

**CITY OF RENO  
STATE OF NEVADA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year  
July 1, 2006 through June 30, 2007**

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**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, 2007**

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# **INTRODUCTORY SECTION**

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December 5, 2007

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, 2007 is hereby submitted. State law requires that local governments provide for an annual audit of its financial statements by independent certified public accountants 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, LLP, 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, 2007 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, 2007, 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 the 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 are 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 as to whether 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 65% 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.

Sales tax revenues have reflected a softening of the economy in Nevada. Sales tax revenues in the areas of auto sales and area construction have remained the primary contributors to sales tax revenue during the 2006/2007 fiscal year, though declines in each of these areas have occurred. These declines, with a slight overall increase in total revenues, continue to prove that sales tax revenues, by their nature, can be volatile. The City of Reno continues to reflect a moderately conservative estimate for this and other revenue sources.

The slowdown in the housing market will present some challenges to the local economy over the next few years. Reno has seen new single-family dwelling building permits decrease by 55% for the 2006/07 fiscal year. The City of Reno will have to remain vigilant and pro-active in identifying and addressing the realities of the current economic downturn.

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 2007, Inc. magazine has tabbed Reno No. 8 on its list of the "Best Mid-Size Cities for Business in America," and ranks 37<sup>th</sup> overall out of 393 cities for business. Reno is also ranked 22<sup>nd</sup> out of 317 metropolitan areas for per capita income.

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

- In 1997, the Reno City Council adopted a comprehensive, long term plan to catch up on the backlog the City faced regarding street maintenance. This strategic plan calls for more than

merely catching up on the backlog. It provides a long-term maintenance regimen that will prevent the City of Reno from falling behind on street maintenance in the future. By combining reconstruction of failed streets with an aggressive maintenance program, the streets that are in good condition will stay that way longer, thereby extending the life and reducing future costs.

- The City of Reno Master Plan, The Great City Plan, reflects the City's Making It Great initiative, as well as the 2007 update of the Truckee Meadows Regional Plan as required by State Law. The Great City Plan includes citywide plans for the City and its sphere of influence, plans for regional centers and transit oriented development (TOD) corridors, and neighborhood plans.
- Maintaining our successful Community Pride Grants Program by providing funding for Neighborhood Advisory Boards to select projects to improve the quality of life in their neighborhoods.
- Providing for increased enforcement of problem areas within the Redevelopment areas, specifically downtown, by adding a code enforcement officer specifically for that purpose.
- Nine fundamental principles are proposed by the Communications and Technology Department to help guide the City's technology initiatives and investment. All new technology initiatives and investments will be evaluated and managed in accordance with these principles. The core of these principles is "shared applications" to reduce redundancy and the inefficient use of resources. This is a necessity for the most effective use of information technology resources.

The Council Priorities for fiscal year 2007/08 are Public Safety, Planning, Communications, Redevelopment, Green Initiative, and Intergovernmental Cooperation. These priorities have been addressed in the City of Reno proposed budget in the following manner:

- Phase II of the Community Assistance Center Project will be under construction in FY 2007/08;
- The City's new website will go on-line in FY 2007/08;
- The number of police officer positions has been increased in keeping with the five-year staffing recommendations approved by Council to maintain service levels in our growing community;
- Construction of the public safety portion of the south community service center is scheduled to begin with the construction of a fire station and a police service counter at Veterans and Steamboat Parkways;
- The master plan for the use of properties acquired as a part of the ReTRAC properties will be completed in FY 2007/08;
- Funding for graffiti removal is included to permit timely removal throughout the City; and
- The traffic team will continue to increase police presence in the community and address an important community concern by providing additional traffic enforcement.

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 2008 include:

- Flood and drainage projects including dams, ditches, pipe and detention basins;
- Rehabilitation of arterial and collector streets through overlaying or reconstruction;
- The on-going replacement of fire vehicles and equipment as well as City fleet vehicles;
- Rehabilitation of neighborhood streets through overlaying or reconstruction; and
- The acquisition of the post office on Mill Street.

### **Major Initiatives**

Reno has entered an exciting time with construction recently completed on the Palladio condominium project in the downtown area, which includes 9,000 square feet of retail space, a parking garage, and 87 market-rate condominiums. Fiscal year 2007 also marks the first year of operation of Bayer Development's 566,392 square-foot lifestyle mall, Summit Sierra.

The Summit Sierra lifestyle shopping adventure, located at South Virginia/395 at the junction of the Mount Rose Highway, opened in March 2006. With 70 stores and restaurants the Summit Sierra Mall will fill the frequent requests for quality shops and restaurants in South Reno. Primary occupancy is Dillard's Store that occupies 199,519 square feet, and Century Theatres that occupies 49,000 square feet. Specialty shops occupying 248,000 square feet include Abercrombie & Fitch, Patrick James, Talbots, the GAP, Old Navy, and New York and Company.

Construction is continuing on the Belvedere and Montage condominium projects. The Belvedere is a luxurious 377 condo unit development at the site of the former Sundowner Hotel Casino at 450 North Arlington Avenue. The Belvedere will add two new towers to the dynamic Reno skyline and presents a unique opportunity to own a piece of Reno's active lifestyle. Planned completion is in 2009. The Montage, on the corner of 2<sup>nd</sup> and Sierra Streets, is a complete deconstruction of the former Golden Phoenix Hotel and Casino, taking the building down to its core elements. Reconstruction has begun to create luxury town homes, lofts, row houses and penthouses with over 15,000 square feet of first floor retail space. Within steps of the Truckee River Whitewater Park, dramatic views of the Sierras, and Tahoe's unwavering beauty a stone's throw away, it's no wonder that 40% of the units are now under contract.

Renovation of the Grand Sierra Resort (formerly the Hilton hotel/casino) has begun and will eventually include condominiums, a water park, and retail stores. A portion of one of the towers has already been converted to time shares.

Also of note is the Cabela's retail project, which opened on November 16, 2007 and involved a very complicated financing plan consisting of the use of Sales Tax Anticipation Revenue (STAR) bonds. The Cabela's project is the first use in the State of Nevada of STAR bonds. The Cabela and Grand Sierra

Resort projects will not only provide a large financial boost to the Truckee Meadows region, but will also provide Reno residents with additional amenities to which they currently have to travel long distances.

Redevelopment Area #2 has been established to help eliminate blight and improve economic vitality of seven sub-areas of the City. This infusion of development in these sub-areas will help to maintain the current trend of economic improvement throughout the City. The Grand Sierra Resort is located in one of the Redevelopment Area #2 sub-areas.

Triple-A baseball is coming to Reno. The Reno City Council, acting as the Redevelopment Agency Board, approved an agreement by and between Nevada Land LLC for the development of a Triple-A baseball stadium at the Freight House site and the creation of a Ball Park District surrounding the new stadium that will spur retail and other entertainment opportunities in downtown Reno. The new Ballpark District would cover an eight plus acre area immediately east of Lake Street, from the ReTRAC project on the north to the Truckee River on the south. A series of complicated land exchanges with four property owners (the City of Reno, Siena Communities, Sierra Pacific and Basin Street Properties) are required to obtain the necessary acreage. Slated to break ground in early 2008, the traditional brick style ballpark will be the home of the Pacific Coast League team currently known as the "Sidewinders" of Tucson, Arizona. With a proposed completion date of Summer 2009, the stadium alone is projected to increase the tax increment by \$575,000. This is one more giant step in the City of Reno's downtown revitalization efforts.

In addition to the projects discussed above, the City completed the Community Assistance Center which provides much needed support to address the social issue of assisting the homeless population in Reno. This project has helped improve the quality of life for homeless individuals and has helped them to better access necessary services and the resources needed to find jobs and housing. Currently, the City is building an additional new facility to care and address the issues of families.

## **Relevant Financial Policies**

**Cash Management Policies and Practices.** Permissible investments of the policy include certificates 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 Workers Compensation. The Risk Retention Fund was designed to account for the operations of the self-funded general insurance program. The Self-Funded Workers Compensation Fund was designed to account for

the operations of the self-funded workers compensation program. The overall risk management program also offers two medical plans, the self-funded plan and a health maintenance organization. Both plans offer dental and vision plans and life insurance benefits. Health insurance benefits are also available to retired city employees under various plans. Notes 14 and 15 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**

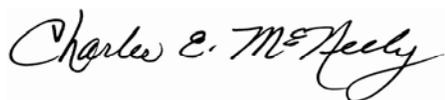
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Reno for its comprehensive annual financial report for the fiscal year ended June 30, 2006.

This was the 24th 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, LLP, 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

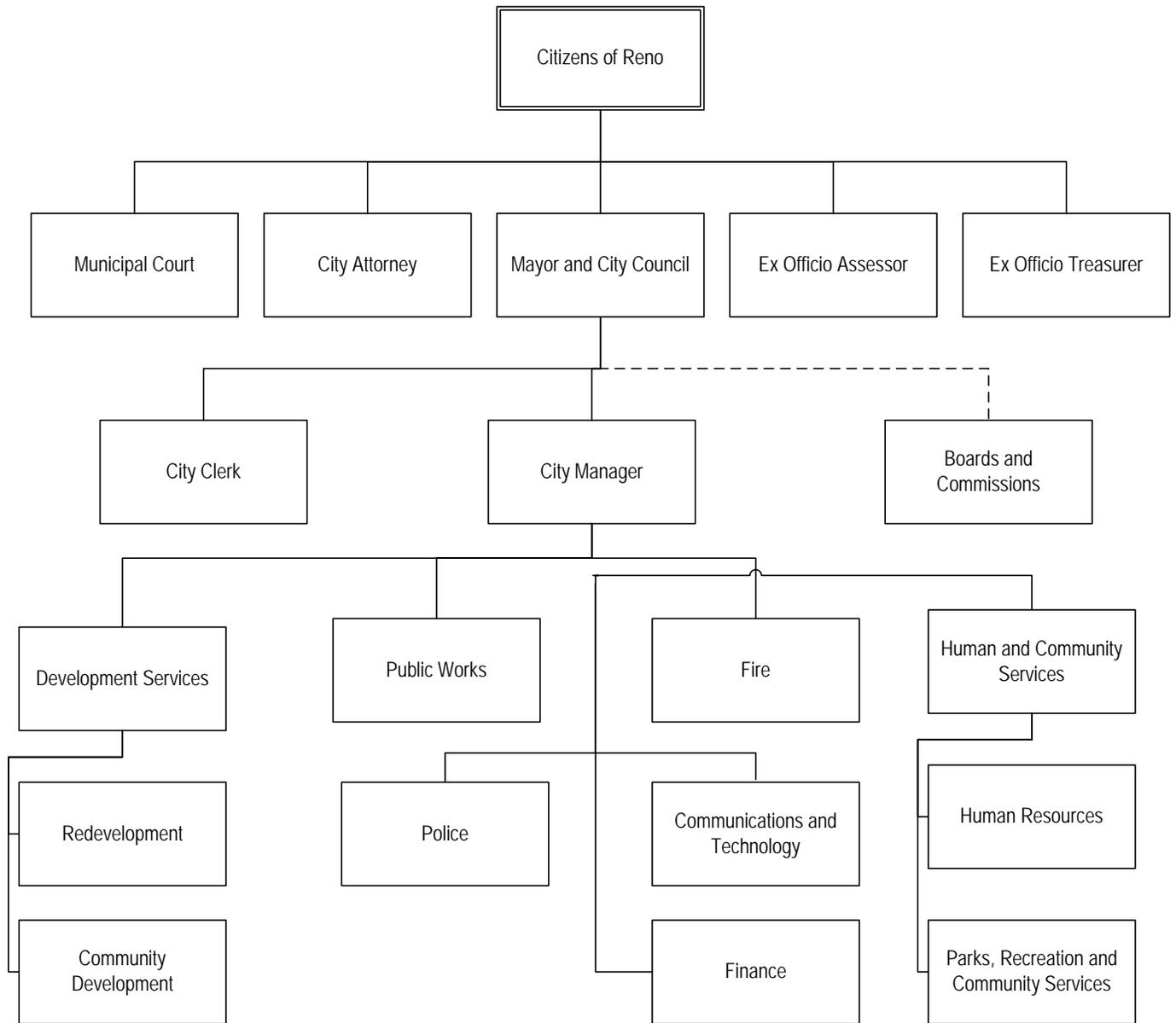
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



President

Executive Director



# ***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***

John Kadlic, City Attorney  
Jay Dilworth, Judge  
Paul Hickman, Judge  
James Van Winkle, Judge  
Kenneth Howard, Judge

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## **FINANCIAL SECTION**

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## 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, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Reno's management. Our responsibility is to express opinions 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. An audit also includes 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, 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2007 on our consideration of the City of Reno's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company



Roseville, California  
November 30, 2007

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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## **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 \$95,167,630 or 11.14%, over the prior year balance after prior year adjustments (detailed on page 5).
- The Redevelopment Agency refinanced approximately \$20.1 million of bonds. The refinancing was made possible by the 2005 extension of the Agency's plan life from 2018 to 2028, which allowed the debt amortization to extend to 2027, thus reducing annual debt service requirements.
- The City issued two new bonds totaling \$24,295,000 to acquire infrastructure assets and to fund current and future projects in the downtown area.
- Net capital assets grew 10.37% after prior year adjustments to buildings, improvements other than buildings, and construction in progress.
- General Fund revenues totaled \$177,118,803, which is a \$12,567,782 increase over the prior year. This figure excludes other financing sources.
- General Fund expenditures increased 6.97% to \$152,328,333, excluding other financing uses such as operating transfers.
- Property tax revenue for the governmental activities increased by 15.59%.
- Consolidated taxes increased from \$54,708,166 to \$55,256,937, or 1.00%, over the prior year.
- Cash and investments at the governmental funds level increased by 3.57%, while cash and investments in the General Fund increased by 10.63%.
- The Sewer Enterprise Fund drew down an additional \$11.5 million on the \$74.8 million and \$10.2 million lines of credit through the Nevada State Clean Water Revolving Loan Fund to fund water treatment plant expansions and sewer line rehabilitation. The \$74.8 million line has been fully drawn and since converted to the 2004 Sewer Bonds. The total outstanding after FY 2007 principal payments on the bonds and the remaining line of credited combined is \$78.6 million.
- The Building Permit Enterprise Fund experienced a 12.14% decline in charges for service, while the Planning Enterprise Fund experienced a 52.12% decline in the same category – both as a result of the downturn in the new residential housing market.

### **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; planning and community development; and culture and recreation. The business-type activities for the City of Reno include sewer operations, golf operations, dispatch, planning, and building permit operations. Operation of the animal services shelter was turned over to Washoe County effective July 1, 2005, and the fund was closed at the end of fiscal year 2005/06.

### 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 30 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 six funds because they qualify as major funds under the GASB 34 definition – General Fund, Railroad Debt Service Fund, Downtown Events Center Debt Service Fund, Special Assessment District Debt Service Fund, Railroad Capital Project Fund, and Downtown Events Center Capital Project Fund. Information for the remaining twenty-four (24) funds, which meet the definition of nonmajor 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, 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 funds 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 statements 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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006*</b>	<b>2007</b>	<b>2006*</b>	<b>2007</b>	<b>2006*</b>
Current and other assets	\$215,664,435	\$204,189,291	\$16,637,407	\$29,160,331	\$232,301,842	\$233,349,622
Restricted assets	-	-	23,897,722	16,593,980	23,897,722	16,593,980
Investment in Truckee Meadows Water Reclamation Facility	-	-	94,724,230	91,638,721	94,724,230	91,638,721
Delinquent accounts receivable	-	-	683,000	1,877,879	683,000	1,877,879
Capital assets	992,907,491	911,098,598	247,492,258	212,795,406	1,240,399,749	1,123,894,004
<b>Total Assets</b>	<b>1,208,571,926</b>	<b>1,115,287,889</b>	<b>383,434,617</b>	<b>352,066,317</b>	<b>1,592,006,543</b>	<b>1,467,354,206</b>
Current liabilities	51,082,830	53,007,495	14,350,829	12,387,359	65,433,659	65,394,854
Long-term liabilities	498,092,881	475,528,688	78,730,864	71,849,155	576,823,745	547,377,843
<b>Total Liabilities</b>	<b>549,175,711</b>	<b>528,536,183</b>	<b>93,081,693</b>	<b>84,236,514</b>	<b>642,257,404</b>	<b>612,772,697</b>
Net Assets:						
Invested in capital assets, net of related debt	594,629,978	510,436,963	244,555,309	209,672,878	839,185,287	720,109,841
Restricted	103,550,338	72,827,824	1,682,273	5,010,153	105,232,611	77,837,977
Unrestricted	(38,784,101)	3,486,919	44,115,342	53,146,772	5,331,241	56,633,691
<b>Total Net Assets</b>	<b>\$659,396,215</b>	<b>\$586,751,706</b>	<b>\$290,352,924</b>	<b>\$267,829,803</b>	<b>\$949,749,139</b>	<b>\$854,581,509</b>

\*Note: Totals for Governmental Activities for FY 2006 have been restated to reflect the following prior year adjustments: \$9 net decrease to Current and Other Assets (Deferred Charges), \$2,016,805 net decrease to Capital Assets (Buildings), \$86,457 net increase to Capital Assets (CIP), \$2,103,262 net decrease to Invested in Capital Assets Net of Related Debt, \$4,126,019 net increase to Restricted Net Assets (Restricted for Claims), and a \$4,126,019 net decrease to Unrestricted Net Assets (Unrestricted). Totals for Business-type Activities for FY 2006 have been restated to reflect the following prior year adjustments: \$168,817 decrease to Current and Other Assets (Cash), \$884,229 increase to Investment in TMWRF, and \$322,271 net decrease to Capital Assets (Improvements).

Total assets as of June 30, 2007, net of accumulated depreciation of \$521,815,657, totaled \$1,592,006,543. Assets include cash/investments, receivables, prepaid items, and capital assets. Current and Other Assets in business-type activities declined by almost 43% due to a decline in the Sanitary Sewer Fund's unrestricted cash and investments, which was used to fund capital projects. However, when combined with governmental activities, Current and Other Assets declined by less than one percent. Liabilities, which consisted primarily of long-term debt, totaled \$642,257,404. Liabilities also include payables and unearned revenue. A comparison of assets and liabilities for the government-wide financial statements reflect net assets of \$949,749,139. This total reflects an improvement during the year of \$95,167,630, or 11.14%, after taking into consideration prior period adjustments discussed in the note above. The majority of the City of Reno's total assets, \$1.24 billion or 77.91%, are reflected in investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and construction in progress). Capital asset growth is responsible for 92.54% of the overall growth in total assets. Other asset investments include a \$94,724,230 ownership interest in the Truckee Meadows Water Reclamation Facility.

Fiscal year 2006/07 activity for the government-type and business-type entities is presented in the Statement of Activities and summarized on the next page. As indicated in this statement, governmental activities increased net assets of the City of Reno by \$72,644,509. Business-type activities increased net assets by \$22,523,121.

Total revenues in fiscal year 2006/07 increased 15.64% over the previous year's total, while expenses increased 5.34%. The largest dollar increase in expenditures occurred in the Planning and Community Development function and is primarily due to (1) payment of \$800,000 to acquire property in an economically depressed area, and (2) the funding of two senior apartment complexes. The City received reimbursements for these costs from the US Department of Housing and Urban Development which are reported as grant revenues. The 50.82% decline in the Urban Redevelopment function is due to the \$2.5 million loss taken on two capital asset disposals in fiscal year 2005/06. The 10.11% reduction of General Government expenditures is also due to lower asset disposal losses in fiscal year 2006/07 as compared to fiscal year 2005/06, as well as to lower budget contingency usage. The Judicial function experienced higher expenditures largely due to first-time payment of common area fees to Washoe County for the operation of the new municipal court building. The increase in interest expense and fiscal charges primarily occurred in the Railroad Debt Fund as a full year of interest payments were made following the fiscal year 2005/06 railroad debt restructuring in which \$24 million in new funding was received.

Regularly scheduled raises and related increases in employee benefits were contributing factors to increases in other functions. The increase in expenditures for the Fire function is heavily related to \$1.8 million in strike team activity to fight local brush fires. The City has received partial reimbursement from other jurisdictions for fire fighting activity on non-City lands, with another \$214,700 pending.

General revenues in the current year rose approximately 4.37% over general revenues collected in the prior year, with property taxes registering growth at 15.40%. If property taxes received in the now defunct Animal Services Shelter Enterprise Fund are excluded from fiscal year 2006 totals, property taxes rose 15.59%. The growth is attributable to the construction boom experienced in fiscal years 2005 and 2006 that resulted in the improved properties coming onto the tax rolls in FY 2006/07. The largest percentage growth occurred in the unrestricted investment and interest earnings category at 56.28% due to higher interest rates applied to bond reserves and cash balances and a higher market value for the City's investments. Consolidated tax revenues grew a disappointing 1% over fiscal year 2005/06, while shared revenues (AB104 and County gaming taxes) actually declined by 1.98%.

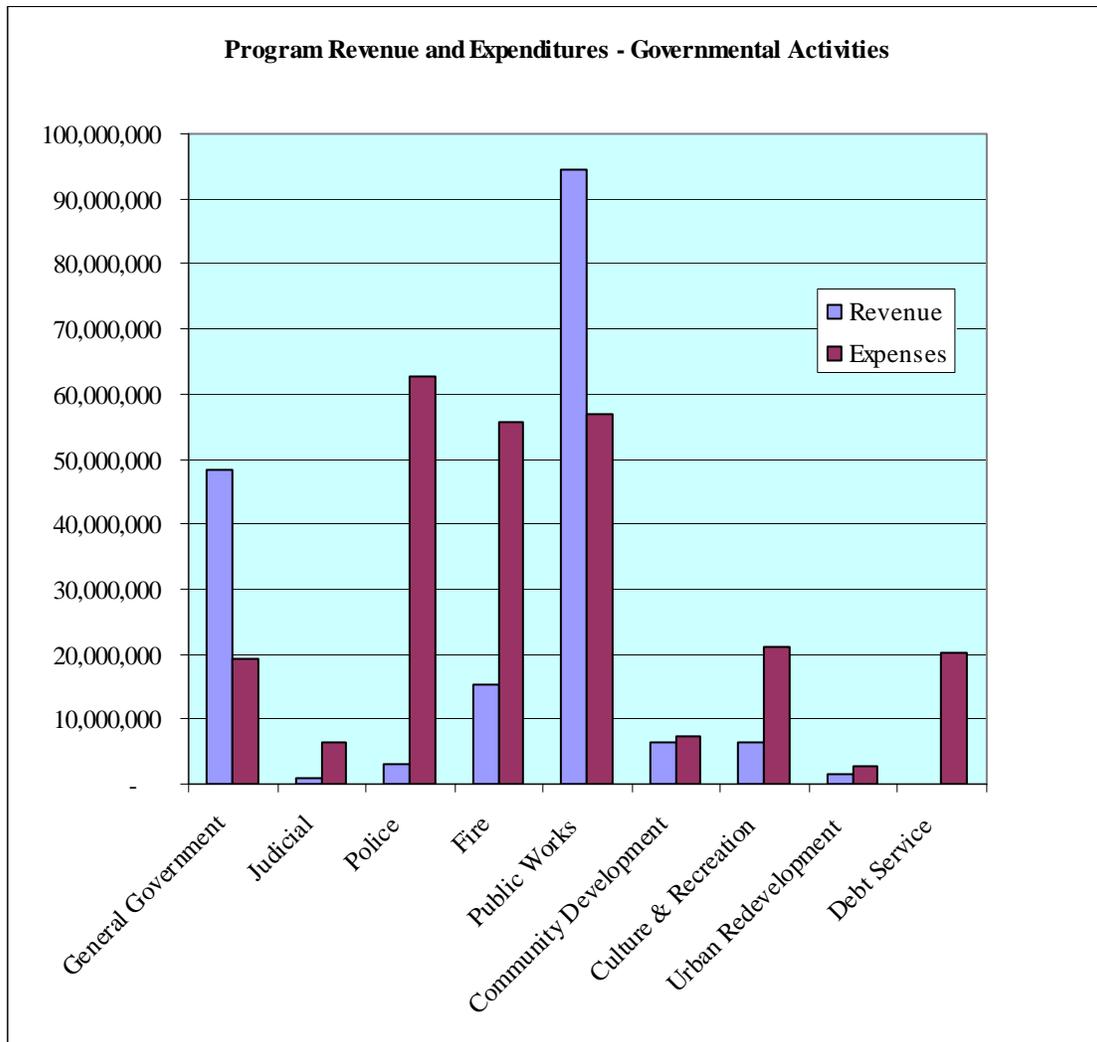
Program revenues are those revenues that are derived directly from the program itself or from parties outside of the City's taxpayers or citizenry. They reduce the net cost of the function to be financed from the City's general revenues which include property taxes and other taxes. The following chart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

### City of Reno Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006*	2007	2006*	2007	2006
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$72,856,478	\$67,393,776	\$47,634,678	\$46,295,954	\$120,491,156	\$113,689,730
Operating grants, interest and contributions	6,945,164	6,113,851	315,375	26,375	\$7,260,539	6,140,226
Capital grants, interest and contributions	96,804,861	63,266,466	26,106,551	19,082,843	\$122,911,412	82,349,309
<b>Total Program Revenue</b>	<b>176,606,503</b>	<b>136,774,093</b>	<b>74,056,604</b>	<b>65,405,172</b>	<b>\$250,663,107</b>	<b>202,179,265</b>
<i>General revenues:</i>						
Ad valorem taxes	63,710,224	55,118,928	-	87,677	\$63,710,224	55,206,605
Consolidated taxes	55,256,937	54,708,166	-	-	55,256,937	54,708,166
Shared revenues	5,389,181	5,497,830	-	-	5,389,181	5,497,830
Other taxes	19,900,403	19,559,659	-	-	19,900,403	19,559,659
Unrestricted investment & interest earnings	8,064,540	5,376,707	1,455,917	715,402	9,520,457	6,092,109
Other	2,147,815	7,009,892	155,489	1,471,656	2,303,304	8,481,548
<b>Total Revenues</b>	<b>331,075,603</b>	<b>284,045,275</b>	<b>75,668,010</b>	<b>67,679,907</b>	<b>406,743,613</b>	<b>351,725,182</b>
Expenses:						
General government	19,286,404	21,455,932	-	-	19,286,404	21,455,932
Judicial	6,475,679	6,079,294	-	-	6,475,679	6,079,294
Police	62,732,422	61,728,746	-	-	62,732,422	61,728,746
Fire	55,584,964	52,249,991	-	-	55,584,964	52,249,991
Public works	56,874,750	55,125,179	-	-	56,874,750	55,125,179
Planning & community development	7,430,806	4,581,284	-	-	7,430,806	4,581,284
Culture & recreation	21,160,776	19,697,196	-	-	21,160,776	19,697,196
Urban redevelopment	2,795,011	5,683,381	-	-	2,795,011	5,683,381
Interest & fiscal charges	20,320,737	13,411,829	-	-	20,320,737	13,411,829
Sanitary sewer	-	-	38,851,817	34,529,836	38,851,817	34,529,836
Golf courses	-	-	1,802,658	2,036,125	1,802,658	2,036,125
Building permits	-	-	7,929,433	7,569,511	7,929,433	7,569,511
Animal services shelter	-	-	-	1,144,277	-	1,144,277
Planning	-	-	4,798,275	4,689,393	4,798,275	4,689,393
Dispatch	-	-	5,532,251	5,812,292	5,532,251	5,812,292
<b>Total Expenses</b>	<b>252,661,549</b>	<b>240,012,832</b>	<b>58,914,434</b>	<b>55,781,434</b>	<b>311,575,983</b>	<b>295,794,266</b>
<b>Increase in net assets before transfers</b>	<b>78,414,054</b>	<b>44,032,443</b>	<b>16,753,576</b>	<b>11,898,473</b>	<b>95,167,630</b>	<b>55,930,916</b>
Transfers	(5,769,545)	(4,262,259)	5,769,545	4,262,259	-	-
<b>Increase in Net Assets</b>	<b>\$72,644,509</b>	<b>\$39,770,184</b>	<b>\$22,523,121</b>	<b>\$16,160,732</b>	<b>\$95,167,630</b>	<b>\$55,930,916</b>

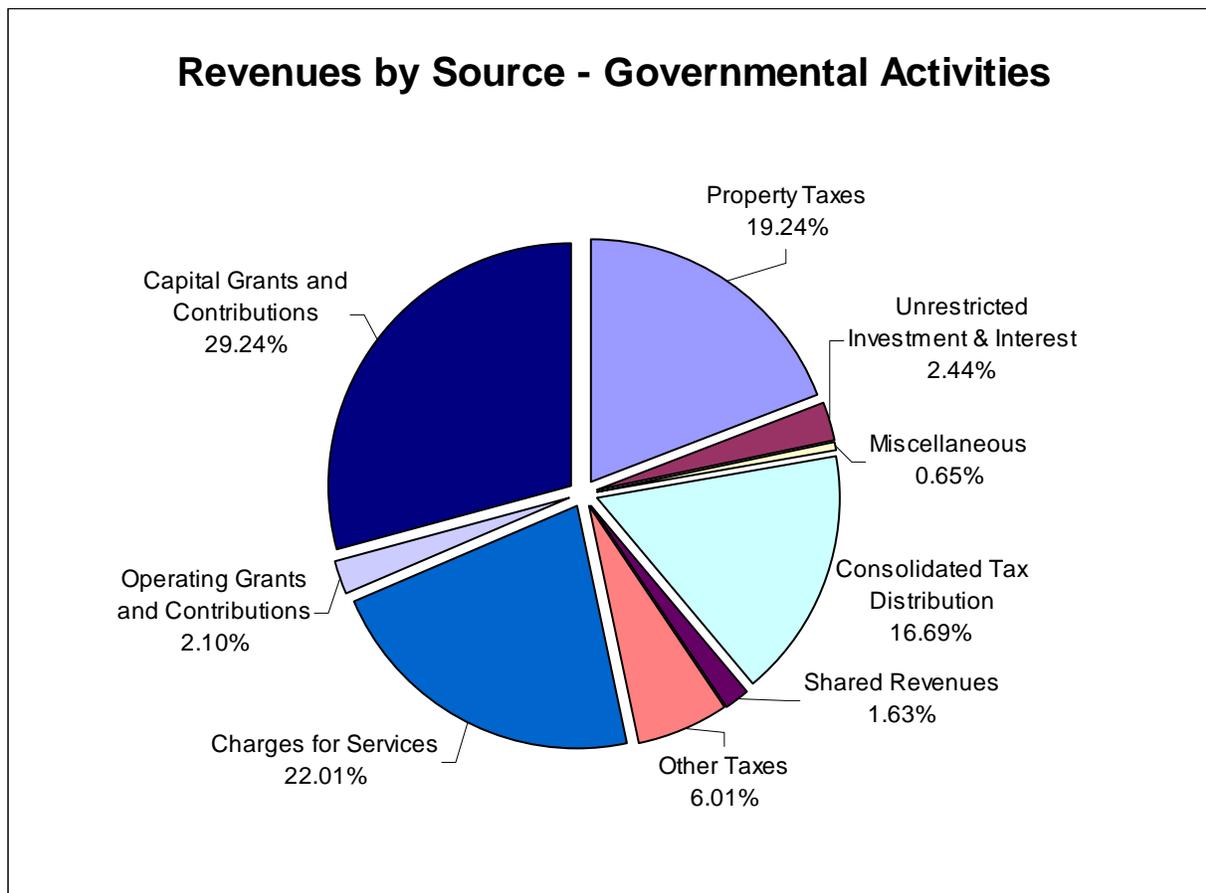
\*Note: For FY 2006 Charges for Service for Business-type Activities were reduced by \$168,817 to account for FY 2005 revenues recorded in FY 2006 and Sanitary Sewer Expenses were increased by \$322,271 to account for costs capitalized in FY 2006 that should have been expensed.

Total program revenues and expenses for governmental activities amounted to \$176,606,503 and \$252,661,549, respectively, for the 2006/07 fiscal year. As indicated in the chart below, program revenue exceeds expenditures for the General Government and the Public Works functions. 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 program revenue exceeded its expenditures primarily due to the approximately \$54 million of contributed infrastructure assets, such as streets dedicated to and annexed by the City and related land rights-of-way, that were recorded as revenue without an offsetting capital outlay being incurred by the City.



For the remaining functions, the chart indicates that services provided within those functions by the City of Reno are funded with tax dollars and other general revenues rather than from direct charges for those services. While a major source of debt payments for the depressed railway and downtown events center projects is sales taxes and/or room taxes levied by ordinances specifically for these projects, because they are taxes by nature, they are reported under general revenues rather than under program revenues.

The sources of revenues have been charted to show their respective percentage of total revenues. Property taxes continue to be the major general revenue source at 19.24% of total revenues. Charges for services continue to be a large revenue contributor, but were surpassed by capital grants and contributions as the top overall revenue source.

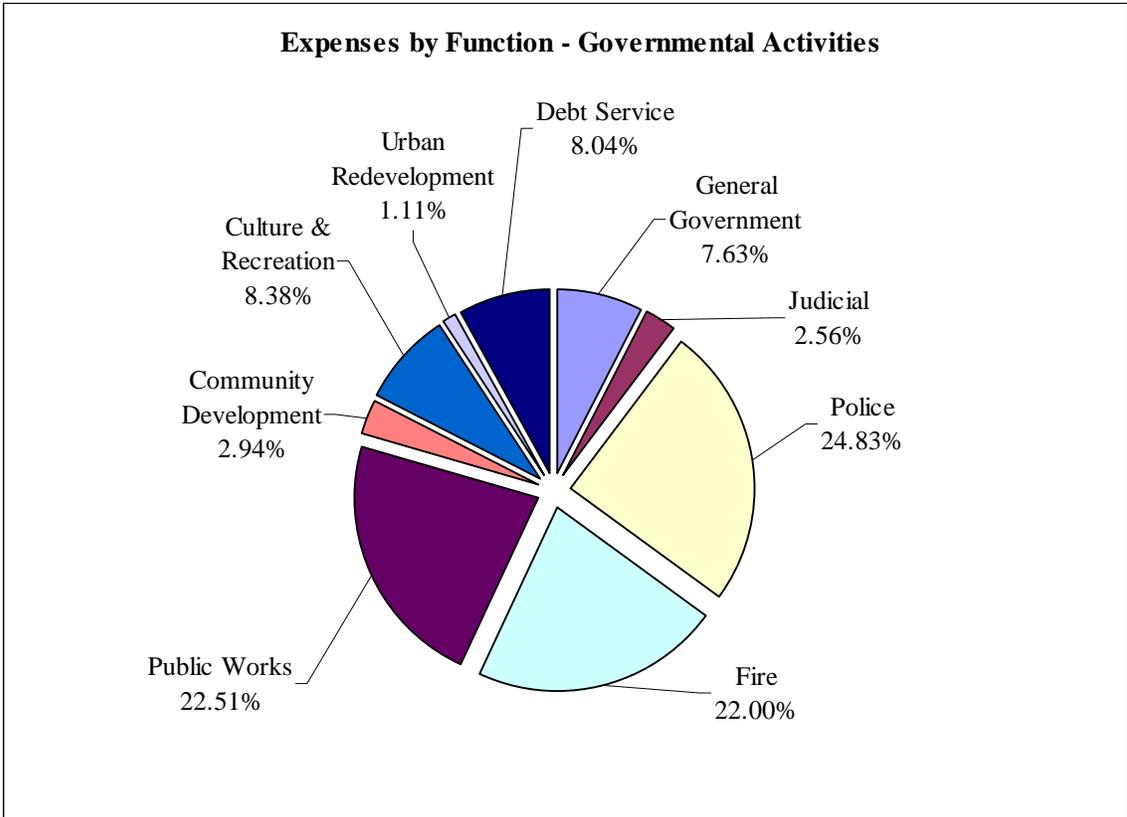


As stated previously, the 15.59% growth in property tax revenues is attributable to the construction boom experienced in fiscal years 2005 and 2006 that resulted in the improved properties coming onto the tax rolls in FY 2007. In 2005 the Nevada State Legislature passed a bill to cap residential property tax revenue growth at 3% and commercial property growth at ten-year rolling average or 8%, whichever is less. Thus, the growth in the tax base helped negate the effect of the property tax cap imposed by the 2005 legislation.

In terms of dollars, consolidated taxes rose only 1%, whereas a growth rate of 5% for fiscal year 2006/07 was budgeted. This is a sharp decline from the 4.46% growth experienced in fiscal year 2005/06. With regards to the sales tax component of consolidated tax, the largest declines were experienced by the building materials and new automobile sales sectors.

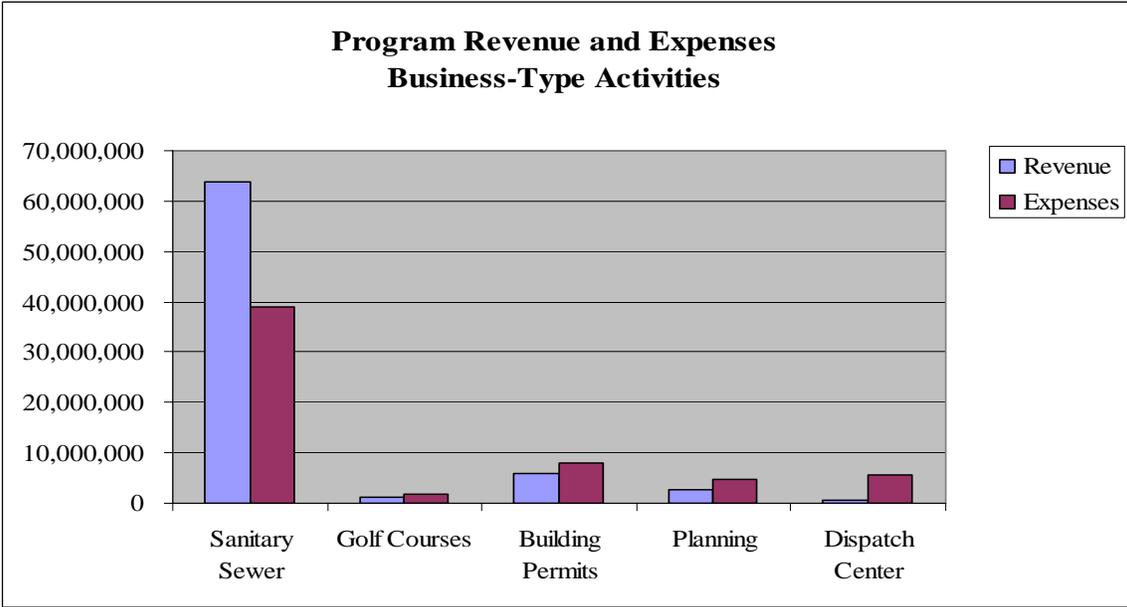
Charges for services increased 8.11%. For governmental activities, unrestricted investment and interest earnings increased 50% over 2005/06 earnings due to an increased interest rate environment and a higher market value of City investments.

The following chart provides a comparison of expenses by function/program as a percentage of total expenditures for all governmental expenses. Police continues to pose the largest cost to the city. When combined with Fire under the Public Safety category, Police and Fire collectively represent 46.83% of total governmental expenses. This is a slight decline from the fiscal year 2005/06 percentage of 47.49% of total governmental expenses. Public Works became the second largest function in terms of cost, mostly due to depreciation costs related to infrastructure assets.



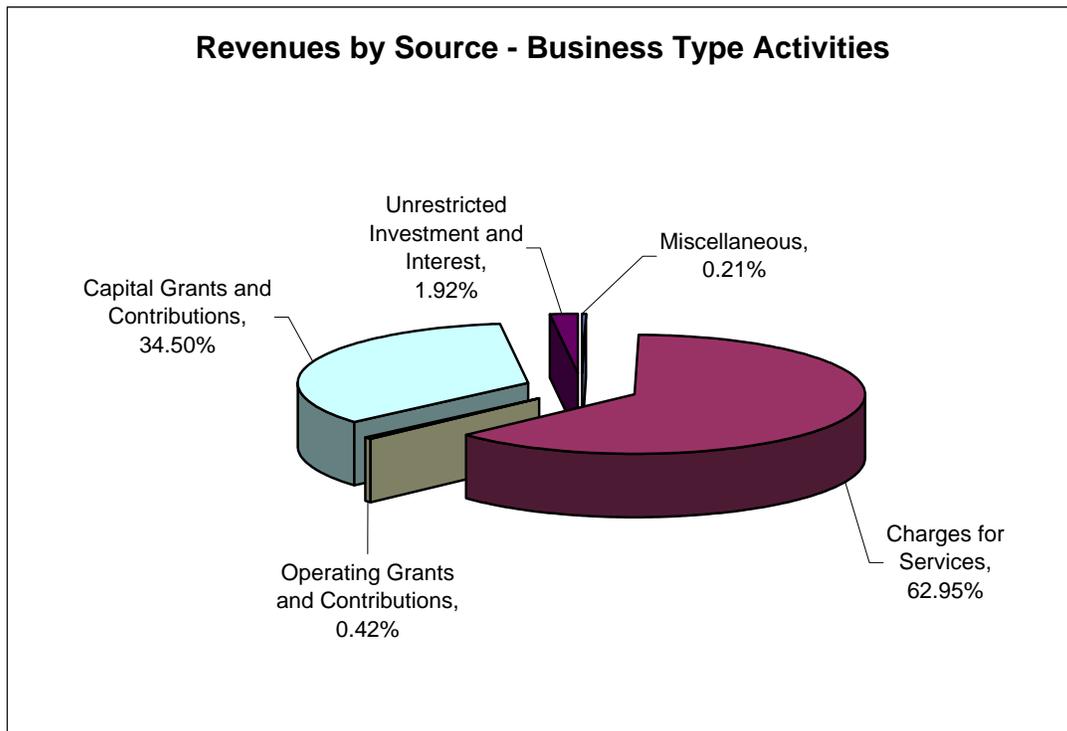
*Business-type Activities*

Business-type activities include sanitary sewer operations, a City-owned golf course, building permit operations, planning, and the dispatch center's operations. Total program revenues and expenses are \$74,056,604 and \$58,914,434, respectively, for business-type activities for the 2006/07 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 \$24,839,562. The remaining programs all experienced operating losses. The Dispatch Center experienced the largest operating loss at \$5,008,214. This five 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).

After breaking even last year, the Planning Fund incurred a loss in 2006/07 of \$2,129,739. Charges for services were down by 52.12%. Washoe County saw an overall decline in building during the fiscal year. While total permits issued for all categories declined by 25.8%, new residential permits was responsible for most of the decline at 55%. Not only was the Planning Fund adversely affected, the Building Permit Fund experienced a loss \$1,966,489. While overall charges for service declined 12.14%, operating expenses rose 8.72%. Services and supplies expense rose almost 17% due to outside consultant charges and costs related to the upcoming software conversion that will be finalized in FY 2007/08.



