

**CITY OF RENO  
STATE OF NEVADA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year  
July 1, 2009 through June 30, 2010**

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**PREPARED BY THE CITY OF RENO  
FINANCE DEPARTMENT**

**Jill R. Olsen**  
ASSISTANT FINANCE DIRECTOR



**CITY OF RENO, NEVADA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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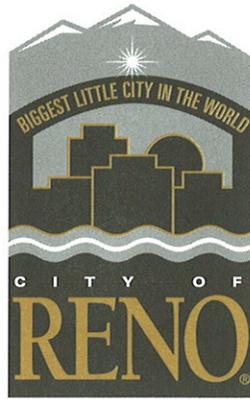
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# **INTRODUCTORY SECTION**

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December 30, 2010

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, 2010 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 Gallina, 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, 2010 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, 2010, 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 fourth 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 northeast 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 Director of the Office of Management and Budget 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.

## **LOCAL ECONOMIC CONDITION**

Reno and the Washoe County continue to be deeply affected by the recession experienced nationally. In the Reno-Sparks region, September's unemployment count stood at record high of 13.6% which is up from the September 2008 rate of 13.1% but unchanged from the June 2010 rate. Nevada leads the nation in foreclosures. Washoe County and Reno saw 2,948 and 1,579 home foreclosures in fiscal year 2009/10, which is up 3.4% and 4.8%, respectively, from fiscal year 2008/09. Currently, one in fifty (50) homes in Washoe County is in the foreclosure process vs. one in twenty-five (25) homes in Clark County. The change in the supply and demand dynamic within the housing market has led to a marked reduction in residential property values with a (26.25%) reduction in market value between September 2008 and September 2009 and an additional (2.8%) reduction in value when comparing September 2010 and September 2009 median values. It is estimated that 55% of Washoe County homes with a mortgage have negative equity. Because of the volatility in the market, the Washoe County Assessor's Office moved to an annual appraisal cycle, and factored in a 2.5% monthly reduction in sales price for the valuations affecting fiscal year 2010/11 property tax bills. The Washoe County Assessor's Office is anticipating property tax revenues to decline 8% in FY 2010/11 due to the property tax assessment devaluations.

The downturn in the economy has continued to negatively impact consolidated tax (CTAX) revenue, which consists primarily of sales tax. The City saw a 10.78% decline in fiscal year 2010 that was preceded by a 15.00% decline in fiscal 2009. Fiscal year 2009/10 also saw declines in other revenue categories, such as other revenues shared with the State of Nevada and Washoe County and business licensing renewals and new business activity. For fiscal year 2011, the City has budgeted for an additional 4.00% reduction in CTAX collections although to date, collections have been fairly stable when compared to the same months in the prior year.

On a better note the Economic Development Authority of Western Nevada (EDAWN) reported assisting 11 companies to expand in or relocate to Washoe County, creating 513 new jobs and having a \$79 million economic impact to the area. The publication *Chief Executive*

in its 2010 Survey of the Best and Worst States for Business ranked Nevada in the top five. The State Business Tax Climate Index for 2011, which is published by the Tax Foundation, ranked Nevada as fourth in the nation for its business friendly tax climate. The Reno Aces triple A baseball team, as well as the myriad of year-round outdoor activities, still make Reno an attractive location.

City management has taken a very aggressive stance on controlling expenses in light of the falling revenues. In January and April of 2010, reductions in force were implemented that collectively resulted in permanent layoffs of 126 full-time equivalents. The City also froze vacancies caused by resignations and retirements, resulting in a total of 387.5 vacancies. The City has also implemented a freeze on non-essential spending. Restructuring has also occurred at all levels in the organization. Senior management will continue to remain vigilant and pro-active in identifying and addressing the realities posed by the current economic situation.

## **LONG-TERM FINANCIAL PLANNING**

Efforts to diversify Reno's economy are underway to bring more jobs and new industries to the area. The City continues to work with the Economic Development Authority of Western Nevada for the purpose of recruiting renewable energy businesses to area. The focus of this recruiting effort is on geothermal energy due to the vast amount of geothermal resources that lie beneath the ground in Reno area and northern Nevada. Nevada has no corporate or personal income tax, and is a right-to-work state which provides the opportunity for Reno to present itself as desirable for the location of corporate headquarters and/or renewable energy manufacturing facilities.

The City's commitment to green projects continues in an effort to create jobs, reduce the City's energy use, and move towards more renewable forms of energy without using money from the City's general fund. The City is using more than \$20 million in rebates, federal grants and American Recovery and Reinvestment Act-sanctioned Qualified Energy Conservation Bonds and Recovery Zone Economic Development Bonds that will be repaid through the energy savings to fund the projects. Thus far, several solar energy projects including downtown Parking Gallery, the Reno Events Center, and the corporation yard have been completed, as well as renewable energy wind installations at City Hall, Mira Loma Park, Stead Wastewater Treatment Facility and the downtown Parking Gallery. Energy efficient lighting at the Downtown Parking Gallery, Reno Arch, Vaughn Middle School ball field and Reno Police Department's evidence locker has been installed. Air handling improvements at fire station 7 and various mechanical improvements at City pools have also been completed. A multitude of other projects are in either the planning stage or in early implementation. Since utility costs have increased significantly for the City, these efforts will greatly help the City reduce such costs in the future.

## **RELEVANT FINANCIAL POLICIES**

**Rainy Day Reserves.** In compliance with state law, the General Fund Financial Policy requires unreserved fund balance to be established at 4% of revenues, which is included in the fiscal year 2009/10 budget. The City is in compliance with this requirement. While the City had to utilize its Stabilization Fund of \$3.6 million in FY 2009/10 to meet revenue shortfalls,

the City has budgeted \$1.9 million to restore the stabilization reserve, which will now be reported in the General Fund. The City recognizes the importance of these reserves, along with a conservative approach to spending, in giving the City a greater level of flexibility in responding to unforeseen revenue reductions.

**OPEB Funding.** The City's decision to fund only the pay-as-you-go costs rather than the full annual other post-employment benefit (OPEB) costs will result in the City's unfunded actuarial accrued liability continuing to grow, as well as result in an increasing OPEB liability of approximately \$16 million each year to be presented on the face of the government-wide financial statements and proprietary fund statements. However, given the current economic environment, the City does not have the resources needed at this time to fully fund the annual OPEB cost.

## **MAJOR INITIATIVES**

The Council Priorities for fiscal year 2010/11 are Public Safety; Communication; Green Initiative; Consolidation; Financial Management; and Arts, Culture and Special Events; and Parks, Recreation, and Community Services.

The City is working with Washoe County, the Washoe County School District, and the Reno-Sparks Convention and Visitors Authority through a Shared Services Subcommittee of elected officials to review possible consolidation and/or sharing of government services. This project will be ongoing in the next fiscal year.

The City is also maximizing available federal stimulus fund dollars by partnering with various community entities and private developers for conduit bonding provided through Recovery Zone Facility and Economic Development Bonds. Council approved the transfer of \$11.2 million of the City's allocation of Recovery Zone Economic Development (RZED) Bonds to the Nevada System of Higher Education so the University of Nevada-Reno can build a new medical education learning laboratory to train physicians. Council also approved the transfer of nearly \$22 million in RZED Bonds to the Washoe County School District for renovation and modernization of older schools within the city limits.

Another area of federal stimulus funding is being utilized is to provide assistance to individuals and families facing a loss of housing. The City received \$836,310 of grant funds through the US Department of Housing and Urban Development under its new Homeless Prevention and Re-Housing Program. The program got underway in February of 2010, and the money has been used for rental assistance and housing relocation, as well as to pay related expenses such as security deposits and utility payments. The funds are projected to be fully expended by June 30, 2011. Also, the City of Reno, City of Sparks and Washoe County through the Washoe County HOME consortium received \$4,697,642 through the Neighborhood Stabilization Program. To date, these funds have been used to acquire approximately 30 homes for resale or rental opportunities for low, moderate, and middle income households with incomes up to 120% of Washoe County's median income (\$84,480 for a family of four).

## AWARDS AND ACKNOWLEDGMENTS

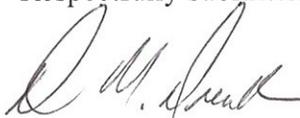
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Reno for its comprehensive annual financial report for the fiscal year ended June 30, 2009.

This was the 27th 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 Gallina, 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,



Donna M. Dreska  
City Manager



Jill R. Olsen  
Assistant Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Reno  
Nevada

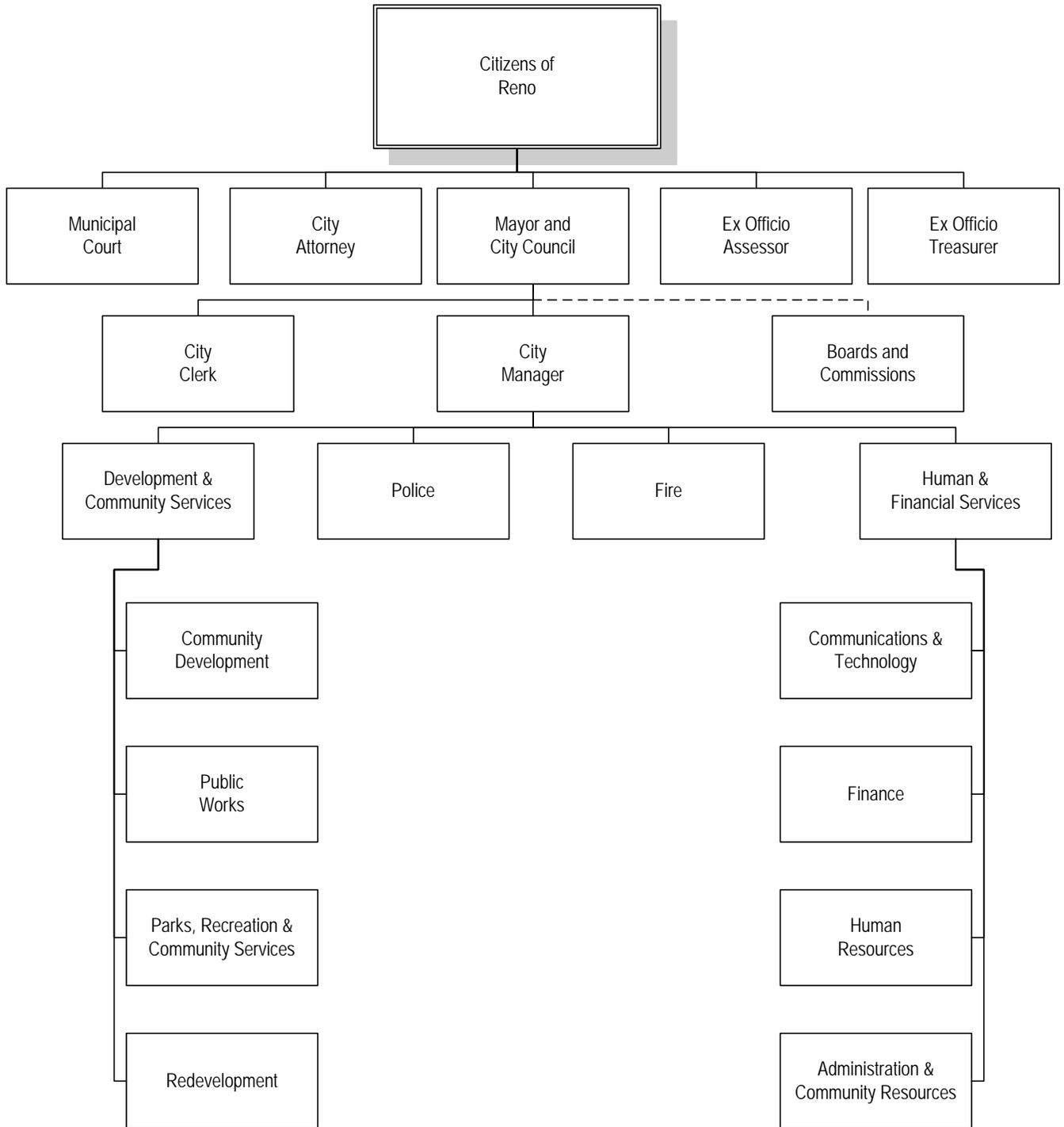
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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, Sr., 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***

Donna Dreska

## ***CITY CLERK***

*Appointed by City Council*

Lynnette R. Jones

## ***OTHER ELECTED OFFICIALS***

John Kadlic, City Attorney  
Jay Dilworth, Judge  
Paul Hickman, Judge  
Kenneth Howard, Judge  
James Van Winkle, 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, 2010, 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. Accordingly, we express no such opinion. 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, 2010, 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 December 23, 2010, 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 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 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.

*Gallina LLP*

Roseville, California  
December 23, 2010

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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 decreased by \$33,469,107, or (3.36%), over the prior year balance after prior year adjustments (detailed in *Note 11 to the Financial Statements*).
- The City's Statement of Net Assets reflects a \$35.3 million net post-employment benefit obligation due to the City not fully funding its annual required contribution via a trust.
- In compliance with the Governmental Accounting Standards Board's Statement No. 53, the City is now reporting the fair value of its hedging derivative instruments, which increased both deferred charges and long-term liabilities by \$30.8 million.
- Net capital assets declined a slight 0.83% after prior year adjustments totaling \$3.88 million.
- General Fund revenues totaled \$171,060,500, which is a 0.78% decline over the prior year. This figure excludes other financing sources.
- General Fund expenditures decreased 2.62% to \$153,241,852, excluding other financing uses such as transfers.
- Property tax collections for the governmental activities experienced a slight decline of 2.73%. Collections include delinquent tax receipts.
- Consolidated taxes declined by \$4.7 million, or (10.78%), over the prior fiscal year.
- Licensing and permits income increased 5.15%, with an 18.34% increase in franchise supporting the (10.21%) decline in business licensing and permit fees. A franchise fee increase from 2% to 3% was effective on June 1, 2009, for electric and natural gas.
- Cash and investments at the governmental funds level declined by 20.22%, while cash and investments in the General Fund rose by 14.64%.
- After two fiscal years of decline, the Building Permit Enterprise Fund experienced a 5.21% increase in operating revenues due to a change in its fee schedule, whereas the Planning Enterprise Fund experienced a 35.50% decline after a 21.10% prior year decline in the same category – its third year of double-digit decline.
- The City took dramatic cost-cutting measures in the form of layoffs affecting 126 permanent, full-time positions. The layoffs, as well as retirements during the fiscal year and the continued hiring freeze, have resulted in a cumulative 387.5 vacant positions within the City.

### **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.

### 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 five funds because they qualify as major funds under the GASB 34 definition – General Fund, Railroad Debt Service Fund, Downtown Events Center Debt Service Fund, Streets Capital Projects Fund, and Redevelopment Agency Capital Project Fund. Information for the remaining twenty-five (25) funds, which meet the definition of non-major funds, is aggregated for reporting purposes.

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

#### *Proprietary Funds*

The City of Reno maintains enterprise and internal service proprietary fund types. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds consist of Sanitary Sewer, Golf Course, 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 statement section of this report.

**Financial Statement Analysis**

Government-Wide Financial Statement Analysis

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

City of Reno's Net Assets						
	Governmental Activities		Business Type Activities		Total	
	2010	2009*	2010	2009*	2010	2009*
Current and other assets	\$229,519,656	\$227,110,546	\$17,504,473	\$14,025,503	\$247,024,129	\$241,136,049
Restricted assets	-	-	22,063,225	22,086,323	22,063,225	22,086,323
Investment in Truckee Meadows Water Reclamation Facility	-	-	83,153,426	87,783,380	83,153,426	87,783,380
Delinquent accounts receivable	-	-	3,023,340	1,123,511	3,023,340	1,123,511
Capital assets	1,037,419,610	1,052,258,376	307,190,054	303,540,250	1,344,609,664	1,355,798,626
<b>Total Assets</b>	<b>1,266,939,266</b>	<b>1,279,368,922</b>	<b>432,934,518</b>	<b>428,558,967</b>	<b>1,699,873,784</b>	<b>1,707,927,889</b>
Current liabilities	93,434,570	54,335,775	14,270,087	10,745,890	107,704,657	65,081,665
Liabilities payable from restricted assets	-	-	237,202	520,108	237,202	520,108
Long-term liabilities	540,021,992	551,147,002	88,607,737	94,407,811	628,629,729	645,554,813
<b>Total Liabilities</b>	<b>633,456,562</b>	<b>605,482,777</b>	<b>103,115,026</b>	<b>105,673,809</b>	<b>736,571,588</b>	<b>711,156,586</b>
Net Assets:						
Invested in capital assets, net of related debt	618,355,944	641,476,547	214,755,484	204,952,767	833,111,428	846,429,314
Restricted	124,107,635	119,297,774	21,826,023	24,416,215	145,933,658	143,713,989
Unrestricted	(108,980,875)	(86,888,176)	93,237,985	93,516,176	(15,742,890)	6,628,000
<b>Total Net Assets</b>	<b>\$633,482,704</b>	<b>\$673,886,145</b>	<b>\$329,819,492</b>	<b>\$322,885,158</b>	<b>\$963,302,196</b>	<b>\$996,771,303</b>

\*Note: Certain categories within Governmental Activities and Business-type Activities for FY 2008/09 have been restated to reflect prior year adjustments netting to \$2,993,210 and \$117,840, respectively. Governmental Activities adjustments are as follows: (\$890,112) to Current and Other Assets and to Restricted Net Assets; and \$3,883,322 to Capital Assets and to Invested in Capital Assets, Net of Related Debt. Business-type Activities adjustments are as follows: \$117,840 to Investment in Truckee Meadows Water Reclamation Facility and to Unrestricted Net Assets. Explanations of the adjustments by category are presented in *Note 11 to the Financial Statements*.

Assets as of June 30, 2010, net of accumulated depreciation of \$681,536,745, totaled \$1,699,873,784 which represents a 0.47% decrease over the prior year’s adjusted total assets. Current and Other Assets include cash/investments, receivables, prepaid items, property held for resale by the Redevelopment Agency, and capital assets. The 1.06% change in Current and Other Assets in governmental activities is due to a reduction in cash and investments that is only partially offset by the first-time reporting in compliance with Governmental Accounting

Standards Board (GASB) Statement No. 53 of accumulated decrease in the fair value of hedged derivatives, which offsets the fair value of the hedged derivatives reported as long-term liability because the hedge was determined to be effective. The 24.80% change in Current and Other Assets in business-type activities is primarily due to a transfer of restricted cash to unrestricted cash in the Sewer Enterprise Fund for debt payment reimbursement. However, when combined with governmental activities, Current and Other Assets rose by 2.44%. Other asset investments include an \$83,153,426 ownership interest in the Truckee Meadows Water Reclamation Facility whose value declined due to normal depreciation of plant assets.

In compliance with GASB Statement No. 51, major software featuring customization is being reported for the first time, and resulted in an increase in capital assets, net of accumulated depreciation, of \$3,187,812. This represents the largest portion of the prior year adjustment made to net capital assets.

Liabilities, which consisted primarily of long-term debt, totaled \$736,571,588. Liabilities also include payables, unearned revenue, and the net other post-employment benefits (OPEB) obligation. The net OPEB obligation represents the unfunded portion of the annual required contribution (ARC) necessary to accrue for the actuarial liability for health care and other post-retirement benefit costs for future retirees. The City's ARC for FY 2009/10 was approximately \$21.2 million of which \$5.76 million was funded in the form of pay-as-you-go costs and implicit subsidy payments. Approximately \$27.2 million of the \$35.3 million net OPEB obligation is attributed to the Police and Fire functions. Also included in liabilities is the first-time reporting, in compliance with GASB No. 53, of the fair value of the City's hedged derivative instruments. These derivatives representing the swap termination values related to the City's Series 2005A Capital Improvement Refunding Bonds and the Series 2008A Senior Lien Sales Tax Revenue Refunding Bonds, have a fair value as of June 30, 2010, of a negative \$30.8 million – the amount owed to the swap counterparty. As stated above, this liability is offset by a deferred charge reported as an asset due to the determination that the hedge is effective.

A comparison of assets and liabilities for the government-wide financial statements reflect net assets of \$963,302,196. This total reflects a 3.36% decline after taking into consideration prior period adjustments. The majority of the City of Reno's net assets, \$833.1 million or 86.48%, are reflected in investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and construction in progress) net of related debt. The cumulative impact of the worker's compensation liability and the net OPEB obligation liability totaling (\$79,229,237) is the major contributor to the negative unrestricted net asset balance, with (\$76,932,844) of that impact relating to the negative unrestricted net asset balance for governmental activities.

Fiscal year 2009/10 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 reduced net assets of the City of Reno by \$40,403,441. Business-type activities raised net assets by \$6,934,334.

Total revenues in FY 2009/10 declined by 16.31% when compared to the previous year's total, while expenses decreased 5.19%. Each function's expenses were again impacted by the City's decision to not fund the full amount of the OPEB ARC. The functions that experienced the largest impact of the OPEB-related expense were Police at \$7.3 million and Fire at \$5.2 million compared to \$4 million and \$2.8 million, respectively, in FY 2008/09. However, all functions saw an increase in OPEB-related expense due to the finding by the City's new actuary that the implicit subsidy paid by active employees for retirees who pay the same medical premiums was not included in the valuation for FY 2008 and FY 2009.

Another contributing factor to the increase in expenses for the Police and Fire functions is the return to a normal allocation of the net loss experienced in the Worker's Compensation Self-Funded Plan. In FY 2008/09, these functions collectively saw a \$17.6 million reduction in the incurred-but-not-reported (IBNR) claims liability for lower reserve requirements on heart/lung claims for employees who had not become permanently and totally disabled. While the Fire portion of the IBNR adjustment for FY 2009/10 was reduced by \$1.47 million, the Police portion was relatively unchanged. This resulted in an increase for the worker's compensated-related expenses for Police and Fire between FY 2008/09 and FY 2009/10 of (\$7.5) million and (\$7.9) million, respectively.

### City of Reno Change in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2010	2009*	2010	2009*	2010	2009*
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$79,659,622	77,136,374	\$49,324,337	47,927,811	\$128,983,959	\$125,064,185
Operating grants, interest and contributions	14,233,258	8,521,945	209,258	413,600	\$14,442,516	8,935,545
Capital grants, interest and contributions	14,822,589	48,153,632	9,666,201	23,216,960	\$24,488,790	71,370,592
<b>Total Program Revenue</b>	<b>108,715,469</b>	<b>133,811,951</b>	<b>59,199,796</b>	<b>71,558,371</b>	<b>\$167,915,265</b>	<b>205,370,322</b>
<i>General revenues:</i>						
Ad valorem taxes	72,105,003	74,689,217	-	-	\$72,105,003	74,689,217
Consolidated taxes	38,859,576	43,552,723	-	-	38,859,576	43,552,723
Shared revenues	4,334,972	4,553,515	-	-	4,334,972	4,553,515
Dedicated sales and car rental taxes	8,479,614	19,406,808	-	-	8,479,614	19,406,808
Room taxes	7,506,477	7,680,420	-	-	7,506,477	7,680,420
Motor vehicle fuel taxes	3,876,023	3,848,658	-	-	3,876,023	3,848,658
Unrestricted investment & interest earnings	2,517,574	4,521,600	60,941	641,075	2,578,515	5,162,675
Other	401,007	1,455,769	10,968	6,036	411,975	1,461,805
<b>Total Revenues</b>	<b>246,795,715</b>	<b>293,520,661</b>	<b>59,271,705</b>	<b>72,205,482</b>	<b>306,067,420</b>	<b>365,726,143</b>
Expenses:						
General government	18,574,403	19,248,275	-	-	18,574,403	19,248,275
Judicial	8,058,683	8,079,846	-	-	8,058,683	8,079,846
Police	71,847,564	59,237,378	-	-	71,847,564	59,237,378
Fire	58,487,926	51,243,170	-	-	58,487,926	51,243,170
Public works	60,159,772	94,140,944	-	-	60,159,772	94,140,944
Community devpt/support	13,350,564	11,694,774	-	-	13,350,564	11,694,774
Culture & recreation	21,762,316	21,812,749	-	-	21,762,316	21,812,749
Urban redevelopment	3,349,279	4,122,270	-	-	3,349,279	4,122,270
Interest & fiscal charges	23,447,574	25,547,548	-	-	23,447,574	25,547,548
Sanitary sewer	-	-	44,686,785	45,096,526	44,686,785	45,096,526
Golf courses	-	-	1,503,904	1,548,215	1,503,904	1,548,215
Building permits	-	-	4,225,351	6,724,452	4,225,351	6,724,452
Planning	-	-	2,806,481	3,024,012	2,806,481	3,024,012
Dispatch	-	-	7,275,925	6,588,311	7,275,925	6,588,311
<b>Total Expenses</b>	<b>279,038,081</b>	<b>295,126,954</b>	<b>60,498,446</b>	<b>62,981,516</b>	<b>339,536,527</b>	<b>358,108,470</b>
<b>Increase in net assets</b>						
<b>before transfers</b>	<b>(32,242,366)</b>	<b>(1,606,293)</b>	<b>(1,226,741)</b>	<b>9,223,966</b>	<b>(33,469,107)</b>	<b>7,617,673</b>
Transfers	(8,161,075)	(10,468,575)	8,161,075	10,468,575	-	-
<b>Increase in Net Assets</b>	<b>(40,403,441)</b>	<b>(12,074,868)</b>	<b>6,934,334</b>	<b>19,692,541</b>	<b>(33,469,107)</b>	<b>7,617,673</b>
<b>Net Assets, July 1, 2009</b>	<b>\$673,886,145</b>	<b>685,961,013</b>	<b>\$322,885,158</b>	<b>303,192,617</b>	<b>996,771,303</b>	<b>989,153,630</b>
<b>Net Assets, June 30, 2010</b>	<b>\$633,482,704</b>	<b>\$673,886,145</b>	<b>\$329,819,492</b>	<b>\$322,885,158</b>	<b>\$963,302,196</b>	<b>\$996,771,303</b>

\*Note: Certain categories within Governmental Activities and Business-type Activities for FY 2008/09 have been restated to reflect prior year adjustments netting to (\$194,602) and \$117,840, respectively. Governmental Activities adjustments are as follows: (\$128,024) Other Taxes; \$2,154,962 to Operating Grants and Contributions; (\$2,026,938) to Capital Grants and Contributions; and (\$194,602) to Expenses. Beginning net assets were adjusted by \$3,187,812 to reflect capitalization of software per GASB No. 51. Business-type Activities adjustments are as follows: (\$117,840) to Sanitary Sewer Expenses. Explanations of the adjustments by category are presented in *Note 11 to the Financial Statements*.

The final contributing factor to higher expenses for the Public Safety function was the increase in the City's contribution to the Public Employees Retirement Plan (PERS). Effective July 1, 2009, Public Safety's contribution rose 3.5%, while the contribution rate for non-Public Safety employees rose 1.0%.

The 14.16% increase in expenses for the Community Development and Support function is principally a result of the Neighborhood Stabilization Program, a HUD-funded program for low-income housing purchases and rehabilitation, which saw a \$2.67 million increase. The 36.10% decrease in the Public Works function is due to \$30.7 million in book-entry only payments related to the Cabela's project, which were offset by the Series 2007 Sales Tax Increment Bonds (also book entry only), that occurred in FY 2008/09. Excluding the Cabela's related transaction, expenses for the Public Works function declined by 5.31%.

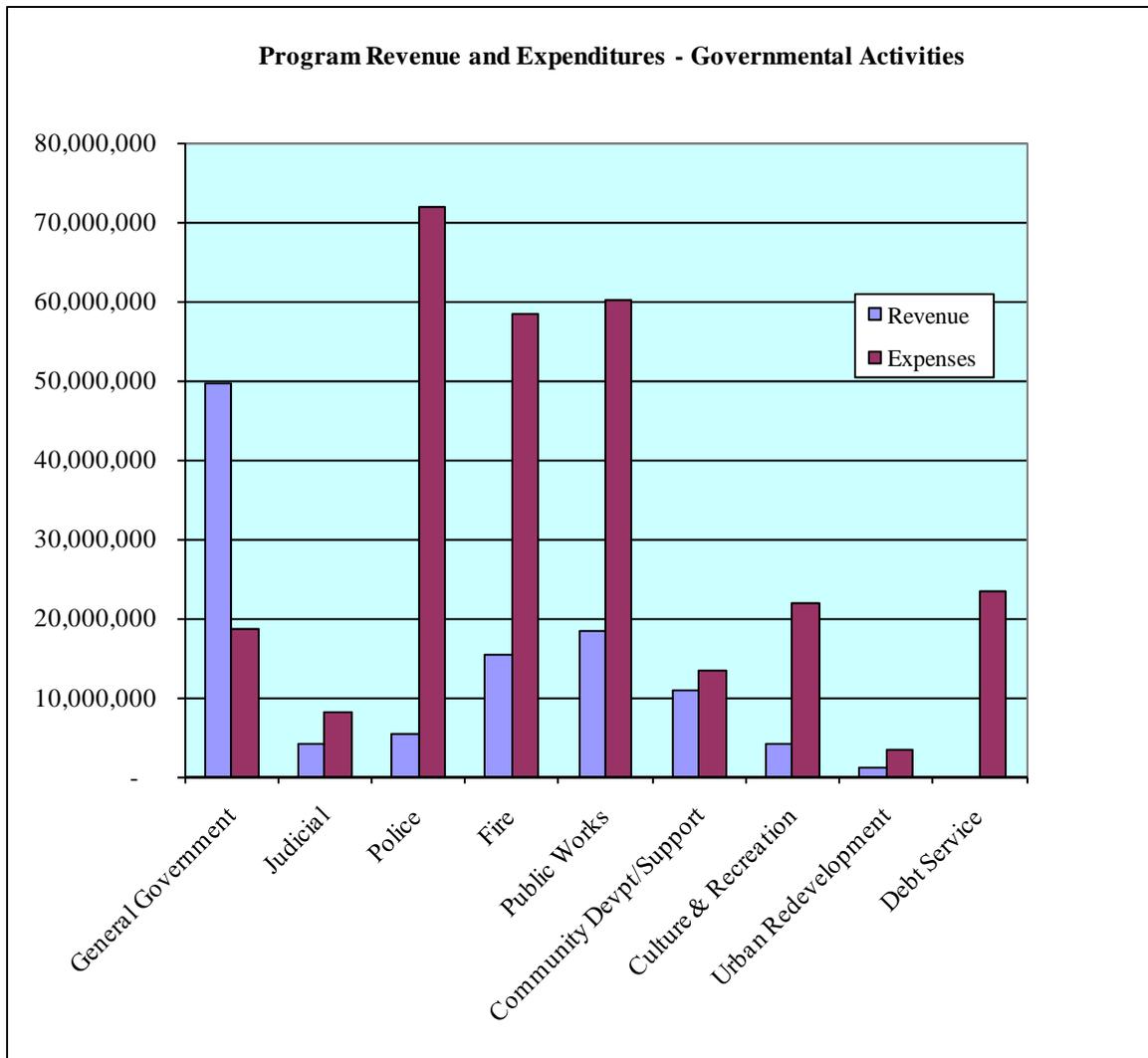
General revenues in the current year declined 13.85% over general revenues collected in the prior year. While property tax revenues declined 3.46%, consolidated tax revenues continued to experience the impact of the hard hit Nevada economy and fell by 10.78% after a 15.00% decline in FY 2008/09. Shared revenues (AB104 and County gaming taxes) registered a decline of (4.80%).

Program revenues overall declined 18.24%, primarily due to a \$23.9 million decline in annexed streets and dedicated streets from developers. Charges for services experienced a modest 3.13% increase.

The largest percentage decrease in revenues occurred in the unrestricted investment and interest earnings category at (50.05%). Unrestricted investment and interest earnings dropped 44.32% for governmental activities and 90.49% for business-type activities. The drop in interest earnings is primarily due to the change in the market value of the investment portfolio from FY 2008/09.

#### *Governmental Activities*

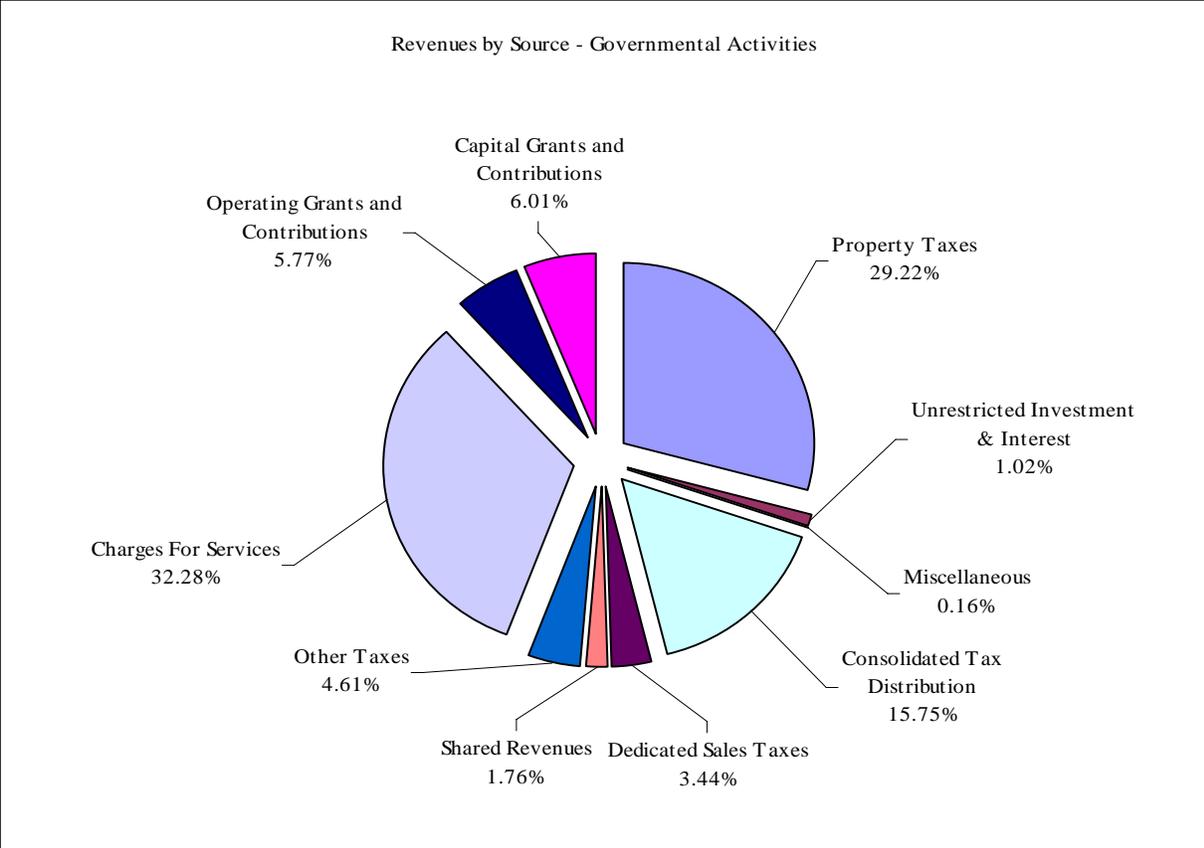
Program revenues are those revenues that are derived directly from the program itself or from parties outside of the City's taxpayers or citizenry. They reduce the net cost of the function to be financed from the City's general revenues which include property taxes and other taxes. The following chart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



Total program revenues and expenses for governmental activities amounted to \$108,715,469 and \$279,038,081 respectively, for the 2009/10 fiscal year. As indicated in the chart above, expenses exceeded program revenues for all functions except General Government. This 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. The gap between expenses and program revenues for Public Works and Community Development & Support are lessened due to the receipt of operating and capital grants from federal and state governments, as well as due to private grants and developer contributions.

While the major source of debt payments for the depressed railway and downtown events center projects are sales taxes and/or room taxes levied by ordinances specifically for these projects, because they are taxes by nature, they are reported under general revenues rather than as program revenues. This also holds true for debt that is repaid from ad valorem taxes.

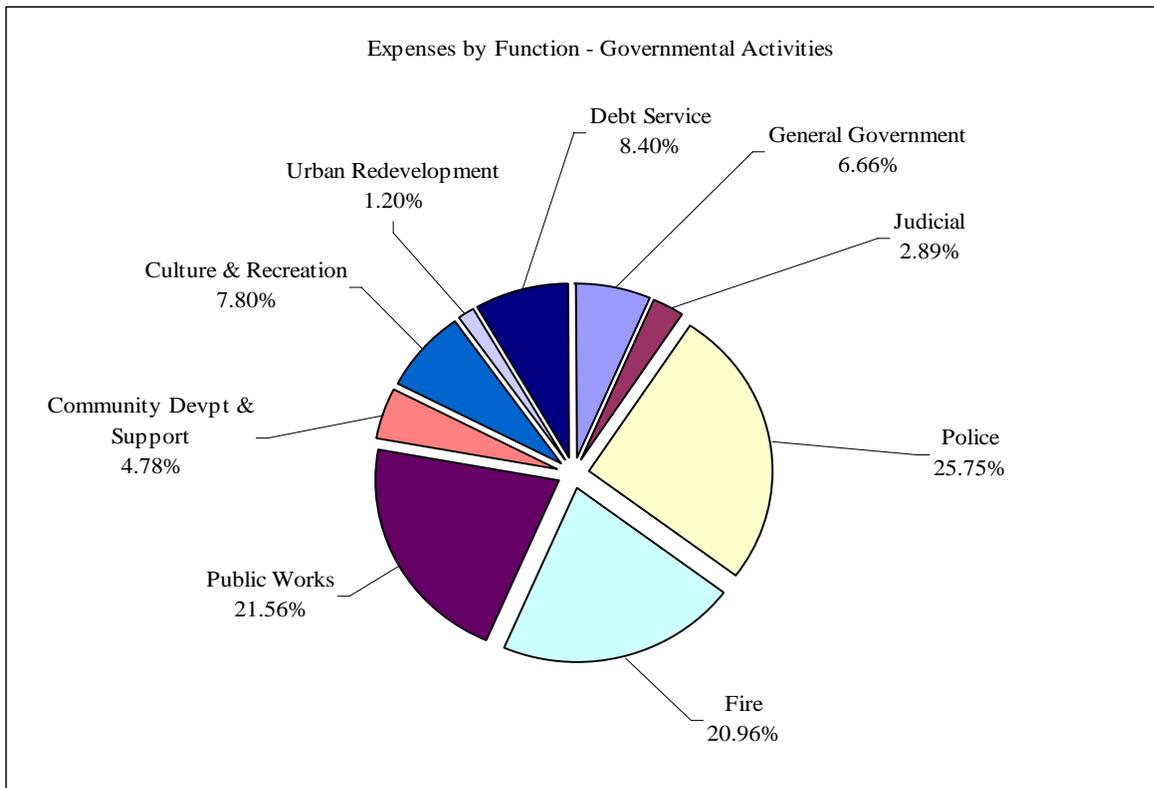
The sources of revenues have been charted to show their respective percentage of total revenues. Charges for services are the largest revenue contributor for the second year, followed by property taxes. Consolidated tax revenues prior to fiscal year 2008/09 were the largest or second largest source of revenue dropped to the third largest revenue source at 15.75%, which is indicative of the decline then stagnation in Nevada's economic condition over the past three fiscal years.



Property values have declined dramatically in Washoe County over the past few years. However, the application of abatements received in prior years and representing the difference between the growth in the tax base experienced between 2006 and 2008 and the property tax growth caps instituted by the 2005 Nevada State Legislature (caps residential property tax revenue growth at 3% and commercial property growth at ten-year rolling average or 8%, whichever is less) has limited the decline in the property tax revenue in FY 2009/10 to (3.46%).

In terms of prior year change, consolidated taxes percentage continued its decline, albeit lower, from (15.00%) in FY 2008/09 to (10.78%). With regards to the sales tax component of consolidated tax, the largest declines in Washoe County were experienced in manufacturing in all categories, specialty trade contractors, and administrative and support services. Construction and motor vehicle dealers and parts dealers that have been the hardest hit over the past two years experienced only small declines.

The following chart provides a comparison of expenses by function/program as a percentage of total expenses for all governmental activities. The Police function poses the largest cost to the city. The Fire function was third in regards to expenses generated. When combined under the Public Safety category, Police and Fire collectively represent 46.71% of total governmental expenses. Public Works accounts for 21.56% of total government expenses, which is down from 31.96% in FY 2008/09, which was inflated due to the effect of the \$30.7 million non-cash transaction for Cabela's. Depreciation expense related to infrastructure is a major expense component of Public Works.



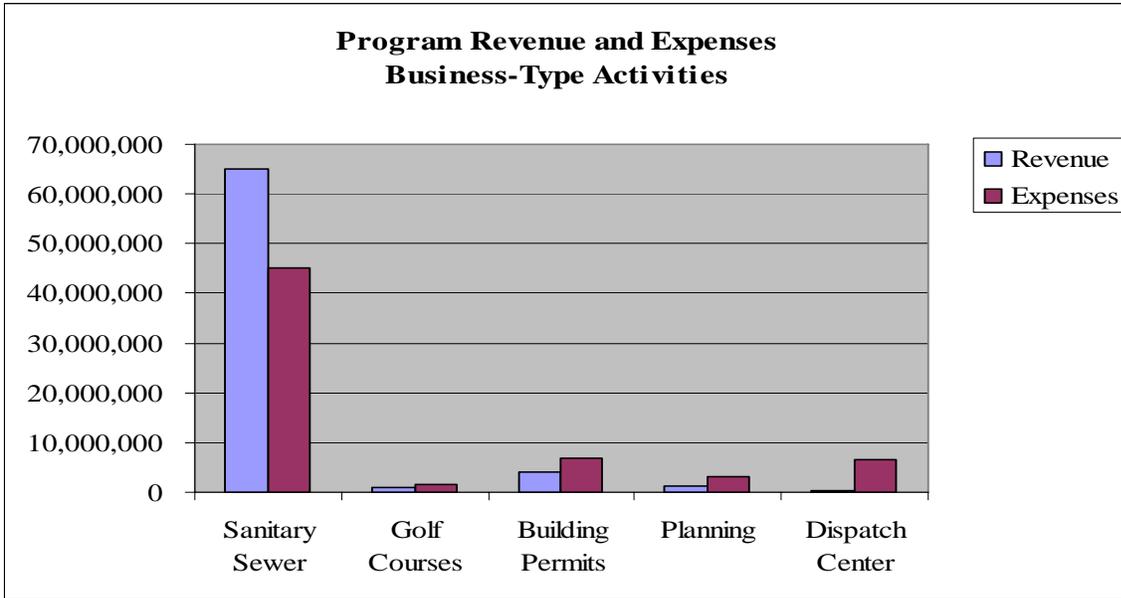
### *Business-type Activities*

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 \$59,199,796 and \$60,498,446, respectively, for business-type activities for the 2009/10 fiscal year. The following graphs and charts are provided to enhance understanding of these activities.

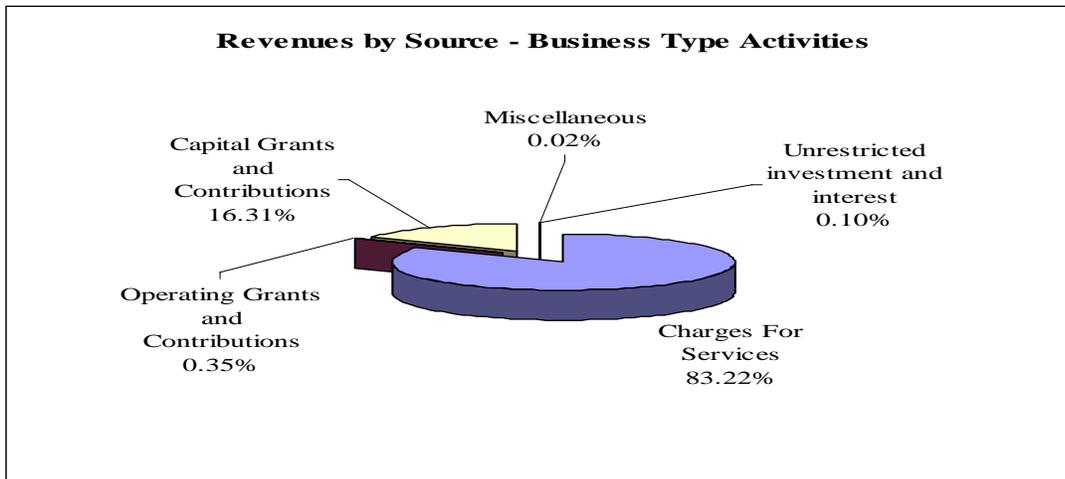
The Sanitary Sewer program continues to be self-supporting, with program revenues exceeding operating expenses by \$8,122,707. The remaining programs all experienced operating losses. The Dispatch Center experienced the largest operating loss at (\$6,622,748) as it is primarily funded by transfers from governmental activities (General Fund) rather than from charges for service. The Golf Course Fund experienced a net operating loss of (\$819,362), which is higher than the (\$688,611) loss experienced in FY 2008/09 due to lower revenues.

The Building Fund saw slightly higher revenues, as well as lower expenses due to cost-cutting measures, which resulted in a net loss of (\$54,368) after taking into its allocation of internal service fund losses. In terms of net operations, the Building Fund realized a \$201,812 net operating profit – the first in three years. This is due to a combination of cost-cutting measures and a change in the methodology for calculating permit fees.

The Planning Fund experienced operating losses for the fourth year in a row. Charges for services were down by 35.50%, while expenses were down by only 5.40%. The City saw a continued overall decline in building during the fiscal year. Total permits issued for all categories declined by a lower rate of 9.98% in FY 2009/10 after a decline in the prior year of 23.27% and 20.62% in FY 2008. Only single family residential construction and remodeling showed slight increases in FY 2009/10.



