

**CITY OF RENO  
STATE OF NEVADA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year  
July 1, 2010 through June 30, 2011**

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

**Robert Chisel  
FINANCE DIRECTOR**



**CITY OF RENO, NEVADA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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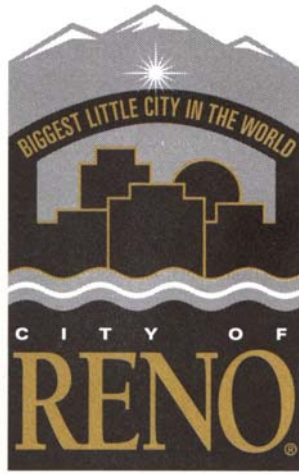


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# **INTRODUCTORY SECTION**

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December 29, 2011

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, 2011 is hereby submitted. State law requires that local governments provide 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, 2011 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, 2011, 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, 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 as established by statute or the City’s charter. These services include 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 to ensure compliance with legal provisions as part of the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada’s Department of Taxation. In April, the Director of the Office of Management and Budget submitted a tentative budget for the fiscal year to the City Council, the Nevada Department of Taxation, and the citizens of Reno. 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

discussed, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1<sup>st</sup> 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 global recession. In the Reno-Sparks region, September's unemployment count stood at 12.6%, which is down from the September 2010 rate of 13.6% and the June 2011 rate of 13%. Nevada has the highest unemployment rate in the nation, exceeding the national average by 4.3% in September. Foreclosures continue to plague Washoe County, and Reno saw 3,407 and 1,780 home foreclosures in fiscal year 2010-2011, which is up 15.6% and 12.7%, respectively, from fiscal year 2009-2010. The median price of residential properties sold in Washoe County was \$135,000 in September 2011, down from about \$192,000 in January 2009. Two-thirds of all units sold were short sales or foreclosures. One third of the sales were for cash, likely meaning that investors are purchasing up properties and putting them up for rent.

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 2010-2011 property tax bills. In fiscal year 2010-2011, property taxes declined 9 percent. For fiscal year 2011-2012, the City budgeted an additional 10% decline in property taxes. The Washoe County Assessor anticipates an additional decline in property taxes of at least 5% Countywide in fiscal year 2013, but the City will most likely choose a more conservative decline between 5% and 10%, as the value reductions are not evenly spread across the County.

After two years of major declines in consolidated tax (CTAX) revenues of (15.00%) and (10.78%) in fiscal years 2008/09 and 2009/10, respectively, fiscal year 2010-2011 saw a slight 1.20% increase in CTAX. The City is hopeful that this major revenue source is stabilizing and will not have continued reductions in the near future. For fiscal year 2011/12, the City has budgeted a 1% increase over the prior fiscal year budgeted amount, which is substantially equivalent to fiscal year 2010/11 actuals. Fiscal year 2010/11 also saw declines in other revenue categories, particularly in electrical, gas, and water franchise fees.

In fiscal year 2010/11, the Economic Development Authority of Western Nevada (EDAWN) reported assisting 17 companies to relocate to or expand in Washoe County, creating 670 new jobs, compared to 11 companies and 513 jobs reported last year—a 55 percent increase in the total companies and a 31 percent increase in the total jobs created year over year. The industries represented included advanced logistics, advanced manufacturing, business and financial services, and clean energy. In addition to the report on business relocations to the area, EDAWN also reports 74 company and site consultant visits, more than triple in the previous year, which indicates companies are considering the area in their growth plans.

The publication *Chief Executive* in its 2011 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 AAA baseball team, as well as the myriad of year-round outdoor activities from alpine skiing to hiking to kayaking, still make Reno an attractive location. Washoe County is reporting an increase in visitor volume of 5.9 percent in Washoe County in June compared to a year earlier.

City management continues to take a very aggressive stance on controlling expenses in light of the falling revenues. Over the past three years, the City has reduced full-time equivalent positions by 534.5. Non-represented employees have taken a 7.5% pay cut for Fiscal year 2011-2012, and bargaining units are negotiating salary reductions in addition to other concessions. 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**

With the effect of Indian gaming and other economic factors on gaming in northern Nevada, efforts to diversify Reno's economy by bringing new industries to the area have intensified. During the 2011 session, the Nevada State Legislature passed Assembly Bill 449, a state economic stimulus package. The Department of Economic Development was created under the Governor's Office to develop policies and procedures governing how municipal, county, and state entities can access those funds. The City continues to work with the Economic Development Authority of Western Nevada to recruit companies with high paying jobs in targeted industries such as renewable energy, to the area. 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, manufacturing, and logistics facilities in a number of high tech and service industries.

In order to position the City to successfully weather a long-term economic downturn while capitalizing on opportunities that can be developed under the current conditions, staff has begun developing a number of financial planning tools. In addition to the austerity measures mentioned above, staff is building a computerized revenue and expenditure forecasting model, has developed the framework for a Financial Trend Monitoring System, and is overhauling the strategic planning and deployment systems to best align the City's scarce resources with Council objectives.

Further, the City is collaborating with other local agencies on analyzing opportunities for shared service and consolidation, as well as creating a regional approach to economic development. Partner organizations include Washoe County, the City of Sparks, EDawn, the Regional Transportation Commission, Washoe County School District, and many others, both formally and informally. The community has a long history of successfully collaborating on regional approaches to issues, with over 60 services provided through joint agreements or as shared services.

During fiscal year 2010/11, the City Council empanelled the Reno Service Priorities Task Force with City resident volunteers and charged them with providing a prioritization of City services from the taxpayer perspective that was used in developing the fiscal year 2011/12 budget.

Lastly, the management team has begun deploying different tactics designed to increase efficiency and effectiveness, including a process improvement initiative, increased transparency, and targeted implementation of the Council's managed competition policy.

### **Relevant Financial Policies**

*Rainy Day Reserves* — In compliance with state law, the General Fund Financial Policy requires budgeted, unreserved fund balance to be established at 4% of prior year expenditures, which is included in the fiscal year 2010/11 budget. The City is in compliance with this requirement. While the City had to utilize its Stabilization Fund of \$3.6 million in fiscal year 2009/10 to meet revenue shortfalls and was unable to re-establish the reserve in fiscal year 2010/11, the City has budgeted \$3.9 million to restore the stabilization reserve in fiscal year 2011/12, 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 pay-as-you-go costs rather than the full annual other post-employment benefit (OPEB) costs will result in continued growth in the City's unfunded actuarial accrued liability, as well as an increasing OPEB liability of approximately \$16 million each year, as presented in the government-wide financial statements and proprietary fund statements. However, given the current economic environment, the City does not have the resources at this time needed to fully fund the annual OPEB cost.

### **Major Initiatives**

Most of the efforts during fiscal year 2010/11 were focused on addressing the challenges of the massive revenue reductions experienced over the past three years through reductions in force, reallocation of resources, and the reorganization of City staff. Throughout the year, management, Finance, and budget staff spent a great deal of time ensuring that the City's finances met all applicable standards and corrective actions were taken to ensure that all funds were brought into alignment with Council policy, state law, governmental accounting standards, and GAAP. A great deal of attention was also given to managing the City's debt

portfolio given the weakness in pledged revenues. A key emphasis was on making changes that would support long-term stability.

The Council Priorities for fiscal year 2011/12 are Financial Management; Economic Development; Public Safety; and Arts, Culture and Special Events. Specific direction under the Financial Management priority includes leveraging consolidation or shared services internally and externally, where possible, to reduce costs, as well as using a managed competition program to reduce costs. Under Economic Development, the City is working with other local and regional jurisdictions, as well as with the State of Nevada, on a strategy for attracting new industry and commercial businesses to the area. The City is continuing efforts to deliver core Police and Fire services, while finding ways to manage risks and associated costs. Until the recent economic decline, tourism was vital to the area so efforts are underway to grow current tourism and attract new visitors, as well as encourage regional and local special events that will add to the local quality of life.

### **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, 2010.

This was the 28<sup>th</sup> 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,



Andrew Clinger  
City Manager



Robert Chisel  
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, 2010

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.

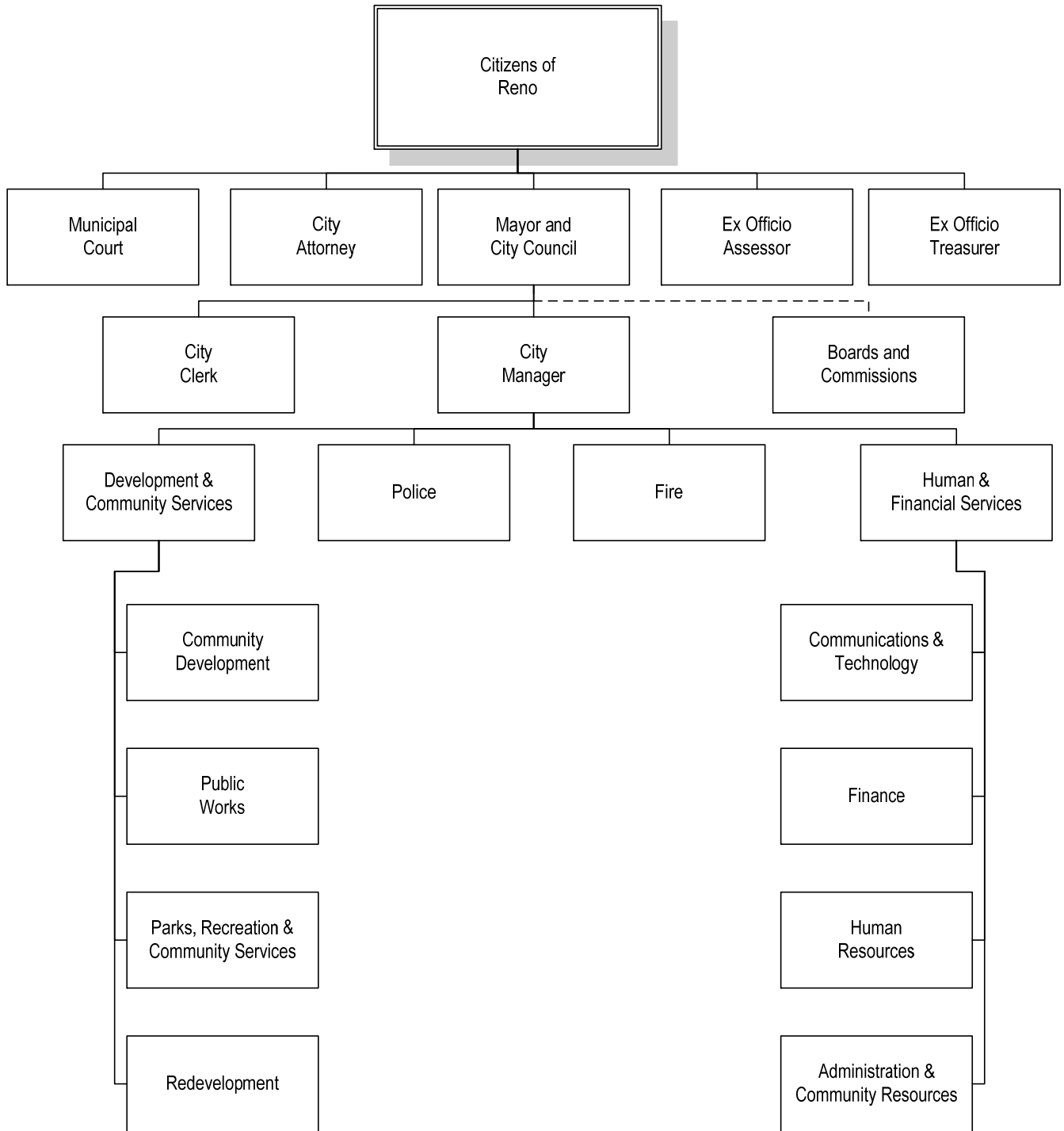


*Linda C. Davison*

President

*Jeffrey R. Emer*

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***

Andrew Clinger

## ***OTHER ELECTED OFFICIALS***

John Kadlic, City Attorney  
Jay Dilworth, Judge  
William Gardner, Judge  
Kenneth Howard, Judge  
Dorothy Nash Holmes, Judge

## ***CITY CLERK***

*Appointed by City Council*

Lynnette Jones

## ***CITY MANAGEMENT***

*Appointed by City Manager*

Susan Schlerf, Assistant City Manager  
Kevin Knutson, Assistant City Manager  
Bill Thomas, Community Development Director  
Robert Chisel, Finance Director  
Michael Hernandez, Fire Chief  
Cadence Matijevich, Government Affairs Director  
Reneé Rungis, Human Resources Director  
Chris Good, Neighborhood Services Director  
Julee Conway, Parks, Recreation & Community Services Director  
Steven Pitts, Police Chief  
John Flansberg, Public Works Director  
Kate Thomas, Manager, Office of Management & Budget

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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, 2011, 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, 2011, 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 29, 2011, 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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Reno's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

*Gallina LLP*

Roseville, California  
December 29, 2011



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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 \$51,104,472, or (5.21%), 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 \$51.8 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 reporting the fair value of its hedging derivative instruments, which increased both deferred charges and long-term liabilities by \$23.4 million.
- Net capital assets declined 2.58% after prior year adjustments totaling \$10.18 million.
- The City issued four new debt instruments: \$3.97 million in medium-term bonds to refinance the fire apparatus capital leases, \$2.26 million in Qualified Energy Conservation Bonds and \$ 10.86 million in Recovery Zone Economic Development Bonds to fund alternative energy projects, and \$21.75 million in sewer refunding bonds to refund the 2008 medium-term sewer bonds.
- General Fund revenues totaled \$163,953,519, which is a 7.86% decline over the prior fiscal year after adjusting prior year figures for comparative purposes to add in activities previously accounted for in the Parks & Recreation and Special Events Special Revenue Funds, the Dispatch and Planning Enterprise Funds, and the Communications & Technology Internal Service Fund as these funds were merged into the General Fund effective July 1, 2010. This figure excludes other financing sources.
- General Fund expenditures decreased 4.21% to \$160,039,063, excluding other financing uses such as transfers, and after adjusting prior year figures for comparative purposes to add in activities previously accounted for in the Parks & Recreation and Special Events Special Revenue Funds, the Dispatch and Planning Enterprise Funds, and the Communications & Technology Internal Service Fund as these funds were merged into the General Fund effective July 1, 2010.
- Property tax collections for the governmental funds experienced a decline of (11.20%). Collections include delinquent taxes receipts.
- Consolidated taxes increased by \$466,982, or 1.20%, after three straight fiscal years of decline.
- Licensing and permits income declined 2.59%, with the largest decline occurring in franchise fees (particularly electric and natural gas) of (4.46%).
- Cash and investments at the governmental funds level declined by 7.23%, while cash and investments in the General Fund dropped by 74.81%.
- After significant declines in fiscal years 2007/08 and 2008/09, the Building Permit Enterprise Fund experienced an increase in operating revenues for the second year, first a 5.21% increase due to a change in its fee schedule in FY 2009/10 and now an 8.23% increase due to permitting activity.
- The City laid off an additional 66 full-time employees during the fiscal year. The layoffs, as well as retirements and the continued hiring freeze, have resulted in a cumulative reduction of 534.5 full-time equivalent 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, 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 26 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-one (21) funds, which meet the definition of non-major funds, is aggregated for reporting purposes.

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

### *Proprietary Funds*

The City of Reno maintains enterprise and internal service proprietary fund types. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds consist of Sanitary Sewer, Golf Course, and Building Permit. Commencing fiscal year 2010/11, operations of the Dispatch and Planning Enterprise Funds were merged into the General Fund, so these funds are no longer reported as separate enterprise funds. 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, and Self-funded Worker’s Compensation. Commencing fiscal year 2010/11, operations of the

Communications & Technology Internal Service Fund were merged into the General Fund, so this fund is no longer reported as a separate internal service fund. The City's 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 on the following page.

Assets as of June 30, 2011, net of accumulated depreciation of \$743,325,919, totaled \$1,661,642,782 which represents a 2.90% decrease from 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 (7.81%) change in Current and Other Assets in governmental activities is due primarily to three factors: (1) lower internal balances owed by business-type funds related to the closing of the Dispatch and Planning Enterprise Funds and the transfer of their activities to the General Fund, which is reported in governmental activities, (2) reductions in Due from Other Governments related to grants and worker's compensation monies owed by the Truckee Meadows Fire Protection District; and (3) a lower accumulated decrease in the fair value of hedged derivatives. The 66.24% change in Current and Other Assets in business-type activities is primarily due to repayment of temporary cash loans made to other funds in FY 2009/10 and lower internal balances owed as previously stated. However, when combined with governmental activities, Current and Other Assets changed only by (1.23%). The 41.20% decline in restricted assets reflects temporary loans made to funds reported under governmental activities due to short-term cash needs, as well as to a medium-term loan to the Community Assistance Center Capital Project Fund reported under governmental activities. The 27.59% rise in delinquent accounts receivable relates to the high number of home foreclosures Sewer Enterprise Fund. Other asset investments include a \$79,778,654 ownership interest in the Truckee Meadows Water Reclamation Facility whose value declined due to normal depreciation of plant assets.

City of Reno's Net Assets						
	Governmental Activities		Business Type Activities		Total	
	2011	2010*	2011	2010*	2011	2010*
Current and other assets	\$208,479,366	\$226,147,936	\$36,661,785	\$22,054,006	\$245,141,151	\$248,201,942
Restricted assets	-	-	12,973,345	22,063,225	12,973,345	22,063,225
Investment in Truckee Meadows Water Reclamation Facility	-	-	79,778,654	83,153,426	79,778,654	83,153,426
Delinquent accounts receivable	-	-	3,857,585	3,023,340	3,857,585	3,023,340
Capital assets	1,012,794,401	1,047,602,565	307,097,646	307,190,054	1,319,892,047	1,354,792,619
<b>Total Assets</b>	<b>1,221,273,767</b>	<b>1,273,750,501</b>	<b>440,369,015</b>	<b>437,484,051</b>	<b>1,661,642,782</b>	<b>1,711,234,552</b>
Current liabilities	77,972,473	93,438,801	10,401,134	14,265,856	88,373,607	107,704,657
Liabilities payable from restricted assets	-	-	209,220	237,202	209,220	237,202
Long-term liabilities	555,673,676	534,674,380	86,930,214	87,057,776	642,603,890	621,732,156
<b>Total Liabilities</b>	<b>633,646,149</b>	<b>628,113,181</b>	<b>97,540,568</b>	<b>101,560,834</b>	<b>731,186,717</b>	<b>729,674,015</b>
Net Assets:						
Invested in capital assets, net of related debt	593,821,001	628,538,899	218,250,502	214,755,484	812,071,503	843,294,383
Restricted	109,063,215	124,107,635	19,801,326	21,826,023	128,864,541	145,933,658
Unrestricted	(115,256,598)	(107,009,214)	104,776,619	99,341,710	(10,479,979)	(7,667,504)
<b>Total Net Assets</b>	<b>\$587,627,618</b>	<b>\$645,637,320</b>	<b>\$342,828,447</b>	<b>\$335,923,217</b>	<b>\$930,456,065</b>	<b>\$981,560,537</b>

\*Note: Certain categories within Governmental Activities and Business-type Activities for FY 2010/11 have been restated to reflect prior year adjustments netting to \$12,154,616 and \$6,103,725, respectively. Governmental Activities adjustments are as follows: (\$3,371,720) to Current and Other Assets; \$10,182,955 to Capital Assets and to Invested in Capital Assets, Net of Related Debt; \$4,231 to Current Liabilities; (\$5,347,612) to Long-term Liabilities; and \$1,971,661 Unrestricted Net Assets. Business-type Activities adjustments are as follows: \$4,549,533 to Current and Other Assets; to (\$4,231) to Current Liabilities; (\$1,549,961) to Long-term Liabilities; and \$6,103,725 to Unrestricted Net Assets. Explanations of the adjustments by category are presented in *Note 11 to the Financial Statements*.

Liabilities, which consisted primarily of long-term debt, totaled \$731,186,717. 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 2010/11 was approximately \$22.5 million of which \$5.99 million was funded in the form of pay-as-you-go costs and implicit subsidy payments. Approximately \$40.6 million of the \$51.8 million net OPEB obligation is attributed to the Police and Fire functions. Also included in liabilities are the hedged derivatives (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, which had a fair value as of June 30, 2011, of negative \$23.4 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 \$930,456,065. This total reflects a 5.21% decline after taking into consideration prior period adjustments. The majority of the City of Reno's net assets, \$812.1 million or 87.28%, 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 (\$93,174,086) is the major contributor to the negative unrestricted net asset balance for governmental activities of (\$115,256,598), which when combined with the \$104,776,619 in unrestricted business-type net assets, results in a negative(\$10,479,979) of unrestricted net assets overall for the City.

Fiscal year 2010/11 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 \$58,009,702. Business-type activities raised net assets by \$6,905,230.

<b>City of Reno Change in Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010*</b>	<b>2011</b>	<b>2010*</b>	<b>2011</b>	<b>2010*</b>
<b>Revenues:</b>						
<i>Program revenues:</i>						
Charges for services	78,773,277	79,659,622	50,079,335	49,324,337	\$128,852,612	\$128,983,959
Operating grants, interest and contributions	11,018,024	14,233,258	168,668	209,258	\$11,186,692	14,442,516
Capital grants, interest and contributions	8,523,226	14,822,589	4,408,097	9,666,201	\$12,931,323	24,488,790
<b>Total Program Revenue</b>	<b>98,314,527</b>	<b>108,715,469</b>	<b>54,656,100</b>	<b>59,199,796</b>	<b>\$152,970,627</b>	<b>167,915,265</b>
<i>General revenues:</i>						
Ad valorem taxes	63,682,340	72,105,003	-	-	\$63,682,340	72,105,003
Consolidated taxes	39,326,558	38,859,576	-	-	39,326,558	38,859,576
Shared revenues	4,206,855	4,334,972	-	-	4,206,855	4,334,972
Dedicated sales and car rental taxes	8,996,391	8,479,614	-	-	8,996,391	8,479,614
Room taxes	7,336,348	7,506,477	-	-	7,336,348	7,506,477
Motor vehicle fuel taxes	4,242,747	3,876,023	-	-	4,242,747	3,876,023
Unrestricted investment & interest earnings	2,360,479	2,517,574	165,705	60,941	2,526,184	2,578,515
Other	861,751	401,007	126,155	10,968	987,906	411,975
<b>Total Revenues</b>	<b>229,327,996</b>	<b>246,795,715</b>	<b>54,947,960</b>	<b>59,271,705</b>	<b>284,275,956</b>	<b>306,067,420</b>
<b>Program Expenses:</b>						
General government	29,313,696	18,574,403	-	-	29,313,696	18,574,403
Judicial	7,758,252	8,058,683	-	-	7,758,252	8,058,683
Police	67,173,371	71,847,564	-	-	67,173,371	71,847,564
Fire	51,242,151	58,487,926	-	-	51,242,151	58,487,926
Dispatch	6,353,519	-	-	7,275,925	6,353,519	7,275,925
Public works	71,642,584	60,159,772	-	-	71,642,584	60,159,772
Community devpt/support	10,637,234	13,350,564	-	-	10,637,234	13,350,564
Culture & recreation	16,526,697	21,762,316	-	-	16,526,697	21,762,316
Urban redevelopment	2,258,852	3,349,279	-	-	2,258,852	3,349,279
Interest & fiscal charges	23,291,115	23,447,574	-	-	23,291,115	23,447,574
Sanitary sewer	-	-	43,965,081	43,508,972	43,965,081	43,508,972
Golf courses	-	-	1,318,299	1,503,904	1,318,299	1,503,904
Building permits	-	-	3,899,577	4,225,351	3,899,577	4,225,351
Planning	-	-	-	2,806,481	-	2,806,481
<b>Total Expenses</b>	<b>286,197,471</b>	<b>279,038,081</b>	<b>49,182,957</b>	<b>59,320,633</b>	<b>335,380,428</b>	<b>338,358,714</b>
<b>Excess or deficiency before transfers</b>						
<b>transfers</b>	<b>(56,869,475)</b>	<b>(32,242,366)</b>	<b>5,765,003</b>	<b>(48,928)</b>	<b>(51,104,472)</b>	<b>(32,291,294)</b>
Transfers	(1,140,227)	(8,161,075)	1,140,227	8,161,075	-	-
<b>Change in Net Assets</b>	<b>(58,009,702)</b>	<b>(40,403,441)</b>	<b>6,905,230</b>	<b>8,112,147</b>	<b>(51,104,472)</b>	<b>(32,291,294)</b>
<b>Net Assets, Beg., Restated</b>	<b>\$645,637,320</b>	<b>690,966,673</b>	<b>\$335,923,217</b>	<b>322,885,158</b>	<b>981,560,537</b>	<b>1,013,851,831</b>
<b>Equity Transfer-Merged Funds</b>		<b>(4,925,912)</b>		<b>4,925,912</b>		
<b>Net Assets, Ending</b>	<b>\$587,627,618</b>	<b>\$645,637,320</b>	<b>\$342,828,447</b>	<b>\$335,923,217</b>	<b>\$930,456,065</b>	<b>\$981,560,537</b>

\*Note: Certain categories within Governmental Activities and Business-type Activities for FY 2010/11 have been restated to reflect prior year adjustments netting to \$12,154,616 and \$6,103,725, respectively. Governmental Activities adjustments are as follows: \$10,182,955 to Beginning Net Assets to reflect the additional capitalization of software and infrastructure; and (\$6,897,573) to Beginning Net Assets to related to compensated absences. Business-type Activities adjustments are as follows: (\$1,117,813) to Sanitary Sewer Expenses. The merger of two enterprise funds into the General Fund also created a reduction to Beginning Net Assets for Governmental Activities of (\$4,925,912), with an offsetting addition to Beginning Net Assets for Business-type Activities of \$4,925,912. Explanations of the adjustments by category are presented in *Note 11 to the Financial Statements*.

Total revenues in FY 2010/11 declined by 7.12% when compared to the previous year's total, while expenses decreased 0.88%. Each function's expenses continue to be 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 \$7.8 million and Fire at \$5.6 million compared to \$7.3 million and \$5.2 million, respectively, in FY 2009/10.