As expected, charges for services remain the major source of revenue for business-type activities. The percentage of total revenues for charges for services declined slightly from 68.48% in fiscal year 2005/06 to 62.95% in the 2006/07 fiscal year. In terms of dollars, charges for services increased by \$1.34 million, or 2.89%. Capital contributions from developers and connection charges increased from 28.13% of total revenues in fiscal year 2005/06 to 34.50% in the 2006/07 fiscal year.

The chart on the following page breaks out business-type expenses by category. Total business-type expenses saw an overall 5.62% increase over the prior year. Employee benefits continue to rise which is indicative of the nationwide trend of higher health care costs. The decline in services and supplies is partially due to the closure of Brookside Golf Course on October 1, 2006, which contributed to the Golf Course Fund's 11.89% reduction in overall operating expense. Excluding Golf Course operations, services and supplies expense across the other enterprise funds rose 4.76%.

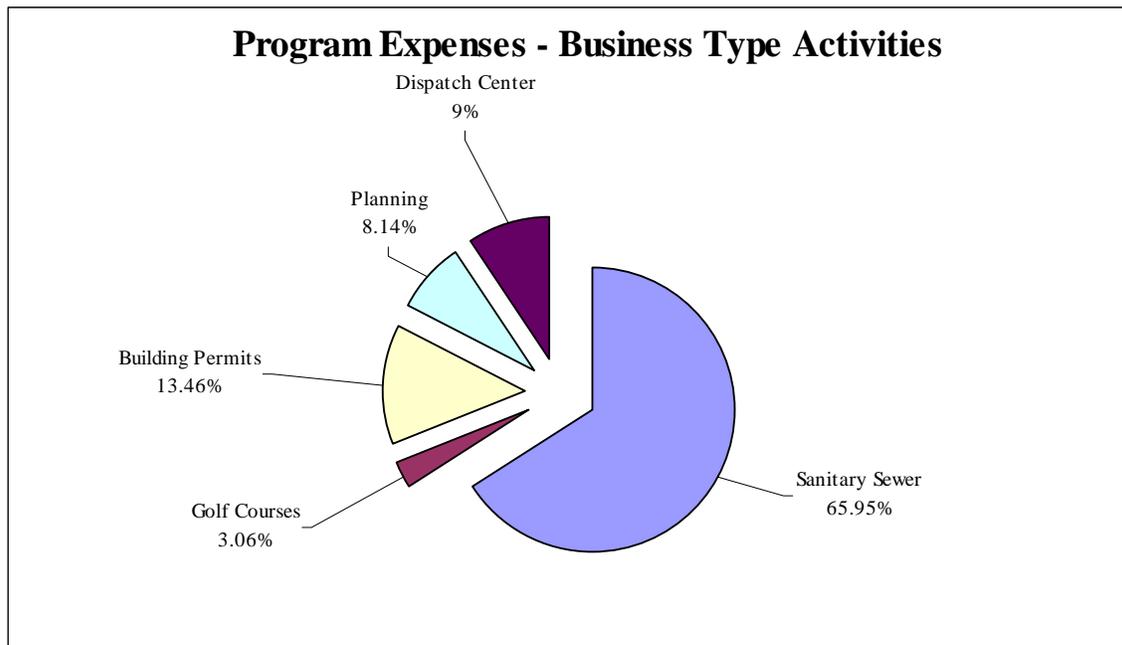
The decline in interest/fiscal costs is a result of the Sanitary Sewer Fund billing the City of Sparks for its share of the interest payable on \$46.5 million bonds used to expand the Truckee Meadows Water Reclamation Facility. This

became payable once the project was completed and the draws taken on the Clean Water State Revolving Loan Fund for the expansion project converted to bonds.

### Business-type Expenses by Type

	Business-type Activities		% Chg
	2007	2006	
Salaries and wages	\$ 13,207,276	\$ 12,329,931	7.1%
Employee Benefits	5,151,463	4,434,091	16.2%
Services and supplies	15,996,250	16,306,089	-1.9%
Depreciation	7,236,090	6,284,359	15.1%
Interest/issue costs	1,117,585	1,611,922	-30.7%
Loss relating to Joint Sewer Plant	16,205,770	14,815,042	9.4%
<b>Total</b>	<b>\$ 58,914,434</b>	<b>\$ 55,781,434</b>	<b>5.6%</b>

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



### Financial Analysis of the Government's Funds

The financial information presented thus far has focused on government-wide statements prepared using the full accrual method of accounting. As previously discussed, the focus of fund accounting is to measure inflows and 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 2006/07 results under this focus.

## Governmental Funds

The governmental funds of the City of Reno reflected a combined total assets and liabilities of \$163,851,466 and \$62,268,333, respectively. This resulted in a total combined fund balance of \$101,583,133. The unreserved portion of the combined fund balance amount was \$17,241,370. This represents a change of \$(9,593,687) from the prior reporting period, which reported a \$26,835,057 balance in unreserved fund balance. The decline occurred primarily in the capital project funds as only the funds with negative fund balances could not be reserved for ongoing capital projects in fiscal year 2006/07.

### *Major Governmental Funds*

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2007, the unreserved fund balance in the General Fund was \$13,488,334 and the total fund balance was \$15,396,160. 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 8.85% of total fund expenditures while total fund balance represents 10.11% of expenditures. This represents approximately one and a quarter months of expenditures.

The largest component of the governmental funds category for the 2006/07 fiscal year with respect to total assets, excluding the General Fund, is the Railroad Debt Service Fund. Assets total \$19,328,717 or 12.29% 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 \$13.55 million in SAD bonds outstanding. The primary repayment source is sales and room tax collections. The total fund balance for the Railroad Debt Service Fund is \$6,610,527.

Assets in the Downtown Events Center Capital Project Fund total \$17,484,391 or 10.67% of the total assets in the governmental funds and are comprised primarily of cash and investments which will be used to complete construction of 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 2006/07 is \$16,086,531. Construction of the ballroom will be completed in fiscal year 2008.

The Downtown 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 principal asset of the fund is deferred special assessment revenues which, as collected, will provide the funds needed to meet debt service requirements for \$7.24 million in SAD bonds outstanding. Cash and investments represent the bulk of the remaining assets. The primary repayment source has been room taxes (56.57% of total revenues). The total fund balance for this fund at June 30, 2007, was \$7,604,656.

Assets in the Railroad Capital Project Fund, which is comprised of the original trench project and the enhancement project (Phase II), total \$5,731,205 and are comprised primarily of funds due from the federal government. Liabilities for the fund total \$6,965,313, leaving a total fund balance at fiscal year-end 2006/07 of \$(1,234,108), primarily due to funding timing issues related to the Enhancement project. Short-term cash advances have been made to the Railroad Capital Project Fund until grant funds become available from the federal government based on an established funding schedule.

The Special Assessment Districts Debt Service Fund accumulates money for the payment of special assessment bonds, excluding those issued for the Downtown Events Center and Railroad projects, issued by the City. The total fund balance for this fund at fiscal year-end 2006/07 is \$2,920,199. There were no new externally financed special assessment bonds issued in fiscal year 2006/07.

## Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of \$391,068,975 and \$94,076,693, respectively. This resulted in a total net assets balance of \$296,992,282. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net assets declined to \$290,352,924, primarily due to significant increases in workers' compensation claims liability over the past five

years. Unrestricted net assets total \$44,115,342, after consolidation of internal service fund activity. Restricted net assets total \$1,682,273 and relate to revenue restricted for building permit operations.

### *Major Proprietary Funds*

The Sanitary Sewer Fund accounts for sewer services provided to Reno's citizens and some residents of Washoe County. Unrestricted net assets at the end of the 2006/07 fiscal year amounted to \$50,288,037. Total operating revenues rose 8.45%, while operating expenses increased 15.29%. The increase in revenues is primarily due to a 4% rate hike effective October 1, 2006. The rate increase is the second required by a rate restructuring program that commenced on October 1, 2005, when a 25% increase was implemented. This program was implemented to fund the rehabilitation of the City's aging sewer lines and interceptors, as well as to meet the debt service requirements on bonds issued to partially fund these projects. After accounting for the City's share of the net loss from the Truckee Meadows Water Reclamation Facility of \$2,881,096, the Sanitary Sewer Fund registered income before capital contributions and operating transfers of \$2,639,896.

The Building Permit Fund accounts for activities involved in issuing a building permit which authorizes the construction of a structure. Net assets at the end of 2006/07 amounted to \$2,244,474, which is a decline of 44.49% from fiscal year 2005/06. As mentioned previously, the decline in building permits issued by the City of Reno, particularly for new residential construction, resulted in an overall 12.14% reduction in charges for service. Combined with an 8.72% increase in operating expenses related to new software implementation and contracted services due to key vacancies, the fund experienced a net operating loss of \$1.6 million.

The Planning Fund accounts 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. This fund, which was created in fiscal year 2004/05, has been severely impacted by the stagnation in new construction. Operating revenues dropped by more than half, resulting in a net operating loss of \$2,047,273. This loss took the Planning Fund from a positive net asset balance of \$986,853 in fiscal year 2005/06 to a negative net asset balance of \$1,060,420 in fiscal year 2006/07. Senior management is closely monitoring the fund and is taking steps to reduce future losses should building growth continue to stagnate.

### **Budgetary Highlights for General Fund**

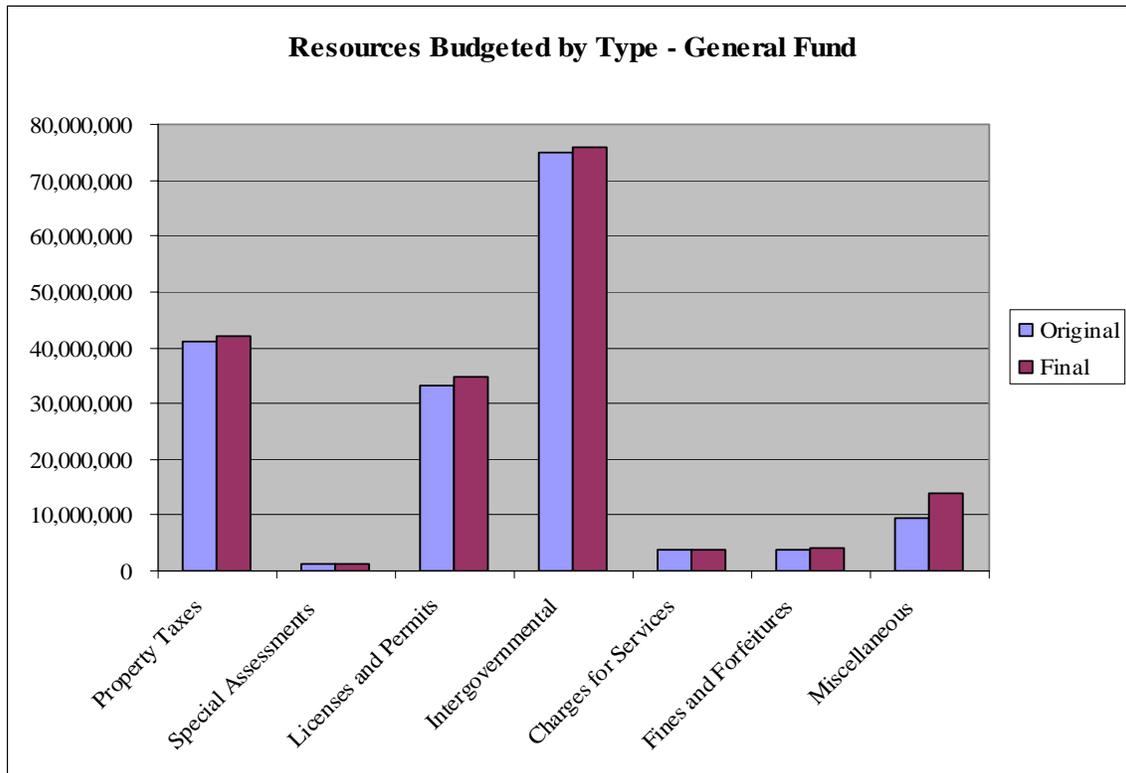
Functions represent the legal level of budgetary control. The final revised budget appropriation for the General Fund expenditures was \$154,430,436, excluding other financing uses, which is \$7,970,129 or 5.44% higher than the original budget of \$146,460,307. As shown in the following table, most of the governmental functions' fiscal year 2006/07 appropriations are substantially equivalent to their respective appropriations on a total budget percentage basis for fiscal year 2005/06. For the General Government function, the budget was increased because fiscal year 2006/07 was an election year and the State Legislature was in session. These two events generate additional costs for the City Clerk's Office and the City Manager Department, respectively. The Fire Department's budget as a percentage of total budget was increased to address higher salaries and employee benefits projections for the newly opened Somerset station. The increase in the Public Works budget is due to the funding of an additional building maintenance worker and higher utility costs. The decline in Debt Service reflects the final payment for the new financial system in fiscal year 2005/06. Intergovernmental declined as a percentage of budget primarily due to a \$1.25 million budgeted payment to the Worker's Compensation Internal Service Fund in fiscal year 2005/06 that was not included in the final budget for 2006/07.

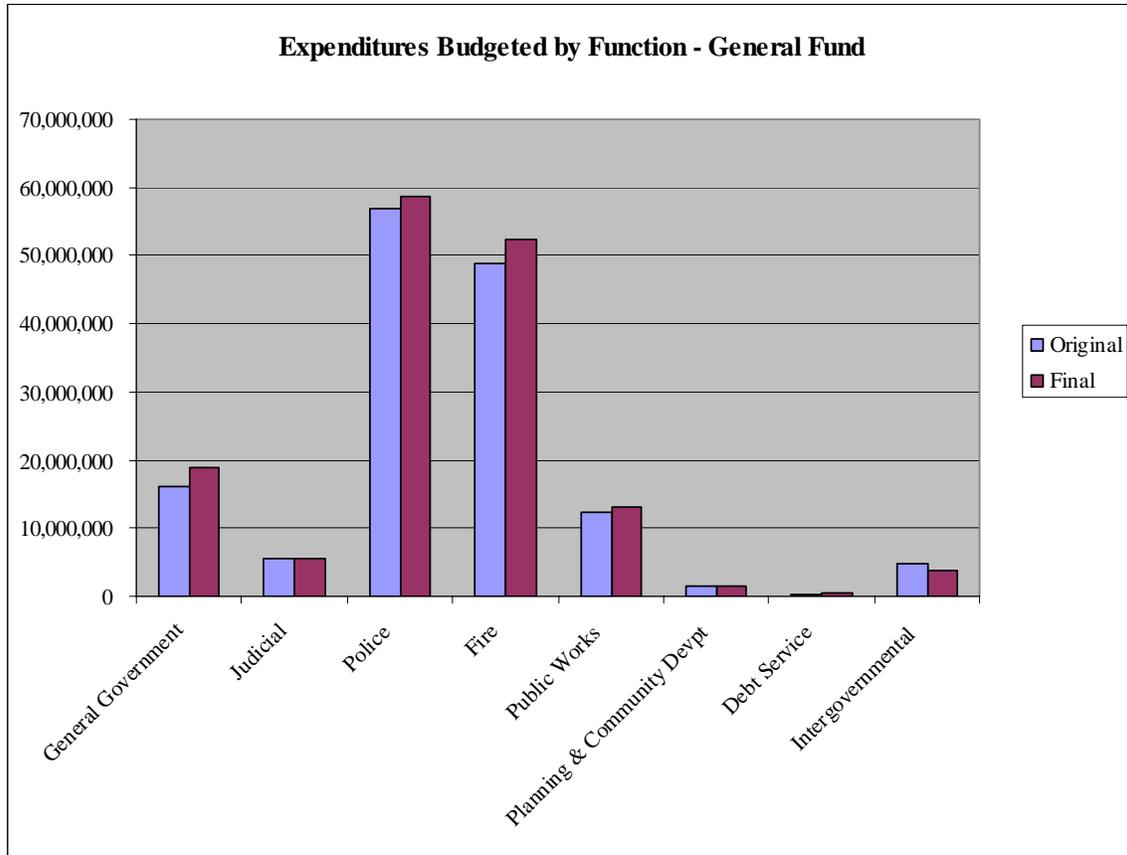
The City's recession plan implemented in fiscal year 2000/01 requires departments to refrain from spending 2% of their services and supplies budget less internal risk premiums. While not all departments were able to meet this mandate, various cost control efforts afforded enough savings in the budget to cover unanticipated costs that resulted in the General Fund's actual expenditures being 1.34% less than final budgeted expenditures for all expenditure categories combined.

### Final Expenditure Budget by Function – General Fund

	<u>2007</u>	<u>% of Total Budget</u>	<u>2006</u>	<u>% of Total Budget</u>
General Government	18,888,527	12.2%	16,653,215	11.6%
Judicial	5,571,091	3.6%	5,340,751	3.7%
Police	58,733,138	38.0%	54,587,610	38.1%
Fire	52,465,333	34.0%	47,132,180	32.9%
Public Works	13,167,022	8.5%	11,258,348	7.9%
Planning & Community Devpt	1,427,752	0.9%	1,286,251	0.9%
Debt Service	462,515	0.3%	1,118,666	0.8%
Intergovernmental	3,715,058	2.4%	5,845,418	4.1%
	154,430,436		143,222,439	

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 below, at June 30, 2007, the City of Reno had a net capital asset investment of \$1,240,399,749 in governmental and business-type activities. This represents an increase of 10.37% when compared to the prior year, and includes investment in land, buildings, improvements, machinery and equipment, infrastructure, and works of art. This figure is also net of accumulated depreciation totaling \$521,815,657.

Major capital investment activities for the 2006/07 fiscal year include:

- The addition of \$64.4 million in newly dedicated and constructed infrastructure assets, such as streets, traffic signals, and curb and gutter;
- The addition of \$13.2 million of sewer lines and storm drain assets dedicated to the City by developers;
- The addition of \$10 million in land, storm drains, and other infrastructure improvements related to the Summit Sierra retail center; and
- Almost \$12 million in enhancements related to the depressed railway project being reported in construction in progress pending the project's completion.

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	
	2007	2006*	2007	2006*	2007	2006
Land and water rights	137,658,850	\$112,996,542	12,329,511	\$9,121,588	\$149,988,361	\$122,118,130
Construction in progress	34,920,221	31,401,443	35,303,330	11,759,358	70,223,551	43,160,801
Buildings	146,668,633	126,473,144	9,419,027	9,773,820	156,087,660	136,246,964
Arts and historical treasures	1,777,631	981,804	-	-	1,777,631	981,804
Improvements other than buildings	260,358,923	261,899,457	190,024,055	181,786,557	450,382,978	443,686,014
Equip't & motor vehicles	18,936,051	18,557,856	416,335	354,083	19,352,386	18,911,939
Infrastructure	392,587,182	358,788,352	-	-	392,587,182	358,788,352
<b>Total</b>	<b>\$992,907,491</b>	<b>\$911,098,598</b>	<b>\$247,492,258</b>	<b>\$212,795,406</b>	<b>\$1,240,399,749</b>	<b>\$1,123,894,004</b>

\*Note: Totals for Governmental Activities for FY 2006 have been restated to reflect the following prior year adjustments: \$2,016,805 net decrease to Buildings to reflect the trade of the new St. Vincent's dining room building for the old location, \$86,457 net decrease to CIP due to an invoice input error and to expense maintenance-related items booked to CIP in error. Totals for Business-type Activities for FY 2006 have been restated to reflect the following prior year adjustments: \$322,271 net decrease to Improvements Other Than Buildings to expense maintenance-related items booked to CIP in error.

**Long-term Debt Activity**

Long-term debt outstanding at June 30, 2007 totaled \$554,021,563, a 4.98% increase when compared to the prior year. New bonds totaling \$14,295,000 were issued to assist in funding various projects, including the Virginia Street narrowing and construction of the ballroom facility. Repayment will come from lease revenues acquired as part of the depressed railroad trench project. The City issued \$10 million in bonds to the developer of the Summit Sierra retail center to acquire certain land, improvements, and infrastructure. The bonds will be repaid from incremental sales tax generated by the retail center.

In fiscal year 2006/07 the Redevelopment Agency underwent major debt restructuring. Series 2007A, 2007B, and 2007C bonds totaling \$20,690,000 were issued to refund the Series 1995A bonds and to defease the 1998A bonds until its call date of June 1, 2008. The restructuring allows the agency to lower its annual debt service requirements by extending the repayment period to the year 2027. This was made possible by the 2005 extension of the Agency's plan life through 2028.

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. As the draws are advanced, a like dollar amount of Sewer Bonds are issued to the State of Nevada. By June 30, 2007, all draws had been made and a total of \$73,133,162 in 2004 bonds was ultimately issued. As of June 30, 2007, the outstanding balance on the 2004 bonds is \$70,605,874.

During 2005/06, the City authorized the issuance of up to \$10,176,000 in new General Obligation (Additionally Secured by Pledged Revenues) Sewer Bonds. The City also applied for, and received, approval to borrow up to this same amount from the State of Nevada's Clean Water Revolving Loan Fund. Draws on the line are being used to fund the construction of the Lawton-Verdi sewer interceptor project. As of June 30, 2007, \$8,033,095 has been advanced.

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

As of June 30, 2007, the City of Reno had \$131,825,000 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 \$917,561,000 by \$796,703,000.

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	
	2007	2006*	2007	2006	2007	2006*
General obligation bonds	\$ 59,097,873	\$ 65,284,564	\$ -	\$ -	\$59,097,873	\$65,284,564
Special assessments	24,487,748	25,401,702	-	-	24,487,748	25,401,702
Pledged Revenues - Sales and Room taxes	326,438,132	327,383,383	-	-	326,438,132	327,383,383
Pledged Revenues - Other	32,995,522	9,346,135	70,605,874	26,280,717	103,601,396	35,626,852
Golf Course bonds	-	-	2,936,949	3,122,528	2,936,949	3,122,528
Notes payable	497,000	541,000	8,033,095	43,070,065	8,530,095	43,611,065
Capital leases	2,208,497	2,549,012	-	-	2,208,497	2,549,012
Compensated absences payable	24,687,316	22,771,692	2,033,557	1,989,435	26,720,873	24,761,127
Total	\$470,412,088	\$453,277,488	\$83,609,475	\$74,462,745	\$554,021,563	\$527,740,233

\*Note: Totals for 2006 for General Obligation Bonds and Pledged Revenues – Other Bonds were restated to correctly reflect the City's categorization for State reporting purposes.

**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. Despite the cap, the City of Reno is anticipating growth in property taxes in 2007/08 of 5.97%. The Redevelopment Agency was severely impacted by abatements granted in 2005/06, which primarily affected the downtown area. For 2007/08, the Redevelopment Agency is anticipating a 10.05% increase in property taxes collections, which allows a portion of the property tax to be used for upcoming RDA projects rather than being solely dedicated to debt service.
- Summit Sierra, a \$90 million retail project on approximately 660,000 square feet in southwest Reno, opened for business in March 2006, and continues to attract local residents who would previously shop outside of the Reno area, as well as residents located in other northern Nevada towns.
- Cabela's, touted as the world's foremost sportsmen's outfitter, is opening a store in Reno area in November of 2007 that will attract tourists from California and the Pacific Northwest, providing a large economic gain to the area. Cabela's is the first project to qualify for STAR bonds to finance the project.
- Palladio Project, a \$15 million, 13-story multi-use project containing approximately 19,000 sq. ft. including 87 condominiums, parking, and retail space located in the downtown, opened in April of 2007. Fifty units are currently occupied, and Starbucks occupies a portion of the retail space. This development is generating additional property tax base, as well as sales tax revenues related to the retail development.

- The City of Reno continues to work on various major projects, which will stimulate economic activity in the downtown area. These projects include:
  - ReTRAC Enhancement Project – a City/developer joint project to cover a three-block area of the depressed railroad spur that runs through the middle of downtown to create an additional public plaza.
  - 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, and is scheduled to open in February of 2008.
  - Family Assistance Center – an \$11.7 million facility to provide homeless families with community resources and temporary living quarters is currently under construction with an anticipated completion date of August 2008.
  - Enhancements to Community Assistance Center Campus – a project budget of \$1.5 million, excluding furnishings, has been established to add a single women’s shelter, a resource office, and a triage center to the first floor of the men’s drop-in center. The project should be completed by mid December 2007.
  - 10 North Virginia Plaza – a developer project to build a three-story office/retail/restaurant center that will also house the permanent office and rental center for the ice rink.
- Community Service Centers – three proposed public safety facilities located in south, north and central Reno that will improve delivery of services throughout the community.
- The City’s Redevelopment Agency continues to assist 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 consists of seven non-contiguous sub-areas totaling 1,171 acres. The 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. Projects in these areas will commence in fiscal year 2007/2008.
- A Pacific Coast League AAA Baseball complex is being planned for the downtown Reno area. The \$81 million project involving the Redevelopment Agency and a private developer is scheduled to begin in February of 2008 with a 2009 completion date. The project is expected to project \$135 million in one-time economic impact, with \$9.4 million in ongoing economic impacts. The project would also spur additional retail development in the downtown area, which would help to generate the sales tax increment to be used to repay the construction/development costs.
- The Redevelopment Agency is negotiating with the US Postal Service to purchase the historic downtown post office that will be renovated for retail and restaurant use. The project also includes a plaza that once built, will provide access to the Truckee River.
- Conversion of two former hotel/casino properties continues with the Belvedere, a 377-unit condominium complex, and the Montage with 388 residential units and retail space on the ground floor, scheduled to open in 2009. While the City lost future room tax revenues due to these conversions, the condominiums will generate property taxes revenues for the City to offset the lost room taxes.
- Renown Health is nearing completion on its \$365 million expansion project to add patient rooms, operating rooms, parking facilities and support facilities. This expansion, along with the recently completed expansion of the St. Mary’s Hospital, 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.
- In June of 2007 the unemployment rate in the Reno MSA was 4.4%, which compares favorably to the state and national unemployment rates of 4.6% and 4.5%, respectively. The Reno MSA unemployment is up slightly from 4.0% for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2006 and June 2007 was 2.9%.

## **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.

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**BASIC FINANCIAL STATEMENTS**  
**Government-Wide Financial Statements**

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**CITY OF RENO, NEVADA**

Statement of Net Assets  
June 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 117,870,661	\$ 3,873,920	\$ 121,744,581
Receivables:			
Accounts	2,270,041	6,154,159	8,424,200
Delinquent taxes	798,425	--	798,425
Special assessments	25,000,239	--	25,000,239
Long-term	1,143,812	11,454,694	12,598,506
Interest receivable	874,971	111,665	986,636
Due from other governments	21,533,464	1,149,012	22,682,476
Internal balances	6,834,358	(6,834,358)	--
Inventories	652,054	165,578	817,632
Prepaid items	523,377	241,133	764,510
Deposits, land	25,000	--	25,000
Other assets	13,004	--	13,004
Deferred charges	38,125,029	321,604	38,446,633
Restricted assets	--	23,897,722	23,897,722
Investment in Truckee Meadows Water Reclamation Facility	--	94,724,230	94,724,230
Delinquent accounts receivable	--	683,000	683,000
Capital assets, non-depreciable	172,579,071	47,632,841	220,211,912
Capital assets, depreciable (net of accumulated depreciation)	820,328,420	199,859,417	1,020,187,837
<b>TOTAL ASSETS</b>	<u>1,208,571,926</u>	<u>383,434,617</u>	<u>1,592,006,543</u>
<b>LIABILITIES</b>			
Accounts payable	3,006,260	827,232	3,833,492
Accrued salaries and benefits	6,347,447	416,958	6,764,405
Contracts and retained percentage payable	5,515,411	3,808,916	9,324,327
Accrued interest payable	1,906,138	14,007	1,920,145
Due to other governments	1,419,235	1,557,524	2,976,759
Other liabilities, including deposits	1,895,551	352,193	2,247,744
Unearned revenue	1,534,510	--	1,534,510
Liabilities payable from restricted assets	--	2,495,388	2,495,388
Noncurrent liabilities:			
Due within one year	29,458,278	4,878,611	34,336,889
Due in more than one year, net of bond premium and discount	498,092,881	78,730,864	576,823,745
<b>TOTAL LIABILITIES</b>	<u>549,175,711</u>	<u>93,081,693</u>	<u>642,257,404</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	594,629,978	244,555,309	839,185,287
Restricted for:			
Capital projects	21,395,472	--	21,395,472
Debt service	62,368,756	--	62,368,756
Streets	1,829,758	--	1,829,758
Claims	14,635,133	--	14,635,133
Other purposes	3,321,219	1,682,273	5,003,492
Unrestricted (deficit)	(38,784,101)	44,115,342	5,331,241
<b>TOTAL NET ASSETS</b>	<u>\$ 659,396,215</u>	<u>\$ 290,352,924</u>	<u>\$ 949,749,139</u>

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

**CITY OF RENO, NEVADA**

Statement of Activities  
For the Year Ended June 30, 2007

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT FUNCTIONS/PROGRAMS</b>				
Governmental Activities:				
General government	\$ 19,286,404	\$ 47,449,119	\$ 914,834	\$ --
Judicial	6,475,679	977,396	33,272	--
Police	62,732,422	530,007	2,482,956	80,167
Fire	55,584,964	14,752,792	86,125	378,585
Public works	56,874,750	2,471,881	189,895	91,801,460
Planning and community development	7,430,806	65,696	2,908,989	3,511,041
Culture and recreation	21,160,776	5,801,528	329,093	261,454
Urban redevelopment	2,795,011	808,059	--	772,154
Debt service:				
Interest and fiscal charges	20,320,737	--	--	--
<b>Total Governmental Activities</b>	<b>252,661,549</b>	<b>72,856,478</b>	<b>6,945,164</b>	<b>96,804,861</b>
Business-Type Activities:				
Sanitary sewer	38,851,817	37,289,453	295,375	26,106,551
Golf courses	1,802,658	1,209,708	--	--
Building permits	7,929,433	5,962,944	--	--
Planning	4,798,275	2,648,536	20,000	--
Dispatch center	5,532,251	524,037	--	--
<b>Total Business-type Activities</b>	<b>58,914,434</b>	<b>47,634,678</b>	<b>315,375</b>	<b>26,106,551</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 311,575,983</b>	<b>\$ 120,491,156</b>	<b>\$ 7,260,539</b>	<b>\$ 122,911,412</b>

**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, BEGINNING, AS RESTATED  
NET ASSETS, ENDING

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
\$ 29,077,549	\$ --	\$ 29,077,549
(5,465,011)	--	(5,465,011)
(59,639,292)	--	(59,639,292)
(40,367,462)	--	(40,367,462)
37,588,486	--	37,588,486
(945,080)	--	(945,080)
(14,768,701)	--	(14,768,701)
(1,214,798)	--	(1,214,798)
<u>(20,320,737)</u>	<u>--</u>	<u>(20,320,737)</u>
<u>(76,055,046)</u>	<u>--</u>	<u>(76,055,046)</u>
--	24,839,562	24,839,562
--	(592,950)	(592,950)
--	(1,966,489)	(1,966,489)
--	(2,129,739)	(2,129,739)
--	(5,008,214)	(5,008,214)
<u>--</u>	<u>15,142,170</u>	<u>15,142,170</u>
<u>(76,055,046)</u>	<u>15,142,170</u>	<u>(60,912,876)</u>
63,710,224	--	63,710,224
55,256,937	--	55,256,937
3,568,290	--	3,568,290
8,895,013	--	8,895,013
11,005,390	--	11,005,390
1,820,891	--	1,820,891
8,064,540	1,455,917	9,520,457
1,636,815	155,489	1,792,304
511,000	--	511,000
<u>(5,769,545)</u>	<u>5,769,545</u>	<u>--</u>
<u>148,699,555</u>	<u>7,380,951</u>	<u>156,080,506</u>
72,644,509	22,523,121	95,167,630
<u>586,751,706</u>	<u>267,829,803</u>	<u>854,581,509</u>
<u>\$ 659,396,215</u>	<u>\$ 290,352,924</u>	<u>\$ 949,749,139</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, 2007

	<u>General Fund</u>	<u>Railroad Debt Fund</u>	<u>Downtown Events Center Debt Fund</u>	<u>Special Assessment Districts Debt Fund</u>
<b>ASSETS</b>				
Cash and investments	\$ 11,557,141	\$ 4,611,626	\$ 6,251,563	\$ 2,586,315
Receivables:				
Accounts	403,884	2,403	--	48,052
Accrued interest	153,559	7,134	48,341	17,868
Delinquent taxes	582,219	--	--	--
Special assessments:				
Current	--	338,982	192,594	296,892
Delinquent	6,819	35	--	1,313
Deferred	--	12,707,722	7,015,509	4,440,373
Long-term	--	--	--	--
Due from other funds	--	--	--	--
Due from other governments	11,170,034	1,660,815	1,115,228	2,358
Advances to other funds	209,400	--	--	--
Inventories	411,082	--	--	--
Prepaid items	80,620	--	--	543
Deposits, land	--	--	--	--
Other assets	13,004	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 24,587,762</u>	<u>\$ 19,328,717</u>	<u>\$ 14,623,235</u>	<u>\$ 7,393,714</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,323,844	\$ 479	\$ 3,070	\$ 17,804
Accrued salaries and benefits	5,900,891	--	--	--
Contracts and retained percentage payable	16,604	--	--	--
Accrued interest payable	--	--	--	--
Due to other funds	--	--	--	--
Due to other governments	3,607	--	--	882
Other liabilities, including deposits	1,276,227	9,989	--	14,456
Advances from other funds	--	--	--	--
Deferred taxes	501,572	--	--	--
Deferred revenue	168,857	12,707,722	7,015,509	4,440,373
<b>TOTAL LIABILITIES</b>	<u>9,191,602</u>	<u>12,718,190</u>	<u>7,018,579</u>	<u>4,473,515</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	902,420	--	--	--
Inventories	411,082	--	--	--
Receivables	--	--	--	--
Prepaid items	80,620	--	--	543
Capital projects	--	--	--	--
Technology acquisition	333,152	--	--	--
Park capital outlay	--	--	--	--
Future signalization	--	--	--	--
Debt service	--	6,610,527	7,604,656	2,919,656
Court assessments	--	--	--	--
Court collections	--	--	--	--
Other purposes	180,552	--	--	--
Unreserved, reported in:				
General fund	13,488,334	--	--	--
Special revenue funds	--	--	--	--
Capital projects funds	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<u>15,396,160</u>	<u>6,610,527</u>	<u>7,604,656</u>	<u>2,920,199</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 24,587,762</u>	<u>\$ 19,328,717</u>	<u>\$ 14,623,235</u>	<u>\$ 7,393,714</u>

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

Railroad Capital Project Fund	Downtown Events Center Capital Project Fund	Other Governmental Funds	Total
\$ 720,574	\$ 11,483,074	\$ 56,281,685	\$ 93,491,978
356,318	--	1,441,973	2,252,630
24,475	111,317	358,416	721,110
--	--	216,206	798,425
--	--	--	828,468
--	--	--	8,167
--	--	--	24,163,604
--	--	1,305,472	1,305,472
--	5,890,000	5,581,002	11,471,002
4,629,838	--	2,883,382	21,461,655
--	--	--	209,400
--	--	89,306	500,388
--	--	--	81,163
--	--	25,000	25,000
--	--	--	13,004
<u>\$ 5,731,205</u>	<u>\$ 17,484,391</u>	<u>\$ 68,182,442</u>	<u>\$ 157,331,466</u>
\$ 72,886	\$ 45,228	\$ 1,290,935	\$ 2,754,246
1,322	--	361,625	6,263,838
989,562	1,348,838	3,160,407	5,515,411
11,543	3,794	2,352	17,689
5,890,000	--	5,386,002	11,276,002
--	--	1,414,746	1,419,235
--	--	594,879	1,895,551
--	--	209,400	209,400
--	--	190,456	692,028
--	--	1,372,472	25,704,933
<u>6,965,313</u>	<u>1,397,860</u>	<u>13,983,274</u>	<u>55,748,333</u>
--	15,653,707	4,814,510	21,370,637
--	--	89,306	500,388
--	--	13,561	13,561
--	--	--	81,163
--	432,824	23,541,105	23,973,929
--	--	--	333,152
--	--	7,236,665	7,236,665
--	--	494,044	494,044
--	--	10,966,838	28,101,677
--	--	1,177,911	1,177,911
--	--	139,737	139,737
--	--	738,347	918,899
--	--	--	13,488,334
--	--	7,493,718	7,493,718
(1,234,108)	--	(2,506,574)	(3,740,682)
<u>(1,234,108)</u>	<u>16,086,531</u>	<u>54,199,168</u>	<u>101,583,133</u>
<u>\$ 5,731,205</u>	<u>\$ 17,484,391</u>	<u>\$ 68,182,442</u>	<u>\$ 157,331,466</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, 2007

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 101,583,133
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	982,221,108
Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	38,125,029
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	(472,206,233)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds	24,862,451
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>(15,189,273)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	<u>\$ 659,396,215</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, 2007

	General Fund	Railroad Debt Service Fund	Downtown Events Center Debt Fund	Special Assessment Districts Debt Fund
<b>REVENUES</b>				
Taxes	\$ 44,438,035	\$ 1,074,435	\$ 6,285,726	\$ --
Special assessments	1,473,201	316,415	127,800	783,601
Fees, licenses, and permits	35,874,449	--	--	--
Intergovernmental	73,467,738	8,895,013	--	--
Grants and contributions	1,551,480	--	--	--
Charges for services	4,041,548	--	--	--
Fines and forfeitures	4,347,193	--	--	--
Miscellaneous	11,925,159	1,250,653	847,658	423,718
<b>TOTAL REVENUES</b>	<b>177,118,803</b>	<b>11,536,516</b>	<b>7,261,184</b>	<b>1,207,319</b>
<b>EXPENDITURES</b>				
Current:				
General government	17,009,468	--	--	--
Judicial	5,551,760	--	--	--
Public safety - Police	59,087,045	--	--	--
Public safety - Fire	52,458,590	--	--	--
Public works	12,449,948	--	--	--
Planning and community development	1,436,189	--	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Intergovernmental	3,872,818	--	--	--
Capital outlay	--	--	--	--
Debt service:				
Principal	340,514	1,080,000	545,000	298,344
Interest	122,001	8,698,377	5,371,827	179,261
Bond issue costs	--	117,417	--	--
Fiscal charges	--	401,565	233,834	151,164
<b>TOTAL EXPENDITURES</b>	<b>152,328,333</b>	<b>10,297,359</b>	<b>6,150,661</b>	<b>628,769</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,790,470	1,239,157	1,110,523	578,550
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	--	--	--	--
Refunding bonds issued	--	--	--	--
Premium on bonds issued	--	--	--	--
Discounts on bonds issued	--	--	--	--
Payment to refunded debt escrow agent	--	--	--	--
Sale of capital assets	36,204	--	--	--
Transfers from other funds	3,176,711	--	--	--
Transfers to other funds	(29,255,340)	--	(681,525)	(21,370)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(26,042,425)</b>	<b>--</b>	<b>(681,525)</b>	<b>(21,370)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,251,955)</b>	<b>1,239,157</b>	<b>428,998</b>	<b>557,180</b>
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<b>16,648,115</b>	<b>5,371,370</b>	<b>7,175,658</b>	<b>2,363,019</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 15,396,160</b>	<b>\$ 6,610,527</b>	<b>\$ 7,604,656</b>	<b>\$ 2,920,199</b>

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

Railroad Capital Project Fund	Downtown Events Center Capital Projects Fund	Other Governmental Funds	Total
\$ --	\$ --	\$ 22,848,052	\$ 74,646,248
--	--	--	2,701,017
--	--	101,470	35,975,919
10,044,664	--	5,447,441	97,854,856
--	--	9,685,619	11,237,099
--	--	3,917,246	7,958,794
--	--	176,971	4,524,164
1,410,618	716,249	7,840,926	24,414,981
11,455,282	716,249	50,017,725	259,313,078
--	--	768,189	17,777,657
--	--	93,671	5,645,431
--	--	--	59,087,045
--	--	--	52,458,590
403,544	30,498	8,615,507	21,499,497
--	--	5,648,409	7,084,598
--	--	17,305,789	17,305,789
--	--	2,288,753	2,288,753
--	--	--	3,872,818
12,519,433	6,081,023	29,177,324	47,777,780
--	--	7,227,008	9,490,866
--	--	3,978,708	18,350,174
--	--	936,580	1,053,997
--	--	23,288	809,851
12,922,977	6,111,521	76,063,226	264,502,846
(1,467,695)	(5,395,272)	(26,045,501)	(5,189,768)
--	--	24,295,000	24,295,000
--	--	20,690,000	20,690,000
--	--	48,040	48,040
--	--	(32,106)	(32,106)
--	--	(20,405,473)	(20,405,473)
76,836	--	326,554	439,594
--	3,507,884	34,214,960	40,899,555
--	--	(22,169,856)	(52,128,091)
76,836	3,507,884	36,967,119	13,806,519
(1,390,859)	(1,887,388)	10,921,618	8,616,751
156,751	17,973,919	43,277,550	92,966,382
\$ (1,234,108)	\$ 16,086,531	\$ 54,199,168	\$ 101,583,133

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, 2007

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES	\$ 8,616,751
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.	8,442,176
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase Net Assets.	(1,532,737)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.	74,175,139
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.	(14,499,980)
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	(2,428,876)
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>(127,964)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 72,644,509</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 41,140,416	\$ 42,140,416	\$ 44,438,035	\$ 2,297,619
Special assessments	1,210,000	1,343,540	1,473,201	129,661
Licenses and permits:				
Business licenses and permits:				
Business licenses	12,595,000	12,870,626	13,868,589	997,963
City gaming licenses	2,678,000	2,460,000	2,548,837	88,837
Liquor licenses	1,185,000	1,110,000	1,180,837	70,837
Non-business licenses and permits	60,000	62,300	61,100	(1,200)
Franchises:				
Electricity	5,359,992	5,850,000	5,733,862	(116,138)
Telephone	3,600,000	3,600,000	3,649,048	49,048
Natural gas	1,957,000	2,500,000	2,458,676	(41,324)
Sanitation	1,930,000	2,030,000	1,974,410	(55,590)
Water	1,000,000	985,000	1,007,879	22,879
Sewer	1,168,000	1,345,000	1,504,931	159,931
Cable television	1,596,000	1,877,284	1,886,280	8,996
Total licenses and permits	<u>33,128,992</u>	<u>34,690,210</u>	<u>35,874,449</u>	<u>1,184,239</u>
Intergovernmental:				
Federal grants	550,000	1,564,375	1,233,480	(330,895)
State grants				
State shared revenues	56,074,000	55,874,000	55,256,937	(617,063)
County shared revenues:				
County gaming licenses	2,163,000	1,965,000	1,820,891	(144,109)
AB 104	3,500,000	3,600,000	3,568,290	(31,710)
Fire consolidated payment	12,804,051	12,804,051	12,805,620	1,569
Other	--	--	16,000	16,000
Total intergovernmental	<u>75,091,051</u>	<u>75,807,426</u>	<u>74,701,218</u>	<u>(1,106,208)</u>
Charges for services:				
General government:				
Administration fees	965,000	1,215,000	1,212,170	(2,830)
TMWA contract payment	357,038	357,038	353,552	(3,486)
Other	1,000	100	97	(3)
Judicial:				
Municipal court charges	225,000	270,000	249,668	(20,332)

