

CITY OF RENO
STATE OF NEVADA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

*For the Fiscal Year
July 1, 2003 through June 30, 2004*

*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, 2004**

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INTRODUCTORY SECTION

October 25, 2004

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, 2004.

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, basic 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 these 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 reappropriated as part of the following year's budget augmentation.

Factors Affecting Economic Condition

Local economy. Reno is nationally recognized as one of the best places to live and raise a family in the United States due to a strong economy, excellent infrastructure, great employment opportunities, affordable housing, an excellent school system, low taxes, exciting community events and entertainment, and a beautiful climate that let's you enjoy the wonder of all four seasons. Life2.0, a book by the publisher of Forbes Magazine, selected Reno as one of the Top 150 cities that workers should consider if they want to combine a fulfilling job and high quality of life. Fortune Magazine, March 2004 listed Reno among the top three booming towns, noting, "Geography and jobs make these markets hot – and they're getting hotter." Reno offers attractive tax benefits with no corporate, personal income, unitary, inventory or franchise taxes. As a major transportation hub, Reno offers easy accessibility to western markets, with an abundance of industrial/office/commercial space, advanced telecommunications infrastructure, business-friendly regulations, and a high quality of life. Between 2002-2003, 17 major California companies have taken advantage of the attractive business climate to locate company operations in Reno. In 2004, Inc. Magazine listed "Reno as Among America's Top Cities for Doing Business". The world is recognizing Reno as a great place to live and do business, VIA Magazine notes Reno as being the "Paris of Northern Nevada", TIME Magazine noted

“Reno as the best city in which to start and grow a business”, and Nevada Magazine noted Reno as the “friendliest city in Nevada”.

Reno’s economy is principally based in the trade and service sector, with approximately 62% 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 25% 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 America’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. The City recently completed the construction of Phase I of the Truckee River Whitewater Park @ Wingfield – Reno’s newest outdoor attraction is a whitewater park and kayak slalom course right in the heart of the City’s downtown. There are a total of eleven drop pools and boulders, 2,600 feet in length, and 7,000 tons of smooth flat rocks along the shoreline for easy access and spectator seating. This is the only whitewater park in the United States to offer: location in the heart of a downtown resort area; open year round; constant flow of fresh, clean water; large size; variety of white water activities for different skill levels; easy access; favorable year round climate; designed for low water flows; situated in mountain adventure area that offers skiing, golf, biking and more; and easy reach.

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.

In 1996, a small group of business and arts executives gathered at the request of the Culture in the Year 2000 Reno Arts Commission (“C.I.T.Y 2000”) to develop a plan to use the arts to draw Reno’s locals back downtown. The idea was to showcase our community’s cultural depth, ignite community spirit and civic pride, and become the catalyst for the economic and cultural rebirth of our city.

In 1996, the first “Uptown Downtown Artown” festival took place over three and a half weeks in July, between the popular Reno Rodeo and Hot August Nights. An astonishing 30,000 people attended. Over the past eight years, Artown, as it is now known, has grown into what the National Endowment for the Arts called, “one of the most comprehensive festivals in the country,” with more than 60 cultural organizations and businesses offering 200 plus visual, performing, and humanities events in more than 50 locations city wide, during the entire month of July. About 140,000 people now attend Artown annually, and most events are offered free. Also, when performers and artists visit Reno, Artown makes workshops available to the community to explore new perspectives. In addition to Artown, The City is the host to several other special events throughout the year: 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, for the fifth year in a row, the Reno-Tahoe Open, a PGA Golf Tournament.

Reno is home to the Nevada Museum of Art and the National Automobile Museum and the National Bowling Stadium. The National Endowment of the Arts noted, "Reno is ranked #1 in literacy in America".

Various projects are underway to further promote growth in the downtown Reno area. The downtown Reno Events Center, an 118,000 sq. ft. multi-purpose center located adjacent to the National Bowling Stadium, is scheduled to open in January of 2005. This center will attract mid-sized conventions, tradeshows, and high profile concerts, thus generating additional room tax and sales tax revenues. A downtown parcel of land has been sold to a development company to build the Palladio, a 13-story multi-use project that will include 19,000 s.f. of retail space and 87 market-priced condominiums. 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, 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. A private concern has also taken the recently closed Sundowner Hotel and is converting it to condominiums. New restaurants and businesses are being drawn to the downtown due to efforts by the Redevelopment Agency of the City of Reno.

The City is continuing work on its largest public works project to date – construction of the 2.25 mile depressed railway corridor known as the ReTRAC project. The project is funded with bond proceeds, federal loans and grants, sales tax and room tax revenue, and income from leased properties along the trench. Construction on the project is scheduled to be completed in May of 2006.

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.

Construction 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.

Growth in the State of Nevada and the Reno-Sparks area are expected to continue to outperform the nation thus far in 2004.

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 Statutes.

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, 2003. 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-one consecutive years (fiscal years ended June 30, 1983-2003). 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, 2003

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.

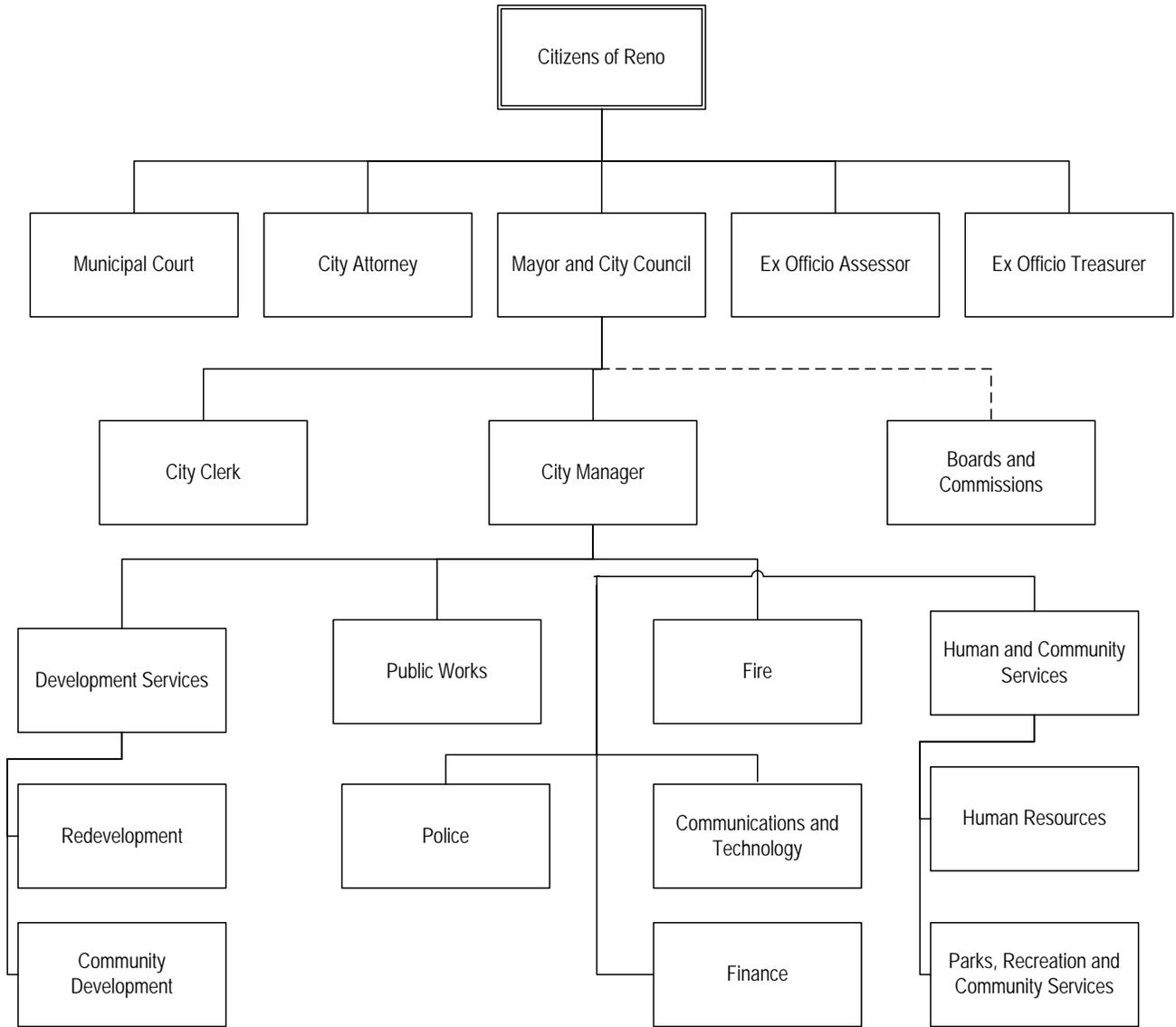


A handwritten signature in black ink, appearing to read "Edward Handberg".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



CITY OFFICIALS

CITY COUNCIL

Robert A. Cashell, Mayor
Dan Gustin, Councilmember, Ward 1
Sharon 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 CLERK

Lynnette R. Jones

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
Bruce W. Stephenson
Roseanne M. Lopez
Jason J. Cardinet
Tyler K. Hunt

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, 2004, which collectively comprise the City's 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 an 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 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General 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 25, 2004 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 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 an opinion on the financial statements that collectively comprise the City's 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 25, 2004

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

City of Reno Management Discussion and Analysis

The following management 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 \$55,370,453 or 13.5% over the prior year balance after adjustment.
- The City issued approximately \$3.68 million in bonds to refinance the 1996 Medium-term Bonds and 1997 Recreation Facilities Bonds and \$3.5 million in bonds to refinance the 1993 Golf Course Refunding bonds. These new debt issues will save the City over \$745,000 in future interest costs.
- Net capital assets grew 35.7% after a prior year adjustment to decrease construction in progress.
- General Fund revenues totaled \$144,577,017, which is an \$8,907,837 increase over the prior year. This figure excludes other financing sources.
- General Fund expenditures increased 4.2% to \$124,643,644, excluding other financing uses such as operating transfers.
- Property tax revenue increased by \$1,860,166.
- Consolidated taxes increased from \$42,948,773 to 47,480,733, or 10.6% over the prior year.
- Cash and investments at the governmental funds level declined \$53.3 million, primarily due to the usage of remaining 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.

Government-wide Financial Statements

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 work; and parks, culture, and recreation. The business-type activities for the City of Reno include sewer operations, golf operations, animal services, dispatch, 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/fund groups 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 seven funds because they qualify as major funds under the GASB 34 definition – General 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 (20) 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. The internal service funds include Motor Vehicle, Risk Retention, Self-funded Medical Plan, Self-funded Worker's Compensation, and Communication and Technology. These internal service 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	
	2004	2003*	2004	2003*	2004	2003*
Current and other assets	\$245,774,415	\$294,128,500	\$13,277,383	\$25,198,924	\$259,051,798	\$319,327,424
Restricted assets			20,644,552	22,271,888	20,644,552	22,271,888
Investment in Truckee Meadows Water Reclamation Facility			59,192,786	57,618,222	59,192,786	57,618,222
Delinquent accounts receivable			1,192,108	1,240,374	1,192,108	1,240,374
Capital assets	396,370,329	280,734,601	161,818,692	130,480,428	558,189,021	411,215,029
Total Assets	642,144,744	574,863,101	256,125,521	236,809,836	898,270,265	811,672,937
Current liabilities	76,867,231	43,406,823	7,434,661	7,061,798	84,301,892	50,468,621
Long-term liabilities	341,486,648	346,816,959	7,673,316	4,949,401	349,159,964	351,766,360
Total Liabilities	418,353,879	390,223,782	15,107,977	12,011,199	433,461,856	402,234,981
Net Assets:						
Invested in capital assets, net of related debt	179,636,709	140,141,329	158,305,006	127,025,428	337,941,715	267,166,757
Restricted	140,155,187	214,513,161	3,187,697	1,470,070	143,342,884	215,983,231
Unrestricted	(96,001,031)	(170,015,171)	79,524,841	96,303,139	(16,476,190)	(73,712,032)
Total Net Assets	\$223,790,865	\$184,639,319	\$241,017,544	\$224,798,637	\$464,808,409	\$409,437,956

*Note: Totals for Governmental Activities for FY 2003 have been restated to reflect the following prior year adjustments: \$785,905 net decrease to Capital Assets (CIP), \$16,687 increase to Current & Other Assets (Special Assessments Receivable) and \$625,000 increase in notes payable reported under Long-Term Liabilities. Totals for Business-type Activities for FY 2003 have been restated to reflect a prior year adjustment reducing Capital Assets (CIP) by \$21,337.

Total assets as of June 30, 2004, net of accumulated depreciation of \$120,357,705, totaled \$898,270,265. Assets include cash/investments, receivables, prepaid items, and capital assets. Liabilities, which consisted primarily of long-term debt, totaled \$433,461,856. Liabilities also include payables and unearned revenue. A comparison of assets and liabilities for the government-wide financial statements reflected net assets of \$464,808,409. This total reflects an improvement during the year of \$55,370,453, or 13.5%, after taking into consideration three prior period adjustments. The majority of the City of Reno's total assets, \$558 million, or 62%, 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 the overall growth in total assets. Other asset investments include a \$59,192,786 ownership interest in the Truckee Meadows Water Reclamation Facility.

Fiscal year 2003/04 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 \$39,151,546. Business-type activities increased net assets by \$16,218,907.

Total revenues in fiscal year 2003/04 increased 5.56% over the previous year's total, while expenses increased 11.08%. The large increase in expense within the Police and Fire functions under governmental activities is largely due to the City's attempts to fill vacant Police and Fire positions. General revenues in the current year rose 3.56% over general revenues collected in the prior year, primarily due to the 10.6% increase in consolidated tax revenue collections.

City of Reno Change in Net Assets

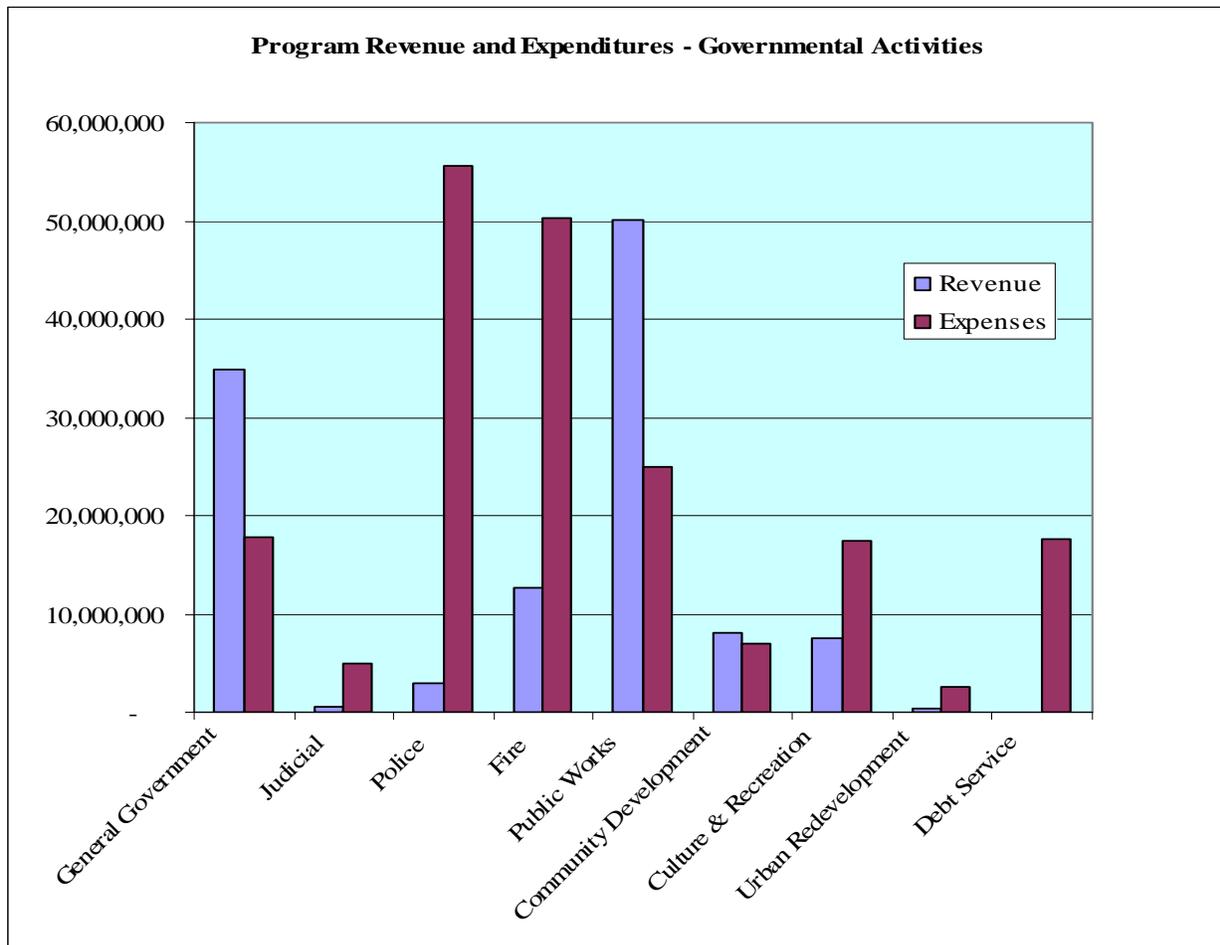
	Governmental Activities		Business Type Activities		Total	
	2004	2003*	2004	2003	2004	2003*
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$62,357,096	\$53,764,822	\$34,902,252	\$32,116,833	\$97,259,348	\$85,881,655
Operating grants, interest and contributions	6,183,124	8,381,978	45,822	17,987	6,228,946	8,399,965
Capital grants, interest and contributions	48,469,078	49,676,209	15,028,222	11,885,620	\$63,497,300	61,561,829
Total Program Revenue	117,009,298	111,823,009	49,976,296	44,020,440	\$166,985,594	155,843,449
<i>General revenues:</i>						
Ad valorem taxes	49,592,261	49,529,532	1,797,437	-	\$51,389,698	49,529,532
Consolidated taxes	47,480,733	42,948,773	-	-	\$47,480,733	42,948,773
Shared revenues	5,496,676	5,948,559	-	-	\$5,496,676	5,948,559
Other taxes	16,871,939	15,782,105	-	-	\$16,871,939	15,782,105
Unrestricted investment & interest earnings	1,406,368	5,165,957	(39,664)	464,392	\$1,366,704	5,630,349
Other	3,299,870	3,418,429	2,008,515	255,580	\$5,308,385	3,674,009
Total Revenues	241,157,145	234,616,364	53,742,584	44,740,412	294,899,729	279,356,776
Expenses:						
General government	17,721,359	18,447,393	-	-	17,721,359	18,447,393
Judicial	5,002,728	4,130,566	-	-	5,002,728	4,130,566
Police	55,508,977	47,974,615	-	-	55,508,977	47,974,615
Fire	50,343,306	41,313,419	-	-	50,343,306	41,313,419
Public works	24,934,712	23,329,696	-	-	24,934,712	23,329,696
Planning & community development	6,901,518	5,489,076	-	-	6,901,518	5,489,076
Culture & recreation	17,439,791	16,081,352	-	-	17,439,791	16,081,352
Urban redevelopment	2,516,724	1,716,205	-	-	2,516,724	1,716,205
Interest & fiscal charges	17,655,983	17,567,596	-	-	17,655,983	17,567,596
Sanitary sewer	-	-	27,012,523	25,327,746	27,012,523	25,327,746
Golf courses	-	-	1,970,295	2,150,809	1,970,295	2,150,809
Building permits	-	-	5,370,592	5,933,092	5,370,592	5,933,092
Animal services shelter	-	-	2,322,400	1,114,066	2,322,400	1,114,066
Dispatch center	-	-	4,828,368	5,067,935	4,828,368	5,067,935
Total Expenses	198,025,098	176,049,918	41,504,178	39,593,648	239,529,276	215,643,566
Increase in net assets before transfers	43,132,047	58,566,446	12,238,406	5,146,764	55,370,453	63,713,210
Transfers	(3,980,501)	(2,960,140)	3,980,501	2,960,140	-	-
Increase in Net Assets	\$39,151,546	\$55,606,306	\$16,218,907	\$8,106,904	\$55,370,453	\$63,713,210

*Fiscal Year 2002/2003 revenue numbers for Governmental Activities were restated to reflect the reporting of sales tax for the ReTRAC project as Other Taxes rather than as Capital Contributions in Program Revenue.

Governmental Activities

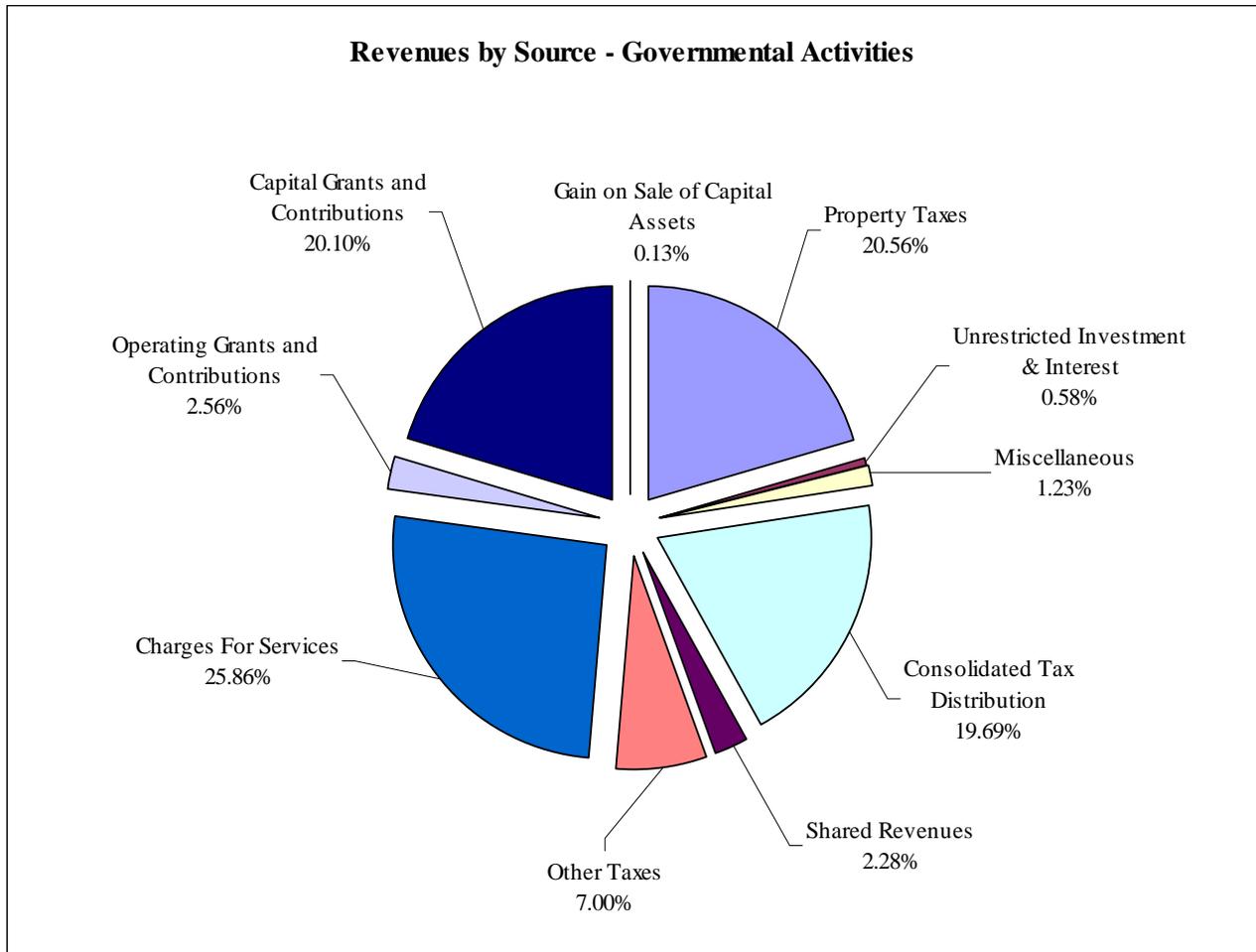
Program revenues are those revenues that derive directly from the program itself or from parties outside of the City’s taxpayers or citizenry. They reduce the net cost of the function to be financed from the City’s general revenues which include property taxes and other taxes. The following chart compares 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 \$117,009,298 and \$198,025,098, respectively, for the 2003/04 fiscal year. As indicated below, program revenue exceeds expenditures for the General Government, Public Works, and Community Planning & Development 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 \$30 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 \$17.7 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 within those functions by the City of Reno are funded with tax dollars and other general revenues rather than from direct charges for those services. While a major source of debt payments for the depressed railway and Downtown Events Center projects is sales taxes and/or room 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.

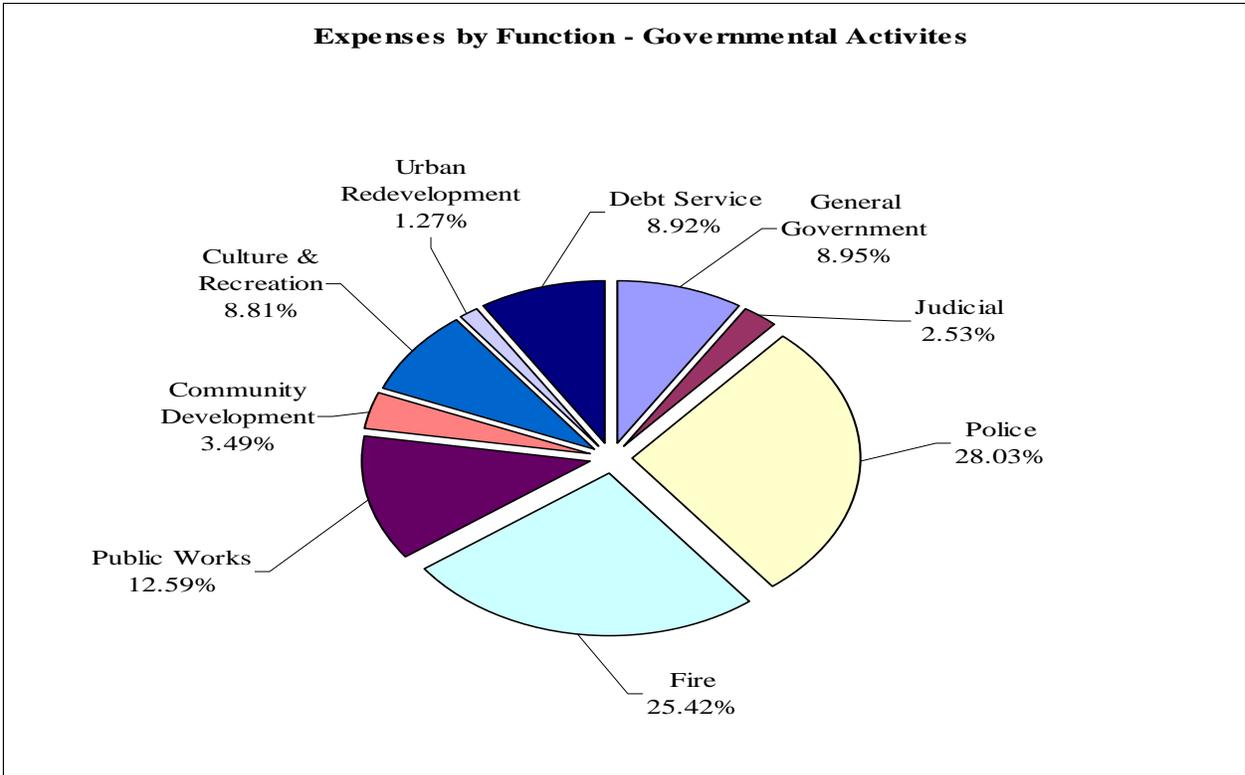
The sources of revenues have been charted to show their respective percentage of total revenues. Capital grants and contributions provided a quarter of the total revenues collected. Property taxes remain the major general revenue source.



In fiscal year 2003/04, ad valorem taxes at 20.56% was the major revenue source, with capital grants, interest and contributions closely behind at 20.10% of total revenue. In the prior fiscal year, after restating sales tax revenue for the depressed railroad project as other taxes rather than as capital grants, interest and contributions, property taxes and capital grants, interest, and contributions were almost equal at 21.11% and 21.17%, respectively, of total revenues.

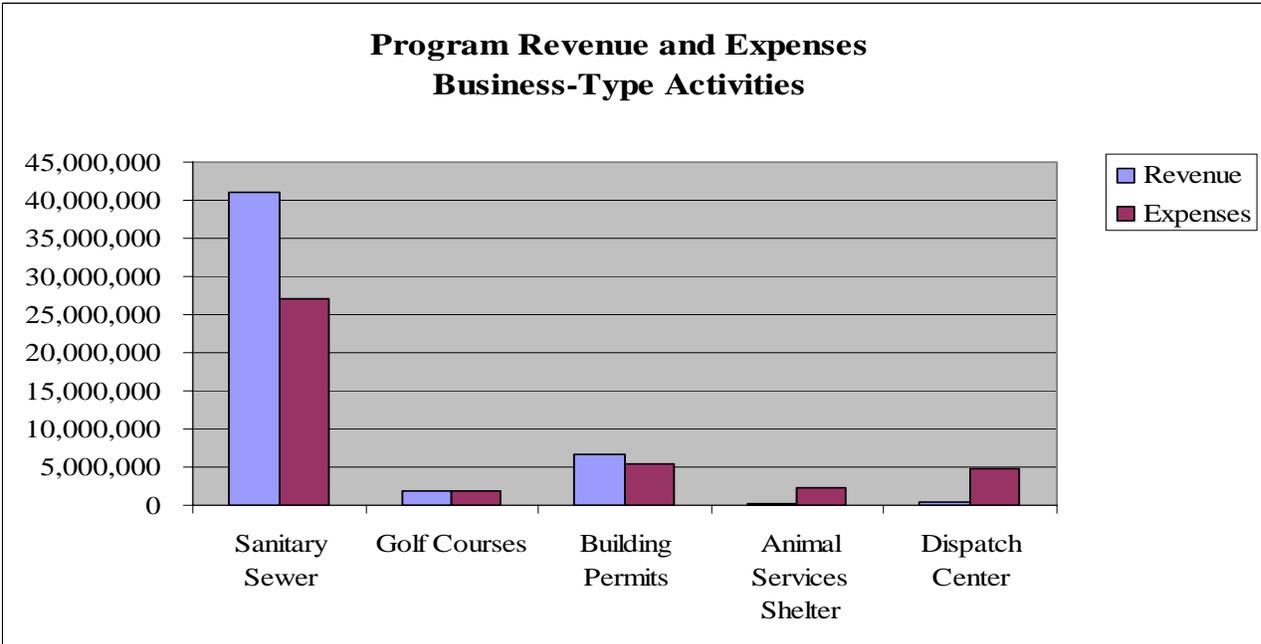
In terms of dollars, ad valorem tax collections increased by \$1.86 million, or 3.8%. Charges for services increased 13.25%. Consolidated taxes increased 10.6% over the amount collected in the preceding fiscal year. Unrestricted investment and interest earnings declined dramatically due to two factors: lower interest earnings in the capital project funds as bond proceeds are used to fund construction, and the lower market value of City investments due to the external economic factors.

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 53.45% of total governmental expenses. This is an increase from the fiscal year 2002/03 percentage of 50.72% of total governmental expenses, primarily due to increased salary and benefit expenses due to the City's efforts to fill those department's vacant positions.

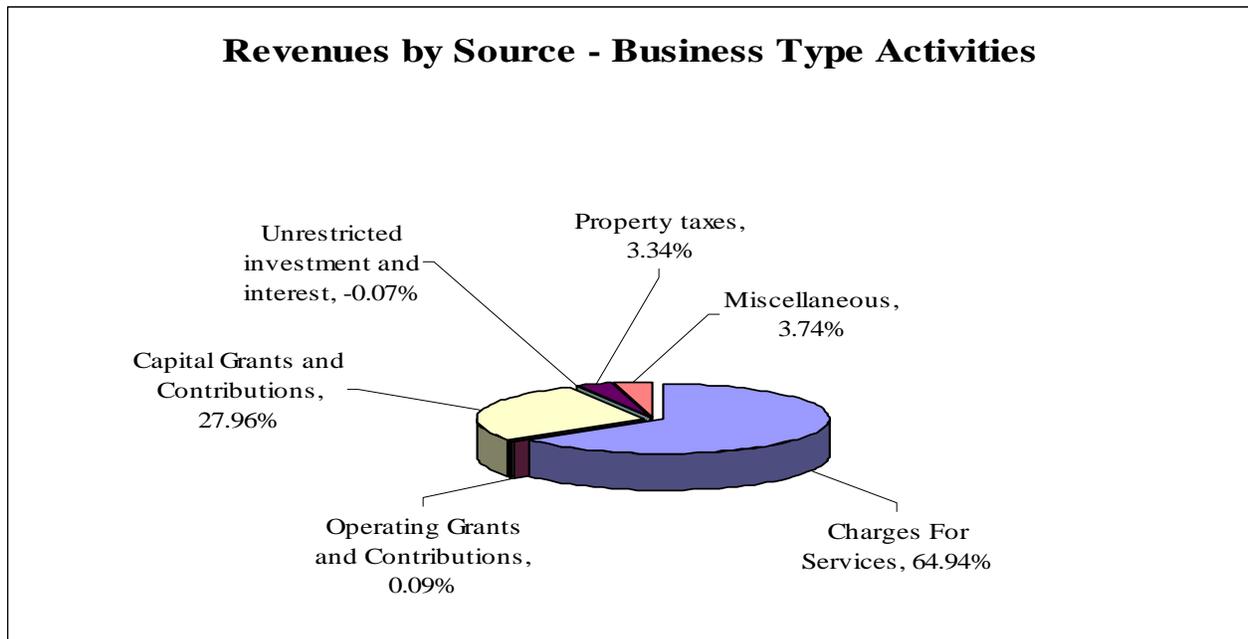


Business-type Activities

Business-type activities include sanitary sewer operations, City-owned or operated golf courses, building permit operations, the animal services shelter, and the dispatch center's operations. Total program revenues and expenses are \$49,976,296 and \$41,504,178, respectively, for business-type activities for the 2003/04 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 \$14,014,246. The Building Permit Fund also generated a net operating profit of \$1,205,734. The remaining programs all experienced operating losses. The Dispatch Center experienced the largest operating loss at \$4,418,040. This two-year-old enterprise activity, which previously was accounted for as part of the Police function in governmental activities, is largely funded by transfers from governmental activities (General Fund).



