

**CITY OF RENO
STATE OF NEVADA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year
July 1, 2004 through June 30, 2005**

**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, 2005**

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INTRODUCTORY SECTION

December 14, 2005

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

The comprehensive annual financial report for the City of Reno for the fiscal year ended June 30, 2005 is hereby submitted. State law requires that local governments provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City of Reno. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Reno has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Reno's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Reno's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Reno's financial statements have been audited by Bartig, Basler & Ray, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Reno for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Reno's financial statements for fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Reno was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the 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.

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. By April 15, the Finance Director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the citizens via public hearings. The Nevada Department of Taxation notifies the City Council whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval.

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

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

Factors Affecting Financial Condition

Local Economy. 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.

As in the prior year, sales tax revenues have continued to reflect an improving economy in Nevada. Sales tax revenues in the areas of auto sales and area construction have remained the primary contributors to sales tax revenue increases thus far in the 2004/2005 fiscal year. However, sales tax revenues, by their nature can be volatile. This is why the proposed 2005/06 budget continues to reflect a moderately conservative estimate for this and other revenue sources.

Nevada has no corporate or personal income tax, and is a right-to-work state. These factors have contributed to the State's tremendous growth in the 1990's and into this decade. In 2005, Inc. magazine has named Reno No. 1 on its list of the "Best Places to Do Business in America," based on job growth figures among 274 metropolitan areas.

Long Term Financial Planning. The City of Reno has many long range plans. These plans include the following:

- Service level enhancements consisting of the funding of sixteen (16) new positions in the following departments Finance, Fire, Communications and Technology, Public Works, Parks, Recreation and Community Services, Police, Community Development and the City Attorney's Office.
- The traffic team that was authorized in January 2005 will increase police presence in the community and address an important community concern by providing additional traffic enforcement over what was provided in FY 04-05;

- Additional funding continues to be provided for capital projects monitoring to ensure that the important capital projects under construction in the downtown area (ReTRAC, the Mills B. Lane Justice Center, the Palladio, and the Theatre Corner Parcel) are well coordinated and do not impose undo inconvenience on other downtown businesses or special events;
- Additional funding for communications (\$67,867) has been included to provide assistance to staff in enhancing our public information/communication efforts to ensure that the public is well-informed regarding policy decisions made by the City Council;
- Maintaining our successful Community Pride Grant Program by providing funding for Neighborhood Advisory Boards to select projects to improve the quality of life in their neighborhoods.

The City of Reno continues to update the Capital Improvement Plan, a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates the City's financing and construction time frames. Some of these capital projects for fiscal year 2006 include:

- Parks, Recreation and Community services funded projects include Neighborhood Park Improvements;
- Community Resources funded projects include Neighborhood Revitalization Program;
- Fire Department funded projects include Fire Vehicle Replacement Program; and
- Public Works funded projects include Street Reconstruction and Rehabilitation, Neighborhood Traffic Calming, Truckee River Restoration Program, Truckee Meadows Water Reclamation Facility and Stead Facility Expansion, Sanitary Sewer Rehabilitation/Improvements, Lawton Sewer Interceptor, East 4th Street Lighting, Streetscaping and Downtown Lighting Program.

Major Initiatives

Reno is entering into an exciting time with construction underway on the Palladio, the Theatre Corner Parcel, and the Mills B. Lane Justice Center, as well as the plans by Cabela's to construct a 125,000 sq. ft. retail sporting goods facility in the West, the Bayer Development plans to construct a 660,000 sq. foot upscale retail mall (Summit Sierra) in the South, and the potential Hilton renovation project, which would include condominiums, a water park, and retail stores.

The Cabela's project will require a very complicated financing plan consisting of the use of STAR bonds, Special Assessment District (SAD) bonds, and Redevelopment Tax Increment bonds. The Cabela's project will be the first time that STAR bonds are used in the State and, consequently, will require special attention in regards to the timing of the various approval steps required. These projects will not only provide a large financial boost to the Truckee Meadows region, but will also provide Reno residence with additional amenities for which they currently have to travel long distances to receive.

In addition to the projects discussed above, the City's Community Assistance Center will provide much needed support to address the social issue of assisting homeless population in Reno. This project will help improve the quality of life for homeless individuals and help them to better access necessary services and the resources needed to find jobs and housing.

Relevant Financial Policies

Cash Management Policies and Practices. 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.

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, 1948 by the Nevada Legislature and is governed by the Public Employee’s Retirement Board, whose seven members are appointed by the Governor.

Awards and Acknowledgements

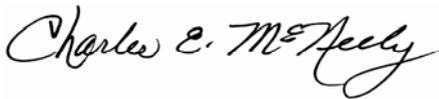
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Reno for its comprehensive annual financial report for the fiscal year ended June 30, 2004.

This was the 22nd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and Bartig, Basler & Ray, Independent Certified Public Accountants. We would like to express our appreciation to all persons who assisted and contributed to the preparation of this report. In closing, without the support and responsible leadership of the City Council of the City of Reno, preparation of this report would not have been possible.

Respectfully submitted,



Charles E. McNeely
City Manager



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, 2004

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.

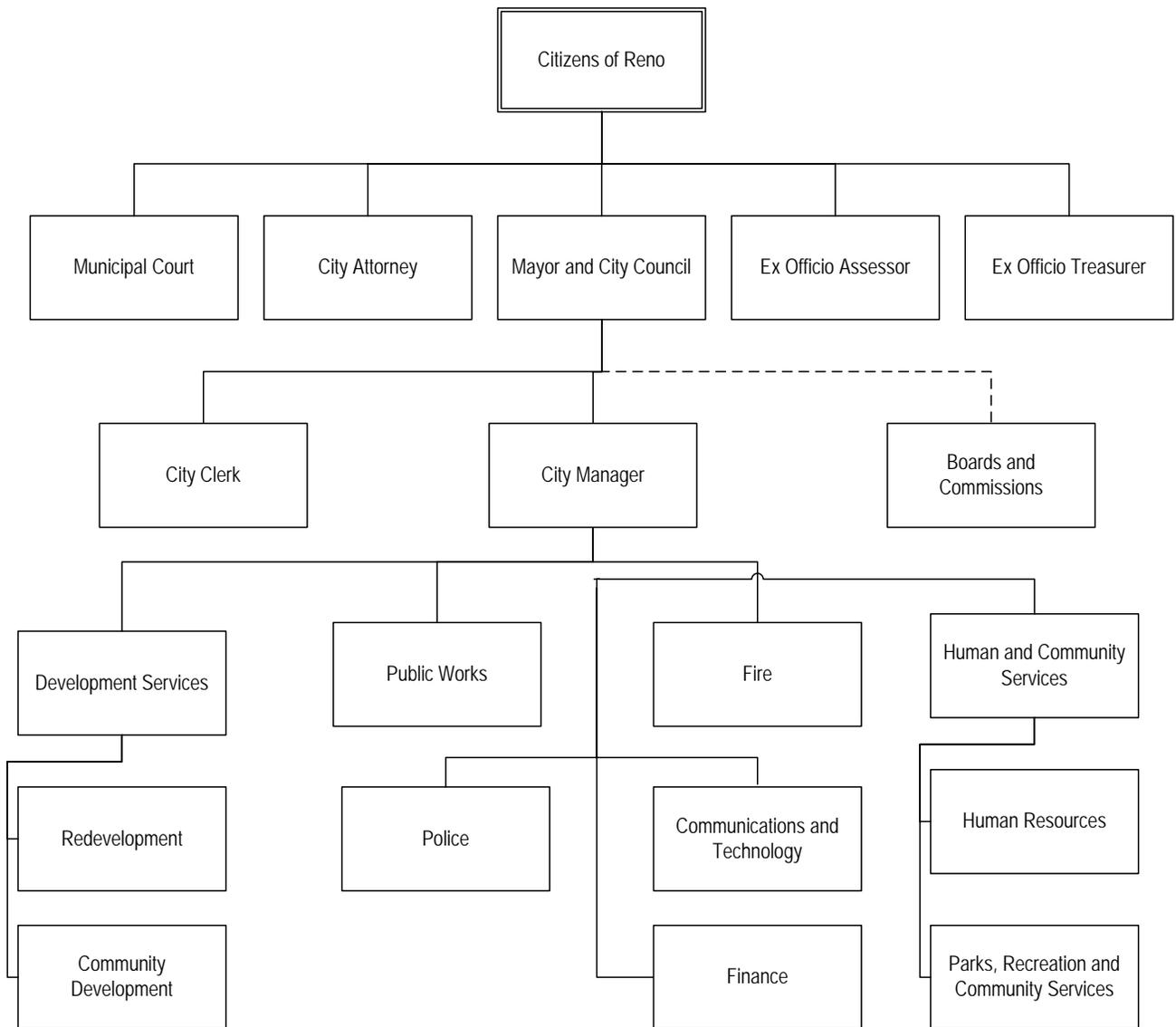


Nancy L. Ziehl

President

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

Appointed by City Council

Lynnette R. Jones

OTHER ELECTED OFFICIALS

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

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FINANCIAL SECTION

Bartig, Basler & Ray

A Professional Corporation

Certified Public Accountants and Management Consultants

Frank V. Trythall
Brad W. Constantine
Bruce W. Stephenson
Roseanne M. Lopez
Jason J. Cardinet
Tyler K. Hunt

Curtis A. Orgill
M. Elba Zuniga

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, 2005, 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 opinions.

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, 2005, 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.

As described in Note 1, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, as of July 1, 2004.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2005 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,

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

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.

The Management's Discussion and Analysis (MD & A) is not a required part of the financial statements but is supplementary information required accounting principles generally accepted in the United States of America. 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
November 4, 2005

**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 \$29,800,055, or 3.85%, over the prior year balance after prior year adjustment adjustments (detailed on page 5).
- The City issued approximately \$3.5 million in bonds to assist in the financing of the construction of the new municipal court building.
- The City obtained a loan from the Federal Highway Administration for \$50,500,000 to partially fund the depressed railroad trench project.
- Net capital assets grew 19.09% after a prior year adjustment to include infrastructure assets constructed or rehabilitated prior to June 30, 2001, and two small prior year adjustments resulting in a \$2,856 increase to construction in progress.
- General Fund revenues totaled \$156,341,076, which is an \$11,764,059 increase over the prior year. This figure excludes other financing sources.
- General Fund expenditures increased 9.16% to \$136,065,957, excluding other financing uses such as operating transfers.
- Property tax revenue increased by 4.53%.
- Consolidated taxes increased from \$47,480,733 to \$52,372,923, or 10.3% over the prior year.
- Cash and investments at the governmental funds level declined \$69.5 million, primarily due to the usage of remaining bond proceeds to fund construction of the depressed railroad trench and downtown events center projects.
- The Sewer Enterprise Fund drew down \$27.7 million on the \$74.8 million line of credit through the Nevada State Clean Water Revolving Loan Fund to fund water treatment plant expansions and sewer line rehabilitation. The total outstanding is \$30.3 million.

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 works; and parks, culture, and recreation. The business-type activities for the City of Reno include sewer operations, golf operations, animal services, dispatch, planning, 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 28 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-one (21) 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, Planning, and Building Permit. Internal services funds are used to account for and allocate internal costs to the various functions in 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	
	2005	2004*	2005	2004	2005	2004*
Current and other assets	\$182,415,772	\$251,115,439	\$25,974,487	\$13,277,383	\$208,390,259	\$264,392,822
Restricted assets			11,886,453	20,644,552	11,886,453	20,644,552
Investment in Truckee Meadows Water Reclamation Facility	--	--	69,611,966	59,192,786	69,611,966	59,192,786
Delinquent accounts receivable	--	--	1,104,474	1,192,108	1,104,474	1,192,108
Capital assets	839,427,942	701,193,525	188,375,323	161,818,692	1,027,803,265	863,012,217
Total Assets	1,021,843,714	952,308,964	296,952,703	256,125,521	1,318,796,417	1,208,434,485
Current liabilities	78,580,059	76,862,662	9,158,912	7,434,661	87,738,971	84,297,323
Long-term liabilities	390,963,280	341,486,648	35,316,913	7,673,316	426,280,193	349,159,964
Total Liabilities	469,543,339	418,349,310	44,475,825	15,107,977	514,019,164	433,457,287
Net Assets:						
Invested in capital assets, net of related debt	501,003,859	484,487,280	185,072,216	158,305,006	686,076,075	642,792,286
Restricted	59,321,040	140,153,894	5,206,160	3,187,697	64,527,200	143,341,591
Unrestricted	(8,024,524)	(90,681,520)	62,198,502	79,524,841	54,173,978	(11,156,679)
Total Net Assets	\$552,300,375	\$533,959,654	\$252,476,878	\$241,017,544	\$804,777,253	\$774,977,198

*Note: Totals for Governmental Activities for FY 2004 have been restated to reflect the following prior year adjustments: \$304,820,340 net increase to Capital Assets (Retroactive Reporting of Infrastructure Assets), \$2,856 net increase to Capital Assets (CIP), \$16,143 increase to Current & Other Assets (Cash), \$5,582,553 increase to Current & Other Assets (Notes Receivable), \$1,293 decrease to Current & Other Assets (Special Assessments), \$27,375 increase to Current & Other Assets (Prepaid Assets), \$283,754 decrease to Current & Other Assets (Due From Other Governments), and \$4,569 increase in deposits reported under Current Liabilities.

Total assets as of June 30, 2005, net of accumulated depreciation of \$433,966,089, totaled \$1,318,796,417. Assets include cash/investments, receivables, prepaid items, and capital assets. Liabilities, which consisted primarily of long-term debt, totaled \$514,019,164. Liabilities also include payables and unearned revenue. A comparison of assets and liabilities for the government-wide financial statements reflected net assets of \$804,777,253. This total reflects an improvement during the year of \$29,800,055, or 3.85%, after taking into consideration prior period adjustments discussed in the note above. The majority of the City of Reno's total assets, \$1.03 billion, or 77.9%, 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 \$69,611,966 ownership interest in the Truckee Meadows Water Reclamation Facility.

Fiscal year 2004/05 activity for the government-type and business-type entities is presented in the Statement of Activities and summarized below. As indicated in this statement, governmental activities increased net assets of the City of Reno by \$18,340,721. Business-type activities increased net assets by \$11,459,334.

City of Reno Change in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2005	2004*	2005	2004	2005	2004*
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$68,945,754	\$62,357,096	\$40,237,859	\$34,902,252	\$109,183,613	\$97,259,348
Operating grants, interest and contributions	4,518,286	6,183,124	54,914	45,822	\$4,573,200	6,228,946
Capital grants, interest and contributions	47,852,071	48,469,078	13,753,915	15,028,222	\$61,605,986	63,497,300
Total Program Revenue	121,316,111	117,009,298	54,046,688	49,976,296	\$175,362,799	166,985,594
<i>General revenues:</i>						
Ad valorem taxes	51,518,055	49,592,261	2,198,185	1,797,437	\$53,716,240	51,389,698
Consolidated taxes	52,372,923	47,480,733	-	-	52,372,923	47,480,733
Shared revenues*	5,775,414	5,226,791	-	-	5,775,414	5,226,791
Other taxes	18,084,211	16,871,939	-	-	18,084,211	16,871,939
Unrestricted investment & interest earnings	4,222,553	1,406,368	468,596	(39,664)	4,691,149	1,366,704
Other	1,532,505	3,299,870	288,583	2,008,516	1,821,088	5,308,386
Total Revenues	254,821,772	240,887,260	57,002,052	53,742,585	311,823,824	294,629,845
Expenses:						
General government	15,624,299	17,721,359	-	-	15,624,299	17,721,359
Judicial	5,204,457	5,002,728	-	-	5,204,457	5,002,728
Police	57,230,870	55,508,977	-	-	57,230,870	55,508,977
Fire	56,128,634	50,343,306	-	-	56,128,634	50,343,306
Public works	51,600,830	24,934,712	-	-	51,600,830	24,934,712
Planning & community development	5,860,746	6,901,518	-	-	5,860,746	6,901,518
Culture & recreation	19,470,362	17,439,791	-	-	19,470,362	17,439,791
Urban redevelopment	3,454,927	2,516,724	-	-	3,454,927	2,516,724
Interest & fiscal charges	17,540,448	17,655,983	-	-	17,540,448	17,655,983
Sanitary sewer	-	-	29,668,235	27,012,523	29,668,235	27,012,523
Golf courses	-	-	1,938,796	1,970,295	1,938,796	1,970,295
Building permits	-	-	6,151,551	5,370,592	6,151,551	5,370,592
Animal services shelter	-	-	2,383,231	2,322,400	2,383,231	2,322,400
Planning	-	-	4,621,742	-	4,621,742	-
Dispatch	-	-	5,144,641	4,828,368	5,144,641	4,828,368
Total Expenses	232,115,573	198,025,098	49,908,196	41,504,178	282,023,769	239,529,276
Increase in net assets before transfers	22,706,199	42,862,162	7,093,856	12,238,407	29,800,055	55,100,569
Transfers	(4,365,478)	(3,980,501)	4,365,478	3,980,501	-	-
Increase in Net Assets	\$18,340,721	\$38,881,661	\$11,459,334	\$16,218,908	\$29,800,055	\$55,100,569

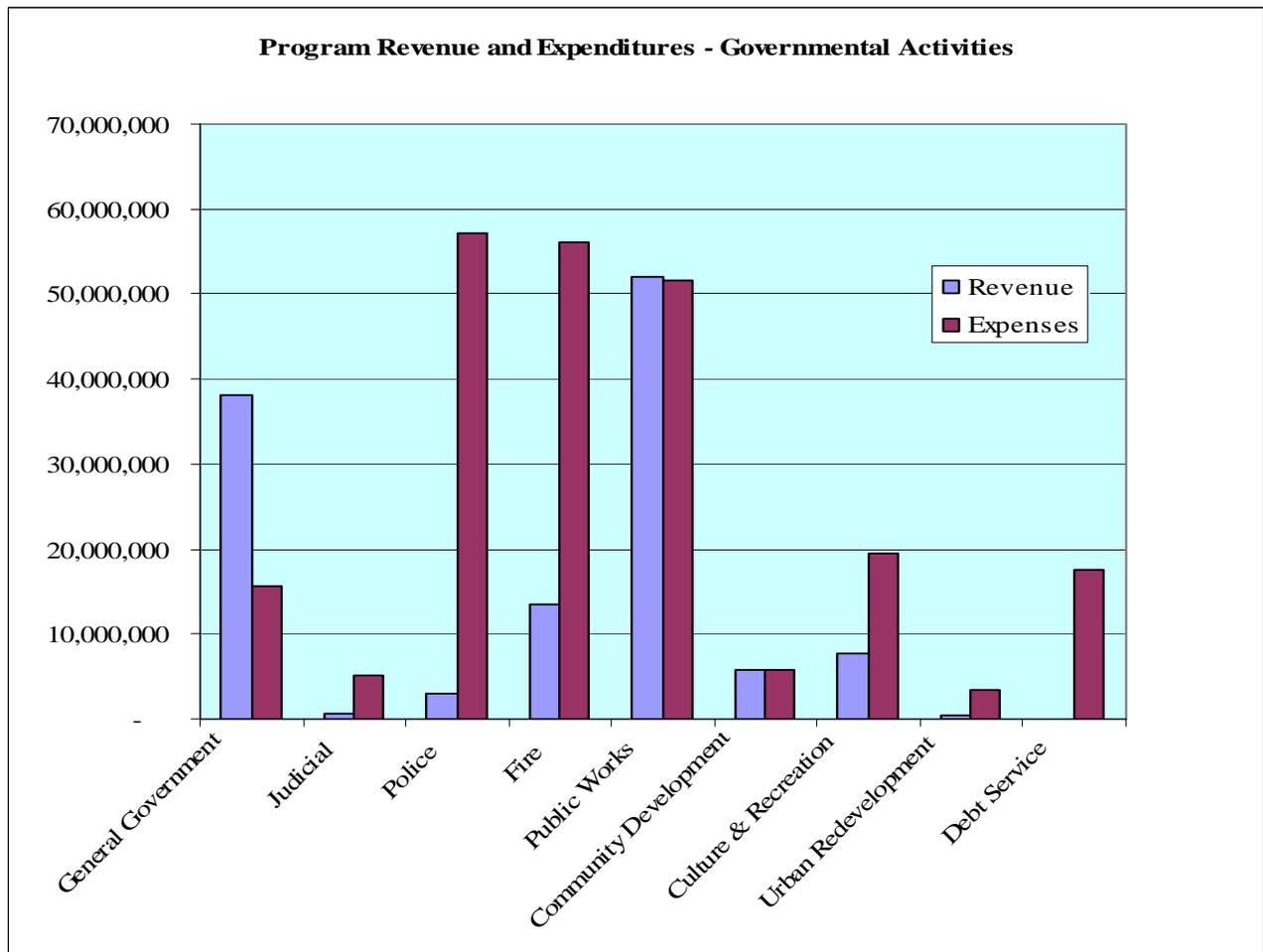
*FY 2004 shared revenues were decreased by \$269,855 to account for FY2005 revenues accrued in FY 2004 in error.

Governmental Activities

Total revenues in fiscal year 2004/05 increased 5.84% over the previous year’s total, while expenses increased 17.74%. The increase in expense within the Police and Fire functions under governmental activities is largely due to increased workers’ compensation premiums. The City has also been able to fill a number of vacant positions within the Fire Department. Large increases in depreciation expense related to the recordation of pre-2002 infrastructure assets resulted in the spike in expense within the Public Works function. General revenues in the current year rose approximately 6.9% over general revenues collected in the prior year, with all categories of general revenues registering growth.

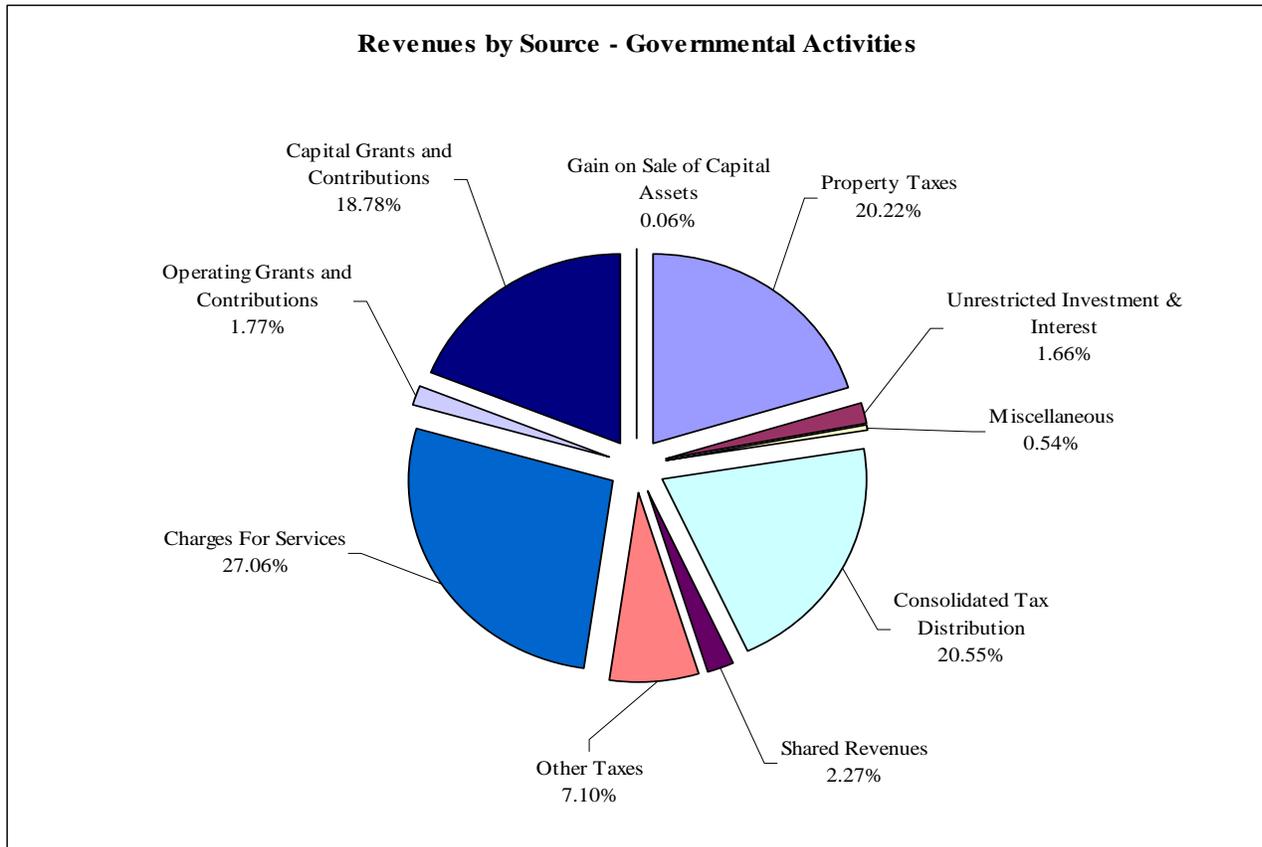
Program revenues are those revenues that are derived directly from the program itself or from parties outside of the City’s taxpayers or citizenry. They reduce the net cost of the function to be financed from the City’s general revenues which include property taxes and other taxes. The following chart 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 \$121,316,111 and \$232,115,573, respectively, for the 2004/05 fiscal year. As indicated below, program revenue exceeds expenditures for the General Government and the Public Works function. The Planning & Community Development function almost broke even. 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 primarily due to the approximately \$17 million of contributed infrastructure assets, such as streets dedicated to and annexed by the City, that were recorded as revenue without an offsetting capital outlay being incurred by the City.



For the remaining functions, the chart on the preceding page 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.

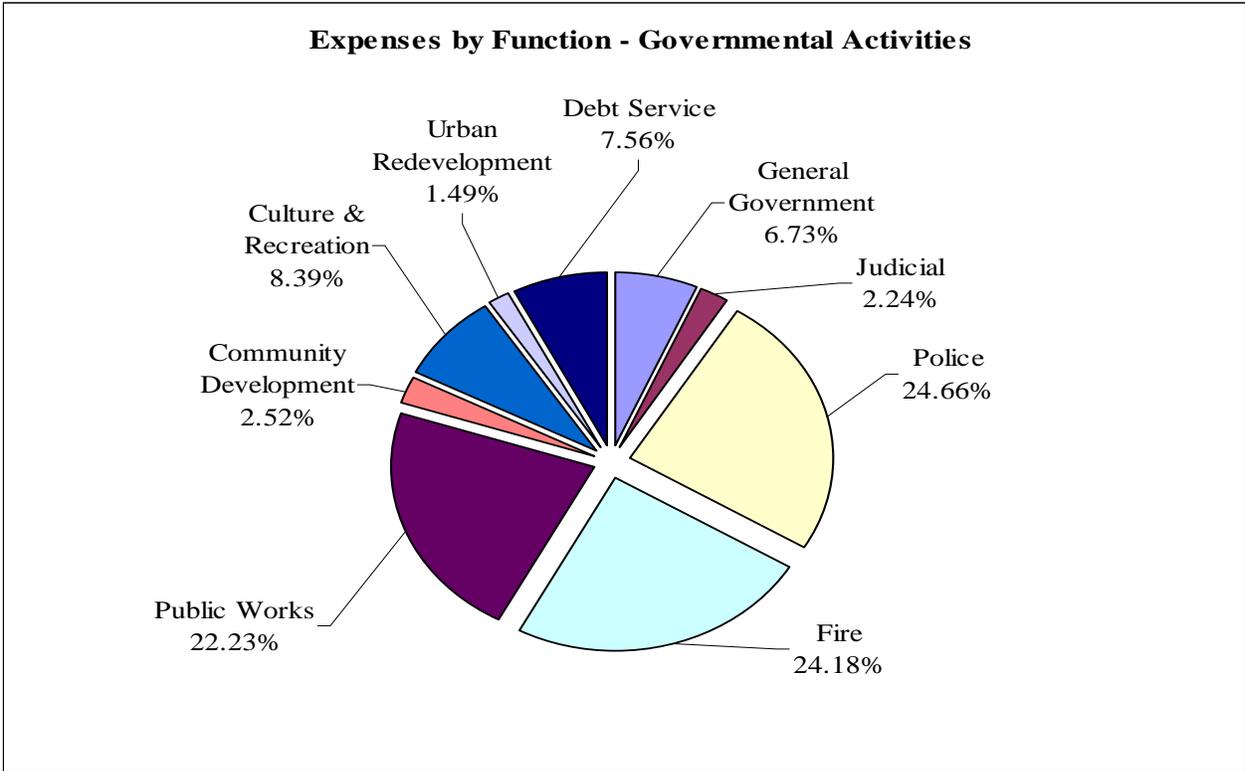
The sources of revenues have been charted to show their respective percentage of total revenues. Consolidated tax distributions inched out property taxes as the major general revenue source. Charges for services continue to be the largest overall revenue contributor.



In fiscal year 2004/05, ad valorem taxes, as a percentage of total revenues, declined slightly to become the third major revenue source at 20.22%. In 2005 the Nevada State Legislature passed a bill to cap residential property tax revenue growth at 3% and commercial property growth at ten-year rolling average or 8%, whichever is less. Revenues resulting from new growth are excluded from the cap in the first year. Consequently, the City will look to other sources to help address any shortfall caused by this cap.

In terms of dollars, consolidated taxes increased 10.3% over the amount collected in the preceding fiscal year. Charges for services increased 10.57%. Ad valorem taxes rose by 3.88%. Unrestricted investment and interest earnings increased almost two-fold over 2003/04 earnings due to an increased interest rate environment and a higher market value of City investments due to the external economic factors.

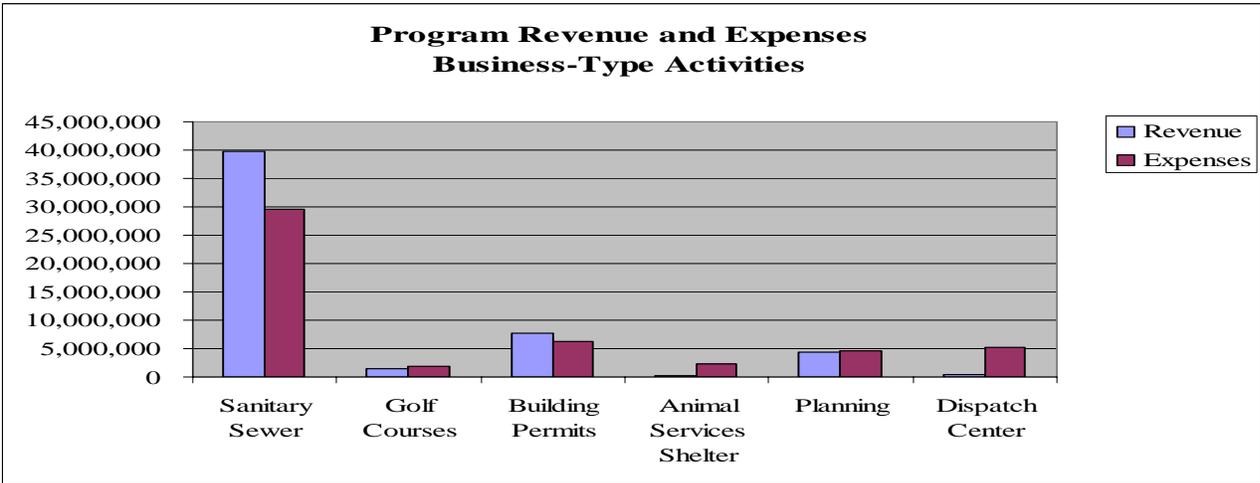
The following chart provides a comparison of expenses by function/program as a percentage of total expenditures for all governmental expenses. Police and Fire continue to pose the largest cost to the city. When combined under the Public Safety category, they represent 48.84% of total governmental expenses. This is a decline from the fiscal year 2003/04 percentage of 53.45% of total governmental expenses. Public Works picked up most of the difference due to higher depreciation costs as stated earlier.



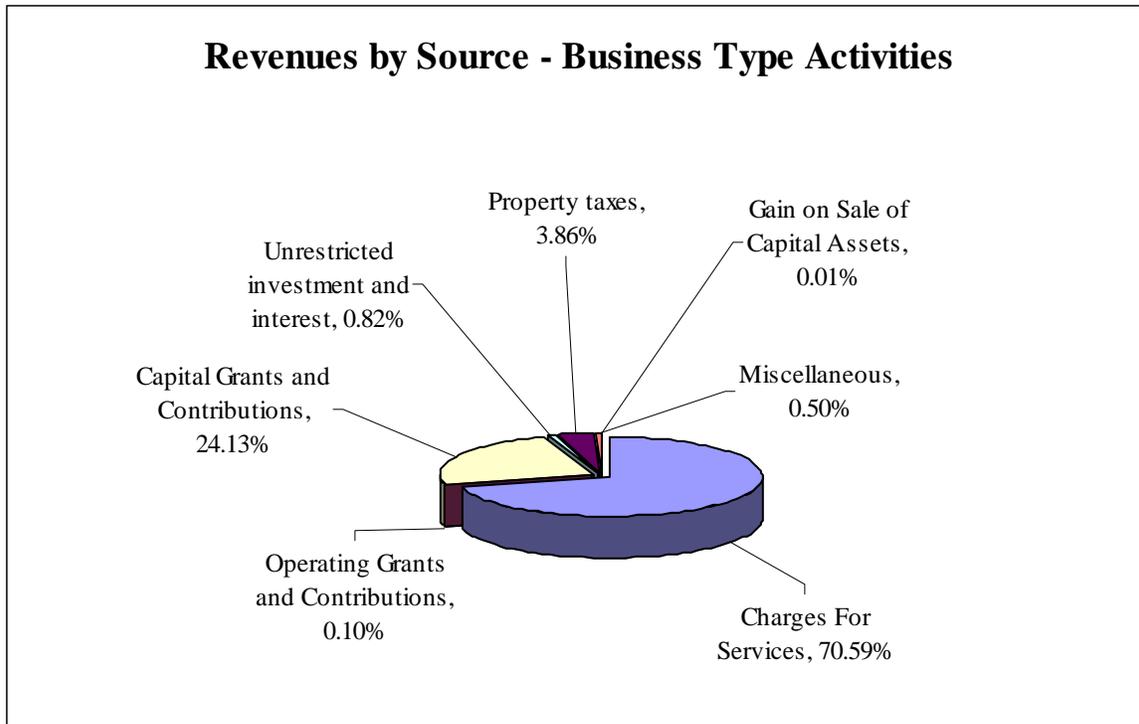
In fiscal year 2003/2004 the City offered employees an early-out program in which the City would buy two years of service in the State Retirement System for those participating in the program. The program would commence fiscal year 2004/05. Fifty-six (56) employees within the Government-Type Activities category participated, resulting in a total cost to the City of \$5,351,802. The City anticipates savings in future years that will more than offset this cost.