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services:				
Public safety:				
Police service charges	\$ 230,000	\$ 280,000	\$ 295,818	\$ 15,818
Work permits	100,000	60,000	82,507	22,507
Fire service charges	455,000	337,000	346,800	9,800
Public works:				
Engineering fees	812,175	800,000	848,456	48,456
Parking receipts	633,800	591,000	623,390	32,390
Other	22,500	30,750	29,090	(1,660)
Total charges for services	<u>3,801,513</u>	<u>3,940,888</u>	<u>4,041,548</u>	<u>100,660</u>
Fines and forfeits:				
Municipal court fines	3,245,650	3,273,000	3,544,652	271,652
Municipal court forfeitures	113,400	170,000	172,888	2,888
Delinquent license penalties	400,000	600,000	629,653	29,653
Fines and forfeitures, other	4,000	4,000	--	(4,000)
Total fines and forfeits	<u>3,763,050</u>	<u>4,047,000</u>	<u>4,347,193</u>	<u>300,193</u>
Contributions:				
Contributed capital, other	--	--	318,000	318,000
Miscellaneous:				
Investment earnings	300,000	500,000	598,955	98,955
Rent and royalties	--	--	115	115
Reimbursement and restitution	8,910,553	12,439,410	10,250,005	(2,189,405)
Private grants	--	921,353	868,216	(53,137)
Other	307,500	200,000	207,868	7,868
Total miscellaneous	<u>9,518,053</u>	<u>14,060,763</u>	<u>11,925,159</u>	<u>(2,135,604)</u>
<b>TOTAL REVENUES</b>	<u>167,653,075</u>	<u>176,030,243</u>	<u>177,118,803</u>	<u>1,088,560</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
City Council:				
Salaries and wages	357,543	357,543	389,190	(31,647)
Employee benefits	252,066	245,443	251,299	(5,856)
Services and supplies	668,611	668,611	519,421	149,190
Subtotal	<u>1,278,220</u>	<u>1,271,597</u>	<u>1,159,910</u>	<u>111,687</u>
City Clerk:				
Salaries and wages	554,122	677,524	675,069	2,455
Employee benefits	258,291	241,344	240,549	795
Services and supplies	552,852	675,352	584,366	90,986
Subtotal	<u>1,365,265</u>	<u>1,594,220</u>	<u>1,499,984</u>	<u>94,236</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
City Manager:				
Salaries and wages	\$ 2,283,020	\$ 2,439,855	\$ 2,435,017	\$ 4,838
Employee benefits	921,616	996,810	993,022	3,788
Services and supplies	2,135,368	3,965,336	2,942,295	1,023,041
Subtotal	<u>5,340,004</u>	<u>7,402,001</u>	<u>6,370,334</u>	<u>1,031,667</u>
Finance:				
Salaries and wages	1,474,067	1,488,980	1,458,525	30,455
Employee benefits	653,865	627,022	595,189	31,833
Services and supplies	226,736	469,425	405,332	64,093
Subtotal	<u>2,354,668</u>	<u>2,585,427</u>	<u>2,459,046</u>	<u>126,381</u>
City Attorney:				
Salaries and wages	2,566,660	2,611,651	2,435,239	176,412
Employee benefits	988,359	985,134	946,259	38,875
Services and supplies	439,723	455,561	432,399	23,162
Subtotal	<u>3,994,742</u>	<u>4,052,346</u>	<u>3,813,897</u>	<u>238,449</u>
Human Resources:				
Salaries and wages	801,828	828,762	807,233	21,529
Employee benefits	359,078	378,777	348,233	30,544
Services and supplies	215,841	415,841	206,527	209,314
Subtotal	<u>1,376,747</u>	<u>1,623,380</u>	<u>1,361,993</u>	<u>261,387</u>
Civil Service Commission:				
Salaries and wages	174,373	177,938	176,432	1,506
Employee benefits	79,636	77,480	77,729	(249)
Services and supplies	104,138	104,138	90,143	13,995
Subtotal	<u>358,147</u>	<u>359,556</u>	<u>344,304</u>	<u>15,252</u>
General government summary:				
Salaries and wages	8,211,613	8,582,253	8,376,705	205,548
Employee benefits	3,512,911	3,552,010	3,452,280	99,730
Services and supplies	4,343,269	6,754,264	5,180,483	1,573,781
Total General government	<u>16,067,793</u>	<u>18,888,527</u>	<u>17,009,468</u>	<u>1,879,059</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Judicial:				
Salaries and wages	\$ 3,281,023	\$ 3,270,935	\$ 3,325,709	\$ (54,774)
Employee benefits	1,393,092	1,457,320	1,467,828	(10,508)
Services and supplies	807,338	842,836	758,223	84,613
Total Judicial	<u>5,481,453</u>	<u>5,571,091</u>	<u>5,551,760</u>	<u>19,331</u>
Public safety:				
Police department:				
Salaries and wages	36,124,727	36,207,833	36,516,637	(308,804)
Employee benefits	15,811,929	16,365,441	16,403,329	(37,888)
Services and supplies	4,895,481	6,159,864	6,114,361	45,503
Capital outlay	--	--	52,718	(52,718)
Subtotal	<u>56,832,137</u>	<u>58,733,138</u>	<u>59,087,045</u>	<u>(353,907)</u>
Fire department:				
Salaries and wages	31,681,251	32,989,888	32,937,954	51,934
Employee benefits	13,921,808	14,036,911	14,263,895	(26,984)
Services and supplies	3,117,523	4,316,833	4,363,353	(46,520)
Capital outlay	250,000	1,121,701	893,388	228,313
Subtotal	<u>48,970,582</u>	<u>52,465,333</u>	<u>52,458,590</u>	<u>6,743</u>
Total Public safety summary:				
Salaries and wages	67,805,978	69,197,721	69,454,591	(256,870)
Employee benefits	29,733,737	30,402,352	30,667,224	(264,872)
Services and supplies	8,013,004	10,476,697	10,477,714	(1,017)
Capital outlay	250,000	1,121,701	946,106	175,595
Total Public safety	<u>105,802,719</u>	<u>111,198,471</u>	<u>111,545,635</u>	<u>(347,164)</u>
Public works:				
Salaries and wages	5,095,677	5,130,969	4,771,583	359,386
Employee benefits	2,226,865	2,003,954	1,997,886	6,068
Services and supplies	5,111,482	6,032,099	5,680,479	351,620
Total Public works:	<u>12,434,024</u>	<u>13,167,022</u>	<u>12,449,948</u>	<u>717,074</u>
Planning and community development:				
Salaries and wages	799,195	808,595	810,139	(1,544)
Employee benefits	328,891	306,861	329,889	(23,028)
Services and supplies	319,966	312,296	296,161	16,135
Total Planning and community development	<u>1,448,052</u>	<u>1,427,752</u>	<u>1,436,189</u>	<u>(8,437)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Intergovernmental:				
Retired Employees Trust	\$ 2,700,000	\$ 2,760,000	\$ 3,013,329	\$ (253,329)
Miscellaneous	2,171,625	955,058	859,489	95,569
Total Intergovernmental	4,871,625	3,715,058	3,872,818	(157,760)
DEBT SERVICE				
Principal	267,234	340,514	340,514	--
Interest	87,407	122,001	122,001	--
Total Debt Service	354,641	462,515	462,515	--
TOTAL EXPENDITURES	146,460,307	154,430,436	152,328,333	2,102,103
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,192,768	21,599,807	24,790,470	3,190,663
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	23,110	36,204	13,094
Transfers from other funds	2,063,998	3,189,136	3,176,711	(12,425)
Transfers to other funds	(27,847,610)	(29,142,983)	(29,255,340)	(112,357)
TOTAL OTHER FINANCING SOURCES (USES)	(25,783,612)	(25,930,737)	(26,042,425)	(111,688)
NET CHANGES IN FUND BALANCES	(4,590,844)	(4,330,930)	(1,251,955)	3,078,975
CONTINGENCY	(2,458,258)	(240,000)	--	240,000
FUND BALANCES, BEGINNING, AS RESTATED	15,755,225	16,591,915	16,648,115	56,200
FUND BALANCES, ENDING	\$ 8,706,123	\$ 12,020,985	\$ 15,396,160	\$ 3,375,175

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

# CITY OF RENO, NEVADA

## Statement of Fund Net Assets Proprietary Funds June 30, 2007

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Sanitary Sewer Fund	Planning Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$ 396,960	\$ 7,287	\$1,746,532	\$ 1,723,141	\$ 3,873,920	\$ 24,378,683
Receivables:						
Accounts receivable	6,152,097	--	2,062	--	6,154,159	17,411
Accrued Interest	88,704	--	16,673	6,288	111,665	153,861
Due from other funds	--	--	800,000	--	800,000	--
Due from other governments	970,824	--	--	178,188	1,149,012	71,809
Inventories	59,537	--	7,763	98,278	165,578	151,666
Prepaid expenses	--	--	--	241,133	241,133	442,214
Restricted assets:						
Cash and investments	21,730,458	--	--	--	21,730,458	--
Accrued interest receivable	184,458	--	--	--	184,458	--
Accounts receivable	407,967	--	--	--	407,967	--
Due from other governments	1,574,839	--	--	--	1,574,839	--
Total Restricted Assets	<u>23,897,722</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>23,897,722</u>	<u>--</u>
Total Current Assets	<u>31,565,844</u>	<u>7,287</u>	<u>2,573,030</u>	<u>2,247,028</u>	<u>36,393,189</u>	<u>25,215,644</u>
Noncurrent Assets:						
Delinquent accounts receivable	683,000	--	--	--	683,000	--
Long-term notes receivable	11,454,694	--	--	--	11,454,694	--
Deferred charges	162,163	--	--	159,441	321,604	--
Investment in Truckee Meadows Water Reclamation Facility	94,724,230	--	--	--	94,724,230	--
Capital assets:						
Land	7,727,157	--	107,317	2,725,000	10,559,474	--
Water rights	1,770,037	--	--	--	1,770,037	--
Buildings	12,357,401	--	--	1,153,242	13,510,643	--
Improvements other than buildings	250,908,430	--	591,534	7,196,726	258,696,690	--
Machinery and equipment	1,146,340	--	45,205	456,084	1,647,629	25,269,532
Construction in progress	35,303,330	--	--	--	35,303,330	--
Total Capital assets	<u>309,212,695</u>	<u>--</u>	<u>744,056</u>	<u>11,531,052</u>	<u>321,487,803</u>	<u>25,269,532</u>
Less accumulated depreciation	<u>(68,785,782)</u>	<u>--</u>	<u>(181,855)</u>	<u>(5,027,908)</u>	<u>(73,995,545)</u>	<u>(14,237,229)</u>
Net Capital assets	<u>240,426,913</u>	<u>--</u>	<u>562,201</u>	<u>6,503,144</u>	<u>247,492,258</u>	<u>11,032,303</u>
Total Noncurrent Assets	<u>347,451,000</u>	<u>--</u>	<u>562,201</u>	<u>6,662,585</u>	<u>354,675,786</u>	<u>11,032,303</u>
<b>TOTAL ASSETS</b>	<u><u>379,016,844</u></u>	<u><u>7,287</u></u>	<u><u>3,135,231</u></u>	<u><u>8,909,613</u></u>	<u><u>391,068,975</u></u>	<u><u>36,247,947</u></u>

continued

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

# CITY OF RENO, NEVADA

## Statement of Fund Net Assets (continued) Proprietary Funds June 30, 2007

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Sanitary Sewer Fund	Planning Fund	Building Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	734,313	17,250	44,753	30,916	827,232	252,014
Accrued salaries and benefits	141,734	28,916	118,746	127,562	416,958	83,609
Contracts and retained percentage payable	3,687,854	93,651	27,411	--	3,808,916	--
Accrued interest payable	12,546	--	--	1,461	14,007	--
Accrued liabilities, other	--	--	--	--	--	--
Compensated absences payable	432,546	127,629	419,537	344,799	1,324,511	235,716
Due to other funds	--	800,000	--	195,000	995,000	--
Due to other governments	1,557,263	261	--	--	1,557,524	--
Deposits and other liabilities	340,903	--	--	11,290	352,193	--
Bonds payable	3,359,100	--	--	195,000	3,554,100	--
Liability for self-insurance	--	--	--	--	--	6,948,394
<b>Total Current Liabilities (payable from current assets)</b>	<b>10,266,259</b>	<b>1,067,707</b>	<b>610,447</b>	<b>906,028</b>	<b>12,850,441</b>	<b>7,519,733</b>
Current liabilities (payable from restricted assets):						
Accounts payable	127,121	--	--	--	127,121	--
Contracts and retained percentage payable	2,356,949	--	--	--	2,356,949	--
Accrued interest payable	9,318	--	--	--	9,318	--
Due to other governments	--	--	--	--	--	--
Deferred revenue	2,000	--	--	--	2,000	--
<b>Total Current Liabilities (payable from restricted assets)</b>	<b>2,495,388</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2,495,388</b>	<b>--</b>
<b>Total Current Liabilities</b>	<b>12,761,647</b>	<b>1,067,707</b>	<b>610,447</b>	<b>906,028</b>	<b>15,345,829</b>	<b>7,519,733</b>
Noncurrent Liabilities:						
Compensated absences payable	260,378	--	280,310	168,358	709,046	20,248
Bonds payable	75,279,869	--	--	2,741,949	78,021,818	--
Liability for self-insurance	--	--	--	--	--	50,190,677
<b>Total Noncurrent Liabilities</b>	<b>75,540,247</b>	<b>--</b>	<b>280,310</b>	<b>2,910,307</b>	<b>78,730,864</b>	<b>50,210,925</b>
<b>TOTAL LIABILITIES</b>	<b>88,301,894</b>	<b>1,067,707</b>	<b>890,757</b>	<b>3,816,335</b>	<b>94,076,693</b>	<b>57,730,658</b>
<b>NET ASSETS</b>						
Invested in capital, net of related debt	240,426,913	--	562,201	3,566,195	244,555,309	11,032,303
Restricted for:						
Capital projects	--	--	--	--	--	--
Claims	--	--	--	--	--	14,635,133
Other programs	--	--	--	--	--	--
Building permit operations	--	--	1,682,273	--	1,682,273	--
Unrestricted (deficit)	50,288,037	(1,060,420)	--	1,527,083	50,754,700	(47,150,147)
<b>TOTAL NET ASSETS</b>	<b>\$ 290,714,950</b>	<b>\$ (1,060,420)</b>	<b>\$ 2,244,474</b>	<b>\$ 5,093,278</b>	<b>296,992,282</b>	<b>\$ (21,482,711)</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(6,639,358)	
Net assets of business-type activities (page 21)					<u>\$ 290,352,924</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, 2007

	Business-Type Activities - Enterprise Funds				Governmental	
	Sanitary	Planning	Building	Nonmajor	Total	
	Sewer Fund	Fund	Permit Fund	Enterprise Funds	Enterprise Fund	
					Internal Service Funds	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 35,916,389	\$ 2,648,298	\$ 5,960,916	\$ 1,731,860	\$ 46,257,463	\$ 26,341,612
Licenses and permits	123,300	--	--	--	123,300	--
Fines and forfeitures	1,365,411	--	--	--	1,365,411	--
Miscellaneous	174,117	363	14,707	10,248	199,435	1,341,865
<b>TOTAL OPERATING REVENUES</b>	<b>37,579,217</b>	<b>2,648,661</b>	<b>5,975,623</b>	<b>1,742,108</b>	<b>47,945,609</b>	<b>27,683,477</b>
<b>OPERATING EXPENSES</b>						
Salaries and wages	4,415,908	1,114,284	3,755,779	3,997,819	13,283,790	2,681,313
Employee benefits	1,823,368	428,537	1,541,637	1,450,504	5,244,046	1,113,832
Services and supplies	8,374,711	3,187,248	2,383,081	1,349,349	15,294,389	28,492,354
Joint Sewer plant	13,324,674	--	--	--	13,324,674	--
Depreciation	6,911,502	--	20,988	303,600	7,236,090	3,220,146
<b>TOTAL OPERATING EXPENSES</b>	<b>34,850,163</b>	<b>4,730,069</b>	<b>7,701,485</b>	<b>7,101,272</b>	<b>54,382,989</b>	<b>35,507,645</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,729,054</b>	<b>(2,081,408)</b>	<b>(1,725,862)</b>	<b>(5,359,164)</b>	<b>(6,437,380)</b>	<b>(7,824,168)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Private grants	295,375	20,000	--	--	315,375	--
Federal grants	2,376,971	--	--	--	2,376,971	--
Investment earnings	1,268,263	14,135	125,564	47,955	1,455,917	1,197,391
Debt service - interest	(998,722)	--	--	(109,430)	(1,108,152)	--
Debt service - fiscal charges	(4,267)	--	--	(5,166)	(9,433)	--
Gain (loss) on asset disposal	(145,682)	--	--	(5,384)	(151,066)	441,296
Net loss from Truckee Meadows Water Reclamation Facility	(2,881,096)	--	--	--	(2,881,096)	--
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(89,158)</b>	<b>34,135</b>	<b>125,564</b>	<b>(72,025)</b>	<b>(1,484)</b>	<b>1,638,687</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>2,639,896</b>	<b>(2,047,273)</b>	<b>(1,600,298)</b>	<b>(5,431,189)</b>	<b>(6,438,864)</b>	<b>(6,185,481)</b>
<b>CAPITAL CONTRIBUTIONS</b>						
Connection charges	10,543,828	--	--	--	10,543,828	--
Contribution of assets	13,185,752	--	--	--	13,185,752	407,306
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>23,729,580</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>23,729,580</b>	<b>407,306</b>
<b>TRANSFERS</b>						
Transfers in	--	--	--	6,615,208	6,615,208	6,266,276
Transfers out	(604,277)	--	(30,000)	(150,000)	(784,277)	(868,671)
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>(604,277)</b>	<b>--</b>	<b>(30,000)</b>	<b>6,465,208</b>	<b>5,830,931</b>	<b>5,397,605</b>
<b>CHANGES IN NET ASSETS</b>	<b>25,765,199</b>	<b>(2,047,273)</b>	<b>(1,630,298)</b>	<b>1,034,019</b>	<b>23,121,647</b>	<b>(380,570)</b>
<b>NET ASSETS, BEGINNING, AS RESTATED</b>	<b>264,949,751</b>	<b>986,853</b>	<b>3,874,772</b>	<b>4,059,259</b>		<b>(21,102,141)</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 290,714,950</b>	<b>\$ (1,060,420)</b>	<b>\$ 2,244,474</b>	<b>\$ 5,093,278</b>		<b>\$ (21,482,711)</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(598,526)	
Change in net assets of business-type activities (page 23)					<u>\$ 22,523,121</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, 2007

	Business-type Activities - Enterprise Funds					Governmental
	Sanitary Sewer Fund	Planning Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 25,725,995	2,648,298	\$ 5,173,612	\$ 1,565,707	\$ 35,113,612	\$ --
Cash received from other funds for services	468,182	--	--	--	468,182	26,464,443
Cash received from miscellaneous income, reimbursements and restitutions	174,117	363	2,012	10,248	186,740	1,341,865
Cash paid for employee's salaries and benefits	(5,264,435)	(1,359,148)	(4,561,989)	(4,811,322)	(15,996,894)	(3,230,057)
Cash payments to suppliers for goods and services	(12,110,440)	(1,310,731)	(1,229,609)	(953,236)	(15,604,016)	(23,632,468)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(2,839,451)	(1,934,152)	(1,726,919)	(1,193,605)	(7,694,127)	(1,112,918)
Cash paid to deferred compensation plans	(168,158)	(40,853)	(137,253)	(96,534)	(442,798)	(92,410)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>5,985,810</b>	<b>(1,996,223)</b>	<b>(2,480,146)</b>	<b>(5,478,742)</b>	<b>(3,969,301)</b>	<b>(261,545)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Cash received from (paid to) other funds	540,689	800,000	(30,000)	(495,687)	815,002	--
Tax revenue	--	--	--	--	--	--
Cash received from private grants	295,375	20,000	--	--	315,375	--
Cash received from federal grants	2,376,971	--	--	--	2,376,971	--
Transfers in	22,443,888	--	--	6,615,208	29,059,096	6,266,276
Transfers out	(23,048,165)	--	--	--	(23,048,165)	(868,671)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>2,608,758</b>	<b>820,000</b>	<b>(30,000)</b>	<b>6,119,521</b>	<b>9,518,279</b>	<b>5,397,605</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Cash received from connection charges	10,543,828	--	--	--	10,543,828	--
Investment in Truckee Meadows Water Reclamation Facility	(5,966,604)	--	--	--	(5,966,604)	--
Proceeds from sale of capital assets	25,490	--	--	(149)	25,341	577,837
Acquisition and construction of capital assets	(28,891,090)	--	(32,505)	--	(28,923,595)	(3,471,410)
Payments on bonds payable	--	--	--	(185,000)	(185,000)	--
Note payable issued	9,288,187	--	--	--	9,288,187	--
Interest and fiscal charges paid on debt	(2,267,201)	--	--	(115,175)	(2,382,376)	--
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(17,267,390)</b>	<b>--</b>	<b>(32,505)</b>	<b>(300,324)</b>	<b>(17,600,219)</b>	<b>(2,893,573)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment earnings received	1,141,624	19,685	129,596	48,079	1,338,984	1,145,732
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,531,198)</b>	<b>(1,156,538)</b>	<b>(2,413,055)</b>	<b>388,534</b>	<b>(10,712,257)</b>	<b>3,388,219</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING, AS RESTATED</b>	<b>29,658,616</b>	<b>1,163,825</b>	<b>4,159,587</b>	<b>1,334,607</b>	<b>36,316,635</b>	<b>20,990,464</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 22,127,418</b>	<b>\$ 7,287</b>	<b>\$ 1,746,532</b>	<b>\$ 1,723,141</b>	<b>\$ 25,604,378</b>	<b>\$ 24,378,683</b>

continued

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

**CITY OF RENO, NEVADA**

Statement of Cash Flows (continued)  
Proprietary Funds  
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds					Governmental
	Sanitary Sewer Fund	Planning Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Fund	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 2,729,054	\$(2,081,408)	\$(1,725,862)	\$(5,359,164)	\$ (6,437,380)	\$ (7,824,168)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	6,911,502	--	20,988	303,600	7,236,090	3,220,146
Changes in assets and liabilities:						
(Increases) decrease:						
Accounts receivable	(7,165,675)	--	--	--	(7,165,675)	74,301
Deferred charges	4,267	--	--	--	4,267	--
Due from other governments	(4,241,948)	--	(800,000)	(178,188)	(5,220,136)	48,529
Inventories	(3,533)	--	(1,671)	(8,257)	(13,461)	(20,391)
Prepaid expenses	--	--	32,505	(241,133)	(208,628)	26,042
Increase (decrease):						
Accounts payable	681,496	105,753	(18,128)	(11,174)	757,947	(42,252)
Deposits	3,998	--	--	--	3,998	--
Accrued salaries and benefits	33,160	(4,436)	24,645	20,935	74,304	17,822
Compensated absences payable	84,748	--	(12,623)	(17,396)	54,729	22,923
Contracts and retained percentage payable	187,145	(10,608)	--	--	176,537	--
Accrued liabilities	192,703	(5,524)	--	12,035	199,214	4,215,503
Due to other governments	6,568,893	--	--	--	6,568,893	--
Deferred revenue	--	--	--	--	--	--
Total adjustments	3,256,756	85,185	(754,284)	(119,578)	2,468,079	7,562,623
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 5,985,810</b>	<b>\$(1,996,223)</b>	<b>\$(2,480,146)</b>	<b>\$(5,478,742)</b>	<b>\$ (3,969,301)</b>	<b>\$ (261,545)</b>
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital contributions:						
Contribution of assets	\$ 13,185,752	\$ --	\$ --	\$ --	\$ 13,185,752	\$ 407,306

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

**CITY OF RENO, NEVADA**

Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2007

<b>ASSETS</b>	
Cash and investments	\$ 6,842,445
Accounts receivable	23,512
Accrued interest receivable	8,188
Special assessments:	
Current	912,105
Delinquent	33
Due from other governments	10,992
<b>TOTAL ASSETS</b>	<u><u>\$ 7,797,275</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 4,127
Accrued liabilities	54,595
Contracts and retained percentage payable	598
Deposits	1,349,495
Due to other governments	60
Due to others	6,388,400
<b>TOTAL LIABILITIES</b>	<u><u>\$ 7,797,275</u></u>

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

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**BASIC FINANCIAL STATEMENTS**  
**Notes to the Financial Statements**

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# CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2007

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.

# CITY OF RENO, NEVADA

## Notes to Financial Statements June 30, 2007

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

#### 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. Interfund services provided and used are not eliminated in the process of consolidation.

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, 2007

### 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 financial statements. Fiduciary funds have no measurement focus. 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, 2007

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 forfeitures 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 revenues 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 **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, 2007

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.

The **Building Permit Fund** is used to account for the operations directly or indirectly related to the building permit process, including zoning and plan review, development engineering, plan check, inspections, and related services.

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

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, including collections for the payment of debt for special assessment districts that are the obligation of developers, as well as to account for refundable performance deposits and cash bonds.

### 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.

# CITY OF RENO, NEVADA

## Notes to Financial Statements June 30, 2007

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

#### Budgets and Budgetary Accounting (continued)

2. Public hearings are conducted prior to the adoption of the budget to obtain taxpayer comment.
3. On or before June 1, the budget is legally adopted by a majority vote of the City Council members.
4. The City Manager is authorized under Nevada law to amend the budget by transferring appropriations within a 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.

# CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2007

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

Cash, Cash Equivalents and Investments (continued)

Investments are reported at fair value. The fair values of investments are obtained by using quotations obtained from independent published sources.

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

Accrued Interest Receivable

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

Inventories

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

Due to and Due from Other Funds

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

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

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

Capital Assets (continued)

year. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

The City's depressed railroad trench is the sole exception to this policy, with an estimated useful life of 100 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 noncurrent.

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.

Prepaid Items

Payments made for services that will benefit future accounting periods are recorded as prepaid items. In the governmental fund types, there is a reservation of fund balance equal to the amount of prepaid items, since these amounts are not available for appropriation.

# CITY OF RENO, NEVADA

## Notes to Financial Statements June 30, 2007

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

#### Long-Term Liabilities

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

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

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

#### Fund Equity

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

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

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

Fund Equity (continued)

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

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

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

The governmental fund balance sheet includes a reconciliation between *total fund balances – governmental funds* and *total net assets of governmental activities*. One element of that reconciliation explains that long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. The details of the \$(472,206,233) difference are as follows:

Bonds payable, net of bond premium and discount	\$ (444,401,361)
Bond premiums (discounts outstanding)	1,382,087
Notes payable	(2,705,498)
Notes receivable outstanding for self-financed SADs	
Notes receivable outstanding for RDA/City of Reno	(161,660)
Accrued interest payable	(1,888,449)
Compensated absences	(24,431,352)
Net Difference in Reporting Long-Term Liabilities	<u>\$ (472,206,233)</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	\$ 39,595,079
Less: Current year amortization	(1,470,050)
Net Difference in Reporting Other Assets	<u>\$ 38,125,029</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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**

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	\$ 48,429,532
Depreciation expense	(39,987,356)
Net Difference in Reporting Capital Asset Activity	\$ 8,442,176

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

Gain of sale of assets on statement of activities	\$ 29,279
Loss on sales of assets reclassified to expenditures	(1,217,737)
Proceeds of sales included in governmental funds	(344,279)
Net Difference in Reporting Transactions Involving Capital Asset Sales/Disposition	\$ (1,532,737)

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	\$ (548,206)
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	74,723,345
Net Difference in Reporting Revenues	\$ 74,175,139

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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	\$ (44,985,000)
Less net bond premiums	(15,934)
Plus bond issuance costs	1,053,997
Accrued interest	(624,537)
Principal repayments:	
General obligation debt	9,106,352
Notes payable and capital leases	384,514
Note receivable/note payable - RDA 10 No. Virginia	175,155
Internally financed special assessment debt	
Refunded debt	20,100,000
Deferred loss on early debt retirement	305,473
Net Difference in Reporting Long-Term Debt Transactions	\$ (14,499,980)

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	\$ 191,092
Amortization of current year bond costs	(727,267)
Compensated absences change	(1,892,701)
Net Difference in Reporting Other Long-Term Transactions	\$ (2,428,876)

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 3: **Cash and Investments**

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2007:

*Pooled Cash and Investments:*

Petty cash	\$ 22,885
Cash on hand	955,334
Cash in bank	(1,547,291)
Certificates of deposit	5,500,000
Investments	<u>127,831,029</u>
Total pooled cash and investments	<u>132,761,957</u>

*Non-Pooled Cash and Investments*

Cash in bank	1,095,037
Certificates of deposit	12,210
Investments	<u>16,448,280</u>
Total non-pooled cash and investments	<u>17,555,527</u>

Total cash and investments \$ 150,317,484

Total cash and investments at June 30, 2007 were presented on the City's financial statements as follows:

Governmental activities	\$ 117,870,661
Business-type activities	25,604,378
Fiduciary funds	<u>6,842,445</u>

Total cash and investments \$ 150,317,484

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 fair value of investments other than investments with the Local Government Investment Pool is obtained from the City's safekeeping agent.

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, 2007

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:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating S & P	Moody
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, 2007, the City had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	Weighted Average Maturity (Years)
<b>Pooled Investments</b>						
U.S. Agency Obligations	5.00% - 5.25%	12/4/07 - 11/20/09	\$ 85,000,000	\$ 85,019,925	\$ 84,858,550	1.04
State of Nevada Local Government Investment Pool	On Demand	Variable	n/a	34,956,099	34,960,643	--
Repurchase Agreements	Variable	7/1/2007	n/a	8,011,836	8,011,836	--
<b>Total Pooled Investments</b>				127,987,860	127,831,029	0.69
<b>Non-Pooled Investments</b>						
Money Market Accounts	Variable	On Demand	n/a	16,449,810	16,448,280	--
<b>Total Non-Pooled Investments</b>				16,449,810	16,448,280	--
<b>Total Investments</b>					\$ 144,279,309	

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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, 2007, in accordance with State laws as defined in the table found on page 58, 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:

	<b><u>S&amp;P</u></b>	<b><u>Moody's</u></b>	<b><u>% of Portfolio</u></b>
<b>Pooled Investments</b>			
U.S. Agency Obligations	AAA	Aaa	66.38%
Repurchase Agreement	Unrated	Unrated	6.27%
State of Nevada Local Government Investment Pool	Unrated	Unrated	<u>27.35%</u>
<b>Total Pooled Investments</b>			<b><u>100.00%</u></b>
	<b><u>S&amp;P</u></b>	<b><u>Moody's</u></b>	<b><u>% of Portfolio</u></b>
<b>Non-Pooled Investments</b>			
Money Market accounts	Unrated	Unrated	<u>100.00%</u>
<b>Total Non-Pooled Investments</b>			<b><u>100.00%</u></b>

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2007

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. During the 2003 legislative session, the legislature exempted 2 cents of the State's property tax rate from this limit.

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, 2007

Note 5: **Capital Assets**

Capital Asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006 (as restated)	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2007
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 112,996,542	\$ 24,662,308	\$ --	\$ --	\$ 137,658,850
Construction in progress	31,401,443	31,376,387	--	(27,857,609)	34,920,221
Total capital assets, not being depreciated	<u>144,397,985</u>	<u>56,038,695</u>	<u>--</u>	<u>(27,857,609)</u>	<u>172,579,071</u>
Capital assets, being depreciated:					
Buildings	151,614,221	1,579,032	(315,000)	22,259,400	175,137,653
Art and historical treasures	1,229,497	269,972	--	578,257	2,077,726
Improvements other than buildings	286,707,078	4,609,779	--	(1,217,737)	290,099,120
Equipment and motor vehicles	40,960,662	4,829,639	(3,259,294)	--	42,531,007
Infrastructure	693,928,130	59,354,944	--	5,019,952	758,303,026
Total capital assets, being depreciated	<u>1,174,439,588</u>	<u>70,643,366</u>	<u>(3,574,294)</u>	<u>26,639,872</u>	<u>1,268,148,532</u>
Less accumulated depreciation for:					
Buildings	(25,141,077)	(3,327,943)	--	--	(28,469,020)
Art and historical treasures	(247,693)	(52,402)	--	--	(300,095)
Improvements other than buildings	(24,807,621)	(4,932,576)	--	--	(29,740,197)
Equipment and motor vehicles	(22,402,806)	(4,318,516)	3,126,366	--	(23,594,956)
Infrastructure	<u>(335,139,778)</u>	<u>(30,576,066)</u>	<u>--</u>	<u>--</u>	<u>(365,715,844)</u>
Total accumulated depreciation	<u>(407,738,975)</u>	<u>(43,207,503)</u>	<u>3,126,366</u>	<u>--</u>	<u>(447,820,112)</u>
Total capital assets, being depreciated, net	<u>766,700,613</u>	<u>27,435,863</u>	<u>(447,928)</u>	<u>26,639,872</u>	<u>820,328,420</u>
Governmental activities capital assets, net	<u>\$ 911,098,598</u>	<u>\$ 83,474,558</u>	<u>\$ (447,928)</u>	<u>\$ (1,217,737)</u>	<u>\$ 992,907,491</u>
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land and water rights	\$ 9,121,588	\$ 3,337,955	\$ (130,032)	\$ --	\$ 12,329,511
Construction in progress	11,437,087	25,390,417	--	(1,524,174)	35,303,330
Total capital assets, not being depreciated	<u>20,558,675</u>	<u>28,728,372</u>	<u>(130,032)</u>	<u>(1,524,174)</u>	<u>47,632,841</u>
Capital assets, being depreciated:					
Buildings	13,560,426	--	(49,783)	--	13,510,643
Improvements other than buildings	244,055,850	11,968,015	(69,085)	2,741,910	258,696,690
Machinery and equipment	1,654,545	154,685	(161,601)	--	1,647,629
Total capital assets, being depreciated	<u>259,270,821</u>	<u>12,122,700</u>	<u>(280,469)</u>	<u>2,741,910</u>	<u>273,854,962</u>
Accumulated depreciation for:					
Buildings	(3,786,606)	(349,558)	44,548	--	(4,091,616)
Improvements other than buildings	(61,947,022)	(6,794,699)	69,086	--	(68,672,635)
Machinery and equipment	<u>(1,300,462)</u>	<u>(91,833)</u>	<u>161,001</u>	<u>--</u>	<u>(1,231,294)</u>
Total accumulated depreciation	<u>(67,034,090)</u>	<u>(7,236,090)</u>	<u>274,635</u>	<u>--</u>	<u>(73,995,545)</u>
Total capital assets, being depreciated, net	<u>192,236,731</u>	<u>4,886,610</u>	<u>(5,834)</u>	<u>2,741,910</u>	<u>199,859,417</u>
Business-type activities capital assets, net	<u>\$ 212,795,406</u>	<u>\$ 33,614,982</u>	<u>\$ (135,866)</u>	<u>\$ 1,217,736</u>	<u>\$ 247,492,258</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

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

**Governmental Activities:**

General government	\$ 31,461,661
Judicial	225,886
Police	164,184
Fire	829,713
Public works	3,663,979
Planning and community development	192,250
Culture and recreation	3,134,358
Urban redevelopment	468,004
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,067,468</u>
Total depreciation expense - governmental activities	<u><u>\$ 43,207,503</u></u>

**Business-type Activities:**

Sanitary Sewer Fund	\$ 6,911,502
Golf Course Fund	303,600
Building Permit Fund	<u>20,988</u>
Total depreciation expense - business-type activities	<u><u>\$ 7,236,090</u></u>

Commitments outstanding for construction at June 30, 2007 totaled approximately \$25.8 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 were approximately \$37.8 million. At June 30, 2007, the City's share of the project costs was \$17,163,854, which has been capitalized as of June 30, 2007. The total amount expended and capitalized by the City in 2006-2007 on this project was \$260,514 (net of Washoe County reimbursements).

## CITY OF RENO, NEVADA

### Notes to Financial Statements June 30, 2007

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

Enterprise fund construction in progress at June 30, 2007 primarily represents progress on sewer projects, including construction of interceptors and treatment plant improvements. Outstanding construction commitments total \$42,344,894 for City of Reno enterprise fund projects and \$4,100,836 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, 2007, approximately 67% of the Facility was owned by Reno and 33% by Sparks.

The City of Sparks is responsible for administration and daily operations of the Facility. The City of Reno is responsible for construction-related contracts 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. During the year ended June 30, 2007, the City of Reno's share of the Facility's loss before contributions, recorded in the Sanitary Sewer Enterprise Fund, was \$2,881,096.