The decrease in expenses for the various functions can be attributed primarily to three factors: (1) the reductions of force and retirements that occurred in fiscal years 2009/10 and 2010/11, resulting in vacancy savings; (2) cost-cutting measures taken by the City to further reduce services and supplies expense; and (3) the merging of the Communications & Technology Internal Service Fund into the General Fund in FY 2010/11. In prior years the net operating loss of the Communications & Technology Internal Service Fund, which was heavily subsidized by the General Fund, was allocated across the various functions on an FTE basis. Now, the Communications & Technology activity is reported under the General Government function, which is partially responsible for its 57.82% increase in expenses. Another contributing factor to the 12.39% decline in the Fire function is in FY 2009/10, the reductions in force and retirements resulted in the Fire Department paying out \$1.6 million in severance pay. This was not as great a factor in FY 2010/11.

The General Government function's FY 2010/11 expenses were also negatively impacted by the decision to begin self-funding insurance claims related to the Hometown Health Plan (HHP). Facing a 21% premium increase for the HHP HMO plan, City Council approved creating a self-insured HMO arrangement with HHP whereby the City would retain the premiums paid by the various funds and by employees for their dependents in an internal service fund and then pay the actual claims out of that fund. HHP, which is affiliated with Renown Health, now only administers the claims on the City's behalf. Therefore, whereas previously the premiums collected and paid out to HHP were recorded in a liability account, the City now must recognize the claims expense for this program, which totaled \$8.7 million in FY 2010/11. The associated premiums are reported as charges for service under the General Government function.

The 20.32% decrease in expenses for the Community Development and Support function is principally a result of the Neighborhood Stabilization Program I, a HUD-funded program for low-income, single-family housing purchases and rehabilitation, which saw a \$2.97 reduction in programs costs pending identification of additional projects. This decline in expenses in the Community Development and Support function is also despite the merger of the Planning Enterprise Fund into the General Fund wherein its activities are now reported. The 19.09% increase in the Public Works function is due to \$4.87 million in streets maintenance projects that were expensed rather than capitalized, and \$6.13 million in Construction in Progress that was reclassified as expense due to the nature of the work performed.

General revenues in the current year declined 4.96% over general revenues collected in the prior year. Property tax revenues declined 11.68% due to property devaluations driven by falling housing prices and foreclosures. However, consolidated tax revenues registered a slight 1.20% increase, motor vehicle fuel taxes realized a 9.46% gain, and dedicated sales tax receipts rose 6.09%, which helped to negative the full impact of the property tax decline. Shared revenues (AB104 and County gaming taxes) registered a decline of (2.96%).

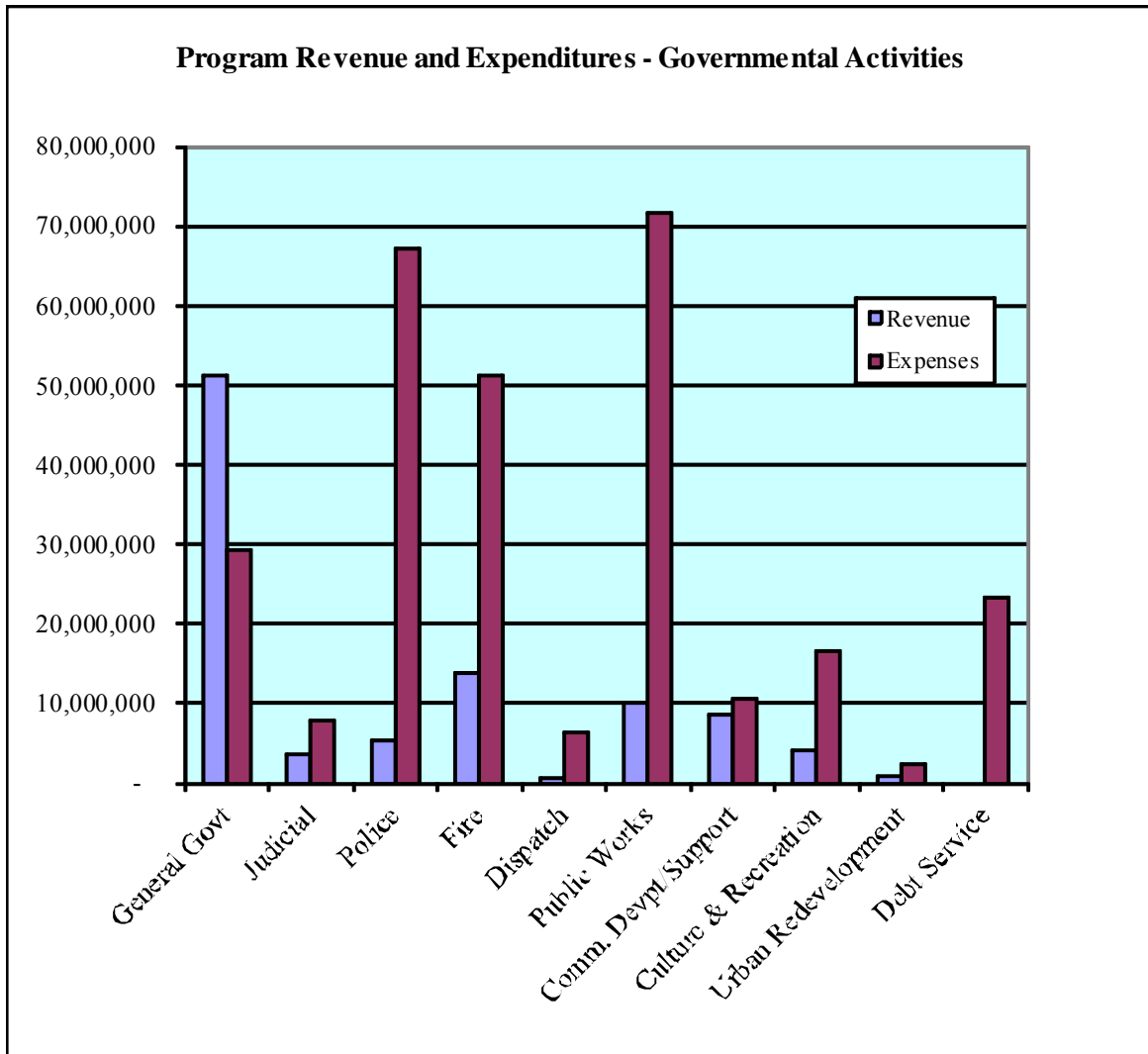
Program revenues overall declined 8.90%, primarily due to an \$8.77 million decline in annexed streets and dedicated streets from developers. Charges for services remained relatively unchanged at (0.10%), with HHP insurance premiums discussed above offsetting the declines in franchise fee revenues.

Unrestricted investment and interest earnings category declined 2.03%. Unrestricted investment and interest earnings dropped 6.24% for governmental activities but increased 171.91% for business-type activities related to changes in cash balances.

### *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.



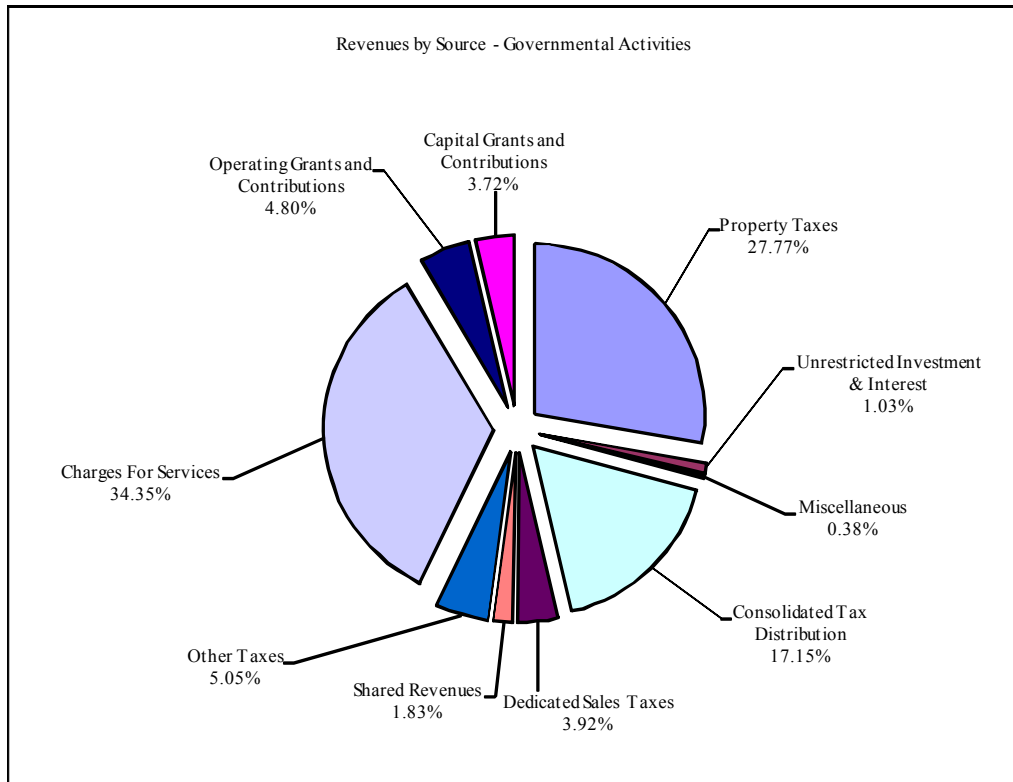


Total program revenues and expenses for governmental activities amounted to \$98,314,527 and \$286,197,471, respectively, for the 2010/11 fiscal year. As indicated in the chart above, expenses exceeded program revenues for all functions except General Government. This indicates that services provided 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 some 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.

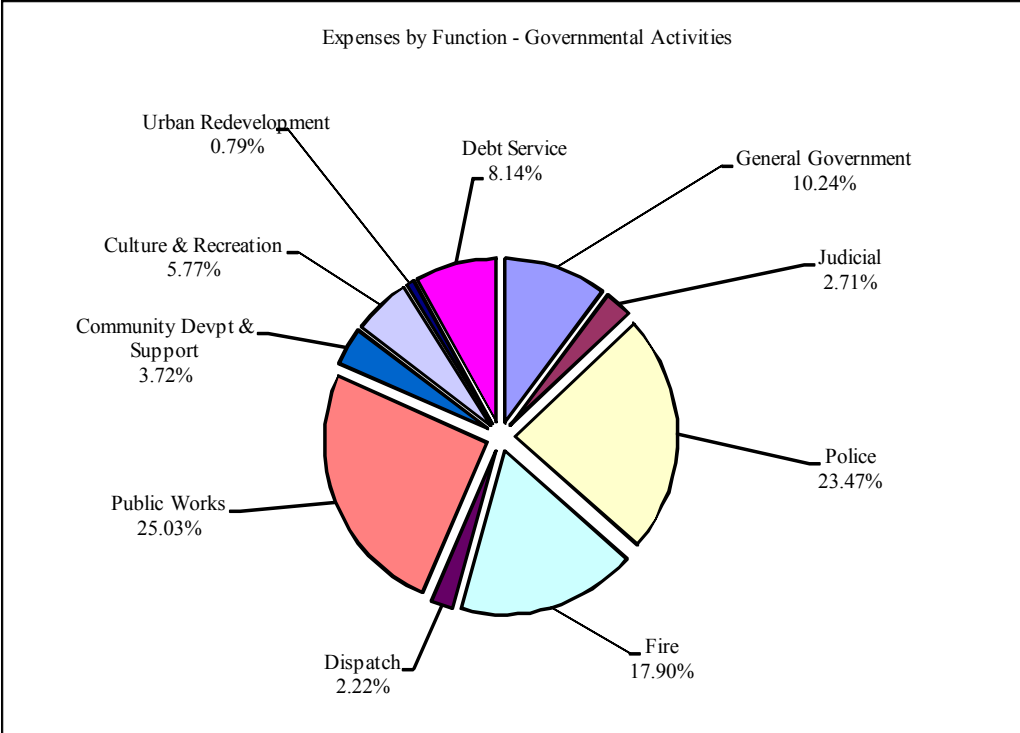
The sources of revenues have been charted to show their respective percentage of total revenues. Charges for services are the largest revenue contributor for the third year, followed by property taxes. Consolidated tax revenues prior to fiscal year 2008/09 were the largest or second largest source of revenue, but continue to be the third largest revenue source at 17.15%, 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 three years. 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) limited the decline in the property tax revenue in FY 2009/10 to (3.46%). However, those abatements have now been exhausted, thus causing the larger property tax revenue decline in FY 2010/11.



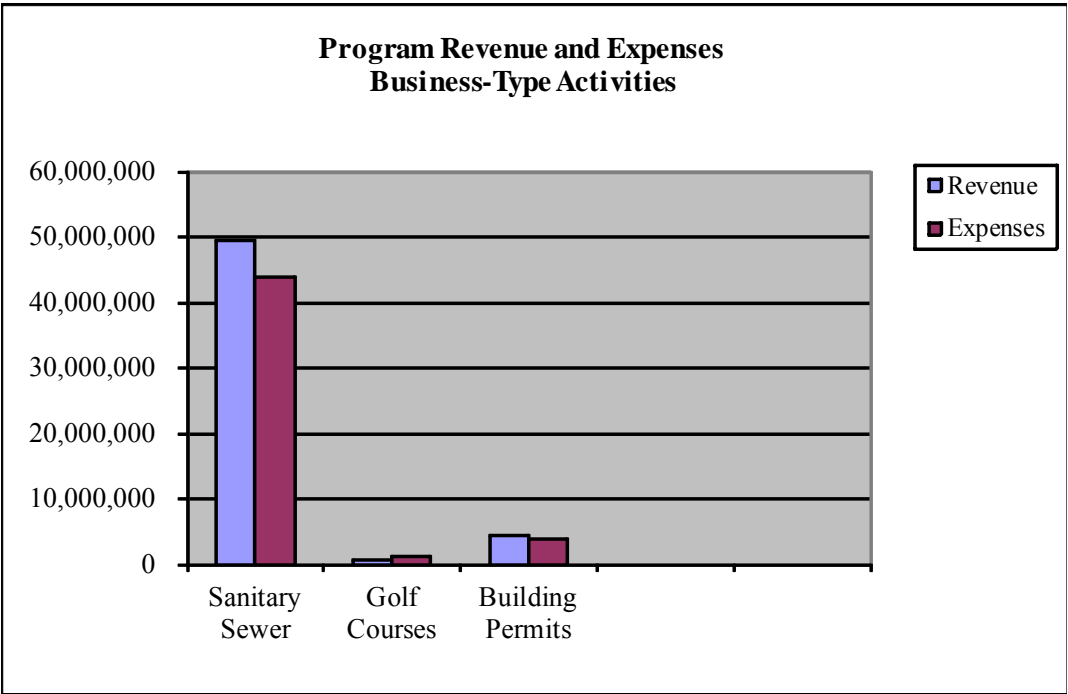
In terms of prior year change, consolidated taxes percentage rose slightly at 1.20%. The City was encouraged by the apparent stabilization after three years of large declines. Consolidated tax revenues are only slightly below those of FY 2000/01.

The following chart provides a comparison of expenses by function/program as a percentage of total expenses for all governmental activities. The Public Works function now poses the largest cost to the city, with depreciation expense related to infrastructure being a major expense component. Also, as stated previously, over \$4 million in street maintenance projects were undertaken in the 2010/11 fiscal year that represent expenses rather than capital outlay. The Police function poses the second 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 41.37% of total governmental expenses.



*Business-type Activities*

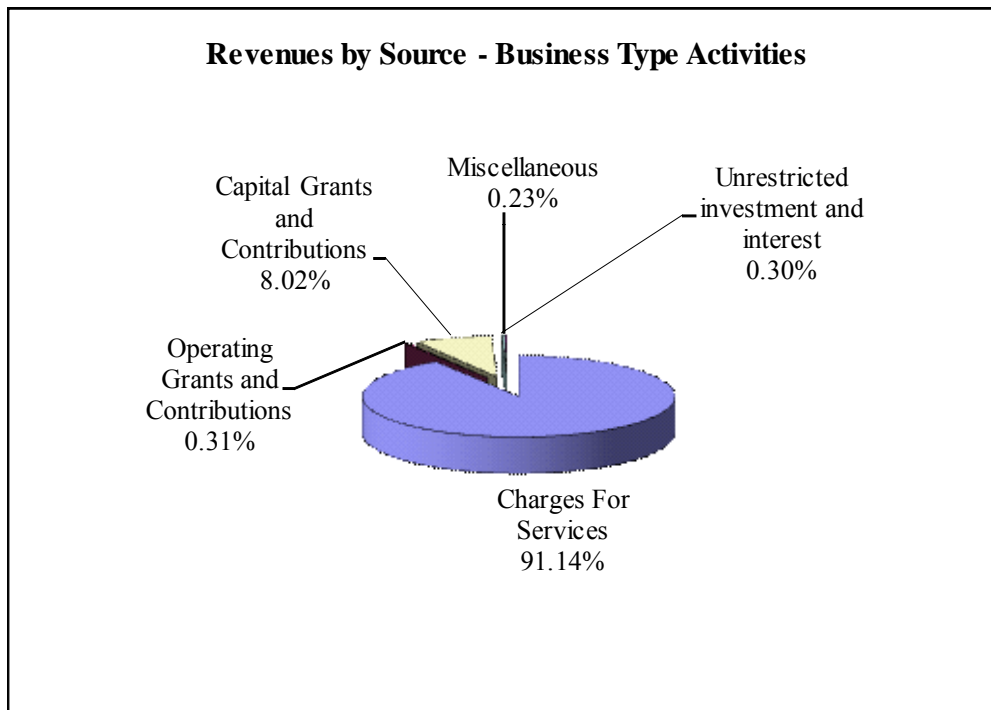
Business-type activities include sanitary sewer operations, a City-owned golf course, and building permit operations. The planning division’s operations and the dispatch center’s operations are now reported under Governmental Activities with the merger of their related enterprise funds into the General Fund effective July 1, 2010. Total program revenues and expenses were \$54,656,100 and \$49,182,957, respectively, for business-type activities for the 2010/11 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 \$5,631,811. The Building Permits program had net operating income, the first time since FY 2004/05, of \$615,223. This is due to a combination of increased permit activity and cost-cutting measures.

The Golf Course Fund experienced a net operating loss of (\$773,891), which is lower than the (\$819,362) loss experienced in FY 2010/11. This loss is despite moving to a nine-month operation with the course closed during the winter months. Depreciation expense accounts for \$285,114 of the loss.

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 83.22% in the 2009/10 fiscal year to 91.14%. This is due to the 54.40% decline in capital grants and contributions that caused total programs revenues to drop by 7.68% overall. The decline in capital grants and contributions was due to less contributed sewer lines and storm drains by developers stemming from the stagnation in new housing development.



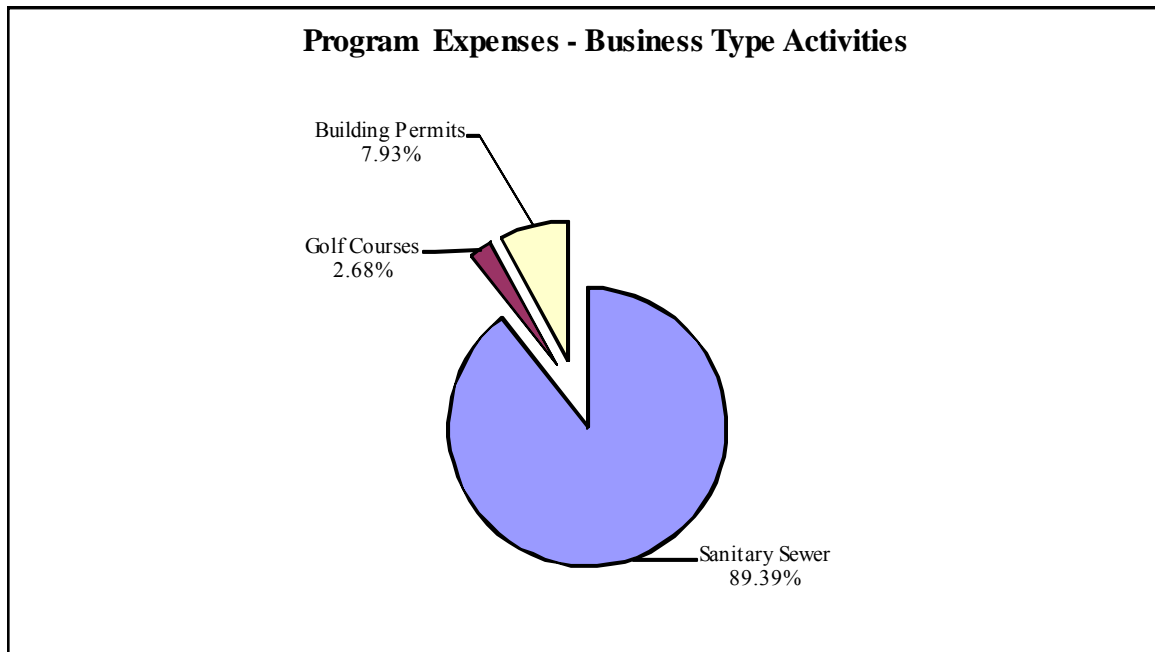
The chart below breaks out business-type expenses by category. Total business-type expenses saw an overall 17.09% decrease over the prior year. This is primarily due to moving the Dispatch and Planning activities into the General Fund as mentioned previously. Excluding Dispatch and Planning from the FY 2009/10 expenses, the overall decrease over the prior year was (0.11%).

### Business-type Expenses by Type

	Business-type Activities		% Chg
	2011	2010	
Salaries and wages	\$ 7,023,114	\$ 12,879,133	-45.47%
Employee Benefits	3,860,149	5,996,781	-35.63%
Services and supplies	12,258,176	13,683,256	-10.41%
Depreciation	9,328,901	8,671,245	7.58%
Interest/issue costs	2,182,250	2,689,923	-18.87%
Loss relating to Joint Sewer Plant	14,530,367	15,400,295	-5.65%
Total	\$ 49,182,957	\$ 59,320,633	-17.09%

In September of 2010, the City issued general obligation (limited tax) sewer revenue bonds to refund the 2008 Medium-term Sewer Bonds. By extending out the bonds out thirty years as compared to ten years for the 2008 bonds, the City will realize lower annual debt payments, with the cash flow savings to be used to fund additional capital projects, and explains most of the 18.87% reduction in interest/issuance costs.

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



### Financial Analysis of the Government's Funds

The financial information presented thus far has focused on government-wide statements prepared using the full accrual method of accounting. As previously discussed, the focus of fund accounting is to measure inflows and outflows of current resources. This serves as an important measure of working capital for service provision to Reno residents. In particular, unreserved fund balance is useful in measuring resources available for spending at fiscal year-end. Since the focus in fund accounting is on current resource activity, the balance sheet does not reflect long-term assets and debt. The following pages summarize the FY 2010/11 results under this focus.

## Governmental Funds

The governmental funds of the City of Reno reflected a combined total assets and liabilities of \$155,407,587 and \$43,895,211, respectively. This resulted in a total combined fund balance of \$111,512,376. Of this fund balance, \$41,405,885 is categorized as nonspendable, \$55,624,992 as restricted, \$68,188 as committed, \$11,464,646 as assigned, and \$2,948,665 is unassigned. These new categories of fund balance replace the former designations of reserved fund balance and unreserved fund balance in accordance with Government Accounting Standards Board Statement No. 54, and are further defined in *Note 1 to the Financial Statements*. Fiscal year 2010/11 fund balance is 7.25% lower than the \$120,232,834 recorded in the prior fiscal year. Reduction in cash and investments represent 63.36% of the fund balance decline from a balance sheet perspective.

The City's governmental funds collectively experienced a (\$6,254,317) change in fund balance before accounting for the cumulative (\$2,466,142) effect of merging the Dispatch and Planning Enterprise Funds and the Communications & Technology Internal Service Fund into the General Fund. This action was taken based on the City's determination that these funds did not truly meet the definitions and intentions of these fund categories, in part given the size of the General Fund subsidies needed to support their operations.

### *Major Governmental Funds*

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2011, the unassigned fund balance in the General Fund was \$2,948,665 and the total fund balance was \$5,505,253. This is a 27.83% decrease over the FY 2009/10 total fund balance, which reflects the almost 73% decline in cash balances resulting from repaying short-term balances owed to other governmental funds, as well as higher premiums paid to the Self-Funded Worker's Compensation Internal Service Fund to reduce that fund's negative cash.

The 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. While the City's intention was to close out this fund in FY 2010/11 to the Redevelopment Agency General Fund, this action was postponed to FY 2011/12. Total fund balance for the Redevelopment Agency Capital Projects Fund remains relatively unchanged at \$36,573,975 as there was only limited activity during the year.

The next largest component of the governmental funds category for the 2010/11 fiscal year with respect to total assets is the Streets Capital Project Fund. Inclusion of the fund as a major fund is due to unspent bond proceeds, which is budgeted to be exhausted in FY 2011/12 as the City completes the street reconstructions and preventative maintenance programs related to the accelerated streets program. During the fiscal year \$10.86 million was expended on such projects, thereby leaving a fund balance for the Streets Capital Project Fund of \$17,551,560.

Another major governmental fund is the Railroad Debt Service Fund. Assets total \$18,593,918, or 11.96%, of 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 \$10.99 million in SAD bonds outstanding. The total fund balance for the Railroad Debt Service Fund was \$8,025,949, which is a reduction from FY 2009/10 fund balance of \$9,114,425 due to cash expended for debt service and fiscal charges related to the extension of the letter of credit for the 2008A Senior Lien Sales Tax Refunding Bonds.

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 \$6.3 million in SAD bonds outstanding. Cash and investments represent the bulk of the remaining assets. The primary repayment source has been room taxes (86.55% of total revenues). Total fund balance at June 30, 2011, was \$2,036,743, which represents a 16.59% decrease over the FY 2009/10 balance, as some reserves were used for debt service based on lower than budgeted room tax collections.

## Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of \$451,022,885 and \$97,548,568, respectively. This resulted in a total net assets balance of \$353,482,317. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net assets declined to \$342,828,447. The portion of the FY 2010/11 net change in assets for internal service funds allocated to enterprise funds totaled \$503,195. Unrestricted net assets total \$104,776,619, after consolidation of internal service fund activity. The 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 2010/11 fiscal year amounted to \$116,333,839. Total operating revenues rose 5.25%. This increase is primarily the result of the 4% rate hike effective October 1, 2010. The rate increase is the sixth required by a rate restructuring program that commenced on October 1, 2005, when a 25% increase was implemented. Operating expenses declined 1.45%. This decline is due, in part, to operating cost containment efforts taken by the cities of Reno and Sparks at the Truckee Meadows Water Reclamation Facility. After accounting for the City's share of the net investment loss from the Truckee Meadows Water Reclamation Facility of \$3,900,297 (primarily depreciation expense), the Sanitary Sewer Fund registered net income before capital contributions and transfers of \$3,248,719.