Business-type Activities

Business-type activities include sanitary sewer operations, City-owned or operated golf courses, building permit operations, the animal services shelter, planning, and the dispatch center's operations. Total program revenues and expenses are \$54,046,688 and \$49,908,196, respectively, for business-type activities for the 2004/05 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 program revenues exceeding operating expenses by \$10,141,999. The Building Permit Fund also generated a net operating profit of \$1,611,823. The remaining programs all experienced operating losses. The Dispatch Center experienced the largest operating loss at \$4,829,853. This three-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 services remain the major source of revenue for business-type activities. The percentage of total revenues for charges for services increased from 64.94% in fiscal year 2003/04 to 70.59% in the 2004/05 fiscal year. In terms of dollars, charges for services increased by \$5.3 million, or 15.3%. Capital contributions from developers and connection charges declined slightly from 27.96% of total revenues in fiscal year 2003/04 to 24.1% in the 2004/05 fiscal year.

Again this year, the Animal Services Shelter Enterprise Fund was funded primarily from property taxes. This is the result of a voter-approved proposition in 2003 for a new animal services shelter to be operated by Washoe County beginning fiscal year 2005/2006. The City forfeited 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.

Charges for services also saw an increase due to the new Planning Enterprise Fund, which began operations in July of 2004. The Planning Enterprise Fund provides engineering services and land use planning – departments that previously were part of the Planning and Community Development Department within the General Fund. In its first year of operation, the fund experienced a net operating loss of \$235,332 after allocating \$99,813 in net losses from internal service fund operations that are applicable to enterprise funds. An operating transfer from the General Fund made up the operating shortfall.

Total business-type expenses saw a 20.2% increase over the prior year. The primary reason for the increase is the creation of the new Planning Enterprise Fund for fiscal year 2004/05. Excluding Planning's expenses of \$4,621,742, total business-type expenses registered only a 9.11% increase. Of the 9.11% increase, salaries and benefits accounted for 4.4%. Interest costs also saw a large increase due to the additional draws made on the State

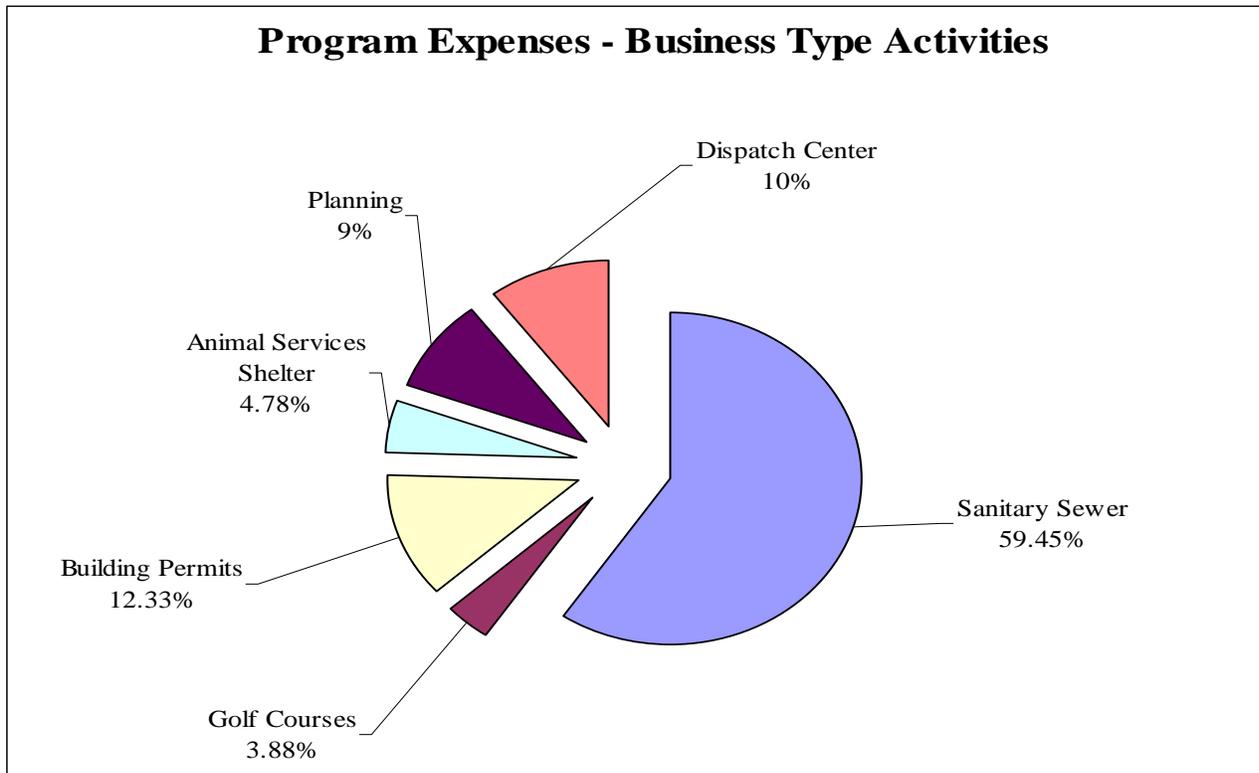
of Nevada Clean Water Revolving Loan Fund by the Sanitary Sewer Enterprise Fund. Approximately \$27.7 million in draws were made in fiscal year 2004/05 to fund construction costs related to the expansions of the Truckee Meadows Water Reclamation Facility and the Reno-Stead Water Treatment Facility, as well as the replacement/improvement of sewer lines throughout Reno.

Business-type Expenses by Type

	Business-type Activities		
	2005	2004	% Chg
Salaries and wages	\$ 13,542,161	\$ 10,798,415	25.4%
Employee Benefits	4,944,992	3,906,752	26.6%
Services and supplies	12,548,697	9,843,814	27.5%
Depreciation	5,395,587	4,951,331	9.0%
Interest/issue costs	424,025	92,446	358.7%
Loss relating to Joint Sewer Plant	13,052,734	11,911,420	9.6%
Total	\$ 49,908,196	\$ 41,504,178	20.2%

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 City anticipates savings in future years that will more than offset this cost.

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



There were seventeen (17) employees in the Business-Type Activities category that participated in the early-out program. The total cost to the City of Reno for these employees was \$873,425. The City anticipates savings in future years that will more than offset this cost.

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 outflows 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 2004/05 results under this focus.

Governmental Funds

The governmental funds of the City of Reno reflected a combined total amount of assets and liabilities of \$151,527,272 and \$71,460,739, respectively. This resulted in a total combined fund balance of \$80,066,533. The unreserved portion of the combined fund balance amount was a deficit balance of \$41,148,463. This represents a change of \$52,847,671 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 available during the 2004/05 fiscal year. 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 of future bonds issues, lease income, and room 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, 2005, the unreserved fund balance in the General Fund is \$13,334,149 and the total fund balance was \$16,773,010. 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 9.8% of total fund expenditures while total fund balance represents 12.3% of expenditures. This represents slightly over one month of expenditures.

The largest component of the governmental funds category for the 2004/05 fiscal year with respect to total assets is the Railroad Debt Service Fund. Assets total \$29,764,131 or 19.6% of the total governmental fund assets and are primarily comprised of cash and investments for payment of principal and interest on outstanding debt, as well as deferred special assessment revenues that will meet debt service requirements for SAD bonds yet to be issued. The primary repayment source is sales and room tax collections. The total fund balance for the Railroad Debt Service Fund is \$15,408,231.

Assets in the Downtown Events Center Capital Project Fund total \$19,905,173 or 13.1% of the total assets in the governmental funds and are comprised primarily of cash and investments which will be used to construct Phase II of the project consisting of a ballroom facility across the street from the Reno Events Center. The total fund balance for this fund at fiscal year-end 2004/05 is \$19,856,412, which is \$22.5 million, or 53.1%, lower than the prior year's balance due to construction funding with cash and liquidated investments.

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 (83% of total revenues). The total fund balance for this fund at June 30, 2005, was \$5,745,844, a decline of \$232,814, or 3.9%, when compared to total fund balance for the 2003/04 fiscal year.

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 2004/05 is \$3,146,781, which is \$327,245, or 11.6%, higher than the total fund balance for the 2003/04 fiscal year. There were no new externally financed special assessment bonds issued in fiscal year 2004/05.

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 2004/05 was \$1,107,270, a 90.3% decline from the prior year balance of \$11,414,110 due to construction funding. Court construction fees charged and accumulated by the municipal court are also being used to fund the project.

Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of \$301,848,927 and \$44,873,410, respectively. This resulted in a total net assets balance of \$256,975,517. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net assets declined to \$252,476,878, primarily due to large increases in workers' compensation claims liability over the past three years. Unrestricted net assets total \$66,697,141. Restricted net assets total \$5,206,160 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 2004/05 fiscal year amounted to \$65,081,262. Total operating revenues declined 8.4%, while operating expenses increased 5.4%. The majority of this decline is due to two factors. First, the General Fund charging the Sanitary Sewer Fund a sewer-fee-in-lieu-of-franchise fee beginning in fiscal year 2004/05. This new fee is assessed at 4% of the total amount billed to residential and commercial sewer users. The dollar amount paid to the General Fund in 2004/05 is \$1,031,041. Second, engineering service charges for work performed by Sanitary Sewer employees for non-Sanitary Sewer Fund projects declined by \$785,491. After accounting for the City's share of the net loss from the Truckee Meadows Water Reclamation Facility of \$2,582,450, the Sanitary Sewer Fund registered a loss before capital contributions and operating transfers of \$2,645,522.

Budgetary Highlights for General Fund

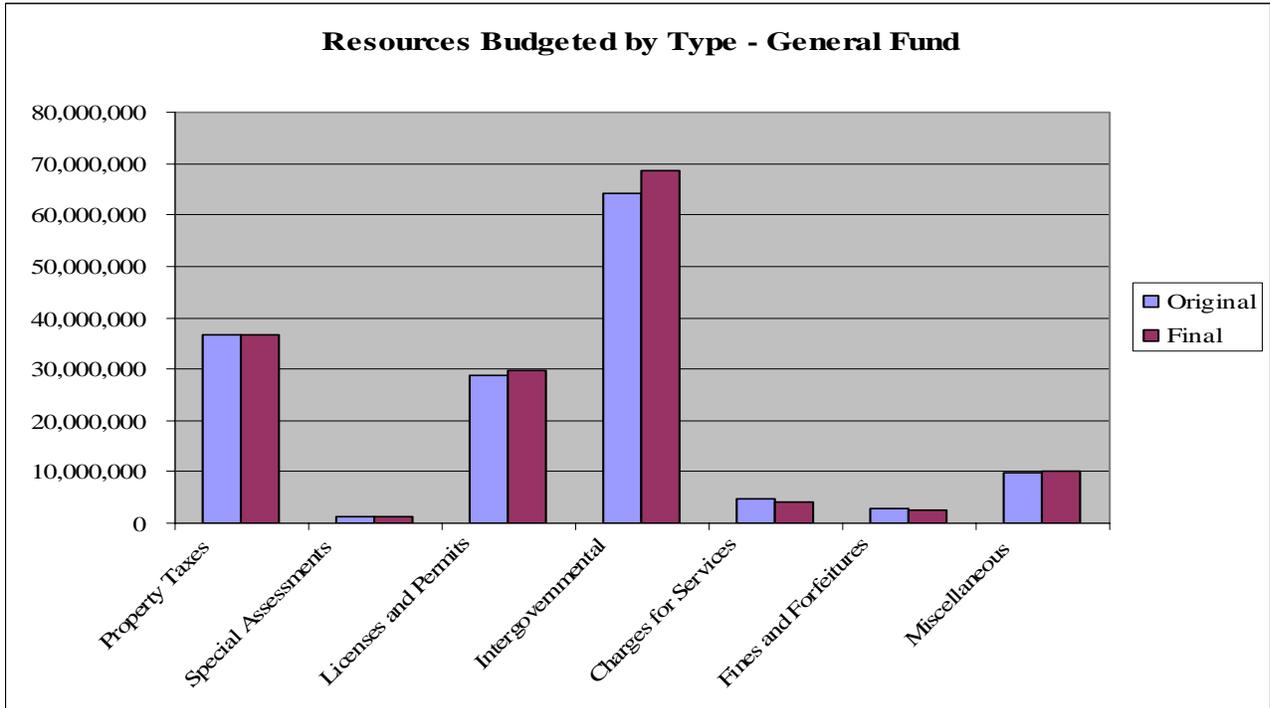
Functions represent the legal level of budgetary control. The final revised budget appropriation for the General Fund expenditures was \$139,477,539, excluding other financing uses, which is \$7,046,944 or 5.3% higher than the original budget of \$132,430,595. As shown in the table below, most of the governmental functions' fiscal year 2004/05 appropriations are substantially equivalent to their respective appropriations on a total budget percentage basis for fiscal year 2003/04. The Planning and Community Development function saw a decreased allocation percentage of budget due to a reorganization in which engineering services and land use planning were placed into a new enterprise fund.

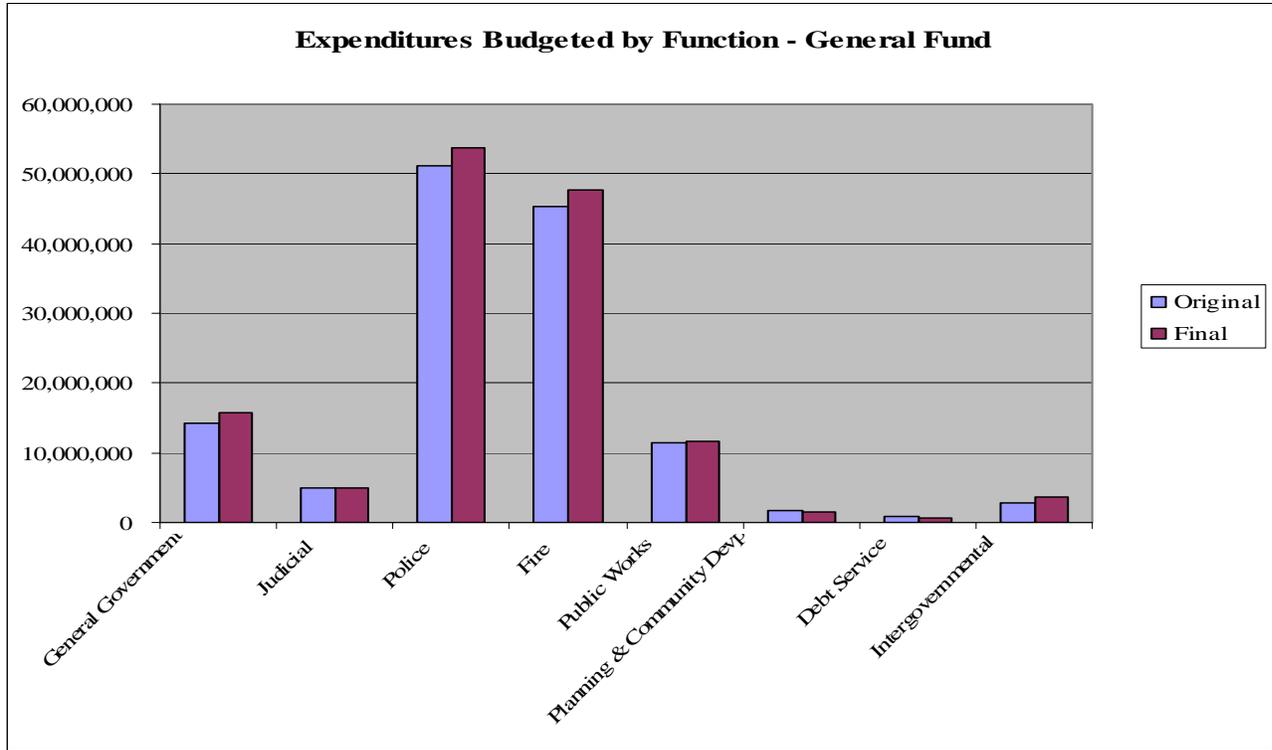
Final Expenditure Budget by Function – General Fund

	<u>2005</u>	<u>% of Total Budget</u>	<u>2004</u>	<u>% of Total Budget</u>
General Government	\$ 15,666,306	11.2%	\$ 15,427,903	11.9%
Judicial	4,935,424	3.5%	4,523,262	3.5%
Police	53,809,412	38.6%	49,137,774	37.9%
Fire	47,696,129	34.2%	42,851,094	33.0%
Public Works	11,563,545	8.3%	11,108,266	8.6%
Planning & Community Devp't	1,456,734	1.0%	3,800,004	2.9%
Debt Service	736,529	0.5%	239,402	0.2%
Intergovernmental	3,613,460	2.6%	2,653,649	2.0%
	<u>\$139,477,539</u>		<u>\$129,741,354</u>	

Actual expenditures were 2.4% less than final budgeted expenditures. Approximately \$2.6 million of the \$3.4 million in budget savings 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 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, 2005, the City of Reno had a net capital asset investment of \$1,027,803,265 in governmental and business-type activities. This represents an increase of 19.1% when compared to the prior year, and includes investment in land, buildings, improvements, machinery and equipment, infrastructure, and works of art.

The prior year totals have been adjusted to reflect the retroactive reporting of various infrastructure assets in compliance with GASB 34. Specifically, the City of Reno recorded the following infrastructure assets on its books: \$59,055,776 of right-of-way under its streets, \$452,719,419 in streets, \$28,312,842 in traffic signals, and \$39,228,432 in bridges. Accumulated depreciation through FY 2002 for these assets totaled \$274,496,129.

Major capital investment activities for the 2004/05 fiscal year include:

- The addition of \$22.06 million in newly dedicated and constructed infrastructure assets, such as streets and traffic signals;
- The addition of \$5.2 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 and the depressed railway projects that added \$3.6 million to the City's land holdings;
- The completion of the Downtown Events Center building and improvements to the New City Hall Building, which resulted in the capitalization of \$49,401,434 in building assets; and
- The net addition of \$89.1 million in construction in progress, with 65% of the increase relating to the depressed railway project.

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

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

	Governmental Activities		Business Type Activities		Total	
	2005	2004*	2005	2004	2005	2004*
Land and water rights	\$108,489,734	\$105,974,765	\$6,032,120	\$6,032,120	\$114,521,854	\$112,006,885
Construction in progress	243,098,190	154,029,368	46,718,291	27,487,097	289,816,481	181,516,465
Buildings	124,905,494	78,268,311	10,311,884	10,541,559	135,217,378	88,809,870
Arts and historical treasures	966,422	508,634	-	-	966,422	508,634
Improvements other than buildings	23,780,351	23,652,429	124,942,332	117,412,625	148,722,683	141,065,054
Equipment & motor vehicles	17,145,546	12,733,482	370,696	345,291	17,516,242	13,078,773
Infrastructure	321,042,205	326,026,536	-	-	321,042,205	326,026,536
Total	\$839,427,942	\$701,193,525	\$188,375,323	\$161,818,692	\$1,027,803,265	\$863,012,217

*Note: The 2003/04 total for Construction in Progress for Governmental Activities was increased by a net \$2,856 to reflect inclusion of an inadvertently omitted CIP-related expenditure and the write-off of certain costs on a project that did not add value to the project. Infrastructure assets, including streets, traffic signals and bridges, increased a net \$245.76 million due to the retroactive reporting requirements of GASB 34.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2005 totaled \$426,280,193, a 22.1% increase when compared to the prior year. New bonds totaling \$3,500,000 were issued in November 2004 to assist in financing the construction of the new municipal court building. Federal loan proceeds totaling \$50,500,000 were received to assist in the financing of the depressed railway project. Repayment will come from sales and room taxes levied specifically to fund the project. New capital leases totaling \$1,399,997 were entered into to fund the acquisition of two fire pumpers and a tiller.

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. As of June 30, 2005, the outstanding balance of revolving loan advances is \$30,307,302.

The City of Reno maintains an Aa3 rating from Moody's and an A+ from Standard and Poor's.

As of June 30, 2005, the City of Reno had \$78,895,000 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 \$765,806,000 by \$700,025,000.

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	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$80,138,183	\$84,905,345	\$ --	\$ --	\$80,138,183	\$84,905,345
Special assessments	15,691,131	16,439,584	--	--	15,691,131	16,439,584
Pledged Revenues - Sales and Room taxes	220,609,954	220,546,248	--	--	220,609,954	220,546,248
Golf Course bonds	--	--	3,303,107	3,513,687	3,303,107	3,513,687
Notes/loans payable	51,089,000	627,000	30,307,302	2,592,139	81,396,302	3,219,139
Capital leases	2,519,344	1,663,321	--	--	2,519,344	1,663,321
Compensated absences payable	20,915,668	17,305,150	1,706,504	1,567,490	22,622,172	18,872,640
Total	\$390,963,280	\$341,486,648	\$35,316,913	\$7,673,316	\$426,280,193	\$349,159,964

Known Economic Factors

- The City of Reno is heavily reliant on property tax revenues from property within its boundaries. During its 2005 session, the State Legislature passed legislation (AB 489, SB 509) to cap property tax growth at 3% for residential and a ten-year rolling average or 8%, whichever is less, for commercial. Revenues from new growth are excluded from the cap in the first year. Increased growth in sales tax collections are expected to offset a portion of lost property tax revenues. 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 Somerset Development, a 6,100 acre residential/commercial development in Reno's northwest area with residential prices starting from the high \$200,000s up to \$600,000 for the luxury homes, and new housing developments in the Double Diamond area in Reno's south area.
- Construction continues on 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.
- In January of 2005, the Reno Events Center, a multi-purpose facility designed to bring new business to downtown through conventions, trade shows and big name entertainment, opened in downtown Reno. Event bookings have increased with each month of operation.
- 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. The estimated completion date is May of 2006.
 - Ballroom facility – an \$18 million project to construct a 52,778 s.f. building to house a ballroom, which can be subdivided into smaller meeting rooms, and kitchen facilities to be used in conjunction with the Reno Events Center. The project is a public-private partnership between the City of Reno and the Downtown Management Company, LLC.
 - 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.
- Community Service Centers – three proposed mini City Halls located in south, north and central Reno that will improve delivery of services throughout the community.
- Future joint animal shelter operations with Washoe County and the City of Sparks that has lowered the operating property tax rate by 2 cents will commence in July of 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 and Public Works Department have now relocated to the new building.
- The City's Redevelopment Agency has assisted various small businesses, through donations and business loans, in establishing sites in the downtown area. This activity will help generate additional tax and business license revenues for the City.
- The City's Redevelopment Agency Board voted in August of 2005 to establish Redevelopment Project Area No. 2., which will consist of seven non-contiguous sub-areas totaling 1,171 acres. The proposed redevelopment areas, most of which adjoin the downtown Redevelopment Project Area, are either key gateways or commercial corridors in the City that have experienced economic and physical decline.
- The Comstock Hotel and the Sundowner Hotel are being converted into condominium complexes, which will generate property taxes for the City which will more than offset lost room taxes.
- Washoe Medical Center is spending \$365 million on an expansion project to add patient rooms, operating rooms, parking facilities and support facilities. St. Mary's Hospital, in conjunction with a developer, is spending \$160 million to add a professional building, parking structure, and plaza, which have already been completed, as well as a west tower that is scheduled for completion in 2007. These expansions will provide job growth and a greater level of medical services and general health care to the citizenry of Reno and all of Washoe Valley.
- The City is working with Cabela's, touted as the world's foremost sportmen's outfitter, to bring a store to the Reno area that will attract tourists from California and the Pacific Northwest, providing a large economic gain to the area.
- In June of 2005 the unemployment rate in the Reno MSA was 3.8%, which compares favorably to the state and national unemployment rates of 4.0% and 5.0%, respectively. The Reno MSA unemployment is unchanged from the rate for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2004 and June 2005 was 4.4%.

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, One East First Street, P. O. Box 1900, Reno, Nevada, 89505.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

CITY OF RENO, NEVADA

Statement of Net Assets
June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 112,076,097	\$ 20,199,159	\$ 132,275,256
Receivables:			
Accounts	695,962	2,881,542	3,577,504
Delinquent Taxes	407,552	--	407,552
Special assessments	31,013,509	--	31,013,509
Long-term	1,644,163	--	1,644,163
Interest receivable	359,097	69,239	428,336
Due from other governments	19,352,079	4,656,332	24,008,411
Internal balances	2,387,815	(2,387,815)	--
Inventories	321,906	129,837	451,743
Prepaid items	1,469,382	123,107	1,592,489
Deposits, land	582,173	--	582,173
Other assets	68,728	--	68,728
Deferred charges	12,037,309	303,086	12,340,395
Restricted assets	--	11,886,453	11,886,453
Investment in Truckee Meadows Water Reclamation Facility	--	69,611,966	69,611,966
Delinquent accounts receivable	--	1,104,474	1,104,474
Capital assets, non-depreciable	351,587,924	52,750,411	404,338,335
Capital assets (net of accumulated depreciation)	487,840,018	135,624,912	623,464,930
TOTAL ASSETS	1,021,843,714	296,952,703	1,318,796,417
LIABILITIES			
Accounts payable	2,688,853	275,075	2,963,928
Accrued salaries and benefits	4,679,974	292,585	4,972,559
Contracts and retained percentage payable	22,956,537	3,208,405	26,164,942
Accrued interest payable	1,943,507	271,162	2,214,669
Due to other governments	3,078,792	1,627,337	4,706,129
Other liabilities, including deposits	897,340	69,519	966,859
Liability for self-insurance	42,091,318	--	42,091,318
Unearned revenue	243,738	--	243,738
Liabilities payable from restricted assets	--	3,414,829	3,414,829
Noncurrent liabilities:			
Due within one year	23,074,434	1,521,047	24,595,481
Due in more than one year, net of bond premium and discount	367,888,846	33,795,866	401,684,712
TOTAL LIABILITIES	469,543,339	44,475,825	514,019,164
NET ASSETS			
Invested in capital assets, net of related debt	501,003,859	185,072,216	686,076,075
Restricted for:			
Capital projects	479,056	1,561,422	2,040,478
Debt service	52,056,777	--	52,056,777
Streets	523,289	--	523,289
Claims	4,017,752	--	4,017,752
Other purposes	2,244,166	3,644,738	5,888,904
Unrestricted (deficit)	(8,024,524)	62,198,502	54,173,978
TOTAL NET ASSETS	\$ 552,300,375	\$ 252,476,878	\$ 804,777,253

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

CITY OF RENO, NEVADA

Statement of Activities
For the Year Ended June 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 15,624,299	\$ 38,134,245	\$ 21,926	\$ --
Judicial	5,204,457	715,007	--	--
Police	57,230,870	474,251	2,423,707	105,460
Fire	56,128,634	12,631,955	114,585	683,585
Public works	51,600,829	9,393,365	950,304	41,632,833
Planning and community development	5,860,746	105,871	413,554	5,277,505
Culture and recreation	19,470,362	7,035,515	594,210	152,688
Urban redevelopment	3,454,927	455,545	--	--
Debt service:				
Interest and fiscal charges	17,540,449	--	--	--
Total Governmental Activities	<u>232,115,573</u>	<u>68,945,754</u>	<u>4,518,286</u>	<u>47,852,071</u>
Business-Type Activities:				
Sanitary sewer	29,668,235	26,056,319	--	13,753,915
Golf courses	1,938,796	1,541,647	--	--
Building permits	6,151,551	7,763,374	--	--
Animal services shelter	2,383,231	175,321	54,914	--
Planning	4,621,742	4,386,410	--	--
Dispatch center	5,144,641	314,788	--	--
Total Business-Type Activities	<u>49,908,196</u>	<u>40,237,859</u>	<u>54,914</u>	<u>13,753,915</u>
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 282,023,769</u></u>	<u><u>\$ 109,183,613</u></u>	<u><u>\$ 4,573,200</u></u>	<u><u>\$ 61,605,986</u></u>
GENERAL REVENUES				
Taxes:				
Ad valorem taxes				
Consolidated tax				
SCCR taxes - AB104				
Sales taxes				
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 ADJUSTMENTS				
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
\$ 22,531,872	\$ --	\$ 22,531,872
(4,489,450)	--	(4,489,450)
(54,227,452)	--	(54,227,452)
(42,698,509)	--	(42,698,509)
375,673	--	375,673
(63,816)	--	(63,816)
(11,687,949)	--	(11,687,949)
(2,999,382)	--	(2,999,382)
(17,540,449)	--	(17,540,449)
<u>(110,799,462)</u>	<u>--</u>	<u>(110,799,462)</u>
--	10,141,999	10,141,999
--	(397,149)	(397,149)
--	1,611,823	1,611,823
--	(2,152,996)	(2,152,996)
--	(235,332)	(235,332)
--	(4,829,853)	(4,829,853)
<u>--</u>	<u>4,138,492</u>	<u>4,138,492</u>
<u>(110,799,462)</u>	<u>4,138,492</u>	<u>(106,660,970)</u>
51,518,055	2,198,185	53,716,240
52,372,923	--	52,372,923
3,601,134	--	3,601,134
8,260,700	--	8,260,700
9,823,511	--	9,823,511
2,174,280	--	2,174,280
4,222,553	468,596	4,691,149
1,369,276	283,083	1,652,359
163,229	5,500	168,729
(4,365,478)	4,365,478	--
<u>129,140,183</u>	<u>7,320,842</u>	<u>136,461,025</u>
18,340,721	11,459,334	29,800,055
223,790,865	241,017,544	464,808,409
310,168,789	--	310,168,789
<u>\$ 552,300,375</u>	<u>\$ 252,476,878</u>	<u>\$ 804,777,253</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, 2005

	General Fund	Railroad Debt Fund	Downtown Events Center Debt Fund	Special Assessment Districts Debt Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 9,715,298	\$ 13,044,581	\$ 4,386,865	\$ 2,587,524
Receivables:				
Accounts	54,634	--	--	--
Accrued interest	48,203	783	24,935	10,175
Delinquent taxes	244,714	--	--	--
Special assessments:				
Current	--	852,755	349,195	269,437
Delinquent	21,065	--	2,474	1,550
Deferred	--	14,267,123	10,989,961	4,259,312
Long-term	--	--	--	281,916
Due from other funds	1,495,901	--	--	--
Due from other governments	11,027,864	1,598,889	989,302	4,285
Inventories	179,176	--	--	--
Prepaid items	904,321	--	--	--
Deposits, land	--	--	--	--
Other assets	67,729	--	999	--
TOTAL ASSETS	<u>\$ 23,758,905</u>	<u>\$ 29,764,131</u>	<u>\$ 16,743,731</u>	<u>\$ 7,414,199</u>
LIABILITIES				
Accounts payable	\$ 1,463,005	\$ 531	\$ 5,144	\$ 1,247
Accrued salaries and benefits	4,375,894	--	--	--
Contracts and retained percentage payable	22,548	--	--	--
Accrued interest payable	--	--	--	--
Due to other funds	--	88,246	--	--
Due to other governments	27,796	--	--	--
Other liabilities, including deposits	668,835	--	2,892	6,859
Deferred taxes	244,714	14,267,123	--	--
Deferred revenue	183,103	--	10,989,851	4,259,312
TOTAL LIABILITES	<u>6,985,895</u>	<u>14,355,900</u>	<u>10,997,887</u>	<u>4,267,418</u>
FUND BALANCES				
Reserved for:				
Encumbrances	2,101,872	--	--	--
Inventories	179,176	--	--	--
Receivables	--	--	--	30,062
Prepaid items	904,321	--	--	--
Capital projects	--	--	--	--
Park capital outlay	--	--	--	--
Future signalization	--	--	--	--
Debt service	--	15,408,231	5,745,844	3,116,719
Court assessments	--	--	--	--
Other purposes	253,492	--	--	--
Unreserved, reported in:				
General fund	13,334,149	--	--	--
Special revenue funds	--	--	--	--
Capital projects funds	--	--	--	--
TOTAL FUND BALANCES	<u>16,773,010</u>	<u>15,408,231</u>	<u>5,745,844</u>	<u>3,146,781</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,758,905</u>	<u>\$ 29,764,131</u>	<u>\$ 16,743,731</u>	<u>\$ 7,414,199</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
\$ 2,318,360	\$ 4,014	\$ 19,838,360	\$ 38,932,588	\$ 90,827,590
--	272,902	--	357,067	684,603
--	--	66,813	135,068	285,977
--	--	--	162,838	407,552
--	--	--	--	1,471,387
--	--	--	--	25,089
--	--	--	637	29,517,033
--	--	--	1,644,163	1,926,079
--	--	--	3,678,751	5,174,652
--	1,801,015	--	3,914,393	19,335,748
--	--	--	15,219	194,395
--	92,820	--	29,125	1,026,266
--	582,173	--	--	582,173
--	--	--	--	68,728
<u>\$ 2,318,360</u>	<u>\$ 2,752,924</u>	<u>\$ 19,905,173</u>	<u>\$ 48,869,849</u>	<u>\$ 151,527,272</u>
\$ --	\$ 73,438	\$ 42,645	\$ 762,073	\$ 2,348,083
--	4,491	--	250,343	4,630,728
14,000	18,546,492	4,941	4,368,556	22,956,537
--	63,872	1,175	9,459	74,506
--	165,000	--	7,032,230	7,285,476
1,197,090	--	--	1,853,906	3,078,792
--	--	--	218,754	897,340
--	--	--	162,837	14,674,674
--	--	--	82,337	15,514,603
<u>1,211,090</u>	<u>18,853,293</u>	<u>48,761</u>	<u>14,740,495</u>	<u>71,460,739</u>
--	39,492,294	1,747,139	4,982,044	48,323,349
--	--	--	15,219	194,395
--	--	--	1,644,163	1,674,225
--	92,820	--	29,125	1,026,266
1,107,270	--	18,109,273	4,693,557	23,910,100
--	--	--	6,115,705	6,115,705
--	--	--	479,056	479,056
--	--	--	13,244,109	37,514,903
--	--	--	950,483	950,483
--	--	--	773,022	1,026,514
--	--	--	--	13,334,149
--	--	--	5,786,466	5,786,466
--	(55,685,483)	--	(4,583,595)	(60,269,078)
<u>1,107,270</u>	<u>(16,100,369)</u>	<u>19,856,412</u>	<u>34,129,354</u>	<u>80,066,533</u>
<u>\$ 2,318,360</u>	<u>\$ 2,752,924</u>	<u>\$ 19,905,173</u>	<u>\$ 48,869,849</u>	<u>\$ 151,527,272</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, 2005