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, 2007

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

Summary June 30, 2007 financial information for the Facility is as follows:

<b>ASSETS</b>	
Current assets	\$ 5,019,391
Utility plant	123,813,467
Total Assets	<u>128,832,858</u>
<b>LIABILITIES AND EQUITY</b>	
Current liabilities	3,706,635
Noncurrent liabilities	244,285
Total Liabilities	<u>3,950,920</u>
Net Assets:	
Invested in capital assets, net of related debt	123,813,467
Unrestricted	1,068,471
Total Net Assets	<u>124,881,938</u>
<b>OPERATING INFORMATION</b>	
Operating revenue	17,039,272
Operating expenses before depreciation	(17,039,272)
Depreciation	(4,270,321)
Nonoperating income (expense)	<u>(26,138)</u>
Loss before contributions	(4,296,459)
Capital contributions	<u>10,855,535</u>
Change in Net Assets	<u>\$ 6,559,076</u>

The Truckee Meadows Water Reclamation Facility is nearing the completion of its expansion. Commitments outstanding for construction at June 30, 2007, totaled \$4,100,836. These commitments will be shared based on future capacity requirements for each entity.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 7: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2007 is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 5,386,002
		<u>5,386,002</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	195,000
		<u>195,000</u>
Events Center Capital Project Fund	ReTRAC Capital Project Fund	5,890,000
		<u>5,890,000</u>
Building Permit Enterprise Fund	Planning Enterprise Fund	800,000
		<u>800,000</u>
	Total	<u>\$ 12,271,002</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, 2007

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	<u>\$ 5,615,208</u>	Per Dispatch Fund policy/General Fund subsidy
Nonmajor Governmental Fund	Nonmajor Enterprise Fund	<u>1,000,000</u>	Transfer from PRCS to Golf Course Fund to subsidize operations
Sanitary Sewer Fund	General Fund	135,676	Reimburse General Fund for 1/3 of water attorney
	Internal Service Fund	257,337	Transfer from Sewer for IT expenditures paid for by IT
	Internal Service Fund	<u>211,264</u> <u>604,277</u>	Reimburse MV for sewer mechanic
Building Permit Fund	General Fund	30,000	Reimburse General Fund for portion of new document imaging system
Nonmajor Enterprise Fund	General Fund	<u>150,000</u>	Transfer PY unused subsidy from Dispatch
		<u>150,000</u>	
	Total	<u>\$ 7,399,485</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	\$ 1,999,033	Per Council direction transfer 2 cents property tax and water toll fees to help support Street program.
	Nonmajor Governmental Funds	11,771,398	Per PRCS Fund policy/General Fund subsidy of various programs
	Nonmajor Governmental Funds	578,659	Transfer special events costs of General Fund departments
	Nonmajor Governmental Funds	112,357	Transfer incremental sales tax receipts for debt service on Sales Tax Increment Subordinate Lien Bonds

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

**Transfers** (continued)

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 334,771	General Fund portion of 96 bonds issued for McQueen Fire Station and municipal court building bond
	Nonmajor Governmental Funds	293,187	General Fund subsidy for City Hall debt service
	Nonmajor Governmental Funds	473,223	General Fund contribution for new City Hall
	Nonmajor Governmental Funds	2,338,500	Per Council policy 1% of General Fund expenditures transferred to City Capital Projects Fund for CIP projects
	Internal Service Fund	<u>5,739,004</u>	Per Technology Fund policy/General Fund subsidy
	Subtotal	<u>23,640,132</u>	
Downtown Events Center Debt Service Fund	Nonmajor Governmental Funds	<u>681,525</u>	Transfers funds to cover cost of RSCVA managing event center
Special Assessment Districts Debt Service Fund	Nonmajor Governmental Funds	<u>21,370</u>	Transfer money to close out fund
Nonmajor Governmental Funds	General Fund	41,180	Transfer to cover partial costs of Economic Development Manager
	General Fund	235,000	Transfer from Street Program to General Fund to cover cost of additional engineering positions hired in place of outside consultants
	General Fund	132,382	Transfer \$100,000 for special events and \$32,382 as partial reimbursement for web master position per Council direction
	General Fund	178,613	Transfer from police/forfeitures to pay for various equipment
	General Fund	87,162	Transfer from CMP allocation for position assigned to building maintenance
	General Fund	593,513	To reimburse General Fund for utilities and maintenance at city hall
	General Fund	783,185	Reimburse General Fund for RDA portion of downtown maintenance

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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	Events Center Capital Project Fund	\$ 2,507,884	Transfer lease bond proceeds to construct ballroom
	Events Center Capital Project Fund	1,000,000	Transfer bond proceeds to construct ballroom
	Nonmajor Governmental Funds	1,044,205	Transfer to debt service funds for two separate bonds issued for PRCS facilities and for 10 N. Virginia and the community assistance center
	Nonmajor Governmental Funds	74,601	Transfer to RDA for positions
	Nonmajor Governmental Funds	147,000	Transfer to PRCS for special event covered by Public Works staff
	Nonmajor Governmental Funds	612,000	Transfer to capital projects for city hall
	Nonmajor Governmental Funds	1,141,032	Transfer of PRCS allocation of Room Tax per Council Direction
	Nonmajor Governmental Funds	11,250	Arts Commission funding
	Nonmajor Governmental Funds	160,576	Transfer court construction funds for payment on municipal court building
	Nonmajor Governmental Funds	10,000,000	Transfer lease bond proceeds to fund various projects
	Nonmajor Governmental Funds	300,000	Transfer of CMP funds to PRCS for their small projects
	Nonmajor Governmental Funds	200,000	Transfer funds set aside for community assistance center
	Nonmajor Governmental Funds	1,827	Close out Extraordinary Maintenance Fund
	Nonmajor Governmental Funds	253,074	Capital Tax fund portion of 96 bond issue for UST & McKinley
	Nonmajor Governmental Funds	165,229	Transfer rent proceeds for debt service
	Nonmajor Governmental Funds	1,500,144	Transfer excess RDA revenues to RDA debt service
	Subtotal	<u>21,169,857</u>	

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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 motor vehicle administration
	General Fund	800,000	Reimburse General Fund for IT subsidy not used in prior year
	Internal Service Funds	58,671	Transfer from Risk for IT expenditures paid for by IT
	Subtotal	<u>868,671</u>	
	Total	<u>\$ 46,381,555</u>	

Note 8: **Long-Term Debt**

Long-term liabilities at June 30, 2007 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, 2007</u>
<b><u>Governmental Activities</u></b>					
<i><b>Tax Allocation Bonds:</b></i>					
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	\$ 22,685,000	\$ 14,635,000
2007A Downtown Redevelopment Project <i>(to refund the Agency's 1995A downtown redevelopment projects)</i>	6/1/18 - 6/1/23	6.10%	\$595,000-\$755,000	4,000,000	4,000,000
2007B Downtown Redevelopment Project <i>(to refund the Agency's 1998A downtown redevelopment projects)</i>	6/1/19 - 6/1/27	5.00%	\$50,000-\$1,005,000	4,000,000	4,000,000
2007C Downtown Redevelopment Project <i>(to refund the Agency's 1995A downtown redevelopment projects)</i>	6/1/19 - 6/1/27	5.40%	\$1,135,000-\$1,720,000	12,690,000	12,690,000
Total Tax Allocation Bonds				<u>\$ 43,375,000</u>	<u>\$ 35,325,000</u>
<i><b>General Obligation Bonds:</b></i>					
1997B Street Refunding Bonds <i>(to partially refund 1992 Street Bond)</i>	7/1/03 - 5/1/12	4.400% - 5.125%	\$65,000-\$1,285,000	\$ 9,025,000	\$ 5,750,000
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	10,325,000
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	3,500,000	3,265,000
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% - 2.00%	\$620,000-\$1,040,000	3,680,000	620,000
2005 Medium-Term (limited tax) Bonds <i>(to finance capital improvement projects, including public plaza and a homeless shelter)</i>	6/1/06 - 12/1/15	4.00%	\$270,000-\$390,000	3,275,000	3,005,000
Total General Obligation Bonds				<u>\$ 41,185,000</u>	<u>\$ 22,965,000</u>

# CITY OF RENO, NEVADA

## Notes to Financial Statements June 30, 2007

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

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2007
<b>Revenue Bonds:</b>					
2002 Capital Improvement Revenue Bonds <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	\$ 42,855,000
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	2,690,000
2005A Capital Improvement Refunding <i>(to partially refund the Series 2002 Capital Improvement Revenue Bonds)</i>	6/1/08 - 6/1/32	3.53%	\$400,000-\$6,500,000	73,450,000	73,450,000
2005B Capital Improvement Refunding <i>(to finance the acquisition, establishment, construction, expansion, and improvement of the City's MultiPurpose Bowling Facility)</i>	6/1/37 - 6/1/40	5.42% - 5.48%	\$1,072,294-\$1,900,071	6,445,154	6,445,154
2005C Capital Improvement Refunding <i>(to finance the acquisition, establishment, construction, expansion, and improvement of the City's MultiPurpose Bowling Facility)</i>	6/1/33 - 6/1/37	5.78%	\$845,926-\$2,268,194	9,192,402	9,192,402
2006A Tax Exempt Sales Tax Bonds <i>(to refund the 2002 ReTRAC Transportation Rail Access Corridor Project Bonds)</i>	6/1/07 - 6/1/40	3.78%	\$650,000-\$8,800,000	137,425,000	136,775,000
2006B Tax Exempt Sales Tax Bonds <i>(to refund the City's TIFIA Loan and to finance completion of the City's ReTRAC Project and the Enhancement Project)</i>	6/1/08 - 6/1/46	6.000% - 6.875%	\$305,000-\$3,350,000	51,248,693	51,248,693
2006 Room Tax Revenue Refunding Bonds <i>(to refund the City's TIFIA Loan)</i>	6/1/07 - 6/1/36	5.91%	\$75,000-\$595,000	8,720,000	8,645,000
2006 Sales Tax Increment Subordinate Lien Bonds <i>(to acquire infrastructure and improvements related to Summit Sierra Retail Center)</i>	10/1/20	none	\$10,000,000	10,000,000	9,926,992
2006 Taxable Lease Revenue Bonds <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	12/1/08 - 6/1/26	variable - need to get from lynn	\$85,000-\$1,495,000	14,295,000	14,295,000
<b>Total Revenue Bonds</b>				<b>\$ 430,301,249</b>	<b>\$ 361,623,241</b>
<b>Special Assessment Bonds:</b>					
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	\$ 42,000
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	50,000
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	15,000
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	21,000
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	69,000
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	24,000
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	18,400
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	1,315,000
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	73,720
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	2,070,000
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	7,500,000	7,240,000
1999 Special Improvement District No. 2 <i>(to partially finance the construction of the ReTRAC project)</i>	6/1/07 - 6/1/25	6.08% - 7.28%	\$355,000-\$1,270,000	13,905,000	13,550,000
<b>Total Special Assessment Bonds</b>				<b>\$ 26,689,866</b>	<b>\$ 24,488,120</b>
<b>Notes Payable:</b>					
HUD Section 108 Loan	8/1/03 - 8/1/2020	5.00% - 6.62%	\$33,000-\$48,000	\$ 665,000	\$ 497,000
<b>Capital Leases:</b>					
Oshkosh Capital <i>(to finance fire department equipment)</i>	11/6/03 - 11/6/11	5.35%	\$45,016-\$204,743	\$ 708,338	\$ 513,297
Oshkosh Capital <i>(to finance fire department equipment)</i>	3/17/13	4.99%	\$115,000-\$136,000	787,124	596,725
Federal Signal <i>(to finance fire tiller)</i>	12/21/09	4.49%	\$90,000-\$110,000	612,873	383,741
Pierce Quantum Fire Tiller #2 <i>(to finance the purchase of a new fire tiller)</i>	8/26/14	4.39%	\$73,280-\$103,338	788,014	714,734
<b>Total Capital Leases</b>				<b>\$ 2,896,349</b>	<b>\$ 2,208,497</b>
<b>Total Governmental Activities</b>				<b>\$ 545,112,464</b>	<b>\$ 447,106,858</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2007
<b>Business-Type Activities</b>					
<b>General Obligation Bonds:</b>					
2004A Golf Course Refunding <i>(to refund 1993 Golf Course Bonds)</i>	7/1/04 - 7/1/19	2.25% - 4.00%	\$180,000-\$270,000	\$ 3,505,000	\$ 2,930,000
2004 Sewer Revenue Bonds CS32-0403 <i>(to finance plant expansion and sewer lines rehabilitation)</i>	6/30/06 - 6/30/24	2.99%	\$553,847-\$938,969	73,133,162	70,605,874
Total General Obligation Bonds				\$ 76,638,162	\$ 73,535,874
<b>Notes Payable:</b>					
State Clean Water Revolving Loan Fund (2) <i>(to construct the Lawton-Verdi interceptor)</i>		2.65%	interest-only payments	\$ 7,296,432	\$ 8,033,095
Total Notes Payable				\$ 7,296,432	\$ 8,033,095
Total Business-type Activities				\$ 83,934,594	\$ 81,568,969

The following is a summary of long-term liabilities transactions for the year ended June 30, 2007:

	Balance July 1, 2006	Additions	Retirements	Adjustments	Balance June 30, 2007	Amounts Due within One Year
<b>Tax Allocation Bonds:</b>						
1995A Downtown Redevelopment Project	\$ 16,350,000	\$ --	\$ 16,350,000	\$ --	\$ --	\$ --
1998A Downtown Redevelopment Project	3,750,000	--	3,750,000	--	--	--
1998F Downtown Redevelopment Project	15,655,000	--	1,020,000	--	14,635,000	1,065,000
2007A Downtown Redevelopment Project	--	4,000,000	--	--	4,000,000	--
2007B Downtown Redevelopment Project	--	4,000,000	--	--	4,000,000	--
Add: Original Issue Premium	48,040	--	1,172	--	46,868	--
2007C Downtown Redevelopment Project	--	12,690,000	--	--	12,690,000	--
Less: Original Issue Discount	(32,106)	--	(784)	--	(31,322)	--
Total Tax Allocation Bonds	35,770,934	20,690,000	21,120,388	--	35,340,546	1,065,000
<b>General Obligation Bonds:</b>						
1997B Street Refunding Bonds	6,715,000	--	965,000	--	5,750,000	1,025,000
2003 Capital Improvement Refunding Bonds	13,445,000	--	3,120,000	--	10,325,000	3,270,000
Add: Unamortized Premium	962,014	--	240,503	--	721,511	--
2004B Medium-Term (limited tax) Refunding Bonds	1,660,000	--	1,040,000	--	620,000	620,000
Add: Unamortized Premium	10,327	--	10,327	--	--	--
2005 Medium-Term Bonds	3,275,000	--	270,000	--	3,005,000	285,000
Add: Unamortized Premium	38,122	--	4,235	--	33,887	--
2004 Building Bond	3,385,000	--	120,000	--	3,265,000	125,000
Add: Unamortized Premium	39,101	--	2,172	--	36,929	--
Total General Obligation Bonds	29,529,564	--	5,772,237	--	23,757,327	5,325,000

# CITY OF RENO, NEVADA

## Notes to Financial Statements June 30, 2007

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

	Balance July 1, 2006	Additions	Retirements	Adjustments	Balance June 30, 2007	Amounts Due within One Year
<b>Revenue Bonds:</b>						
2002 Capital Improvement Revenue (Special Event Center)	\$ 43,140,000	\$ --	\$ 285,000	\$ --	\$ 42,855,000	\$ 445,000
Less: Unamortized Discount	(80,897)	--	(3,121)	--	(77,776)	--
2002 ReTRAC Transp. Rail Access Cor. Project	--	--	--	--	--	--
Less: Unamortized Discount	(2,115,441)	--	(60,585)	--	(2,054,856)	--
2003A Building Bonds (Tax Exempt)	6,100,000	--	--	--	6,100,000	--
Less: Unamortized Discount	(11,806)	--	(984)	--	(10,822)	--
2003B Building Bonds (Taxable)	3,265,000	--	575,000	--	2,690,000	615,000
Less: Unamortized Discount	(7,059)	--	(1,412)	--	(5,647)	--
2005A Capital Improvement Refunding	73,450,000	--	--	--	73,450,000	400,000
2005B Capital Improvement	6,445,154	--	--	--	6,445,154	--
2005C Capital Improvement	9,192,402	--	--	--	9,192,402	--
2006A Tax Exempt Sales Tax Bonds	137,425,000	--	650,000	--	136,775,000	1,125,000
2006B Tax Exempt Sales Tax Bonds	51,248,693	--	--	--	51,248,693	305,000
Less: Unamortized Discount	(41,527)	--	(1,041)	--	(40,486)	--
2006C Taxable Room Tax Bond	8,720,000	--	75,000	--	8,645,000	120,000
2006 Sales Tax Increment Subordinate Lien Bonds	--	10,000,000	73,008	--	9,926,992	--
2006 Taxable Lease Revenue Bonds	--	14,295,000	--	--	14,295,000	--
<b>Total Revenue Bonds</b>	<b>336,729,519</b>	<b>24,295,000</b>	<b>1,590,865</b>	<b>--</b>	<b>359,433,654</b>	<b>3,010,000</b>
<b>Special Assessment Bonds:</b>						
1995 Special Assessment District No.1	63,000	--	21,000	--	42,000	21,000
1996 Special Assessment District No.1	75,000	--	25,000	--	50,000	25,000
1997 Special Assessment District No.2	20,000	--	5,000	--	15,000	5,000
1997 Special Assessment District No.3	28,000	--	7,000	--	21,000	7,000
1998 Special Assessment District No.1	92,000	--	23,000	--	69,000	23,000
1998 Special Assessment District No.2	32,000	--	8,000	--	24,000	8,000
1999 Special Assessment District No.1	23,000	--	4,600	--	18,400	4,600
1999 Special Assessment District No.3	1,405,000	--	90,000	--	1,315,000	90,000
Add: Unamortized Premium	3,121	--	197	--	2,924	--
2000 Special Assessment District No.1	88,464	--	14,744	--	73,720	14,744
2001 Stead Special Improvement District No. 2	2,170,000	--	100,000	--	2,070,000	100,000
Add: Unamortized Premium	22,231	--	1,314	--	20,917	--
2002 Special Improvement District No. 5	7,500,000	--	260,000	--	7,240,000	205,000
Add: Unamortized Premium	60,862	--	3,598	--	57,264	--
Less: Unamortized Discount	(80,223)	--	(4,196)	--	(76,027)	--
1999 Special Assessment District No.2	13,905,000	--	355,000	--	13,550,000	405,000
Less: Unamortized Discount	(5,752)	--	(302)	--	(5,450)	--
<b>Total Special Assessment Bonds</b>	<b>25,401,703</b>	<b>--</b>	<b>913,955</b>	<b>--</b>	<b>24,487,748</b>	<b>908,344</b>
<b>Notes Payable:</b>						
HUD Section 108 Loan	541,000	--	44,000	--	497,000	44,000
<b>Total Notes Payable</b>	<b>541,000</b>	<b>--</b>	<b>44,000</b>	<b>--</b>	<b>497,000</b>	<b>44,000</b>
<b>Capital Leases:</b>						
Oshkosh Capital - Pierce Fire Pumps	565,933	--	52,636	--	513,297	55,452
Oshkosh Capital - Pierce Fire Pumps	694,242	--	97,517	--	596,725	102,383
Federal Signal - Fire Tiller	500,823	--	117,082	--	383,741	122,338
Fire Tiller #2	788,014	--	73,280	--	714,734	76,497
Koch Financial Corporation- New Financial System	--	--	--	--	--	--
<b>Total Capital Leases</b>	<b>2,549,012</b>	<b>--</b>	<b>340,515</b>	<b>--</b>	<b>2,208,497</b>	<b>356,670</b>
Compensated absences - Governmental	22,771,691	12,951,937	11,036,312	--	24,687,316	11,538,810
<b>Total Governmental Activities</b>	<b>\$ 453,293,423</b>	<b>\$ 57,936,937</b>	<b>\$ 40,818,272</b>	<b>\$ --</b>	<b>\$ 470,412,088</b>	<b>\$ 22,247,824</b>
<b>Business-type Activities</b>						
<b>General Obligation Bonds:</b>						
2004A Golf Course Refunding	\$ 3,115,000	\$ --	\$ 185,000	\$ --	\$ 2,930,000	\$ 195,000
Add: Unamortized Premium	7,528	--	579	--	6,949	--
2004 Sewer Revenue Bonds	26,280,717	--	2,198,048	46,523,205	70,605,874	3,359,100
<b>Total General Obligation Bonds</b>	<b>29,403,245</b>	<b>--</b>	<b>2,383,627</b>	<b>46,523,205</b>	<b>73,542,823</b>	<b>3,554,100</b>
<b>Notes Payable:</b>						
State Clean Water Revolving Loan Fund 1	35,773,633	10,749,572	--	(46,523,205) <sup>1</sup>	--	--
State Clean Water Revolving Loan Fund 2	7,296,432	736,663	--	--	8,033,095	--
<b>Total Notes Payable</b>	<b>43,070,065</b>	<b>11,486,235</b>	<b>--</b>	<b>(46,523,205)</b>	<b>8,033,095</b>	<b>--</b>
Compensated absences - Business-type activities	1,989,435	1,353,064	1,308,942	--	2,033,557	1,324,511
<b>Total Business-type Activities</b>	<b>\$ 74,462,745</b>	<b>\$ 12,839,299</b>	<b>\$ 3,692,569</b>	<b>\$ --</b>	<b>\$ 83,609,475</b>	<b>\$ 4,878,611</b>

<sup>1</sup> This note payable to the State of Nevada under the State Clean Water Revolving Loan Fund was converted to an equal amount of sewer bonds payable at the end of the draw-down period of the loan.

# CITY OF RENO, NEVADA

## Notes to Financial Statements June 30, 2007

### 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 January 31, 2007, the Redevelopment Agency of the City of Reno (the Agency) issued \$4,000,000 of Tax Increment Senior Lien Bonds (Taxable), Series 2007A. The Bonds will mature annually on June 1 starting in 2018 and ending in 2023. Interest on these bonds is 6.1% payable on June 1 and December 1, commencing June 1, 2007. The bonds are payable from pledged property tax revenues, pledged parking revenues, and all income from the investment and reinvestment of the debt service fund and the reserve fund. The bonds are not a general obligation of the Agency or of the City of Reno.

On January 31, 2007, the Redevelopment Agency of the City of Reno (the Agency) issued \$4,000,000 of Tax Increment Senior Lien Bonds (Tax Exempt), Series 2007B. The Bonds will mature annually on June 1 starting in 2019 and ending in 2027. Interest on these bonds is 5.0% payable on June 1 and December 1, commencing June 1, 2007. The bonds are payable from pledged property tax revenues, pledged parking revenues, and all income from the investment and reinvestment of the debt service fund and the reserve fund. The bonds are not a general obligation of the Agency or of the City of Reno.

On January 31, 2007, the Redevelopment Agency of the City of Reno (the Agency) issued \$12,690,000 of Tax Increment Subordinate Lien Bonds (Tax Exempt), Series 2007C. The Bonds will mature annually on June 1 starting in 2019 and ending in 2027. Interest on these bonds is 5.4% payable on June 1 and December 1, commencing June 1, 2007.

The bonds are payable from pledged property tax revenues, pledged parking revenues, and all income from the investment and reinvestment of the debt service fund and the reserve fund. The bonds are not a general obligation of the Agency or of the City of Reno.

The proceeds of these three bonds were issued to (1) refund all of the Agency's Downtown Redevelopment Project Subordinate Tax Allocation and Refunding Bonds, 1995 Series A; (2) refund all of the Agency's Downtown Redevelopment Project Subordinate Lien Tax Allocation Bonds, 1998 Series A; (3) fund reserves for the 2007 Bonds; (4) purchase a municipal bond insurance policy for the 2007A Bonds; and (5) pay the costs of issuing the 2007 Bonds. The restructuring of the Agency's bonds was made possible by the 2005 extension of the Agency's plan life from 2018 to 2028, which allow the debt amortization to extend to 2027. The restructuring resulted in an economic loss

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

**New Debt** (continued)

(difference between the present value of the debt service payments on the old and new debt) of \$(149,696).

On November 15, 2006, the City issued \$14,295,000 of ReTRAC Lease Revenue Bonds (Taxable), Series 2006. The proceeds of the bonds are being used to fund various public works projects, such as the Virginia Street narrowing and construction of the ballroom facility. The Bonds will mature semiannually on June 1 and December 1 commencing in December 2008 and ending in June 2026. Interest on these bonds is at the rate of LIBOR plus 0.40% per annum, computed on the basis of a 360-day year for the actual number of days elapsed, payable on each December 1 and June 1, commencing on December 1, 2006. The bonds constitute special, limited obligations and are payable solely by an irrevocable pledge on revenues generated from leases on properties obtained from the Union Pacific Railroad per a settlement agreement between the railroad and the City in conjunction with the ReTRAC project. The bonds do not constitute a general obligation of the City of Reno.

On February 15, 2007, the City issued \$10,000,000 of Sales Tax Increment Subordinate Lien Bonds, Series 2006. The proceeds of the bonds were used to reimburse Reno Retail Company L.L.C. for specific infrastructure assets related to the construction of the Summit Sierra retail center. The Bonds are payable on October 1 of each year, commencing in October 2006 and ending October 2020. The bonds, which are not interest bearing, are payable solely from the City's share of incremental sales tax revenues generated by the retail operations in the retail center. Any amounts due which have not been paid on or before the maturity date because of an insufficiency of pledge revenues shall cease to be due and the Bond shall be deemed to be paid in full on the maturity date. The bonds do not constitute a general obligation of the City of Reno.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

**Summary of Long-Term Debt**

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 Sales Tax/Room Tax Revenues		Debt Supported by Specific or General Revenues Installments	
	Principal	Interest	Principal	Interest
2008	\$ 2,395,000	\$ 11,931,489	\$ 905,000	\$ 120,700
2009	2,915,000	11,831,675	295,000	102,900
2010	3,445,000	11,704,460	305,000	90,900
2011	4,045,000	11,550,451	320,000	78,400
2012	4,685,000	11,366,841	330,000	65,400
2013-2017	33,405,000	52,971,314	1,470,000	120,600
2018-2022	48,369,815	48,191,042	--	--
2023-2027	58,591,034	49,335,615	--	--
2028-2032	78,955,277	41,880,198	--	--
2033-2037	50,886,855	79,330,559	--	--
2038-2042	35,714,810	77,898,592	--	--
2043-2047	<u>5,203,458</u>	<u>65,304,242</u>	<u>--</u>	<u>--</u>
Subtotal	328,611,249	473,296,478	3,625,000	578,900
Unamortized Premium (Discount)	<u>(2,173,117)</u>	<u>--</u>	<u>33,887</u>	<u>--</u>
Total	<u>\$ 326,438,132</u>	<u>\$ 473,296,478</u>	<u>\$ 3,658,887</u>	<u>\$ 578,900</u>

	Notes Payable	
	Principal	Interest
2008	\$ 44,000	\$ 29,029
2009	39,000	26,825
2010	39,000	24,636
2011	39,000	22,411
2012	33,000	20,164
2013-2017	<u>165,000</u>	<u>70,870</u>
Total	<u>\$ 497,000</u>	<u>\$ 212,670</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

**Summary of Long-Term Debt** (continued)

Fiscal Year June 30,	Debt Supported by Ad Valorem Tax		Debt Supported by Other Specific Revenues		Debt Supported by Special Assessment Installments	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 5,485,000	\$ 2,784,891	\$ 615,000	\$ 1,216,482	\$ 908,344	\$ 1,624,196
2009	5,775,000	2,513,139	825,000	1,170,086	943,344	1,572,165
2010	6,085,000	2,222,633	905,000	1,119,565	947,344	1,517,104
2011	2,600,000	1,914,804	995,000	1,064,008	949,344	1,460,487
2012	2,750,000	1,780,101	1,085,000	1,003,243	994,744	1,402,956
2013-2017	8,500,000	7,385,990	6,730,000	4,220,573	5,820,000	6,011,751
2018-2022	10,605,000	5,171,687	5,225,000	2,668,783	7,835,000	3,801,004
2023-2027	<u>12,865,000</u>	<u>2,054,000</u>	<u>6,705,000</u>	<u>1,020,203</u>	<u>6,090,000</u>	<u>895,423</u>
Subtotal	54,665,000	25,827,245	23,085,000	13,482,948	24,488,120	18,285,086
Unamortized Premium (Discount)	<u>773,986</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(372)</u>	<u>--</u>
Total	<u>\$ 55,438,986</u>	<u>\$ 25,827,245</u>	<u>\$ 23,085,000</u>	<u>\$ 13,482,948</u>	<u>\$ 24,487,748</u>	<u>\$ 18,295,086</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
2008	\$ 3,554,100	\$ 2,783,047
2009	3,655,624	2,682,329
2010	3,754,929	2,578,825
2011	3,862,094	2,471,897
2012	3,977,202	2,361,270
2013-2017	21,636,742	10,016,589
2018-2022	24,392,826	6,689,218
2023-2027	<u>8,702,357</u>	<u>1,678,707</u>
Subtotal	73,535,874	31,261,882
Unamortized Premium	<u>6,949</u>	<u>--</u>
Total	<u>\$ 73,542,823</u>	<u>\$ 31,261,882</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

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

**Summary of Long-Term Debt** (continued)

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

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

**Rebatable Arbitrage Earnings**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financings and at June 30, 2007 does not expect to incur a liability.

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:

<u>Year Ending</u> <u>June 30,</u>	
2008	\$ 573,091
2009	301,010
2010	<u>10,206</u>
Total	<u>\$ 884,307</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 9: **Leases** (continued)

**Operating Leases** (continued)

Rent expenditures were \$664,851 for the year ended June 30, 2007.

**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	\$ 2,933,443
Less accumulated depreciation	<u>(580,443)</u>
Net capital assets	<u>\$ 2,353,000</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

<u>Year Ending June 30, _____</u>	
2008	\$ 462,515
2009	462,515
2010	462,516
2011	283,641
2012	283,642
2013-2016	<u>646,219</u>
Total requirements	2,601,048
Less interest	<u>(392,551)</u>
Present value of remaining payments	<u>\$ 2,208,497</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, 2007

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

- **Governmental activities capital assets** – five adjustments totaling \$(2,103,262) were made as follows: \$(2,331,805) to retire the St. Vincent Dining Room at June 30, 2006; \$315,000 to record receipt of 325 Valley Road at June 30, 2006; fund correction of \$(103,000) and \$103,000 between City of Reno and RDA asset location of Old Reno Gospel Mission Land; \$(72,921) for Construction in Progress correction to record ReTRAC 10% public art maintenance reserve; and \$(13,536) to correct Construction in Progress items as expense from fiscal year 2006.
- **Governmental activities deferred charges** – an adjustment for \$(9) was made to unamortized bond costs related to adjustment on an invoice for the Series 2006A Senior Lien Sales Tax Revenue Bonds.
- **Governmental activities restricted for claims** – an adjustment for \$4,294,836 to include net assets in the Self-Funded Medical Plan Internal Service Fund as restricted.
- **Governmental activities unrestricted** – an adjustment for \$(4,294,836) to remove net assets in the Self-Funded Medical Plan Internal Service Fund that should have been reported as restricted.
- **General Fund** – an adjustment for \$(3,800) was made to reverse engineering labor reimbursement at June 30, 2006 for labor charged to Ballroom project.
- **Redevelopment Agency** – an adjustment for \$(362) was made to reverse engineering labor reimbursement at June 30, 2006 for labor charged to Ballroom project.
- **Special Assessment District Debt Service Fund** – four adjustments totaling \$(1,014,285) were made as follows: \$(1,243,883) to reclass Advances to Other Funds from Long-Term Receivables, \$279,275 to close out the 2000 SAD #1 capital project fund to the 2000 SAD#1 Debt Service Fund; \$47,243 to close out the 2001 SAD#1 Capital Project Fund to the 2001 SAD #1 Debt Service Fund; and \$(96,920) to close out 2003 Capital Projects Fund with monies in SAD surplus and deficiency Fund since not enough assessed to property owners to cover full payment to RTC for 2003 #2 RTC SAD project.

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2007

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

- **Special Assessment District Capital Project Fund** – three adjustments totaling \$(229,598) were made as follows: \$(279,275) to close out the 2000 SAD #1 capital project fund to the 2000 SAD#1 Debt Service Fund; \$(47,243) to close out the 2001 SAD#1 Capital Project Fund to the 2001 SAD #1 Debt Service Fund; and, \$96,920 to close out 2003 Capital Projects Fund with monies in SAD surplus and deficiency Fund since not enough assessed to property owners to cover full payment to RTC for 2003 #2 RTC SAD project.
- **Downtown Events Center Capital Project Fund** – an adjustment for \$4,163 was made to reverse engineering labor reimbursement at June 30, 2006 and credited from General Fund.
- **Business-type activities restricted for capital projects** – an adjustment for \$11,810,073 was made to correctly reflect the net assets restricted in the Sanitary Sewer Fund for capital projects.
- **Business-type activities unrestricted** – an adjustment for \$(11,810,073) was made to correctly reflect the reclassification of net assets restricted in the Sanitary Sewer Fund for capital projects to Restricted for Capital Projects.
- **Sanitary Sewer Fund** – Three adjustments totaling \$561,958 were made as follows: \$884,229 to correctly record interest paid in 2005 and 2006 on the State Revolving Loan Fund as Investment in the Joint Water Treatment Project Capital cost and \$(322,271) to correctly expense sewer project costs capitalized in fiscal year 2006.
- **Building Permit Fund** – an adjustment of \$(168,817) was made to correct impact fees and building permit receipts of fiscal year 2005.

Note 11: **Restricted Net Assets**

Restricted net assets are assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 11: **Restricted Net Assets** (continued)

Restricted net assets at June 30, 2007 for governmental activities are as follows:

Restricted for Capital Projects:		
Downtown Events Center CP Fund	\$ 62,295	
Public Works CP Fund	1,457,061	
Community Assistance Center CP Fund	1,064,955	
Street Impact CP Fund	403,820	
City Bonds Fund	9,204,104	
Parks CP Fund	7,236,665	
Special Ad Valorem Fund	<u>1,966,572</u>	
		\$ 21,395,472
Restricted for Debt Service		
Railroad Debt Service	32,121,676	
Events Center Debt Service Fund	19,461,022	
Special Assessment Debt Service Fund	7,466,556	
Redevelopment Debt Service Fund	<u>3,319,502</u>	
		62,368,756
Restricted for Streets:		
Street Fund	<u>1,829,758</u>	
		1,829,758
Restricted for Claims:		
Risk Retention Fund	6,193,569	
Self-Funded Medical Plan Fund	<u>8,441,564</u>	
		14,635,133
Restricted for Other Purposes:		
General Fund	167,974	
Parks and Recreation Fund	159,608	
Courts Fund	1,780,114	
Drug Forfeiture Fund	617,918	
Redevelopment Special Revenue Fund	527,417	
Public Works CP Fund	<u>68,188</u>	
		<u>3,321,219</u>
Total Restricted Net Assets - Governmental Activities		<u>\$ 103,550,338</u>

Included in total restricted net assets for the governmental activities at June 30, 2007 are net assets restricted by enabling legislation of \$100,792,159.

Restricted net assets at June 30, 2007 for business-type activities are as follows:

Restricted for Other Purposes:		
Building Permits Fund	<u>\$ 1,682,273</u>	
		<u>\$ 1,682,273</u>
Total Restricted Net Assets - Business-type Activities		<u>\$ 1,682,273</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 12: **Fund Balance Reserves for Other Programs**

The following are fund balances that are reserved per agreements, requirements or directives of grants, City Council, and/or federal law.

Reserved Fund Balances for Other Programs as of June 30, 2007, are as follows:

General Fund:

Neighborhood Advisory Boards	\$	16,364	
Law enforcement		45,755	
Fire activities		6,212	
Triad Haz-Mat team		99,643	
Advances to employees		12,578	
		<u>          </u>	180,552

Nonmajor Special Revenue Funds:

Parks & Recreation Fund - private grants		52,241	
Drug Forfeiture Fund		617,918	
		<u>          </u>	670,159

Nonmajor Capital Project Funds:

City Public Works Fund - sensitive lands acquisitions		68,188	
		<u>          </u>	68,188

Total Reserved Fund Balance for Other Programs \$ 918,899

Note 13: **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 three remaining eminent domain cases related to property acquisitions for the ReTRAC Project. No liability has been accrued on the City’s financial statements because of the uncertainty of the outcome of these cases. Trials are pending on these cases.

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2007

Note 13: **Contingent Liabilities** (continued)

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 Paiute 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 was 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. As of fiscal year 2006/07, the City has fully paid its share of the purchase and has ceased remitting fees to Washoe County.

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, 2007, because no explicit and measurable equity interest is deemed to exist. The entire equity was reserved for purchase of water rights and repayment of debt and was, therefore, unavailable to the City of Reno. Each entity (Washoe County, Reno, and Sparks) owns an undivided and equal interest in the property and water rights purchased. The amount attributable to the City of Reno at June 30, 2007 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. 9<sup>th</sup> 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

## CITY OF RENO, NEVADA

### Notes to Financial Statements June 30, 2007

Note 13: **Contingent Liabilities** (continued)

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, 2007, because no explicit and measurable equity interest is deemed to exist.

The City entered into a cancelable administrative services agreement with the Authority on June 7, 2001, the term of which was for three years, automatically renewing on an annual basis until cancelled by either party. Under the original agreement, the City provided 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 agreement was modified on June 30, 2004, and again on December 10, 2004, to reduce the services performed by the City to primarily human resources, payroll and employee benefits. The fee for such services is \$29,460 per month beginning December 10, 2004, increasing 4% annually on July 1. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid \$369,765 during the year ended June 30, 2007 for vehicle maintenance.

Separate financial statements and information for the Joint Venture are available by contacting the Authority at 1355 Corporate Blvd., P.O. Box 30013, Reno, Nevada 89520-3013.

Note 14: **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

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 14: **Risk Retention and Self-Funded Workers Compensation Funds** (continued)

claim, and \$10,000 for each property damage claim, with the exception of flood and earthquake occurrences. In fiscal year 2007, the funds provided coverage of up to the statutory limits for each workers 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 \$6,193,569 and \$0, respectively, at June 30, 2007. Claims liabilities of \$2,551,730 and \$53,041,943 are reported in the funds at June 30, 2007, respectively. The City estimates the current portion of claims liability in these funds as \$424,770 and \$5,015,269, respectively.

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

	<u>Risk Retention Fund</u>	<u>Self-Funded Workers Compensation Fund</u>
Claims liability, June 30, 2005	\$ 2,740,466	\$ 37,971,108
Claims and changes in estimates	780,361	14,236,627
Claims payments	<u>(714,361)</u>	<u>(3,860,442)</u>
Claims liability, June 30, 2006	\$ 2,806,347	\$ 48,347,293
Claims and changes in estimates	15,273	7,942,719
Claims payments	<u>( 269,890)</u>	<u>( 3,248,069)</u>
Claims liability, June 30, 2007	<u>\$ 2,551,730</u>	<u>\$ 53,041,943</u>

Note 15: **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 \$140,000 per employee per year. The City's maximum payment is \$1 million per individual per lifetime.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 15: **Self-Funded Medical Plan Internal Service Fund** (continued)

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 \$1,508,355 of the claims liability as current. Changes in the fund's claims liability amounts for the past two years were:

Claims liability, June 30, 2005	\$ 1,379,744
Claims and changes in estimates	12,169,557
Claims payments	<u>(11,779,373)</u>
Claims liability, June 30, 2006	1,769,928
Claims and changes in estimates	10,844,323
Claims payments	<u>(11,068,853)</u>
Claims liability, June 30, 2007	<u>\$ 1,545,398</u>

Note 16: **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 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, 2007 was \$3,013,329. There were 556 participants eligible to receive benefits at June 30, 2007.

Note 17: **Defined Benefit Pension Plan**

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

The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 17: **Defined Benefit Pension Plan** (continued)

Funding Policy – Plan members are funded under the employer pay contribution plan, wherein the City is required to contribute all amounts due under the plan. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes. Any adjustments are made on July 1 of each odd-numbered year. 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>Percentage</u>	
	<u>Regular Members</u>	<u>Police/Fire</u>	<u>Judicial</u>	<u>Total Contribution</u>	<u>of APC Contributed</u>
2006-2007	19.75%	32.00%	22.50%	\$ 26,659,875	100%
2005-2006	19.75%	32.00%	--	24,298,992	100%
2004-2005	20.25%	28.50%	--	22,344,293	100%

Note 18: **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 (NRS) 354.626:

	<u>Final Budget</u>	<u>Expenditures/ Expenses</u>	<u>Variance to Final Budget</u>
<u>Nonmajor Enterprise Fund:</u>			
Planning	\$ 4,580,024	\$ 4,730,069	\$ (150,045)

Negative variance occurred due to a keying/input error when calculating the budget amendment figure.

Internal Service Fund:

Self-Funded Workers Compensation Fund	4,673,726	9,660,904	(4,987,178)
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Negative variance occurred due to the final IBNR Claims Liability Adjustment necessary per the FY 2007 actuarial study received in August of 2007.

The following excess is exempt from reporting under NRS 354.626.1, but are disclosed in compliance with GAAP:

Major Debt Service Fund:

Railroad	10,293,056	10,297,359	(4,303)
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**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 18: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets** (continued)

	Final Budget	Expenditures/ Expenses	Variance to Final Budget
<b><u>Nonmajor Debt Service Funds:</u></b>			
City of Reno	\$ 8,419,037	\$ 8,532,349	\$ (113,312)
Redevelopment Agency	2,639,826	3,558,114	(918,288)

The following excess is exempt from reporting under NRS 354.621.2(i), but are disclosed in compliance with GAAP:

<b><u>Nonmajor Special Revenue Fund:</u></b>			
Community Development Block Grant	\$ 2,766,457	\$ 5,396,380	\$ (2,629,923)

**Deficit Fund Balances/Net Assets**

The Community Development Block Grant Administration Fund had a fund balance deficit of \$(136,929). The deficit occurred due to offsetting program revenues received in the Community Development Block Grant Fund against draws for administrative expenditures. The deficit will be eliminated in FY 2007/08 by a transfer from the Community Development Block Grant Fund.

The Municipal Court Capital Project Fund had a fund balance deficit of \$(59,960), which will be eliminated in FY 2007/08 by a transfer of court construction revenues from the Courts Special Revenue Fund.

The Railroad Capital Project Fund had a fund balance deficit of \$(1,234,108), which will be eliminated in FY 2007/08 by either additional draws on earmarked federal grants or the sale of property obtained from Union Pacific Railroad.

The Special Assessment Districts Capital Projects Fund had a fund balance deficit of \$(2,446,614), which will be eliminated in FY 2007/08 by an operating fund transfer from the Streets Special Revenue Fund and issuing special assessment district bonds.

The Planning Enterprise Fund had a fund balance deficit of \$(1,060,420), which will be eliminated in FY 2007/08 by (1) reducing FY 2007/08 operating expenses, including freezing vacant positions, and (2) deferring payment of \$1.6 million in FY 2007/08 indirect costs charges to the General Fund until the Planning Enterprise Fund is financially sound.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 18: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets** (continued)

**Deficit Fund Balances/Net Assets** (continued)

The Self-Funded Workers Compensation Internal Service Fund had a fund balance deficit of \$(51,982,665). Although the General Fund will be transferring \$2.5 million into this fund in FY 2007/08, the deficit is expected to remain until such time as the State Legislature provides a solution.

Note 19: **Special Ad Valorem Capital Projects Fund**

Pursuant to NRS 354.598155 the Special Ad Valorem Capital Projects Fund expended \$860,981 on the following projects:

Administration – indirect cost allocation	\$ 9,877
Sidewalk, curb and gutter repair	47,276
Park capital projects	39,541
Park maintenance/park facility projects	14,013
Underground storage tanks monitoring	45,055
New City Hall	75,587
Debt service	253,074
Street lighting/streetscape	183,235
Police station remodel	157,110
Computer equipment	<u>36,213</u>
Total	<u>\$ 860,981</u>

Note 20: **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 the 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.

On February 26, 1998, the City of Reno issued \$34,940,000 of insured hospital revenue bonds (Series 1998A) and \$20,000,000 of insured variable rate demand hospital revenue bonds (Series 1998B) for the St. Mary's Regional Medical Center project. The Series 1998B bonds were defeased on January 1, 2007, and fully redeemed on the January 17, 2007, call date. The Series 1998A bonds were defeased on January 1, 2007,

## CITY OF RENO, NEVADA

### Notes to Financial Statements June 30, 2007

Note 20: **Conduit Debt Obligations** (continued)

but will not be redeemed until the May 15, 2010 call date. The amount of Series 1998A bonds outstanding as of June 30, 2007, is \$23,460,000. 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. Both series of bonds were defeased on January 1, 2007. The Series 2003A bonds were subsequently redeemed on January 26, 2007, while the Series 2003B bonds were subsequently redeemed on January 12, 2007. Therefore, there are no Series 2003 bonds outstanding as of June 30, 2007.

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 (now known as Renown Regional Medical Center). The amount of bonds outstanding as of June 30, 2007, is \$193,150,000. 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 variable rate hospital revenue bonds and \$3,975,000 of insured hospital revenue bonds (Series 2005C) for the Washoe Medical Center project (now known as Renown Regional Medical Center). The amount of bonds outstanding as of June 30, 2007, is \$95,600,000 and \$3,035,000, respectively. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On September 19, 2006, the City of Reno issued \$90,000,000 of insured hospital revenue bonds (Series 2006A for \$44,000,000, Series 2006B for \$44,000,000, and Series C for \$2,000,000) for the Washoe Medical Center project (now known as Renown Regional Medical Center). The amount of bonds outstanding as of June 30, 2007, is \$88,000,000 for Series 2006 A & B and \$2,000,000 for Series 2006C. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On April 11, 2007, the City of Reno issued \$120,000,000 of insured hospital revenue bonds (Series 2007A) for the Renown Regional Medical Center project. The amount of bonds outstanding as of June 30, 2007, is \$120,000,000. 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, 2007

Note 21: **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, 2007, is \$2,985,000.

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, 2007, is \$14,985,000.

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. 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. 3 and the amount deposited in the bond reserve fund on behalf of the district. The amount of bonds outstanding at June 30, 2007, is \$6,460,000.

Note 22: **Subsequent Events**

On July 30, 2007, an official statement was released regarding the issuance of Nevada Taxable Revenue Bond, Series 2007, by the City in the amount of \$6,080,000. The bonds constitute special, limited obligations. The principal of and interest on these bonds will be payable solely from and secured by an irrevocable pledge of ground lease revenues on land upon which a parking garage is situated. Proceeds of the 2007 bonds may be used for: (1) acquiring, constructing, improving, equipping, operating and maintaining all or any part of building projects; (2) drainage projects and flood control projects; (3) fire protection projects; (4) off-street parking projects; (5) overpass projects; (6) park projects; (7) recreational projects; (8) sidewalk projects; (9) transportation projects; and/or (10) water projects, as defined by various sections of the Nevada Revised Statutes. A portion of the proceeds will be used to establish a \$752,650 bond reserve fund.

On September 12, 2007, the Reno City Council adopted a resolution approving a lease purchase agreement between the City and Oshkosh Capital in the amount of \$2,082,602 to purchase five fire engines/pumpers from Pierce Manufacturing. The principal will be repaid over nine years in annual installments beginning in 2008 and ending in 2016.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2007

Note 22: **Subsequent Events** (continued)

On September 21, 2007, the Redevelopment Agency entered into a Disposition and Development Agreement (DDA) with Nevada Land, LLC, for the development of a Triple A baseball stadium in downtown Reno. Part of the agreement entails the developer providing the Agency with a \$1.5 million loan to relocate Fire Station One to a temporary location until a permanent site can be identified and built. The interest rate has not yet been finalized, but will be paid quarterly, using the straight-line interest calculation method. The principal will be amortized over 10 years.