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 2010/11 amounted to (\$313,621), which is an increase of 71.05% from FY 2009/10. As mentioned previously, revenues registered an 8.24% increase. In conjunction with a decline in operating expenses of (5.63%), the Building Permit Fund saw a positive net income of \$769,554.

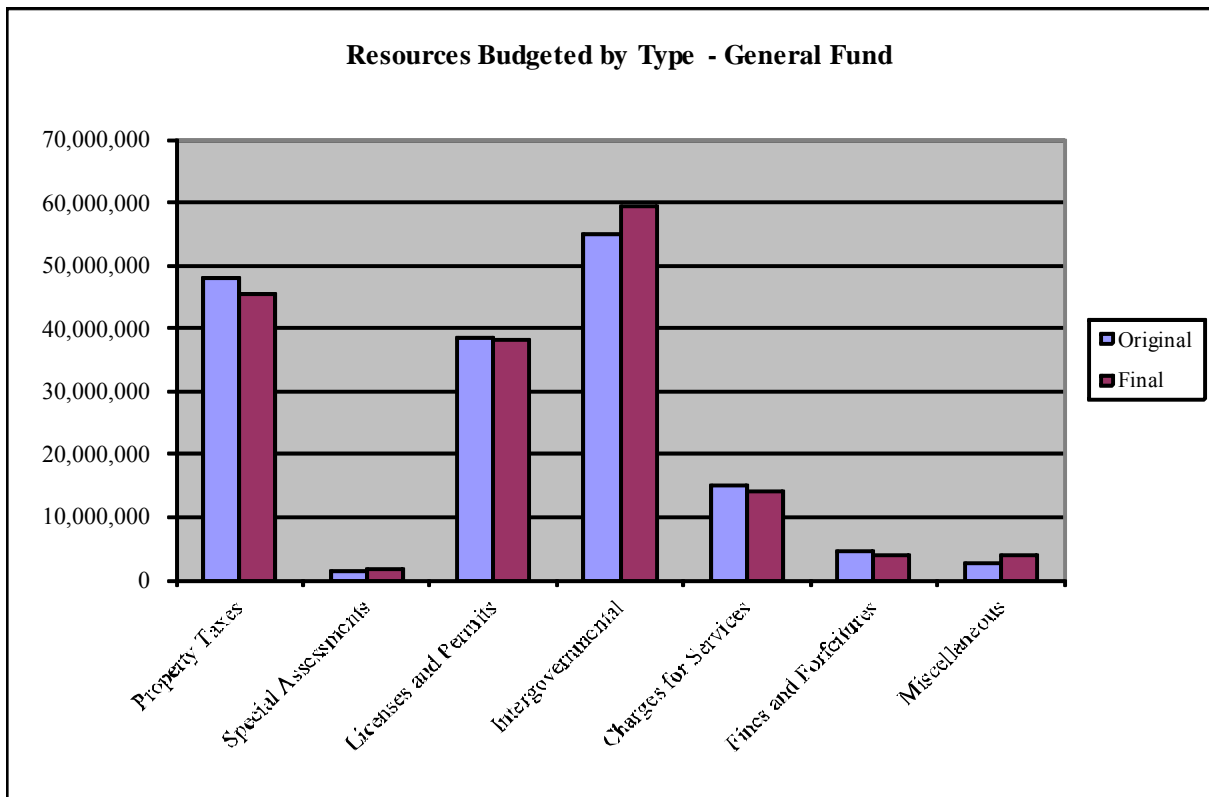
### **Budgetary Highlights for General Fund**

Functions represent the legal level of budgetary control. The final revised budget appropriation for the General Fund expenditures was \$164,280,587, excluding other financing uses, which is 0.32% higher than the original budget of \$163,757,919. As shown in the following table, many of the governmental functions' FY 2010/11 appropriations are less than their respective appropriations on a total budget percentage basis for the prior fiscal year 2009/10. The General Government percentage is higher due to the inclusion of Special Events and Communications & Technologies whose activities last fiscal year were recorded in stand-alone funds. The increase in the Community Development & Support function reflects the budgeted activities for planning that in the prior fiscal year was reported in a stand alone enterprise fund.

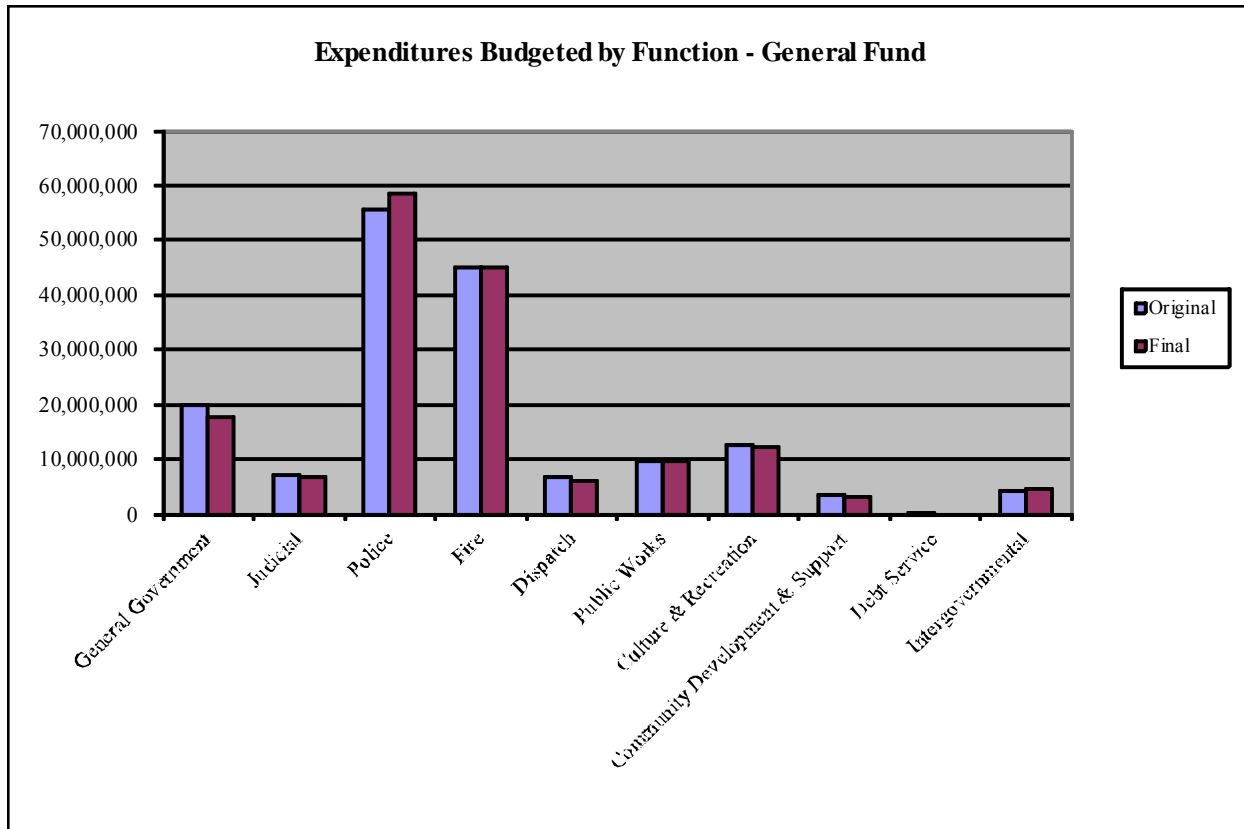
The City has undertaken major cost-cutting efforts over the past three fiscal years including, but not limited to, reductions in force creating vacancy savings and spending freezes. These actions resulted in the General Fund's actual expenditures being lower than final budgeted expenditures by 2.58%.

<b>Final Expenditure Budget by Function - General Fund</b>				
		<u>% of Total</u>		<u>% of Total</u>
	<u>2011</u>	<u>Budget</u>	<u>2010</u>	<u>Budget</u>
General Government	\$ 17,806,533	10.8%	\$ 15,130,002	9.7%
Judicial	6,902,411	4.2%	6,995,508	4.5%
Police	58,603,145	35.7%	64,255,880	41.1%
Fire	45,045,919	27.4%	51,472,394	32.9%
Dispatch	6,086,828	3.7%		0.0%
Public Works	9,677,974	5.9%	11,896,993	7.6%
Culture & Recreation	12,289,934	7.5%	0	0.0%
Community Devpt & Support	3,225,668	2.0%	2,169,421	1.4%
Debt Service	0	0.0%	917,757	0.6%
Intergovernmental	4,642,175	2.8%	3,470,534	2.2%
	\$ 164,280,587		\$156,308,489	

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, 2011, the City of Reno had a net capital asset investment of \$1,319,892,047 in governmental and business-type activities. This represents a decrease of 2.58% 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 \$743,325,919.

Major capital investment activities for the 2010/11 fiscal year include:

- The addition of \$16.04 million in newly dedicated and constructed infrastructure assets, such as streets, traffic signals, and curb and gutter;
- The addition of \$1.38 million of sewer lines and storm drain assets dedicated to the City by developers; and
- The net addition of \$7.8 million in construction in progress primarily related to street rehabilitation projects and clean, renewable energy projects.

During the year there were two prior year adjustments: \$10,128,791 net increase to infrastructure to record the Wells Avenue overpass after a final determination that the City of Reno and not the State of Nevada has ownership; and \$54,164 net increase to software to record the CLASS system used by the Parks, Recreation & Community Services Department.

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

<b>City of Reno's Capital Assets (Net of Accumulated Depreciation)</b>						
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land and water rights	150,789,559	150,613,952	15,771,588	12,371,588	\$166,561,147	\$162,985,540
Construction in progress	15,126,308	50,526,966	13,516,438	48,287,495	28,642,746	98,814,461
Buildings	172,818,047	177,855,453	8,021,744	8,370,811	180,839,791	186,226,264
Arts and historical treasures	1,780,623	1,834,314	-	-	1,780,623	1,834,314
Improvements other than buildings	278,298,861	252,601,630	269,377,928	237,684,177	547,676,789	490,285,807
Equip't & motor vehicles	15,727,811	17,507,099	409,948	475,983	16,137,759	17,983,082
Computer software	2,214,363	2,730,953	-	-	2,214,363	2,730,953
Infrastructure	376,038,829	393,932,198	-	-	376,038,829	393,932,198
<b>Total</b>	<b>\$1,012,794,401</b>	<b>\$1,047,602,565</b>	<b>\$307,097,646</b>	<b>\$307,190,054</b>	<b>\$1,319,892,047</b>	<b>\$1,354,792,619</b>

\*Note: Totals for Governmental Activities for FY 2010/11 have been restated to reflect the following prior year adjustments: a \$10,128,791 net increase to Infrastructure; and \$54,164 net increase to Computer Software. 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, 2011 totaled \$568,086,687, a 0.87% decrease when compared to the prior year. Debt for governmental activities represents 84.31% of total debt outstanding, with debt related to business-type activities accounting for 15.69% of the total debt outstanding.

As of June 30, 2011, the City of Reno had \$140,645 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 \$910,202,000 by \$781,784,000 after adding back cash reserves of \$12.23 million.

<b>City of Reno's Outstanding Debt (Net of Discounts, Premiums and Deferred Loss (Gain) on Refunding)</b>						
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ 83,144,277	\$ 85,690,327	\$ -	\$ -	\$83,144,277	\$85,690,327
Special assessments	20,187,020	21,514,374	-	-	20,187,020	21,514,374
Pledged Revenues - Sales and Room taxes	333,413,689	335,711,559	-	-	333,413,689	335,711,559
Pledged Revenues - Other	22,506,797	26,738,717	-	-	22,506,797	26,738,717
Sanitary Sewer bonds	-	-	87,075,605	90,162,234	87,075,605	90,162,234
Golf Course bonds	-	-	2,074,299	2,272,336	2,074,299	2,272,336
Notes payable	4,536,000	5,169,000	-	-	4,536,000	5,169,000
Capital leases	-	3,654,754	-	-	-	3,654,754
Installment purchase agreements	15,149,000	2,184,000	-	-	15,149,000	2,184,000
<b>Total</b>	<b>\$478,936,783</b>	<b>\$480,662,731</b>	<b>\$89,149,904</b>	<b>\$92,434,570</b>	<b>\$568,086,687</b>	<b>\$573,097,301</b>

The chart above summarizes the City's outstanding debt. The following debt was issued during the 2010/11 fiscal year:

- \$3,970,000 in 2010 Medium-term Refunding Bonds, the proceeds of which were used to pay off the outstanding fire apparatus capital leases;
- \$2,261,000 Installment-Purchase Agreement (Taxable Direct Pay Qualified Energy Conservation Bond Series 2010B), the proceeds of which were used to fund clean, renewable energy projects;
- \$10,860,000 Installment-Purchase Agreement (Recovery Zone Economic Development Bond), the proceeds of which were used to fund clean, renewable energy projects; and
- \$21,750,000 in 2010 Sewer (Limited Tax) Refunding Bonds, the proceeds of which were used to refund the 2008 Medium-term Sewer Bonds.

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 rating from Standard and Poor's for its general obligation bonds.

### **Known Economic Factors**

- The Washoe County Assessors Office is projecting a 7% decline in property taxes for FY 2011/12. The City of Reno used the 7% decline for establishing its FY 2011/12 budget, which also includes non-represented employees taking a 7.5% salary reduction and the Police and Fire unions taking pay cuts in conjunction with other concessions.
- The City will see its contributions to the State Public Retirement System increase in FY 2011/12 from 21.5% to 23.75% for non-public safety employees and from 37% to 39.75% for public safety personnel.
- The Redevelopment Agency of the City of Reno has experienced a loss of assessed valuation of approximately \$118 million since the 1999/2000 fiscal year, equating to a loss of approximately \$3.6 million in tax increment revenues in Redevelopment Area #1; and assessed valuation reductions of approximately \$51.7 million in Redevelopment Area #2. This poses significant challenges in meeting debt service requirements for the Agency.
- In June of 2011 the unemployment rate in the Reno MSA was 13.0%, which is 0.6% higher than the state unemployment rate of 12.4% and higher than the national rate of 9.2%. The Reno MSA unemployment is lower than the 13.6% for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2010 and June 2011 was (1.5%).

### **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, 2011

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 88,898,140	\$ 22,851,857	\$ 111,749,997
Receivables:			
Accounts	5,595,215	4,892,661	10,487,876
Delinquent taxes	1,854,879	--	1,854,879
Special assessments	20,888,832	--	20,888,832
Long-term	485,929	9,050,422	9,536,351
From other governments	13,950,255	993,038	14,943,293
Accrued interest	186,538	44,462	231,000
Internal balances	2,346,260	(2,346,260)	--
Inventories	904,724	114,607	1,019,331
Prepaid items	423,611	261,601	685,212
Property held for resale	40,586,694	--	40,586,694
Other assets	440,000	--	440,000
Deferred charges	8,508,436	799,397	9,307,833
Accumulated decrease in fair value of derivatives	23,409,853	--	23,409,853
Restricted assets	--	12,973,345	12,973,345
Investment in Truckee Meadows Water Reclamation Facility	--	79,778,654	79,778,654
Delinquent accounts receivable	--	3,857,585	3,857,585
Capital assets, non-depreciable	165,915,867	29,288,026	195,203,893
Capital assets, depreciable (net of accumulated depreciation)	846,878,534	277,809,620	1,124,688,154
<b>TOTAL ASSETS</b>	<u>1,221,273,767</u>	<u>440,369,015</u>	<u>1,661,642,782</u>
<b>LIABILITIES</b>			
Accounts payable	3,773,571	1,357,629	5,131,200
Accrued salaries and benefits	6,907,319	369,867	7,277,186
Contracts and retained percentage payable	6,495,348	2,326,737	8,822,085
Accrued interest payable	1,611,818	926,317	2,538,135
Due to other governments	40,153	107,839	147,992
Liabilities payable from restricted assets	--	209,220	209,220
Deposits	1,454,314	43,466	1,497,780
Other liabilities	311,586	255,494	567,080
Unearned revenue	485,929	--	485,929
Derivative instruments	23,409,853	--	23,409,853
Noncurrent liabilities:			
Due within one year	33,482,582	5,013,785	38,496,367
Due in more than one year, net of bond premium and discount	555,673,676	86,930,214	642,603,890
<b>TOTAL LIABILITIES</b>	<u>633,646,149</u>	<u>97,540,568</u>	<u>731,186,717</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	593,821,001	218,250,502	812,071,503
Restricted for:			
Capital projects	10,152,774	19,801,326	29,954,100
Debt service	47,575,828	--	47,575,828
Specific projects and programs	39,201,811	--	39,201,811
Risk claims	12,132,802	--	12,132,802
Unrestricted (deficit)	(115,256,598)	104,776,619	(10,479,979)
<b>TOTAL NET ASSETS</b>	<u>\$ 587,627,618</u>	<u>\$ 342,828,447</u>	<u>\$ 930,456,065</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, 2011

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>				
<b>FUNCTIONS/PROGRAMS</b>				
Governmental Activities:				
General government	\$ 29,313,696	\$ 50,658,884	\$ 90,901	\$ 584,000
Judicial	7,758,252	3,464,620	93,492	--
Police	67,173,371	2,400,479	2,998,295	--
Fire	51,242,151	13,675,537	184,210	--
Dispatch	6,353,519	638,182	16,321	--
Public works	71,642,584	2,462,175	22,055	7,506,163
Community development and support	10,637,234	1,097,388	7,213,332	283,063
Culture and recreation	16,526,697	3,704,833	135,845	150,000
Urban redevelopment	2,258,852	671,179	263,573	--
Debt service:				
Interest and fiscal charges	23,291,115	--	--	--
<b>Total Governmental Activities</b>	<b>286,197,471</b>	<b>78,773,277</b>	<b>11,018,024</b>	<b>8,523,226</b>
Business-Type Activities:				
Sanitary sewer	43,965,081	45,020,127	168,668	4,408,097
Golf courses	1,318,299	544,408	--	--
Building permits	3,899,577	4,514,800	--	--
<b>Total Business-type Activities</b>	<b>49,182,957</b>	<b>50,079,335</b>	<b>168,668</b>	<b>4,408,097</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 335,380,428</b>	<b>\$ 128,852,612</b>	<b>\$ 11,186,692</b>	<b>\$ 12,931,323</b>

### 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
22,020,089	\$ --	\$ 22,020,089
(4,200,140)	--	(4,200,140)
(61,774,597)	--	(61,774,597)
(37,382,404)	--	(37,382,404)
(5,699,016)	--	(5,699,016)
(61,652,191)	--	(61,652,191)
(2,043,451)	--	(2,043,451)
(12,536,019)	--	(12,536,019)
(1,324,100)	--	(1,324,100)
(23,291,115)	--	(23,291,115)
(187,882,944)	--	(187,882,944)
--	5,631,811	5,631,811
--	(773,891)	(773,891)
--	615,223	615,223
--	5,473,143	5,473,143
(187,882,944)	5,473,143	(182,409,801)
63,682,340	--	63,682,340
39,326,558	--	39,326,558
2,655,300	--	2,655,300
8,996,391	--	8,996,391
7,336,348	--	7,336,348
4,242,747	--	4,242,747
1,551,555	--	1,551,555
2,360,479	165,705	2,526,184
430,736	126,155	556,891
431,015	--	431,015
(1,140,227)	1,140,227	--
129,873,242	1,432,087	131,305,329
(58,009,702)	6,905,230	(51,104,472)
633,482,704	329,819,492	963,302,196
12,154,616	6,103,725	18,258,341
645,637,320	335,923,217	981,560,537
\$ 587,627,618	\$ 342,828,447	\$ 930,456,065

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, 2011

	General Fund	Railroad Debt Fund	Downtown Events Center Debt Fund	Streets Capital Projects Fund
<b>ASSETS</b>				
Cash and investments	\$ 1,964,967	\$ 6,412,956	\$ 1,629,462	\$ 22,412,523
Receivables:				
Accounts	4,232,137	6,619	--	--
Accrued interest	8,225	24,045	5,918	46,347
From other governments	9,224,875	1,203,363	484,544	--
Delinquent taxes	1,266,210	--	--	--
Special assessments:				
Current	--	442,745	256,025	--
Delinquent	67,896	6,753	--	--
Deferred	--	10,497,437	6,065,212	--
Sidewalk assessments:				
Long-term	--	--	--	--
Due from other funds	--	--	--	--
Inventories	645,324	--	--	--
Prepaid items	43,004	--	--	--
Property held for resale	--	--	--	--
Other assets	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 17,452,638</u>	<u>\$ 18,593,918</u>	<u>\$ 8,441,161</u>	<u>\$ 22,458,870</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,669,368	\$ 65,566	\$ 339,206	\$ 167,783
Accrued salaries and benefits	6,636,573	--	--	--
Contracts and retained percentage payable	94,766	--	--	4,739,527
Due to other funds	44,364	--	--	--
Due to other governments	39,996	--	--	--
Deposits	1,218,116	4,967	--	--
Other liabilities	309,252	--	--	--
Advances from other funds	--	--	--	--
Deferred taxes	1,266,210	--	--	--
Deferred revenue	668,740	10,497,436	6,065,212	--
<b>TOTAL LIABILITES</b>	<u>11,947,385</u>	<u>10,567,969</u>	<u>6,404,418</u>	<u>4,907,310</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	645,324	--	--	--
Prepaid items	43,004	--	--	--
Property held for resale	--	--	--	--
Restricted:				
Technology acquisition	481,385	--	--	--
Capital projects	806,919	--	--	17,551,560
Clean energy capital projects	--	--	--	--
Park District development and improvements	--	--	--	--
Future signalization	--	--	--	--
Debt service	--	8,025,949	2,036,743	--
Community assistance and housing grants	--	--	--	--
Court programs	5,890	--	--	--
Parks and recreation programs	134,483	--	--	--
Federal drug forfeiture-related programs	--	--	--	--
Public safety	251,374	--	--	--
Arch lighting	583	--	--	--
Committed:				
Sensitive lands	--	--	--	--
Assigned:				
General Fund	187,626	--	--	--
Special revenue funds	--	--	--	--
Debt service funds	--	--	--	--
Capital projects funds	--	--	--	--
Unassigned	2,948,665	--	--	--
<b>TOTAL FUND BALANCES</b>	<u>5,505,253</u>	<u>8,025,949</u>	<u>2,036,743</u>	<u>17,551,560</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 17,452,638</u>	<u>\$ 18,593,918</u>	<u>\$ 8,441,161</u>	<u>\$ 22,458,870</u>

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

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total
\$ 237,496	\$ 38,264,938	\$ 70,922,342
--	1,132,922	5,371,678
--	62,940	147,475
--	2,933,421	13,846,203
--	588,669	1,854,879
--	286,492	985,262
--	4,578	79,227
--	3,261,694	19,824,343
--	485,929	485,929
--	44,364	44,364
--	118,753	764,077
--	12,110	55,114
36,336,594	4,250,100	40,586,694
--	440,000	440,000
<u>\$ 36,574,090</u>	<u>\$ 51,886,910</u>	<u>\$ 155,407,587</u>
\$ 115	\$ 1,036,380	\$ 3,278,418
--	193,940	6,830,513
--	1,660,978	6,495,271
--	37,201	81,565
--	157	40,153
--	231,231	1,454,314
--	--	309,252
--	1,270,409	1,270,409
--	588,669	1,854,879
--	5,049,049	22,280,437
<u>115</u>	<u>10,068,014</u>	<u>43,895,211</u>
--	118,753	764,077
--	12,110	55,114
36,336,594	4,250,100	40,586,694
--	--	481,385
--	3,433,259	21,791,738
--	4,459,851	4,459,851
--	5,330,583	5,330,583
--	498,834	498,834
--	10,607,276	20,669,968
--	938,847	938,847
--	--	5,890
--	--	134,483
--	1,061,456	1,061,456
--	--	251,374
--	--	583
--	68,188	68,188
--	--	187,626
--	8,784,207	8,784,207
--	2,166,525	2,166,525
237,381	88,907	326,288
--	--	2,948,665
<u>36,573,975</u>	<u>41,818,896</u>	<u>111,512,376</u>
<u>\$ 36,574,090</u>	<u>\$ 51,886,910</u>	<u>\$ 155,407,587</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, 2011

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 111,512,376
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	1,005,738,711
Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	8,508,436
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	(547,810,301)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds	23,649,385
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>(13,970,989)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	<u>\$ 587,627,618</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, 2011

	General Fund	Railroad Debt Service Fund	Downtown Events Center Debt Fund	Streets Capital Projects Fund
<b>REVENUES</b>				
Taxes	\$ 45,940,827	\$ 681,789	\$ 4,844,006	\$ --
Special assessments	1,667,220	626,768	260,156	--
Fees, licenses, and permits	36,166,016	--	--	--
Intergovernmental	57,328,005	6,477,291	--	--
Intergovernmental grants and contributions	2,547,388	--	--	--
Charges for services	13,972,806	--	--	--
Fines and forfeitures	3,294,637	28,384	126	--
Interest	60,784	990,422	492,642	109,680
Private grants and contributions	196,039	--	--	--
Rents and royalties	153,936	--	--	--
Reimbursements and restitutions	2,426,325	--	--	27,580
Miscellaneous	199,536	44,766	120	--
<b>TOTAL REVENUES</b>	<b>163,953,519</b>	<b>8,849,420</b>	<b>5,597,050</b>	<b>137,260</b>
<b>EXPENDITURES</b>				
Current:				
General government	16,310,889	--	--	--
Judicial	6,876,938	--	--	--
Public safety - Police	58,516,610	--	--	--
Public safety - Fire	44,817,794	--	--	--
Dispatch	4,789,899	--	--	--
Public works	9,257,450	--	--	4,874,680
Community development and support	2,873,971	--	--	--
Culture and recreation	11,866,511	--	--	--
Urban redevelopment	--	--	--	--
Intergovernmental	4,728,491	--	--	--
Capital outlay	510	--	--	5,984,519
Debt service:				
Principal	--	1,920,000	1,700,000	--
Interest	--	6,477,430	5,177,592	--
Fiscal charges	--	1,151,267	1,524,698	--
Bond issue costs	--	205,883	--	--
<b>TOTAL EXPENDITURES</b>	<b>160,039,063</b>	<b>9,754,580</b>	<b>8,402,290</b>	<b>10,859,199</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,914,456</u>	<u>(905,160)</u>	<u>(2,805,240)</u>	<u>(10,721,939)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	--	--	--	--
Payment to refunded debt escrow agent	--	--	--	--
Payments to others	--	--	--	--
Sale of capital assets	(149,096)	--	--	--
Transfers from other funds	2,470,414	--	2,400,000	--
Transfers to other funds	(7,326,658)	(183,316)	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,005,340)</b>	<b>(183,316)</b>	<b>2,400,000</b>	<b>--</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,090,884)</b>	<b>(1,088,476)</b>	<b>(405,240)</b>	<b>(10,721,939)</b>
FUND BALANCES - BEGINNING OF YEAR	9,062,279	9,114,425	2,441,983	28,273,499
PRIOR PERIOD ADJUSTMENT	(2,466,142)	--	--	--
FUND BALANCES, BEGINNING, AS RESTATED	<u>6,596,137</u>	<u>9,114,425</u>	<u>2,441,983</u>	<u>28,273,499</u>
FUND BALANCES, ENDING	<u>\$ 5,505,253</u>	<u>\$ 8,025,949</u>	<u>\$ 2,036,743</u>	<u>\$ 17,551,560</u>