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 71.78% in fiscal year 2002/03 to 64.94% this fiscal year, charges for service increased by \$2.8 million, or 8.7%, in terms of dollars. Capital contributions from developers and connection charges increased \$3.1 million this fiscal year, thus increasing this category's contribution to total revenues received.

This year the Animal Services Shelter Enterprise Fund was funded primarily from property taxes. This is the result of a voter-approved proposition for a new animal services shelter to be operated by Washoe County beginning fiscal year 2005/2006. The City gave up two cents of its property tax rate as the City's contribution to the shelter's funding. However, since the County has not yet taken over the facility, this tax money was used to fund current year operations.

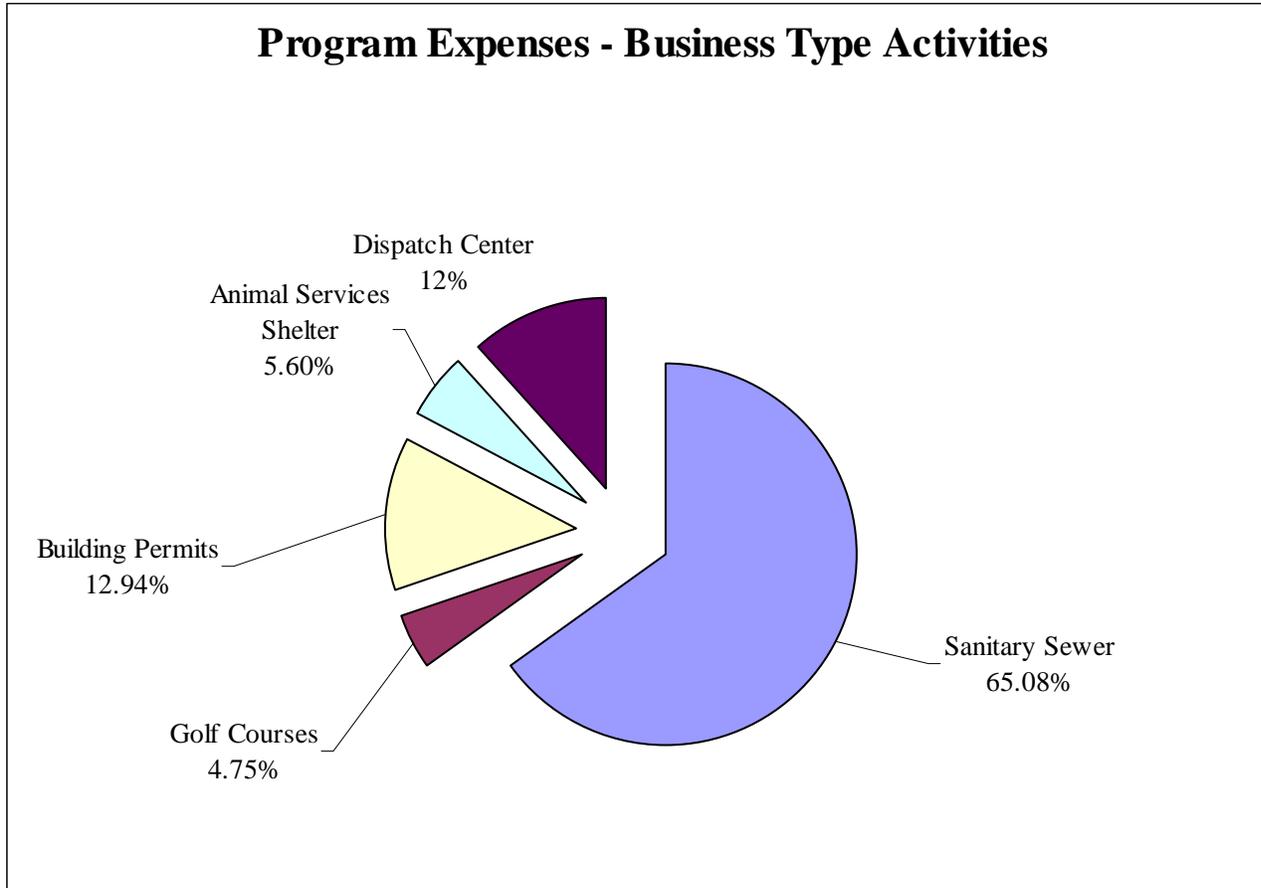
Total business-type expenses saw a nominal increase of \$1.9 million or 4.8% over the prior year. Employee benefits expense and services and supplies both saw increases, while actual salary expense declined due to vacant positions.

Business-type Expenses by Type

	Business-type Activities		
	2004	2003	% Chg
Salaries and wages	\$ 10,798,415	\$ 11,247,988	-4.0%
Employee Benefits	3,906,752	3,705,134	5.4%
Services and supplies	9,843,814	7,448,887	32.2%
Depreciation	4,951,331	4,581,992	8.1%
Interest/issue costs	92,446	185,210	-50.1%
Loss relating to Joint Sewer Plant	11,911,420	12,424,438	-4.1%
Total	\$ 41,504,178	\$ 39,593,649	4.8%

The increase in services and supplies is primarily due to the reclassification of capital outlay in the Sanitary Sewer Enterprise Fund that was below the City's capitalization threshold.

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 2003/04 results under this focus.

Governmental Funds

The governmental funds of the City of Reno reflected a combined total amount of assets and liabilities of \$223,370,604 and \$74,269,871, respectively. This resulted in a total combined fund balance of \$149,100,733. The unreserved portion of the combined fund balance amount was a deficit balance of \$93,996,134. This represents a change of (\$8,110,434) from the prior reporting period. This deficit in unreserved fund balance is primarily due to encumbrances for construction contract commitments; i.e., outstanding commitments are greater than the amount of funds currently available. Virtually all of the deficit unreserved fund balance is due to Railroad Capital Projects Fund, in which the remaining construction commitments will be funded from a combination federal loans, grants, lease income, and property tax and sale tax revenues.

Major Governmental Funds

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2004, the unreserved fund balance in the General Fund is \$15,597,870 and the total fund balance was \$17,293,058. 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 12.5% of total fund expenditures while total fund balance represents 13.8% of expenditures. This represents slightly over one and one-half months of expenditures.

The largest component of the governmental funds category for the 2003/04 fiscal year with respect to total assets is the Downtown Events Center Capital Projects Fund. Assets total \$46,179,960 or 20.7% of the total governmental fund assets and are primarily comprised of cash and investments to be used to fund the construction of a multi-purpose events center in the downtown area. The total fund balance for the Downtown Events Center Capital Projects Fund is \$42,343,818, of which \$22.5 million is encumbered for construction contract commitments.

Assets in the Railroad Capital Projects Fund total \$34,368,977 or 15.4% of the total assets in the governmental funds and are comprised primarily of cash and investments which will be used to construct a 2.5 mile long depressed railway through the downtown area. The total fund balance for this fund at fiscal year-end 2003/04 is \$5,135,192, which is \$48.6 million, or 90.5%, lower than the prior year's balance due to continued construction funding with cash and liquidated investments.

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 (98.3% of total revenues). The total fund balance for this fund at June 30, 2004, was \$28,425,322.

The Events Center Debt Service Fund accumulates money for the payment of principal and interest on outstanding revenue and special assessment district bonds being used to construct the multi-purpose facility. The primary repayment source has been room taxes (85.5% of total revenues). The total fund balance for this fund at June 30, 2004, was \$5,978,658, which is \$11.9 million lower than the prior year balance due to the transfer of special assessment bond proceeds to the capital project fund.

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 2003/04 was \$11,414,110. The primary funding source during the fiscal year was operating transfers in from the General Fund. Court construction fees charged and accumulated by the municipal court are also being used to fund 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 2003/04 is \$2,819,536. There were no new special assessment bonds issued in fiscal year 2003/04.

Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of \$259,085,397 and \$15,219,838, respectively. This resulted in a total net assets balance of \$243,865,559. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net assets declined to \$241,017,544. Unrestricted net assets total \$82,372,856. Restricted net assets total \$3,187,697 and relate to sewer connection fees revenue restricted for sewer capital expenditures and revenue restricted for building permit operations.

Major Proprietary Fund

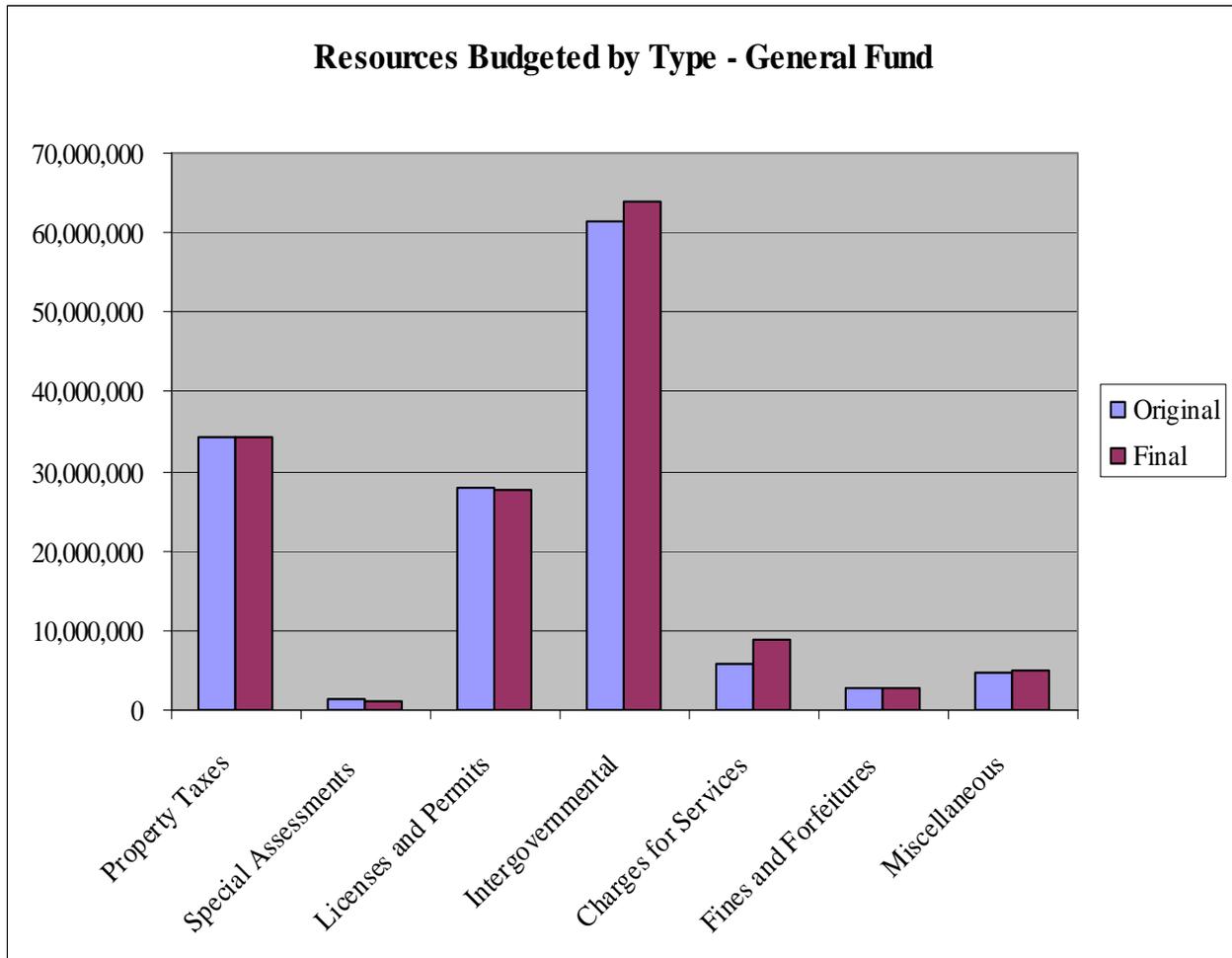
The Sanitary Sewer Fund accounts for sewer services provided to Reno’s citizens and some residents of Washoe County. Unrestricted net assets at the end of the 2003/04 fiscal year amounted to \$81,335,935. Total operating revenues increased 17.9% while operating expenses increased 6.4%. Despite the City’s share of the net loss from the Truckee Meadows Water Reclamation Facility of \$2,362,660, the Sanitary Sewer Fund registered positive income before capital contributions and operating transfers of \$1,046,399. Approximately \$3.9 million of the loss affected cash balances.

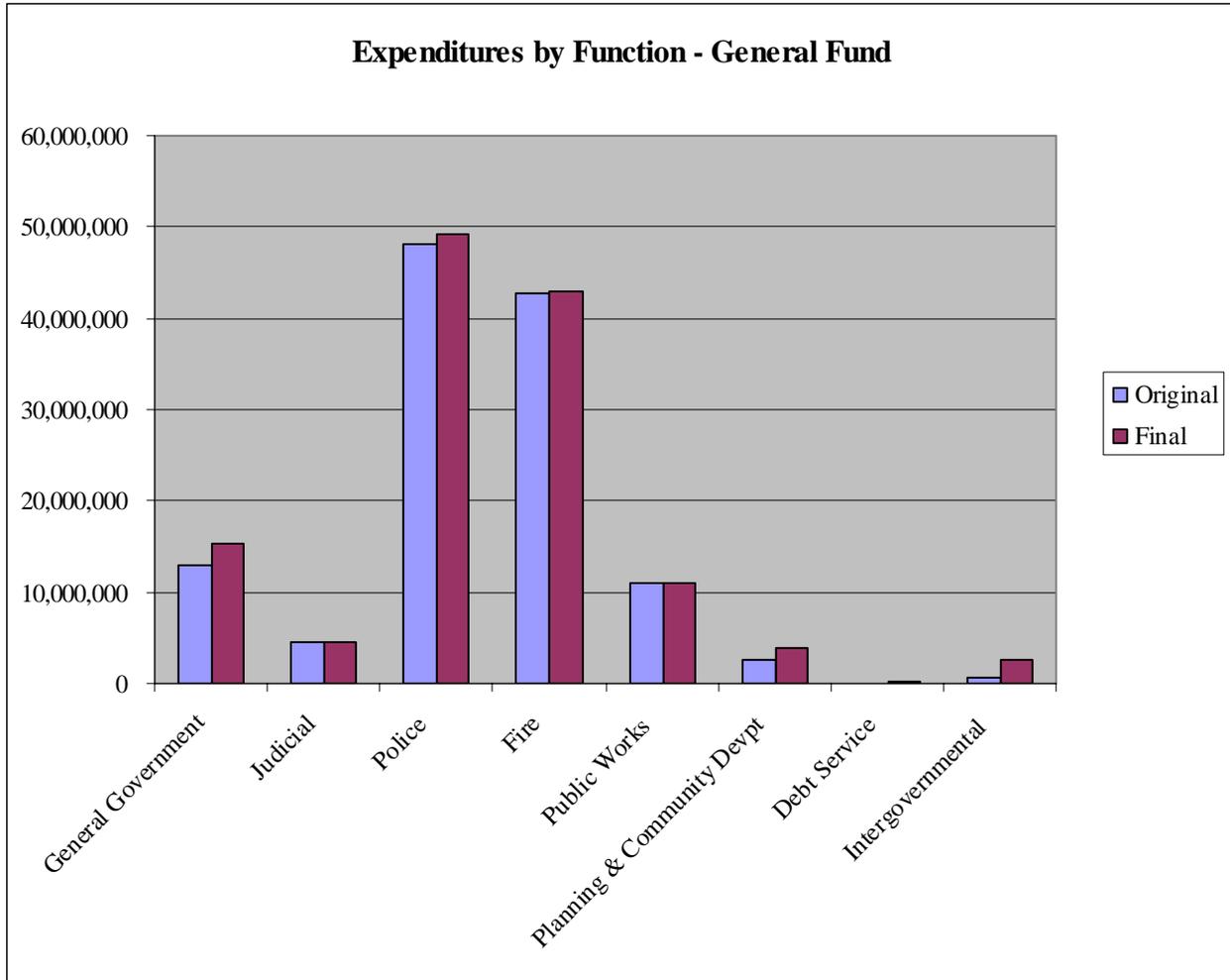
Budgetary Highlights for General Fund

Functions represent the legal level of budgetary control. The final budget appropriation for the General Fund expenditures was \$129,741,354, excluding other financing uses, which is \$7,092,843 or 5.8% higher than the original budget of \$122,648,511. All functions’ fiscal year 2003/04 appropriations are substantially equivalent to the same percentage of total appropriations as those for fiscal year 2002/03.

Actual expenditures were 3.9% less than final budgeted expenditures. Approximately \$2.1 million of the \$5.1 million in excess budgeted funds was in the General Government function as a result of savings in services and supplies. In fact, almost all functions experienced savings in this category of expenditures. This 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 Police function also had \$1.73 million in excess budget, with surpluses in all of the expenditure categories (salaries and wages, employee benefits, and services and supplies). Savings in the salaries and wages and employee benefits categories are due to remaining Police Department vacancies that the City is working diligently to fill.

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, 2004, the City of Reno had a net capital asset investment of \$558,189,021 in governmental and business-type activities. This represents an increase of 35.7% 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 2003/04 fiscal year include:

- The addition of \$37.25 million in newly dedicated and constructed infrastructure assets, such as streets and traffic signals;
- The addition of \$7.5 million of sewer lines and storm drain assets dedicated to the City by developers;
- The settlement of land condemnation cases related to the Downtown Events Center project that added \$2 million to the City's land holdings;
- The improvements to the New City Hall Building totaling \$6 million; and
- The net addition of \$86.6 million in construction in progress, \$56.7 million of which relates to the depressed railway project and \$13.6 million of which relates to the Downtown Events Center 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	
	2004	2003*	2004	2003*	2004	2003
Land and water rights	\$46,918,989	\$45,722,842	\$6,032,120	\$6,028,073	\$52,951,109	\$51,750,915
Construction in progress	154,026,512	75,896,129	27,487,097	12,339,243	181,513,609	88,235,372
Buildings	78,268,311	79,413,126	10,541,559	10,919,076	88,809,870	90,332,202
Arts and historical treasures	508,634	275,747	-	-	508,634	275,747
Improvements other than buildings	23,652,429	21,830,337	117,412,625	100,814,194	141,065,054	122,644,531
Equip't & motor vehicles	12,733,482	11,514,582	345,291	379,840	13,078,773	11,894,422
Infrastructure	80,261,972	46,081,835	-	-	80,261,972	46,081,835
Total	\$396,370,329	\$280,734,598	\$161,818,692	\$130,480,426	\$558,189,021	\$411,215,024

*Note: The 2002/03 total for Construction in Progress for Governmental Activities was decreased by a net \$785,905 to reflect the write-off of certain pre-development costs on projects that have been discontinued or that no longer add value to the projects. The 2002/03 total for Construction in Progress for Business-type Activities was decreased by \$21,337 to reflect the adjustment for a project that is maintenance related.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2004 totaled \$349,159,964, a 0.8% decrease when compared to the prior year. Due to favorable interest rates, during fiscal year 2003/04, \$3,680,000 of Series 2004 Medium-term Refunding Bonds were issued to advance refund the Series 1996 Medium-term Bonds and the 1997 Recreation Facilities Bonds. Series 2004 Golf Course Refunding Bonds were also issued to advance refund the 1993 Golf Course Refunding Bonds. This refinancing activity resulted in an economic gain of \$744,796 to the City of Reno.

In April of 2004, the City of Reno authorized the issuance of up to \$74,824,000 in General Obligation (Additionally Secured by Pledged Revenues) Sewer Bonds. The City of Reno also applied for, and received, approval to borrow up to this same amount from the State of Nevada's Clean Water Revolving Loan Fund. The City has three sewer capital projects, including the expansion of the Truckee Meadows Water Reclamation Facility, which will be funded through draws from the State Clean Water Revolving Loan Fund. As the draws are advanced, a like dollar amount of Sewer Bonds are issued to the State of Nevada. Interest is payable on the draws but no interest or principal payments are due on the bonds until such time as the full amount of the bonds are issued. For reporting purposes in the Notes section of the CAFR, the City is treating the draws as Notes Payable. Once the draws are completed and the bonds are fully issued, the City will show the replacement of the Notes Payable with the Series 2004 Sewer Bonds.

The City of Reno maintains an A1 rating from Moody's and an A+ from Standard and Poor's. (Please note that the City received an upgrade in its rating from Moody's in November of 2004.)

As of June 30, 2004, the City of Reno had \$83,455,000 of general obligation debt outstanding that 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 \$784,794,000 by \$707,562,000.

The chart on the following page summarizes 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.

City of Reno's Outstanding Debt
(Net of Discounts and Premiums)

	Governmental Activities		Business Type Activities		Total	
	2004	2003*	2004	2003	2004	2003
General obligation bonds	\$84,905,345	\$92,397,473	\$ -	\$ -	\$84,905,345	\$92,397,473
Special assessments	16,439,584	17,198,096	-	-	16,439,584	17,198,096
Pledged Revenues - Sales and Room taxes	220,546,248	220,482,540	-	-	220,546,248	220,482,540
Golf Course bonds	-	-	3,513,687	3,455,000	3,513,687	3,455,000
Notes payable	627,000	1,142,073	2,592,139	-	3,219,139	1,142,073
Capital leases	1,663,321	-	-	-	1,663,321	-
Compensated absences payable	17,305,150	15,634,772	1,567,490	1,494,401	18,872,640	17,129,173
Total	\$341,486,648	\$346,854,954	\$7,673,316	\$4,949,401	\$349,159,964	\$351,804,355

*Note: The 2002/03 total for Notes Payable was increased by \$627,000 to reflect the additional of \$625,000 in notes payable related to the Community Development Division's participation in the HUD Section 108 loan program.

Known Economic Factors

- The City of Reno is heavily reliant on property tax revenues from property within its boundaries. Recent economic conditions caused some large property owners in the downtown area to seek property tax relief through the assessment appeal process, which primarily affected the Redevelopment Agency of the City of Reno. The City of Reno has no control or input into the State's decision to grant or deny appeals. The City of Reno continues to consider enlarging its boundaries to help offset potential lost revenues.
- Increase in City of Reno's tax base with the continued development 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 \$600,000 for the luxury homes.
- Bayer Properties, an Alabama firm, is proceeding with the construction of an approximately \$90 million retail project on approximately 660,000 square feet in southwest Reno called Summit Sierra. The development will include large tenants such as Dillards, Pottery Barn, and Williams Sonoma. The project, scheduled to open in early 2006 with pro-forma sales estimated at \$181.2 million, will attract local residents who currently shop outside of the Reno area as well as residents located in other northern Nevada towns.
- The City of Reno continues to work on various major projects, which will stimulate economic activity in the downtown area. These projects include:
 - ReTRAC Project – a \$264 million project to depress a 2.25 mile railroad spur that currently runs through the middle of downtown to address economic, blight, and safety issues.
 - Downtown Reno Events Center – a \$65 million project to construct a multi-purpose facility designed to bring new business to downtown through conventions, trade shows and big name entertainment, thus reducing the downtown's dependence on gaming. The center is scheduled to open in January 2005.
 - Mills B. Lane Justice Center – a \$37 million joint project with Washoe County which will house City municipal courts and the County's district attorney functions.
 - 10 North Virginia Plaza – a \$4 million project to develop a civic center plaza across from the new city hall to provide a permanent winter location for an ice skating rink that will be used in other seasons for outdoor concerts.
 - Palladio Project – a \$15 million 13-story multi-use project containing approximately 19,000 sq. ft. of retail space and 87 condominiums located in the downtown.
 - Riverside Complex – a planned eight-story multi-use building and mixed-use project that includes retail and market-rate condominiums near the Riverside Artist Lofts.

- Future joint animal shelter operations with Washoe County and the City of Sparks that has lowered the operating property tax rate by 2 cents is expected to commence in fiscal year 2006.
- The City has completed the major portion of the New City Hall Building project - an \$11 million project to purchase and renovate an existing building in the downtown area for a new city hall. The City's general government operations have since relocated to the new building, with Public Works scheduled to move over in 2005.
- The City has completed construction of the Truckee River Kayak Park – a \$1.5 million project that created a 2,600 foot kayaking course with eleven pool drops in the downtown portion of the Truckee River, which will draw outdoor water sports enthusiasts to the City.
- The City's Redevelopment Agency has assisted various small businesses, through donations and business loans, in establishing sites in the downtown area, including EJ's Jazz Café and the Silver Peak Grill and Taproom. This activity will help generate additional tax and business license revenues for the City.
- 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 3.8%, which compares favorably to the state and national unemployment rates of 4.2% and 6.4%, respectively. This is also down from the 4.3% unemployment rate for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2003 and June 2004 was 4.2%.
- The upgrade in credit rating by Moody's in November 2004 from A1 to Aa3 will help the City attract future bond investors.

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, 1 East Street, P. O. Box 1900, Reno, Nevada, 89505.

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BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

CITY OF RENO, NEVADA

Statement of Net Assets June 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 179,056,438	\$ 10,187,761	\$ 189,244,199
Receivables:			
Accounts	145,496	2,613,103	2,758,599
Delinquent Taxes	1,584,862	--	1,584,862
Special assessments	16,547,831	--	16,547,831
Interest receivable	348,941	29,051	377,992
Due from other governments	23,853,992	2,822,947	26,676,939
Internal balances	2,848,015	(2,848,015)	--
Inventories	229,021	154,133	383,154
Prepaid items	1,048,484	8,362	1,056,846
Deposits, land	7,669,727	--	7,669,727
Other assets	4,045	310,041	314,086
Deferred charges	12,437,563	--	12,437,563
Restricted assets	--	20,644,552	20,644,552
Investment in Truckee Meadows Water Reclamation Facility	--	59,192,786	59,192,786
Delinquent accounts receivable	--	1,192,108	1,192,108
Capital assets, non-depreciable	200,945,501	33,519,217	234,464,718
Capital assets (net of accumulated depreciation)	195,424,828	128,299,475	323,724,303
TOTAL ASSETS	<u>642,144,744</u>	<u>256,125,521</u>	<u>898,270,265</u>
LIABILITIES			
Accounts payable	3,482,698	505,957	3,988,655
Accrued salaries and benefits	4,257,071	202,865	4,459,936
Contracts and retained percentage payable	26,739,087	2,375,247	29,114,334
Accrued interest payable	1,894,869	3,286	1,898,155
Due to other governments	3,071,138	1,605,616	4,676,754
Other liabilities, including deposits	1,032,756	46,944	1,079,700
Liability for self-insurance	29,584,061	--	29,584,061
Unearned revenue	6,805,551	--	6,805,551
Liabilities payable from restricted assets	--	2,694,746	2,694,746
Noncurrent liabilities:			
Due within one year	11,115,833	366,749	11,482,582
Due in more than one year, net of bond premium and discount	330,370,815	7,306,567	337,677,382
TOTAL LIABILITIES	<u>418,353,879</u>	<u>15,107,977</u>	<u>433,461,856</u>
NET ASSETS			
Invested in capital assets, net of related debt	179,636,709	158,305,006	337,941,715
Restricted for:			
Capital projects	68,902,579	1,561,422	70,464,001
Debt service	63,695,980	--	63,695,980
Streets	1,839,098	--	1,839,098
Claims	3,566,210	--	3,566,210
Other purposes	2,151,320	1,626,275	3,777,595
Unrestricted (deficit)	(96,001,031)	79,524,841	(16,476,190)
TOTAL NET ASSETS	<u>\$ 223,790,865</u>	<u>\$ 241,017,544</u>	<u>\$ 464,808,409</u>

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

CITY OF RENO, NEVADA

Statement of Activities
For the Year Ended June 30, 2004

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 17,721,359	\$ 34,708,449	\$ 132,303	\$ 3,000
Judicial	5,002,728	603,625	--	3,000
Police	55,508,977	518,883	2,172,428	247,427
Fire	50,343,306	12,280,396	44,637	420,351
Public works	24,934,712	2,071,110	164,564	47,764,642
Planning and community development	6,901,518	4,699,921	3,437,457	--
Culture and recreation	17,439,791	7,184,023	231,735	30,658
Urban redevelopment	2,516,724	290,689	--	--
Debt service:				
Interest and fiscal charges	17,655,983	--	--	--
Total Governmental Activities	198,025,098	62,357,096	6,183,124	48,469,078
Business-Type Activities:				
Sanitary sewer	27,012,523	25,998,547	--	15,028,222
Golf courses	1,970,295	1,774,513	--	--
Building permits	5,370,592	6,576,326	--	--
Animal services shelter	2,322,400	142,538	45,822	--
Dispatch center	4,828,368	410,328	--	--
Total Business-Type Activities	41,504,178	34,902,252	45,822	15,028,222
TOTAL PRIMARY GOVERNMENT	\$ 239,529,276	\$ 97,259,348	\$ 6,228,946	\$ 63,497,300

GENERAL REVENUES

Taxes:	
Ad valorem taxes	
Consolidated tax	
SCCR taxes - AB104	
Other taxes	
Unrestricted County gaming contributions	
Unrestricted Investment and interest earnings	
Miscellaneous	
Gain on sale of capital assets	
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
\$ 17,122,393	\$ --	\$ 17,122,393
(4,396,103)	--	(4,396,103)
(52,570,239)	--	(52,570,239)
(37,597,922)	--	(37,597,922)
25,065,604	--	25,065,604
1,235,860		1,235,860
(9,993,375)		(9,993,375)
(2,226,035)	--	(2,226,035)
<u>(17,655,983)</u>	<u>--</u>	<u>(17,655,983)</u>
<u>(81,015,800)</u>	<u>--</u>	<u>(81,015,800)</u>
--	14,014,246	14,014,246
--	(195,782)	(195,782)
--	1,205,734	1,205,734
--	(2,134,040)	(2,134,040)
--	(4,418,040)	(4,418,040)
<u>--</u>	<u>8,472,118</u>	<u>8,472,118</u>
<u>(81,015,800)</u>	<u>8,472,118</u>	<u>(72,543,682)</u>
49,592,261	1,797,437	51,389,698
47,480,733	--	47,480,733
3,475,827	--	3,475,827
16,871,939	--	16,871,939
2,020,849	--	2,020,849
1,406,368	(39,664)	1,366,704
2,976,473	2,008,515	4,984,988
323,397	--	323,397
<u>(3,980,501)</u>	<u>3,980,501</u>	<u>--</u>
<u>120,167,346</u>	<u>7,746,789</u>	<u>127,914,135</u>
39,151,546	16,218,907	55,370,453
186,033,537	224,819,974	410,853,511
<u>(1,394,218)</u>	<u>(21,337)</u>	<u>(1,415,555)</u>
<u>\$ 223,790,865</u>	<u>\$ 241,017,544</u>	<u>\$ 464,808,409</u>