As expected, charges for services remain the major source of revenue for business-type activities. The percentage of total revenues for charges for services rose from 66.38% in the 2008/09 fiscal year to 83.22%. This is due to the 53.87% decline in capital grants and contributions that caused total programs revenues to drop by 17.27% overall. The decline in capital grants and contributions was due to less contributed sewer lines and storm drains by developers stemming from the decline in new development.



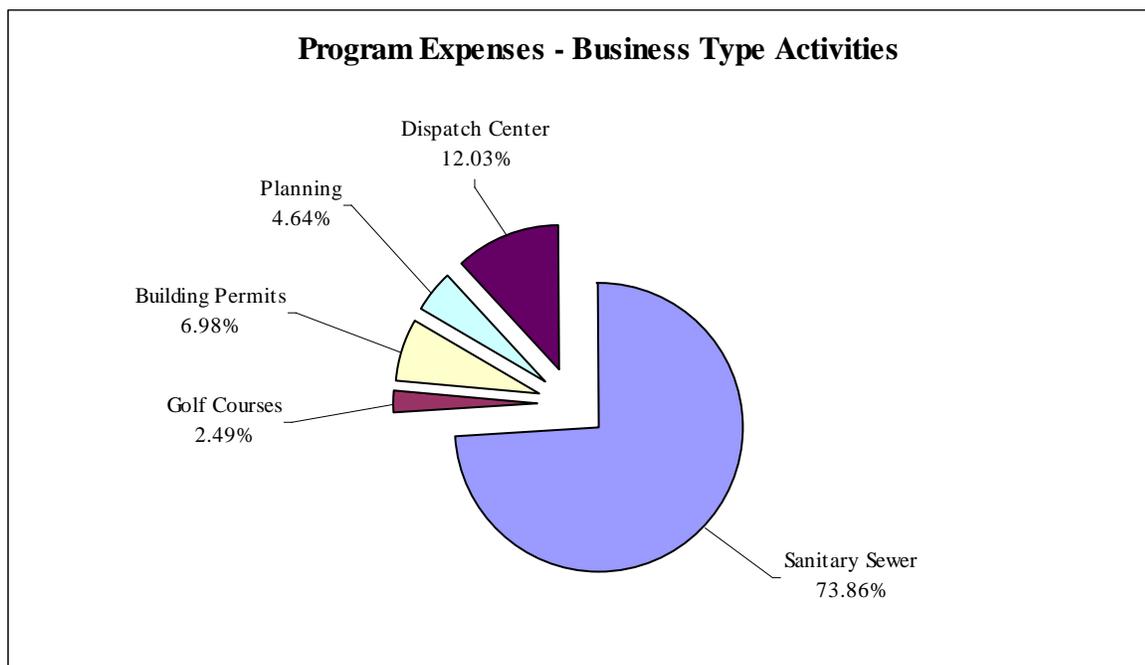
The chart below breaks out business-type expenses by category. Total business-type expenses saw an overall 3.94% decrease over the prior year. Salaries and wages and employee benefits declined due to lay-offs and the freezing of vacant positions in the Building Permit Fund and Planning Fund, whereas services and supplies experienced the largest decline due to cost-cutting measures.

### Business-type Expenses by Type

	Business-type Activities		
	2010	2009	% Chg
Salaries and wages	\$ 12,879,133	\$ 14,300,509	-9.94%
Employee Benefits	5,996,781	6,325,081	-5.19%
Services and supplies	13,683,256	15,060,640	-9.15%
Depreciation	8,671,245	8,106,137	6.97%
Interest/issue costs	2,689,923	2,688,042	0.07%
Loss relating to Joint Sewer Plant	16,578,108	16,501,107	0.47%
<b>Total</b>	<b>\$ 60,498,446</b>	<b>\$ 62,981,516</b>	<b>-3.94%</b>

Interest and issue costs remained flat as no new debt was issued or retired, while the loss relating to the joint sewer plant's operations was relatively unchanged.

The chart below 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 FY 2009/10 results under this focus.

## Governmental Funds

The governmental funds of the City of Reno reflected a combined total assets and liabilities of \$176,126,005 and \$55,893,171, respectively. This resulted in a total combined fund balance of \$120,232,834. The unreserved portion of the combined fund balance amount was \$6,311,141. This represents a change of 36.06% from the prior reporting period, which reported a \$4,638,355 balance in unreserved fund balance. The increase occurred primarily in the Streets Special Revenue Fund given a majority of the accelerated street program is now being funded with bond proceeds, and in the Special Assessment Districts Capital Projects Fund, which was reimbursed for non-SAD improvement costs incurred in prior years.

In response to reduced consolidated tax revenue receipts and other revenues coming in lower than originally projected, the City took various cost-cutting measures during the year, including two reductions in force; a spending freeze during the last quarter of the fiscal year; the one-time use of \$1 million in excess Risk Fund reserves; and a short-term loan from the Stabilization Special Revenue Fund. A hiring freeze also was continued.

### *Major Governmental Funds*

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2010, the unreserved fund balance in the General Fund was \$5,123,776 and the total fund balance was \$7,627,949. This is a 24.23% decrease over the FY 2008/09 total fund balance, which is the result of negative growth in various revenues and the use of \$312,000 in consolidated tax revenue for debt service. 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 3.34% of total fund expenditures while total fund balance represents 4.98% of expenditures. This represents less than one month of expenditures.

The largest component of the governmental funds category for the 2009/10 fiscal year with respect to total assets, excluding the General Fund, is the Streets Capital Project Fund. Inclusion of the fund as a major fund is due to unspent bond proceeds, which will be used to fund the City's accelerated streets rehabilitation project over the next two years. Total fund balance for the Streets Capital Project Fund is \$28,273,499.

The next largest component of the governmental funds category with respect to total assets, excluding the General Fund, is the Redevelopment Agency Capital Projects Fund. This fund's largest asset is property held for resale, which includes the triple A baseball park and two temporary fire stations that replaced the downtown fire station displaced by the baseball park. It is anticipated that this fund will be closed out in FY 2011 and the assets transferred to the Redevelopment Agency General Fund. Total fund balance for the Redevelopment Agency Capital Projects Fund is \$36,609,297.

Another major governmental fund is the Railroad Debt Service Fund. Assets total \$20,207,247, or 11.46% 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 receivables that will meet debt service requirements for \$11.5 million in SAD bonds outstanding. The primary repayment source is dedicated sales and room tax collections. The total fund balance for the Railroad Debt Service Fund is \$9,114,425.

The Downtown Events Center Debt Service Fund accumulates money for the payment of principal and interest on outstanding revenue and special assessment district bonds 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 \$6.6 million in SAD bonds outstanding. Cash and investments represent the bulk of the remaining assets. The primary repayment source has been room taxes (85.53% of total revenues). Total fund balance at June 30, 2010, was \$2,441,983, which represents a 19.06% increase over the FY 2008/09 balance.

## Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of \$446,620,966 and \$105,644,409, respectively. This resulted in a total net assets balance of \$340,976,557. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net assets declined to \$329,819,492. The portion of the FY 2009/10 net change in assets for internal service funds allocated to enterprise funds totaled (\$1,534,386). Unrestricted net assets total \$93,237,985, after consolidation of internal service fund activity. The major cost cutting efforts discussed under *Governmental Funds* have also been applied to proprietary funds.

### *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 2009/10 fiscal year amounted to \$109,253,549. Total operating revenues rose 3.74%. This increase is primarily the result of the 4% rate hike effective October 1, 2009. The rate increase is the fifth required by a rate restructuring program that commenced on October 1, 2005, when a 25% increase was implemented. Operating expenses declined a slight 0.13%. After accounting for the City's share of the net loss from the Truckee Meadows Water Reclamation Facility of \$3,716,174, the Sanitary Sewer Fund registered net income before capital contributions and transfers of \$2,184,732.

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 FY 2009/10 amounted to (\$1,083,175), which is an increase of 15.66% from FY 2008/09. As mentioned previously, revenues registered a 5.17% increase due to a new fee structure. In conjunction with a decline in operating expenses of (37.12%), the Building Permit Fund saw a positive net income of \$201,138.

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 FY 2004/05, has been the most severely impacted by the stagnation in new and rehab construction. Operating revenues continued to decline, with charges in service registering (35.50%) growth. Operating expenses declined only 5.40%, causing the fund to realize a net operating loss of \$1.86 million. The fund ended the year with (\$2,316,104) in net assets. This fund will be merged into the General Fund in FY 2010/11.

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

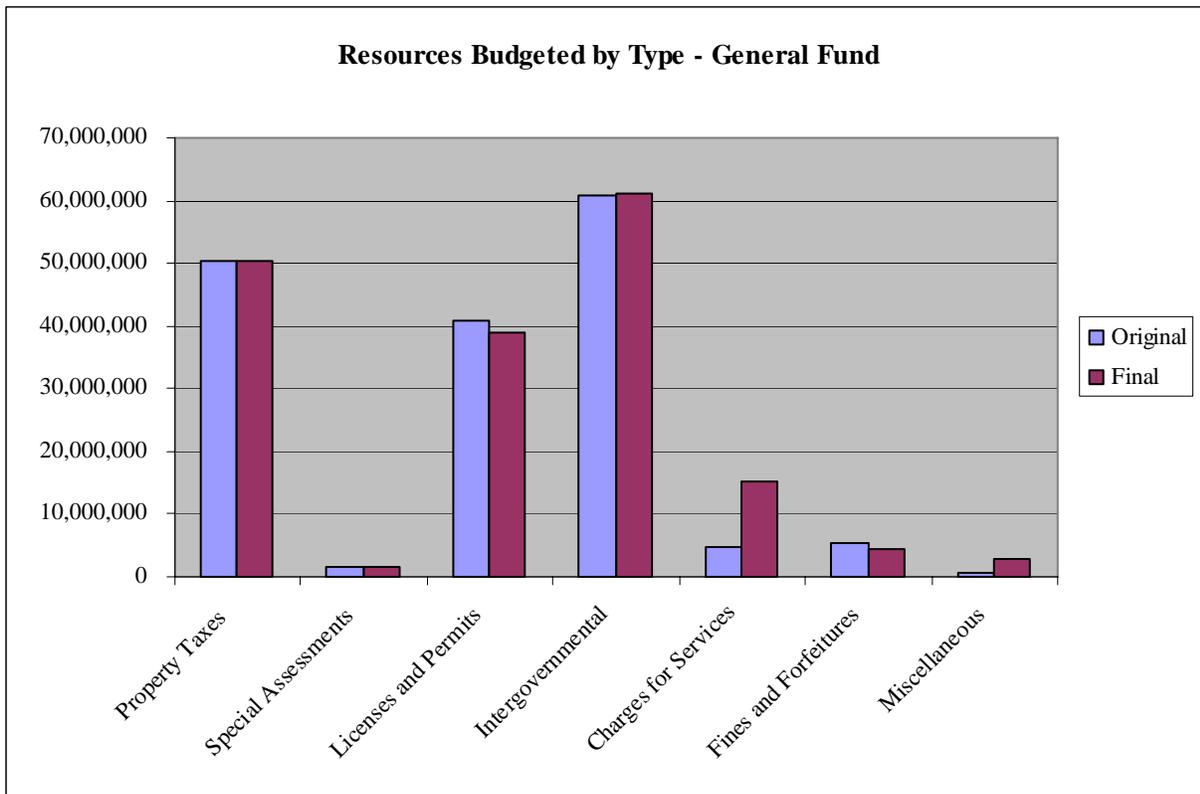
Functions represent the legal level of budgetary control. The final revised budget appropriation for the General Fund expenditures was \$156,308,489, excluding other financing uses, which is 0.19% higher than the original budget of \$156,016,830. As shown in the following table, half of the governmental functions' FY 2009/10 appropriations are substantially equivalent to their respective appropriations on a total budget percentage basis for the prior fiscal year 2008/09.

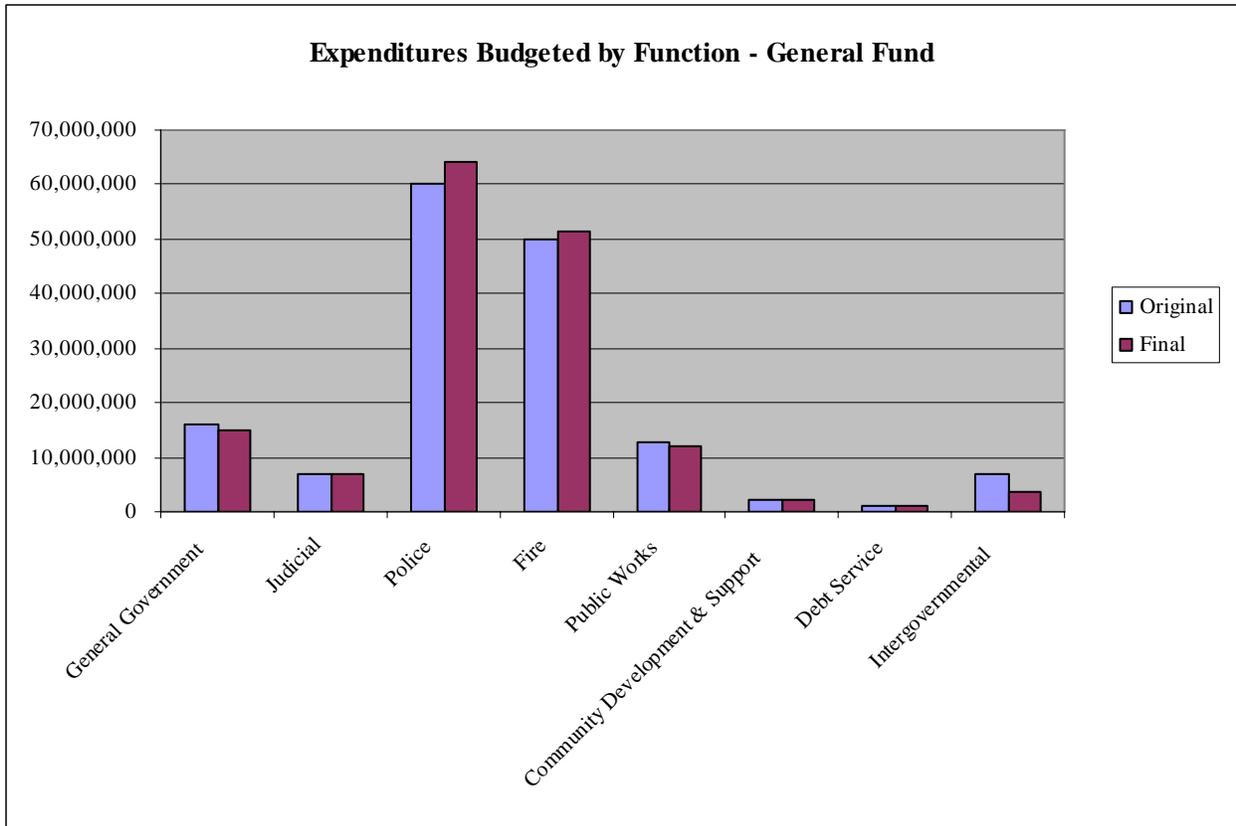
The City's recession plan implemented back in FY 2000/01 requires departments to refrain from spending 2% of their services and supplies budget less internal risk premiums. The hold-back percentage was increased to 4%, with additional cuts taken in the last quarter. These actions resulted in the General Fund's actual expenditures being lower than final budgeted expenditures by 1.96%.

### Final Expenditure Budget by Function - General Fund

	<u>% of Total</u>		<u>% of Total</u>	
	<u>2010</u>	<u>Budget</u>	<u>2009</u>	<u>Budget</u>
General Government	\$ 15,130,002	9.7%	\$ 16,738,204	10.4%
Judicial	6,995,508	4.5%	6,834,842	4.3%
Police	64,255,880	41.1%	61,358,441	38.2%
Fire	51,472,394	32.9%	54,977,712	34.2%
Public Works	11,896,993	7.6%	13,877,644	8.6%
Community Devpt & Support	2,169,421	1.4%	2,506,240	1.6%
Debt Service	917,757	0.6%	917,757	0.6%
Intergovernmental	3,470,534	2.2%	3,465,000	2.2%
	\$ 156,308,489		\$ 160,675,840	

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





**Capital Assets Activity**

As shown by the chart on the following page, at June 30, 2010, the City of Reno had a net capital asset investment of \$1,344,609,664 in governmental and business-type activities. This represents a decrease of 0.83% when compared to the prior year, and includes investment in land, buildings, improvements, machinery and equipment, infrastructure, software, and works of art. This figure is also net of accumulated depreciation totaling \$681,536,745.

Major capital investment activities for the 2009/10 fiscal year include:

- The addition of \$9.89 million in newly dedicated and constructed infrastructure assets, such as streets, traffic signals, and curb and gutter;
- The addition of \$4.25 million of sewer lines and storm drain assets dedicated to the City by developers;
- The net addition of \$18.83 million in construction in progress primarily related to street rehabilitation projects; and
- The net addition of \$2.68 million in software being reported in compliance with GASB Statement No. 51.

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

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

	Governmental Activities		Business Type Activities		Total	
	2010	2009*	2010	2009	2010	2009*
Land and water rights	150,613,952	148,176,183	12,371,588	12,371,588	\$162,985,540	\$160,547,771
Construction in progress	50,526,966	31,695,921	48,287,495	59,323,069	98,814,461	91,018,990
Buildings	177,855,452	182,100,880	8,370,811	8,720,216	186,226,263	190,821,096
Arts and historical treasures	1,834,315	1,888,003	-	-	1,834,315	1,888,003
Improvements other than buildings	252,601,630	257,042,529	237,684,177	222,567,827	490,285,807	479,610,356
Equip't & motor vehicles	17,507,098	20,699,215	475,983	557,550	17,983,081	21,256,765
Computer software	2,676,789	3,187,812	-	-	2,676,789	3,187,812
Infrastructure	383,803,408	407,467,833	-	-	383,803,408	407,467,833
<b>Total</b>	<b>\$1,037,419,610</b>	<b>\$1,052,258,376</b>	<b>\$307,190,054</b>	<b>\$303,540,250</b>	<b>\$1,344,609,664</b>	<b>\$1,355,798,626</b>

\*Note: Totals for Governmental Activities for FY 2008/09 have been restated to reflect the following prior year adjustments: a \$570,510 net increase to Land; \$3,187,812 net increase to Computer Software, and a \$125,000 increase to Equipment & Motor Vehicles. Further discussion of the adjustments is presented in the *Notes to the Financial Statements*.

**Long-term Debt Activity**

Long-term debt outstanding at June 30, 2010 totaled \$601,497,124, a 3.23% decrease when compared to the prior year. Debt for governmental activities represents 84.30% of total debt outstanding, with debt related to business-type activities accounting for 15.70% of the total debt outstanding.

As of June 30, 2010, the City of Reno had \$144,982,000 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 \$1,040,154,000 by \$903,939,000.

<b>City of Reno's Outstanding Debt</b>						
<b>(Net of Discounts, Premiums and Deferred Loss (Gain) on Refunding)</b>						
	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 85,690,327	\$ 92,291,863	\$ -	\$ -	\$85,690,327	\$92,291,863
Special assessments	21,514,374	23,030,727	-	-	21,514,374	23,030,727
Pledged Revenues - Sales and Room taxes	335,711,559	337,569,427	-	-	335,711,559	337,569,427
Pledged Revenues - Other	26,738,717	27,713,321	-	-	26,738,717	27,713,321
Sanitary Sewer bonds	-	-	90,094,358	96,046,692	90,094,358	96,046,692
Golf Course bonds	-	-	2,340,212	2,540,791	2,340,212	2,540,791
Notes payable	5,169,000	5,802,000	-	-	5,169,000	5,802,000
Capital leases	3,654,754	4,374,276	-	-	3,654,754	4,374,276
Installment purchase agreements	2,184,000	2,340,000	-	-	2,184,000	2,340,000
Compensated absences payable	26,382,310	27,845,107	2,017,513	2,043,243	28,399,823	29,888,350
<b>Total</b>	<b>\$507,045,041</b>	<b>\$520,966,721</b>	<b>\$94,452,083</b>	<b>\$100,630,726</b>	<b>\$601,497,124</b>	<b>\$621,597,447</b>

The chart above summarizes the City's outstanding debt. No additional debt was issued, nor was any existing debt restructured, during FY 2009/10. Note 8 in the *Notes to the Financial Statements* section of this report provides additional details related to new debt issued by the City of Reno during the fiscal year.

The City of Reno maintains an Aa2 rating from Moody's and an A from Standard and Poor's.

### **Known Economic Factors**

- The City of Reno is heavily reliant on property tax revenues from property within its boundaries. Due to economic conditions, Washoe County Assessor announced property devaluations that were factored into the FY 2010 budget, as well as additional proposed property devaluations for FY 2011.
- The City of Reno is also heavily reliant on consolidated tax revenues. In FY 2009/10, consolidated tax revenues declined 10.78%.
- Phase II to the Reno Aces (a Pacific Coast League AAA baseball team) stadium site was completed prior to the season opening, which added two restaurants, an ale house, and a lounge. Phase III remains in the planning stage and when completed will spur additional retail development in the downtown area, which will help generate the sales tax increment to be used to repay the construction/development costs.
- The City's Community Resources Division continues to assist various small businesses through the Grow Reno loan program, in association with the Nevada Microenterprise Initiative, in establishing sites in the downtown area. This activity will help generate additional tax and business license revenues for the City.
- In June of 2010 the unemployment rate in the Reno MSA was 13.6%, which is 0.6% lower than the state unemployment rate of 14.2% and higher than the national rate of 9.5%, respectively. The Reno MSA unemployment is up significantly from 6.4% for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2009 and June 2010 was (2.8%).

### **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, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 89,034,880	\$ 9,158,396	\$ 98,193,276
Receivables:			
Accounts	4,863,785	4,985,686	9,849,471
Delinquent taxes	2,037,182	--	2,037,182
Special assessments	21,800,302	--	21,800,302
Long-term	661,256	9,696,327	10,357,583
From other governments	17,901,511	1,037,296	18,938,807
Accrued interest	198,598	23,478	222,076
Internal balances	7,757,065	(7,757,065)	--
Inventories	988,978	115,807	1,104,785
Prepaid items	436,569	400	436,969
Property held for resale	43,986,694	--	43,986,694
Other assets	441,195	--	441,195
Deferred charges	8,590,460	244,148	8,834,608
Accumulated decrease in fair value of derivatives	30,821,181	--	30,821,181
Restricted assets	--	22,063,225	22,063,225
Investment in Truckee Meadows Water Reclamation Facility	--	83,153,426	83,153,426
Delinquent accounts receivable	--	3,023,340	3,023,340
Capital assets, non-depreciable	201,140,918	60,659,083	261,800,001
Capital assets, depreciable (net of accumulated depreciation)	836,278,692	246,530,971	1,082,809,663
<b>TOTAL ASSETS</b>	<u>1,266,939,266</u>	<u>432,934,518</u>	<u>1,699,873,784</u>
<b>LIABILITIES</b>			
Accounts payable	4,579,073	4,147,885	8,726,958
Accrued salaries and benefits	5,812,088	529,194	6,341,282
Contracts and retained percentage payable	5,574,021	269,067	5,843,088
Accrued interest payable	1,624,433	982,877	2,607,310
Due to other governments	30,309	4,606	34,915
Liabilities payable from restricted assets	--	237,202	237,202
Deposits	1,028,795	46,639	1,075,434
Other liabilities	355,665	149,080	504,745
Unearned revenue	1,674,865	--	1,674,865
Derivative instruments	30,821,181	--	30,821,181
Noncurrent liabilities:			
Due within one year	41,934,140	8,140,739	50,074,879
Due in more than one year, net of bond premium and discount	540,021,992	88,607,737	628,629,729
<b>TOTAL LIABILITIES</b>	<u>633,456,562</u>	<u>103,115,026</u>	<u>736,571,588</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	618,355,944	214,755,484	833,111,428
Restricted for:			
Capital projects	45,227,476	21,826,023	67,053,499
Debt service	52,250,830	--	52,250,830
Streets	7,295,364	--	7,295,364
Claims	16,609,525	--	16,609,525
Other purposes	2,724,440	--	2,724,440
Unrestricted (deficit)	(108,980,875)	93,237,985	(15,742,890)
<b>TOTAL NET ASSETS</b>	<u>\$ 633,482,704</u>	<u>\$ 329,819,492</u>	<u>\$ 963,302,196</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, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT FUNCTIONS/PROGRAMS</b>				
Governmental Activities:				
General government	\$ 18,574,403	\$ 49,615,492	\$ 62,471	\$ --
Judicial	8,058,683	4,002,490	--	--
Police	71,847,564	2,486,902	2,853,422	10,000
Fire	58,487,926	14,832,883	460,432	9,000
Public works	60,159,772	3,740,253	35,328	14,479,873
Community development and support	13,350,564	43,187	10,567,851	298,716
Culture and recreation	21,762,316	4,021,571	125,730	25,000
Urban redevelopment	3,349,279	916,844	128,024	--
Debt service:				
Interest and fiscal charges	23,447,574	--	--	--
Total Governmental Activities	<u>279,038,081</u>	<u>79,659,622</u>	<u>14,233,258</u>	<u>14,822,589</u>
Business-Type Activities:				
Sanitary sewer	44,686,785	42,935,098	208,193	9,666,201
Golf courses	1,503,904	684,542	--	--
Building permits	4,225,351	4,170,983	--	--
Planning	2,806,481	881,602	--	--
Dispatch center	7,275,925	652,112	1,065	--
Total Business-type Activities	<u>60,498,446</u>	<u>49,324,337</u>	<u>209,258</u>	<u>9,666,201</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 339,536,527</u>	<u>\$ 128,983,959</u>	<u>\$ 14,442,516</u>	<u>\$ 24,488,790</u>

**GENERAL REVENUES**

Taxes:

- Ad valorem taxes
- Consolidated tax
- SCCR taxes - AB104
- Dedicated sales taxes
- Room taxes
- Motor vehicle fuel 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 OF YEAR,
- AS PREVIOUSLY REPORTED
- PRIOR PERIOD ADJUSTMENT
- NET ASSETS, BEGINNING OF YEAR, AS ADJUSTED

**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
31,103,560	\$ --	\$ 31,103,560
(4,056,193)	--	(4,056,193)
(66,497,240)	--	(66,497,240)
(43,185,611)	--	(43,185,611)
(41,904,318)	--	(41,904,318)
(2,440,810)	--	(2,440,810)
(17,590,015)	--	(17,590,015)
(2,304,411)	--	(2,304,411)
<u>(23,447,574)</u>	<u>--</u>	<u>(23,447,574)</u>
<u>(170,322,612)</u>	<u>--</u>	<u>(170,322,612)</u>
--	8,122,707	8,122,707
--	(819,362)	(819,362)
--	(54,368)	(54,368)
--	(1,924,879)	(1,924,879)
--	(6,622,748)	(6,622,748)
<u>--</u>	<u>(1,298,650)</u>	<u>(1,298,650)</u>
<u>(170,322,612)</u>	<u>(1,298,650)</u>	<u>(171,621,262)</u>
72,105,003	--	72,105,003
38,859,576	--	38,859,576
2,674,326	--	2,674,326
8,479,614	--	8,479,614
7,506,477	--	7,506,477
3,876,023	--	3,876,023
1,660,646	--	1,660,646
2,517,574	60,941	2,578,515
292,325	10,968	303,293
108,682	--	108,682
<u>(8,161,075)</u>	<u>8,161,075</u>	<u>--</u>
<u>129,919,171</u>	<u>8,232,984</u>	<u>138,152,155</u>
(40,403,441)	6,934,334	(33,469,107)
670,892,935	322,767,318	993,660,253
<u>2,993,210</u>	<u>117,840</u>	<u>3,111,050</u>
<u>673,886,145</u>	<u>322,885,158</u>	<u>996,771,303</u>
<u>\$ 633,482,704</u>	<u>\$ 329,819,492</u>	<u>\$ 963,302,196</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, 2010

	General Fund	Railroad Debt Fund	Downtown Events Center Debt Fund	Streets Capital Projects Fund
<b>ASSETS</b>				
Cash and investments	\$ 7,267,067	\$ 7,362,477	\$ 1,949,237	\$ 31,291,161
Receivables:				
Accounts	4,058,480	--	--	--
Accrued interest	10,943	7,877	7,480	68,908
From other governments	10,319,318	1,189,781	568,984	--
Delinquent taxes	1,450,514	--	--	--
Special assessments:				
Current	--	412,998	238,351	--
Delinquent	128,044	42	--	--
Deferred	--	11,048,179	6,325,368	--
Sidewalk assessments:				
Long-term	--	--	--	--
Due from other funds	185,539	185,893	--	1,970,409
Inventories	724,476	--	--	--
Prepaid items	21,424	--	--	--
Property held for resale	--	--	--	--
Other assets	1,195	--	--	--
<b>TOTAL ASSETS</b>	<b><u>\$ 24,167,000</u></b>	<b><u>\$ 20,207,247</u></b>	<b><u>\$ 9,089,420</u></b>	<b><u>\$ 33,330,478</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,695,333	\$ 41,134	\$ 322,069	\$ 281,620
Accrued salaries and benefits	5,191,739	--	--	--
Contracts and retained percentage payable	6,394	--	--	4,775,359
Due to other funds	5,000,000	--	--	--
Due to other governments	30,153	--	--	--
Deposits	657,496	3,509	--	--
Other liabilities	352,254	--	--	--
Deferred taxes	1,450,514	--	--	--
Deferred revenue	2,155,168	11,048,179	6,325,368	--
<b>TOTAL LIABILITES</b>	<b><u>16,539,051</u></b>	<b><u>11,092,822</u></b>	<b><u>6,647,437</u></b>	<b><u>5,056,979</u></b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	1,030,736	--	--	4,465,044
Inventories	724,476	--	--	--
Prepaid items	21,424	--	--	--
Property held for resale	--	--	--	--
Technology acquisition	470,165	--	--	--
Capital projects	--	--	--	23,808,455
Park capital outlay	--	--	--	--
Future signalization	--	--	--	--
Debt service	--	9,114,425	2,441,983	--
Court assessments	--	--	--	--
Court collections	--	--	--	--
Other purposes	257,372	--	--	--
Unreserved, reported in:				
General fund	5,123,776	--	--	--
Special revenue funds	--	--	--	--
Capital projects funds	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<b><u>7,627,949</u></b>	<b><u>9,114,425</u></b>	<b><u>2,441,983</u></b>	<b><u>28,273,499</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 24,167,000</u></b>	<b><u>\$ 20,207,247</u></b>	<b><u>\$ 9,089,420</u></b>	<b><u>\$ 33,330,478</u></b>

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

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total
\$ 282,243	\$ 28,295,479	\$ 76,447,664
--	652,950	4,711,430
607	66,408	162,223
--	4,309,241	16,387,324
--	586,668	2,037,182
--	276,112	927,461
--	5,480	133,566
--	3,365,728	20,739,275
--	661,256	661,256
--	6,251,309	8,593,150
--	126,619	851,095
12,520	12,546	46,490
36,336,594	7,650,100	43,986,694
--	440,000	441,195
<u>\$ 36,631,964</u>	<u>\$ 52,699,896</u>	<u>\$ 176,126,005</u>
\$ 22,667	\$ 1,990,766	\$ 4,353,589
--	498,459	5,690,198
--	763,468	5,545,221
--	7,493,150	12,493,150
--	156	30,309
--	367,790	1,028,795
--	--	352,254
--	586,668	2,037,182
--	4,833,758	24,362,473
<u>22,667</u>	<u>16,534,215</u>	<u>55,893,171</u>
--	1,347,042	6,842,822
--	126,619	851,095
12,520	12,546	46,490
36,336,594	7,650,100	43,986,694
--	--	470,165
260,183	2,831,848	26,900,486
--	5,193,035	5,193,035
--	498,834	498,834
--	14,876,512	26,432,920
--	53,929	53,929
--	234,246	234,246
--	2,153,605	2,410,977
--	--	5,123,776
--	3,500,599	3,500,599
--	(2,313,234)	(2,313,234)
<u>36,609,297</u>	<u>36,165,681</u>	<u>120,232,834</u>
<u>\$ 36,631,964</u>	<u>\$ 52,699,896</u>	<u>\$ 176,126,005</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, 2010

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 120,232,834
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	1,030,034,149
Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	8,590,460
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	(540,770,038)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds	24,724,790
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>(9,329,491)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	<u>\$ 633,482,704</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, 2010

	General Fund	Railroad Debt Service Fund	Downtown Events Center Debt Fund	Streets Capital Projects Fund
<b>REVENUES</b>				
Taxes	\$ 51,221,724	\$ 691,252	\$ 4,960,895	\$ --
Special assessments	1,618,530	603,264	351,236	--
Fees, licenses, and permits	37,126,468	--	--	--
Intergovernmental	56,544,982	6,340,270	--	--
Intergovernmental grants and contributions	2,514,721	--	--	--
Charges for services	15,723,897	--	--	--
Fines and forfeitures	3,864,147	71,772	12,983	--
Interest	23,728	1,005,796	475,264	188,726
Private grants and contributions	63,922	--	--	--
Rents and royalties	5,652	--	--	--
Reimbursements and restitutions	2,224,249	--	--	6
Miscellaneous	128,480	14,429	41	--
<b>TOTAL REVENUES</b>	<b>171,060,500</b>	<b>8,726,783</b>	<b>5,800,419</b>	<b>188,732</b>
<b>EXPENDITURES</b>				
Current:				
General government	14,186,774	--	--	--
Judicial	6,836,892	--	--	--
Public safety - Police	61,559,718	--	--	--
Public safety - Fire	51,574,589	--	--	--
Public works	11,194,086	--	--	132
Community development and support	2,175,384	--	--	--
Community projects	--	--	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Intergovernmental	4,784,752	--	--	--
Capital outlay	11,900	--	--	13,528,200
Debt service:				
Principal	719,523	1,890,000	1,460,000	--
Interest	198,234	6,983,537	5,253,710	--
Fiscal charges	--	1,067,773	1,503,545	--
<b>TOTAL EXPENDITURES</b>	<b>153,241,852</b>	<b>9,941,310</b>	<b>8,217,255</b>	<b>13,528,332</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,818,648</u>	<u>(1,214,527)</u>	<u>(2,416,836)</u>	<u>(13,339,600)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	6,056	--	--	--
Transfers from other funds	5,932,971	--	2,807,738	--
Transfers to other funds	(26,196,776)	(636,156)	--	(3,281,415)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(20,257,749)</b>	<b>(636,156)</b>	<b>2,807,738</b>	<b>(3,281,415)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,439,101)</b>	<b>(1,850,683)</b>	<b>390,902</b>	<b>(16,621,015)</b>
FUND BALANCES - BEGINNING OF YEAR	10,067,050	10,965,108	2,051,081	44,894,514
PRIOR PERIOD ADJUSTMENT	--	--	--	--
FUND BALANCES, BEGINNING, AS RESTATED	<u>10,067,050</u>	<u>10,965,108</u>	<u>2,051,081</u>	<u>44,894,514</u>
FUND BALANCES, ENDING	<u>\$ 7,627,949</u>	<u>\$ 9,114,425</u>	<u>\$ 2,441,983</u>	<u>\$ 28,273,499</u>

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

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total
\$ --	\$ 23,016,033	\$ 79,889,904
--	595,868	3,168,898
--	86,289	37,212,757
--	6,192,665	69,077,917
--	11,053,411	13,568,132
--	3,947,306	19,671,203
--	41,471	3,990,373
1,338	246,894	1,941,746
--	1,170,581	1,234,503
--	2,246,326	2,251,978
145,681	2,322,947	4,692,883
25,163	1,936,251	2,104,364
<u>172,182</u>	<u>52,856,042</u>	<u>238,804,658</u>
--	1,292,621	15,479,395
--	174,467	7,011,359
--	--	61,559,718
--	--	51,574,589
--	9,692,103	20,886,321
--	6,925,178	9,100,562
--	3,479,694	3,479,694
--	17,081,909	17,081,909
267,316	2,787,863	3,055,179
--	--	4,784,752
--	7,133,408	20,673,508
--	9,437,344	13,506,867
--	6,736,746	19,172,227
--	213,299	2,784,617
<u>267,316</u>	<u>64,954,632</u>	<u>250,150,697</u>
<u>(95,134)</u>	<u>(12,098,590)</u>	<u>(11,346,039)</u>
--	14	6,070
--	24,136,504	32,877,213
--	(15,430,812)	(45,545,159)
<u>--</u>	<u>8,705,706</u>	<u>(12,661,876)</u>
<u>(95,134)</u>	<u>(3,392,884)</u>	<u>(24,007,915)</u>
36,704,431	40,448,677	145,130,861
--	(890,112)	(890,112)
<u>36,704,431</u>	<u>39,558,565</u>	<u>144,240,749</u>
<u>\$ 36,609,297</u>	<u>\$ 36,165,681</u>	<u>\$ 120,232,834</u>

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

## CITY OF RENO, NEVADA

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities For the Year Ended June 30, 2010

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES	\$ (24,007,915)
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 depreciation exceeded capital outlays in the current period.	(25,179,316)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.	11,706,076
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.	12,223,631
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	(13,096,570)
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>(2,049,347)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (40,403,441)</u></u>

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

**CITY OF RENO, NEVADA**

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 50,382,394	\$ 50,382,394	\$ 51,221,724	\$ 839,330
Special assessments	1,476,590	1,526,844	1,618,530	91,686
Licenses and permits:				
Business licenses and permits:				
Business licenses	13,420,000	11,700,000	11,287,373	(412,627)
City gaming licenses	2,200,000	2,100,000	2,046,810	(53,190)
Liquor licenses	1,250,000	1,213,000	1,277,056	64,056
Non-business licenses and permits	67,500	67,500	35,746	(31,754)
Franchises:				
Electricity	9,000,000	9,000,000	8,266,881	(733,119)
Telephone	4,000,000	3,600,000	3,435,740	(164,260)
Natural gas	3,100,000	3,700,000	3,396,125	(303,875)
Sanitation	2,300,000	2,200,000	2,199,114	(886)
Water	1,590,400	1,590,400	1,376,897	(213,503)
Sewer	2,040,000	2,040,000	2,020,040	(19,960)
Cable television	1,900,000	1,800,500	1,784,686	(15,814)
Total licenses and permits	<u>40,867,900</u>	<u>39,011,400</u>	<u>37,126,468</u>	<u>(1,884,932)</u>
Intergovernmental:				
Federal grants	239,868	3,181,931	2,482,956	(698,975)
State grants	295,951	1,687,753	31,765	(1,655,988)
State shared revenues	42,550,000	38,172,130	38,859,576	687,446
County shared revenues:				
County gaming licenses	1,764,000	1,700,000	1,660,646	(39,354)
AB 104	2,900,000	2,627,000	2,674,326	47,326
Fire consolidated payment	13,098,283	13,603,283	13,059,507	(543,776)
Other	16,000	132,000	290,927	158,927
Total intergovernmental	<u>60,864,102</u>	<u>61,104,097</u>	<u>59,059,703</u>	<u>(2,044,394)</u>
Charges for services:				
General government:				
Administration fees	810,000	610,000	780,228	170,228
TMWA contract payment	191,717	191,717	191,738	21
Indirect cost allocations	--	11,190,115	11,133,006	(57,109)
Internal charges for service	--	298,245	298,245	--
Other	500	500	28	(472)
Judicial:				
Municipal court charges	205,000	125,000	107,167	(17,833)

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services:				
Public safety:				
Police service charges	\$ 675,000	\$ 795,000	\$ 789,945	\$ (5,055)
Work permits	80,000	40,000	38,604	(1,396)
Fire service charges	1,211,700	570,000	536,263	(33,737)
Strike team reimbursements	--	--	389,533	389,533
Public works:				
Engineering fees	618,000	705,000	725,642	20,642
Parking receipts	858,000	813,000	730,607	(82,393)
Culture and recreation:				
Recreation facility/program fees	--	--	231	231
Other	15,000	5,000	2,660	(2,340)
Total charges for services	<u>4,664,917</u>	<u>15,343,577</u>	<u>15,723,897</u>	<u>380,320</u>
Fines and forfeits:				
Municipal court fines	4,725,000	3,880,000	3,254,650	(625,350)
Municipal court forfeitures	--	--	100	100
Delinquent license penalties	800,000	610,000	609,397	(603)
Total fines and forfeits	<u>5,525,000</u>	<u>4,490,000</u>	<u>3,864,147</u>	<u>(625,853)</u>
Miscellaneous:				
Investment earnings	300,000	285,000	23,728	(261,272)
Rent and royalties	2,500	2,500	5,652	3,152
Reimbursement and restitution	252,500	2,091,676	2,224,249	132,573
Private grants	--	136,132	63,922	(72,210)
Other	200,000	200,000	128,480	(71,520)
Total miscellaneous	<u>755,000</u>	<u>2,715,308</u>	<u>2,446,031</u>	<u>(269,277)</u>
<b>TOTAL REVENUES</b>	<u>164,535,903</u>	<u>174,573,620</u>	<u>171,060,500</u>	<u>(3,513,120)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
City Council:				
Salaries and wages	445,702	448,121	446,921	1,200
Employee benefits	274,703	259,809	271,595	(11,786)
Services and supplies	571,751	589,130	433,896	155,234
Subtotal	<u>1,292,156</u>	<u>1,297,060</u>	<u>1,152,412</u>	<u>144,648</u>
City Clerk:				
Salaries and wages	703,911	653,985	688,509	(34,524)
Employee benefits	264,167	261,755	269,378	(7,623)
Services and supplies	501,401	483,445	473,371	10,074
Subtotal	<u>1,469,479</u>	<u>1,399,185</u>	<u>1,431,258</u>	<u>(32,073)</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, 2010

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
City Manager:				
Salaries and wages	\$ 2,333,337	\$ 2,063,860	\$ 1,967,329	\$ 96,531
Employee benefits	978,982	792,529	813,554	(21,025)
Services and supplies	1,100,548	1,170,902	611,479	559,423
Subtotal	<u>4,412,867</u>	<u>4,027,291</u>	<u>3,392,362</u>	<u>634,929</u>
Finance:				
Salaries and wages	1,804,694	1,721,940	1,681,916	40,024
Employee benefits	762,880	696,788	704,940	(8,152)
Services and supplies	184,003	289,302	183,598	105,704
Subtotal	<u>2,751,577</u>	<u>2,708,030</u>	<u>2,570,454</u>	<u>137,576</u>
City Attorney:				
Salaries and wages	2,711,737	2,656,158	2,635,570	20,588
Employee benefits	1,135,188	1,033,382	1,036,219	(2,837)
Services and supplies	264,254	245,258	197,806	47,452
Subtotal	<u>4,111,179</u>	<u>3,934,798</u>	<u>3,869,595</u>	<u>65,203</u>
Human Resources:				
Salaries and wages	997,353	764,915	750,216	14,699
Employee benefits	471,502	388,287	505,652	(117,365)
Services and supplies	299,919	278,462	202,642	75,820
Subtotal	<u>1,768,774</u>	<u>1,431,664</u>	<u>1,458,510</u>	<u>(26,846)</u>
Civil Service Commission:				
Salaries and wages	206,774	200,015	202,221	(2,206)
Employee benefits	91,224	80,657	84,339	(3,682)
Services and supplies	72,302	51,302	25,623	25,679
Subtotal	<u>370,300</u>	<u>331,974</u>	<u>312,183</u>	<u>19,791</u>
General government summary:				
Salaries and wages	9,203,508	8,508,994	8,372,682	136,312
Employee benefits	3,978,646	3,513,207	3,685,677	(172,470)
Services and supplies	2,994,178	3,107,801	2,128,415	979,386
Total General government	<u>16,176,332</u>	<u>15,130,002</u>	<u>14,186,774</u>	<u>943,228</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Judicial:				
Salaries and wages	\$ 4,282,489	\$ 4,187,943	\$ 4,123,093	\$ 64,850
Employee benefits	1,904,053	1,919,241	1,909,694	9,547
Services and supplies	841,692	888,324	804,105	84,219
Total Judicial	<u>7,028,234</u>	<u>6,995,508</u>	<u>6,836,892</u>	<u>158,616</u>
Public safety:				
Police department:				
Salaries and wages	38,405,399	39,408,513	38,613,741	794,772
Employee benefits	18,796,473	17,380,826	18,457,743	(1,076,917)
Services and supplies	3,085,067	7,466,541	4,488,234	2,978,307
Total Police Department	<u>60,286,939</u>	<u>64,255,880</u>	<u>61,559,718</u>	<u>2,696,162</u>
Fire department:				
Salaries and wages	31,101,935	33,255,409	33,831,760	(576,351)
Employee benefits	15,324,057	14,974,538	15,157,176	(182,638)
Services and supplies	3,257,073	3,071,747	2,585,653	486,094
Capital outlay	250,000	170,700	11,900	158,800
Subtotal	<u>49,933,065</u>	<u>51,472,394</u>	<u>51,586,489</u>	<u>(114,095)</u>
Public safety summary:				
Salaries and wages	69,507,334	72,663,922	72,445,501	218,421
Employee benefits	34,120,530	32,355,364	33,614,919	(1,259,555)
Services and supplies	6,342,140	10,538,288	7,073,887	3,464,401
Capital outlay	250,000	170,700	11,900	158,800
Total public safety	<u>110,220,004</u>	<u>115,728,274</u>	<u>113,146,207</u>	<u>2,582,067</u>
Public works:				
Salaries and wages	5,201,130	4,731,691	4,529,595	202,096
Employee benefits	2,237,585	2,045,703	1,974,917	70,786
Services and supplies	5,195,431	5,119,599	4,689,574	430,025
Total public works	<u>12,634,146</u>	<u>11,896,993</u>	<u>11,194,086</u>	<u>702,907</u>
Planning and community development:				
Salaries and wages	1,054,557	1,046,458	1,059,844	(13,386)
Employee benefits	427,207	420,528	433,456	(12,928)
Services and supplies	708,593	702,435	682,084	20,351
Total planning and community development	<u>2,190,357</u>	<u>2,169,421</u>	<u>2,175,384</u>	<u>(5,963)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Intergovernmental:				
Retired Employees Trust	\$ 3,200,000	\$ 3,500,000	\$ 3,698,761	\$ (198,761)
Miscellaneous	3,650,000	(29,466)	1,085,991	(1,115,457)
Total Intergovernmental	<u>6,850,000</u>	<u>3,470,534</u>	<u>4,784,752</u>	<u>(1,314,218)</u>
<b>DEBT SERVICE</b>				
Principal	719,523	719,523	719,523	--
Interest	198,234	198,234	198,234	--
Total Debt Service	<u>917,757</u>	<u>917,757</u>	<u>917,757</u>	<u>--</u>
<b>TOTAL EXPENDITURES</b>	<u>156,016,830</u>	<u>156,308,489</u>	<u>153,241,852</u>	<u>3,066,637</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>8,519,073</u>	<u>18,265,131</u>	<u>17,818,648</u>	<u>(446,483)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	--	11,056	6,056	(5,000)
Transfers from other funds	3,298,713	6,062,124	5,932,971	(129,153)
Transfers to other funds	(27,394,894)	(26,326,932)	(26,196,776)	130,156
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(24,096,181)</u>	<u>(20,253,752)</u>	<u>(20,257,749)</u>	<u>(3,997)</u>
<b>NET CHANGES IN FUND BALANCES</b>	(15,577,108)	(1,988,621)	(2,439,101)	(450,480)
<b>CONTINGENCY</b>	(1,183,021)	(149,057)	--	149,057
<b>FUND BALANCES, BEGINNING</b>	<u>10,288,450</u>	<u>10,067,050</u>	<u>10,067,050</u>	<u>--</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ (6,471,679)</u>	<u>\$ 7,929,372</u>	<u>\$ 7,627,949</u>	<u>\$ (301,423)</u>