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

Redevelopment		
Agency Capital Projects Fund	Other Governmental Funds	Total
\$ --	\$ 20,056,929	\$ 71,523,551
--	589,019	3,143,163
--	123,004	36,289,020
--	6,757,212	70,562,508
--	9,365,961	11,913,349
--	208,485	14,181,291
--	42,720	3,365,867
233	372,353	2,026,114
--	450,275	646,314
--	1,873,859	2,027,795
1,975	923,258	3,379,138
--	2,386,727	2,631,149
<u>2,208</u>	<u>43,149,802</u>	<u>221,689,259</u>
--	355,549	16,666,438
--	127,409	7,004,347
--	--	58,516,610
--	--	44,817,794
--	--	4,789,899
--	11,518,644	25,650,774
--	7,403,734	10,277,705
--	13,729	11,880,240
37,530	1,202,000	1,239,530
--	--	4,728,491
--	10,989,139	16,974,168
--	12,540,660	16,160,660
--	7,201,786	18,856,808
--	71,805	2,747,770
--	207,120	413,003
<u>37,530</u>	<u>51,631,575</u>	<u>240,724,237</u>
<u>(35,322)</u>	<u>(8,481,773)</u>	<u>(19,034,978)</u>
--	17,091,000	17,091,000
--	(3,860,413)	(3,860,413)
--	(218,949)	(218,949)
--	1,084,841	935,745
--	24,092,409	28,962,823
--	(22,619,570)	(30,129,544)
--	<u>15,569,318</u>	<u>12,780,662</u>
<u>(35,322)</u>	<u>7,087,545</u>	<u>(6,254,316)</u>
36,609,297	34,731,351	120,232,834
--	--	(2,466,142)
<u>36,609,297</u>	<u>34,731,351</u>	<u>117,766,692</u>
<u>\$ 36,573,975</u>	<u>\$ 41,818,896</u>	<u>\$ 111,512,376</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, 2011

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES	\$ (6,254,316)
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.	(37,553,687)
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase Net Assets.	(857,075)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.	2,856,964
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.	2,093,128
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	(16,112,988)
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>(2,181,728)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (58,009,702)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 47,893,270	\$ 45,600,587	\$ 45,940,827	\$ 340,240
Special assessments	1,531,980	1,603,032	1,667,220	64,188
Licenses and permits:				
Business licenses and permits:				
Business licenses	11,700,000	11,323,170	11,364,176	41,006
City gaming licenses	2,100,000	2,070,667	2,028,215	(42,452)
Liquor licenses	1,213,000	1,416,415	1,264,106	(152,309)
Non-business licenses and permits	67,500	67,500	33,131	(34,369)
Franchises:				
Electricity	8,820,000	8,473,939	7,314,420	(1,159,519)
Telephone	3,523,117	3,414,368	3,383,752	(30,616)
Natural gas	3,626,000	3,598,686	2,817,106	(781,580)
Sanitation	2,156,000	2,005,936	2,279,934	273,998
Water	1,558,592	1,653,852	1,448,400	(205,452)
Sewer	2,040,000	2,290,532	2,227,361	(63,171)
Cable television	1,800,500	1,969,785	2,005,415	35,630
Total licenses and permits	38,604,709	38,284,850	36,166,016	(2,118,834)
Intergovernmental:				
Federal grants	1,222,134	2,204,253	2,463,346	259,093
State grants	--	652,660	84,042	(568,618)
State shared revenues	36,645,245	38,645,245	39,326,558	681,313
Dedicated sales tax revenues	--	164,061	317,482	153,421
County shared revenues:				
County gaming licenses	1,666,000	1,596,843	1,551,555	(45,288)
AB 104	2,574,460	2,643,617	2,655,300	11,683
Fire consolidated payment	12,842,122	13,375,122	13,375,955	833
Other	33,000	118,000	101,155	(16,845)
Total intergovernmental	54,982,961	59,399,801	59,875,393	475,592
Charges for services:				
General government:				
Administration fees	610,000	510,000	466,230	(43,770)
TMWA contract payment	191,717	191,717	156,014	(35,703)
Indirect cost allocations	5,184,487	4,980,626	4,850,610	(130,016)
Internal charges for service	354,912	415,648	415,648	--
Other	500	500	--	(500)
Judicial:				
Municipal court charges	125,000	80,982	103,555	22,573

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services:				
Public safety:				
Police service charges	\$ 795,000	\$ 630,000	\$ 734,052	\$ 104,052
Dispatch charges	508,000	400,000	548,938	148,938
Work permits	40,000	40,000	38,167	(1,833)
Fire service charges	570,000	400,000	364,025	(35,975)
Strike team reimbursements	--	316,276	283,560	(32,716)
Public works:				
Engineering fees	760,000	785,000	851,421	66,421
Parking receipts	813,000	660,000	698,708	38,708
Community development and support:				
Planning fees	173,038	150,000	129,468	(20,532)
Planning application fees	598,952	640,000	650,122	10,122
Culture and recreation:				
Swimming pool fees	349,952	355,452	396,779	41,327
Recreation facility/program fees	3,610,313	3,333,972	3,193,307	(140,665)
Parks & recreation fees	313,000	87,000	88,661	1,661
Other	5,000	5,000	3,541	(1,459)
Total charges for services	<u>15,002,871</u>	<u>13,982,173</u>	<u>13,972,806</u>	<u>(9,367)</u>
Fines and forfeits:				
Municipal court fines	3,880,000	3,550,180	2,760,042	(790,138)
Delinquent license penalties	610,000	563,000	534,595	(28,405)
Total fines and forfeits	<u>4,490,000</u>	<u>4,113,180</u>	<u>3,294,637</u>	<u>(818,543)</u>
Miscellaneous:				
Investment earnings	285,000	30,000	60,784	30,784
Rent and royalties	123,500	145,000	153,936	8,936
Reimbursement and restitution	1,781,078	2,515,307	2,426,325	(88,982)
Private grants	--	324,966	196,039	(128,927)
Other	414,300	1,051,271	199,536	(851,735)
Total miscellaneous	<u>2,603,878</u>	<u>4,066,544</u>	<u>3,036,620</u>	<u>(1,029,924)</u>
<b>TOTAL REVENUES</b>	<u>165,109,669</u>	<u>167,050,167</u>	<u>163,953,519</u>	<u>(3,096,648)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
City Council:				
Salaries and wages	461,302	446,921	446,921	--
Employee benefits	274,387	284,206	277,495	6,711
Services and supplies	373,753	342,056	301,688	40,368
Subtotal	<u>1,109,442</u>	<u>1,073,183</u>	<u>1,026,104</u>	<u>47,079</u>
City Clerk:				
Salaries and wages	581,948	624,809	621,913	2,896
Employee benefits	243,338	262,007	260,699	1,308
Services and supplies	435,863	363,487	391,947	(28,460)
Subtotal	<u>1,261,149</u>	<u>1,250,303</u>	<u>1,274,559</u>	<u>(24,256)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
City Manager:				
Salaries and wages	2,195,539	2,427,522	2,342,822	84,700
Employee benefits	690,949	811,458	831,799	(20,341)
Services and supplies	1,024,269	866,310	555,928	310,382
Subtotal	<u>3,910,757</u>	<u>4,105,290</u>	<u>3,730,549</u>	<u>374,741</u>
Finance:				
Salaries and wages	1,632,008	1,128,340	1,036,832	91,508
Employee benefits	719,754	512,274	494,646	17,628
Services and supplies	204,938	196,183	226,414	(30,231)
Subtotal	<u>2,556,700</u>	<u>1,836,797</u>	<u>1,757,892</u>	<u>78,905</u>
City Attorney:				
Salaries and wages	2,356,655	2,301,849	2,288,502	13,347
Employee benefits	917,838	902,873	907,366	(4,493)
Services and supplies	186,460	166,539	82,308	84,231
Subtotal	<u>3,460,953</u>	<u>3,371,261</u>	<u>3,278,176</u>	<u>93,085</u>
Human Resources:				
Salaries and wages	405,192	542,919	547,726	(4,807)
Employee benefits	2,845,554	1,031,854	844,343	187,511
Services and supplies	288,302	340,389	279,706	60,683
Subtotal	<u>3,539,048</u>	<u>1,915,162</u>	<u>1,671,775</u>	<u>243,387</u>
Civil Service Commission:				
Salaries and wages	150,821	156,460	156,460	--
Employee benefits	65,009	70,857	70,441	416
Services and supplies	14,536	20,786	16,913	3,873
Subtotal	<u>230,366</u>	<u>248,103</u>	<u>243,814</u>	<u>4,289</u>
Communications and Technology:				
Salaries and wages	1,625,960	1,730,096	1,625,263	104,833
Employee benefits	646,328	732,556	403,911	328,645
Services and supplies	1,363,610	1,543,782	1,298,846	244,936
Subtotal	<u>3,635,898</u>	<u>4,006,434</u>	<u>3,328,020</u>	<u>678,414</u>
General Government Summary:				
Salaries and wages	9,409,425	9,358,916	9,066,439	292,477
Employee benefits	6,403,157	4,608,085	4,090,700	517,385
Services and supplies	3,891,731	3,839,532	3,153,750	685,782
Total General Government	<u>19,704,313</u>	<u>17,806,533</u>	<u>16,310,889</u>	<u>1,495,644</u>
Judicial:				
Salaries and wages	4,033,726	3,983,012	3,986,649	(3,637)
Employee benefits	1,798,096	1,871,609	1,874,246	(2,637)
Services and supplies	1,104,115	1,047,790	1,016,043	31,747
Total Judicial	<u>6,935,937</u>	<u>6,902,411</u>	<u>6,876,938</u>	<u>25,473</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Public Safety:				
Police Department:				
Salaries and wages	34,354,564	35,216,980	37,115,629	(1,898,649)
Employee benefits	17,943,620	18,150,264	18,053,878	96,386
Services and supplies	3,147,231	5,235,901	3,347,103	1,888,798
Subtotal	<u>55,445,415</u>	<u>58,603,145</u>	<u>58,516,610</u>	<u>86,535</u>
Fire Department:				
Salaries and wages	27,117,376	28,559,637	28,498,838	60,799
Employee benefits	14,475,106	13,997,949	14,004,450	(6,501)
Services and supplies	3,343,002	2,488,333	2,314,506	173,827
Capital outlay	250,000	--	--	--
Subtotal	<u>45,185,484</u>	<u>45,045,919</u>	<u>44,817,794</u>	<u>228,125</u>
Dispatch:				
Salaries and wages	4,443,315	4,135,872	3,647,489	488,383
Employee benefits	1,755,369	1,664,282	970,805	693,477
Services and supplies	401,674	286,674	171,605	115,069
Subtotal	<u>6,600,358</u>	<u>6,086,828</u>	<u>4,789,899</u>	<u>1,296,929</u>
Public Safety Summary:				
Salaries and wages	65,915,255	67,912,489	69,261,956	(1,349,467)
Employee benefits	34,174,095	33,812,495	33,029,133	783,362
Services and supplies	6,891,907	8,010,908	5,833,214	2,177,694
Capital outlay	250,000	--	--	--
Total Public Safety	<u>107,231,257</u>	<u>109,735,892</u>	<u>108,124,303</u>	<u>1,611,589</u>
Public Works:				
Salaries and wages	3,675,652	3,556,356	3,565,954	(9,598)
Employee benefits	1,589,857	1,590,122	1,583,314	6,808
Services and supplies	4,347,044	4,531,496	4,108,182	423,314
Total Public Works	<u>9,612,553</u>	<u>9,677,974</u>	<u>9,257,450</u>	<u>420,524</u>
Culture and Recreation:				
Salaries and wages	6,356,015	6,487,095	6,646,685	(159,590)
Employee benefits	2,243,986	2,263,903	2,354,710	(90,807)
Services and supplies	3,650,653	3,394,788	2,865,116	529,672
Capital outlay	330,000	144,148	510	143,638
Total Culture and Recreation	<u>12,580,654</u>	<u>12,289,934</u>	<u>11,867,021</u>	<u>422,913</u>
Community Development and Support:				
Salaries and wages	1,933,579	1,783,018	1,646,443	136,575
Employee benefits	812,158	754,931	597,846	157,085
Services and supplies	653,646	687,719	629,682	58,037
Total Community Development and Support	<u>3,399,383</u>	<u>3,225,668</u>	<u>2,873,971</u>	<u>351,697</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Intergovernmental:				
Retired employees trust	4,200,000	4,000,000	4,044,477	(44,477)
Miscellaneous	--	642,175	684,014	(41,839)
Total Intergovernmental	<u>4,200,000</u>	<u>4,642,175</u>	<u>4,728,491</u>	<u>(86,316)</u>
TOTAL EXPENDITURES	<u>163,664,097</u>	<u>164,280,587</u>	<u>160,039,063</u>	<u>4,241,524</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,445,572</u>	<u>2,769,580</u>	<u>3,914,456</u>	<u>1,144,876</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	10,000	(149,096)	(159,096)
Transfers in	2,990,768	4,083,691	2,470,414	(1,613,277)
Transfers out	(4,920,090)	(9,405,457)	(7,326,658)	2,078,799
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,929,322)</u>	<u>(5,311,766)</u>	<u>(5,005,340)</u>	<u>306,426</u>
NET CHANGES IN FUND BALANCES	(483,750)	(2,542,186)	(1,090,884)	1,451,302
CONTINGENCY	(3,250,706)	(25,000)	--	25,000
FUND BALANCE, BEGINNING OF YEAR	7,929,372	9,062,279	9,062,279	--
NET ASSETS FOR ENTERPRISE AND INTERNAL SERVICE FUNDS MERGED INTO GENERAL FUND	--	--	(2,466,142)	(2,466,142)
FUND BALANCES, BEGINNING	<u>7,929,372</u>	<u>9,062,279</u>	<u>6,596,137</u>	<u>--</u>
FUND BALANCES, ENDING	<u>\$ 4,194,916</u>	<u>\$ 6,495,093</u>	<u>\$ 5,505,253</u>	<u>\$ 1,476,302</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, 2011

	Business-Type Activities - Enterprise Funds				Governmental
	Sanitary Sewer Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 22,484,006	\$ 320,007	\$ 47,844	\$ 22,851,857	\$ 17,975,798
Receivables:					
Accounts receivable	4,892,661	--	--	4,892,661	223,537
Accrued interest	43,970	492	--	44,462	39,063
From other governments	993,038	--	--	993,038	104,052
Inventories	83,033	2,914	28,660	114,607	140,647
Prepaid expenses	261,601	--	--	261,601	368,497
Restricted assets:					
Cash and investments	12,480,693	--	--	12,480,693	--
Accrued interest receivable	34,571	--	--	34,571	--
Accounts receivable	66,529	--	--	66,529	--
Due from other funds	7,037,201	--	--	7,037,201	--
Due from other governments	391,552	--	--	391,552	--
<b>Total Current Assets</b>	<b>48,768,855</b>	<b>323,413</b>	<b>76,504</b>	<b>49,168,772</b>	<b>18,851,594</b>
Noncurrent Assets:					
Capital assets:					
Land	11,127,157	107,317	1,600,000	12,834,474	--
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	362,084,506	591,534	7,196,726	369,872,766	--
Machinery and equipment	1,166,174	69,700	465,171	1,701,045	23,196,061
Construction in progress	13,516,438	--	--	13,516,438	--
<b>Total Capital Assets</b>	<b>402,063,790</b>	<b>768,551</b>	<b>11,540,139</b>	<b>414,372,480</b>	<b>23,196,061</b>
Less accumulated depreciation	(100,860,133)	(321,901)	(6,092,800)	(107,274,834)	(16,300,970)
<b>Net Capital Assets</b>	<b>301,203,657</b>	<b>446,650</b>	<b>5,447,339</b>	<b>307,097,646</b>	<b>6,895,091</b>
Other assets:					
Delinquent accounts receivable	3,857,585	--	--	3,857,585	--
Long-term notes receivable	9,050,422	--	--	9,050,422	--
Deferred charges	753,437	--	45,960	799,397	--
Advances to other funds	1,270,409	--	--	1,270,409	--
Investment in Truckee Meadows Water Reclamation Facility	79,778,654	--	--	79,778,654	--
<b>Total Noncurrent Assets</b>	<b>395,914,164</b>	<b>446,650</b>	<b>5,493,299</b>	<b>401,854,113</b>	<b>6,895,091</b>
<b>TOTAL ASSETS</b>	<b>444,683,019</b>	<b>770,063</b>	<b>5,569,803</b>	<b>451,022,885</b>	<b>25,746,685</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, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Sanitary Sewer Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 1,346,014	\$ 5,611	\$ 6,004	\$ 1,357,629	\$ 495,153
Accrued salaries and benefits	241,280	101,791	26,796	369,867	76,806
Contracts and retained percentage payable	2,326,737	--	--	2,326,737	77
Accrued interest payable	926,317	--	--	926,317	--
Compensated absences payable	474,581	189,670	28,982	693,233	70,729
Due to other funds	--	--	--	--	7,000,000
Due to other governments	107,543	296	--	107,839	--
Deposits	42,158	--	1,308	43,466	--
Other liabilities	255,494	--	--	255,494	2,334
Bonds and notes payable	4,105,552	--	215,000	4,320,552	--
Liability for self-insurance	--	--	--	--	7,116,294
<b>Total Current Liabilities (payable from current assets)</b>	<b>9,825,676</b>	<b>297,368</b>	<b>278,090</b>	<b>10,401,134</b>	<b>14,761,393</b>
Current liabilities (payable from restricted assets):					
Accounts payable	12	--	--	12	--
Contracts and retained percentage payable	209,208	--	--	209,208	--
<b>Total Current Liabilities (payable from restricted assets)</b>	<b>209,220</b>	<b>--</b>	<b>--</b>	<b>209,220</b>	<b>--</b>
<b>Total Current Liabilities</b>	<b>10,034,896</b>	<b>297,368</b>	<b>278,090</b>	<b>10,610,354</b>	<b>14,761,393</b>
Noncurrent Liabilities:					
Compensated absences payable	163,198	193,497	116,502	473,197	59,676
Other post-employment benefits liability	1,251,655	592,819	85,951	1,930,425	301,357
Bonds and notes payable	82,667,293	--	1,859,299	84,526,592	--
Liability for self-insurance	--	--	--	--	35,409,719
<b>Total Noncurrent Liabilities</b>	<b>84,082,146</b>	<b>786,316</b>	<b>2,061,752</b>	<b>86,930,214</b>	<b>35,770,752</b>
<b>TOTAL LIABILITIES</b>	<b>94,117,042</b>	<b>1,083,684</b>	<b>2,339,842</b>	<b>97,540,568</b>	<b>50,532,145</b>
<b>NET ASSETS</b>					
Invested in capital, net of related debt	214,430,812	446,650	3,373,040	218,250,502	6,895,091
Restricted for:					
Capital projects	19,801,326	--	--	19,801,326	--
Claims	--	--	--	--	12,132,802
Unrestricted (deficit)	116,333,839	(760,271)	(143,079)	115,430,489	(43,813,353)
<b>TOTAL NET ASSETS</b>	<b>\$ 350,565,977</b>	<b>\$ (313,621)</b>	<b>\$ 3,229,961</b>	<b>353,482,317</b>	<b>\$ (24,785,460)</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				(10,653,870)	
Net assets of business-type activities (page 21)				<u>\$ 342,828,447</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, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Sanitary Sewer Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 42,346,369	\$ 4,512,258	\$ 543,123	\$ 47,401,750	\$ 33,573,889
Licenses and permits	329,456	--	--	329,456	--
Fines and forfeitures	2,084,513	--	--	2,084,513	--
Miscellaneous	447,522	2,547	6,565	456,634	1,194,280
<b>TOTAL OPERATING REVENUES</b>	<b>45,207,860</b>	<b>4,514,805</b>	<b>549,688</b>	<b>50,272,353</b>	<b>34,768,169</b>
<b>OPERATING EXPENSES</b>					
Salaries and wages	4,981,990	1,665,405	405,974	7,053,369	1,155,384
Employee benefits	2,748,047	967,728	180,982	3,896,757	616,235
Services and supplies	9,524,589	1,074,138	325,111	10,923,838	36,104,546
Joint Sewer plant	10,630,070	--	--	10,630,070	--
Depreciation	9,005,383	38,404	285,114	9,328,901	1,784,317
Loss on retirement of assets	--	--	--	--	2,724
<b>TOTAL OPERATING EXPENSES</b>	<b>36,890,079</b>	<b>3,745,675</b>	<b>1,197,181</b>	<b>41,832,935</b>	<b>39,663,206</b>
<b>OPERATING INCOME (LOSS)</b>	<b>8,317,781</b>	<b>769,130</b>	<b>(647,493)</b>	<b>8,439,418</b>	<b>(4,895,037)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Private grants	50,000	--	--	50,000	--
Federal grants	708,581	--	--	708,581	--
Investment earnings	165,281	424	--	165,705	90,708
Debt service - interest	(2,067,382)	--	(83,878)	(2,151,260)	--
Debt service - fiscal charges	(25,245)	--	(5,745)	(30,990)	--
Gain on asset disposal	--	--	--	--	167,144
Net loss from Truckee Meadows Water Reclamation Facility	(3,900,297)	--	--	(3,900,297)	--
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(5,069,062)</b>	<b>424</b>	<b>(89,623)</b>	<b>(5,158,261)</b>	<b>257,852</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>3,248,719</b>	<b>769,554</b>	<b>(737,116)</b>	<b>3,281,157</b>	<b>(4,637,185)</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Connection charges	2,438,659	--	--	2,438,659	--
Contribution of assets	1,379,525	--	--	1,379,525	934,024
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>3,818,184</b>	<b>--</b>	<b>--</b>	<b>3,818,184</b>	<b>934,024</b>
<b>TRANSFERS</b>					
Transfers in	469,000	--	761,227	1,230,227	48,165
Transfers out	(90,000)	--	--	(90,000)	(21,671)
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>379,000</b>	<b>--</b>	<b>761,227</b>	<b>1,140,227</b>	<b>26,494</b>
<b>CHANGES IN NET ASSETS</b>	<b>7,445,903</b>	<b>769,554</b>	<b>24,111</b>	<b>8,239,568</b>	<b>(3,676,667)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>341,942,261</b>	<b>(1,083,175)</b>	<b>3,205,850</b>		<b>(21,108,793)</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>1,177,813</b>	<b>-</b>	<b>--</b>		<b>--</b>
<b>NET ASSETS, BEGINNING, AS RESTATED</b>	<b>343,120,074</b>	<b>(1,083,175)</b>	<b>3,205,850</b>		<b>(21,108,793)</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 350,565,977</b>	<b>\$ (313,621)</b>	<b>\$ 3,229,961</b>		<b>\$ (24,785,460)</b>
Adjustment to reflect the consolidation of Internal Service Func activities related to Enterprise Funds				(1,334,338)	
Change in net assets of business-type activities (page 23)				<u>\$ 6,905,230</u>	

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

**CITY OF RENO, NEVADA**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				Governmental
	Sanitary Sewer Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 44,905,914	\$ 4,514,800	\$ 539,950	\$ 49,960,664	\$ --
Cash received from other funds for services	74,953	--	--	74,953	34,823,232
Cash received from miscellaneous income, reimbursements and restitutions	1,612,836	4	6,566	1,619,406	1,194,279
Cash paid for employee's salaries and benefits	(6,264,986)	(2,115,024)	(528,563)	(8,908,573)	(1,435,269)
Cash payments to suppliers for goods and services	(18,936,189)	(202,302)	(244,325)	(19,382,816)	(33,797,656)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(3,569,786)	(1,233,466)	(153,669)	(4,956,921)	(1,591,469)
Cash paid to deferred compensation plans	(203,820)	(74,676)	(11,168)	(289,664)	(44,405)
Loss from sale of machinery and equipment	--	--	--	--	(2,724)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>17,618,922</u>	<u>889,336</u>	<u>(391,209)</u>	<u>18,117,049</u>	<u>(854,012)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Temporary loans received from other funds	--	--	--	--	8,223,646
Temporary loans extended to other funds	--	--	--	--	(1,203,646)
Cash paid to other funds	(2,378,228)	--	--	(2,378,228)	--
Cash received from private grants	50,000	--	--	50,000	--
Cash received from federal grants	721,081	--	--	721,081	--
Transfers in	469,000	--	761,227	1,230,227	48,165
Transfers out	(90,000)	--	--	(90,000)	(21,671)
Cash repayment of loans received from other funds	--	(569,681)	--	(569,681)	(20,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(1,228,147)</u>	<u>(569,681)</u>	<u>761,227</u>	<u>(1,036,601)</u>	<u>7,026,494</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Cash received from connection charges	2,438,659	--	--	2,438,659	--
Investment in Truckee Meadows Water Reclamation Facility	(525,524)	--	--	(525,524)	--
Proceeds from sale of capital assets	--	--	--	--	167,145
Acquisition and construction of capital assets	(7,804,592)	--	(52,376)	(7,856,968)	(520,525)
Bonds Issued	21,750,000	--	--	21,750,000	--
Payments on bonds payable	(24,836,629)	--	(205,000)	(25,041,629)	--
Interest and fiscal charges paid on debt	(2,451,947)	--	(76,917)	(2,528,864)	--
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(11,430,033)</u>	<u>--</u>	<u>(334,293)</u>	<u>(11,764,326)</u>	<u>(353,380)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment earnings received	153,776	(67)	--	153,709	86,362
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>5,114,518</u>	<u>319,588</u>	<u>35,725</u>	<u>5,469,831</u>	<u>5,905,464</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>29,850,181</u>	<u>419</u>	<u>12,119</u>	<u>29,862,719</u>	<u>12,070,334</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 34,964,699</u>	<u>\$ 320,007</u>	<u>\$ 47,844</u>	<u>\$ 35,332,550</u>	<u>\$ 17,975,798</u>

continued

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

**CITY OF RENO, NEVADA**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				Governmental
	Sanitary Sewer Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 8,317,781	\$ 769,130	\$(647,493)	\$ 8,439,418	\$ (4,895,037)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	9,005,383	38,404	285,114	9,328,901	1,784,317
Changes in assets and liabilities:					
(Increases) decrease:					
Accounts receivable	405,830	--	--	405,830	(71,182)
Deferred charges	(560,994)	--	--	(560,994)	--
Due from other governments	873,762	--	--	873,762	1,325,525
Inventories	1,380	76	(257)	1,199	(2,764)
Prepaid expenses	(261,201)	--	--	(261,201)	21,582
Increase (decrease):					
Accounts payable	(2,716,171)	(12,388)	(23,832)	(2,752,391)	290,743
Accrued salaries and benefits	387,235	143,477	11,416	542,128	113,184
Compensated absences payable	(89,562)	(49,363)	(12,984)	(151,909)	(26,161)
Contracts and retained percentage payable	2,041,685	--	--	2,041,685	--
Due to other governments	107,543	--	--	107,543	--
Accrued liabilities	106,251	--	(3,173)	103,078	605,781
Total adjustments	9,301,141	120,206	256,284	9,677,631	4,041,025
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 17,618,922</u>	<u>\$ 889,336</u>	<u>\$(391,209)</u>	<u>\$ 18,117,049</u>	<u>\$ (854,012)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions:					
Contribution of assets	<u>\$ 1,379,525</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,379,525</u>	<u>\$ 934,024</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, 2011

ASSETS	
Cash and investments	\$ 9,587,914
Accounts receivable	21,822
Accrued interest receivable	12,831
Special assessments:	
Current	1,058,919
Delinquent	4,682
TOTAL ASSETS	<u>\$ 10,686,168</u>
LIABILITIES	
Accounts payable	\$ 2,819
Accrued liabilities	63,717
Deposits	3,113,102
Due to other governments	68
Due to others	7,506,462
TOTAL LIABILITIES	<u>\$ 10,686,168</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, 2011

## 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.

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.