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, 2004

	General Fund	Railroad Debt Fund	Downtown Events Center Debt Fund	Special Assessment Districts Debt Fund
ASSETS				
Cash and investments	\$ 12,549,753	\$ 30,924,975	\$ 4,493,926	\$ 2,542,183
Receivables:				
Accounts	33,866	--	--	--
Accrued interest	30,967	--	15,899	9,410
Delinquent taxes	852,934	--	--	--
Special assessments:				
Current	--	--	338,210	264,924
Delinquent	84,332	--	1,893	5,289
Deferred	--	--	11,501,059	4,351,487
Due from other funds	--	--	--	--
Due from other governments	9,429,719	1,432,054	1,131,957	2,155
Inventories	51,415	--	--	--
Prepaid items	302,935	--	--	--
Deposits, land	--	--	--	--
Other assets	4,045	--	--	--
TOTAL ASSETS	<u>\$ 23,339,966</u>	<u>\$ 32,357,029</u>	<u>\$ 17,482,944</u>	<u>\$ 7,175,448</u>
LIABILITIES				
Accounts payable	\$ 944,338	\$ --	\$ 491	\$ 2,163
Accrued salaries and benefits	4,000,045	--	--	--
Contracts and retained percentage payable	16,490	--	--	--
Accrued interest payable	--	--	--	--
Due to other funds	--	3,931,707	--	--
Due to other governments	17,259	--	--	--
Other liabilities, including deposits	434,765	--	2,736	2,262
Deferred taxes	407,798	--	--	--
Deferred revenue	226,213	--	11,501,059	4,351,487
TOTAL LIABILITIES	<u>6,046,908</u>	<u>3,931,707</u>	<u>11,504,286</u>	<u>4,355,912</u>
FUND BALANCES				
Reserved for:				
Encumbrances	1,027,244	--	--	--
Inventories	51,415	--	--	--
Receivables	--	--	--	30,062
Prepaid items	302,935	--	--	--
Capital projects	--	--	--	--
Park capital outlay	--	--	--	--
Future signalization	--	--	--	--
Debt service	--	28,425,322	5,978,658	2,789,474
Court assessments	--	--	--	--
Other purposes	313,594	--	--	--
Unreserved, reported in:				
General fund	15,597,870	--	--	--
Special revenue funds	--	--	--	--
Capital projects funds	--	--	--	--
TOTAL FUND BALANCES	<u>17,293,058</u>	<u>28,425,322</u>	<u>5,978,658</u>	<u>2,819,536</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,339,966</u>	<u>\$ 32,357,029</u>	<u>\$ 17,482,944</u>	<u>\$ 7,175,448</u>

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

Municipal Court Capital Project Fund	Railroad Capital Project Fund	Downtown Events Center Capital Project Fund	Other Governmental Funds	Total
\$ 15,130,950	\$ 18,585,670	\$ 39,499,881	\$ 36,618,553	\$ 160,345,891
--	--	--	77,652	111,518
2,841	--	127,087	107,680	293,884
--	--	--	731,928	1,584,862
--	--	--	--	603,134
--	--	--	--	91,514
--	--	--	637	15,853,183
--	--	5,918,992	6,471,868	12,390,860
--	8,561,400	--	3,189,772	23,747,057
--	--	--	8,203	59,618
--	186,180	--	126,196	615,311
--	7,035,727	634,000	--	7,669,727
--	--	--	--	4,045
<u>\$ 15,133,791</u>	<u>\$ 34,368,977</u>	<u>\$ 46,179,960</u>	<u>\$ 47,332,489</u>	<u>\$ 223,370,604</u>
\$ 160	\$ 980,824	\$ 178,347	\$ 1,070,049	\$ 3,176,372
--	2,742	--	211,322	4,214,109
--	19,546,728	3,656,640	3,519,229	26,739,087
--	10,999	1,155	2,172	14,326
3,719,521	2,130,679	--	2,608,953	12,390,860
--	--	--	3,053,879	3,071,138
--	--	--	592,993	1,032,756
--	--	--	500,516	908,314
--	6,561,813	--	82,337	22,722,909
<u>3,719,681</u>	<u>29,233,785</u>	<u>3,836,142</u>	<u>11,641,450</u>	<u>74,269,871</u>
--	122,653,959	22,493,976	5,416,132	151,591,311
--	--	--	8,203	59,618
--	--	--	--	30,062
--	186,180	--	126,196	615,311
11,414,110	--	19,849,842	6,166,502	37,430,454
--	--	--	4,558,011	4,558,011
--	--	--	141,976	141,976
--	--	--	9,614,192	46,807,646
--	--	--	696,957	696,957
--	--	--	851,927	1,165,521
--	--	--	--	15,597,870
--	--	--	8,695,310	8,695,310
--	(117,704,947)	--	(584,367)	(118,289,314)
<u>11,414,110</u>	<u>5,135,192</u>	<u>42,343,818</u>	<u>35,691,039</u>	<u>149,100,733</u>
<u>\$ 15,133,791</u>	<u>\$ 34,368,977</u>	<u>\$ 46,179,960</u>	<u>\$ 47,332,489</u>	<u>\$ 223,370,604</u>

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

CITY OF RENO, NEVADA

Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2004

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 149,100,733
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	387,632,081
Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds	12,437,563
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	(343,008,072)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds	16,825,672
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	<u>802,888</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	<u>\$ 223,790,865</u>

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

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CITY OF RENO, NEVADA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General Fund	Railroad Debt Service Fund	Downtown Events Center Debt Fund	Special Assessment Districts Debt Fund
REVENUES				
Taxes	\$ 33,370,363	\$ 924,359	\$ 5,980,798	\$ --
Special assessments	1,142,629	--	399,071	551,168
Fees, licenses, and permits	27,590,960	--	--	--
Intergovernmental	64,553,042	7,409,815	--	--
Grants and contributions	1,276,144	--	--	--
Charges for services	9,110,157	--	--	--
Fines and forfeitures	2,656,376	--	--	--
Miscellaneous	4,877,346	136,360	615,431	361,344
TOTAL REVENUES	144,577,017	8,470,534	6,995,300	912,512
EXPENDITURES				
Current:				
General government	13,334,823	--	--	--
Judicial	4,523,548	--	--	--
Public safety - Police	47,405,724	--	--	--
Public safety - Fire	42,803,148	--	--	--
Public works	10,712,769	--	--	--
Planning and community development	3,190,511	--	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Intergovernmental	2,590,208	--	--	--
Capital outlay	--	--	--	--
Debt service:				
Principal	45,017	--	425,000	328,406
Interest	37,896	5,928,319	6,240,508	225,212
Bond issue costs	--	--	--	--
Fiscal charges	--	10,683	23,863	67,931
TOTAL EXPENDITURES	124,643,644	5,939,002	6,689,371	621,549
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,933,373	2,531,532	305,929	290,963
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	--	--	--	--
Inception of capital leases	1,708,338	--	--	--
Premium on bonds issued	--	--	--	--
Payment to refunded debt escrow agent	--	--	--	--
Sale of capital assets	34,921	--	--	--
Transfers from other funds	2,309,593	--	--	--
Transfers to other funds	(28,541,018)	--	(12,230,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	(24,488,166)	--	(12,230,000)	--
NET CHANGE IN FUND BALANCES	(4,554,793)	2,531,532	(11,924,071)	290,963
FUND BALANCES - BEGINNING OF YEAR	21,847,851	25,893,790	17,902,729	2,511,885
PRIOR PERIOD ADJUSTMENT	--	--	--	16,688
FUND BALANCES - RESTATED, BEGINNING	21,847,851	25,893,790	17,902,729	2,528,573
FUND BALANCES, END OF YEAR	\$ 17,293,058	\$ 28,425,322	\$ 5,978,658	\$ 2,819,536

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

Municipal Court Capital Project Fund	Railroad Capital Project Fund	Downtown Events Center Capital Projects Fund	Other Governmental Funds	Total
\$ --	\$ --	\$ --	\$ 21,215,124	\$ 61,490,644
--	--	--	224,367	2,317,235
--	--	--	167,439	27,758,399
--	--	--	5,089,241	77,052,098
--	8,100,281	17,579	5,228,894	14,622,898
--	302,240	--	4,179,657	13,592,054
--	--	--	88,627	2,745,003
136,790	676,205	(74,942)	4,356,280	11,084,814
<u>136,790</u>	<u>9,078,726</u>	<u>(57,363)</u>	<u>40,549,629</u>	<u>210,663,145</u>
--	--	--	626,437	13,961,260
--	--	--	844	4,524,392
--	--	--	--	47,405,724
--	--	--	--	42,803,148
835	510,645	592,971	9,308,558	21,125,778
--	--	--	3,036,488	6,226,999
--	--	--	14,942,100	14,942,100
--	--	--	1,548,241	1,548,241
--	--	--	--	2,590,208
453,386	57,228,224	15,818,805	18,759,273	92,259,688
--	--	--	7,408,000	8,206,423
--	--	--	4,997,808	17,429,743
--	--	--	52,810	52,810
--	--	--	19,105	121,582
<u>454,221</u>	<u>57,738,869</u>	<u>16,411,776</u>	<u>60,699,664</u>	<u>273,198,096</u>
<u>(317,431)</u>	<u>(48,660,143)</u>	<u>(16,469,139)</u>	<u>(20,150,035)</u>	<u>(62,534,951)</u>
--	--	--	3,680,000	3,680,000
--	--	--	--	1,708,338
--	--	--	34,422	34,422
--	--	--	(3,655,582)	(3,655,582)
--	--	--	318,194	353,115
5,600,000	19,101	11,980,000	21,980,208	41,888,902
--	--	--	(11,285,913)	(52,056,931)
<u>5,600,000</u>	<u>19,101</u>	<u>11,980,000</u>	<u>11,071,329</u>	<u>(8,047,736)</u>
<u>5,282,569</u>	<u>(48,641,042)</u>	<u>(4,489,139)</u>	<u>(9,078,706)</u>	<u>(70,582,687)</u>
6,131,541	53,776,234	46,832,957	44,769,745	219,666,732
--	--	--	--	16,688
<u>6,131,541</u>	<u>53,776,234</u>	<u>46,832,957</u>	<u>44,769,745</u>	<u>219,683,420</u>
<u>\$ 11,414,110</u>	<u>\$ 5,135,192</u>	<u>\$ 42,343,818</u>	<u>\$ 35,691,039</u>	<u>\$ 149,100,733</u>

The accompanying financial statements 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, 2004

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES	\$ (70,582,687)
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.	86,370,427
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase Net Assets.	(29,718)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.	30,531,474
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.	6,440,255
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	(1,607,328)
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.	<u>(11,970,877)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 39,151,546</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 34,272,132	\$ 34,272,132	\$ 33,370,363	\$ (901,769)
Special assessments	1,249,000	1,185,000	1,142,629	(42,371)
Licenses and permits:				
Business licenses and permits:				
Business licenses	10,445,893	10,663,753	10,813,952	150,199
City gaming licenses	2,966,000	2,850,000	2,646,162	(203,838)
Liquor licenses	1,120,240	1,249,643	1,091,867	(157,776)
Non-business licenses and permits	127,000	132,000	116,423	(15,577)
Franchises:				
Electricity	3,926,500	4,253,361	4,212,395	(40,966)
Telephone	3,379,500	3,328,436	3,324,443	(3,993)
Natural gas	2,158,000	1,600,000	1,617,493	17,493
Sanitation	1,459,240	1,420,470	1,441,167	20,697
Water	790,000	668,841	920,836	251,995
Cable television	1,471,000	1,364,588	1,406,222	41,634
Total licenses and permits	27,843,373	27,531,092	27,590,960	59,868
Intergovernmental:				
Federal grants	450,000	1,670,897	1,276,144	(394,753)
State grants	--	1,667	--	(1,667)
State shared revenues	43,825,000	45,266,535	47,480,733	2,214,198
County shared revenues:				
County gaming licenses	2,200,000	1,897,793	2,020,849	123,056
AB 104	3,180,000	3,455,347	3,475,827	20,480
Fire consolidated payment	11,650,422	11,650,422	11,559,624	(90,798)
Other	59,920	20,000	16,009	(3,991)
Total intergovernmental	61,365,342	63,962,661	65,829,186	1,866,525
Charges for services:				
General government:				
Administration fees	1,870,000	1,880,000	1,446,744	(433,256)
Planning application fees	960,215	4,155,000	4,559,278	404,278
Other	615,000	615,000	572,742	(42,258)
Judicial:				
Municipal court charges	200,000	188,243	185,392	(2,851)

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services:				
Public safety:				
Police service charges	\$ 199,064	\$ 193,735	\$ 297,234	\$ 103,499
Dispatch charges	--	--	8,623	8,623
Work permits	190,000	110,416	80,975	(29,441)
Fire service charges	290,000	255,552	265,730	10,178
Public works:				
Engineering fees	883,080	859,595	1,116,033	256,438
Parking receipts	687,600	563,206	561,986	(1,220)
Other	15,100	24,271	15,420	(8,851)
Total charges for services	<u>5,910,059</u>	<u>8,845,018</u>	<u>9,110,157</u>	<u>265,139</u>
Fines and forfeits:				
Municipal court fines	2,314,000	2,343,563	2,250,245	(93,318)
Municipal court forfeitures	100,000	113,130	97,506	(15,624)
Delinquent license penalties	285,000	274,125	306,750	32,625
Fines and forfeitures, other	--	4,000	1,875	(2,125)
Total fines and Forfeits	<u>2,699,000</u>	<u>2,734,818</u>	<u>2,656,376</u>	<u>(78,442)</u>
Miscellaneous:				
Investment earnings	500,000	420,000	91,421	(328,579)
Interest earnings, other	--	--	--	--
Rent and royalties	90,000	40,000	30,969	(9,031)
Reimbursement and restitution	3,884,310	4,085,310	4,408,713	323,403
Private grants	--	177,200	184,525	7,325
Other	137,000	200,000	161,718	(38,282)
Total Miscellaneous	<u>4,611,310</u>	<u>4,922,510</u>	<u>4,877,346</u>	<u>(45,164)</u>
TOTAL REVENUES	<u>137,950,216</u>	<u>143,453,231</u>	<u>144,577,017</u>	<u>1,123,786</u>
EXPENDITURES				
Current:				
General government:				
City Council:				
Salaries and wages	321,815	321,815	323,977	(2,162)
Employee benefits	215,576	215,576	214,390	1,186
Services and supplies	421,228	421,228	363,938	57,290
Subtotal	<u>958,619</u>	<u>958,619</u>	<u>902,305</u>	<u>56,314</u>
City Clerk:				
Salaries and wages	500,496	529,748	492,204	37,544
Employee benefits	238,904	242,208	225,706	16,502
Services and supplies	400,068	508,986	555,757	(46,771)
Subtotal	<u>1,139,468</u>	<u>1,280,942</u>	<u>1,273,667</u>	<u>7,275</u>

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

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
City Manager:				
Salaries and wages	\$ 1,549,094	\$ 1,640,535	\$ 1,676,055	\$ (35,520)
Employee benefits	710,451	735,051	695,574	39,477
Services and supplies	1,498,227	2,393,211	1,674,842	718,369
Capital outlay	3,000	--	--	--
Subtotal	<u>3,760,772</u>	<u>4,768,797</u>	<u>4,046,471</u>	<u>722,326</u>
Finance:				
Salaries and wages	1,355,571	1,311,387	1,310,931	456
Employee benefits	597,830	588,489	556,777	31,712
Services and supplies	249,216	1,439,607	455,544	984,063
Capital outlay	7,750	--	--	--
Subtotal	<u>2,210,367</u>	<u>3,339,483</u>	<u>2,323,252</u>	<u>1,016,231</u>
City Attorney:				
Salaries and wages	2,093,294	2,157,208	2,188,541	(31,333)
Employee benefits	921,455	930,577	892,594	37,983
Services and supplies	357,276	544,673	359,384	185,289
Subtotal	<u>3,372,025</u>	<u>3,632,458</u>	<u>3,440,519</u>	<u>191,939</u>
Human Resources:				
Salaries and wages	618,913	618,913	602,438	16,475
Employee benefits	318,822	318,822	278,322	40,500
Services and supplies	221,492	200,921	199,258	1,663
Subtotal	<u>1,159,227</u>	<u>1,138,656</u>	<u>1,080,018</u>	<u>58,638</u>
Civil Service Commission:				
Salaries and wages	176,232	168,232	148,507	19,725
Employee benefits	72,888	72,888	58,964	13,924
Services and supplies	67,828	67,828	61,120	6,708
Subtotal	<u>316,948</u>	<u>308,948</u>	<u>268,591</u>	<u>40,357</u>
General government summary:				
Salaries and wages	6,615,415	6,747,838	6,742,653	5,185
Employee benefits	3,075,926	3,103,611	2,922,327	181,284
Services and supplies	3,215,335	5,576,454	3,669,843	1,906,611
Capital outlay	10,750	--	--	--
Total General government	<u>12,917,426</u>	<u>15,427,903</u>	<u>13,334,823</u>	<u>2,093,080</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Judicial:				
Salaries and wages	\$ 2,524,143	\$ 2,583,551	\$ 2,626,210	\$ (42,659)
Employee benefits	1,168,298	1,168,298	1,165,483	2,815
Services and supplies	763,871	771,413	731,855	39,558
Capital outlay	10,000	--	--	--
Total Judicial	<u>4,466,312</u>	<u>4,523,262</u>	<u>4,523,548</u>	<u>(286)</u>
Public Safety:				
Police department:				
Salaries and wages	30,441,830	30,046,065	29,621,049	425,016
Employee benefits	13,406,437	13,374,344	12,868,554	505,790
Services and supplies	4,220,923	5,371,865	4,760,573	611,292
Capital outlay	111,000	345,500	155,548	189,952
Subtotal	<u>48,180,190</u>	<u>49,137,774</u>	<u>47,405,724</u>	<u>1,732,050</u>
Fire Department:				
Salaries and wages	28,072,599	27,540,095	28,083,317	(543,222)
Employee benefits	11,655,675	11,655,675	10,834,811	820,864
Services and supplies	2,693,917	3,283,260	2,978,789	304,471
Capital outlay	250,000	372,064	906,231	(534,167)
Subtotal	<u>42,672,191</u>	<u>42,851,094</u>	<u>42,803,148</u>	<u>47,946</u>
Total Public safety summary:				
Salaries and wages	58,514,429	57,586,160	57,704,366	(118,206)
Employee benefits	25,062,112	25,030,019	23,703,365	1,326,654
Services and supplies	6,914,840	8,655,125	7,739,362	915,763
Capital outlay	361,000	717,564	1,061,779	(344,215)
Total Public safety	<u>90,852,381</u>	<u>91,988,868</u>	<u>90,208,872</u>	<u>1,779,996</u>
Public works:				
Salaries and wages	4,400,404	4,414,049	4,146,721	267,328
Employee benefits	1,986,675	1,986,675	1,759,935	226,740
Services and supplies	4,564,926	4,642,990	4,790,888	(147,898)
Capital outlay	22,000	64,552	15,225	49,327
Total Public works:	<u>10,974,005</u>	<u>11,108,266</u>	<u>10,712,769</u>	<u>395,497</u>
Planning and community development:				
Salaries and wages	1,148,695	1,875,750	1,726,846	148,904
Employee benefits	492,600	728,526	664,148	64,378
Services and supplies	972,092	1,120,728	799,517	321,211
Capital outlay	75,000	75,000	--	75,000
Total Planning and community development	<u>2,688,387</u>	<u>3,800,004</u>	<u>3,190,511</u>	<u>609,493</u>

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

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Intergovernmental:				
Retired Employees Trust	\$ 750,000	\$ 1,530,442	\$ 1,824,184	\$ (293,742)
Miscellaneous	--	1,123,207	766,024	357,183
Total Intergovernmental	<u>750,000</u>	<u>2,653,649</u>	<u>2,590,208</u>	<u>63,441</u>
DEBT SERVICE				
Principal	--	173,863	45,017	128,846
Interest	--	65,539	37,896	27,643
Total Debt Service	<u>--</u>	<u>239,402</u>	<u>82,913</u>	<u>156,489</u>
TOTAL EXPENDITURES	<u>122,648,511</u>	<u>129,741,354</u>	<u>124,643,644</u>	<u>5,097,710</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>15,301,705</u>	<u>13,711,877</u>	<u>19,933,373</u>	<u>6,221,496</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	15,330	34,921	19,591
Proceeds - short-term financing	--	1,000,000	1,708,338	708,338
Transfers from other funds	2,202,357	2,385,357	2,309,593	(75,764)
Transfers to other funds	(22,290,306)	(28,541,018)	(28,541,018)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,087,949)</u>	<u>(25,140,331)</u>	<u>(24,488,166)</u>	<u>652,165</u>
NET CHANGES IN FUND BALANCES	(4,786,244)	(11,428,454)	(4,554,793)	6,873,661
CONTINGENCY	(1,451,319)	(647,375)	--	647,375
FUND BALANCES, BEGINNING OF YEAR	<u>13,882,228</u>	<u>21,847,851</u>	<u>21,847,851</u>	<u>--</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,644,665</u>	<u>\$ 9,772,022</u>	<u>\$ 17,293,058</u>	<u>\$ 7,521,036</u>

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

CITY OF RENO, NEVADA

Statement of Fund Net Assets
Proprietary Funds
June 30, 2004

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sanitary Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,875,743	\$ 3,312,018	\$ 10,187,761	\$ 18,710,547
Receivables:				
Accounts receivable	2,608,097	5,006	2,613,103	33,978
Accrued Interest	21,039	8,012	29,051	55,057
Due from other funds	--	111,861	111,861	--
Due from other governments	2,470,293	352,654	2,822,947	106,935
Inventories	45,980	108,153	154,133	169,403
Prepaid expenses	4,410	3,952	8,362	433,173
Total Current Assets	<u>12,025,562</u>	<u>3,901,656</u>	<u>15,927,218</u>	<u>19,509,093</u>
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents	20,337,846	--	20,337,846	--
Accrued interest receivable	55,891	--	55,891	--
Due from other governments	250,815	--	250,815	--
Total Restricted Assets	<u>20,644,552</u>	<u>--</u>	<u>20,644,552</u>	<u>--</u>
Delinquent accounts receivable	1,192,108	--	1,192,108	--
Deferred charges	110,740	199,301	310,041	--
Investment in Truckee Meadows Water Reclamation Facility	59,192,786	--	59,192,786	--
Capital assets:				
Land	1,417,518	2,844,565	4,262,083	--
Water rights	1,770,037	--	1,770,037	--
Buildings	12,207,688	1,894,666	14,102,354	--
Improvements other than buildings	160,736,356	7,857,345	168,593,701	--
Machinery and equipment	796,984	618,597	1,415,581	20,045,206
Construction in progress	27,487,097	--	27,487,097	--
Total Capital assets	<u>204,415,680</u>	<u>13,215,173</u>	<u>217,630,853</u>	<u>20,045,206</u>
Less accumulated depreciation	<u>(50,926,022)</u>	<u>(4,886,139)</u>	<u>(55,812,161)</u>	<u>(11,016,633)</u>
Net Capital assets	<u>153,489,658</u>	<u>8,329,034</u>	<u>161,818,692</u>	<u>9,028,573</u>
Total Noncurrent Assets	<u>234,629,844</u>	<u>8,528,335</u>	<u>243,158,179</u>	<u>9,028,573</u>
TOTAL ASSETS	<u>246,655,406</u>	<u>12,429,991</u>	<u>259,085,397</u>	<u>28,537,666</u>

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

continued

CITY OF RENO, NEVADA

Statement of Fund Net Assets (continued) Proprietary Funds June 30, 2004

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sanitary Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	425,779	80,178	505,957	306,329
Accrued salaries and benefits	58,937	143,928	202,865	42,962
Contracts and retained percentage payable	2,375,247	--	2,375,247	--
Accrued interest payable	1,825	1,461	3,286	--
Accrued liabilities, other	--	--	--	29,584,061
Compensated absences payable	55,342	101,407	156,749	35,911
Due to other funds	--	111,861	111,861	--
Due to other governments	1,557,263	48,353	1,605,616	--
Deposits	9,039	37,905	46,944	--
Bonds payable	--	210,000	210,000	--
Total Current Liabilities (payable from current assets)	<u>4,483,432</u>	<u>735,093</u>	<u>5,218,525</u>	<u>29,969,263</u>
Current liabilities (payable from restricted assets):				
Accounts payable	185,370	--	185,370	--
Contracts and retained percentage payable	2,239,181	--	2,239,181	--
Accrued interest payable	1,525	--	1,525	--
Due to other governments	248,420	--	248,420	--
Deferred revenue	20,250	--	20,250	--
Total Current Liabilities (payable from restricted assets)	<u>2,694,746</u>	<u>--</u>	<u>2,694,746</u>	<u>--</u>
Total Current Liabilities	<u>7,178,178</u>	<u>735,093</u>	<u>7,913,271</u>	<u>29,969,263</u>
Noncurrent Liabilities:				
Compensated absences payable	498,074	912,667	1,410,741	323,205
Bonds payable	2,592,139	3,303,687	5,895,826	--
Total Noncurrent Liabilities	<u>3,090,213</u>	<u>4,216,354</u>	<u>7,306,567</u>	<u>323,205</u>
TOTAL LIABILITIES	<u>10,268,391</u>	<u>4,951,447</u>	<u>15,219,838</u>	<u>30,292,468</u>
NET ASSETS				
Invested in capital, net of related debt	153,489,658	4,815,348	158,305,006	9,028,573
Restricted for:			--	
Capital projects	1,561,422	--	1,561,422	--
Claims	--	--	--	3,566,210
Encumbrances	--	--	--	--
Other programs	--	36,543	36,543	--
Building permit operations	--	1,589,732	1,589,732	--
Unrestricted (deficit)	81,335,935	1,036,921	82,372,856	(14,349,585)
TOTAL NET ASSETS	<u>\$ 236,387,015</u>	<u>\$ 7,478,544</u>	<u>243,865,559</u>	<u>\$ (1,754,802)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			(2,848,015)	
Net assets of business-type activities (page 19)			<u>\$ 241,017,544</u>	

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
 For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sanitary Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 26,431,910	\$ 8,881,601	\$ 35,313,511	\$ 21,897,695
Fines and forfeitures	561,222	2,125	563,347	--
Miscellaneous	2,005,917	29,582	2,035,499	1,525,402
TOTAL OPERATING REVENUES	<u>28,999,049</u>	<u>8,913,308</u>	<u>37,912,357</u>	<u>23,423,097</u>
OPERATING EXPENSES				
Salaries and wages	3,574,826	7,676,798	11,251,624	2,551,714
Employee benefits	1,452,862	3,002,272	4,455,134	911,981
Services and supplies	5,886,936	2,527,264	8,414,200	37,446,408
Joint Sewer plant	9,548,760	--	9,548,760	--
Depreciation	4,571,515	379,816	4,951,331	2,664,620
TOTAL OPERATING EXPENSES	<u>25,034,899</u>	<u>13,586,150</u>	<u>38,621,049</u>	<u>43,574,723</u>
OPERATING INCOME (LOSS)	<u>3,964,150</u>	<u>(4,672,842)</u>	<u>(708,692)</u>	<u>(20,151,626)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes	--	1,797,437	1,797,437	--
Private grants	--	45,822	45,822	3,000
Investment earnings (loss)	(34,347)	(5,317)	(39,664)	25,141
Debt service - interest	--	(91,155)	(91,155)	--
Debt service - fiscal charges	--	(1,291)	(1,291)	--
Gain (loss) on asset disposal	(520,744)	(36,396)	(557,140)	245,142
Net loss from Truckee Meadows Water Reclamation Facility	(2,362,660)	--	(2,362,660)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,917,751)</u>	<u>1,709,100</u>	<u>(1,208,651)</u>	<u>273,283</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,046,399</u>	<u>(2,963,742)</u>	<u>(1,917,343)</u>	<u>(19,878,343)</u>
CAPITAL CONTRIBUTIONS				
Connection charges	7,518,940	--	7,518,940	--
Contribution of assets	7,509,282	--	7,509,282	847,465
TOTAL CAPITAL CONTRIBUTIONS	<u>15,028,222</u>	<u>--</u>	<u>15,028,222</u>	<u>847,465</u>
TRANSFERS				
Transfers in	--	5,075,930	5,075,930	5,664,515
Transfers out	(538,289)	--	(538,289)	(34,127)
TOTAL TRANSFERS IN (OUT)	<u>(538,289)</u>	<u>5,075,930</u>	<u>4,537,641</u>	<u>5,630,388</u>
CHANGES IN NET ASSETS	<u>15,536,332</u>	<u>2,112,188</u>	<u>17,648,520</u>	<u>(13,400,490)</u>
NET ASSETS - BEGINNING OF YEAR	220,872,020	5,366,356		11,645,688
PRIOR PERIOD ADJUSTMENT	(21,337)	--		--
NET ASSETS - RESTATED, BEGINNING OF YEAR	<u>220,850,683</u>	<u>5,366,356</u>		<u>11,645,688</u>
NET ASSETS, END OF YEAR	<u>\$ 236,387,015</u>	<u>\$ 7,478,544</u>		<u>\$ (1,754,802)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			(1,429,613)	
Change in net assets of business-type activities (page 21)			<u>\$ 16,218,907</u>	

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

CITY OF RENO, NEVADA

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sanitary Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 25,232,501	\$ 8,695,212	\$ 33,927,713	\$ --
Cash received from other funds for services	1,001,590	--	1,001,590	21,793,455
Cash received from miscellaneous income, reimbursements and restitutions	2,567,139	31,707	2,598,846	1,525,402
Cash paid for employee's salaries and benefits	(4,269,124)	(9,246,674)	(13,515,798)	(2,981,195)
Cash payments for goods and services	(10,930,054)	(1,520,551)	(12,450,605)	(22,527,906)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(1,838,154)	(2,181,637)	(4,019,791)	(459,158)
Cash paid to deferred compensation plans	(129,452)	(197,263)	(326,715)	(33,002)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>11,634,446</u>	<u>(4,419,206)</u>	<u>7,215,240</u>	<u>(2,682,404)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash paid to other funds	--	(197,663)	(197,663)	--
Tax revenue	--	1,797,437	1,797,437	--
Cash received from private grants	--	45,822	45,822	--
Transfers in (out)	(1,059,033)	5,039,534	3,980,501	5,630,388
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,059,033)</u>	<u>6,685,130</u>	<u>5,626,097</u>	<u>5,630,388</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash received from connection charges	7,518,940	--	7,518,940	--
Investment in Truckee Meadows Water Reclamation Facility	(3,937,224)	--	(3,937,224)	--
Proceeds from sale of capital assets	--	--	--	245,142
Acquisition and construction of capital assets	(28,531,892)	--	(28,531,892)	(2,122,583)
Payment to refunded debt escrow agent	--	(3,455,145)	(3,455,145)	--
Bonds issued	2,592,139	3,513,832	6,105,971	--
Interest and fiscal charges paid on debt	1,677	(90,985)	(89,308)	--
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(22,356,360)</u>	<u>(32,298)</u>	<u>(22,388,658)</u>	<u>(1,877,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment expenses paid	(10,147)	(11,279)	(21,426)	32,836
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(11,791,094)</u>	<u>2,222,347</u>	<u>(9,568,747)</u>	<u>1,103,379</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>39,004,683</u>	<u>1,089,671</u>	<u>40,094,354</u>	<u>17,607,168</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 27,213,589</u>	<u>\$ 3,312,018</u>	<u>\$ 30,525,607</u>	<u>\$ 18,710,547</u>

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

continued

CITY OF RENO, NEVADA

Statement of Cash Flows (continued) Proprietary Funds June 30, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sanitary Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,964,150	\$ (4,672,842)	\$ (708,692)	\$ (20,151,626)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	4,571,515	379,816	4,951,331	2,664,620
Changes in assets and liabilities:				
(Increases) decrease:				
Accounts receivable	4,799,355	864	4,800,219	(33,978)
Deferred charges	(110,740)	(199,301)	(310,041)	--
Due from other governments	(1,764,719)	(20,314)	(1,785,033)	(70,262)
Inventories	(26,457)	(13,293)	(39,750)	87,157
Prepaid expenses	116,765	(3,952)	112,813	(57,053)
Increase (decrease):				
Accounts payable	(349,848)	(2,678)	(352,526)	119,667
Deposits	3,083	11,778	14,861	--
Accrued salaries and benefits	26,079	63,071	89,150	35,101
Compensated absences payable	56,028	17,061	73,089	263,833
Contracts and retained percentage payable	3,474,033	--	3,474,033	--
Accrued liabilities	--	--	--	14,460,137
Due to other governments	1,362,191	20,584	1,382,775	--
Deferred revenue	(4,486,989)	--	(4,486,989)	--
Total adjustments	<u>7,670,296</u>	<u>253,636</u>	<u>7,923,932</u>	<u>17,469,222</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 11,634,446</u>	<u>\$ (4,419,206)</u>	<u>\$ 7,215,240</u>	<u>\$ (2,682,404)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions:				
Contribution of assets	<u>\$ 7,509,282</u>	<u>\$ --</u>	<u>\$ 7,509,282</u>	<u>\$ 847,465</u>

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

CITY OF RENO, NEVADA

Statement of Fiduciary Net Assets
Agency Funds
June 30, 2004

ASSETS	
Cash and Investments	\$ 5,320,821
Accrued interest receivable	2,049
Accounts receivable	124,325
Special assessments:	
Current	874,676
Delinquent	93
Due from other governments	102,052
TOTAL ASSETS	<u><u>\$ 6,424,016</u></u>
LIABILITIES	
Accounts payable	172,483
Accrued liabilities	32,096
Deposits	684,005
Due to others	5,535,432
TOTAL LIABILITIES	<u><u>\$ 6,424,016</u></u>

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

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BASIC FINANCIAL STATEMENTS
Notes to the Financial Statements

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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 basic financial statements follows.

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 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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Government-Wide and Fund Financial Statements (continued)

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 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.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2004

Note 1: Summary of Significant Accounting Policies (continued)

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

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.

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

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

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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

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 **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 Debt 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 Debt Fund** is used to accumulate monies for payment of special assessments bonds of the City.