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

**CITY OF RENO, NEVADA**

Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2010

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental
	Sanitary Sewer Fund	Building Permit Fund	Planning Fund	Nonmajor Enterprise Funds		Internal Service Funds
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$ 8,651,834	\$ 419	\$ 176	\$ 505,967	\$ 9,158,396	\$ 12,587,216
Receivables:						
Accounts receivable	4,789,163	--	49,749	146,774	4,985,686	152,355
Accrued interest	23,000	--	--	478	23,478	36,375
From other governments	1,036,231	--	--	1,065	1,037,296	1,514,187
Inventories	84,413	2,990	--	28,404	115,807	137,883
Due from other funds	5,929,383	--	--	--	5,929,383	8,723,646
Prepaid expenses	400	--	--	--	400	390,079
Restricted assets:						
Cash and investments	21,198,347	--	--	--	21,198,347	--
Accrued interest receivable	44,035	--	--	--	44,035	--
Accounts receivable	213,980	--	--	--	213,980	--
Due from other governments	606,863	--	--	--	606,863	--
<b>Total Current Assets</b>	<b>42,577,649</b>	<b>3,409</b>	<b>49,925</b>	<b>682,688</b>	<b>43,313,671</b>	<b>23,541,741</b>
Noncurrent Assets:						
Capital assets:						
Land	7,727,157	107,317	--	1,600,000	9,434,474	--
Water rights	1,812,114	--	--	1,125,000	2,937,114	--
Buildings	12,357,401	--	--	1,153,242	13,510,643	--
Improvements other than buildings	321,529,331	591,534	--	7,196,726	329,317,591	--
Machinery and equipment	1,166,174	69,700	--	412,795	1,648,669	24,934,151
Construction in progress	48,287,495	--	--	--	48,287,495	--
<b>Total Capital Assets</b>	<b>392,879,672</b>	<b>768,551</b>	<b>--</b>	<b>11,487,763</b>	<b>405,135,986</b>	<b>24,934,151</b>
Less accumulated depreciation	(91,854,749)	(283,497)	--	(5,807,686)	(97,945,932)	(17,548,690)
<b>Net Capital Assets</b>	<b>301,024,923</b>	<b>485,054</b>	<b>--</b>	<b>5,680,077</b>	<b>307,190,054</b>	<b>7,385,461</b>
Other assets:						
Delinquent accounts receivable	3,023,340	--	--	--	3,023,340	--
Long-term notes receivable	9,696,327	--	--	--	9,696,327	--
Deferred charges	192,443	--	--	51,705	244,148	--
Investment in Truckee Meadows Water Reclamation Facility	83,153,426	--	--	--	83,153,426	--
<b>Total Noncurrent Assets</b>	<b>397,090,459</b>	<b>485,054</b>	<b>--</b>	<b>5,731,782</b>	<b>403,307,295</b>	<b>7,385,461</b>
<b>TOTAL ASSETS</b>	<b>439,668,108</b>	<b>488,463</b>	<b>49,925</b>	<b>6,414,470</b>	<b>446,620,966</b>	<b>30,927,202</b>

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, 2010

	Business-Type Activities - Enterprise Funds					Governmental
	Sanitary Sewer Fund	Building Permit Fund	-- Planning Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	\$ 4,050,188	\$ 17,999	\$ 11,287	\$ 68,411	\$ 4,147,885	\$ 225,484
Accrued salaries and benefits	220,402	68,349	39,097	201,346	529,194	121,890
Contracts and retained percentage payable	269,067	--	--	--	269,067	28,800
Accrued interest payable	982,877	--	--	--	982,877	--
Compensated absences payable	727,341	256,925	183,056	593,788	1,761,110	350,738
Due to other funds	--	569,681	1,959,702	--	2,529,383	8,223,646
Due to other governments	--	296	4,310	--	4,606	--
Deposits	42,158	--	--	4,481	46,639	--
Other liabilities	149,080	--	--	--	149,080	3,411
Bonds and notes payable	6,174,629	--	--	205,000	6,379,629	--
Liability for self-insurance	--	--	--	--	--	5,498,406
Total Current Liabilities (payable from current assets)	<u>12,615,742</u>	<u>913,250</u>	<u>2,197,452</u>	<u>1,073,026</u>	<u>16,799,470</u>	<u>14,452,375</u>
Current liabilities (payable from restricted assets):						
Accounts payable	12,009	--	--	--	12,009	--
Contracts and retained percentage payable	225,193	--	--	--	225,193	--
Total Current Liabilities (payable from restricted assets)	<u>237,202</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>237,202</u>	<u>--</u>
Total Current Liabilities	<u>12,852,944</u>	<u>913,250</u>	<u>2,197,452</u>	<u>1,073,026</u>	<u>17,036,672</u>	<u>14,452,375</u>
Noncurrent Liabilities:						
Compensated absences payable	--	175,604	--	80,799	256,403	--
Other post-employment benefits liability	885,298	482,784	168,577	759,734	2,296,393	540,634
Bonds and notes payable	83,987,605	--	--	2,067,336	86,054,941	--
Liability for self-insurance	--	--	--	--	--	36,420,749
Total Noncurrent Liabilities	<u>84,872,903</u>	<u>658,388</u>	<u>168,577</u>	<u>2,907,869</u>	<u>88,607,737</u>	<u>36,961,383</u>
<b>TOTAL LIABILITIES</b>	<u>97,725,847</u>	<u>1,571,638</u>	<u>2,366,029</u>	<u>3,980,895</u>	<u>105,644,409</u>	<u>51,413,758</u>
<b>NET ASSETS</b>						
Invested in capital, net of related debt	210,862,689	485,054	--	3,407,741	214,755,484	7,385,461
Restricted for:						
Capital projects	21,826,023	--	--	--	21,826,023	--
Claims	--	--	--	--	--	16,609,525
Unrestricted (deficit)	<u>109,253,549</u>	<u>(1,568,229)</u>	<u>(2,316,104)</u>	<u>(974,166)</u>	<u>104,395,050</u>	<u>(44,481,542)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 341,942,261</u>	<u>\$ (1,083,175)</u>	<u>\$ (2,316,104)</u>	<u>\$ 2,433,575</u>	<u>340,976,557</u>	<u>\$ (20,486,556)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(11,157,065)	
Net assets of business-type activities (page 21)					<u>\$ 329,819,492</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, 2010**

	Business-Type Activities - Enterprise Funds					Governmental
	Sanitary	Building	Planning	Nonmajor	Total	Activities
	Sewer Fund	Permit Fund	Fund	Enterprise Funds	Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 40,461,250	\$ 4,169,317	\$ 881,187	\$ 1,334,011	\$ 46,845,765	\$ 24,512,157
Licenses and permits	259,475	--	--	--	259,475	--
Fines and forfeitures	2,017,697	--	--	--	2,017,697	--
Miscellaneous	215,282	1,665	415	2,979	220,341	1,192,266
<b>TOTAL OPERATING REVENUES</b>	<b>42,953,704</b>	<b>4,170,982</b>	<b>881,602</b>	<b>1,336,990</b>	<b>49,343,278</b>	<b>25,704,423</b>
<b>OPERATING EXPENSES</b>						
Salaries and wages	5,218,407	1,786,711	972,196	4,905,427	12,882,741	3,180,523
Employee benefits	2,492,757	975,538	446,988	2,085,863	6,001,146	1,555,129
Services and supplies	8,498,785	1,166,933	1,326,432	1,156,720	12,148,870	27,053,531
Joint Sewer plant	12,861,934	--	--	--	12,861,934	--
Depreciation	8,360,691	39,988	--	270,566	8,671,245	2,131,125
Loss on retirement of assets	--	--	--	--	--	30,130
<b>TOTAL OPERATING EXPENSES</b>	<b>37,432,574</b>	<b>3,969,170</b>	<b>2,745,616</b>	<b>8,418,576</b>	<b>52,565,936</b>	<b>33,950,438</b>
<b>OPERATING INCOME (LOSS)</b>	<b>5,521,130</b>	<b>201,812</b>	<b>(1,864,014)</b>	<b>(7,081,586)</b>	<b>(3,222,658)</b>	<b>(8,246,015)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Private grants	146,071	--	--	--	146,071	--
Federal grants	2,766,362	--	--	1,065	2,767,427	--
Investment earnings	62,881	(674)	(53)	(1,213)	60,941	31,069
Debt service - interest	(2,585,885)	--	--	(89,219)	(2,675,104)	--
Debt service - fiscal charges	(9,653)	--	--	(5,166)	(14,819)	--
Gain on asset disposal	--	--	--	--	--	102,612
Net loss from Truckee Meadows Water Reclamation Facility	(3,716,174)	--	--	--	(3,716,174)	--
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(3,336,398)</b>	<b>(674)</b>	<b>(53)</b>	<b>(94,533)</b>	<b>(3,431,658)</b>	<b>133,681</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>2,184,732</b>	<b>201,138</b>	<b>(1,864,067)</b>	<b>(7,176,119)</b>	<b>(6,654,316)</b>	<b>(8,112,334)</b>
<b>CAPITAL CONTRIBUTIONS</b>						
Connection charges	2,710,030	--	--	--	2,710,030	--
Contribution of assets	4,251,931	--	--	--	4,251,931	21,730
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>6,961,961</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6,961,961</b>	<b>21,730</b>
<b>TRANSFERS</b>						
Transfers in	194,018	20,000	1,868,000	6,361,057	8,443,075	5,286,871
Transfers out	(262,000)	(20,000)	--	--	(282,000)	(780,000)
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>(67,982)</b>	<b>--</b>	<b>1,868,000</b>	<b>6,361,057</b>	<b>8,161,075</b>	<b>4,506,871</b>
<b>CHANGES IN NET ASSETS</b>	<b>9,078,711</b>	<b>201,138</b>	<b>3,933</b>	<b>(815,062)</b>	<b>8,468,720</b>	<b>(3,583,733)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>332,745,710</b>	<b>(1,284,313)</b>	<b>(2,320,037)</b>	<b>3,248,637</b>		<b>(16,902,823)</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>117,840</b>	<b>-</b>	<b>-</b>	<b>--</b>		<b>--</b>
<b>NET ASSETS, BEGINNING, AS RESTATED</b>	<b>332,863,550</b>	<b>(1,284,313)</b>	<b>(2,320,037)</b>	<b>3,248,637</b>		<b>(16,902,823)</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 341,942,261</b>	<b>\$ (1,083,175)</b>	<b>\$ (2,316,104)</b>	<b>\$ 2,433,575</b>		<b>\$ (20,486,556)</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(1,534,386)	
Change in net assets of business-type activities (page 23)					\$ 6,934,334	

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, 2010

	Business-type Activities - Enterprise Funds					Governmental
	Sanitary	Building		Nonmajor	Total	Internal
	Sewer Fund	Permit Fund	Planning Fund	Enterprise Funds	Enterprise Funds	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 48,251,914	\$ 4,170,931	\$ 841,642	\$ 1,193,193	\$ 54,457,680	\$ --
Cash received from other funds for services	15,318	--	--	--	15,318	22,912,632
Cash received from miscellaneous income, reimbursements and restitutions	205,282	51	415	2,978	208,726	1,293,764
Cash paid for employee's salaries and benefits	(6,336,619)	(2,512,114)	(1,154,879)	(5,888,005)	(15,891,617)	(3,937,499)
Cash payments to suppliers for goods and services	(15,702,979)	(124,560)	(21,652)	(455,745)	(16,304,936)	(26,349,717)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(3,302,386)	(1,329,785)	(1,411,509)	(1,293,137)	(7,336,817)	(1,985,816)
Cash paid to deferred compensation plans	(193,391)	(68,930)	(43,380)	(84,916)	(390,617)	(103,949)
Loss from sale of machinery and equipment	--	--	--	--	--	(25,975)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>22,937,139</b>	<b>135,593</b>	<b>(1,789,363)</b>	<b>(6,525,632)</b>	<b>14,757,737</b>	<b>(8,196,560)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Temporary loans received from other funds	--	--	--	--	--	4,003,645
Cash repayments for loans received from other funds	--	(180,319)	(140,298)	--	(320,617)	--
Temporary loans extended to other funds	(3,079,383)	--	--	--	(3,079,383)	(4,503,646)
Cash received from private grants	146,071	--	--	1,065	147,136	--
Cash received from federal grants	1,031,898	--	--	--	1,031,898	--
Transfers in	194,018	20,000	1,868,000	6,361,057	8,443,075	5,286,871
Transfers out	(262,000)	(20,000)	--	--	(282,000)	(780,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,969,396)</b>	<b>(180,319)</b>	<b>1,727,702</b>	<b>6,362,122</b>	<b>5,940,109</b>	<b>4,006,870</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Cash received from connection charges	2,710,030	--	--	--	2,710,030	--
Investment in Truckee Meadows Water Reclamation Facility	795,939	--	--	--	795,939	--
Proceeds from sale of capital assets	--	--	--	--	--	102,612
Payments to dispose of capital assets	(489)	--	--	--	(489)	--
Acquisition and construction of capital assets	(8,069,118)	--	--	--	(8,069,118)	(333,806)
Payments on bonds payable	(5,959,876)	--	--	(200,000)	(6,159,876)	--
Interest and fiscal charges paid on debt	(2,651,129)	--	--	(94,964)	(2,746,093)	--
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(13,174,643)</b>	<b>--</b>	<b>--</b>	<b>(294,964)</b>	<b>(13,469,607)</b>	<b>(231,194)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment earnings received	105,984	(674)	(54)	(331)	104,925	91,850
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,899,084</b>	<b>(45,400)</b>	<b>(61,715)</b>	<b>(458,805)</b>	<b>7,333,164</b>	<b>(4,329,034)</b>
<b>PRIOR YEAR ADJUSTMENT</b>	<b>117,840</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>117,840</b>	<b>--</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>21,833,257</b>	<b>45,819</b>	<b>61,891</b>	<b>964,772</b>	<b>22,905,739</b>	<b>16,916,250</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 29,850,181</b>	<b>\$ 419</b>	<b>\$ 176</b>	<b>\$ 505,967</b>	<b>\$ 30,356,743</b>	<b>\$ 12,587,216</b>

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

continued

# CITY OF RENO, NEVADA

## Statement of Cash Flows (continued) Proprietary Funds For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Governmental
	Sanitary	Building		Nonmajor	Total	Activities
	Sewer Fund	Permit Fund	Planning Fund	Enterprise Funds	Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 5,521,130	\$ 201,812	\$ (1,864,014)	\$ (7,081,586)	\$ (3,222,658)	\$ (8,246,015)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	8,360,691	39,988	--	270,566	8,671,245	2,131,125
Changes in assets and liabilities:						
(Increases) decrease:						
Accounts receivable	594,416	--	(39,545)	(146,774)	408,097	5,917
Deferred charges	9,653	--	--	--	9,653	--
Due from other governments	5,201,238	--	--	(1,065)	5,200,173	(1,503,944)
Inventories	1,358	(139)	--	16,004	17,223	61,368
Prepaid expenses	10,998	--	--	--	10,998	6,288
Increase (decrease):						
Accounts payable	3,897,429	14,153	5,123	25,321	3,942,026	117,083
Accrued salaries and benefits	11,501	96,366	75,783	2,634	186,284	(3,968)
Compensated absences payable	77,172	(216,587)	31,676	382,246	274,507	12,785
Contracts and retained percentage payable	(816,742)	--	--	--	(816,742)	28,800
Accrued liabilities	(276,355)	--	1,614	7,022	(267,719)	(1,027,656)
OPEB liability	344,650	--	--	--	344,650	221,657
Total adjustments	17,416,009	(66,219)	74,651	555,954	17,980,395	49,455
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 22,937,139</u>	<u>\$ 135,593</u>	<u>\$ (1,789,363)</u>	<u>\$ (6,525,632)</u>	<u>\$ 14,757,737</u>	<u>\$ (8,196,560)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions:						
Contribution of assets	<u>\$ 4,251,931</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,251,931</u>	<u>\$ 21,730</u>

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

**CITY OF RENO, NEVADA**

Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2010

ASSETS	
Cash and investments	\$ 8,919,003
Accrued interest receivable	69,605
Special assessments:	
Current	1,021,759
Delinquent	40,836
TOTAL ASSETS	<u>\$ 10,051,203</u>
LIABILITIES	
Accounts payable	\$ 8,715
Accrued liabilities	62,067
Deposits	2,779,766
Due to other governments	57
Due to others	7,200,598
TOTAL LIABILITIES	<u>\$ 10,051,203</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, 2010

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, the Redevelopment Agency Capital Projects Fund, and the Redevelopment Agency Debt Service Fund.

**Government-Wide and Fund Financial Statements**

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

# CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

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

Government-Wide and Fund Financial Statements (continued)

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are associated with a specific function or business-type activity. In addition to direct expenses, the functional expense amounts reported on the Statement of Activities include indirect expenses allocated to each function. 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.

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.

# CITY OF RENO, NEVADA

## Notes to Financial Statements June 30, 2010

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

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

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 90-day availability period is used for revenue recognition for special assessment revenues and all other revenues except for ad valorem taxes. The City considers ad valorem taxes as available if they are collected within 30 days after year-end. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, which are recorded as fund liabilities when due.

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

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

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

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

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

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 **Streets Capital Projects Fund** is used to account for street capital improvement projects. Resources are provided by street project impact fees.

The **Redevelopment Agency Capital Projects Fund** is used to account for expenses related to the construction of the Triple A Ballpark and the Fire Station Relocation projects.

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.

# CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

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

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

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.
2. Public hearings are conducted prior to the adoption of the budget to obtain taxpayer comment.
3. On or before June 1, the budget is legally adopted by a majority vote of the City Council members.

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

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

### Budgets and Budgetary Accounting (continued)

4. The City Manager is authorized under Nevada law to amend the budget by transferring appropriations within 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.

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.

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

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

### 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.

### Property Held for Resale

Property Held for Resale is reported in the governmental funds statements and in the governmental column on the government-wide financial statements. Property held for resale represents land and other capital-related assets that are held by the Redevelopment Agency for eventual resale rather than to support Agency obligations.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

Capital Assets

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

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

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

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.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

Allowance for Uncollectible Receivables (continued)

Long-term notes receivables for the Community Development Block Grants and HOME Grants are offset by an allowance for uncollectible receivables due to the long-term nature of the receivables and the uncertainty of repayment of these notes.

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.

Long-Term Liabilities

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

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

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

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

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

### Fund Equity

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

- a. **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Assets** – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

# CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

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

## Implementation of New Accounting Standards

### *GASB Statement No. 51*

The City of Reno adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets, and that existing guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable.

Implementation of GASB Statement No. 51 primarily impacted the City's government-wide financial statements, and the Capital Assets note disclosure, Note 5, for the year ended June 30, 2010. A prior period adjustment of \$3,187,812 was made to adjust the beginning net assets of governmental activities as a result of the implementation of GASB Statement No. 51.

### *GASB Statement No. 53*

The City of Reno adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements, used by governments to manage specific risks or to make investments.

GASB 53 generally requires that the fair value changes of derivatives be recorded in investment income or loss, unless those derivatives qualify and pass one of the tests of an effective hedge, in which case the fair value changes are deferred. GASB 53 also outlines the methods used to determine whether a derivative effectively hedges an identified risk and whether that derivative's fair value change will be deferred or will be recorded as investment income or expense. All state and local governments and authorities are required to implement this Statement no later than the first fiscal year ending after June 15, 2009.

Implementation of GASB Statement No. 53 primarily impacted the City's government-wide financial statements. Additional information is provided at Note 9.

CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

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 difference are as follows:

Bonds payable, net of bond premium and discount	\$ (503,338,344)
Bond premiums (discounts) outstanding	(297,765)
Notes payable	(11,007,754)
Deferred loss on refunding transactions	35,328,057
Less: Current year amortization	(1,346,925)
Net OPEB obligation	(32,451,302)
Accrued interest payable	(1,624,433)
Compensated absences	(26,031,572)
Net Difference in Reporting Long-Term Liabilities	<u><u>\$ (540,770,038)</u></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	\$ 9,096,896
Less: Current year amortization	(506,436)
Net Difference in Reporting Other Assets	<u><u>\$ 8,590,460</u></u>

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

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

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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)

Capital outlay	\$ 20,673,508
Depreciation expense	(45,852,824)
Net Difference in Reporting Capital Asset Activity	\$ (25,179,316)

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	(414,217)
Donations of capital assets	12,120,293
Net Difference in Reporting Revenues	\$ 11,706,076

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:

Accrued interest	\$ 63,689
Amortization of deferred gain (loss) on refunding	(1,346,925)
Principal repayments:	
General obligation debt	11,998,344
Notes payable and capital leases	1,508,523
Net Difference in Reporting Long-Term Debt Transactions	\$ 12,223,631

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

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

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

Amortization of current year bond discounts	\$ 298,942
Amortization of current year bond costs	(506,436)
Net OPEB obligation liability	(14,364,658)
Compensated absences change	<u>1,475,582</u>
Net Difference in Reporting Other Long-Term Transactions	<u>\$ (13,096,570)</u>

Note 3: **Cash and Investments**

The following is a reconciliation of the City’s deposit and investment balances as of June 30, 2010:

*Pooled Cash and Investments:*

Cash on hand	\$ 33,581
Cash in bank	26,105,565
Certificates of deposit	4,268,000
Investments	<u>82,536,215</u>
Total pooled cash and investments	<u>112,943,361</u>

*Non-Pooled Cash and Investments*

Petty cash	\$ 22,682
Cash in bank	381,480
Certificates of deposit	12,597
Investments	<u>14,950,506</u>
Total non-pooled cash and investments	<u>15,367,265</u>
Total cash and investments	<u>\$ 128,310,626</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

Total cash and investments at June 30, 2010 were presented on the City's financial statements as follows:

Governmental activities	\$ 89,034,880
Business-type activities	30,356,743
Fiduciary funds	<u>8,919,003</u>
Total cash and investments	<u>\$ 128,310,626</u>

State statutes govern the City's deposit policies. City monies must be deposited in insured banks, credit unions, 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, 2010

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

The following table identifies the investment types, maximum maturity, portfolio concentration limits, and minimum credit ratings authorized for the City of Reno by NRS 355.170:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating S &amp; P</u>	<u>Moody</u>
Banker's Acceptances	180	20%	5%	A-1	P-1
Commercial Paper	270 days	20%	None	A-1	P-1
Money Market Mutual Funds	None	None	None	AAA	Aaa
Negotiable Certificates of Deposit	None	None	None	n/a	n/a
Collateralized Nonnegotiable Certificates of Deposit	None	None	None	n/a	n/a
Negotiable notes/medium-term obligations of local governments of the State of Nevada	None	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, 2010, the City had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
<b>Pooled Investments</b>						
U.S. Treasury Notes	1.875%	6/15/2012	\$ 18,440,000	\$ 18,736,769	\$ 18,895,284	1.96
U.S. Agency Obligations	0.550% - 5.75%	07/15/2010 - 03/16/2015				
Federal Home Loan Banks			23,880,000	24,797,337	24,585,345	0.58
Federal Farm Credit Banks			17,773,000	18,150,520	18,054,644	0.46
FHLMCMTN			102,000	105,203	102,957	0.00
FNMAMTN			20,000,000	20,040,625	20,090,600	0.77
State of Nevada Local Government Investment Pool	Variable	On Demand	n/a	1,435	1,435	0.1806
Repurchase Agreements	Variable	7/1/2010	n/a	805,950	805,950	--
<b>Total Pooled Investments</b>				<u>82,637,839</u>	<u>82,536,215</u>	<u>0.45</u>
<b>Non-Pooled Investments</b>						
Money Market Accounts	Variable	On Demand	n/a	14,950,506	14,950,506	--
<b>Total Non-Pooled Investments</b>				<u>14,950,506</u>	<u>14,950,506</u>	<u>--</u>
<b>Total Investments</b>					<u>\$ 97,486,721</u>	

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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 the pool shares.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time. The City manages its exposure to declines in fair values by limiting its weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy.

**Credit Risk**

State law sets forth the types of investments, as shown on page 59, authorized by local governments. The City's investment policy does not further restrict these investments.

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. As shown, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

	<b>S&amp;P</b>	<b>Moody's</b>	<b>% of Portfolio</b>
<b>Pooled Investments</b>			
U.S. Agency Obligations	AAA	Aaa	76.13%
U.S. Treasury Note	AAA	Aaa	22.89%
Repurchase Agreement	Unrated	Unrated	0.98%
State of Nevada Local Government Investment Pool	Unrated	Unrated	0.00%
<b>Total Pooled Investments</b>			<b>100.00%</b>
	<b>S&amp;P</b>	<b>Moody's</b>	<b>% of Portfolio</b>
<b>Non-Pooled Investments</b>			
Money Market accounts	Unrated	Unrated	100.00%
<b>Total Non-Pooled Investments</b>			<b>100.00%</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law helps protect against this potential loss by setting limits on the maximum percentage of the investment pool that can be invested in a single issuer.

GASB Statement No. 40 requires any single issuers that do not meet certain criteria to be disclosed as concentrations of credit risk. As of the year ended June 30, 2010, more than 5% of the City's pooled investments were invested in the following issuers:

Federal Farm Credit Banks	21.87%
Federal Home Loan Banks	29.79%
FNMAMTN	24.34%

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.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 4: **Property Tax** (continued)

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 3.50% 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.

Note 5: **Capital Assets**

Capital Asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009 as Restated	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2010
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 148,176,183	\$ 2,437,769	\$ --	\$ --	\$ 150,613,952
Construction in progress	31,695,921	20,142,936	--	(1,311,891)	50,526,966
Total capital assets, not being depreciated	<u>179,872,104</u>	<u>22,580,705</u>	<u>--</u>	<u>(1,311,891)</u>	<u>201,140,918</u>
Capital assets, being depreciated:					
Buildings	215,710,337	26,581	--	761,343	216,498,261
Art and historical treasures	2,283,713	--	--	--	2,283,713
Improvements other than buildings	297,080,702	60,000	--	853,792	297,994,494
Equipment and motor vehicles	49,264,796	657,555	(1,929,196)	(266,395)	47,726,760
Computer software	7,364,142	--	--	--	7,364,142
Infrastructure	838,111,442	9,890,693	--	--	848,002,135
Total capital assets, being depreciated	<u>1,409,815,132</u>	<u>10,634,829</u>	<u>(1,929,196)</u>	<u>1,348,740</u>	<u>1,419,869,505</u>
Less accumulated depreciation for:					
Buildings	(33,609,457)	(5,033,351)	--	--	(38,642,808)
Art and historical treasures	(395,710)	(53,689)	--	--	(449,399)
Improvements other than buildings	(40,038,173)	(5,300,148)	--	(54,543)	(45,392,864)
Equipment and motor vehicles	(28,565,579)	(3,530,620)	1,858,843	17,694	(30,219,662)
Computer software	(4,176,330)	(511,023)	--	--	(4,687,353)
Infrastructure	(430,643,609)	(33,555,118)	--	--	(464,198,727)
Total accumulated depreciation	<u>(537,428,858)</u>	<u>(47,983,949)</u>	<u>1,858,843</u>	<u>(36,849)</u>	<u>(583,590,813)</u>
Total capital assets, being depreciated, net	<u>872,386,274</u>	<u>(37,349,120)</u>	<u>(70,353)</u>	<u>1,311,891</u>	<u>836,278,692</u>
Governmental activities capital assets, net	<u>\$ 1,052,258,378</u>	<u>\$ (14,768,415)</u>	<u>\$ (70,353)</u>	<u>\$ --</u>	<u>\$ 1,037,419,610</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

	Balance July 1, 2009 as Restated	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2010
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land and water rights	\$ 12,371,588	\$ --	\$ --	\$ --	\$ 12,371,588
Construction in progress	59,323,069	6,912,326	--	(17,947,900)	48,287,495
Total capital assets, not being depreciated	<u>71,694,657</u>	<u>6,912,326</u>	<u>--</u>	<u>(17,947,900)</u>	<u>60,659,083</u>
Capital assets, being depreciated:					
Buildings	13,510,643	--	--	--	13,510,643
Improvements other than buildings	305,997,780	4,251,931	(17,706)	19,085,586	329,317,591
Machinery and equipment	1,996,198	28,880	(339,560)	(36,849)	1,648,669
Total capital assets, being depreciated	<u>321,504,621</u>	<u>4,280,811</u>	<u>(357,266)</u>	<u>19,048,737</u>	<u>344,476,903</u>
Accumulated depreciation for:					
Buildings	(4,790,427)	(349,405)	--	--	(5,139,832)
Improvements other than buildings	(83,429,953)	(8,211,392)	7,931	--	(91,633,414)
Machinery and equipment	(1,438,648)	(110,448)	339,561	36,849	(1,172,686)
Total accumulated depreciation	<u>(89,659,028)</u>	<u>(8,671,245)</u>	<u>347,492</u>	<u>36,849</u>	<u>(97,945,932)</u>
Total capital assets, being depreciated, net	<u>231,845,593</u>	<u>(4,390,434)</u>	<u>(9,774)</u>	<u>19,085,586</u>	<u>246,530,971</u>
Business-type activities capital assets, net	<u>\$ 303,540,250</u>	<u>\$ 2,521,892</u>	<u>\$ (9,774)</u>	<u>\$ 1,137,686</u>	<u>\$ 307,190,054</u>

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

**Governmental Activities:**

General government	\$ 1,362,481
Judicial	399,785
Police	448,653
Fire	1,002,064
Public works	38,397,108
Planning and community development	276,804
Culture and recreation	3,754,060
Urban redevelopment	211,869
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,131,125</u>
Total depreciation expense - governmental activities	<u>\$ 47,983,949</u>

**Business-type Activities:**

Sanitary Sewer Fund	\$ 8,360,691
Golf Course Fund	270,566
Building Permit Fund	39,988
Total depreciation expense - business-type activities	<u>\$ 8,671,245</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

Commitments outstanding for construction at June 30, 2010, totaled approximately \$25.7 million.

Enterprise fund construction in progress at June 30, 2010, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, and treatment plan improvements. Outstanding construction commitments total \$4.4 million for City of Reno enterprise fund projects and \$1.9 million for the Truckee Meadows Water Reclamation Facility improvements.

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, 2010, approximately 68.63% of the Facility's capacity was owned by Reno and 31.37% 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, 2010, the City of Reno's share of the Facility's loss after contributions and an adjustment to capital assets, as recorded in the Sanitary Sewer Enterprise Fund, was (\$3,716,174).

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, 2010

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

Summary June 30, 2010 financial information for the Facility is as follows:

<b>ASSETS</b>	
Current assets	\$ 4,455,244
Utility plant	116,048,385
Total Assets	<u>120,503,629</u>
<b>LIABILITIES AND EQUITY</b>	
Current liabilities	2,170,138
Noncurrent liabilities	922,639
Total Liabilities	<u>3,092,777</u>
Net Assets:	
Invested in capital assets, net of related debt	116,042,472
Unrestricted	1,368,380
Total Net Assets	<u>117,410,852</u>
<b>OPERATING INFORMATION</b>	
Operating revenue	16,978,940
Operating expenses before depreciation	(16,978,940)
Depreciation	(5,324,349)
Nonoperating income (expense)	<u>(308,923)</u>
Loss before contributions	(5,633,272)
Capital contributions	<u>879,568</u>
Change in Net Assets	(4,753,704)
Net Assets, Beginning of Year	<u>122,164,556</u>
Net Assets, End of Year	<u>\$ 117,410,852</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 7: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2010 is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 185,539	Cover short-term cash requirements
Nonmajor Governmental Funds	General Fund	4,500,000	Cover short-term cash requirements due to timing of revenue receipt
ReTRAC Debt Service	Nonmajor Governmental Funds	185,893	Cover short-term cash requirements
Streets Capital Projects Fund	Nonmajor Governmental Funds	1,970,409	Cover short-term cash requirements
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,751,309	Cover short-term cash requirements
Sanitary Sewer Enterprise Fund	Nonmajor Governmental Funds	3,400,000	Cover short-term cash requirements
Sanitary Sewer Enterprise Fund	Building Enterprise Fund	569,681	Cover short-term cash requirements
Sanitary Sewer Enterprise Fund	Planning Enterprise Fund	1,959,702	Cover short-term cash requirements
Internal Service Funds	General Fund	500,000	Cover short-term cash requirements
Internal Service Funds	Internal Service Funds	8,223,646	Cover short-term cash requirements
	Total	<u>\$ 23,246,179</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, 2010

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	Building Fund	\$ 20,000	Subsidize operations
	Planning Fund	1,848,000	Subsidize operations
	Nonmajor Enterprise Funds	<u>5,899,306</u>	Subsidize operations
		7,767,306	
Nonmajor Governmental Funds	Sanitary Sewer Fund	194,018	Repay temporary loan for Gold operations
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	179,751	Subsidize operations
Internal Service Funds	Nonmajor Enterprise Funds	<u>20,000</u>	
	Total	<u>\$ 8,161,075</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	Events Center Debt Service Fund	\$ 312,000	Transfer sales tax for debt services
	Nonmajor Governmental Funds	11,524,171	Per PRCS Fund policy/General Fund subsidy of various programs
	Nonmajor Governmental Funds	431,401	Transfer special events costs to General Fund departments
	Nonmajor Governmental Funds	168,090	Transfer utility savings for debt service
	Nonmajor Governmental Funds	293,187	Subsidy for City Hall debt service
	Nonmajor Governmental Funds	413,750	Contribution for City Hall acquisition
	Internal Service Funds	<u>4,023,757</u>	Per Technology Fund policy/General Fund subsidy
	Subtotal	<u>18,429,470</u>	
ReTRAC Debt	Nonmajor Governmental Funds	<u>636,156</u>	Transfer funds to cover ReTRAC project Expenditures
Street Capital Projects Fund	Nonmajor Governmental Funds	<u>3,281,415</u>	Reimburse Streets Fund for accelerated street program expenditures

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

**Transfers** (continued)

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Governmental Fund	General Fund	\$ 261,777	Transfer from Street Program to cover cost of additional engineering positions hired in place of outside consultants
	General Fund	100,000	Transfer for special events
	General Fund	200,000	Transfer excess revenues from special events
	General Fund	2,523,609	Closeout of Stabilization Fund
	General Fund	6,955	Transfer from Court assessments for court expenditures such as travel/training, temporary employees, and overtime
	General Fund	291,777	Transfer of forfeiture funds to cover Police/City Attorney expenditures
	General Fund	92,470	Transfer from CMP allocation for position assigned to building maintenance
	General Fund	319,685	Transfer funds not needed for proposed Community Service Center projects
	General Fund	593,513	Reimburse General Fund for utilities and maintenance at City Hall
	General Fund	783,185	Reimburse General Fund for Redevelopment Agency portion of downtown maintenance
Nonmajor Governmental Fund	Downtown Events Center Debt Service Fund	842	Closeout fund and transfer remaining room tax distribution to debt service fund
	Downtown Events Center Debt	2,494,896	Transfer available balance for bond payments
	Nonmajor Governmental Funds	395,900	Transfer to debt service fund for bonds issued for The plaza and CAC
	Nonmajor Governmental Funds	147,000	Transfer to PRCS for special event covered by Public Works staff
	Nonmajor Governmental Funds	395,304	Transfer funds related to 2004/05 flood event
	Nonmajor Governmental Funds	1,635,577	Transfer funds for street bonds debt service

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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	Nonmajor Governmental Funds	\$ 2,071,597	Transfer funds to cure deficit caused by over Transfer of SAD related costs
Nonmajor	Nonmajor Governmental Funds	927,165	Transfer of PRCS room tax allocation
Nonmajor Governmental Fund	Nonmajor Governmental Funds	396,170	Transfer to capital projects for City Hall
Nonmajor Governmental Fund	Nonmajor Governmental Funds	266,247	Transfer court construction collections for debt service
Nonmajor	Nonmajor Governmental Funds	99,378	Transfer SAD payments to closeout construction fund
Nonmajor Governmental Fund	Nonmajor Governmental Funds	330,000	Transfer of CMP funds to PRCS for small projects
Nonmajor Governmental Fund	Nonmajor Governmental Funds	40,000	Transfer special ad valorem funds for specific capital projects
Nonmajor Governmental Fund	Nonmajor Governmental Funds	112,735	Transfer funds to cover RDA priority project costs
Nonmajor Governmental Fund	Nonmajor Governmental Funds	300,000	Transfer available funds for debt service
Nonmajor Governmental Fund	Nonmajor Governmental Funds	133,947	Transfer available funds for debt service
Nonmajor Governmental Fund	Nonmajor Governmental Funds	1,800	Transfer for ReTRAC cover maintenance
Nonmajor Governmental Fund	Nonmajor Governmental Funds	<u>135,514</u>	Transfer excess debt service funds
	Subtotal	<u>15,057,043</u>	
Sanitary Sewer Enterprise Fund	Nonmajor Enterprise Funds	<u>262,000</u>	Transfer funds for temporary assistance

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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>
Building Permit Enterprise Fund	Planning Fund	\$ 20,000	Transfer to subsidize operations
Internal Service Funds	General Fund	10,000	Reimburse General Fund for public works motor Vehicle administration
Internal Service Funds	General Fund	<u>750,000</u>	Transfer portion of reserves to General Fund
	Subtotal	<u>760,000</u>	
	Total	<u>\$ 38,446,084</u>	

Note 8: **Long-Term Liabilities**

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: Community Development Block Grant Fund, Community Assistance Fund, Streets Fund, Parks and Recreation Fund, Special Events Fund, and Redevelopment Agency Fund.

**Prior Years' Defeasance of Debt:**

On October 26, 2005, the City issued \$73,450,000 of Tax-Exempt Capital Improvement Revenue Refunding Bonds, Series 2005A. The proceeds from the Bonds were used for a partial advance refunding and defeasance of the City's Capital Improvement Revenue Bonds, Series 2002. At June 30, 2010, the outstanding principal balance in the amount of \$65,355,000 is considered defeased and held in trust.