## CITY OF RENO, NEVADA

### Notes to Financial Statements (continued) June 30, 2011

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.

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.

## CITY OF RENO, NEVADA

### Notes to Financial Statements (continued) June 30, 2011

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
- County shared revenue
- State shared revenues

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

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

The City reports the following major governmental funds:

The **General Fund** is used to account for resources traditionally associated with the City that are not required legally or by sound financial management to be accounted for in another fund. Beginning July 1, 2010, the Parks and Recreation Fund, the Special Events Fund, the Stabilization Fund, the Dispatch Enterprise Fund, the Planning Enterprise Fund, and the Communication & Technology Internal Service Fund were merged into the General 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.

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

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.

Additionally, the City reports the following fund types:

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

**Agency Funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity, including collections for the payment of debt for special assessment districts that are the obligation of developers, as well as to account for refundable performance deposits and cash bonds.

### Budgets and Budgetary Accounting

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

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

## CITY OF RENO, NEVADA

### Notes to Financial Statements (continued) June 30, 2011

2. Public hearings are conducted prior to the adoption of the budget to obtain taxpayer comment.
3. On or before June 1, the budget is legally adopted by a majority vote of the City Council members.
4. The City Manager is authorized under Nevada law to amend the budget by transferring appropriations within a function or program. Transfers between any function or program within a fund or transfers of appropriations between funds and the contingency account, may be authorized subject to subsequent approval by the City Council. Revisions that alter the total appropriations of a function or fund (augmentations) must be approved in advance by the City Council in the form of a resolution. If the fund being augmented receives property tax revenue, notice is published in the local newspaper three working days in advance of the public meeting. The budgets were augmented during the year in accordance with these procedures.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds and Internal Service Funds. Such funds have legally adopted annual budgets which lapse at year-end.
6. Budgeted appropriations may not be exceeded by actual expenditures of the various functions in the General Fund, Special Revenue Funds and Capital Projects Funds, and by operating and non-operating expenses in the proprietary fund types. Fund equity in the proprietary fund types may not be a deficit.
7. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

#### Cash, Cash Equivalents and Investments

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

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

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 (continued)  
June 30, 2011

### 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.

### Capital Assets

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



## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

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.

### 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.

Notes receivables and deferred revenues for the Community Development Block Grants and HOME Grants are netted together for reporting purposes under the Community Development Block Grant Fund. For this reporting fund, deferred revenue is functioning as an allowance for uncollective receivables because of the long-term nature and conditions required in order for the related receivables to be repaid.

### 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

## CITY OF RENO, NEVADA

### Notes to Financial Statements (continued) June 30, 2011

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.

#### 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.

#### Fund Equity

In the government-wide statements and proprietary fund 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 that are subject to constraints imposed by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor.
- c. **Unrestricted Net Assets** – Represents all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt,” and can be used for any project or purpose.

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

In the government-wide statements and proprietary funds statements, the City considers restricted funds to be spent first then unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted equity is available.

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in four components:

- a. **Nonspendable** – Typically includes inventory, prepaid items, and other items that by definition are not in spendable form.
- b. **Restricted** – Includes amounts that can be spent only for the specific purposes stipulated by charter, by external recourse providers, or through enabling legislation.
- c. **Committed** – Includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment.
- d. **Assigned** – Includes amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has the authority to establish, modify, or rescind a fund balance assignment.
- e. **Unassigned** – This is the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance in other governmental funds is limited to any negative residual fund balance after fund balance has been classified as restricted, committed, or assigned.

In the governmental funds statements, when expenditures are incurred, the City uses the most restrictive funds first. The City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

### 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.

### Implementation of New Accounting Standards

The City of Reno adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54 – *Fund Balance Reporting and 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

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

resources reported in governmental funds. This statement also clarifies the existing governmental fund type definitions. Implementation of GASB Statement No. 54 primarily impacted the City's governmental fund statements by showing the new fund balance classifications.

The City of Reno adopted the provisions of GASB Statement No. 59, *Financial Instruments Omnibus*. This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments, including derivatives and financial guarantee contracts, and external investment pools for which significant issues have been identified in practice. Implementation of GASB Statement No. 59 did not affect the City's financial statements and most of the new requirements were not applicable.

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	\$ (491,936,684)
Bond premiums (discounts) outstanding	(239,327)
Notes payable	(19,685,000)
Deferred loss on refunding transactions	34,186,791
Less: Current year amortization	(1,262,563)
Net OPEB obligation	(49,571,333)
Accrued interest payable	(1,611,818)
Compensated absences	<u>(17,690,367)</u>
Net Difference in Reporting Long-Term Liabilities	<u><u>\$ (547,810,301)</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	\$ 9,003,463
Less: Current year amortization	<u>(495,027)</u>
Net Difference in Reporting Other Assets	<u><u>\$ 8,508,436</u></u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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

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

Capital outlay	\$ 9,258,964
Depreciation expense	(46,812,651)
Net Difference in Reporting Capital Asset Activity	\$ (37,553,687)

Also, the net effect of various miscellaneous transactions involving capital asset sales is as follows:

Loss on sale of assets reclassified to expenditures	\$ (41,987)
Proceeds of sales included in governmental funds	(815,088)
Net Difference in Reporting Transactions Involving Capital Asset Sales/Disposition	\$ (857,075)

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	(1,075,403)
Donations of capital assets	3,932,367
Net Difference in Reporting Revenues	\$ 2,856,964

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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

Debt issued or incurred:	
General obligation bonds & refunding bonds issued	\$ (17,091,000)
Plus bond issuance costs	413,003
Accrued interest	12,615
Amortization of deferred gain (loss) on refunding	(1,262,563)
Principal repayments:	
General obligation debt	15,371,660
Notes payable and capital leases	789,000
Refunded debt	3,654,754
Deferred loss on early debt retirement	205,659
Net Difference in Reporting Long-Term Debt Transactions	<u>\$ 2,093,128</u>

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

Amortization of current year bond discount/premium	\$ 58,438
Amortization of current year bond costs	(495,027)
Net OPEB obligation liability	(17,120,031)
Compensated absences change	1,443,632
Net Difference in Reporting Other Long-Term Transactions	<u>\$ (16,112,988)</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

Note 3: **Cash and Investments**

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2011:

*Pooled Cash and Investments:*

Cash in bank	\$ 31,463,941
Certificates of deposit	4,714,000
Investments	<u>79,896,256</u>
Total pooled cash and investments	<u>116,074,197</u>

*Non-Pooled Cash and Investments*

Petty cash	\$ 23,550
Cash in bank	781,253
Certificates of deposit	12,774
Investments	<u>16,926,830</u>
Total non-pooled cash and investments	<u>17,744,407</u>

Total cash and investments \$ 133,818,604

Total cash and investments at June 30, 2011 were presented on the City's financial statements as follows:

Governmental activities	\$ 88,898,140
Business-type activities	35,332,550
Fiduciary funds	<u>9,587,914</u>
Total cash and investments	<u>\$ 133,818,604</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 (continued) June 30, 2011

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:

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

At June 30, 2011, the City had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	Weighted Average Maturity (Years)
<b>Pooled Investments</b>						
U.S. Treasury Notes	1.375% - 5.125%	6/15/2012 - 5/15/2016	\$ 40,140,000	\$ 41,708,425	\$ 41,809,217	2.08
U.S. Agency Obligations	1.125% - 5.75%	7/18/2011 - 9/23/2013				
Federal Home Loan Banks			16,800,000	17,405,024	17,051,400	0.33
Federal Farm Credit Banks			4,866,000	5,009,001	4,921,353	0.07
FNMAMTN			16,000,000	15,933,750	16,113,850	0.87
State of Nevada Local Government Investment Pool	Variable	On Demand	n/a	436	436	0.1806
<b>Total Pooled Investments</b>				<u>80,056,636</u>	<u>79,896,256</u>	1.09
<b>Non-Pooled Investments</b>						
Money Market Accounts	Variable	On Demand	n/a	16,926,830	16,926,830	--
<b>Total Non-Pooled Investments</b>				<u>16,926,830</u>	<u>16,926,830</u>	--
<b>Total Investments</b>					<u>\$ 96,823,086</u>	



**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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 56, 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.

	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
<b>Pooled Investments</b>			
U.S. Agency Obligations	AAA	Aaa	47.67%
U.S. Treasury Notes	AAA	Aaa	52.33%
Repurchase Agreement	Unrated	Unrated	0.00%
State of Nevada Local Government Investment Pool	Unrated	Unrated	0.00%
<b>Total Pooled Investments</b>			<u>100.00%</u>
	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
<b>Non-Pooled Investments</b>			
Money Market accounts	Unrated	Unrated	100.00%
<b>Total Non-Pooled Investments</b>			<u>100.00%</u>

# CITY OF RENO, NEVADA

## Notes to Financial Statements (continued) June 30, 2011

### 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, 2011, more than 5% of the City's pooled investments were invested in the following issuers:

Federal Farm Credit Banks	6.16%
Federal Home Loan Banks	21.34%
FNMAMTN	20.17%

### Note 4: Property Tax

Washoe County is responsible for the assessment, collection and subsequent distribution to the City of property taxes. Property tax rates are set in June of each year, and property tax bills are mailed out by August 1st of each year. They are due by the third Monday in August. If the property tax is greater than \$100, installments may be made and are due 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 delinquent installment, a 5% penalty on the second delinquent installment, 6% on the third delinquent installment, and a 7% penalty on the fourth delinquent installment. The penalties are cumulative so in the event all four installments are delinquent, a 22% late penalty would be assessed. 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 (continued) June 30, 2011

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 tax growth at a ten-year rolling average or 8%, whichever is less. Revenues resulting from new growth are excluded from the cap in the first year.

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

Note 5: **Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010 as Restated	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2011
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 150,613,952	\$ 985,607	\$ (810,000)	\$ --	\$ 150,789,559
Construction in progress	50,526,966	7,802,908	--	(43,203,566)	15,126,308
Total capital assets, not being depreciated	<u>201,140,918</u>	<u>8,788,515</u>	<u>(810,000)</u>	<u>(43,203,566)</u>	<u>165,915,867</u>
Capital assets, being depreciated:					
Buildings	216,498,261	--	--	--	216,498,261
Art and historical treasures	2,283,713	--	--	--	2,283,713
Improvements other than buildings	297,994,494	1,043,929	--	30,524,951	329,563,374
Equipment and motor vehicles	47,726,760	1,474,617	(2,714,416)	--	46,486,961
Computer software	7,364,142	--	--	88,955	7,453,097
Infrastructure	848,002,135	3,358,887	--	29,283,191	880,644,213
Total capital assets, being depreciated	<u>1,419,869,505</u>	<u>5,877,433</u>	<u>(2,714,416)</u>	<u>59,897,097</u>	<u>1,482,929,619</u>
Less accumulated depreciation for:					
Buildings	(38,642,808)	(5,037,406)	--	--	(43,680,214)
Art and historical treasures	(449,399)	(53,691)	--	--	(503,090)
Improvements other than buildings	(45,392,864)	(5,871,649)	--	--	(51,264,513)
Equipment and motor vehicles	(30,219,662)	(3,186,762)	2,647,273	--	(30,759,151)
Computer software	(4,687,353)	(516,590)	--	(34,791)	(5,238,734)
Infrastructure	(464,198,727)	(33,930,871)	--	(6,475,785)	(504,605,383)
Total accumulated depreciation	<u>(583,590,813)</u>	<u>(48,596,969)</u>	<u>2,647,273</u>	<u>(6,510,576)</u>	<u>(636,051,085)</u>
Total capital assets, being depreciated, net	<u>836,278,692</u>	<u>(42,719,536)</u>	<u>(67,143)</u>	<u>53,386,521</u>	<u>846,878,534</u>
Governmental activities capital assets, net	<u>\$ 1,037,419,610</u>	<u>\$ (33,931,021)</u>	<u>\$ (877,143)</u>	<u>\$ 10,182,955</u>	<u>\$ 1,012,794,401</u>
	Balance July 1, 2010	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2011
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land and water rights	\$ 12,371,588	\$ --	\$ --	\$ 3,400,000	\$ 15,771,588
Construction in progress	48,287,495	635,131	--	(35,406,188)	13,516,438
Total capital assets, not being depreciated	<u>60,659,083</u>	<u>635,131</u>	<u>--</u>	<u>(32,006,188)</u>	<u>29,288,026</u>
Capital assets, being depreciated:					
Buildings	13,510,643	--	--	--	13,510,643
Improvements other than buildings	329,317,591	5,148,986	--	35,406,189	369,872,766
Machinery and equipment	1,648,669	52,376	--	--	1,701,045
Total capital assets, being depreciated	<u>344,476,903</u>	<u>5,201,362</u>	<u>--</u>	<u>35,406,189</u>	<u>385,084,454</u>
Accumulated depreciation for:					
Buildings	(5,139,832)	(349,067)	--	--	(5,488,899)
Improvements other than buildings	(91,633,414)	(8,861,423)	--	(1)	(100,494,838)
Machinery and equipment	(1,172,686)	(118,411)	--	--	(1,291,097)
Total accumulated depreciation	<u>(97,945,932)</u>	<u>(9,328,901)</u>	<u>--</u>	<u>(1)</u>	<u>(107,274,834)</u>
Total capital assets, being depreciated, net	<u>246,530,971</u>	<u>(4,127,539)</u>	<u>--</u>	<u>35,406,188</u>	<u>277,809,620</u>
Business-type activities capital assets, net	<u>\$ 307,190,054</u>	<u>\$ (3,492,408)</u>	<u>\$ --</u>	<u>\$ 3,400,000</u>	<u>\$ 307,097,646</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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

**Governmental Activities:**

General government	\$ 1,448,494
Judicial	391,123
Police	412,651
Fire	973,203
Public works	39,283,423
Planning and community development	276,804
Culture and recreation	3,815,084
Urban redevelopment	211,870
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,784,317
Total depreciation expense - governmental activities	<u>\$ 48,596,969</u>

**Business-type Activities:**

Sanitary Sewer Fund	\$ 9,005,383
Golf Course Fund	285,114
Building Permit Fund	38,404
Total depreciation expense - business-type activities	<u>\$ 9,328,901</u>

Commitments outstanding for construction at June 30, 2011, totaled approximately \$30.5 million.

Enterprise fund construction in progress at June 30, 2011, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, and treatment plan improvements. Outstanding construction commitments total \$6.6 million for City of Reno enterprise fund projects and \$0.35 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, 2011, approximately 68.63% of the Facility's capacity was owned by Reno and 31.37% by Sparks.

## **CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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, 2011, 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 (\$3,900,297).

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 (continued)  
June 30, 2011

Summary June 30, 2011 financial information for the Facility is as follows:

<b>ASSETS</b>	
Current assets	\$ 5,035,531
Utility plant	110,512,631
Total Assets	<u>115,548,162</u>
<b>LIABILITIES AND EQUITY</b>	
Current liabilities	2,680,077
Noncurrent liabilities	981,073
Total Liabilities	<u>3,661,150</u>
Net Assets:	
Invested in capital assets, net of related debt	110,512,631
Unrestricted	1,374,381
Total Net Assets	<u>111,887,012</u>
<b>OPERATING INFORMATION</b>	
Operating revenue	15,562,639
Operating expenses before depreciation	(15,562,639)
Depreciation	(5,733,054)
Nonoperating income (expense)	<u>(40,666)</u>
Loss before contributions	(5,773,720)
Capital contributions	<u>249,880</u>
Change in Net Assets	(5,523,840)
Net Assets, Beginning of Year	<u>117,410,852</u>
Net Assets, End of Year	<u>\$ 111,887,012</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

**Note 7: Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2011 is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Governmental Funds	General Fund	\$ 44,364	Accrual of 4th quarter sales tax increment Freight House District
Sanitary Sewer Enterprise Fund	Nonmajor Governmental Fund	37,201	Cover short-term cash requirements due to timing issues
Sanitary Sewer Enterprise Fund	Internal Service Funds	<u>7,000,000</u>	Cover negative cash balance for short-term
	Total	<u>\$ 7,081,565</u>	

**Advances to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Sanitary Sewer Enterprise Fund	Nonmajor Capital Project Funds	<u>\$ 1,270,409</u>	Cover negative cash and fund balance to be repaid over 6 years
	Total	<u>\$ 1,270,409</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.

<u>Transfers Out</u>	<u>Transfers In</u>						<u>Total</u>
	<u>General Fund</u>	<u>Downtown Events Center Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sanitary Sewer Enterprise Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ --	\$ 2,400,000	\$ 3,648,266	\$ 469,000	\$ 761,227	\$ 48,165	\$ 7,326,658
Railroad Debt Service Fund	--	--	183,316	--	--	--	183,316
Nonmajor Governmental Funds	2,460,414	--	20,159,156	--	--	--	22,619,570
Sanitary Sewer Enterprise Funds	--	--	90,000	--	--	--	90,000
Internal Service Funds	10,000	--	11,671	--	--	--	21,671
Total	<u>\$ 2,470,414</u>	<u>\$ 2,400,000</u>	<u>\$ 24,092,409</u>	<u>\$ 469,000</u>	<u>\$ 761,227</u>	<u>\$ 48,165</u>	<u>\$ 30,241,215</u>



## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

Approximately \$13 million of the transfers between nonmajor governmental funds represented the transfer of debt proceeds from installment purchase agreements into a restricted capital project fund.

### 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 Grant Fund, Community Assistance Fund, and Streets 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, 2011, 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, 2011, the outstanding principal balance in the amount of \$114,245,000 is considered defeased and held in trust.

#### **New Debt Issued**

On July 21, 2010 the City of Reno issued \$3,970,000 of General Obligation (Limited Tax) Medium-Term Fire Refunding Bonds, Series 2010. The proceeds of the bonds were used to finance the cost of refunding the City's five (5) outstanding lease purchase agreements to restructure debt service. The 2010 Bonds constitute direct and general obligations of the City of Reno. The interest rate is 3.740% payable on July 1 and January 1 of each year commencing on January 1, 2011 and maturing July 1, 2020.

On July 26, 2010 the City of Reno entered into a \$10,860,000 Installment-Purchase Agreement Taxable Direct Pay Recovery Zone Economic Development (RZED) Bond, Series 2010A with Banc of America Leasing and Capital, LLC in order to finance all or a portion of the cost to acquire, improve and equip building projects as defined in NRS 268.676 in the City (the "RZED Project") each of which is a qualified economic development purpose under Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Tax Code"). The proceeds are expected to

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

generate utility cost savings sufficient to repay the debt service on the Installment Purchase Agreement. The U.S. Department of Treasury provides a subsidy of 45% on the interest due on the RZED bonds. The term of the RZED bonds is based on the expected energy savings for a period of 17 years with payments due semi-annual commencing December 1, 2010 with the final payment June 1, 2027.

On July 26, 2010 the City of Reno entered into a \$2,261,000 Installment-Purchase Agreement Taxable Direct Pay Qualified Energy Conservation Bond (QECCB), Series 2010B with Banc of America Leasing and Capital, LLC for the purpose of financing, wholly or in part, the cost of energy conservation projects. The proceeds are expected to generate utility cost savings sufficient to repay the debt service on the Installment Purchase Agreement. The U.S. Department of Treasury provides a subsidy of approximately 57.3% on the interest due on the QECCB. The term of the QECCB is based on the expected energy savings for a period of 15 years with payments due semi-annual commencing December 1, 2010 with the final payment June 1, 2025.

On September 9, 2010 the City of Reno issued \$21,750,000 of General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010. The proceeds of the bonds were used to refund all of the installments of principal of the City's General Obligation (Limited Tax) Medium-Term Sewer Bond, Series 2008, and pay the costs of issuing the 2010 Bonds. The 2010 Bonds constitute direct and general obligations of the City of Reno. The 2010 Bonds are additionally secured by an irrevocable lien on the Gross Revenues of the City's Sewer System remaining after deduction of Operation and Maintenance Expenses. The interest rate ranges from 2% – 4.125% payable on February 1 and August 1 of each year commencing on February 1, 2011 and maturing August 1, 2040. This restructuring resulted in increased future debt service of \$13,169,041 and an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$614,276.

### **Debt Restructuring:**

Relating to the Senior Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008A, on February 10, 2011 the Bank of New York Mellon Trust Co. approved the extension of the Letter of Credit #S00056033 dated March 4, 2008 and set to expire on March 4, 2011 to May 3, 2011. On April 1, 2011 the second extension was approved extending the LOC to June 4, 2013. All other terms and conditions remain the same.

Relating to the Subordinate Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project), Series 2008B (the "2008B Bonds"), Goldman, Sachs & Co., as the sole Direct Participant and sole Beneficial Owner, hereby consent and agree:

## CITY OF RENO, NEVADA

### Notes to Financial Statements (continued) June 30, 2011

1. To an amendment to the ordinance adopted by the City Council of the City (the "Council") on February 27, 2008 (the "2008 Ordinance"), which amendment ordinance was adopted by the Council on March 23, 2011 (the "Ordinance Amendment" and together with the 2008 Ordinance, the "Ordinance").
2. To direct The Bank of New York Mellon Trust Company, N.A., as trustee for the 2008B Bonds, to replace and exchange of the 2008B Bonds maturing on June 1, 2019 with the 2008B Bond maturing on June 1, 2019 authorized pursuant to the Ordinance Amendment.

This Ordinance Amendment deferred principal and interest payments due annually beginning June 1, 2011 through June 1, 2013 to June 1, 2014 through June 1, 2016. A total of \$1,800,000 in principal payments and \$2,014,875 in interest payments were deferred.