The **Municipal Court Capital Projects Fund** is used 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.

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.

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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

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.

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 taxpayer 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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Budgets and Budgetary Accounting (continued)

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.
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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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.”

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:

<u>Assets</u>	<u>Life</u>
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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Compensated Absences

Unused vested vacation leave may be accumulated and is paid at the time of termination from City employment. 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 10% of its liability for compensated absences as current and the remaining portion as non-current.

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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.
- 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 \$(343,008,072) difference are as follows:

Bonds payable, net of bond premium and discount	\$ (324,181,496)
Accrued interest payable	(1,880,543)
Compensated absences	<u>(16,946,033)</u>
Net Difference in Reporting Long-Term Liabilities	<u>\$ (343,008,072)</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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)

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.

Bond costs, deferred charges	\$ 12,818,893
Less: Current year amortization	<u>(381,330)</u>
Net Difference in Reporting Other Assets	<u>\$ 12,437,563</u>

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	\$ 93,889,419
Depreciation expense	<u>(7,518,992)</u>
Net Difference in Reporting Capital Asset Activity	<u>\$ 86,370,427</u>

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	\$ 323,397
Proceeds of sale included in the governmental funds	<u>(353,115)</u>
Net Difference in Reporting Transactions Involving Capital Asset Sales/Disposition	<u>\$ (29,718)</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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	\$ 916,880
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	<u>29,614,594</u>
Net Difference in Reporting Revenues	<u>\$ 30,531,474</u>

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	\$ (3,680,000)
Capital leases issued	(1,748,338)
Notes payable omitted in prior year	(625,000)
Less net bond premiums	(34,422)
Plus bond issuance costs	52,810
Accrued interest	96,126
Principal repayments:	
General obligation debt	8,123,406
State of Nevada note	600,091
Refunded debt	3,595,000
Gain on early retirement	<u>60,582</u>
Net Difference in Reporting Long-Term Debt Transactions	<u>\$ 6,440,255</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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	\$ (200,784)
Compensated absences change	<u>(1,406,544)</u>
Net Difference in Reporting Other Long-Term Transactions	<u>\$ (1,607,328)</u>

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 \$211,155 at June 30, 2004.

Cash Deposits. At year-end, the carrying amount of the City’s bank deposits was \$4,799,530 and the bank balance was \$12,595,157. 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	<u>12,495,157</u>
Total Bank Balances	<u>\$ 12,595,157</u>

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

The City's investments at June 30, 2004 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, 2004 are:

	Category			Fair Value
	1	2	3	
U.S. Treasury notes	\$ 9,993,800	\$ --	\$ --	\$ 9,993,800
U.S. Agency obligations	68,718,988	--	--	68,718,988
Bank repurchase agreement	10,844,451	--	--	10,844,451
State of Nevada Local Government Investment Pool	48,225,201	--	--	48,225,201
Money market mutual funds	72,109,741	--	--	72,109,741
Total Investments	\$ 209,892,181	\$ --	\$ --	\$ 209,892,181

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

Note 5: **Capital Assets**

Capital Asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003 <u>(as restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	Balance June 30, 2004
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 45,722,842	\$ 2,122,500	\$ (926,353)	\$ --	\$ 46,918,989
Construction in progress	<u>75,896,129</u>	<u>86,623,013</u>	<u>--</u>	<u>(8,492,630)</u>	<u>154,026,512</u>
Total capital assets, not being depreciated	<u>121,618,971</u>	<u>88,745,513</u>	<u>(926,353)</u>	<u>(8,492,630)</u>	<u>200,945,501</u>
Capital assets, being depreciated:					
Infrastructure	47,943,041	37,250,343	--	--	85,193,384
Improvements other than buildings	40,266,424	3,527,751	--	--	43,794,175
Buildings	97,975,911	787,304	--	--	98,763,215
Arts and historical treasures	422,197	251,000	--	--	673,197
Equipment	<u>29,491,676</u>	<u>4,932,074</u>	<u>(2,877,349)</u>	<u>--</u>	<u>31,546,401</u>
Total capital assets, being depreciated	<u>216,099,249</u>	<u>46,748,472</u>	<u>(2,877,349)</u>	<u>--</u>	<u>259,970,372</u>
Less accumulated depreciation for:					
Infrastructure	(1,861,206)	(3,070,206)	--	--	(4,931,412)
Improvements other than buildings	(18,436,087)	(1,705,659)	--	--	(20,141,746)
Buildings	(18,562,785)	(1,932,119)	--	--	(20,494,904)
Arts and historical treasures	(146,450)	(18,113)	--	--	(164,563)
Equipment	<u>(17,977,094)</u>	<u>(3,457,515)</u>	<u>2,621,690</u>	<u>--</u>	<u>(18,812,919)</u>
Total accumulated depreciation	<u>(56,983,622)</u>	<u>(10,183,612)</u>	<u>2,621,690</u>	<u>--</u>	<u>(64,545,544)</u>
Total capital assets, being depreciated, net	<u>159,115,627</u>	<u>36,564,860</u>	<u>(255,659)</u>	<u>--</u>	<u>195,424,828</u>
Governmental activities capital assets, net	<u>\$ 280,734,598</u>	<u>\$ 125,310,373</u>	<u>\$ (1,182,012)</u>	<u>\$ (8,492,630)</u>	<u>\$ 396,370,329</u>
	Balance July 1, 2003 <u>(as restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	Balance June 30, 2004
Business-Type Activities:					
Capital assets, not being depreciated:					
Land and water rights	\$ 6,028,073	\$ 4,047	\$ --	\$ --	\$ 6,032,120
Construction in progress	<u>12,339,243</u>	<u>28,763,915</u>	<u>(62,768)</u>	<u>(13,553,293)</u>	<u>27,487,097</u>
Total capital assets, not being depreciated	<u>18,367,316</u>	<u>28,767,962</u>	<u>(62,768)</u>	<u>(13,553,293)</u>	<u>33,519,217</u>
Capital assets, being depreciated:					
Improvements other than buildings	147,535,172	21,058,529	--	--	168,593,701
Buildings	14,102,354	--	--	--	14,102,354
Equipment	<u>1,336,414</u>	<u>79,167</u>	<u>--</u>	<u>--</u>	<u>1,415,581</u>
Total capital assets, being depreciated	<u>162,973,940</u>	<u>21,137,696</u>	<u>--</u>	<u>--</u>	<u>184,111,636</u>
Less accumulated depreciation for:					
Improvements other than buildings	(46,720,978)	(4,460,098)	--	--	(51,181,076)
Buildings	(3,183,278)	(377,517)	--	--	(3,560,795)
Equipment	<u>(956,574)</u>	<u>(113,716)</u>	<u>--</u>	<u>--</u>	<u>(1,070,290)</u>
Total accumulated depreciation	<u>(50,860,830)</u>	<u>(4,951,331)</u>	<u>--</u>	<u>--</u>	<u>(55,812,161)</u>
Total capital assets, being depreciation, net	<u>112,113,110</u>	<u>16,186,365</u>	<u>--</u>	<u>--</u>	<u>128,299,475</u>
Business-type activities capital assets, net	<u>\$ 130,480,426</u>	<u>\$ 44,954,327</u>	<u>\$ (62,768)</u>	<u>\$ (13,553,293)</u>	<u>\$ 161,818,692</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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

Government Activities:

General government	\$ 1,029,228
Judicial	9,457
Police	324,468
Fire	575,164
Public works	3,324,821
Planning and community development	192,250
Culture and recreation	1,811,294
Urban redevelopment	252,310
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,664,620</u>
Total depreciation expense – governmental activities	<u>\$ 10,183,612</u>

Business-Type Activities:

Sanitary Sewer Fund	\$ 4,571,515
Golf Course Fund	330,104
Building Permit Fund	19,718
Animal Services Shelter Fund	<u>29,994</u>
Total depreciation expense – business-type activities	<u>\$ 4,951,331</u>

Commitments outstanding for construction at June 30, 2004 totaled approximately \$201 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 \$37.8 million. At June 30, 2004, the City's share of the project costs is estimated at \$15.1 million, which includes the \$2.3 million of demolition and relocation costs. The total amount expended by the City, to date, on this project is \$3,190,920 (net of Washoe County reimbursements).

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Enterprise fund construction in progress at June 30, 2004 primarily represents progress on sewer projects, including construction of interceptors and treatment plant improvements. Outstanding construction commitments total \$8,087,881 for City of Reno enterprise fund projects and \$41,210,000 for the Truckee Meadows Water Reclamation Facility expansion.

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, 2004, approximately 70% of the Facility was owned by Reno and 40% 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, 2004, the City of Reno's share of the Facility's loss before contributions, recorded in the Sanitary Sewer Enterprise Fund, was \$2,362,660. 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, 2004 financial information for the Facility is as follows:

ASSETS	
Current assets	\$ 3,885,163
Utility plant	<u>82,180,375</u>
Total	<u>86,065,538</u>
LIABILITIES AND EQUITY	
Current liabilities	\$ 1,254,265
Noncurrent liabilities	<u>729,489</u>
Total Liabilities	<u>1,983,754</u>
Net Assets:	
Invested in capital assets, net of related debt	82,106,679
Unrestricted	<u>1,975,105</u>
Total Net Assets	<u>\$ 84,081,784</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

OPERATING INFORMATION

Operating revenue	\$ 13,160,296
Operating expenses before depreciation	(13,160,296)
Depreciation	(3,151,894)
Nonoperating income (expense)	<u>28,790</u>
Loss before contributions	(3,123,104)
Capital contributions	<u>6,473,346</u>
Change in Net Assets	<u>\$ 3,350,242</u>

The Truckee Meadows Water Reclamation Facility is in the process of expansion. Commitments outstanding for construction at June 30, 2004 totaled approximately \$41,210,000 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, 2004 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Downtown Events Center Capital Projects Fund	Municipal Court Capital Projects Fund Railroad Capital Projects Fund Nonmajor Governmental Funds	\$ 3,719,521 2,130,679 <u>68,792</u> 5,918,992
Nonmajor Governmental Funds	Railroad Debt Fund Nonmajor Governmental Funds Nonmajor Governmental Funds Nonmajor Governmental Funds Nonmajor Governmental Funds Nonmajor Governmental Funds	3,931,707 21,513 58,548 106,275 1,654,682 <u>699,143</u> 6,471,868
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	<u>111,861</u>
	Total	<u>\$ 12,502,721</u>

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Enterprise Funds	\$ 4,940,441	Per Dispatch Fund policy General Fund subsidy
	Nonmajor Enterprise Funds	125,489	To transfer funds to pay for Lieutenant assigned to animal control
	Internal Service Fund	5,288,453	Per Technology Fund policy General Fund subsidy
Sanitary Sewer Fund	General Fund	128,789	Reimburse General Fund for 1/2 of GIS Administrator and 1/3 of water attorney
	Railroad Capital Projects Fund	19,101	Transfer to Retrac for sewer expenditures paid for by Retrac
	Nonmajor Governmental Funds	24,337	To reimburse street fund for sewer work included in street contract
	Internal Service Fund	288,577	Transfer from Sewer for IT expenditures paid for by IT
	Internal Service Fund	<u>77,485</u>	Reimburse MV for sewer mechanic
	Total	<u>\$ 10,892,672</u>	

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Municipal Courts Capital Project	4,400,000	General Fund contribution for new Municipal Court Building
	Nonmajor Governmental Funds	\$ 1,700,735	Per Council direction transfer 2 cents property tax and water toll fees to help support Street program.
	Nonmajor Governmental Funds	9,714,976	Per PRCS Fund policy General Fund subsidy of Various programs

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Transfers (continued)

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 183,469	General Fund portion of 96 bonds issued for McQueen Fire Station
	Nonmajor Governmental Funds	230,000	To transfer General Fund subsidy for new City Hall
	Nonmajor Governmental Funds	1,907,455	Per Council policy 1% of General Fund expenditures transferred to City Capital Projects Fund for CIP projects
	Nonmajor Governmental Funds	50,000	General Fund contribution for new Municipal Court Building
		<u>18,186,635</u>	
Downtown Events Center Debt Service Fund	Downtown Events Center Capital Projects	11,980,000	Transferred to meet agreements
	Nonmajor Governmental Funds	250,000	Transfers funds to cover cost of RSCVA managing event center
		<u>12,230,000</u>	
Nonmajor Governmental Fund	General Fund	11,580	Transfer to cover partial costs of Economic Development Manager
	General Fund	201,149	Transfer from Street Program to General Fund to cover cost of additional engineering positions hired in place of outside consultants
	General Fund	167,465	Transfer to General Fund \$100,000 for special events and \$67,465 for partial reimbursement of web master position per Council direction
	General Fund	115,000	Transfer from City Attorney forfeitures to pay for furniture
	General Fund	103,298	Transfer from CMP allocation for position assigned to building inventory and to reimburse General Fund for CMP items paid for

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Transfers (continued)

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Governmental Fund	General Fund	\$ 785,000	To reimburse General Fund for utilities and maintenance at 1 East 1
	General Fund	783,185	Reimburse General Fund for ½ of GLS Administrator and 1/3 of water attorney
	Municipal Courts Capital Projects Fund	1,000,000	Court construction funds transferred for new Municipal Court Building
	Municipal Courts Capital Projects Fund	200,000	Transfer to Capital Projects for new Municipal Court Building
	Nonmajor Governmental Funds	14,000	Transfer special ad-valorem capital tax to Street Fund to fund portion of traffic calming program
	Nonmajor Governmental Funds	2,050,000	Transfer interest income to Street Fund to help pay for Street Program per Council approval
	Nonmajor Governmental Funds	648,068	NECC, Paradise Park, and Neil Road Community Center
	Nonmajor Governmental Funds	33,938	Transfer to cover cost of downtown ambassador position
	Nonmajor Governmental Funds	240,000	Room Tax Fund contribution for new City Hall as approved by Council
	Nonmajor Governmental Funds	200,000	Transfer to Capital Projects for new Municipal Court Building
	Nonmajor Governmental Funds	964,405	Transfer of PRCS allocation of Room Tax per Council Direction
	Nonmajor Governmental Funds	300,000	Transfer of CMP funds to PRCS for their small projects
	Nonmajor Governmental Funds	251,291	Capital Tax fund portion of 96 bond issue for UST & McKinley

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Transfers (continued)

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Governmental Fund	Nonmajor Governmental Funds	\$ 639,214	Transfer to cover Debt Service reserves
	Nonmajor Governmental Funds	1,124,931	To transfer lease payment to Debt Service Fund
	Nonmajor Governmental Funds	322,797	Transfer future signal monies to Fund where funds were spent
	Nonmajor Governmental Funds	77,500	Capital Projects contribution for new City Hall
	Nonmajor Governmental Funds	540,000	Transfer excess funds to new City Hall
	Nonmajor Governmental Funds	247,968	Transfer to CDBG Administration to reimburse all costs
	Nonmajor Governmental Funds	35,276	Transfer to CDBG Rehab Administration to reimburse all costs
	Nonmajor Governmental Funds	95,023	Transfer to PRCS for grants awarded by CDBG for seniors and youth
	Nonmajor Governmental Funds	114,825	Transfer to PRCS for special event covered by public works staff
	Nonmajor Governmental Funds	20,000	Transfer to cover deficit cash in City Bonds Capital Projects Fund
		<u>11,285,913</u>	
	Total	<u>\$ 41,702,548</u>	
Internal Service Funds	General Fund	\$ 14,127	Reimburse General Fund for technology Improvements paid by IT
	Internal Service Funds	10,000	Transfer to dispatch to help pay for training
	Internal Service Funds	10,000	Transfer from Risk for IT expenditures paid for by IT
		<u>34,127</u>	

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

Note 8: **Long-Term Debt**

Long-term liabilities at June 30, 2004 consisted of the following:

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2004
<u>Governmental Activities</u>					
<i>Tax Allocation Bonds:</i>					
1995A Downtown Redevelopment Project <i>(to finance portion of Agency's downtown redevelopment projects)</i>	7/1/03 – 6/1/18	5.6% - 6.20%	\$1,800,000-\$1,315,000	\$ 23,995,000	\$ 20,255,000
1998A Downtown Redevelopment Project <i>(to finance portion of Agency's downtown redevelopment projects)</i>	7/1/03 – 6/1/18	6.40% - 6.75%	\$60,000-\$450,000	4,000,000	3,870,000
1998F Downtown Redevelopment Project <i>(to partially refund 1990 and 1991 downtown redevelopment project bonds)</i>	7/1/03 – 9/1/17	4.45% - 5.25%	\$855,000-\$1,105,000	<u>22,685,000</u>	<u>17,495,000</u>
Total Tax Allocation Bonds				<u>50,680,000</u>	<u>41,620,000</u>
<i>General Obligation Bonds:</i>					
1997B Street Refunding Bonds <i>(to partially refund 1992 Street Bond)</i>	7/1/03 – 5/1/12	4.40% - 5.125%	\$65,000-\$1,285,000	9,025,000	8,495,000
2003 Capital Improvement Refunding Bonds <i>(to refund 1993A Capital Improvement Bonds)</i>	4/1/04 – 6/1/10	4.00% - 5.00%	\$2,465,000-\$3,615,000	21,705,000	19,240,000
2003A Building Bonds (Tax Exempt) <i>(to finance renovations for the new City Hall and Police Department buildings)</i>	6/1/12 – 6/1/18	3.75%	\$780,000-\$970,000	6,100,000	6,100,000
2003B Building Bonds (Taxable) <i>(to finance renovations for the new City Hall and Police Department buildings)</i>	6/1/04 – 6/1/11	6.17%	\$480,000-\$735,000	4,800,000	4,320,000
2004B Medium-Term (limited tax) Bonds <i>(to partially refund 1996 Medium Term Bonds and 1997A Recreational Facilities Bonds)</i>	8/1/04 – 8/1/07	1.50% - 2.0%	\$620,000-\$1,040,000	<u>3,680,000</u>	<u>3,680,000</u>
Total General Obligation Bonds				<u>45,310,000</u>	<u>41,835,000</u>
<i>Revenue Bonds:</i>					
2002 Capital Improvement Revenue <i>(to finance the acquisition, renovation, construction and improvements of the new Downtown Events Center)</i>	6/30/06 – 6/1/32	5.125% - 5.375%	\$130,000-\$10,655,000	108,625,000	108,625,000
2002 ReTRAC Transportation Rail Access Corridor Project <i>(to refund all 1998 Series Sales and Room Tax Revenue bonds and provide additional funding)</i>	6/30/14 – 6/1/41	5.00% - 5.50%	\$265,000-\$9,405,000	<u>114,245,000</u>	<u>114,245,000</u>
Total Revenue Bonds				<u>222,870,000</u>	<u>222,870,000</u>
<i>Special Assessment Bonds:</i>					
1995 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 6/1/09	5.40%	\$21,000	\$ 206,000	\$ 105,000
1996 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 6/1/09	5.40%	\$25,000	251,000	125,000
1997 Special Assessment District No. 2 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 4/1/10	6.09%	\$5,164	48,280	30,986
1997 Special Assessment District No. 3 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 4/1/10	6.09%	\$7,061	66,009	42,363
1998 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 4/1/10	6.09%	\$22,665	211,894	135,992
1998 Special Assessment District No. 2 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 4/1/10	6.09%	\$8,110	75,817	48,659
1999 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 1/1/11	5.90%	\$4,600	44,700	32,200
1999 Special Assessment District No. 3 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 2/1/22	4.50% - 5.60%	\$85,000-\$90,000	1,763,728	1,585,000
2000 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 – 1/15/12	4.39%	\$14,744	147,438	117,952
2001 Stead Special Improvement District No. 2 <i>(to acquire and improve streets in Northwest Reno)</i>	6/1/04 – 6/1/23	2.75% - 5.00%	\$100,000-\$170,000	2,470,000	2,370,000
2002 Special Improvement District No. 5 <i>(to partially finance the construction of the Downtown Events Center)</i>	6/1/04 – 6/1/23	3.00% - 5.00%	\$425,000-\$855,000	<u>12,175,000</u>	<u>11,750,000</u>
Total Special Assessment Bonds				<u>17,459,866</u>	<u>16,343,152</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Long-term liabilities at June 30, 2004 consisted of the following:

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2004</u>
Notes Payable					
HUD Section 108 Loan	8/1/03 – 8/1/20	5.00% - 6.62%	\$33,000-\$48,000	\$ 665,000	\$ 627,000
Capital Leases:					
Oshkosh Capital <i>(to finance fire department equipment)</i>	11/6/03 – 11/6/11	5.35%	\$45,016-\$204,743	708,338	663,321
Koch Financial Corporation <i>(to finance new computer hardware and software for financial system)</i>	7/30/04 – 1/30/06	2.80%	\$246,525-\$253,476	<u>1,000,000</u>	<u>1,000,000</u>
Total Capital Leases				<u>1,708,338</u>	<u>1,663,321</u>
Total Governmental Activities				<u>\$ 338,693,204</u>	<u>\$ 324,958,473</u>
<u>Business-Type Activities</u>					
General Obligation Bonds:					
2004A Golf Course Refunding <i>(to refund 1993 Golf Course Bond)</i>	7/1/04 – 7/1/19	2.25% - 4.0%	\$180,000-\$270,000	\$ 3,505,000	\$ 3,505,000
Notes Payable:					
State Clean Water Revolving Loan Fund		2.85% - 2.87%	\$1,194,308-\$4,939,160	<u>2,592,139</u>	<u>2,592,139</u>
Total Business-Type Activities				<u>\$ 6,097,139</u>	<u>\$ 6,097,139</u>

The following is a summary of long-term liabilities transactions for the year ended June 30, 2004:

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2004</u>	<u>Amounts Due within One Year</u>
<u>Governmental Activities</u>					
Tax Allocation Bonds:					
1995A Downtown Redevelopment Project	\$ 22,055,000	\$ --	\$ 1,800,000	\$ 20,255,000	\$ 1,890,000
1998A Downtown Redevelopment Project	3,930,000	--	60,000	3,870,000	70,000
1998F Downtown Redevelopment Project	<u>18,350,000</u>	<u>--</u>	<u>855,000</u>	<u>17,495,000</u>	<u>895,000</u>
Total Tax Allocation Bonds	<u>44,335,000</u>	<u>--</u>	<u>2,715,000</u>	<u>41,620,000</u>	<u>2,855,000</u>
General Obligation Bonds:					
1992 Street Bond	750,000	--	750,000	--	--
1996 Medium-Term (limited tax) Bonds	1,600,000	--	1,600,000	--	--
1997B Street Refunding Bonds	8,560,000	--	65,000	8,495,000	865,000
1997A Recreational Facilities Bonds	2,890,000	--	2,890,000	--	--
2003 Capital Improvement Refunding Bonds	21,705,000	--	2,465,000	19,240,000	2,825,000
Less: Unamortized Premium	1,683,525	--	240,504	1,443,021	--
2003A Building Bonds (Tax Exempt)	6,100,000	--	--	6,100,000	--
Less: Unamortized Discount	(14,758)	--	(984)	(13,774)	--
2003B Building Bonds (Taxable)	4,800,000	--	480,000	4,320,000	510,000
Less: Unamortized Discount	(11,294)	--	(1,412)	(9,882)	--
2004B Medium-Term (limited tax) Refunding Bonds	--	3,680,000	--	3,680,000	1,005,000
Less: Unamortized Premium	--	<u>34,422</u>	<u>3,442</u>	<u>30,980</u>	--
Total General Obligation Bonds	<u>48,062,473</u>	<u>3,714,422</u>	<u>8,491,550</u>	<u>43,285,345</u>	<u>5,205,000</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Revenue Bonds:					
2002 Capital Improvement Revenue (Special Event Center)	\$ 108,625,000	\$ --	\$ --	\$ 108,625,000	\$ --
Less: Unamortized Discount	(90,261)	--	(3,121)	(87,140)	--
2002 ReTRAC Transp. Rail Access Cor. Project	114,245,000	--	--	114,245,000	--
Less: Unamortized Discount	<u>(2,297,198)</u>	<u>--</u>	<u>(60,585)</u>	<u>(2,236,612)</u>	<u>--</u>
Total Revenue Bonds	<u>220,482,541</u>	<u>--</u>	<u>(63,707)</u>	<u>220,546,248</u>	<u>--</u>
Special Assessment Bonds:					
1993 Special Assessment District No. 1	30,063	--	30,063	--	--
1995 Special Assessment District No. 1	126,000	--	21,000	105,000	21,000
1996 Special Assessment District No. 1	150,000	--	25,000	125,000	25,000
1997 Special Assessment District No. 2	36,151	--	5,164	30,986	5,164
1997 Special Assessment District No. 3	49,424	--	7,061	42,363	7,061
1998 Special Assessment District No. 1	158,657	--	22,665	135,992	22,665
1998 Special Assessment District No. 2	56,769	--	8,110	48,659	8,110
1999 Special Assessment District No. 1	36,800	--	4,600	32,200	4,600
1999 Special Assessment District No. 3	1,675,000	--	90,000	1,585,000	90,000
Add: Unamortized Premium	3,712	--	197	3,515	--
2000 Special Assessment District No. 1	132,696	--	14,744	117,952	14,744
2001 Stead Special Improvement District No. 2	2,470,000	--	100,000	2,370,000	100,000
Add: Unamortized Premium	26,173	--	1,314	24,859	--
2002 Special Improvement District No. 5	12,175,000	--	425,000	11,750,000	445,000
Add: Unamortized Premium	71,655	--	3,598	68,058	--
Total Special Assessment Bonds	<u>17,198,100</u>	<u>--</u>	<u>758,516</u>	<u>16,439,584</u>	<u>743,344</u>
Notes Payable:					
State of Nevada Home	517,073	--	517,073	--	--
HUD Section 108 Loan	625,000	40,000	38,000	627,000	38,000
Total Notes Payable	<u>1,142,073</u>	<u>40,000</u>	<u>555,073</u>	<u>627,000</u>	<u>38,000</u>
Capital Leases:					
Oshkosh Capital – Pierce Fire Pumpers	--	708,338	45,017	663,321	47,425
Koch Financial Corporation – New Financial System	--	1,000,000	--	1,000,000	496,549
Total Capital Leases	<u>--</u>	<u>1,708,338</u>	<u>45,017</u>	<u>1,663,321</u>	<u>543,974</u>
Compensated absences – Governmental	15,634,772	13,136,240	11,465,862	17,305,150	1,730,515
Total Governmental Activities	<u>\$ 346,854,959</u>	<u>\$ 18,599,000</u>	<u>\$ 23,967,311</u>	<u>\$ 341,486,648</u>	<u>\$ 11,115,833</u>
Business-Type Activities					
General Obligation Bonds:					
1993 Golf Course Refunding	\$ 3,455,000	\$ --	\$ 3,455,000	\$ --	\$ --
2004A Golf Course Refunding	--	3,505,000	--	3,505,000	210,000
Less: Unamortized premium	--	8,831	145	8,687	--
Total General Obligation Bonds	<u>3,455,000</u>	<u>3,513,831</u>	<u>3,455,145</u>	<u>3,513,687</u>	<u>210,000</u>
Notes Payable:					
State Clean Water Revolving Loan Fund	--	2,592,139	--	2,592,139	--
Total Notes Payable	<u>--</u>	<u>2,592,139</u>	<u>--</u>	<u>2,592,139</u>	<u>--</u>
Compensated absences – Business-type activities	1,494,401	1,308,779	1,235,690	1,567,490	156,479
Total Business-Type Activities	<u>\$ 4,949,401</u>	<u>\$ 7,414,749</u>	<u>\$ 4,690,835</u>	<u>\$ 7,673,316</u>	<u>\$ 366,749</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

New Debt:

On April 1, 2004, the City issued \$3,505,000 of Golf Course Refunding Bonds, Series 2004A. The proceeds from the Bonds are to be used to defray the cost of refunding the City's outstanding Golf Course Refunding Bonds, Series November 1, 1993. The Bonds constitutes direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest due thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. The Series 2004A Bonds are additionally secured by a pledge of the gross revenues derived from the City's golf course facilities prior to the payment of the operation and maintenance expenses of the facilities. The Bonds will mature annually on July 1 of each year starting in 2004 and ending in 2019. Interest on these bonds is payable on January 1 and July 1, commencing July 1, 2004. Interest rates range between 2.25% and 4 .00%. As a result of the 2004A refunding, the City's debt service payments through 2020 will be reduced by \$604,574.

On April 1, 2004, the City issued \$3,680,000 of Medium-Term Refunding Bonds, Series 2004B. The proceeds of the Bonds are to be used to defray the cost of refunding the City's outstanding Medium-Term Bonds, Series December 1996 and its outstanding Recreational Facilities Bonds, Series 1997A. The Bonds constitute direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest due thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. The Series 2004B Bonds are payable by the City from any source legally available at the time payments are due. The Bonds will mature annually on August 1 of each year starting in 2004 and ending in 2007. Interest on these bonds is payable on February 1 and August 1, commencing August 1, 2004. Interest rates range between 1.50% and 2.00%. As a result of the 2004B refunding, the City's debt service payments through 2008 will be reduced by \$140,222.

On April 9, 2004, the City entered into a loan agreement with the Nevada Department of Conservation and Natural Resources to borrow up to \$46,523,205 to be used for the expansion of the Truckee Meadows Water Reclamation Facility. In connection with this project and two additional proposed projects, the City has been authorized to issue general obligation (limited tax) sewer bonds up to \$74,824,000. It is anticipated that the Department of Conservation and Natural Resources will purchase the bonds issued by the City upon completion of the project. Interest on the loan is payable on July 1 and January 1, commencing on July 1, 2004. Interest rates range between 2.756% and 3.113%. Upon completion of the project, the bonds are expected to be repaid over a 13 years with interest payable on January 1 and July 1 of each year. Interest rates range will be between 2.847% and 2.872%. As of June 30, 2004, the City had an outstanding loan balance of \$2,592,139.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

New Debt (continued):

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

Fiscal Year <u>June 30,</u>	Debt Supported by Ad Valorem Tax		Debt Supported by Special Assessment Installments	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 7,055,000	\$ 4,217,038	\$ 743,344	\$ 647,885
2006	7,440,000	3,846,848	763,344	621,464
2007	6,815,000	3,454,309	773,344	594,692
2008	7,175,000	3,096,689	788,344	567,371
2009	7,670,000	2,718,904	803,344	539,600
2010-2014	25,970,000	8,257,055	3,901,432	2,259,788
2015-2019	17,650,000	2,171,233	4,460,000	1,466,653
2020-2024	<u>--</u>	<u>--</u>	<u>4,110,000</u>	<u>456,459</u>
Subtotal	79,775,000	27,762,075	16,343,152	7,153,911
Unamortized premium (discount)	<u>1,419,365</u>	<u>--</u>	<u>96,432</u>	<u>--</u>
Total	<u>\$ 81,194,365</u>	<u>\$ 27,762,075</u>	<u>\$ 16,439,584</u>	<u>\$ 7,153,911</u>
	<u>Notes Payable</u>			
	<u>Principal</u>	<u>Interest</u>		
2005	\$ 38,000	\$ 32,594		
2006	48,000	31,010		
2007	44,000	29,332		
2008	44,000	27,594		
2009	39,000	25,802		
2010-2014	177,000	100,630		
2015-2019	165,000	50,209		
2020-2021	<u>72,000</u>	<u>4,955</u>		
	<u>\$ 627,000</u>	<u>\$ 302,125</u>		

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Fiscal Year June 30,	Debt Support By Sales Tax/Room Tax Revenues		Debt Supported by Specific or General Revenues Installments	
	Principal	Interest	Principal	Interest
2005	\$ --	\$ 11,704,844	\$ 1,005,000	\$ 49,608
2006	130,000	11,704,844	1,015,000	43,350
2007	285,000	11,699,644	1,040,000	22,800
2008	445,000	11,688,244	620,000	6,200
2009	620,000	11,670,444	--	--
2010-2014	6,445,000	57,737,644	--	--
2015-2019	18,025,000	54,956,469	--	--
2020-2024	34,030,000	48,329,125	--	--
2025-2029	53,190,000	37,561,450	--	--
2030-2034	55,225,000	21,568,225	--	--
2035-2039	36,255,000	10,695,938	--	--
2040-2041	<u>18,220,000</u>	<u>1,450,313</u>	--	--
Subtotal	222,870,000	290,767,182	3,680,000	121,958
Unamortized premium (discount)	<u>(2,323,752)</u>	--	<u>30,980</u>	--
Total	<u>\$ 220,546,248</u>	<u>\$ 290,767,182</u>	<u>\$ 3,710,980</u>	<u>\$ 121,958</u>

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

Fiscal Year June 30,	Principal	Interest
2005	\$ 210,000	\$ 76,539
2006	180,000	98,453
2007	185,000	94,346
2008	195,000	90,071
2009	200,000	85,878
2010-2014	1,055,000	353,674
2015-2019	1,210,000	170,534
2020	<u>270,000</u>	<u>5,400</u>
	3,505,000	974,895
Unamortized Premium	<u>8,687</u>	
Total	<u>\$ 3,513,687</u>	

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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 connection with the issuance of the Golf Course Refunding Bonds Series 2000A, the City has \$3,455,000 in defeased debt outstanding as of June 30, 2004.