On May 3, 2006, the City issued \$137,425,000 of Senior Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project), Series 2006A (which were refunded with the issuance of the 2008A Bonds). The proceeds from the Bonds were used for advance refunding and defeasance of the City's ReTRAC Reno Transportation Rail Access Corridor Project, Series 2002 Senior Lien Sales and Room Tax Revenue Bonds. At June 30, 2010, the outstanding principal balance in the amount of \$114,245,000 is considered defeased and held in trust.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

**Summary of Long-Term Debt**

Long-term liabilities at June 30, 2010 consisted of the following:

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<b><u>Governmental Activities</u></b>					
<b><i>Tax Allocation Bonds:</i></b>					
1998F Downtown Redevelopment Project <i>(to partially refund 1990 and 1991 downtown redevelopment project bonds)</i>	9/1/03 - 9/1/17	4.50-5.25%	\$855,000 - \$1,105,000	\$ 22,685,000	\$ 11,265,000
2007A Tax Increment Senior Lien (Taxable) <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 Tax Increment Senior Lien (Tax-exempt) <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 Tax Increment Subordinate Lien (Tax-exempt) <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
2008 Tax Increment Bonds - RDA #2 <i>(to partially pay cost to develop Cabela's project)</i>	10/23/08 - 6/29/27	6.50%	\$30,000 - \$75,000	850,000	810,000
<b>Total Tax Allocation Bonds</b>				<b>\$ 44,225,000</b>	<b>\$ 32,765,000</b>
<b><i>General Obligation Bonds:</i></b>					
1997B Street Refunding Bonds <i>(to partially refund 1992 Street Bond)</i>	5/1/04 - 5/1/12	4.400 - 5.125%	\$65,000 - \$1,285,000	\$ 9,025,000	\$ 2,500,000
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	4.00% - 5.00%	\$115,000 - \$275,000	3,500,000	2,865,000
2005 Medium-term (limited tax) Bonds <i>(to finance capital improvement projects, including a public plaza and a homeless shelter)</i>	12/1/06 - 12/1/15	4.00%	\$270,000 - \$390,000	3,275,000	2,120,000
2009 Medium-Term Street Bonds <i>(to finance the City's accelerated street rehab program)</i>	6/1/11 - 6/1/19	3.00 - 5.00%	\$3,335,000 - \$6,505,000	45,000,000	45,000,000
<b>Total General Obligation Bonds</b>				<b>\$ 60,800,000</b>	<b>\$ 52,485,000</b>
<b><i>Revenue Bonds:</i></b>					
2002 Capital Improvement Revenue Bonds <i>(to finance the acquisition, renovation, construction and improvements of the new Downtown Events Center)</i>	6/1/06 - 6/1/32	5.125% - 5.375%	\$130,000 - \$10,655,000	\$ 108,625,000	\$ 40,985,000
2003A Building Bond (Tax Exempt) <i>(to finance renovations for the new City Hall building)</i>	6/1/12 - 6/1/18	3.75%	\$780,000 - \$970,000	6,100,000	6,100,000
2003B Building Bond (Taxable) <i>(to finance renovations for the new City Hall building)</i>	6/1/04 - 6/1/11	6.170%	\$480,000 - \$735,000	4,800,000	735,000
2005A Capital Improvement Refunding <i>(to partially refund the Series 2002 Capital Improvement Revenue Bonds)</i>	6/1/08 - 6/1/32	Variable	\$400,000 - \$6,500,000	73,450,000	72,200,000
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
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	8,265,000
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	9,567,473
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	\$85,000 - \$1,495,000	14,295,000	13,905,000
2007 Fitzgerald's Taxable Revenue Bond <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	7/1/09 - 7/1/27	Variable	\$72,000 - \$1,560,000	6,080,000	6,008,000
2007A Sales Tax Increment Bonds (Cabela's) <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	6/29/09 - 6/29/27	4.00%	\$345,000 - \$2,385,000	16,525,000	16,120,000
2007B Sales Tax Increment Bonds (Cabela's) <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	6/29/09 - 6/29/27	6.50%	\$215,000 - 2,480,000	18,175,000	17,780,000
2008A Senior Lien ReTRAC Refund <i>(to refund the 2006A Tax Exempt Sales Tax Bonds)</i>	6/1/09 - 6/1/42	Variable	\$695,000 - \$8,965,000	143,210,000	141,390,000
2008B Subordinate ReTRAC Refund <i>(to refund the 2006B Tax Exempt Sales Tax Bonds)</i>	6/1/11 - 6/1/51	6.75 - 7.875%	\$400,000 - \$2,600,000	47,416,227	47,416,227
<b>Total Revenue Bonds</b>				<b>\$ 473,033,783</b>	<b>\$ 396,109,256</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<b>Special Assessment Bonds:</b>					
1999 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	1/1/03 - 1/1/11	5.90%	\$4,600	44,700	4,600
1999 Special Assessment District No. 3 <i>(to finance sidewalks, curbs and gutter improvements)</i>	2/1/03 - 2/1/22	4.5-5.6%	\$85,000 - \$90,000	1,763,728	1,045,000
2000 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	1/15/03 - 1/15/12	4.39%	\$14,744	147,438	29,488
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%	\$100,000 - \$170,000	2,470,000	1,435,000
2002 Special Improvement District No. 5 <i>(to partially finance the construction of the Downtown Events Center)</i>	12/1/06 - 12/1/25	5.7-7.25%	\$425,000 - \$855,000	7,500,000	6,590,000
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	11,535,000
2008A NV Tax-exempt Local Improvement <i>(to finance sidewalk, curb and gutter improvements)</i>	5/1/09 - 5/01/18	4.167%	\$20,000 - \$56,000	430,000	355,000
2008B NV Taxable Local Improvement <i>(to finance sidewalk, curb and gutter improvements)</i>	5/1/09 - 5/01/21	7.010%	\$42,000 - \$95,000	1,115,000	985,000
<b>Total Special Assessment Bonds</b>				<b>\$ 27,375,866</b>	<b>\$ 21,979,088</b>
<b>Notes Payable:</b>					
HUD Section 108 Loan Program <i>(to finance Section 108 housing projects)</i>	8/1/03 - 8/1/20	5.00-6.62%	\$33,000 - \$48,000	\$ 600,000	\$ 369,000
RDA Nevada Land LLC <i>(to finance temporary fire stations serving downtown)</i>	9/1/08-6/1/18	Variable	\$600,000	6,000,000	4,800,000
				<b>\$ 6,600,000</b>	<b>\$ 5,169,000</b>
<b>Capital Leases:</b>					
Oshkosh Capital (Pierce Fire Pumpers 1 & 2) <i>(to finance fire department equipment)</i>	11/6/03 - 11/6/11	5.35%	\$45,016 - \$204,743	\$ 708,338	\$ 337,885
Oshkosh Capital (Pierce Fire Pumpers 3 & 4) <i>(to finance fire department equipment)</i>	3/17/13	4.99%	\$92,882 - \$112,856	787,124	273,993
Oshkosh Capital (Pierce Fire Tiller #2) <i>(to finance fire department equipment)</i>	8/26/14	4.39%	\$73,280 - \$103,338	788,014	475,020
Oshkosh Capital (Pierce Fire Pumpers 5 - 9 ) <i>(to finance fire department equipment)</i>	9/18/16	4.56%	\$192,321 - \$274,759	2,082,602	1,689,190
Suntrust Leasing (5 Fire Brush Trucks) <i>(to finance fire department equipment)</i>	6/27/16	4.062%	\$117,371 - \$161,399	1,245,277	878,666
<b>Total Capital Leases</b>				<b>\$ 5,611,355</b>	<b>\$ 3,654,754</b>
<b>Other:</b>					
Clean Energy Renewable Bonds <i>(to finance PV energy installations on City buildings)</i>	12/15/09 - 12/15/23	1.000%	\$156,000	\$ 2,340,000	\$ 2,184,000
<b>Total Other</b>				<b>\$ 2,340,000</b>	<b>\$ 2,184,000</b>
<b>Total Governmental Activities</b>				<b>\$ 619,986,004</b>	<b>\$ 514,346,098</b>
<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	2.25-4.0%	\$180,000 - \$270,000	\$ 3,505,000	\$ 2,335,000
2004 Sewer Revenue Bonds <i>(to finance plant expansion and sewer lines rehabilitation)</i>	7/1/06 - 7/1/24	2.990%	\$553,847 - \$938,969	73,133,162	62,026,275
2005 Sewer Revenue Bonds <i>(to construct the Lawton-Verdi interceptor)</i>	7/1/08 - 7/1/25	2.650%	\$181,887 - \$284,555	8,033,095	7,290,959
2008 Medium Term Sewer (Limited Tax) <i>(to fund sewer rehabilitation projects)</i>	4/1/09 - 4/1/18	3.570%	\$2,076,000 - \$3,072,000	25,000,000	20,845,000
<b>Total General Obligation Bonds</b>				<b>\$ 109,671,257</b>	<b>\$ 92,497,234</b>
<b>Total Business-type Activities</b>				<b>\$ 109,671,257</b>	<b>\$ 92,497,234</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

The following is a summary of long-term liability transactions for the year ended June 30, 2010:

Bonds	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Amounts Due within One Year
<b><u>Governmental Activities</u></b>					
<i><b>Tax Allocation Bonds:</b></i>					
1998F Downtown Redevelopment Project	\$ 12,450,000	\$ --	\$ 1,185,000	\$ 11,265,000	\$ 1,240,000
2007A Tax Increment Senior Lien (Taxable)	4,000,000	--	--	4,000,000	--
2007B Tax Increment Senior Lien (Tax-exempt)	4,000,000	--	--	4,000,000	--
Add: Original Issue Premium	42,182	--	2,345	39,837	--
2007C Tax Increment Subordinate Lien (Tax-exempt)	12,690,000	--	--	12,690,000	--
Less: Original Issue Discount	(28,190)	--	(1,566)	(26,624)	--
Less: Deferred amount on refunding	(239,066)	--	(26,563)	(212,503)	--
2008 Tax Increment Bonds	840,000	--	30,000	810,000	30,000
<b>Total Tax Allocation Bonds</b>	<b>33,754,926</b>	<b>--</b>	<b>1,189,216</b>	<b>32,565,710</b>	<b>1,270,000</b>
<i><b>General Obligation Bonds:</b></i>					
1997 Street Refunding Bonds	3,645,000	--	1,145,000	2,500,000	1,215,000
2003 Capital Improvement Refunding	3,615,000	--	3,615,000	--	--
Add: Unamortized Premium	240,503	--	240,503	--	--
Less: Deferred amount on refunding	(104,927)	--	(104,927)	--	--
2005 Medium-Term Bonds	2,425,000	--	305,000	2,120,000	320,000
Add: Unamortized Premium	25,415	--	4,236	21,179	--
2004 Building Bond	3,005,000	--	140,000	2,865,000	145,000
Add: Unamortized Premium	32,584	--	2,172	30,412	--
2009 Medium-Term Bonds	45,000,000	--	--	45,000,000	3,335,000
Add: Original Issue Premium	653,362	--	65,336	588,026	--
<b>Total General Obligation Bonds</b>	<b>58,536,937</b>	<b>--</b>	<b>5,412,320</b>	<b>53,124,617</b>	<b>5,015,000</b>
<i><b>Revenue Bonds:</b></i>					
2002 Capital Improvement (Events Center)	41,790,000	--	805,000	40,985,000	1,005,000
Less: Unamortized Discount	(71,533)	--	(3,121)	(68,412)	--
2003A Building Bonds (Tax Exempt)	6,100,000	--	--	6,100,000	--
Less: Unamortized Discount	(8,855)	--	(984)	(7,871)	--
2003B Building Bond (Taxable)	1,425,000	--	690,000	735,000	735,000
Less: Unamortized Discount	(2,824)	--	(1,412)	(1,412)	--
2005A Capital Improvement Refunding	72,625,000	--	425,000	72,200,000	450,000
Less: Deferred amount on refunding	(6,287,437)	--	(281,527)	(6,005,910)	--
2005B Capital Improvement	6,445,154	--	--	6,445,154	--
2005C Capital Improvement	9,192,402	--	--	9,192,402	--
2006 Taxable Room Tax Bond	8,400,000	--	135,000	8,265,000	140,000
2006 Sales Tax Increment Sub Bonds (Summit Sierra)	9,567,473	--	--	9,567,473	--
2006 ReTRAC Lease Bonds (Taxable)	14,120,000	--	215,000	13,905,000	260,000
2007 Fitzgerald's Taxable Revenue Bond	6,080,000	--	72,000	6,008,000	76,000
2007A Sales Tax Increment Bonds (Cabela's)	16,465,000	--	345,000	16,120,000	385,000
2007B Sales Tax Increment Bonds (Cabela's)	17,995,000	--	215,000	17,780,000	275,000
2008A Senior Lien ReTRAC Refund	142,515,000	--	1,125,000	141,390,000	1,235,000
Less: Deferred amount on refunding	(26,463,013)	--	(853,646)	(25,609,367)	--
2008B Subordinate ReTRAC Refund	47,416,227	--	--	47,416,227	400,000
Less: Unamortized Discount	(234,277)	--	(5,578)	(228,699)	--
Less: Deferred loss on refunding transaction	(1,785,568)	--	(48,259)	(1,737,309)	--
<b>Total Revenue Bonds</b>	<b>365,282,749</b>	<b>--</b>	<b>2,832,473</b>	<b>362,450,276</b>	<b>4,961,000</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

Bonds	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Amounts Due within One Year
<b>Special Assessment Bonds:</b>					
1997 Special Assessment District No. 2	\$ 5,000	\$ --	\$ 5,000	\$ --	\$ --
1997 Special Assessment District No. 3	7,000	--	7,000	--	--
1998 Special Assessment District No. 1	23,000	--	23,000	--	--
1998 Special Assessment District No. 2	8,000	--	8,000	--	--
1999 Special Assessment District No. 1	9,200	--	4,600	4,600	4,600
1999 Special Assessment District No. 3	1,135,000	--	90,000	1,045,000	90,000
Add: Unamortized Premium	2,530	--	197	2,333	--
1999 Special Assessment District No. 2	12,165,000	--	630,000	11,535,000	470,000
Less: Unamortized Discount	(4,844)	--	(303)	(4,541)	--
2000 Special Assessment District No. 1	44,232	--	14,744	29,488	14,744
2001 Stead Special Improvement District No. 2	1,870,000	--	435,000	1,435,000	90,000
Add: Unamortized Premium	18,288	--	1,314	16,974	--
2002 Special Improvement District No. 5	6,820,000	--	230,000	6,590,000	245,000
Less: Unamortized Discount	(67,634)	--	(4,196)	(63,438)	--
Less: Deferred loss on refunding transaction	(448,045)	--	(32,003)	(416,042)	--
2008A NV Tax-exempt Local Improvement	392,000	--	37,000	355,000	41,000
2008B NV Taxable Local Improvement	1,052,000	--	67,000	985,000	72,000
<b>Total Special Assessment Bonds</b>	<b>23,030,727</b>	<b>--</b>	<b>1,516,353</b>	<b>21,514,374</b>	<b>1,027,344</b>
<b>Notes Payable:</b>					
HUD Section 108 Loan Program, Series 2001A	402,000	\$ --	33,000	369,000	33,000
RDA Nevada Land LLC	5,400,000	--	600,000	4,800,000	600,000
<b>Total Notes Payable</b>	<b>5,802,000</b>	<b>--</b>	<b>633,000</b>	<b>5,169,000</b>	<b>633,000</b>
<b>Capital Leases:</b>					
Oshkosh Capital - Pierce Fire Pumpers (1 & 2)	399,428	--	61,543	337,885	64,836
Oshkosh Capital - Pierce Fire Pumpers (3 & 4)	386,849	--	112,856	273,993	79,182
E-One - Fire Tiller	133,571	--	133,571	--	--
Oshkosh Capital - Fire Tiller #2	558,381	--	83,361	475,020	87,021
Oshkosh Capital - Pierce Fire Pumpers (5 - 9)	1,890,280	--	201,091	1,689,189	210,261
Suntrust Lease - Fire Brush Trucks (1 - 5)	1,005,767	--	127,100	878,667	132,263
<b>Total Capital Leases</b>	<b>4,374,276</b>	<b>--</b>	<b>719,522</b>	<b>3,654,754</b>	<b>573,563</b>
<b>Other:</b>					
Clean Energy Renewable Bonds	2,340,000	--	156,000	2,184,000	156,000
<b>Total Other</b>	<b>2,340,000</b>	<b>--</b>	<b>156,000</b>	<b>2,184,000</b>	<b>156,000</b>
Compensated absences - Governmental	27,845,107	20,835,302	22,298,099	26,382,310	22,799,827
Other post-employment benefits liability	18,405,621	19,702,424	5,116,109	32,991,936	--
Liability for unpaid claims	42,950,222	17,603,585	18,634,652	41,919,155	5,498,406
<b>Total Governmental Activities</b>	<b>\$ 582,322,565</b>	<b>\$ 58,141,311</b>	<b>\$ 58,507,744</b>	<b>\$ 581,956,132</b>	<b>\$ 41,934,140</b>
<b>Business-Type Activities</b>					
<b>General Obligation Bonds:</b>					
2004A Golf Course Refunding	\$ 2,535,000	\$ --	\$ 200,000	2,335,000	205,000
Add: Unamortized Premium	5,791	--	579	5,212	--
Less: Deferred amount on refunding	(75,418)	--	(7,542)	(67,876)	--
2004 Sewer Revenue Bonds	65,531,199	--	3,504,924	62,026,275	3,605,649
2005 Sewer Revenue Bonds	7,666,911	--	375,952	7,290,959	385,981
2008 Medium Term Sewer (Limited Tax)	22,924,000	--	2,079,000	20,845,000	2,183,000
<b>Total General Obligation Bonds</b>	<b>98,587,483</b>	<b>--</b>	<b>6,152,913</b>	<b>92,434,570</b>	<b>6,379,630</b>
Compensated absences - Business-type activities	2,043,243	2,238,048	2,263,778	2,017,513	1,761,110
Other post-employment benefits liability	1,473,956	1,463,822	641,385	2,296,393	--
<b>Total Business-type Activities</b>	<b>\$ 102,104,682</b>	<b>\$ 3,701,870</b>	<b>\$ 9,058,076</b>	<b>\$ 96,748,476</b>	<b>\$ 8,140,740</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 8: **Long-Term Liabilities** (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 Ad Valorem Tax		Debt Supported by Sales Tax/Room Tax Revenues*	
	Principal	Interest	Principal	Interest
2011	\$ 2,630,000	\$ 1,966,966	\$ 3,890,000	\$ 12,547,832
2012	2,780,000	1,830,314	4,705,000	12,375,696
2013	1,570,000	1,687,420	5,415,000	12,158,446
2014	1,645,000	1,608,445	6,140,000	11,917,475
2015	1,735,000	1,525,570	6,995,000	11,636,739
2016-2020	9,895,000	6,318,483	47,623,454	54,184,360
2021-2025	12,415,000	3,474,393	63,750,911	54,243,719
2026-2030	5,460,000	434,325	77,315,962	47,945,344
2031-2035	--	--	63,123,475	69,853,423
2036-2040	--	--	51,410,558	92,723,288
2041-2045	--	--	23,050,233	81,210,899
2046-2050	--	--	5,434,086	115,436,225
2051	--	--	940,104	25,459,896
<b>Subtotal</b>	<b>38,130,000</b>	<b>18,845,916</b>	<b>359,793,783</b>	<b>601,693,342</b>
Unamortized Premium (Discount)	42,626	--	(297,111)	--
Deferred Gain (Loss) on Refunding	(212,503)	--	(33,352,586)	--
<b>Total</b>	<b>\$ 37,960,123</b>	<b>\$ 18,845,916</b>	<b>\$ 326,144,086</b>	<b>\$ 601,693,342</b>

\* These totals exclude any debt service requirements for the 2006 Sales Tax Increment Subordinate Bonds as the repayment schedule on this instrument is variable.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

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

Fiscal Year June 30,	Debt Supported by Other Specific Revenues		Debt Supported by Specific or General Revenues Installments	
	Principal	Interest	Principal	Interest
2011	\$ 1,071,000	\$ 1,465,843	\$ 3,655,000	\$ 1,857,275
2012	1,165,000	1,400,598	4,295,000	1,744,225
2013	1,245,000	1,340,995	4,545,000	1,611,775
2014	1,345,000	1,276,930	4,815,000	1,471,675
2015	1,506,000	1,205,607	5,530,000	1,278,775
2016-2020	7,273,000	4,775,318	24,280,000	2,780,550
2021-2025	7,562,000	2,845,657	--	--
2026-2030	5,581,000	413,745	--	--
Subtotal	26,748,000	14,724,693	47,120,000	10,744,275
Unamortized Premium (Discount)	(9,283)	--	609,205	--
Total	<u>\$ 26,738,717</u>	<u>\$ 14,724,693</u>	<u>\$ 47,729,205</u>	<u>\$ 10,744,275</u>

Fiscal Year June 30,	Debt Supported by Special Assessment Installments	
	Principal	Interest
2011	\$ 1,027,344	\$ 1,479,565
2012	1,059,744	1,417,136
2013	1,107,000	1,351,785
2014	1,181,000	1,282,583
2015	1,245,000	1,207,986
2016-2020	6,936,000	4,745,347
2021-2025	8,724,000	2,066,533
2026-2030	699,000	26,828
Subtotal	21,979,088	13,577,763
Unamortized Premium (Discount)	(48,672)	--
Deferred Gain (Loss) on Refunding	(416,042)	--
Total	<u>\$ 21,514,374</u>	<u>\$ 13,577,763</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

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

Fiscal Year June 30,	Installment Purchase Contract		Notes Payable	
	Principal	Interest	Principal	Interest
2011	\$ 156,000	\$ 21,840	\$ 633,000	\$ 226,115
2012	156,000	20,280	633,000	197,449
2013	156,000	18,720	633,000	168,742
2014	156,000	17,160	633,000	139,989
2015	156,000	15,600	633,000	111,208
2016-2020	780,000	54,600	1,965,000	170,125
2021-2024	624,000	15,600	39,000	1,291
<b>Total</b>	<b>\$ 2,184,000</b>	<b>\$ 163,800</b>	<b>\$ 5,169,000</b>	<b>\$ 1,014,919</b>

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

Fiscal Year June 30,	Business-Type Activities			
	Debt Supported by Ad Valorem Tax and Specific Revenues		Debt Supported by General/ Specific Revenues Installments	
	Principal	Interest	Principal	Interest
2011	\$ 4,196,629	\$ 2,014,588	\$ 2,183,000	\$ 800,448
2012	4,320,552	1,895,147	2,292,000	716,621
2013	4,437,735	1,771,783	2,407,000	628,608
2014	4,563,271	1,644,502	2,527,000	536,179
2015	4,697,257	1,513,200	2,653,000	439,142
2016-2020	25,573,918	5,447,375	8,783,000	685,517
2021-2025	23,578,316	1,668,786	--	--
2026	284,556	3,770	--	--
<b>Subtotal</b>	<b>71,652,234</b>	<b>15,959,151</b>	<b>20,845,000</b>	<b>3,806,515</b>
Unamortized Premium (Discount)	5,212	--	--	--
Deferred Gain (Loss) on Refunding	(67,876)	--	--	--
<b>Total</b>	<b>\$ 71,589,570</b>	<b>\$ 15,959,151</b>	<b>\$ 20,845,000</b>	<b>\$ 3,806,515</b>

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

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

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

The amount of general obligation, long-term debt that can be incurred by the City is limited by State statute. The Charter for the City limits the total outstanding long-term obligations (principal) during a year to 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.

### **Variable Rate Debt**

The City has outstanding debt with variable interest rates, the terms of which are described below:

#### Governmental Activities

Series 2005A Tax-exempt Capital Improvement Revenue Refunding Bonds – these bonds are weekly variable rate demand bonds that are remarketed by Goldman, Sachs & Co. The maximum rate allowed is 15%. These bonds also have a swap component that is further discussed in Note 9 to the financial statements.

Series 2008A Senior Lien Sales Tax Revenue Refunding Bonds – these bonds are daily variable rate demand bonds remarketed by J.P. Morgan Securities Inc. The maximum rate allowed is 15%. These bonds also have a swap component that is further discussed in Note 9 to the financial statements.

Series 2006 Taxable Lease Revenue Bonds – the interest rate is equal to One-Month LIBOR plus 0.40% per annum and is adjusted on the first business day of each month. The interest rate has a maximum cap of 12%.

Series 2007 Taxable Revenue Bonds – the interest rate is equal to One-Month LIBOR plus 0.40% per annum and is adjusted on the first business day of each month. The interest rate has a maximum cap of 12%.

RDA-Nevada Land, LLC Note Payable – the interest rate is equal to One-Month LIBOR plus 2% and is determined on a daily basis.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

**Revenue Bonds**

The City has pledged specific revenues to repay bonds in governmental and business activities.

Governmental Activities

*Consolidated Tax Revenues*

The City has pledged up to 15% of the Consolidated Tax revenue receipts for the repayment of the listed bonds. The total principal and interest remaining to be paid on the bonds is \$282,931,066. For the current fiscal year, principal and interest paid for the bonds totaled \$7,341,825, while pledged revenues totaled \$5,828,936.

<u>Bond Issue</u>	<u>Maturity Length of Pledge</u>
2004 General Obligation Building Bonds*	06/01/2024
2003A Building Bonds	06/01/2018
2003B Building Bonds	06/01/2011
2002 Capital Improvement Revenue Bonds**	06/01/2032
2005A Capital Improvement Revenue Refunding Bonds**	06/01/2032

\* These bonds are also secured by court administrative assessments, which was the bond repayment source for FY 2010/2011.

\*\* These bonds are also secured by room taxes, which was the principal bond repayment source for FY 2010/2011.

*Court Administrative Assessment Fees*

The City has pledged court administrative assessment revenues annually for the repayment of the 2004 General Obligation Building Bonds, which mature on 06/01/2024. These bonds constitute direct and general obligations of the City, and the full faith and credit of the City is also pledged for the principal and interest payments. The total principal and interest remaining to be paid on the bonds is \$3,886,368. For the current fiscal year, principal and interest paid for the bonds totaled \$266,247, and pledged revenues totaled \$267,326.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

**Revenue Bonds** (continued)

Governmental Activities (continued)

*Room Tax Revenues*

The City has pledged its 1% tax on the gross receipts received from the rental of transient lodging throughout the Downtown Police Protection District for the repayment of the 2006 Taxable Senior Lien Room Tax Revenue Refunding Bonds, which mature on 06/01/2036. The total principal and interest remaining to be paid on the bonds is \$16,377,657. For the current fiscal year, principal and interest paid for the bond totaled \$631,440, and pledged revenues totaled \$691,252.

The City has pledged its 1% tax on the gross receipts received from the rental of transient lodging throughout Washoe County, its 1% tax on gross receipts received from the rental of transient lodging throughout Washoe County except in the Downtown Police Protection District (up to \$1.5 million), and its 1.5% tax on the gross receipts received from the rental of transient lodging throughout the Downtown Improvement Area for the repayment of the bonds listed below. The pledged revenues are also pledged to the payment of fees to the letter of credit provider. The total principal and interest remaining to be paid on the bonds is \$270,685,880. For the current fiscal year, principal and interest paid for the bond totaled \$6,010,345 (including the net difference between the variable rate interest paid on the bonds and the incoming swap payments), and pledged revenues totaled \$4,960,895. The remaining current year principal and interest was paid with \$312,000 of consolidated taxes and unspent, taxable bond proceeds previously set aside for future capital purposes.

<u>Bond Issue</u>	<u>Maturity Length of Pledge</u>
2002 Capital Improvement Revenue Bonds*	06/01/2032
2005A Capital Improvement Revenue Refunding Bonds*	06/01/2032
2005B Capital Improvement Revenue Refunding Bonds*	06/01/2040
2005C Capital Improvement Revenue Refunding Bonds*	06/01/2037

\* The bonds are also secured by a pledge of up to 15% of consolidated tax revenues.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

**Revenue Bonds** (continued)

Governmental Activities (continued)

*Sales Tax Increment Revenues*

The City has pledged up to 75% of the sales tax increment generated in the Nevada Tourism District No. 2006-1 (Cabela's/Boomtown) for the repayment of the bonds listed below. The total principal and interest remaining to be paid on the bonds is \$54,320,225. For the current fiscal year, principal and interest paid for the bonds totaled \$2,381,463, and pledged revenues totaled \$2,139,344.

<u>Bond Issue</u>	<u>Maturity Length of Pledge</u>
2007A Sales Tax Increment Bonds	06/29/2027
2007B Sales Tax Increment Bonds	06/29/2027

The City has pledged a portion of the sales tax increment generated by the Summit Sierra Shopping Center, contingent upon meeting certain sales tax growth and qualifying store requirements, to the 2006 Sales Tax Subordinate Lien Bonds. The total amount of non-interest bearing bonds remaining is \$9,567,473, which mature on 10/01/2020. In FY 2010/2011, the conditions were not met so no debt service payments were made nor were any pledged revenues received by the City.

*Sales Tax Revenues*

The City has pledged up to 1/8 of 1% sales tax revenues generated in Washoe County for the repayment of the bonds listed below. The pledged revenues are also pledged to the payment of fees to the letter of credit provider. The total principal and interest remaining to be paid on the bonds is \$620,103,363, with the interest portion for the 2008A bonds representing the amount paid under the fixed rate of 3.32% under the swap agreement. For the current fiscal year, principal and interest paid for the bonds totaled \$6,748,950 (including the net difference between the variable rate interest paid on the bonds and the incoming swap payments), and pledged revenues totaled \$6,340,270. Cumulative balances in the 2008 Revenue Fund (sales tax collections less previous debt service) were used to cover the shortfall.

<u>Bond Issue</u>	<u>Maturity Length of Pledge</u>
2008A Sr. Lien Sales Tax Revenue Refunding Bonds	06/01/2042
2008B Subordinate Lien Sales Tax Revenue Refunding Bonds	06/01/2051

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

**Revenue Bonds** (continued)

Business-type Activities

The City has pledged future utility sewer customer revenues and connection fees to repay the bonds listed below. The bonds are intended to be repaid solely from utility customer net revenues although the bonds constitute direct and general obligations of the City, and the full faith and credit of the City is also pledged for the principal and interest payments. The total principal and interest remaining to be paid on the bonds is \$109,479,970. For the current fiscal year, principal and interest paid for the bonds was \$8,888,584.31, and net pledged revenues totaled \$16,645,079 after adding back depreciation expense.

<u>Bond Issue</u>	<u>Maturity Length of Pledge</u>
2004 Sewer General Obligation Revenue Bonds	07/01/2024
2005 Sewer General Obligation Revenue Bonds	07/01/2025
2008 Medium-term General Obligation Sewer Bonds	04/01/2018

The City has pledged future gross revenues derived from the City's golf course facilities to repay the 2004A General Obligation Golf Course Refunding Bonds. The bonds are intended to be repaid solely from golf course operations although the bonds constitute direct and general obligations of the City, and the full faith and credit of the City is also pledged for the principal and interest payments. The total principal and interest remaining to be paid on the bonds is \$2,782,931. For the current fiscal year, principal and interest paid for the bonds was \$281,678, and gross pledged revenues totaled \$682,923.

**Special Assessment Debt**

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 assessment levied in the Districts. However, in case of deficiencies, the bonds are further secured by the General Fund, then by general ad valorem taxes.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

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

**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, 2010, does not expect to incur a liability.

Note 9: **Derivative Instruments**

At June 30, 2010, the City owned two hedging derivative instruments with reported fair values and changes in fair values as follows (amounts in thousands):

	Notional	Classification	Change in Fair Value		Fair Value at June 30, 2010	
			Dr (Cr)	Amount	Classification	Dr (Cr)
<b>Governmental Activities</b>						
<i>Cash flow hedges</i>						
A) Pay fixed interest rate swaps	\$ 72,200	deferral	\$ (3,672)		Derivatives	\$ (10,344)
B) Pay fixed interest rate swaps	\$ 141,390	deferral	\$ (7,635)		Derivatives	\$ (20,477)
Hedged Derivative Instrument	A)		B)			
Objective	Hedge of changes in cash flows on the Series 2005A variable rate series bonds		Hedge of changes in cash flows on the Series 2008A variable rates Series bonds			
Effective Date	10/26/05		03/04/08			
Maturity Date	06/01/32		06/01/42			
Pay fixed	3.53%		3.32%			
Receive	lower of 1-mo LIBOR or USD-LIBOR (greater of 67% of 1-mo LIBOR or 56% of 1-mo LIBOR+ 44 bp)		67% of 1-mo LIBOR			

No payment was made by either the City or the counterparty at the inception of the swap, and all payments under the swap began accruing as of the effective date of the swap.

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

Note 9: **Derivative Instruments** (continued)

The fair values are the market values determined by a consulting firm utilizing “mid-market” interest rates and/or securities prices (i.e., the mean between the bid and offer prices) available to the consultant from public and subscription sources believed to be reliable. Therefore, the fair values do not necessarily reflect the actual dollar amount that Goldman Sachs, as the counterparty to each derivative, would require to be paid to terminate each derivative instrument, nor do they reflect any transaction costs that might be incurred in effecting a termination, in whole or in part.

The valuation method used for derivative instrument (A) was the synthetic instrument method. This instrument was considered effective, therefore, its change in fair value was reported as a deferred outflow.

Derivative instrument (A) is considered a hybrid with a derivative instrument portion and a companion instrument portion related to an \$87,600 borrowing for upfront fees paid by the counterparty. The valuation method used for the derivative instrument portion was the synthetic instrument method, and the derivative instrument was considered effective, therefore, its change in fair value was reported as a deferred outflow.

### Risks Related to Derivative Instruments

*Credit Risk* – The City was not exposed to credit risk as both derivative instruments were reported as net liabilities on the Statement of Net Assets.

*Interest Rate Risk* – The City is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swaps. As LIBOR decreases, the City’s net payment increases.

*Basis Risk* – The City is exposed to basis risk because the payments received from the counterparty to the interest rate swaps are based on rates or indexes other than the interest rates the City pays on its hedged, variable rate demand obligation bonds which are remarketed on a daily basis. For the month of June 2010, the weighted average interest rate on the City’s hedged 2005A variable-rate debt was 0.288%, whereas the weighted average rate on the payment received from the counterparty was 0.350%. For the month of June 2010, the weighted average rate for the hedged 2008A variable-rate debt was 0.236%, whereas the weighted average rate on the payment received from the counterparty was 0.234%.

*Termination Risk* – The city or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. Termination events include events stated in the swap agreements, as well as failure by the City or the counterparty to maintain certain credit ratings by S & P and Moody’s.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 9: **Derivative Instruments** (continued)

**Derivative Instrument Payments and Hedged Debt**

As of June 30, 2010, aggregate debt service requirements of the City’s debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments is presented below. The amounts were based on forward rates calculated using swap curves as of 6/30/10. As these rates vary, interest payments on the variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The amounts below are reported in thousands.

Fiscal Year Ending June 30	Principal	Interest	Hedging Derivative, Net	Total
2011	\$ 1,685	\$ 961	\$ 6,297	\$ 8,943
2012	1,965	1,810	5,390	9,165
2013	3,035	2,989	4,142	10,166
2014	3,325	3,925	3,101	10,351
2015	3,640	4,751	2,161	10,552
2016-2020	23,390	26,049	6,388	55,827
2021-2025	33,780	24,404	3,304	61,488
2026-2030	46,940	17,849	3,151	67,940
2031-2035	41,270	10,312	2,295	53,877
2036-2040	37,040	5,412	1,227	43,679
2041-2042	17,520	633	204	18,357
	<u>\$ 213,590</u>	<u>\$ 99,095</u>	<u>\$ 37,660</u>	<u>\$ 350,345</u>

**Potential Termination Event – Derivative Instrument (B)**

Pursuant to the agreements with the counterparty for derivative instrument (B), the City is required to provide the counterparty a quarterly report of the results of a coverage test contained in those agreements. Specifically, the City is required to report: (i) the amount of Pledged Revenues (defined below) received in the 12 months preceding each “Reporting Date” (March 1, June 1, September 1 and December 1 of each year), (ii) the combined debt service paid during that 12 month period on the City’s Series 2008A Senior Lien Sales Tax Refunding Revenue Bonds (the “2008A Bonds”), determined by applying the fixed rate on the derivative instrument (B) and Series 2008B Subordinate Lien Sales Tax Revenue Refunding Bonds (the “2008B Bonds”), and (iii) the ratio of the reported Pledged Revenues to the reported combined debt service (the “Coverage Ratio”). If the Coverage Ratio is less than 1.15, the counterparty may, at its sole option, declare an “additional termination event” under the agreements and demand that the City pay it a termination payment calculated in accordance with the terms of the agreements. Any termination payment is payable solely from any available Pledged Revenues.

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

Note 9: **Derivative Instruments** (continued)

**Potential Termination Event – Derivative Instrument (B)** (continued)

Payments on the 2008A Bonds, the 2008B Bonds and amounts due pursuant to derivative instrument (B) (including any termination payment) are secured by and payable only from Pledged Revenues, which consist of the proceeds of a specific 1/8 of 1% sales tax levied in Washoe County, Nevada; they are not payable from any other monies or revenue of the City or any other entity and are not general obligations of the City. The Pledged Revenues are required to be applied to payments due on the 2008A Bonds and the derivative instrument (B) and to the payment of certain fees and expenses prior to the payment of debt service on 2008B Bonds.

In fiscal year 2010, the Coverage Ratio was not met for the September 1, 2009 and June 1, 2010 Reporting Dates. The Coverage Ratio was met on the December 1, 2009 and March 1, 2010 Reporting Dates, but only because the timing of the Trustee's receipt of Pledged Revenues caused 13 months of sales tax income to be received during the relevant 12 month periods preceding the respective Reporting Dates. Consequently, the counterparty has a right to terminate the derivative instrument (B) if it chooses to do so. The counterparty advised the City that it may elect to exercise its right of termination, but that it has not yet done so. If it had exercised its right of termination at June 30, 2010, the termination payment valued at \$20,477,297 would have been due. However, this value changes from time to time. See "Other Debt Related Issues" under Note 24.

**Possible Effect of Event on Reimbursement Agreement related to Series A Bonds**

As a result of the failure of the Coverage Ratio to be met for the September 1, 2009 and June 1, 2010 Reporting Dates, the Bank of New York Mellon (the "Bank") issued Reservation of Rights Letters under the Letter of Credit Reimbursement Agreement (the "Reimbursement Agreement") executed by the City in connection with Bank's issuance of a direct pay letter of credit securing the Series A Bonds. The letters from the Bank indicate that failure to meet the Coverage Ratio described above is an "Event of Default" under the Reimbursement Agreement. The City does not agree that failure to meet the Coverage Ratio is an "Event of Default" under the Reimbursement Agreement.

The Bank's letters also advised the City that the Bank has not elected at the time of the letters to enforce any of its rights or remedies under the Reimbursement Agreement; however, the fact that the Bank has not done so is not a waiver of, or an agreement by the Bank to forbear from pursuing any such rights or remedies. Further, in the Bank's letters, the Bank reserves all of its rights and remedies arising out of or relating to the purported Event of Default under the Reimbursement Agreement as well to as any other or future Events of Default.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 9: **Derivative Instruments** (continued)

**Possible Effect of Event on Reimbursement Agreement related to Series A Bonds**  
(continued)

Should it be determined that an Event of Default exists under the Reimbursement Agreement, and should the Bank determine to exercise its remedies under the Agreement, a mandatory tender of the 2008A Bonds will occur and the Bank will be required to purchase all of the 2008A Bonds. The interest rate on any 2008A Bonds held by the Bank during the continuation of an Event of Default pursuant to the Reimbursement Agreement will increase to the “Default Rate” under the Reimbursement Agreement. The Default Rate is equal to the Base Rate plus 4% per annum (“Base Rate” means the higher of (i) the Federal Funds Rate plus 0.50% per annum or (ii) the Prime Rate). The Default Rate on the 2008A Bonds could be substantially higher than the variable rate that otherwise would apply to the calculation of interest on the 2008A Bonds. Any increases in payments due on the 2008A Bonds (including payments to the Bank at the Default Rate) will reduce the amount of Pledged Revenues available to pay debt service on the 2008A Bonds, the 2008B Bonds, and pay any termination amount due on derivative instrument (B) if any.

Note 10: **Leases**

**Operating Leases**

The City is committed under various operating leases, primarily for office buildings and equipment (principally copiers).

Future minimum operating lease commitments are as follows:

Year Ending <u>June 30,</u>	
2011	\$ 744,521
2012	588,383
2013	519,521
2014	<u>425,013</u>
Total	<u>\$2,277,438</u>

Rent expenditures were \$1,039,925 for the year ended June 30, 2010.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 10: **Leases** (continued)

**Capital Leases**

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

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

	<u>Governmental Activities</u>
Equipment	\$ 6,224,228
Less accumulated depreciation	<u>(1,597,218)</u>
Net capital assets	<u>\$ 4,627,010</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30,</u>	
2011	\$ 738,884
2012	738,884
2013	860,714
2014	588,116
2015	563,116
2016 – 2017	<u>742,530</u>
Total Requirements	4,232,244
Less: Interest	<u>(577,490)</u>
Present Value of remaining payments	<u>\$ 3,654,754</u>

Note 11: **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, 2010

Note 11: **Net Asset Restatements** (continued)

	Government-Wide Statements		Governmental Funds		Proprietary
	Governmental Activities	Business-Type Activities	Governmental Funds	Redevelopment Agency	Sanitary Sewer
Fund balances/net assets, June 30, 2009, as previously reported	\$ 670,892,935	\$ 322,767,318	\$ 145,130,861	\$ 5,218,970	\$ 332,745,710
Property held for resale	(890,112)	--	(890,112)	(890,112)	--
Capital asset transferred to City	890,112	--	--	--	--
Capital assets not owned by City	(319,602)	--	--	--	--
Capital contribution	125,000	--	--	--	--
GASB 51 addition of customized software	7,364,142	--	--	--	--
GASB 51 accumulated depreciation	(4,176,330)	--	--	--	--
Investment in joint water treatment plant	--	117,840	--	--	117,840
July 1, 2009, as restated	<u>\$ 673,886,145</u>	<u>\$ 322,885,158</u>	<u>\$ 144,240,749</u>	<u>\$ 4,328,858</u>	<u>\$ 332,863,550</u>

- **Governmental activities properties held for resale** – an adjustment of (\$890,112) to reduce property held for resale in the Redevelopment Agency that is titled in the City’s name.
- **Governmental activities capital assets** – five adjustments totaling \$3,883,322 were made as follows: a \$890,112 increase in land to reflect the City’s ownership of a portion of the ice rink plaza that was held as part of the Redevelopment Agency’s property held for resale; a \$319,602 decrease to land to reverse the FY 2009 recordation of purchases made with grant funds on behalf of the Reno Housing Authority that has title to the properties; a \$125,000 increase to reflect the RSCVA’s contribution of \$125,000 for the purchase of pinsetters for the National Bowling Stadium; a \$7,364,142 increase to record special purpose software previously purchased in conformance with GASB 51; and a \$4,176,330 decrease to reflect accumulated depreciation on the software.
- **Business-type activities capital assets** – an adjustment for \$117,840 to increase the investment in the joint water treatment plant for consulting services that were charged to services and supplies in error.
- **Sanitary Sewer Fund** – an adjustment for \$117,840 to increase the investment in the joint water treatment plant for consulting services that were charged to services and supplies in error.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 12: **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.

Restricted net assets at June 30, 2010 for governmental activities are as follows:

Restricted for Capital Projects:		
Railroad CP Fund	\$ 243,216	
Downtown Events Center CP Fund	341,520	
Public Works CP Fund	817,718	
City Bonds CP Fund	376,712	
Parks CP Fund	5,230,465	
Street Impact and Bonds CP Fund	1,559	
Special Ad Valorem Fund	1,632,027	
Redevelopment Agency Capital CP Fund	<u>36,584,259</u>	
		\$ 45,227,476
Restricted for Debt Service		
Railroad Debt Service	21,024,942	
Events Center Debt Service Fund	13,265,870	
Special Assessment Debt Service Fund	6,477,124	
City of Reno Debt Service Fund	8,046,282	
Redevelopment Debt Service Fund	<u>3,436,612</u>	
		52,250,830
Restricted for Streets:		
Street Fund	<u>7,295,364</u>	
		7,295,364
Restricted for Claims:		
Risk Retention Fund	3,477,166	
Self-Funded Medical Plan Fund	<u>13,132,359</u>	
		16,609,525
Restricted for Other Purposes:		
General Fund	726,537	
Community Development Block Grant Fund	200,724	
Parks and Recreation Fund	107,269	
Courts Fund	288,175	
Drug Forfeiture Fund	735,992	
Public Works CP Fund	<u>665,743</u>	
		<u>2,724,440</u>
Total Restricted Net Assets - Governmental Activities		<u><u>\$ 124,107,635</u></u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 12: **Restricted Net Assets** (continued)

Included in total restricted net assets for the governmental activities at June 30, 2010 are net assets restricted by enabling legislation of \$86,865,919.

Note 13: **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, 2010 are as follows:

General Fund:	
Neighborhood Advisory Boards	\$ 16,364
Law enforcement	67,249
Fire activities	13,628
Triad Haz-Mat team	159,131
Miscellaneous	<u>1,000</u>
	257,372
Nonmajor Special Revenue Funds:	
Community Development Block Grants Fund	210,315
Streets Fund - future streets and Caughlin Ranch improvements	933,120
Parks & Recreation Fund - private grants	107,269
Drug Forfeiture Fund	<u>735,992</u>
	1,986,696
Nonmajor Capital Project Funds:	
City Public Works Fund - sensitive lands acquisitions	68,188
Public art maintenance	<u>98,721</u>
	<u>166,909</u>
Total Reserved Fund Balance for Other Programs	<u><u>\$ 2,410,977</u></u>

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

### Note 14: **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 above the self-insured retention amount of \$1,000,000 per occurrence for general liability claims and for claims against public officials. The City's Risk Manager and the City Attorney estimate that the potential claims against the City would not materially affect the financial condition of the City.

The lawsuits in which the amounts being sought are substantial are summarized in the following paragraphs.

The City is a defendant in a case where the plaintiff is seeking damages of \$656,590 for alleged age discrimination and retaliation for filing a worker's compensation claim and for taking Family Medical Leave Act leave. The case is in the discovery phase and the City intends to vigorously contest the allegations.

The City is a defendant in a case where the plaintiff is seeking to recover \$2.4 million it allegedly contributed to the cost of relocating a petroleum pipeline as part of the depressed railroad trench project. The City obtained a summary judgment against the plaintiff, who has appealed the case to the Nevada Supreme Court. Oral arguments were heard on November 9, 2010, and the court is expected to issue a decision within the next several months.

The City and others are defendants in a case where the plaintiff is seeking to recover damages cause by alleged misconduct and negligence of the name defendants in their response to a wild land fire. The City has been vigorously defending this case, and the City's Motion to Dismiss is currently pending before the Washoe County District Court.

### Note 15: **Risk Retention and Self-Funded Workers Compensation Funds**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a Risk Retention Internal Service Fund and a Self-Funded Workers Compensation Internal Service Fund to account for and finance these risks of loss. Under these programs, the Funds provide coverage for up to a maximum of \$2,500,000 for each worker's compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim, with the exception of flood and earthquake occurrences. In fiscal year 2010, the funds provided coverage of up to the statutory limits for each worker's compensation claim and the amount for which the City

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 15: **Risk Retention and Self-Funded Workers Compensation Funds** (continued)

claims in excess of coverage provided by the Funds and for other insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Risk Retention Internal Service Fund and the Self-Funded Workers Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for claims. The reserves for the Risk Retention Internal Service Fund and the Self-Funded Workers Compensation Internal Service Fund were \$3,476,228 and \$0, respectively, at June 30, 2010. Claims liabilities of \$2,126,063 and \$37,846,569 are reported in the funds at June 30, 2010, respectively. The City estimates the current portion of claims liability in these funds as \$312,393 and \$3,390,626, 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, 2008	\$ 2,711,026	\$ 54,989,744
Claims and changes in estimates	(414,365)	(12,396,943)
Claims payments	<u>(273,793)</u>	<u>(3,497,680)</u>
Claims liability, June 30, 2009	2,022,868	39,095,121
Claims and changes in estimates	525,634	3,355,294
Claims payments	<u>(422,439)</u>	<u>(4,603,846)</u>
Claims liability, June 30, 2010	<u>\$ 2,126,063</u>	<u>\$ 37,846,569</u>

Note 16: **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 \$160,000 per employee per year. The City's maximum payment is \$2 million per individual per lifetime.

A liability (included in accrued liabilities in the accompanying financial statements) for claims incurred but unasserted has been recorded in the fund in an amount as actuarially determined. The City estimates \$1,795,387 of the claims liability as current. Changes in the fund's claims liability amounts for the past two years were:

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 16: **Self-Funded Medical Plan Internal Service Fund** (continued)

Claims liability, June 30, 2008	\$ 1,732,650
Claims and changes in estimates	13,227,043
Claims payments	<u>(13,127,460)</u>
Claims liability, June 30, 2009	1,832,233
Claims and changes in estimates	13,719,246
Claims payments	<u>(13,604,956)</u>
Claims liability, June 30, 2010	<u>\$ 1,946,523</u>

Note 17: **Other Post Employment Benefits**

**Plan Description:**

Eligible retirees receive health care coverage through two plans offered by the City of Reno – City of Reno Group Health Plan or Hometown Health Plan or, if retired prior to September 1, 2008, they may choose coverage under the Nevada Public Employee Benefit Plan (PEBP).

Retirement cost sharing provisions for the retiree health plan is as follows:

- Cost sharing for the City of Reno Group Health Plan and the Hometown Health Plan is a percentage of the full medical premium dependent upon the applicable bargaining unit contract and ranges from 50% to 100%. Coverage begins on the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first, with the exception of police which receive coverage for life.
- Cost sharing for the Nevada PEBP is a set dollar amount that varies by years of service upon retirement.

The City also offers its retirees dental, vision, and life insurance benefits.

As of July 1, 2009, the City had 752 retirees receiving benefits (City plans and PEBP) and 1,467 active employees.

Separate, audited post-employment benefit plan reports for the two City of Reno plans have not been prepared. A copy of the Nevada PEBP may be obtained by writing to the Nevada Public Employee's Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 17: **Other Post Employment Benefits** (continued)

**Annual OPEB Cost and Net OPEB Obligation:**

For fiscal year 2010 the City's annual OPEB cost was \$21,166,247. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2010, were as follows:

Annual required contribution	\$ 21,161,097
Interest on net OPEB obligation	795,183
Adjustment of annual required contribution	<u>(790,033)</u>
<b>Annual OPEB cost</b>	<b>21,166,247</b>
Contributions made	<u>5,757,494</u>
Change in net OPEB obligation (asset)	15,408,753
Net OPEB obligation (asset), beginning of year	<u>19,879,576</u>
<b>Net OPEB obligation (asset), end of year</b>	<b><u>\$ 35,288,329</u></b>

**Annual OPEB Cost and Net OPEB Obligation (continued):**

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Obligation (Asset)</u>
June 30, 2008	\$ 13,994,052	\$ 3,162,190	22.60%	\$ 10,831,862
June 30, 2009	12,523,610	3,475,896	27.75	19,879,576
June 30, 2010	21,166,247	5,757,494	27.20	35,288,329

**Funded Status and Funding Progress:**

The funded status of the plan based on a roll-forward to July 1, 2008, and on an actuarial valuation as of July 1, 2009, was as follows:

	<u>July 1, 2008</u>	<u>July 1, 2009</u>
Actuarial accrued liability (AAL)	\$ 126,497,692	\$ 236,692,350
Actuarial value of plan assets	<u>--</u>	<u>--</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 126,497,692</u>	<u>\$ 236,692,350</u>
Funded ratio (actuarial value of plan Assets/AAL)	0.00%	0.00%
Covered payroll	\$ 123,207,077	\$ 103,158,952
UAAL as percentage of covered payroll	102.59%	229.44%

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

Note 17: **Other Post Employment Benefits** (continued)

### **Funded Status and Funding Progress (continued):**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The City hired a new firm to perform the actuarial valuation as of July 1, 2009. The new firm found that the prior firm failed to consider the implicit rate subsidy associated with retirees being charged the same premium as active employees. Consideration of the implicit subsidy resulted in the almost doubling of the actuarial accrued liability.