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**NONMAJOR GOVERNMENTAL FUNDS**

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**CITY OF RENO, NEVADA**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Investments	\$ 14,815,855	\$ 10,789,170	\$ 30,676,660	\$ 56,281,685
Receivables:				
Accounts	520,054	5,571	916,348	1,441,973
Accrued interest	81,028	103,944	173,444	358,416
Delinquent taxes	119,496	96,710	--	216,206
Long-term	1,305,472	--	--	1,305,472
Due from other funds	2,773,300	--	2,807,702	5,581,002
Due from other governments	2,464,327	69,011	350,044	2,883,382
Inventories	89,306	--	--	89,306
Deposits, land	--	--	25,000	25,000
<b>TOTAL ASSETS</b>	<u><u>\$ 22,168,838</u></u>	<u><u>\$ 11,064,406</u></u>	<u><u>\$ 34,949,198</u></u>	<u><u>\$ 68,182,442</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,127,197	\$ 6,970	\$ 156,768	\$ 1,290,935
Accrued salaries and benefits	361,625	--	--	361,625
Contracts and retained percentage payable	2,767,237	--	393,170	3,160,407
Accrued interest payable	1,543	--	809	2,352
Due to other funds	2,578,300	--	2,807,702	5,386,002
Due to other governments	400,685	--	1,014,061	1,414,746
Other liabilities, including deposits	582,067	4,000	8,812	594,879
Advances from other funds	209,400	--	--	209,400
Deferred taxes	103,858	86,598	--	190,456
Deferred revenue	1,372,472	--	--	1,372,472
<b>TOTAL LIABILITIES</b>	<u><u>9,504,384</u></u>	<u><u>97,568</u></u>	<u><u>4,381,322</u></u>	<u><u>13,983,274</u></u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	2,180,236	--	2,634,274	4,814,510
Long-term receivables	13,561	--	--	13,561
Capital projects	899,826	--	22,641,279	23,541,105
Park capital outlay	--	--	7,236,665	7,236,665
Future signalization	--	--	494,044	494,044
Debt service	--	10,966,838	--	10,966,838
Inventories	89,306	--	--	89,306
Court assessments	1,177,911	--	--	1,177,911
Court collection	139,737	--	--	139,737
Other programs	670,159	--	68,188	738,347
Unreserved, reported in:				
Special revenue funds	7,493,718	--	--	7,493,718
Capital projects funds	--	--	(2,506,574)	(2,506,574)
<b>TOTAL FUND BALANCES</b>	<u><u>12,664,454</u></u>	<u><u>10,966,838</u></u>	<u><u>30,567,876</u></u>	<u><u>54,199,168</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 22,168,838</u></u>	<u><u>\$ 11,064,406</u></u>	<u><u>\$ 34,949,198</u></u>	<u><u>\$ 68,182,442</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, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 12,748,284	\$ 8,605,221	\$ 1,494,547	\$ 22,848,052
Fees, licenses and permits	101,470	--	--	101,470
Intergovernmental	4,074,232	--	1,373,209	5,447,441
Grants and contributions	6,954,651	--	2,730,968	9,685,619
Charges for services	3,917,246	--	--	3,917,246
Fines and forfeitures	176,971	--	--	176,971
Miscellaneous	3,882,971	2,118,020	1,839,935	7,840,926
<b>TOTAL REVENUES</b>	<u>31,855,825</u>	<u>10,723,241</u>	<u>7,438,659</u>	<u>50,017,725</u>
EXPENDITURES				
Current:				
General government	768,189	--	--	768,189
Judicial	93,671	--	--	93,671
Public works	7,720,822	--	894,685	8,615,507
Planning and community development	5,648,409	--	--	5,648,409
Culture and recreation	17,304,216	--	1,573	17,305,789
Urban redevelopment	2,285,153	--	3,600	2,288,753
Capital outlay	9,008,268	--	20,169,056	29,177,324
Debt Service:				
Principal	44,000	7,183,008	--	7,227,008
Interest	31,121	3,947,587	--	3,978,708
Bond issue costs	--	936,580	--	936,580
Fiscal charges	--	23,288	--	23,288
<b>TOTAL EXPENDITURES</b>	<u>42,903,849</u>	<u>12,090,463</u>	<u>21,068,914</u>	<u>76,063,226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,048,024)</u>	<u>(1,367,222)</u>	<u>(13,630,255)</u>	<u>(26,045,501)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	14,295,000	10,000,000	24,295,000
Refunding bonds issued	--	20,690,000	--	20,690,000
Premium on bonds issued	--	48,040	--	48,040
Discount on bonds issued	--	(32,106)	--	(32,106)
Advanced refunding escrow payment	--	(20,405,473)	--	(20,405,473)
Sale of capital assets	11,554	--	315,000	326,554
Transfers from other funds	18,204,641	2,291,220	13,719,099	34,214,960
Transfers to other funds	(5,561,023)	(14,008,028)	(2,600,805)	(22,169,856)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>12,655,172</u>	<u>2,878,653</u>	<u>21,433,294</u>	<u>36,967,119</u>
NET CHANGE IN FUND BALANCES	1,607,148	1,511,431	7,803,039	10,921,618
FUND BALANCES, BEGINNING, AS RESTATED	<u>11,057,306</u>	<u>9,455,407</u>	<u>22,764,837</u>	<u>43,277,550</u>
FUND BALANCES, ENDING	<u>\$ 12,664,454</u>	<u>\$ 10,966,838</u>	<u>\$ 30,567,876</u>	<u>\$ 54,199,168</u>

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# **SPECIAL REVENUE FUNDS**

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**– 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 persons 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 recreation 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 pool operations. This also includes accounting for revenues and costs to the City related to special events sponsored by outside parties

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

Emergency Operations Fund – to account for the expenditures incurred as a result of unforeseen acts of nature, violence, terrorism, or other events that require the City to enact its emergency operations plan due to the declaration of a disaster, as well as any federal, state or other revenues requested and received as reimbursement of the expenditures incurred as a result of the unforeseen act or event

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 substances 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, 2007

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Street Fund	Events Center Fund
<b>ASSETS</b>				
Cash and Investments	\$ 344,588	\$ 323	\$ 3,054,906	\$ 570,475
Receivables:				
Accounts	--	--	273,387	--
Accrued interest	--	--	10,659	2,876
Delinquent taxes	--	--	111,294	--
Long-term	--	--	--	--
Due from other funds	--	--	898,300	--
Due from other governments	490,992	106,511	751,026	--
Inventories	--	--	89,306	--
<b>TOTAL ASSETS</b>	<u>\$ 835,580</u>	<u>\$ 106,834</u>	<u>\$ 5,188,878</u>	<u>\$ 573,351</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 140,659	\$ 21,529	\$ 412,663	\$ --
Accrued salaries and benefits	2,130	5,234	83,059	--
Contracts and retained percentage payable	--	--	2,543,183	--
Accrued interest payable	--	--	1,502	--
Due to other funds	554,300	217,000	--	--
Due to other governments	--	--	--	--
Other liabilities, including deposits	3,500	--	229,407	--
Advances from other funds	--	--	--	--
Deferred taxes	--	--	95,656	--
Deferred revenue	67,000	--	--	--
<b>TOTAL LIABILITIES</b>	<u>767,589</u>	<u>243,763</u>	<u>3,365,470</u>	<u>--</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	1,296,742	--
Inventories	--	--	89,306	--
Long-term receivables	--	--	--	--
Capital projects	--	--	437,360	--
Court assessments	--	--	--	--
Court collections	--	--	--	--
Other programs	--	--	--	--
Unreserved	67,991	(136,929)	--	573,351
<b>TOTAL FUND BALANCES</b>	<u>67,991</u>	<u>(136,929)</u>	<u>1,823,408</u>	<u>573,351</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 835,580</u>	<u>\$ 106,834</u>	<u>\$ 5,188,878</u>	<u>\$ 573,351</u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2007

	<u>Room Tax Fund</u>	<u>Parks and Recreation Fund</u>	<u>Stabilization Fund</u>	<u>Emergency Operations Fund</u>
<b>ASSETS</b>				
Cash and Investments	\$ 221	\$ 2,761,594	\$ 4,224,370	\$ 9,753
Receivables:				
Accounts	--	72,774	--	--
Accrued interest	2,065	8,862	37,172	--
Delinquent taxes	--	--	--	--
Long-term	--	--	--	--
Due from other funds	--	195,000	1,680,000	--
Due from other governments	424,272	8,180	--	500,000
Inventories	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 426,558</u>	<u>\$ 3,046,410</u>	<u>\$ 5,941,542</u>	<u>\$ 509,753</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,740	\$ 322,456	\$ --	\$ --
Accrued salaries and benefits	--	250,304	--	--
Contracts and retained percentage payable	--	167,614	--	--
Accrued interest payable	--	41	--	--
Due to other funds	127,000	--	--	1,680,000
Due to other governments	--	--	--	--
Other liabilities, including deposits	--	65,900	--	--
Advances from other funds	--	--	--	--
Deferred taxes	--	--	--	--
Deferred revenue	--	--	--	--
<b>TOTAL LIABILITIES</b>	<u>140,740</u>	<u>806,315</u>	<u>--</u>	<u>1,680,000</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	24,956	246,297	--	--
Inventories	--	--	--	--
Long-term receivables	--	--	--	--
Capital projects	--	--	--	--
Court assessments	--	--	--	--
Court collections	--	--	--	--
Other programs	--	52,241	--	--
Unreserved	260,862	1,941,557	5,941,542	(1,170,247)
<b>TOTAL FUND BALANCES</b>	<u>285,818</u>	<u>2,240,095</u>	<u>5,941,542</u>	<u>(1,170,247)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 426,558</u>	<u>\$ 3,046,410</u>	<u>\$ 5,941,542</u>	<u>\$ 509,753</u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
Nonmajor Special Revenue Funds  
June 30, 2007

	<u>Courts Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Investments	\$ 1,942,081	\$ 454,716	\$ 1,452,828	\$ 14,815,855
Receivables:				
Accounts	--	--	173,893	520,054
Accrued interest	12,348	3,984	3,062	81,028
Delinquent taxes	--	--	8,202	119,496
Long-term	--	--	1,305,472	1,305,472
Due from other funds	--	--	--	2,773,300
Due from other governments	--	159,218	24,128	2,464,327
Inventories	--	--	--	89,306
<b>TOTAL ASSETS</b>	<u>\$ 1,954,429</u>	<u>\$ 617,918</u>	<u>\$ 2,967,585</u>	<u>\$ 22,168,838</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 149,314	\$ --	\$ 66,836	\$ 1,127,197
Accrued salaries and benefits	--	--	20,898	361,625
Contracts and retained percentage payable	--	--	56,440	2,767,237
Accrued interest payable	--	--	--	1,543
Due to other funds	--	--	--	2,578,300
Due to other governments	3,670	--	397,015	400,685
Other liabilities, including deposits	--	--	283,260	582,067
Advances from other funds	--	--	209,400	209,400
Deferred taxes	--	--	8,202	103,858
Deferred revenue	--	--	1,305,472	1,372,472
<b>TOTAL LIABILITIES</b>	<u>152,984</u>	<u>--</u>	<u>2,347,523</u>	<u>9,504,384</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	5,740	--	606,501	2,180,236
Inventories	--	--	--	89,306
Long-term receivables	--	--	13,561	13,561
Capital projects	462,466	--	--	899,826
Court assessments	1,177,911	--	--	1,177,911
Court collections	139,737	--	--	139,737
Other programs	--	617,918	--	670,159
Unreserved	15,591	--	--	7,493,718
<b>TOTAL FUND BALANCES</b>	<u>1,801,445</u>	<u>617,918</u>	<u>620,062</u>	<u>12,664,454</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,954,429</u>	<u>\$ 617,918</u>	<u>\$ 2,967,585</u>	<u>\$ 22,168,838</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, 2007

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Street Fund	Events Center Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 10,200,752	\$ --
Room taxes	--	--	--	--
Licenses and permits	--	--	101,470	--
Intergovernmental	--	--	3,946,208	--
Grants and contributions	5,491,080	459,299	--	--
Charges for services	--	--	--	--
Fines and forfeits	--	--	176,971	--
Investment earnings	--	--	21,221	16,447
Interest earnings, other	8,191	--	--	--
Reimbursement & restitutions	--	--	31,811	--
Miscellaneous	626,079	--	133,980	--
<b>TOTAL REVENUES</b>	<u>6,125,350</u>	<u>459,299</u>	<u>14,612,413</u>	<u>16,447</u>
<b>EXPENDITURES</b>				
Current:				
General government	--	--	--	417,535
Judicial	--	--	--	--
Public works	--	--	7,720,822	--
Planning and community development	5,321,259	327,150	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Capital outlay	--	--	6,857,737	--
Debt Service:				
Principal	44,000	--	--	--
Interest	31,121	--	--	--
<b>TOTAL EXPENDITURES</b>	<u>5,396,380</u>	<u>327,150</u>	<u>14,578,559</u>	<u>417,535</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>728,970</u>	<u>132,149</u>	<u>33,854</u>	<u>(401,088)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	--	--	--	--
Transfers in	--	--	1,999,033	681,525
Transfers out	(1,044,205)	(115,780)	(382,000)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,044,205)</u>	<u>(115,780)</u>	<u>1,617,033</u>	<u>681,525</u>
<b>NET CHANGE IN FUND BALANCES</b>	(315,235)	16,369	1,650,887	280,437
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>383,226</u>	<u>(153,298)</u>	<u>172,521</u>	<u>292,914</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 67,991</u>	<u>\$ (136,929)</u>	<u>\$ 1,823,408</u>	<u>\$ 573,351</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2007

	<u>Room Tax Fund</u>	<u>Parks and Recreation Fund</u>	<u>Stabilization Fund</u>	<u>Emergency Operations Fund</u>
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ --	\$ --
Room taxes	2,282,064	--	--	--
Licenses and permits	--	--	--	--
Intergovernmental	--	--	--	--
Grants and contributions	--	232,118	--	--
Charges for services	--	3,917,246	--	--
Fines and forfeits	--	--	--	--
Investment earnings	4,687	74,768	227,427	1,843
Interest earnings, other	--	--	--	--
Reimbursement & restitutions	--	334,189	--	100
Miscellaneous	--	234,865	--	--
<b>TOTAL REVENUES</b>	<u>2,286,751</u>	<u>4,793,186</u>	<u>227,427</u>	<u>1,943</u>
<b>EXPENDITURES</b>				
Current:				
General government	314,481	--	--	36,173
Judicial	--	--	--	--
Public works	--	--	--	--
Planning and community development	--	--	--	--
Culture and recreation	--	17,304,216	--	--
Urban redevelopment	--	--	--	--
Capital outlay	22,633	857,140	--	401,785
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<u>337,114</u>	<u>18,161,356</u>	<u>--</u>	<u>437,958</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,949,637</u>	<u>(13,368,170)</u>	<u>227,427</u>	<u>(436,015)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	--	--	--	--
Transfers in	11,250	13,938,089	--	--
Transfers out	(1,885,414)	(1,011,250)	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,874,164)</u>	<u>12,926,839</u>	<u>--</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	75,473	(441,331)	227,427	(436,015)
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>210,345</u>	<u>2,681,426</u>	<u>5,714,115</u>	<u>(734,232)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 285,818</u>	<u>\$ 2,240,095</u>	<u>\$ 5,941,542</u>	<u>\$ (1,170,247)</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2007

	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 265,468	\$ 10,466,220
Room taxes	--	--	--	2,282,064
Licenses and permits	--	--	--	101,470
Intergovernmental	--	--	128,024	4,074,232
Grants and contributions	--	--	772,154	6,954,651
Charges for services	--	--	--	3,917,246
Fines and forfeits	--	--	--	176,971
Investment earnings	66,738	22,334	19,119	454,584
Interest earnings, other	--	--	--	8,191
Reimbursement & restitutions	--	--	119	366,219
Miscellaneous	711,853	254,150	1,093,050	3,053,977
<b>TOTAL REVENUES</b>	<u>778,591</u>	<u>276,484</u>	<u>2,277,934</u>	<u>31,855,825</u>
<b>EXPENDITURES</b>				
Current:				
General government	--	--	--	768,189
Judicial	93,671	--	--	93,671
Public works	--	--	--	7,720,822
Planning and community development	--	--	--	5,648,409
Culture and recreation	--	--	--	17,304,216
Urban redevelopment	--	--	2,285,153	2,285,153
Capital outlay	--	--	868,973	9,008,268
Debt Service:				
Principal	--	--	--	44,000
Interest	--	--	--	31,121
<b>TOTAL EXPENDITURES</b>	<u>93,671</u>	<u>--</u>	<u>3,154,126</u>	<u>42,903,849</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>684,920</u>	<u>276,484</u>	<u>(876,192)</u>	<u>(11,048,024)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	--	11,554	--	11,554
Transfers in	--	--	1,574,744	18,204,641
Transfers out	(160,576)	(178,613)	(783,185)	(5,561,023)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(160,576)</u>	<u>(167,059)</u>	<u>791,559</u>	<u>12,655,172</u>
<b>NET CHANGE IN FUND BALANCES</b>	524,344	109,425	(84,633)	1,607,148
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>1,277,101</u>	<u>508,493</u>	<u>704,695</u>	<u>11,057,306</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,801,445</u>	<u>\$ 617,918</u>	<u>\$ 620,062</u>	<u>\$ 12,664,454</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ 3,287,532	\$ 3,016,315	\$ 4,432,946	\$ 1,416,631
State grants	--	19,910	1,058,134	1,038,224
Total Intergovernmental	<u>3,287,532</u>	<u>3,036,225</u>	<u>5,491,080</u>	<u>2,454,855</u>
Miscellaneous:				
Interest earnings, other	1,000	16,000	8,191	(7,809)
Loan payments	200,000	450,000	497,662	47,662
Other	95,000	71,000	128,417	57,417
Total Miscellaneous	<u>296,000</u>	<u>537,000</u>	<u>634,270</u>	<u>97,270</u>
<b>TOTAL REVENUES</b>	<u>3,583,532</u>	<u>3,573,225</u>	<u>6,125,350</u>	<u>2,552,125</u>
<b>EXPENDITURES</b>				
Current:				
Planning and Community Development:				
Salaries and wages	111,367	111,367	70,265	41,102
Employee benefits	54,480	47,039	32,429	14,610
Services and supplies	49,473	52,482	42,793	9,689
Capital outlay	--	3,750	--	3,750
Community projects	2,562,126	2,476,819	5,175,772	(2,698,953)
Total Planning and Community Development	<u>2,777,446</u>	<u>2,691,457</u>	<u>5,321,259</u>	<u>(2,629,802)</u>
Debt Service:				
Principal	44,000	44,000	44,000	--
Interest	15,139	31,000	31,121	(121)
<b>TOTAL EXPENDITURES</b>	<u>2,836,585</u>	<u>2,766,457</u>	<u>5,396,380</u>	<u>(2,629,923)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>746,947</u>	<u>806,768</u>	<u>728,970</u>	<u>(77,798)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,044,205)</u>	<u>(1,044,205)</u>	<u>(1,044,205)</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(297,258)</u>	<u>(237,437)</u>	<u>(315,235)</u>	<u>(77,798)</u>
<b>FUND BALANCE, BEGINNING</b>	<u>302,852</u>	<u>383,226</u>	<u>383,226</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 5,594</u>	<u>\$ 145,789</u>	<u>\$ 67,991</u>	<u>\$ (77,798)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 595,212	\$ 765,429	\$ 396,235	\$ (369,194)
State grants	--	--	63,064	63,064
TOTAL REVENUES	<u>595,212</u>	<u>765,429</u>	<u>459,299</u>	<u>(306,130)</u>
EXPENDITURES				
Salaries and wages	154,789	154,789	144,381	10,408
Employee benefits	71,629	71,576	63,398	8,178
Services and supplies	250,686	251,686	119,371	132,315
Capital outlay	4,000	7,000	--	7,000
TOTAL EXPENDITURES	<u>481,104</u>	<u>485,051</u>	<u>327,150</u>	<u>157,901</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>114,108</u>	<u>280,378</u>	<u>132,149</u>	<u>(148,229)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(132,080)</u>	<u>(127,080)</u>	<u>(115,780)</u>	<u>11,300</u>
NET CHANGE IN FUND BALANCES	(17,972)	153,298	16,369	(136,929)
FUND BALANCE, BEGINNING	<u>17,972</u>	<u>(153,298)</u>	<u>(153,298)</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (136,929)</u>	<u>\$ (136,929)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 9,484,491	\$ 9,564,687	\$ 10,200,752	\$ 636,065
Licenses and permits:				
Excavation permits	175,000	100,000	101,470	1,470
Intergovernmental:				
Motor vehicle fuel tax	3,612,965	3,612,965	3,884,616	271,651
County road tax	49,200	49,200	61,592	12,392
Total intergovernmental	3,662,165	3,662,165	3,946,208	284,043
Grants and contributions:				
Street patching penalties	50,000	175,000	176,971	1,971
Miscellaneous:				
Investment earnings	20,000	5,000	21,221	16,221
Reimbursements and restitution	--	29,000	31,811	2,811
Exactions	--	--	135	135
Other	--	6,000	133,845	127,845
Total miscellaneous	20,000	40,000	187,012	147,012
TOTAL REVENUES	13,391,656	13,541,852	14,612,413	1,070,561
EXPENDITURES				
Current:				
Salaries and wages	3,101,459	2,868,097	2,726,123	141,974
Employee benefits	1,243,509	1,167,761	1,150,293	17,468
Services and supplies	3,491,614	4,085,614	3,844,406	241,208
Capital Outlay	7,574,708	7,124,708	6,857,737	266,971
TOTAL EXPENDITURES	15,411,290	15,246,180	14,578,559	667,621
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,019,634)	(1,704,328)	33,854	1,738,182
OTHER FINANCING SOURCES (USES)				
Transfers in	1,999,033	1,999,033	1,999,033	--
Transfers out	(382,000)	(382,000)	(382,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	1,617,033	1,617,033	1,617,033	--
NET CHANGE IN FUND BALANCES	(402,601)	(87,295)	1,650,887	1,738,182
FUND BALANCE, BEGINNING	902,601	172,521	172,521	--
FUND BALANCE, ENDING	\$ 500,000	\$ 85,226	\$ 1,823,408	\$ 1,738,182

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 15,000	\$ 16,447	\$ 1,447
TOTAL REVENUES	--	15,000	16,447	1,447
EXPENDITURES				
Current:				
General Government:				
Services and supplies	681,525	501,525	417,535	83,990
TOTAL EXPENDITURES	681,525	501,525	417,535	83,990
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(681,525)	(486,525)	(401,088)	85,437
OTHER FINANCING SOURCES (USES)				
Transfers in	681,525	681,525	681,525	--
NET CHANGE IN FUND BALANCES	--	195,000	280,437	85,437
FUND BALANCE, BEGINNING	--	292,914	292,914	--
FUND BALANCE, ENDING	\$ --	\$ 487,914	\$ 573,351	\$ 85,437

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Room Tax	\$ 2,260,000	\$ 2,286,000	\$ 2,282,064	\$ (3,936)
Miscellaneous:				
Investment earnings	11,000	1,031	4,687	3,656
Total Miscellaneous	11,000	1,031	4,687	3,656
TOTAL REVENUES	<u>2,271,000</u>	<u>2,287,031</u>	<u>2,286,751</u>	<u>(280)</u>
EXPENDITURES				
Current:				
General Government:				
Tourism:				
Services and supplies	396,618	434,244	314,481	119,763
Capital outlay	--	--	22,633	(22,633)
TOTAL EXPENDITURES	<u>396,618</u>	<u>434,244</u>	<u>337,114</u>	<u>97,130</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,874,382</u>	<u>1,852,787</u>	<u>1,949,637</u>	<u>96,850</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	11,250	11,250	--
Transfers out	(1,874,382)	(2,074,382)	(1,885,414)	188,968
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,874,382)</u>	<u>(2,063,132)</u>	<u>(1,874,164)</u>	<u>188,968</u>
NET CHANGE IN FUND BALANCES	--	(210,345)	75,473	285,818
FUND BALANCE, BEGINNING	--	210,345	210,345	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 285,818</u>	<u>\$ 285,818</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Parks and Recreation Fund  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ 490,724	\$ 703,360	\$ 232,118	\$ (471,242)
Total Intergovernmental	<u>490,724</u>	<u>703,360</u>	<u>232,118</u>	<u>(471,242)</u>
Charges for Services:				
Engineering charges	80,000	80,000	81,675	1,675
Swimming pool fees	456,993	457,885	446,015	(11,870)
Recreation facility fees	2,978,046	3,049,887	3,328,006	278,119
Parks and recreation fees	356,797	356,797	61,550	(295,247)
Total Charges for Services	<u>3,871,836</u>	<u>3,944,569</u>	<u>3,917,246</u>	<u>(27,323)</u>
Miscellaneous:				
Investment earnings	7,500	59,500	74,768	15,268
Rents and royalties	82,832	147,737	136,452	(11,285)
Reimbursements and restitution	--	304,188	334,189	30,001
Private grants	39,000	102,902	96,975	(5,927)
Other	2,000	750	1,438	688
Total Miscellaneous	<u>131,332</u>	<u>615,077</u>	<u>643,822</u>	<u>28,745</u>
<b>TOTAL REVENUES</b>	<u>4,493,892</u>	<u>5,263,006</u>	<u>4,793,186</u>	<u>(469,820)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation:				
Salaries and wages	8,605,583	8,233,428	8,213,768	19,660
Employee benefits	2,039,488	2,252,572	2,268,413	(15,841)
Services and supplies	6,988,276	6,937,030	6,822,035	114,995
Capital outlay	688,000	969,925	857,140	112,785
<b>TOTAL EXPENDITURES</b>	<u>18,321,347</u>	<u>18,392,955</u>	<u>18,161,356</u>	<u>231,599</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,827,455)</u>	<u>(13,129,949)</u>	<u>(13,368,170)</u>	<u>(238,221)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,395,184	13,927,057	13,938,089	11,032
Transfers out	--	(1,011,250)	(1,011,250)	--
<b>TOTAL OTHER FINANCING SOURCSE (USES)</b>	<u>13,395,184</u>	<u>12,915,807</u>	<u>12,926,839</u>	<u>11,032</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(432,271)</u>	<u>(214,142)</u>	<u>(441,331)</u>	<u>(227,189)</u>
<b>FUND BALANCE, BEGINNING</b>	<u>963,186</u>	<u>2,681,426</u>	<u>2,681,426</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 530,915</u>	<u>\$ 2,467,284</u>	<u>\$ 2,240,095</u>	<u>\$ (227,189)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 54,000	\$ 200,000	\$ 227,427	\$ 27,427
TOTAL REVENUES	<u>54,000</u>	<u>200,000</u>	<u>227,427</u>	<u>27,427</u>
EXPENDITURES				
Current:				
General Government:				
Services and supplies	5,718,218	--	--	--
TOTAL EXPENDITURES	<u>5,718,218</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,664,218)</u>	<u>200,000</u>	<u>227,427</u>	<u>27,427</u>
NET CHANGE IN FUND BALANCES	(5,664,218)	200,000	227,427	27,427
FUND BALANCE, BEGINNING	<u>5,664,218</u>	<u>5,714,115</u>	<u>5,714,115</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 5,914,115</u>	<u>\$ 5,941,542</u>	<u>\$ 27,427</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Emergency Operations Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Intergovernmental:				
Federal grants	\$ --	\$ 853,094	\$ --	\$ (853,094)
Miscellaneous:				
Investment earnings	--	--	1,843	1,843
Reimbursement and restitution	--	735,978	100	(735,878)
TOTAL REVENUES	--	1,589,072	1,943	(1,587,129)
EXPENDITURES				
Current:				
General government:				
Services and supplies	--	72,346	36,173	36,173
Capital outlay	--	782,494	401,785	380,709
TOTAL EXPENDITURES	--	854,840	437,958	416,882
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	734,232	(436,015)	(1,170,247)
NET CHANGE IN FUND BALANCES	--	734,232	(436,015)	(1,170,247)
FUND BALANCE, BEGINNING	--	--	(734,232)	(734,232)
FUND BALANCE, ENDING	\$ --	\$ 734,232	\$ (1,170,247)	\$ (1,904,479)

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Courts Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 5,000	\$ 53,000	\$ 66,738	\$ 13,738
Court administrative charges	200,000	320,000	334,771	14,771
Court construction fees	200,000	310,000	336,200	26,200
Collection charges	34,000	34,000	39,762	5,762
Other	--	--	1,120	1,120
TOTAL REVENUES	<u>439,000</u>	<u>717,000</u>	<u>778,591</u>	<u>61,591</u>
EXPENDITURES				
Current:				
Judicial:				
Services and supplies	<u>350,603</u>	<u>350,603</u>	<u>93,671</u>	<u>256,932</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>88,397</u>	<u>366,397</u>	<u>684,920</u>	<u>318,523</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>--</u>	<u>161,101</u>	<u>(160,576)</u>	<u>(321,677)</u>
NET CHANGE IN FUND BALANCES	88,397	527,498	524,344	(3,154)
FUND BALANCE, BEGINNING	--	1,277,101	1,277,101	--
FUND BALANCE, ENDING	<u>\$ 88,397</u>	<u>\$ 1,804,599</u>	<u>\$ 1,801,445</u>	<u>\$ (3,154)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 7,000	\$ 20,000	\$ 22,334	\$ 2,334
Federal drug forfeiture monies	25,000	15,000	32,004	17,004
State drug forfeiture monies	30,000	58,200	222,146	163,946
TOTAL REVENUES	<u>62,000</u>	<u>93,200</u>	<u>276,484</u>	<u>183,284</u>
EXPENDITURES				
General Government:				
Services and supplies	<u>62,000</u>	<u>194,413</u>	<u>--</u>	<u>194,413</u>
TOTAL EXPENDITURES	<u>62,000</u>	<u>194,413</u>	<u>--</u>	<u>194,413</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(101,213)</u>	<u>276,484</u>	<u>377,697</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	11,554	11,554
Transfers out	--	(98,026)	(178,613)	(80,587)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(98,026)</u>	<u>(167,059)</u>	<u>(69,033)</u>
NET CHANGE IN FUND BALANCES	--	(199,239)	109,425	308,664
FUND BALANCE, BEGINNING	--	60,997	508,493	447,496
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ (138,242)</u>	<u>\$ 617,918</u>	<u>\$ 756,160</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 137,480	\$ 350,808	\$ 265,468	\$ (85,340)
Total Taxes	<u>137,480</u>	<u>350,808</u>	<u>265,468</u>	<u>(85,340)</u>
Intergovernmental:				
Federal grants	--	772,155	772,154	(1)
State shared revenues:				
Motor vehicle privilege tax	128,024	128,024	128,024	--
Total Intergovernmental	<u>128,024</u>	<u>900,179</u>	<u>900,178</u>	<u>(1)</u>
Miscellaneous:				
Investment earnings	50,000	19,000	19,119	119
Rent and royalties	--	--	231,725	231,725
Reimbursements and restitution	320,000	255,500	119	(255,381)
Parking revenues	500,000	700,000	576,215	(123,785)
Other	111,618	286,773	285,110	(1,663)
Total Miscellaneous	<u>981,618</u>	<u>1,261,273</u>	<u>1,112,288</u>	<u>(148,985)</u>
<b>TOTAL REVENUES</b>	<u>1,247,122</u>	<u>2,512,260</u>	<u>2,277,934</u>	<u>(234,326)</u>
<b>EXPENDITURES</b>				
Current:				
Urban Redevelopment:				
Salaries and wages	531,328	528,529	499,610	28,919
Employee benefits	198,990	210,296	191,248	19,048
Services and supplies	1,458,898	1,808,897	1,594,295	214,602
Capital outlay	--	1,252,154	868,973	383,181
<b>TOTAL EXPENDITURES</b>	<u>2,189,216</u>	<u>3,799,876</u>	<u>3,154,126</u>	<u>645,750</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(942,094)</u>	<u>(1,287,616)</u>	<u>(876,192)</u>	<u>411,424</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	175,155	--	--	--
Transfers in	971,632	1,575,144	1,574,744	(400)
Transfers out	(783,185)	(783,185)	(783,185)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>363,602</u>	<u>791,959</u>	<u>791,559</u>	<u>(400)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(578,492)</u>	<u>(495,657)</u>	<u>(84,633)</u>	<u>411,024</u>
<b>FUND BALANCE, BEGINNING, AS RESTATED</b>	<u>578,492</u>	<u>(551,945)</u>	<u>704,695</u>	<u>1,256,640</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ --</u>	<u>\$ (1,047,602)</u>	<u>\$ 620,062</u>	<u>\$ 1,667,664</u>

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# **DEBT SERVICE FUNDS**

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## **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 the 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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Room taxes (railroad)	\$ 1,060,000	\$ 1,060,000	\$ 1,074,435	\$ 14,435
Intergovernmental:				
Sales taxes (railroad)	8,350,000	8,350,000	8,895,013	545,013
Special assessments	--	--	316,415	316,415
Miscellaneous:				
Investment earnings	100,000	306,000	326,721	20,721
Interest earnings, other	500,000	900,000	845,365	(54,635)
Other	20,000	100,000	78,567	(21,433)
<b>TOTAL REVENUES</b>	<u>10,030,000</u>	<u>10,716,000</u>	<u>11,536,516</u>	<u>820,516</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	1,080,000	1,080,000	1,080,000	--
Interest	7,657,900	8,676,663	8,698,377	(21,714)
Fiscal charges	65,976	418,976	401,565	17,411
Bond issue costs	--	117,417	117,417	--
<b>TOTAL EXPENDITURES</b>	<u>8,803,876</u>	<u>10,293,056</u>	<u>10,297,359</u>	<u>(4,303)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,226,124</u>	<u>422,944</u>	<u>1,239,157</u>	<u>816,213</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,126,184	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,126,184</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,352,308	422,944	1,239,157	816,213
<b>FUND BALANCE, BEGINNING</b>	<u>37,513,380</u>	<u>5,371,370</u>	<u>5,371,370</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 39,865,688</u>	<u>\$ 5,794,314</u>	<u>\$ 6,610,527</u>	<u>\$ 816,213</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Room taxes (Events Center)	\$ 6,030,000	\$ 6,030,000	\$ 6,285,726	\$ 255,726
Special assessments	750,000	300,000	127,800	(172,200)
Miscellaneous:				
Investment earnings	100,000	232,000	307,921	75,921
Interest earnings, other	400,000	450,000	539,737	89,737
Other	15,000	10,000	--	(10,000)
<b>TOTAL REVENUES</b>	<u>7,295,000</u>	<u>7,022,000</u>	<u>7,261,184</u>	<u>239,184</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	545,000	545,000	545,000	--
Interest	5,379,622	5,399,622	5,371,827	27,795
Fiscal charges	66,950	241,950	233,834	8,116
<b>TOTAL EXPENDITURES</b>	<u>5,991,572</u>	<u>6,186,572</u>	<u>6,150,661</u>	<u>35,911</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,303,428</u>	<u>835,428</u>	<u>1,110,523</u>	<u>275,095</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(681,525)	(681,525)	(681,525)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(681,525)</u>	<u>(681,525)</u>	<u>(681,525)</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	621,903	153,903	428,998	275,095
<b>FUND BALANCE, BEGINNING</b>	<u>7,732,225</u>	<u>7,175,658</u>	<u>7,175,658</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 8,354,128</u>	<u>\$ 7,329,561</u>	<u>\$ 7,604,656</u>	<u>\$ 275,095</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ 348,266	\$ 401,683	\$ 783,601	\$ 381,918
Miscellaneous:				
Investment earnings	35,337	71,175	99,907	28,732
Interest earnings, other	220,859	285,140	288,065	2,925
Other	250	29,350	35,746	6,396
<b>TOTAL REVENUES</b>	<u>604,712</u>	<u>787,348</u>	<u>1,207,319</u>	<u>419,971</u>
<b>EXPENDITURSE</b>				
Debt Service:				
Principal	325,485	325,485	298,344	27,141
Interest	194,169	194,169	179,261	14,908
Fiscal charges	199,960	370,560	151,164	219,396
<b>TOTAL EXPENDITURES</b>	<u>719,614</u>	<u>890,214</u>	<u>628,769</u>	<u>261,445</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(114,902)</u>	<u>(102,866)</u>	<u>578,550</u>	<u>681,416</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	--	--	(21,370)	(21,370)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>--</u>	<u>(21,370)</u>	<u>(21,370)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(114,902)	(102,866)	557,180	660,046
<b>FUND BALANCE, BEGINNING, AS RESTATED</b>	<u>3,095,306</u>	<u>3,377,304</u>	<u>2,363,019</u>	
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,980,404</u>	<u>\$ 3,274,438</u>	<u>\$ 2,920,199</u>	<u>\$ 660,046</u>

**CITY OF RENO, NEVADA**

Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 June 30, 2007

	City of Reno Fund	Redevelopment Agency Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 7,935,729	\$ 2,853,441	\$ 10,789,170
Receivables:			
Accounts receivable	5,571	--	5,571
Accrued interest	90,433	13,511	103,944
Delinquent taxes	74,487	22,223	96,710
Due from other governments	38,674	30,337	69,011
<b>TOTAL ASSETS</b>	<u>\$ 8,144,894</u>	<u>\$ 2,919,512</u>	<u>\$ 11,064,406</u>
<b>LIABILITIES</b>			
Accounts payable	250	6,720	6,970
Deferred taxes	64,391	22,207	86,598
Other liabilities	4,000	--	4,000
<b>TOTAL LIABILITIES</b>	<u>68,641</u>	<u>28,927</u>	<u>97,568</u>
<b>FUND BALANCES</b>			
Reserved for:			
Debt service	8,076,253	2,890,585	10,966,838
<b>TOTAL FUND BALANCES</b>	<u>8,076,253</u>	<u>2,890,585</u>	<u>10,966,838</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,144,894</u>	<u>\$ 2,919,512</u>	<u>\$ 11,064,406</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, 2007

	City of Reno Fund	Redevelopment Agency Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 4,784,204	\$ 3,821,017	\$ 8,605,221
Investment earnings	609,242	195,776	805,018
Miscellaneous	<u>1,313,002</u>	<u>          --</u>	<u>1,313,002</u>
TOTAL REVENUES	<u>6,706,448</u>	<u>4,016,793</u>	<u>10,723,241</u>
EXPENDITURES			
Debt Service:			
Principal	6,163,008	1,020,000	7,183,008
Interest	2,180,356	1,767,231	3,947,587
Bond issue costs	178,169	758,411	936,580
Fiscal charges	<u>10,816</u>	<u>12,472</u>	<u>23,288</u>
TOTAL EXPENDITURES	<u>8,532,349</u>	<u>3,558,114</u>	<u>12,090,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,825,901)</u>	<u>458,679</u>	<u>(1,367,222)</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	14,295,000	--	14,295,000
Refunding bonds issued	--	20,690,000	20,690,000
Premium on bonds issued	--	48,040	48,040
Discount on bonds issued	--	(32,106)	(32,106)
Advanced refunding escrow payment	--	(20,405,473)	(20,405,473)
Transfers in	2,291,220	--	2,291,220
Transfers out	<u>(12,507,884)</u>	<u>(1,500,144)</u>	<u>(14,008,028)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,078,336</u>	<u>(1,199,683)</u>	<u>2,878,653</u>
NET CHANGE IN FUND BALANCES	2,252,435	(741,004)	1,511,431
FUND BALANCES, BEGINNING	<u>5,823,818</u>	<u>3,631,589</u>	<u>9,455,407</u>
FUND BALANCES, ENDING	<u>\$ 8,076,253</u>	<u>\$ 2,890,585</u>	<u>10,966,838</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 4,404,399	\$ 4,404,399	\$ 4,784,204	\$ 379,805
Miscellaneous:				
Investment earnings	116,469	282,000	609,242	327,242
Other	553,835	1,253,835	1,313,002	59,167
<b>TOTAL REVENUES</b>	<u>5,074,703</u>	<u>5,940,234</u>	<u>6,706,448</u>	<u>766,214</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	6,090,000	6,090,000	6,163,008	(73,008)
Interest	1,731,017	2,175,217	2,180,356	(5,139)
Fiscal charges	10,000	15,000	10,816	4,184
Bond issue costs	--	138,820	178,169	(39,349)
<b>TOTAL EXPENDITURES</b>	<u>7,831,017</u>	<u>8,419,037</u>	<u>8,532,349</u>	<u>(113,312)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,756,314)</u>	<u>(2,478,803)</u>	<u>(1,825,901)</u>	<u>652,902</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	--	14,295,000	14,295,000	--
Transfers in	2,105,344	2,178,863	2,291,220	112,357
Transfers out	--	(12,507,884)	(12,507,884)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,105,344</u>	<u>3,965,979</u>	<u>4,078,336</u>	<u>112,357</u>
<b>NET CHANGE IN FUND BALANCES</b>	(650,970)	1,487,176	2,252,435	765,259
<b>FUND BALANCE, BEGINNING</b>	<u>5,752,089</u>	<u>5,823,818</u>	<u>5,823,818</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 5,101,119</u>	<u>\$ 7,310,994</u>	<u>\$ 8,076,253</u>	<u>\$ 765,259</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 3,168,636	\$ 3,537,523	\$ 3,821,017	\$ 283,494
Miscellaneous:				
Investment earnings	130,000	200,000	195,776	(4,224)
<b>TOTAL REVENUES</b>	<u>3,298,636</u>	<u>3,737,523</u>	<u>4,016,793</u>	<u>279,270</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	3,021,083	1,020,000	1,020,000	--
Interest	--	1,018,727	1,767,231	(748,504)
Bond issue costs	--	576,099	758,411	(182,312)
Fiscal charges	10,000	25,000	12,472	12,528
<b>TOTAL EXPENDITURES</b>	<u>3,031,083</u>	<u>2,639,826</u>	<u>3,558,114</u>	<u>(918,288)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>267,553</u>	<u>1,097,697</u>	<u>458,679</u>	<u>(639,018)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	--	20,690,000	20,690,000	--
Premium on bonds issued	--	48,040	48,040	--
Discount on bonds issued	--		(32,106)	(32,106)
Advanced refunding escrow payment	--	(20,405,473)	(20,405,473)	--
Transfers out	(896,632)	(1,500,144)	(1,500,144)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(896,632)</u>	<u>(1,167,577)</u>	<u>(1,199,683)</u>	<u>(32,106)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(629,079)	(69,880)	(741,004)	(671,124)
<b>FUND BALANCE, BEGINNING</b>	3,651,575	3,631,589	3,631,589	--
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,022,496</u>	<u>\$ 3,561,709</u>	<u>\$ 2,890,585</u>	<u>\$ (671,124)</u>

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# **CAPITAL PROJECTS FUNDS**

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## **CAPITAL PROJECT FUNDS**

### **Major Capital Project Funds**

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

Downtown Events Center Fund – to account for the acquisition and construction of the Reno Events Center and a proposed ballroom facility.