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 80,066,533
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	829,078,138
Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds	12,037,309
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	(392,867,370)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds	29,945,539
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>(5,959,774)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	<u>\$ 552,300,375</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, 2005

	General Fund	Railroad Debt Service Fund	Downtown Events Center Debt Fund	Special Assessment Districts Debt Fund
REVENUES				
Taxes	\$ 36,173,857	\$ 948,737	\$ 5,811,018	\$ --
Special assessments	1,270,496	1,110,072	512,326	394,577
Fees, licenses, and permits	30,960,509	--	--	--
Intergovernmental	69,779,513	8,260,700	--	--
Grants and contributions	1,983,903	--	--	--
Charges for services	3,395,478	--	--	--
Fines and forfeitures	2,721,899	--	--	--
Miscellaneous	10,055,421	504,322	680,161	377,774
TOTAL REVENUES	<u>156,341,076</u>	<u>10,823,831</u>	<u>7,003,505</u>	<u>772,351</u>
EXPENDITURES				
Current:				
General government	14,765,890	--	--	--
Judicial	4,915,250	--	--	--
Public safety - Police	51,888,871	--	--	--
Public safety - Fire	47,762,718	--	--	--
Public works	11,330,202	--	--	--
Planning and community development	1,411,456	--	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Intergovernmental	3,394,609	--	--	--
Capital outlay	--	--	--	--
Debt service:				
Principal	543,974	--	445,000	312,135
Interest	52,987	5,928,319	6,219,257	214,565
Bond issue costs	--	--	--	--
Fiscal charges	--	71,449	101,685	109,780
TOTAL EXPENDITURES	<u>136,065,957</u>	<u>5,999,768</u>	<u>6,765,942</u>	<u>636,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,275,119</u>	<u>4,824,063</u>	<u>237,563</u>	<u>135,871</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	--	--	--
Loan proceeds	--	--	--	--
Other financing proceeds	--	--	--	295,707
Inception of capital leases	1,399,997	--	--	--
Premium on bonds issued	--	--	--	--
Sale of capital assets	19,867	--	--	--
Transfers from other funds	2,591,876	--	--	--
Transfers to other funds	(24,877,719)	(17,841,154)	(470,377)	(103,040)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,865,979)</u>	<u>(17,841,154)</u>	<u>(470,377)</u>	<u>192,667</u>
NET CHANGE IN FUND BALANCES	<u>(590,860)</u>	<u>(13,017,091)</u>	<u>(232,814)</u>	<u>328,538</u>
FUND BALANCES - BEGINNING OF YEAR	17,293,058	28,425,322	5,978,658	2,819,536
PRIOR PERIOD ADJUSTMENT	70,812	--	--	(1,293)
FUND BALANCES - RESTATED, BEGINNING	<u>17,363,870</u>	<u>28,425,322</u>	<u>5,978,658</u>	<u>2,818,243</u>
FUND BALANCES, END OF YEAR	<u>\$ 16,773,010</u>	<u>\$ 15,408,231</u>	<u>\$ 5,745,844</u>	<u>\$ 3,146,781</u>

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
\$ --	\$ --	\$ --	\$ 21,312,892	\$ 64,246,504
--	616,014	--	136,907	4,040,392
--	--	--	193,115	31,153,624
--	--	--	4,931,923	82,972,136
--	1,372,945	--	9,428,892	12,785,740
--	345,081	--	3,574,094	7,314,653
--	--	--	84,506	2,806,405
363,324	7,763,784	564,987	4,091,706	24,401,479
<u>363,324</u>	<u>10,097,824</u>	<u>564,987</u>	<u>43,754,035</u>	<u>229,720,933</u>
--	--	--	837,827	15,603,717
--	--	--	--	4,915,250
--	--	--	--	51,888,871
--	--	--	--	47,762,718
14,779	1,070,665	820,729	11,202,398	24,438,773
--	--	--	5,564,081	6,975,537
--	--	--	16,372,705	16,372,705
--	--	--	2,071,514	2,071,514
--	--	--	--	3,394,609
10,760,896	98,612,999	22,205,864	18,286,949	149,866,708
--	--	--	8,098,000	9,399,109
--	--	--	4,374,450	16,789,578
--	--	--	120,226	120,226
--	--	--	149,940	432,854
<u>10,775,675</u>	<u>99,683,664</u>	<u>23,026,593</u>	<u>67,078,090</u>	<u>350,032,169</u>
<u>(10,412,351)</u>	<u>(89,585,840)</u>	<u>(22,461,606)</u>	<u>(23,324,055)</u>	<u>(120,311,236)</u>
--	--	--	3,500,000	3,500,000
--	50,500,000	--	--	50,500,000
--	--	--	--	295,707
--	--	--	--	1,399,997
--	--	--	42,359	42,359
--	--	--	69,207	89,074
105,511	17,841,154	--	21,158,190	41,696,731
--	--	(25,800)	(8,287,099)	(51,605,189)
<u>105,511</u>	<u>68,341,154</u>	<u>(25,800)</u>	<u>16,482,657</u>	<u>45,918,679</u>
<u>(10,306,840)</u>	<u>(21,244,686)</u>	<u>(22,487,406)</u>	<u>(6,841,398)</u>	<u>(74,392,557)</u>
11,414,110	5,135,192	42,343,818	35,691,039	149,100,733
--	9,125	--	5,279,713	5,358,357
<u>11,414,110</u>	<u>5,144,317</u>	<u>42,343,818</u>	<u>40,970,752</u>	<u>154,459,090</u>
<u>\$ 1,107,270</u>	<u>\$ (16,100,369)</u>	<u>\$ 19,856,412</u>	<u>\$ 34,129,354</u>	<u>\$ 80,066,533</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, 2005

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES	\$ (74,392,557)
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.	120,909,476
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase Net Assets.	(1,131,478)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.	30,267,820
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.	(46,330,287)
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	(3,929,265)
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>(7,052,988)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 18,340,721</u></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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 36,762,288	\$ 36,762,288	\$ 36,173,857	\$ (588,431)
Special assessments	1,210,000	1,210,000	1,270,496	60,496
Licenses and permits:				
Business licenses and permits:				
Business licenses	10,795,000	11,000,000	11,901,676	901,676
City gaming licenses	2,850,000	2,861,729	2,848,771	(12,958)
Liquor licenses	1,262,139	1,146,847	1,141,170	(5,677)
Non-business licenses and permits	758,976	135,000	160,660	25,660
Franchises:				
Electricity	4,566,029	4,566,029	4,580,484	14,455
Telephone	3,361,721	3,483,668	3,498,648	14,980
Natural gas	1,600,000	1,223,280	1,728,638	505,358
Sanitation	1,634,675	1,689,751	1,709,852	20,101
Water	696,046	1,000,000	939,670	(60,330)
Sewer	--	980,000	1,031,041	51,041
Cable television	1,365,000	1,520,000	1,419,899	(100,101)
Total licenses and permits	<u>28,889,586</u>	<u>29,606,304</u>	<u>30,960,509</u>	<u>1,354,205</u>
Intergovernmental:				
Federal grants	600,000	2,177,511	1,930,609	(246,902)
State grants	--	--	53,294	53,294
State shared revenues	46,615,721	49,651,572	52,372,923	2,721,351
County shared revenues:				
County gaming licenses	1,900,000	1,628,055	2,174,280	546,225
AB 104	3,282,580	3,282,580	3,601,134	318,554
Fire consolidated payment	11,883,430	11,883,430	11,631,176	(252,254)
Other	20,000	--	--	--
Total intergovernmental	<u>64,301,731</u>	<u>68,623,148</u>	<u>71,763,416</u>	<u>3,140,268</u>
Charges for services:				
General government:				
Administration fees	1,881,600	1,600,000	795,814	(804,186)
Other	615,000	358,038	380,900	22,862
Judicial:				
Municipal court charges	190,000	200,000	224,151	24,151

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services:				
Public safety:				
Police service charges	\$ 207,954	\$ 252,027	\$ 249,206	\$ (2,821)
Dispatch charges	--	--	11,865	11,865
Work permits	110,000	100,000	62,595	(37,405)
Fire service charges	255,000	368,512	368,021	(491)
Public works:				
Engineering fees	883,080	773,058	809,225	36,167
Parking receipts	608,000	600,000	479,948	(120,052)
Other	24,605	16,500	13,753	(2,747)
Total charges for services	<u>4,775,239</u>	<u>4,268,135</u>	<u>3,395,478</u>	<u>(872,657)</u>
Fines and forfeits:				
Municipal court fines	2,380,000	2,235,000	2,310,697	75,697
Municipal court forfeitures	115,000	65,000	67,867	2,867
Delinquent license penalties	275,000	300,000	343,265	43,265
Fines and forfeitures, other	4,000	4,000	70	(3,930)
Total fines and forfeits	<u>2,774,000</u>	<u>2,604,000</u>	<u>2,721,899</u>	<u>117,899</u>
Miscellaneous:				
Investment earnings	450,000	300,000	247,556	(52,444)
Rent and royalties	40,000	--	7,443	7,443
Reimbursement and restitution	9,238,626	9,502,132	9,537,899	35,767
Private grants	--	48,000	70,711	22,711
Other	200,000	200,000	191,812	(8,188)
Total miscellaneous	<u>9,928,626</u>	<u>10,050,132</u>	<u>10,055,421</u>	<u>5,289</u>
TOTAL REVENUES	<u>148,641,470</u>	<u>153,124,007</u>	<u>156,341,076</u>	<u>3,217,069</u>
EXPENDITURES				
Current:				
General government:				
City Council:				
Salaries and wages	247,560	282,560	300,611	(18,051)
Employee benefits	181,634	196,042	199,382	(3,340)
Services and supplies	421,228	409,678	473,985	(64,307)
Subtotal	<u>850,422</u>	<u>888,280</u>	<u>973,978</u>	<u>(85,698)</u>
City Clerk:				
Salaries and wages	536,874	507,937	521,681	(13,744)
Employee benefits	245,639	255,082	227,074	28,008
Services and supplies	450,068	671,185	750,952	(79,767)
Subtotal	<u>1,232,581</u>	<u>1,434,204</u>	<u>1,499,707</u>	<u>(65,503)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
City Manager:				
Salaries and wages	\$ 1,971,209	\$ 2,151,019	\$ 2,067,136	\$ 83,883
Employee benefits	913,076	856,692	827,857	28,835
Services and supplies	1,822,629	2,473,744	1,766,865	706,879
Capital outlay	--	27,375	45,625	(18,250)
Subtotal	<u>4,706,914</u>	<u>5,508,830</u>	<u>4,707,483</u>	<u>801,347</u>
Finance:				
Salaries and wages	1,430,175	1,412,513	1,346,755	65,758
Employee benefits	636,280	583,112	564,970	18,142
Services and supplies	<u>256,958</u>	<u>482,236</u>	<u>558,552</u>	<u>(76,316)</u>
Subtotal	<u>2,323,413</u>	<u>2,477,861</u>	<u>2,470,277</u>	<u>7,584</u>
City Attorney:				
Salaries and wages	2,212,112	2,306,919	2,359,274	(52,355)
Employee benefits	937,275	904,775	902,099	2,676
Services and supplies	<u>376,787</u>	<u>513,090</u>	<u>382,336</u>	<u>130,754</u>
Subtotal	<u>3,526,174</u>	<u>3,724,784</u>	<u>3,643,709</u>	<u>81,075</u>
Human Resources:				
Salaries and wages	653,688	755,019	671,895	83,124
Employee benefits	329,388	307,188	273,892	33,296
Services and supplies	<u>213,621</u>	<u>213,621</u>	<u>208,566</u>	<u>5,055</u>
Subtotal	<u>1,196,697</u>	<u>1,275,828</u>	<u>1,154,353</u>	<u>121,475</u>
Civil Service Commission:				
Salaries and wages	178,290	216,119	199,846	16,273
Employee benefits	73,472	64,572	61,497	3,075
Services and supplies	<u>75,828</u>	<u>75,828</u>	<u>55,040</u>	<u>20,788</u>
Subtotal	<u>327,590</u>	<u>356,519</u>	<u>316,383</u>	<u>40,136</u>
General government summary:				
Salaries and wages	7,229,908	7,632,086	7,467,198	164,888
Employee benefits	3,316,764	3,167,463	3,056,771	110,692
Services and supplies	3,617,119	4,839,382	4,196,296	643,086
Capital outlay	--	27,375	45,625	(18,250)
Total General government	<u>14,163,791</u>	<u>15,666,306</u>	<u>14,765,890</u>	<u>900,416</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, 2005

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Judicial:				
Salaries and wages	\$ 2,881,362	\$ 2,868,319	\$ 2,845,509	\$ 22,810
Employee benefits	1,297,209	1,302,909	1,266,676	36,233
Services and supplies	763,871	764,196	780,977	(16,781)
Capital outlay	--	--	22,088	(22,088)
Total Judicial	<u>4,942,442</u>	<u>4,935,424</u>	<u>4,915,250</u>	<u>20,174</u>
Public Safety:				
Police department:				
Salaries and wages	32,616,895	33,299,058	32,350,859	948,199
Employee benefits	14,113,421	13,550,152	13,590,871	(40,719)
Services and supplies	4,268,431	6,477,202	5,487,204	989,998
Capital outlay	222,000	483,000	459,937	23,063
Subtotal	<u>51,220,747</u>	<u>53,809,412</u>	<u>51,888,871</u>	<u>1,920,541</u>
Fire Department:				
Salaries and wages	29,733,261	30,133,326	30,655,016	(521,690)
Employee benefits	12,656,833	11,778,633	11,718,334	60,299
Services and supplies	2,753,917	3,656,916	3,331,259	325,657
Capital outlay	250,000	2,127,254	2,058,109	69,145
Subtotal	<u>45,394,011</u>	<u>47,696,129</u>	<u>47,762,718</u>	<u>(66,589)</u>
Total Public safety summary:				
Salaries and wages	62,350,156	63,432,384	63,005,875	426,509
Employee benefits	26,770,254	25,328,785	25,309,205	19,580
Services and supplies	7,022,348	10,134,118	8,818,463	1,315,655
Capital outlay	472,000	2,610,254	2,518,046	92,208
Total Public safety	<u>96,614,758</u>	<u>101,505,541</u>	<u>99,651,589</u>	<u>1,853,952</u>
Public works:				
Salaries and wages	4,596,349	4,592,847	4,486,760	106,087
Employee benefits	2,056,877	1,835,512	1,734,130	101,382
Services and supplies	4,664,733	5,015,686	5,024,326	(8,640)
Capital outlay	44,000	119,500	84,986	34,514
Total Public works:	<u>11,361,959</u>	<u>11,563,545</u>	<u>11,330,202</u>	<u>233,343</u>
Planning and community development:				
Salaries and wages	1,032,223	703,689	695,356	8,333
Employee benefits	371,510	290,518	277,628	12,890
Services and supplies	341,721	337,527	336,761	766
Capital outlay	50,000	125,000	101,711	23,289
Total Planning and community development	<u>1,795,454</u>	<u>1,456,734</u>	<u>1,411,456</u>	<u>45,278</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Intergovernmental:				
Retired Employees Trust	\$ 1,530,442	\$ 1,900,442	\$ 2,390,214	\$ (489,772)
Miscellaneous	1,264,347	1,713,018	1,004,395	708,623
Total Intergovernmental	<u>2,794,789</u>	<u>3,613,460</u>	<u>3,394,609</u>	<u>218,851</u>
DEBT SERVICE				
Principal	682,056	656,023	543,974	112,049
Interest	75,346	80,506	52,987	27,519
Total Debt Service	<u>757,402</u>	<u>736,529</u>	<u>596,961</u>	<u>139,568</u>
TOTAL EXPENDITURES	<u>132,430,595</u>	<u>139,477,539</u>	<u>136,065,957</u>	<u>3,411,582</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,210,875</u>	<u>13,646,468</u>	<u>20,275,119</u>	<u>6,628,651</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	4,000	19,867	15,867
Proceeds - short-term financing	--	1,399,997	1,399,997	--
Transfers from other funds	2,196,876	2,591,876	2,591,876	--
Transfers to other funds	(24,592,448)	(24,877,719)	(24,877,719)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,395,572)</u>	<u>(20,881,846)</u>	<u>(20,865,979)</u>	<u>15,867</u>
NET CHANGES IN FUND BALANCES	(6,184,697)	(7,235,378)	(590,860)	6,644,518
CONTINGENCY	(1,222,538)	(351,668)	--	351,668
FUND BALANCES, BEGINNING OF YEAR	17,293,058	17,293,058	17,293,058	--
PRIOR PERIOD ADJUSTMENT	--	--	70,812	70,812
FUND BALANCES, END OF YEAR	<u>\$ 9,885,823</u>	<u>\$ 9,706,012</u>	<u>\$ 16,773,010</u>	<u>\$ 7,066,998</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, 2005

	Business-Type Activities - Enterprise Funds			Governmental
	Sanitary	Nonmajor	Total	Activities
	Sewer Fund	Enterprise Funds	Enterprise Funds	Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 13,571,616	\$ 6,627,543	\$ 20,199,159	\$ 21,248,507
Receivables:				
Accounts receivable	2,721,017	160,525	2,881,542	11,359
Accrued Interest	49,539	19,700	69,239	73,119
Due from other funds	2,508,409	--	2,508,409	--
Due from other governments	4,656,332	--	4,656,332	16,331
Inventories	10,146	119,691	129,837	127,511
Prepaid expenses	177	122,930	123,107	443,116
Total Current Assets	<u>23,517,236</u>	<u>7,050,389</u>	<u>30,567,625</u>	<u>21,919,943</u>
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents	11,766,241	--	11,766,241	--
Accrued interest receivable	42,193	--	42,193	--
Accounts receivable	23,418	--	23,418	--
Due from other governments	54,601	--	54,601	--
Total Restricted Assets	<u>11,886,453</u>	<u>--</u>	<u>11,886,453</u>	<u>--</u>
Delinquent accounts receivable	1,104,474	--	1,104,474	--
Deferred charges	117,072	186,014	303,086	--
Investment in Truckee Meadows Water Reclamation Facility	69,611,966	--	69,611,966	--
Capital assets:				
Land	1,417,518	2,844,565	4,262,083	--
Water rights	1,770,037	--	1,770,037	--
Buildings	12,357,401	1,894,666	14,252,067	--
Improvements other than buildings	173,159,898	7,857,345	181,017,243	--
Machinery and equipment	932,051	631,297	1,563,348	22,594,350
Construction in progress	46,718,291	--	46,718,291	--
Total Capital assets	<u>236,355,196</u>	<u>13,227,873</u>	<u>249,583,069</u>	<u>22,594,350</u>
Less accumulated depreciation	<u>(55,941,581)</u>	<u>(5,266,165)</u>	<u>(61,207,746)</u>	<u>(12,244,545)</u>
Net Capital assets	<u>180,413,615</u>	<u>7,961,708</u>	<u>188,375,323</u>	<u>10,349,805</u>
Total Noncurrent Assets	<u>263,133,580</u>	<u>8,147,722</u>	<u>271,281,302</u>	<u>10,349,805</u>
TOTAL ASSETS	<u>286,650,816</u>	<u>15,198,111</u>	<u>301,848,927</u>	<u>32,269,748</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, 2005

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sanitary Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	195,484	79,591	275,075	340,770
Accrued salaries and benefits	85,312	207,273	292,585	49,246
Contracts and retained percentage payable	3,208,405	--	3,208,405	--
Accrued interest payable	269,701	1,461	271,162	--
Accrued liabilities, other	--	--	--	42,091,318
Compensated absences payable	474,902	866,145	1,341,047	216,168
Due to other funds	--	397,585	397,585	--
Due to other governments	1,557,264	70,073	1,627,337	--
Deposits	41,986	27,533	69,519	--
Bonds payable	--	180,000	180,000	--
Total Current Liabilities (payable from current assets)	<u>5,833,054</u>	<u>1,829,661</u>	<u>7,662,715</u>	<u>42,697,502</u>
Current liabilities (payable from restricted assets):				
Accounts payable	1,679	--	1,679	--
Contracts and retained percentage payable	3,136,084	--	3,136,084	--
Accrued interest payable	7,334	--	7,334	--
Due to other governments	267,732	--	267,732	--
Deferred revenue	2,000	--	2,000	--
Total Current Liabilities (payable from restricted assets)	<u>3,414,829</u>	<u>--</u>	<u>3,414,829</u>	<u>--</u>
Total Current Liabilities	<u>9,247,883</u>	<u>1,829,661</u>	<u>11,077,544</u>	<u>42,697,502</u>
Noncurrent Liabilities:				
Compensated absences payable	39,332	326,125	365,457	30,659
Bonds payable	30,307,302	3,123,107	33,430,409	--
Total Noncurrent Liabilities	<u>30,346,634</u>	<u>3,449,232</u>	<u>33,795,866</u>	<u>30,659</u>
TOTAL LIABILITIES	<u>39,594,517</u>	<u>5,278,893</u>	<u>44,873,410</u>	<u>42,728,161</u>
NET ASSETS				
Invested in capital, net of related debt	180,413,615	4,658,601	185,072,216	10,349,805
Restricted for:			--	--
Capital projects	1,561,422	--	1,561,422	--
Claims	--	--	--	4,017,752
Other programs	--	22,661	22,661	--
Building permit operations	--	3,622,077	3,622,077	--
Unrestricted (deficit)	65,081,262	1,615,879	66,697,141	(24,825,970)
TOTAL NET ASSETS	<u>\$ 247,056,299</u>	<u>\$ 9,919,218</u>	<u>256,975,517</u>	<u>\$ (10,458,413)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			(4,498,639)	
Net assets of business-type activities (page 19)			<u>\$ 252,476,878</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, 2005

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sanitary Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 25,509,899	\$ 14,043,348	\$ 39,553,247	\$ 23,438,428
Fines and forfeitures	754,422	1,176	755,598	--
Miscellaneous	287,545	140,652	428,197	975,231
TOTAL OPERATING REVENUES	<u>26,551,866</u>	<u>14,185,176</u>	<u>40,737,042</u>	<u>24,413,659</u>
OPERATING EXPENSES				
Salaries and wages	3,989,281	9,650,663	13,639,944	2,637,494
Employee benefits	1,532,025	3,531,284	5,063,309	969,132
Services and supplies	5,677,486	5,556,032	11,233,518	34,200,414
Joint Sewer plant	10,470,284	--	10,470,284	--
Depreciation	5,015,559	380,026	5,395,585	2,613,999
TOTAL OPERATING EXPENSES	<u>26,684,635</u>	<u>19,118,005</u>	<u>45,802,640</u>	<u>40,421,039</u>
OPERATING INCOME (LOSS)	<u>(132,769)</u>	<u>(4,932,829)</u>	<u>(5,065,598)</u>	<u>(16,007,380)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes	--	2,198,185	2,198,185	--
Private grants	--	54,914	54,914	500,000
Investment earnings (loss)	404,475	64,121	468,596	352,603
Debt service - interest	(334,778)	(84,081)	(418,859)	--
Debt service - fiscal charges	--	(5,166)	(5,166)	--
Gain (loss) on asset disposal	--	--	--	163,228
Net loss from Truckee Meadows Water Reclamation Facility	(2,582,450)	--	(2,582,450)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,512,753)</u>	<u>2,227,973</u>	<u>(284,780)</u>	<u>1,015,831</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(2,645,522)</u>	<u>(2,704,856)</u>	<u>(5,350,378)</u>	<u>(14,991,549)</u>
CAPITAL CONTRIBUTIONS				
Connection charges	8,552,288	--	8,552,288	--
Contribution of assets	5,201,627	--	5,201,627	1,085,901
TOTAL CAPITAL CONTRIBUTIONS	<u>13,753,915</u>	<u>--</u>	<u>13,753,915</u>	<u>1,085,901</u>
TRANSFERS				
Transfers in	--	5,145,530	5,145,530	5,571,367
Transfers out	(439,109)	--	(439,109)	(369,330)
TOTAL TRANSFERS IN (OUT)	<u>(439,109)</u>	<u>5,145,530</u>	<u>4,706,421</u>	<u>5,202,037</u>
CHANGES IN NET ASSETS	<u>10,669,284</u>	<u>2,440,674</u>	<u>13,109,958</u>	<u>(8,703,611)</u>
NET ASSETS - BEGINNING OF YEAR	236,387,015	7,478,544		(1,754,802)
NET ASSETS, END OF YEAR	<u>\$ 247,056,299</u>	<u>\$ 9,919,218</u>		<u>\$ (10,458,413)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			(1,650,624)	
Change in net assets of business-type activities (page 21)			<u>\$ 11,459,334</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, 2005

	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	\$ 22,497,458	\$ 14,262,242	\$ 36,759,700	\$ --
Cash received from other funds for services	1,001,590	--	1,001,590	23,551,651
Cash received from miscellaneous income, reimbursements and restitutions	1,041,967	141,828	1,183,795	975,231
Cash paid for employee's salaries and benefits	(4,857,655)	(11,318,040)	(16,175,695)	(3,257,590)
Cash payments to suppliers for goods and services	(13,500,479)	(2,679,699)	(16,180,178)	(20,913,870)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(1,838,154)	(4,365,332)	(6,203,486)	(1,089,778)
Cash paid to deferred compensation plans	(129,452)	(261,594)	(391,046)	(78,160)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,215,275</u>	<u>(4,220,595)</u>	<u>(5,320)</u>	<u>(812,516)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash paid to other funds	(2,508,409)	397,585	(2,110,824)	--
Tax revenue	--	2,198,185	2,198,185	--
Cash received from private grants	--	54,914	54,914	500,000
Transfers in		5,145,530	5,145,530	5,571,367
Transfers out	(439,109)	--	(439,109)	(369,330)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(2,947,518)</u>	<u>7,796,214</u>	<u>4,848,696</u>	<u>5,702,037</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash received from connection charges	8,552,288	--	8,552,288	--
Investment in Truckee Meadows Water Reclamation Facility	(13,001,630)	--	(13,001,630)	--
Proceeds from sale of capital assets		--	--	206,970
Acquisition and construction of capital assets	(26,737,890)	(12,700)	(26,750,590)	(2,893,072)
Payments on bonds payable	--	(210,580)	(210,580)	--
Note payable issued	27,715,163	--	27,715,163	--
Interest and fiscal charges paid on debt	(61,093)	(89,247)	(150,340)	--
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,533,162)</u>	<u>(312,527)</u>	<u>(3,845,689)</u>	<u>(2,686,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings received	389,673	52,433	442,106	334,541
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,875,732)	3,315,525	1,439,793	2,537,960
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>27,213,589</u>	<u>3,312,018</u>	<u>30,525,607</u>	<u>18,710,547</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 25,337,857</u>	<u>\$ 6,627,543</u>	<u>\$ 31,965,400</u>	<u>\$ 21,248,507</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, 2005

	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)	\$ (132,769)	\$ (4,932,829)	\$ (5,065,598)	\$ (16,007,380)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	5,015,559	380,026	5,395,585	2,613,999
Changes in assets and liabilities:				
(Increases) decrease:				
Accounts receivable	(48,704)	(155,519)	(204,223)	22,619
Deferred charges	(6,332)	13,287	6,955	--
Due from other governments	(1,989,825)	352,654	(1,637,171)	90,604
Inventories	35,834	(11,538)	24,296	41,892
Prepaid expenses	4,233	(118,978)	(114,745)	(9,943)
Increase (decrease):				
Accounts payable	(413,986)	(587)	(414,573)	34,441
Deposits	32,947	(10,372)	22,575	--
Accrued salaries and benefits	26,376	63,345	89,721	6,284
Compensated absences payable	(39,182)	178,196	139,014	(112,289)
Contracts and retained percentage payable	1,730,061	--	1,730,061	--
Accrued liabilities	--	--	--	12,507,257
Due to other governments	19,313	21,720	41,033	--
Deferred revenue	(18,250)	--	(18,250)	--
Total adjustments	4,348,044	712,234	5,060,278	15,194,864
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 4,215,275	\$ (4,220,595)	\$ (5,320)	\$ (812,516)
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions:				
Contribution of assets	\$ 5,201,627	\$ --	\$ 5,201,627	\$ 1,085,901

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

CITY OF RENO, NEVADA

Statement of Fiduciary Net Assets Agency Funds June 30, 2005

ASSETS	
Cash and Investments	\$ 5,636,045
Accrued interest receivable	4,243
Special assessments:	
Current	857,311
Delinquent	379
TOTAL ASSETS	<u>\$ 6,497,978</u>
LIABILITIES	
Accounts payable	\$ 18,712
Accrued liabilities	35,913
Deposits	856,621
Due to other governments	76
Due to others	5,586,656
TOTAL LIABILITIES	<u>\$ 6,497,978</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, 2005

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.

Implementation of Government Accounting Standards Board Statements

GASB Statement No. 40

At June 30, 2005, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. The Statement modifies the custodial credit risk disclosures required by Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and addresses deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Implementation of Government Accounting Standards Board Statements (continued)

GASB Statement No. 40 (continued)

Accordingly, the cash and investments disclosures have been revised to conform to the provisions of GASB Statement No. 40.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double-counting of internal activities. Services provided by the General Fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the General Fund.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are associated with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Proprietary fund operating revenues, such as charges for services and operating expenses, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings and nonoperating expenses result from nonexchange transactions or ancillary activities.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2005

Note 1: Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

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

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

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

The City reports the following major governmental funds:

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

The **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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

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

The City reports the following major enterprise funds:

The **Sanitary Sewer Fund** is used 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.

Additionally, the City reports the following fund types:

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

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

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Budgets and Budgetary Accounting (continued)

4. The City Manager is authorized under Nevada law to amend the budget by transferring appropriations within an function or program. Transfers between any function or program within a fund or transfers of appropriations between funds and the contingency account, may be authorized subject to subsequent approval by the City Council. Revisions that alter the total appropriations of a function or fund (augmentations) must be approved in advance by the City Council in the form of a resolution. If the fund being augmented receives property tax revenue, notice is published in the local newspaper three working days in advance of the public meeting. The budgets were augmented during the year in accordance with these procedures.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds and Internal Service Funds. Such funds have legally adopted annual budgets which lapse at year-end.
6. Budgeted appropriations may not be exceeded by actual expenditures of the various functions in the General Fund, Special Revenue Funds and Capital Projects Funds, and by operating and non-operating expenses in the proprietary fund types. Fund equity in the proprietary fund types may not be a deficit.
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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Inventories

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

Due to and Due from Other Funds

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

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Capital Assets (continued)

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

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 the current year's usage increased by 2.5% as its current liability for compensated absences 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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Long-Term Liabilities (continued)

bonds using the straight-line method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related bond.

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

Fund Equity

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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 \$(392,867,370) difference are as follows:

Bonds payable, net of bond premium and discount	\$ (370,329,528)
Accrued interest payable	(1,869,001)
Compensated absences	<u>(20,668,841)</u>
Net Difference in Reporting Long-Term Liabilities	<u>\$ (392,867,370)</u>

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	\$ 12,437,563
Less: Current year amortization	<u>(400,254)</u>
Net Difference in Reporting Other Assets	<u>\$ 12,037,309</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	\$ 153,415,735
Depreciation expense	<u>(32,506,259)</u>
Net Difference in Reporting Capital Asset Activity	<u>\$ 120,909,476</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

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)

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:

Loss on sales of assets reclassified to expenditures	\$ (1,062,272)
Loss of sales included in the governmental funds	<u>(69,206)</u>
Net Difference in Reporting Transactions Involving Capital Asset Sales/Disposition	<u>\$ (1,131,478)</u>

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

Deferred revenue decreases net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	\$ 13,119,869
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>17,147,951</u>
Net Difference in Reporting Revenues	<u>\$ 30,267,820</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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 “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	\$ (54,000,000)
Notes payable issued	(295,707)
Capital leases issued	(1,399,997)
Less net bond premiums	(42,359)
Plus bond issuance costs	120,227
Accrued interest	(111,560)
Principal repayments:	
General obligation debt	8,803,344
Notes payable and capital leases	581,974
Internally financed special assessment debt	<u>13,791</u>
Net Difference in Reporting Long-Term Debt Transactions	<u>\$ (46,330,287)</u>

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	\$ (206,457)
Compensated absences change	<u>(3,722,808)</u>
Net Difference in Reporting Other Long-Term Transactions	<u>\$ (3,929,265)</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

Note 3: **Cash and Investments**

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2005:

Pooled Cash and Investments:

Petty Cash	\$	21,935
Cash on hand		123,609
Cash in bank		1,389,770
Certificates of deposit		5,465,000
Investments		116,686,912
Total pooled cash and investments		<u>123,687,226</u>

Non-Pooled Cash and Investments

Cash in bank		237,823
Certificates of deposit		12,000
Investments		25,740,493
Total non-pooled cash and investments		<u>25,990,316</u>

Total cash and investments	\$	<u>149,677,542</u>
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Total cash and investments at June 30, 2005 were presented on the City's financial statements as follows:

Governmental activities	\$	112,076,097
Business-type activities		31,965,400
Fiduciary funds		<u>5,636,045</u>
Total cash and investments	\$	<u>149,677,542</u>

State statutes govern the City's deposit policies. City monies must be deposited in insured banks and savings and loan associations. The City is authorized to use demand accounts, time accounts and certificates of deposit.