Prior to July 1, 2009, the unit credit actuarial cost method was used for the actuarial valuation. Beginning July 1, 2009, the entry age normal cost funding method was used. The actuarial assumptions include a 4% discount rate. A long-term inflation assumption of 3% was used in developing level percent amortization. The trend rate assumption is 10% for 2009 grading down 1% per year to 5% by 2014. The actuarial value of assets is equal to the market value. The unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll. The remaining amortization period at July 1, 2009 is 30 years, reflecting the City's use of an open amortization period.

The required schedule of funding progress, presented as required supplementary information following the *Notes to the Financial Statements*, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits. However, since the City is using the pay-as-you-go funding method rather than the prefunding method, the actuarial value of plan assets is zero.

Note 18: **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.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 18: **Defined Benefit Pension Plan** (continued)

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.

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>
2009-2010	21.50%	37.00%	24.25%	\$ 30,528,551	100%
2008-2009	20.50%	33.50%	23.75%	30,309,515	100%
2007-2008	20.50%	33.50%	23.75%	31,043,657	100%

Note 19: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets**

Expenditures and operating/non-operating expenses were in excess of budget in the following funds, an apparent violation of Nevada Revised Statutes (NRS) 354.626:

<u>Major Proprietary Funds</u>	<u>Final Budget</u>	<u>Expenditures/ Expenses</u>	<u>Variance to Final Budget</u>
Planning	\$ 2,559,283	\$ 2,745,616	\$ (186,333)

The negative variance was due to a miscalculation of the savings generated by the lay-offs, as well as to the accrual of additional OPEB expense in accordance with GASB 45. The final actuarial report was not available until after the final budget submission date.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 19: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets** (continued)

	<u>Final Budget</u>	<u>Expenditures/ Expenses</u>	<u>Variance to Final Budget</u>
<u>Nonmajor Governmental Funds</u>			
Emergency Operations Fund	\$ --	\$ 100	\$ (100)

The negative variance was due to a permit for the use of state lands that was drawn late in the fiscal year.

Redevelopment Agency Fund	\$ 2,699,033	\$ 2,787,863	\$ (88,830)
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The negative variance was due primarily to higher than estimated costs associated with the operation of the West Street Market, and lower revenues due to two tenants vacating the West Street Market site.

Railroad Capital Projects	\$ 260,979	\$ 299,018	\$ (38,039)
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The negative variance was due to outside legal bills on a bankruptcy proceeding in which the City is seeking the return of approximately \$200,000.

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

	<u>Final Budget</u>	<u>Expenditures/ Expenses</u>	<u>Variance to Final Budget</u>
<u>Major Governmental Funds</u>			
Downtown Events Center Debt	\$ 8,206,047	\$ 8,217,255	\$ (11,208)

The negative variance was due to payment of a FY 2009 remarketing fee that the remarketing agent failed to bill in a timely manner.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 19: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets** (continued)

The following excess is exempt from reporting under NRS 354.626.2(a), respectively, but is disclosed in compliance with GAAP:

	Final Budget	Expenditures/ Expenses	Variance to Final Budget
<b><u>Internal Service Funds:</u></b>			
Worker's Compensation Fund	\$ 5,172,262	\$ 5,383,199	\$ (210,937)

The negative variance was due to temporary total disability payment reimbursements to other funds that did not occur until after the final budget submission date.

The following excess is exempt from reporting under NRS 354.626.2(i), respectively, but is disclosed in compliance with GAAP:

	Final Budget	Expenditures/ Expenses	Variance to Final Budget
<b><u>Nonmajor Governmental Funds:</u></b>			
Community Assistance Grants	\$ 5,972,807	\$ 6,077,417	\$ (104,610)

**Deficit Fund Balances/Net Assets**

The Community Assistance Grants Fund had a fund balance deficit of (\$162,509), which will be eliminated in FY 2010/11 by a transfer from the General Fund.

The Railroad Capital Project Fund had a fund balance deficit of (\$277,608), which will be reduced or eliminated in FY 2010/11 from the release of condemnation-related deposits by the bankruptcy court.

The Community Assistance Center Capital Project Fund had a fund balance deficit of (\$1,970,409), which will be reduced by future commitments for funding made by Washoe County, the City of Sparks, and the sale of property.

The Special Assessments District Capital Projects Fund had a fund balance deficit of (\$65,217) that will be eliminated in FY 2010/11 by a transfer from the Streets Fund.

The Dispatch Enterprise Fund had a fund balance deficit of (\$772,275), which will be eliminated in FY 2010/11 when the fund is merged into the General Fund.

The Building Enterprise Fund had a fund balance deficit of (\$1,083,175). The City is currently reviewing possible funding sources to cure this deficit.

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 19: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets** (continued)

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

The Planning Enterprise Fund had a fund balance deficit of (\$2,316,104), which will be eliminated in FY 2010/11 when the fund is merged into the General Fund.

The Self-Funded Worker's Compensation Internal Service Fund had a fund balance deficit of (\$44,621,297). The deficit is expected to remain and perhaps grow until such time as the State Legislature provides a solution to the heart/lung liability issue.

Note 20: **Interfund Loans Without Proper Authorization**

At the end of FY 2009/2010, various interfund loans were recorded for short-term cash needs. Due to prior management's interpretation of applicable statutes, certain steps were not taken prior to consummating the short-term borrowings in an apparent violation of Nevada Revised Statutes (NRS) 354.6118:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	<u>Nonmajor Governmental Funds</u>	
General Fund	Public Works Capital Project Fund	\$ 85,539
ReTRAC Debt Service Fund	Railroad Capital Project Fund	185,893
	<u>Nonmajor Governmental Funds</u>	
Street Special Revenue Fund	General Fund	3,250,000
	<u>Nonmajor Governmental Funds</u>	
Street Fund	Community Development Block Grant Fund	487,328
Parks & Recreation Fund	Room Tax Fund	187,366
Ad Valorem Capital Project Fund	Public Works Capital Project Fund	1,011,398
	<u>Nonmajor Governmental Funds</u>	
Sanitary Sewer Fund	Redevelopment Agency Fund	3,400,000
Sanitary Sewer Fund	Building Fund	569,681
Sanitary Sewer Fund	Planning Fund	1,959,702
	<u>Internal Service Funds</u>	
Communications & Technology Fund	General Fund	500,000
	<u>Internal Service Funds</u>	
Self-Funded Medical Plan Fund	Self-Funded Motor Vehicle Fund	20,000

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 20: **Interfund Loans Without Proper Authorization** (continued)

The short-term borrowings listed above were for a duration of one day. The City will be implementing procedures to ensure that future short-term borrowings, if necessary, will be made in compliance with all applicable statutes.

At the end of FY 2009/2010, various interfund loans were recorded for cash needs that exceeded a one-year term although the actual transactions were for a one-day duration. Due to prior management's interpretation of applicable statutes, certain steps were not taken prior to consummating the medium-term borrowings in an apparent violation of Nevada Revised Statutes (NRS) 350.007:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Governmental Funds</u>	
Streets Capital Project Fund	Community Assistance Center Capital Project Fund	\$ 1,970,409
<u>Nonmajor Governmental Funds</u>		
Public Works Capital Project Fund	Special Assessment Districts Capital Project Fund	65,217
<u>Internal Service Funds</u>	<u>Internal Service Funds</u>	
Self-Funded Medical Plan Fund	Self-Funded Worker's Compensation Fund	8,203,646

Note 21: **Special Ad Valorem Capital Projects Fund**

Pursuant to NRS 354.598155 the Special Ad Valorem Capital Projects Fund expended \$547,165 on the following projects:

Administration	\$ 437
Sidewalk repair	28,491
Fire Station Alerting System	28,361
Public Works capital projects	443,012
Parks equipment	7,878
Underground storage tank monitoring	34,318
Art in public places	350
Ginsberg clock storage	2,739
2010 Traffic calming	<u>1,579</u>
Total	<u>\$ 547,165</u>

## CITY OF RENO, NEVADA

### Notes to Financial Statements June 30, 2010

#### Note 22: **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 April 6, 2008, the City of Reno issued \$94,030,000 of insured health facility revenue bonds (Series 2007A) for Catholic Healthcare West. The bonds were used to defease the Series 1998A & B bonds, as well as the Series 2003A & B bonds that were issued to fund the Saint Mary's Regional Medical Center project. The amount of Series 2007A bonds outstanding as of June 30, 2010, is \$94,030,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On June 29, 2004, the City of Reno issued \$200,000,000 of insured hospital revenue bonds (Series 2004A for \$34,350,000, Series 2004B for \$65,650,000, and Series 2004C for \$100,000,000) for the Washoe Medical Center project (now known as Renown Regional Medical Center). The amount of 2004A and 2004C bonds outstanding as of June 30, 2010, is \$121,950,000. The 2004B bonds were refunded by the Series 2009A and Series 2009B bond. 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 for the Series 2005 A & B bonds as of June 30, 2010, is \$94,250,000. The Series 2005 C bonds were paid in full on June 1, 2010. 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 Series 2006A and 2006B bond were refunded with the Series 2008A and 2008B bonds discussed below. The amount of 2006C bonds outstanding as of June 30, 2010, is \$825,000. 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, 2010

Note 22: **Conduit Debt Obligations** (continued)

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, 2010, is \$118,430,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On June 26, 2008, the City of Reno issued \$86,800,000 (Series 2008A and 2008B) of insured hospital revenue refunding bonds (variable rate bonds) that were used to refund the Series 2006A and 2006B bonds. The amount of the bonds outstanding as of June 30, 2010, is \$86,050,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On January 15, 2009, the City of Reno issued \$63,600,000 (Series 2009A for \$42,400,000 and Series 2009B for \$21,200,000) of insured hospital revenue refunding bonds (variable rate bonds) that were used to refund the Series 2004B bonds. The amount of the bonds outstanding as of June 30, 2010, is \$63,005,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

Note 23: **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, 2010, is \$2,360,000.

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, 2010, is \$12,005,000.

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, 2010, is \$5,440,000.

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

### Note 24: Joint Ventures

Local Government Oversight Committee Joint Venture (Truckee River 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, 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: \$12,000,000 by DOI and \$12,000,000 by the joint venture participants. 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. The City has fully paid its share of the purchase and ceased remitting fees to Washoe County in FY 2007.

Washoe County is responsible for administration of the Joint Venture. The arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist. All equity is reserved for purchase of water rights and repayment of debt and is therefore unavailable to the entities. 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, 2010 is \$3,997,097. 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 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.

## CITY OF RENO, NEVADA

### Notes to Financial Statements June 30, 2010

Note 24: **Joint Ventures** (continued)

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, 2010, 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 was \$15,976 per month for fiscal year 2010. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid \$292,851 during the year ended June 30, 2010 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 25: **Subsequent Events**

**New Debt Issued**

After June 30, 2010, the City of Reno issued two bonds and entered into two installment purchase agreements. They are described in the following paragraphs.

On July 21, 2010, the City issued \$3,970,000 of General Obligation (Limited Tax) Medium-Term Fire Refunding Bonds, Series 2010. The Bonds were solely purchased by the Banc of America Public Capital Corp. The proceeds of these Bonds were used to buy out six capital leases entered into between to finance various fire apparatus entered into between November of 2002 and June of 2007. The Bonds are to be repaid from legally available funds of the City, including, without limitation, monies in the City's General Fund. The Bonds will mature annually on July 1, starting July 1, 2011 and ending July 1, 2020. Interest on the Bonds is 3.74% and is payable semiannually on July 1 and January 1 commencing January 1, 2011. The buy-out will result in a negative cash flow of (\$532,485).

## CITY OF RENO, NEVADA

### Notes to Financial Statements June 30, 2010

#### Note 25: Subsequent Events (continued)

##### New Debt Issued (continued)

On July 26, 2010, the City entered into a \$2,261,000 Installment Purchase Agreement (IPA) with Banc of America Leasing & Capital, LLC under the American Recovery and Reinvestment Act's Qualified Energy Conservation Bond Program for the purpose of financing, wholly or in part, the cost to acquire, improve and equip City buildings with clean, renewable energy and energy conservation equipment. The IPAs are to be repaid from legally available funds of the City, including, without limitation, monies in the City's General Fund. The IPAs will mature annually on June 1, starting June 1, 2012, and ending June 1, 2025. Interest on the IPAs is 6.45% and is payable semiannually on June 1 and December 1 commencing December 1, 2010. The IPAs are eligible for a federal direct interest rate subsidy equal to 57% of the interest payments.

On July 26, 2010, the City entered into a \$10,860,000 Installment Purchase Agreement (IPA) with Banc of America Leasing & Capital, LLC under the American Recovery and Reinvestment Act's Recovery Zone Economic Bond Program for the purpose of financing, wholly or in part, the cost to acquire, improve and equip City buildings with clean, renewable energy and energy conservation equipment. These IPAs are to be repaid from legally available funds of the City, including, without limitation, monies in the City's General Fund. The IPAs will mature annually on June 1, starting June 1, 2012, and ending June 1, 2027. Interest on the IPAs is 6.45% and is payable semiannually on June 1 and December 1 commencing December 1, 2010. The IPAs are eligible for a federal direct interest rate subsidy equal to 45% of the interest payments.

On September 9, 2010, the City issued \$21,750,000 of General Obligation (Limited Tax) Sewer Refunding Bonds, Series 2010. The proceeds of the Bonds were used to pay off the Series 2008 Medium-Term Sewer Bonds with an outstanding principal balance of \$20,845,000. The Bonds are to be repaid from revenues generated by the City's sewer enterprise operation, as well as from legally available funds of the City as this debt constitutes a direct and general obligation of the City. The Bonds will mature annually on August 1, starting August 1, 2014 and ending July 1, 2040. Interest on the Bonds ranges between 2% and 4.125% and is payable semiannually on August 1 and February 1 commencing February 1, 2011. The refunding will result in a negative cash flow of (\$13,169,043), and a net present value loss of (\$614,276).

##### Other Debt-Related Issues

Pursuant to the agreements pertaining to derivative instrument (B) as described in Note 9, the City reported the Coverage ratio to the counterparty for the Reporting Date of September 1, 2010. The Coverage Ratio was 1.03, even though the timing of the Trustee's receipt of Pledged Revenues caused 13 months of sales tax income to be

## CITY OF RENO, NEVADA

Notes to Financial Statements  
June 30, 2010

Note 25: **Subsequent Events** (continued)

### Other Debt-Related Issues (continued)

received during the relevant 12 month period preceding the September 1, 2010 reporting date. This has the same consequence as described in Note 9 above, giving the Counterparty another right to terminate derivative instrument (B).

On October 26, 2010, the counterparty on derivative instrument (B) sent a Notice of Occurrence of Additional Termination Event to the City, but did not at that time elect to terminate derivative instrument (B) or demand payment of a termination payment.

As of October 29, 2010, the City estimates that if the counterparty were to exercise its option to terminate derivative instrument (B), the City would owe the counterparty a termination payment of approximately \$23.8 million; however, the termination payment amount fluctuates from time to time. If the counterparty terminates derivative instrument (B), the City anticipates that Pledged Revenues that are described in Note 9 would not be sufficient to pay the termination amount; as a result, no debt service would be paid on the 2008B Bonds until the entire termination amount and the interest due thereon are paid in full. At this time, the City cannot predict whether the counterparty will terminate derivative instrument (B), nor can it predict when the entire termination amount due to the counterparty and interest thereon would be fully paid.

On October 4, 2010, the Bank of New York Mellon (Bank) issued another Reservation of Rights Letters under the Reimbursement Agreement. The letter indicates that failure to meet the Coverage Ratio described above, is an “Event of Default” under the Reimbursement Agreement, although the City disagrees with this determination.

The Bank’s letter also advised the City that the Bank has not elected at this time to enforce any of its rights or remedies under the Reimbursement Agreement; however, the fact that the Bank has not done so is not a waiver of, or an agreement by the Bank to forebear from pursuing any such rights or remedies. Further, in the Bank’s letter, the Bank reserves all of its rights and remedies arising out of or relating to the purported Event of Default under the Reimbursement Agreement as well to as any other or future Events of Default. See Note 9 for a description of the results that would occur if it is determined that an Event of Default exists under the Reimbursement Agreement and the Bank determines to exercise its remedies under the Reimbursement Agreement.

### Creation of the Self-Insured Health Maintenance Organization Plan

Every July 1 the Reno City Council approves a contract with Hometown Health Providers, Inc, (HHP) to purchase a health maintenance organization plan for employees and eligible dependents. For the FY 2010/11 plan year, the City was faced with a 21% premium

**CITY OF RENO, NEVADA**

Notes to Financial Statements  
June 30, 2010

Note 25: **Subsequent Events** (continued)

Creation of the Self-Insured Health Maintenance Organization Plan (continued)

increase. Therefore, Staff requested and the City Council approved a self-insured health maintenance organization plan in which HHP will administer claims for the City of Reno and the City will be responsible for paying those claims. In an additional effort to keep the premiums at the FY 2009/10 levels, the City made some plan modifications including increasing specialist co-pays to \$30; establishing an annual deductible of \$200 per individual and \$400 per family; and changing the pharmacy co-pays. This change went into effect on July 1, 2010, for the City, and the plan changes for covered employees went into effect September 1, 2010.

Note 26: **New Accounting Pronouncements**

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statement:

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement is effective for the City's fiscal year ending June 30, 2011.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**CITY OF RENO, NEVADA**

Required Supplementary Information  
June 30, 2010

Other Post-Employment Benefits Plan  
Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
July 1, 2007	\$ --	\$ 117,483,434	0.00%	\$ 117,483,434	\$ 124,530,962	94.34%
July 1, 2008*	--	126,497,692	0.00%	126,497,692	123,307,077	102.59%
July 1, 2009	--	236,692,350	0.00%	236,692,350	103,158,952	229.44%

\* Rolled forward as of the July 1, 2007 valuation

**Notes:**

The increase in the AAL between July 1, 2008 and July 1, 2009 is due to the inclusion of the implicit rate subsidy for retirees previously not included.

The reduction in Annual Covered Payroll is the result of lay-offs implemented by the City of Reno in FY 2009/10.

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**NONMAJOR GOVERNMENTAL FUNDS**

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**CITY OF RENO, NEVADA**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Investments	\$ 5,611,683	\$ 14,169,938	\$ 8,513,858	\$ 28,295,479
Receivables:				
Accounts	216,825	406,125	30,000	652,950
Accrued interest	22,287	21,498	22,623	66,408
From other governments	2,701,192	380,979	1,227,070	4,309,241
Delinquent taxes	397,224	189,444	--	586,668
Special assessments:				
Current	--	276,112	--	276,112
Delinquent	--	5,480	--	5,480
Deferred	--	3,365,728	--	3,365,728
Long-term	661,256	--	--	661,256
Due from other funds	5,174,694	--	1,076,615	6,251,309
Inventories	126,619	--	--	126,619
Prepaid items	12,410	136	--	12,546
Property held for resale	7,650,100	--	--	7,650,100
Other assets	--	--	440,000	440,000
<b>TOTAL ASSETS</b>	<u><u>\$ 22,574,290</u></u>	<u><u>\$ 18,815,440</u></u>	<u><u>\$ 11,310,166</u></u>	<u><u>\$ 52,699,896</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,908,369	\$ 1,364	\$ 81,033	\$ 1,990,766
Accrued salaries and benefits	498,459	--	--	498,459
Contracts and retained percentage payable	13,052	--	750,416	763,468
Due to other funds	4,074,694	--	3,418,456	7,493,150
Due to other governments	--	156	--	156
Deposits	344,127	15,326	8,337	367,790
Deferred taxes	397,224	189,444	--	586,668
Deferred revenue	661,256	3,732,502	440,000	4,833,758
<b>TOTAL LIABILITIES</b>	<u><u>7,897,181</u></u>	<u><u>3,938,792</u></u>	<u><u>4,698,242</u></u>	<u><u>16,534,215</u></u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	1,112,510	--	234,532	1,347,042
Capital projects	--	--	2,831,848	2,831,848
Park capital outlay	--	--	5,193,035	5,193,035
Future signalization	--	--	498,834	498,834
Debt service	--	14,876,512	--	14,876,512
Inventories	126,619	--	--	126,619
Prepaid items	12,410	136	--	12,546
Property held for resale	7,650,100	--	--	7,650,100
Court assessments	53,929	--	--	53,929
Court collection	234,246	--	--	234,246
Other programs	1,986,696	--	166,909	2,153,605
Unreserved, reported in:				
Special revenue funds	3,500,599	--	--	3,500,599
Capital projects funds	--	--	(2,313,234)	(2,313,234)
<b>TOTAL FUND BALANCES</b>	<u><u>14,677,109</u></u>	<u><u>14,876,648</u></u>	<u><u>6,611,924</u></u>	<u><u>36,165,681</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 22,574,290</u></u>	<u><u>\$ 18,815,440</u></u>	<u><u>\$ 11,310,166</u></u>	<u><u>\$ 52,699,896</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, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>REVENUES</b>				
Taxes	\$ 17,697,904	\$ 4,853,413	\$ 464,716	\$ 23,016,033
Special assessments	--	595,868	--	595,868
Fees, licenses and permits	86,289	--	--	86,289
Intergovernmental	4,053,321	2,139,344	--	6,192,665
Grants and contributions	9,256,956	--	1,796,455	11,053,411
Charges for services	3,947,306	--	--	3,947,306
Fines and forfeitures	13,680	27,791	--	41,471
Interest earnings	3,438	264,118	(20,662)	246,894
Private grants and contributions	1,065,581	--	105,000	1,170,581
Rents and royalties	773,821	1,472,505	--	2,246,326
Reimbursements and restitution	1,036,540	--	1,286,407	2,322,947
Miscellaneous	1,915,313	12,785	8,153	1,936,251
<b>TOTAL REVENUES</b>	<u>39,850,149</u>	<u>9,365,824</u>	<u>3,640,069</u>	<u>52,856,042</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,292,621	--	--	1,292,621
Judicial	174,467	--	--	174,467
Public works	8,850,684	--	841,419	9,692,103
Community development and support	10,404,872	--	--	10,404,872
Culture and recreation	17,080,364	--	1,545	17,081,909
Urban redevelopment	2,787,863	--	--	2,787,863
Capital outlay	965,575	--	6,167,833	7,133,408
Debt Service:				
Principal	33,000	9,404,344	--	9,437,344
Interest	23,954	6,712,792	--	6,736,746
Fiscal charges	--	213,299	--	213,299
<b>TOTAL EXPENDITURES</b>	<u>41,613,400</u>	<u>16,330,435</u>	<u>7,010,797</u>	<u>64,954,632</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,763,251)</u>	<u>(6,964,611)</u>	<u>(3,370,728)</u>	<u>(12,098,590)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	14	--	--	14
Transfers from other funds	17,173,770	3,192,948	3,769,786	24,136,504
Transfers to other funds	(10,778,674)	(234,892)	(4,417,246)	(15,430,812)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>6,395,110</u>	<u>2,958,056</u>	<u>(647,460)</u>	<u>8,705,706</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>4,631,859</u>	<u>(4,006,555)</u>	<u>(4,018,188)</u>	<u>(3,392,884)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	10,935,362	18,883,203	10,630,112	40,448,677
<b>PRIOR PERIOD ADJUSTMENT</b>	(890,112)	--	--	(890,112)
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>10,045,250</u>	<u>18,883,203</u>	<u>10,630,112</u>	<u>39,558,565</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 14,677,109</u>	<u>\$ 14,876,648</u>	<u>\$ 6,611,924</u>	<u>\$ 36,165,681</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 and HOME Grants received for the purpose of providing better housing, improved living conditions, and economic opportunities for persons of low and moderate income.

Community Assistance Fund – to account for non-Community Development Block Grant related federal grants, state grants, and private grants received to fund particular City programs.

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.

Special Events Fund – to account 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, 2010

	Community Development Block Grant Fund	Community Assistance	Events Center Fund	Street Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Investments	\$ 229,433	\$ 42,741	\$ --	\$ 2,404,782
Receivables:				
Accounts	--	--	--	105,786
Accrued interest	--	--	--	13,661
Delinquent taxes	--	--	--	327,923
Due from other governments	919,343	455,091	--	996,415
Long-term	--	--	--	--
Due from other funds	--	--	--	3,737,328
Inventories	--	--	--	126,619
Prepaid items	--	--	--	--
Property held for resale	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 1,148,776</u>	<u>\$ 497,832</u>	<u>\$ --</u>	<u>\$ 7,712,514</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 514,722	\$ 568,571	\$ --	\$ 127,623
Accrued salaries and benefits	16,601	1,580	--	163,222
Contracts and retained percentage payable	--	--	--	13,052
Due to other funds	407,138	80,190	--	--
Deposits	--	10,000	--	113,253
Deferred taxes	--	--	--	327,923
Deferred revenue	--	--	--	--
<b>TOTAL LIABILITIES</b>	<u>938,461</u>	<u>660,341</u>	<u>--</u>	<u>745,073</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	--	1,086,854
Inventories	--	--	--	126,619
Prepaid items	--	--	--	--
Property held for resale	--	--	--	--
Court assessments	--	--	--	--
Court collections	--	--	--	--
Other programs	210,315	--	--	933,120
Unreserved	--	(162,509)	--	4,820,848
<b>TOTAL FUND BALANCES</b>	<u>210,315</u>	<u>(162,509)</u>	<u>--</u>	<u>6,967,441</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,148,776</u>	<u>\$ 497,832</u>	<u>\$ --</u>	<u>\$ 7,712,514</u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2010

	<u>Room Tax Fund</u>	<u>Parks and Recreation Fund</u>	<u>Special Events Fund</u>	<u>Stabilization Fund</u>	<u>Emergency Operations Fund</u>
<b>ASSETS</b>					
Cash and Investments	\$ 321,233	\$ 326,212	\$ 206,650	\$ 1,313	\$ 8,063
Receivables:					
Accounts	--	51,839	22,762	--	--
Accrued interest	714	2,132	553	1,399	--
Delinquent taxes	--	--	--	--	--
Due from other governments	209,292	31,535	--	--	--
Long-term	--	--	--	--	--
Due from other funds	--	1,437,366	--	--	--
Inventories	--	--	--	--	--
Prepaid items	--	300	--	--	--
Property held for resale	--	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 531,239</u>	<u>\$ 1,849,384</u>	<u>\$ 229,965</u>	<u>\$ 2,712</u>	<u>\$ 8,063</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 46,802	\$ 288,542	\$ 7,360	\$ --	\$ --
Accrued salaries and benefits	--	304,592	3,737	--	--
Contracts and retained percentage payable	--	--	--	--	--
Due to other funds	187,366	--	--	--	--
Deposits	--	43,500	--	--	--
Deferred taxes	--	--	--	--	--
Deferred revenue	--	--	--	--	--
<b>TOTAL LIABILITIES</b>	<u>234,168</u>	<u>636,634</u>	<u>11,097</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	--	5,083	--	--	--
Inventories	--	--	--	--	--
Prepaid items	--	300	--	--	--
Property held for resale	--	--	--	--	--
Court assessments	--	--	--	--	--
Court collections	--	--	--	--	--
Other programs	--	107,269	--	--	--
Unreserved	297,071	1,100,098	218,868	2,712	8,063
<b>TOTAL FUND BALANCES</b>	<u>297,071</u>	<u>1,212,750</u>	<u>218,868</u>	<u>2,712</u>	<u>8,063</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 531,239</u>	<u>\$ 1,849,384</u>	<u>\$ 229,965</u>	<u>\$ 2,712</u>	<u>\$ 8,063</u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2010

	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
<b>ASSETS</b>				
Cash and Investments	\$ 474,613	\$ 734,229	\$ 862,414	\$ 5,611,683
Receivables:				
Accounts	--	--	36,438	216,825
Accrued interest	1,009	1,763	1,056	22,287
Delinquent taxes	--	--	69,301	397,224
Due from other governments	2,300	--	87,216	2,701,192
Long-term	--	--	661,256	661,256
Due from other funds	--	--	--	5,174,694
Inventories	--	--	--	126,619
Prepaid items	--	--	12,110	12,410
Property held for resale	--	--	7,650,100	7,650,100
<b>TOTAL ASSETS</b>	<b>\$ 477,922</b>	<b>\$ 735,992</b>	<b>\$ 9,379,891</b>	<b>\$ 22,574,290</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 188,725	\$ --	\$ 166,024	\$ 1,908,369
Accrued salaries and benefits	--	--	8,727	498,459
Contracts and retained percentage payable	--	--	--	13,052
Due to other funds	--	--	3,400,000	4,074,694
Deposits	--	--	177,374	344,127
Deferred taxes	--	--	69,301	397,224
Deferred revenue	--	--	661,256	661,256
<b>TOTAL LIABILITIES</b>	<b>188,725</b>	<b>--</b>	<b>4,482,682</b>	<b>7,897,181</b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	20,573	1,112,510
Inventories	--	--	--	126,619
Prepaid items	--	--	12,110	12,410
Property held for resale	--	--	7,650,100	7,650,100
Court assessments	53,929	--	--	53,929
Court collections	234,246	--	--	234,246
Other programs	--	735,992	--	1,986,696
Unreserved	1,022	--	(2,785,574)	3,500,599
<b>TOTAL FUND BALANCES</b>	<b>289,197</b>	<b>735,992</b>	<b>4,897,209</b>	<b>14,677,109</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 477,922</b>	<b>\$ 735,992</b>	<b>\$ 9,379,891</b>	<b>\$ 22,574,290</b>

**CITY OF RENO, NEVADA**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2010

	Community Development Block Grant Fund	Community Assistance	Events Center Fund	Street Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ --	\$ 12,741,370
Room taxes	--	--	--	--
Licenses and permits	--	--	--	86,289
Intergovernmental	--	--	--	3,925,297
Intergovernmental grants and contributions	4,647,776	4,516,902	--	--
Charges for services	--	--	--	--
Fines and forfeits	--	--	--	13,680
Investment earnings	--	--	--	18,600
Interest earnings, other	70	--	--	--
Private grants and contributions	--	1,023,962	--	--
Rents and royalties	--	30,844	--	--
Reimbursement & restitutions	--	75,994	--	197,533
Miscellaneous	293,756	441,125	--	53,394
TOTAL REVENUES	<u>4,941,602</u>	<u>6,088,827</u>	<u>--</u>	<u>17,036,163</u>
EXPENDITURES				
Current:				
General government	--	--	--	--
Judicial	--	--	--	--
Public works	--	--	--	8,850,684
Community development and support	4,327,455	6,077,417	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Capital outlay	208,169	--	--	697,406
Debt Service:				
Principal	33,000	--	--	--
Interest	23,954	--	--	--
TOTAL EXPENDITURES	<u>4,592,578</u>	<u>6,077,417</u>	<u>--</u>	<u>9,548,090</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>349,024</u>	<u>11,410</u>	<u>--</u>	<u>7,488,073</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	--	--
Transfers in	--	--	--	3,281,415
Transfers out	(395,900)	--	(842)	(4,511,255)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(395,900)</u>	<u>--</u>	<u>(842)</u>	<u>(1,229,840)</u>
NET CHANGE IN FUND BALANCES	<u>(46,876)</u>	<u>11,410</u>	<u>(842)</u>	<u>6,258,233</u>
FUND BALANCES, BEGINNING OF YEAR	257,191	(173,919)	842	709,208
PRIOR PERIOD ADJUSTMENT	--	--	--	--
FUND BALANCES, BEGINNING, AS RESTATED	<u>257,191</u>	<u>(173,919)</u>	<u>842</u>	<u>709,208</u>
FUND BALANCES, ENDING	<u>\$ 210,315</u>	<u>\$ (162,509)</u>	<u>\$ --</u>	<u>\$ 6,967,441</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, 2010

	Room Tax Fund	Parks and Recreation Fund	Special Events Fund	Stabilization Fund	Emergency Operations Fund
<b>REVENUES</b>					
Taxes:					
Ad valorem taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Room taxes	1,854,330	--	--	--	--
Licenses and permits	--	--	--	--	--
Intergovernmental	--	--	--	--	--
Intergovernmental grants and contributions	--	84,111	--	--	8,167
Charges for services	--	3,947,306	--	--	--
Fines and forfeits	--	--	--	--	--
Investment earnings	383	5,096	769	(15,236)	(4)
Interest earnings, other	--	--	--	--	--
Private grants and contributions	--	41,619	--	--	--
Rents and royalties	--	155,400	--	--	--
Reimbursement & restitutions	--	8,906	560,792	--	--
Miscellaneous	--	234	63	--	--
<b>TOTAL REVENUES</b>	<u>1,854,713</u>	<u>4,242,672</u>	<u>561,624</u>	<u>(15,236)</u>	<u>8,163</u>
<b>EXPENDITURES</b>					
Current:					
General government	343,604	--	948,917	--	100
Judicial	--	--	--	--	--
Public works	--	--	--	--	--
Community development and support	--	--	--	--	--
Culture and recreation	--	17,080,364	--	--	--
Urban redevelopment	--	--	--	--	--
Capital outlay	--	60,000	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<u>343,604</u>	<u>17,140,364</u>	<u>948,917</u>	<u>--</u>	<u>100</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,511,109</u>	<u>(12,897,692)</u>	<u>(387,293)</u>	<u>(15,236)</u>	<u>8,063</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	--	14	--	--	--
Transfers in	--	12,783,136	578,401	--	395,304
Transfers out	(1,423,335)	(373,769)	(200,000)	(2,523,609)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,423,335)</u>	<u>12,409,381</u>	<u>378,401</u>	<u>(2,523,609)</u>	<u>395,304</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>87,774</u>	<u>(488,311)</u>	<u>(8,892)</u>	<u>(2,538,845)</u>	<u>403,367</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	209,297	1,701,061	227,760	2,541,557	(395,304)
<b>PRIOR PERIOD ADJUSTMENT</b>	--	--	--	--	--
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>209,297</u>	<u>1,701,061</u>	<u>227,760</u>	<u>2,541,557</u>	<u>(395,304)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 297,071</u>	<u>\$ 1,212,750</u>	<u>\$ 218,868</u>	<u>\$ 2,712</u>	<u>\$ 8,063</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, 2010

	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 3,102,204	\$ 15,843,574
Room taxes	--	--	--	1,854,330
Licenses and permits	--	--	--	86,289
Intergovernmental	--	--	128,024	4,053,321
Intergovernmental grants and contributions	--	--	--	9,256,956
Charges for services	--	--	--	3,947,306
Fines and forfeits	--	--	--	13,680
Investment earnings	(4,075)	3,270	(5,435)	3,368
Interest earnings, other	--	--	--	70
Private grants and contributions	--	--	--	1,065,581
Rents and royalties	--	--	587,577	773,821
Reimbursement & restitutions	--	--	193,315	1,036,540
Miscellaneous	640,574	486,167	--	1,915,313
<b>TOTAL REVENUES</b>	<u>636,499</u>	<u>489,437</u>	<u>4,005,685</u>	<u>39,850,149</u>
<b>EXPENDITURES</b>				
Current:				
General government	--	--	--	1,292,621
Judicial	174,467	--	--	174,467
Public works	--	--	--	8,850,684
Community development and support	--	--	--	10,404,872
Culture and recreation	--	--	--	17,080,364
Urban redevelopment	--	--	2,787,863	2,787,863
Capital outlay	--	--	--	965,575
Debt Service:				
Principal	--	--	--	33,000
Interest	--	--	--	23,954
<b>TOTAL EXPENDITURES</b>	<u>174,467</u>	<u>--</u>	<u>2,787,863</u>	<u>41,613,400</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>462,032</u>	<u>489,437</u>	<u>1,217,822</u>	<u>(1,763,251)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	--	--	--	14
Transfers in	--	--	135,514	17,173,770
Transfers out	(273,202)	(291,777)	(784,985)	(10,778,674)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(273,202)</u>	<u>(291,777)</u>	<u>(649,471)</u>	<u>6,395,110</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>188,830</u>	<u>197,660</u>	<u>568,351</u>	<u>4,631,859</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	100,367	538,332	5,218,970	10,935,362
<b>PRIOR PERIOD ADJUSTMENT</b>	--	--	(890,112)	(890,112)
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>100,367</u>	<u>538,332</u>	<u>4,328,858</u>	<u>10,045,250</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 289,197</u>	<u>\$ 735,992</u>	<u>\$ 4,897,209</u>	<u>\$ 14,677,109</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ 4,974,007	\$ 6,005,238	\$ 4,402,381	\$ (1,602,857)
State grants	--	205,000	243,862	38,862
Contributions	--	15,000	1,533	(13,467)
Total Intergovernmental	<u>4,974,007</u>	<u>6,225,238</u>	<u>4,647,776</u>	<u>(1,577,462)</u>
Miscellaneous:				
Interest earnings, other	1,000	100	70	(30)
Loan payments	400,000	310,425	236,802	(73,623)
Other	60,425	--	56,954	56,954
Total Miscellaneous	<u>461,425</u>	<u>310,525</u>	<u>293,826</u>	<u>(16,699)</u>
<b>TOTAL REVENUES</b>	<u>5,435,432</u>	<u>6,535,763</u>	<u>4,941,602</u>	<u>(1,594,161)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development and Support:				
Salaries and wages	279,539	270,886	341,739	(70,853)
Employee benefits	123,055	117,869	146,414	(28,545)
Services and supplies	1,541,007	4,734,348	731,235	4,003,113
Community projects	3,010,806	472,012	3,108,067	(2,636,055)
Total Community Development and Support	<u>4,954,407</u>	<u>5,595,115</u>	<u>4,327,455</u>	<u>1,267,660</u>
Capital Outlay	--	546,939	208,169	338,770
Debt Service:				
Principal	33,000	33,000	33,000	--
Interest	23,954	23,954	23,954	--
<b>TOTAL EXPENDITURES</b>	<u>5,011,361</u>	<u>6,199,008</u>	<u>4,592,578</u>	<u>1,606,430</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>424,071</u>	<u>336,755</u>	<u>349,024</u>	<u>12,269</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(419,900)	(395,900)	(395,900)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(419,900)</u>	<u>(395,900)</u>	<u>(395,900)</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,171	(59,145)	(46,876)	12,269
<b>FUND BALANCE, BEGINNING</b>	<u>195,417</u>	<u>257,191</u>	<u>257,191</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 199,588</u>	<u>\$ 198,046</u>	<u>\$ 210,315</u>	<u>\$ 12,269</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Community Assistance  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ --	\$ 3,467,463	\$ 3,788,296	\$ 320,833
Contributions	--	648,341	728,606	80,265
Total Intergovernmental	--	4,115,804	4,516,902	401,098
Miscellaneous:				
Rents and royalties	--	35,000	30,844	(4,156)
Reimbursements and restitution	--	55,000	75,994	20,994
Private Grants	--	1,645,922	1,023,962	(621,960)
Other	--	325,000	441,125	116,125
Total Miscellaneous	--	2,060,922	1,571,925	(488,997)
<b>TOTAL REVENUES</b>	--	6,176,726	6,088,827	(87,899)
<b>EXPENDITURES</b>				
Community Development and Support				
Salaries and wages	--	126,295	72,828	53,467
Employee benefits	--	16,476	6,465	10,011
Services and supplies	--	2,524,286	2,518,430	5,856
Community projects	--	3,305,750	3,479,694	(173,944)
<b>TOTAL EXPENDITURES</b>	--	5,972,807	6,077,417	(104,610)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	--	203,919	11,410	(192,509)
<b>NET CHANGE IN FUND BALANCES</b>	--	203,919	11,410	(192,509)
<b>FUND BALANCE, BEGINNING</b>	--	(173,919)	(173,919)	--
<b>FUND BALANCE, ENDING</b>	\$ --	\$ 30,000	\$ (162,509)	\$ (192,509)

## CITY OF RENO, NEVADA

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Street Fund For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 12,546,989	\$ 12,546,989	\$ 12,741,370	\$ 194,381
Licenses and permits:				
Excavation permits	100,000	75,000	86,289	11,289
Intergovernmental:				
Motor vehicle fuel tax	3,176,541	3,176,541	3,876,023	699,482
County road tax	49,200	49,200	49,274	74
Total intergovernmental	3,225,741	3,225,741	3,925,297	699,556
Grants and contributions:				
Street patching penalties	50,000	30,000	13,680	(16,320)
Miscellaneous:				
Investment earnings	37,000	6,000	18,600	12,600
Reimbursements and restitution		173,500	197,533	24,033
Other		52,000	53,394	1,394
Total miscellaneous	37,000	231,500	269,527	38,027
<b>TOTAL REVENUES</b>	<b>15,959,730</b>	<b>16,109,230</b>	<b>17,036,163</b>	<b>926,933</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and wages	3,056,610	3,115,734	3,128,688	(12,954)
Employee benefits	1,349,239	1,359,881	1,397,602	(37,721)
Services and supplies	4,815,887	4,822,235	4,324,394	497,841
Capital Outlay	6,404,811	5,000,000	697,406	4,302,594
<b>TOTAL EXPENDITURES</b>	<b>15,626,547</b>	<b>14,297,850</b>	<b>9,548,090</b>	<b>4,749,760</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>333,183</b>	<b>1,811,380</b>	<b>7,488,073</b>	<b>5,676,693</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	3,285,935	3,281,415	(4,520)
Transfers out	(408,777)	(4,511,255)	(4,511,255)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(408,777)</b>	<b>(1,225,320)</b>	<b>(1,229,840)</b>	<b>(4,520)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(75,594)</b>	<b>586,060</b>	<b>6,258,233</b>	<b>5,672,173</b>
<b>FUND BALANCE, BEGINNING</b>	<b>75,594</b>	<b>709,208</b>	<b>709,208</b>	<b>--</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ --</b>	<b>\$ 1,295,268</b>	<b>\$ 6,967,441</b>	<b>\$ 5,672,173</b>

**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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 500	\$ --	\$ --	\$ --
TOTAL REVENUES	<u>500</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES				
Current:				
General Government:				
Services and supplies	541,000	--	--	--
TOTAL EXPENDITURES	<u>541,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(540,500)</u>	<u>--</u>	<u>--</u>	<u>--</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	419,985	--	--	--
Transfers out	<u>--</u>	<u>(842)</u>	<u>(842)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(120,515)	(842)	(842)	--
FUND BALANCE, BEGINNING	<u>120,515</u>	<u>842</u>	<u>842</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Room Tax Fund  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room Tax	\$ 1,800,000	\$ 1,800,000	\$ 1,854,330	\$ 54,330
Miscellaneous:				
Investment earnings	4,000	1,000	383	(617)
Total Miscellaneous	4,000	1,000	383	(617)
TOTAL REVENUES	1,804,000	1,801,000	1,854,713	53,713
EXPENDITURES				
Current:				
General Government:				
Tourism:				
Services and supplies	614,127	614,127	343,604	270,523
TOTAL EXPENDITURES	614,127	614,127	343,604	270,523
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,189,873	1,186,873	1,511,109	324,236
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,510,000)	(1,396,170)	(1,423,335)	(27,165)
NET CHANGE IN FUND BALANCES	(320,127)	(209,297)	87,774	297,071
FUND BALANCE, BEGINNING	70,022	209,297	209,297	--
FUND BALANCE, ENDING	\$ (250,105)	\$ --	\$ 297,071	\$ 297,071

**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, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ 92,487	\$ 95,104	\$ 84,111	\$ (10,993)
Charges for Services:				
Engineering charges	55,000	76,208	72,786	(3,422)
Swimming pool fees	361,186	361,186	380,930	19,744
Recreation facility fees	3,856,809	3,330,181	3,379,915	49,734
Parks and recreation fees	94,000	94,000	113,675	19,675
Total Charges for Services	4,366,995	3,861,575	3,947,306	85,731
Miscellaneous:				
Investment earnings	--	6,000	5,096	(904)
Rents and royalties	118,872	126,104	155,400	29,296
Reimbursements and restitution	11,000	10,000	8,906	(1,094)
Private grants	20,900	39,088	41,619	2,531
Other	--	--	234	234
Total Miscellaneous	150,772	181,192	211,255	30,063
<b>TOTAL REVENUES</b>	<b>4,610,254</b>	<b>4,137,871</b>	<b>4,242,672</b>	<b>104,801</b>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation:				
Salaries and wages	8,268,095	7,654,900	7,566,689	88,211
Employee benefits	2,571,589	2,601,237	2,624,495	(23,258)
Services and supplies	7,871,101	7,525,928	6,889,180	636,748
Capital outlay	330,000	480,000	60,000	420,000
<b>TOTAL EXPENDITURES</b>	<b>19,040,785</b>	<b>18,262,065</b>	<b>17,140,364</b>	<b>1,121,701</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(14,430,531)</b>	<b>(14,124,194)</b>	<b>(12,897,692)</b>	<b>1,226,502</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of general fixed assets	--	-	14	14
Transfers in	14,192,650	12,801,606	12,783,136	(18,470)
Transfers out	--	(373,769)	(373,769)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>14,192,650</b>	<b>12,427,837</b>	<b>12,409,381</b>	<b>(18,456)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(237,881)</b>	<b>(1,696,357)</b>	<b>(488,311)</b>	<b>1,208,046</b>
<b>FUND BALANCE, BEGINNING</b>	<b>540,427</b>	<b>1,701,061</b>	<b>1,701,061</b>	<b>--</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 302,546</b>	<b>\$ 4,704</b>	<b>\$ 1,212,750</b>	<b>\$ 1,208,046</b>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Special Events Fund  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 1,500	\$ 750	\$ 769	\$ 19
Reimbursements and restitution	654,800	654,800	560,792	(94,008)
Other income	--	--	63	63
TOTAL REVENUES	<u>656,300</u>	<u>655,550</u>	<u>561,624</u>	<u>(93,926)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and wages	847,517	845,542	685,257	160,285
Employee benefits	34,381	33,575	33,684	(109)
Services and supplies	356,307	382,594	229,976	152,618
TOTAL EXPENDITURES	<u>1,238,205</u>	<u>1,261,711</u>	<u>948,917</u>	<u>312,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(581,905)</u>	<u>(606,161)</u>	<u>(387,293)</u>	<u>218,868</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	581,905	578,401	578,401	--
Transfers out	--	(200,000)	(200,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>581,905</u>	<u>378,401</u>	<u>378,401</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	--	(227,760)	(8,892)	218,868
FUND BALANCE, BEGINNING	<u>--</u>	<u>227,760</u>	<u>227,760</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 218,868</u>	<u>\$ 218,868</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 55,000	\$ 7,500	\$ (15,236)	\$ (22,736)
EXPENDITURES				
Current:				
General Government:				
Services and supplies	1,373,977	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,318,977)	7,500	(15,236)	(22,736)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,200,000)	(2,549,057)	(2,523,609)	25,448
NET CHANGE IN FUND BALANCES	(2,518,977)	(2,541,557)	(2,538,845)	2,712
FUND BALANCE, BEGINNING	2,518,977	2,541,557	2,541,557	--
FUND BALANCE, ENDING	\$ --	\$ --	\$ 2,712	\$ 2,712