### **Nonmajor Capital Project Funds**

Public Works Fund – to account for traffic signal, safety improvements, public art maintenance reserves, and other designated capital expenditures relating to traffic improvements and other capital improvement projects that are not accounted for in other divisions.

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.

Community Assistance Center Fund – to account for the construction of a shelter for indigent men, new facilities for St. Vincent's Dining Room and the Reno-Sparks Gospel Mission to assist all persons in need, a family shelter, a triage center, and an assistance office.

City Bonds Funds – 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.

Community Service Centers Fund – to account for the acquisition of land and construction of three community service centers located throughout the city to better customer service and provide easier access to certain city services.

Parks Fund – to account for the acquisition and improvement of parks, playgrounds, and recreational 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 funded 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 District Funds – 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 funded with bond proceeds in accordance with the Nevada Revised Statutes.

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Railroad Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue:				
Federal grants	\$ 2,566,418	\$ 5,414,826	\$ 10,044,664	\$ 4,629,838
Miscellaneous:				
Investment earnings	--	42,902	75,046	32,144
Reimbursements and restitution	--	--	878,620	878,620
Rents and royalties	1,300,000	--	444,602	444,602
Other	--	371,806	12,350	(359,456)
<b>TOTAL REVENUES</b>	<u>3,866,418</u>	<u>5,829,534</u>	<u>11,455,282</u>	<u>5,625,748</u>
<b>EXPENDITURES</b>				
Current:				
Public Works:				
Salaries and wages	263,407	263,407	91,580	171,827
Employee benefits	109,564	109,564	45,547	64,017
Services and supplies	203,497	203,497	266,417	(62,920)
<b>Total Public Works</b>	<u>576,468</u>	<u>576,468</u>	<u>403,544</u>	<u>172,924</u>
Capital Outlay:				
Public art	--	--	28,301	(28,301)
Improvements other than buildings	21,000,000	21,539,678	12,491,132	9,048,546
<b>Total Capital Outlay</b>	<u>21,000,000</u>	<u>21,539,678</u>	<u>12,519,433</u>	<u>9,020,245</u>
<b>TOTAL EXPENDITURES</b>	<u>21,576,468</u>	<u>22,116,146</u>	<u>12,922,977</u>	<u>9,193,169</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(17,710,050)</u>	<u>(16,286,612)</u>	<u>(1,467,695)</u>	<u>14,818,917</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	--	76,836	76,836	--
Proceeds from issuance of bonds (net)	16,053,025	16,053,025	--	(16,053,025)
Transfers out	(1,126,184)	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>14,926,841</u>	<u>16,129,861</u>	<u>76,836</u>	<u>(16,053,025)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,783,209)	(156,751)	(1,390,859)	(1,234,108)
<b>FUND BALANCE, BEGINNING</b>	2,783,209	156,751	156,751	--
<b>FUND BALANCE, ENDING</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (1,234,108)</u>	<u>\$ (1,234,108)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous:				
Investment earnings	\$ --	\$ 512,000	\$ 715,739	\$ 203,739
Other income	--	510	510	--
<b>TOTAL REVENUES</b>	<u>--</u>	<u>512,510</u>	<u>716,249</u>	<u>203,739</u>
<b>EXPENDITURES</b>				
Current:				
Public works:				
Services and supplies	--	--	30,498	(30,498)
Capital Outlay:				
Improvements	7,952,031	21,990,150	6,081,023	15,909,127
Total Capital Outlay	<u>7,952,031</u>	<u>21,990,150</u>	<u>6,081,023</u>	<u>15,909,127</u>
<b>TOTAL EXPENDITURES</b>	<u>7,952,031</u>	<u>21,990,150</u>	<u>6,111,521</u>	<u>15,878,629</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,952,031)</u>	<u>(21,477,640)</u>	<u>(5,395,272)</u>	<u>16,082,368</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	3,507,884	3,507,884	--
<b>NET CHANGE IN FUND BALANCES</b>	<u>(7,952,031)</u>	<u>(17,969,756)</u>	<u>(1,887,388)</u>	<u>16,082,368</u>
<b>FUND BALANCE, BEGINNING, AS RESTATED</b>	<u>--</u>	<u>17,969,756</u>	<u>17,973,919</u>	<u>4,163</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ (7,952,031)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 16,086,531</u></u>	<u><u>\$ 16,086,531</u></u>

**CITY OF RENO, NEVADA**

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2007

	Public Works Fund	Municipal Court	Community Assistance Center Fund	City Bonds Fund
<b>ASSETS</b>				
Cash and investments	\$ 2,844,193	\$ 290,040	\$ 4,388,702	\$ 11,953,921
Receivables:				
Accounts	916,348	--	--	--
Accrued interest	16,658	--	28,378	56,118
Due from other funds	350,002	--	--	2,457,700
Due from other governments	51,995	--	250,000	--
Deposits, land	--	--	--	25,000
<b>TOTAL ASSETS</b>	<u>\$ 4,179,196</u>	<u>\$ 290,040</u>	<u>\$ 4,667,080</u>	<u>\$ 14,492,739</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 67,168	\$ --	\$ 2,335	\$ 71,444
Contracts and retained percentage payable	47,682	--	52,427	--
Accrued interest payable	305	--	31	--
Due to other funds	--	350,000	--	--
Due to other governments	--	--	--	--
Other liabilities	8,812	--	--	--
<b>TOTAL LIABILITIES</b>	<u>123,967</u>	<u>350,000</u>	<u>54,793</u>	<u>71,444</u>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	817,229	--	1,064,955	417,202
Park capital outlay	--	--	--	--
Capital projects	2,675,768	--	3,547,332	14,004,093
Future signalization	494,044	--	--	--
Sensitive lands	68,188	--	--	--
Unreserved	--	(59,960)	--	--
<b>TOTAL FUND BALANCES</b>	<u>4,055,229</u>	<u>(59,960)</u>	<u>4,612,287</u>	<u>14,421,295</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,179,196</u>	<u>\$ 290,040</u>	<u>\$ 4,667,080</u>	<u>\$ 14,492,739</u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2007

	Community Service Center Fund	Parks Fund	City Extraordinary Maintenance Fund	Special Ad Valorem Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 299,750	\$ 7,309,786	\$ --	\$ 1,936,609
Receivables:				
Accounts	--	--	--	--
Accrued interest	1,887	47,216	11	11,962
Due from other funds	--	--	--	--
Due from other governments	--	--	--	48,049
Deposits, land	--	--	--	--
<b>TOTAL ASSETS</b>	<u><u>\$ 301,637</u></u>	<u><u>\$ 7,357,002</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ 1,996,620</u></u>
 <b>LIABILITIES</b>				
Accounts payable	\$ --	\$ 5,848	\$ --	\$ 9,961
Contracts and retained percentage payable	--	107,616	--	20,027
Accrued interest payable	--	330	--	60
Due to other funds	--	--	2	--
Due to other governments	--	--	--	--
Other liabilities	--	--	--	--
<b>TOTAL LIABILITIES</b>	<u><u>--</u></u>	<u><u>113,794</u></u>	<u><u>2</u></u>	<u><u>30,048</u></u>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	--	334,888
Park capital outlay	--	7,236,665	--	--
Capital projects	301,637	6,543	9	1,631,684
Future signalization	--	--	--	--
Sensitive lands	--	--	--	--
Unreserved	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<u><u>301,637</u></u>	<u><u>7,243,208</u></u>	<u><u>9</u></u>	<u><u>1,966,572</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 301,637</u></u>	<u><u>\$ 7,357,002</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ 1,996,620</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2007

	Special Assessment Districts Fund	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 11,096	\$ 1,572,622	\$ 69,941	\$ 30,676,660
Receivables:				
Accounts	--	--	--	916,348
Accrued interest	2	10,760	452	173,444
Due from other funds	--	--	--	2,807,702
Due from other governments	--	--	--	350,044
Deposits, land	--	--	--	25,000
<b>TOTAL ASSETS</b>	<u>\$ 11,098</u>	<u>\$ 1,583,382</u>	<u>\$ 70,393</u>	<u>\$ 34,949,198</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 12	\$ --	\$ --	\$ 156,768
Contracts and retained percentage payable	--	165,418	--	393,170
Accrued interest payable	--	83	--	809
Due to other funds	2,457,700	--	--	2,807,702
Due to other governments	--	1,014,061	--	1,014,061
Other liabilities	--	--	--	8,812
<b>TOTAL LIABILITIES</b>	<u>2,457,712</u>	<u>1,179,562</u>	<u>--</u>	<u>4,381,322</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	--	2,634,274
Park capital outlay	--	--	--	7,236,665
Capital projects	--	403,820	70,393	22,641,279
Future signalization	--	--	--	494,044
Sensitive lands	--	--	--	68,188
Unreserved	(2,446,614)	--	--	(2,506,574)
<b>TOTAL FUND BALANCES</b>	<u>(2,446,614)</u>	<u>403,820</u>	<u>70,393</u>	<u>30,567,876</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 11,098</u>	<u>\$ 1,583,382</u>	<u>\$ 70,393</u>	<u>\$ 34,949,198</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, 2007

	Public Works Fund	Municipal Court	Community Assistance Center Fund	City Bonds Fund
<b>REVENUES</b>				
Taxes:				
Park district construction taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--
Grants and contributions	1,051,912	--	1,394,391	--
Miscellaneous:				
Investment earnings	84,666	(29,385)	170,493	361,069
Other	759,725	--	--	--
Total Miscellaneous	<u>844,391</u>	<u>(29,385)</u>	<u>170,493</u>	<u>361,069</u>
<b>TOTAL REVENUES</b>	<u>1,896,303</u>	<u>(29,385)</u>	<u>1,564,884</u>	<u>361,069</u>
<b>EXPENDITURES</b>				
Current:				
Public works	422,323	278	6,393	75,695
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Capital outlay	<u>1,426,028</u>	<u>260,514</u>	<u>593,516</u>	<u>14,511,484</u>
<b>TOTAL EXPENDITURES</b>	<u>1,848,351</u>	<u>260,792</u>	<u>599,909</u>	<u>14,587,179</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>47,952</u>	<u>(290,177)</u>	<u>964,975</u>	<u>(14,226,110)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	--	--	--	10,000,000
Sale of capital assets	--	--	315,000	--
Transfers in	3,425,550	72,179	200,000	10,000,000
Transfers out	<u>(1,345,904)</u>	<u>--</u>	<u>--</u>	<u>(1,000,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,079,646</u>	<u>72,179</u>	<u>515,000</u>	<u>19,000,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>2,127,598</u>	<u>(217,998)</u>	<u>1,479,975</u>	<u>4,773,890</u>
<b>FUND BALANCES - RESTATED, BEGINNING</b>	<u>1,927,631</u>	<u>158,038</u>	<u>3,132,312</u>	<u>9,647,405</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 4,055,229</u>	<u>\$ (59,960)</u>	<u>\$ 4,612,287</u>	<u>\$ 14,421,295</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, 2007

	Community Service Center Fund	Parks Fund	City Extraordinary Maintenance Fund	Special Ad valorem Fund
REVENUES				
Taxes:				
Park district construction taxes	\$ --	\$ 1,494,547	\$ --	\$ --
Intergovernmental	--	--	--	1,373,209
Grants and contributions	--	261,454	--	23,211
Miscellaneous:				
Investment earnings	11,546	293,134	70	61,084
Other	--	--	--	26,528
Total Miscellaneous	<u>11,546</u>	<u>293,134</u>	<u>70</u>	<u>87,612</u>
TOTAL REVENUES	<u>11,546</u>	<u>2,049,135</u>	<u>70</u>	<u>1,484,032</u>
EXPENDITURES				
Current:				
Public works	--	--	--	335,388
Culture and recreation	--	1,573	--	--
Urban redevelopment	--	--	--	--
Capital outlay	--	2,129,769	--	272,519
TOTAL EXPENDITURES	<u>--</u>	<u>2,131,342</u>	<u>--</u>	<u>607,907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,546</u>	<u>(82,207)</u>	<u>70</u>	<u>876,125</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	--	--	--
Sale of capital assets	--	--	--	--
Transfers in	--	--	--	--
Transfers out	--	--	(1,827)	(253,074)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>(1,827)</u>	<u>(253,074)</u>
NET CHANGE IN FUND BALANCES	11,546	(82,207)	(1,757)	623,051
FUND BALANCES, BEGINNING, AS RESTATED	<u>290,091</u>	<u>7,325,415</u>	<u>1,766</u>	<u>1,343,521</u>
FUND BALANCES, ENDING	<u>\$ 301,637</u>	<u>\$ 7,243,208</u>	<u>\$ 9</u>	<u>\$ 1,966,572</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, 2007

	Special Assessment Districts Fund	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
<b>REVENUES</b>				
Taxes:				
Park district construction taxes	\$ --	\$ --	\$ --	\$ 1,494,547
Intergovernmental	--	--	--	1,373,209
Grants and contributions	--	--	--	2,730,968
Miscellaneous:				
Investment earnings	4,134	94,055	2,816	1,053,682
Other	--	--	--	786,253
Total Miscellaneous	<u>4,134</u>	<u>94,055</u>	<u>2,816</u>	<u>1,839,935</u>
<b>TOTAL REVENUES</b>	<u>4,134</u>	<u>94,055</u>	<u>2,816</u>	<u>7,438,659</u>
<b>EXPENDITURES</b>				
Current:				
Public works	23,303	31,305	--	894,685
Culture and recreation	--	--	--	1,573
Urban redevelopment	--	--	3,600	3,600
Capital outlay	350,163	625,063	--	20,169,056
<b>TOTAL EXPENDITURES</b>	<u>373,466</u>	<u>656,368</u>	<u>3,600</u>	<u>21,068,914</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(369,332)</u>	<u>(562,313)</u>	<u>(784)</u>	<u>(13,630,255)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	--	--	--	10,000,000
Sale of capital assets	--	--	--	315,000
Transfers in	21,370	--	--	13,719,099
Transfers out	--	--	--	(2,600,805)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>21,370</u>	<u>--</u>	<u>--</u>	<u>21,433,294</u>
<b>NET CHANGE IN FUND BALANCES</b>	(347,962)	(562,313)	(784)	7,803,039
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>(2,098,652)</u>	<u>966,133</u>	<u>71,177</u>	<u>22,764,837</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ (2,446,614)</u>	<u>\$ 403,820</u>	<u>\$ 70,393</u>	<u>\$ 30,567,876</u>

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 35,000	\$ (29,385)	\$ (64,385)
TOTAL REVENUES	<u>          --</u>	<u>          35,000</u>	<u>          (29,385)</u>	<u>          (64,385)</u>
EXPENDITURES				
Public works:				
Services and supplies	--	--	278	(278)
Capital Outlay:				
Improvements other than buildings	--	265,217	260,514	4,703
TOTAL EXPENDITURES	<u>          --</u>	<u>          265,217</u>	<u>          260,792</u>	<u>          4,425</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>          --</u>	<u>          (230,217)</u>	<u>          (290,177)</u>	<u>          (59,960)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	72,179	72,179	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>          --</u>	<u>          72,179</u>	<u>          72,179</u>	<u>          --</u>
NET CHANGE IN FUND BALANCES	--	(158,038)	(217,998)	(59,960)
FUND BALANCE, BEGINNING	--	158,038	158,038	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (59,960)</u>	<u>\$ (59,960)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ --	\$ 921,640	\$ 987,317	\$ 65,677
State grants	--	12,600	64,595	51,995
Total Intergovernmental	--	934,240	1,051,912	117,672
Miscellaneous:				
Investment earnings	33,500	58,500	84,666	26,166
Reimbursements and restitution	--	50,000	50,000	--
Other income	--	376,855	709,725	332,870
Total Miscellaneous	33,500	485,355	844,391	359,036
<b>TOTAL REVENUES</b>	<b>33,500</b>	<b>1,419,595</b>	<b>1,896,303</b>	<b>476,708</b>
<b>EXPENDITURES</b>				
Current:				
Public Works:				
Services and supplies	49,633	99,633	422,323	(322,690)
Capital Outlay:				
Improvements other than buildings	1,948,007	5,197,516	1,426,028	3,771,488
<b>TOTAL EXPENDITURES</b>	<b>1,997,640</b>	<b>5,297,149</b>	<b>1,848,351</b>	<b>3,448,798</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,964,140)</b>	<b>(3,877,554)</b>	<b>47,952</b>	<b>3,925,506</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,660,223	3,425,589	3,425,550	(39)
Transfers out	(1,072,385)	(1,145,904)	(1,345,904)	(200,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,587,838</b>	<b>2,279,685</b>	<b>2,079,646</b>	<b>(200,039)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(376,302)</b>	<b>(1,597,869)</b>	<b>2,127,598</b>	<b>3,725,467</b>
<b>FUND BALANCE, BEGINNING</b>	<b>402,181</b>	<b>1,927,631</b>	<b>1,927,631</b>	<b>--</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 25,879</b>	<b>\$ 329,762</b>	<b>\$ 4,055,229</b>	<b>\$ 3,725,467</b>

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
Federal awards	\$ --	\$ --	\$ 8,891	\$ 8,891
State grants	2,500,000	--	--	--
Contributions	--	--	250,000	250,000
Total Intergovernmental	<u>2,500,000</u>	<u>--</u>	<u>258,891</u>	<u>258,891</u>
Miscellaneous:				
Investment earnings	--	100,000	170,493	70,493
Private grants	--	860,500	1,135,500	275,000
Total Miscellaneous	<u>--</u>	<u>960,500</u>	<u>1,305,993</u>	<u>345,493</u>
<b>TOTAL REVENUES</b>	<u>2,500,000</u>	<u>960,500</u>	<u>1,564,884</u>	<u>604,384</u>
<b>EXPENDITURES</b>				
Current:				
Public Works:				
Services and supplies	--	--	6,393	(6,393)
Capital Outlay:				
Improvements other than buildings	2,700,000	4,769,844	593,516	4,176,328
<b>TOTAL EXPENDITURES</b>	<u>2,700,000</u>	<u>4,769,844</u>	<u>599,909</u>	<u>4,169,935</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(200,000)</u>	<u>(3,809,344)</u>	<u>964,975</u>	<u>4,774,319</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	--	315,000	315,000	--
Transfers in	200,000	200,000	200,000	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>200,000</u>	<u>515,000</u>	<u>515,000</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	--	(3,294,344)	1,479,975	4,774,319
<b>FUND BALANCE, BEGINNING</b>	--	3,132,312	3,132,312	--
<b>FUND BALANCE, ENDING</b>	<u>\$ --</u>	<u>\$ (162,032)</u>	<u>\$ 4,612,287</u>	<u>\$ 4,774,319</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 200,000	\$ 361,069	\$ 161,069
TOTAL REVENUES	<u>    --</u>	<u>  200,000</u>	<u>  361,069</u>	<u>  161,069</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	--	75,695	(75,695)
Capital Outlay:				
Improvements other than buildings	--	18,847,405	14,511,484	4,335,921
TOTAL EXPENDITURES	<u>    --</u>	<u>18,847,405</u>	<u>14,587,179</u>	<u>  4,260,226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>    --</u>	<u>(18,647,405)</u>	<u>(14,226,110)</u>	<u>  4,421,295</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the issuance of debt	--	--	10,000,000	10,000,000
Transfers in	--	10,000,000	10,000,000	--
Transfers out	--	(1,000,000)	(1,000,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>    --</u>	<u>  9,000,000</u>	<u>19,000,000</u>	<u>10,000,000</u>
NET CHANGE IN FUND BALANCES	<u>    --</u>	<u>(9,647,405)</u>	<u>  4,773,890</u>	<u>14,421,295</u>
FUND BALANCE, BEGINNING	<u>    --</u>	<u>  9,647,405</u>	<u>  9,647,405</u>	<u>    --</u>
FUND BALANCE, ENDING	<u>\$    --</u>	<u>\$    --</u>	<u>\$ 14,421,295</u>	<u>\$ 14,421,295</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Community Service Center Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 10,000	\$ 11,546	\$ 1,546
Total Miscellaneous	--	10,000	11,546	1,546
TOTAL REVENUES	--	10,000	11,546	1,546
EXPENDITURES				
Current:				
Capital Outlay:				
Improvements other than buildings	--	300,091	--	300,091
TOTAL EXPENDITURES	--	300,091	--	300,091
NET CHANGE IN FUND BALANCES	--	(290,091)	11,546	301,637
FUND BALANCE, BEGINNING	--	290,091	290,091	--
FUND BALANCE, ENDING	\$ --	\$ --	\$ 301,637	\$ 301,637

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Parks Fund  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Park construction taxes	\$ 2,400,000	\$ 1,539,000	\$ 1,494,547	\$ (44,453)
Intergovernmental				
Federal awards	--	--	261,454	261,454
Miscellaneous:				
Investment earnings	43,050	165,875	293,134	127,259
Total Miscellaneous	43,050	165,875	293,134	127,259
<b>TOTAL REVENUES</b>	<u>2,443,050</u>	<u>1,704,875</u>	<u>2,049,135</u>	<u>344,260</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation:				
Services and supplies	--	200,000	1,573	198,427
Capital Outlay:				
Land	--	--	200,000	(200,000)
Public	--	--	63,821	(63,821)
Improvements other than buildings	4,783,721	7,827,906	1,865,948	5,961,958
<b>TOTAL EXPENDITURES</b>	<u>4,783,721</u>	<u>8,027,906</u>	<u>2,131,342</u>	<u>5,896,564</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,340,671)</u>	<u>(6,323,031)</u>	<u>(82,207)</u>	<u>6,240,824</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,340,671)	(6,323,031)	(82,207)	6,240,824
<b>FUND BALANCE, BEGINNING</b>	3,028,598	7,325,415	7,325,415	--
<b>FUND BALANCE, ENDING</b>	<u>\$ 687,927</u>	<u>\$ 1,002,384</u>	<u>\$ 7,243,208</u>	<u>\$ 6,240,824</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 100	\$ 70	\$ (30)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	--	100	70	(30)
OTHER FINANCING SOURCES (USES):				
Transfers out	--	(1,866)	(1,827)	\$ 39
TOTAL OTHER FINANCING SOURCES (USES)	--	(1,866)	(1,827)	--
NET CHANGE IN FUND BALANCE	--	(1,766)	(1,757)	9
FUND BALANCE, BEGINNING	90,283	1,766	1,766	--
FUND BALANCE, ENDING	<u>\$ 90,283</u>	<u>\$ --</u>	<u>\$ 9</u>	<u>\$ 9</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Special Ad Valorem Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State grants	\$ --	\$ 5,060	\$ 23,211	\$ 18,151
County capital projects tax	1,239,834	1,239,834	1,373,209	133,375
Total Intergovernmental	1,239,834	1,244,894	1,396,420	151,526
Miscellaneous:				
Investment earnings	10,000	30,000	61,084	31,084
Reimbursements and restitution	--	26,528	26,528	--
Total Miscellaneous	10,000	56,528	87,612	31,084
<b>TOTAL REVENUES</b>	<u>1,249,834</u>	<u>1,301,422</u>	<u>1,484,032</u>	<u>182,610</u>
<b>EXPENDITURES</b>				
Current:				
Public Works:				
Services and supplies	9,635	9,635	335,388	(325,753)
Capital Outlay				
Improvements other than buildings	787,125	2,013,298	272,519	1,740,779
<b>TOTAL EXPENDITURES</b>	<u>796,760</u>	<u>2,022,933</u>	<u>607,907</u>	<u>1,415,026</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>453,074</u>	<u>(721,511)</u>	<u>876,125</u>	<u>1,597,636</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(453,074)	(453,074)	(253,074)	200,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(453,074)</u>	<u>(453,074)</u>	<u>(253,074)</u>	<u>200,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	--	(1,174,585)	623,051	1,797,636
<b>FUND BALANCE, BEGINNING</b>	--	1,343,521	1,343,521	--
<b>FUND BALANCE, ENDING</b>	<u>\$ --</u>	<u>\$ 168,936</u>	<u>\$ 1,966,572</u>	<u>\$ 1,797,636</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ --	\$ 350,000	\$ --	\$ (350,000)
Miscellaneous:				
Investment earnings	--	7,750	4,134	(3,616)
Total Miscellaneous	--	7,750	4,134	(3,616)
<b>TOTAL REVENUES</b>	<u>--</u>	<u>357,750</u>	<u>4,134</u>	<u>(353,616)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works:				
Services and supplies	--	285,776	23,303	262,473
Capital Outlay				
Improvements other than buildings	--	426,528	350,163	76,365
<b>TOTAL EXPENDITURES</b>	<u>--</u>	<u>712,304</u>	<u>373,466</u>	<u>338,838</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>--</u>	<u>(354,554)</u>	<u>(369,332)</u>	<u>(14,778)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of debt	--	4,500	--	(4,500)
Proceeds from interim warrants	--	2,191,151	--	(2,191,151)
Transfers in	--	21,370	21,370	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>2,217,021</u>	<u>21,370</u>	<u>(2,195,651)</u>
<b>NET CHANGE IN FUND BALANCE</b>	--	1,862,467	(347,962)	(2,210,429)
<b>FUND BALANCE, BEGINNING, AS RESTATED</b>	<u>--</u>	<u>(1,869,054)</u>	<u>(2,098,652)</u>	<u>(229,598)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ --</u>	<u>\$ (6,587)</u>	<u>\$ (2,446,614)</u>	<u>\$ (2,440,027)</u>

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 83,000	\$ 94,055	\$ 11,055
TOTAL REVENUES	<u>          --</u>	<u>          83,000</u>	<u>          94,055</u>	<u>          11,055</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	30,000	31,305	(1,305)
Capital Outlay:				
Improvements other than buildings	--	1,019,133	625,063	394,070
TOTAL EXPENDITURES	<u>          --</u>	<u>         1,049,133</u>	<u>          656,368</u>	<u>          392,765</u>
NET CHANGE IN FUND BALANCES	--	(966,133)	(562,313)	403,820
FUND BALANCE, BEGINNING	<u>          --</u>	<u>          966,133</u>	<u>          966,133</u>	<u>                  --</u>
FUND BALANCE, ENDING	<u>          \$ --</u>	<u>          \$ --</u>	<u>          \$ 403,820</u>	<u>          \$ 403,820</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 1,500	\$ 2,816	\$ 1,316
TOTAL REVENUES	<u>    --</u>	<u>    1,500</u>	<u>    2,816</u>	<u>    1,316</u>
EXPENDITURES				
Urban redevelopment:				
Services and supplies	--	72,677	3,600	69,077
TOTAL EXPENDITURES	<u>    --</u>	<u>   72,677</u>	<u>    3,600</u>	<u>   69,077</u>
NET CHANGE IN FUND BALANCES	--	74,177	(784)	70,393
FUND BALANCE, BEGINNING	--	71,177	71,177	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 145,354</u>	<u>\$ 70,393</u>	<u>\$ 70,393</u>

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# ENTERPRISE FUNDS

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– 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.

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.

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.

### **Nonmajor Enterprise Funds**

Golf Course Fund – to account for the golfing operations of one City golf course.

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

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual  
Sanitary Sewer Fund  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
User fees	\$ 31,620,000	\$ 39,824,000	\$ 35,118,159	\$ (4,705,841)
Other	1,000,000	875,000	798,230	(76,770)
Total Charges for Services	<u>32,620,000</u>	<u>40,699,000</u>	<u>35,916,389</u>	<u>(4,782,611)</u>
Licenses and permits	--	--	123,300	123,300
Fines and forfeits	800,000	1,550,000	1,365,411	(184,589)
Miscellaneous:				
Reimbursements and restitution	--	48,300	53,450	5,150
Other	--	120,389	120,667	278
Total Miscellaneous	<u>--</u>	<u>168,689</u>	<u>174,117</u>	<u>5,428</u>
<b>TOTAL OPERATING REVENUES</b>	<u>33,420,000</u>	<u>42,417,689</u>	<u>37,579,217</u>	<u>(4,838,472)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	4,807,486	4,433,786	4,415,908	17,878
Employee benefits	1,919,248	1,459,151	1,823,368	(364,217)
Services and supplies	8,576,927	9,431,733	8,374,711	1,057,022
Joint sewer plant	14,292,612	14,292,612	13,324,674	967,938
Depreciation	5,250,000	6,250,000	6,911,502	(661,502)
<b>TOTAL OPERATING EXPENSES</b>	<u>34,846,273</u>	<u>35,867,282</u>	<u>34,850,163</u>	<u>1,017,119</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,426,273)</u>	<u>6,550,407</u>	<u>2,729,054</u>	<u>(3,821,353)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants	--	2,154,000	2,376,971	222,971
Private grants	--	295,357	295,375	18
Investment earnings	175,000	940,000	1,268,263	328,263
Gain (loss) on asset disposal	--	(100,000)	(145,682)	(45,682)
Debt service - interest	1,000,000	(1,136,585)	(998,722)	137,863
Debt service - fiscal charges	--	--	(4,267)	(4,267)
Net loss from Truckee Meadows Water Reclamation Facility	<u>(2,600,000)</u>	<u>(2,900,000)</u>	<u>(2,881,096)</u>	<u>18,904</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(1,425,000)</u>	<u>(747,228)</u>	<u>(89,158)</u>	<u>658,070</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(2,851,273)</u>	<u>5,803,179</u>	<u>2,639,896</u>	<u>(3,163,283)</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Connection charges	11,025,000	10,000,000	10,543,828	543,828
Contributions of assets	--	--	13,185,752	13,185,752
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>11,025,000</u>	<u>10,000,000</u>	<u>23,729,580</u>	<u>13,729,580</u>
<b>TRANSFERS</b>				
Transfers out	<u>(479,277)</u>	<u>(604,277)</u>	<u>(604,277)</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 7,694,450</u>	<u>\$ 15,198,902</u>	<u>25,765,199</u>	<u>\$ 10,566,297</u>
<b>NET ASSETS, BEGINNING, AS RESTATED</b>			<u>264,949,751</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ 290,714,950</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
Building permits	\$ 3,000,000	\$ 2,600,000	\$ 2,692,469	\$ 92,469
Electrical and plumbing permits	150,000	75,000	70,549	(4,451)
Plan check fees	2,200,000	1,900,000	1,813,485	(86,515)
Plumbing inspection fees	700,000	475,000	447,922	(27,078)
Electrical inspection fees	475,000	495,000	469,714	(25,286)
Miscellaneous permits	200,000	355,000	331,201	(23,799)
Other building and safety fees	50,000	86,778	135,576	48,798
Total Charges for Services	<u>6,775,000</u>	<u>5,986,778</u>	<u>5,960,916</u>	<u>(25,862)</u>
Miscellaneous:				
Reimbursements and restitution	--	2,000	2,028	28
Other income	--	14,231	12,679	(1,552)
Total Miscellaneous	<u>--</u>	<u>16,231</u>	<u>14,707</u>	<u>(1,524)</u>
<b>TOTAL OPERATING REVENUES</b>	<u>6,775,000</u>	<u>6,003,009</u>	<u>5,975,623</u>	<u>(27,386)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	3,893,715	3,724,465	3,755,779	(31,314)
Employee benefits	1,619,574	1,536,949	1,541,637	(4,688)
Services and supplies	1,716,167	2,633,979	2,383,081	250,898
Depreciation	20,000	22,000	20,988	1,012
<b>TOTAL OPERATING EXPENSES</b>	<u>7,249,456</u>	<u>7,917,393</u>	<u>7,701,485</u>	<u>215,908</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(474,456)</u>	<u>(1,914,384)</u>	<u>(1,725,862)</u>	<u>188,522</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	20,000	106,000	125,564	19,564
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>20,000</u>	<u>106,000</u>	<u>125,564</u>	<u>19,564</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(454,456)</u>	<u>(1,843,384)</u>	<u>(1,600,298)</u>	<u>208,086</u>
<b>TRANSFERS</b>				
Transfers out	30,000	(1,031,362)	(30,000)	1,001,362
<b>CHANGES IN NET ASSETS</b>	<u>\$ (424,456)</u>	<u>\$ (2,874,746)</u>	<u>(1,630,298)</u>	<u>\$ 1,209,448</u>
<b>NET ASSETS, BEGINNING, AS RESTATED</b>			<u>3,874,772</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ 2,244,474</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
Planning application fees	\$ 5,037,462	\$ 2,728,000	\$ 2,648,298	\$ (79,702)
Total Charges for Services	<u>5,037,462</u>	<u>2,728,000</u>	<u>2,648,298</u>	<u>(79,702)</u>
Miscellaneous:				
Reimbursements and restitution	215,860	(1,500)	238	1,738
Other	500	250	125	(125)
Total Miscellaneous	<u>216,360</u>	<u>(1,250)</u>	<u>363</u>	<u>1,613</u>
<b>TOTAL OPERATING REVENUES</b>	<u>5,253,822</u>	<u>2,726,750</u>	<u>2,648,661</u>	<u>(78,089)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	1,745,733	1,200,081	1,114,284	85,797
Employee benefits	680,306	213,289	428,537	(215,248)
Services and supplies	2,835,044	3,166,654	3,187,248	(20,594)
<b>TOTAL OPERATING EXPENSES</b>	<u>5,261,083</u>	<u>4,580,024</u>	<u>4,730,069</u>	<u>(150,045)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(7,261)</u>	<u>(1,853,274)</u>	<u>(2,081,408)</u>	<u>(228,134)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Private grants/donations	--	20,000	20,000	--
Investment earnings	--	15,000	14,135	(865)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>--</u>	<u>35,000</u>	<u>34,135</u>	<u>(865)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(7,261)</u>	<u>(1,818,274)</u>	<u>(2,047,273)</u>	<u>(228,999)</u>
<b>TRANSFERS</b>				
Transfers in	--	1,001,362	--	(1,001,362)
<b>CHANGES IN NET ASSETS</b>	<u>\$ (7,261)</u>	<u>\$ (816,912)</u>	<u>(2,047,273)</u>	<u>\$ (1,230,361)</u>
<b>NET ASSETS, BEGINNING</b>			986,853	
<b>NET ASSETS, ENDING</b>			<u>\$ (1,060,420)</u>	

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets  
Nonmajor Enterprise Funds  
June 30, 2007

	Golf Course Fund	Dispatch Center Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 8,414	\$ 1,714,727	\$ 1,723,141
Receivables:			
Accounts	--	--	--
Accrued interest	--	6,288	6,288
Due from other governments	--	178,188	178,188
Inventories	98,278	--	98,278
Prepaid expenses	241,133	--	241,133
Total Current Assets	<u>347,825</u>	<u>1,899,203</u>	<u>2,247,028</u>
Noncurrent Assets:			
Deferred charges	159,441	--	159,441
Capital assets:			
Land	2,725,000	--	2,725,000
Buildings	1,153,242	--	1,153,242
Improvements other than buildings	7,196,726	--	7,196,726
Machinery and equipment	456,084	--	456,084
Total capital assets	<u>11,531,052</u>	<u>          </u>	<u>11,531,052</u>
Less accumulated depreciation	<u>(5,027,908)</u>	<u>          </u>	<u>(5,027,908)</u>
Net capital assets	<u>6,503,144</u>	<u>          </u>	<u>6,503,144</u>
Total Noncurrent Assets	<u>6,662,585</u>	<u>          </u>	<u>6,662,585</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,010,410</u></u>	<u><u>\$ 1,899,203</u></u>	<u><u>\$ 8,909,613</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets (continued)  
 Nonmajor Enterprise Funds  
 June 30, 2007

	Golf Course Fund	Dispatch Center Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 18,071	\$ 12,845	\$ 30,916
Accrued salaries and benefits	18,346	109,216	127,562
Accrued interest payable	1,461	--	1,461
Due to other funds	195,000	--	195,000
Compensated absences payable	37,112	307,687	344,799
Deposits	11,290	--	11,290
Bonds payable	<u>195,000</u>	<u>          </u>	<u>195,000</u>
Total Current Liabilities (payable from current assets)	<u>476,280</u>	<u>429,748</u>	<u>906,028</u>
Noncurrent Liabilities:			
Compensated absences payable	71,452	96,906	168,358
Bonds payable	<u>2,741,949</u>	<u>          </u>	<u>2,741,949</u>
Total Noncurrent Liabilities	<u>2,813,401</u>	<u>96,906</u>	<u>2,910,307</u>
<b>TOTAL LIABILITIES</b>	<u>3,289,681</u>	<u>526,654</u>	<u>3,816,335</u>
<b>NET ASSETS</b>			
Invested in capital, net of related debt	3,566,195	--	3,566,195
Unrestricted (deficit)	<u>154,534</u>	<u>1,372,549</u>	<u>1,527,083</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,720,729</u>	<u>\$ 1,372,549</u>	<u>\$ 5,093,278</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, 2007

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,209,708	\$ 522,152	\$ 1,731,860
Miscellaneous	8,363	1,885	10,248
<b>TOTAL OPERATING REVENUES</b>	<u>1,218,071</u>	<u>524,037</u>	<u>1,742,108</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	599,492	3,398,327	3,997,819
Employee benefits	191,366	1,259,138	1,450,504
Services and supplies	528,587	820,762	1,349,349
Depreciation	303,600	--	303,600
<b>TOTAL OPERATING EXPENSES</b>	<u>1,623,045</u>	<u>5,478,227</u>	<u>7,101,272</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(404,974)</u>	<u>(4,954,190)</u>	<u>(5,359,164)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	--	47,955	47,955
Gain (loss) on asset disposal	9,151	(14,535)	(5,384)
Interest expense	(109,430)	--	(109,430)
Fiscal charges	(5,166)	--	(5,166)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(105,445)</u>	<u>33,420</u>	<u>(72,025)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(510,419)</u>	<u>(4,920,770)</u>	<u>(5,431,189)</u>
<b>TRANSFERS</b>			
Transfers in	1,000,000	5,615,208	6,615,208
Transfers out	--	(150,000)	(150,000)
<b>TOTAL TRANSFERS</b>	<u>1,000,000</u>	<u>5,465,208</u>	<u>6,465,208</u>
<b>CHANGES IN NET ASSETS</b>	489,581	544,438	1,034,019
<b>NET ASSETS, BEGINNING</b>	<u>3,231,148</u>	<u>828,111</u>	<u>4,059,259</u>
<b>NET ASSETS, ENDING</b>	<u><u>\$ 3,720,729</u></u>	<u><u>\$ 1,372,549</u></u>	<u><u>\$ 5,093,278</u></u>

## CITY OF RENO, NEVADA

### Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2007

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,221,742	\$ 343,965	\$ 1,565,707
Cash received from miscellaneous income, reimbursements and restitutions	8,363	1,885	10,248
Cash paid for employees' salaries and benefits	(713,312)	(4,098,011)	(4,811,323)
Cash payments to suppliers for goods and services	(650,529)	(302,706)	(953,235)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(221,889)	(971,716)	(1,193,605)
Cash paid to deferred compensation plans	(12,116)	(84,418)	(96,534)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(367,741)</u>	<u>(5,111,001)</u>	<u>(5,478,742)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash paid to other funds	(345,687)	(150,000)	(495,687)
Transfers in	1,000,000	5,615,208	6,615,208
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>654,313</u>	<u>5,465,208</u>	<u>6,119,521</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on bonds payable	(185,000)	--	(185,000)
Proceeds from the sale of capital assets	14,386	(14,535)	(149)
Interest and fiscal charges paid on debt	(115,175)	--	(115,175)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(285,789)</u>	<u>(14,535)</u>	<u>(300,324)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings received	--	48,079	48,079
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	783	387,751	388,534
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTATED)</b>	7,631	1,326,976	1,334,607
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 8,414</u>	<u>\$ 1,714,727</u>	<u>\$ 1,723,141</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
 Nonmajor Enterprise Funds  
 For the Year Ended June 30, 2007

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (404,974)	\$ (4,954,190)	\$ (5,359,164)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	303,600	--	303,600
Changes in assets and liabilities:			
(Increase) decrease in:			
Due from other governments	--	(178,188)	(178,188)
Inventories	(8,257)	--	(8,257)
Prepaid expenses	(241,133)	--	(241,133)
Increase (decrease) in:			
Accounts payable	(21,941)	10,767	(11,174)
Accrued salaries and benefits	(895)	21,830	20,935
Accrued liabilities	12,035	--	12,035
Compensated absences payable	(6,176)	(11,220)	(17,396)
Total Adjustments	<u>37,233</u>	<u>(156,811)</u>	<u>(119,578)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (367,741)</u>	<u>\$ (5,111,001)</u>	<u>\$ (5,478,742)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
Golf course fees	\$ 1,347,640	\$ 831,202	\$ 850,675	\$ 19,473
Concession and merchandise sales	31,180	171,153	153,449	(17,704)
Equipment and cart rental fees	268,725	227,290	205,584	(21,706)
<b>Total Charges for Services</b>	<u>1,647,545</u>	<u>1,229,645</u>	<u>1,209,708</u>	<u>(19,937)</u>
Miscellaneous	33,000	6,825	8,363	1,538
<b>TOTAL OPERATING REVENUES</b>	<u>1,680,545</u>	<u>1,236,470</u>	<u>1,218,071</u>	<u>(18,399)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	654,667	636,432	599,492	36,940
Employee benefits	202,157	200,187	191,366	8,821
Services and supplies	566,814	526,084	528,587	(2,503)
Depreciation	330,000	330,000	303,600	26,400
<b>TOTAL OPERATING EXPENSES</b>	<u>1,753,638</u>	<u>1,692,703</u>	<u>1,623,045</u>	<u>69,658</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(73,093)</u>	<u>(456,233)</u>	<u>(404,974)</u>	<u>51,259</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	600	--	--	--
Gain (loss) on asset disposal	5,000	--	9,151	9,151
Debt service - interest	(94,346)	(94,346)	(109,430)	(15,084)
Debt service - fiscal charges	--	--	(5,166)	(5,166)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(88,746)</u>	<u>(94,346)</u>	<u>(105,445)</u>	<u>(11,099)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(161,839)</u>	<u>(550,579)</u>	<u>(510,419)</u>	<u>40,160</u>
<b>TRANSFERS</b>				
Transfers in	--	--	1,000,000	1,000,000
<b>CHANGES IN NET ASSETS</b>	<u>\$ (161,839)</u>	<u>\$ (550,579)</u>	489,581	<u>\$ 1,040,160</u>
<b>NET ASSETS, BEGINNING</b>			3,231,148	
<b>NET ASSETS, ENDING</b>			<u>\$ 3,720,729</u>	