Note 9: **Leases**

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 <u>June 30,</u>	
2005	\$ 582,865
2006	314,881
2007	186,648
2008	<u>79,908</u>
Total	<u>\$ 1,164,302</u>

Rent expenditures were \$515,969 for the year ended June 30, 2004.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

Note 9: **Leases** (continued)

Capital Leases

The City has entered into long-term capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreement are met.

The related amortization on the capital leases is as follows:

Year Ending <u>June 30,</u>	
2005	\$ 596,961
2006	596,961
2007	82,913
2008	82,913
2009	82,913
2010-2012	<u>453,483</u>
Total requirements	1,896,144
Less interest	<u>(232,823)</u>
Present value of remaining payments	<u>\$ 1,663,321</u>

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 \$(785,906) was made to reduce prior year construction in progress.
- Governmental activities long-term debt – an adjustment of \$(625,000) was made to record notes payable omitted in the prior year.
- Special Assessment District Debt Fund – an adjustment of \$16,688 was made to correct the current special assessment receivables balance.
- Sanitary Sewer Fund – an adjustment of \$(21,337) was made to reduce construction in progress for capital outlay that was for repairs/maintenance.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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.

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. Most cases are expected to go to trial in 2005.

Water Quality Settlement – 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, 2004, 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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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, 2004 is \$1,770,037 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.

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, 2004, 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 \$219,058 during the year ended June 30, 2004 for vehicle maintenance.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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 finance these risks of loss. Under these programs, the Funds provide coverage for up to a maximum of \$2,500,000 for each worker's compensation claim, \$1,000,000 for each general liability claim, and \$10,000 for each property damage claim, with the exception of flood and earthquake occurrences. In fiscal year 2004, 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 \$3,566,210 and \$0, respectively, at June 30, 2004. Claims liabilities of \$2,600,052 and \$25,413,920 are reported in the funds at June 30, 2004, respectively.

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

	<u>Risk Retention Fund</u>	<u>Self-Funded Workers Compensation Fund</u>
Claims liability, July 1, 2002	\$ 3,277,322	\$ 7,074,889
Claims and changes in estimates	(89,265)	5,933,521
Claim payments	<u>(720,169)</u>	<u>(1,732,571)</u>
Claims liability, June 30, 2003	2,467,888	11,275,839
Claims and changes in estimates	602,615	28,277,389
Claim payments	<u>(470,451)</u>	<u>(14,139,308)</u>
Claims liability, June 30, 2004	<u>\$ 2,600,052</u>	<u>\$ 25,413,920</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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, 2002	\$ 1,252,065
Claims and changes in estimates	9,852,310
Claim payments	<u>(9,726,121)</u>
Claims liability, June 30, 2003	1,378,254
Claims and changes in estimates	3,400,247
Claims payments	<u>(3,208,412)</u>
Claims liability, June 30, 2004	<u>\$ 1,570,089</u>

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, 2004 was \$1,824,184. There were 353 participants eligible to receive benefits at June 30, 2004.

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 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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

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:

<u>Fiscal Year</u>	<u>Contribution Rate</u>		<u>Total Contribution</u>	<u>Percentage of APC Contributed</u>
	<u>Regular Members</u>	<u>Police/Fire</u>		
2003-2004	20.25%	28.50%	\$ 20,445,906	100%
2002-2003	18.75%	28.50%	19,497,401	100%
2001-2002	18.75%	28.50%	18,327,929	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:

	<u>Final Budget</u>	<u>Expenditures/ Expenses</u>	<u>Variance to Final Budget</u>
<u>Major Governmental Funds:</u>			
Railroad Capital Projects Fund	\$ 40,641,787	\$ 57,738,869	\$(17,097,082)
Downtown Events Center Fund	5,786,525	6,689,371	(902,846)
<u>Nonmajor Governmental Funds:</u>			
<u>Debt Service Funds:</u>			
Downtown City of Reno	7,177,596	7,203,858	(26,262)
<u>Capital Projects Funds:</u>			
Special Assessment Districts Fund	473,629	585,763	(112,137)

Deficit Fund Balances/Net Assets

The City Bonds Capital Projects Fund had a fund balance deficit of \$(86,091) which will be eliminated in FY 2005 by a transfer from the Parks Capital Project Fund.

The Special Assessment Districts Capital Projects Fund had a fund balance deficit of \$(88,286) which will be eliminated in FY 2005 by a transfer from the Special Assessment Districts Debt Service Fund.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

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

Deficit Fund Equity (continued)

The Community Development Block Grant Fund had a fund balance deficit of \$(197,313) 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 \$(864,418) and \$(19,777,152), respectively. The \$14 million increase in the IBNR claims liability for the Worker's Compensation Internal Service Fund in fiscal year 2004 was driven by claims filed by police and fire employees, including heart and lung claims filed pursuant to Nevada Revised Statutes 617.455 and 617.457, as well as by the City's current retention of \$2.5 million per claim. 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 \$455,334 on the following projects:

Administration – indirect cost allocation	\$ 10,030
Sidewalk, curb and gutter repair	35,507
Park capital projects	26,500
Park maintenance projects	15,645
Underground storage tanks monitoring	55,973
Signage	46,351
Public art	50,000
Wells Avenue project	37,328
New City Hall	178,000
Total	<u>\$ 455,334</u>

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.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2004

Note 18: **Conduit Debt Obligations** (continued)

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, 2004, is \$25,361,000 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, 2004, is \$470,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On September 15, 2003, the City of Reno issued \$46,850,000 of insured revenue bonds (Series 2003A for \$23,425,000 and Series B for \$23,425,000) for the Saint Mary's Regional Medical Center project. The amount of bonds outstanding as of June 30, 2004 is \$46,552,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On June 29, 2004, the City of Reno issued \$200,000,000 of insured hospital revenue bonds (Series 2004A for \$34,350,000, Series 2004B for \$65,650,000, and Series 2004C for \$100,000,000) for the Washoe Medical Center project. The amount of bonds outstanding as of June 30, 2004 is \$200,000,000. 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, 2004 is \$3,640,000.

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, 2004 is \$17,995,000.

On April 28, 2004, the City of Reno issued \$7,100,000 of 2002 Special Assessment District No. 3 bonds for the Double R Boulevard Project. These 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. 3 and the amount deposited in the bond reserve fund on behalf of the district. The amount of bonds outstanding at June 30, 2004 is \$7,100,000.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2004

Note 20: **Subsequent Events**

On November 16, 2004, a preliminary official statements was released regarding the issuance of General Obligation Building Bonds by the City in the amount of \$3,500,000. It is expected that the bonds will be dated December 1, 2004 and available for delivery on or about December 7, 2004. The bonds constitute direct and general obligations of the City and the full faith and credit of the City is pledged for the payment of principal, interest, and any premium due thereon, subject to Nevada constitutional and statutory limitations as the aggregate amount of ad valorem taxes. The bonds will mature annually on June 1 of each year starting in 2006 and ending in 2024. Interest will be payable semi-annually beginning June 1, 2005 and on each June 1 and December 1 thereafter.

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 14,660,838	\$ 6,223,423	\$ 15,734,292	\$ 36,618,553
Receivables:				
Accounts	73,461	--	4,191	77,652
Accrued interest	43,615	15,927	48,138	107,680
Delinquent taxes	213,756	518,172	--	731,928
Special Assessments:				
Deferred	637	--	--	637
Due from other funds	1,841,018	3,931,707	699,143	6,471,868
Due from other governments	3,189,772	--	--	3,189,772
Inventories	8,203	--	--	8,203
Prepaid items	18,150	--	108,046	126,196
TOTAL ASSETS	<u><u>\$ 20,049,450</u></u>	<u><u>\$ 10,689,229</u></u>	<u><u>\$ 16,593,810</u></u>	<u><u>\$ 47,332,489</u></u>
LIABILITIES				
Accounts payable	\$ 860,085	\$ --	\$ 209,964	\$ 1,070,049
Accrued salaries and benefits	211,322	--	--	211,322
Contracts and retained percentage payable	1,610,930	--	1,908,299	3,519,229
Accrued interest payable	360	--	1,812	2,172
Due to other funds	1,841,018	699,143	68,792	2,608,953
Due to other governments	2,920	--	3,050,959	3,053,879
Other liabilities, including deposits	581,874	952	10,167	592,993
Deferred taxes	125,574	374,942	--	500,516
Deferred revenue	82,337	--	--	82,337
TOTAL LIABILITIES	<u><u>5,316,420</u></u>	<u><u>1,075,037</u></u>	<u><u>5,249,993</u></u>	<u><u>11,641,450</u></u>
FUND BALANCES				
Reserved for:				
Encumbrances	3,542,980	--	1,873,152	5,416,132
Prepaid items	18,150	--	108,046	126,196
Capital projects	987,691	--	5,178,811	6,166,502
Park capital outlay	--	--	4,558,011	4,558,011
Future signalization	--	--	141,976	141,976
Debt service	--	9,614,192	--	9,614,192
Inventories	8,203	--	--	8,203
Court assessments	696,957	--	--	696,957
Other programs	783,739	--	68,188	851,927
Unreserved, reported in:				
Special revenue funds	8,695,310	--	--	8,695,310
Capital projects funds	--	--	(584,367)	(584,367)
TOTAL FUND BALANCES	<u><u>14,733,030</u></u>	<u><u>9,614,192</u></u>	<u><u>11,343,817</u></u>	<u><u>35,691,039</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 20,049,450</u></u>	<u><u>\$ 10,689,229</u></u>	<u><u>\$ 16,593,810</u></u>	<u><u>\$ 47,332,489</u></u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 8,521,852	\$ 9,681,068	\$ 3,012,204	\$ 21,215,124
Special assessments	643	--	223,724	224,367
Fees, licenses and permits	167,439	--	--	167,439
Intergovernmental	4,056,713	--	1,032,528	5,089,241
Grants and contributions	3,619,448	--	1,609,446	5,228,894
Charges for services	4,179,657	--	--	4,179,657
Fines and forfeitures	88,627	--	--	88,627
Miscellaneous	2,166,699	647,421	1,542,160	4,356,280
TOTAL REVENUES	22,801,078	10,328,489	7,420,062	40,549,629
EXPENDITURES				
Current:				
General government	626,437	--	--	626,437
Judicial	844	--	--	844
Public works	7,659,432	--	1,649,126	9,308,558
Planning and community development	3,036,488	--	--	3,036,488
Culture and recreation	14,820,488	--	121,612	14,942,100
Urban redevelopment	1,548,241	--	--	1,548,241
Capital outlay	5,225,468	--	13,533,805	18,759,273
Debt Service:				
Principal	38,000	7,370,000	--	7,408,000
Interest	34,596	4,963,212	--	4,997,808
Bond issue costs	--	52,810	--	52,810
Fiscal charges	--	19,105	--	19,105
TOTAL EXPENDITURES	32,989,994	12,405,127	15,304,543	60,699,664
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,188,916)	(2,076,638)	(7,884,481)	(20,150,035)
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	3,680,000	--	3,680,000
Premium on bonds issued	--	34,422	--	34,422
Payment to refunding escrow agent	--	(3,655,582)	--	(3,655,582)
Sale of capital assets	318,194	--	--	318,194
Transfers from other funds	15,545,483	3,076,973	3,357,752	21,980,208
Transfers to other funds	(5,497,096)	(540,000)	(5,248,817)	(11,285,913)
TOTAL OTHER FINANCING SOURCES (USES)	10,366,581	2,595,813	(1,891,065)	11,071,329
NET CHANGE IN FUND BALANCES	177,665	519,175	(9,775,546)	(9,078,706)
FUND BALANCES, BEGINNING OF YEAR	14,555,365	9,095,017	21,119,363	44,769,745
FUND BALANCES, END OF YEAR	\$ 14,733,030	\$ 9,614,192	\$ 11,343,817	\$ 35,691,039

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.

Streets Fund – to account for revenue resources restricted for expenditures on streets.

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, 2004

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Events Center Fund	Street Fund
ASSETS				
Cash and Investments	\$ 19,176	\$ --	\$ 10,405	\$ 1,175,327
Receivables:				
Accounts	--	--	--	15,548
Accrued interest	--	--	28	7,718
Delinquent taxes	--	--	--	140,508
Special assessments:				
Deferred	--	--	--	637
Due from other funds	--	21,513	--	1,654,682
Due from other governments	1,752,642	75,073	--	887,068
Inventories	--	--	--	8,203
Prepaid items	--	--	--	--
TOTAL ASSETS	<u>\$ 1,771,818</u>	<u>\$ 96,586</u>	<u>\$ 10,433</u>	<u>\$ 3,889,691</u>
LIABILITIES				
Accounts payable	\$ 200,477	\$ 35,828	\$ --	\$ 49,346
Accrued salaries and benefits	1,959	2,181	--	50,422
Contracts and retained percentage payable	20,000	--	--	1,409,860
Accrued interest payable	--	--	--	191
Due to other funds	1,676,195	58,548	--	--
Due to other governments	--	--	--	--
Other liabilities, including deposits	3,500	--	--	540,774
Deferred taxes	--	--	--	67,026
Deferred revenue	67,000	--	--	637
TOTAL LIABILITIES	<u>1,969,131</u>	<u>96,557</u>	<u>--</u>	<u>2,118,256</u>
FUND BALANCES				
Reserved for:				
Encumbrances	--	--	--	2,328,336
Inventories	--	--	--	8,203
Prepaid items	--	--	--	--
Capital projects	--	--	--	879,401
Court assessments	--	--	--	--
Other programs	--	--	--	--
Unreserved	(197,313)	29	10,433	(1,444,505)
TOTAL FUND BALANCES	<u>(197,313)</u>	<u>29</u>	<u>10,433</u>	<u>1,771,435</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,771,818</u>	<u>\$ 96,586</u>	<u>\$ 10,433</u>	<u>\$ 3,889,691</u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2004

	<u>Room Tax Fund</u>	<u>Parks and Recreation Fund</u>	<u>Stabilization Fund</u>
ASSETS			
Cash and Investments	\$ 767,740	\$ 1,862,118	\$ 5,500,259
Receivables:			
Accounts	--	51,147	--
Accrued interest	3,054	--	15,011
Delinquent taxes	--	--	--
Special assessments:			
Deferred	--	--	--
Due from other funds	58,548	106,275	--
Due from other governments	429,607	24,045	--
Inventories	--	--	--
Prepaid items	--	18,150	--
TOTAL ASSETS	<u>\$ 1,258,949</u>	<u>\$ 2,061,735</u>	<u>\$ 5,515,270</u>
LIABILITIES			
Accounts payable	\$ 41,770	\$ 375,342	\$ --
Accrued salaries and benefits	--	148,388	--
Contracts and retained percentage payable	71,666	--	--
Accrued interest payable	--	169	--
Due to other funds	106,275	--	--
Due to other governments	--	606	--
Other liabilities, including deposits	--	32,600	--
Deferred taxes	--	--	--
Deferred revenue	--	--	--
TOTAL LIABILITIES	<u>219,711</u>	<u>557,105</u>	<u>--</u>
FUND BALANCES			
Reserved for:			
Encumbrances	288,842	208,470	--
Inventories	--	--	--
Prepaid items	--	18,150	--
Capital projects	--	--	--
Court assessments	--	--	--
Other programs	--	120,818	--
Unreserved	750,396	1,157,192	5,515,270
TOTAL FUND BALANCES	<u>1,039,238</u>	<u>1,504,630</u>	<u>5,515,270</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,258,949</u>	<u>\$ 2,061,735</u>	<u>\$ 5,515,270</u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2004

	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
ASSETS				
Cash and Investments	\$ 903,258	\$ 660,808	\$ 3,761,747	\$ 14,660,838
Receivables:				
Accounts	--	--	6,766	73,461
Accrued interest	2,875	2,113	12,816	43,615
Delinquent taxes	--	--	73,248	213,756
Special assessments:				
Deferred	--	--	--	637
Due from other funds	--	--	--	1,841,018
Due from other governments	--	--	21,337	3,189,772
Inventories	--	--	--	8,203
Prepaid items	--	--	--	18,150
TOTAL ASSETS	\$ 906,133	\$ 662,921	\$ 3,875,914	\$ 20,049,450
LIABILITIES				
Accounts payable	\$ 66,985	\$ --	\$ 90,337	\$ 860,085
Accrued salaries and benefits	--	--	8,372	211,322
Contracts and retained percentage payable	--	--	109,404	1,610,930
Accrued interest payable	--	--	--	360
Due to other funds	--	--	--	1,841,018
Due to other governments	2,314	--	--	2,920
Other liabilities, including deposits	--	--	5,000	581,874
Deferred taxes	--	--	58,548	125,574
Deferred revenue	--	--	14,700	82,337
TOTAL LIABILITIES	69,299	--	286,361	5,316,420
FUND BALANCES				
Reserved for:				
Encumbrances	--	--	717,332	3,542,980
Inventories	--	--	--	8,203
Prepaid items	--	--	--	18,150
Capital projects	108,290	--	--	987,691
Court assessments	696,957	--	--	696,957
Other programs	--	662,921	--	783,739
Unreserved	31,587	--	2,872,221	8,695,310
TOTAL FUND BALANCES	836,834	662,921	3,589,553	14,733,030
TOTAL LIABILITIES AND FUND BALANCES	\$ 906,133	\$ 662,921	\$ 3,875,914	\$ 20,049,450

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2004

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Events Center Fund	Street Fund
REVENUES				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ --	\$ 5,477,136
Room taxes	--	--	--	--
Special assessments	--	--	--	643
Licenses and permits	--	--	--	167,439
Intergovernmental	--	--	--	3,939,148
Grants and contributions	3,307,457	130,000	--	--
Charges for services	--	--	--	127,960
Fines and forfeits	--	--	--	88,627
Investment earnings	(266)	--	(28)	5,165
Interest earnings, other	282,616	--	--	--
Reimbursement & restitutions	--	28	--	104,108
Miscellaneous	290,064	--	--	15,943
TOTAL REVENUES	<u>3,879,871</u>	<u>130,028</u>	<u>(28)</u>	<u>9,926,169</u>
EXPENDITURES				
Current:				
General government	--	--	206,207	--
Judicial	--	--	--	--
Public works	--	--	--	7,659,432
Planning and community development	2,668,763	367,725	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Capital outlay	--	--	--	4,464,284
Debt Service:				
Principal	38,000	--	--	--
Interest	34,596	--	--	--
TOTAL EXPENDITURES	<u>2,741,359</u>	<u>367,725</u>	<u>206,207</u>	<u>12,123,716</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,138,512</u>	<u>(237,697)</u>	<u>(206,235)</u>	<u>(2,197,547)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	--	--
Transfers in	--	283,244	250,000	3,789,072
Transfers out	(1,026,335)	(45,518)	--	(315,974)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,026,335)</u>	<u>237,726</u>	<u>250,000</u>	<u>3,473,098</u>
NET CHANGE IN FUND BALANCES	112,177	29	43,765	1,275,551
FUND BALANCES, BEGINNING OF YEAR	(309,490)	--	(33,332)	495,884
FUND BALANCES, END OF YEAR	<u>\$ (197,313)</u>	<u>\$ 29</u>	<u>\$ 10,433</u>	<u>\$ 1,771,435</u>

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, 2004

	Room Tax Fund	Parks and Recreation Fund	Stabilization Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ --	\$ --	\$ --
Room taxes	2,145,867	--	--
Special assessments	--	--	--
Licenses and permits	--	--	--
Intergovernmental	--	--	--
Grants and contributions	--	181,991	--
Charges for services	--	4,051,697	--
Fines and forfeits	--	--	--
Investment earnings	(1,429)	(2,790)	(10,496)
Interest earnings, other	--	--	--
Reimbursement & restitutions	--	167,515	--
Miscellaneous	5,820	80,634	--
TOTAL REVENUES	<u>2,150,258</u>	<u>4,479,047</u>	<u>(10,496)</u>
EXPENDITURES			
Current:			
General government	420,230	--	--
Judicial	--	--	--
Public works	--	--	--
Planning and community development	--	--	--
Culture and recreation	--	14,820,488	--
Urban redevelopment	--	--	--
Capital outlay	85,998	214,687	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
TOTAL EXPENDITURES	<u>506,228</u>	<u>15,035,175</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,644,030</u>	<u>(10,556,128)</u>	<u>(10,496)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	--	--	--
Transfers in	--	11,189,229	--
Transfers out	(1,571,870)	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,571,870)</u>	<u>11,189,229</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	72,160	633,101	(10,496)
FUND BALANCES, BEGINNING OF YEAR	967,078	871,529	5,525,766
FUND BALANCES, END OF YEAR	<u>\$ 1,039,238</u>	<u>\$ 1,504,630</u>	<u>\$ 5,515,270</u>

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, 2004

	<u>Courts Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
REVENUES				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 898,849	\$ 6,375,985
Room taxes	--	--	--	2,145,867
Special assessments	--	--	--	643
Licenses and permits	--	--	--	167,439
Intergovernmental	--	--	117,565	4,056,713
Grants and contributions	--	--	--	3,619,448
Charges for services	--	--	--	4,179,657
Fines and forfeits	--	--	--	88,627
Investment earnings	1,001	(1,219)	(7,958)	(18,020)
Interest earnings, other	--	--	--	282,616
Reimbursement & restitutions	--	--	433,976	705,627
Miscellaneous	410,286	110,132	283,597	1,196,476
TOTAL REVENUES	<u>411,287</u>	<u>108,913</u>	<u>1,726,029</u>	<u>22,801,078</u>
EXPENDITURES				
Current:				
General government	--	--	--	626,437
Judicial	844	--	--	844
Public works	--	--	--	7,659,432
Planning and community development	--	--	--	3,036,488
Culture and recreation	--	--	--	14,820,488
Urban redevelopment	--	--	1,548,241	1,548,241
Capital outlay	--	--	460,499	5,225,468
Debt Service:				
Principal	--	--	--	38,000
Interest	--	--	--	34,596
TOTAL EXPENDITURES	<u>844</u>	<u>--</u>	<u>2,008,740</u>	<u>32,989,994</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>410,443</u>	<u>108,913</u>	<u>(282,711)</u>	<u>(10,188,916)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	46,250	271,944	318,194
Transfers in	--	--	33,938	15,545,483
Transfers out	(1,000,000)	(115,000)	(1,422,399)	(5,497,096)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000,000)</u>	<u>(68,750)</u>	<u>(1,116,517)</u>	<u>10,366,581</u>
NET CHANGE IN FUND BALANCES	(589,557)	40,163	(1,399,228)	177,665
FUND BALANCES, BEGINNING OF YEAR	1,426,391	622,758	4,988,781	14,555,365
FUND BALANCES, END OF YEAR	<u>\$ 836,834</u>	<u>\$ 662,921</u>	<u>\$ 3,589,553</u>	<u>\$ 14,733,030</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 4,206,837	\$ 4,371,302	\$ 3,004,254	\$ (1,367,048)
State grants	--	97,759	303,203	205,444
Total Intergovernmental	<u>4,206,837</u>	<u>4,469,061</u>	<u>3,307,457</u>	<u>(1,161,604)</u>
Miscellaneous:				
Investment earnings	--	--	(266)	(266)
Interest earnings, other	102,500	129,060	282,616	153,556
Loan payments	75,000	90,000	239,827	149,827
Other	--	101,059	50,237	(50,822)
Total Miscellaneous	<u>177,500</u>	<u>320,119</u>	<u>572,414</u>	<u>252,295</u>
TOTAL REVENUES	<u>4,384,337</u>	<u>4,789,180</u>	<u>3,879,871</u>	<u>(909,309)</u>
EXPENDITURES				
Current:				
Planning and Community Development:				
Salaries and wages	115,099	115,099	112,331	2,768
Employee benefits	55,817	55,817	48,437	7,380
Services and supplies	36,808	1,421,808	1,953,984	(532,176)
Capital outlay	--	5,000	--	
Community projects	2,945,710	1,626,081	554,011	1,072,070
Total Planning and Community Development	<u>3,153,434</u>	<u>3,223,805</u>	<u>2,668,763</u>	<u>550,042</u>
Debt Service:				
Principal	--	33,000	38,000	(5,000)
Interest	--	39,398	34,596	4,802
TOTAL EXPENDITURES	<u>3,153,434</u>	<u>3,296,203</u>	<u>2,741,359</u>	<u>554,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,230,903</u>	<u>1,492,977</u>	<u>1,138,512</u>	<u>(354,465)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,230,903)</u>	<u>(1,180,903)</u>	<u>(1,026,335)</u>	<u>154,568</u>
NET CHANGE IN FUND BALANCES	--	312,074	112,177	(199,897)
FUND BALANCE, BEGINNING OF YEAR	--	(309,490)	(309,490)	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 2,584</u>	<u>\$ (197,313)</u>	<u>\$ (199,897)</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Grants	\$ 132,000	\$ 132,000	\$ 130,000	\$ (2,000)
Miscellaneous:				
Reimbursements and restitution	--	--	28	28
TOTAL REVENUES	<u>132,000</u>	<u>132,000</u>	<u>130,028</u>	<u>(1,972)</u>
EXPENDITURES				
Salaries and wages	147,659	147,659	133,062	14,597
Employee benefits	65,426	65,426	46,138	19,288
Services and supplies	224,122	224,122	188,525	35,597
TOTAL EXPENDITURES	<u>437,207</u>	<u>437,207</u>	<u>367,725</u>	<u>69,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(305,207)</u>	<u>(305,207)</u>	<u>(237,697)</u>	<u>67,510</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	432,836	432,836	283,244	(149,592)
Transfers out	(127,629)	(127,629)	(45,518)	82,111
TOTAL OTHER FINANCING SOURCES (USES)	<u>305,207</u>	<u>305,207</u>	<u>237,726</u>	<u>(67,481)</u>
NET CHANGE IN FUND BALANCES	--	--	29	29
FUND BALANCE, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 29</u>	<u>\$ 29</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Street Fund
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 5,661,413	\$ 5,661,413	\$ 5,477,136	\$ (184,277)
Special assessments:				
Sidewalk assessments	--	643	643	--
Licenses and permits:				
Excavation permits	200,000	200,000	167,439	(32,561)
Intergovernmental:				
Motor vehicle fuel tax	3,376,096	3,376,096	3,889,874	513,778
County road tax	49,200	49,200	49,274	74
Total intergovernmental	3,425,296	3,425,296	3,939,148	513,852
Charges for services:				
Public works	--	--	127,960	127,960
Fines and forfeitures:				
Street patching penalties	200,000	150,000	88,627	(61,373)
Miscellaneous:				
Investment earnings	50,000	20,000	5,165	(14,835)
Interest earnings, other	1,500	1,500	--	(1,500)
Reimbursements and restitution	--	140,049	104,108	(35,941)
Exactions	10,000	12,000	11,604	(396)
Other	--	600	4,339	3,739
Total miscellaneous	61,500	174,149	125,216	(48,933)
TOTAL REVENUES	9,548,209	9,611,501	9,926,169	314,668
EXPENDITURES				
Current:				
Salaries and wages	2,604,473	2,604,473	2,636,402	(31,929)
Employee benefits	1,170,675	1,170,675	1,052,530	118,145
Services and supplies	3,302,293	3,282,759	3,970,500	(687,741)
Capital Outlay	3,823,354	5,887,354	4,464,284	1,423,070
TOTAL EXPENDITURES	10,900,795	12,945,261	12,123,716	821,545
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,352,586)	(3,333,760)	(2,197,547)	1,136,213
OTHER FINANCING SOURCES (USES)				
Transfers in	1,700,735	3,789,072	3,789,072	--
Transfers out	(348,149)	(374,149)	(315,974)	58,175
TOTAL OTHER FINANCING SOURCES (USES)	1,352,586	3,414,923	3,473,098	58,175
NET CHANGE IN FUND BALANCES	--	81,163	1,275,551	1,194,388
FUND BALANCE, BEGINNING OF YEAR	--	495,884	495,884	--
FUND BALANCE, END OF YEAR	\$ --	\$ 577,047	\$ 1,771,435	\$ 1,194,388

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ (28)	\$ (28)
TOTAL REVENUES	--	--	(28)	(28)
EXPENDITURES				
Current:				
General Government:				
Services and supplies	--	216,668	206,207	10,461
TOTAL EXPENDITURES	--	216,668	206,207	10,461
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(216,668)	(206,235)	10,433
OTHER FINANCING SOURCES (USES)				
Transfers in	--	250,000	250,000	--
TOTAL OTHER FINANCING SOURCES (USES)	--	250,000	250,000	--
NET CHANGE IN FUND BALANCES	--	33,332	43,765	10,433
FUND BALANCE, BEGINNING OF YEAR	--	(33,332)	(33,332)	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,433</u>	<u>\$ 10,433</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room Tax	\$ 2,000,000	\$ 2,015,363	\$ 2,145,867	\$ 130,504
Miscellaneous:				
Investment earnings	20,000	11,000	(1,429)	(12,429)
Other income	--	--	5,820	5,820
Total Miscellaneous	20,000	11,000	4,391	(6,609)
TOTAL REVENUES	<u>2,020,000</u>	<u>2,026,363</u>	<u>2,150,258</u>	<u>123,895</u>
EXPENDITURES				
Current:				
General Government:				
Tourism:				
Services and supplies	412,535	482,591	420,230	62,361
Capital outlay	--	842,385	85,998	756,387
TOTAL EXPENDITURES	<u>412,535</u>	<u>1,324,976</u>	<u>506,228</u>	<u>818,748</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,607,465</u>	<u>701,387</u>	<u>1,644,030</u>	<u>942,643</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,607,465)	(1,607,465)	(1,571,870)	35,595
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,607,465)</u>	<u>(1,607,465)</u>	<u>(1,571,870)</u>	<u>35,595</u>
NET CHANGE IN FUND BALANCES	--	(906,078)	72,160	978,238
FUND BALANCE, BEGINNING OF YEAR	--	967,078	967,078	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 61,000</u>	<u>\$ 1,039,238</u>	<u>\$ 978,238</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 326,612	\$ 161,004	\$ 181,991	\$ 20,987
Total Intergovernmental	<u>326,612</u>	<u>161,004</u>	<u>181,991</u>	<u>20,987</u>
Charges for Services:				
Engineering charges	130,000	122,516	138,712	16,196
Swimming pool fees	414,851	409,721	407,185	(2,536)
Recreation facility fees	2,847,805	3,362,738	3,425,116	62,378
Parks and recreation fees	174,959	174,959	80,684	(94,275)
Total Charges for Services	<u>3,567,615</u>	<u>4,069,934</u>	<u>4,051,697</u>	<u>(18,237)</u>
Miscellaneous:				
Investment earnings	7,508	7,508	(2,790)	(10,298)
Rents and royalties	--	10,000	10,000	--
Reimbursements and restitution	7,000	172,174	167,515	(4,659)
Private grants	58,920	63,815	49,744	(14,071)
Other	--	--	20,890	20,890
Total Miscellaneous	<u>73,428</u>	<u>253,497</u>	<u>245,359</u>	<u>(8,138)</u>
TOTAL REVENUES	<u>3,967,655</u>	<u>4,484,435</u>	<u>4,479,047</u>	<u>(5,388)</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Salaries and wages	7,454,917	7,748,926	7,269,074	479,852
Employee benefits	1,961,731	2,023,391	1,868,543	154,848
Services and supplies	5,803,266	5,785,400	5,604,135	181,265
Capital outlay	20,800	94,850	78,736	16,114
CAPITAL OUTLAY	<u>485,000</u>	<u>813,390</u>	<u>214,687</u>	<u>598,703</u>
TOTAL EXPENDITURES	<u>15,725,714</u>	<u>16,465,957</u>	<u>15,035,175</u>	<u>1,430,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,758,059)</u>	<u>(11,981,522)</u>	<u>(10,556,128)</u>	<u>1,425,394</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>11,300,675</u>	<u>11,261,976</u>	<u>11,189,229</u>	<u>(72,747)</u>
TOTAL OTHER FINANCING SOURCSE (USES)	<u>11,300,675</u>	<u>11,261,976</u>	<u>11,189,229</u>	<u>(72,747)</u>
NET CHANGE IN FUND BALANCES	<u>(457,384)</u>	<u>(719,546)</u>	<u>633,101</u>	<u>1,352,647</u>
FUND BALANCE, BEGINNING OF YEAR	<u>547,384</u>	<u>871,529</u>	<u>871,529</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 90,000</u>	<u>\$ 151,983</u>	<u>\$ 1,504,630</u>	<u>\$ 1,352,647</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Stabilization Fund
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 75,000	\$ 54,000	\$ (10,496)	\$ (64,496)
TOTAL REVENUES	<u>75,000</u>	<u>54,000</u>	<u>(10,496)</u>	<u>(64,496)</u>
EXPENDITURES				
Current:				
General Government:				
Services and supplies	5,612,500	5,579,766	--	5,579,766
TOTAL EXPENDITURES	<u>5,612,500</u>	<u>5,579,766</u>	<u>--</u>	<u>5,579,766</u>
NET CHANGE IN FUND BALANCES	(5,537,500)	(5,525,766)	(10,496)	5,515,270
FUND BALANCE, BEGINNING OF YEAR	<u>5,537,500</u>	<u>5,525,766</u>	<u>5,525,766</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,515,270</u>	<u>\$ 5,515,270</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Courts Fund
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Miscellaneous:				
Investment earnings	\$ 19,000	\$ 19,120	\$ 1,001	\$ (18,119)
Court administrative charges	150,000	175,000	230,639	55,639
Court construction fees	150,000	160,000	179,647	19,647
TOTAL REVENUES	319,000	354,120	411,287	57,167
EXPENDITURES				
Current:				
Judicial:				
Services and supplies	1,476,872	476,165	844	475,321
TOTAL EXPENDITURES	1,476,872	476,165	844	475,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,157,872)	(122,045)	410,443	532,488
OTHER FINANCING SOURCES (USES)				
Transfers out	--	(1,000,000)	(1,000,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	--	(1,000,000)	(1,000,000)	--
NET CHANGE IN FUND BALANCES	(1,157,872)	(1,122,045)	(589,557)	532,488
FUND BALANCE, BEGINNING OF YEAR	1,157,872	1,426,391	1,426,391	--
FUND BALANCE, END OF YEAR	\$ --	\$ 304,346	\$ 836,834	\$ 532,488