The City of Reno is a participant in the State of Nevada's Pooled Collateral Program. The program was created during the 2003 legislative session to monitor collateral maintained by depositories for local government agency deposits. Centralized processing and management of all pledging and maintenance of collateral is through the State Treasurer's office rather than with each local agency. There are single collateral pledge agreements with the State Treasurer and financial institutions. This program eliminates the need for the City to establish separate custodial agreements with each financial institution to hold collateral.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

The following table identifies the investment types and minimum credit ratings authorized for the City of Reno by NRS 355.170:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating S & P</u>	<u>Moody</u>
Banker's Acceptances	180	20%	5%	A-1	P-1
Commercial Paper	270 days	20%	None	A-1	P-1
Money Market Mutual Funds	None	None	None	AAA	Aaa
Negotiable Certificates of Deposit	None	None	None	n/a	n/a
Collateralized Nonnegotiable Certificates of Deposit	None	None	None	n/a	n/a
Negotiable notes/medium-term obligations of local governments of the State of Nevada	5 years	None	None	n/a	n/a
Repurchase Agreements	90 days	None	10%	n/a	n/a
U.S. Treasury Obligations	10 years	None	None	n/a	n/a
U.S. Agency Securities:					
Federal National Mortgage	10 years	None	None	n/a	n/a
Federal Agricultural Mortgage Corporation	10 years	None	None	n/a	n/a
Federal Farm Credit Bank	10 years	None	None	n/a	n/a
Federal Home Loan Bank	10 years	None	None	n/a	n/a
Federal Home Loan Mortgage Corporation	10 years	None	None	n/a	n/a
Government National Mortgage Association	10 years	None	None	n/a	n/a
Local Government Investment Pool	None	None	None	n/a	n/a

At June 30, 2005, the City had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Pooled Investments						
U.S. Treasury Notes	1.88%	12/31/2005	\$ 10,000,000	\$ 9,918,750	\$ 9,924,600	0.50
U.S. Agency Obligations	2.15% - 3.625%	03/21/06 - 06/20/07	89,800,000	89,691,200	88,710,312	1.15
State of Nevada Local Government Investment Pool	On Demand	Variable	n/a	346,907	346,866	--
Repurchase agreement	Variable	7/1/2005	n/a	17,705,134	17,705,134	--
Total Pooled Investments				117,661,991	116,686,912	0.00
Non-Pooled Investments						
Money Market Accounts	Variable	On Demand	n/a	25,740,493	25,740,493	--
Total Non-Pooled Investments				25,740,493	25,740,493	--
Total Investments					<u>\$ 142,427,405</u>	

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

The Local Government Investment Pool is an external investment pool administered by the Treasurer of the State of Nevada, with oversight provided by the Board of Finance. The fair value of the City's position in the pool is the same as the value of pool shares.

Interest Rate Risk

The City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

Concentration of Credit Risk

At June 30, 2005, in accordance with State laws as defined in the table found on page 56, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of their respective pool:

	S&P	Moody's	% of Portfolio
Pooled Investments			
U.S. Treasury Notes	AAA	Aaa	8.51%
U.S. Agency Obligations	AAA	Aaa	76.02%
Repurchase Agreement	Unrated	Unrated	15.17%
State of Nevada Local Government Investment Pool	Unrated	Unrated	0.30%
Total Pooled Investments			100.00%
	S&P	Moody's	% of Portfolio
Non-Pooled Investments			
Money Market accounts	Unrated	Unrated	100.00%
Total Non-Pooled Investments			100.00%

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2005

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City's investment pool and specific investments had no securities exposed to custodial credit risk.

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.

In 2005 the Nevada State Legislature passed a bill to cap residential property tax revenue growth at 3% and commercial property growth at ten-year rolling average or 8%, whichever is less. Revenues resulting from new growth are excluded from the cap in the first year.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

Note 5: **Capital Assets**

Capital Asset activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004 <u>(as restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2005</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 105,974,765	\$ 3,646,447	\$ (1,131,478)	\$ --	\$ 108,489,734
Construction in progress	<u>154,029,368</u>	<u>141,961,131</u>	<u>--</u>	<u>(52,892,309)</u>	<u>243,098,190</u>
Total capital assets, not being depreciated	<u>260,004,133</u>	<u>145,605,578</u>	<u>(1,131,478)</u>	<u>(52,892,309)</u>	<u>351,587,924</u>
Capital assets, being depreciated:					
Infrastructure	605,454,077	17,023,587		5,032,538	627,510,202
Improvements other than buildings	43,794,175	1,827,641		--	45,621,816
Buildings	98,763,215	1,541,663		47,859,771	148,164,649
Arts and historical treasures	673,197	490,200		--	1,163,397
Equipment	<u>31,546,401</u>	<u>8,039,224</u>	<u>(1,447,328)</u>	<u>--</u>	<u>38,138,298</u>
Total capital assets, being depreciated	<u>780,231,065</u>	<u>28,922,316</u>	<u>(1,447,328)</u>	<u>52,892,309</u>	<u>860,598,362</u>
Less accumulated depreciation for:					
Infrastructure	(279,427,541)	(27,040,456)		--	(306,467,997)
Improvements other than buildings	(20,141,746)	(1,699,719)		--	(21,841,465)
Buildings	(20,494,904)	(2,764,251)		--	(23,259,155)
Arts and historical treasures	(164,563)	(32,412)		--	(196,975)
Equipment	<u>(18,812,919)</u>	<u>(3,583,419)</u>	<u>1,403,586</u>	<u>--</u>	<u>(20,992,752)</u>
Total accumulated depreciation	<u>(339,041,673)</u>	<u>(35,120,257)</u>	<u>1,403,586</u>	<u>--</u>	<u>(372,758,344)</u>
Total capital assets, being depreciated, net	<u>441,189,392</u>	<u>(6,197,941)</u>	<u>(43,742)</u>	<u>52,892,309</u>	<u>487,840,018</u>
Governmental activities capital assets, net	<u>\$ 701,193,525</u>	<u>\$ 139,409,637</u>	<u>\$ (1,175,220)</u>	<u>\$ --</u>	<u>\$ 839,427,942</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land and water rights	\$ 6,032,120	\$ --	\$ --	\$ --	\$ 6,032,120
Construction in progress	<u>27,487,097</u>	<u>26,706,329</u>	<u>(103,507)</u>	<u>(7,371,628)</u>	<u>46,718,291</u>
Total capital assets, not being depreciated	<u>33,519,217</u>	<u>26,706,329</u>	<u>(103,507)</u>	<u>(7,371,628)</u>	<u>52,750,411</u>
Capital assets, being depreciated:					
Improvements other than buildings	168,593,701	5,051,914		7,371,628	181,017,243
Buildings	14,102,354	149,712		--	14,252,066
Equipment	<u>1,415,581</u>	<u>147,766</u>	<u>--</u>	<u>--</u>	<u>1,563,347</u>
Total capital assets, being depreciated	<u>184,111,636</u>	<u>5,349,394</u>	<u>--</u>	<u>--</u>	<u>196,832,656</u>
Less accumulated depreciation for:					
Improvements other than buildings	(51,181,075)	(4,893,836)		--	(56,074,911)
Buildings	(3,560,796)	(379,387)		--	(3,940,182)
Equipment	<u>(1,070,290)</u>	<u>(122,363)</u>	<u>--</u>	<u>--</u>	<u>(1,192,653)</u>
Total accumulated depreciation	<u>(55,812,161)</u>	<u>(5,395,585)</u>	<u>--</u>	<u>--</u>	<u>(61,207,745)</u>
Total capital assets, being depreciation, net	<u>128,299,475</u>	<u>(46,191)</u>	<u>--</u>	<u>7,371,628</u>	<u>135,624,912</u>
Business-type activities capital assets, net	<u>\$ 161,818,692</u>	<u>\$ 26,660,138</u>	<u>\$ (103,507)</u>	<u>\$ --</u>	<u>\$ 188,375,323</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

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

Government Activities:

General government	\$ 1,021,454
Judicial	3,256
Police	339,978
Fire	685,374
Public works	27,500,080
Planning and community development	192,250
Culture and recreation	2,520,155
Urban redevelopment	243,711
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,613,999</u>
Total depreciation expense – governmental activities	<u>\$ 35,120,257</u>

Business-Type Activities:

Sanitary Sewer Fund	\$ 5,015,559
Golf Course Fund	330,104
Building Permit Fund	19,929
Animal Services Shelter Fund	<u>29,993</u>
Total depreciation expense – business-type activities	<u>\$ 5,395,585</u>

Commitments outstanding for construction at June 30, 2005 totaled approximately \$98 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, 2005, 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 \$14,100,227 (net of Washoe County reimbursements).

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Enterprise fund construction in progress at June 30, 2005 primarily represents progress on sewer projects, including construction of interceptors and treatment plant improvements. Outstanding construction commitments total \$48,842,406 for City of Reno enterprise fund projects and \$31,214,804 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, 2005, 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, 2005, the City of Reno's share of the Facility's loss before contributions, recorded in the Sanitary Sewer Enterprise Fund, was \$2,582,450.

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Summary June 30, 2005 financial information for the Facility is as follows:

ASSETS	
Current assets	\$ 3,485,234
Utility plant	<u>98,088,174</u>
Total	<u>101,573,408</u>
 LIABILITIES AND EQUITY	
Current liabilities	\$ 695,872
Noncurrent liabilities	<u>787,691</u>
Total Liabilities	<u>1,483,563</u>
Net Assets:	
Invested in capital assets, net of related debt	98,088,174
Unrestricted	<u>2,001,671</u>
Total Net Assets	<u>\$100,089,845</u>
 OPERATING INFORMATION	
Operating revenue	\$ 14,643,488
Operating expenses before depreciation	(14,643,488)
Depreciation	(3,803,232)
Nonoperating income (expense)	<u>(42,191)</u>
Loss before contributions	(3,845,423)
Capital contributions	<u>19,853,484</u>
Change in Net Assets	<u>\$ 16,008,061</u>

The Truckee Meadows Water Reclamation Facility is in the process of expansion. Commitments outstanding for construction at June 30, 2005 totaled \$31,214,804. These commitments will be shared based on future capacity requirements for each entity.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

Note 7: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2005 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 1,495,901
		<u>1,495,901</u>
Nonmajor Governmental Funds	Railroad Debt Fund	88,246
	Railroad Capital Project Fund	165,000
	Nonmajor Governmental Funds	144,452
	Nonmajor Governmental Funds	2,594,405
	Nonmajor Governmental Funds	41,296
	Nonmajor Governmental Funds	642,852
	Nonmajor Governmental Funds	<u>2,500</u>
		<u>3,678,751</u>
Sanitary Sewer Fund	Nonmajor Governmental Funds	2,110,824
	Nonmajor Enterprise Fund	<u>397,585</u>
		<u>2,508,409</u>
	Total	<u>\$ 7,683,061</u>

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

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Transfers (continued)

(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	\$ 4,921,432	Per Dispatch Fund policy/General Fund subsidy
	Nonmajor Enterprise Funds	<u>142,381</u>	Transfer funds for items ordered prior year
		<u>5,063,813</u>	
Internal Service Funds	Nonmajor Enterprise Funds	81,717	Transfer to Dispatch to help pay for training/supplies, etc.
Sanitary Sewer Fund	General Fund	113,749	Reimburse General Fund for 1/2 of GIS Administrator and 1/3 of water attorney
	Internal Service Fund	242,563	Transfer from Sewer for IT expenditures paid for by IT
	Internal Service Fund	<u>82,797</u>	Reimburse MV for sewer mechanic
		<u>439,109</u>	
	Total	<u>\$ 5,584,639</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	Nonmajor Governmental Funds	\$ 1,940,809	Per Council direction transfer 2 cents property tax and water toll fees to help support Street program.
	Nonmajor Governmental Funds	10,500,990	Per PRCS Fund policy/General Fund subsidy of various programs
	Nonmajor Governmental Funds	184,771	General Fund portion of 96 bonds issued for McQueen Fire Station
	Nonmajor Governmental Funds	280,000	To transfer General Fund subsidy for new City Hall
	Nonmajor Governmental Funds	650,000	Per Council policy 1% of General Fund expenditures transferred to City Capital Projects Fund for CIP projects
	Nonmajor Governmental Funds	1,125,000	General Fund contribution for new City Hall
	Internal Service Fund		<u>5,132,336</u>
	Subtotal	<u>19,813,906</u>	

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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>
Railroad Debt Service Fund	Railroad Capital Project Fund	<u>17,841,154</u>	Transfer available funds
Downtown Events Center Debt Service Fund	Nonmajor Governmental Funds	<u>470,377</u>	Transfers funds to cover cost of RSCVA managing event center
Special Assessment Districts Debt Service Fund	Nonmajor Governmental Funds	<u>103,040</u>	Transfer money to close out fund
Downtown Events Center Capital Projects Fund	Nonmajor Governmental Funds	<u>25,800</u>	Transfer funds for public art maintenance to new fund
Nonmajor Governmental Funds	General Fund	55,417	Transfer to cover partial costs of Economic Development Manager
	General Fund	227,149	Transfer from Street Program to General Fund to cover cost of additional engineering positions hired in place of outside consultants
	General Fund	126,078	Transfer to General Fund \$100,000 for special events and \$26,078 for partial reimbursement of web master position per Council direction
	General Fund	245,000	Transfer from police/forfeitures to pay for various equipment
	General Fund	96,298	Transfer from CMP allocation for position assigned to building maintenance
	General Fund	685,000	To reimburse General Fund for utilities and maintenance at 1 East 1
	General Fund	783,185	Reimburse General Fund fo RDA portion of downtown maintenance
	General Fund	250,000	Transfer funds borrowed from Stabilization for early out costs
	Municipal Courts Capital Project Fund	105,511	Court construction funds transferred for new Municipal Court Building

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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 Funds	\$ 147,000	Transfer to PRCS for special event covered by Public works staff
	Nonmajor Governmental Funds	1,074,034	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	648,605	Transfer to debt service funds for the 97 recreation bonds issued for NECC, Paradise Park, and Neil Raod Community Center
	Nonmajor Governmental Funds	253,074	Capital Tax fund portion of 96 bond issue for UST & McKinley
	Nonmajor Governmental Funds	543,323	To transfer lease payment to Debt Service Fund
	Nonmajor Governmental Funds	90,794	Transfer funds for extraordinary maintenance no longer needed
	Nonmajor Governmental Funds	315,484	Reimburse traffic impact for capital projects charged incorrectly
	Nonmajor Governmental Funds	200,000	Transfer Capital project funds set aside for homeless resource center
	Nonmajor Governmental Funds	657,000	Transfer to Capital Projects for new 1 East 1
	Nonmajor Governmental Funds	173,086	Transfer funds set aside for 1 East 1
	Nonmajor Governmental Funds	374,422	Transfer to CDBG Administration to reimburse All costs
	Nonmajor Governmental Funds	100,000	Transfer to parks
	Nonmajor Governmental Funds	781,639	Transfer funds for debt service
	Internal Service Fund	<u>55,000</u>	Transfer funds for 1 East 1 Security paid for by risk
	Subtotal	<u>8,287,099</u>	

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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>
Internal Service Funds	General Fund	\$ 10,000	Reimburse General Fund for public works Maintenance administration
	Internal Service Funds	218,942	Transfer funds set aside for replacement Equipment transferred to PRCS in prior years
	Internal Service Funds	58,671	Transfer from Risk for IT expenditures paid for by IT
	Subtotal	<u>287,613</u>	
	Total	<u>\$ 46,828,989</u>	

Note 8: **Long-Term Debt**

Long-term liabilities at June 30, 2005 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, 2005</u>
<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	5.40% - 6.20%	\$1,800,000-\$1,315,000	\$ 23,995,000	\$ 18,365,000
1998A Downtown Redevelopment Project <i>(to finance portion of Agency's downtown redevelopment projects)</i>	7/1/03 – 6/1/18	6.20% - 6.75%	\$60,000-\$450,000	4,000,000	3,800,000
1998F Downtown Redevelopment Project <i>(to partially refund 1990 and 1991 downtown redevelopment project bonds)</i>	7/1/03 – 9/1/17	4.50% - 5.25%	\$855,000-\$1,105,000	<u>22,685,000</u>	<u>16,600,000</u>
Total Tax Allocation Bonds				<u>50,680,000</u>	<u>38,765,000</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	7,630,000
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	16,415,000
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	3,810,000
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>2,675,000</u>
Total General Obligation Bonds				<u>45,310,000</u>	<u>36,630,000</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

Note 8: Long-Term Debt (continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2005
<u>Governmental Activities (continued)</u>					
Revenue Bonds:					
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	114,245,000	114,245,000
2004 Building Bond <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	6/1/06 – 6/1/24	4.0% - 5.0%	\$115,000-\$275,000	<u>3,500,000</u>	<u>3,500,000</u>
Total Revenue Bonds				<u>226,370,000</u>	<u>226,370,000</u>
Special Assessment Bonds:					
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	84,000
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	100,000
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	25,822
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	35,302
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	113,327
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	40,549
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	27,600
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	1,495,000
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	103,208
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	2,270,000
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>11,305,000</u>
Total Special Assessment Bonds				<u>17,459,866</u>	<u>15,599,808</u>
Loans Payable					
TIFIA Loan <i>(to partially finance depressed railroad construction)</i>	12/1/06 – 6/1/41	5.66%	\$1.3M – \$7.5M	<u>50,500,000</u>	<u>50,500,000</u>
Notes Payable					
HUD Section 108 Loan	8/1/03 – 8/1/20	5.00% - 6.62%	\$33,000-\$48,000	<u>665,000</u>	<u>589,000</u>
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	615,896
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	1,000,000	503,451
Oshkosh Capital <i>(to finance fire department equipment)</i>	3/17/13	4.99%	\$115,000-\$136,000	787,124	787,124
Federal Signal <i>(to finance fire tiller)</i>	12/21/09	4.49%	\$90,000-\$110,000	<u>612,873</u>	<u>612,873</u>
Total Capital Leases				<u>3,108,335</u>	<u>1,324,279</u>
Total Governmental Activities				<u>\$ 389,193,204</u>	<u>\$ 369,573,155</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2005
<u>Business-Type Activities</u>					
General Obligation Bonds:					
2004A Golf Course Refunding (to refund 1993 Golf Course Bond)	7/1/04 – 7/1/19	2.25% - 4.0%	\$180,000-\$270,000	\$ 3,505,000	\$ 3,295,000
Notes Payable:					
State Clean Water Revolving Loan Fund		2.85% - 2.87%	\$1,194,308-\$4,939,160	30,307,302	30,307,302
Total Business-Type Activities				\$ 33,812,302	\$ 33,602,302

The following is a summary of long-term liabilities transactions for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005	Amounts Due within One Year
<u>Governmental Activities</u>					
Tax Allocation Bonds:					
1995A Downtown Redevelopment Project	\$ 20,255,000	\$ --	\$ 1,890,000	\$ 18,365,000	\$ 2,015,000
1998A Downtown Redevelopment Project	3,870,000	--	70,000	3,800,000	50,000
1998F Downtown Redevelopment Project	17,495,000	--	895,000	16,600,000	945,000
Total Tax Allocation Bonds	41,620,000	--	2,855,000	38,765,000	3,010,000
General Obligation Bonds:					
1997B Street Refunding Bonds	8,495,000	--	865,000	7,630,000	915,000
2003 Capital Improvement Refunding Bonds	19,240,000	--	2,825,000	16,415,000	2,970,000
Less: Unamortized Premium	1,443,021	--	241,084	1,201,937	--
2003A Building Bonds (Tax Exempt)	6,100,000	--	--	6,100,000	--
Less: Unamortized Discount	(13,774)	--	(984)	(12,790)	--
2003B Building Bonds (Taxable)	4,320,000	--	510,000	3,810,000	545,000
Less: Unamortized Discount	(9,882)	--	(1,412)	(8,470)	--
2004B Medium-Term (limited tax) Refunding Bonds	3,680,000	--	1,005,000	2,675,000	1,015,000
Less: Unamortized Premium	30,980	--	10,327	20,653	--
Total General Obligation Bonds	43,285,345	--	5,454,015	37,831,330	5,445,000
Revenue Bonds:					
2002 Capital Improvement Revenue (Special Event Center)	108,625,000	--	--	108,625,000	130,000
Less: Unamortized Discount	(87,140)	--	(3,121)	(84,019)	--
2002 ReTRAC Transp. Rail Access Cor. Project	114,245,000	--	--	114,245,000	--
Less: Unamortized Discount	(2,236,612)	--	(60,585)	(2,176,027)	--
2004 Building Bond	--	3,500,000	--	3,500,000	115,000
Add: Unamortized Premium	--	42,359	506	41,853	--
Total Revenue Bonds	220,546,248	3,542,359	(63,200)	224,151,807	245,000

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
<u>Governmental Activities</u> (continued)					
<i>Special Assessment Bonds:</i>					
1995 Special Assessment District No. 1	\$ 105,000	\$ --	\$ 21,000	\$ 84,000	\$ 21,000
1996 Special Assessment District No. 1	125,000	--	25,000	100,000	25,000
1997 Special Assessment District No. 2	30,986	--	5,164	25,822	5,164
1997 Special Assessment District No. 3	42,363	--	7,061	35,302	7,061
1998 Special Assessment District No. 1	135,992	--	22,655	113,327	22,665
1998 Special Assessment District No. 2	48,659	--	8,110	40,549	8,110
1999 Special Assessment District No. 1	32,200	--	4,600	27,600	4,600
1999 Special Assessment District No. 3	1,585,000	--	90,000	1,495,000	90,000
Add: Unamortized Premium	3,515	--	197	3,318	--
2000 Special Assessment District No. 1	117,952	--	14,744	103,208	14,744
2001 Stead Special Improvement District No. 2	2,370,000	--	100,000	2,270,000	100,000
Add: Unamortized Premium	24,859	--	1,314	23,545	--
2002 Special Improvement District No. 5	11,750,000	--	445,000	11,305,000	465,000
Add: Unamortized Premium	68,058	--	3,598	64,460	--
Total Special Assessment Bonds	<u>16,439,584</u>	<u>--</u>	<u>748,453</u>	<u>15,691,131</u>	<u>763,344</u>
 <i>Loans Payable</i>					
TIFIA Loan	<u>--</u>	<u>50,500,000</u>	<u>--</u>	<u>50,500,000</u>	<u>--</u>
 <i>Notes Payable:</i>					
HUD Section 108 Loan	<u>627,000</u>	<u>--</u>	<u>38,000</u>	<u>589,000</u>	<u>48,000</u>
Total Notes Payable	<u>627,000</u>	<u>--</u>	<u>38,000</u>	<u>589,000</u>	<u>48,000</u>
 <i>Capital Leases:</i>					
Oshkosh Capital – Pierce Fire Pumpers	663,321	--	47,425	615,896	49,963
Oshkosh Capital – Pierce Fire Pumpers	--	787,124	--	787,124	92,882
Federal Signal – Fire Tiller	--	612,873	--	612,873	112,050
Koch Financial Corporation – New Financial System	<u>1,000,000</u>	<u>--</u>	<u>496,549</u>	<u>503,451</u>	<u>503,451</u>
Total Capital Leases	<u>1,663,321</u>	<u>1,399,997</u>	<u>543,974</u>	<u>2,519,344</u>	<u>758,346</u>
Compensated absences – Governmental	<u>17,305,150</u>	<u>16,627,078</u>	<u>13,016,560</u>	<u>20,915,668</u>	<u>12,804,744</u>
Total Governmental Activities	<u>\$ 341,486,648</u>	<u>\$ 72,069,434</u>	<u>\$ 22,592,802</u>	<u>\$ 390,963,280</u>	<u>\$ 23,074,434</u>
 <u>Business-Type Activities</u>					
<i>General Obligation Bonds:</i>					
2004A Golf Course Refunding	\$ 3,505,000	\$ --	\$ 210,000	\$ 3,295,000	\$ 180,000
Less: Unamortized premium	<u>8,687</u>	<u>--</u>	<u>580</u>	<u>8,107</u>	<u>--</u>
Total General Obligation Bonds	<u>3,513,687</u>	<u>--</u>	<u>210,580</u>	<u>3,303,107</u>	<u>180,000</u>
 <i>Notes Payable:</i>					
State Clean Water Revolving Loan Fund	<u>2,592,139</u>	<u>27,715,163</u>	<u>--</u>	<u>30,307,302</u>	<u>--</u>
Total Notes Payable	<u>2,592,139</u>	<u>27,715,163</u>	<u>--</u>	<u>30,307,302</u>	<u>--</u>
Compensated absences – Business-type activities	<u>1,567,490</u>	<u>1,790,323</u>	<u>1,651,309</u>	<u>1,706,504</u>	<u>1,341,047</u>
Total Business-Type Activities	<u>\$ 7,673,316</u>	<u>\$ 29,505,486</u>	<u>\$ 1,861,889</u>	<u>\$ 35,316,913</u>	<u>\$ 1,521,047</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. Estimated compensated absences are generally liquidated by the General Fund and the following Special Revenue Funds: Street Fund, Parks and Recreation Fund, Redevelopment Agency Fund, and the Community Development Block Grant Administration Fund.

New Debt:

On December 1, 2004, the City issued \$3,500,000 of General Obligation (Limited Tax) Building Bonds (Additionally Secured by Pledged Revenues), Series 2004. The proceeds from the Bonds are to be used for the purpose of acquiring, constructing, improving and equipping the City's building projects. 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 2004 Bonds are additionally secured by a subordinate pledge of certain of the City's tax revenues. The Bonds will mature annually on June 1 of each year starting in 2006 and ending in 2024. Interest on these bonds is payable on June 1 and December 1, commencing June 1, 2005. Interest rates range between 4.0% and 5.0%.

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, 2005, the City had an outstanding loan balance of \$30,307,302.

The City of Reno was awarded a loan of \$50,500,000 from the Federal Highway Administration under the Transportation Infrastructure Financing Innovation Act on June 28, 2002. The proceeds of the loan will be used to partially fund the City of Reno's depressed railroad trench project. The City's first drawdown of funds did not occur until August 13, 2004. As of June 30, 2005, the City's outstanding loan balance was \$50,500,000. The loan carries a 5.66 percent interest rate with interest only payments starting on December 1, 2006. Annual payments range from \$1.3 million to \$7.5 million with the last payment scheduled for June 1, 2041.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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 June 30,	Debt Supported by Ad Valorem Tax		Debt Supported by Special Assessment Installments	
	Principal	Interest	Principal	Interest
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	8,095,000	2,309,592	777,344	509,936
2011-2015	22,245,000	6,852,037	3,959,088	2,112,446
2016-2020	13,280,000	1,266,658	4,615,000	1,284,130
2021-2025	--	--	3,120,000	276,388
Subtotal	<u>72,720,000</u>	<u>23,545,037</u>	<u>15,599,808</u>	<u>6,506,026</u>
Unamortized premium (discount)	<u>1,181,257</u>	<u>--</u>	<u>91,323</u>	<u>--</u>
Total	<u>\$ 73,901,257</u>	<u>\$ 23,545,037</u>	<u>\$ 15,691,131</u>	<u>\$ 6,506,026</u>
	Notes Payable		Loans Payable	
	Principal	Interest	Principal	Interest
2006	\$ 48,000	\$ 31,010	\$ --	\$ --
2007	44,000	29,332	--	1,271,158
2008	44,000	27,594	--	1,602,504
2009	39,000	25,802	--	1,946,241
2010	39,000	25,802	--	2,336,546
2011-2015	171,000	90,878	--	16,927,415
2016-2020	165,000	39,670	--	17,972,421
2021-2025	39,000	1,291	--	20,088,263
2026-2030	--	--	30,703	23,934,995
2031-2035	--	--	16,064,141	12,452,306
2036-2040	--	--	27,235,420	6,575,289
2041-2045	--	--	7,169,736	305,493
	<u>\$ 589,000</u>	<u>\$ 269,531</u>	<u>\$ 50,500,000</u>	<u>\$105,412,631</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

New Debt (continued):

Fiscal Year June 30,	Debt Supported By Sales Tax/Room Tax Revenues		Debt Supported by Specific or General Revenues Installments	
	Principal	Interest	Principal	Interest
2006	\$ 245,000	\$ 11,704,844	\$ 1,015,000	\$ 43,350
2007	405,000	11,699,644	1,040,000	22,800
2008	570,000	11,688,244	620,000	6,200
2009	755,000	11,670,444	--	--
2010	945,000	11,642,544		
2011-2015	8,915,000	57,413,819	--	--
2016-2020	22,110,000	53,973,600	--	--
2021-2025	38,185,000	46,516,088	--	--
2026-2030	57,765,000	34,777,500	--	--
2031-2035	48,030,000	18,663,944	--	--
2036-2040	38,765,000	8,817,906	--	--
2041-2045	<u>9,680,000</u>	<u>493,763</u>	<u>--</u>	<u>--</u>
Subtotal	226,370,000	279,062,338	2,675,000	72,350
Unamortized premium (discount)	<u>(2,218,193)</u>	<u>--</u>	<u>20,653</u>	<u>--</u>
Total	<u>\$ 224,151,807</u>	<u>\$ 279,062,338</u>	<u>\$ 2,695,653</u>	<u>\$ 72,350</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
2006	\$ 180,000	\$ 98,453
2007	185,000	94,346
2008	195,000	90,071
2009	200,000	85,878
2010	200,000	81,678
2011-2015	1,085,000	323,151
2016-2019	<u>1,250,000</u>	<u>124,780</u>
	3,295,000	898,357
Unamortized Premium	<u>8,107</u>	<u>--</u>
Total	<u>\$ 3,303,107</u>	<u>\$ 898,357</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

New 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.

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>	
2006	\$ 371,539
2007	286,906
2008	<u>109,795</u>
Total	<u>\$ 768,240</u>

Rent expenditures were \$480,026 for the year ended June 30, 2005.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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.

Capital assets and accumulated depreciation held under capital leases are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 2,735,429
Less accumulated depreciation	<u>(160,281)</u>
Net capital assets	<u>\$ 2,575,148</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005 were as follows:

<u>Year Ending June 30,</u>		
2006	\$	868,690
2007		354,641
2008		354,641
2009		354,641
2010		354,642
2011-2013		<u>674,132</u>
Total requirements		2,961,387
Less interest		<u>(442,043)</u>
Present value of remaining payments	\$	<u>2,519,344</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.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2005

Note 10: **Net Asset Restatements** (continued)

- Governmental activities capital assets – an adjustment for \$304,820,340 was made to record the net book value of infrastructure assets (streets, traffic signals, and bridges) constructed or significantly rehabilitated prior to June 30, 2001.
- Governmental activities capital assets – an adjustment for \$(9,908) was made to decrease prior year construction in progress.
- General Fund – three adjustments totaling \$70,812 were made as follows: \$31,850 to record additional AB104 revenues, \$18,250 to increase prior year prepaid assets, \$4,569 to increase deposits, and \$16,143 to increase cash.
- Streets Special Revenue Fund – two adjustments totaling \$620,019 were made as follows: \$(301,735) to remove FY 2005 revenues accrued as FY 2004 revenues, \$12,764 for reimbursement of capital outlay expenditures, and \$908,990 for reimbursement of capital outlay expenditures received from the Special Assessment District Capital Projects Fund.
- Redevelopment Agency Special Revenue Fund – an adjustment for \$5,582,553 to record the balance of a long-term receivable entered into by the Redevelopment Agency and a developer related to the construction of the downtown theater in a prior year.
- Parks and Recreation Special Revenue Fund – an adjustment for \$(13,869) was made to clear a transaction to due from other governments.
- Special Assessment District Debt Fund – an adjustment of \$(1,293) was made to close out the 1993 SAD No. 1 Fund.
- Railroad Capital Project Fund – an adjustment of \$9,125 was made to increase prior year prepaid assets.
- Special Assessment District Capital Projects Fund – an adjustment for \$(908,990) was made to reimburse the Streets Special Revenue Fund for capital outlay expenditures related to SADs.
- City Bond Capital Project Fund – an adjustment for \$86,089 was made for reimbursement of capital outlay expenditures, thereby closing out the WC1 Park Capital Project Fund.
- Parks Capital Project Fund – an adjustment for \$(86,089) was made to reimburse the City Bonds Capital Project Fund for capital outlay expenditures.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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 in 1998 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, 2005, 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, 2005

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, 2005 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 director 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, 2005, 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, 2005. 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 \$256,720 during the year ended June 30, 2005 for vehicle maintenance.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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 2005, 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 \$4,017,752 and \$0, respectively, at June 30, 2005. Claims liabilities of \$2,740,466 and \$37,971,108 are reported in the funds at June 30, 2005, respectively. The City estimates the current portion of claims liability in these funds as \$400,000 and \$2,700,000, 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, 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	2,600,052	25,413,920
Claims and changes in estimates	518,081	15,248,466
Claim payments	<u>(377,667)</u>	<u>(2,691,278)</u>
Claims liability, June 30, 2005	<u>\$ 2,740,466</u>	<u>\$ 37,971,108</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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. The City estimates the entire claims liability of \$1,379,744 as current. Changes in the fund's claims liability amounts for the past two years were:

Claims liability, July 1, 2003	\$ 1,378,254
Claims and changes in estimates	3,400,247
Claim payments	<u>(3,208,412)</u>
Claims liability, June 30, 2004	1,570,089
Claims and changes in estimates	9,775,036
Claims payments	<u>(9,965,381)</u>
Claims liability, June 30, 2005	<u>\$ 1,379,744</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, 2005 was \$2,325,316. There were 511 participants eligible to receive benefits at June 30, 2005.

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

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.

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>		
2004-2005	20.25%	28.50%	\$ 22,344,293	100%
2003-2004	20.25%	28.50%	20,445,906	100%
2002-2003	18.75%	28.50%	19,497,401	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>Nonmajor Governmental Funds:</u>			
Debt Service Funds:			
City of Reno Fund	\$ 7,340,732	\$ 7,471,392	\$ (130,660)
Redevelopment Agency Fund	5,197,624	5,199,318	(1,694)
Capital Projects Funds:			
Special Assessment Districts Fund	675,557	1,647,898	(972,341)
Community Assistance Center Fund	2,999,000	3,260,988	(261,988)
Special Revenue Funds:			
Community Development Block Grant Fund	4,640,625	5,163,918	(523,293)
Community Development Block Grant Administration Fund	454,096	472,069	(17,973)

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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

Deficit Fund Balances/Net Assets

The Railroad Capital Project Fund had a fund balance deficit of \$(16,100,369) due to timing of the proposed bond issuances. New lease income bonds will be issued in FY 2005/2006.