# CITY OF RENO, NEVADA

## Notes to Financial Statements (continued) June 30, 2011

### Summary of Long-Term Debt

Long-term liabilities at June 30, 2011 consisted of the following:

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
<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 - \$1,675,000	\$ 22,685,000	\$ 10,025,000
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 finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	10/23/08 - 6/29/27	6.50%	\$30,000 - \$75,000	850,000	780,000
<b>Total Tax Allocation Bonds</b>				<b>44,225,000</b>	<b>31,495,000</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	\$ 1,285,000
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	2,720,000
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	1,800,000
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	41,665,000
2010 Medium-term Fire Refunding Bonds <i>(to refinance the City's capital leases for fire apparatus)</i>	7/1/11 - 7/1/20	3.74%	\$345,000 - \$455,000	3,970,000	3,970,000
<b>Total General Obligation Bonds</b>				<b>64,770,000</b>	<b>51,440,000</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	\$ 39,980,000
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
2005A Capital Improvement Refunding <i>(to partially refund the Series 2002 Capital Improvement Revenue Bonds)</i>	6/1/08 - 6/1/32	3.53%	\$400,000 - \$6,500,000	73,450,000	71,750,000
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	8,125,000
2006 Sales Tax Increment Subordinate Lien Bonds <i>(to acquire infrastructure and improvements related to Summit Sierra Retail Center)</i>	10/1/20	None	N/A	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	10,481,684
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	5,932,000
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	15,735,000
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	17,505,000
2008A Senior Lien ReTRAC Refund <i>(to refund the 2006A Tax Exempt Sales Tax Bonds)</i>	6/1/09 - 6/1/42	3.32%	\$695,000 - \$8,965,000	143,210,000	140,155,000
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>468,233,783</b>	<b>388,384,940</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
<b>Special Assessment Bonds:</b>					
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	955,000
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	14,744
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	1,255,000
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	6,345,000
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	10,990,000
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	234,000
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	823,000
<b>Total Special Assessment Bonds</b>				<b>27,331,166</b>	<b>20,616,744</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	\$ 336,000
RDA Nevada Land LLC <i>(to finance temporary fire stations serving downtown)</i>	9/1/08-6/1/18	4.46%	\$600,000	6,000,000	4,200,000
<b>Total Notes Payable</b>				<b>6,600,000</b>	<b>4,536,000</b>
<b>Other:</b>					
Clean Energy Renewable Installment Purchase Agreement <i>(to finance PV energy installations on City buildings)</i>	12/15/09 - 12/15/23	1.000%	\$156,000	\$ 2,340,000	\$ 2,028,000
Qualified Energy Conservation Bond IPA <i>(to finance clean energy &amp; conservation projects)</i>	6/1/12 - 6/1/25	6.45%	\$137,000 - \$189,000	2,261,000	2,261,000
Recovery Zone Economic Devt Bond IPA <i>(to finance clean energy &amp; conservation projects)</i>	6/1/12 - 6/1/27	6.45%	\$351,000 - \$1,427,000	10,860,000	10,860,000
<b>Total Other</b>				<b>15,461,000</b>	<b>15,149,000</b>
<b>Total Governmental Activities</b>				<b>\$ 626,620,949</b>	<b>\$ 511,621,684</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	\$ 2,130,000
2004 Sewer Revenue Bonds <i>(to finance plant expansion and sewer lines rehabilitation)</i>	7/1/06 - 7/1/24	2.990%	\$938,969 - \$5,212,196	73,133,162	58,420,627
2005 Sewer Revenue Bonds <i>(to construct the Lawton-Verdi interceptor)</i>	7/1/08 - 7/1/25	2.650%	\$284,555 - \$557,996	8,033,095	6,904,978
2010 Sewer (Limited Tax) Refunding Bonds <i>(to refinance 2008 Medium-term Sewer Bonds)</i>	8/1/14 - 8/1/40	2.0-4.125%	\$510,000 - \$1,275,000	21,750,000	21,750,000
<b>Total General Obligation Bonds</b>				<b>106,421,257</b>	<b>89,205,605</b>
<b>Total Business-Type Activities</b>				<b>\$ 106,421,257</b>	<b>\$ 89,205,605</b>

# CITY OF RENO, NEVADA

## Notes to Financial Statements (continued) June 30, 2011

The following is a summary of long-term liability transactions for the year ended June 30, 2011:

Bonds	Balance July 1, 2010	Additions	Retirements	Adjustments	Balance June 30, 2011	Amounts Due within One Year
<b>Governmental Activities</b>						
<b>Tax Allocation Bonds:</b>						
1998F Downtown Redevelopment Project	\$ 11,265,000	\$ --	\$ 1,240,000	\$ --	\$ 10,025,000	\$ 1,310,000
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	39,837	--	2,342	--	37,495	--
2007C Tax Increment Subordinate Lien (Tax-exempt)	12,690,000	--	--	--	12,690,000	--
Less: Original Issue Discount	(26,624)	--	(1,566)	--	(25,058)	--
Less: Deferred amount on refunding	(212,503)	--	(26,563)	--	(185,940)	--
2008 Tax Increment Bonds	810,000	--	30,000	--	780,000	30,000
<b>Total Tax Allocation Bonds</b>	<b>32,565,710</b>	<b>--</b>	<b>1,244,213</b>	<b>--</b>	<b>31,321,497</b>	<b>1,340,000</b>
<b>General Obligation Bonds:</b>						
1997 Street Refunding Bonds	2,500,000	--	1,215,000	--	1,285,000	1,285,000
2005 Medium-Term Bonds	2,120,000	--	320,000	--	1,800,000	330,000
Add: Unamortized Premium	21,179	--	4,236	--	16,943	--
2004 Building Bond	2,865,000	--	145,000	--	2,720,000	155,000
Add: Unamortized Premium	30,412	--	2,172	--	28,240	--
2009 Medium-Term Street Bonds	45,000,000	--	3,335,000	--	41,665,000	3,965,000
Add: Unamortized Premium	588,026	--	65,336	--	522,690	--
2010 Medium-Term Refunding Bonds	--	3,970,000	--	--	3,970,000	430,000
Less: Deferred loss on refunding	--	(205,659)	(20,566)	--	(185,093)	--
<b>Total General Obligation Bonds</b>	<b>53,124,617</b>	<b>3,764,341</b>	<b>5,066,178</b>	<b>--</b>	<b>51,822,780</b>	<b>6,165,000</b>
<b>Revenue Bonds:</b>						
2002 Capital Improvement (Events Center)	40,985,000	--	1,005,000	--	39,980,000	1,220,000
Less: Unamortized Discount	(68,412)	--	(3,122)	--	(65,290)	--
2003A Building Bonds (Tax Exempt)	6,100,000	--	--	--	6,100,000	780,000
Less: Unamortized Discount	(7,871)	--	(984)	--	(6,887)	--
2003B Building Bond (Taxable)	735,000	--	735,000	--	--	--
Less: Unamortized Discount	(1,412)	--	(1,412)	--	--	--
2005A Capital Improvement Refunding	72,200,000	--	450,000	--	71,750,000	475,000
Less: Deferred loss on refunding transaction	(6,005,910)	--	(281,526)	--	(5,724,384)	--
2005B Capital Improvement	6,445,154	--	--	--	6,445,154	--
2005C Capital Improvement	9,192,402	--	--	--	9,192,402	--
2006C Taxable Room Tax Bond	8,265,000	--	140,000	--	8,125,000	150,000
2006 Sales Tax Increment Sub Bonds (Summit Sierra)	9,567,473	--	--	--	9,567,473	--
2006 ReTRAC Lease Bonds (Taxable)	13,905,000	--	3,423,316	--	10,481,684	300,000
2007 Fitzgerald's Taxable Revenue Bond	6,008,000	--	76,000	--	5,932,000	80,000
2007A Sales Tax Increment Bonds (Cabela's)	16,120,000	--	385,000	--	15,735,000	435,000
2007B Sales Tax Increment Bonds (Cabela's)	17,780,000	--	275,000	--	17,505,000	335,000
2008A Senior Lien ReTRAC Refund	141,390,000	--	1,235,000	--	140,155,000	1,490,000
Less: Deferred loss on refunding transaction	(25,609,367)	--	(853,645)	--	(24,755,722)	--
2008B Subordinate ReTRAC Refund	47,416,227	--	--	--	47,416,227	--
Less: Unamortized Discount	(228,699)	--	(5,578)	--	(223,121)	--
Less: Deferred loss on refunding transaction	(1,737,309)	--	(48,259)	--	(1,689,050)	--
<b>Total Revenue Bonds</b>	<b>362,450,276</b>	<b>--</b>	<b>6,529,790</b>	<b>--</b>	<b>355,920,486</b>	<b>5,265,000</b>
<b>Special Assessment Bonds:</b>						
1999 Special Assessment District No. 1	4,600	--	4,600	--	--	--
1999 Special Assessment District No. 3	1,045,000	--	90,000	--	955,000	90,000
Add: Unamortized Premium	2,333	--	198	--	2,135	--
1999 Special Assessment District No. 2	11,535,000	--	545,000	--	10,990,000	490,000
Less: Unamortized Discount	(4,541)	--	(302)	--	(4,239)	--
2000 Special Assessment District No. 1	29,488	--	14,744	--	14,744	14,744
2001 Stead Special Improvement District No. 2	1,435,000	--	180,000	--	1,255,000	80,000
Add: Unamortized Premium	16,974	--	1,314	--	15,660	--
2002 Special Improvement District No. 5	6,590,000	--	245,000	--	6,345,000	260,000
Less: Unamortized Discount	(63,438)	--	(4,197)	--	(59,241)	--
Less: Deferred loss on refunding transaction	(416,042)	--	(32,003)	--	(384,039)	--
2008A NV Tax-exempt Local Improvement	355,000	--	121,000	--	234,000	35,000
2008B NV Taxable Local Improvement	985,000	--	162,000	--	823,000	69,000
<b>Total Special Assessment Bonds</b>	<b>21,514,374</b>	<b>--</b>	<b>1,327,354</b>	<b>--</b>	<b>20,187,020</b>	<b>1,038,744</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

Bonds	Balance July 1, 2010	Additions	Retirements	Adjustments	Balance June 30, 2011	Amounts Due within One Year
<b>Notes Payable:</b>						
HUD Section 108 Loan Program, Series 2001A	\$ 369,000	\$ --	\$ 33,000	\$ --	\$ 336,000	\$ 33,000
RDA Nevada Land LLC	4,800,000	--	600,000	--	4,200,000	600,000
<b>Total Notes Payable</b>	<b>5,169,000</b>	<b>--</b>	<b>633,000</b>	<b>--</b>	<b>4,536,000</b>	<b>633,000</b>
<b>Capital Leases:</b>						
Oshkosh Capital - Pierce Fire Pumps (1 & 2)	337,885	--	337,885	--	--	--
Oshkosh Capital - Pierce Fire Pumps (3 & 4)	273,993	--	273,993	--	--	--
Oshkosh Capital - Pierce Quantum Fire Tiller #2	475,020	--	475,020	--	--	--
Oshkosh Capital - Pierce Fire Pumps (5 - 9)	1,689,189	--	1,689,189	--	--	--
Suntrust Lease - Fire Brush Trucks (1 - 5)	878,667	--	878,667	--	--	--
<b>Total Capital Leases</b>	<b>3,654,754</b>	<b>--</b>	<b>3,654,754</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other:</b>						
Clean Energy Renewable Installation Purchase Agreement <i>(to finance PV energy installations on City buildings)</i>	2,184,000	--	156,000	--	2,028,000	156,000
Qualified Energy Conservation Bond IPA <i>(to finance clean energy &amp; conservation projects)</i>	--	2,261,000	--	--	2,261,000	137,000
Recovery Zone Economic Devt Bond IPA <i>(to finance clean energy &amp; conservation projects)</i>	--	10,860,000	--	--	10,860,000	662,000
<b>Total Other</b>	<b>2,184,000</b>	<b>13,121,000</b>	<b>156,000</b>	<b>--</b>	<b>15,149,000</b>	<b>955,000</b>
Compensated absences - Governmental	26,382,310	8,382,733	10,745,873	(6,198,398)	17,820,772	10,969,544
Other post-employment benefits liability	32,991,936	21,661,168	5,631,200	850,786	49,872,690	--
Liability for unpaid claims	41,919,155	28,329,099	27,722,241	--	42,526,013	7,116,294
<b>Total Governmental Activities</b>	<b>\$ 581,956,132</b>	<b>\$ 75,258,341</b>	<b>\$ 62,710,603</b>	<b>\$ (5,347,612)</b>	<b>\$ 589,156,258</b>	<b>\$ 33,482,582</b>
<b>Business-Type Activities</b>						
<b>General Obligation Bonds:</b>						
2004A Golf Course Refunding	\$ 2,335,000	\$ --	\$ 205,000	\$ --	\$ 2,130,000	\$ 215,000
Add: Unamortized Premium	5,212	--	579	--	4,633	--
Less: Deferred loss on refunding transaction	(67,876)	--	(7,542)	--	(60,334)	--
2004 Sewer Revenue Bonds	62,026,275	--	3,605,649	--	58,420,626	3,709,275
2005 Sewer Revenue Bonds	7,290,959	--	385,981	--	6,904,978	396,277
2008 Medium Term Sewer (Limited Tax) Bonds	20,845,000	--	20,845,000	--	--	--
2010 Sewer (Limited Tax) Refunding Bonds	--	21,750,000	--	--	21,750,000	--
Add: Unamortized Premium	--	81,190	2,706	--	78,484	--
Less: Deferred loss on refunding transaction	--	(394,390)	(13,146)	--	(381,244)	--
<b>Total General Obligation Bonds</b>	<b>92,434,570</b>	<b>21,436,800</b>	<b>25,024,226</b>	<b>--</b>	<b>88,847,144</b>	<b>4,320,552</b>
Compensated absences - Business-type activities	2,017,513	755,173	675,828	(930,428)	1,166,430	693,233
Other post-employment benefits liability	2,296,393	848,083	363,265	(850,786)	1,930,425	--
<b>Total Business-type Activities</b>	<b>\$ 96,748,476</b>	<b>\$ 23,040,056</b>	<b>\$ 26,063,319</b>	<b>\$ (1,781,214)</b>	<b>\$ 91,943,999</b>	<b>\$ 5,013,785</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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
2012	\$ 2,780,000	\$ 1,830,314	\$ 4,105,000	\$ 11,558,946
2013	1,570,000	1,687,420	4,615,000	11,382,196
2014	1,645,000	1,608,445	6,740,000	12,589,100
2015	1,735,000	1,525,570	7,595,000	12,308,364
2016	1,815,000	1,438,183	8,475,000	11,983,137
2017-2021	10,355,000	5,839,110	50,761,908	54,088,008
2022-2026	12,800,000	2,803,040	68,319,099	53,170,414
2027-2031	2,800,000	146,868	78,171,885	46,726,026
2032-2036	--	--	56,875,711	78,982,047
2037-2041	--	--	50,580,543	84,887,946
2042-2046	--	--	14,883,382	92,569,751
2047-2051	--	--	5,181,255	119,321,451
<b>Subtotal</b>	<b>35,500,000</b>	<b>16,878,950</b>	<b>356,303,783</b>	<b>589,567,386</b>
Unamortized Premium (Discount)	40,676	--	(288,411)	--
Deferred Gain (Loss) on Refunding	(185,940)	--	(32,169,156)	--
<b>Total</b>	<b>\$ 35,354,736</b>	<b>\$ 16,878,950</b>	<b>\$ 323,846,216</b>	<b>\$ 589,567,386</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.

Fiscal Year June 30,	Debt Supported by Special Assessment Installments	
	Principal	Interest
2012	\$ 1,038,744	\$ 1,398,478
2013	1,072,000	1,334,208
2014	1,145,000	1,266,776
2015	1,220,000	1,194,023
2016	1,260,000	1,115,199
2017-2021	7,153,000	4,229,085
2022-2026	7,728,000	1,426,801
<b>Subtotal</b>	<b>20,616,744</b>	<b>11,964,570</b>
Unamortized Premium (Discount)	(45,685)	--
Deferred Gain (Loss) on Refunding	(384,039)	--
<b>Total</b>	<b>\$ 20,187,020</b>	<b>\$ 11,964,570</b>



**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

Fiscal Year June 30,	Debt Supported by Other Specific Revenues		Debt Supported by Specific or General Revenues Installments	
	Principal	Interest	Principal	Interest
2012	\$ 1,160,000	\$ 835,734	\$ 4,725,000	\$ 1,884,662
2013	1,240,000	788,252	4,985,000	1,735,943
2014	1,335,000	738,161	5,270,000	1,579,107
2015	1,431,000	683,237	5,875,000	1,371,247
2016	1,521,000	624,715	6,205,000	1,136,657
2017-2021	5,736,000	2,281,532	20,375,000	1,908,123
2022-2026	7,976,684	1,376,812	--	--
2027-2031	2,114,000	150,478	--	--
<b>Subtotal</b>	<b>22,513,684</b>	<b>7,478,921</b>	<b>47,435,000</b>	<b>9,615,739</b>
Unamortized Premium (Discount)	(6,887)	--	539,633	--
Deferred Gain (Loss) on Refunding	--	--	(185,093)	--
<b>Total</b>	<b>\$ 22,506,797</b>	<b>\$ 7,478,921</b>	<b>\$ 47,789,540</b>	<b>\$ 9,615,739</b>

Fiscal Year June 30,	Installment Purchase Contract		Notes Payable	
	Principal	Interest	Principal	Interest
2012	\$ 955,000	\$ 866,585	\$ 633,000	\$ 197,449
2013	656,000	813,489	633,000	168,742
2014	475,000	779,679	633,000	139,989
2015	654,000	757,544	633,000	111,208
2016	702,000	723,863	633,000	82,398
2017-2021	4,327,000	2,999,288	1,371,000	89,018
2022-2026	5,953,000	1,607,154	--	--
2027	1,427,000	92,041	--	--
<b>Subtotal</b>	<b>\$ 15,149,000</b>	<b>\$ 8,639,643</b>	<b>\$ 4,536,000</b>	<b>\$ 788,804</b>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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

Fiscal Year June 30,	Debt Support By Ad Valorem Tax and Specific Revenues	
	Principal	Interest
2012	\$ 4,320,552	\$ 2,689,791
2013	4,437,735	2,566,427
2014	4,563,271	2,439,145
2015	5,207,257	2,302,744
2016	5,344,793	2,157,089
2017-2021	28,848,496	8,402,793
2022-2026	21,873,501	4,233,068
2027-2031	3,930,000	2,575,884
2032-2036	4,800,000	1,708,150
2037-2041	5,880,000	626,588
Subtotal	89,205,605	29,701,679
Unamortized Premium (Discount)	83,117	--
Deferred Gain (Loss) on Refunding	(441,578)	--
Total	<u>\$ 88,847,144</u>	<u>\$ 29,701,679</u>

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.

## CITY OF RENO, NEVADA

### Notes to Financial Statements (continued) June 30, 2011

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.

#### **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 \$275,413,599. For the current fiscal year, principal and interest paid for the bonds totaled \$7,517,467 while pledged revenues totaled \$5,898,984 (15% of the Consolidated Tax revenue receipts).

<u>Bond Issue</u>	<u>Maturity Length of Pledge</u>
2004 General Obligation Building Bonds*	06/01/2024
2003A Building Bonds	06/01/2018
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

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

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

## CITY OF RENO, NEVADA

### Notes to Financial Statements (continued) June 30, 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 \$3,620,720. For the current fiscal year, principal and interest paid for the bonds totaled \$265,647 and pledged revenues totaled \$162,367.

#### *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 \$15,749,195. For the current fiscal year, principal and interest paid for the bond totaled \$628,461 and pledged revenues totaled \$681,789.

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, with the interest portion for the 2005A bonds representing the amount paid under the fixed rate of 3.53% under the swap agreement. For the current fiscal year, principal and interest paid for the bond totaled \$6,184,160 (including the net difference between the variable rate interest paid on the bonds and the incoming swap payments), and pledged revenues totaled \$4,844,006. The remaining current year principal and interest was paid with \$332,337 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 (continued)  
June 30, 2011

*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 \$51,867,913. For the current fiscal year, principal and interest paid for the bonds totaled \$2,452,313 and pledged revenues totaled \$1,863,765. The difference between the debt service and pledged revenues was paid using excess sales tax increment collected in prior fiscal years.

<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 \$613,752,340 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 \$7,225,498 (including the net difference between the variable rate interest paid on the bonds and the incoming swap payments), and pledged revenues totaled \$6,477,291. 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 (continued)  
June 30, 2011

### 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 \$116,406,268. For the current fiscal year, principal and interest paid for the bonds was \$6,242,746, and net pledged revenues totaled \$18,547,390 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
2010 Sewer General Obligation Sewer Refunding Bonds	08/01/2040

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 \$2,501,016. For the current fiscal year, principal and interest paid for the bonds was \$281,915 and gross pledged revenues totaled \$543,113.

### **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.

### **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, 2011, does not expect to incur a liability.

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

Note 9: **Derivative Instruments**

At June 30, 2011, 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, 2011	
			Dr (Cr) Amount	Dr (Cr) Amount		
<b>Governmental Activities</b>						
<i>Cash flow hedges</i>						
A) Pay fixed interest rate swaps	\$ 71,750	deferral	\$ 2,015	Derivatives	\$ (8,329)	
B) Pay fixed interest rate swaps	\$ 140,155	deferral	\$ 5,396	Derivatives	\$ (15,081)	

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.

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.

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

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 2011, the weighted average interest rate on the City's hedged 2005A variable-rate debt was 0.1433%, whereas the weighted average rate on the payment received from the counterparty was 0.1881%. For the month of June 2011, the weighted average rate for the hedged 2008A variable-rate debt was 0.054%, whereas the weighted average rate on the payment received from the counterparty was 0.1261%.

*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 (continued)  
June 30, 2011

Derivative Instrument Payments and Hedged Debt

As of June 30, 2011, 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 in the following table. The amounts were based on forward rates calculated using swap curves as of 6/30/11. 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
2012	\$ 1,965	\$ 568	\$ 6,633	\$ 9,166
2013	3,035	1,530	5,602	10,167
2014	3,325	2,926	4,100	10,351
2015	3,640	4,137	2,774	10,551
2016	3,960	5,070	1,715	10,745
2017-2021	25,285	29,186	2,443	56,914
2022-2026	36,155	26,293	247	62,695
2027-2031	49,940	18,267	1,110	69,317
2032-2036	36,730	10,307	914	47,951
2037-2041	38,905	4,841	560	44,306
2042	8,965	229	46	9,240
	<u>\$ 211,905</u>	<u>\$ 103,354</u>	<u>\$ 26,144</u>	<u>\$ 341,403</u>

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:

2012	\$ 637,319
2013	504,901
2014	413,960
2015	<u>428,822</u>
Total	<u>1,985,002</u>

Rent expenditures were \$987,799 for the year ended June 30, 2011.

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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.

	Government-Wide Statements		Governmental	Proprietary	
	Governmental Activities	Business-Type Activities	General Fund	Sanitary Sewer	Enterprise Funds
Fund balances/net assets, June 30, 2010, as previously reported	\$ 633,482,704	\$ 329,819,492	\$ 9,062,279	\$ 341,942,261	\$ (3,088,379)
Merger of Dispatch and Planning Enterprise Funds into General Fund	(3,088,379)	3,088,379	(3,088,379)	--	3,088,379
Merger of Communications and Technology Internal Service Fund into General Fund	--	--	622,237	--	--
Effect of Internal Service Fund consolidation after merger of Dispatch and Planning Funds into General Fund	(1,837,533)	1,837,533	--	--	--
Addition of infrastructure (bridge)	10,128,791	--	--	--	--
Addition of customized software	54,164	--	--	--	--
Long-term liabilities (compensated absences)	6,897,573	--	--	--	--
Operating loss on Joint Sewer Plant	--	1,177,813	--	1,177,813	--
July 1, 2010, as restated	<u>\$ 645,637,320</u>	<u>\$ 335,923,217</u>	<u>\$ 6,596,137</u>	<u>\$ 343,120,074</u>	<u>\$ --</u>

- **Governmental activities cash** – one adjustment of (\$1,543,930) to add the cash balances of the Dispatch and Planning Enterprise Funds.
- **Governmental activities accounts receivable** – one adjustment of \$8,678 to add the balance outstanding in the Planning Enterprise Fund.
- **Governmental activities due from other governments** – one adjustment of \$1,065 to add the balance outstanding in the Planning Enterprise Fund.
- **Governmental activities internal balances** – one adjustment of (\$1,837,533) to eliminate the effect of consolidation of Internal Service Fund activities related to the Dispatch and Planning Enterprise Funds that were merged into the General Fund effective July 1, 2010.
- **Governmental activities capital assets** – two adjustments totaling \$10,182,955 as follows: \$10,128,791 to record the net book value (\$16,604,576 cost less \$6,475,785 of accumulated depreciation) of the Wells Avenue bridge after discovery that the bridge is owned by the City and not the State of Nevada, and \$54,164 to record the net book value (\$89,955 cost less \$34,791 accumulated depreciation) of the CLASS software system used by the Parks, Recreation & Community Service Department.

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

- **Governmental activities due to other governments** – one adjustment of (\$4,231) to add the balance outstanding in the Planning Enterprise Fund.
- **Governmental activities noncurrent liabilities due in more than one year** – three adjustments totaling \$5,347,612 as follows: \$6,897,573 to remove PERS benefits from compensated absences as retirement is not paid when leave balances are cashed out at retirement or upon termination of employment; and the following to add balances outstanding in the Dispatch and Planning Enterprise Funds as follows: (\$699,175) in compensated absences and (\$850,786) in net OPEB obligation liability.
- **Governmental activities investment in capital assets, net of related debt** – two adjustments totaling \$10,182,955 as follows: \$10,128,791 to record the net book value of the Wells Avenue bridge after discovery that the bridge is owned by the City and not the State of Nevada, and \$54,164 to record the net book value of the CLASS software system used by the Parks, Recreation & Community Service Department.
- **Business-type activities cash** – one adjustment of \$1,543,930 to remove the combined net negative cash balances of the Dispatch and Planning Enterprise Funds.
- **Business-type activities accounts receivable** – one adjustment of (\$8,678) to remove the balance outstanding in the Planning Enterprise Fund.
- **Business-type activities due from other governments** – one adjustment of (\$1,065) to remove the balance outstanding in the Planning Enterprise Fund.
- **Business-type activities internal balances** – one adjustment of \$1,837,533 to eliminate the effect of consolidation of Internal Service Fund activities related to the Dispatch and Planning Enterprise Funds that were merged into the General Fund effective July 1, 2010.
- **Business-type activities due to other governments** – one adjustment of \$4,231 to remove the balance outstanding in the Planning Enterprise Fund.
- **Business-type activities noncurrent liabilities due in more than one year** – two adjustments totaling \$1,549,961 to remove balances outstanding in the Dispatch and Planning Enterprise Funds as follows: \$699,175 in compensated absences and \$850,786 in net OPEB obligation liability.
- **Sanitary Sewer Fund** – an adjustment for \$1,177,813 to decrease the Joint Sewer Plant expense by removing the refund paid by the City of Sparks of a portion of the City of Reno's share of the plant's operating expense paid in FY 2010.
- **Dispatch Fund** – various adjustments netting to \$772,275 to close out and merge the fund into the General Fund as of July 1, 2010.
- **Planning Fund** – various adjustments netting to \$2,316,104 to close out and merge the fund into the General Fund as of July 1, 2010.

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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, 2011 for governmental activities are as follows:

Restricted for Capital Projects:		
Railroad Trench Corridor Enhancements	\$ 16,076	
Ballroom Capital Improvements	342,975	
Miscellaneous Capital Improvements	946,458	
Clean Energy Capital Improvements	1,596	
Future Signalization	498,834	
Park District Development & Improvements	5,330,583	
Street Improvements	2,980,856	
Special Ad Valorem Fund	<u>35,396</u>	
		\$ 10,152,774
Restricted for Debt Service		
Railroad Debt Service	19,601,890	
NBS/Events Center/Ballroom Debt Service	12,386,143	
Special Assessment Debt Service Fund	6,417,075	
City of Reno Debt Service for Revenue Bond	6,279,062	
Redevelopment Debt Service Fund	<u>2,891,658</u>	
		47,575,828
Restricted for Specific Projects & Purposes:		
Technology Acquisition	481,385	
Public Safety - Law Enforcement Programs	66,471	
Public Safety - Fire Activities	15,020	
Public Safety - Triad Hax Mat Program	169,883	
Court Programs	5,890	
Parks and Recreation Program	134,483	
The Arch Lighting	583	
Federal & State Drug Forfeiture-Funded Program	1,061,456	
Community Assistance and Housing Grants	930,046	
Property to be Reverted to Developer	<u>36,336,594</u>	
		39,201,811
Restricted for Claims:		
Risk Retention Fund	1,762,906	
Self-Funded Medical Plan Fund	<u>10,369,896</u>	
		<u>12,132,802</u>
Total Restricted Net Assets - Governmental Activities		<u><u>\$ 109,063,215</u></u>

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

Included in total restricted net assets for the governmental activities at June 30, 2011 are net assets restricted by enabling legislation of \$22,758,076.