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 10,000	\$ 7,000	\$ (1,219)	\$ (8,219)
Federal drug forfeiture monies	25,000	25,000	10,419	(14,581)
State drug forfeiture monies	50,000	50,000	96,563	46,563
Other forfeiture monies	20,000	20,000	3,150	(16,850)
TOTAL REVENUES	<u>105,000</u>	<u>102,000</u>	<u>108,913</u>	<u>6,913</u>
EXPENDITURES				
General Government:				
Services and supplies	<u>459,639</u>	<u>656,008</u>	<u>--</u>	<u>656,008</u>
TOTAL EXPENDITURES	<u>459,639</u>	<u>656,008</u>	<u>--</u>	<u>656,008</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(354,639)</u>	<u>(554,008)</u>	<u>108,913</u>	<u>662,921</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	46,250	46,250	--
Transfers out	--	(115,000)	(115,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(68,750)</u>	<u>(68,750)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(354,639)	(622,758)	40,163	662,921
FUND BALANCE, BEGINNING OF YEAR	<u>354,639</u>	<u>622,758</u>	<u>622,758</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 662,921</u>	<u>\$ 662,921</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes:				
Ad valorem	\$ 964,025	\$ 964,025	\$ 898,849	\$ (65,176)
Total Taxes	<u>964,025</u>	<u>964,025</u>	<u>898,849</u>	<u>(65,176)</u>
Intergovernmental:				
Federal grants	290,000	290,000	--	(290,000)
State Shared Revenues:				
Motor vehicle privilege tax	<u>128,024</u>	<u>128,024</u>	<u>117,565</u>	<u>(10,459)</u>
Total Intergovernmental	<u>418,024</u>	<u>418,024</u>	<u>117,565</u>	<u>(300,459)</u>
Miscellaneous:				
Investment earnings	100,000	50,000	(7,958)	(57,958)
Rent and royalties	--	--	2	2
Reimbursements and restitution	100,000	438,000	433,976	(4,024)
Parking revenues	295,658	295,658	268,114	(27,544)
Other	<u>111,618</u>	<u>138,618</u>	<u>15,481</u>	<u>(123,137)</u>
Total Miscellaneous	<u>607,276</u>	<u>922,276</u>	<u>709,615</u>	<u>(212,661)</u>
TOTAL REVENUES	<u>1,989,325</u>	<u>2,304,325</u>	<u>1,726,029</u>	<u>(578,296)</u>
EXPENDITURES				
Current:				
Urban Redevelopment:				
Salaries and wages	490,988	503,041	389,794	113,247
Employee benefits	206,555	229,649	163,369	66,280
Services and supplies	803,079	837,035	995,078	(158,043)
Capital outlay	<u>290,000</u>	<u>4,880,103</u>	<u>460,499</u>	<u>4,419,604</u>
Total Urban Redevelopment	<u>1,790,622</u>	<u>6,449,828</u>	<u>2,008,740</u>	<u>4,441,088</u>
TOTAL EXPENDITURES	<u>1,790,622</u>	<u>6,449,828</u>	<u>2,008,740</u>	<u>4,441,088</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>198,703</u>	<u>(4,145,503)</u>	<u>(282,711)</u>	<u>3,862,792</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	--	3,275,000	271,944	(3,003,056)
Transfers in	76,285	33,937	33,938	1
Transfers out	<u>(783,185)</u>	<u>(1,422,399)</u>	<u>(1,422,399)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(706,900)</u>	<u>(1,388,462)</u>	<u>(1,116,517)</u>	<u>(3,003,055)</u>
NET CHANGE IN FUND BALANCES	<u>(508,197)</u>	<u>(5,533,965)</u>	<u>(1,399,228)</u>	<u>4,134,737</u>
FUND BALANCE, BEGINNING OF YEAR	<u>508,197</u>	<u>4,988,781</u>	<u>4,988,781</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ (545,184)</u>	<u>\$ 3,589,553</u>	<u>\$ 4,134,737</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room taxes (railroad)	\$ 1,103,000	\$ 1,000,000	\$ 924,359	\$ (75,641)
Intergovernmental:				
Sales taxes (railroad)	6,100,000	6,700,000	7,409,815	709,815
Miscellaneous:				
Investment earnings	<u>300,000</u>	<u>140,000</u>	<u>136,360</u>	<u>(3,640)</u>
TOTAL REVENUES	<u>7,503,000</u>	<u>7,840,000</u>	<u>8,470,534</u>	<u>630,534</u>
EXPENDITURES				
Debt Service:				
Interest	5,928,319	5,928,319	5,928,319	--
Fiscal charges	<u>50,000</u>	<u>30,000</u>	<u>10,683</u>	<u>19,317</u>
TOTAL EXPENDITURES	<u>5,978,319</u>	<u>5,958,319</u>	<u>5,939,002</u>	<u>19,317</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,524,681	1,881,681	2,531,532	649,851
FUND BALANCE, BEGINNING OF YEAR	<u>25,401,679</u>	<u>25,893,790</u>	<u>25,893,790</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 26,926,360</u></u>	<u><u>\$ 27,775,471</u></u>	<u><u>\$ 28,425,322</u></u>	<u><u>\$ 649,851</u></u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room taxes (Events Center)	\$ 6,211,846	\$ 5,405,113	\$ 5,980,798	\$ 575,685
Special Assessments	--	750,000	399,071	(350,929)
Miscellaneous:				
Investment earnings	85,000	195,000	34,491	(160,509)
Other	--	304,000	580,940	276,940
TOTAL REVENUES	<u>6,296,846</u>	<u>6,654,113</u>	<u>6,995,300</u>	<u>341,187</u>
EXPENDITURES				
Debt Service:				
Principal	--	--	425,000	(425,000)
Interest	5,776,525	5,776,525	6,240,508	(463,983)
Fiscal charges	1,000	10,000	23,863	(13,863)
TOTAL EXPENDITURES	<u>5,777,525</u>	<u>5,786,525</u>	<u>6,689,371</u>	<u>(902,846)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>519,321</u>	<u>867,588</u>	<u>305,929</u>	<u>(561,659)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	--	(12,230,000)	(12,230,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(12,230,000)</u>	<u>(12,230,000)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	519,321	(11,362,412)	(11,924,071)	(561,659)
FUND BALANCE, BEGINNING OF YEAR	<u>6,172,751</u>	<u>17,902,729</u>	<u>17,902,729</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,692,072</u>	<u>\$ 6,540,317</u>	<u>\$ 5,978,658</u>	<u>\$ (561,659)</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 282,600	\$ 432,600	\$ 551,168	\$ 118,568
Miscellaneous:				
Investment earnings	36,100	37,139	(2,881)	(40,020)
Interest earnings, other	150,278	430,278	339,203	(91,075)
Other	2,450	7,150	25,022	17,872
TOTAL REVENUES	<u>471,428</u>	<u>907,167</u>	<u>912,512</u>	<u>5,345</u>
EXPENDITURSE				
Debt Service:				
Principal	228,456	343,200	328,406	14,794
Interest	130,299	231,037	225,212	5,825
Fiscal charges	75,395	89,294	67,931	21,363
TOTAL EXPENDITURES	<u>434,150</u>	<u>663,531</u>	<u>621,549</u>	<u>41,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>37,278</u>	<u>243,636</u>	<u>290,963</u>	<u>47,327</u>
NET CHANGE IN FUND BALANCES	37,278	243,636	290,963	47,327
FUND BALANCE, BEGINNING OF YEAR	2,530,420	2,511,885	2,511,885	--
PRIOR YEAR ADJUSTMENT	--	--	16,688	16,688
FUND BALANCE, END OF YEAR	<u>\$ 2,567,698</u>	<u>\$ 2,755,521</u>	<u>\$ 2,819,536</u>	<u>\$ 64,015</u>

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2004

	City of Reno Fund	Redevelopment Agency Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 1,416,364	\$ 4,807,059	\$ 6,223,423
Receivables:			
Accrued interest	14,021	1,906	15,927
Delinquent taxes	131,337	386,835	518,172
Due from other funds	3,931,707	--	3,931,707
TOTAL ASSETS	<u><u>\$ 5,493,429</u></u>	<u><u>\$ 5,195,800</u></u>	<u><u>\$ 10,689,229</u></u>
 LIABILITIES			
Due to other funds	\$ 699,143	\$ --	\$ 699,143
Deferred taxes	62,898	312,044	374,942
Other liabilities	952	--	952
TOTAL LIABILITIES	<u>762,993</u>	<u>312,044</u>	<u>1,075,037</u>
 FUND BALANCES			
Reserved for:			
Debt service	4,730,436	4,883,756	9,614,192
TOTAL FUND BALANCES	<u>4,730,436</u>	<u>4,883,756</u>	<u>9,614,192</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 5,493,429</u></u>	<u><u>\$ 5,195,800</u></u>	<u><u>\$ 10,689,229</u></u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2004

	<u>City of Reno Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 5,128,000	\$ 4,553,068	\$ 9,681,068
Investment earnings	(11,182)	18,544	7,362
Miscellaneous	640,059	--	640,059
TOTAL REVENUES	<u>5,756,877</u>	<u>4,571,612</u>	<u>10,328,489</u>
EXPENDITURES			
Debt Service:			
Principal	4,655,000	2,715,000	7,370,000
Interest	2,486,786	2,476,426	4,963,212
Bond issue costs	52,810	--	52,810
Fiscal charges	9,262	9,843	19,105
TOTAL EXPENDITURES	<u>7,203,858</u>	<u>5,201,269</u>	<u>12,405,127</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,446,981)</u>	<u>(629,657)</u>	<u>(2,076,638)</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	3,680,000	--	3,680,000
Premium on bonds issued	34,422	--	34,422
Payment to refunded debt escrow agent	(3,655,582)	--	(3,655,582)
Transfers in	2,437,759	639,214	3,076,973
Transfers out	(540,000)	--	(540,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,956,599</u>	<u>639,214</u>	<u>2,595,813</u>
NET CHANGE IN FUND BALANCES	509,618	9,557	519,175
FUND BALANCES, BEGINNING OF YEAR	<u>4,220,818</u>	<u>4,874,199</u>	<u>9,095,017</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,730,436</u>	<u>\$ 4,883,756</u>	<u>9,614,192</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 5,271,299	\$ 5,271,299	\$ 5,128,000	\$ (143,299)
Miscellaneous:				
Investment earnings	159,713	63,000	(11,182)	(74,182)
Other	885,518	1,359,719	640,059	(719,660)
TOTAL REVENUES	<u>6,316,530</u>	<u>6,694,018</u>	<u>5,756,877</u>	<u>(937,141)</u>
EXPENDITURES				
Debt Service:				
Principal	4,655,000	4,951,160	4,655,000	296,160
Interest	2,515,096	2,218,936	2,486,786	(267,850)
Fiscal charges	5,000	7,500	9,262	(1,762)
Bond issue costs	--	--	52,810	(52,810)
TOTAL EXPENDITURES	<u>7,175,096</u>	<u>7,177,596</u>	<u>7,203,858</u>	<u>(26,262)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(858,566)</u>	<u>(483,578)</u>	<u>(1,446,981)</u>	<u>(963,403)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	35,000	3,680,000	3,645,000
Premium on bonds issued	--	--	34,422	34,422
Discount on bonds issued	--	--	--	--
Payment to refunded debt escrow agent	--	--	(3,655,582)	3,655,582
Transfers in	1,312,827	2,487,758	2,437,759	(49,999)
Transfers out	(420,000)	(540,000)	(540,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>892,827</u>	<u>1,982,758</u>	<u>1,956,599</u>	<u>7,285,005</u>
NET CHANGE IN FUND BALANCES	34,261	1,499,180	509,618	(989,562)
FUND BALANCE, BEGINNING OF YEAR	5,402,147	4,220,818	4,220,818	--
FUND BALANCE, END OF YEAR	<u>\$ 5,436,408</u>	<u>\$ 5,719,998</u>	<u>\$ 4,730,436</u>	<u>\$ (989,562)</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 4,895,831	\$ 4,895,831	\$ 4,553,068	\$ (342,763)
Miscellaneous:				
Investment earnings	175,000	26,000	18,544	(7,456)
TOTAL REVENUES	<u>5,070,831</u>	<u>4,921,831</u>	<u>4,571,612</u>	<u>(350,219)</u>
EXPENDITURES				
Debt Service:				
Principal	2,715,000	2,715,000	2,715,000	--
Interest	2,476,426	2,476,426	2,476,426	--
Fiscal charges	15,000	15,000	9,843	5,157
TOTAL EXPENDITURES	<u>5,206,426</u>	<u>5,206,426</u>	<u>5,201,269</u>	<u>5,157</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(135,595)</u>	<u>(284,595)</u>	<u>(629,657)</u>	<u>(345,062)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	--	639,214	639,214	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>639,214</u>	<u>639,214</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(135,595)	354,619	9,557	(345,062)
FUND BALANCE, BEGINNING OF YEAR	<u>5,323,220</u>	<u>4,874,199</u>	<u>4,874,199</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,187,625</u>	<u>\$ 5,228,818</u>	<u>\$ 4,883,756</u>	<u>\$ (345,062)</u>

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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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 50,000	\$ 36,000	\$ 30,618	\$ (5,382)
Other	--	--	106,172	106,172
TOTAL REVENUES	<u>50,000</u>	<u>36,000</u>	<u>136,790</u>	<u>100,790</u>
EXPENDITURES				
Public works:				
Services and supplies	--	--	835	(835)
Capital Outlay:				
Improvements other than buildings	50,000	11,767,541	453,386	11,314,155
TOTAL EXPENDITURES	<u>50,000</u>	<u>11,767,541</u>	<u>454,221</u>	<u>11,313,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(11,731,541)</u>	<u>(317,431)</u>	<u>11,414,110</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	5,600,000	5,600,000	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>5,600,000</u>	<u>5,600,000</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	--	(6,131,541)	5,282,569	11,414,110
FUND BALANCE, BEGINNING OF YEAR	--	6,131,541	6,131,541	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 11,414,110</u>	<u>\$ 11,414,110</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Railroad Fund
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue:				
Federal grants	\$ --	\$ --	\$ 8,100,281	\$ 8,100,281
Charges for services	--	111,000	302,240	191,240
Miscellaneous:				
Investment earnings	1,300,000	750,000	674,677	(75,323)
Other	--	1,300	1,528	228
TOTAL REVENUES	<u>1,300,000</u>	<u>862,300</u>	<u>9,078,726</u>	<u>8,216,426</u>
EXPENDITURES				
Current:				
Public Works:				
Salaries and wages	253,210	253,210	167,979	85,231
Employee benefits	99,743	99,743	70,760	28,983
Services and supplies	124,618	288,834	271,906	16,928
Total Public Works	<u>477,571</u>	<u>641,787</u>	<u>510,645</u>	<u>131,142</u>
Capital Outlay:				
Buildings	--	--	476,750	(476,750)
Public art	--	--	27,184	(27,184)
Improvements other than buildings	30,000,000	40,000,000	56,724,290	(16,724,290)
Total Capital Outlay	<u>30,000,000</u>	<u>40,000,000</u>	<u>57,228,224</u>	<u>(17,228,224)</u>
TOTAL EXPENDITURES	<u>30,477,571</u>	<u>40,641,787</u>	<u>57,738,869</u>	<u>(17,097,082)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,177,571)</u>	<u>(39,779,487)</u>	<u>(48,660,143)</u>	<u>(8,880,656)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	--	19,101	19,101	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>19,101</u>	<u>19,101</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>(29,177,571)</u>	<u>(39,760,386)</u>	<u>(48,641,042)</u>	<u>(8,880,656)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>49,057,798</u>	<u>53,776,234</u>	<u>53,776,234</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 19,880,227</u>	<u>\$ 14,015,848</u>	<u>\$ 5,135,192</u>	<u>\$ (8,880,656)</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal grants	\$ --	\$ --	\$ 17,579	\$ 17,579
Miscellaneous:				
Investment earnings	600,000	460,000	(75,242)	(535,242)
Other income	--	--	300	300
TOTAL REVENUES	<u>600,000</u>	<u>460,000</u>	<u>(57,363)</u>	<u>(517,363)</u>
EXPENDITURES				
Current:				
Public works:				
Services and supplies	3,700,000	3,700,000	592,971	3,107,029
Capital Outlay:				
Land	--	--	2,122,500	(2,122,500)
Improvements	<u>36,337,117</u>	<u>53,519,391</u>	<u>13,696,305</u>	<u>39,823,086</u>
Total Capital Outlay	<u>36,337,117</u>	<u>53,519,391</u>	<u>15,818,805</u>	<u>37,700,586</u>
TOTAL EXPENDITURES	<u>40,037,117</u>	<u>57,219,391</u>	<u>16,411,776</u>	<u>40,807,615</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,437,117)</u>	<u>(56,759,391)</u>	<u>(16,469,139)</u>	<u>40,290,252</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	11,980,000	11,980,000	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>11,980,000</u>	<u>11,980,000</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(39,437,117)	(44,779,391)	(4,489,139)	40,290,252
FUND BALANCE, BEGINNING OF YEAR	<u>38,687,117</u>	<u>46,832,957</u>	<u>46,832,957</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ (750,000)</u>	<u>\$ 2,053,566</u>	<u>\$ 42,343,818</u>	<u>\$ 40,290,252</u>

CITY OF RENO, NEVADA

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2004

	Public Works Fund	City Bonds Fund	Parks Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 3,480,956	\$ 2,998	\$ 5,111,798
Receivables:			
Accounts	4,191	--	--
Accrued interest	15,990	--	11,776
Due from other funds	699,143	--	--
Prepaid items	108,046	--	--
TOTAL ASSETS	<u><u>\$ 4,308,326</u></u>	<u><u>\$ 2,998</u></u>	<u><u>\$ 5,123,574</u></u>
 LIABILITIES			
Accounts payable	\$ 107,523	\$ --	\$ 98,586
Contracts and retained percentage payable	1,310,267	89,086	466,381
Accrued interest payable	1,213	3	596
Due to other funds	--	--	--
Due to other governments	--	--	--
Other liabilities	10,167	--	--
TOTAL LIABILITIES	<u><u>1,429,170</u></u>	<u><u>89,089</u></u>	<u><u>565,563</u></u>
 FUND BALANCES			
Reserved for:			
Encumbrances	1,266,170	--	--
Prepaid items	108,046	--	--
Park capital outlay	--	--	4,558,011
Capital projects	1,402,822	--	--
Future signalization	141,976	--	--
Sensitive lands	68,188	--	--
Unreserved	(108,046)	(86,091)	--
TOTAL FUND BALANCES	<u><u>2,879,156</u></u>	<u><u>(86,091)</u></u>	<u><u>4,558,011</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,308,326</u></u>	<u><u>\$ 2,998</u></u>	<u><u>\$ 5,123,574</u></u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2004

	City Extraordinary Maintenance Fund	Special Ad Valorem Fund	Special Assessment Districts Fund
ASSETS			
Cash and Investments	\$ 88,924	\$ 1,248,929	\$ 802
Receivables:			
Accounts	--	--	--
Accrued interest	240	3,475	1,205
Due from other funds	--	--	--
Prepaid items	--	--	--
TOTAL ASSETS	<u>\$ 89,164</u>	<u>\$ 1,252,404</u>	<u>\$ 2,007</u>
 LIABILITIES			
Accounts payable	\$ --	\$ --	\$ 3,855
Contracts and retained percentage payable	--	3,715	17,646
Accrued interest payable	--	--	--
Due to other funds	--	--	68,792
Due to other governments	--	--	--
Other liabilities	--	--	--
TOTAL LIABILITIES	<u>--</u>	<u>3,715</u>	<u>90,293</u>
 FUND BALANCES			
Reserved for:			
Encumbrances	--	91,175	301,944
Prepaid items	--	--	--
Park capital outlay	--	--	--
Capital projects	89,164	1,157,514	--
Future signalization	--	--	--
Sensitive lands	--	--	--
Unreserved	--	--	(390,230)
TOTAL FUND BALANCES	<u>89,164</u>	<u>1,248,689</u>	<u>(88,286)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 89,164</u>	<u>\$ 1,252,404</u>	<u>\$ 2,007</u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2004

	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 5,675,521	\$ 124,364	\$ 15,734,292
Receivables:			
Accounts	--	--	4,191
Accrued interest	15,113	339	48,138
Due from other funds	--	--	699,143
Prepaid items	--	--	108,046
TOTAL ASSETS	<u><u>\$ 5,690,634</u></u>	<u><u>\$ 124,703</u></u>	<u><u>\$ 16,593,810</u></u>
LIABILITIES			
Accounts payable	\$ --	\$ --	\$ 209,964
Contracts and retained percentage payable	21,204	--	1,908,299
Accrued interest payable	--	--	1,812
Due to other funds	--	--	68,792
Due to other governments	3,050,959	--	3,050,959
Other liabilities	--	--	10,167
TOTAL LIABILITIES	<u><u>3,072,163</u></u>	<u><u>--</u></u>	<u><u>5,249,993</u></u>
FUND BALANCES			
Reserved for:			
Encumbrances	213,863	--	1,873,152
Prepaid items	--	--	108,046
Park capital outlay	--	--	4,558,011
Capital projects	2,404,608	124,703	5,178,811
Future signalization	--	--	141,976
Sensitive lands	--	--	68,188
Unreserved	--	--	(584,367)
TOTAL FUND BALANCES	<u><u>2,618,471</u></u>	<u><u>124,703</u></u>	<u><u>11,343,817</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 5,690,634</u></u>	<u><u>\$ 124,703</u></u>	<u><u>\$ 16,593,810</u></u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2004

	Public Works Fund	City Bonds Fund	Parks Fund
REVENUES			
Taxes:			
Park district construction taxes	\$ --	\$ --	\$ 3,012,204
Special assessment	--	--	--
Intergovernmental	--	--	--
Grants and contributions	1,546,031	25,000	--
Miscellaneous:			
Investment earnings	1,007	(256)	(10,214)
Other	1,455,933	--	91,878
Total Miscellaneous	1,456,940	(256)	81,664
TOTAL REVENUES	3,002,971	24,744	3,093,868
 EXPENDITURES			
Current:			
Public works	1,408,906	2,937	--
Culture and recreation	--	--	121,612
Capital outlay	8,491,356	316,242	3,436,605
TOTAL EXPENDITURES	9,900,262	319,179	3,558,217
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,897,291)	(294,435)	(464,349)
 OTHER FINANCING SOURCES (USES)			
Transfers in	3,014,955	20,000	--
Transfers out	(2,913,526)	--	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	101,429	20,000	(20,000)
 NET CHANGE IN FUND BALANCES	(6,795,862)	(274,435)	(484,349)
 FUND BALANCES, BEGINNING OF YEAR	9,675,018	188,344	5,042,360
FUND BALANCES, END OF YEAR	\$ 2,879,156	\$ (86,091)	\$ 4,558,011

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)

Nonmajor Capital Projects Funds
For the Year Ended June 30, 2004

	<u>City Extraordinary Maintenance Fund</u>	<u>Special Ad valorem Fund</u>	<u>Special Assessment Districts Fund</u>
REVENUES			
Taxes:			
Park district construction taxes	\$ --	\$ --	\$ --
Special assessment	--	--	223,724
Intergovernmental	--	1,032,528	--
Grants and contributions	--	38,415	--
Miscellaneous:			
Investment earnings	(119)	(1,713)	(2,103)
Other	--	19,665	--
Total Miscellaneous	<u>(119)</u>	<u>17,952</u>	<u>(2,103)</u>
TOTAL REVENUES	<u>(119)</u>	<u>1,088,895</u>	<u>221,621</u>
 EXPENDITURES			
Current:			
Public works	--	163,505	8,860
Culture and recreation	--	--	--
Capital outlay	--	291,828	576,903
TOTAL EXPENDITURES	<u>--</u>	<u>455,333</u>	<u>585,763</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(119)</u>	<u>633,562</u>	<u>(364,142)</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	(265,291)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(265,291)</u>	<u>--</u>
 NET CHANGE IN FUND BALANCES	(119)	368,271	(364,142)
 FUND BALANCES, BEGINNING OF YEAR	89,283	880,418	275,856
FUND BALANCES, END OF YEAR	<u>\$ 89,164</u>	<u>\$ 1,248,689</u>	<u>\$ (88,286)</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2004

	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
REVENUES			
Taxes:			
Park district construction taxes	\$ --	\$ --	\$ 3,012,204
Special assessment	--	--	223,724
Intergovernmental	--	--	1,032,528
Grants and contributions	--	--	1,609,446
Miscellaneous:			
Investment earnings	(11,743)	(175)	(25,316)
Other	--	--	1,567,476
Total Miscellaneous	<u>(11,743)</u>	<u>(175)</u>	<u>1,542,160</u>
TOTAL REVENUES	<u>(11,743)</u>	<u>(175)</u>	<u>7,420,062</u>
EXPENDITURES			
Current:			
Public works	64,918	--	1,649,126
Culture and recreation	--	--	121,612
Capital outlay	420,871	--	13,533,805
TOTAL EXPENDITURES	<u>485,789</u>	<u>--</u>	<u>15,304,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(497,532)</u>	<u>(175)</u>	<u>(7,884,481)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	322,797	--	3,357,752
Transfers out	<u>(2,050,000)</u>	<u>--</u>	<u>(5,248,817)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,727,203)</u>	<u>--</u>	<u>(1,891,065)</u>
NET CHANGE IN FUND BALANCES	(2,224,735)	(175)	(9,775,546)
FUND BALANCES, BEGINNING OF YEAR	4,843,206	124,878	21,119,363
FUND BALANCES, END OF YEAR	<u>\$ 2,618,471</u>	<u>\$ 124,703</u>	<u>\$ 11,343,817</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ --	\$ --	\$ 46,031	\$ 46,031
State grants	--	1,500,000	1,500,000	--
Total Intergovernmental	--	1,500,000	1,546,031	46,031
Miscellaneous:				
Investment earnings	24,500	97,200	1,007	(96,193)
Rents and royalties	--	--	712,365	712,365
Other income	--	739,486	743,568	4,082
Total Miscellaneous	24,500	836,686	1,456,940	620,254
TOTAL REVENUES	<u>24,500</u>	<u>2,336,686</u>	<u>3,002,971</u>	<u>666,285</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	44,543	1,408,906	(1,364,363)
Capital Outlay:				
Improvements other than buildings	737,502	11,891,930	8,491,356	3,400,574
TOTAL EXPENDITURES	<u>737,502</u>	<u>11,936,473</u>	<u>9,900,262</u>	<u>2,036,211</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(713,002)</u>	<u>(9,599,787)</u>	<u>(6,897,291)</u>	<u>2,702,496</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,560,000	3,014,955	3,014,955	--
Transfers out	(1,181,298)	(2,913,526)	(2,913,526)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>378,702</u>	<u>101,429</u>	<u>101,429</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(334,300)	(9,498,358)	(6,795,862)	2,702,496
FUND BALANCE, BEGINNING OF YEAR	543,760	9,675,018	9,675,018	--
FUND BALANCE, END OF YEAR	<u>\$ 209,460</u>	<u>\$ 176,660</u>	<u>\$ 2,879,156</u>	<u>\$ 2,702,496</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ --	\$ 25,000	\$ 25,000	\$ --
Miscellaneous:				
Investment earnings	--	1,200	(256)	(1,456)
TOTAL REVENUES	<u>--</u>	<u>26,200</u>	<u>24,744</u>	<u>(1,456)</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Services and supplies	--	--	2,937	(2,937)
Capital Outlay:				
Improvements other than buildings	--	327,573	316,242	11,331
TOTAL EXPENDITURES	<u>--</u>	<u>327,573</u>	<u>319,179</u>	<u>8,394</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(301,373)</u>	<u>(294,435)</u>	<u>6,938</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	20,000	20,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>20,000</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCES	--	(301,373)	(274,435)	26,938
FUND BALANCE, BEGINNING OF YEAR	--	188,344	188,344	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ (113,029)</u>	<u>\$ (86,091)</u>	<u>\$ 26,938</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parks Fund
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Park construction taxes	\$ 1,590,000	\$ 2,715,000	\$ 3,012,204	\$ 297,204
Miscellaneous:				
Investment earnings	61,700	53,850	(10,214)	(64,064)
Reimbursements and restitution	--	83,949	83,868	(81)
Private grants	--	--	700	700
Other	--	2,310	7,310	5,000
Total Miscellaneous	61,700	140,109	81,664	(58,445)
TOTAL REVENUES	<u>1,651,700</u>	<u>2,855,109</u>	<u>3,093,868</u>	<u>238,759</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Services and supplies	--	--	121,612	(121,612)
Capital Outlay:				
Improvements other than buildings	2,634,443	4,898,314	3,436,605	1,461,709
TOTAL EXPENDITURES	<u>2,634,443</u>	<u>4,898,314</u>	<u>3,558,217</u>	<u>1,340,097</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(982,743)</u>	<u>(2,043,205)</u>	<u>(464,349)</u>	<u>1,578,856</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	--	--	(20,000)	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>(20,000)</u>	<u>(20,000)</u>
NET CHANGE IN FUND BALANCES	(982,743)	(2,043,205)	(484,349)	1,558,856
FUND BALANCE, BEGINNING OF YEAR	1,441,561	5,042,360	5,042,360	--
FUND BALANCE, END OF YEAR	<u>\$ 458,818</u>	<u>\$ 2,999,155</u>	<u>\$ 4,558,011</u>	<u>\$ 1,558,856</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 1,200	\$ 1,000	\$ (119)	\$ (1,119)
EXPENDITURES	--	--	--	--
NET CHANGE IN FUND BALANCES	1,200	1,000	(119)	(1,119)
FUND BALANCE, BEGINNING OF YEAR	89,461	89,283	89,283	--
FUND BALANCE, END OF YEAR	<u>\$ 90,661</u>	<u>\$ 90,283</u>	<u>\$ 89,164</u>	<u>\$ (1,119)</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
State grants	\$ --	\$ 15,517	\$ 38,415	\$ 22,898
County capital projects tax	1,043,202	1,043,202	1,032,528	(10,674)
Total Intergovernmental	1,043,202	1,058,719	1,070,943	12,224
Miscellaneous:				
Investment earnings	7,500	10,000	(1,713)	(11,713)
Reimbursements and restitution	--	19,665	19,665	--
Total Miscellaneous	7,500	29,665	17,952	(11,713)
TOTAL REVENUES	1,050,702	1,088,384	1,088,895	511
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	9,880	9,880	163,505	(153,625)
Capital Outlay				
Improvements other than buildings	789,531	1,693,632	291,828	1,401,804
TOTAL EXPENDITURES	799,411	1,703,512	455,333	1,248,179
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	251,291	(615,128)	633,562	1,248,690
OTHER FINANCING SOURCES (USES)				
Transfers out	(251,291)	(265,291)	(265,291)	--
TOTAL OTHER FINANCING SOURCES (USES)	(251,291)	(265,291)	(265,291)	--
NET CHANGE IN FUND BALANCES	--	(880,419)	368,271	1,248,690
FUND BALANCE, BEGINNING OF YEAR	--	880,418	880,418	--
FUND BALANCE, END OF YEAR	\$ --	\$ (1)	\$ 1,248,689	\$ 1,248,690

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ --	\$ 194,244	\$ 223,724	\$ 29,480
Miscellaneous:				
Investment earnings	--	3,524	(2,103)	(5,627)
Total Miscellaneous	--	3,524	(2,103)	(5,627)
TOTAL REVENUES	--	197,768	221,621	23,853
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	318,734	8,860	309,874
Capital Outlay				
Improvements other than buildings	--	154,892	576,903	(422,011)
TOTAL EXPENDITURES	--	473,626	585,763	(112,137)
NET CHANGE IN FUND BALANCES	--	(275,858)	(364,142)	135,990
FUND BALANCE, BEGINNING OF YEAR	--	275,856	275,856	--
FUND BALANCE, END OF YEAR	\$ --	\$ (2)	\$ (88,286)	\$ 135,990

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 95,000	\$ 57,000	\$ (11,743)	\$ (68,743)
TOTAL REVENUES	<u>95,000</u>	<u>57,000</u>	<u>(11,743)</u>	<u>(68,743)</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	15,258	15,258	64,918	(49,660)
Capital Outlay:				
Improvements other than buildings	<u>3,259,734</u>	<u>3,157,744</u>	<u>420,871</u>	<u>2,736,873</u>
TOTAL EXPENDITURES	<u>3,274,992</u>	<u>3,173,002</u>	<u>485,789</u>	<u>2,687,213</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,179,992)</u>	<u>(3,116,002)</u>	<u>(497,532)</u>	<u>2,618,470</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	322,797	322,797	--
Transfers out	--	(2,050,000)	(2,050,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(1,727,203)</u>	<u>(1,727,203)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(3,179,992)	(4,843,205)	(2,224,735)	2,618,470
FUND BALANCE, BEGINNING OF YEAR	<u>3,179,992</u>	<u>4,843,206</u>	<u>4,843,206</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 1</u>	<u>\$ 2,618,471</u>	<u>\$ 2,618,470</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 2,000	\$ 1,330	\$ (175)	\$ (1,505)
EXPENDITURES	--	--	--	--
NET CHANGE IN FUND BALANCES	2,000	1,330	(175)	(1,505)
FUND BALANCE, BEGINNING OF YEAR	<u>125,448</u>	<u>124,878</u>	<u>124,878</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 127,448</u>	<u>\$ 126,208</u>	<u>\$ 124,703</u>	<u>\$ (1,505)</u>

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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.