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual  
 Dispatch Center Fund  
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Charges for Services:				
Dispatch services	\$ 508,000	\$ 400,000	\$ 522,152	\$ 122,152
Total Charges for Services	<u>508,000</u>	<u>400,000</u>	<u>522,152</u>	<u>122,152</u>
Miscellaneous:				
Reimbursements and restitution	--	2,000	1,885	(115)
Total Miscellaneous	<u>--</u>	<u>2,000</u>	<u>1,885</u>	<u>(115)</u>
<b>TOTAL OPERATING REVENUES</b>	<u>508,000</u>	<u>402,000</u>	<u>524,037</u>	<u>122,037</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	4,084,913	3,471,000	3,398,327	72,673
Employee benefits	1,578,922	1,299,700	1,259,138	40,562
Services and supplies	1,033,976	1,018,976	820,762	198,214
<b>TOTAL OPERATING EXPENSES</b>	<u>6,697,811</u>	<u>5,789,676</u>	<u>5,478,227</u>	<u>311,449</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(6,189,811)</u>	<u>(5,387,676)</u>	<u>(4,954,190)</u>	<u>433,486</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	2,200	40,200	47,955	7,755
Gain (loss) on asset disposal	--	--	(14,535)	(14,535)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>2,200</u>	<u>40,200</u>	<u>33,420</u>	<u>(6,780)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(6,187,611)</u>	<u>(5,347,476)</u>	<u>(4,920,770)</u>	<u>426,706</u>
<b>TRANSFERS</b>				
Transfers in	5,615,208	5,615,208	5,615,208	--
Transfers out	--	(150,000)	(150,000)	--
<b>TOTAL TRANSFERS</b>	<u>5,615,208</u>	<u>5,465,208</u>	<u>5,465,208</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ (572,403)</u>	<u>\$ 117,732</u>	544,438	<u>\$ 426,706</u>
<b>NET ASSETS, BEGINNING</b>			<u>828,111</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ 1,372,549</u>	

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# **INTERNAL SERVICE FUNDS**

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## **INTERNAL SERVICE 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 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, 2007

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,567,839	\$ 8,337,207	\$ 9,910,855
Receivables:			
Accounts receivable	17,055	--	356
Accrued interest	15,273	52,149	66,091
Due from other governments	1,899	--	--
Inventories	151,666	--	--
Prepaid expenses	--	374,665	10,787
Total Current Assets	2,753,732	8,764,021	9,988,089
Noncurrent Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	23,933,594	71,000	--
Less accumulated depreciation	(13,324,378)	(71,000)	--
Net Capital Assets	10,609,216	--	--
<b>TOTAL ASSETS</b>	<b>13,362,948</b>	<b>8,764,021</b>	<b>9,988,089</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	147,883	3,583	1,127
Accrued salaries and benefits	25,745	5,727	--
Compensated absences payable	81,106	9,412	--
Liability for self-insurance	--	424,770	1,508,355
Total Current Liabilities	254,734	443,492	1,509,482
Noncurrent Liabilities:			
Compensated absences payable	20,248	--	--
Liability for self-insurance	--	2,126,960	37,043
Total Noncurrent Liabilities	20,248	2,126,960	37,043
<b>TOTAL LIABILITIES</b>	<b>274,982</b>	<b>2,570,452</b>	<b>1,546,525</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,609,216	--	--
Restricted for claims	--	6,193,569	8,441,564
Unrestricted (deficit)	2,478,750	--	--
<b>TOTAL NET ASSETS</b>	<b>\$ 13,087,966</b>	<b>\$ 6,193,569</b>	<b>\$ 8,441,564</b>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
June 30, 2007

	Self-Funded Workers Compensation Fund	Communications and Technology Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,038,520	\$ 2,524,262	\$ 24,378,683
Receivables:			
Accounts receivable	--	--	17,411
Accrued interest	9,073	11,275	153,861
Due from other governments	--	69,910	71,809
Inventories	--	--	151,666
Prepaid expenses	56,762	--	442,214
Total Current Assets	<u>1,104,355</u>	<u>2,605,447</u>	<u>25,215,644</u>
Noncurrent Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	--	1,264,938	25,269,532
Less accumulated depreciation	--	(841,851)	(14,237,229)
Net Capital Assets	<u>--</u>	<u>423,087</u>	<u>11,032,303</u>
<b>TOTAL ASSETS</b>	<u>1,104,355</u>	<u>3,028,534</u>	<u>36,247,947</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	23,014	76,407	252,014
Accrued salaries and benefits	5,805	46,332	83,609
Compensated absences payable	16,258	128,940	235,716
Liability for self-insurance	5,015,269	--	6,948,394
Total Current Liabilities	<u>5,060,346</u>	<u>251,679</u>	<u>7,519,733</u>
Noncurrent Liabilities:			
Compensated absences payable	--	--	20,248
Liability for self-insurance	48,026,674	--	50,190,677
Total Noncurrent Liabilities	<u>48,026,674</u>	<u>--</u>	<u>50,210,925</u>
<b>TOTAL LIABILITIES</b>	<u>53,087,020</u>	<u>251,679</u>	<u>57,730,658</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	--	423,087	11,032,303
Restricted for claims	--	--	14,635,133
Unrestricted (deficit)	(51,982,665)	2,353,768	(47,150,147)
<b>TOTAL NET ASSETS</b>	<u>\$ (51,982,665)</u>	<u>\$ 2,776,855</u>	<u>\$ (21,482,711)</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, 2007

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
OPERATING REVENUES			
Charges for services	\$ 5,640,164	\$ 2,333,833	\$ 15,923,291
Miscellaneous	206,299	233,112	708,973
TOTAL OPERATING REVENUES	5,846,463	2,566,945	16,632,264
OPERATING EXPENSES			
Salaries and wages	795,397	183,093	--
Employee benefits	342,583	77,508	--
Services and supplies	2,732,276	894,800	12,833,094
Depreciation	3,115,401	--	--
TOTAL OPERATING EXPENSES	6,985,657	1,155,401	12,833,094
OPERATING INCOME (LOSS)	(1,139,194)	1,411,544	3,799,170
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	105,639	309,234	347,558
Gain (loss) on asset disposal	441,296	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	546,935	309,234	347,558
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(592,259)	1,720,778	4,146,728
CAPITAL CONTRIBUTIONS	396,847	--	--
TRANSFERS			
Transfers in	211,264	--	--
Transfers out	(10,000)	(58,671)	--
TOTAL TRANSFERS	201,264	(58,671)	--
CHANGES IN NET ASSETS	5,852	1,662,107	4,146,728
NET ASSETS, BEGINNING	13,082,114	4,531,462	4,294,836
NET ASSETS, ENDING	\$ 13,087,966	\$ 6,193,569	\$ 8,441,564

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, 2007

	<u>Self-Funded Workers Compensation Fund</u>	<u>Communications and Technology Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 2,444,324	\$ --	\$ 26,341,612
Miscellaneous	--	193,481	1,341,865
TOTAL OPERATING REVENUES	<u>2,444,324</u>	<u>193,481</u>	<u>27,683,477</u>
OPERATING EXPENSES			
Salaries and wages	172,667	1,530,156	2,681,313
Employee benefits	64,690	629,051	1,113,832
Services and supplies	9,423,547	2,608,637	28,492,354
Depreciation	--	104,745	3,220,146
TOTAL OPERATING EXPENSES	<u>9,660,904</u>	<u>4,872,589</u>	<u>35,507,645</u>
OPERATING INCOME (LOSS)	<u>(7,216,580)</u>	<u>(4,679,108)</u>	<u>(7,824,168)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	353,435	81,525	1,197,391
Gain (loss) on asset disposal	--	--	441,296
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>353,435</u>	<u>81,525</u>	<u>1,638,687</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(6,863,145)</u>	<u>(4,597,583)</u>	<u>(6,185,481)</u>
CAPITAL CONTRIBUTIONS	<u>--</u>	<u>10,459</u>	<u>407,306</u>
TRANSFERS			
Transfers in	--	6,055,012	6,266,276
Transfers out	--	(800,000)	(868,671)
TOTAL TRANSFERS	<u>--</u>	<u>5,255,012</u>	<u>5,397,605</u>
CHANGES IN NET ASSETS	(6,863,145)	667,888	(380,570)
NET ASSETS, BEGINNING OF YEAR	<u>(45,119,520)</u>	<u>2,108,967</u>	<u>(21,102,141)</u>
NET ASSETS, END OF YEAR	<u>\$ (51,982,665)</u>	<u>\$ 2,776,855</u>	<u>\$ (21,482,711)</u>

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2007

	Motor Vehicle Fund	Risk Retention Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds for services	\$ 5,683,979	\$ 2,333,833
Cash received from miscellaneous income, reimbursements and restitutions	206,300	233,112
Cash paid for employees' salaries and benefits	(967,372)	(217,505)
Cash payments to suppliers for goods and services	(2,472,973)	(1,010,715)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(383,429)	(202,098)
Cash paid to deferred compensation plans	(28,476)	(8,744)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,038,029</u>	<u>1,127,883</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	211,264	--
Transfers out	(10,000)	(58,671)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>201,264</u>	<u>(58,671)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of machinery and equipment	577,837	--
Acquisition of capital assets	(3,261,909)	--
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(2,684,072)</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings received	104,454	290,844
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(340,325)	1,360,056
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,908,164</u>	<u>6,977,151</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,567,839</u>	<u>\$ 8,337,207</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2007

	<u>Self-Funded Medical Plan Fund</u>	<u>Self-Funded Workers Compensation Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds for services	\$ 15,912,504	\$ 2,566,957
Cash received from miscellaneous income, reimbursements and restitutions	708,973	--
Cash paid for employees' salaries and benefits	--	(206,278)
Cash payments to suppliers for goods and services	(12,985,373)	(4,542,829)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(71,124)	(189,303)
Cash paid to deferred compensation plans	--	(7,721)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,564,980</u>	<u>(2,379,174)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	--	--
Transfers out	--	--
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>--</u>	<u>--</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of machinery and equipment	--	--
Acquisition of capital assets	--	--
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>--</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings received	<u>310,412</u>	<u>360,041</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,875,392	(2,019,133)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>6,035,463</u>	<u>3,057,653</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 9,910,855</u></u>	<u><u>\$ 1,038,520</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2007

	Communications and Technology Fund	Total
	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds for services	\$ (32,830)	\$ 26,464,443
Cash received from miscellaneous income, reimbursements and restitutions	193,480	1,341,865
Cash paid for employees' salaries and benefits	(1,838,902)	(3,230,057)
Cash payments to suppliers for goods and services	(2,620,578)	(23,632,468)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(266,964)	(1,112,918)
Cash paid to deferred compensation plans	<u>(47,469)</u>	<u>(92,410)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(4,613,263)</u>	<u>(261,545)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	6,055,012	6,266,276
Transfers out	<u>(800,000)</u>	<u>(868,671)</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>5,255,012</u>	<u>5,397,605</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of machinery and equipment	--	577,837
Acquisition of capital assets	<u>(209,502)</u>	<u>(3,471,411)</u>
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(209,502)</u>	<u>(2,893,574)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings received	<u>79,982</u>	<u>1,145,733</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	512,229	3,388,219
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,012,033</u>	<u>20,990,464</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 2,524,262</u></u>	<u><u>\$ 24,378,683</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2007

	Motor Vehicle Fund	Risk Retention Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,139,194)	\$ 1,411,544
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,115,401	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	(88)	--
Accounts receivable	43,905	--
Inventories	(20,391)	--
Prepaid expenses	38,045	(11,126)
Increase (decrease) in:		
Accounts payable	(7,991)	(23,192)
Accrued salaries and benefits	4,563	777
Accrued liabilities	--	(254,617)
Compensated absences payable	3,779	4,497
Total Adjustments	3,177,223	(283,661)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 2,038,029</b>	<b>\$ 1,127,883</b>
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions:		
Contributions of assets	\$ 396,847	\$ --

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2007

	<u>Self-Funded Medical Plan Fund</u>	<u>Self-Funded Workers Compensation Fund</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 3,799,170	\$ (7,216,580)
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	--	81,448
Accounts receivable	(10,787)	41,183
Inventories	--	--
Prepaid expenses	--	(877)
Increase (decrease) in:		
Accounts payable	1,127	19,278
Accrued salaries and benefits	--	1,330
Accrued liabilities	(224,530)	4,694,650
Compensated absences payable	--	394
Total Adjustments	<u>(234,190)</u>	<u>4,837,406</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 3,564,980</u></u>	<u><u>\$ (2,379,174)</u></u>
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions:		
Contributions of assets	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2007

	Communications and Technology Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (4,679,108)	\$ (7,824,168)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	104,745	3,220,146
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	(32,831)	48,529
Accounts receivable	--	74,301
Inventories	--	(20,391)
Prepaid expenses	--	26,042
Increase (decrease) in:		
Accounts payable	(31,474)	(42,252)
Accrued salaries and benefits	11,152	17,822
Accrued liabilities	--	4,215,503
Compensated absences payable	14,253	22,923
Total Adjustments	65,845	7,562,623
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (4,613,263)</b>	<b>\$ (261,545)</b>
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions:		
Contributions of assets	\$ 10,459	\$ 407,306

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,708,058	\$ 5,868,058	\$ 5,640,164	\$ (227,894)
Miscellaneous:				
Reimbursements and restitution	--	132,393	199,580	67,187
Other	--	6,719	6,719	--
Total Miscellaneous	--	139,112	206,299	67,187
<b>TOTAL OPERATING REVENUES</b>	<b>5,708,058</b>	<b>6,007,170</b>	<b>5,846,463</b>	<b>(160,707)</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	898,180	832,985	795,397	37,588
Employee benefits	401,676	339,636	342,583	(2,947)
Services and supplies	2,269,238	2,538,732	2,732,276	(193,544)
Capital outlay	3,489,844	4,641,932	--	4,641,932
Depreciation	2,750,000	2,750,000	3,115,401	(365,401)
<b>TOTAL OPERATING EXPENSES</b>	<b>9,808,938</b>	<b>11,103,285</b>	<b>6,985,657</b>	<b>4,117,628</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,100,880)</b>	<b>(5,096,115)</b>	<b>(1,139,194)</b>	<b>3,956,921</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	50,000	135,800	105,639	30,161
Gain (loss) on asset disposal	--	445,350	441,296	4,054
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>50,000</b>	<b>581,150</b>	<b>546,935</b>	<b>34,215</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(4,050,880)</b>	<b>(4,514,965)</b>	<b>(592,259)</b>	<b>3,991,136</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>--</b>	<b>15,000</b>	<b>396,847</b>	<b>(381,847)</b>
<b>TRANSFERS</b>				
Transfers in	86,264	211,264	211,264	--
Transfers out	(10,000)	(10,000)	(10,000)	--
<b>TOTAL TRANSFERS</b>	<b>76,264</b>	<b>201,264</b>	<b>201,264</b>	<b>--</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ (3,974,616)</b>	<b>\$ (4,298,701)</b>	<b>5,852</b>	<b>\$ 3,609,289</b>
<b>NET ASSETS, BEGINNING</b>			<b>13,082,114</b>	
<b>NET ASSETS, ENDING</b>			<b>\$ 13,087,966</b>	

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,359,118	\$ 2,359,118	\$ 2,333,833	\$ (25,285)
Miscellaneous:				
Reimbursements and restitution	1,000	--	--	--
Other	--	234,000	233,112	(888)
Total Miscellaneous	1,000	234,000	233,112	(888)
<b>TOTAL OPERATING REVENUES</b>	<u>2,360,118</u>	<u>2,593,118</u>	<u>2,566,945</u>	<u>(26,173)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	172,212	188,041	183,093	4,948
Employee benefits	74,913	76,800	77,508	(708)
Services and supplies	2,173,079	2,156,663	894,800	1,261,863
Depreciation	7,100	4,000	--	4,000
<b>TOTAL OPERATING EXPENSES</b>	<u>2,427,304</u>	<u>2,425,504</u>	<u>1,155,401</u>	<u>1,270,103</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(67,186)</u>	<u>167,614</u>	<u>1,411,544</u>	<u>1,243,930</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	40,000	175,000	309,234	134,234
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>40,000</u>	<u>175,000</u>	<u>309,234</u>	<u>134,234</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(27,186)</u>	<u>342,614</u>	<u>1,720,778</u>	<u>1,378,164</u>
<b>TRANSFERS</b>				
Transfers out	(58,671)	(58,671)	(58,671)	--
<b>TOTAL TRANSFERS</b>	<u>(58,671)</u>	<u>(58,671)</u>	<u>(58,671)</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ (85,857)</u>	<u>\$ 283,943</u>	1,662,107	<u>\$ 1,378,164</u>
<b>NET ASSETS, BEGINNING</b>			4,531,462	
<b>NET ASSETS, ENDING</b>			<u>\$ 6,193,569</u>	

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 14,080,620	\$ 15,245,340	\$ 15,923,291	\$ 677,951
Miscellaneous:				
Stop-loss reimbursements	150,000	561,985	568,715	6,730
Other	--	145,000	140,258	(4,742)
TOTAL OPERATING REVENUES	<u>14,230,620</u>	<u>15,952,325</u>	<u>16,632,264</u>	<u>679,939</u>
OPERATING EXPENSES				
Services and supplies	<u>15,076,124</u>	<u>15,576,124</u>	<u>12,833,094</u>	<u>2,743,030</u>
OPERATING INCOME (LOSS)	(845,504)	376,201	3,799,170	3,422,969
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	<u>26,000</u>	<u>243,400</u>	<u>347,558</u>	<u>(104,158)</u>
CHANGES IN NET ASSETS	<u><u>\$ (819,504)</u></u>	<u><u>\$ 619,601</u></u>	4,146,728	<u><u>\$ 3,318,811</u></u>
NET ASSETS, BEGINNING			4,294,836	
NET ASSETS, ENDING			<u><u>\$ 8,441,564</u></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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,521,156	\$ 2,524,971	\$ 2,444,324	\$ (80,647)
Miscellaneous:				
Other	1,250,000	1,250,000	--	(1,250,000)
TOTAL OPERATING REVENUES	3,771,156	3,774,971	2,444,324	(1,330,647)
OPERATING EXPENSES				
Salaries and wages	154,709	168,695	172,667	(3,972)
Employee benefits	70,453	67,247	64,690	2,557
Services and supplies	5,515,859	4,437,784	9,423,547	(4,985,763)
TOTAL OPERATING EXPENSES	5,741,021	4,673,726	9,660,904	(4,987,178)
OPERATING INCOME (LOSS)	(1,969,865)	(898,755)	(7,216,580)	(6,317,825)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	100,000	258,986	353,435	94,449
CHANGES IN NET ASSETS	\$ (1,869,865)	\$ (639,769)	(6,863,145)	\$ (6,223,376)
NET ASSETS, BEGINNING			(45,119,520)	
NET ASSETS, ENDING			\$ (51,982,665)	

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Miscellaneous:				
Other	\$ 31,020	\$ 123,571	\$ 193,481	\$ 69,910
<b>TOTAL OPERATING REVENUES</b>	<u>31,020</u>	<u>123,571</u>	<u>193,481</u>	<u>69,910</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	1,640,946	1,547,762	1,530,156	17,606
Employee benefits	697,693	634,427	629,051	5,376
Services and supplies	3,682,809	4,326,861	2,608,637	1,718,224
Capital outlay	485,000	485,000	--	485,000
Depreciation	45,000	90,000	104,745	(14,745)
<b>TOTAL OPERATING EXPENSES</b>	<u>6,551,448</u>	<u>7,084,050</u>	<u>4,872,589</u>	<u>2,211,461</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(6,520,428)</u>	<u>(6,960,479)</u>	<u>(4,679,108)</u>	<u>2,281,371</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	1,600	75,000	81,525	(6,525)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>1,600</u>	<u>75,000</u>	<u>81,525</u>	<u>6,525</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(6,518,828)</u>	<u>(6,885,479)</u>	<u>(4,597,583)</u>	<u>2,287,896</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>--</u>	<u>--</u>	<u>10,459</u>	<u>(10,459)</u>
<b>TRANSFERS</b>				
Transfers in	6,055,012	6,055,012	6,055,012	--
Transfers out	--	(800,000)	(800,000)	--
<b>TOTAL TRANSFERS</b>	<u>6,055,012</u>	<u>5,255,012</u>	<u>5,255,012</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ (463,816)</u>	<u>\$ (1,630,467)</u>	667,888	<u>\$ 2,287,896</u>
<b>NET ASSETS, BEGINNING</b>			2,108,967	
<b>NET ASSETS, ENDING</b>			<u>\$ 2,776,855</u>	

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# **FIDUCIARY FUNDS**

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## **– 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.

**CITY OF RENO, NEVADA**

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b>DEPOSITS FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 888,281	\$ 757,784	\$ 308,162	\$ 1,337,903
Accrued interest receivable	4,343	8,736	4,891	8,188
<b>TOTAL ASSETS</b>	<u>\$ 892,624</u>	<u>\$ 766,520</u>	<u>\$ 313,053</u>	<u>\$ 1,346,091</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 15,500	\$ 289,745	\$ 305,245	\$ --
Accrued liabilities	46,834	11,236	3,475	54,595
Deposits	830,290	1,275,489	814,283	1,291,496
<b>TOTAL LIABILITIES</b>	<u>\$ 892,624</u>	<u>\$ 1,576,470</u>	<u>\$ 1,123,003</u>	<u>\$ 1,346,091</u>
<b>SPECIAL ASSESSMENT DISTRICT FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 5,319,352	\$ 3,984,352	\$ 3,799,162	\$ 5,504,542
Accounts receivable	--	23,512	--	23,512
Special assessments, current	881,818	995,553	965,266	912,105
Special assessments, delinquent	882	--	849	33
Due from other governments	190,805	10,992	190,805	10,992
Accrued interest receivable	2,204	--	2,204	--
<b>TOTAL ASSETS</b>	<u>\$ 6,395,061</u>	<u>\$ 5,014,409</u>	<u>\$ 4,958,286</u>	<u>\$ 6,451,184</u>
<b>LIABILITIES</b>				
Due to others	\$ 6,285,263	\$ 9,499,547	\$ 9,396,410	\$ 6,388,400
Accounts payable	7,093	197,065	199,433	4,725
Due to other governments	19	60	19	60
Deposits	102,686	163,088	207,775	57,999
<b>TOTAL LIABILITIES</b>	<u>\$ 6,395,061</u>	<u>\$ 9,859,760</u>	<u>\$ 9,803,637</u>	<u>\$ 6,451,184</u>
<b>TOTALS, AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 6,207,633	\$ 4,742,136	\$ 4,107,324	\$ 6,842,445
Accounts receivable	--	23,512	--	23,512
Accrued interest receivable	6,547	8,736	7,095	8,188
Special assessments, current	881,818	995,553	965,266	912,105
Special assessments, delinquent	882	--	849	33
Due from other governments	190,805	10,992	190,805	10,992
<b>TOTAL ASSETS</b>	<u>\$ 7,287,685</u>	<u>\$ 5,780,929</u>	<u>\$ 5,271,339</u>	<u>\$ 7,797,275</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 22,593	\$ 486,810	\$ 504,678	\$ 4,725
Accrued liabilities	46,834	11,236	3,475	54,595
Deposits	932,976	1,438,577	1,022,058	1,349,495
Due to other governments	19	60	19	60
Due to others	6,285,263	9,499,547	9,396,410	6,388,400
<b>TOTAL LIABILITIES</b>	<u>\$ 7,287,685</u>	<u>\$ 11,436,230</u>	<u>\$ 10,926,640</u>	<u>\$ 7,797,275</u>

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# **STATISTICAL SECTION**

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## Statistical Section

This part of the City of Reno's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City of Reno's financial performance and well-being have changed over time.</i>	169-174
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City of Reno's most significant local revenue source, the property tax.</i>	175-179
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the City of Reno's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	180-183
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Reno's financial activities take place.</i>	184-185
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City of Reno's financial report relates to the services the City provides and the activities it performs.</i>	186-188

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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**Schedule 1**  
**City of Reno, Nevada**  
**Net Assets by Component**  
**Last Six Fiscal Years**  
*(Accrual Basis of Accounting)*

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 74,054,796	\$ 140,927,234	\$ 179,636,709	\$ 501,003,859	\$ 510,436,963	\$ 594,629,978
Restricted	58,237,414	214,513,161	140,155,187	59,321,040	72,827,824	103,550,338
Unrestricted	(2,480,893)	(169,406,858)	(96,001,031)	(8,024,524)	3,486,919	(38,784,101)
<b>Total governmental activities net asset:</b>	<b>129,811,317</b>	<b>186,033,537</b>	<b>223,790,865</b>	<b>552,300,375</b>	<b>586,751,706</b>	<b>659,396,215</b>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	119,990,593	127,046,765	158,305,006	185,072,216	209,672,878	244,555,309
Restricted	1,462,902	1,470,070	3,187,697	5,206,160	5,010,153	1,682,273
Unrestricted	95,259,575	96,303,139	79,524,841	62,198,502	53,146,772	44,115,342
<b>Total business-type activities net asset:</b>	<b>216,713,070</b>	<b>224,819,974</b>	<b>241,017,544</b>	<b>252,476,878</b>	<b>267,829,803</b>	<b>290,352,924</b>
<b>Primary government:</b>						
Invested in capital assets, net of related debt	194,045,389	267,973,999	337,941,715	686,076,075	720,109,841	839,185,287
Restricted	59,700,316	215,983,231	143,342,884	64,527,200	77,837,977	105,232,611
Unrestricted	92,778,682	(73,103,719)	(16,476,190)	54,173,978	56,633,691	5,331,241
<b>Total primary government net assets</b>	<b>\$ 346,524,387</b>	<b>\$ 410,853,511</b>	<b>\$ 464,808,409</b>	<b>\$ 804,777,253</b>	<b>\$ 854,581,509</b>	<b>\$ 949,749,139</b>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

**Schedule 2**  
**City of Reno, Nevada**  
**Changes in Net Assets**  
Last Six Fiscal Years  
*(Accrual Basis of Accounting)*

	Fiscal Year					
	2002 <sup>1,2</sup>	2003	2004	2005 <sup>3</sup>	2006	2007
<b>Expenses</b>						
Governmental activities						
General government	\$ 17,891,225	\$ 18,447,393	\$ 17,721,359	\$ 15,624,299	\$ 21,455,932	\$ 19,286,404
Judicial	4,026,192	4,130,566	5,002,728	5,204,457	6,079,294	6,475,679
Police	54,799,718	47,974,615	55,508,977	57,230,870	61,728,746	62,732,422
Fire	41,263,133	41,313,419	50,343,306	56,128,634	52,249,991	55,584,964
Public works	19,403,364	23,329,696	24,934,712	51,600,829	55,125,179	56,874,750
Planning and community developmen	5,165,370	5,489,076	6,901,518	5,860,746	4,581,284	7,430,806
Culture and recreation	15,659,627	16,081,352	17,439,791	19,470,362	19,697,196	21,160,776
Urban redevelopment	1,349,781	1,716,205	2,516,724	3,454,927	5,683,381	2,795,011
Interest and fiscal charges, debt servic	6,406,058	17,567,596	17,655,983	17,540,449	13,411,829	20,320,737
Subtotal, governmental activities expens	<u>165,964,468</u>	<u>176,049,918</u>	<u>198,025,098</u>	<u>232,115,573</u>	<u>240,012,832</u>	<u>252,661,549</u>
Business-type activities						
Sanitary sewer	24,622,533	25,327,746	27,012,523	29,668,235	34,529,836	38,851,817
Golf courses	2,378,168	2,150,809	1,970,295	1,938,796	2,036,125	1,802,658
Building permits	6,048,698	5,933,092	5,370,592	6,151,551	7,569,511	7,929,433
Animal services shelter <sup>5</sup>	965,714	1,114,066	2,322,400	2,383,231	1,144,277	-
Planning	-	-	-	4,621,742	4,689,393	4,798,275
Dispatch center	-	5,067,935	4,828,368	5,144,641	5,812,292	5,532,251
Subtotal, business-type activities expense	<u>34,015,113</u>	<u>39,593,648</u>	<u>41,504,178</u>	<u>49,908,196</u>	<u>55,781,434</u>	<u>58,914,434</u>
Total primary government expenses	<u>199,979,581</u>	<u>215,643,566</u>	<u>239,529,276</u>	<u>282,023,769</u>	<u>295,794,266</u>	<u>311,575,983</u>
<b>Program Revenues (See Schedule 3)</b>						
Governmental activities:						
Charges for services:						
Business licensing	13,273,329	13,696,099	14,551,981	15,891,618	15,718,595	17,598,262
Franchise fees	12,502,243	12,331,104	12,922,556	14,908,232	16,365,353	18,215,086
Fire protection contract and services <sup>4</sup>	11,416,864	12,372,991	12,280,396	12,631,956	13,291,738	15,217,502
Parks and recreation	3,009,996	3,164,536	3,912,985	3,507,073	4,045,721	6,485,726
Fines and forfeitures	2,582,355	2,612,231	2,654,501	2,721,830	3,576,365	4,524,164
Insurance premiums	N/A	2,497,033	3,137,092	3,502,736	4,444,134	4,508,991
Other activities	4,917,913	7,090,828	12,897,585	15,782,309	9,951,870	6,306,747
Operating grants and contributions	6,850,005	8,381,978	6,183,124	4,518,286	6,113,851	6,945,164
Capital grants and contributions	40,311,605	56,401,220	48,469,078	47,852,071	63,266,466	96,804,861
Subtotal, governmental activities program revenue	<u>94,864,310</u>	<u>118,548,020</u>	<u>117,009,298</u>	<u>121,316,111</u>	<u>136,774,093</u>	<u>176,606,503</u>
Business-type activities:						
Charges for services:						
Sanitary sewer	22,098,386	23,663,275	25,998,547	26,056,319	32,279,919	37,289,453
Golf courses	1,870,950	1,837,518	1,774,513	1,541,647	1,455,237	1,209,708
Building permits	4,451,025	5,695,061	6,576,326	7,763,374	6,617,550	5,962,944
Animal services shelter <sup>5</sup>	456,404	609,517	142,538	175,321	17,528	-
Planning fees	-	-	-	4,386,410	5,531,428	2,648,536
Dispatch center	-	311,462	410,328	314,788	394,292	524,037
Operating grants and contributions	63,137	17,987	45,822	54,914	26,375	315,375
Capital grants and contributions	8,270,821	11,885,620	15,028,222	13,753,915	19,082,843	26,106,551
Subtotal, business-type activities program revenue	<u>37,210,723</u>	<u>44,020,440</u>	<u>49,976,296</u>	<u>54,046,688</u>	<u>65,405,172</u>	<u>74,056,604</u>
Total primary government program revenues	<u>\$ 132,075,033</u>	<u>\$ 162,568,460</u>	<u>\$ 166,985,594</u>	<u>\$ 175,362,799</u>	<u>\$ 202,179,265</u>	<u>\$ 250,663,107</u>
<b>Net (Expense)/Revenue</b>						
Governmental activities	(71,100,158)	(57,501,898)	(81,015,800)	(110,799,462)	(103,238,739)	(76,055,046)
Business-type activities	3,195,610	4,426,792	8,472,118	4,138,492	9,623,738	15,142,170
Total primary government net expense	<u>\$ (67,904,548)</u>	<u>\$ (53,075,106)</u>	<u>\$ (72,543,682)</u>	<u>\$ (106,660,970)</u>	<u>\$ (93,615,001)</u>	<u>\$ (60,912,876)</u>

Schedule 2 (Continued)

City of Reno, Nevada

Changes in Net Assets

Last Six Fiscal Years

(Accrual Basis of Accounting)

Schedule 2 (Contd.)

(Unaudited)

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes:						
Ad valorem taxes	\$ 47,796,806	\$ 49,529,532	\$ 49,592,261	\$ 51,518,055	\$ 55,118,928	\$ 63,710,224
Consolidated tax	40,757,992	42,948,773	47,480,733	52,372,923	54,708,166	55,256,937
SCCR taxes -- AB104	3,687,113	3,551,915	3,475,827	3,601,134	3,602,340	3,568,290
Sales taxes	6,443,210	6,725,011	7,409,815	8,260,700	8,925,336	8,895,013
Other taxes	1,012,118	2,332,083	9,462,124	9,823,511	10,634,323	11,005,390
Unrestricted County gaming contributions	2,176,194	2,396,644	2,020,849	2,174,280	1,895,490	1,820,891
Unrestricted investment and interest earnings	5,388,931	5,165,957	1,406,368	4,222,553	5,376,707	8,064,540
Miscellaneous	2,638,247	3,418,429	3,299,870	1,532,505	7,009,892	1,636,815
Gain on sale of capital assets						511,000
Transfers	(3,593,971)	(2,960,140)	(3,980,501)	(4,365,478)	(4,262,259)	(5,769,545)
Subtotal, government activities	<u>106,306,640</u>	<u>113,108,204</u>	<u>120,167,346</u>	<u>129,140,183</u>	<u>143,008,923</u>	<u>148,699,555</u>
Business-type activities:						
Taxes:						
Ad valorem taxes			1,797,437	2,198,185	87,677	-
Investment and interest earnings	1,233,189	464,392	(39,664)	468,596	715,402	1,455,917
Miscellaneous	111,047	255,580	2,008,515	288,583	1,471,656	155,489
Transfers	3,593,971	2,960,140	3,980,501	4,365,478	4,262,259	5,769,545
Subtotal, business-type activities	<u>4,938,207</u>	<u>3,680,112</u>	<u>7,746,789</u>	<u>7,320,842</u>	<u>6,536,994</u>	<u>7,380,951</u>
Total primary government	<u>111,244,847</u>	<u>116,788,316</u>	<u>127,914,135</u>	<u>136,461,025</u>	<u>149,545,917</u>	<u>156,080,506</u>
<b>Change in Net Assets</b>						
Governmental activities	35,206,482	55,606,306	39,151,546	18,340,721	39,770,184	72,644,509
Business-type activities	8,133,817	8,106,904	16,218,907	11,459,334	16,160,732	22,523,121
Total primary government	<u>\$ 43,340,299</u>	<u>\$ 63,713,210</u>	<u>\$ 55,370,453</u>	<u>\$ 29,800,055</u>	<u>\$ 55,930,916</u>	<u>\$ 95,167,630</u>

Notes:

<sup>1</sup> General Government program revenue total reflects a prior period adjustment to reclass franchise fees from general revenues to General Government program revenues. A breakdown of other Charges for Services is not available.

<sup>2</sup> Public Works program revenue total reflects a prior period adjustment to reclass sales tax for the ReTRAC project from programs revenues to general, other taxes.

<sup>3</sup> The Planning Enterprise Fund was established in fiscal year 2005.

<sup>4</sup> Charges for services for Fire includes Truckee Meadows Fire Protection District contract payments and federal strike team reimbursements.

<sup>5</sup> Animal Services was transferred over to Washoe County Effective July 1, 2006

**Schedule 3**  
**City of Reno, Nevada**  
**Program Revenues by Function/Program**  
Last Six Fiscal Years  
*(Accrual Basis of Accounting)*

Function/Program	Program Revenues					
	<u>2002</u>	<u>2003</u> <sup>1</sup>	<u>2004</u>	<u>2005</u> <sup>2</sup>	<u>2006</u> <sup>3</sup>	<u>2007</u>
Governmental activities						
General government	\$ 30,260,557	\$32,291,822	\$34,843,752	\$ 38,156,171	42,650,788	48,363,953
Judicial	168,836	534,251	606,625	715,007	893,399	1,010,668
Police	3,886,764	2,650,014	2,938,738	3,003,418	2,707,973	3,093,130
Fire	11,414,538	12,416,411	12,745,384	13,430,125	13,936,761	15,217,502
Public works	42,288,959	59,871,081	50,000,316	51,976,502	64,528,389	94,463,236
Planning and community developmen	3,830,159	4,927,120	8,137,378	5,796,930	4,120,470	6,485,726
Culture and recreation	3,014,497	5,534,931	7,446,416	7,782,413	7,297,178	6,392,075
Urban redevelopmen		322,390	290,689	455,545	639,135	1,580,213
Subtotal, governmental activities revenues	<u>94,864,310</u>	<u>118,548,020</u>	<u>117,009,298</u>	<u>121,316,111</u>	<u>136,774,093</u>	<u>176,606,503</u>
Business-type activities						
Sanitary sewer	30,369,207	35,548,895	41,026,769	39,810,234	51,387,762	63,691,379
Golf courses	1,870,950	1,837,518	1,774,513	1,541,647	1,455,237	1,209,708
Building permits	4,451,025	5,695,061	6,576,326	7,763,374	6,617,550	5,962,944
Animal services shelte:	519,541	627,504	188,360	230,235	17,528	-
Planning	-	-	-	4,386,410	5,531,428	2,668,536
Dispatch center	-	311,462	410,328	314,788	395,667	524,037
Subtotal, business-type activities revenue	<u>37,210,723</u>	<u>44,020,440</u>	<u>49,976,296</u>	<u>54,046,688</u>	<u>65,405,172</u>	<u>74,056,604</u>
Total primary government revenues	<u>132,075,033</u>	<u>162,568,460</u>	<u>166,985,594</u>	<u>175,362,799</u>	<u>202,179,265</u>	<u>250,663,107</u>

Notes:

- <sup>1</sup> The Dispatch Center Enterprise Fund commenced operation on July 1, 2002.
- <sup>2</sup> The Planning Enterprise Fund commenced operation on July 1, 2004.
- <sup>3</sup> Operation of the animal services shelter was assumed by Washoe County effective July 1, 2005.

**Schedule 4**  
**City of Reno, Nevada**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 5,405,976	\$ 8,437,649	\$ 6,459,221	\$ 4,670,711	\$ 1,641,352	\$ 2,428,376	\$ 1,695,188	\$ 3,438,861	\$ 1,351,283	\$ 1,907,826
Unreserved	7,720,963	11,554,749	6,969,949	11,067,727	16,952,185	19,419,475	15,597,870	13,334,149	15,300,632	13,488,334
Total general fund	<u>\$ 13,126,939</u>	<u>\$ 19,992,398</u>	<u>\$ 13,429,170</u>	<u>\$ 15,738,438</u>	<u>\$ 18,593,537</u>	<u>\$ 21,847,851</u>	<u>\$ 17,293,058</u>	<u>\$ 16,773,010</u>	<u>\$ 16,651,915</u>	<u>\$ 15,396,160</u>
All Other Governmental Funds										
Reserved for:										
Reserved	56,544,154	48,816,624	57,598,742	60,382,965	213,472,300	303,124,056	241,401,679	117,776,135	66,023,924	82,433,937
Unreserved, reported in:										
Special revenue funds	4,897,989	6,723,543	9,325,894	16,552,572	13,846,805	5,084,400	8,695,310	5,786,466	2,593,727	7,493,718
Capital projects funds	2,370	(448,679)	(264,727)	(7,983,962)	(2,429,540)	(110,389,575)	(118,289,314)	(60,269,078)	8,940,698	(3,740,682)
Total all other governmental funds	<u>\$ 61,444,513</u>	<u>\$ 55,091,488</u>	<u>\$ 66,659,909</u>	<u>\$ 68,951,575</u>	<u>\$ 224,889,565</u>	<u>\$ 197,818,881</u>	<u>\$ 131,807,675</u>	<u>\$ 63,293,523</u>	<u>\$ 77,558,349</u>	<u>\$ 86,186,973</u>

**Schedule 5**  
**City of Reno, Nevada**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 38,850,778	\$ 44,982,332	\$ 49,765,470	\$ 50,602,929	\$ 54,774,653	\$ 59,711,395	\$ 61,490,644	\$ 64,246,504	\$ 67,168,158	\$ 74,646,248
Licenses, fees and permits	19,161,311	21,133,988	21,872,367	23,881,811	26,067,201	26,361,845	27,758,399	31,153,624	32,283,822	35,975,919
Fines and penalties	2,397,212	2,710,761	2,613,657	3,051,065	2,802,813	2,728,491	2,745,003	2,806,405	3,624,141	4,524,164
Charges for service	8,590,984	9,050,188	9,389,750	9,650,090	9,058,772	9,606,143	13,592,054	7,314,653	8,494,849	7,958,794
Special assessments	1,922,022	1,922,666	2,016,836	1,692,971	4,223,674	2,904,775	2,317,235	4,040,392	4,157,862	2,701,017
Intergovernmental	49,221,153	55,111,683	61,366,637	73,005,269	74,509,251	87,509,446	91,674,996	95,757,876	99,876,867	109,091,955
Investment earnings	4,430,278	2,730,929	3,053,326	6,080,056	3,749,779	3,661,289	853,470	2,484,982	4,187,738	6,118,931
Other revenues	5,840,808	4,989,626	5,225,773	10,437,331	10,731,195	9,113,763	10,231,344	21,916,497	18,172,493	18,296,050
Total revenues	130,414,546	142,632,173	155,303,816	178,401,522	185,917,338	201,597,147	210,663,145	229,720,933	237,965,930	259,313,078
<b>Expenditures</b>										
General Government	11,846,010	11,477,820	13,725,400	17,480,723	17,842,682	16,667,848	13,961,260	15,603,717	17,080,258	17,777,657
Judicial	2,132,070	2,515,360	2,902,242	3,310,295	3,708,482	4,017,116	4,524,392	4,915,250	5,615,114	5,645,431
Police	39,860,155	42,943,162	44,222,361	45,645,049	50,295,366	45,588,649	47,405,724	51,888,871	55,068,000	59,087,045
Fire	19,863,026	20,415,368	22,697,865	35,082,618	37,200,107	39,846,654	42,803,148	47,762,718	46,764,717	52,458,590
Public works	17,629,933	18,929,846	20,593,986	19,354,298	27,470,609	23,500,835	21,125,778	24,438,773	20,792,868	21,499,497
Planning & community devp't	6,937,200	4,509,019	5,352,050	5,761,110	4,690,722	5,235,340	6,226,999	6,975,537	4,289,182	7,084,598
Culture and recreation	11,049,370	11,937,787	13,089,556	13,321,928	13,825,145	14,229,611	14,942,100	16,372,705	15,924,188	17,305,789
Urban redevelopment	2,130,295	1,697,448	1,764,461	1,260,556	2,621,822	1,424,710	1,548,241	2,071,514	2,347,178	2,288,753
Intergovernmental	503,190	531,512	613,002	709,008	1,097,868	1,451,756	2,590,208	3,394,609	5,500,472	3,872,818
Capital outlay	10,553,392	21,440,743	16,853,521	19,628,755	73,179,141	67,713,258	92,259,688	149,866,708	61,859,754	47,777,780
Debt service:										
Interest	6,738,457	6,219,327	6,298,800	6,056,523	5,463,416	16,901,960	17,429,743	16,789,578	11,703,107	9,490,866
Principal	6,306,908	6,866,233	5,780,310	9,075,216	9,124,695	9,106,337	8,206,423	9,399,109	9,830,437	18,350,174
Bond issue costs					11,553,713	584,896	52,810	120,226	8,806,979	1,053,997
Fiscal charges	558,566	59,980	47,780	53,036	15,321	148,452	121,582	432,854	885,460	809,851
Total expenditures	136,108,572	149,543,605	153,941,334	176,739,115	258,089,089	246,417,422	273,198,096	350,032,169	266,467,714	264,502,846
Excess of revenues over (under) expenditures	(5,694,026)	(6,911,432)	1,362,482	1,662,407	(72,171,751)	(44,820,275)	(62,534,951)	(120,311,236)	(28,501,784)	(5,189,768)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing <sup>1</sup>	9,700,000	6,571,000	1,898,906	44,700	220,563,634	25,829,948	1,708,338	55,738,063	44,475,642	24,343,040
Proceeds from refunding <sup>1</sup>	31,848,820	-	-	-	4,265,000	23,294,817	3,714,422	-	269,493,568	20,657,894
Payments to escrow agents	(34,343,786)	-	-	-	(4,265,000)	(23,596,955)	(3,655,582)	-	(259,675,524)	-
Refund of cash SAD prepayments	-	-	-	-	-	-	-	-	(478,872)	(20,405,473)
Gain (loss) on sale of capital assets	5,244	3,731	349,100	50,710	9,618,883	2,500	353,115	89,074	2,046,722	439,594
Transfers in	24,304,358	19,372,195	34,003,299	32,749,251	23,522,810	41,862,199	41,888,902	41,696,731	119,902,244	40,899,555
Transfers out	(22,984,226)	(18,523,060)	(32,608,594)	(29,906,134)	(22,740,487)	(46,388,604)	(52,056,931)	(51,605,189)	(128,661,948)	(52,128,091)
Total other financing sources (uses)	8,530,410	7,423,866	3,642,711	2,938,527	230,964,840	21,003,905	(8,047,736)	45,918,679	47,101,832	13,806,519
Net change in fund balances	\$ 2,836,384	\$ 512,434	\$ 5,005,193	\$ 4,600,934	\$ 158,793,089	\$ (23,816,370)	\$ (70,582,687)	\$ (74,392,557)	\$ 18,600,048	\$ 8,616,751
Debt service as a percentage of non-capital expenditures	10.4%	10.2%	8.8%	9.6%	8.0%	14.6%	14.3%	13.3%	10.5%	12.8%

Notes: Proceeds from borrowing and proceeds from refunding are net of original issue premiums and discounts.