The Special Assessment Districts Capital Projects Fund had a fund balance deficit of \$2,399,191 which will be eliminated in FY 2006 by transfers from the Special Assessment Districts Debt Service Fund.

The Community Assistance Center Fund had a fund balance deficit of \$(1,462,155), which will be eliminated in future years through transfers from other funds.

The Community Development Block Grant Fund had a fund balance deficit of \$(492,980) which will be eliminated in future years through additional grant receipts.

The Community Development Block Grant Administration Fund had a fund balance deficit of \$(17,202) which will be eliminated in FY 2005/2006 by a transfer from the Community Development Block Grant Fund.

The Self-Funded Worker's Compensation internal service fund had a net assets deficit of \$33,289,671. The \$12.6 million increase in the IBNR claims liability for the Worker's Compensation Internal Service Fund in fiscal year 2005 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 \$1,057,782 on the following projects:

Administration – indirect cost allocation	\$ 20,217
Sidewalk, curb and gutter repair	60,869
Park capital projects	305,221
Park maintenance projects	11,471
Underground storage tanks monitoring	55,192
Traffic signals and school flashers	37,152
Lighting projects	32,990
Public art	3,000
New Municipal Court	105,511
New City Hall	173,086
Debt service	253,074
Total	<u>\$ 1,057,782</u>

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2005

Note 18: Conduit Debt Obligations

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

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

On February 26, 1998, the City of Reno issued \$34,940,000 of insured hospital revenue bonds and \$20,000,000 of insured variable rate demand hospital revenue bonds for the St. Mary's Regional Medical Center project. The amount of bonds outstanding as of June 30, 2005, is \$23,859,932 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, 2005 is \$300,000. 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 2003B for \$23,425,000) for the Saint Mary's Regional Medical Center project. The amount of bonds outstanding as of June 30, 2005 is \$45,400,000. 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, 2005 is \$197,625,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On February 10, 2005, the City of Reno issued \$96,025,000 (Series 2005A and 2005B) of insured variables rate hospital revenue bonds and \$3,975,000 of insured hospital revenue bonds (Series 2005C) for the Washoe Regional Medical Center project. The amount of bonds outstanding as of June 30, 2005, is \$96,025,000 and \$3,975,000, respectively. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

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, 2005 is \$3,420,000.

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, 2005 is \$17,400,000.

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, 2005 is \$6,955,000.

Note 20: **Subsequent Events**

On October 12, 2005, an official statement was released regarding the issuance of Tax-Exempt Capital Improvement Revenue Refunding Bonds by the City in the amount of \$73,450,000. The bonds constitute special limited obligations. The principal of and interest on the 2005A Bonds will be payable solely from and secured by an irrevocable pledge on the pledged revenues derived from certain taxes imposed on the rental of transient lodging within Washoe County, Nevada. Proceeds of the 2005A will be used to: (i) advance refund and defease a portion of the City's outstanding Capital Improvement Revenue Bonds, Series 2002, (ii) acquire a municipal bond insurance policy and a reserve fund surety policy, and (iii) pay the costs of issuing the 2005A Bonds.

On October 7, 2005, an official statement was released regarding the issuance of Tax-Exempt Capital Improvement Revenues Bonds Series 2005B in the amount of \$6,445,154 and Taxable Capital Improvement Revenues Bonds Series 2005C in the amount of \$9,192,402. The 2005BC Bonds constitute special, limited obligations of the City. The Accreted Value of and premium, if any, on the 2005BC Bonds will be payable solely from and secured by an irrevocable pledge on the Pledged Revenues derived from certain taxes imposed on the rental of transient lodging within Washoe County, Nevada.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2005

Note 20: **Subsequent Events** (continued)

Proceeds of the 2005BC Bonds will be used to: (i) fund a portion of the costs of the acquisition, establishment, construction, expansion and improvement of the City's MultiPurpose Bowling Facility and other ancillary facilities determined by the City; (ii) acquire a municipal bond insurance policy and a reserve fund surety policy; and (iii) pay the costs of issuing the 2005BC Bonds.

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 12,488,142	\$ 13,114,431	\$ 13,330,015	\$ 38,932,588
Receivables:				
Accounts	353,141	--	3,926	357,067
Accrued interest	49,134	37,384	48,550	135,068
Delinquent taxes	54,202	108,636	--	162,838
Long-term	1,644,163	--	--	1,644,163
Special Assessments:				
Deferred	637	--	--	637
Due from other funds	2,780,153	88,246	810,352	3,678,751
Due from other governments	3,306,458	4,047	603,888	3,914,393
Inventories	15,219	--	--	15,219
Prepaid items	125	--	29,000	29,125
TOTAL ASSETS	<u><u>\$ 20,691,374</u></u>	<u><u>\$ 13,352,744</u></u>	<u><u>\$ 14,825,731</u></u>	<u><u>\$ 48,869,849</u></u>
LIABILITIES				
Accounts payable	\$ 703,072	\$ --	\$ 59,001	\$ 762,073
Accrued salaries and benefits	250,343	--	--	250,343
Contracts and retained percentage payable	2,573,620	--	1,794,936	4,368,556
Accrued interest payable	1,584	--	7,875	9,459
Due to other funds	2,780,153	--	4,252,077	7,032,230
Due to other governments	2,421	--	1,851,485	1,853,906
Other liabilities, including deposits	208,587	--	10,167	218,754
Deferred taxes	54,202	108,635	--	162,837
Deferred revenue	82,337	--	--	82,337
TOTAL LIABILITIES	<u><u>6,656,319</u></u>	<u><u>108,635</u></u>	<u><u>7,975,541</u></u>	<u><u>14,740,495</u></u>
FUND BALANCES				
Reserved for:				
Encumbrances	3,743,559	--	1,238,485	4,982,044
Prepaid items	125	--	29,000	29,125
Long-term receivables	1,644,163	--	--	1,644,163
Capital projects	1,190,206	--	3,503,351	4,693,557
Park capital outlay	--	--	6,115,705	6,115,705
Future signalization	--	--	479,056	479,056
Debt service	--	13,244,109	--	13,244,109
Inventories	15,219	--	--	15,219
Court assessments	950,483	--	--	950,483
Other programs	704,834	--	68,188	773,022
Unreserved, reported in:				
Special revenue funds	5,786,466	--	--	5,786,466
Capital projects funds	--	--	(4,583,595)	(4,583,595)
TOTAL FUND BALANCES	<u><u>14,035,055</u></u>	<u><u>13,244,109</u></u>	<u><u>6,850,190</u></u>	<u><u>34,129,354</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 20,691,374</u></u>	<u><u>\$ 13,352,744</u></u>	<u><u>\$ 14,825,731</u></u>	<u><u>\$ 48,869,849</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, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes	\$ 8,159,073	\$ 9,755,887	\$ 3,397,932	\$ 21,312,892
Special assessments	--	--	136,907	136,907
Fees, licenses and permits	193,115	--	--	193,115
Intergovernmental	3,776,587	--	1,155,336	4,931,923
Grants and contributions	7,015,428	--	2,413,464	9,428,892
Charges for services	3,574,094	--	--	3,574,094
Fines and forfeitures	84,506	--	--	84,506
Miscellaneous	2,239,559	310,969	1,541,178	4,091,706
TOTAL REVENUES	<u>25,042,362</u>	<u>10,066,856</u>	<u>8,644,817</u>	<u>43,754,035</u>
EXPENDITURES				
Current:				
General government	837,827	--	--	837,827
Public works	9,942,620	--	1,259,778	11,202,398
Planning and community development	5,564,081	--	--	5,564,081
Culture and recreation	16,347,758	--	24,947	16,372,705
Urban redevelopment	2,034,944	--	36,570	2,071,514
Capital outlay	6,856,156	--	11,430,793	18,286,949
Debt Service:				
Principal	38,000	8,060,000	--	8,098,000
Interest	33,906	4,340,544	--	4,374,450
Bond issue costs	--	120,226	--	120,226
Fiscal charges	--	149,940	--	149,940
TOTAL EXPENDITURES	<u>41,655,292</u>	<u>12,670,710</u>	<u>12,752,088</u>	<u>67,078,090</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,612,930)</u>	<u>(2,603,854)</u>	<u>(4,107,271)</u>	<u>(23,324,055)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	3,500,000	--	3,500,000
Premium on bonds issued	--	42,359	--	42,359
Sale of capital assets	69,207	--	--	69,207
Transfers from other funds	15,126,574	2,691,412	3,340,204	21,158,190
Transfers to other funds	(5,469,529)	--	(2,817,570)	(8,287,099)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,726,252</u>	<u>6,233,771</u>	<u>522,634</u>	<u>16,482,657</u>
NET CHANGE IN FUND BALANCES	<u>(6,886,678)</u>	<u>3,629,917</u>	<u>(3,584,637)</u>	<u>(6,841,398)</u>
FUND BALANCES - BEGINNING OF YEAR	14,733,030	9,614,192	11,343,817	35,691,039
PRIOR PERIOD ADJUSTMENT	6,188,703	--	(908,990)	5,279,713
FUND BALANCES - RESTATED, BEGINNING	<u>20,921,733</u>	<u>9,614,192</u>	<u>10,434,827</u>	<u>40,970,752</u>
FUND BALANCES, END OF YEAR	<u>\$ 14,035,055</u>	<u>\$ 13,244,109</u>	<u>\$ 6,850,190</u>	<u>\$ 34,129,354</u>

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 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, 2005

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Street Fund	Events Center Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
ASSETS				
Cash and Investments	\$ 62,550	\$ --	\$ 1,845,302	\$ 10,494
Receivables:				
Accounts	143,543	--	67,126	--
Accrued interest	--	--	2,404	36
Delinquent taxes	--	--	45,897	--
Long-term	--	--	--	--
Special assessments:				
Deferred	--	--	637	--
Due from other funds	--	--	--	--
Due from other governments	2,204,051	70,920	631,140	--
Inventories	--	--	15,219	--
Prepaid items	--	--	100	--
TOTAL ASSETS	<u><u>\$ 2,410,144</u></u>	<u><u>\$ 70,920</u></u>	<u><u>\$ 2,607,825</u></u>	<u><u>\$ 10,530</u></u>
LIABILITIES				
Accounts payable	\$ 142,729	\$ 43,509	\$ 148,864	\$ --
Accrued salaries and benefits	2,486	3,317	61,618	--
Contracts and retained percentage payable	93,004	--	1,813,238	--
Accrued interest payable	--	--	1,584	--
Due to other funds	2,594,405	41,296	--	--
Due to other governments	--	--	--	--
Other liabilities, including deposits	3,500	--	67,437	--
Deferred taxes	--	--	45,897	--
Deferred revenue	67,000	--	637	--
TOTAL LIABILITIES	<u><u>2,903,124</u></u>	<u><u>88,122</u></u>	<u><u>2,139,275</u></u>	<u><u>--</u></u>
FUND BALANCES				
Reserved for:				
Encumbrances	--	--	3,072,792	--
Inventories	--	--	15,219	--
Prepaid items	--	--	100	--
Long-term receivables	--	--	--	--
Capital projects	--	--	879,401	--
Court assessments	--	--	--	--
Other programs	--	--	--	--
Unreserved	(492,980)	(17,202)	(3,498,962)	10,530
TOTAL FUND BALANCES	<u><u>(492,980)</u></u>	<u><u>(17,202)</u></u>	<u><u>468,550</u></u>	<u><u>10,530</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,410,144</u></u>	<u><u>\$ 70,920</u></u>	<u><u>\$ 2,607,825</u></u>	<u><u>\$ 10,530</u></u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2005

	Room Tax Fund	Parks and Recreation Fund	Stabilization Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 220,518	\$ 1,663,202	\$ 2,706,441
Receivables:			
Accounts	--	139,586	--
Accrued interest	1,362	5,274	18,076
Delinquent taxes	--	--	--
Long-term	--	--	--
Special assessments:			
Deferred	--	--	--
Due from other funds	--	144,452	2,635,701
Due from other governments	352,208	16,127	--
Inventories	--	--	--
Prepaid items	--	25	--
TOTAL ASSETS	<u><u>\$ 574,088</u></u>	<u><u>\$ 1,968,666</u></u>	<u><u>\$ 5,360,218</u></u>
 LIABILITIES			
Accounts payable	\$ 67,260	\$ 231,596	\$ --
Accrued salaries and benefits	--	175,775	--
Contracts and retained percentage payable	3,419	--	--
Accrued interest payable	--	--	--
Due to other funds	144,452	--	--
Due to other governments	--	606	--
Other liabilities, including deposits	--	37,650	--
Deferred taxes	--	--	--
Deferred revenue	--	--	--
TOTAL LIABILITIES	<u><u>215,131</u></u>	<u><u>445,627</u></u>	<u><u>--</u></u>
 FUND BALANCES			
Reserved for:			
Encumbrances	--	267,169	--
Inventories	--	--	--
Prepaid items	--	25	--
Long-term receivables	--	--	--
Capital projects	--	--	--
Court assessments	--	--	--
Other programs	--	138,216	--
Unreserved	358,957	1,117,629	5,360,218
TOTAL FUND BALANCES	<u><u>358,957</u></u>	<u><u>1,523,039</u></u>	<u><u>5,360,218</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 574,088</u></u>	<u><u>\$ 1,968,666</u></u>	<u><u>\$ 5,360,218</u></u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2005

	<u>Courts Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 1,384,051	\$ 564,345	\$ 4,031,239	\$ 12,488,142
Receivables:				
Accounts	--	--	2,886	353,141
Accrued interest	4,607	2,273	15,102	49,134
Delinquent taxes	--	--	8,305	54,202
Long-term	--	--	1,644,163	1,644,163
Special assessments:				
Deferred	--	--	--	637
Due from other funds	--	--	--	2,780,153
Due from other governments	--	--	32,012	3,306,458
Inventories	--	--	--	15,219
Prepaid items	--	--	--	125
TOTAL ASSETS	<u><u>\$ 1,388,658</u></u>	<u><u>\$ 566,618</u></u>	<u><u>\$ 5,733,707</u></u>	<u><u>\$ 20,691,374</u></u>
LIABILITIES				
Accounts payable	\$ 50,943	\$ --	\$ 18,171	\$ 703,072
Accrued salaries and benefits	--	--	7,147	250,343
Contracts and retained percentage payable	--	--	663,959	2,573,620
Accrued interest payable	--	--	--	1,584
Due to other funds	--	--	--	2,780,153
Due to other governments	1,815	--	--	2,421
Other liabilities, including deposits	--	--	100,000	208,587
Deferred taxes	--	--	8,305	54,202
Deferred revenue	--	--	14,700	82,337
TOTAL LIABILITIES	<u>52,758</u>	<u>--</u>	<u>812,282</u>	<u>6,656,319</u>
FUND BALANCES				
Reserved for:				
Encumbrances	--	--	403,598	3,743,559
Inventories	--	--	--	15,219
Prepaid items	--	--	--	125
Long-term receivables	--	--	1,644,163	1,644,163
Capital projects	310,805	--	--	1,190,206
Court assessments	950,483	--	--	950,483
Other programs	--	566,618	--	704,834
Unreserved	74,612	--	2,873,664	5,786,466
TOTAL FUND BALANCES	<u>1,335,900</u>	<u>566,618</u>	<u>4,921,425</u>	<u>14,035,055</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,388,658</u></u>	<u><u>\$ 566,618</u></u>	<u><u>\$ 5,733,707</u></u>	<u><u>\$ 20,691,374</u></u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2005

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Street Fund	Events Center Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 6,041,999	\$ --
Room taxes	--	--	--	--
Licenses and permits	--	--	193,115	--
Intergovernmental	--	--	3,637,895	--
Grants and contributions	5,555,269	135,791	794,943	--
Charges for services	--	--	--	--
Fines and forfeits	--	--	84,506	--
Investment earnings	--	--	35,306	97
Interest earnings, other	172,734	--	11,878	--
Reimbursement & restitutions	--	42	41,521	--
Miscellaneous	263,275	--	15,983	--
TOTAL REVENUES	<u>5,991,278</u>	<u>135,833</u>	<u>10,857,146</u>	<u>97</u>
EXPENDITURES				
Current:				
General government	--	--	--	470,377
Public works	--	--	9,942,620	--
Planning and community development	5,092,012	472,069	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Capital outlay	--	--	4,404,090	--
Debt Service:				
Principal	38,000	--	--	--
Interest	33,906	--	--	--
TOTAL EXPENDITURES	<u>5,163,918</u>	<u>472,069</u>	<u>14,346,710</u>	<u>470,377</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>827,360</u>	<u>(336,236)</u>	<u>(3,489,564)</u>	<u>(470,280)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	--	--
Transfers in	--	374,422	1,940,809	470,377
Transfers out	(1,123,027)	(55,417)	(374,149)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,123,027)</u>	<u>319,005</u>	<u>1,566,660</u>	<u>470,377</u>
NET CHANGE IN FUND BALANCES	<u>(295,667)</u>	<u>(17,231)</u>	<u>(1,922,904)</u>	<u>97</u>
FUND BALANCES, BEGINNING OF YEAR	(197,313)	29	1,771,435	10,433
PRIOR PERIOD ADJUSTMENT	--	--	620,019	--
FUND BALANCES - RESTATED, BEGINNING	<u>(197,313)</u>	<u>29</u>	<u>2,391,454</u>	<u>10,433</u>
FUND BALANCES, END OF YEAR	<u>\$ (492,980)</u>	<u>\$ (17,202)</u>	<u>\$ 468,550</u>	<u>\$ 10,530</u>

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, 2005

	<u>Room Tax Fund</u>	<u>Parks and Recreation Fund</u>	<u>Stabilization Fund</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ --	\$ --	\$ --
Room taxes	2,069,999	--	--
Licenses and permits	--	--	--
Intergovernmental	--	--	--
Grants and contributions	--	529,425	--
Charges for services	--	3,574,094	--
Fines and forfeits	--	--	--
Investment earnings	15,633	1,576	94,948
Interest earnings, other	--	(9)	--
Reimbursement & restitutions	--	103,989	--
Miscellaneous	4,043	92,158	--
TOTAL REVENUES	<u>2,089,675</u>	<u>4,301,233</u>	<u>94,948</u>
EXPENDITURES			
Current:			
General government	367,450	--	--
Public works	--	--	--
Planning and community development	--	--	--
Culture and recreation	--	16,347,758	--
Urban redevelopment	--	--	--
Capital outlay	545,394	262,163	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
TOTAL EXPENDITURES	<u>912,844</u>	<u>16,609,921</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,176,831</u>	<u>(12,308,688)</u>	<u>94,948</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	--	--	--
Transfers in	--	12,340,966	--
Transfers out	(1,857,112)	--	(250,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,857,112)</u>	<u>12,340,966</u>	<u>(250,000)</u>
NET CHANGE IN FUND BALANCES	<u>(680,281)</u>	<u>32,278</u>	<u>(155,052)</u>
FUND BALANCES, BEGINNING OF YEAR	1,039,238	1,504,630	5,515,270
PRIOR PERIOD ADJUSTMENT	--	(13,869)	--
FUND BALANCES - RESTATED, BEGINNING	<u>1,039,238</u>	<u>1,490,761</u>	<u>5,515,270</u>
FUND BALANCES, END OF YEAR	<u>\$ 358,957</u>	<u>\$ 1,523,039</u>	<u>\$ 5,360,218</u>

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, 2005

	<u>Courts Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
REVENUES				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 47,075	\$ 6,089,074
Room taxes	--	--	--	2,069,999
Licenses and permits	--	--	--	193,115
Intergovernmental	--	--	138,692	3,776,587
Grants and contributions	--	--	--	7,015,428
Charges for services	--	--	--	3,574,094
Fines and forfeits	--	--	--	84,506
Investment earnings	17,436	12,435	58,111	235,542
Interest earnings, other	--	--	--	184,603
Reimbursement & restitutions	--	--	70,782	216,334
Miscellaneous	481,630	136,262	609,729	1,603,080
TOTAL REVENUES	<u>499,066</u>	<u>148,697</u>	<u>924,389</u>	<u>25,042,362</u>
EXPENDITURES				
Current:				
General government	--	--	--	837,827
Public works	--	--	--	9,942,620
Planning and community development	--	--	--	5,564,081
Culture and recreation	--	--	--	16,347,758
Urban redevelopment	--	--	2,034,944	2,034,944
Capital outlay	--	--	1,644,509	6,856,156
Debt Service:				
Principal	--	--	--	38,000
Interest	--	--	--	33,906
TOTAL EXPENDITURES	<u>--</u>	<u>--</u>	<u>3,679,453</u>	<u>41,655,292</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>499,066</u>	<u>148,697</u>	<u>(2,755,064)</u>	<u>(16,612,930)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	69,207	69,207
Transfers in	--	--	--	15,126,574
Transfers out	--	(245,000)	(1,564,824)	(5,469,529)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(245,000)</u>	<u>(1,495,617)</u>	<u>9,726,252</u>
NET CHANGE IN FUND BALANCES	<u>499,066</u>	<u>(96,303)</u>	<u>(4,250,681)</u>	<u>(6,886,678)</u>
FUND BALANCES, BEGINNING OF YEAR	836,834	662,921	3,589,553	14,733,030
PRIOR PERIOD ADJUSTMENT	--	--	5,582,553	6,188,703
FUND BALANCES - RESTATED, BEGINNING	<u>836,834</u>	<u>662,921</u>	<u>9,172,106</u>	<u>20,921,733</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,335,900</u>	<u>\$ 566,618</u>	<u>\$ 4,921,425</u>	<u>\$ 14,035,055</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental:				
Federal grants	\$ 4,154,000	\$ 5,464,573	\$ 4,608,952	\$ (855,621)
State grants	--	85,160	946,317	861,157
Total Intergovernmental	<u>4,154,000</u>	<u>5,549,733</u>	<u>5,555,269</u>	<u>5,536</u>
Miscellaneous:				
Interest earnings, other	121,120	210,060	172,734	(37,326)
Loan payments	75,000	100,000	154,577	54,577
Other	95,000	136,263	108,698	(27,565)
Total Miscellaneous	<u>291,120</u>	<u>446,323</u>	<u>436,009</u>	<u>(10,314)</u>
TOTAL REVENUES	<u>4,445,120</u>	<u>5,996,056</u>	<u>5,991,278</u>	<u>(4,778)</u>
EXPENDITURES				
Current:				
Planning and Community Development:				
Salaries and wages	111,133	111,133	105,820	5,313
Employee benefits	52,037	52,037	48,333	3,704
Services and supplies	69,108	69,108	53,783	15,325
Capital outlay	3,750	3,750	--	3,750
Community projects	2,995,984	4,316,597	4,884,076	(567,479)
Total Planning and Community Development	<u>3,232,012</u>	<u>4,552,625</u>	<u>5,092,012</u>	<u>(539,387)</u>
Debt Service:				
Principal	33,000	38,000	38,000	--
Interest	22,624	50,000	33,906	16,094
TOTAL EXPENDITURES	<u>3,287,636</u>	<u>4,640,625</u>	<u>5,163,918</u>	<u>(523,293)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,157,484</u>	<u>1,355,431</u>	<u>827,360</u>	<u>(528,071)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	472,056	472,056	--	(472,056)
Transfers out	<u>(1,158,118)</u>	<u>(1,158,118)</u>	<u>(1,123,027)</u>	<u>35,091</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(686,062)</u>	<u>(686,062)</u>	<u>(1,123,027)</u>	<u>(436,965)</u>
NET CHANGE IN FUND BALANCES	471,422	669,369	(295,667)	(965,036)
FUND BALANCE, BEGINNING OF YEAR	2,584	(197,313)	(197,313)	--
FUND BALANCE, END OF YEAR	<u>\$ 474,006</u>	<u>\$ 472,056</u>	<u>\$ (492,980)</u>	<u>\$ (965,036)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Grants	\$ 150,000	\$ 100,000	\$ 135,791	\$ 35,791
Miscellaneous:				
Reimbursements and restitution	--	--	42	42
TOTAL REVENUES	<u>150,000</u>	<u>100,000</u>	<u>135,833</u>	<u>35,833</u>
EXPENDITURES				
Salaries and wages	106,456	106,456	132,974	(26,518)
Employee benefits	49,750	49,750	58,045	(8,295)
Services and supplies	263,667	294,140	281,050	13,090
Capital outlay	<u>3,750</u>	<u>3,750</u>	--	<u>3,750</u>
TOTAL EXPENDITURES	<u>423,623</u>	<u>454,096</u>	<u>472,069</u>	<u>(17,973)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(273,623)</u>	<u>(354,096)</u>	<u>(336,236)</u>	<u>17,860</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	409,513	409,513	374,422	(35,091)
Transfers out	<u>(135,890)</u>	<u>(55,417)</u>	<u>(55,417)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>273,623</u>	<u>354,096</u>	<u>319,005</u>	<u>(35,091)</u>
NET CHANGE IN FUND BALANCES	--	--	(17,231)	(17,231)
FUND BALANCE, BEGINNING OF YEAR	--	29	29	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 29</u>	<u>\$ (17,202)</u>	<u>\$ (17,231)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 7,129,921	\$ 7,129,921	\$ 6,041,999	\$ (1,087,922)
Licenses and permits:				
Excavation permits	200,000	175,000	193,115	18,115
Intergovernmental:				
Motor vehicle fuel tax	3,571,139	3,221,139	3,588,621	367,482
County road tax	49,200	49,200	49,274	74
Total intergovernmental	3,620,339	3,270,339	3,637,895	367,556
Charges for services:				
Federal grants	--	800,000	794,943	(5,057)
Grants and contributions:				
Street patching penalties	200,000	100,000	84,506	(15,494)
Miscellaneous:				
Investment earnings	20,000	20,000	35,306	15,306
Interest earnings, other	1,500	1,500	11,878	10,378
Reimbursements and restitution	--	40,982	41,521	539
Exactions	10,000	--	285	285
Other	--	--	15,698	15,698
Total miscellaneous	31,500	62,482	104,688	42,206
TOTAL REVENUES	11,181,760	11,537,742	10,857,146	(680,596)
EXPENDITURES				
Current:				
Salaries and wages	2,835,177	3,323,455	2,794,539	528,916
Employee benefits	1,108,755	1,082,742	1,054,480	28,262
Services and supplies	3,331,750	5,405,476	6,093,601	(688,125)
Capital Outlay	5,500,000	5,013,883	4,404,090	609,793
TOTAL EXPENDITURES	12,775,682	14,825,556	14,346,710	478,846
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,593,922)	(3,287,814)	(3,489,564)	(201,750)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,940,809	1,940,809	1,940,809	--
Transfers out	(374,149)	(374,149)	(374,149)	--
TOTAL OTHER FINANCING SOURCES (USES)	1,566,660	1,566,660	1,566,660	--
NET CHANGE IN FUND BALANCES	(27,262)	(1,721,154)	(1,922,904)	(201,750)
FUND BALANCE, BEGINNING OF YEAR	27,262	1,721,154	1,771,435	50,281
PRIOR YEAR ADJUSTMENTS			620,019	620,019
FUND BALANCE, END OF YEAR	\$ --	\$ --	\$ 468,550	\$ 468,550

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ 97	\$ 97
TOTAL REVENUES	--	--	97	97
EXPENDITURES				
Current:				
General Government:				
Services and supplies	210,000	470,377	470,377	--
TOTAL EXPENDITURES	210,000	470,377	470,377	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(210,000)	(470,377)	(470,280)	97
OTHER FINANCING SOURCES (USES)				
Transfers in	210,000	470,377	470,377	--
TOTAL OTHER FINANCING SOURCES (USES)	210,000	470,377	470,377	--
NET CHANGE IN FUND BALANCES	--	--	97	97
FUND BALANCE, BEGINNING OF YEAR	--	10,433	10,433	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 10,433</u>	<u>\$ 10,530</u>	<u>\$ 97</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Room Tax	\$ 2,070,000	\$ 2,200,000	\$ 2,069,999	\$ (130,001)
Miscellaneous:				
Investment earnings	11,000	11,000	15,633	4,633
Other income	--	2,718	4,043	1,325
Total Miscellaneous	11,000	13,718	19,676	5,958
TOTAL REVENUES	2,081,000	2,213,718	2,089,675	(124,043)
EXPENDITURES				
Current:				
General Government:				
Tourism:				
Services and supplies	358,922	421,892	367,450	54,442
Capital outlay	--	861,235	545,394	315,841
TOTAL EXPENDITURES	358,922	1,283,127	912,844	370,283
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,722,078	930,591	1,176,831	246,240
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,783,078)	(1,783,078)	(1,857,112)	(74,034)
TOTAL OTHER FINANCING SOURCES (USES)	(1,783,078)	(1,783,078)	(1,857,112)	(74,034)
NET CHANGE IN FUND BALANCES	(61,000)	(852,487)	(680,281)	172,206
FUND BALANCE, BEGINNING OF YEAR	61,000	852,487	1,039,238	186,751
FUND BALANCE, END OF YEAR	\$ --	\$ --	\$ 358,957	\$ 358,957

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 226,069	\$ 530,000	\$ 529,425	\$ (575)
Total Intergovernmental	<u>226,069</u>	<u>530,000</u>	<u>529,425</u>	<u>(575)</u>
Charges for Services:				
Engineering charges	125,000	105,000	67,021	(37,979)
Swimming pool fees	403,207	447,746	425,265	(22,481)
Recreation facility fees	3,801,300	3,075,395	2,985,839	(89,556)
Parks and recreation fees	174,959	174,959	95,969	(78,990)
Total Charges for Services	<u>4,504,466</u>	<u>3,803,100</u>	<u>3,574,094</u>	<u>(229,006)</u>
Miscellaneous:				
Investment earnings	7,508	7,500	1,576	(5,924)
Interest earnings, other	--	--	(9)	(9)
Rents and royalties	10,000	10,000	26,496	16,496
Reimbursements and restitution	124,025	147,000	103,989	(43,011)
Private grants	64,000	57,000	64,785	7,785
Other	--	520	877	357
Total Miscellaneous	<u>205,533</u>	<u>222,020</u>	<u>197,714</u>	<u>(24,306)</u>
TOTAL REVENUES	<u>4,936,068</u>	<u>4,555,120</u>	<u>4,301,233</u>	<u>(253,887)</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Salaries and wages	8,183,667	8,518,056	7,963,968	554,088
Employee benefits	2,043,173	1,900,884	1,919,204	(18,320)
Services and supplies	6,196,613	6,889,452	6,422,884	466,568
Capital outlay	46,000	60,259	41,702	18,557
CAPITAL OUTLAY	<u>350,000</u>	<u>415,709</u>	<u>262,163</u>	<u>153,546</u>
TOTAL EXPENDITURES	<u>16,819,453</u>	<u>17,784,360</u>	<u>16,609,921</u>	<u>1,174,439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,883,385)</u>	<u>(13,229,240)</u>	<u>(12,308,688)</u>	<u>920,552</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,731,400	12,266,932	12,340,966	74,034
TOTAL OTHER FINANCING SOURCE (USES)	<u>11,731,400</u>	<u>12,266,932</u>	<u>12,340,966</u>	<u>74,034</u>
NET CHANGE IN FUND BALANCES	(151,985)	(962,308)	32,278	994,586
FUND BALANCE, BEGINNING OF YEAR	151,985	982,267	1,504,630	522,363
PRIOR YEAR ADJUSTMENT			(13,869)	(13,869)
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 19,959</u>	<u>\$ 1,523,039</u>	<u>\$ 1,503,080</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 54,000	\$ 54,000	\$ 94,948	\$ 40,948
TOTAL REVENUES	<u>54,000</u>	<u>54,000</u>	<u>94,948</u>	<u>40,948</u>
EXPENDITURES				
Current:				
General Government:				
Services and supplies	54,000	--	--	--
TOTAL EXPENDITURES	<u>54,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	54,000	94,948	40,948
OTHER FINANCING SOURCES (USES):				
Transfers out	--	(250,000)	(250,000)	--
NET CHANGE IN FUND BALANCES	--	(196,000)	(155,052)	40,948
FUND BALANCE, BEGINNING OF YEAR	--	196,000	5,515,270	5,319,270
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,360,218</u>	<u>\$ 5,360,218</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Miscellaneous:				
Investment earnings	\$ 19,000	\$ 19,000	\$ 17,436	\$ (1,564)
Court administrative charges	175,000	234,000	281,900	47,900
Court construction fees	160,000	200,000	199,730	(270)
TOTAL REVENUES	<u>354,000</u>	<u>453,000</u>	<u>499,066</u>	<u>46,066</u>
EXPENDITURES				
Current:				
Judicial:				
Services and supplies	658,347	1,264,247	--	1,264,247
TOTAL EXPENDITURES	<u>658,347</u>	<u>1,264,247</u>	<u>--</u>	<u>1,264,247</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(304,347)</u>	<u>(811,247)</u>	<u>499,066</u>	<u>1,310,313</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(304,347)	(811,247)	499,066	1,310,313
FUND BALANCE, BEGINNING OF YEAR	304,347	811,247	836,834	25,587
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,335,900</u>	<u>\$ 1,335,900</u>