**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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ --	\$ --	\$ 8,167	\$ 8,167
Miscellaneous:				
Interest earnings	--	--	(4)	(4)
TOTAL REVENUES	--	--	8,163	8,163
EXPENDITURES				
Current:				
Services and Supplies	--	--	100	(100)
TOTAL EXPENDITURES	--	--	100	(100)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	8,063	8,263
OTHER FINANCING SOURCES:				
Transfers in	--	395,304	395,304	--
NET CHANGE IN FUND BALANCE	--	395,304	403,367	8,063
FUND BALANCE, BEGINNING	--	(395,304)	(395,304)	--
FUND BALANCE, ENDING	\$ --	\$ --	\$ 8,063	\$ 8,063

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Courts Fund  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Miscellaneous:				
Investment earnings	\$ 28,000	\$ 2,250	\$ (4,075)	\$ (6,325)
Court administrative charges	250,000	250,000	189,206	(60,794)
Court construction fees	300,000	300,000	267,326	(32,674)
Collection charges	40,000	60,000	66,324	6,324
Other	(255,000)	(200,400)	117,718	318,118
TOTAL REVENUES	<u>363,000</u>	<u>411,850</u>	<u>636,499</u>	<u>224,649</u>
EXPENDITURES				
Current:				
Judicial:				
Services and supplies	583,000	183,000	174,467	8,533
TOTAL EXPENDITURES	<u>583,000</u>	<u>183,000</u>	<u>174,467</u>	<u>8,533</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(220,000)</u>	<u>228,850</u>	<u>462,032</u>	<u>233,182</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(266,247)</u>	<u>(273,202)</u>	<u>(273,202)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(486,247)	(44,352)	188,830	233,182
FUND BALANCE, BEGINNING	<u>358,306</u>	<u>100,367</u>	<u>100,367</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ (127,941)</u>	<u>\$ 56,015</u>	<u>\$ 289,197</u>	<u>\$ 233,182</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 7,500	\$ 3,000	\$ 3,270	\$ 270
Federal drug forfeiture monies	35,000	240,000	458,841	218,841
State drug forfeiture monies	16,000	22,000	27,326	5,326
TOTAL REVENUES	<u>58,500</u>	<u>265,000</u>	<u>489,437</u>	<u>224,437</u>
EXPENDITURES				
Current:				
General government:				
Services and supplies	<u>58,500</u>	<u>200,000</u>	<u>--</u>	<u>200,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>65,000</u>	<u>489,437</u>	<u>424,437</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>--</u>	<u>(250,000)</u>	<u>(291,777)</u>	<u>(41,777)</u>
NET CHANGE IN FUND BALANCES	<u>--</u>	<u>(185,000)</u>	<u>197,660</u>	<u>382,660</u>
FUND BALANCE, BEGINNING	<u>--</u>	<u>538,333</u>	<u>538,332</u>	<u>(1)</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 353,333</u>	<u>\$ 735,992</u>	<u>\$ 382,659</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 3,297,745	\$ 3,126,907	\$ 3,102,204	\$ (24,703)
Intergovernmental:				
State shared revenues:				
Motor vehicle privilege tax	128,024	128,024	128,024	--
Miscellaneous:				
Investment earnings	26,000	2,500	(5,435)	(7,935)
Rent and royalties	632,000	688,124	133,952	(554,172)
Reimbursements and restitution	200,000	209,185	193,315	(15,870)
Parking revenues	575,000	550,000	453,625	(96,375)
Other	--	221,751	--	(221,751)
Total Miscellaneous	1,433,000	1,671,560	775,457	(896,103)
<b>TOTAL REVENUES</b>	<b>4,858,769</b>	<b>4,926,491</b>	<b>4,005,685</b>	<b>(920,806)</b>
<b>EXPENDITURES</b>				
Current:				
Urban Redevelopment:				
Salaries and wages	795,396	630,202	585,584	44,618
Employee benefits	312,639	162,524	206,653	(44,129)
Services and supplies	2,053,078	1,906,307	1,995,626	(89,319)
Capital outlay	141,354	--	--	--
<b>TOTAL EXPENDITURES</b>	<b>3,302,467</b>	<b>2,699,033</b>	<b>2,787,863</b>	<b>(88,830)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,556,302</b>	<b>2,227,458</b>	<b>1,217,822</b>	<b>(1,009,636)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	24,000	135,514	135,514	--
Transfers out	(792,040)	(784,985)	(784,985)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(768,040)</b>	<b>(649,471)</b>	<b>(649,471)</b>	<b>--</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>788,262</b>	<b>1,577,987</b>	<b>568,351</b>	<b>(1,009,636)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>468,559</b>	<b>5,237,974</b>	<b>5,218,970</b>	<b>(19,004)</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>--</b>	<b>--</b>	<b>(890,112)</b>	<b>(890,112)</b>
<b>FUND BALANCE, BEGINNING, RESTATED</b>	<b>468,559</b>	<b>5,237,974</b>	<b>4,328,858</b>	<b>(909,116)</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,256,821</b>	<b>\$ 6,815,961</b>	<b>\$ 4,897,209</b>	<b>\$ (1,918,752)</b>

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# **DEBT SERVICE FUNDS**

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**– DEBT SERVICE FUNDS –**

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

## **DEBT SERVICE FUNDS**

### **Major Debt Service Funds**

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

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

### **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.

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

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Room taxes (railroad)	\$ 775,000	\$ 670,000	\$ 691,252	\$ 21,252
Intergovernmental:				
Sales taxes (railroad)	7,915,292	6,400,000	6,340,270	(59,730)
Special assessments	--	100,325	603,264	502,939
Fines and forfeitures	--	75,000	71,772	(3,228)
Miscellaneous:				
Investment earnings	106,908	25,000	6,903	(18,097)
Interest earnings, other	1,023,118	1,023,118	998,893	(24,225)
Other	700,000	14,400	14,429	29
<b>TOTAL REVENUES</b>	<u>10,520,318</u>	<u>8,307,843</u>	<u>8,726,783</u>	<u>418,940</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	1,720,000	1,860,000	1,890,000	(30,000)
Interest	7,791,438	7,042,561	6,983,537	59,024
Fiscal charges	909,917	1,044,802	1,067,773	(22,971)
<b>TOTAL EXPENDITURES</b>	<u>10,421,355</u>	<u>9,947,363</u>	<u>9,941,310</u>	<u>6,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	--	(636,156)	(636,156)	--
<b>NET CHANGE IN FUND BALANCE</b>	98,963	(2,275,676)	(1,850,683)	424,993
<b>FUND BALANCE, BEGINNING</b>	<u>11,765,729</u>	<u>10,965,109</u>	<u>10,965,108</u>	<u>(1)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 11,864,692</u>	<u>\$ 8,689,433</u>	<u>\$ 9,114,425</u>	<u>\$ 424,992</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room taxes (Events Center)	\$ 5,628,343	\$ 4,948,103	\$ 4,960,895	\$ 12,792
Special assessments	90,000	115,000	351,236	236,236
Fines and forfeitures	--	13,000	12,983	(17)
Miscellaneous:				
Investment earnings	67,330	18,000	(19,471)	(37,471)
Interest earnings, other	394,291	500,000	494,735	(5,265)
Other	--	--	41	41
TOTAL REVENUES	<u>6,179,964</u>	<u>5,594,103</u>	<u>5,800,419</u>	<u>206,316</u>
EXPENDITURES				
Debt Service:				
Principal	1,460,000	1,460,000	1,460,000	--
Interest	5,253,754	5,253,754	5,253,710	44
Fiscal charges	119,096	1,492,293	1,503,545	(11,252)
TOTAL EXPENDITURES	<u>6,832,850</u>	<u>8,206,047</u>	<u>8,217,255</u>	<u>(11,208)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(652,886)</u>	<u>(2,611,944)</u>	<u>(2,416,836)</u>	<u>195,108</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	2,812,133	2,807,738	(4,395)
Transfers out	(419,985)	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(419,985)</u>	<u>2,812,133</u>	<u>2,807,738</u>	<u>(4,395)</u>
NET CHANGE IN FUND BALANCES	(1,072,871)	200,189	390,902	190,713
FUND BALANCE, BEGINNING	<u>4,408,464</u>	<u>2,051,082</u>	<u>2,051,081</u>	<u>(1)</u>
FUND BALANCE, ENDING	<u>\$ 3,335,593</u>	<u>\$ 2,251,271</u>	<u>\$ 2,441,983</u>	<u>\$ 190,712</u>

**CITY OF RENO, NEVADA**

Combining Balance Sheet  
Nonmajor Debt Service Funds  
June 30, 2010

	City of Reno Fund	Special Assessment Districts Funds	Redevelopment Agency Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 8,547,625	\$ 2,681,044	\$ 2,941,269	\$ 14,169,938
Receivables:				
Accounts receivable	406,125	--	--	406,125
Accrued interest	9,567	12,867	(936)	21,498
Delinquent taxes	92,018	--	97,426	189,444
Due from other governments	316,888	831	63,260	380,979
Special assessments:				
Current	--	276,112	--	276,112
Delinquent	--	5,480	--	5,480
Deferred	--	3,365,728	--	3,365,728
Prepaid items	--	136	--	136
<b>TOTAL ASSETS</b>	<u>\$ 9,372,223</u>	<u>\$ 6,342,198</u>	<u>\$ 3,101,019</u>	<u>\$ 18,815,440</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 250	\$ 1,114	\$ --	\$ 1,364
Due to other governments	--	156	--	156
Deferred taxes	92,018	--	97,426	189,444
Other deferred revenues	366,774	3,365,728	--	3,732,502
Deposits from others	--	15,326	--	15,326
<b>TOTAL LIABILITIES</b>	<u>459,042</u>	<u>3,382,324</u>	<u>97,426</u>	<u>3,938,792</u>
<b>FUND BALANCES</b>				
Reserved for:				
Prepaid items	--	136	--	136
Debt service	8,913,181	2,959,738	3,003,593	14,876,512
<b>TOTAL FUND BALANCES</b>	<u>8,913,181</u>	<u>2,959,874</u>	<u>3,003,593</u>	<u>14,876,648</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 9,372,223</u>	<u>\$ 6,342,198</u>	<u>\$ 3,101,019</u>	<u>\$ 18,815,440</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, 2010

	City of Reno Fund	Special Assessment Districts Funds	Redevelopment Agency Fund	Total
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ 1,294,112	\$ --	\$ 3,559,301	\$ 4,853,413
Special assessments	--	595,868	--	595,868
Intergovernmental	2,139,344	--	--	2,139,344
Fines and forfeitures	--	27,791	--	27,791
Investment earnings	(3,397)	259,584	7,931	264,118
Rents and royalties	1,472,505	--	--	1,472,505
Miscellaneous	--	12,785	--	12,785
<b>TOTAL REVENUES</b>	<u>4,902,564</u>	<u>896,028</u>	<u>3,567,232</u>	<u>9,365,824</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	6,898,000	691,344	1,815,000	9,404,344
Interest	4,567,999	239,846	1,904,947	6,712,792
Fiscal charges	26,724	175,992	10,583	213,299
<b>TOTAL EXPENDITURES</b>	<u>11,492,723</u>	<u>1,107,182</u>	<u>3,730,530</u>	<u>16,330,435</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,590,159)</u>	<u>(211,154)</u>	<u>(163,298)</u>	<u>(6,964,611)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,059,001	133,947	--	3,192,948
Transfers out	--	(99,378)	(135,514)	(234,892)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,059,001</u>	<u>34,569</u>	<u>(135,514)</u>	<u>2,958,056</u>
<b>NET CHANGE IN FUND BALANCES</b>	(3,531,158)	(176,585)	(298,812)	(4,006,555)
<b>FUND BALANCES, BEGINNING</b>	<u>12,444,339</u>	<u>3,136,459</u>	<u>3,302,405</u>	<u>18,883,203</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 8,913,181</u>	<u>\$ 2,959,874</u>	<u>\$ 3,003,593</u>	<u>\$ 14,876,648</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes:				
Ad valorem	\$ 1,233,308	\$ 1,233,308	\$ 1,294,112	\$ 60,804
Intergovernmental	2,464,452	2,464,452	2,139,344	(325,108)
Miscellaneous:				
Investment earnings	95,897	37,000	(3,397)	(40,397)
Rent and royalties	1,945,534	1,758,897	1,472,505	(286,392)
TOTAL REVENUES	<u>5,739,191</u>	<u>5,493,657</u>	<u>4,902,564</u>	<u>(591,093)</u>
EXPENDITURES				
Debt Service:				
Principal	6,742,000	6,898,000	6,898,000	--
Interest	3,930,659	5,578,326	4,567,999	1,010,327
Fiscal charges	70,800	71,000	26,724	44,276
Bond issue costs	--	452,553	--	452,553
TOTAL EXPENDITURES	<u>10,743,459</u>	<u>12,999,879</u>	<u>11,492,723</u>	<u>1,507,156</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,004,268)</u>	<u>(7,506,222)</u>	<u>(6,590,159)</u>	<u>916,063</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	13,121,000	--	(13,121,000)
Transfers in	1,255,334	3,059,001	3,059,001	--
Transfers out	--	(12,674,947)	--	12,674,947
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,255,334</u>	<u>3,505,054</u>	<u>3,059,001</u>	<u>(446,053)</u>
NET CHANGE IN FUND BALANCES	(3,748,934)	(4,001,168)	(3,531,158)	470,010
FUND BALANCE, BEGINNING	<u>9,441,734</u>	<u>12,444,339</u>	<u>12,444,339</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ 5,692,800</u>	<u>\$ 8,443,171</u>	<u>\$ 8,913,181</u>	<u>\$ 470,010</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 335,000	\$ 441,585	\$ 595,868	\$ 154,283
Fines and forfeitures	12,585	27,676	27,791	115
Miscellaneous:				
Investment earnings	37,790	14,400	2,370	(12,030)
Interest earnings, other	320,853	284,433	257,214	(27,219)
Other	80	12,518	12,785	267
TOTAL REVENUES	<u>706,308</u>	<u>780,612</u>	<u>896,028</u>	<u>115,416</u>
EXPENDITURES				
Debt Service:				
Principal	361,344	691,344	691,344	--
Interest	229,947	241,528	239,846	1,682
Fiscal charges	268,996	389,946	175,992	213,954
TOTAL EXPENDITURES	<u>860,287</u>	<u>1,322,818</u>	<u>1,107,182</u>	<u>215,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(153,979)</u>	<u>(542,206)</u>	<u>(211,154)</u>	<u>331,052</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	--	133,947	133,947	--
Transfers out	--	(100,000)	(99,378)	622
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>33,947</u>	<u>34,569</u>	<u>622</u>
NET CHANGE IN FUND BALANCES	(153,979)	(508,259)	(176,585)	331,674
FUND BALANCE, BEGINNING	<u>2,931,124</u>	<u>3,136,457</u>	<u>3,136,459</u>	<u>2</u>
FUND BALANCE, ENDING	<u>\$ 2,777,145</u>	<u>\$ 2,628,198</u>	<u>\$ 2,959,874</u>	<u>\$ 331,676</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 3,694,063	\$ 3,694,063	\$ 3,559,301	\$ (134,762)
Miscellaneous:				
Investment earnings	25,000	10,000	7,931	(2,069)
TOTAL REVENUES	<u>3,719,063</u>	<u>3,704,063</u>	<u>3,567,232</u>	<u>(136,831)</u>
EXPENDITURES				
Debt Service:				
Principal	1,815,000	1,815,000	1,815,000	--
Interest	2,059,103	1,909,103	1,904,947	4,156
Fiscal charges	25,000	10,000	10,583	(583)
TOTAL EXPENDITURES	<u>3,899,103</u>	<u>3,734,103</u>	<u>3,730,530</u>	<u>3,573</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(180,040)</u>	<u>(30,040)</u>	<u>(163,298)</u>	<u>(133,258)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	--	(357,265)	(135,514)	221,751
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(357,265)</u>	<u>(135,514)</u>	<u>221,751</u>
NET CHANGE IN FUND BALANCES	(180,040)	(387,305)	(298,812)	88,493
FUND BALANCE, BEGINNING	<u>2,200,502</u>	<u>3,302,405</u>	<u>3,302,405</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ 2,020,462</u>	<u>\$ 2,915,100</u>	<u>\$ 3,003,593</u>	<u>\$ 88,493</u>

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# **CAPITAL PROJECTS FUNDS**

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## **- CAPITAL PROJECTS FUNDS -**

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

## **CAPITAL PROJECT FUNDS**

### **Major Capital Project Funds**

Street Capital Projects Fund – to account for street capital improvement projects. Resources are provided by street project impact fees and, as applicable, proceeds from street bonds.

Redevelopment Agency Capital Projects Fund – to account for expenses related to the construction of the Triple A Ballpark and the Fire Station Relocation projects.

### **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.

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.

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.

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.

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  
 Street Capital Projects Fund  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 75,110	\$ 188,726	\$ 113,616
Reimbursements	--	--	6	6
TOTAL REVENUES	<u>-</u>	<u>75,110</u>	<u>188,732</u>	<u>113,622</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	110	132	(22)
Capital Outlay:				
Improvements other than buildings		14,041,164	13,528,200	512,964
TOTAL EXPENDITURES	<u>--</u>	<u>14,041,274</u>	<u>13,528,332</u>	<u>512,942</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>--</u>	<u>(3,281,415)</u>	<u>(3,281,415)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	--	(17,247,579)	(16,621,015)	626,564
FUND BALANCE, BEGINNING	<u>--</u>	<u>44,894,514</u>	<u>44,894,514</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 27,646,935</u>	<u>\$ 28,273,499</u>	<u>\$ 626,564</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Redevelopment Agency Capital Projects Fund  
 For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 986	\$ 1,338	\$ 352
Reimbursement and resitutation		145,681	145,681	--
Other	--	25,163	25,163	--
TOTAL REVENUES	<u>--</u>	<u>171,830</u>	<u>172,182</u>	<u>352</u>
EXPENDITURES				
Urban redevelopment:				
Services and supplies	--	606,216	267,316	338,900
Capital Outlay		24,729	--	24,729
TOTAL EXPENDITURES	<u>--</u>	<u>630,945</u>	<u>267,316</u>	<u>363,629</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(459,115)	(95,134)	363,981
FUND BALANCE, BEGINNING	<u>--</u>	<u>36,704,431</u>	<u>36,704,431</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$36,245,316</u>	<u>\$ 36,609,297</u>	<u>\$ 363,981</u>

**CITY OF RENO, NEVADA**

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2010

	Public Works Fund	Railroad Capital Project Fund	Downtown Events Center Capital Projects Fund	Community Assistance Center Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 1,151,624	\$ --	\$ 351,118	\$ --
Receivables:				
Accounts	30,000	--	--	--
Accrued interest	4,017	--	737	--
From other governments	1,227,070	--	--	--
Due from other funds	65,217	--	--	--
Other assets	--	--	--	440,000
<b>TOTAL ASSETS</b>	<u><u>\$ 2,477,928</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 351,855</u></u>	<u><u>\$ 440,000</u></u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 59,456	\$ 191	\$ 10,335	\$ --
Contracts and retained percentage payable	192,760	91,524	--	--
Due to other funds	1,196,937	185,893	--	1,970,409
Deferred revenue	--	--	--	440,000
Deposits from others	8,337	--	--	--
<b>TOTAL LIABILITIES</b>	<u><u>1,457,490</u></u>	<u><u>277,608</u></u>	<u><u>10,335</u></u>	<u><u>2,410,409</u></u>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	108,676	--	--	--
Park capital outlay	--	--	--	--
Capital projects	246,019	--	341,520	--
Future signalization	498,834	--	--	--
Sensitive lands	68,188	--	--	--
Other programs	98,721	--	--	--
Unreserved	--	(277,608)	--	(1,970,409)
<b>TOTAL FUND BALANCES</b>	<u><u>1,020,438</u></u>	<u><u>(277,608)</u></u>	<u><u>341,520</u></u>	<u><u>(1,970,409)</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 2,477,928</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 351,855</u></u>	<u><u>\$ 440,000</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2010

	Community Service Center Fund	City Bonds Fund	Parks Fund	Special Ad Valorem Fund
<b>ASSETS</b>				
Cash and investments	\$ 256	\$ 1,055,524	\$ 5,324,894	\$ 630,100
Receivables:				
Accounts	--	--	--	--
Accrued interest	335	700	11,041	2,503
From other governments	--	--	--	--
Due from other funds	--	--	--	1,011,398
Other assets	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 591</b>	<b>\$ 1,056,224</b>	<b>\$ 5,335,935</b>	<b>\$ 1,644,001</b>
 <b>LIABILITIES</b>				
Accounts payable	\$ --	\$ --	\$ 7,879	\$ 3,172
Contracts and retained percentage payable	--	359,739	97,591	8,802
Due to other funds	--	--	--	--
Deferred revenue	--	--	--	--
Deposits from others	--	--	--	--
<b>TOTAL LIABILITIES</b>	<b>--</b>	<b>359,739</b>	<b>105,470</b>	<b>11,974</b>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	--	125,856
Park capital outlay	--	--	5,193,035	--
Capital projects	591	696,485	37,430	1,506,171
Future signalization	--	--	--	--
Sensitive lands	--	--	--	--
Other programs	--	--	--	--
Unreserved	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<b>591</b>	<b>696,485</b>	<b>5,230,465</b>	<b>1,632,027</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 591</b>	<b>\$ 1,056,224</b>	<b>\$ 5,335,935</b>	<b>\$ 1,644,001</b>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2010

	Special Assessment Districts Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ --	\$ 342	\$ 8,513,858
Receivables:			
Accounts	--	--	30,000
Accrued interest	--	3,290	22,623
From other governments	--	--	1,227,070
Due from other funds	--	--	1,076,615
Other assets	--	--	440,000
<b>TOTAL ASSETS</b>	<b>\$ --</b>	<b>\$ 3,632</b>	<b>\$ 11,310,166</b>
 <b>LIABILITIES</b>			
Accounts payable	\$ --	\$ --	\$ 81,033
Contracts and retained percentage payable	--	--	750,416
Due to other funds	65,217	--	3,418,456
Deferred revenue	--	--	440,000
Deposits from others	--	--	8,337
<b>TOTAL LIABILITIES</b>	<b>65,217</b>	<b>--</b>	<b>4,698,242</b>
 <b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	--	--	234,532
Park capital outlay	--	--	5,193,035
Capital projects	--	3,632	2,831,848
Future signalization	--	--	498,834
Sensitive lands	--	--	68,188
Other programs	--	--	98,721
Unreserved	(65,217)	--	(2,313,234)
<b>TOTAL FUND BALANCES</b>	<b>(65,217)</b>	<b>3,632</b>	<b>6,611,924</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ --</b>	<b>\$ 3,632</b>	<b>\$ 11,310,166</b>

**CITY OF RENO, NEVADA**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2010

	Public Works Fund	Railroad Capital Project Fund	Downtown Events Center Capital Projects Fund	Community Assistance Center Fund
REVENUES				
Taxes:				
Park district construction taxes	\$ --	\$ --	\$ --	\$ --
Grants and contributions	1,436,127	--	--	300,000
Miscellaneous:				
Investment earnings	(2,528)	(13,496)	(2,624)	(24)
Reimbursement and restitution	23,778	27,087	--	--
Private grants and contributions	5,000	--	--	100,000
Other	637	--	7,500	--
TOTAL REVENUES	1,463,014	13,591	4,876	399,976
EXPENDITURES				
Current:				
Public works	580,766	120,279	14,699	--
Culture and recreation	--	--	--	--
Capital outlay	1,525,148	178,739	--	--
TOTAL EXPENDITURES	2,105,914	299,018	14,699	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(642,900)	(285,427)	(9,823)	399,976
OTHER FINANCING SOURCES (USES)				
Transfers in	849,920	636,156	--	--
Transfers out	(1,315,983)	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(466,063)	636,156	--	--
NET CHANGE IN FUND BALANCES	(1,108,963)	350,729	(9,823)	399,976
FUND BALANCES - BEGINNING OF YEAR	2,129,401	(628,337)	351,343	(2,370,385)
FUND BALANCES, END OF YEAR	\$ 1,020,438	\$ (277,608)	\$ 341,520	\$ (1,970,409)

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, 2010

	Community Service Center Fund	City Bonds Fund	Parks Fund	Special Ad valorem Fund
<b>REVENUES</b>				
Taxes:				
Park district construction taxes	\$ --	\$ --	\$ 464,716	\$ --
Grants and contributions	--	--	25,000	35,328
Miscellaneous:				
Investment earnings	(53)	(2,556)	1,211	(524)
Reimbursement and restitution	--	1,235,017	525	--
Private grants and contributions	--	--	--	--
Other	--	--	16	--
<b>TOTAL REVENUES</b>	<u>(53)</u>	<u>1,232,461</u>	<u>491,468</u>	<u>34,804</u>
<b>EXPENDITURES</b>				
Current:				
Public works	--	10,927	--	114,748
Culture and recreation	--	--	1,545	--
Capital outlay	--	3,345,818	660,611	392,417
<b>TOTAL EXPENDITURES</b>	<u>--</u>	<u>3,356,745</u>	<u>662,156</u>	<u>507,165</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(53)</u>	<u>(2,124,284)</u>	<u>(170,688)</u>	<u>(472,361)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	112,735	--	--
Transfers out	(319,685)	(2,607,631)	--	(40,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(319,685)</u>	<u>(2,494,896)</u>	<u>--</u>	<u>(40,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(319,738)	(4,619,180)	(170,688)	(512,361)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>320,329</u>	<u>5,315,665</u>	<u>5,401,153</u>	<u>2,144,388</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 591</u>	<u>\$ 696,485</u>	<u>\$ 5,230,465</u>	<u>\$ 1,632,027</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, 2010

	Special Assessment Districts Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
REVENUES			
Taxes:			
Park district construction taxes	\$ --	\$ --	\$ 464,716
Grants and contributions	--	--	1,796,455
Miscellaneous:			
Investment earnings	98	(166)	(20,662)
Reimbursement and restitution	--	--	1,286,407
Private grants and contributions	--	--	105,000
Other	--	--	8,153
TOTAL REVENUES	98	(166)	3,640,069
EXPENDITURES			
Current:			
Public works	--	--	841,419
Culture and recreation	--	--	1,545
Capital outlay	65,100	--	6,167,833
TOTAL EXPENDITURES	65,100	--	7,010,797
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(65,002)	(166)	(3,370,728)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,170,975	--	3,769,786
Transfers out	(133,947)	--	(4,417,246)
TOTAL OTHER FINANCING SOURCES (USES)	2,037,028	--	(647,460)
NET CHANGE IN FUND BALANCES	1,972,026	(166)	(4,018,188)
FUND BALANCES - BEGINNING OF YEAR	(2,037,243)	3,798	10,630,112
FUND BALANCES, END OF YEAR	\$ (65,217)	\$ 3,632	\$ 6,611,924

**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, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental:				
Federal grants	\$ 2,142,800	\$ 2,351,857	\$ 1,436,127	\$ (915,730)
Total Intergovernmental	<u>2,142,800</u>	<u>2,351,857</u>	<u>1,436,127</u>	<u>(915,730)</u>
Miscellaneous:				
Investment earnings	5,000	10,400	(2,528)	(12,928)
Private grants	--	192,643	5,000	(187,643)
Reimbursements and restitution	--	24,000	23,778	(222)
Other income	--	--	637	637
Total Miscellaneous	<u>5,000</u>	<u>227,043</u>	<u>26,887</u>	<u>(200,156)</u>
TOTAL REVENUES	<u>2,147,800</u>	<u>2,578,900</u>	<u>1,463,014</u>	<u>(1,115,886)</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	19,042	265,025	580,766	(315,741)
Capital Outlay:				
Improvements other than buildings	<u>2,388,053</u>	<u>3,277,137</u>	<u>1,525,148</u>	<u>1,751,989</u>
TOTAL EXPENDITURES	<u>2,407,095</u>	<u>3,542,162</u>	<u>2,105,914</u>	<u>1,436,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(259,295)</u>	<u>(963,262)</u>	<u>(642,900)</u>	<u>320,362</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	809,920	809,920	849,920	40,000
Transfers out	<u>(893,513)</u>	<u>(1,315,983)</u>	<u>(1,315,983)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(83,593)</u>	<u>(506,063)</u>	<u>(466,063)</u>	<u>40,000</u>
NET CHANGE IN FUND BALANCES	(342,888)	(1,469,325)	(1,108,963)	360,362
FUND BALANCE, BEGINNING OF YEAR	<u>421,872</u>	<u>2,129,402</u>	<u>2,129,401</u>	<u>(1)</u>
FUND BALANCE, ENDING	<u>\$ 78,984</u>	<u>\$ 660,077</u>	<u>\$ 1,020,438</u>	<u>\$ 360,361</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
**Railroad Fund**  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue:				
Federal grants	\$ --	\$ 252,603	\$ --	\$ (252,603)
Miscellaneous:				
Investment earnings	--	557	(13,496)	(14,053)
Reimbursement and restitution	--	--	27,087	27,087
TOTAL REVENUES	<u>--</u>	<u>253,160</u>	<u>13,591</u>	<u>(239,569)</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	77,750	120,279	(42,529)
Total Public Works	<u>--</u>	<u>77,750</u>	<u>120,279</u>	<u>(42,529)</u>
Capital Outlay:				
Improvements other than buildings	--	183,229	178,739	4,490
Total Capital Outlay	<u>--</u>	<u>183,229</u>	<u>178,739</u>	<u>4,490</u>
TOTAL EXPENDITURES	<u>--</u>	<u>260,979</u>	<u>299,018</u>	<u>(38,039)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(7,819)</u>	<u>(285,427)</u>	<u>(277,608)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	636,156	636,156	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>636,156</u>	<u>636,156</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	--	628,337	350,729	(277,608)
FUND BALANCE, BEGINNING	<u>--</u>	<u>(628,337)</u>	<u>(628,337)</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (277,608)</u>	<u>\$ (277,608)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 1,500	\$ (2,624)	\$ (4,124)
Other income	--	7,500	7,500	--
TOTAL REVENUES	<u>          --</u>	<u>          9,000</u>	<u>          4,876</u>	<u>          (4,124)</u>
EXPENDITURES				
Current:				
Public works:				
Services and supplies	--	10,000	14,699	(4,699)
Capital Outlay:				
Improvements	--	350,343	--	350,343
TOTAL EXPENDITURES	<u>          --</u>	<u>         360,343</u>	<u>          14,699</u>	<u>         345,644</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>          --</u>	<u>         (351,343)</u>	<u>          (9,823)</u>	<u>          341,520</u>
NET CHANGE IN FUND BALANCES	--	(351,343)	(9,823)	341,520
FUND BALANCE, BEGINNING	<u>          --</u>	<u>         351,343</u>	<u>         351,343</u>	<u>          --</u>
FUND BALANCE, ENDING	<u>          \$ --</u>	<u>          \$ --</u>	<u>          \$ 341,520</u>	<u>          \$ 341,520</u>

**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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Contributions	\$ --	\$ 300,000	\$ 300,000	--
Total Intergovernmental	<u>          --</u>	<u>          300,000</u>	<u>          300,000</u>	<u>          --</u>
Miscellaneous:				
Investment earnings	--	--	(24)	(24)
Private grants	--	2,070,384	100,000	(1,970,384)
Total Miscellaneous	<u>          --</u>	<u>          2,070,384</u>	<u>          99,976</u>	<u>          (1,970,408)</u>
TOTAL REVENUES	<u>          --</u>	<u>          2,370,384</u>	<u>          399,976</u>	<u>          (1,970,408)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>          --</u>	<u>          2,370,384</u>	<u>          399,976</u>	<u>          (1,970,408)</u>
NET CHANGE IN FUND BALANCES	--	2,370,384	399,976	(1,970,408)
FUND BALANCE, BEGINNING	<u>          --</u>	<u>          (2,370,384)</u>	<u>          (2,370,385)</u>	<u>          (1)</u>
FUND BALANCE, ENDING	<u>          \$ --</u>	<u>          \$ --</u>	<u>          \$ (1,970,409)</u>	<u>          \$ (1,970,409)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 900	\$ (53)	\$ (953)
OTHER FINANCING SOURCES (USES)				
Transfers out	--	(321,229)	(319,685)	1,544
NET CHANGE IN FUND BALANCES	--	(320,329)	(319,738)	591
FUND BALANCE, BEGINNING	--	320,329	320,329	--
FUND BALANCE, ENDING	\$ --	\$ --	\$ 591	\$ 591

**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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Reimbursement and restitution	\$ --	\$ 1,235,056	\$ 1,235,017	\$ (39)
Investment earnings	--	9,700	(2,556)	(12,256)
TOTAL REVENUES	--	1,244,756	1,232,461	(12,295)
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	200	10,927	(10,727)
Capital Outlay:				
Machinery and equipment	--	227,066	223,921	3,145
Improvements other than buildings	--	3,833,864	3,121,897	711,967
TOTAL EXPENDITURES	--	4,061,130	3,356,745	704,385
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(2,816,374)	(2,124,284)	692,090
OTHER FINANCING SOURCES (USES)				
Transfers in	--	112,735	112,735	--
Transfers out	--	(2,612,026)	(2,607,631)	4,395
TOTAL OTHER FINANCING SOURCES (USES)	--	(2,499,291)	(2,494,896)	4,395
NET CHANGE IN FUND BALANCES	--	(5,315,665)	(4,619,180)	696,485
FUND BALANCE, BEGINNING	--	5,315,665	5,315,665	--
FUND BALANCE, ENDING	\$ --	\$ --	\$ 696,485	\$ 696,485

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Parks Fund  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Park construction taxes	\$ 736,000	\$ 460,000	\$ 464,716	\$ 4,716
Intergovernmental:				
Federal grants	--	25,000	25,000	--
Miscellaneous:				
Investment earnings	46,555	23,955	1,211	(22,744)
Reimbursements and restitution	--	525	525	--
Private grants	--	--	16	16
<b>TOTAL REVENUES</b>	<u>782,555</u>	<u>509,480</u>	<u>491,468</u>	<u>(18,012)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation:				
Services and supplies	8,414	8,570	1,545	7,025
Capital Outlay:				
Land			--	--
Improvements other than buildings	682,900	1,234,200	660,611	573,589
<b>TOTAL EXPENDITURES</b>	<u>691,314</u>	<u>1,242,770</u>	<u>662,156</u>	<u>580,614</u>
<b>NET CHANGE IN FUND BALANCES</b>	91,241	(733,290)	(170,688)	562,602
<b>FUND BALANCE, BEGINNING</b>	<u>4,201,338</u>	<u>5,401,151</u>	<u>5,401,153</u>	<u>2</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 4,292,579</u>	<u>\$ 4,667,861</u>	<u>\$ 5,230,465</u>	<u>\$ 562,604</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State grants	\$ --	\$ 26,102	\$ 35,328	\$ 9,226
County capital projects tax	1,155,593	--	--	--
Total Intergovernmental	<u>1,155,593</u>	<u>26,102</u>	<u>35,328</u>	<u>9,226</u>
Miscellaneous:				
Investment earnings	10,000	8,000	(524)	(8,524)
Total Miscellaneous	<u>10,000</u>	<u>8,000</u>	<u>(524)</u>	<u>(8,524)</u>
<b>TOTAL REVENUES</b>	<u>1,165,593</u>	<u>34,102</u>	<u>34,804</u>	<u>702</u>
<b>EXPENDITURES</b>				
Current:				
Public Works:				
Services and supplies	--	1,000	114,748	(113,748)
Capital Outlay				
Improvements other than buildings	743,123	2,177,490	392,417	1,785,073
<b>TOTAL EXPENDITURES</b>	<u>743,123</u>	<u>2,178,490</u>	<u>507,165</u>	<u>1,671,325</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>422,470</u>	<u>(2,144,388)</u>	<u>(472,361)</u>	<u>1,672,027</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(422,470)</u>	<u>--</u>	<u>(40,000)</u>	<u>(40,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>--</u>	<u>(2,144,388)</u>	<u>(512,361)</u>	<u>1,632,027</u>
<b>FUND BALANCE, BEGINNING</b>	<u>--</u>	<u>2,144,388</u>	<u>2,144,388</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,632,027</u>	<u>\$ 1,632,027</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 215	\$ 98	\$ (117)
TOTAL REVENUES	<u>          --</u>	<u>          215</u>	<u>          98</u>	<u>          (117)</u>
EXPENDITURES				
Current:				
Capital Outlay				
Improvements other than buildings	--	66,000	65,100	900
TOTAL EXPENDITURES	<u>          --</u>	<u>          66,000</u>	<u>          65,100</u>	<u>          900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>          --</u>	<u>         (65,785)</u>	<u>         (65,002)</u>	<u>          783</u>
OTHER FINANCING SOURCES (USES):				
Debt issuance	--	66,000	--	(66,000)
Transfers in	--	2,170,975	2,170,975	--
Transfers out	--	(133,947)	(133,947)	--
TOTAL OTHER FINANCING SOURCES (USES):	<u>          --</u>	<u>         2,103,028</u>	<u>         2,037,028</u>	<u>         (66,000)</u>
NET CHANGE IN FUND BALANCE	--	2,037,243	1,972,026	(65,217)
FUND BALANCE, BEGINNING	<u>          --</u>	<u>         (2,037,243)</u>	<u>         (2,037,243)</u>	<u>          --</u>
FUND BALANCE, ENDING	<u>          \$ --</u>	<u>          \$ --</u>	<u>          \$ (65,217)</u>	<u>          \$ (65,217)</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ (166)	\$ (166)
NET CHANGE IN FUND BALANCES	--	--	(166)	(166)
FUND BALANCE, BEGINNING	--	3,798	3,798	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 3,798</u>	<u>\$ 3,632</u>	<u>\$ (166)</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 two City golf courses.