Nonmajor Enterprise Funds

Golf Course Fund – to account for the 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.

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
User fees	\$ 22,735,605	\$ 22,490,605	\$ 25,422,430	\$ 2,931,825
Other	600,000	601,235	1,009,480	408,245
Total Charges for Services	<u>23,335,605</u>	<u>23,091,840</u>	<u>26,431,910</u>	<u>3,340,070</u>
Fines and forfeits	470,000	395,000	561,222	166,222
Miscellaneous:				
Reimbursements and restitution	--	579,519	669,574	90,055
Other	--	444,039	1,336,343	892,304
Total Miscellaneous	<u>--</u>	<u>1,023,558</u>	<u>2,005,917</u>	<u>982,359</u>
TOTAL OPERATING REVENUES	<u>23,805,605</u>	<u>24,510,398</u>	<u>28,999,049</u>	<u>4,488,651</u>
OPERATING EXPENSES				
Salaries and wages	3,901,104	3,901,104	3,574,826	326,278
Employee benefits	1,675,361	1,675,361	1,452,862	222,499
Services and supplies	5,422,146	5,124,333	5,886,936	(762,603)
Joint sewer plant	10,600,000	10,600,000	9,548,760	1,051,240
Depreciation	2,491,520	2,491,520	4,571,515	(2,079,995)
TOTAL OPERATING EXPENSES	<u>24,090,131</u>	<u>23,792,318</u>	<u>25,034,899</u>	<u>(1,242,581)</u>
OPERATING INCOME (LOSS)	<u>(284,526)</u>	<u>718,080</u>	<u>3,964,150</u>	<u>3,246,070</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	600,000	425,000	(34,347)	(459,347)
Gain (loss) on asset disposal	--	--	(520,744)	(520,744)
Net loss from Truckee Meadows Water Reclamation Facility	(2,491,520)	(2,491,520)	(2,362,660)	128,860
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,891,520)</u>	<u>(2,066,520)</u>	<u>(2,917,751)</u>	<u>(851,231)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(2,176,046)</u>	<u>(1,348,440)</u>	<u>1,046,399</u>	<u>2,394,839</u>
CAPITAL CONTRIBUTIONS				
Connection charges	5,670,000	5,530,000	7,518,940	1,988,940
Contributions of assets	--	--	7,509,282	7,509,282
TOTAL CAPITAL CONTRIBUTIONS	<u>5,670,000</u>	<u>5,530,000</u>	<u>15,028,222</u>	<u>9,498,222</u>
TRANSFERS				
Transfers out	(469,851)	(538,289)	(538,289)	--
CHANGES IN NET ASSETS	<u>\$ 3,024,103</u>	<u>\$ 3,643,271</u>	<u>15,536,332</u>	<u>\$ 11,893,061</u>
NET ASSETS - BEGINNING OF YEAR			220,872,020	
PRIOR PERIOD ADJUSTMENT			(21,337)	
NET ASSETS - RESTATED, BEGINNING OF YEAR			<u>220,850,683</u>	
NET ASSETS, END OF YEAR			<u>\$ 236,387,015</u>	

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets
 Nonmajor Enterprise Funds
 June 30, 2004

	Golf Course Fund	Building Permits Fund	Animal Services Shelter Fund	Dispatch Center Fund	Total
ASSETS					
Current Assets:					
Cash and Investments	\$ 22,136	\$ 2,020,149	\$ 506,596	\$ 763,137	\$ 3,312,018
Receivables:					
Accounts	--	2,062	2,944	--	5,006
Accrued Interest	--	5,028	1,507	1,477	8,012
Due from other funds	--	111,861	--	--	111,861
Due from other governments	--	--	288,323	64,331	352,654
Inventories	66,800	13,852	27,501	--	108,153
Prepaid expenses	3,002	--	950	--	3,952
Total Current Assets	<u>91,938</u>	<u>2,152,952</u>	<u>827,821</u>	<u>828,945</u>	<u>3,901,656</u>
Noncurrent Assets:					
Deferred charges	199,301	--	--	--	199,301
Capital assets:					
Land	2,725,000	107,317	12,248	--	2,844,565
Buildings	1,203,025	--	691,641	--	1,894,666
Improvements other than buildings	7,265,811	591,534	--	--	7,857,345
Machinery and equipment	618,597	--	--	--	618,597
Total capital assets	<u>11,812,433</u>	<u>698,851</u>	<u>703,889</u>	<u>--</u>	<u>13,215,173</u>
Less accumulated depreciation	<u>(4,342,840)</u>	<u>(68,450)</u>	<u>(474,849)</u>	<u>--</u>	<u>(4,886,139)</u>
Net capital assets	<u>7,469,593</u>	<u>630,401</u>	<u>229,040</u>	<u>--</u>	<u>8,329,034</u>
Total Noncurrent Assets	<u>7,668,894</u>	<u>630,401</u>	<u>229,040</u>	<u>--</u>	<u>8,528,335</u>
TOTAL ASSETS	<u><u>\$ 7,760,832</u></u>	<u><u>\$ 2,783,353</u></u>	<u><u>\$ 1,056,861</u></u>	<u><u>\$ 828,945</u></u>	<u><u>\$ 12,429,991</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
 Nonmajor Enterprise Funds
 June 30, 2004

	<u>Golf Course Fund</u>	<u>Building Permits Fund</u>	<u>Animal Services Shelter Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 20,143	\$ 6,669	\$ 19,063	\$ 34,303	\$ 80,178
Accrued salaries and benefits	12,873	54,154	17,214	59,687	143,928
Accrued interest payable	1,461	--	--	--	1,461
Due to other funds	111,861	--	--	--	111,861
Due to other governments	--	--	48,353	--	48,353
Compensated absences payable	9,550	50,240	14,127	27,490	101,407
Deposits	15,444	--	22,461	--	37,905
Bonds payable	<u>210,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>210,000</u>
Total Current Liabilities (payable from current assets)	<u>381,332</u>	<u>111,063</u>	<u>121,218</u>	<u>121,480</u>	<u>735,093</u>
Noncurrent Liabilities:					
Compensated absences payable	85,949	452,157	127,145	247,416	912,667
Bonds payable	<u>3,303,687</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,303,687</u>
Total Noncurrent Liabilities	<u>3,389,636</u>	<u>452,157</u>	<u>127,145</u>	<u>247,416</u>	<u>4,216,354</u>
TOTAL LIABILITIES	<u>3,770,968</u>	<u>563,220</u>	<u>248,363</u>	<u>368,896</u>	<u>4,951,447</u>
NET ASSETS					
Invested in capital, net of related debt	3,955,907	630,401	229,040	--	4,815,348
Restricted for:					
Other programs	--	--	36,543	--	36,543
Building permit operations	--	1,589,732	--	--	1,589,732
Unrestricted (deficit)	<u>33,957</u>	<u>--</u>	<u>542,915</u>	<u>460,049</u>	<u>1,036,921</u>
TOTAL NET ASSETS	<u>\$ 3,989,864</u>	<u>\$ 2,220,133</u>	<u>\$ 808,498</u>	<u>\$ 460,049</u>	<u>\$ 7,478,544</u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2004

	<u>Golf Course Fund</u>	<u>Building Permits Fund</u>	<u>Animal Services Shelter Fund</u>
OPERATING REVENUES			
Charges for services	\$ 1,774,512	\$ 6,574,596	\$ 122,165
Fines and forfeitures	--	--	2,125
Miscellaneous	8,102	1,731	19,406
TOTAL OPERATING REVENUES	<u>1,782,614</u>	<u>6,576,327</u>	<u>143,696</u>
OPERATING EXPENSES			
Salaries and wages	610,174	2,859,706	1,029,721
Employee benefits	153,099	1,221,328	435,996
Services and supplies	680,095	880,614	561,346
Depreciation	330,104	19,718	29,994
TOTAL OPERATING EXPENSES	<u>1,773,472</u>	<u>4,981,366</u>	<u>2,057,057</u>
OPERATING INCOME (LOSS)	<u>9,142</u>	<u>1,594,961</u>	<u>(1,913,361)</u>
NONOPERATING REVENUES (EXPENSES)			
Taxes	--	--	1,797,437
Private grants	--	--	45,822
Investment earnings (loss)	169	(2,938)	(1,402)
Interest expense	(91,155)	--	--
Gain (loss) on asset disposal	--	(36,396)	--
Fiscal charges	(1,291)	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(92,277)</u>	<u>(39,334)</u>	<u>1,841,857</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(83,135)</u>	<u>1,555,627</u>	<u>(71,504)</u>
TRANSFERS			
Transfers in	--	--	125,489
TOTAL TRANSFERS IN (OUT)	<u>--</u>	<u>--</u>	<u>125,489</u>
CHANGES IN NET ASSETS	(83,135)	1,555,627	53,985
NET ASSETS, BEGINNING OF YEAR	<u>4,072,999</u>	<u>664,506</u>	<u>754,513</u>
NET ASSETS, END OF YEAR	<u>\$ 3,989,864</u>	<u>\$ 2,220,133</u>	<u>\$ 808,498</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2004

	<u>Dispatch Center Fund</u>	<u>Total</u>
OPERATING REVENUES		
Charges for services	\$ 410,328	\$ 8,881,601
Fines and forfeitures	--	2,125
Miscellaneous	343	29,582
TOTAL OPERATING REVENUES	<u>410,671</u>	<u>8,913,308</u>
OPERATING EXPENSES		
Salaries and wages	3,177,197	7,676,798
Employee benefits	1,191,849	3,002,272
Services and supplies	405,209	2,527,264
Depreciation	--	379,816
TOTAL OPERATING EXPENSES	<u>4,774,255</u>	<u>13,586,150</u>
OPERATING INCOME (LOSS)	<u>(4,363,584)</u>	<u>(4,672,842)</u>
NONOPERATING REVENUES (EXPENSES)		
Taxes	--	1,797,437
Private grants	--	45,822
Investment earnings (loss)	(1,146)	(5,317)
Interest expense	--	(91,155)
Gain (loss) on asset disposal	--	(36,396)
Fiscal charges	--	(1,291)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,146)</u>	<u>1,709,100</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(4,364,730)</u>	<u>(2,963,742)</u>
TRANSFERS		
Transfers in	4,950,441	5,075,930
TOTAL TRANSFERS IN (OUT)	<u>4,950,441</u>	<u>5,075,930</u>
CHANGES IN NET ASSETS	585,711	2,112,188
NET ASSETS, BEGINNING OF YEAR	<u>(125,662)</u>	<u>5,366,356</u>
NET ASSETS, END OF YEAR	<u>\$ 460,049</u>	<u>\$ 7,478,544</u>

CITY OF RENO, NEVADA

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2004

	Golf Course Fund	Building Permits Fund	Animal Services Shelter Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from cutomers	\$ 1,574,402	\$ 6,575,560	\$ 199,253
Cash received from miscellaneous income, reimbursements and restitutions	8,102	1,731	21,531
Cash paid for employees' salaries and benefits	(706,097)	(3,563,197)	(1,133,748)
Cash payments to suppliers for goods and services	(483,721)	(294,467)	(372,408)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(257,827)	(1,098,738)	(393,207)
Cash paid to deferred compensation plans	(9,181)	(100,498)	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>125,678</u>	<u>1,520,391</u>	<u>(1,678,579)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid to other funds	(85,802)	(111,861)	--
Tax revenue	--	--	1,797,437
Cash received from private grants	--	--	45,822
Transfers in (out)	--	(36,396)	125,489
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(85,802)</u>	<u>(148,257)</u>	<u>1,968,748</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment to refunded debt escrow agent	(3,455,145)	--	--
Bonds issued	3,513,832	--	--
Interest and fiscal charges paid on debt	(90,985)	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(32,298)</u>	<u>--</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings received	169	(6,483)	(2,342)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,747	1,365,651	287,827
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,389	654,498	218,769
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,136</u>	<u>\$ 2,020,149</u>	<u>\$ 506,596</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2004

	Dispatch Center Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from cutomers	\$ 345,997	\$ 8,695,212
Cash received from miscellaneous income, reimbursements and restitutions	343	31,707
Cash paid for employees' salaries and benefits	(3,843,632)	(9,246,674)
Cash payments to suppliers for goods and services	(369,955)	(1,520,551)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(431,865)	(2,181,637)
Cash paid to deferred compensation plans	(87,584)	(197,263)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(4,386,696)</u>	<u>(4,419,206)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash paid to other funds	--	(197,663)
Tax revenue	--	1,797,437
Cash received from private grants	--	45,822
Transfers in (out)	4,950,441	5,039,534
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>4,950,441</u>	<u>6,685,130</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment to refunded debt escrow agent	--	(3,455,145)
Bonds issued	--	3,513,832
Interest and fiscal charges paid on debt	--	(90,985)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>	<u>(32,298)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	(2,623)	(11,279)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	561,122	2,222,347
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	202,015	1,089,671
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 763,137</u>	<u>\$ 3,312,018</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2004

	<u>Golf Course Fund</u>	<u>Building Permits Fund</u>	<u>Animal Services Shelter Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ 9,142</u>	<u>\$ 1,594,961</u>	<u>\$ (1,913,361)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	330,104	19,718	29,994
Changes in assets and liabilities:			
(Increase) decrease in:			
Due from other governments	--	--	44,017
Accounts receivable	--	964	(100)
Inventories	11,992	(12,510)	(12,775)
Deferred charges	(199,301)	--	--
Prepaid expenses	(3,002)	--	(950)
Increase (decrease) in:			
Accounts payable	(12,095)	(31,385)	7,922
Accrued salaries and benefits	4,724	22,675	12,969
Deposits	(809)	--	12,587
Due to other governments	--	--	20,584
Compensated absences payable	(15,077)	(74,032)	120,534
Total Adjustments	<u>116,536</u>	<u>(74,570)</u>	<u>234,782</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 125,678</u></u>	<u><u>\$ 1,520,391</u></u>	<u><u>\$ (1,678,579)</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2004

	<u>Dispatch Center Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (4,363,584)	\$ (4,672,842)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	--	379,816
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	(64,331)	(20,314)
Accounts receivable	--	864
Inventories	--	(13,293)
Deferred charges	--	(199,301)
Prepaid expenses	--	(3,952)
Increase (decrease) in:		
Accounts payable	32,880	(2,678)
Accrued salaries and benefits	22,703	63,071
Deposits	--	11,778
Due to other governments	--	20,584
Compensated absences payable	(14,364)	17,061
Total Adjustments	<u>(23,112)</u>	<u>253,636</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,386,696)</u>	<u>\$ (4,419,206)</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Golf course fees	\$ 1,410,000	\$ 1,198,856	\$ 1,194,554	\$ (4,302)
Concession and merchandise sales	222,000	207,309	187,739	(19,570)
Equipment and cart rental fees	326,000	264,647	285,514	20,867
Other	--	91,870	106,705	14,835
Total Charges for Services	<u>1,958,000</u>	<u>1,762,682</u>	<u>1,774,512</u>	<u>11,830</u>
Miscellaneous	--	--	8,102	8,102
TOTAL OPERATING REVENUES	<u>1,958,000</u>	<u>1,762,682</u>	<u>1,782,614</u>	<u>19,932</u>
OPERATING EXPENSES				
Salaries and wages	681,076	664,418	610,174	54,244
Employee benefits	172,785	172,785	153,099	19,686
Services and supplies	762,123	665,627	680,095	(14,468)
Depreciation	--	--	330,104	(330,104)
TOTAL OPERATING EXPENSES	<u>1,615,984</u>	<u>1,502,830</u>	<u>1,773,472</u>	<u>(270,642)</u>
OPERATING INCOME (LOSS)	<u>342,016</u>	<u>259,852</u>	<u>9,142</u>	<u>(250,710)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	1,200	1,200	169	(1,031)
Debt service - interest	(178,540)	(181,875)	(91,155)	90,720
Debt service - fiscal charges	--	--	(1,291)	(1,291)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(177,340)</u>	<u>(180,675)</u>	<u>(92,277)</u>	<u>88,398</u>
CHANGES IN NET ASSETS	<u>\$ 164,676</u>	<u>\$ 79,177</u>	(83,135)	<u>\$ (162,312)</u>
NET ASSETS, BEGINNING OF YEAR			4,072,999	
NET ASSETS, END OF YEAR			<u>\$ 3,989,864</u>	

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Building permits	\$ 3,010,925	\$ 2,243,088	\$ 3,123,737	\$ 880,649
Electrical and plumbing permits	161,725	177,897	132,158	(45,739)
Plan check fees	1,482,478	1,630,725	1,821,287	190,562
Plumbing inspection fees	763,896	764,000	784,350	20,350
Electrical inspection fees	369,816	369,816	511,284	141,468
Miscellaneous permits	--	--	3,781	3,781
Other building and safety fees	265,280	265,280	197,999	(67,281)
Total Charges for Services	<u>6,054,120</u>	<u>5,450,806</u>	<u>6,574,596</u>	<u>1,123,790</u>
Miscellaneous:				
Reimbursements and restitution	--	50,000	1,731	(48,269)
TOTAL OPERATING REVENUES	<u>6,054,120</u>	<u>5,500,806</u>	<u>6,576,327</u>	<u>1,075,521</u>
OPERATING EXPENSES				
Salaries and wages	3,689,598	2,944,509	2,859,706	84,803
Employee benefits	1,597,952	1,322,420	1,221,328	101,092
Services and supplies	913,863	951,497	880,614	70,883
Depreciation	25,732	25,732	19,718	6,014
TOTAL OPERATING EXPENSES	<u>6,227,145</u>	<u>5,244,158</u>	<u>4,981,366</u>	<u>262,792</u>
OPERATING INCOME (LOSS)	<u>(173,025)</u>	<u>256,648</u>	<u>1,594,961</u>	<u>1,338,313</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	20,000	20,000	(2,938)	(22,938)
Gain (loss) on asset disposal	--	--	(36,396)	(36,396)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>20,000</u>	<u>20,000</u>	<u>(39,334)</u>	<u>(59,334)</u>
CHANGES IN NET ASSETS	<u>\$ (153,025)</u>	<u>\$ 276,648</u>	1,555,627	<u>\$ 1,278,979</u>
NET ASSETS, BEGINNING OF YEAR			<u>664,506</u>	
NET ASSETS, END OF YEAR			<u>\$ 2,220,133</u>	

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Washoe County cost share	\$ --	\$ --	\$ (115,711)	\$ (115,711)
Sparks cost share	--	115,711	115,711	--
Animal redemption	63,982	63,982	69,973	5,991
Animal adoption	30,678	30,678	29,714	(964)
Animal boarding	15,598	15,598	14,188	(1,410)
Animal facility acceptance fee	--	--	6,888	6,888
Forfeited deposits	25,058	25,058	1,402	(23,656)
Total Charges for Services	<u>135,316</u>	<u>251,027</u>	<u>122,165</u>	<u>(128,862)</u>
 Fines and forfeits	 4,116	 4,116	 2,125	 (1,991)
 Miscellaneous:				
Reimbursements and restitution	16,934	16,934	17,349	415
Other	2,360	(1,777,423)	2,057	1,779,480
Total Miscellaneous	<u>19,294</u>	<u>(1,760,489)</u>	<u>19,406</u>	<u>1,779,895</u>
TOTAL OPERATING REVENUES	<u>158,726</u>	<u>(1,505,346)</u>	<u>143,696</u>	<u>1,649,042</u>
 OPERATING EXPENSES				
Salaries and wages	783,019	912,313	1,029,721	(117,408)
Employee benefits	415,473	447,566	435,996	11,570
Services and supplies	479,584	613,983	561,346	52,637
Depreciation	35,000	35,000	29,994	5,006
TOTAL OPERATING EXPENSES	<u>1,713,076</u>	<u>2,008,862</u>	<u>2,057,057</u>	<u>(48,195)</u>
 OPERATING INCOME (LOSS)	<u>(1,554,350)</u>	<u>(3,514,208)</u>	<u>(1,913,361)</u>	<u>1,600,847</u>
 NONOPERATING REVENUES (EXPENSES)				
Ad Valorem Taxes	1,779,783	1,779,783	1,797,437	17,654
Private Grants	15,568	32,814	45,822	13,008
Investment earnings (loss)	3,500	3,500	(1,402)	(4,902)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,798,851</u>	<u>1,816,097</u>	<u>1,841,857</u>	<u>25,760</u>
 INCOME (LOSS) BEFORE TRANSFERS	<u>244,501</u>	<u>(1,698,111)</u>	<u>(71,504)</u>	<u>1,626,607</u>
 TRANSFERS				
Transfers in	--	125,489	125,489	--
 CHANGES IN NET ASSETS	<u>\$ 244,501</u>	<u>\$ (1,572,622)</u>	<u>53,985</u>	<u>\$ 1,626,607</u>
 NET ASSETS, BEGINNING OF YEAR			<u>754,513</u>	
NET ASSETS, END OF YEAR			<u>\$ 808,498</u>	

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Dispatch services	\$ 240,000	\$ 450,000	\$ 410,328	\$ (39,672)
Total Charges for Services	<u>240,000</u>	<u>450,000</u>	<u>410,328</u>	<u>(39,672)</u>
Miscellaneous:				
Reimbursements and restitution	--	343	343	--
Total Miscellaneous	<u>--</u>	<u>343</u>	<u>343</u>	<u>--</u>
TOTAL OPERATING REVENUES	<u>240,000</u>	<u>450,343</u>	<u>410,671</u>	<u>(39,672)</u>
OPERATING EXPENSES				
Salaries and wages	3,454,108	3,454,108	3,177,197	276,911
Employee benefits	1,333,860	1,333,860	1,191,849	142,011
Services and supplies	392,473	565,473	405,209	160,264
TOTAL OPERATING EXPENSES	<u>5,180,441</u>	<u>5,353,441</u>	<u>4,774,255</u>	<u>579,186</u>
OPERATING INCOME (LOSS)	<u>(4,940,441)</u>	<u>(4,903,098)</u>	<u>(4,363,584)</u>	<u>539,514</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	--	2,200	(1,146)	(3,346)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>--</u>	<u>2,200</u>	<u>(1,146)</u>	<u>(3,346)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(4,940,441)</u>	<u>(4,900,898)</u>	<u>(4,364,730)</u>	<u>536,168</u>
TRANSFERS				
Transfers in	<u>4,940,441</u>	<u>4,950,441</u>	<u>4,950,441</u>	<u>--</u>
CHANGES IN NET ASSETS	<u>\$ --</u>	<u>\$ 49,543</u>	585,711	<u>\$ 536,168</u>
NET ASSETS, BEGINNING OF YEAR			<u>(125,662)</u>	
NET ASSETS, END OF YEAR			<u>\$ 460,049</u>	

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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 accident insurance program.

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

Communications and Technology Fund – to account for the activities involved in providing information and technology-related services for the City of Reno.

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2004

	<u>Motor Vehicle Fund</u>	<u>Risk Retention Fund</u>	<u>Self-Funded Medical Plan Fund</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,291,549	\$ 5,866,399	\$ 699,856
Receivables:			
Accounts receivable	33,978	--	--
Accrued interest	14,574	15,883	5,815
Due from other governments	10,444	--	--
Inventories	169,403	--	--
Prepaid expenses	11,020	312,107	--
Total Current Assets	<u>5,530,968</u>	<u>6,194,389</u>	<u>705,671</u>
Non Current Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	19,753,030	90,356	--
Less accumulated depreciation	<u>(10,909,151)</u>	<u>(79,706)</u>	<u>--</u>
Net Capital Assets	<u>8,843,879</u>	<u>10,650</u>	<u>--</u>
TOTAL ASSETS	<u><u>14,374,847</u></u>	<u><u>6,205,039</u></u>	<u><u>705,671</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	186,222	17,251	--
Accrued salaries and benefits	12,439	1,960	--
Compensated absences payable	9,572	892	--
Accrued liabilities	<u>--</u>	<u>2,600,052</u>	<u>1,570,089</u>
Total Current Liabilities	<u>208,233</u>	<u>2,620,155</u>	<u>1,570,089</u>
Noncurrent Liabilities:			
Compensated absences payable	<u>86,148</u>	<u>8,024</u>	<u>--</u>
TOTAL LIABILITIES	<u><u>294,381</u></u>	<u><u>2,628,179</u></u>	<u><u>1,570,089</u></u>
NET ASSETS			
Invested in capital assets, net of related debt	8,843,879	10,650	--
Restricted for claims	--	3,566,210	--
Unrestricted (deficit)	<u>5,236,587</u>	<u>--</u>	<u>(864,418)</u>
TOTAL NET ASSETS	<u><u>\$ 14,080,466</u></u>	<u><u>\$ 3,576,860</u></u>	<u><u>\$ (864,418)</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2004

	<u>Self-Funded Workers Compensation Fund</u>	<u>Communications and Technology Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,643,196	\$ 1,209,547	\$ 18,710,547
Receivables:			
Accrued interest	--	--	33,978
Accrued interest	16,316	2,469	55,057
Due from other governments	--	96,491	106,935
Inventories	--	--	169,403
Prepaid expenses	62,693	47,353	433,173
Total Current Assets	<u>5,722,205</u>	<u>1,355,860</u>	<u>19,509,093</u>
Non Current Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	--	201,820	20,045,206
Less accumulated depreciation	--	(27,776)	(11,016,633)
Net Capital Assets	<u>--</u>	<u>174,044</u>	<u>9,028,573</u>
TOTAL ASSETS	<u><u>5,722,205</u></u>	<u><u>1,529,904</u></u>	<u><u>28,537,666</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	63,579	39,277	306,329
Accrued salaries and benefits	2,686	25,877	42,962
Compensated absences payable	1,917	23,530	35,911
Accrued liabilities	25,413,920	--	29,584,061
Total Current Liabilities	<u>25,482,102</u>	<u>88,684</u>	<u>29,969,263</u>
Noncurrent Liabilities:			
Compensated absences payable	17,255	211,778	323,205
TOTAL LIABILITIES	<u><u>25,499,357</u></u>	<u><u>300,462</u></u>	<u><u>30,292,468</u></u>
NET ASSETS			
Invested in capital assets, net of related debt	--	174,044	9,028,573
Restricted for claims	--	--	3,566,210
Unrestricted (deficit)	(19,777,152)	1,055,398	(14,349,585)
TOTAL NET ASSETS	<u><u>\$ (19,777,152)</u></u>	<u><u>\$ 1,229,442</u></u>	<u><u>\$ (1,754,802)</u></u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2004

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
OPERATING REVENUES			
Charges for services	\$ 4,628,685	\$ 2,314,795	\$ 12,589,702
Miscellaneous	32,612	1,068	1,359,813
TOTAL OPERATING REVENUES	4,661,297	2,315,863	13,949,515
OPERATING EXPENSES			
Salaries and wages	696,667	110,152	--
Employee benefits	278,203	48,179	--
Services and supplies	2,073,986	1,428,885	13,666,444
Depreciation	2,629,744	7,100	--
TOTAL OPERATING EXPENSES	5,678,600	1,594,316	13,666,444
OPERATING INCOME (LOSS)	(1,017,303)	721,547	283,071
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	(4,965)	(8,454)	(1,284)
Private grants	--	--	--
Gain (loss) on asset disposal	245,142	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	240,177	(8,454)	(1,284)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(777,126)	713,093	281,787
CAPITAL CONTRIBUTIONS IN (OUT)			
Contributions of assets	847,465	--	--
TOTAL CAPITAL CONTRIBUTIONS IN (OUT)	847,465	--	--
TRANSFERS IN (OUT)			
Transfers in	77,485	--	--
Transfers out	(7,377)	(13,375)	--
TOTAL TRANSFERS IN (OUT)	70,108	(13,375)	--
CHANGES IN NET ASSETS	140,447	699,718	281,787
NET ASSETS, BEGINNING OF YEAR	13,940,019	2,877,142	(1,146,205)
NET ASSETS, END OF YEAR	\$ 14,080,466	\$ 3,576,860	\$ (864,418)

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, 2004

	<u>Self-Funded Workers Compensation Fund</u>	<u>Communications and Technology Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 2,364,513	\$ --	\$ 21,897,695
Miscellaneous	--	131,909	1,525,402
TOTAL OPERATING REVENUES	<u>2,364,513</u>	<u>131,909</u>	<u>23,423,097</u>
OPERATING EXPENSES			
Salaries and wages	151,700	1,593,195	2,551,714
Employee benefits	61,979	523,620	911,981
Services and supplies	17,944,634	2,332,459	37,446,408
Depreciation	--	27,776	2,664,620
TOTAL OPERATING EXPENSES	<u>18,158,313</u>	<u>4,477,050</u>	<u>43,574,723</u>
OPERATING INCOME (LOSS)	<u>(15,793,800)</u>	<u>(4,345,141)</u>	<u>(20,151,626)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	42,291	(2,447)	25,141
Private grants	3,000	--	3,000
Gain (loss) on asset disposal	--	--	245,142
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>45,291</u>	<u>(2,447)</u>	<u>273,283</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(15,748,509)</u>	<u>(4,347,588)</u>	<u>(19,878,343)</u>
CAPITAL CONTRIBUTIONS IN (OUT)			
Contributions of assets	--	--	847,465
TOTAL CAPITAL CONTRIBUTIONS IN (OUT)	<u>--</u>	<u>--</u>	<u>847,465</u>
TRANSFERS IN (OUT)			
Transfers in	--	5,587,030	5,664,515
Transfers out	(3,375)	(10,000)	(34,127)
TOTAL TRANSFERS IN (OUT)	<u>(3,375)</u>	<u>5,577,030</u>	<u>5,630,388</u>
CHANGES IN NET ASSETS	<u>(15,751,884)</u>	<u>1,229,442</u>	<u>(13,400,490)</u>
NET ASSETS, BEGINNING OF YEAR	<u>(4,025,268)</u>	<u>--</u>	<u>11,645,688</u>
NET ASSETS, END OF YEAR	<u>\$ (19,777,152)</u>	<u>\$ 1,229,442</u>	<u>\$ (1,754,802)</u>

CITY OF RENO, NEVADA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2004

	Motor Vehicle Fund	Risk Retention Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ 4,620,936	\$ 2,314,795
Cash received from miscellaneous income, reimbursements and restitutions	32,612	1,068
Cash paid for employees' salaries and benefits	(819,071)	(128,824)
Cash payments to suppliers for goods and services	(1,864,045)	(1,129,019)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(221,895)	(161,931)
Cash paid to deferred compensation plans	<u>(21,326)</u>	<u>(4,778)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,727,211</u>	<u>891,311</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	<u>70,108</u>	<u>(13,375)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>70,108</u>	<u>(13,375)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	245,142	--
Acquisition of capital assets	(1,920,763)	--
Principal paid on debt	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,675,621)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	<u>(5,503)</u>	<u>(11,221)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	116,195	866,715
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,175,354</u>	<u>4,999,684</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 5,291,549</u></u>	<u><u>\$ 5,866,399</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2004

	Self-Funded Medical Plan Fund	Self-Funded Workers Compensation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ 12,589,702	\$ 2,364,513
Cash received from miscellaneous income, reimbursements and restitutions	1,359,813	--
Cash paid for employees' salaries and benefits	--	(177,670)
Cash payments to suppliers for goods and services	(13,441,034)	(3,753,273)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(33,575)	(41,757)
Cash paid to deferred compensation plans	--	(6,898)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	474,906	(1,615,085)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	--	(3,375)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	--	(3,375)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	--	--
Acquisition of capital assets	--	--
Principal paid on debt	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	--	--
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	(2,713)	57,189
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	472,193	(1,561,271)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	227,663	7,204,467
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 699,856	\$ 5,643,196