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 7,000	\$ 7,000	\$ 12,435	\$ 5,435
Federal drug forfeiture monies	25,000	25,000	83,262	58,262
State drug forfeiture monies	50,000	52,574	53,000	426
Other forfeiture monies	20,000	--	--	--
TOTAL REVENUES	<u>102,000</u>	<u>84,574</u>	<u>148,697</u>	<u>64,123</u>
EXPENDITURES				
General Government:				
Services and supplies	<u>102,000</u>	<u>55,000</u>	<u>--</u>	<u>55,000</u>
TOTAL EXPENDITURES	<u>102,000</u>	<u>55,000</u>	<u>--</u>	<u>55,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>29,574</u>	<u>148,697</u>	<u>9,123</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>--</u>	<u>(245,000)</u>	<u>(245,000)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(245,000)</u>	<u>(245,000)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>--</u>	<u>(215,426)</u>	<u>(96,303)</u>	<u>9,123</u>
FUND BALANCE, BEGINNING OF YEAR	<u>--</u>	<u>215,426</u>	<u>662,921</u>	<u>447,495</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 566,618</u>	<u>\$ 456,618</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ --	\$ --	\$ 47,075	\$ 47,075
Total Taxes	<u> --</u>	<u> --</u>	<u>47,075</u>	<u>47,075</u>
Intergovernmental:				
State Shared Revenues:				
Motor vehicle privilege tax	128,024	128,024	138,692	10,668
Total Intergovernmental	<u>128,024</u>	<u>128,024</u>	<u>138,692</u>	<u>10,668</u>
Miscellaneous:				
Investment earnings	50,000	50,000	58,111	8,111
Rent and royalties	--	--	17,002	17,002
Reimbursements and restitution	450,000	404,000	70,782	(333,218)
Parking revenues	295,658	295,658	415,970	120,312
Other	154,836	154,836	176,757	21,921
Total Miscellaneous	<u>950,494</u>	<u>904,494</u>	<u>738,622</u>	<u>(165,872)</u>
TOTAL REVENUES	<u>1,078,518</u>	<u>1,032,518</u>	<u>924,389</u>	<u>(108,129)</u>
EXPENDITURES				
Current:				
Urban Redevelopment:				
Salaries and wages	503,831	458,340	377,541	80,799
Employee benefits	200,689	185,027	155,507	29,520
Services and supplies	1,297,054	1,297,054	1,501,896	(204,842)
Capital outlay	1,052,112	3,429,995	1,644,509	1,785,486
TOTAL EXPENDITURES	<u>3,053,686</u>	<u>5,370,416</u>	<u>3,679,453</u>	<u>1,690,963</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,975,168)</u>	<u>(4,337,898)</u>	<u>(2,755,064)</u>	<u>1,582,834</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	400,000	3,570,000	69,207	(3,500,793)
Transfers in	80,473	--	--	--
Transfers out	(1,234,761)	(1,564,824)	(1,564,824)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(754,288)</u>	<u>2,005,176</u>	<u>(1,495,617)</u>	<u>(3,500,793)</u>
NET CHANGE IN FUND BALANCES	<u>(2,729,456)</u>	<u>(2,332,722)</u>	<u>(4,250,681)</u>	<u>(1,917,959)</u>
FUND BALANCE, BEGINNING OF YEAR	<u> --</u>	<u>2,332,551</u>	<u>3,589,553</u>	<u>1,257,002</u>
PRIOR PERIOD ADJUSTMENT	<u>5,582,553</u>	<u>5,582,553</u>	<u>5,582,553</u>	<u> --</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,853,097</u>	<u>\$ 5,582,382</u>	<u>\$ 4,921,425</u>	<u>\$ (660,957)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room taxes (railroad)	\$ 1,100,000	\$ 1,100,000	\$ 948,737	\$ (151,263)
Intergovernmental:				
Sales taxes (railroad)	6,700,000	8,000,000	8,260,700	260,700
Special assessments	--	--	1,110,072	1,110,072
Miscellaneous:				
Investment earnings	140,000	300,000	500,865	200,865
Other	--	--	3,457	3,457
TOTAL REVENUES	<u>7,940,000</u>	<u>9,400,000</u>	<u>10,823,831</u>	<u>1,423,831</u>
EXPENDITURES				
Debt Service:				
Interest	5,928,319	5,928,319	5,928,319	--
Fiscal charges	72,060	72,060	71,449	611
TOTAL EXPENDITURES	<u>6,000,379</u>	<u>6,000,379</u>	<u>5,999,768</u>	<u>611</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,939,621</u>	<u>3,399,621</u>	<u>4,824,063</u>	<u>1,424,442</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,121,539)</u>	<u>(10,206,873)</u>	<u>(17,841,154)</u>	<u>7,634,281</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,121,539)</u>	<u>(10,206,873)</u>	<u>(17,841,154)</u>	<u>7,634,281</u>
NET CHANGE IN FUND BALANCE	818,082	(6,807,252)	(13,017,091)	9,058,723
FUND BALANCE, BEGINNING OF YEAR	<u>(818,082)</u>	<u>28,425,322</u>	<u>28,425,322</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 21,618,070</u>	<u>\$ 15,408,231</u>	<u>\$ 9,058,723</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room taxes (Events Center)	\$ 5,550,000	\$ 5,810,000	\$ 5,811,018	\$ 1,018
Special Assessments	750,000	750,000	512,326	(237,674)
Miscellaneous:				
Investment earnings	100,000	100,000	111,337	11,337
Interest earnings, other	300,000	500,000	552,214	52,214
Other	--	30,000	16,610	(13,390)
TOTAL REVENUES	<u>6,700,000</u>	<u>7,190,000</u>	<u>7,003,505</u>	<u>(186,495)</u>
EXPENDITURES				
Debt Service:				
Principal	--	445,000	445,000	--
Interest	5,776,525	6,219,257	6,219,257	--
Fiscal charges	98,596	118,596	101,685	16,911
TOTAL EXPENDITURES	<u>5,875,121</u>	<u>6,782,853</u>	<u>6,765,942</u>	<u>16,911</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>824,879</u>	<u>407,147</u>	<u>237,563</u>	<u>(169,584)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(210,000)	(470,377)	(470,377)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(210,000)</u>	<u>(470,377)</u>	<u>(470,377)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	614,879	(63,230)	(232,814)	(169,584)
FUND BALANCE, BEGINNING OF YEAR	(614,879)	5,978,658	5,978,658	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 5,915,428</u>	<u>\$ 5,745,844</u>	<u>\$ (169,584)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 417,958	\$ 417,958	\$ 394,577	\$ (23,381)
Miscellaneous:				
Investment earnings	35,937	35,937	46,969	11,032
Interest earnings, other	246,717	262,060	290,758	28,698
Other	2,250	22,200	40,047	17,847
TOTAL REVENUES	<u>702,862</u>	<u>738,155</u>	<u>772,351</u>	<u>34,196</u>
EXPENDITURSE				
Debt Service:				
Principal	344,728	313,088	312,135	953
Interest	213,740	210,331	214,565	(4,234)
Fiscal charges	264,916	446,632	109,780	336,852
TOTAL EXPENDITURES	<u>823,384</u>	<u>970,051</u>	<u>636,480</u>	<u>333,571</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(120,522)</u>	<u>(231,896)</u>	<u>135,871</u>	<u>367,767</u>
OTHER FINANCING SOURCES (USES):				
Other financing proceeds	--	--	295,707	295,707
Transfers out	--	--	(103,040)	(103,040)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>192,667</u>	<u>192,667</u>
NET CHANGE IN FUND BALANCES	(120,522)	(231,896)	328,538	560,434
FUND BALANCE, BEGINNING OF YEAR	120,522	2,819,536	2,819,536	--
PRIOR YEAR ADJUSTMENT	--	--	(1,293)	(1,293)
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 2,587,640</u>	<u>\$ 3,146,781</u>	<u>\$ 559,141</u>

CITY OF RENO, NEVADA

Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2005

	City of Reno Fund	Redevelopment Agency Fund	Total
ASSETS			
Cash and investments	\$ 8,202,852	\$ 4,911,579	\$ 13,114,431
Receivables:			
Accrued interest	30,606	6,778	37,384
Delinquent taxes	32,180	76,456	108,636
Due from other funds	88,246	--	88,246
Due from other governments	3,611	436	4,047
TOTAL ASSETS	<u><u>\$ 8,357,495</u></u>	<u><u>\$ 4,995,249</u></u>	<u><u>\$ 13,352,744</u></u>
LIABILITIES			
Deferred taxes	\$ 32,179	\$ 76,456	\$ 108,635
TOTAL LIABILITIES	<u>32,179</u>	<u>76,456</u>	<u>108,635</u>
FUND BALANCES			
Reserved for:			
Debt service	8,325,316	4,918,793	13,244,109
TOTAL FUND BALANCES	<u>8,325,316</u>	<u>4,918,793</u>	<u>13,244,109</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 8,357,495</u></u>	<u><u>\$ 4,995,249</u></u>	<u><u>\$ 13,352,744</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, 2005

	<u>City of Reno Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 5,498,172	\$ 4,257,715	\$ 9,755,887
Investment earnings	112,542	195,001	307,543
Miscellaneous	3,426	--	3,426
TOTAL REVENUES	<u>5,614,140</u>	<u>4,452,716</u>	<u>10,066,856</u>
EXPENDITURES			
Debt Service:			
Principal	5,205,000	2,855,000	8,060,000
Interest	2,007,920	2,332,624	4,340,544
Bond issue costs	120,226	--	120,226
Fiscal charges	138,246	11,694	149,940
TOTAL EXPENDITURES	<u>7,471,392</u>	<u>5,199,318</u>	<u>12,670,710</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,857,252)</u>	<u>(746,602)</u>	<u>(2,603,854)</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	3,500,000	--	3,500,000
Premium on bonds issued	42,359	--	42,359
Transfers in	1,909,773	781,639	2,691,412
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,452,132</u>	<u>781,639</u>	<u>6,233,771</u>
NET CHANGE IN FUND BALANCES	3,594,880	35,037	3,629,917
FUND BALANCES, BEGINNING OF YEAR	<u>4,730,436</u>	<u>4,883,756</u>	<u>9,614,192</u>
FUND BALANCES, END OF YEAR	<u>\$ 8,325,316</u>	<u>\$ 4,918,793</u>	<u>13,244,109</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 4,602,229	\$ 4,602,229	\$ 5,498,172	\$ 895,943
Miscellaneous:				
Investment earnings	141,469	116,469	112,542	(3,927)
Other	784,645	784,645	3,426	(781,219)
TOTAL REVENUES	<u>5,528,343</u>	<u>5,503,343</u>	<u>5,614,140</u>	<u>110,797</u>
EXPENDITURES				
Debt Service:				
Principal	5,110,000	5,175,000	5,205,000	(30,000)
Interest	2,030,863	1,934,021	2,007,920	(73,899)
Fiscal charges	181,451	137,667	138,246	(579)
Bond issue costs	--	94,044	120,226	(26,182)
TOTAL EXPENDITURES	<u>7,322,314</u>	<u>7,340,732</u>	<u>7,471,392</u>	<u>(130,660)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,793,971)</u>	<u>(1,837,389)</u>	<u>(1,857,252)</u>	<u>(19,863)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	51,685	3,500,000	3,448,315
Premium on bonds issued	--	42,359	42,359	--
Transfers in	1,366,450	1,909,773	1,909,773	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,366,450</u>	<u>2,003,817</u>	<u>5,452,132</u>	<u>3,448,315</u>
NET CHANGE IN FUND BALANCES	(427,521)	166,428	3,594,880	3,428,452
FUND BALANCE, BEGINNING OF YEAR	427,521	4,730,437	4,730,436	(1)
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 4,896,865</u>	<u>\$ 8,325,316</u>	<u>\$ 3,428,451</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 4,660,615	\$ 4,660,615	\$ 4,257,715	\$ (402,900)
Miscellaneous:				
Investment earnings	50,017	100,000	195,001	95,001
TOTAL REVENUES	<u>4,710,632</u>	<u>4,760,615</u>	<u>4,452,716</u>	<u>(307,899)</u>
EXPENDITURES				
Debt Service:				
Principal	2,855,000	2,855,000	2,855,000	--
Interest	2,332,624	2,332,624	2,332,624	--
Fiscal charges	15,000	10,000	11,694	(1,694)
TOTAL EXPENDITURES	<u>5,202,624</u>	<u>5,197,624</u>	<u>5,199,318</u>	<u>(1,694)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(491,992)</u>	<u>(437,009)</u>	<u>(746,602)</u>	<u>(309,593)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	451,576	781,639	781,639	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>451,576</u>	<u>781,639</u>	<u>781,639</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(40,416)	344,630	35,037	(309,593)
FUND BALANCE, BEGINNING OF YEAR	40,416	4,883,756	4,883,756	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 5,228,386</u>	<u>\$ 4,918,793</u>	<u>\$ (309,593)</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.

Community Assistance Center Fund – to account for the construction of a shelter for indigent men and new facilities for St. Vincent’s Dining Room and the Reno-Sparks Gospel Mission to assist all persons in need.

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 20,000	\$ 80,000	\$ 162,134	\$ 82,134
Reimbursements and restitution	--	201,190	201,190	--
TOTAL REVENUES	<u>20,000</u>	<u>281,190</u>	<u>363,324</u>	<u>82,134</u>
EXPENDITURES				
Public works:				
Services and supplies	14,189	14,689	14,779	(90)
Capital Outlay:				
Improvements other than buildings	5,811	11,786,123	10,760,896	1,025,227
TOTAL EXPENDITURES	<u>20,000</u>	<u>11,800,812</u>	<u>10,775,675</u>	<u>1,025,137</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(11,519,622)</u>	<u>(10,412,351)</u>	<u>1,107,271</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	105,511	105,511	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>105,511</u>	<u>105,511</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	--	(11,414,111)	(10,306,840)	1,107,271
FUND BALANCE, BEGINNING OF YEAR	--	11,414,111	11,414,110	(1)
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,107,270</u>	<u>\$ 1,107,270</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue:				
Federal grants	\$ 4,798,436	\$ --	\$ 1,372,945	\$ 1,372,945
Special assessments	--	--	616,014	616,014
Charges for services	6,595,336	6,595,336	345,081	(6,250,255)
Miscellaneous:				
Investment earnings	1,114,094	600,000	41,214	(558,786)
Other	6,700,000	5,891,230	7,722,570	1,831,340
TOTAL REVENUES	<u>19,207,866</u>	<u>13,086,566</u>	<u>10,097,824</u>	<u>(2,988,742)</u>
EXPENDITURES				
Current:				
Public Works:				
Salaries and wages	323,587	323,587	209,767	113,820
Employee benefits	134,708	134,708	93,643	41,065
Services and supplies	828,041	828,041	767,255	60,786
Total Public Works	<u>1,286,336</u>	<u>1,286,336</u>	<u>1,070,665</u>	<u>215,671</u>
Capital Outlay:				
Land	1,000,000	1,000,000	2,692,447	(1,692,447)
Buildings	--	--	3,872,267	(3,872,267)
Machinery & equipment	--	--	9,125	(9,125)
Public art	171,572	171,572	5,000	166,572
Improvements other than buildings	97,463,933	97,463,933	92,034,160	5,429,773
Total Capital Outlay	<u>98,635,505</u>	<u>98,635,505</u>	<u>98,612,999</u>	<u>22,506</u>
TOTAL EXPENDITURES	<u>99,921,841</u>	<u>99,921,841</u>	<u>99,683,664</u>	<u>238,177</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(80,713,975)</u>	<u>(86,835,275)</u>	<u>(89,585,840)</u>	<u>(2,750,565)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds (net)	15,095,689	20,993,209	--	(20,993,209)
Other financing proceeds	50,500,000	50,500,000	50,500,000	--
Transfers in	1,121,539	10,206,873	17,841,154	7,634,281
TOTAL OTHER FINANCING SOURCES (USES)	<u>66,717,228</u>	<u>81,700,082</u>	<u>68,341,154</u>	<u>(13,358,928)</u>
NET CHANGE IN FUND BALANCES	(13,996,747)	(5,135,193)	(21,244,686)	(16,109,493)
FUND BALANCE, BEGINNING OF YEAR	13,996,747	5,135,193	5,135,192	(1)
PRIOR YEAR ADJUSTMENT	--	--	9,125	9,125
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (16,100,369)</u>	<u>\$ (16,100,369)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 500,000	\$ 200,000	\$ 563,386	\$ 363,386
Other income	--	1,601	1,601	--
TOTAL REVENUES	<u>500,000</u>	<u>201,601</u>	<u>564,987</u>	<u>363,386</u>
EXPENDITURES				
Current:				
Public works:				
Services and supplies	204,000	764,000	820,729	(56,729)
Capital Outlay:				
Land	--	674,000	954,000	(280,000)
Machinery and equipment	--	700,000	757,840	(57,840)
Improvements	2,349,566	25,734,242	20,494,024	5,240,218
Total Capital Outlay	<u>2,349,566</u>	<u>27,108,242</u>	<u>22,205,864</u>	<u>4,902,378</u>
TOTAL EXPENDITURES	<u>2,553,566</u>	<u>27,872,242</u>	<u>23,026,593</u>	<u>4,845,649</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,053,566)</u>	<u>(27,670,641)</u>	<u>(22,461,606)</u>	<u>5,209,035</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	--	(25,800)	(25,800)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(25,800)</u>	<u>(25,800)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(2,053,566)	(27,696,441)	(22,487,406)	5,209,035
FUND BALANCE, BEGINNING OF YEAR	2,053,566	42,343,818	42,343,818	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 14,647,377</u>	<u>\$ 19,856,412</u>	<u>\$ 5,209,035</u>

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005

	Public Works Fund	Community Assistance Center Fund	City Bonds Fund	Parks Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments	\$ 2,440,885	\$ --	\$ --	\$ 6,139,229
Receivables:				
Accounts	3,926	--	--	--
Accrued interest	7,342	--	--	20,525
Due from other funds	--	--	--	--
Due from other governments	327,773	246,451	--	--
Prepaid items	--	29,000	--	--
TOTAL ASSETS	<u><u>\$ 2,779,926</u></u>	<u><u>\$ 275,451</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 6,159,754</u></u>
 LIABILITIES				
Accounts payable	\$ 35,247	\$ --	\$ --	\$ 14,483
Contracts and retained percentage payable	408,968	1,093,862	--	--
Accrued interest payable	1,659	892	--	--
Due to other funds	1,495,901	642,852	--	--
Due to other governments	--	--	--	--
Other liabilities	10,167	--	--	--
TOTAL LIABILITIES	<u><u>1,951,942</u></u>	<u><u>1,737,606</u></u>	<u><u>--</u></u>	<u><u>14,483</u></u>
 FUND BALANCES				
Reserved for:				
Encumbrances	750,534	--	--	--
Prepaid items	--	29,000	--	--
Park capital outlay	--	--	--	6,115,705
Capital projects	--	--	--	29,566
Future signalization	479,056	--	--	--
Sensitive lands	68,188	--	--	--
Unreserved	(469,794)	(1,491,155)	--	--
TOTAL FUND BALANCES	<u><u>827,984</u></u>	<u><u>(1,462,155)</u></u>	<u><u>--</u></u>	<u><u>6,145,271</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,779,926</u></u>	<u><u>\$ 275,451</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 6,159,754</u></u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2005

	City Extraordinary Maintenance Fund	Special Ad Valorem Fund	Special Assessment Districts Fund
ASSETS			
Cash and Investments	\$ --	\$ 739,424	\$ 253
Receivables:			
Accounts	--	--	--
Accrued interest	--	5,476	1,080
Due from other funds	--	642,852	--
Due from other governments	--	29,664	--
Prepaid items	--	--	--
TOTAL ASSETS	<u><u>\$ --</u></u>	<u><u>\$ 1,417,416</u></u>	<u><u>\$ 1,333</u></u>
LIABILITIES			
Accounts payable	\$ --	\$ 5,889	\$ 311
Contracts and retained percentage payable	--	5,577	286,529
Accrued interest payable	--	--	360
Due to other funds	--	--	2,113,324
Due to other governments	--	--	--
Other liabilities	--	--	--
TOTAL LIABILITIES	<u><u>--</u></u>	<u><u>11,466</u></u>	<u><u>2,400,524</u></u>
FUND BALANCES			
Reserved for:			
Encumbrances	--	65,096	223,455
Prepaid items	--	--	--
Park capital outlay	--	--	--
Capital projects	--	1,340,854	--
Future signalization	--	--	--
Sensitive lands	--	--	--
Unreserved	--	--	(2,622,646)
TOTAL FUND BALANCES	<u><u>--</u></u>	<u><u>1,405,950</u></u>	<u><u>(2,399,191)</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ --</u></u>	<u><u>\$ 1,417,416</u></u>	<u><u>\$ 1,333</u></u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2005

	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 3,917,322	\$ 92,902	\$ 13,330,015
Receivables:			
Accounts	--	--	3,926
Accrued interest	13,813	314	48,550
Due from other funds	167,500	--	810,352
Due from other governments	--	--	603,888
Prepaid items	--	--	29,000
TOTAL ASSETS	<u><u>\$ 4,098,635</u></u>	<u><u>\$ 93,216</u></u>	<u><u>\$ 14,825,731</u></u>
LIABILITIES			
Accounts payable	\$ --	\$ 3,071	\$ 59,001
Contracts and retained percentage payable	--	--	1,794,936
Accrued interest payable	4,964	--	7,875
Due to other funds	--	--	4,252,077
Due to other governments	1,851,485	--	1,851,485
Other liabilities	--	--	10,167
TOTAL LIABILITIES	<u><u>1,856,449</u></u>	<u><u>3,071</u></u>	<u><u>7,975,541</u></u>
FUND BALANCES			
Reserved for:			
Encumbrances	199,400	--	1,238,485
Prepaid items	--	--	29,000
Park capital outlay	--	--	6,115,705
Capital projects	2,042,786	90,145	3,503,351
Future signalization	--	--	479,056
Sensitive lands	--	--	68,188
Unreserved	--	--	(4,583,595)
TOTAL FUND BALANCES	<u><u>2,242,186</u></u>	<u><u>90,145</u></u>	<u><u>6,850,190</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,098,635</u></u>	<u><u>\$ 93,216</u></u>	<u><u>\$ 14,825,731</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, 2005

	Public Works Fund	Community Assistance Center Fund	City Bonds Fund	Parks Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes:				
Park district construction taxes	\$ --	\$ --	\$ --	\$ 3,397,932
Special assessment	--	--	--	--
Intergovernmental	--	--	--	--
Grants and contributions	1,255,655	1,146,451	--	--
Miscellaneous:				
Investment earnings	55,169	130	--	90,346
Other	797,398	452,252	17	--
Total Miscellaneous	<u>852,567</u>	<u>452,382</u>	<u>17</u>	<u>90,346</u>
TOTAL REVENUES	<u>2,108,222</u>	<u>1,598,833</u>	<u>17</u>	<u>3,488,278</u>
EXPENDITURES				
Current:				
Public works	1,016,835	--	15	--
Culture and recreation	--	--	--	24,947
Urban redevelopment	--	--	--	--
Capital outlay	4,300,102	3,260,988	--	1,789,982
TOTAL EXPENDITURES	<u>5,316,937</u>	<u>3,260,988</u>	<u>15</u>	<u>1,814,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,208,715)</u>	<u>(1,662,155)</u>	<u>2</u>	<u>1,673,349</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,037,164	200,000	--	--
Transfers out	<u>(1,879,621)</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,157,543</u>	<u>200,000</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>(2,051,172)</u>	<u>(1,462,155)</u>	<u>2</u>	<u>1,673,349</u>
FUND BALANCES - BEGINNING OF YEAR	2,879,156	--	(86,091)	4,558,011
PRIOR PERIOD ADJUSTMENT	--	--	86,089	(86,089)
FUND BALANCES - RESTATED, BEGINNING	<u>2,879,156</u>	<u>--</u>	<u>(2)</u>	<u>4,471,922</u>
FUND BALANCES, END OF YEAR	<u>\$ 827,984</u>	<u>\$ (1,462,155)</u>	<u>\$ --</u>	<u>\$ 6,145,271</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, 2005

	City Extraordinary Maintenance Fund	Special Ad valorem Fund	Special Assessment Districts Fund
REVENUES			
Taxes:			
Park district construction taxes	\$ --	\$ --	\$ --
Special assessment	--	--	136,907
Intergovernmental	--	1,155,336	--
Grants and contributions	--	11,358	--
Miscellaneous:			
Investment earnings	1,630	25,275	6,036
Other	--	23,075	--
Total Miscellaneous	<u>1,630</u>	<u>48,350</u>	<u>6,036</u>
TOTAL REVENUES	<u>1,630</u>	<u>1,215,044</u>	<u>142,943</u>
EXPENDITURES			
Current:			
Public works	--	220,891	1,155
Culture and recreation	--	--	--
Urban redevelopment	--	--	--
Capital outlay	--	305,221	1,646,743
TOTAL EXPENDITURES	<u>--</u>	<u>526,112</u>	<u>1,647,898</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,630</u>	<u>688,932</u>	<u>(1,504,955)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	103,040
Transfers out	(90,794)	(531,671)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(90,794)</u>	<u>(531,671)</u>	<u>103,040</u>
NET CHANGE IN FUND BALANCES	<u>(89,164)</u>	<u>157,261</u>	<u>(1,401,915)</u>
FUND BALANCES - BEGINNING OF YEAR	89,164	1,248,689	(88,286)
PRIOR PERIOD ADJUSTMENT	--	--	(908,990)
FUND BALANCES - RESTATED, BEGINNING	<u>89,164</u>	<u>1,248,689</u>	<u>(997,276)</u>
FUND BALANCES, END OF YEAR	<u>\$ --</u>	<u>\$ 1,405,950</u>	<u>\$ (2,399,191)</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, 2005

	<u>Street Impact Fund</u>	<u>Redevelopment Agency Extraordinary Maintenance Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Park district construction taxes	\$ --	\$ --	\$ 3,397,932
Special assessment	--	--	136,907
Intergovernmental	--	--	1,155,336
Grants and contributions	--	--	2,413,464
Miscellaneous:			
Investment earnings	87,838	2,012	268,436
Other	--	--	1,272,742
Total Miscellaneous	<u>87,838</u>	<u>2,012</u>	<u>1,541,178</u>
TOTAL REVENUES	<u>87,838</u>	<u>2,012</u>	<u>8,644,817</u>
 EXPENDITURES			
Current:			
Public works	20,882	--	1,259,778
Culture and recreation	--	--	24,947
Urban redevelopment	--	36,570	36,570
Capital outlay	<u>127,757</u>	<u>--</u>	<u>11,430,793</u>
TOTAL EXPENDITURES	<u>148,639</u>	<u>36,570</u>	<u>12,752,088</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(60,801)</u>	<u>(34,558)</u>	<u>(4,107,271)</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	3,340,204
Transfers out	<u>(315,484)</u>	<u>--</u>	<u>(2,817,570)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(315,484)</u>	<u>--</u>	<u>522,634</u>
 NET CHANGE IN FUND BALANCES	<u>(376,285)</u>	<u>(34,558)</u>	<u>(3,584,637)</u>
 FUND BALANCES - BEGINNING OF YEAR	2,618,471	124,703	11,343,817
PRIOR PERIOD ADJUSTMENT	<u>--</u>	<u>--</u>	<u>(908,990)</u>
FUND BALANCES - RESTATED, BEGINNING	<u>2,618,471</u>	<u>124,703</u>	<u>10,434,827</u>
 FUND BALANCES, END OF YEAR	<u>\$ 2,242,186</u>	<u>\$ 90,145</u>	<u>\$ 6,850,190</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ --	\$ 665,596	\$ 1,029,269	\$ 363,673
State grants	--	--	226,386	226,386
Total Intergovernmental	--	665,596	1,255,655	590,059
Miscellaneous:				
Investment earnings	33,500	33,500	55,169	21,669
Rents and royalties	--	--	468,590	468,590
Other income	--	1,872,300	328,808	(1,543,492)
Total Miscellaneous	33,500	1,905,800	852,567	(1,053,233)
TOTAL REVENUES	33,500	2,571,396	2,108,222	(463,174)
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	183,783	99,385	1,016,835	(917,450)
Capital Outlay:				
Machinery and equipment	--	--	490,346	(490,346)
Improvements other than buildings	1,432,080	6,824,802	3,809,756	3,015,046
TOTAL EXPENDITURES	1,615,863	6,924,187	5,316,937	1,607,250
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,582,363)	(4,352,791)	(3,208,715)	1,144,076
OTHER FINANCING SOURCES (USES)				
Transfers in	2,587,000	3,036,533	3,037,164	631
Transfers out	(1,181,298)	(1,136,298)	(1,879,621)	(743,323)
TOTAL OTHER FINANCING SOURCES (USES)	1,405,702	1,900,235	1,157,543	(742,692)
NET CHANGE IN FUND BALANCES	(176,661)	(2,452,556)	(2,051,172)	401,384
FUND BALANCE, BEGINNING OF YEAR	2,430,639	2,879,156	2,879,156	--
FUND BALANCE, END OF YEAR	\$ 2,253,978	\$ 426,600	\$ 827,984	\$ 401,384

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Community Assistance Center Fund
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Federal awards	\$ --	\$ 390,000	\$ 246,451	\$ (143,549)
State grants			900,000	900,000
Total Intergovernmental	<u>--</u>	<u>390,000</u>	<u>1,146,451</u>	<u>756,451</u>
Miscellaneous:				
Investment earnings	--	--	130	130
Private grants	--	700,000	450,100	(249,900)
Reimbursements and restitution	--	200,000	--	(200,000)
Other income	--	1,500,000	2,152	(1,497,848)
Total Miscellaneous	<u>--</u>	<u>2,400,000</u>	<u>452,382</u>	<u>(1,947,618)</u>
TOTAL REVENUES	<u>--</u>	<u>2,790,000</u>	<u>1,598,833</u>	<u>(1,191,167)</u>
EXPENDITURES				
Capital Outlay:				
Machinery and equipment	--	--	16,800	(16,800)
Improvements other than buildings	--	2,999,000	3,244,188	(245,188)
TOTAL EXPENDITURES	<u>--</u>	<u>2,999,000</u>	<u>3,260,988</u>	<u>(261,988)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(209,000)</u>	<u>(1,662,155)</u>	<u>(1,453,155)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	200,000	200,000	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>200,000</u>	<u>200,000</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>--</u>	<u>(9,000)</u>	<u>(1,462,155)</u>	<u>(1,453,155)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
PRIOR YEAR ADJUSTMENT	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ (9,000)</u>	<u>\$ (1,462,155)</u>	<u>\$ (1,453,155)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Other income	\$ --	\$ --	\$ 17	\$ 17
TOTAL REVENUES	<u>--</u>	<u>--</u>	<u>17</u>	<u>17</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	--	15	(15)
Capital Outlay:				
Improvements other than buildings	--	86,091	--	86,091
TOTAL EXPENDITURES	<u>--</u>	<u>86,091</u>	<u>15</u>	<u>86,076</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(86,091)</u>	<u>2</u>	<u>86,093</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	--	(86,091)	2	86,093
FUND BALANCE, BEGINNING OF YEAR	--	(86,091)	(86,091)	--
PRIOR YEAR ADJUSTMENT	--	--	86,089	86,089
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ (172,182)</u>	<u>\$ --</u>	<u>\$ 172,182</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Park construction taxes	\$ 2,240,000	\$ 2,530,000	\$ 3,397,932	\$ 867,932
Miscellaneous:				
Investment earnings	53,850	57,650	90,346	32,696
Total Miscellaneous	53,850	57,650	90,346	32,696
TOTAL REVENUES	<u>2,293,850</u>	<u>2,587,650</u>	<u>3,488,278</u>	<u>900,628</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Services and supplies	--	1,785	24,947	(23,162)
Capital Outlay:				
Improvements other than buildings	3,665,050	5,554,336	1,789,982	3,764,354
TOTAL EXPENDITURES	<u>3,665,050</u>	<u>5,556,121</u>	<u>1,814,929</u>	<u>3,741,192</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,371,200)</u>	<u>(2,968,471)</u>	<u>1,673,349</u>	<u>4,641,820</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(1,371,200)	(2,968,471)	1,673,349	4,641,820
FUND BALANCE, BEGINNING OF YEAR	1,371,200	4,558,012	4,558,011	(1)
PRIOR YEAR ADJUSTMENT	--	--	(86,089)	(86,089)
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 1,589,541</u>	<u>\$ 6,145,271</u>	<u>\$ 4,555,730</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,630	\$ 630
EXPENDITURES				
Capital Outlay:				
Improvements other than buildings	91,283	--	--	--
TOTAL EXPENDITURES	91,283	--	--	--
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(90,283)	1,000	1,630	630
OTHER FINANCING SOURCES (USES):				
Transfers out	--	(90,163)	(90,794)	\$ (631)
TOTAL OTHER FINANCING SOURCES (USES)	--	(90,163)	(90,794)	--
NET CHANGE IN FUND BALANCE	(90,283)	(89,163)	(89,164)	(1)
FUND BALANCE, BEGINNING OF YEAR	90,283	89,163	89,164	1
FUND BALANCE, END OF YEAR	\$ --	\$ --	\$ --	\$ --

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
State grants	\$ --	\$ 11,358	\$ 11,358	\$ --
County capital projects tax	1,107,458	1,107,458	1,155,336	47,878
Total Intergovernmental	1,107,458	1,118,816	1,166,694	47,878
Miscellaneous:				
Investment earnings	10,000	10,000	25,275	15,275
Reimbursements and restitution	--	--	23,075	23,075
Total Miscellaneous	10,000	10,000	48,350	38,350
TOTAL REVENUES	1,117,458	1,128,816	1,215,044	86,228
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	20,000	20,000	220,891	(200,891)
Capital Outlay				
Improvements other than buildings	689,384	1,825,833	305,221	1,520,612
TOTAL EXPENDITURES	709,384	1,845,833	526,112	1,319,721
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	408,074	(717,017)	688,932	1,405,949
OTHER FINANCING SOURCES (USES)				
Transfers out	(408,074)	(531,671)	(531,671)	--
TOTAL OTHER FINANCING SOURCES (USES)	(408,074)	(531,671)	(531,671)	--
NET CHANGE IN FUND BALANCES	--	(1,248,688)	157,261	1,405,949
FUND BALANCE, BEGINNING OF YEAR	--	1,248,688	1,248,689	1
FUND BALANCE, END OF YEAR	\$ --	\$ --	\$ 1,405,950	\$ 1,405,950

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ --	\$ --	\$ 136,907	\$ 136,907
Miscellaneous:				
Investment earnings	--	218	6,036	5,818
Reimbursements and restitution	--	4,908	--	(4,908)
Total Miscellaneous	--	5,126	6,036	910
TOTAL REVENUES	--	5,126	142,943	137,817
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	314,792	1,155	313,637
Capital Outlay				
Improvements other than buildings	--	360,765	1,646,743	(1,285,978)
TOTAL EXPENDITURES	--	675,557	1,647,898	(972,341)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	(670,431)	(1,504,955)	(834,524)
OTHER FINANCING SOURCES (USES):				
Proceeds from interim warrants	--	749,987	--	(749,987)
Transfers in	--	8,731	103,040	94,309
TOTAL OTHER FINANCING SOURCES (USES)	--	758,718	103,040	(655,678)
NET CHANGE IN FUND BALANCE	--	88,287	(1,401,915)	(1,490,202)
FUND BALANCE, BEGINNING OF YEAR	--	(88,286)	(88,286)	--
PRIOR YEAR ADJUSTMENT	--	--	(908,990)	(908,990)
FUND BALANCE, END OF YEAR	\$ --	\$ 1	\$ (2,399,191)	\$ (2,399,192)

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ 87,838	\$ 87,838
TOTAL REVENUES	<u> --</u>	<u> --</u>	<u> 87,838</u>	<u> 87,838</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	--	20,882	(20,882)
Capital Outlay:				
Improvements other than buildings	--	2,302,988	127,757	2,175,231
TOTAL EXPENDITURES	<u> --</u>	<u>2,302,988</u>	<u> 148,639</u>	<u>2,154,349</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u> --</u>	<u>(2,302,988)</u>	<u>(60,801)</u>	<u> 2,242,187</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers out	--	(315,484)	(315,484)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u>(315,484)</u>	<u>(315,484)</u>	<u> --</u>
NET CHANGE IN FUND BALANCES	--	(2,618,472)	(376,285)	2,242,187
FUND BALANCE, BEGINNING OF YEAR	--	2,618,472	2,618,471	(1)
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,242,186</u>	<u>\$ 2,242,186</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ 2,012	\$ 2,012
EXPENDITURES				
Urban redevelopment:				
Services and supplies	--	--	36,570	(36,570)
Capital outlay	126,207	124,703	--	124,703
TOTAL EXPENDITURES	<u>126,207</u>	<u>124,703</u>	<u>36,570</u>	<u>88,133</u>
NET CHANGE IN FUND BALANCES	(126,207)	(124,703)	(34,558)	90,145
FUND BALANCE, BEGINNING OF YEAR	--	124,703	124,703	--
FUND BALANCE, END OF YEAR	<u>\$ (126,207)</u>	<u>\$ --</u>	<u>\$ 90,145</u>	<u>\$ 90,145</u>

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.