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
User fees	\$ 39,731,244	\$ 38,149,179	\$ 39,771,828	\$ 1,622,649
Other	730,000	645,000	689,422	44,422
Total Charges for Services	<u>40,461,244</u>	<u>38,794,179</u>	<u>40,461,250</u>	<u>1,667,071</u>
Licenses and permits	<u>300,000</u>	<u>260,000</u>	<u>259,475</u>	<u>(525)</u>
Fines and forfeits	<u>1,525,000</u>	<u>1,700,000</u>	<u>2,017,697</u>	<u>317,697</u>
Miscellaneous:				
Reimbursements and restitution	--	181,800	204,649	22,849
Other	--	7,000	10,633	3,633
Total Miscellaneous	<u>--</u>	<u>188,800</u>	<u>215,282</u>	<u>26,482</u>
<b>TOTAL OPERATING REVENUES</b>	<u>42,286,244</u>	<u>40,942,979</u>	<u>42,953,704</u>	<u>2,010,725</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,460,266	5,204,918	5,218,407	(13,489)
Employee benefits	2,241,651	2,387,982	2,492,757	(104,775)
Services and supplies	9,454,786	9,685,365	8,498,296	1,187,069
Joint sewer plant	16,344,548	15,500,000	12,861,934	2,638,066
Depreciation	7,300,000	7,300,000	8,360,691	(1,060,691)
Loss of asset retirement	--	--	489	(489)
<b>TOTAL OPERATING EXPENSES</b>	<u>40,801,251</u>	<u>40,078,265</u>	<u>37,432,574</u>	<u>2,645,691</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,484,993</u>	<u>864,714</u>	<u>5,521,130</u>	<u>4,656,416</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants	--	2,282,063	2,766,362	484,299
Private grants	--	146,100	146,071	(29)
Investment earnings	500,000	55,000	62,881	7,881
Debt service - interest	(2,928,709)	(3,428,709)	(2,585,885)	842,824
Debt service - fiscal charges	--	--	(9,653)	(9,653)
Net loss from Truckee Meadows Water Reclamation Facility	<u>(3,100,000)</u>	<u>(4,200,000)</u>	<u>(3,716,174)</u>	<u>483,826</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(5,528,709)</u>	<u>(5,145,546)</u>	<u>(3,336,398)</u>	<u>1,809,148</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(4,043,716)</u>	<u>(4,280,832)</u>	<u>2,184,732</u>	<u>6,465,564</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Connection charges	3,000,000	2,375,150	2,710,030	334,880
Contributions of assets	--	--	4,251,931	4,251,931
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>3,000,000</u>	<u>2,375,150</u>	<u>6,961,961</u>	<u>4,586,811</u>
<b>TRANSFERS</b>				
Transfers in	--	194,018	194,018	--
Transfers out	<u>(757,539)</u>	<u>(519,337)</u>	<u>(262,000)</u>	<u>257,337</u>
<b>TOTAL TRANSFERS</b>	<u>(757,539)</u>	<u>(325,319)</u>	<u>(67,982)</u>	<u>257,337</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ (1,801,255)</u>	<u>\$ (2,231,001)</u>	<u>9,078,711</u>	<u>\$ 11,309,712</u>
<b>NET ASSETS, BEGINNING</b>			332,745,710	
<b>PRIOR PERIOD ADJUSTMENT</b>			117,840	
<b>NET ASSETS - RESTATED, BEGINNING</b>			<u>332,863,550</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ 341,942,261</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>				
Charges for Services:				
Building permits	\$ 3,906,192	\$ 2,018,234	\$ 2,101,264	\$ 83,030
Electrical and plumbing permits	3,127	429,887	524,170	94,283
Plan check fees	1,277,572	986,191	1,028,495	42,304
Plumbing inspection fees	119,246	336,144	254,638	(81,506)
Electrical inspection fees	146,002	34,374	34,752	378
Miscellaneous permits	14,193	159,944	197,859	37,915
Other building and safety fees	38,388	25,000	28,139	3,139
<b>Total Charges for Services</b>	<u>5,504,720</u>	<u>3,989,774</u>	<u>4,169,317</u>	<u>179,543</u>
Miscellaneous:				
Reimbursements and restitution	--	101	51	(50)
Other income	2,456	--	1,614	1,614
<b>Total Miscellaneous</b>	<u>2,456</u>	<u>101</u>	<u>1,665</u>	<u>1,564</u>
<b>TOTAL OPERATING REVENUES</b>	<u>5,507,176</u>	<u>3,989,875</u>	<u>4,170,982</u>	<u>181,107</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	2,138,902	2,059,309	1,786,711	272,598
Employee benefits	937,438	1,003,383	975,538	27,845
Services and supplies	1,443,777	1,165,755	1,166,933	(1,178)
Depreciation	--	40,000	39,988	12
<b>TOTAL OPERATING EXPENSES</b>	<u>4,520,117</u>	<u>4,268,447</u>	<u>3,969,170</u>	<u>299,277</u>
<b>OPERATING INCOME (LOSS)</b>	<u>987,059</u>	<u>(278,572)</u>	<u>201,812</u>	<u>480,384</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	--	--	(674)	(674)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>987,059</u>	<u>(278,572)</u>	<u>201,138</u>	<u>479,710</u>
<b>TRANSFERS</b>				
Transfers in	--	100,000	20,000	(80,000)
Transfers out	--	--	(20,000)	(20,000)
<b>TOTAL TRANSFERS</b>	<u>--</u>	<u>100,000</u>	<u>--</u>	<u>(100,000)</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 987,059</u>	<u>\$ (178,572)</u>	201,138	<u>\$ 379,710</u>
<b>NET ASSETS, BEGINNING</b>			<u>(1,284,313)</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ (1,083,175)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>OPERATING REVENUES</b>				
Charges for Services:				
Planning application fees	\$ 2,943,172	\$ 811,990	\$ 881,187	\$ 69,197
Reimbursements and restitution	-	830	415	(415)
Miscellaneous	5,509	5,509	--	(5,509)
<b>TOTAL OPERATING REVENUES</b>	2,948,681	818,329	881,602	63,273
<b>OPERATING EXPENSES</b>				
Salaries and wages	851,376	882,819	972,196	(89,377)
Employee benefits	337,853	355,952	446,988	(91,036)
Services and supplies	1,490,549	1,320,512	1,326,432	(5,920)
<b>TOTAL OPERATING EXPENSES</b>	2,679,778	2,559,283	2,745,616	(186,333)
<b>OPERATING INCOME (LOSS)</b>	268,903	(1,740,954)	(1,864,014)	(123,060)
<b>NON OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	--	--	(53)	(53)
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	268,903	(1,740,954)	(1,864,067)	(123,113)
<b>TRANSFERS</b>				
Transfers in	1,848,000	1,848,000	1,868,000	20,000
<b>CHANGES IN NET ASSETS</b>	\$ 2,116,903	\$ 107,046	3,933	\$ (103,113)
<b>NET ASSETS, BEGINNING</b>			(2,320,037)	
<b>NET ASSETS, ENDING</b>			\$ (2,316,104)	

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets  
 Nonmajor Enterprise Funds  
 June 30, 2010

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 12,119	\$ 493,848	\$ 505,967
Receivables:			
Accounts receivable	--	146,774	146,774
Accrued interest	--	478	478
Due from other governments	--	1,065	1,065
Inventories	<u>28,404</u>	<u>--</u>	<u>28,404</u>
Total Current Assets	<u>40,523</u>	<u>642,165</u>	<u>682,688</u>
Noncurrent Assets:			
Capital assets:			
Land	1,600,000	--	1,600,000
Water rights	1,125,000	--	1,125,000
Buildings	1,153,242	--	1,153,242
Improvements other than buildings	7,196,726	--	7,196,726
Machinery and equipment	<u>412,795</u>	<u>--</u>	<u>412,795</u>
Total capital assets	11,487,763	--	11,487,763
Less accumulated depreciation	<u>(5,807,686)</u>	<u>--</u>	<u>(5,807,686)</u>
Net capital assets	<u>5,680,077</u>	<u>--</u>	<u>5,680,077</u>
Other assets:			
Deferred charges	<u>51,705</u>	<u>--</u>	<u>51,705</u>
Total Noncurrent Assets	<u>5,731,782</u>	<u>--</u>	<u>5,731,782</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,772,305</u></u>	<u><u>\$ 642,165</u></u>	<u><u>\$ 6,414,470</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets (continued)  
 Nonmajor Enterprise Funds  
 June 30, 2010

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 29,837	\$ 38,574	\$ 68,411
Accrued salaries and benefits	23,807	177,539	201,346
Compensated absences payable	77,670	516,118	593,788
Deposits	4,481	--	4,481
Bonds payable	<u>205,000</u>	<u>--</u>	<u>205,000</u>
Total Current Liabilities (payable from current assets)	<u>340,795</u>	<u>732,231</u>	<u>1,073,026</u>
Noncurrent Liabilities:			
Compensated absences payable	80,799	--	80,799
Other post-employment benefits liability	77,525	682,209	759,734
Bonds payable	<u>2,067,336</u>	<u>--</u>	<u>2,067,336</u>
Total Noncurrent Liabilities	<u>2,225,660</u>	<u>682,209</u>	<u>2,907,869</u>
<b>TOTAL LIABILITIES</b>	<u>2,566,455</u>	<u>1,414,440</u>	<u>3,980,895</u>
<b>NET ASSETS</b>			
Invested in capital, net of related debt	3,407,741	--	3,407,741
Unrestricted (deficit)	<u>(201,891)</u>	<u>(772,275)</u>	<u>(974,166)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,205,850</u>	<u>\$ (772,275)</u>	<u>\$ 2,433,575</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, 2010

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 682,923	\$ 651,088	\$ 1,334,011
Miscellaneous	1,955	1,024	2,979
TOTAL OPERATING REVENUES	<u>684,878</u>	<u>652,112</u>	<u>1,336,990</u>
OPERATING EXPENSES			
Salaries and wages	524,637	4,380,790	4,905,427
Employee benefits	199,301	1,886,562	2,085,863
Services and supplies	364,261	792,459	1,156,720
Depreciation	270,566	--	270,566
TOTAL OPERATING EXPENSES	<u>1,358,765</u>	<u>7,059,811</u>	<u>8,418,576</u>
OPERATING INCOME (LOSS)	<u>(673,887)</u>	<u>(6,407,699)</u>	<u>(7,081,586)</u>
NONOPERATING REVENUES (EXPENSES)			
Federal grants	--	1,065	1,065
Investment earnings	(72)	(1,141)	(1,213)
Interest expense	(89,219)	--	(89,219)
Fiscal charges	(5,166)	--	(5,166)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(94,457)</u>	<u>(76)</u>	<u>(94,533)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(768,344)</u>	<u>(6,407,775)</u>	<u>(7,176,119)</u>
TRANSFERS			
Transfers in	441,751	5,919,306	6,361,057
TOTAL TRANSFERS	<u>441,751</u>	<u>5,919,306</u>	<u>6,361,057</u>
CHANGES IN NET ASSETS	(326,593)	(488,469)	(815,062)
NET ASSETS, BEGINNING	<u>3,532,443</u>	<u>(283,806)</u>	<u>3,248,637</u>
NET ASSETS, ENDING	<u>\$ 3,205,850</u>	<u>\$ (772,275)</u>	<u>\$ 2,433,575</u>

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2010

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 689,945	\$ 503,248	\$ 1,193,193
Cash received from miscellaneous income, reimbursements and restitutions	1,954	1,024	2,978
Cash paid for employees' salaries and benefits	(602,377)	(5,285,628)	(5,888,005)
Cash payments to suppliers for goods and services	(226,718)	(229,027)	(455,745)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(159,478)	(1,133,659)	(1,293,137)
Cash paid to deferred compensation plans	(13,468)	(71,448)	(84,916)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(310,142)</u>	<u>(6,215,490)</u>	<u>(6,525,632)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from private grants	--	1,065	1,065
Transfers in	441,751	5,919,306	6,361,057
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>441,751</u>	<u>5,920,371</u>	<u>6,362,122</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on bonds payable	(200,000)	--	(200,000)
Interest and fiscal charges paid on debt	(94,964)	--	(94,964)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(294,964)</u>	<u>--</u>	<u>(294,964)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings received	(72)	(259)	(331)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(163,427)	(295,378)	(458,805)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	175,546	789,226	964,772
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 12,119</u>	<u>\$ 493,848</u>	<u>\$ 505,967</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
 Nonmajor Enterprise Funds  
 For the Year Ended June 30, 2010

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (673,887)	\$ (6,407,699)	\$ (7,081,586)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	270,566	--	270,566
Changes in assets and liabilities:			
(Increase) decrease in:			
Due from other governments	--	(1,065)	(1,065)
Accounts receivable	--	(146,774)	(146,774)
Inventories	16,004	--	16,004
Increase (decrease) in:			
Accounts payable	16,665	8,656	25,321
Accrued salaries and benefits	21,956	(19,322)	2,634
Accrued liabilities	7,022	--	7,022
Compensated absences payable	31,532	350,714	382,246
Total Adjustments	<u>363,745</u>	<u>192,209</u>	<u>555,954</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (310,142)</u></u>	<u><u>\$ (6,215,490)</u></u>	<u><u>\$ (6,525,632)</u></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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
Golf course fees	\$ 907,000	\$ 575,000	\$ 459,097	\$ (115,903)
Concession and merchandise sales	22,000	98,000	88,752	(9,248)
Equipment and cart rental fees	190,000	161,200	135,074	(26,126)
Total Charges for Services	<u>1,119,000</u>	<u>834,200</u>	<u>682,923</u>	<u>(151,277)</u>
Reimbursements and restitution	--	1,200	1,619	419
Miscellaneous	--	--	336	336
<b>TOTAL OPERATING REVENUES</b>	<u>1,119,000</u>	<u>835,400</u>	<u>684,878</u>	<u>(150,522)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	501,384	550,427	524,637	25,790
Employee benefits	170,922	180,382	199,301	(18,919)
Services and supplies	486,922	375,717	364,261	11,456
Depreciation	330,000	270,566	270,566	--
<b>TOTAL OPERATING EXPENSES</b>	<u>1,489,228</u>	<u>1,377,092</u>	<u>1,358,765</u>	<u>18,327</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(370,228)</u>	<u>(541,692)</u>	<u>(673,887)</u>	<u>(132,195)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	--	--	(72)	(72)
Debt service - interest	(81,678)	(81,678)	(89,219)	(7,541)
Debt service - fiscal charges	--	--	(5,166)	(5,166)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(81,678)</u>	<u>(81,678)</u>	<u>(94,457)</u>	<u>(12,779)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(451,906)</u>	<u>(623,370)</u>	<u>(768,344)</u>	<u>(144,974)</u>
<b>TRANSFERS</b>				
Transfers in	262,000	441,751	441,751	--
<b>CHANGES IN NET ASSETS</b>	<u>\$ (189,906)</u>	<u>\$ (181,619)</u>	(326,593)	<u>\$ (144,974)</u>
<b>NET ASSETS, BEGINNING</b>			<u>3,532,443</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ 3,205,850</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
Dispatch services	\$ 508,000	\$ 508,000	\$ 651,088	\$ 143,088
Miscellaneous	5,250	--	--	--
Reimbursements and restitution	2,000	500	1,024	524
<b>TOTAL OPERATING REVENUES</b>	<u>515,250</u>	<u>508,500</u>	<u>652,112</u>	<u>143,612</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	3,971,864	4,413,999	4,380,790	33,209
Employee benefits	1,493,505	1,766,215	1,886,562	(120,347)
Services and supplies	939,766	939,766	792,459	147,307
<b>TOTAL OPERATING EXPENSES</b>	<u>6,405,135</u>	<u>7,119,980</u>	<u>7,059,811</u>	<u>60,169</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(5,889,885)</u>	<u>(6,611,480)</u>	<u>(6,407,699)</u>	<u>203,781</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants	--	--	1,065	1,065
Investment earnings	1,500	2,400	(1,141)	(3,541)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>1,500</u>	<u>2,400</u>	<u>(76)</u>	<u>(2,476)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(5,888,385)</u>	<u>(6,609,080)</u>	<u>(6,407,775)</u>	<u>201,305</u>
<b>TRANSFERS</b>				
Transfers in	<u>6,027,843</u>	<u>5,899,306</u>	<u>5,919,306</u>	<u>20,000</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 139,458</u>	<u>\$ (709,774)</u>	(488,469)	<u>\$ 221,305</u>
<b>NET ASSETS, BEGINNING</b>			<u>(283,806)</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ (772,275)</u>	

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# **INTERNAL SERVICE FUNDS**

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## **- INTERNAL SERVICE FUNDS -**

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

## **INTERNAL 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, 2010

	<u>Motor Vehicle Fund</u>	<u>Risk Retention Fund</u>	<u>Self-Funded Medical Plan Fund</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,443	\$ 5,334,571	\$ 6,734,320
Receivables:			
Accounts receivable	51,592	--	100,763
Accrued interest	--	11,151	23,564
Due from other funds	--	--	8,223,646
Due from other governments	--	--	--
Inventories	137,883	--	--
Prepaid expenses	--	339,800	--
Total Current Assets	<u>190,918</u>	<u>5,685,522</u>	<u>15,082,293</u>
Noncurrent Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	23,990,377	--	--
Less accumulated depreciation	<u>(16,765,517)</u>	<u>--</u>	<u>--</u>
Net Capital Assets	<u>7,224,860</u>	<u>--</u>	<u>--</u>
<b>TOTAL ASSETS</b>	<u>7,415,778</u>	<u>5,685,522</u>	<u>15,082,293</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	149,559	23,879	--
Accrued salaries and benefits	39,120	1,747	--
Compensated absences payable	140,209	2,444	--
Liability for self-insurance	--	312,393	1,795,387
Due to other funds	20,000	--	--
Contracts and retained percentage payable	--	28,800	--
Other liabilities	--	--	3,411
Total Current Liabilities	<u>348,888</u>	<u>369,263</u>	<u>1,798,798</u>
Noncurrent Liabilities:			
Other post-employment benefits liability	163,911	25,423	--
Liability for self-insurance	--	1,813,670	151,136
Total Noncurrent Liabilities	<u>163,911</u>	<u>1,839,093</u>	<u>151,136</u>
<b>TOTAL LIABILITIES</b>	<u>512,799</u>	<u>2,208,356</u>	<u>1,949,934</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,224,860	--	--
Restricted for claims	--	3,477,166	13,132,359
Unrestricted (deficit)	<u>(321,881)</u>	<u>--</u>	<u>--</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 6,902,979</u>	<u>\$ 3,477,166</u>	<u>\$ 13,132,359</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
June 30, 2010

	Self-Funded Workers Compensation Fund	Communications and Technology Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ --	\$ 516,882	\$ 12,587,216
Receivables:			
Accounts receivable	--	--	152,355
Accrued interest	--	1,660	36,375
Due from other funds	--	500,000	8,723,646
Due from other governments	1,429,576	84,611	1,514,187
Inventories	--	--	137,883
Prepaid expenses	50,279	--	390,079
Total Current Assets	<u>1,479,855</u>	<u>1,103,153</u>	<u>23,541,741</u>
Noncurrent Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	--	943,774	24,934,151
Less accumulated depreciation	--	(783,173)	(17,548,690)
Net Capital Assets	<u>--</u>	<u>160,601</u>	<u>7,385,461</u>
<b>TOTAL ASSETS</b>	<u>1,479,855</u>	<u>1,263,754</u>	<u>30,927,202</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	2,247	49,799	225,484
Accrued salaries and benefits	7,545	73,478	121,890
Compensated absences payable	13,913	194,172	350,738
Liability for self-insurance	3,390,626	--	5,498,406
Due to other funds	8,203,646	--	8,223,646
Contracts and retained percentage payable	--	--	28,800
Other liabilities	--	--	3,411
Total Current Liabilities	<u>11,617,977</u>	<u>317,449</u>	<u>14,452,375</u>
Noncurrent Liabilities:			
Other post-employment benefits liability	27,232	324,068	540,634
Liability for self-insurance	34,455,943	--	36,420,749
Total Noncurrent Liabilities	<u>34,483,175</u>	<u>324,068</u>	<u>36,961,383</u>
<b>TOTAL LIABILITIES</b>	<u>46,101,152</u>	<u>641,517</u>	<u>51,413,758</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	--	160,601	7,385,461
Restricted for claims	--	--	16,609,525
Unrestricted (deficit)	(44,621,297)	461,636	(44,481,542)
<b>TOTAL NET ASSETS</b>	<u>\$ (44,621,297)</u>	<u>\$ 622,237</u>	<u>\$ (20,486,556)</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, 2010

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
OPERATING REVENUES			
Charges for services	\$ 4,611,381	\$ 1,316,284	\$ 14,525,196
Miscellaneous	65,343	72,004	597,409
TOTAL OPERATING REVENUES	4,676,724	1,388,288	15,122,605
OPERATING EXPENSES			
Salaries and wages	924,557	113,738	--
Employee benefits	459,383	54,276	--
Services and supplies	2,934,491	1,765,896	15,304,176
Depreciation	1,980,525	--	--
Loss on retirement of assets	25,975	--	--
TOTAL OPERATING EXPENSES	6,324,931	1,933,910	15,304,176
OPERATING INCOME (LOSS)	(1,648,207)	(545,622)	(181,571)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	(2,036)	(4,111)	17,278
Gain (loss) on asset disposal	102,612	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	100,576	(4,111)	17,278
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,547,631)	(549,733)	(164,293)
CAPITAL CONTRIBUTIONS	21,730	--	--
TRANSFERS			
Transfers in	--	--	--
Transfers out	(10,000)	--	--
TOTAL TRANSFERS	(10,000)	--	--
CHANGES IN NET ASSETS	(1,535,901)	(549,733)	(164,293)
NET ASSETS - BEGINNING OF YEAR	8,438,880	4,026,899	13,296,652
NET ASSETS, ENDING	\$ 6,902,979	\$ 3,477,166	\$ 13,132,359

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, 2010

	<u>Self-Funded Workers Compensation Fund</u>	<u>Communications and Technology Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 3,801,959	\$ 257,337	\$ 24,512,157
Miscellaneous	155,839	301,671	1,192,266
TOTAL OPERATING REVENUES	<u>3,957,798</u>	<u>559,008</u>	<u>25,704,423</u>
OPERATING EXPENSES			
Salaries and wages	158,927	1,983,301	3,180,523
Employee benefits	82,470	959,000	1,555,129
Services and supplies	5,141,802	1,907,166	27,053,531
Depreciation	--	150,600	2,131,125
Loss on retirement of assets	--	4,155	30,130
TOTAL OPERATING EXPENSES	<u>5,383,199</u>	<u>5,004,222</u>	<u>33,950,438</u>
OPERATING INCOME (LOSS)	<u>(1,425,401)</u>	<u>(4,445,214)</u>	<u>(8,246,015)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	21,937	(1,999)	31,069
Gain (loss) on asset disposal	--	--	102,612
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>21,937</u>	<u>(1,999)</u>	<u>133,681</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(1,403,464)</u>	<u>(4,447,213)</u>	<u>(8,112,334)</u>
CAPITAL CONTRIBUTIONS	<u>--</u>	<u>--</u>	<u>21,730</u>
TRANSFERS			
Transfers in	--	5,286,871	5,286,871
Transfers out	--	(770,000)	(780,000)
TOTAL TRANSFERS	<u>--</u>	<u>4,516,871</u>	<u>4,506,871</u>
CHANGES IN NET ASSETS	(1,403,464)	69,658	(3,583,733)
NET ASSETS - BEGINNING OF YEAR	<u>(43,217,833)</u>	<u>552,579</u>	<u>(16,902,823)</u>
NET ASSETS, ENDING	<u>\$ (44,621,297)</u>	<u>\$ 622,237</u>	<u>\$(20,486,556)</u>

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2010

	Motor Vehicle Fund	Risk Retention Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds for services	\$ 4,652,348	\$ 1,316,284
Cash received from miscellaneous income, reimbursements and restitutions	65,343	72,004
Cash paid for employees' salaries and benefits	(1,125,899)	(161,539)
Cash payments to suppliers for goods and services	(2,144,747)	(1,030,353)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(798,447)	(597,929)
Cash paid to deferred compensation plans	(36,412)	(2,447)
Loss from sale of machinery and equipment	(25,975)	
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>586,211</u>	<u>(403,980)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Temporary loans received from other funds	--	--
Temporary loans extended to other funds	(350,000)	--
Transfers in	--	--
Transfers out	(10,000)	--
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(360,000)</u>	<u>--</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of machinery and equipment	102,612	--
Acquisition of capital assets	(333,806)	--
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(231,194)</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings received	(2,037)	10,694
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(7,020)	(393,286)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	8,463	5,727,857
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 1,443</u>	<u>\$ 5,334,571</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2010

	<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	\$ 14,490,146	\$ 2,528,221
Cash received from miscellaneous income, reimbursements and restitutions	597,409	--
Cash paid for employees' salaries and benefits	--	(193,152)
Cash payments to suppliers for goods and services	(15,028,107)	(6,282,818)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(158,368)	(125,321)
Cash paid to deferred compensation plans	--	(7,759)
Loss from sale of machinery and equipment	--	--
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(98,920)</u>	<u>(4,080,829)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Temporary loans received from other funds	--	4,003,645
Temporary loans extended to other funds	(3,653,646)	--
Transfers in	--	--
Transfers out	--	--
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(3,653,646)</u>	<u>4,003,645</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	62,412	21,938
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(3,690,154)	(55,246)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	10,424,474	55,246
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 6,734,320</u>	<u>\$ --</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2010

	Communications and Technology Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds for services	\$ (74,367)	\$ 22,912,632
Cash received from miscellaneous income, reimbursements and restitutions	559,008	1,293,764
Cash paid for employees' salaries and benefits	(2,456,909)	(3,937,499)
Cash payments to suppliers for goods and services	(1,863,692)	(26,349,717)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(305,751)	(1,985,816)
Cash paid to deferred compensation plans	(57,331)	(103,949)
Loss from sale of machinery and equipment	--	(25,975)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(4,199,042)</b>	<b>(8,196,560)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Temporary loans received from other funds	--	4,003,645
Temporary loans extended to other funds	(500,000)	(4,503,646)
Transfers in	5,286,871	5,286,871
Transfers out	(770,000)	(780,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>4,016,871</b>	<b>4,006,870</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of machinery and equipment	--	102,612
Acquisition of capital assets	--	(333,806)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>--</b>	<b>(231,194)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings received	(1,157)	91,850
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(183,328)	(4,329,034)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	700,210	16,916,250
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 516,882</b>	<b>\$ 12,587,216</b>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2010

	<u>Motor Vehicle Fund</u>	<u>Risk Retention Fund</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	<u>\$ (1,648,207)</u>	<u>\$ (545,622)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,980,525	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	--	--
Accounts receivable	40,967	--
Inventories	61,368	--
Prepaid expenses	--	2,282
Increase (decrease) in:		
Accounts payable	69,629	19,016
Accrued salaries and benefits	1,721	(3,735)
Retention payable	--	28,800
Accrued liabilities	--	103,195
OPEB Liability	64,109	7,024
Compensated absences payable	16,099	(14,940)
Total Adjustments	<u>2,234,418</u>	<u>141,642</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 586,211</u></u>	<u><u>\$ (403,980)</u></u>
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions:		
Contributions of assets	<u><u>\$ 21,730</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, 2010

	<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)	\$ (181,571)	\$ (1,425,401)
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	--	(1,429,576)
Accounts receivable	(35,050)	--
Inventories	--	--
Prepaid expenses	--	4,006
Increase (decrease) in:		
Accounts payable	--	2,247
Accrued salaries and benefits	--	1,064
Retention payable	--	--
Accrued liabilities	117,701	(1,248,552)
OPEB Liability	--	11,325
Compensated absences payable	--	4,058
Total Adjustments	<u>82,651</u>	<u>(2,655,428)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (98,920)</u>	<u>\$ (4,080,829)</u>
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions:		
Contributions of assets	<u>\$ --</u>	<u>\$ --</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2010

	Communications and Technology Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (4,445,214)	\$ (8,246,015)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	150,600	2,131,125
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	(74,368)	(1,503,944)
Accounts receivable	--	5,917
Inventories	--	61,368
Prepaid expenses	--	6,288
Increase (decrease) in:		
Accounts payable	26,191	117,083
Accrued salaries and benefits	(3,018)	(3,968)
Retention payable	--	28,800
Accrued liabilities	--	(1,027,656)
OPEB Liability	139,199	221,657
Compensated absences payable	7,568	12,785
Total Adjustments	246,172	49,455
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (4,199,042)</b>	<b>\$ (8,196,560)</b>
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions:		
Contributions of assets	\$ --	\$ 21,730

**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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,633,089	\$ 4,643,441	\$ 4,611,381	\$ (32,060)
Miscellaneous:				
Reimbursements and restitution	100,000	100,000	65,343	(34,657)
Other	--	134,566	--	(134,566)
Total Miscellaneous	100,000	234,566	65,343	(169,223)
<b>TOTAL OPERATING REVENUES</b>	<b>6,733,089</b>	<b>4,878,007</b>	<b>4,676,724</b>	<b>(201,283)</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	934,150	944,190	924,557	19,633
Employee benefits	410,313	449,315	459,383	(10,068)
Services and supplies	3,243,465	3,003,465	2,934,491	68,974
Capital outlay	530,000	530,000	--	530,000
Depreciation	3,120,000	2,600,000	1,980,525	619,475
Loss on asset retirements	--	--	25,975	(25,975)
<b>TOTAL OPERATING EXPENSES</b>	<b>8,237,928</b>	<b>7,526,970</b>	<b>6,324,931</b>	<b>1,202,039</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,504,839)</b>	<b>(2,648,963)</b>	<b>(1,648,207)</b>	<b>1,000,756</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	--	500	(2,036)	(2,536)
Gain (loss) on asset disposal	100,000	50,000	102,612	52,612
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>100,000</b>	<b>50,500</b>	<b>100,576</b>	<b>50,076</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(1,404,839)</b>	<b>(2,598,463)</b>	<b>(1,547,631)</b>	<b>1,050,832</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>--</b>	<b>--</b>	<b>21,730</b>	<b>21,730</b>
<b>TRANSFERS</b>				
Transfers in	2,746	--	--	--
Transfers out	(10,000)	(10,000)	(10,000)	--
<b>TOTAL TRANSFERS</b>	<b>(7,254)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>--</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ (1,412,093)</b>	<b>\$ (2,608,463)</b>	<b>(1,535,901)</b>	<b>\$ 1,072,562</b>
<b>NET ASSETS, BEGINNING</b>			<b>8,438,880</b>	
<b>NET ASSETS, ENDING</b>			<b>\$ 6,902,979</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for services	\$ 1,316,284	\$ 1,316,284	\$ 1,316,284	\$ --
Miscellaneous:				
Reimbursements and restitution	--	10,207	10,207	--
Other	--	62,000	61,797	(203)
TOTAL OPERATING REVENUES	1,316,284	1,388,491	1,388,288	(203)
OPERATING EXPENSES				
Salaries and wages	134,399	139,799	113,738	26,061
Employee benefits	53,524	59,578	54,276	5,302
Services and supplies	2,436,737	2,132,270	1,765,896	366,374
TOTAL OPERATING EXPENSES	2,624,660	2,331,647	1,933,910	397,737
OPERATING INCOME (LOSS)	(1,308,376)	(943,156)	(545,622)	397,534
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	100,000	15,000	(4,111)	(19,111)
INCOME (LOSS) BEFORE TRANSFERS	(1,208,376)	(928,156)	(549,733)	378,423
TRANSFERS				
Transfers out	(58,671)	(58,671)	--	58,671
CHANGES IN NET ASSETS	\$ (1,267,047)	\$ (986,827)	(549,733)	\$ 437,094
NET ASSETS, BEGINNING			4,026,899	
NET ASSETS, ENDING			\$ 3,477,166	

**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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 15,425,718	\$ 14,499,653	\$ 14,525,196	\$ 25,543
Miscellaneous:				
Stop-loss reimbursements	304,281	317,000	498,187	181,187
Other	142,655	40,000	99,222	59,222
TOTAL OPERATING REVENUES	<u>15,872,654</u>	<u>14,856,653</u>	<u>15,122,605</u>	<u>265,952</u>
OPERATING EXPENSES				
Services and supplies	<u>16,218,368</u>	<u>16,863,368</u>	<u>15,304,176</u>	<u>1,559,192</u>
OPERATING INCOME (LOSS)	<u>(345,714)</u>	<u>(2,006,715)</u>	<u>(181,571)</u>	<u>1,825,144</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	<u>150,000</u>	<u>58,000</u>	<u>17,278</u>	<u>(40,722)</u>
CHANGES IN NET ASSETS	<u><u>\$ (195,714)</u></u>	<u><u>\$ (1,948,715)</u></u>	<u>(164,293)</u>	<u><u>\$ 1,784,422</u></u>
NET ASSETS, BEGINNING			<u>13,296,652</u>	
NET ASSETS, ENDING			<u><u>\$ 13,132,359</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,821,544	\$ 3,471,371	\$ 3,801,959	\$ 330,588
Miscellaneous:				
Other	45,000	156,000	155,839	(161)
TOTAL OPERATING REVENUES	<u>2,866,544</u>	<u>3,627,371</u>	<u>3,957,798</u>	<u>330,427</u>
OPERATING EXPENSES				
Salaries and wages	173,663	154,577	158,927	(4,350)
Employee benefits	65,726	75,351	82,469	(7,118)
Services and supplies	4,942,334	4,942,334	5,141,803	(199,469)
TOTAL OPERATING EXPENSES	<u>5,181,723</u>	<u>5,172,262</u>	<u>5,383,199</u>	<u>(210,937)</u>
OPERATING INCOME (LOSS)	<u>(2,315,179)</u>	<u>(1,544,891)</u>	<u>(1,425,401)</u>	<u>119,490</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	100,000	35,000	21,937	(13,063)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>100,000</u>	<u>35,000</u>	<u>21,937</u>	<u>(13,063)</u>
CHANGES IN NET ASSETS	<u>\$ (2,215,179)</u>	<u>\$ (1,509,891)</u>	(1,403,464)	<u>\$ 106,427</u>
NET ASSETS, BEGINNING			<u>(43,217,833)</u>	
NET ASSETS, ENDING			<u>\$ (44,621,297)</u>	

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual  
 Communications and Technology Fund  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 257,337	\$ 257,337	\$ 257,337	\$ --
Miscellaneous:				
Other	200,000	200,000	301,671	101,671
<b>TOTAL OPERATING REVENUES</b>	<u>457,337</u>	<u>457,337</u>	<u>559,008</u>	<u>101,671</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	2,086,416	1,985,930	1,983,301	2,629
Employee benefits	828,852	866,905	959,000	(92,095)
Services and supplies	2,804,071	2,456,401	1,907,166	549,235
Depreciation	110,000	165,000	150,600	14,400
Loss on retirement of assets	--	--	4,155	(4,155)
<b>TOTAL OPERATING EXPENSES</b>	<u>5,829,339</u>	<u>5,474,236</u>	<u>5,004,222</u>	<u>470,014</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(5,372,002)</u>	<u>(5,016,899)</u>	<u>(4,445,214)</u>	<u>571,685</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	5,000	3,600	(1,999)	(5,599)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>5,000</u>	<u>3,600</u>	<u>(1,999)</u>	<u>(5,599)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(5,367,002)</u>	<u>(5,013,299)</u>	<u>(4,447,213)</u>	<u>566,086</u>
<b>TRANSFERS</b>				
Transfers in	5,482,085	5,345,542	5,286,871	(58,671)
Transfers out	--	(750,000)	(770,000)	(20,000)
<b>TOTAL TRANSFERS IN (OUT)</b>	<u>5,482,085</u>	<u>4,595,542</u>	<u>4,516,871</u>	<u>(78,671)</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 115,083</u>	<u>\$ (417,757)</u>	\$ 69,658	<u>\$ 487,415</u>
<b>NET ASSETS, BEGINNING</b>			<u>552,579</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ 622,237</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 District 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, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>DEPOSITS FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,950,977	\$ 1,289,375	\$ 648,660	\$ 2,591,692
Accrued interest receivable	8,669	5,123	8,848	4,944
<b>TOTAL ASSETS</b>	<u>\$ 1,959,646</u>	<u>\$ 1,294,498</u>	<u>\$ 657,508</u>	<u>\$ 2,596,636</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 19,416	\$ --	\$ 14,216	\$ 5,200
Accrued liabilities	64,841	--	2,774	62,067
Deposits	1,875,389	1,285,770	631,790	2,529,369
<b>TOTAL LIABILITIES</b>	<u>\$ 1,959,646</u>	<u>\$ 1,285,770</u>	<u>\$ 648,780</u>	<u>\$ 2,596,636</u>
<b>SPECIAL ASSESSMENT DISTRICT FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 6,089,468	\$ 3,483,852	\$ 3,246,009	\$ 6,327,311
Accounts receivable	44,407	--	44,407	--
Special assessments, current	403,845	968,257	350,343	1,021,759
Special assessments, delinquent	17,229	23,607	--	40,836
Accrued interest receivable	30,210	34,451	--	64,661
<b>TOTAL ASSETS</b>	<u>\$ 6,585,159</u>	<u>\$ 4,510,167</u>	<u>\$ 3,640,759</u>	<u>\$ 7,454,567</u>
<b>LIABILITIES</b>				
Due to others	\$ 6,544,777	\$ 2,445,821	\$ 1,790,000	\$ 7,200,598
Accounts payable	10,464	--	6,949	3,515
Due to other governments	50	7	--	57
Deposits	29,868	543,071	322,542	250,397
<b>TOTAL LIABILITIES</b>	<u>\$ 6,585,159</u>	<u>\$ 2,988,899</u>	<u>\$ 2,119,491</u>	<u>\$ 7,454,567</u>
<b>TOTALS, AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 8,040,445	\$ 4,773,227	\$ 3,894,669	\$ 8,919,003
Accounts receivable	44,407	--	44,407	--
Accrued interest receivable	38,879	39,574	8,848	69,605
Special assessments, current	403,845	968,257	350,343	1,021,759
Special assessments, delinquent	17,229	23,607	--	40,836
<b>TOTAL ASSETS</b>	<u>\$ 8,544,805</u>	<u>\$ 5,804,665</u>	<u>\$ 4,298,267</u>	<u>\$ 10,051,203</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 29,880	\$ --	\$ 21,165	\$ 8,715
Accrued liabilities	64,841	--	2,774	62,067
Deposits	1,905,257	1,828,841	954,332	2,779,766
Due to other governments	50	7	--	57
Due to others	6,544,777	2,445,821	1,790,000	7,200,598
<b>TOTAL LIABILITIES</b>	<u>\$ 8,544,805</u>	<u>\$ 4,274,669</u>	<u>\$ 2,768,271</u>	<u>\$ 10,051,203</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>Schedules</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>	1.1-1.5
<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>	2.1-2.5
<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>	3.1-3.4
<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>	4.1-4.2
<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>	5.1-5.3

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

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**Schedule 1.1**  
**City of Reno, Nevada**  
**Net Assets by Component**  
**Last Nine 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>	<u>2008</u>	<u>2009</u>	<u>2010</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	\$ 591,115,426	\$ 605,628,846	\$ 641,476,547	\$ 618,355,944
Restricted	58,237,414	214,513,161	140,155,187	59,321,040	72,827,824	103,243,224	125,756,908	119,297,774	124,107,635
Unrestricted	(2,480,893)	(169,406,858)	(96,001,031)	(8,024,524)	3,486,919	(36,802,450)	(48,612,553)	(106,402,085)	(108,980,875)
<b>Total governmental activities net assets</b>	<u>129,811,317</u>	<u>186,033,537</u>	<u>223,790,865</u>	<u>552,300,375</u>	<u>586,751,706</u>	<u>657,556,200</u>	<u>682,773,201</u>	<u>654,372,236</u>	<u>633,482,704</u>
<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	163,069,892	185,088,496	204,952,767	214,755,484
Restricted	1,462,902	1,470,070	3,187,697	5,206,160	5,010,153	1,682,273	-	24,416,215	21,826,023
Unrestricted	95,259,575	96,303,139	79,524,841	62,198,502	53,146,772	125,437,544	118,104,121	93,516,176	93,237,985
<b>Total business-type activities net assets</b>	<u>216,713,070</u>	<u>224,819,974</u>	<u>241,017,544</u>	<u>252,476,878</u>	<u>267,829,803</u>	<u>290,189,709</u>	<u>303,192,617</u>	<u>322,885,158</u>	<u>329,819,492</u>
<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	754,185,318	790,717,342	846,429,314	833,111,428
Restricted	59,700,316	215,983,231	143,342,884	64,527,200	77,837,977	104,925,497	125,756,908	143,713,989	145,933,658
Unrestricted	92,778,682	(73,103,719)	(16,476,190)	54,173,978	56,633,691	88,635,094	69,491,568	(12,885,909)	(15,742,890)
<b>Total primary government net assets</b>	<u>\$ 346,524,387</u>	<u>\$ 410,853,511</u>	<u>\$ 464,808,409</u>	<u>\$ 804,777,253</u>	<u>\$ 854,581,509</u>	<u>\$ 947,745,909</u>	<u>\$ 985,965,818</u>	<u>\$ 977,257,394</u>	<u>\$ 963,302,196</u>

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

**Schedule 1.2**  
**City of Reno, Nevada**  
**Changes in Net Assets**  
Last Nine Fiscal Years  
*(Accrual Basis of Accounting)*

	Fiscal Year								
	2002 <sup>1,2</sup>	2003	2004	2005 <sup>3</sup>	2006	2007	2008	2009 <sup>6</sup>	2010
<b>Expenses</b>									
Governmental activities:									
General government	\$ 17,891,225	\$ 18,447,393	\$ 17,721,359	\$ 15,624,299	\$ 21,455,932	\$ 19,254,318	\$ 22,890,393	\$ 19,248,275	\$ 18,574,403
Judicial	4,026,192	4,130,566	5,002,728	5,204,457	6,079,294	6,475,679	7,842,206	8,079,846	8,058,683
Police	54,799,718	47,974,615	55,508,977	57,230,870	61,728,746	62,732,422	70,490,199	59,237,378	71,847,564
Fire	41,263,133	41,313,419	50,343,306	56,128,634	52,249,991	55,584,964	65,056,693	51,243,170	58,487,926
Public works	19,403,364	23,329,696	24,934,712	51,600,829	55,125,179	58,003,230	67,445,200	94,140,944	60,159,772
Planning and community development	5,165,370	5,489,076	6,901,518	5,860,746	4,581,284	7,430,806	5,837,233	11,694,774	13,350,564
Culture and recreation	15,659,627	16,081,352	17,439,791	19,470,362	19,697,196	21,160,776	22,368,698	21,812,749	21,762,316
Urban redevelopment	1,349,781	1,716,205	2,516,724	3,454,927	5,683,381	3,276,761	3,552,503	4,122,270	3,349,279
Interest and fiscal charges, debt service	6,406,058	17,567,596	17,655,983	17,540,449	13,411,829	20,328,025	20,945,037	25,547,548	23,447,574
Subtotal, governmental activities expense	<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>254,246,981</u>	<u>286,428,162</u>	<u>295,126,954</u>	<u>279,038,081</u>
Business-type activities:									
Sanitary sewer	24,622,533	25,327,746	27,012,523	29,668,235	34,529,836	38,822,685	41,914,533	45,096,526	44,686,785
Golf courses	2,378,168	2,150,809	1,970,295	1,938,796	2,036,125	1,802,658	1,779,539	1,548,215	1,503,904
Building permits	6,048,698	5,933,092	5,370,592	6,151,551	7,569,511	7,929,433	7,773,077	6,724,452	4,225,351
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	3,776,183	3,024,012	2,806,481
Dispatch center	-	5,067,935	4,828,368	5,144,641	5,812,292	5,532,251	6,881,512	6,588,311	7,275,925
Subtotal, business-type activities expenses	<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>58,885,302</u>	<u>62,124,844</u>	<u>62,981,516</u>	<u>60,498,446</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>313,132,283</u>	<u>348,553,006</u>	<u>358,108,470</u>	<u>339,536,527</u>
<b>Program Revenues (See Schedule 1.3)</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	16,935,878	16,129,348	14,646,985
Franchise fees	12,502,243	12,331,104	12,922,556	14,908,232	16,365,353	18,215,086	19,207,234	18,995,180	22,479,483
Fire protection contract and service <sup>4</sup>	11,416,864	12,372,991	12,280,396	12,631,956	13,291,738	15,217,502	17,426,016	16,336,384	14,519,136
Parks and recreation	3,009,996	3,164,536	3,912,985	3,507,073	4,045,721	6,392,075	6,632,364	4,678,243	4,021,571
Fines and forfeitures	2,582,355	2,612,231	2,654,501	2,721,830	3,576,365	4,524,164	4,524,164	4,185,139	3,864,147
Insurance premiums	N/A	2,497,033	3,137,092	3,502,736	4,444,134	4,508,991	3,803,281	4,730,428	4,002,490
Other activities	4,917,913	7,090,828	12,897,585	15,782,309	9,951,870	6,400,398	4,551,194	11,953,627	16,125,810
Operating grants and contributions	6,850,005	8,381,978	6,183,124	4,518,286	6,113,851	6,948,651	7,053,153	8,649,970	14,233,258
Capital grants and contributions	40,311,605	56,401,220	48,469,078	47,852,071	63,266,466	96,546,791	75,035,849	48,153,632	14,822,589
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>176,351,920</u>	<u>156,169,133</u>	<u>133,811,951</u>	<u>108,715,469</u>
Business-type activities:									
Charges for services:									
Sanitary sewer	22,098,386	23,663,275	25,998,547	26,056,319	32,279,919	37,020,435	41,126,820	41,383,449	42,935,098
Golf courses	1,870,950	1,837,518	1,774,513	1,541,647	1,455,237	1,209,708	956,396	859,604	684,542
Building permits	4,451,025	5,695,061	6,576,326	7,763,374	6,617,550	5,962,944	4,588,159	3,965,942	4,170,983
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	1,731,509	1,366,191	881,602
Dispatch center	-	311,462	410,328	314,788	394,292	524,037	522,825	352,625	652,112
Operating grants and contributions	63,137	17,987	45,822	54,914	26,375	315,375	255,064	413,600	209,258
Capital grants and contributions	8,270,821	11,885,620	15,028,222	13,753,915	19,082,843	26,183,221	20,534,505	23,216,960	9,666,201
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>73,864,256</u>	<u>69,715,278</u>	<u>71,558,371</u>	<u>59,199,796</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>\$ 250,216,176</u>	<u>\$ 225,884,411</u>	<u>\$ 205,370,322</u>	<u>\$ 167,915,265</u>
<b>Net (Expense)/Revenue</b>									
Governmental activities	(71,100,158)	(57,501,898)	(81,015,800)	(110,799,462)	(103,238,739)	(77,895,061)	(130,259,029)	(161,315,003)	(170,322,612)
Business-type activities	3,195,610	4,426,792	8,472,118	4,138,492	9,623,738	14,978,954	7,590,434	8,576,855	(1,298,650)
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>\$ (62,916,107)</u>	<u>\$ (122,668,595)</u>	<u>\$ (152,738,148)</u>	<u>\$ (171,621,262)</u>

**Schedule 1.2 (Continued)**  
**City of Reno, Nevada**  
**Changes in Net Assets**  
**Last Nine Fiscal Years**  
*(Accrual Basis of Accounting)*

Schedule 2 (Contd.)

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</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	\$ 68,342,284	\$ 74,689,217	\$ 72,105,003
Consolidated tax	40,757,992	42,948,773	47,480,733	52,372,923	54,708,166	55,256,937	51,266,041	43,552,723	38,859,576
SCCR taxes -- AB104	3,687,113	3,551,915	3,475,827	3,601,134	3,602,340	3,568,290	3,413,261	2,938,194	2,674,326
Sales taxes	6,443,210	6,725,011	7,409,815	8,260,700	8,925,336	8,895,013	8,737,761	9,167,714	8,479,614
Other taxes	1,012,118	2,332,083	9,462,124	9,823,511	10,634,323	11,005,390	15,838,338	21,896,196	11,382,500
Unrestricted County gaming contributions	2,176,194	2,396,644	2,020,849	2,174,280	1,895,490	1,820,891	1,953,433	1,615,321	1,660,646
Unrestricted investment and interest earnings	5,388,931	5,165,957	1,406,368	4,222,553	5,376,707	8,064,540	7,677,210	4,521,600	2,517,574
Miscellaneous	2,638,247	3,418,429	3,299,870	1,532,505	7,009,892	1,636,815	842,153	849,805	292,325
Gain on sale of capital assets	-	-	-	-	-	511,000	202,192	605,964	108,682
Transfers	(3,593,971)	(2,960,140)	(3,980,501)	(4,365,478)	(4,262,259)	(5,769,545)	(4,566,309)	(10,468,575)	(8,161,075)
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>	<u>153,706,364</u>	<u>149,368,159</u>	<u>129,919,171</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	837,324	641,075	60,941
Miscellaneous	111,047	255,580	2,008,515	288,583	1,471,656	155,489	8,841	6,036	10,968
Transfers	3,593,971	2,960,140	3,980,501	4,365,478	4,262,259	5,769,545	4,566,309	10,468,575	8,161,075
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>	<u>5,412,474</u>	<u>11,115,686</u>	<u>8,232,984</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>	<u>159,118,838</u>	<u>160,483,845</u>	<u>138,152,155</u>
<b>Change in Net Assets</b>									
Governmental activities	35,206,482	55,606,306	39,151,546	18,340,721	39,770,184	70,804,494	23,447,335	(11,946,844)	(40,403,441)
Business-type activities	8,133,817	8,106,904	16,218,907	11,459,334	16,160,732	22,359,905	13,002,908	19,692,541	6,934,334
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>\$ 93,164,399</u>	<u>\$ 36,450,243</u>	<u>\$ 7,745,697</u>	<u>\$ (33,469,107)</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, 2005

<sup>6</sup> Expenses for Public Works include a one time, book entry-only expense related to the Cabela's Series 2007 Sales Tax Increment Bond).

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

**Schedule 1.3**  
**City of Reno, Nevada**  
**Program Revenues by Function/Program**  
Last Nine 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>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental activities:</b>									
General government	\$ 30,260,557	\$ 32,291,822	\$ 34,843,752	\$ 38,156,171	42,650,788	48,371,806	45,302,448	45,721,586	49,677,963
Judicial	168,836	534,251	606,625	715,007	893,399	1,010,668	4,714,397	4,142,341	4,002,490
Police	3,886,764	2,650,014	2,938,738	3,003,418	2,707,973	3,093,130	3,013,922	3,867,509	5,350,324
Fire	11,414,538	12,416,411	12,745,384	13,430,125	13,936,761	15,217,502	17,426,016	16,821,041	15,302,315
Public works	42,288,959	59,871,081	50,000,316	51,976,502	64,528,389	94,205,166	54,891,255	48,671,737	18,255,454
Planning and community development	3,830,159	4,927,120	8,137,378	5,796,930	4,120,470	6,481,360	6,537,116	8,736,279	10,909,754
Culture and recreation	3,014,497	5,534,931	7,446,416	7,782,413	7,297,178	6,392,075	7,632,364	4,887,576	4,172,301
Urban redevelopment		322,390	290,689	455,545	639,135	1,580,213	16,651,615	963,882	1,044,868
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>176,351,920</u>	<u>156,169,133</u>	<u>133,811,951</u>	<u>108,715,469</u>
<b>Business-type activities:</b>									
Sanitary sewer	30,369,207	35,548,895	41,026,769	39,810,234	51,387,762	63,499,031	61,911,325	65,014,009	52,809,492
Golf courses	1,870,950	1,837,518	1,774,513	1,541,647	1,455,237	1,209,708	956,396	859,604	684,542
Building permits	4,451,025	5,695,061	6,576,326	7,763,374	6,617,550	5,962,944	4,588,159	3,965,942	4,170,983
Animal services shelter	519,541	627,504	188,360	230,235	17,528	-	-	-	-
Planning	-	-	-	4,386,410	5,531,428	2,668,536	1,731,509	1,366,191	881,602
Dispatch center	-	311,462	410,328	314,788	395,667	524,037	527,889	352,625	653,177
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>73,864,256</u>	<u>69,715,278</u>	<u>71,558,371</u>	<u>59,199,796</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>250,216,176</u>	<u>225,884,411</u>	<u>205,370,322</u>	<u>167,915,265</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.

