housing and Urban Development			$ 4,549,430
U.S. Department of Justice			
Direct Programs:			
Local Law Enforcement Block Grant	16.592 *		206,244
Public Safety Partnership and Community Policing Grants (COPS)	16.710 *	# 0348-0038	328,172
Bullet Proof Vests Grant	16.607		4,138
Passed through Nevada Department of Human Resources			
Crime Victim Assistance Grant	16.575		42,193
Passed through State of Nevada Office of Attorney General			
Violence Against Women Formula Grant	16.588		66,543

* Major Program

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Justice (continued)			
Passed through Nevada Department of Public Safety			
Edward Byrne Memorial State and Local Law Enforcement Grant	16.579 *	# 02-NC-032	$ 206,691
U.S. Department of Justice			
Passed through Community Services Agency			
Weed and Seed Program	16.595		72,190
Total U.S. Department of Justice			$ 926,171
U.S. Department of Transportation			
Direct Programs:			
Urban Trail Improvements	20.219		100,000
Passed through Nevada Department of Public Safety			
Underage Drinking	20.600		5,750
DUI Enforcement	20.600		16,663
Young Drivers	20.600		23,447
Safe Crossing	20.600		16,535
Red Light Running	20.600		13,150
Community Traffic Safety Advocate Grant	20.600		7,048
Total U.S. Department of Transportation			$ 182,593
Federal Emergency Management Agency			
Passed through Nevada State Department of Emergency Management			
Emergency Management Program	83.552		$ 25,044
U.S. Treasury Department			
Direct Programs:			
Gang Resistant Education and Training	21.053	GREAT - Cooperative Agreement #95699076	$ 45,785
Total Expenditures of Federal Awards			$ 5,981,932

* Major Program

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

1. **General**

   The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Reno. The City of Reno reporting entity is defined in Note 1 to the City's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

2. **Basis of Accounting**

   The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. **Relationship to Financial Statements**

   The amounts reported in the accompanying schedule of expenditures of federal awards agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the General and Special Revenue funds.

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Section 1 | Summary of Auditor's Results

Financial Statements

1. Type of auditor's reported issued:	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Reportable conditions identified not considered to be material weaknesses?	None Reported
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal controls over major program:	
a. Material weaknesses identified?	No
b. Reportable conditions identified not considered to be material weaknesses	Yes
2. Type of auditor's report issued on compliance for major program:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)?	Yes

4. Identification of major program:

CFDA Number	Name of Federal Program
14.218	Community Development Block Grants – Entitlement Grants
14.239	HOME Investment Partnership Program Grant
16.579	Edward Byrne Memorial State and Local Law Enforcement Grant
16.592	Local Law Enforcement Block Grant
16.710	Public Safety Partnership and Community Policing Grants (COPS)

5. Dollar threshold used to distinguish between Type A and Type B programs.	$300,000

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Section 1 (continued) | Summary of Auditor's Results

6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	Yes

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

Department of Housing & Urban Development Grants CFDA 14.218 and 14.239	Finding 03-1

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Program	Finding/Noncompliance
Finding 03-1:	
Department of Housing & Urban Development CFDA 14.218 & 14.239	Criteria: OMB A-87 requires that payroll charged to federal programs be supported by either (1) personnel activity reports, which reflect an after-the-fact distribution of the actual and total activity of each employee, are prepared at least monthly and coincide with one or more pay periods, and are signed by the employee, or (2) an acceptable substitute system for allocating salaries and wages, which quantifiably measures employee effort on the program. OMB A-87 specifically allows for budget estimates, but provides that the budget method of posting employee time must be adjusted to the amount shown on personnel activity reports on at least a quarterly basis. Employees who work only on one federal program can sign a statement every six months that they worked only on that program in lieu of preparing personnel activity reports.

Condition: During our testing of payroll transactions, we were informed that employee's time is "hard coded" to the federal programs on which they work. This is a budget method to keep track of employee time, however, the City does not adjust this time to actual amounts shown on personnel activity reports, as required by OMB A-87.

Questioned Costs: Undetermined.

Effect of Condition: Employee costs are not allowable if the employee is not performing services related to the federal program.

Recommendation: We recommend that the requirements of OMB A-87 regarding charges for payroll (described above) be followed. This can be accomplished either by allocating payroll as reported on personnel activity report initially or by adjusting the "hard coded" time to personnel activity reports on at least a quarterly basis.

Management's Response: City staff has been instructed on the process of inputting employee time card hours into the payroll system. The City has implemented the process of manually overriding the "hard coded" account number and project code to reflect the actual time spent on a grant, as per the employee time card. This corrective action plan was completed October 9, 2003.

Contact: Hillary, Lopez, Community Services Division,
(775) 334-2065.

CITY OF RENO, NEVADA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2003

Audit Reference Number	Status of Prior Year Audit Findings
Finding 02-1:	
Department of Justice CFDA 16.592 and CFDA 16.710	Corrected this year.
Finding 02-2:	
Department of Justice; CFDA 16.588; 16.592 Department of Housing & Urban Development CFDA 14.239	Partially corrected this year. The City's Department of Justice CFDA 16.588 and 16.592 programs corrected this finding. The City's Department of Housing & Urban Development CFDA 14.239 program did not correct the finding during fiscal year ended June 30, 2003. However, during fiscal year ended June 30, 2004, the City's CFDA 14.239 program implemented procedures, which corrected this finding.
Finding 02-3:	
Department of Housing & Urban Development CFDA 14.239	Corrected this year.
Finding 02-4:	
Department of Housing & Urban Development CFDA 14.239	Corrected this year. The City no longer receives funds for tenant-based rental assistance and rental units.
Finding 02-5:	
Department of Housing & Urban Development CFDA 14.239	Corrected this year.
Finding 02-6:	
Department of Housing & Urban Development CFDA 14.239	Corrected this year.

CITY OF RENO, NEVADA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2003

Audit Reference Number	Status of Prior Year Audit Findings
Finding 02-7:	
Department of Housing & Urban Development CFDA 14.239	Corrected this year.

AUDITOR'S COMMENTS

NEVADA REVISED STATUTE 354.624(4)

STATUTE COMPLIANCE

The required disclosure on compliance with the Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 3 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Agency conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2002.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2002.

CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report.

CITY OF RENO, NEVADA

SCHEDULE OF BUSINESS LICENSE FEES
SUBJECT TO THE PROVISIONS OF NRS 354.5989

FOR THE YEAR ENDED JUNE 30, 2003

Flat/Fixed Fees:

Adjusted Base, June 30, 1999	$ 960,622
Adjustment to Base:	
1. Percentage increase in population of the local government	3.1511%
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	2.2000%
Total adjustment percentage	5.3511%
Adjustment amount (base x percentage)	51,404
Adjusted Base, June 30, 2000	1,012,026
Actual Revenue, 1999-2000	523,752
Amount Over (Under) Allowable Amount	$ (488,274)

Fees Calculated As A Percentage Of Gross Revenue:

Actual Revenues, 1998-1999	$ 7,256,270
Percentage Increase In The Consumer Price Index	2.2000%
1999-2000 Maximum Allowable Revenue	7,415,908
Actual Revenues, 1999-2000	7,504,950
Amount Over (Under) Allowable Amount	$ 89,042