### Note 13: **Contingent Liabilities**

**Litigation** – The City is a defendant in a number of lawsuits arising principally from claims against the City for alleged improper actions by City employees, including alleged improper police action and negligence. Total damages claimed are substantial; however, it has been the City's experience that such actions are settled for amounts substantially less than the claimed amounts. The City has liability insurance policies which would offset damages 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 (exceeding \$200,000 individually or in the aggregate) are summarized in the following paragraphs.

The City is a defendant in a case where the plaintiff is seeking damages for alleged age discrimination and retaliation for filing a worker's compensation claim and for taking Family Medical Leave Act leave. It is likely that the plaintiff may contend entitlement to compensatory damages. If successful, the plaintiff possibly would be entitled to recover reasonable attorney fees. A motion for summary judgment has been filed on behalf of the City and has been submitted to the Judge for decision. The City intends to vigorously contest the allegations.

The City and others are defendants in a case filed in federal district court where the plaintiff is seeking damages for the suicide of the plaintiff's mother. The federal district court granted summary judgment to the City defendants, but the Ninth Circuit reversed the order. The City defendants filed a petition for a writ of certiorari with the United Supreme Court, which was granted and remanded back to the Federal District Court for trial. The City intends to aggressively defend this litigation.

The City and others are defendants in two cases where the plaintiff is seeking to recover damages caused by alleged misconduct and negligence of the name defendants in their response to a wild land fire. The City has been vigorously defending these cases currently pending before the Washoe County District Court.

In another case the plaintiff alleges violation of civil rights under 42 U.S.C. §1983 relating to an alleged suicide attempt while plaintiff was being transported in the City's Prisoner Transport Vehicle. The allegations include failure to provide a safe environment, deliberate indifference and negligent supervision and training. Plaintiff asserts damages in excess of \$800,000. This matter is currently in the discovery process and the City intends to vigorously contest the allegations.

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

The City and others are defendants in three related cases filed in federal district court for alleged violations of civil rights under 42 U.S.C. §1983 relating to the City's billboard and sign ordinances. One of the cases has been dismissed by the Federal District Court, but is on appeal to the Ninth Circuit. The other two cases are in preliminary motion work. The City will continue to aggressively defend these litigations.

The City is a defendant in a case filed by the plaintiff for employment-related claims premised on alleged retaliatory harassment. The City filed a motion to dismiss on 11/08/2010, which was granted in part and denied in part by order issued 12/28/2010. Currently, discovery is proceeding and the City will continue to vigorously defend the case.

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a Risk Retention Internal Service Fund and a Self-Funded Workers Compensation Internal Service Fund to account for and finance these risks of loss. Under these programs, the Funds provide coverage for up to a maximum of \$2,500,000 for each worker's compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim, with the exception of flood and earthquake occurrences. In fiscal year 2011, the funds provided coverage of up to the statutory limits for each worker's compensation claim and the amount for which the City is liable for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Funds and for other insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Risk Retention Internal Service Fund and the Self-Funded Workers Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for claims. The reserves for the Risk Retention Internal Service Fund and the Self-Funded Workers Compensation Internal Service Fund were \$1,762,906 and \$0, respectively, at June 30, 2011. Claims liabilities of \$2,567,563 and \$36,699,341 are reported in the funds at June 30, 2011, respectively. The City estimates the current portion of claims liability in these funds as \$513,729 and \$3,441,482, respectively.

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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

	Risk Retention Fund	Self-Funded Workers Compensation Fund
	<u>          </u>	<u>          </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	2,126,063	37,846,569
Claims and changes in estimates	1,516,330	3,492,742
Claims payments	<u>(1,074,830)</u>	<u>(4,639,970)</u>
Claims liability, June 30, 2011	<u>\$ 2,567,563</u>	<u>\$ 36,699,341</u>

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

The City is self-insured for medical insurance for certain City employees and their dependents. Prior to July 1, 2010, there were two self-insured plans, one covering Fire Department employees covered under the IAFF collective bargaining agreement and one covering remaining City employees, and a fully insured HMO Plan available to all employees. In fiscal year 2011, due to the prospect of double-digit increases in premiums, the HMO plan became a self-insured product for the City of Reno, with Hometown Health Providers, Inc. administering the claims for this plan. For financial reporting purposes, the three self-insured plans are collectively reported as the Self-Funded Medical Plan Internal Service Fund.

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. With the implementation of the Affordable Healthcare Act of 2010, the City no longer has a maximum payment per individual per lifetime.

A liability (included in accrued liabilities in the accompanying financial statements) for claims incurred but not reported has been recorded in the fund in an amount as actuarially determined. The City estimates \$3,161,083 of the claims liability as current. Changes in the fund's claims liability amounts for the past two years were:

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	1,946,523
Claims and changes in estimates	23,320,027
Claims payments	<u>(22,007,441)</u>
Claims liability, June 30, 2011	<u>\$ 3,259,109</u>

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

Note 16: **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 retiring 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, 2010, the City had 736 retirees receiving benefits (City plans and PEBP) and 1,065 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.

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

For fiscal year 2011 the City's annual OPEB cost was \$22,509,251. 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, 2011, were as follows:

Annual required contribution	\$ 22,541,760
Interest on net OPEB obligation	1,409,506
Adjustment of annual required contribution	<u>(1,442,015)</u>
<b>Annual OPEB cost</b>	<b>22,509,251</b>
Contributions made	<u>5,994,465</u>
Change in net OPEB obligation (asset)	16,517,786
Net OPEB obligation (asset), beginning of year	<u>35,288,329</u>
<b>Net OPEB obligation (asset), end of year</b>	<b><u>\$ 51,803,115</u></b>



**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

<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
June 30, 2011	22,509,251	5,994,465	26.63	51,803,115

**Funded Status and Funding Progress:**

The funded status of the plan based on a roll-forward to July 1, 2010, and on an actuarial valuation as of July 1, 2009, was as follows:

	<u>July 1, 2009</u>	<u>July 1, 2010</u>
Actuarial accrued liability (AAL)	\$ 236,692,350	\$ 252,106,597
Actuarial value of plan assets	--	--
Unfunded actuarial accrued liability (UAAL)	<u>\$ 236,692,350</u>	<u>\$ 252,106,597</u>
Funded ratio (actuarial value of plan Assets/AAL)	0.00%	0.00%
Covered payroll	\$ 103,158,952	\$ 91,340,535
UAAL as percentage of covered payroll	229.44%	276.01%

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. Actuarial calculations reflect a long-term perspective, so actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Furthermore, actuarial calculations are based on the OPEB benefits provided under the terms of the substantive plans in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

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.

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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, 2011 is 29 years, reflecting the City's use of a closed 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 17: **Defined Benefit Pension Plan**

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

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

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>
2010-2011	21.50%	37.00%	24.25%	\$ 28,037,136	100%
2009-2010	21.50%	37.00%	24.25%	30,582,551	100%
2008-2009	20.50%	33.50%	23.75%	30,309,515	100%

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

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

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

	<u>Final Budget</u>	<u>Expenditures/ Expenses</u>	<u>Variance to Final Budget</u>
<u>Nonmajor Governmental Funds</u>			
Redevelopment Agency Fund	\$ 1,060,823	\$ 1,202,000	\$ (141,177)

The negative variance was due primarily to making an unbudgeted expenditure that was missed in the final round of budget revisions.

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

Major Governmental Funds

RETRAC Debt Service Fund	\$ 9,442,019	\$ 9,754,580	\$ (312,561)
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The negative variance was due to an unscheduled special assessment debt principal payment in June and costs related to the extension of the letter of credit.

Nonmajor Governmental Fund

City Debt Service Fund	\$ 13,168,576	\$ 15,462,697	\$ (2,294,121)
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The negative variance was due to an unscheduled principal reduction due to sale of portion of collateral and an additional reduction required by the bondholder related to the sale, both of which occurred on June 1.

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

Internal Service Funds

Medical Plan Fund	\$ 25,632,985	\$ 25,729,150	\$ (96,195)
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The negative variance was due to the higher than projected claims expense.

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

**Deficit Fund Balances/Net Assets**

The Community Assistance Center Capital Project Fund had a fund balance deficit of (\$1,270,409), which will be reduced by future commitments for funding made by the sale of property and General Fund subsidies over the next six years.

The Building Enterprise Fund had a fund balance deficit of (\$313,621), which will be reduced by anticipated fiscal year 2012 operating profit.

The Self-Funded Worker's Compensation Internal Service Fund had a fund balance deficit of (\$43,602,753). 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 19: **Special Ad Valorem Capital Projects Fund**

Pursuant to NRS 354.598155, the Special Ad Valorem Capital Projects Fund expended \$342,519 on the following projects:

Administration	\$	741
Sidewalk repair		71,599
Sternberg lighting - downtown		17,590
Public Works capital projects		143,455
Parks maintenance/capital projects		14,181
Underground storage tank monitoring		24,015
South Virginia Streetscape		55,000
Ginsberg clock storage		2,749
2010 traffic calming		<u>13,189</u>
Total	\$	<u>342,519</u>

Note 20: **Conduit Debt Obligations**

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

**CITY OF RENO, NEVADA**

Notes to Financial Statements (continued)  
June 30, 2011

The following are insured hospital revenue bonds outstanding:

Issuer	Bond Series	Issuance Date	Amount of Original Issue	Balance As Of 06/30/2011
Catholic Healthcare West	2007A	04/06/2008	\$94,030,000	\$94,030,000
Washoe Medical Center, Inc.*	2004A & C	06/29/2004	\$134,350,000	\$119,540,000
Washoe Medical Center, Inc.*	2005A & B	02/10/2005	\$96,025,000	\$92,700,000
Washoe Medical Center, Inc.*	2006C	09/19/2006	\$2,000,000	\$430,000
Renown Regional Medical Center	2007A	04/11/2007	\$120,000,000	\$116,790,000
Renown Regional Medical Center	2008A & B	06/26/2008	\$86,800,000	\$85,250,000
Renown Regional Medical Center	2009A & B	01/15/2009	\$63,600,000	\$62,730,000

\*Now known as Renown Regional Medical Center

Note 21: **Special Assessment Debt With No Government Commitment**

On April 23, 2002, the City of Reno issued \$4,135,622 of 2000 Special Assessment District No. 2 bonds for the Sierra Corporate Center Project. The bonds do not represent a debt of the City, and the City will not be liable thereon except for the pledge of the special assessment revenue collected on behalf of the 2000 Special Assessment District No. 2 and the amount deposited in the bond reserve fund on behalf of the district. The amount of bonds outstanding at June 30, 2011, is \$2,155,000.

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, 2011, is \$10,890,000.

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, 2011, is \$5,150,000.

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

### Note 22: **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, 2011 is \$4,042,747.

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 (continued)  
June 30, 2011

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, 2011, 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 has been modified over the years with the most received amendment dated September 22, 2010, to address the services performed by the City – primarily human resources, payroll and employee benefits. The fee for such services was \$13,001 per month for fiscal year 2011. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid \$358,588 during the year ended June 30, 2011 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 23: Subsequent Events

#### Debt-Related Issues

On September 1, 2011, the Redevelopment Agency of the City of Reno, Nevada made an unscheduled draw on the \$1,800,000 Debt Service Reserve Surety Bond (the "Surety Bond") issued by National Public Finance Guarantee Corp. (formerly, MBIA) in connection with the Redevelopment Agency of the City of Reno, Nevada Downtown Redevelopment Project Tax Allocation Refunding Bonds Senior Lien (Tax-Exempt), Series F Bonds (the "1998F Bonds"). The Trustee used \$334,987 held in the bond fund in addition to the draw on the Surety Bond of \$1,227,275 to make the total debt service payment of \$1,562,262 on the 1998F Bonds on September 1, 2011.

On December 1, 2011, the Redevelopment Agency of the City of Reno, Nevada made an unscheduled draw of \$222,000 on the reserve fund in connection with the Redevelopment Agency of the City of Reno, Nevada Tax Increment Senior Lien Bonds (Taxable), Series 2007A (the "2007A Bonds") and Redevelopment Agency of the City of Reno, Nevada, Tax Increment Senior Lien Bonds (Tax-Exempt), Series 2007B (the "2007B Bonds"). The Trustee used the

## CITY OF RENO, NEVADA

Notes to Financial Statements (continued)  
June 30, 2011

draw to make the total debt service payments of \$122,000 on the 2007A Bonds and \$100,000 on the 2007B Bonds on December 1, 2011.

On December 1, 2011, the Redevelopment Agency of the City of Reno, Nevada made an unscheduled draw of \$342,630 on the reserve fund in connection with the Redevelopment Agency of the City of Reno, Nevada Tax Increment Subordinate Lien Bonds (Tax-Exempt), Series 2007C (the "2007C Bonds"). The Trustee used the draw to make the total debt service payment of \$342,630 on the 2007C Bonds on December 1, 2011.

### Note 24: New Accounting Pronouncements

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

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB) plans (that is, agent employers). This Statement amends GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as well as GASB Statement No. 43, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*. This Statement is effective for the City's fiscal year ending June 30, 2012.

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public assets (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. This Statement is effective for the City's fiscal year ending June 30, 2013.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity; amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances; and clarifies the reporting of equity interest in legally separate organizations. This Statement is effective for the City's fiscal year ending June 30, 2013.



## CITY OF RENO, NEVADA

### Notes to Financial Statements (continued) June 30, 2011

In November 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICRA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. This Statement is effective for the City's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement is effective for the City's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions (an amendment of GASB Statement No. 53)*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement is effective for the City's fiscal year ending June 30, 2012.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**CITY OF RENO, NEVADA**

Required Supplementary Information  
June 30, 2011

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, 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%
July 1, 2010	--	252,106,597	0.00%	252,106,597	91,340,535	276.01%

\*Rollover forward 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 implied 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, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>ASSETS</b>				
Cash and Investments	\$ 12,951,837	\$ 12,251,981	\$13,061,120	\$ 38,264,938
Receivables:				
Accounts	145,369	957,153	30,400	1,132,922
Accrued interest	25,828	19,370	17,742	62,940
From other governments	2,448,502	317,103	167,816	2,933,421
Delinquent taxes	412,637	176,032	--	588,669
Special assessments:				
Current	--	286,492	--	286,492
Delinquent	--	4,578	--	4,578
Deferred	--	3,261,694	--	3,261,694
Long-term	485,929	--	--	485,929
Due from other funds	44,364	--	--	44,364
Inventories	118,753	--	--	118,753
Prepaid items	12,110	--	--	12,110
Property held for resale	4,250,100	--	--	4,250,100
Other assets	--	--	440,000	440,000
<b>TOTAL ASSETS</b>	<u>\$ 20,895,429</u>	<u>\$ 17,274,403</u>	<u>\$13,717,078</u>	<u>\$ 51,886,910</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 746,829	\$ 220,577	\$ 68,974	\$ 1,036,380
Accrued salaries and benefits	193,940	--	--	193,940
Contracts and retained percentage payable	738,841	--	922,137	1,660,978
Due to other funds	7,200	--	30,001	37,201
Due to other governments	--	157	--	157
Deposits	206,560	19,463	5,208	231,231
Advances from other funds	--	--	1,270,409	1,270,409
Deferred taxes	412,637	176,032	--	588,669
Deferred revenue	488,100	4,084,373	476,576	5,049,049
<b>TOTAL LIABILITIES</b>	<u>2,794,107</u>	<u>4,500,602</u>	<u>2,773,305</u>	<u>10,068,014</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	118,753	--	--	118,753
Prepaid items	12,110	--	--	12,110
Property held for resale	4,250,100	--	--	4,250,100
Restricted:				
Park district capital projects	--	--	5,330,583	5,330,583
Clean energy capital projects	--	--	4,459,851	4,459,851
Capital projects	2,935,849	--	497,410	3,433,259
Future signalization	--	--	498,834	498,834
Federal drug forfeiture-funded programs	1,061,456	--	--	1,061,456
Community assistance and housing grants	938,847	--	--	938,847
Debt service	--	10,607,276	--	10,607,276
Committed:				
Sensitive lands acquisition	--	--	68,188	68,188
Assigned:				
Community assistance and housing programs	139,582	--	--	139,582
Court programs	904,105	--	--	904,105
Tourism and room tax-dedicated programs	392,415	--	--	392,415
Street programs	6,798,313	--	--	6,798,313
Capital projects	--	--	88,907	88,907
Emergency operations	375	--	--	375
State drug forfeiture-funded programs	35,206	--	--	35,206
Redevelopment projects	514,211	--	--	514,211
Debt service	--	2,166,525	--	2,166,525
<b>TOTAL FUND BALANCES</b>	<u>18,101,322</u>	<u>12,773,801</u>	<u>10,943,773</u>	<u>41,818,896</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 20,895,429</u>	<u>\$ 17,274,403</u>	<u>\$13,717,078</u>	<u>\$ 51,886,910</u>

**CITY OF RENO, NEVADA**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>REVENUES</b>				
Taxes	\$ 15,771,037	\$ 3,963,332	\$ 322,560	\$ 20,056,929
Special assessments	--	589,019	--	589,019
Fees, licenses and permits	123,004	--	--	123,004
Intergovernmental	4,555,594	2,201,618	--	6,757,212
Grants and contributions	7,270,130	--	2,095,831	9,365,961
Charges for services	208,485	--	--	208,485
Fines and forfeitures	12,507	30,213	--	42,720
Interest earnings	50,076	271,314	50,963	372,353
Private grants and contributions	200,275	--	250,000	450,275
Rents and royalties	562,100	1,311,759	--	1,873,859
Reimbursements and restitution	432,400	404,103	86,755	923,258
Miscellaneous	2,373,401	8,327	4,999	2,386,727
<b>TOTAL REVENUES</b>	<u>31,559,009</u>	<u>8,779,685</u>	<u>2,811,108</u>	<u>43,149,802</u>
<b>EXPENDITURES</b>				
Current:				
General government	355,549	--	--	355,549
Judicial	127,409	--	--	127,409
Public works	9,864,153	--	1,654,491	11,518,644
Community development and support	7,403,734	--	--	7,403,734
Culture and recreation	--	--	13,729	13,729
Urban redevelopment	1,202,000	--	--	1,202,000
Capital outlay	1,074,260	--	9,914,879	10,989,139
Debt Service:				
Principal	33,000	12,507,660	--	12,540,660
Interest	22,070	7,179,716	--	7,201,786
Bond issue costs	--	207,120	--	207,120
Fiscal charges	--	71,805	--	71,805
<b>TOTAL EXPENDITURES</b>	<u>20,082,175</u>	<u>19,966,301</u>	<u>11,583,099</u>	<u>51,631,575</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,476,834</u>	<u>(11,186,616)</u>	<u>(8,771,991)</u>	<u>(8,481,773)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of debt	--	17,091,000	--	17,091,000
Payment to refunded debt escrow agent	--	(3,860,413)	--	(3,860,413)
Payments to others	(218,949)	--	--	(218,949)
Sale of capital assets	4,992	1,079,849	--	1,084,841
Transfers from other funds	1,812,445	7,818,335	14,461,629	24,092,409
Transfers to other funds	(8,216,779)	(13,045,002)	(1,357,789)	(22,619,570)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(6,618,291)</u>	<u>9,083,769</u>	<u>13,103,840</u>	<u>15,569,318</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,858,543	(2,102,847)	4,331,849	7,087,545
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>13,242,779</u>	<u>14,876,648</u>	<u>6,611,924</u>	<u>34,731,351</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 18,101,322</u>	<u>\$ 12,773,801</u>	<u>\$ 10,943,773</u>	<u>\$ 41,818,896</u>

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# **SPECIAL REVENUE FUNDS**

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**– SPECIAL REVENUE FUNDS –**

**To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.**

## **NONMAJOR SPECIAL REVENUE FUNDS**

Community Development Grants Fund – to account for Community Development Block Grants, HOME Grants, and other federal grants received for the purpose of providing better housing, improved living conditions, and economic opportunities for persons of low and moderate income.

Community Assistance Grants 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.

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.

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, 2011

	Community Development Grants Fund	Community Assistance Grants Fund	Street Fund	Room Tax Fund
<b>ASSETS</b>				
Cash and Investments	\$ 709,283	\$ 326,665	\$ 8,993,169	\$ 256,258
Receivables:				
Accounts	--	1,985	70,105	--
Accrued interest	--	--	20,381	885
Delinquent taxes	--	--	331,944	--
Due from other governments	424,642	690,200	1,130,322	177,825
Long-term	--	--	--	--
Due from other funds	--	--	--	--
Inventories	--	--	118,753	--
Prepaid items	--	--	--	--
Property held for resale	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 1,133,925</u>	<u>\$ 1,018,850</u>	<u>\$ 10,664,674</u>	<u>\$ 434,968</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 168,176	\$ 360,090	\$ 58,123	\$ 42,553
Accrued salaries and benefits	16,982	995	175,963	--
Contracts and retained percentage payable	520,903	--	217,213	--
Due to other funds	7,200	--	--	--
Deposits	--	--	28,516	--
Deferred taxes	--	--	331,944	--
Deferred revenue	--	--	--	--
<b>TOTAL LIABILITIES</b>	<u>713,261</u>	<u>361,085</u>	<u>811,759</u>	<u>42,553</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	--	--	118,753	--
Prepaid items	--	--	--	--
Property held for resale	--	--	--	--
Restricted:				
Capital projects	--	--	2,935,849	--
Federal drug forfeiture-funded programs				
Community assistance and housing grants	420,664	518,183	--	--
Assigned:				
Community assistance and housing programs	--	139,582	--	--
Court programs	--	--	--	--
Tourism and room tax-dedicated programs	--	--	--	392,415
Street programs	--	--	6,798,313	--
Emergency operations	--	--	--	--
State drug forfeiture-funded programs	--	--	--	--
Redevelopment projects	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<u>420,664</u>	<u>657,765</u>	<u>9,852,915</u>	<u>392,415</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,133,925</u>	<u>\$ 1,018,850</u>	<u>\$ 10,664,674</u>	<u>\$ 434,968</u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2011

	Emergency Operations Fund	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
<b>ASSETS</b>					
Cash and Investments	\$ 366	\$ 1,006,479	\$ 1,094,272	\$ 565,345	\$ 12,951,837
Receivables:					
Accounts	--	--	--	73,279	145,369
Accrued interest	9	1,443	2,390	720	25,828
Delinquent taxes	--	--	--	80,693	412,637
Due from other governments	--	--	--	25,513	2,448,502
Long-term	--	--	--	485,929	485,929
Due from other funds	--	--	--	44,364	44,364
Inventories	--	--	--	--	118,753
Prepaid items	--	--	--	12,110	12,110
Property held for resale	--	--	--	4,250,100	4,250,100
<b>TOTAL ASSETS</b>	<b>\$ 375</b>	<b>\$ 1,007,922</b>	<b>\$ 1,096,662</b>	<b>\$ 5,538,053</b>	<b>\$ 20,895,429</b>
<b>LIABILITIES</b>					
Accounts payable	\$ --	\$ 103,810	\$ --	\$ 14,077	\$ 746,829
Accrued salaries and benefits	--	--	--	--	193,940
Contracts and retained percentage payable	--	--	--	725	738,841
Due to other funds	--	--	--	--	7,200
Deposits	--	7	--	178,037	206,560
Deferred taxes	--	--	--	80,693	412,637
Deferred revenue	--	--	--	488,100	488,100
<b>TOTAL LIABILITIES</b>	<b>--</b>	<b>103,817</b>	<b>--</b>	<b>761,632</b>	<b>2,794,107</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	--	--	--	--	118,753
Prepaid items	--	--	--	12,110	12,110
Property held for resale	--	--	--	4,250,100	4,250,100
Restricted:					
Capital projects	--	--	--	--	2,935,849
Federal drug forfeiture-funded programs	--	--	1,061,456	--	1,061,456
Community assistance and housing grants	--	--	--	--	938,847
Assigned:					
Community assistance and housing programs	--	--	--	--	139,582
Court programs	--	904,105	--	--	904,105
Tourism and room tax-dedicated programs	--	--	--	--	392,415
Street programs	--	--	--	--	6,798,313
Emergency operations	375	--	--	--	375
State drug forfeiture-funded programs	--	--	35,206	--	35,206
Redevelopment projects	--	--	--	514,211	514,211
<b>TOTAL FUND BALANCES</b>	<b>375</b>	<b>904,105</b>	<b>1,096,662</b>	<b>4,776,421</b>	<b>18,101,322</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 375</b>	<b>\$ 1,007,922</b>	<b>\$ 1,096,662</b>	<b>\$ 5,538,053</b>	<b>\$ 20,895,429</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, 2011

	Community Development Grants Fund	Community Assistance Grants Fund	Street Fund	Room Tax Fund
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 13,618,477	\$ --
Room taxes	--	--	--	1,810,553
Licenses and permits	--	--	123,004	--
Intergovernmental	--	--	4,292,021	--
Intergovernmental grants and contributions	4,646,081	1,690,025	934,024	--
Charges for services	--	--	200,428	--
Fines and forfeits	--	--	12,507	--
Investment earnings	--	--	38,995	2,051
Interest earnings, other	178	--	--	--
Private grants and contributions	--	200,275	--	--
Rents and royalties	--	27,858	--	--
Reimbursement & restitutions	365	149,837	117,705	--
Miscellaneous	468,658	546,550	76,533	--
<b>TOTAL REVENUES</b>	5,115,282	2,614,545	19,413,694	1,812,604
<b>EXPENDITURES</b>				
Current:				
General government	--	--	--	355,549
Judicial	--	--	--	--
Public works	--	--	9,864,153	--
Community development and support	4,451,463	2,952,271	--	--
Urban redevelopment	--	--	--	--
Capital outlay	--	--	1,074,260	--
Debt Service:				
Principal	33,000	--	--	--
Interest	22,070	--	--	--
<b>TOTAL EXPENDITURES</b>	4,506,533	2,952,271	10,938,413	355,549
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	608,749	(337,726)	8,475,281	1,457,055
<b>OTHER FINANCING SOURCES (USES)</b>				
Payment to others	--	--	--	--
Sale of capital assets	--	--	--	--
Transfers in	--	1,158,000	8,062	--
Transfers out	(398,400)	--	(5,597,869)	(1,361,711)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(398,400)	1,158,000	(5,589,807)	(1,361,711)
<b>NET CHANGE IN FUND BALANCES</b>	210,349	820,274	2,885,474	95,344
<b>FUND BALANCES, BEGINNING OF YEAR</b>	210,315	(162,509)	6,967,441	297,071
<b>FUND BALANCES, ENDING</b>	\$ 420,664	\$ 657,765	\$ 9,852,915	\$ 392,415