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

**Schedule 1.4**  
**City of Reno, Nevada**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 4,670,711	\$ 1,641,352	\$ 2,428,376	\$ 1,695,188	\$ 3,438,861	\$ 1,351,283	\$ 1,907,826	\$ 2,745,300	\$ 1,566,639	\$ 2,504,173
Unreserved	11,067,727	16,952,185	19,419,475	15,597,870	13,334,149	15,300,632	13,573,339	10,398,438	8,500,411	5,123,776
Total general fund	<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>\$ 15,481,165</u>	<u>\$ 13,143,738</u>	<u>\$ 10,067,050</u>	<u>\$ 7,627,949</u>
All Other Governmental Funds										
Reserved	60,513,114	213,472,300	303,124,056	241,401,679	117,776,135	66,023,924	82,122,834	87,381,222	138,925,867	111,417,520
Unreserved, reported in:										
Special revenue funds	16,552,572	13,846,805	5,084,400	8,695,310	5,786,466	2,593,727	9,425,040	8,957,581	1,173,909	3,500,599
Capital projects funds	(7,983,962)	(2,429,540)	(110,389,575)	(118,289,314)	(60,269,078)	8,940,698	(3,770,992)	(4,594,721)	(5,035,965)	(2,313,234)
Total all other governmental funds	<u>\$ 69,081,724</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>\$ 87,776,882</u>	<u>\$ 91,744,082</u>	<u>\$ 135,063,811</u>	<u>\$ 112,604,885</u>

**Schedule 1.5**  
**City of Reno, Nevada**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes	\$ 50,602,929	\$ 54,774,653	\$ 59,711,395	\$ 61,490,644	\$ 64,246,504	\$ 67,168,158	\$ 74,646,248	\$ 81,031,666	\$ 92,527,474	\$ 79,889,904
Licenses, fees and permits	23,881,811	26,067,201	26,361,845	27,758,399	31,153,624	32,283,822	35,975,919	36,567,669	35,398,399	37,212,757
Fines and penalties	3,051,065	2,802,813	2,728,491	2,745,003	2,806,405	3,624,141	4,524,164	4,574,634	4,185,139	3,990,373
Charges for service	9,650,090	9,058,772	9,606,143	13,592,054	7,314,653	8,494,849	7,958,794	8,178,560	19,177,677	19,671,203
Special assessments	1,692,971	4,223,674	2,904,775	2,317,235	4,040,392	4,157,862	2,701,017	2,871,440	2,607,993	3,168,898
Intergovernmental	73,005,269	74,509,251	87,509,446	91,674,996	95,757,876	99,876,867	109,091,955	84,288,149	94,593,393	82,646,049
Investment earnings	6,080,056	3,749,779	3,661,289	853,470	2,484,982	4,187,738	6,118,931	5,921,751	3,451,817	1,941,746
Other revenues	10,437,331	10,731,195	9,113,763	10,231,344	21,916,497	18,172,493	18,296,050	57,077,934	9,775,628	10,283,728
Total revenues	<u>178,401,522</u>	<u>185,917,338</u>	<u>201,597,147</u>	<u>210,663,145</u>	<u>229,720,933</u>	<u>237,965,930</u>	<u>259,313,078</u>	<u>280,511,803</u>	<u>261,717,520</u>	<u>238,804,658</u>
<b>Expenditures</b>										
General Government	17,480,723	17,842,682	16,667,848	13,961,260	15,603,717	17,080,258	17,777,657	17,731,055	16,192,548	15,479,395
Judicial	3,310,295	3,708,482	4,017,116	4,524,392	4,915,250	5,615,114	5,645,431	6,596,015	7,299,633	7,011,359
Police	45,645,049	50,295,366	45,588,649	47,405,724	51,888,871	55,068,000	59,087,045	61,320,552	60,060,538	61,559,718
Fire	35,082,618	37,200,107	39,846,654	42,803,148	47,762,718	46,764,717	52,458,590	56,309,536	54,151,668	51,574,589
Public works	19,354,298	27,470,609	23,500,835	21,125,778	24,438,773	20,792,868	21,499,497	28,283,348	24,407,892	20,886,321
Planning & community devp't	5,761,110	4,690,722	5,235,340	6,226,999	6,975,537	4,289,182	7,084,598	6,907,616	11,133,839	12,580,256
Culture and recreation	13,321,928	13,825,145	14,229,611	14,942,100	16,372,705	15,924,188	17,305,789	18,176,148	17,246,463	17,081,909
Urban redevelopment	1,260,556	2,621,822	1,424,710	1,548,241	2,071,514	2,347,178	2,288,753	2,983,836	3,834,292	3,055,179
Intergovernmental	709,008	1,097,868	1,451,756	2,590,208	3,394,609	5,500,472	3,872,818	4,365,179	3,773,363	4,784,752
Capital outlay	19,628,755	73,179,141	67,713,258	92,259,688	149,866,708	61,859,754	47,777,780	51,523,934	28,015,696	20,673,508
Debt service:										
Interest	6,056,523	5,463,416	16,901,960	17,429,743	16,789,578	11,703,107	18,350,174	18,517,670	22,442,015	19,172,227
Principal	9,075,216	9,124,695	9,106,337	8,206,423	9,399,109	9,830,437	9,490,866	9,755,905	11,943,401	13,506,867
Bond issue costs		11,553,713	584,896	52,810	120,226	8,806,979	1,053,997	9,378,659	1,570,557	-
Fiscal charges	53,036	15,321	148,452	121,582	432,854	885,460	809,851	1,022,214	1,902,391	2,784,617
Total expenditures	<u>176,739,115</u>	<u>258,089,089</u>	<u>246,417,422</u>	<u>273,198,096</u>	<u>350,032,169</u>	<u>266,467,714</u>	<u>264,502,846</u>	<u>292,871,667</u>	<u>263,974,296</u>	<u>250,150,697</u>
Excess of revenues over (under) expenditures	1,662,407	(72,171,751)	(44,820,275)	(62,534,951)	(120,311,236)	(28,501,784)	(5,189,768)	(12,359,864)	(2,256,776)	(11,346,039)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing <sup>1</sup>	44,700	220,563,634	25,829,948	1,708,338	55,738,063	44,475,642	24,343,040	207,337,856	83,543,362	-
Proceeds from refunding <sup>1</sup>	-	4,265,000	23,294,817	3,714,422	-	269,493,568	20,657,894	-	-	-
Payments to others									(30,731,864)	-
Payments to escrow agents	-	(4,265,000)	(23,596,955)	(3,655,582)	-	(259,675,524)	-	(184,623,631)	-	-
Refund of cash SAD prepayments	-	-	-	-	-	(478,872)	(20,405,473)	-	-	-
Sale of capital assets	50,710	9,618,883	2,500	353,115	89,074	2,046,722	439,594	10,068	66,925	6,070
Transfers in	32,749,251	23,522,810	41,862,199	41,888,902	41,696,731	119,902,244	40,899,555	47,548,305	30,813,975	32,877,213
Transfers out	(29,906,134)	(22,740,487)	(46,388,604)	(52,056,931)	(51,605,189)	(128,661,948)	(52,128,091)	(56,282,961)	(42,749,965)	(45,545,159)
Total other financing sources (uses)	<u>2,938,527</u>	<u>230,964,840</u>	<u>21,003,905</u>	<u>(8,047,736)</u>	<u>45,918,679</u>	<u>47,101,832</u>	<u>13,806,519</u>	<u>13,989,637</u>	<u>40,942,433</u>	<u>(12,661,876)</u>
Net change in fund balances	<u>\$ 4,600,934</u>	<u>\$ 158,793,089</u>	<u>\$ (23,816,370)</u>	<u>\$ (70,582,687)</u>	<u>\$ (74,392,557)</u>	<u>\$ 18,600,048</u>	<u>\$ 8,616,751</u>	<u>\$ 1,629,773</u>	<u>\$ 38,685,657</u>	<u>\$ (24,007,915)</u>
Debt service as a percentage of non-capital expenditures	9.6%	8.0%	14.6%	14.3%	13.3%	10.6%	12.9%	11.8%	14.5%	14.7%

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

**Schedule 2.1**  
**City of Reno, Nevada**  
**Taxable Assessed Value and Actual Value of Property**  
**Last Ten Fiscal Years**  
*(In Thousands of Dollars)*

Fiscal Year	Vacant Property	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
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
2008	576,364	4,285,823	2,577,443	585,893	1,417	61,222	1,282,063	6,806,099	\$ 3.6470	19,445,997	0.35
2009	606,435	4,948,148	2,749,449	675,530	1,486	65,340	1,366,826	7,679,562	\$ 3.6462	21,941,606	0.35
2010	422,120	4,350,037	2,951,879	682,094	1,442	63,754	1,536,966	6,934,360	\$ 3.6462	19,812,457	0.35

Source: Nevada State Department of Taxation and Office of the Washoe County Assessor  
A breakdown of property taxes by type for years 1999 through 2005 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 2.2**  
**City of Reno, Nevada**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
(Rate per \$100 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
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
2008	0.8760	0.0696	0.9456	0.1700	1.1385	1.3917	0.0012
2009	0.9310	0.0146	0.9456	0.1700	1.1385	1.3917	0.0004
2010	0.9310	0.0146	0.9456	0.1700	1.1385	1.3917	0.0004

Fiscal Year	Reno Increment District	Redevelopment Agency Debt Service
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
2008	3.2623	3.2623
2009	3.2144	3.2144
2010	3.2144	3.2144

Source: State of Nevada, Department of Taxation/Redbook

**Schedule 2.3**  
**City of Reno, Nevada**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
*(In Thousand of Dollars)*

Taxpayer	2010			2001		
	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	\$ 101,466	1	1.44%	\$ 54,445	2	1.40%
Golden Road Motor Inn Inc	41,745	2	0.59%	36,797	7	0.95%
Circus & Eldorado Jnt Venture	41,465	3	0.59%	83,062	1	2.14%
Credit Markets Real Estate Corp	37,107	4	0.53%	-		0.00%
International Game Technology	35,280	5	0.50%	29,795	9	0.77%
Prologis NA3 LLC	30,508	6	0.43%	-		0.00%
Montage Marketing Corp	24,619	7	0.35%	-		0.00%
Prologis NA3 NV V LLC	24,256	8	0.34%	-		0.00%
Charles Rivers Laboratories Inc	23,323	9	0.33%	-		0.00%
Harrahs Operating Company	21,466	10	0.30%	39,914	6	1.03%
<b>Total</b>	<b>\$ 381,235</b>		<b>5.41%</b>	<b>\$ 244,013</b>		<b>6.29%</b>

Source: Office of the Washoe County Assessor  
Statistical Section of WC Assessor's office Reports-Top Reno Taxpayers  
NOTE: Does not include utility companies as these are centrally assessed by the State

**Schedule 2.4**  
**City of Reno, Nevada**  
**Property Tax Levies and Collections as of 6/30/10**  
**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
2001	44,839	44,300	98.80	539	44,839	100.00
2002	48,985	43,194	88.18	5,791	48,985	100.00
2003	46,177	45,572	98.69	605	46,177	100.00
2004	46,425	45,156	97.27	1,268	46,424	100.00
2005	48,263	47,836	99.12	427	48,263	100.00
2006	51,949	51,203	98.56	746	51,949	100.00
2007	59,649	59,075	99.04	555	59,630	99.97
2008	64,543	64,058	99.25	350	64,408	99.79
2009	63,794	62,672	98.24	693	63,365	99.33
2010	62,732	62,643	99.86	-	62,643	99.86

1 Excludes personal property tax and centrally assessed property tax.  
Exclude Reno Redevelopment Agency.

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

**Schedule 2.5**  
**City of Reno, Nevada**  
**Licenses and Permits by Category <sup>1</sup>**  
**Last 10 Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business licenses	\$ 8,809,129	\$ 9,308,935	\$ 9,814,258	\$ 10,813,952	\$ 11,901,676	\$ 12,320,382	\$ 13,868,588	\$ 13,419,739	\$ 12,633,107	\$ 11,287,373
City gaming licenses	3,085,365	2,898,537	2,798,038	2,646,162	2,848,771	2,367,783	2,548,837	2,364,451	2,201,449	2,046,810
Liquor licenses	1,020,381	1,046,357	1,083,803	1,091,867	1,141,170	1,030,430	1,180,837	1,151,688	1,294,792	1,277,056
Non-business licenses and permits	125,670	124,542	135,892	116,423	160,660	55,356	61,100	72,756	38,207	122,034
Electricity franchise fees	2,962,146	3,302,995	4,026,704	4,212,395	4,580,484	5,064,303	5,733,862	5,783,785	6,227,461	8,266,881
Telephone franchise fees	3,382,000	3,211,083	3,291,210	3,324,443	3,498,648	3,414,967	3,649,048	3,735,284	3,873,036	3,435,740
Natural gas franchise fees	1,128,210	2,144,211	1,507,664	1,617,493	1,728,638	2,071,950	2,458,676	2,368,616	2,205,186	3,396,125
Sanitation franchise fees	1,231,510	1,404,773	1,417,765	1,441,167	1,709,852	1,869,581	1,974,410	2,385,936	2,213,979	2,199,114
Water toll fees	782,920	980,149	689,154	920,836	939,670	961,514	1,007,879	998,524	959,311	1,376,897
Sewer-in-lieu-of-franchise fees	-	-	-	-	1,031,041	1,289,617	1,504,931	1,471,135	1,683,913	2,020,040
Cable television fees	1,201,741	1,459,032	1,398,607	1,406,222	1,419,899	1,692,421	1,886,280	2,463,954	1,832,294	1,784,687
<b>Total</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>	<b><u>36,215,868</u></b>	<b><u>35,162,735</u></b>	<b><u>37,212,757</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.

Licenses and Permits presented are for General Fund Only

**Schedule 3.1**  
**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 (Incl. Room Tax and/or Sales Tax) Bonds	Special Assessment Bonds	Loan Payable	Notes Payable <sup>5</sup>	Capital Leases <sup>1</sup>	Sanitary Sewer Bonds <sup>2</sup>	Sanitary Sewer Note Payable	Golf Course Bonds <sup>3</sup>			
2001	44,895	49,345	4,830	1,359		2,040	-	-		3,735	106,204	1.58%	506.67
2002	40,865	46,905	222,870	2,677		3,028	-	-		3,600	319,945	4.57%	469.36
2003	35,505	44,335	233,770	17,097		517	-	-		3,455	334,679	4.67%	409.44
2004	31,415	41,620	233,290	16,343		627	1663	-		3,505	328,463	4.40%	367.01
2005	30,220	38,765	232,780	15,599	50,500	589	2,519	-		3,295	374,267	4.44%	334.88
2006	28,480	35,755	338,986	25,401		541	2,549	26,280	43,070	3,115	504,177	5.50%	300.16
2007	22,965	35,325	361,623	24,488		497	2,208	70,606	8,033	2,930	528,675	5.44%	264.95
2008	17,640	34,260	368,366	25,125		6,453	5,062	101,971	-	2,735	561,612	5.95%	230.67
2009	57,690	33,980	400,136	23,530		8,142	4,374	96,122	-	2,535	626,509	6.39%	411.08
2010	52,485	32,765	396,109	21,979	-	7,353	3,655	90,162	-	2,335	606,843	7.64%	391.06

- 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 2006 and thereafter 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 4.1.
  - <sup>5</sup> Includes installment purchase agreements.

Population Source: Refer to Schedule 4.1

**Schedule 3.2**  
**City of Reno, Nevada**  
**Direct and Overlapping Debt**  
**As of June 30, 2010**  
*(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	\$ 52,485	100.00	\$ 52,485
Washoe County School District	524,700	46.73	245,192
Washoe County	156,209	46.73	72,996
State of Nevada	<u>2,279,505</u>	6.53	<u>148,852</u>
Total	<u><u>\$ 3,012,899</u></u>		<u><u>\$ 519,526</u></u>

Notes:

1 Per Nevada Department of Taxation "Red Book" for 2009-2010

2 City of Reno -- See Schedule 3.1  
County and State - Washoe County Schedule 3.3 revised 6/30/10

Note: Represents general obligation bonds repaid through general property taxes.

**Schedule 3.3**

**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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General bonded debt outstanding										
General obligation bonds	44,895	40,865	35,505	31,415	30,220	28,480	22,965	17,640	57,690	52,485
Sanitary sewer bonds	-	-	-	-	-	26,280	70,606	101,971	96,122	90,162
Golf course bonds	3,735	3,600	3,455	3,505	3,295	3,115	2,930	2,735	2,535	2,335
Total	48,630	44,465	38,960	34,920	33,515	57,875	96,501	122,346	156,347	144,982
Percentage of estimated actual property value <sup>1</sup>	1.13%	1.01%	0.87%	0.73%	0.66%	1.03%	1.58%	1.80%	2.04%	2.09%
Per capita <sup>2</sup>	260.22	236.72	199.05	175.26	162.12	269.98	437.42	548.61	701.07	664.62
Less: Amounts set aside to repay general debt	(23,430)	(9,657)	(9,505)	(6,223)	(13,114)	(9,402)	(10,967)	(7,718)	(8,767)	(8,767)
Total net debt applicable to debt limit	25,200	34,808	29,455	28,697	20,401	48,473	85,534	114,628	147,580	136,215
Legal debt limit <sup>3</sup>	647,832	657,137	675,175	713,624	765,806	839,546	917,561	1,020,915	1,151,934	1,040,154
Legal debt margin <sup>4</sup>	622,632	622,329	645,720	684,927	745,405	791,073	832,027	906,287	1,004,354	903,939
Legal debt margin as a percentage of the debt limit	96.11%	94.70%	95.64%	95.98%	97.34%	94.23%	90.68%	88.77%	87.19%	86.90%

**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 2.1: Taxable Assessed Value and Actual Value of Property

<sup>2</sup> Population data can be found in Schedule 4.1: 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 3.4**  
**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 <sup>b</sup>					Sales Tax Anticipation Revenue (STAR) Bonds <sup>c</sup>			
	Room Tax Collections <sup>1</sup>	Sales Tax Collections <sup>1</sup>	Total Available Revenue	Principal	Interest	Coverage	Room Tax Collections <sup>2</sup>	Consolidated Taxes (15%) <sup>2</sup>	Principal	Interest	Coverage	Sales Tax Increment Collections	Principal	Interest	Coverage
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	6,442,316	-	6,257,902	1.92	-	-	-	-
2004	924,359	7,409,814	8,334,173	-	5,928,319	1.41	5,980,798	7,122,110	-	5,776,525	2.27	-	-	-	-
2005	948,736	8,260,700	9,209,436	-	5,928,319	1.55	5,811,018	7,855,938	-	5,776,525	2.37	-	-	-	-
2006	1,077,511	8,925,336	10,002,847	-	2,964,159	3.37	6,053,375	8,206,225	130,000	3,841,973	3.59	-	-	-	-
2007	1,074,435	8,895,013	9,969,448	-	7,794,611	1.28	6,285,727	8,288,540	285,000	4,858,814	2.83	-	-	-	-
2008	991,523	8,379,747	9,371,270	120,000	5,931,411	1.55	6,000,979	7,689,906	845,000	6,620,921	1.83	-	-	-	-
2009	735,302	7,080,474	7,815,776	820,000	6,269,671	1.10	5,077,055	6,532,908	1,045,000	9,190,524	1.13	2,087,240	240,000	1,258,956	1.39
2010	691,252	6,340,270	7,031,522	1,260,000	6,120,390	0.95	4,960,895	5,828,936	1,230,000	4,780,345	1.80	2,139,344	560,000	1,821,463	0.90
Fiscal Year	Special Assessment Bonds				Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Garage)*										
	Special Assessment Collections <sup>4</sup>	Principal <sup>5</sup>	Interest	Coverage	Property Lease Rents Collections <sup>2</sup>	Principal	Interest	Coverage							
2001	1,692,971	490,216	111,415	2.81	-	-	-	-							
2002	2,716,138	592,788	84,570	4.01	-	-	-	-							
2003	2,904,775	564,627	306,721	3.33	-	-	-	-							
2004	1,438,562	753,406	689,194	1.00	-	-	-	-							
2005	1,506,847	757,135	657,297	1.07	-	-	-	-							
2006 <sup>3</sup>	2,521,617	324,087	614,050	2.69	-	-	-	-							
2007	2,556,699	913,344	1,596,036	1.02	-	-	-	-							
2008	3,281,238	908,344	1,624,196	1.30	1,574,297	-	968,397	1.63							
2009	3,032,794	1,594,344	1,653,299	0.93	1,251,328	175,000	512,280	1.82							
2010	3,301,211	1,551,344	1,576,358	1.06	1,012,990	287,000	140,096	2.37							

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. The 2002 bonds were refunded with the issuance of the Series 2006 Bonds on 04/14/06. Series 2006 A & B Bonds are repayable with sales tax revenues; Series 2006 C Bonds are repayable from room tax revenues. The Series 2006 A & B Bonds were refunded on 03/04/08 with the issuance of the Series 2008 A & B Bonds, which converted the 2006 A Bonds from auction rate securities to variable rate demand bonds. Totals do not include SAD bonds. Bond proceeds financed the rail transportation access corridor (ReTRAC) construction and cover capital projects.

<sup>b</sup> On 10/26/05 the Series 2002 Capital Improvement Bonds were partially refunded with the issuance of the Series 2005 A Bonds; the Series 2005 B & C Bonds were also issued. The Series 2005 A Bonds, which were auction rate securities, were converted to Variable Rate Demand Bonds on 02/05/09. Totals do not reflect SAD balances.

<sup>c</sup> On 10/23/08, the Series 2007 A & B Cabela's STAR Bonds were issued.

<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.

<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, as well as up to 15% of consolidated tax revenues.

<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.

<sup>4</sup> Collections and Payment information have been adjusted to exclude Agency SAD's - information from Allen Gardner AMG

<sup>5</sup> Principal payments may include early principal redemptions based upon excess fund balance availability.

\* Began reporting FY 07/08. The bonds are variable rate tied to LIBOR.

**Schedule 4.1**  
**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 <sup>3</sup>	Median Age <sup>4</sup>	Public School Enrollment <sup>5</sup>	Charter School Enrollment <sup>6</sup>	Unemployment Rate <sup>7</sup>
2001	186,883	6,731,339	36,019	35.6	27,006		4.0%
2002	187,834	7,005,269	37,295	35.6	29,195		4.8%
2003	195,727	7,173,590	36,651	35.8	32,503		4.6%
2004	199,249	7,459,484	37,438	35.9	33,797		3.8%
2005	206,735	8,422,797	40,742	34.5	38,575		3.8%
2006	214,371	9,165,646	42,756	35.3	39,611	1,810	4.0%
2007	220,613	9,713,811	44,031	35.3	40,169	1,967	4.5%
2008	223,012	9,440,544	42,332	35.7	40,470	2,042	6.4%
2009	223,012	9,808,068	43,980	34.6	40,336	2,212	11.8%
2010	218,143	7,939,314	36,395	34.5	39,205	2,392	13.4%

Sources:

- <sup>1</sup> Nevada State Demographer's office 1999-2007  
State of Nevada Department of Taxation, Demographer - 2008 Estimate  
State of Nevada Department of Taxation, Demographer - 2009 used projected figure to be certified by the Governor  
Correct Prior year estimate with new data from State of Nevada, Demographer  
State of Nevada Department of Taxation, Demographer-2010 Certified Figures from the Governor's office
- <sup>2</sup> Personal Income 2009-calculated as Population X Per Capita Personal Income  
Personal Income 2009-Corrected Per Capita Personal Income with BEA Figures for each Calendar year this corrected each prior year
- <sup>3</sup> Per Capita Personal Income 2009-US Bureau of Economic Analysis Website ([www.bea.gov/regional](http://www.bea.gov/regional))  
Trued up all prior years with corrected information from each Calendar Yr. We report on fiscal yr; the US Govt reports on calendar yr  
Estimated 2009 figure 1st Qtr of 2009 X 43% (based on prior years; this is the percentage for Reno/Sparks Metro Area)
- <sup>4</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.  
US Census Bureau-factfinder.census.gov Median Age is for all of Washoe County
- <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.  
2008-Nevada Workforce Informer - rate is up to date as of 6/2008
- <sup>6</sup> Washoe County School District - added Charter Schools to 05/06 to enrollment amounts

**Schedule 4.2**  
**City of Reno, Nevada**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2010			2011		
	Rank	(Average) Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Washoe County School District	1	8,750	4.35%	1	5,750	3.00%
University of Nevada-Reno	2	4,250	2.11%	3	2,750	1.60%
Washoe County	3	2,750	1.37%			
Renown Regional Medical Ctr (formerly named Washoe Med)	4	2,250	1.12%	4	2,750	1.60%
Peppermill Hotel Casino-Reno	5	2,250	1.12%	7	2,250	1.50%
International Game Technology	6	2,250	1.12%	12	1,750	1.10%
Silver Legacy Hotel Casino	7	1,750	0.87%	15	1,750	1.20%
St Mary's	8	1,750	0.87%	11	1,750	0.90%
Atlantis Hotel Casino	9	1,750	0.87%			
City of Reno	10	1,750	0.87%	9	2,250	1.30%
Total		<u>29,500</u>	<u>14.68%</u>		<u>21,000</u>	<u>12.20%</u>

Source: 2010 - Department of Employment Training & Rehabilitation (Nevada State Website)  
2000 - Department of Employment Training and Rehabilitation

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

**Schedule 5.1**  
**City of Reno, Nevada**  
**City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2001	2002	2003 <sup>1</sup>	2004 <sup>1</sup>	2005	2006 <sup>2</sup>	2007	2008	2009	2010
General Government:										
Management	24.3	27.4	29.0	32.0	44.0	45.0	42.0	42.0	49.0	55.0
Records management/cashiering	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	9.5
Finance <sup>a</sup>	23.0	28.5	28.5	31.5	33.3	32.2	33.0	33.3	33.3	33.0
Legal	32.5	32.5	33.5	34.0	34.0	35.0	35.0	35.0	35.0	35.0
Human resources <sup>b</sup>	16.7	18.8	18.5	15.6	16.5	15.5	15.5	15.5	15.5	12.5
Information technology <sup>c</sup>	19.0	23.8	22.8	24.3	27.2	29.2	28.2	30.0	30.3	29.3
Judicial:										
Judges	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Others	40.4	47.0	48.0	47.0	49.1	49.1	59.4	53.4	49.4	57.5
Police:										
Sworn employees	314.0	325.0	337.0	341.8	369.0	370.0	365.0	373.0	372.5	383.0
Non-commissioned employees	107.7	120.3	103.4	108.7	98.5	103.5	104.5	110.5	110.0	108.5
Fire:										
Authorized emergency personnel	303.0	277.0	308.0	308.0	336.0	336.0	345.0	339.0	344.0	345.0
Fire prevention officers	12.0	6.0	10.1	10.1	14.8	14.8	17.7	16.7	18.7	19.0
Others	32.5	36.0	30.7	30.7	20.0	21.0	20.0	29.0	22.0	22.0
Public works:										
Engineers	18.4	15.1	26.0	27.0	20.0	25.0	31.3	35.0	38.4	38.4
Fleet maintenance	13.7	14.5	16.1	15.1	11.0	11.3	16.1	16.1	16.1	16.1
Others	120.0	121.0	124.2	125.2	140.6	134.2	137.8	128.6	125.2	127.7
Planning & community development	22.1	22.0	26.4	30.5	40.6	41.5	76.8	36.5	39.5	39.5
Culture and recreation	69.0	77.8	79.8	79.8	82.2	86.5	87.5	92.8	92.7	91.7
Urban redevelopment	7.0	6.3	7.0	7.0	7.0	5.8	6.8	14.0	8.8	5.0
Sanitary sewer	48.3	56.7	58.7	59.2	63.3	66.5	64.3	69.3	69.3	67.2
Building permits	62.3	66.1	60.7	59.7	58.4	64.5	64.5	69.5	66.3	56.0
Golf course <sup>d</sup>	8.8	8.8	8.0	7.0	6.0	6.2	6.2	6.2	6.2	4.2
Animal services shelter	20.0	20.0	22.0	21.0	22.0	0.0	0.0	0.0	0.0	0.0
Dispatch services	70.0	68.8	68.8	64.3	68.5	68.5	69.5	69.5	69.5	69.5
<b>Total City Employees</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>	<b>1,630.8</b>	<b>1,626.9</b>	<b>1,628.5</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 October 1, 2006
- <sup>e</sup> FY 09/10 broke out management positions more as based on actual job descriptions

Source: City of Reno Adopted Budget Book for the respective years

**Schedule 5.2**  
**City of Reno, Nevada**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u> <sup>1</sup>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Function/Program</b>										
General government:										
Active business licenses	10,873	12,189	14,033	16,716	20,640	24,461	25,089	25,574	25,574	22,456
Business license audits completed				65	70	90	95	186	197	294
Percentage of same day response to public requests for research of public documents	98%	97%	97%	98%	96%	98%	98%	99%	100%	100%
Judicial:										
Criminal cases prepared for trial				4,091	4,950	5,418	5,332	6,177	5,915	5,890
Cases filed in municipal court	22,309	22,641	22,347	25,750	25,779	41,207	44,416	38,844	39,788	36,454
Cases adjudicated in municipal court	22,202	21,992	22,365	24,954	27,632	27,632	42,459	30,327	40,737	38,840
Police <sup>2</sup> :										
Physical arrests	9,133	8,214	7,456	10,254	10,197	12,618	14,557	14,087	13,246	12,038
Misdemeanor citations	4,034	3,201	3,119	3,699	3,521	3,804	3,996	4,214	3,829	3,512
Traffic-related offenses cited	20,156	18,038	20,859	24,585	17,041	33,649	40,057	37,523	38,843	33,430
Fire <sup>3</sup> :										
Fire emergencies	1,000	1,105	1,177	1,272	1,087	1,238	1,388	3,228	4,790	4,214
Emergency medical calls	15,344	14,366	15,298	16,792	18,476	16,099	24,573	29,732	25,080	25,920
Inspections	4,413	2,428	3,920	6,871	5,741	18,180	14,775	19,494	8,382	8,894
Public works:										
Streets reported in "fair" or better condition	78%	80%	82%	79%	82%	84%	85%	84%	85%	85%
Pothole calls received/% repaired within 24 hrs	175/100%	240/85%	1,200/95%	200/95%	185/95%	336/93%	168/100%	143/95%	167/97%	71/100%
Culture and recreation <sup>4</sup> :										
Participants in senior contract recreation programs	17,829	20,063	24,172	37,453	26,618	6,327	3,864	4,473	6,094	4,400
Participants in youth programs	2,550	3,450	3,600	3,780	3,893	4,088	4,546	3,865	3,150	3,750
Instructional swimming classes offered	510	509	500	500	1,200	1,200	1,200	1,750	1,798	1,670
Community devp't & support <sup>5</sup> :										
Jobs generated by businesses in Redevelopment area	5	618	769	87	123	167	963	384	-	-
Affordable housing units developed in Redevelopment area	613	258	-	-	240	-	41	491	-	-
Housing rehabilitation projects completed	33	4	-	2	15	27	10	10	-	-
Sanitary Sewer:										
Lineal feet of sewer lines & storm drains maintained	1.68 mil	1.86 mil	2.05 mil	3.1 mil	3.2 mil	3.4 mil	3.7 mil	3.7 mil	3.7 mil	3.7 mil
Golf:										
Cost per acre per year to maintain golf courses	\$ 5,200	\$ 5,200	\$ 4,500	\$ 4,500	\$ 4,600	\$ 4,800	\$ 5,150	\$ 5,342	\$ 5,158	\$ 6,121

**Schedule 5.2**  
**City of Reno, Nevada**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u> <sup>1</sup>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Building:										
Building permits issued	8,627	8,195	9,416	11,607	13,171	9,294	9,109	7,272	5,580	5,023
Avg. # of monthly building inspections performed	5,800	5,233	5,565	6,886	10,618	11,171	8,171	5,351	3,363	2,408
Code enforcement cases	1,605	1,764	2,453	2,714	3,367	4,481	4,184	4,499	5,766	4,401

**Notes:**

Figures in italics indicate targeted figure based on upcoming FY Budget Document that was prepared prior to final year-end figures becoming available.  
All Figures are trued up the following year based on new projections and actuals reported during budget process

<sup>1</sup> Fire Inspection Figures are a lot higher due to implementation of new tracking through Fire

<sup>2</sup> 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 5.3**  
**City of Reno, Nevada**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> <sup>4</sup>	<u>2010</u>
<b>Function/Program</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	4	4	4	3	1
Patrol units <sup>1</sup>						220	254	252	252	248
Fire:										
Stations	16	16	16	16	16	16	18	17	17	17
Fire fighting vehicles	28	28	29	31	35	36	54	59	41	37
Public works:										
Paved streets (miles)	532.0	524.1	532.0	546.0	579.0	582.0	637.1	654.0	654.0	670.5
Unpaved streets (miles)	1.9	1.7	1.9	1.9	1.9	1.9	3.6	0.8	0.8	0.7
Culture and recreation:										
Acreage	935	1,959	1,935	1,935	1,935	2,015	2,076	2,168	2,168	2,477
Park facilities	72	72	72	73	75	82	83	83	83	85
Playgrounds	48	48	48	51	51	51	52	52	52	51
Swimming pools	5	5	5	5	5	5	5	4	4	5
Sanitary sewer:										
Sanitary sewer lines (miles)	564.0	546.0	564.0	650.0	696.0	716.0	743.0	743.0	743.0	743.0
Storm drains (miles)	229.0	288.0	229.0	285.0	394.0	404.0	444.0	444.0	444.0	444.0
Treatment capacity millions of gallons)	41.5	41.5	41.5	41.2	41.2	41.2	41.2	44.0	44.0	44.0
Golf:										
Golf courses <sup>2</sup>	2	2	2	2	2	2	1	1	1	1

Source: Finance Department, Budget Division

Notes:

<sup>1</sup> Count for prior years not readily available-Number from PD Supply Access Database

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

<sup>3</sup> Fire Vehicles include all fire apparatus and trucks able to pump water and be used in actual fires. FY 2007 & 2008 included other vehicles not used for this purpose-FY 2010 4 vehicles went to auction per Fire Dept-Fleet Maintenance

<sup>4</sup> Italicized numbers are based on the Annual City Budget totals and will be corrected next FY - Downtown Substation was closed this FY

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# **SINGLE AUDIT REPORT**

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**INDEPENDENT AUDITOR'S 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2010. 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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

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.

*Gallina LLP*

Roseville, California  
December 23, 2010



**INDEPENDENT AUDITOR'S 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, 2010. 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, 2010.

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 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

*Gallina LLP*

Roseville, California  
December 23, 2010

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>Child Nutrition Cluster</i>			
Passed through Nevada Department of Education, Office of Child Nutrition & School Health:			
Milk Distribution Program	10.556	--	\$ 7,795
Food Distribution Program	10.559	--	60,448
Subtotal Pass-through			<u>68,243</u>
 <i>Total Child Nutrition Cluster - \$68,243</i>			
Total U.S. Department of Agriculture			<u>\$ 68,243</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Economic Development Initiative - Wells			
Landscaping	14.251	--	16,372
Economic Development Initiative - Oliver & Montello	14.251	--	306,123
Subtotal CFDA 14.251			<u>322,495</u>
 Community Development Block Grants-Entitlement			
Community Development Block Grants-Entitlement - Loan	14.218 *	--	1,236,611
Subtotal CFDA 14.218			<u>952,366</u>
			<u>2,188,977</u>
 Recovery Act - Community Development Block Grants			
Recovery Act - Homeless Prevention & Rapid Rehousing	14.253 *	--	290,210
	14.257 *	--	275,462
 HOME Investment Partnerships Program			
HOME Investment Partnerships Program - Loan	14.239 *	--	2,854,526
Subtotal CFDA 14.239			<u>28,712,197</u>
			<u>31,566,723</u>
 Supportive Housing Program (HMIS)			
Emergency Shelter Grants Program	14.235	--	171,182
	14.231	--	104,899
Subtotal Direct			<u>34,919,948</u>

\* Major Program

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

<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 (continued)</u>			
Passed through Nevada State Housing Division:			
Community Development Block Grant/Neighborhood Stabilization Program No. 1	14.228 *	Various	\$ 3,479,694
Supportive Housing Program (HMIS)	14.235	--	16,745
Emergency Shelter Grants Program	14.231	--	<u>131,278</u>
Subtotal Pass-through			<u>3,627,717</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 38,547,665</u>
<u>U.S. Department of the Interior Bureau of Reclamation</u>			
Direct Programs:			
Providing Water to At-Risk Natural Desert Terminal Lakes (Lower Truckee River Improvements)	15.508 *	--	<u>2,709,699</u>
Subtotal Direct			<u>2,709,699</u>
<u>U.S. Department of Interior</u>			
Passed through Nevada State Parks:			
Land and Water Conservation Fund	15.916	32-00256.4	<u>25,000</u>
Subtotal Pass-through			<u>25,000</u>
Total U.S. Department of Interior			<u>\$ 2,734,699</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant-FY 09	16.804 *	--	579,685
Edward Byrne Memorial Formula Grant (SMART Policing: Evidence Based Law Enforcement)	16.751	--	85,600
Bullet Proof Vest Partnership	16.607	--	39,105
Edward Byrne Memorial Formula Grant-FY07	16.738	--	72,949
Edward Byrne Memorial Formula Grant-FY08	16.738	--	29,410
Edward Byrne Memorial Formula Grant-FY09	16.738	--	<u>138,362</u>
Subtotal CFDA 16.738			<u>240,721</u>

\* Major Program

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

<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>			
Public Safety Partnership and Community Policing Grant - COPS Meth Grant	16.710	--	\$ 63,233
Public Safety Partnership and Community Policing Grant - COPS Tech	16.710	--	15,193
Recovery Act - Public Safety Partnership and Community Policing Grant - COPS Hiring Recovery	16.710	--	431,223
Subtotal CFDA 16.710			<u>509,649</u>
Subtotal Direct			<u>1,454,760</u>
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (Victim Services)	16.803	09-ARRA-20	32,212
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (Stalking & Investigations)	16.803	09-ARRA-19	24,567
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (Identify Forged Identification)	16.803	09-ARRA-21	11,419
Subtotal CFDA 16.803			<u>68,198</u>
Protecting Inmates and Safeguarding Communities Discretionary Grant (Multi-Jurisdictional Gang Taskforce)	16.735	09-JAG-020	98,215
Protecting Inmates and Safeguarding Communities Discretionary Grant	16.735	09-JAG-021	79,881
Subtotal CFDA 16.735			<u>178,096</u>
Subtotal Pass-through			<u>246,294</u>
Passed through Nevada Department of Health and Human Services, Division of Child and Family Services:			
Crime Victim Assistance Grant	16.575	VOCA3145/20-S FY10-12-089	161,574
Passed through Nevada Office of Attorney General:			
Recovery Act - Violence Against Women Formula Grant (Crime Analysis & Data Collection)	16.588	2009-RAVAW-02	36,456
Violence Against Women Formula Grants	16.588	2006-STOP-05	33,302
Violence Against Women Formula Grants	16.588	2008-STOP-03	24,554
Subtotal CFDA 16.588			<u>94,312</u>

\* Major Program

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

<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 Nevada Juvenile Justice Commission, Division of Child and Family Services:			
Enforcing Underage Drinking Laws Program Grant	16.727	--	\$ 29,528
Passed through Boys & Girls Club of the Truckee Meadows:			
Community Capacity Development Office - Operation Weed and Seed South 07-08	16.595	--	<u>25,694</u>
Subtotal Pass-through			<u>557,402</u>
Total U.S. Department of Justice			<u>\$ 2,012,162</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
National Motor Carrier Safety Grant - High Priority Enforcement 2009	20.218	MH093220000000	130,909
National Motor Carrier Safety Grant - High Priority Education 2009	20.218	MH093210000000	<u>35,013</u>
Subtotal Direct			<u>165,922</u>
Passed through Nevada Department of Public Safety, Office of Traffic Safety:			
State and Community Highway Safety - Motorcycle Project	20.600	28-AL-3	5,499
State and Community Highway Safety - Joining Forces	20.600	210-JF-1.21	87,275
Alcohol Impaired Driving Countermeasures Incentive Grants I (Bike & Ped)	20.601	210-PS-4	26,300
State Traffic Safety Information System Improvement Grant	20.610	210-408TR-2	<u>40,000</u>
Subtotal - Pass through			<u>159,074</u>
<i>Total - Highway Safety Cluster \$66,300</i>			
Total U.S. Department of Transportation			<u>\$ 324,996</u>

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

<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. Environmental Protection Agency</u>			
Passed through the Nevada Division of Environmental Protection:			
Nonpoint Source Implementation (Clean Water Act, Title 3, Section 319(h))	66.460	DP 09-018	\$ 41,063
Nonpoint Source Implementation (Clean Water Act, Title 3, Section 319(h))	66.460	DP 09-027	<u>21,060</u>
Total U.S. Environmental Protection Agency			<u>\$ 62,123</u>
<u>U.S. Department of Energy</u>			
Direct Programs:			
Recovery Act - Energy Efficiency and Conservation Block Grant	81.128 *	--	<u>1,211,313</u>
Total U.S. Department of Energy			<u>\$ 1,211,313</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Nevada Welfare Division			
Child Care and Development Block Grant (Behavior Analysis Project and Child Care Training)	93.575	--	<u>15,000</u>
Total U.S. Department of Health and Human Services			<u>\$ 15,000</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State of Nevada, Division of Emergency Management (FEMA):			
Operation Open Microphone	97.067	97067HL7	<u>2,284</u>
Passed through State of Nevada, Department of Public Safety:			
Emergency Management Performance Grant	97.042	--	<u>146,748</u>
Total U.S. Department of Homeland Security			<u>\$ 149,032</u>
Total Expenditures of Federal Awards			<u><u>\$ 45,125,233</u></u>

**CITY OF RENO, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

**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 includes the federal grant activity of the City and is presented based on Generally Accepted Accounting Principles. 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	\$ 306,561
14.253	Community Development Block Grants – ARRA Entitlement Grants	82,041
14.239	HOME Investment Partnership Program – State of Nevada	89,727
14.257	Homeless Prevention & Rapid Rehousing Program – ARRA	227,356
14.228	Neighborhood Stabilization Program – State of Nevada	3,479,694
15.508	Providing Water to At-Risk Desert Terminal Lakes Grant	2,482,396
16.738	Edward Byrne Memorial Justice Assistance Grant	117,374
16.804	Edward Byrne Memorial Justice Assistance Grant	332,219
16.735	Protecting Inmates & Safeguarding Communities Grant – State of Nevada	17,192
20.218	MCSAP High Priority Opportunity Grant	<u>26,846</u>
	Total	<u>\$ 7,161,406</u>

**CITY OF RENO, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

**4. 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.

**5. 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	\$ 236,177
14.235	187,927

**6. Loans with Continuing Compliance Requirement**

Loans funded through federal programs, for which the federal government is at risk, carried the following balances as of June 30:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>2009</u>	<u>2010</u>
14.218	Community Development Block Grants – Entitlement Grants	\$ 1,180,636	\$ 952,366
14.239	HOME Investment Partnership Program Grant	<u>27,269,416</u>	<u>28,712,197</u>
	TOTAL	<u>\$ 28,450,052</u>	<u>\$ 28,333,603</u>

**7. Type A Threshold**

Loans outstanding with a continuing compliance requirement are not included in the Type A threshold presented in the Schedule of Findings and Questioned Costs because inclusion of these loans would significantly affect the number or size of Type A programs. OMB A-133, § 520(b)(3) requires that the loans be excluded from the Type A threshold under these circumstances.

**CITY OF RENO, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

**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   | None Reported |
| 2. Type of auditor's report issued on compliance for major program:   | Unqualified   |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No            |
| 4. Identification of major program:   |               |

CFDA Number

Name of Federal Program

*CDBG Cluster*

- |        |  |
|--------|--|
| 14.218 | Community Development Block Grants/Entitlement                             |
| 14.239 | HOME Investment Partnership Program  |
| 14.228 | Community Development Block Grant/Neighborhood Stabilization Program No. 1 |
| 14.253 | Community Development Block Grant ARRA Entitlement Grants (CDBG-R)         |
| 14.257 | Recovery Act – Homeless Prevention and Rapid Rehousing Program             |
| 15.508 | Providing Water to At-Risk Natural Desert Terminals                        |
| 16.804 | Recovery Act – Edward Byrne Memorial Justice Assistance Grant              |
| 81.128 | Recovery Act – Energy Efficiency and Conservation Block Grant Program      |

**CITY OF RENO, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

**Section 1** (continued)

Summary of Auditor's Results

- |  |            |
|--|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs (See Footnote 6). | \$ 408,317 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?            | No         |

**Section 2**

Financial Statement Findings

None Reported

**Section 3**

Federal Award Findings and Questioned Costs

None Reported

**CITY OF RENO, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
N/A	None reported

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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 2009-10 relating to the potential violations reported in the June 30, 2010 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2010. 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, 2009.

### CURRENT YEAR RECOMMENDATIONS

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

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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, 2009, Comprehensive Annual Financial Report. We extend congratulations to 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, 2010

Flat/Fixed Fees:

Business license revenue for the year ended June 30, 2009 (base year)		\$ 1,442,937
Adjustment to Base:		
1. Percentage increase in population of the local government	-0.98%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<u>-0.40%</u>	
Total adjustment percentage	<u>-1.38%</u>	
Adjustment amount (base x percentage)		<u>(19,913)</u>
Adjusted Base, June 30, 2010		1,423,024
Actual Revenue 2009-2010		<u>484,538</u>
Amount Over (Under) Allowable Amount		<u><u>\$ (938,486)</u></u>

Fees Calculated As A Percentage Of Gross Revenue:

Business license revenue for year ended June 30, 2009		\$ 11,287,373
Percentage Increase In The Consumer Price Index	-0.400%	<u>(45,149)</u>
Adjusted Base, June 30, 2010		11,242,224
Actual Revenue		<u>13,075,847</u>
Amount Over (Under) Allowable Amount		<u><u>\$ 1,833,623</u></u>