**Schedule 6**  
**City of Reno, Nevada**  
**Taxable Assessed Value and Actual Value of Property**  
**Last Ten Fiscal Years**  
*(In Thousands of Dollars)*

<u>Fiscal Year</u>	<u>Vacant Property</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Other Property</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Taxable Assessed Value as a Percentabe of Actual Taxable Value</u>
1998								3,963,115	\$ 3.3526	11,323,186	0.35
1999								4,399,428	\$ 3.4056	12,569,794	0.35
2000								4,084,454	\$ 3.4461	11,669,869	0.35
2001								4,318,883	\$ 3.4461	12,339,666	0.35
2002								4,380,916	\$ 3.5151	12,516,903	0.35
2003								4,501,165	\$ 3.5799	12,860,471	0.35
2004								4,757,490	\$ 3.6380	13,592,829	0.35
2005								5,105,374	\$ 3.6478	14,586,783	0.35
2006	547,337	3,259,772	2,175,812	625,783	1,255	60,623	1,073,606	5,596,976	\$ 3.6477	15,991,361	0.35
2007	486,154	3,853,039	2,254,125	537,450	1,363	60,814	1,075,872	6,117,073	\$ 3.6475	17,477,351	0.35

Source: Nevada State Department of Taxation and Office of the Washoe County Assessor  
A breakdown of property taxes by type for years 1997 through 2004 is not available.

Notes: Pursuant to State statute, all property is assessed at 35% of its estimated value.  
All amounts reflect the City of Reno, the Redevelopment Agency of the City of Reno, and the Reno Tax Increment District.

**Schedule 7**  
**City of Reno, Nevada**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
(Rate per \$1,000 of Assessed Value)

Fiscal Year	City Direct Rates			Overlapping Rates			
	City Operations	General Obligation Debt Service	City Total	State of Nevada	School District	Washoe County	Special Districts
1998	0.6999	0.1547	0.8546	0.1500	1.0985	1.2495	0.0000
1999	0.7711	0.1365	0.9076	0.1500	1.0985	1.2495	0.0000
2000	0.7804	0.1272	0.9076	0.1500	1.1385	1.2495	0.0005
2001	0.7946	0.1130	0.9076	0.1500	1.1385	1.2495	0.0005
2002	0.8442	0.1114	0.9556	0.1500	1.1385	1.2705	0.0005
2003	0.8337	0.1119	0.9456	0.1500	1.1385	1.3453	0.0005
2004	0.8555	0.0901	0.9456	0.1700	1.1385	1.3817	0.0022
2005	0.8555	0.0901	0.9456	0.1700	1.1385	1.3917	0.0020
2006	0.8767	0.0689	0.9456	0.1700	1.1385	1.3917	0.0019
2007	0.8767	0.0689	0.9456	0.1700	1.1385	1.3917	0.0017

Fiscal Year	Reno Increment District	Redevelopment Agency Debt Service
1998	3.3532	3.3532
1999	3.4062	3.4062
2000	3.4461	3.4461
2001	3.1782	3.1782
2002	3.5151	3.5151
2003	3.2398	3.2398
2004	3.2398	3.2398
2005	3.2398	3.2398
2006	3.2398	3.2398
2007	3.2500	3.2500

Source: State of Nevada, Department of Taxation/Redbook

**Schedule 8**  
**City of Reno, Nevada**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
*(In Thousand of Dollars)*

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Peppermill Casino Inc	\$ 72,403	1	1.29%	\$ 35,278	6	0.91%
Circus Circus & Eldorado Joint Venture	59,896	2	1.07%	71,874	1	1.85%
Washoe Medical Center Inc	56,558	3	1.01%	30,246	7	0.78%
Prologic NA3 LLC	52,646	4	0.94%	-		0.00%
Catholic Healthcare West INC	47,160	5	0.84%	-		0.00%
Grand Sierra Operating Corp	39,303	6	0.70%	-		0.00%
Golden Road Motor Inn Inc	39,296	7	0.70%	-		0.00%
International Game Technology	37,596	8	0.67%	25,607	8	0.66%
El Dorado Resorts LLC	31,293	9	0.56%	43,552	3	1.12%
Reno Retail Company LLC	31,068	10	0.56%	-		0.00%
<b>Total</b>	<b>\$ 467,219</b>		<b>8.35%</b>	<b>\$ 206,557</b>		<b>5.32%</b>

Source: Office of the Washoe County Assessor

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

**Schedule 9**  
**City of Reno, Nevada**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
*(In Thousand of Dollars)*

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	36,164	36,015	99.59	120	36,135	99.92
1999	40,184	39,760	98.94	355	40,115	99.83
2000	43,884	43,449	99.01	310	43,759	99.72
2001	44,839	44,300	98.80	261	44,561	99.38
2002	48,985	43,194	88.18	544	43,738	89.29
2003	46,177	45,572	98.69	504	46,076	99.78
2004	46,425	45,156	97.27	41	45,197	97.35
2005	48,263	47,836	99.12	237	48,073	99.61
2006	51,949	51,203	98.56	0	51,203	98.56
2007	59,649	63,232	106.01	232	63,464	106.40

Source: Washoe County Assessor and Treasurer and City of Reno Finance Department

**Schedule 10**  
**City of Reno, Nevada**  
**Licenses and Permits by Category** <sup>1</sup>  
**Last 10 Fiscal Years**  
*(in thousands of dollars)*

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Business licenses	\$ 7,173,746	\$ 7,981,844	\$ 8,269,089	\$ 8,809,129	\$ 9,308,935	\$ 9,814,258	\$ 10,813,952	\$ 11,901,676	\$ 12,320,382	\$ 13,868,588
City gaming licenses	3,042,448	3,090,419	3,055,963	3,085,365	2,898,537	2,798,038	2,646,162	2,848,771	2,367,783	2,548,837
Liquor licenses	895,817	1,015,761	996,339	1,020,381	1,046,357	1,083,803	1,091,867	1,141,170	1,030,430	1,180,837
Non-business licenses and permits	124,958	105,500	123,237	125,670	124,542	135,892	116,423	160,660	55,356	61,100
Electricity franchise fees	2,619,194	2,751,471	2,781,703	2,962,146	3,302,995	4,026,704	4,212,395	4,580,484	5,064,303	5,733,862
Telephone franchise fees	1,661,631	2,184,083	2,327,386	3,382,000	3,211,083	3,291,210	3,324,443	3,498,648	3,414,967	3,649,048
Natural gas franchise fees	835,937	960,689	890,174	1,128,210	2,144,211	1,507,664	1,617,493	1,728,638	2,071,950	2,458,676
Sanitation franchise fees	1,086,991	1,052,663	1,217,304	1,231,510	1,404,773	1,417,765	1,441,167	1,709,852	1,869,581	1,974,410
Water toll fees	639,102	670,466	718,839	782,920	980,149	689,154	920,836	939,670	961,514	1,007,879
Sewer-in-lieu-of-franchise fees	-	-	-	-	-	-	-	1,031,041	1,289,617	1,504,931
Cable television fees	909,706	1,193,363	1,116,985	1,201,741	1,459,032	1,398,607	1,406,222	1,419,899	1,692,421	1,886,280
<b>Total</b>	<b><u>18,989,530</u></b>	<b><u>21,006,259</u></b>	<b><u>21,497,019</u></b>	<b><u>23,729,072</u></b>	<b><u>25,880,614</u></b>	<b><u>26,163,095</u></b>	<b><u>27,590,960</u></b>	<b><u>30,960,509</u></b>	<b><u>32,138,304</u></b>	<b><u>35,874,448</u></b>

Note:  
<sup>1</sup> Property taxes represent the most significant "own-source" revenue. However, property tax information is presented through the Statistical Section. Therefore, the second largest category is being presented on this schedule.

**Schedule 11**  
**City of Reno, Nevada**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*In Thousands of Dollars, Except Per Capita)*

Fiscal Year	Governmental Activities							Business-type Activities			Total Primary Government	Percentage of Personal Income <sup>4</sup>	Per Capita
	General Obligation Bonds	Redevelopment Tax Allocation Bonds	Revenue Backed (Room Tax and/ or Sales Tax) Bonds	Special Assessment Bonds	Loan Payable	Notes Payable	Capital Leases <sup>1</sup>	Sanitary Sewer Bonds <sup>2</sup>	Sanitary Sewer Note Payable	Golf Course Bonds <sup>3</sup>			
1998	55,800	52,765	-	2,282		4,484	1,489	1,000		4,180	122,000	2.57%	623.94
1999	52,380	52,240	5,860	1,773		2,830	-	-		4,070	119,153	2.32%	581.22
2000	48,735	51,685	5,360	1,804		3,806	-	-		3,860	115,250	2.18%	554.81
2001	44,895	49,345	4,830	1,359		2,040	-	-		3,735	106,204	1.83%	506.67
2002	40,865	46,905	222,870	2,677		3,028	-	-		3,600	319,945	4.88%	469.36
2003	46,405	44,335	222,870	17,097		517	-	-		3,455	334,679	4.62%	465.33
2004	41,835	41,620	222,870	16,343		627	1663	-		3,505	328,463	5.46%	419.37
2005	36,630	38,765	226,370	15,599	50,500	589	2,519	-		3,295	374,267	4.36%	366.00
2006	34,460	35,755	333,006	25,401	-	541	2,549	26,280	43,070	3,115	504,177	5.63%	332.77
2007	22,965	35,325	361,623	24,488	35,325	497	2,208	70,605	8,033	2,930	563,999	5.98%	276.26

Notes:

- <sup>1</sup> Includes capital leases in the Motor Vehicles Internal Service Funds, which is classified as a governmental activity.
- <sup>2</sup> Sanitary sewer bonds outstanding in Fiscal Years 1995 thru 1998 were general obligation bonds supported by sewer revenues.
- <sup>3</sup> Prior to FY 1998 and after FY 2001, golf course operations were reported as an Enterprise Fund. Between FY 1998 and FY 2001, golf course operations were reported within the Parks and Recreation Special Revenue Fund. The bonds are general obligation bonds supported by golf course revenues.
- <sup>4</sup> Personal income data is presented in Schedule 15.

Population Source: Nevada Department of Taxation, Nevada State Demographer's Office reporting period 7/1/90 through 7/1/05

**Schedule 12**  
**City of Reno, Nevada**  
**Direct and Overlapping Debt**  
**As of June 30, 2007**  
*(In Thousands of Dollars)*

<u>Governmental Unit</u>	<u>Debt Outstanding<sup>2</sup></u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
City of Reno	\$ 22,965	100.00	\$ 22,965
Washoe County School District	474,945	46.73	221,942
Washoe County	207,812	46.73	97,111
State of Nevada	<u>1,143,463</u>	6.53	<u>74,668</u>
Total	<u><u>\$ 1,849,185</u></u>		<u><u>\$ 416,686</u></u>

Notes:

1 Per Nevada Department of Taxation "Red Book" for 2007-2008

2 City of Reno -- See Schedule 11  
County and State - Washoe County Schedule 3.3 revised 9/29/06

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

**Schedule 13**  
**City of Reno, Nevada**  
**Ratios of General Bonded Debt Outstanding and Legal Debt Margin**  
**Last Ten Fiscal Years**  
(Dollars in Thousands, Except Per Capita)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General bonded debt outstanding										
General obligation bonds	55,800	52,380	48,735	44,895	40,865	46,405	41,835	36,630	34,460	22,965
Redevpt tax allocation bonds	52,765	52,240	51,685	49,345	46,905	44,335	41,620	38,765	35,755	35,325
Sanitary sewer bonds	1,000	-	-	-	-	-	-	-	26,280	70,605
Golf course bonds	4,180	4,070	3,860	3,735	3,600	3,455	3,505	3,295	3,115	2,930
Total	113,745	108,690	104,280	97,975	91,370	94,195	86,960	78,690	99,610	131,825
Percentage of estimated actual property value <sup>1</sup>	2.87%	2.47%	2.55%	2.27%	2.09%	2.09%	1.83%	1.54%	1.78%	2.16%
Per capita <sup>2</sup>	652.78	603.20	574.22	524.26	486.44	481.26	436.44	380.63	464.66	600.53
Less: Amounts set aside to repay general debt	(6,567)	(12,874)	(20,851)	(23,430)	(9,657)	(9,505)	(6,223)	(13,114)	(9,402)	(10,967)
Total net debt applicable to debt limit	107,178	95,816	83,429	74,545	81,713	84,690	80,737	65,576	90,208	120,858
Legal debt limit <sup>3</sup>	594,467	659,914	612,668	647,832	657,137	675,175	713,624	765,806	839,546	917,561
Legal debt margin <sup>4</sup>	487,289	564,098	529,239	573,287	575,424	590,485	632,887	700,230	749,338	796,703
Legal debt margin as a percentage of the debt limit	81.97%	85.48%	86.38%	88.49%	87.57%	87.46%	88.69%	91.44%	89.26%	86.83%

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Property value data can be found in Schedule 6: Taxable Assessed Value and Actual Value of Property

<sup>2</sup> Population data can be found in Schedule 15: Economic and Demographic Indicators.

<sup>3</sup> 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.

<sup>4</sup> The legal debt margin is the city's available borrowing authority under City ordinance and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit. Calculation of the City's legal debt margin is performed in accordance with NRS 266.600.

**Schedule 14**  
**City of Reno, Nevada**  
**Pledged-Revenue Bond Coverage**  
Last Ten Fiscal Years

Fiscal Year	Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds <sup>a</sup>						Capital Improvement (Events Center) Bonds			
	Room Tax Collections <sup>1</sup>	Sales Tax Collections <sup>1</sup>	Total Available Revenue	Principal	Interest	Coverage	Room Tax Collections <sup>2</sup>	Principal	Interest	Coverage
1999	\$ 486,118	\$ 1,467,813	\$ 1,953,931	\$ 140,000	\$ 121,133	\$ 7.48	\$ -	\$ -	\$ -	\$ -
2000	1,110,450	6,064,552	7,175,002	500,000	269,560	9.32	-	-	-	-
2001	1,101,831	6,369,790	7,471,621	530,000	246,560	9.62	-	-	-	-
2002	989,646	6,443,210	7,432,856	565,000	222,180	9.44	2,691,779	-	-	-
2003	978,896	6,725,011	7,703,907	-	5,483,695	1.40	5,596,237	-	6,257,902	0.89
2004	924,359	7,409,814	8,334,173	-	5,928,319	1.41	5,980,798	-	5,776,525	1.04
2005	948,736	8,260,700	9,209,436	-	5,928,319	1.55	5,811,018	-	5,776,525	1.01
2006	1,077,511	8,925,336	10,002,847	-	2,964,159	3.37	6,053,375	130,000	2,279,025	2.51
2007	1,074,435	8,895,013	9,969,448	-	7,794,611	1.28	6,285,727	285,000	2,273,825	2.46

Fiscal Year	Special Assessment Bonds			
	Special Assessment Collections	Principal	Interest	Coverage
1995	\$ 1,255,913	\$ 1,280,000	\$ 428,517	\$ 0.74
1996	1,056,713	1,070,000	335,789	0.75
1997	900,778	1,026,143	282,104	0.69
1998	1,922,022	942,778	213,996	1.66
1999	1,922,666	1,080,752	146,610	1.57
2000	2,016,836	370,310	108,922	4.21
2001	1,692,971	490,216	111,415	2.81
2002	2,716,138	592,788	84,570	4.01
2003	2,904,775	225,633	119,001	8.43
2004	3,692,000	753,406	689,194	2.56
2005	4,307,512	757,135	657,297	3.05
2006 <sup>3</sup>	5,407,785	324,087	614,050	5.76
2007	2,556,699	-	-	-

Notes: <sup>a</sup> Series 1998 Nevada Sales and Room Tax Bonds were issued on 12/28/98. These bonds were then called and paid with proceeds from the Series 2002 Senior Lien Sales and Room Tax Bond issued on 06/26/02. Proceeds of both issues were for the rail transportation access corridor (ReTRAC) capital project.

<sup>1</sup> Sales and Room Tax Revenue Bonds are backed by a 1% tax on the rental of transient lodging within the City's Police Protection area, and by Washoe County's 0.125% sales tax, net of applicable fees and allowances, which is transferred to the City pursuant to an Interlocal Agreement. The amounts reported exclude interest earned on the revenue collections.

<sup>2</sup> Capital Improvement (Events Center) Bonds are backed by an irrevocable pledge on certain taxes imposed on the rental of transient lodging within Washoe County.

<sup>3</sup> Due to refinancing of 2002 SAD#5 Bonds, a \$465,000 principal payment was deferred in FY 2006 - which results in principal payments significantly less than prior year 2005 and 2004.

**Schedule 15**  
**City of Reno, Nevada**  
**Demographic and Economic Statistics**  
Last Ten Fiscal Years

Fiscal Year	Population <sup>1</sup>	Personal Income (thousands of dollars) <sup>2</sup>	Per Capita Personal Income	Median Age <sup>3</sup>	Public School Enrollment <sup>4</sup>	Charter School Enrollment <sup>6</sup>	Unemployment Rate <sup>5</sup>
1998	174,247	4,755,201	27,290	36.5	26,797		4.1%
1999	180,190	5,137,217	28,510	36.9	27,980		3.4%
2000	181,603	5,275,567	29,050	37.3	28,939		3.0%
2001	186,883	5,793,373	31,000	35.6	27,006		4.0%
2002	187,834	6,555,407	34,900	35.6	29,195		4.8%
2003	195,727	7,239,550	36,988	35.8	32,503		4.6%
2004	199,249	6,013,335	30,180	35.9	33,797		3.8%
2005	206,735	8,587,979	41,541	34.5	38,575		3.8%
2006	214,371	8,949,712	41,749	35.3	39,611	1,810	4.0%
2007	219,516	9,429,993	41,284	35.3	40,169	1,967	4.5%

Sources:

<sup>1</sup> Nevada State Demographer's office 1997-2005

State of Nevada, Department of Taxation, Demographer - 2006 used 2.4% increase of 2005

State of Nevada, Department of Taxation, Demographer - 2007 used 2.4% increase of 2006 Actuals

Correct Prior year estimate with new data from State of Nevada, Demographer

<sup>2</sup> Personal Income 2006 -- used 2005 + .5% - BEA National Economic Accounts Web Page 11-28-06

<sup>3</sup> Bureau of Economic and Business Research, University of Nevada, Reno, 1995-1999

State Demographer Office, UNR Small Business Development Center, 2000

Washoe County Department of Community Development, 2001-2003

Median age is for the entire County.

Median Age - Not available for 2006 -- using 2005

US Census Bureau-factfinder.census.gov Median Age is for Reno corrected 2006 used same figure for 2007 until new figures are available next year

<sup>4</sup> Washoe County School District

<sup>5</sup> State of Nevada, Department of Employment, Training and Rehabilitation

Rate is for the entire County.

2006 - Nevada Workforce Informer - rate is for the entire county This runs approximately 2 years in the past

<sup>6</sup> Washoe County School District-Added 05/06 to enrollment amounts

**Schedule 16**  
**City of Reno, Nevada**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2007			1998		
	(average) Employees	Rank	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Washoe County School District	8,750	1	3.87%	1	5,250	3.00%
University of Nevada-Reno	4,750	2	2.10%	2	2,750	1.60%
Washoe County	3,250	3	1.44%	4	2,750	1.60%
International Game Technology	2,750	4	1.22%	11	1,750	1.30%
Renown Regional Medical Ctr (formerly named Washoe Med)	2,750	5	1.22%	7	2,250	1.50%
Silver Legacy Resort Casino	2,250	6	1.00%	5	2,750	1.40%
Peppermill Hotel Casino	2,250	7	1.00%	12	1,750	1.10%
City of Reno	1,750	8	0.77%	15	1,750	1.20%
Atlantis Casino Resort	1,750	9	0.77%	16	1,250	0.90%
Eldorado Hotel & Casino	1,750	10	0.77%	6	2,750	1.30%
<b>Total</b>	<b>32,000</b>		<b>14.16%</b>		<b>25,000</b>	<b>14.90%</b>

Source: 2007 - Department of Employment Training & Rehabilitation(Nevada State Website)  
1998 - Department of Employment Training and Rehabilitation

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

**Schedule 17**  
**City of Reno, Nevada**  
**City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003 <sup>1</sup>	2004 <sup>1</sup>	2005	2006 <sup>2</sup>	2007
General Government:										
Management	32.0	25.0	22.7	24.3	27.4	29.0	32.0	44.0	45.0	42.0
Records management/cashiering	12.6	13.4	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0
Finance <sup>a</sup>	22.0	22.0	22.0	23.0	28.5	28.5	31.5	33.3	32.2	33.0
Legal	27.0	28.5	29.0	32.5	32.5	33.5	34.0	34.0	35.0	35.0
Human resources <sup>b</sup>	14.0	15.0	8.4	16.7	18.8	18.5	15.6	16.5	15.5	15.5
Information technology <sup>c</sup>	17.5	17.5	17.5	19.0	23.8	22.8	24.3	27.2	29.2	28.2
Judicial:										
Judges	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Others	30.5	32.9	35.5	40.4	47.0	48.0	47.0	49.1	49.1	59.4
Police:										
Sworn employees	320.0	320.0	309.00	314.0	325.0	337.0	341.8	369.0	370.0	365.0
Non-commissioned employees	93.0	98.0	105.75	107.7	120.3	103.4	108.7	98.5	103.5	104.5
Fire:										
Authorized emergency personnel	225.0	220.0	237.8	303.0	277.0	308.0	308.0	336.0	336.0	345.0
Fire prevention officers	17.0	16.0	15.0	12.0	6.0	10.1	10.1	14.8	14.8	17.7
Others	17.0	19.0	18.5	32.5	36.0	30.7	30.7	20.0	21.0	20.0
Public works:										
Engineers	13.0	12.0	15.1	18.4	15.1	26.0	27.0	20.0	25.0	31.3
Fleet maintenance	13.0	13.0	13.4	13.7	14.5	16.1	15.1	11.0	11.3	16.1
Others	111.6	115.0	117.0	120.0	121.0	124.2	125.2	140.6	134.2	137.8
Planning & community development	34.4	41.2	26.9	22.1	22.0	26.4	30.5	40.6	41.5	76.8
Culture and recreation	72.5	72.2	71.2	69.0	77.8	79.8	79.8	82.2	86.5	87.5
Urban redevelopment	7.0	7.0	6.7	7.0	6.3	7.0	7.0	7.0	5.8	6.8
Sanitary sewer	42.0	39.0	48.0	48.3	56.7	58.7	59.2	63.3	66.5	64.3
Building permits	39.4	35.0	55.8	62.3	66.1	60.7	59.7	58.4	64.5	64.5
Golf course <sup>d</sup>	12.5	8.5	8.8	8.8	8.8	8.0	7.0	6.0	6.2	6.2
Animal services shelter	17.0	17.0	16.0	20.0	20.0	22.0	21.0	22.0	0.0	0.0
Dispatch services	53.0	53.0	73.3	70.0	68.8	68.8	64.3	68.5	68.5	69.5
<b>Total City Employees</b>	<b>1,246.0</b>	<b>1,244.2</b>	<b>1,290.2</b>	<b>1,401.5</b>	<b>1,436.1</b>	<b>1,484.0</b>	<b>1,495.2</b>	<b>1,578.0</b>	<b>1,577.3</b>	<b>1,642.1</b>

Note:

<sup>1</sup> The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions as of year end.

<sup>2</sup> Animal Services taken over by Washoe County in FY 2005/2006

<sup>a</sup> Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees.

<sup>b</sup> Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003.

<sup>c</sup> The IT Division of the Finance Dept was spun off into a new Internal Service Fund effective FY 2004. For presentation purposes, IT employees prior to FY 2004 are shown here.

<sup>d</sup> Brookside Golf Course closed on October 1, 2006

**Schedule 18**  
**City of Reno, Nevada**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	1998 <sup>1</sup>	1999	2000	2001	2002	2003	2004	2005	2006 <sup>2</sup>	2007 <sup>2</sup>
<b>General government:</b>										
Active business licenses	7,673	8,552	9,593	10,873	12,189	14,033	16,716	20,640	24,461	25,089
Business license audits completed							65	70	75	60
Percentage of same day response to public requests for research of public documents	98%	98%	98%	98%	97%	97%	98%	96%	99%	100%
<b>Judicial:</b>										
Criminal cases prepared for trial							4,091	4,950	5,080	5,117
Cases filed in municipal court	20,500	20,869	19,462	22,309	22,641	22,347	25,750	25,779	26,000	21,723
Cases adjudicated in municipal court	19,768	20000	31,231	22,202	21,992	22,365	24,954	27,632	27,000	21,950
<b>Police:</b>										
Physical arrests		12,200	8,855	9,133	8,214	7,456	10,254	10,197	9,000	14,558
Misdemeanor citations		3,000	2,319	4,034	3,201	3,119	3,699	3,521	6,000	3,999
Traffic-related offenses cited		17,800	17,696	20,156	18,038	20,859	24,585	17,041	33,649	39,973
<b>Fire:</b>										
Fire emergencies		1,332	963	1,000	1,105	1,177	1,272	1,087	1,275	1,388
Emergency medical calls		10,863	10,219	15,344	14,366	15,298	16,792	18,476	19,125	24,573
Inspections		4,000	4,220	4,413	2,428	3,920	6,871	5,741	5,324	14,775
<b>Public works:</b>										
Streets reported in "fair" or better condition		75%	75%	78%	80%	82%	79%	82%	85%	86%
Pothole calls received/% repaired within 24 hrs				175/100%	240/85%	1,200/95%	200/95%	185/95%	150/100%	107/99%
<b>Culture and recreation:</b>										
Participants in senior contract recreation programs		8,475	12,293	17,829	20,063	24,172	37,453	26,618	3,480	5,885
Participants in youth programs		1,950	2,250	2,550	3,450	3,600	3,780	3,893	4,088	4,546
Instructional swimming classes offered		450	550	510	509	500	500	1,200	500	360
<b>Planning &amp; community devp't:</b>										
Jobs generated by businesses in Redevelopment area				5	618	769	87	123	150	584
Affordable housing units developed in Redevelopment area			240	613	258	-	-	240	-	825
Housing rehabilitation projects completed		35	31	33	4	-	2	15	23	5
<b>Sanitary Sewer:</b>										
Lineal feet of sewer lines & storm drains maintained		1.4 mil	1.4 mil	1.68 mil	1.86 mil	2.05 mil	3.1 mil	3.2 mil	3.4 mil	3.4 mil
<b>Golf:</b>										
Cost per acre per year to maintain golf courses		\$ 5,626	\$ 5,200	\$ 5,200	\$ 5,200	\$ 4,500	\$ 4,500	\$ 4,600	\$ 4,800	\$ 4,800
<b>Building:</b>										
Building permits issued	8,307	8,703	8,497	8,627	8,195	9,416	11,607	13,171	12,344	9,161
Avg. # of monthly building inspections performed <sup>3</sup>				5,800	5,233	5,565	6,886	10,618	13,000	9,281
Code enforcement cases				1,605	1,764	2,453	2,714	3,367	3,200	2,821

**Notes:**  
<sup>1</sup> There was limited reporting of performance measures in FY 1997, and most performance measures were revamped in FY 1998/99 to commence reporting in FY 1999/00.

<sup>2</sup> Figures in italics indicate targeted figure based on FY 2006/07 Budget Document that was prepared prior to final year-end figures becoming available.

Fire Inspection Figures are a lot higher due to implementation of new tracking through Fire

Traffic violation information -- obtain from Lt. Mike Whan in the Traffic Division Ext #3844 Other PD information provided by the department statistician Steve Bigham

**Schedule 19**  
**City of Reno, Nevada**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Function/Program</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	4	4
Patrol units <sup>1</sup>									220	254
Fire:										
Stations	10	11	16	16	16	16	16	16	16	18
Fire fighting vehicles	24	24	28	28	28	29	31	35	36	54
Public works:										
Paved streets (miles)	464.0	499.0	524.1	532.0	524.1	532.0	546.0	579.0	582.0	637.1
Unpaved streets (miles)	1.5	2.0	1.7	1.9	1.7	1.9	1.9	1.9	1.9	3.6
Culture and recreation:										
Acreage	553	667	927	935	1,959	1,935	1,935	1,935	2,015	2,076
Park facilities	69	70	70	72	72	72	73	75	82	83
Playgrounds	38	43	46	48	48	48	51	51	51	52
Swimming pools	5	5	5	5	5	5	5	5	5	5
Sanitary sewer:										
Sanitary sewer lines (miles)	516.5	528.9	546.0	564.0	546.0	564.0	650.0	696.0	716.0	743.0
Storm drains (miles)	201.1	208.0	288.0	229.0	288.0	229.0	285.0	394.0	404.0	444.0
Treatment capacity millions of gallons)			41.5	41.5	41.5	41.5	41.2	41.2	41.2	41.2
Golf:										
Golf courses <sup>2</sup>	2	2	2	2	2	2	2	2	2	1

Source: Finance Department, Budget Division

Notes:

<sup>1</sup> Count for prior years not readily available

<sup>2</sup> Brookside Golf Course to close October 1, 2006

<sup>3</sup> Fire Vehicles include all vehicles

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# **SINGLE AUDIT REPORT**

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**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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2007. 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 the City of Reno's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Internal Control Over Financial Reporting (continued)

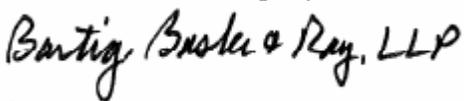
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Reno's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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, LLP  
A Gallina LLP Company



Roseville, California  
November 30, 2007



**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 the City of Reno, 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, 2007. The 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 the City of Reno's management. Our responsibility is to express an opinion on the 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 the 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 the 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, 2007.

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

Internal Control Over Compliance

The management of the City of Reno is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Reno's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Reno's internal control over compliance.

A *control* deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant* deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, LLP  
A Gallina LLP Company



Roseville, California  
November 30, 2007

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

<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>			
Direct Programs:			
Volunteer Fire Shelters	10.664	--	\$ 13,630
Subtotal Direct			<u>13,630</u>
 <i>Child Nutrition Cluster</i>			
Passed through Nevada Department of Education, Office of Child Nutrition & School Health:			
Milk Distribution Program	10.556	--	12,133
Food Distribution Program	10.559	--	50,775
Subtotal			<u>62,908</u>
 Passed through Nevada Division of Forestry:			
Volunteer Fire Shelters	10.664	66406VFA	<u>46,955</u>
Total U.S. Department of Agriculture			<u>\$ 123,493</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Economic Development Initiative Senior Addition	14.246	B-03-SP-NV-0505	76,792
Economic Development Initiative Wells Landscaping	14.246	B-04-SP-NV-0447	221,373
Economic Development Initiative West 4th Lighting	14.246	B-06-SP-NV-0698	1,130,916
Economic Development Initiative	14.246	B-01-SP-NV-0405	498,000
Economic Development Initiative	14.246	B-02-SP-NV-0452	274,154
Subtotal CFDA 14.246			<u>2,201,235</u>
Community Development Block Grants-Entitlement Grants	* 14.218	--	3,317,764
HOME Investment Partnerships Program	14.239		2,339,159
Emergency Shelter Grant	14.231	--	15,000
Subtotal			<u>5,671,923</u>
Subtotal Direct			<u>7,873,158</u>

\* Major Program

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

<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 Housing and Urban Development</u> (continued)			
Passed through Nevada State Housing Division:			
Emergency Shelter Grant	14.231	--	\$ 66,921
HOME Investment Partnership Program - State of Nevada	14.239	various	<u>322,707</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 8,262,786</u>
<u>U.S. Bureau of Reclamation</u>			
Direct Programs:			
Lower Truckee River Improvements (Desert Terminal Lakes) * 15.508		--	<u>2,376,971</u>
Total U.S. Bureau of Reclamation			<u>\$ 2,376,971</u>
<u>U.S. Department of Interior</u>			
Passed through Nevada State Parks:			
Land and Water Conservation Fund	15.916	#32-00256.01	<u>225,000</u>
Total U.S. Department of Interior			<u>\$ 225,000</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
2006 BJA Congressionally Mandated Award - Reno Police Department's No-Tolerance for Graffiti Vandalism Plan	16.580	--	<u>78,978</u>
Subtotal Direct			<u>78,978</u>

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice (continued)</u>			
Direct Programs (continued):			
Bullet Proof Vest Partnership Program	16.607	--	\$ 2,426
Edward Byrne Memorial Justice Assistance Grant Program - RPD, WCSO, and Sparks PD - Justice Assistance Grant Funds	16.738		32,849
Edward Byrne Memorial Justice Assistance Grant Program - FY 2006 Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>66,320</u>
Subtotal			<u>101,595</u>
Subtotal Direct			<u>180,573</u>
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:			
Edward Byrne Memorial Formula Grant -- Multi-Jurisdictional Gang Taskforce	16.579	04-NC-038	129,004
Edward Byrne Memorial Formula Grant - Regional Street Enforcement Team	16.738	06-JAG-17	<u>75,710</u>
Subtotal Pass-through			<u>204,714</u>
Passed through Nevada Department of Health and Human Services, Division of Child and Family Services:			
Crime Victim Assistance Grant	16.575	2005-VA-GX-0063	149,357
Crime Victim Assistance Grant	16.575	04-45-VOCA	<u>20,134</u>
Subtotal Pass-through			<u>169,491</u>
Passed through Nevada Department of Human Resources, Division of Child and Family Services:			
Enforcing Underage Drinking Laws	16.737	--	<u>17,739</u>
Passed through Nevada Office of Attorney General:			
Violence Against Women Grants	16.588	2006-STOP-13	3,917
Violence Against Women Grants (Child Care)	16.588	2005-STOP-38	35,500
Violence Against Women Grants	16.588	2005-STOP-03	17,134
Violence Against Women Grants	16.588	2006-STOP-05	<u>42,756</u>
Subtotal Pass-through			<u>99,307</u>

\* Major Program

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

<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>			
Passed through Boys and Girls Club of the Truckee Meadows:			
Weed and Seed North 05-06	16.595	--	\$ 46,670
Weed and Seed North 06-07	16.595	2006-WS-Q6-0141	119,726
Weed and Seed South 06-07	16.595	2006-WS-Q6-0101	52,222
Subtotal Pass-through			<u>218,618</u>
 Total U.S. Department of Justice			 <u>\$ 890,442</u>
<u>U.S. Department of Labor</u>			
Passed through Nevada Department of Education, Training, and Rehabilitation:			
Youth Employment Program (Summer 2006)	17.259	YS-06-CITY	<u>30,674</u>
 Total U.S. Department of Labor			 <u>\$ 30,674</u>
<u>U.S. Department of Transportation</u>			
Passed through Nevada Department of Transportation:			
Reno Transportation Rail Access Corridor Enhancement	20.205	STP-0031 (060)	4,873,513
Subtotal Pass-through			<u>4,873,513</u>
Passed through Nevada Department of Public Safety, Office of Traffic Safety:			
Joining Forces	20.600	27-JF-1.15	45,370
Joining Forces	20.600	26-JF-1.9	8,931
RPD Traffic Unit - Motorcycle Project	20.600	27-K8-18-14	54,500
 Total U.S. Department of Transportation			 <u>\$ 4,982,314</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through Nevada Department of Environmental Protection:			
Clean Water State Revolving Fund Loan	* 66.458	CS32-0112	<u>736,663</u>
 Total U.S. Environmental Protection Agency			 <u>\$ 736,663</u>

\* Major Program

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

<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. Corporation for National &amp; Community Service</u>			
Passed through Nevada Commission for National & Community Service			
Americorp Member Serving Youth Division Programs	94.006	--	\$ 36,785
Americorp Member Serving Youth Division Programs	94.006	--	<u>27,295</u>
U.S. Corporation for National & Community Service			<u>\$ 64,080</u>
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	--	437,958
Emergency Management Performance Grant	97.042	--	<u>50,515</u>
Subtotal Direct			<u>488,473</u>
Passed through State of Nevada, Washoe County LEPC from the State Homeland Security Program:			
State Homeland Security Program	97.044	97073HL5	\$ 20,617
Subtotal CFDA 97.073			<u>20,617</u>
Total U.S. Department of Homeland Security			<u>\$ 71,132</u>
Total Expenditures of Federal Awards			<u><u>\$ 18,201,513</u></u>

## CITY OF RENO, NEVADA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2007

#### 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:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Provided to Subrecipients</u>
14.218	Community Development Block Grants – Entitlement Grants	312,836
14.239	HOME Investment Partnership Program – State of Nevada	<u>189,931</u>
	Total	<u>\$ 502,767</u>

**CITY OF RENO, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

**4. Federal-Funded Loans Receivable**

Outstanding federally-funded program loans receivable, with a continuing compliance requirement, carried balances as of June 30, 2007 as follows:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
14.218	Community Development Block Grants-Entitlement Grants	192,177
14.239	HOME Investment Partnership Program Grant	<u>20,743,938</u>
	TOTAL	<u>\$ 20,936,115</u>

**5. Federally-Funded Loans Payable**

The following program had federally-funded loans payable outstanding at June 30, 2007:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
66.458	Clean Water State Revolving Fund Loan	\$ 5,589,488

**6. Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City either was unable to obtain an identifying number from the pass-through entity or has determined that no identifying number is assigned for the program.

**7. Total Federal Awards Expended by CFDA Number.**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under the one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
14.231	\$ 81,921

**CITY OF RENO, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

**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. Significant deficiencies 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. Significant deficiencies identified not considered to be material weaknesses   | No          |
| 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:

CFDA Number

Name of Federal Program

14.218	Community Development Block Grant – Entitlement Grants
15.508	Lower Truckee River Improvements (Desert Terminal Lakes)
66.458	Clean Water State Revolving Fund Loan

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs. | \$546,045 |
|---|-----------|

**CITY OF RENO, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

**Section 1** (continued)

Summary of Auditor's Results

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

Yes

**Section 2**

Financial Statement Findings

None Reported

**Section 3**

Federal Award Findings and Questioned Costs

None Reported

**CITY OF RENO, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2007

<u>Audit Reference Number</u>	<u>Status of Prior Year Audit Findings</u>
<b>Finding 06-1</b> Disaster Grants – Public Assistance (Presidentially Declared Disasters)  CFDA 97.036	<u>Recommendation</u>  We recommend that the department implement a system whereby the employee is recording his own time and “signing” the time card and then the supervisor approves the time card. This could be an electronic system, where the signatures are electronic or possibly where the employee is the only one who can write to his time record and the supervisor has access only to approve it.  For more information, we recommend that the City review OMB’s requirements located at:  <a href="http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html">http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html</a> .  <u>Status</u>  Corrected.

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## **AUDITOR'S COMMENTS**

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## **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 19 to the financial statements.

### PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The following action was taken during 2006-07 relating to the potential violations reported in the June 30, 2006 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2007. There were, however, overexpenditures during the current year as reported in Note 19 to the financial statements.

### PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2006.

### 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, 2006, 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, 2007**

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Flat/Fixed Fees:

Business license revenue for the year ended June 30, 2007 (base year) \$ 1,293,168

Adjustment to Base:

1. Percentage increase in population of the local government 3.70%

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 3.40%

Total adjustment percentage 7.10%

Adjustment amount (base x percentage) 91,815

Adjusted Base, June 30, 2007 1,384,983

Actual Revenue 638,253

Amount Over (Under) Allowable Amount \$ (746,730)

Fees Calculated As A Percentage Of Gross Revenue:

Business license revenue for year ended June 30, 2006 \$ 11,479,905

Percentage Increase In The Consumer Price Index 3.400% 390,317

Adjusted Base, June 30, 2007 11,870,222

Actual Revenue 13,075,847

Amount Over (Under) Allowable Amount \$ 1,205,625