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2004

	Communications and Technology Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ (96,491)	\$ 21,793,455
Cash received from miscellaneous income, reimbursements and restitutions	131,909	1,525,402
Cash paid for employees' salaries and benefits	(1,855,630)	(2,981,195)
Cash payments to suppliers for goods and services	(2,340,535)	(22,527,906)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	--	(459,158)
Cash paid to deferred compensation plans	--	(33,002)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,160,747)	(2,682,404)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	5,577,030	5,630,388
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	5,577,030	5,630,388
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	--	245,142
Acquisition of capital assets	(201,820)	(2,122,583)
Principal paid on debt	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(201,820)	(1,877,441)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	(4,916)	32,836
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,209,547	1,103,379
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	--	17,607,168
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,209,547	\$ 18,710,547

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2004

	<u>Motor Vehicle Fund</u>	<u>Risk Retention Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,017,303)	\$ 721,547
 Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,629,744	7,100
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	26,229	--
Accounts receivable	(33,978)	--
Inventories	87,157	--
Prepaid expenses	(11,020)	9,846
Increase (decrease) in:		
Accounts payable	22,620	14,748
Accrued salaries and benefits	6,714	1,047
Accrued liabilities	(1,943)	132,164
Compensated absences payable	18,991	4,859
Total Adjustments	<u>2,744,514</u>	<u>169,764</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,727,211</u>	<u>\$ 891,311</u>
 NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u>\$ 847,465</u>	<u>\$ --</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2004

	<u>Self-Funded Medical Plan Fund</u>	<u>Self-Funded Workers Compensation Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 283,071	\$ (15,793,800)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	--	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	--	--
Accounts receivable	--	--
Inventories	--	--
Prepaid expenses	--	(8,526)
Increase (decrease) in:		
Accounts payable	--	43,022
Accrued salaries and benefits	--	1,463
Accrued liabilities	191,835	14,138,081
Compensated absences payable	--	4,675
Total Adjustments	<u>191,835</u>	<u>14,178,715</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 474,906</u>	<u>\$ (1,615,085)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u>\$ --</u>	<u>\$ --</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2004

	<u>Self-Funded Workers Compensation Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (4,345,141)	\$(20,151,626)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	27,776	2,664,620
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	(96,491)	(70,262)
Accounts receivable	--	(33,978)
Inventories	--	87,157
Prepaid expenses	(47,353)	(57,053)
Increase (decrease) in:		
Accounts payable	39,277	119,667
Accrued salaries and benefits	25,877	35,101
Accrued liabilities	--	14,460,137
Compensated absences payable	235,308	263,833
Total Adjustments	<u>184,394</u>	<u>17,469,222</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,160,747)</u>	<u>\$ (2,682,404)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u>\$ --</u>	<u>\$ 847,465</u>

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 4,615,556	\$ 4,598,550	\$ 4,628,685	\$ 30,135
Miscellaneous:				
Reimbursements and restitution	--	14,000	13,538	(462)
Other	--	1,000	19,074	18,074
Total Miscellaneous	--	15,000	32,612	17,612
TOTAL OPERATING REVENUES	<u>4,615,556</u>	<u>4,613,550</u>	<u>4,661,297</u>	<u>47,747</u>
OPERATING EXPENSES				
Salaries and wages	760,343	760,343	696,667	63,676
Employee benefits	330,876	330,876	278,203	52,673
Services and supplies	1,748,043	2,508,629	2,073,986	434,643
Depreciation	2,500,000	2,500,000	2,629,744	(129,744)
TOTAL OPERATING EXPENSES	<u>5,339,262</u>	<u>6,099,848</u>	<u>5,678,600</u>	<u>421,248</u>
OPERATING INCOME (LOSS)	<u>(723,706)</u>	<u>(1,486,298)</u>	<u>(1,017,303)</u>	<u>468,995</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	102,026	60,000	(4,965)	64,965
Gain (loss) on asset disposal	--	(329,529)	245,142	(574,671)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>102,026</u>	<u>(269,529)</u>	<u>240,177</u>	<u>(509,706)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(621,680)</u>	<u>(1,755,827)</u>	<u>(777,126)</u>	<u>(40,711)</u>
CAPITAL CONTRIBUTIONS IN (OUT)				
Contributions of assets	--	--	847,465	(847,465)
TOTAL CAPITAL CONTRIBUTIONS IN (OUT)	<u>--</u>	<u>--</u>	<u>847,465</u>	<u>(847,465)</u>
TRANSFERS IN (OUT)				
Transfers in	77,485	77,485	77,485	
Transfers out	(7,377)	(17,377)	(7,377)	(10,000)
TOTAL TRANSFERS IN (OUT)	<u>70,108</u>	<u>60,108</u>	<u>70,108</u>	<u>(10,000)</u>
CHANGES IN NET ASSETS	<u>\$ (551,572)</u>	<u>\$(1,695,719)</u>	140,447	<u>\$ (898,176)</u>
NET ASSETS, BEGINNING OF YEAR			13,940,019	
NET ASSETS, END OF YEAR			<u>\$ 14,080,466</u>	

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,313,265	\$ 2,313,265	\$ 2,314,795	\$ 1,530
Miscellaneous:				
Reimbursements and restitution	5,000	5,000	261	(4,739)
Other	--	--	807	807
Total Miscellaneous	5,000	5,000	1,068	(3,932)
TOTAL OPERATING REVENUES	2,318,265	2,318,265	2,315,863	(2,402)
OPERATING EXPENSES				
Salaries and wages	112,270	112,270	110,152	2,118
Employee benefits	52,249	52,249	48,179	4,070
Services and supplies	2,113,168	2,096,868	1,428,885	667,983
Depreciation	13,000	13,000	7,100	5,900
TOTAL OPERATING EXPENSES	2,290,687	2,274,387	1,594,316	680,071
OPERATING INCOME (LOSS)	27,578	43,878	721,547	677,669
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	80,000	54,000	(8,454)	(62,454)
TOTAL NONOPERATING REVENUES (EXPENSES)	80,000	54,000	(8,454)	(62,454)
INCOME (LOSS) BEFORE TRANSFERS	107,578	97,878	713,093	615,215
TRANSFERS				
Transfers in	--	--	--	--
Transfers out	(13,375)	(13,375)	(13,375)	--
TOTAL TRANSFERS	(13,375)	(13,375)	(13,375)	--
CHANGES IN NET ASSETS	\$ 94,203	\$ 84,503	699,718	\$ 615,215
NET ASSETS, BEGINNING OF YEAR			2,877,142	
NET ASSETS, END OF YEAR			\$ 3,576,860	

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 10,888,026	\$ 13,338,722	\$ 12,589,702	\$ (749,020)
Miscellaneous:				
Stop-loss reimbursements	--	750,000	1,358,773	608,773
Other	--	253	1,040	787
TOTAL OPERATING REVENUES	<u>10,888,026</u>	<u>14,088,975</u>	<u>13,949,515</u>	<u>(139,460)</u>
OPERATING EXPENSES				
Services and supplies	<u>9,893,575</u>	<u>12,632,325</u>	<u>13,666,444</u>	<u>(1,034,119)</u>
OPERATING INCOME (LOSS)	994,451	1,456,650	283,071	(1,173,579)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	<u>31,000</u>	<u>15,300</u>	<u>(1,284)</u>	<u>16,584</u>
CHANGES IN NET ASSETS	<u>\$ 1,025,451</u>	<u>\$ 1,471,950</u>	281,787	<u>\$ (1,156,995)</u>
NET ASSETS, BEGINNING OF YEAR			(1,146,205)	
NET ASSETS, END OF YEAR			<u>\$ (864,418)</u>	

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,370,054	\$ 2,370,054	\$ 2,364,513	\$ (5,541)
Miscellaneous:				
Other	--	3,000	--	(3,000)
TOTAL OPERATING REVENUES	2,370,054	2,373,054	2,364,513	(8,541)
OPERATING EXPENSES				
Salaries and wages	132,659	132,659	151,700	(19,041)
Employee benefits	55,691	55,691	61,979	(6,288)
Services and supplies	1,900,486	3,514,864	17,944,634	(14,429,770)
Depreciation	250	250	--	250
TOTAL OPERATING EXPENSES	2,089,086	3,703,464	18,158,313	(14,454,849)
OPERATING INCOME (LOSS)	280,968	(1,330,410)	(15,793,800)	(14,463,390)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	175,000	130,000	42,291	87,709
Private grants	--	3,000	3,000	--
TOTAL NONOPERATING REVENUES (EXPENSES)	175,000	133,000	45,291	(87,709)
INCOME (LOSS) BEFORE TRANSFERS	455,968	(1,197,410)	(15,748,509)	(14,551,099)
TRANSFERS				
Transfers out	(3,375)	(3,375)	(3,375)	--
TOTAL TRANSFERS	(3,375)	(3,375)	(3,375)	--
CHANGES IN NET ASSETS	\$ 452,593	\$ (1,200,785)	(15,751,884)	\$ (14,551,099)
NET ASSETS, BEGINNING OF YEAR			(4,025,268)	
NET ASSETS, END OF YEAR			\$ (19,777,152)	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Communications and Technology Fund
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Miscellaneous:				
Other	\$ --	\$ 36,807	\$ 131,909	\$ 95,102
TOTAL OPERATING REVENUES	<u>--</u>	<u>36,807</u>	<u>131,909</u>	<u>95,102</u>
OPERATING EXPENSES				
Salaries and wages	1,279,931	1,279,931	1,593,195	(313,264)
Employee benefits	570,365	570,365	523,620	46,745
Services and supplies	3,086,267	3,726,734	2,332,459	1,394,275
Depreciation	--	--	27,776	(27,776)
TOTAL OPERATING EXPENSES	<u>4,936,563</u>	<u>5,577,030</u>	<u>4,477,050</u>	<u>1,099,980</u>
OPERATING INCOME (LOSS)	<u>(4,936,563)</u>	<u>(5,540,223)</u>	<u>(4,345,141)</u>	<u>1,195,082</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	--	1,600	(2,447)	4,047
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>--</u>	<u>1,600</u>	<u>(2,447)</u>	<u>(4,047)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(4,936,563)</u>	<u>(5,538,623)</u>	<u>(4,347,588)</u>	<u>1,191,035</u>
TRANSFERS				
Transfers in	5,130,563	5,587,030	5,587,030	--
Transfers out	--	(10,000)	(10,000)	--
TOTAL TRANSFERS	<u>5,130,563</u>	<u>5,577,030</u>	<u>5,577,030</u>	<u>--</u>
CHANGES IN NET ASSETS	<u>\$ 194,000</u>	<u>\$ 38,407</u>	1,229,442	<u>\$ 1,191,035</u>
NET ASSETS, BEGINNING OF YEAR			<u>--</u>	
NET ASSETS, END OF YEAR			<u>\$ 1,229,442</u>	

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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 Agency Funds – to account for collections of special assessments of property owners for Sierra Executive Center, the Somerset Parkway development, and the Double R Boulevard development. 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, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 1,513,633	\$ 532,365	\$ 1,358,778	\$ 687,220
Accrued interest receivable	7,783	1,758	7,783	1,758
TOTAL ASSETS	<u>\$ 1,521,416</u>	<u>\$ 534,123</u>	<u>\$ 1,366,561</u>	<u>\$ 688,978</u>
LIABILITIES				
Accounts payable	\$ 2,730	\$ --	\$ 2,730	\$ --
Accrued liabilities	45,131	4,451	17,486	32,096
Deposits	1,473,555	1,185,283	2,001,956	656,882
TOTAL LIABILITIES	<u>\$ 1,521,416</u>	<u>\$ 1,189,734</u>	<u>\$ 2,022,172</u>	<u>\$ 688,978</u>
SPECIAL ASSESSMENT DISTRICT FUNDS				
ASSETS				
Cash and investments	\$ 3,937,111	\$ 15,396,294	\$ 14,720,872	\$ 4,612,533
Special assessments, current	719,773	874,676	719,773	874,676
Special assessments, delinquent	--	93	--	93
Due from other governments	--	102,052	--	102,052
Accrued interest receivable	2,936	291	2,936	291
TOTAL ASSETS	<u>\$ 4,659,820</u>	<u>\$ 16,373,406</u>	<u>\$ 15,443,581</u>	<u>\$ 5,589,645</u>
LIABILITIES				
Due to others	\$ 4,659,820	\$ 9,701,974	\$ 8,826,362	\$ 5,535,432
Accounts payable	--	27,090	--	27,090
Deposits	--	27,123	--	27,123
TOTAL LIABILITIES	<u>\$ 4,659,820</u>	<u>\$ 9,701,974</u>	<u>\$ 8,826,362</u>	<u>\$ 5,535,432</u>
WASHOE LOCAL EMERGENCY PLANNING COMMITTEE ASSETS				
Cash and investments	\$ 36,093	\$ 2,705,494	\$ 2,720,519	\$ 21,068
Accounts receivable	--	124,325	--	124,325
Due from other governments	14,973	--	14,973	--
TOTAL ASSETS	<u>\$ 51,066</u>	<u>\$ 2,829,819</u>	<u>\$ 2,735,492</u>	<u>\$ 145,393</u>
LIABILITIES				
Accounts payable	\$ 51,066	\$ 145,393	\$ 51,066	\$ 145,393
TOTAL LIABILITIES	<u>\$ 51,066</u>	<u>\$ 145,393</u>	<u>\$ 51,066</u>	<u>\$ 145,393</u>
TOTALS, AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 5,486,837	\$ 18,634,153	\$ 18,800,169	\$ 5,320,821
Accrued interest receivable	10,719	2,049	10,719	2,049
Accounts receivable	--	124,325	--	124,325
Special assessments, current	719,773	874,676	719,773	874,676
Special assessments, delinquent	--	93	--	93
Due from other governments	14,973	102,052	14,973	102,052
TOTAL ASSETS	<u>\$ 6,232,302</u>	<u>\$ 19,737,348</u>	<u>\$ 19,545,634</u>	<u>\$ 6,424,016</u>
LIABILITIES				
Accounts payable	\$ 53,796	\$ 172,483	\$ 53,796	\$ 172,483
Accrued liabilities	45,131	4,451	17,486	32,096
Deposits	1,473,555	1,212,406	2,001,956	684,005
Due to others	4,659,820	9,701,974	8,826,362	5,535,432
TOTAL LIABILITIES	<u>\$ 6,232,302</u>	<u>\$ 11,091,314</u>	<u>\$ 10,899,600</u>	<u>\$ 6,424,016</u>

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STATISTICAL SECTION

CITY OF RENO, NEVADA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
FISCAL YEARS ENDED JUNE 30, 2004, 2003 AND 2002

Table 1

(Amounts Expressed in Thousands)	(Unaudited)		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government	\$ 17,721	\$ 18,447	\$ 17,891
Judicial	5,003	4,131	4,026
Police	55,509	47,975	54,800
Fire	50,343	41,313	41,263
Public works	24,935	23,330	19,403
Planning and community development	6,901	5,489	5,165
Culture and recreation	17,440	16,081	15,660
Urban redevelopment	2,517	1,716	1,350
Debt Service:			
Interest and fiscal charges	<u>17,656</u>	<u>17,568</u>	<u>6,406</u>
Total Governmental Activities	<u>198,025</u>	<u>176,050</u>	<u>165,964</u>
Sanitary sewer	27,013	25,328	24,623
Golf courses	1,970	2,151	2,378
Building permits	5,371	5,933	6,049
Animal services shelter	2,322	1,114	966
Communications and technology	<u>4,828</u>	<u>5,068</u>	<u>--</u>
Total Business-Type Activities	<u>41,504</u>	<u>39,594</u>	<u>34,016</u>
Total	<u>\$ 239,529</u>	<u>\$ 215,644</u>	<u>\$ 199,980</u>

CITY OF RENO, NEVADA
GOVERNMENT-WIDE REVENUES
FISCAL YEARS ENDED JUNE 30, 2004, 2003 AND 2002

Table 2

<u>(Amounts Expressed in Thousands)</u>	<u>(Unaudited)</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Program Revenues			
Charges for services	\$ 97,259	\$ 85,882	\$ 76,579
Operating grants and contributions	6,229	8,400	6,913
Capital grants and contributions	<u>63,497</u>	<u>68,287</u>	<u>48,582</u>
Total Program Revenue	<u>166,985</u>	<u>162,569</u>	<u>132,074</u>
General Revenues			
Taxes	119,219	105,087	99,697
County gaming contributions	2,021	2,397	2,176
Unrestricted interest and investment earnings	1,367	5,630	6,622
Miscellaneous	4,985	3,168	2,620
Gain on sale of capital assets	323	61	130
Gain on early retirement of debt	<u>--</u>	<u>444</u>	<u>--</u>
Total General Revenues	<u>127,915</u>	<u>116,787</u>	<u>111,245</u>
Total Program and General Revenues	<u><u>\$ 294,900</u></u>	<u><u>\$ 279,356</u></u>	<u><u>\$ 243,319</u></u>

CITY OF RENO, NEVADA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION ⁽¹⁾
LAST TEN FISCAL YEARS

Table 3

(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
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
2004	13,961	4,524	90,209	21,126	14,942	7,775	2,590	25,636	180,763

(1) Includes General, Special Revenue and Debt Service Funds. Debt services excludes bond issuance and other costs.

(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 classification.

(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 previously reported under Parks and Recreation into a new enterprise fund.

(6) Reorganization in 2003 reclassified Dispatch Center activity previously reported under Police in Public Safety into a new Enterprise Fund.

CITY OF RENO, NEVADA
GENERAL GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾
LAST TEN FISCAL YEARS

Table 4

(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
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 ⁽⁴⁾	2,803	7,463	174,348
2003	59,711	2,905	26,362	87,509	9,606 ⁽⁵⁾	2,729	12,775	201,597
2004	61,491	2,317	27,758	77,052	13,592	2,656	11,173	196,039

(1) Includes General, Special Revenue, Debt Service Funds and Capital Project Funds. Excludes grants and contributions.

(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
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Table 5

(Amounts Expressed in Thousands)

(Unaudited)

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
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
2004	46,425	45,156	97.3	437	45,593	98.2	689	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
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS

Table 6

(Amounts Expressed in Thousands)

(Unaudited)

Fiscal Year Ended June 30	Taxable Real and Personal Property		Ratio of Total Assessed Value to Total Estimated Actual Value*
	Assessed Value	Estimated Actual Value	
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 ##	12,569,794	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 #	12,860,471	0.35
2004	5,231,957 #	14,948,449	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
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Table 7

(per \$100 of assessed value)

(Unaudited)

Fiscal Year Ended June 30	City of Reno			State of Nevada	School District	Washoe County	Special Districts *	Total
	City Operations	G.O. Debt	City Total					
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
2004	.9456	.0901	1.0357	.1700	1.1385	1.3917	.0020	3.7379

Fiscal Year Ended June 30	Redevelopment Agency
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
2004	3.2398

Source: State of Nevada, Department of Taxation/Redbook

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

CITY OF RENO, NEVADA
PRINCIPAL TAXPAYERS
JUNE 30, 2004

Table 8

(Amounts Expressed in Thousands)

(Unaudited)

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Circus Circus & Eldorado Joint Venture	Casino/Hotel	\$ 63,564	1.6%
Peppermill Casinos Inc	Casino/Hotel	43,356	1.1%
DP Industrial LLC	Real Estate	42,734	1.1%
Harrah's Club	Casino/Hotel	36,852	1.0%
El Dorado Resorts LLC	Casino/Hotel	35,673	0.9%
Washoe Medical Center Inc	Medical	33,835	0.9%
Golden Road Motor Inn	Casino/Hotel	33,277	0.9%
International Game Technology	Gaming	31,107	0.8%
FHR Corporation	Casino/Hotel	25,451	0.7%
PNK(Reno) LLC	Gaming	<u>22,474</u>	<u>0.6%</u>
Total		<u>\$ 368,323</u>	<u>9.5%</u>

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
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

Table 9

(Amounts Expressed in Thousands)

(Unaudited)

<u>Fiscal Year Ended June 30</u>	<u>Special Assessment Billings</u>	<u>Current Assessments Collected</u>	<u>Ratio of Total Collections to Billings</u>	<u>Outstanding Assessments</u>
1995	1,334	1,257	0.942	4,404
1996	1,178	1,152	0.978	3,690
1997	1,090	898	0.824	2,790
1998 ⁽¹⁾	1,978	1,807	0.914	1,836
1999	1,961	1,847	0.942	1,618
2000	453	498	1.099	1,804
2001	1,387	1,378	0.994	1,036
2002	318	292	0.918	2,474
2003	10,637	3,636	0.342	6,198
2004	3,702	3,692	0.997	15,853

Source: Office of the Washoe County Treasurer

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

CITY OF RENO, NEVADA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004

Table 10

(Amounts Expressed in Thousands)

(Unaudited)

Net assessed value		<u>\$ 5,231,957</u>
Debt limit - 15% of assessed value		\$ 784,794
Amount of debt applicable to debt limit		
Total bonded debt	\$ 83,455	
Less: Assets in Debt Service Fund Available for Payment of Debt	<u>6,223</u>	
Total amount of debt applicable to debt limit		<u>77,232</u>
Legal debt margin		<u>\$ 707,562</u>

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 an general or special law the principal and interest of which are payable solely from revenue 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)

<u>Fiscal Year Ended June 30</u>	<u>Population⁽¹⁾</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt⁽²⁾</u>	<u>Less Debt Service Funds⁽³⁾</u>	<u>Debt Payable from Enterprise Revenues⁽⁴⁾</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
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	78,113	1.78	418
2003	192	4,501,165	86,910	9,505	3,455	73,950	1.64	385
2004	199	5,231,957	86,960	6,223	3,505	77,232	1.48	388

(1) From Table 14

(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
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	8.9%
2003	9,106	5,142	14,248	180,856	7.9%
2004	8,595	5,052	13,647	180,763	7.5%

(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, special assessment installments, or debt secured by specifically pledged revenue sources.

(2) Excludes bond issuance and other costs.

(3) Includes General, Special Revenue, and Debt Service Funds. Debt services excludes bond issuance and other costs.

CITY OF RENO, NEVADA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
JUNE 30, 2004

Table 13

(Amounts Expressed in Thousands)

(Unaudited)

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Reno</u>	<u>Amount Applicable to Reno</u>
City of Reno	\$ 41,835	100.00	\$ 41,835
Redevelopment Agency of the City of Reno	41,620	100.00	41,620
Washoe County School District	385,155	47.85	184,297
Washoe County	109,019	47.85	52,166
State of Nevada	<u>157,519</u>	8.43	<u>13,279</u>
Total	<u><u>\$ 735,148</u></u>		<u><u>\$ 333,197</u></u>

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

CITY OF RENO, NEVADA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Table 14

(Unaudited)

<u>Fiscal Year Ended June 30</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(3) Public School Enrollment</u>	<u>(4) Unemployment Rate</u>
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%
2004	199,282 *	30,180 ##	33,797	3.8%

Sources:

- (1) *State of Nevada, Department of Taxation-Demographer's Office
 Figures not available until early December generally approximately a 3% increase each year
 **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
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Table 15

(Unaudited)

Fiscal Year Ended June 30	Commercial Construction ⁽¹⁾		Residential Construction ⁽¹⁾		Estimated ⁽²⁾ Property Value	Bank ⁽³⁾ Statewide Deposits*
	Permits	Value*	Permits	Value*		
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
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
2004	2,666	393,830	8,941	553,555	947,385,385	N/A

* Amounts expressed in thousands

(1) Based on permits issued by the City Department of Building and Safety which includes new construction 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
SCHEDULE OF INSURANCE IN FORCE
AS OF JUNE 30, 2004

Table 16

(Unaudited)

Type of Policy	Company Policy No.	Period From-To	Coverage
General Excess Liability, Auto and Public Officials	Marsh/Insurance Co of Pennsylvania #4704-1889	08-02-04 08-02-05	\$5,000,000 each occurrence; self-insured retention \$1,000,000 Self Insured Retention
Property All Risk Property Commercial Property and Commercial Inland Marine (including Auto Damage)	Marsh/Lexington #7518600	05-15-04 05-15-05	\$5,000,000 per occurrence Earthquake/Flood separate \$10,000 deductible all risk \$100,000 deductible-Earthquake 5% Deductible Flood
Earthquake/Flood	See Property Above	05-15-04 05-15-05	\$5,000,000 per occurrence Earthquake/Flood separate \$10,000 deductible all risk \$100,000 deductible-Earthquake 5% Deductible Flood
Boiler & Machinery	Marsh/Hartford #FBP2289710	05-15-04 05-15-05	\$5,000,000 excess of \$5,000,000 Primary
Public Official's Bond (Clerk)	Marsh/Hartford Bond#53BSBCK2801	11-27-04 11-27-05	\$100,000
Excess Worker's Compensation	Safety National #SP-8597-NV	09-01-04 09-01-05	Statutory Limits \$25,000,000 Employer's Liability \$2,500,000 Self-Insured Retention
Employee Dishonesty	Marsh/Hartford #53BPEBM5800	01-23-02 01-23-05	\$1,000,000 limit/loss \$10,000 deductible/loss

MISCELLANEOUS STATISTICAL DATA

1) Date of Incorporation:	March 16, 1903		
2) Form of Government:	Council/Manager		
3) Area:	June 30, 2002	87.68 square miles	
4) Streets and Alleys:	Streets - paved	563.0 miles	
	Streets - unpaved	1.9 miles	
	Alleys- paved	2.4 miles	
	Alleys- unpaved	11.6 miles	
5) Miles of Sewers:	Storm	285.00 miles	
	Sanitary Sewer Lines	650.00 miles	
6) Building Permits:	Issued Fiscal		
	Year Ended	Number	Valuation
	June 30,	Permits	
	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
2004	11,607	947,385,385	
7) Fire Protection:	Number of Stations		16
	Number of Authorized Emergency Personnel		294
	Number of Fire Prevention Officers		10
	Number of Training Personnel		5
	Number of Administrative Personnel		47
8) Police Protection:	Number of Sworn Employees		364
	Number of Non-commissioned Employees		124
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	

MISCELLANEOUS STATISTICAL DATA (CONTINUED)

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 1.2 M.G.D.

Joint Plant 40.0 M.G.D.

Average amount of daily sewage treated by both plants for year ended June 30, 2004 is 29.68 M.G.D.

11) Employees as of June 30, 2004:

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	<u>1,979</u>
Total	<u><u>2,006</u></u>

12) Elections:

	<u>Registered Voters</u>	<u>Votes Cast</u>	<u>Percent Voting</u>
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):

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
2004	5,481,582

(Source: State of Nevada Department of Taxation)

MISCELLANEOUS STATISTICAL DATA (CONTINUED)

15) Media:	Newspapers Television outlets	Reno Gazette-Journal, News and Review, Ahora The five major network affiliates, a PBS and three independent stations and four cable companies operate in Reno
16) Utilities:	Natural gas/ electricity: Telephone: Water:	Sierra Pacific Power Company SBC 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
Bruce W. Stephenson
Roseanne M. Lopez
Jason J. Cardinet
Tyler K. Hunt

Curtis A. Orgill
M. Elba Zúñiga

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 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, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 25, 2004. 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.

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 opinions 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 reportable 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 caused by error or fraud 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 25, 2004.

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

Compliance and Other Matters

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 grant agreements, 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*.

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 25, 2004
Roseville, California

**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, 2004. 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, 2004.

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.

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 caused by error or fraud 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. However, we noted other matters involving internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs which we have reported to management in a separate letter dated October 25, 2004.

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 25, 2004
Roseville, California

CITY OF RENO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through Nevada Department of Education Special Milk Program for Children	10.556	--	\$ 30,207
Passed through Nevada Department of Employment, Training and Rehabilitation Summer Food Service Program for Children	10.559	--	<u>66,892</u>
Total U.S. Department of Agriculture			<u>\$ 97,099</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants-Entitlement Grants Community Development Block Grant Section 108 Loan Guarantees	14.218 *	--	1,787,287
HOME Investment Partnership Program Grant	14.248	--	40,000
HOME Investment Partnership Program Grant	14.239 *	--	1,931,723
Passed through Nevada Housing Division HOME Investment Partnership Program Grant	14.239 *	--	73,114
Passed through Nevada State Welfare Division Emergency Shelter Grant	14.231	--	<u>130,000</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 3,962,124</u>
<u>U.S. Department of Interior</u>			
Passed through Nevada Department of Conservation Terrace Sports Complex	15.916	--	<u>\$ 194,417</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Local Law Enforcement Block Grant	16.592	--	271,240
Public Safety Partnership and Community Policing Grants (COPS)	16.710	--	416,259

* Major Program

CITY OF RENO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Justice (continued)</u>			
Direct Programs (continued):			
Public Safety Partnership and Community Policing Grants (COPS) Universal Hiring Grants	16.710	--	\$ 792,265
Passed through Nevada Department of Human Resources Crime Victim Assistance Grant	16.575	--	109,725
Passed through State of Nevada Office of Attorney General Violence Against Women Formula Grant	16.588	--	13,373
Passed through Nevada Department of Public Safety Edward Byrne Memorial State and Local Law Enforcement Grant	16.579	--	166,425
State Domestic Preparedness Equipment Program	16.007 *	--	601,702
Passed through Community Services Agency Weed and Seed Program	16.595	--	<u>153,692</u>
Total U.S. Department of Justice			<u>\$ 2,524,681</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Urban Trail Improvements	20.219	--	96,129
Passed through Nevada Department of Public Safety Underage Drinking	20.600	--	17,530
Young Drivers	20.600	--	27,468
Joining Forces	20.600	--	50,532
Red Light Running	20.600	--	<u>8,778</u>
Total U.S. Department of Transportation			<u>\$ 200,437</u>

* Major Program

CITY OF RENO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Treasury Department</u>			
Direct Programs:			
Gang Resistant Education and Training	21.053	--	<u>\$ 59,504</u>
Total Expenditures of Federal Awards			<u>\$ 7,038,262</u>

CITY OF RENO, NEVADA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2004

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 prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements. Sources of information for preparation of the Schedule of Expenditures of Federal Awards varies, depending on the accounting practices and reporting requirements of the department implementing the program.

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

<u>Program</u>	<u>Finding/Noncompliance</u>
Section 1	<u>Summary of Auditor's Results</u>
<u>Financial Statements</u>	
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
<u>Federal Awards</u>	
1. Internal controls over major program:	
a. Material weaknesses identified?	No
b. Reportable conditions identified not considered to be material weaknesses	None Reported
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)?	No
4. Identification of major program:	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants – Entitlement Grants
14.239	HOME Investment Partnership Program Grant
16.007	State Domestic Preparedness Equipment Program
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, 2004

<u>Program</u>	<u>Finding/Noncompliance</u>
Section 1 (continued)	<u>Summary of Auditor's Results</u>
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	Yes
Section 2	
<u>Financial Statement Findings</u>	
None Reported	
Section 3	
<u>Federal Award Findings and Questioned Costs</u>	
None Reported	

CITY OF RENO, NEVADA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2004

Audit Reference Number	Status of Prior Year Audit Findings
Finding 02-2:	
Department of Justice; CFDA 16.588; 16.592 Department of Housing & Urban Development CFDA 14.239	Corrected.
Finding 03-1:	
Department of Housing & Urban Development CFDA 14.218 & 14.239	Corrected. The City adjusted the budgeted percentages for salary costs to actual as required by A-87. However, some minor errors were noted in the adjustments.

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AUDITOR'S COMMENTS

NEVADA REVISED STATUTE 354.626

STATUTE COMPLIANCE

The required disclosure on compliance with the Nevada Revised Statutes and Nevada Administrative Code is contained in Note 16 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The following action was taking during 2003-04 relating to the potential violations reported in the June 30, 2003 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2004. There were, however, overexpenditures during the current year as reported in Note 16 to the financial statements.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2004.

CURRENT YEAR RECOMMENDATIONS

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

The City of Reno's continuing efforts toward superior financial reporting and presentation were again acknowledged by the Government Finance Officers Association when the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for its June 30, 2003, Comprehensive Annual Financial Report. We would like to congratulate the City on this achievement.

CITY OF RENO, NEVADA
SCHEDULE OF BUSINESS LICENSE FEES
SUBJECT TO THE PROVISIONS OF NRS 354.5989
FOR THE YEAR ENDED JUNE 30, 2004

Flat/Fixed Fees:

Adjusted Base, June 30, 2003	<u>\$ 1,197,944</u>
Adjustment to Base:	
1. Percentage increase in population of the local government	3.0000%
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	<u>1.8000%</u>
Total adjustment percentage	4.8000%
Adjustment amount (base x percentage)	<u>57,501</u>
Adjusted Base, June 30, 2000	1,255,445
Actual Revenue, 2003-2004	543,503
Amount Over (Under) Allowable Amount	<u><u>\$ (711,942)</u></u>

Fees Calculated As A Percentage Of Gross Revenue:

Actual Revenues, 2002/2004	\$ 9,030,549
Percentage Increase In The Consumer Price Index	<u>1.8000%</u>
2003/2004 Maximum Allowable Revenue	9,193,099
Actual Revenues, 2003/2004	10,009,539
Amount Over (Under) Allowable Amount	<u><u>\$ 816,440</u></u>