Planning Fund – to account for activities involved in promoting the health, safety and welfare of the community by preparing, implementing, reviewing and inspecting plans and construction projects for the physical development of the City and for conformance to applicable codes and ordinances.

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
User fees	\$ 22,669,405	\$ 24,632,000	\$ 25,285,502	\$ 653,502
Other	600,000	600,000	224,397	(375,603)
Total Charges for Services	<u>23,269,405</u>	<u>25,232,000</u>	<u>25,509,899</u>	<u>277,899</u>
Fines and forfeits	<u>295,000</u>	<u>750,000</u>	<u>754,422</u>	<u>4,422</u>
Miscellaneous:				
Reimbursements and restitution	--	355,500	8,097	(347,403)
Other	--	112,000	279,448	167,448
Total Miscellaneous	<u>--</u>	<u>467,500</u>	<u>287,545</u>	<u>(179,955)</u>
TOTAL OPERATING REVENUES	<u>23,564,405</u>	<u>26,449,500</u>	<u>26,551,866</u>	<u>102,366</u>
OPERATING EXPENSES				
Salaries and wages	4,207,738	4,278,776	3,989,281	289,495
Employee benefits	1,761,543	1,544,979	1,532,025	12,954
Services and supplies	6,566,767	6,836,015	5,677,486	1,158,529
Capital outlay	59,825,000	51,513,000	--	51,513,000
Joint sewer plant	11,722,300	11,722,300	10,470,284	1,252,016
Depreciation	2,491,520	2,491,520	5,015,559	(2,524,039)
TOTAL OPERATING EXPENSES	<u>86,574,868</u>	<u>78,386,590</u>	<u>26,684,635</u>	<u>51,701,955</u>
OPERATING INCOME (LOSS)	<u>(63,010,463)</u>	<u>(51,937,090)</u>	<u>(132,769)</u>	<u>51,804,321</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	425,000	325,000	404,475	79,475
Debt service - interest	--	(400,000)	(334,778)	65,222
Net loss from Truckee Meadows Water Reclamation Facility	<u>(2,491,520)</u>	<u>(2,491,520)</u>	<u>(2,582,450)</u>	<u>(90,930)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,066,520)</u>	<u>(2,566,520)</u>	<u>(2,512,753)</u>	<u>53,767</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(65,076,983)</u>	<u>(54,503,610)</u>	<u>(2,645,522)</u>	<u>51,858,088</u>
CAPITAL CONTRIBUTIONS				
Connection charges	5,530,000	8,175,000	8,552,288	377,288
Contributions of assets	--	--	5,201,627	5,201,627
TOTAL CAPITAL CONTRIBUTIONS	<u>5,530,000</u>	<u>8,175,000</u>	<u>13,753,915</u>	<u>5,578,915</u>
TRANSFERS				
Transfers out	<u>(439,109)</u>	<u>(439,109)</u>	<u>(439,109)</u>	<u>--</u>
CHANGES IN NET ASSETS	<u>\$ (59,986,092)</u>	<u>\$ (46,767,719)</u>	<u>10,669,284</u>	<u>\$ 57,437,003</u>
NET ASSETS - BEGINNING OF YEAR			236,387,015	
PRIOR PERIOD ADJUSTMENT			--	
NET ASSETS - RESTATED, BEGINNING OF YEAR			<u>236,387,015</u>	
NET ASSETS, END OF YEAR			<u>\$ 247,056,299</u>	

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2005

	Golf Course Fund	Building Permits Fund	Animal Services Shelter Fund	Dispatch Center Fund	Planning Fund	Total
ASSETS						
Current Assets:						
Cash and Investments	\$ 113,284	\$ 4,341,287	\$ 804,455	\$ 1,201,177	\$ 167,340	\$ 6,627,543
Receivables:						
Accounts	--	2,062	153,463	5,000	--	160,525
Accrued Interest	--	13,532	3,218	2,446	504	19,700
Inventories	81,652	7,749	30,290	--	--	119,691
Prepaid expenses	--	330	122,600	--	--	122,930
Total Current Assets	<u>194,936</u>	<u>4,364,960</u>	<u>1,114,026</u>	<u>1,208,623</u>	<u>167,844</u>	<u>7,050,389</u>
Noncurrent Assets:						
Deferred charges	186,014	--	--	--	--	186,014
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	12,700	--	--	--	631,297
Total capital assets	<u>11,812,433</u>	<u>711,551</u>	<u>703,889</u>	<u>--</u>	<u>--</u>	<u>13,227,873</u>
Less accumulated depreciation	<u>(4,672,944)</u>	<u>(88,379)</u>	<u>(504,842)</u>	<u>--</u>	<u>--</u>	<u>(5,266,165)</u>
Net capital assets	<u>7,139,489</u>	<u>623,172</u>	<u>199,047</u>	<u>--</u>	<u>--</u>	<u>7,961,708</u>
Total Noncurrent Assets	<u>7,325,503</u>	<u>623,172</u>	<u>199,047</u>	<u>--</u>	<u>--</u>	<u>8,147,722</u>
TOTAL ASSETS	<u><u>\$ 7,520,439</u></u>	<u><u>\$ 4,988,132</u></u>	<u><u>\$ 1,313,073</u></u>	<u><u>\$ 1,208,623</u></u>	<u><u>\$ 167,844</u></u>	<u><u>\$ 15,198,111</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
 Nonmajor Enterprise Funds
 June 30, 2005

	Golf Course Fund	Building Permits Fund	Animal Services Shelter Fund	Dispatch Center Fund	Planning Fund	Total
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 12,108	\$ 32,730	\$ 24,268	\$ 3,357	\$ 7,128	\$ 79,591
Accrued salaries and benefits	15,494	76,499	19,003	69,971	26,306	207,273
Accrued interest payable	1,461	--	--	--	--	1,461
Due to other funds	397,585	--	--	--	--	397,585
Due to other governments	--	--	67,197	--	2,876	70,073
Compensated absences payable	51,104	335,384	57,375	298,705	123,577	866,145
Deposits	23,466	--	4,067	--	--	27,533
Bonds payable	180,000	--	--	--	--	180,000
Total Current Liabilities (payable from current assets)	<u>681,218</u>	<u>444,613</u>	<u>171,910</u>	<u>372,033</u>	<u>159,887</u>	<u>1,829,661</u>
Noncurrent Liabilities:						
Compensated absences payable	27,855	298,270	--	--	--	326,125
Bonds payable	3,123,107	--	--	--	--	3,123,107
Total Noncurrent Liabilities	<u>3,150,962</u>	<u>298,270</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,449,232</u>
TOTAL LIABILITIES	<u>3,832,180</u>	<u>742,883</u>	<u>171,910</u>	<u>372,033</u>	<u>159,887</u>	<u>5,278,893</u>
NET ASSETS						
Invested in capital, net of related debt	3,836,382	623,172	199,047	--	--	4,658,601
Restricted for:						
Other programs	--	--	22,661	--	--	22,661
Building permit operations	--	3,622,077	--	--	--	3,622,077
Unrestricted (deficit)	(148,123)	--	919,455	836,590	7,957	1,615,879
TOTAL NET ASSETS	<u>\$ 3,688,259</u>	<u>\$ 4,245,249</u>	<u>\$ 1,141,163</u>	<u>\$ 836,590</u>	<u>\$ 7,957</u>	<u>\$ 9,919,218</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, 2005

	<u>Golf Course Fund</u>	<u>Building Permits Fund</u>	<u>Animal Services Shelter Fund</u>
OPERATING REVENUES			
Charges for services	\$ 1,541,647	\$ 7,663,109	\$ 139,296
Fines and forfeitures	--	--	1,176
Miscellaneous	1,311	100,265	36,859
TOTAL OPERATING REVENUES	<u>1,542,958</u>	<u>7,763,374</u>	<u>177,331</u>
OPERATING EXPENSES			
Salaries and wages	583,842	3,287,989	936,630
Employee benefits	159,271	1,276,299	466,097
Services and supplies	682,753	1,200,749	671,593
Depreciation	330,104	19,929	29,993
TOTAL OPERATING EXPENSES	<u>1,755,970</u>	<u>5,784,966</u>	<u>2,104,313</u>
OPERATING INCOME (LOSS)	<u>(213,012)</u>	<u>1,978,408</u>	<u>(1,926,982)</u>
NONOPERATING REVENUES (EXPENSES)			
Taxes	--	--	2,198,185
Private grants	--	--	54,914
Investment earnings (loss)	654	46,708	6,548
Interest expense	(84,081)	--	--
Fiscal charges	(5,166)	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(88,593)</u>	<u>46,708</u>	<u>2,259,647</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(301,605)</u>	<u>2,025,116</u>	<u>332,665</u>
TRANSFERS			
Transfers in	--	--	--
TOTAL TRANSFERS IN (OUT)	<u>--</u>	<u>--</u>	<u>--</u>
CHANGES IN NET ASSETS	(301,605)	2,025,116	332,665
NET ASSETS, BEGINNING OF YEAR	<u>3,989,864</u>	<u>2,220,133</u>	<u>808,498</u>
NET ASSETS, END OF YEAR	<u>\$ 3,688,259</u>	<u>\$ 4,245,249</u>	<u>\$ 1,141,163</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, 2005

	Dispatch Center Fund	Planning Fund	Total
OPERATING REVENUES			
Charges for services	\$ 312,886	\$ 4,386,410	\$ 14,043,348
Fines and forfeitures	--	--	1,176
Miscellaneous	1,902	315	140,652
TOTAL OPERATING REVENUES	314,788	4,386,725	14,185,176
OPERATING EXPENSES			
Salaries and wages	3,321,899	1,520,303	9,650,663
Employee benefits	1,194,210	435,407	3,531,284
Services and supplies	434,718	2,566,219	5,556,032
Depreciation	--	--	380,026
TOTAL OPERATING EXPENSES	4,950,827	4,521,929	19,118,005
OPERATING INCOME (LOSS)	(4,636,039)	(135,204)	(4,932,829)
NONOPERATING REVENUES (EXPENSES)			
Taxes	--	--	2,198,185
Private grants	--	--	54,914
Investment earnings (loss)	9,431	780	64,121
Interest expense	--	--	(84,081)
Fiscal charges	--	--	(5,166)
TOTAL NONOPERATING REVENUES (EXPENSES)	9,431	780	2,227,973
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(4,626,608)	(134,424)	(2,704,856)
TRANSFERS			
Transfers in	5,003,149	142,381	5,145,530
TOTAL TRANSFERS IN (OUT)	5,003,149	142,381	5,145,530
CHANGES IN NET ASSETS	376,541	7,957	2,440,674
NET ASSETS, BEGINNING OF YEAR	460,049	--	7,478,544
NET ASSETS, END OF YEAR	\$ 836,590	\$ 7,957	\$ 9,919,218

CITY OF RENO, NEVADA

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2005

	Golf Course Fund	Building Permits Fund	Animal Services Shelter Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,562,956	\$ 7,663,109	\$ 277,550
Cash received from miscellaneous income, reimbursements and restitutions	1,311	100,265	38,035
Cash paid for employees' salaries and benefits	(697,202)	(3,805,223)	(1,245,863)
Cash payments to suppliers for goods and services	(502,545)	(558,689)	(529,507)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(252,894)	(1,117,420)	(469,672)
Cash paid to deferred compensation plans	(7,029)	(98,269)	(30,620)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>104,597</u>	<u>2,183,773</u>	<u>(1,960,077)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid to other funds	285,724	111,861	--
Tax revenue	--	--	2,198,185
Cash received from private grants	--	--	54,914
Transfers in	--	--	--
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>285,724</u>	<u>111,861</u>	<u>2,253,099</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on bonds payable	(210,580)	--	--
Acquisition and construction of capital assets	--	(12,700)	--
Bonds issued	--	--	--
Interest and fiscal charges paid on debt	(89,247)	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(299,827)</u>	<u>(12,700)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings received	654	38,204	4,837
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	91,148	2,321,138	297,859
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,136	2,020,149	506,596
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 113,284</u>	<u>\$ 4,341,287</u>	<u>\$ 804,455</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2005

	<u>Dispatch Center Fund</u>	<u>Planning Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 372,217	\$ 4,386,410	\$ 14,262,242
Cash received from miscellaneous income, reimbursements and restitutions	1,902	315	141,828
Cash paid for employees' salaries and benefits	(3,954,606)	(1,615,146)	(11,318,040)
Cash payments to suppliers for goods and services	(442,266)	(646,692)	(2,679,699)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(469,317)	(2,056,029)	(4,365,332)
Cash paid to deferred compensation plans	(81,501)	(44,175)	(261,594)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(4,573,571)</u>	<u>24,683</u>	<u>(4,220,595)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid to other funds	--	--	397,585
Tax revenue	--	--	2,198,185
Cash received from private grants	--	--	54,914
Transfers in	5,003,149	142,381	5,145,530
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>5,003,149</u>	<u>142,381</u>	<u>7,796,214</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on bonds payable	--	--	(210,580)
Acquisition and construction of capital assets	--	--	(12,700)
Bonds issued	--	--	--
Interest and fiscal charges paid on debt	--	--	(89,247)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>	<u>--</u>	<u>(312,527)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings received	8,462	276	52,433
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	438,040	167,340	3,315,525
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	763,137	--	3,312,018
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,201,177</u>	<u>\$ 167,340</u>	<u>\$ 6,627,543</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2005

	<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>\$ (213,012)</u>	<u>\$ 1,978,408</u>	<u>\$ (1,926,982)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	330,104	19,929	29,993
Changes in assets and liabilities:			
(Increase) decrease in:			
Due from other governments	--	--	288,323
Accounts receivable	--	--	(150,519)
Inventories	(14,852)	6,103	(2,789)
Deferred charges	13,287	--	--
Prepaid expenses	3,002	(330)	(121,650)
Increase (decrease) in:			
Accounts payable	(8,035)	26,061	5,205
Accrued salaries and benefits	2,621	22,345	1,789
Deposits	8,022	--	(18,394)
Due to other governments	--	--	18,844
Compensated absences payable	(16,540)	131,257	(83,897)
Total Adjustments	<u>317,609</u>	<u>205,365</u>	<u>(33,095)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 104,597</u></u>	<u><u>\$ 2,183,773</u></u>	<u><u>\$ (1,960,077)</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2005

	Dispatch Center Fund	Planning Fund	Total
	<u> </u>	<u> </u>	<u> </u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (4,636,039)	\$ (135,204)	\$ (4,932,829)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	--	380,026
Changes in assets and liabilities:			
(Increase) decrease in:			
Due from other governments	64,331	--	352,654
Accounts receivable	(5,000)	--	(155,519)
Inventories	--	--	(11,538)
Deferred charges	--	--	13,287
Prepaid expenses	--	--	(118,978)
Increase (decrease) in:			
Accounts payable	(30,946)	7,128	(587)
Accrued salaries and benefits	10,284	26,306	63,345
Deposits	--	--	(10,372)
Due to other governments	--	2,876	21,720
Compensated absences payable	23,799	123,577	178,196
Total Adjustments	<u>62,468</u>	<u>159,887</u>	<u>712,234</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,573,571)</u>	<u>\$ 24,683</u>	<u>\$ (4,220,595)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Golf course fees	\$ --	\$ 1,169,109	\$ 1,028,999	\$ (140,110)
Concession and merchandise sales	--	176,392	168,851	(7,541)
Equipment and cart rental fees	--	280,772	247,739	(33,033)
Other	--	108,294	96,058	(12,236)
Total Charges for Services	<u>--</u>	<u>1,734,567</u>	<u>1,541,647</u>	<u>(192,920)</u>
Miscellaneous	<u>130,000</u>	<u>112,672</u>	<u>1,311</u>	<u>(111,361)</u>
TOTAL OPERATING REVENUES	<u>130,000</u>	<u>1,847,239</u>	<u>1,542,958</u>	<u>(304,281)</u>
OPERATING EXPENSES				
Salaries and wages	665,472	598,425	583,842	14,583
Employee benefits	151,300	135,052	159,271	(24,219)
Services and supplies	761,641	748,367	682,753	65,614
Capital outlay	20,000	20,000	--	20,000
Depreciation	--	--	330,104	(330,104)
TOTAL OPERATING EXPENSES	<u>1,598,413</u>	<u>1,501,844</u>	<u>1,755,970</u>	<u>(254,126)</u>
OPERATING INCOME (LOSS)	<u>(1,468,413)</u>	<u>345,395</u>	<u>(213,012)</u>	<u>(558,407)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	1,200	1,200	654	(546)
Debt service - principal	(130,000)	(111,524)	--	111,524
Debt service - interest	(175,015)	(175,015)	(84,081)	90,934
Debt service - fiscal charges	--	--	(5,166)	(5,166)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(303,815)</u>	<u>(285,339)</u>	<u>(88,593)</u>	<u>196,746</u>
CHANGES IN NET ASSETS	<u>\$ (1,772,228)</u>	<u>\$ 60,056</u>	<u>(301,605)</u>	<u>\$ (361,661)</u>
NET ASSETS, BEGINNING OF YEAR			<u>3,989,864</u>	
NET ASSETS, END OF YEAR			<u>\$ 3,688,259</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Building permits	\$ 2,579,551	\$ 2,837,506	\$ 3,617,582	\$ 780,076
Electrical and plumbing permits	192,129	211,342	146,550	(64,792)
Plan check fees	1,875,333	2,062,866	2,005,727	(57,139)
Plumbing inspection fees	830,400	913,440	996,763	83,323
Electrical inspection fees	369,816	406,798	551,543	144,745
Miscellaneous permits	--	--	1,660	1,660
Other building and safety fees	269,280	296,208	343,284	47,076
Total Charges for Services	<u>6,116,509</u>	<u>6,728,160</u>	<u>7,663,109</u>	<u>934,949</u>
Miscellaneous:				
Reimbursements and restitution	--	--	100,265	100,265
TOTAL OPERATING REVENUES	<u>6,116,509</u>	<u>6,728,160</u>	<u>7,763,374</u>	<u>1,035,214</u>
OPERATING EXPENSES				
Salaries and wages	3,235,410	3,314,386	3,287,989	26,397
Employee benefits	1,380,790	1,380,790	1,276,299	104,491
Services and supplies	999,894	1,269,720	1,170,490	99,230
Capital outlay	50,000	50,000	--	50,000
Depreciation	25,732	25,732	19,929	5,803
TOTAL OPERATING EXPENSES	<u>5,691,826</u>	<u>6,040,628</u>	<u>5,754,707</u>	<u>285,921</u>
OPERATING INCOME (LOSS)	<u>424,683</u>	<u>687,532</u>	<u>2,008,667</u>	<u>1,321,135</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	20,000	20,000	46,708	26,708
Gain (loss) on asset disposal	--	--	(30,259)	(30,259)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>20,000</u>	<u>20,000</u>	<u>16,449</u>	<u>(3,551)</u>
CHANGES IN NET ASSETS	<u>\$ 444,683</u>	<u>\$ 707,532</u>	2,025,116	<u>\$ 1,317,584</u>
NET ASSETS, BEGINNING OF YEAR			<u>2,220,133</u>	
NET ASSETS, END OF YEAR			<u>\$ 4,245,249</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for Services:				
Animal redemption	\$ 63,982	\$ 63,982	\$ 78,161	\$ 14,179
Animal adoption	30,678	30,678	26,879	(3,799)
Animal boarding	15,598	15,598	20,511	4,913
Animal facility acceptance fee	--	--	8,581	8,581
Forfeited deposits	25,058	25,058	5,164	(19,894)
Total Charges for Services	135,316	135,316	139,296	3,980
 Fines and forfeits	4,116	4,116	1,176	(2,940)
 Miscellaneous:				
Reimbursements and restitution	16,934	16,934	34,849	17,915
Other	2,360	2,360	2,010	(350)
Total Miscellaneous	19,294	19,294	36,859	17,565
TOTAL OPERATING REVENUES	158,726	158,726	177,331	18,605
 OPERATING EXPENSES				
Salaries and wages	1,050,612	1,070,353	936,630	133,723
Employee benefits	501,038	501,038	466,097	34,941
Services and supplies	563,010	610,151	671,593	(61,442)
Depreciation	35,000	35,000	29,993	5,007
TOTAL OPERATING EXPENSES	2,149,660	2,216,542	2,104,313	112,229
 OPERATING INCOME (LOSS)	(1,990,934)	(2,057,816)	(1,926,982)	130,834
 NONOPERATING REVENUES (EXPENSES)				
Ad Valorem Taxes	1,779,783	1,779,783	2,198,185	418,402
Private Grants	15,568	27,835	54,914	27,079
Investment earnings (loss)	3,500	3,500	6,548	3,048
TOTAL NONOPERATING REVENUES (EXPENSES)	1,798,851	1,811,118	2,259,647	448,529
 CHANGES IN NET ASSETS	\$ (192,083)	\$ (246,698)	332,665	\$ 579,363
 NET ASSETS, BEGINNING OF YEAR			808,498	
NET ASSETS, END OF YEAR			\$ 1,141,163	

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for Services:				
Dispatch services	\$ 481,367	\$ 400,000	\$ 312,886	\$ (87,114)
Total Charges for Services	<u>481,367</u>	<u>400,000</u>	<u>312,886</u>	<u>(87,114)</u>
Miscellaneous:				
Reimbursements and restitution	--	1,365	1,902	537
Total Miscellaneous	--	<u>1,365</u>	<u>1,902</u>	<u>537</u>
TOTAL OPERATING REVENUES	<u>481,367</u>	<u>401,365</u>	<u>314,788</u>	<u>(86,577)</u>
OPERATING EXPENSES				
Salaries and wages	3,411,837	3,388,420	3,321,899	66,521
Employee benefits	1,499,502	1,272,013	1,194,210	77,803
Services and supplies	507,398	604,047	434,718	169,329
TOTAL OPERATING EXPENSES	<u>5,418,737</u>	<u>5,264,480</u>	<u>4,950,827</u>	<u>313,653</u>
OPERATING INCOME (LOSS)	<u>(4,937,370)</u>	<u>(4,863,115)</u>	<u>(4,636,039)</u>	<u>227,076</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	2,200	2,200	9,431	7,231
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,200</u>	<u>2,200</u>	<u>9,431</u>	<u>7,231</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(4,935,170)</u>	<u>(4,860,915)</u>	<u>(4,626,608)</u>	<u>234,307</u>
TRANSFERS				
Transfers in	4,916,432	5,003,149	5,003,149	--
CHANGES IN NET ASSETS	<u>\$ (18,738)</u>	<u>\$ 142,234</u>	376,541	<u>\$ 234,307</u>
NET ASSETS, BEGINNING OF YEAR			<u>460,049</u>	
NET ASSETS, END OF YEAR			<u>\$ 836,590</u>	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Planning Fund
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Planning application fees	\$ 4,222,202	\$ 4,222,202	\$ 4,386,410	\$ 164,208
Total Charges for Services	<u>4,222,202</u>	<u>4,222,202</u>	<u>4,386,410</u>	<u>164,208</u>
Miscellaneous:				
Reimbursements and restitution	--	--	315	315
Total Miscellaneous	--	--	315	315
TOTAL OPERATING REVENUES	<u>4,222,202</u>	<u>4,222,202</u>	<u>4,386,725</u>	<u>164,523</u>
OPERATING EXPENSES				
Salaries and wages	1,164,027	1,441,217	1,520,303	(79,086)
Employee benefits	491,741	427,645	435,407	(7,762)
Services and supplies	2,566,434	2,712,815	2,566,219	146,596
TOTAL OPERATING EXPENSES	<u>4,222,202</u>	<u>4,581,677</u>	<u>4,521,929</u>	<u>59,748</u>
OPERATING INCOME (LOSS)	<u>--</u>	<u>(359,475)</u>	<u>(135,204)</u>	<u>224,271</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	--	--	780	780
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>--</u>	<u>--</u>	<u>780</u>	<u>780</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>--</u>	<u>(359,475)</u>	<u>(134,424)</u>	<u>225,051</u>
TRANSFERS				
Transfers in	--	142,381	142,381	--
CHANGES IN NET ASSETS	<u>\$ --</u>	<u>\$ (217,094)</u>	7,957	<u>\$ 225,051</u>
NET ASSETS, BEGINNING OF YEAR			--	
NET ASSETS, END OF YEAR			<u>\$ 7,957</u>	

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, 2005

	<u>Motor Vehicle Fund</u>	<u>Risk Retention Fund</u>	<u>Self-Funded Medical Plan Fund</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,149,242	\$ 6,432,070	\$ 4,136,186
Receivables:			
Accounts receivable	11,359	--	--
Accrued interest	18,472	21,700	14,925
Due from other governments	16,331	--	--
Inventories	127,511	--	--
Prepaid expenses	47,345	332,851	--
Total Current Assets	<u>4,370,260</u>	<u>6,786,621</u>	<u>4,151,111</u>
Non Current Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	22,166,233	90,356	--
Less accumulated depreciation	(12,087,333)	(86,806)	--
Net Capital Assets	<u>10,078,900</u>	<u>3,550</u>	<u>--</u>
TOTAL ASSETS	<u>14,449,160</u>	<u>6,790,171</u>	<u>4,151,111</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	114,407	17,651	--
Accrued salaries and benefits	12,583	2,594	--
Compensated absences payable	85,023	--	--
Accrued liabilities	--	2,740,466	1,379,744
Total Current Liabilities	<u>212,013</u>	<u>2,760,711</u>	<u>1,379,744</u>
Noncurrent Liabilities:			
Compensated absences payable	--	8,158	--
TOTAL LIABILITIES	<u>212,013</u>	<u>2,768,869</u>	<u>1,379,744</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,078,900	3,550	--
Restricted for claims	--	4,017,752	--
Unrestricted (deficit)	4,158,247	--	2,771,367
TOTAL NET ASSETS	<u>\$ 14,237,147</u>	<u>\$ 4,021,302</u>	<u>\$ 2,771,367</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2005

	Self-Funded Workers Compensation Fund	Communications and Technology Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,666,121	\$ 1,864,888	\$ 21,248,507
Receivables:			
Accrued interest	--	--	11,359
Accrued interest	13,209	4,813	73,119
Due from other governments	--	--	16,331
Inventories	--	--	127,511
Prepaid expenses	62,920	--	443,116
Total Current Assets	<u>4,742,250</u>	<u>1,869,701</u>	<u>21,919,943</u>
Non Current Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	--	337,761	22,594,350
Less accumulated depreciation	--	(70,406)	(12,244,545)
Net Capital Assets	<u>--</u>	<u>267,355</u>	<u>10,349,805</u>
TOTAL ASSETS	<u>4,742,250</u>	<u>2,137,056</u>	<u>32,269,748</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	34,536	174,176	340,770
Accrued salaries and benefits	3,776	30,293	49,246
Compensated absences payable	--	131,145	216,168
Accrued liabilities	37,971,108	--	42,091,318
Total Current Liabilities	<u>38,009,420</u>	<u>335,614</u>	<u>42,697,502</u>
Noncurrent Liabilities:			
Compensated absences payable	22,501	--	30,659
TOTAL LIABILITIES	<u>38,031,921</u>	<u>335,614</u>	<u>42,728,161</u>
NET ASSETS			
Invested in capital assets, net of related debt	--	267,355	10,349,805
Restricted for claims	--	--	4,017,752
Unrestricted (deficit)	(33,289,671)	1,534,087	(24,825,970)
TOTAL NET ASSETS	<u>\$ (33,289,671)</u>	<u>\$ 1,801,442</u>	<u>\$ (10,458,413)</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, 2005

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
OPERATING REVENUES			
Charges for services	\$ 4,645,055	\$ 2,295,695	\$ 14,172,462
Miscellaneous	70,016	1,536	842,742
TOTAL OPERATING REVENUES	4,715,071	2,297,231	15,015,204
OPERATING EXPENSES			
Salaries and wages	736,106	187,085	--
Employee benefits	280,445	77,234	--
Services and supplies	2,166,125	1,682,100	11,438,415
Depreciation	2,564,269	7,100	--
TOTAL OPERATING EXPENSES	5,746,945	1,953,519	11,438,415
OPERATING INCOME (LOSS)	(1,031,874)	343,712	3,576,789
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	85,571	104,401	58,996
Gain (loss) on asset disposal	163,228	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	248,799	104,401	58,996
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(783,075)	448,113	3,635,785
CAPITAL CONTRIBUTIONS IN (OUT)			
Contributions of assets	1,085,901	--	--
TOTAL CAPITAL CONTRIBUTIONS IN (OUT)	1,085,901	--	--
TRANSFERS IN (OUT)			
Transfers in	82,797	55,000	--
Transfers out	(228,942)	(58,671)	--
TOTAL TRANSFERS IN (OUT)	(146,145)	(3,671)	--
CHANGES IN NET ASSETS	156,681	444,442	3,635,785
NET ASSETS, BEGINNING OF YEAR	14,080,466	3,576,860	(864,418)
NET ASSETS, END OF YEAR	\$ 14,237,147	\$ 4,021,302	\$ 2,771,367

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, 2005

	Self-Funded Workers Compensation Fund	Communications and Technology Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,825,216	\$ --	\$ 23,938,428
Miscellaneous	--	60,937	975,231
TOTAL OPERATING REVENUES	<u>2,825,216</u>	<u>60,937</u>	<u>24,913,659</u>
OPERATING EXPENSES			
Salaries and wages	154,199	1,560,104	2,637,494
Employee benefits	60,693	550,760	969,132
Services and supplies	16,208,834	2,704,940	34,200,414
Depreciation	--	42,630	2,613,999
TOTAL OPERATING EXPENSES	<u>16,423,726</u>	<u>4,858,434</u>	<u>40,421,039</u>
OPERATING INCOME (LOSS)	<u>(13,598,510)</u>	<u>(4,797,497)</u>	<u>(15,507,380)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	85,991	17,644	352,603
Gain (loss) on asset disposal	--	--	163,228
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>85,991</u>	<u>17,644</u>	<u>515,831</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(13,512,519)</u>	<u>(4,779,853)</u>	<u>(14,991,549)</u>
CAPITAL CONTRIBUTIONS IN (OUT)			
Contributions of assets	--	--	1,085,901
TOTAL CAPITAL CONTRIBUTIONS IN (OUT)	<u>--</u>	<u>--</u>	<u>1,085,901</u>
TRANSFERS IN (OUT)			
Transfers in	--	5,433,570	5,571,367
Transfers out	--	(81,717)	(369,330)
TOTAL TRANSFERS IN (OUT)	<u>--</u>	<u>5,351,853</u>	<u>5,202,037</u>
CHANGES IN NET ASSETS	<u>(13,512,519)</u>	<u>572,000</u>	<u>(8,703,611)</u>
NET ASSETS, BEGINNING OF YEAR	<u>(19,777,152)</u>	<u>1,229,442</u>	<u>(1,754,802)</u>
NET ASSETS, END OF YEAR	<u>\$ (33,289,671)</u>	<u>\$ 1,801,442</u>	<u>\$(10,458,413)</u>

CITY OF RENO, NEVADA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005

	<u>Motor Vehicle Fund</u>	<u>Risk Retention Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ 4,661,787	\$ 2,295,695
Cash received from miscellaneous income, reimbursements and restitutions	70,016	1,536
Cash paid for employees' salaries and benefits	(888,979)	(228,835)
Cash payments to suppliers for goods and services	(2,027,680)	(1,221,945)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(319,317)	(366,915)
Cash paid to deferred compensation plans	(23,501)	(8,778)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,472,326</u>	<u>470,758</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	82,797	55,000
Transfers out	(228,942)	(58,671)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(146,145)</u>	<u>(3,671)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	206,970	--
Acquisition of capital assets	(2,757,131)	--
Principal paid on debt	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,550,161)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	81,673	98,584
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,142,307)	565,671
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,291,549</u>	<u>5,866,399</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,149,242</u>	<u>\$ 6,432,070</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2005

	Self-Funded Medical Plan Fund	Self-Funded Workers Compensation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ 14,172,462	\$ 2,825,216
Cash received from miscellaneous income, reimbursements and restitutions	842,742	--
Cash paid for employees' salaries and benefits	--	(181,910)
Cash payments to suppliers for goods and services	(11,567,164)	(3,590,727)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(61,596)	(111,887)
Cash paid to deferred compensation plans	--	(6,865)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,386,444</u>	<u>(1,066,173)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	--	--
Transfers out	--	--
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>--</u>	<u>--</u>
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	<u>--</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	<u>49,886</u>	<u>89,098</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,436,330	(977,075)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>699,856</u>	<u>5,643,196</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,136,186</u>	<u>\$ 4,666,121</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2005

	<u>Communications and Technology Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ 96,491	\$ 24,051,651
Cash received from miscellaneous income, reimbursements and restitutions	60,937	975,231
Cash paid for employees' salaries and benefits	(1,957,866)	(3,257,590)
Cash payments to suppliers for goods and services	(2,506,354)	(20,913,870)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(230,063)	(1,089,778)
Cash paid to deferred compensation plans	(39,016)	(78,160)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(4,575,871)</u>	<u>(312,516)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	5,433,570	5,571,367
Transfers out	(81,717)	(369,330)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>5,351,853</u>	<u>5,202,037</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	--	206,970
Acquisition of capital assets	(135,941)	(2,893,072)
Principal paid on debt	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(135,941)</u>	<u>(2,686,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	15,300	334,541
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	655,341	2,537,960
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,209,547	18,710,547
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,864,888</u>	<u>\$ 21,248,507</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2005

	Motor Vehicle Fund	Risk Retention Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,031,874)	\$ 343,712
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,564,269	7,100
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	(5,887)	--
Accounts receivable	22,619	--
Inventories	41,892	--
Prepaid expenses	(36,325)	(20,744)
Increase (decrease) in:		
Accounts payable	(71,815)	400
Accrued salaries and benefits	144	634
Accrued liabilities	--	140,414
Compensated absences payable	(10,697)	(758)
Total Adjustments	2,504,200	127,046
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,472,326	\$ 470,758
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	\$ 1,085,901	\$ --

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2005

	Self-Funded Medical Plan Fund	Self-Funded Workers Compensation Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 3,576,789	\$ (13,598,510)
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	--	(227)
Increase (decrease) in:		
Accounts payable	--	(29,043)
Accrued salaries and benefits	--	1,090
Accrued liabilities	(190,345)	12,557,188
Compensated absences payable	--	3,329
Total Adjustments	(190,345)	12,532,337
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,386,444	\$ (1,066,173)
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	\$ --	\$ --

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2005

	<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)	\$ (4,797,497)	\$ (15,507,380)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	42,630	2,613,999
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	96,491	90,604
Accounts receivable	--	22,619
Inventories	--	41,892
Prepaid expenses	47,353	(9,943)
Increase (decrease) in:		
Accounts payable	134,899	34,441
Accrued salaries and benefits	4,416	6,284
Accrued liabilities	--	12,507,257
Compensated absences payable	(104,163)	(112,289)
Total Adjustments	<u>221,626</u>	<u>15,194,864</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,575,871)</u>	<u>\$ (312,516)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u>\$ --</u>	<u>\$ 1,085,901</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 4,615,556	\$ 4,615,556	\$ 4,645,055	\$ 29,499
Miscellaneous:				
Reimbursements and restitution	--	24,269	68,819	44,550
Other	--	1,200	1,197	(3)
Total Miscellaneous	--	25,469	70,016	44,547
TOTAL OPERATING REVENUES	4,615,556	4,641,025	4,715,071	74,046
OPERATING EXPENSES				
Salaries and wages	751,672	779,129	736,106	43,023
Employee benefits	335,255	285,699	280,445	5,254
Services and supplies	2,027,009	1,919,616	2,166,125	(246,509)
Capital outlay	3,630,000	4,610,994	--	4,610,994
Depreciation	2,500,000	2,500,000	2,564,269	(64,269)
TOTAL OPERATING EXPENSES	9,243,936	10,095,438	5,746,945	4,348,493
OPERATING INCOME (LOSS)	(4,628,380)	(5,454,413)	(1,031,874)	4,422,539
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	70,000	50,000	85,571	(35,571)
Gain (loss) on asset disposal	--	56,000	163,228	(107,228)
TOTAL NONOPERATING REVENUES (EXPENSES)	70,000	106,000	248,799	(142,799)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(4,558,380)	(5,348,413)	(783,075)	4,279,740
CAPITAL CONTRIBUTIONS IN (OUT)				
Contributions of assets	--	--	1,085,901	(1,085,901)
TOTAL CAPITAL CONTRIBUTIONS IN (OUT)	--	--	1,085,901	(1,085,901)
TRANSFERS IN (OUT)				
Transfers in	82,797	82,797	82,797	
Transfers out	(10,000)	(228,942)	(228,942)	--
TOTAL TRANSFERS IN (OUT)	72,797	(146,145)	(146,145)	--
CHANGES IN NET ASSETS	\$ (4,485,583)	\$ (5,494,558)	156,681	\$ 3,193,839
NET ASSETS, BEGNNING OFYEAR			14,080,466	
NET ASSETS, END OF YEAR			\$ 14,237,147	

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,313,265	\$ 2,313,265	\$ 2,295,695	\$ (17,570)
Miscellaneous:				
Reimbursements and restitution	5,000	1,000	1,536	536
Other	--	--	--	--
Total Miscellaneous	5,000	1,000	1,536	536
TOTAL OPERATING REVENUES	2,318,265	2,314,265	2,297,231	(17,034)
OPERATING EXPENSES				
Salaries and wages	191,837	191,837	187,085	4,752
Employee benefits	80,308	80,308	77,234	3,074
Services and supplies	2,340,145	2,425,145	1,682,100	743,045
Depreciation	13,000	13,000	7,100	5,900
TOTAL OPERATING EXPENSES	2,625,290	2,710,290	1,953,519	756,771
OPERATING INCOME (LOSS)	(307,025)	(396,025)	343,712	739,737
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	60,000	40,000	104,401	64,401
TOTAL NONOPERATING REVENUES (EXPENSES)	60,000	40,000	104,401	64,401
INCOME (LOSS) BEFORE TRANSFERS	(247,025)	(356,025)	448,113	804,138
TRANSFERS				
Transfers in	--	55,000	55,000	--
Transfers out	(58,671)	(58,671)	(58,671)	--
TOTAL TRANSFERS	(58,671)	(3,671)	(3,671)	--
CHANGES IN NET ASSETS	\$ (305,696)	\$ (359,696)	444,442	\$ 804,138
NET ASSETS, BEGINNING OF YEAR			3,576,860	
NET ASSETS, END OF YEAR			\$ 4,021,302	

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 13,338,722	\$ 13,179,118	\$ 14,172,462	\$ 993,344
Miscellaneous:				
Stop-loss reimbursements	750,000	843,000	742,091	(100,909)
Other	--	22,342	100,651	78,309
TOTAL OPERATING REVENUES	<u>14,088,722</u>	<u>14,044,460</u>	<u>15,015,204</u>	<u>970,744</u>
OPERATING EXPENSES				
Services and supplies	<u>12,766,596</u>	<u>12,766,596</u>	<u>11,438,415</u>	<u>1,328,181</u>
OPERATING INCOME (LOSS)	1,322,126	1,277,864	3,576,789	2,298,925
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	<u>26,000</u>	<u>26,000</u>	<u>58,996</u>	<u>(32,996)</u>
CHANGES IN NET ASSETS	<u>\$ 1,348,126</u>	<u>\$ 1,303,864</u>	3,635,785	<u>\$ 2,265,929</u>
NET ASSETS, BEGINNING OF YEAR			(864,418)	
NET ASSETS, END OF YEAR			<u>\$ 2,771,367</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,370,054	\$ 2,370,054	\$ 2,325,216	\$ (44,838)
Miscellaneous:				
Other	500,000	500,000	500,000	--
TOTAL OPERATING REVENUES	<u>2,870,054</u>	<u>2,870,054</u>	<u>2,825,216</u>	<u>(44,838)</u>
OPERATING EXPENSES				
Salaries and wages	158,475	158,475	154,199	4,276
Employee benefits	65,278	65,278	60,693	4,585
Services and supplies	3,827,853	3,827,853	16,208,834	(12,380,981)
Depreciation	250	250	--	250
TOTAL OPERATING EXPENSES	<u>4,051,856</u>	<u>4,051,856</u>	<u>16,423,726</u>	<u>(12,371,870)</u>
OPERATING INCOME (LOSS)	<u>(1,181,802)</u>	<u>(1,181,802)</u>	<u>(13,598,510)</u>	<u>(12,416,708)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	150,000	100,000	85,991	14,009
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>150,000</u>	<u>100,000</u>	<u>85,991</u>	<u>(14,009)</u>
CHANGES IN NET ASSETS	<u>\$(1,031,802)</u>	<u>\$(1,081,802)</u>	(13,512,519)	<u>\$(12,430,717)</u>
NET ASSETS, BEGINNING OF YEAR			(19,777,152)	
NET ASSETS, END OF YEAR			<u>\$(33,289,671)</u>	

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Miscellaneous:				
Other	\$ --	\$ 40,655	\$ 60,937	\$ 20,282
TOTAL OPERATING REVENUES	<u>--</u>	<u>40,655</u>	<u>60,937</u>	<u>20,282</u>
OPERATING EXPENSES				
Salaries and wages	1,514,077	1,702,603	1,560,104	142,499
Employee benefits	623,403	518,876	550,760	(31,884)
Services and supplies	3,244,794	4,032,859	2,704,940	1,327,919
Capital outlay	124,000	203,000	--	203,000
Depreciation	--	--	42,630	(42,630)
TOTAL OPERATING EXPENSES	<u>5,506,274</u>	<u>6,457,338</u>	<u>4,858,434</u>	<u>1,598,904</u>
OPERATING INCOME (LOSS)	<u>(5,506,274)</u>	<u>(6,416,683)</u>	<u>(4,797,497)</u>	<u>1,619,186</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	1,600	1,600	17,644	(16,044)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,600</u>	<u>1,600</u>	<u>17,644</u>	<u>16,044</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(5,504,674)</u>	<u>(6,415,083)</u>	<u>(4,779,853)</u>	<u>1,635,230</u>
TRANSFERS				
Transfers in	5,612,270	5,433,570	5,433,570	--
Transfers out	--	(81,717)	(81,717)	--
TOTAL TRANSFERS	<u>5,612,270</u>	<u>5,351,853</u>	<u>5,351,853</u>	<u>--</u>
CHANGES IN NET ASSETS	<u>\$ 107,596</u>	<u>\$ (1,063,230)</u>	572,000	<u>\$ 1,635,230</u>
NET ASSETS, BEGINNING OF YEAR			<u>1,229,442</u>	
NET ASSETS, END OF YEAR			<u>\$ 1,801,442</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, 2005

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 687,220	\$ 1,050,389	\$ 879,568	\$ 858,041
Accrued interest receivable	1,758	1,406	--	3,164
TOTAL ASSETS	<u>\$ 688,978</u>	<u>\$ 1,051,795</u>	<u>\$ 879,568</u>	<u>\$ 861,205</u>
LIABILITIES				
Accounts payable	\$ --	\$ 2,500	\$ --	\$ 2,500
Accrued liabilities	32,096	4,556	739	35,913
Deposits	656,882	1,162,867	996,957	822,792
TOTAL LIABILITIES	<u>\$ 688,978</u>	<u>\$ 1,169,923</u>	<u>\$ 997,696</u>	<u>\$ 861,205</u>
SPECIAL ASSESSMENT DISTRICT FUNDS				
ASSETS				
Cash and investments	\$ 4,612,533	\$ 3,747,117	\$ 3,594,597	\$ 4,765,053
Special assessments, current	874,676	850,744	868,109	857,311
Special assessments, delinquent	93	286	--	379
Due from other governments	102,052	--	102,052	--
Accrued interest receivable	291	788	--	1,079
TOTAL ASSETS	<u>\$ 5,589,645</u>	<u>\$ 4,598,935</u>	<u>\$ 4,564,758</u>	<u>\$ 5,623,822</u>
LIABILITIES				
Due to others	\$ 5,535,432	\$ 51,224	\$ --	\$ 5,586,656
Accounts payable	27,090	136,174	160,003	3,261
Due to other governments	--	76	--	76
Deposits	27,123	48,847	42,141	33,829
TOTAL LIABILITIES	<u>\$ 5,589,645</u>	<u>\$ 236,321</u>	<u>\$ 202,144</u>	<u>\$ 5,623,822</u>
WASHOE LOCAL EMERGENCY PLANNING COMMITTEE ASSETS				
Cash and investments	\$ 21,068	\$ 659,857	\$ 667,974	\$ 12,951
Accounts receivable	124,325	--	124,325	--
Due from other governments	--	--	--	--
TOTAL ASSETS	<u>\$ 145,393</u>	<u>\$ 659,857</u>	<u>\$ 792,299</u>	<u>\$ 12,951</u>
LIABILITIES				
Accounts payable	\$ 145,393	\$ --	\$ 132,442	\$ 12,951
TOTAL LIABILITIES	<u>\$ 145,393</u>	<u>\$ --</u>	<u>\$ 132,442</u>	<u>\$ 12,951</u>
TOTALS, AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 5,320,821	\$ 5,457,363	\$ 5,142,139	\$ 5,636,045
Accrued interest receivable	2,049	2,194	--	4,243
Accounts receivable	124,325	--	124,325	--
Special assessments, current	874,676	850,744	868,109	857,311
Special assessments, delinquent	93	286	--	379
Due from other governments	102,052	--	102,052	--
TOTAL ASSETS	<u>\$ 6,424,016</u>	<u>\$ 6,310,587</u>	<u>\$ 6,236,625</u>	<u>\$ 6,497,978</u>
LIABILITIES				
Accounts payable	\$ 172,483	\$ 138,674	\$ 292,445	\$ 18,712
Accrued liabilities	32,096	4,556	739	35,913
Deposits	684,005	1,211,714	1,039,098	856,621
Due to other governments	--	76	--	76
Due to others	5,535,432	51,224	--	5,586,656
TOTAL LIABILITIES	<u>\$ 6,424,016</u>	<u>\$ 1,406,244</u>	<u>\$ 1,332,282</u>	<u>\$ 6,497,978</u>

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STATISTICAL SECTION

CITY OF RENO, NEVADA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
FISCAL YEARS ENDED JUNE 30, 2002 THRU 2005

Table 1

(Amounts Expressed in Thousands)	(Unaudited)			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government	\$ 15,624	\$ 17,721	\$ 18,447	\$ 17,891
Judicial	5,205	5,003	4,131	4,026
Police	57,231	55,509	47,975	54,800
Fire	56,129	50,343	41,313	41,263
Public Works	51,601	24,935	23,330	19,403
Planning and Community Development	5,861	6,901	5,489	5,165
Culture and Recreation	19,470	17,440	16,081	15,660
Urban Redevelopment	3,455	2,517	1,716	1,350
Debt Service:				
Interest and Fiscal Charges	<u>17,540</u>	<u>17,656</u>	<u>17,568</u>	<u>6,406</u>
Total Governmental Activities	<u>232,116</u>	<u>198,025</u>	<u>176,050</u>	<u>165,964</u>
Sanity Sewer	29,668	27,013	25,328	24,623
Golf Course	1,939	1,970	2,151	2,378
Building Permits	6,152	5,371	5,933	6,049
Animal Services Shelter	2,383	2,322	1,114	966
Planning	4,622			
Dispatch	<u>5,144</u>	<u>4,828</u>	<u>5,068</u>	
Total Business-Type Activities	<u>49,908</u>	<u>41,504</u>	<u>39,594</u>	<u>34,016</u>
Total	<u>\$ 282,024</u>	<u>\$ 239,529</u>	<u>\$ 215,644</u>	<u>\$ 199,980</u>

CITY OF RENO, NEVADA
GOVERNMENT-WIDE REVENUES
FISCAL YEARS ENDED JUNE 30, 2002 THRU 2005

Table 2

(Amounts Expressed in Thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Program Revenues				
Charges for Services	\$ 109,184	\$ 97,259	\$ 85,882	\$ 76,579
Operating Grants and Contributions	4,573	6,229	8,400	6,913
Capital Grants and Contributions	<u>61,606</u>	<u>63,497</u>	<u>68,287</u>	<u>48,582</u>
 Total Program Revenue	 <u>175,363</u>	 <u>166,985</u>	 <u>162,569</u>	 <u>132,074</u>
 General Revenues				
Taxes	127,775	119,218	105,088	99,697
County Gaming Contributions	2,174	2,021	2,397	2,176
Unrestricted Interest & Investment Earnings	4,691	1,367	5,630	6,622
Miscellaneous	1,652	4,985	3,168	2,620
Gain on Sale of Capital Assets	169	323	61	130
Gain on Early Retirement of Debt	<u>--</u>	<u>--</u>	<u>444</u>	<u>--</u>
 Total General Revenues	 <u>136,461</u>	 <u>127,914</u>	 <u>116,788</u>	 <u>111,245</u>
 Total Program and General Revenues	 <u><u>\$ 311,824</u></u>	 <u><u>\$ 294,899</u></u>	 <u><u>\$ 279,357</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
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 ⁽²⁾	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 ⁽³⁾	1,096	1,098	13,987	166,474
2003	16,668	4,017	85,435 ⁽⁴⁾	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
2005	15,604 ⁽⁵⁾	4,915	99,651	24,475	16,373	9,010	3,395	26,742	200,165

(1) Includes general, special revenue and debt service funds. Debt services excludes bond issuance and other costs.

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

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

(4) Reorganization in 2003 reclassified dispatch center activity previously reported under police in public safety into a new enterprise fund

(5) Reorganization in 2005 reclassified certain planning activities previously reported under community and urban development 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
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
2005	64,247	4,040	31,154	82,972	7,315 ⁽⁶⁾	2,806	24,401	216,935

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

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

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

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

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

(6) Reorganization in 2005 reclassified certain planning activities (charges for services) previously reported under community and urban development 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>
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	43,644	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
2005	48,263	47,836	99.1	654	48,490	100.5	427	0.9

Source: Washoe County Assessor and Treasurer

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	
1996	3,599,286 #	10,283,674	0.35
1997	3,881,648 #	11,090,423	0.35
1998	3,963,115 #	11,323,186	0.35
1999	4,399,428 ##	12,569,795	0.35
2000	4,084,454 ##	11,669,869	0.35
2001	4,318,883 ##	12,339,666	0.35
2002	4,380,916 #	12,516,903	0.35
2003	4,501,165 #	15,754,077	0.35
2004	5,231,957 #	14,948,449	0.35
2005	5,105,374 #	14,586,783	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					
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	.8348	.1108	.9456	.1700	1.1385	1.3817	.0022	3.6380
2004	.8555	.0901	.9456	.1700	1.1385	1.3917	.0019	3.6477
2005	.8555	.0901	.9456	.1700	1.1385	1.3917	.0020	3.6478

Fiscal Year Ended June 30	Redevelopment Agency
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
2005	3.2398

CITY OF RENO, NEVADA
PRINCIPAL TAXPAYERS
JUNE 30, 2005

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	\$ 65,115	1.3%
DP Industrial LLC	Real Estate	62,987	1.2%
Peppermill Casinos INC	Casino/Hotel	43,735	0.9%
Washoe Medical Center Inc	Medical	39,691	0.8%
El Dorado Resorts LLC	Casino/Hotel	38,704	0.8%
International Game Technology	Gaming	34,430	0.7%
Golden Road Motor Inn	Casino/Hotel	33,911	0.7%
Harrah's Club	Casino/Hotel	31,390	0.6%
FHR Corporation	Casino/Hotel	25,921	0.5%
Lennar Reno LLC	Builder/Developer	<u>24,109</u>	<u>0.5%</u>
Total		<u><u>\$ 399,993</u></u>	<u><u>7.8%</u></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>
1996	1,178	1,152	0.98	3,690
1997	1,090	898	0.82	2,790
1998 ⁽¹⁾	1,978	1,807	0.91	1,836
1999	1,961	1,847	0.94	1,618
2000	453	498	1.10	1,804
2001	1,387	1,378	0.99	1,036
2002	318	292	0.92	2,474
2003	10,637	3,636	0.34	6,198
2004	3,702	3,692	1.00	15,853
2005	4,315	4,307	1.00	131,773

Source: Office of the Washoe County Treasurer

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

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005

(Amounts Expressed in Thousands)

(Unaudited)

Net assessed value		<u>\$ 5,105,374</u>
Debt limit - 15% of assessed value		\$ 765,806
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 78,895	
Less: Assets in Debt Service Fund Available for Payment of Debt	<u>13,114</u>	
Total amount of debt applicable to debt limit		<u>65,781</u>
Legal debt margin		<u>\$ 700,025</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 any general or special law the principal and interest of which are payable solely from revenues of the City derived from other than general ad valorem taxes.

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

CITY OF RENO, NEVADA

Table 11

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands)

(Unaudited)

<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>
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
2005	205	5,105,374	82,190	13,114	3,295	65,781	1.29	321

(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
1996	2,125	3,158	5,283	97,616	5.4%
1997	2,290	3,067	5,357	113,211	4.7%
1998	2,935	2,890	5,825	125,555	4.6%
1999	3,420	2,914	6,334	126,960	5.0%
2000	3,645	2,697	6,342	137,066	4.6%
2001	3,840	2,520	6,360	157,111	4.0%
2002	9,690	5,666	15,356	172,433	8.0%
2003	9,106	16,902	26,008	246,278	10.5%
2004	8,595	5,052	13,647	180,763	7.50%
2005	8,060	4,297	12,357	200,165	6.2%

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

(2) Excludes bond issuance and other costs.

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

CITY OF RENO, NEVADA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
JUNE 30, 2005

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	\$ 43,425	100.00	\$ 43,425
Redevelopment Agency of the City of Reno	38,765	100.00	38,765
Washoe County School District	427,205	47.85	204,418
Washoe County	113,307	47.85	54,217
State of Nevada	<u>1,055,022</u>	8.43	<u>88,938</u>
Total	<u>\$ 1,677,724</u>		<u>\$ 429,764</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>
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%
2005	205,824 *	36,072 ##	38,575	3.8%

Sources:

- (1) *State of Nevada, Department of Taxation-Demographer's Office
 Figures not available until early December, approximately a 3.3% 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 Constructor ⁽¹⁾		Residential Constructor ⁽¹⁾		Estimated ⁽²⁾ Property Value*	Bank ⁽³⁾ Statewide Deposits*
	Permits	Value*	Permits	Value*		
1996	2,457	265,823	5,473	209,186,000	29,381,927	7,696,684
1997	2,537	175,188	5,938	211,289,000	31,686,922	2,926,000
1998	2,650	250,866,000	5,657	218,860,000	32,351,959	3,698,900
1999	2,579	221,216	6,124	273,736	35,913,700	6,100,258
2000	2,461	188,765	6,036	265,834	33,342,483	6,834,801
2001	2,350	304,513	6,277	290,016	35,256,189	N/A
2002	2,260	274,433	5,935	262,880	35,762,580	N/A
2003	2,327	251,742	7,089	332,887	45,011,649	N/A
2004	2,666	393,830	8,941	553,555	42,709,853	N/A
2005	2,741	382,429	10,430	638,927	41,676,522	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.
- (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, 2005

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 #4705-3157	08-02-05 08-02-06	\$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 #6757585	05-15-05 05-15-06	\$5,000,000 per occurrence Earthquake/Flood separate \$10,000 deductible all risk \$100,000 deductible-Earthquake 5% Deductible Flood
Earthquake/Flood	American Bankers #1011143053	03-25-05 03-25-06	\$500,000.00 Coverage \$500 Deductible
Boiler & Machinery	Marsh/Hartford #FBP2289710	05-15-05 05-15-06	\$5,000,000 excess of \$5,000,000 Primary
Public Official's Bond (Clerk)	Marsh/Hartford Bond#53BSBCK2801	11-27-05 11-27-06	\$100,000
Excess Worker's Compensation	Safety National #SP-8597-NV	09-01-04 09-01-05	Statutory Limits \$1,000,000 Employer's Liability \$2,500,000 Self-Insured Retention
Employee Dishonesty	Marsh/Hartford #53BPEBM5800	01-23-05 01-23-08	\$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	101.5 square miles
4)	Streets and Alleys:	Streets - paved	580.0 miles
		Streets - unpaved	1.9 miles
		Alleys- paved	2.4 miles
		Alleys- unpaved	11.6 miles
5)	Miles of Sewers:	Storm	394.00 miles
		Sanitary Sewer Lines	696.00 miles
6)	Building Permits:	Issued Fiscal	
		Year Ended	Number
		June 30,	Permits
			Valuation
		1996	7,930
		1997	8,475
		1998	8,307
		1999	8,703
		2000	8,497
		2001	8,627
		2002	8,195
		2003	9,416
		2004	11,607
		2005	13,171
			475,008,714
			386,476,200
			469,726,723
			494,952,712
			454,599,319
			594,529,476
			537,312,444
			584,628,610
			947,385,385
			1,021,356,946
7)	Fire Protection:	Number of Stations	16
		Number of Authorized Emergency Personnel	330
		Number of Fire Prevention Officers	19
		Number of Training Personnel	5
		Number of Administrative Personnel	18
8)	Police Protection:	Number of Sworn Employees	372
		Number of Non-commissioned Employees	100
9)	Parks & Leisure Services:	Number of parks	75
		Total acres	1935
		Joint developments with Washoe County	
		School District, maintained by the City	16
		Number of playgrounds with children's play equipment	51
		Number of golf courses:	
		9 hole golf course, 48 acres	1
		18 hole golf course, 219 acres	1
		Number of swimming pools:	
		outdoor	2
		indoor	3
10)	Sanitary Sewer Services:	Two sanitary sewer plants serve Reno. One plant serves the Stead area and is owned solely by Reno. A second plant is owned jointly with the City of Sparks and serves both cities.	
		Plant capacity:	
		Stead	1.5 M.G.D.
		Joint Plant	40.0 M.G.D.
		Average amount of daily sewage treated by both plants for year ended June 30, 2005 is 30.33 M.G.D.	

MISCELLANEOUS STATISTICAL DATA (CONTINUED)

11) Employees as of June 30, 2005:			
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>2,164</u>
	Total		<u><u>2,191</u></u>
12) Elections:	Registered Voters	Votes Cast	Percent Voting
Last Municipal: November 2, 2004	<u>122,100</u>	<u>77,739</u>	<u>63.67%</u>
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):		
	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
	2005		6,003,368
	(Source: State of Nevada Department of Taxation)		
15) Media:	Newspapers	Reno Gazette-Journal, News and Review, Ahora	
	Television outlets	The five major network affiliates, a PBS and three independent stations and four cable companies operate in Reno	
16) Utilities:	Natural gas/ electricity:	Sierra Pacific Power Company	
	Telephone:	SBC	
	Water:	Truckee Meadows Water Authority	
17) Education:	The Washoe County School District operates within Reno the following schools by type:		
	High Schools		7
	Middle Schools		8
	Elementary Schools		37
	Charter Schools		7
	Number of Administrators		78
	Number of Teachers		1,279
	Number of Students		38,575
	Number of Students(Charter Schools)		1,470
	(Source: Washoe County School District)		

SINGLE AUDIT REPORT

Bartig, Basler & Ray

A Professional Corporation

Certified Public Accountants and Management Consultants

Frank V. Trythall
Brad W. Constantine
Bruce W. Stephenson
Roseanne M. Lopez
Jason J. Cardinet
Tyler K. Hunt

Curtis A. Orgill
M. Elba Zuniga

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, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 4, 2005. 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 November 4, 2005.

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

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

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.

Roseville, California
November 4, 2005

Bartig, Basler & Ray

A Professional Corporation

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M. Elba Zúñiga

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, 2005. 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, 2005.

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

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

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 November 4, 2005.

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.

Roseville, California
December 19, 2005

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

<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>			
<i>Child Nutrition Cluster</i>			
Passed through Nevada Department of Education:			
Special Milk Program for Children	10.556	--	\$ 17,516
Passed through Nevada Department of Employment, Training and Rehabilitation:			
Summer Food Service Program for Children	10.559	--	<u>59,227</u>
Total <i>Child Nutrition Cluster</i> - \$76,743			
Total U.S. Department of Agriculture			<u>\$ 76,743</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants-Entitlement Grants	* 14.218	--	3,237,695
HOME Investment Partnership Program Grant	14.239	--	2,726,197
Emergency Shelter Grant	14.231	--	90,000
Passed through Nevada Housing Division:			
HOME Investment Partnership Program Grant	14.239	--	292,454
Passed through Nevada State Welfare Division:			
Emergency Shelter Grant	14.231	--	<u>65,000</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 6,411,346</u>
<u>U.S. Department of Interior</u>			
Passed through Nevada Department of Conservation:			
Terrace Sports Complex	15.916	--	<u>\$ 27,328</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Local Law Enforcement Block Grant	16.592	--	226,926

* Major Program

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

<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)	* 16.710	--	\$ 52,204
Public Safety Partnership and Community Policing Grants (COPS) Universal Hiring Grants	* 16.710	--	288,929
Passed through Nevada Department of Human Resources:			
Crime Victim Assistance Grant	16.575	--	128,103
Passed through State of Nevada Office of Attorney General:			
Violence Against Women Formula Grant	16.588	--	45,196
Passed through Nevada Department of Public Safety:			
Byrne Formula Grant Program	16.579	--	333,127
State Domestic Preparedness Equipment Program	16.007	--	93,700
Passed through Community Services Agency:			
Weed and Seed Program	16.595	--	<u>66,057</u>
Total U.S. Department of Justice			<u>\$ 1,234,242</u>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Transportation Infrastructure Finance and Innovation Act	* 20.000	--	50,500,000
Passed through Nevada Department of Public Safety:			
Underage Drinking	20.600	--	15,568
Nevada Citation and Accident Tracking System	20.600	--	2,890
Joining Forces	20.600	--	15,293
Red Light Running	20.600	--	<u>8,284</u>
Total U.S. Department of Transportation			<u>50,542,035</u>

* Major Program

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

<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>\$ 60,615</u>
<u>Department of Homeland Security</u>			
Passed through State of Nevada, Department of Public Safety, Division of Emergency Management:			
Emergency Management Performance Grants	97.042	--	\$ 129,410
Office for Domestic Preparedness (ODP)	*97.004	97004HL4	107,488
Office for Domestic Preparedness (ODP)	*97.004	97004LL4	450,981
State Homeland Security Program	*97.004	97004HL4	<u>603,929</u>
 Total U.S. Department of Homeland Security			 <u>\$ 1,291,808</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 59,644,117</u></u>

CITY OF RENO, NEVADA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2005

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 sometimes prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements (such as cash basis). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

3. Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City of Reno provided federal awards to subrecipients as follows:

14.218	Child Assault Prevention (CAP) Project	\$ 5,000
14.218	Committee to Aide Abused Women (CAAW)	30,000
14.218	NV Hispanic Services (administered by Sparks)	10,584
14.218	Reno Parks, Rec & CS – Seniors	25,000
14.218	Reno Parks, Rec & CS – Youth Programs	75,000
14.218	Ridge House	25,333
14.218	St. Mary's Foundation (Literacy Project)	7,000
14.218	St. Mary's Foundation (Senior Korner)	31,955
14.218	The Children's Cabinet	100,234
14.218	Washoe County Senior Services (Eldercare)	13,548
14.218	WCSD – Bernice Mathews Dreamcatchers	39,946
14.218	Northern Nevada Center for Independent Living	26,000
14.239	Community Services Agency and Development Corporation	<u>6,993</u>
	Total	<u>\$ 396,593</u>

CITY OF RENO, NEVADA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

4. Loans with Continuing Compliance Requirement

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2005 as follows:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
14.218	Community Development Block Grants-Entitlement Grants	785,134
14.239	HOME Investment Partnership Program Grant	<u>16,848,819</u>
	TOTAL	<u>\$ 17,633,953</u>

5. Transportation Infrastructure Financing Innovation Act Loan

The City of Reno was awarded a loan of \$50,500,000 from the U.S. Department of Transportation under the Transportation Infrastructure Financing Innovation Act (TIFIA) and expended those funds to partially fund the City's depressed railroad trench project. As of June 30, 2005, the City's outstanding loan balance was \$50,500,000.

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

Section 1

Summary of Auditor's Results

Financial Statements

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

Federal Awards

- | | |
|---|---------------|
| 1. Internal controls over major program: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses | 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
16.710	Public Safety Partnership and Community Policing Grants (COPS)
20.000	Transportation Infrastructure Finance and Innovation Act
97.004	State Domestic Preparedness Equipment Support Program

- | | |
|---|-------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs. | \$1,789,324 |
|---|-------------|

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

Section 1 (continued)

Summary of Auditor's Results

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

No

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

None Reported

CITY OF RENO, NEVADA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2005

Audit Reference
Number

Status of Prior Year Audit Findings

N/A

None reported

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 taken during 2004-05 relating to the potential violations reported in the June 30, 2004 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2005. 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, 2004, 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, 2005

Flat/Fixed Fees:

Business license revenue for the year ended June 30, 2004 (base year)		\$ 543,503
Adjustment to Base:		
1. Percentage increase in population of the local government	1.800%	
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	3.300%	
	<u>5.100%</u>	
Total adjustment percentage	5.100%	
Adjustment amount (base x percentage)		<u>27,719</u>
Adjusted Base, June 30, 2004		571,222
Actual Revenue		<u>625,772</u>
Amount Over (Under) Allowable Amount		<u>\$ 54,550</u>

Fees Calculated As A Percentage Of Gross Revenue:

Business license revenue for the year ended June 30, 2004		\$ 10,009,539
2. Percentage increase in the Consumer Price Index for the year	3.300%	\$ 330,315
Adjusted Base, June 30, 2004		10,339,854
Actual Revenue		<u>11,016,555</u>
Amount Over (Under) Allowable Amount		<u>\$ 676,701</u>