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, 2011

	Emergency Operations Fund	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
<b>REVENUES</b>					
Taxes:					
Ad valorem taxes	\$ --	\$ --	\$ --	\$ 342,007	\$ 13,960,484
Room taxes	--	--	--	--	1,810,553
Licenses and permits	--	--	--	--	123,004
Intergovernmental	--	--	--	263,573	4,555,594
Intergovernmental grants and contributions	--	--	--	--	7,270,130
Charges for services	--	8,057	--	--	208,485
Fines and forfeits	--	--	--	--	12,507
Investment earnings	25	1,973	4,857	1,997	49,898
Interest earnings, other	--	--	--	--	178
Private grants and contributions	--	--	--	--	200,275
Rents and royalties	--	--	--	534,242	562,100
Reimbursement & restitutions	349	--	--	164,144	432,400
Miscellaneous	--	576,777	695,883	9,000	2,373,401
<b>TOTAL REVENUES</b>	<u>374</u>	<u>586,807</u>	<u>700,740</u>	<u>1,314,963</u>	<u>31,559,009</u>
<b>EXPENDITURES</b>					
Current:					
General government	--	--	--	--	355,549
Judicial	--	127,409	--	--	127,409
Public works	--	--	--	--	9,864,153
Community development and support	--	--	--	--	7,403,734
Urban redevelopment	--	--	--	1,202,000	1,202,000
Capital outlay	--	--	--	--	1,074,260
Debt Service:					
Principal	--	--	--	--	33,000
Interest	--	--	--	--	22,070
<b>TOTAL EXPENDITURES</b>	<u>--</u>	<u>127,409</u>	<u>--</u>	<u>1,202,000</u>	<u>20,082,175</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>374</u>	<u>459,398</u>	<u>700,740</u>	<u>112,963</u>	<u>11,476,834</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Payment to others	--	--	--	(218,949)	(218,949)
Sale of capital assets	--	--	4,992	--	4,992
Transfers in	--	325,510	--	320,873	1,812,445
Transfers out	(8,062)	(170,000)	(345,062)	(335,675)	(8,216,779)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(8,062)</u>	<u>155,510</u>	<u>(340,070)</u>	<u>(233,751)</u>	<u>(6,618,291)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(7,688)</u>	<u>614,908</u>	<u>360,670</u>	<u>(120,788)</u>	<u>4,858,543</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>8,063</u>	<u>289,197</u>	<u>735,992</u>	<u>4,897,209</u>	<u>13,242,779</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 375</u>	<u>\$ 904,105</u>	<u>\$ 1,096,662</u>	<u>\$ 4,776,421</u>	<u>\$ 18,101,322</u>



**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Community Development Grants Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ 3,409,655	\$ 4,066,231	\$ 4,320,978	\$ 254,747
State grants	--	240,050	313,853	73,803
Contributions	--	--	11,250	11,250
Total Intergovernmental	<u>3,409,655</u>	<u>4,306,281</u>	<u>4,646,081</u>	<u>339,800</u>
Miscellaneous:				
Interest earnings, other	100	300	178	(122)
Reimbursements and restitution	--	400	365	(35)
Loan payments	310,425	450,000	413,588	(36,412)
Other	--	--	55,070	55,070
Total Miscellaneous	<u>310,525</u>	<u>450,700</u>	<u>469,201</u>	<u>18,501</u>
<b>TOTAL REVENUES</b>	<u>3,720,180</u>	<u>4,756,981</u>	<u>5,115,282</u>	<u>358,301</u>
<b>EXPENDITURES</b>				
Current:				
Community Development and Support:				
Salaries and wages	318,216	367,014	361,536	5,478
Employee benefits	140,891	172,191	168,790	3,401
Services and supplies	1,443,822	1,631,029	814,954	816,075
Community projects	<u>1,358,626</u>	<u>2,281,229</u>	<u>3,106,183</u>	<u>(824,954)</u>
Total Community Development and Support	<u>3,261,555</u>	<u>4,451,463</u>	<u>4,451,463</u>	<u>--</u>
Debt Service:				
Principal	33,000	33,000	33,000	--
Interest	<u>22,070</u>	<u>22,070</u>	<u>22,070</u>	<u>--</u>
<b>TOTAL EXPENDITURES</b>	<u>3,316,625</u>	<u>4,506,533</u>	<u>4,506,533</u>	<u>--</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>403,555</u>	<u>250,448</u>	<u>608,749</u>	<u>358,301</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(398,400)</u>	<u>(398,400)</u>	<u>(398,400)</u>	<u>--</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(398,400)</u>	<u>(398,400)</u>	<u>(398,400)</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,155	(147,952)	210,349	358,301
<b>FUND BALANCE, BEGINNING</b>	<u>198,047</u>	<u>210,315</u>	<u>210,315</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 203,202</u>	<u>\$ 62,363</u>	<u>\$ 420,664</u>	<u>\$ 358,301</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Community Assistance Grants Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ 467,463	\$ 684,015	\$ 595,113	\$ (88,902)
Contributions	648,341	648,341	1,094,912	446,571
Total Intergovernmental	<u>1,115,804</u>	<u>1,332,356</u>	<u>1,690,025</u>	<u>357,669</u>
Miscellaneous:				
Rents and royalties	25,000	20,000	27,858	7,858
Reimbursements and restitution	--	106,000	149,837	43,837
Private Grants	1,645,922	487,922	200,275	(287,647)
Other	1,645,922	500,000	546,550	46,550
Total Miscellaneous	<u>3,316,844</u>	<u>1,113,922</u>	<u>924,520</u>	<u>(189,402)</u>
<b>TOTAL REVENUES</b>	<u>4,432,648</u>	<u>2,446,278</u>	<u>2,614,545</u>	<u>168,267</u>
<b>EXPENDITURES</b>				
Community Development and Support				
Salaries and wages	111,295	32,702	31,371	1,331
Employee benefits	12,226	16,656	18,266	(1,610)
Services and supplies	2,643,205	2,424,592	2,394,711	29,881
Community projects	--	967,819	507,923	459,896
<b>TOTAL EXPENDITURES</b>	<u>2,766,726</u>	<u>3,441,769</u>	<u>2,952,271</u>	<u>489,498</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,665,922</u>	<u>(995,491)</u>	<u>(337,726)</u>	<u>657,765</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	1,158,000	1,158,000	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>1,158,000</u>	<u>1,158,000</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,665,922	162,509	820,274	657,765
<b>FUND BALANCE, BEGINNING</b>	<u>30,000</u>	<u>(162,509)</u>	<u>(162,509)</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 657,765</u>	<u>\$ 657,765</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Street Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 14,254,737	\$ 13,566,581	\$ 13,618,477	\$ 51,896
Licenses and permits:				
Encroachment fees	--	--	648	648
Excavation permits	75,000	125,000	122,356	(2,644)
Total licenses and permits	75,000	125,000	123,004	(1,996)
Intergovernmental:				
Federal grants	--	934,024	934,024	--
Motor vehicle fuel tax	3,216,933	3,216,933	4,242,747	1,025,814
County road tax	49,200	49,200	49,274	74
Total intergovernmental	3,266,133	4,200,157	5,226,045	1,025,888
Charges for services:				
Public works	--	100,000	200,428	100,428
Grants and contributions:				
Street patching penalties	30,000	15,000	12,507	(2,493)
Miscellaneous:				
Investment earnings	10,000	5,000	38,995	33,995
Reimbursements and restitution	--	124,500	117,705	(6,795)
Other	--	65,000	76,533	11,533
Total miscellaneous	10,000	194,500	233,233	38,733
<b>TOTAL REVENUES</b>	<b>17,635,870</b>	<b>18,201,238</b>	<b>19,413,694</b>	<b>1,211,808</b>
<b>EXPENDITURES</b>				
Current:				
Public works:				
Salaries and wages	3,833,841	3,731,251	3,642,274	88,977
Employee benefits	1,722,855	1,699,451	1,775,095	(75,644)
Services and supplies	4,457,620	4,387,835	4,446,784	(58,949)
Capital Outlay	1,722,004	3,282,974	1,074,260	2,208,714
<b>TOTAL EXPENDITURES</b>	<b>11,736,320</b>	<b>13,101,511</b>	<b>10,938,413</b>	<b>2,163,098</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,899,550</b>	<b>5,099,727</b>	<b>8,475,281</b>	<b>3,375,554</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	8,062	8,062	--
Transfers out	(5,842,652)	(5,597,870)	(5,597,869)	1
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,842,652)</b>	<b>(5,589,808)</b>	<b>(5,589,807)</b>	<b>1</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>56,898</b>	<b>(490,081)</b>	<b>2,885,474</b>	<b>3,375,555</b>
<b>FUND BALANCE, BEGINNING</b>	<b>1,295,268</b>	<b>6,967,440</b>	<b>6,967,441</b>	<b>1</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,352,166</b>	<b>\$ 6,477,359</b>	<b>\$ 9,852,915</b>	<b>\$ 3,375,556</b>

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Room Tax	\$ 1,800,000	\$ 1,800,000	\$ 1,810,553	\$ 10,553
Miscellaneous:				
Investment earnings	1,000	1,750	2,051	301
Total Miscellaneous	1,000	1,750	2,051	301
<b>TOTAL REVENUES</b>	<u>1,801,000</u>	<u>1,801,750</u>	<u>1,812,604</u>	<u>10,854</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Tourism:				
Services and supplies	718,950	718,950	355,549	363,401
<b>TOTAL EXPENDITURES</b>	<u>718,950</u>	<u>718,950</u>	<u>355,549</u>	<u>363,401</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,082,050</u>	<u>1,082,800</u>	<u>1,457,055</u>	<u>374,255</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,341,711)	(1,361,711)	(1,361,711)	--
<b>NET CHANGE IN FUND BALANCES</b>	(259,661)	(278,911)	95,344	374,255
<b>FUND BALANCE, BEGINNING</b>	--	297,071	297,071	--
<b>FUND BALANCE, ENDING</b>	<u>\$ (259,661)</u>	<u>\$ 18,160</u>	<u>\$ 392,415</u>	<u>\$ 374,255</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Emergency Operations Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Interest earnings	\$ --	\$ --	\$ 25	\$ 25
Reimbursement and restitution	--	--	349	349
TOTAL REVENUES	--	--	374	374
EXPENDITURES				
Current:				
Services and Supplies	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	374	374
OTHER FINANCING SOURCES:				
Transfers out	--	(8,062)	(8,062)	--
NET CHANGE IN FUND BALANCE	--	(8,062)	(7,688)	374
FUND BALANCE, BEGINNING	--	8,062	8,063	1
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 375</u>	<u>\$ 375</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Courts Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for service	\$ --	\$ 3,826	\$ 8,057	\$ 4,231
Miscellaneous:				
Investment earnings	2,250	310	1,973	1,663
Court administrative charges	250,000	176,100	163,470	(12,630)
Court construction fees	300,000	225,000	229,774	4,774
Collection charges	50,000	75,000	73,637	(1,363)
Other	(208,000)	(118,754)	109,896	228,650
TOTAL REVENUES	394,250	361,482	586,807	225,325
EXPENDITURES				
Current:				
Judicial:				
Services and supplies	83,000	241,000	127,409	113,591
TOTAL EXPENDITURES	83,000	241,000	127,409	113,591
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	311,250	120,482	459,398	338,916
OTHER FINANCING SOURCES (USES)				
Transfers in	--	325,510	325,510	--
Transfers out	(835,647)	(370,000)	(170,000)	200,000
TOTAL OTHER FINANCING SOURCES (USES)	(835,647)	(44,490)	155,510	200,000
NET CHANGE IN FUND BALANCES	(524,397)	(249,518)	614,908	538,916
FUND BALANCE, BEGINNING	356,015	289,197	289,197	--
FUND BALANCE, ENDING	\$ (168,382)	\$ 39,679	\$ 904,105	\$ 538,916

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 3,000	\$ 1,400	\$ 4,857	\$ 3,457
Federal drug forfeiture monies	35,000	400,000	520,658	120,658
State drug forfeiture monies	16,000	169,000	175,225	6,225
TOTAL REVENUES	<u>54,000</u>	<u>570,400</u>	<u>700,740</u>	<u>130,340</u>
EXPENDITURES				
Current:				
General government:				
Services and supplies	<u>407,833</u>	<u>250,000</u>	<u>--</u>	<u>250,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(353,833)</u>	<u>320,400</u>	<u>700,740</u>	<u>380,340</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	4,992	4,992
Transfers out	--	(345,062)	(345,062)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(345,062)</u>	<u>(340,070)</u>	<u>4,992</u>
NET CHANGE IN FUND BALANCES	(353,833)	(24,662)	360,670	385,332
FUND BALANCE, BEGINNING	<u>353,833</u>	<u>735,991</u>	<u>735,992</u>	<u>1</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 711,329</u>	<u>\$ 1,096,662</u>	<u>\$ 385,333</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 399,532	\$ 276,872	\$ 342,007	\$ 65,135
Intergovernmental:				
State shared revenues:				
Sales tax increment for Freight House District	--	136,664	135,549	(1,115)
Motor vehicle privilege tax	128,024	128,024	128,024	--
Total Intergovernmental	128,024	264,688	263,573	(1,115)
Miscellaneous:				
Investment earnings	2,500	1,000	1,997	997
Rent and royalties	730,000	543,264	86,800	(456,464)
Reimbursements and restitution	200,000	205,381	164,144	(41,237)
Parking revenues	550,000	460,000	447,442	(12,558)
Other	173,000	9,000	9,000	--
Total Miscellaneous	1,655,500	1,218,645	709,383	(509,262)
TOTAL REVENUES	2,183,056	1,623,541	1,314,963	(444,127)
EXPENDITURES				
Current:				
Urban Redevelopment:				
Salaries and wages	195,098	--	--	--
Employee benefits	71,071	--	--	--
Services and supplies	2,083,633	1,060,823	1,202,000	(141,177)
TOTAL EXPENDITURES	2,349,802	1,060,823	1,202,000	(141,177)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(166,746)	562,718	112,963	(585,304)
OTHER FINANCING SOURCES (USES)				
Payment per Baseball District obligation	--	(218,949)	(218,949)	--
Transfers in	--	320,000	320,873	873
Transfers out	--	(791,919)	(335,675)	456,244
TOTAL OTHER FINANCING SOURCES (USES)	--	(690,868)	(233,751)	457,117
NET CHANGE IN FUND BALANCES	(166,746)	(128,150)	(120,788)	7,362
FUND BALANCE, BEGINNING	756,746	8,101,586	4,897,209	(3,204,377)
FUND BALANCE, ENDING	\$ 590,000	\$ 7,973,436	\$ 4,776,421	\$ (3,197,015)



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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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Room taxes (railroad)	\$ 670,000	\$ 643,287	\$ 681,789	\$ 38,502
Intergovernmental:				
Sales taxes (railroad)	6,400,000	6,542,737	6,477,291	(65,446)
Special assessments	100,000	485,000	626,768	141,768
Fines and forfeitures	--	16,000	28,384	12,384
Miscellaneous:				
Investment earnings	25,000	21,817	15,808	(6,009)
Interest earnings, other	1,011,000	951,375	974,614	23,239
Other	700,000	6,809	44,766	37,957
<b>TOTAL REVENUES</b>	<b>8,906,000</b>	<b>8,667,025</b>	<b>8,849,420</b>	<b>182,395</b>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	2,245,000	1,845,000	1,920,000	(75,000)
Interest	7,674,576	6,509,125	6,477,430	31,695
Fiscal charges	1,047,302	1,037,894	1,151,267	(113,373)
Bond issue costs	--	50,000	205,883	(155,883)
<b>TOTAL EXPENDITURES</b>	<b>10,966,878</b>	<b>9,442,019</b>	<b>9,754,580</b>	<b>(312,561)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	--	(183,316)	(183,316)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>--</b>	<b>(183,316)</b>	<b>(183,316)</b>	<b>--</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,060,878)</b>	<b>(958,310)</b>	<b>(1,088,476)</b>	<b>(130,166)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>8,689,433</b>	<b>9,114,425</b>	<b>9,114,425</b>	<b>--</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 6,628,555</b>	<b>\$ 8,156,115</b>	<b>\$ 8,025,949</b>	<b>\$ (130,166)</b>

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room taxes (Events Center)	\$ 4,948,103	\$ 5,023,990	\$ 4,844,006	\$ (179,984)
Special assessments	115,000	351,000	260,156	(90,844)
Fines and forfeitures	--	300	126	(174)
Miscellaneous:				
Investment earnings	18,000	14,835	14,660	(175)
Interest earnings, other	400,000	482,437	477,982	(4,455)
Other	--	--	120	120
TOTAL REVENUES	<u>5,481,103</u>	<u>5,872,562</u>	<u>5,597,050</u>	<u>(275,512)</u>
EXPENDITURES				
Debt Service:				
Principal	1,700,000	1,700,000	1,700,000	--
Interest	5,187,617	5,187,617	5,177,592	10,025
Fiscal charges	1,546,736	1,546,948	1,524,698	22,250
TOTAL EXPENDITURES	<u>8,434,353</u>	<u>8,434,565</u>	<u>8,402,290</u>	<u>32,275</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,953,250)</u>	<u>(2,562,003)</u>	<u>(2,805,240)</u>	<u>(243,237)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,381,313	2,400,000	2,400,000	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,381,313</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(571,937)	(162,003)	(405,240)	(243,237)
FUND BALANCE, BEGINNING	<u>2,251,271</u>	<u>2,441,983</u>	<u>2,441,983</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ 1,679,334</u>	<u>\$ 2,279,980</u>	<u>\$ 2,036,743</u>	<u>\$ (243,237)</u>

**CITY OF RENO, NEVADA**

Combining Balance Sheet  
Nonmajor Debt Service Funds  
June 30, 2011

	City of Reno Fund	Special Assessment Districts Funds	Redevelopment Agency Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 6,960,032	\$ 2,631,622	\$ 2,660,327	\$ 12,251,981
Receivables:				
Accounts receivable	853,437	103,716	--	957,153
Accrued interest	8,622	9,891	857	19,370
Delinquent taxes	57,247	--	118,785	176,032
Due from other governments	303,883	636	12,584	317,103
Special assessments:				
Current	--	286,492	--	286,492
Delinquent	--	4,578	--	4,578
Deferred	--	3,261,694	--	3,261,694
<b>TOTAL ASSETS</b>	<b><u>\$ 8,183,221</u></b>	<b><u>\$ 6,298,629</u></b>	<b><u>\$ 2,792,553</u></b>	<b><u>\$ 17,274,403</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 250	\$ 1,807	\$ 218,520	\$ 220,577
Due to other governments	--	157	--	157
Deferred taxes	57,247	--	118,785	176,032
Other deferred revenues	822,679	3,261,694	--	4,084,373
Deposits from others	--	19,463	--	19,463
<b>TOTAL LIABILITIES</b>	<b><u>880,176</u></b>	<b><u>3,283,121</u></b>	<b><u>337,305</u></b>	<b><u>4,500,602</u></b>
<b>FUND BALANCES</b>				
Restricted:				
Debt service	5,136,520	3,015,508	2,455,248	10,607,276
Assigned:				
Debt service	2,166,525	--	--	2,166,525
<b>TOTAL FUND BALANCES</b>	<b><u>7,303,045</u></b>	<b><u>3,015,508</u></b>	<b><u>2,455,248</u></b>	<b><u>12,773,801</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 8,183,221</u></b>	<b><u>\$ 6,298,629</u></b>	<b><u>\$ 2,792,553</u></b>	<b><u>\$ 17,274,403</u></b>

**CITY OF RENO, NEVADA**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For the Year Ended June 30, 2011

	City of Reno Fund	Special Assessment Districts Funds	Redevelopment Agency Fund	Total
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ 1,163,968	\$ --	\$ 2,799,364	\$ 3,963,332
Special assessments	--	589,019	--	589,019
Intergovernmental	2,201,618	--	--	2,201,618
Fines and forfeitures	--	30,213	--	30,213
Investment earnings	23,018	242,706	5,590	271,314
Reimbursements and restitution	404,103	--	--	404,103
Rents and royalties	1,311,759	--	--	1,311,759
Miscellaneous	--	8,327	--	8,327
<b>TOTAL REVENUES</b>	<u>5,104,466</u>	<u>870,265</u>	<u>2,804,954</u>	<u>8,779,685</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	10,065,316	572,344	1,870,000	12,507,660
Interest	5,170,537	199,787	1,809,392	7,179,716
Bond issue costs	207,120	--	--	207,120
Fiscal charges	19,724	42,500	9,581	71,805
<b>TOTAL EXPENDITURES</b>	<u>15,462,697</u>	<u>814,631</u>	<u>3,688,973</u>	<u>19,966,301</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(10,358,231)</u>	<u>55,634</u>	<u>(884,019)</u>	<u>(11,186,616)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	1,079,849	--	--	1,079,849
Proceeds from issuance of debt	17,091,000	--	--	17,091,000
Payment to refunded debt escrow agent	(3,860,413)	--	--	(3,860,413)
Transfers in	7,482,661	--	335,674	7,818,335
Transfers out	(13,045,002)	--	--	(13,045,002)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>8,748,095</u>	<u>--</u>	<u>335,674</u>	<u>9,083,769</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,610,136)</u>	<u>55,634</u>	<u>(548,345)</u>	<u>(2,102,847)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>8,913,181</u>	<u>2,959,874</u>	<u>3,003,593</u>	<u>14,876,648</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 7,303,045</u>	<u>\$ 3,015,508</u>	<u>\$ 2,455,248</u>	<u>\$ 12,773,801</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 1,182,721	\$ 1,125,020	\$ 1,163,968	\$ 38,948
Intergovernmental	2,464,452	2,204,242	2,201,618	(2,624)
Miscellaneous:				
Investment earnings	37,000	38,519	23,018	(15,501)
Reimbursements and restitutions	--	30,000	404,103	374,103
Rent and royalties	1,759,452	1,305,639	1,311,759	6,120
<b>TOTAL REVENUES</b>	<u>5,443,625</u>	<u>4,703,420</u>	<u>5,104,466</u>	<u>401,046</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	6,902,000	6,902,000	10,065,316	(3,163,316)
Interest	5,385,738	5,870,461	5,170,537	699,924
Fiscal charges	71,000	240,650	19,724	220,926
Bond issue costs	--	155,465	207,120	(51,655)
<b>TOTAL EXPENDITURES</b>	<u>12,358,738</u>	<u>13,168,576</u>	<u>15,462,697</u>	<u>(2,294,121)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,915,113)</u>	<u>(8,465,156)</u>	<u>(10,358,231)</u>	<u>(1,893,075)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	--	--	1,079,849	1,079,849
Bonds issued	--	17,091,000	17,091,000	--
Payment to refunded escrow payment	--	--	(3,860,413)	(3,860,413)
Transfers in	6,818,949	7,646,535	7,482,661	(163,874)
Transfers out	--	(13,045,002)	(13,045,002)	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>6,818,949</u>	<u>11,692,533</u>	<u>8,748,095</u>	<u>(2,944,438)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(96,164)	3,227,377	(1,610,136)	(4,837,513)
<b>FUND BALANCE, BEGINNING</b>	<u>9,441,734</u>	<u>8,913,181</u>	<u>8,913,181</u>	<u>--</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 9,345,570</u>	<u>\$ 12,140,558</u>	<u>\$ 7,303,045</u>	<u>\$ (4,837,513)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 267,523	\$ 419,450	\$ 589,019	\$ 169,569
Fines and forfeitures	--	28,857	30,213	1,356
Miscellaneous:				
Investment earnings	12,000	12,416	11,794	(622)
Interest earnings, other	245,445	248,544	230,912	(17,632)
Other	--	7,470	8,327	857
TOTAL REVENUES	<u>524,968</u>	<u>716,737</u>	<u>870,265</u>	<u>153,528</u>
EXPENDITURES				
Debt Service:				
Principal	327,344	492,345	572,344	(79,999)
Interest	217,975	208,548	199,787	8,761
Fiscal charges	278,186	261,446	42,500	218,946
TOTAL EXPENDITURES	<u>823,505</u>	<u>962,339</u>	<u>814,631</u>	<u>147,708</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(298,537)</u>	<u>(245,602)</u>	<u>55,634</u>	<u>301,236</u>
FUND BALANCE, BEGINNING	<u>2,628,198</u>	<u>2,959,739</u>	<u>2,959,874</u>	<u>135</u>
FUND BALANCE, ENDING	<u>\$ 2,329,661</u>	<u>\$ 2,714,137</u>	<u>\$ 3,015,508</u>	<u>\$ 301,371</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 4,251,775	\$ 2,810,095	\$ 2,799,364	\$ (10,731)
Miscellaneous:				
Investment earnings	10,000	2,983	5,590	2,607
TOTAL REVENUES	<u>4,261,775</u>	<u>2,813,078</u>	<u>2,804,954</u>	<u>(8,124)</u>
EXPENDITURES				
Debt Service:				
Principal	2,226,471	1,870,000	1,870,000	--
Interest	2,027,945	1,818,498	1,809,392	9,106
Fiscal charges	11,949	9,581	9,581	--
TOTAL EXPENDITURES	<u>4,266,365</u>	<u>3,698,079</u>	<u>3,688,973</u>	<u>9,106</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,590)</u>	<u>(885,001)</u>	<u>(884,019)</u>	<u>982</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	--	791,919	335,674	(456,245)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>791,919</u>	<u>335,674</u>	<u>(456,245)</u>
NET CHANGE IN FUND BALANCES	(4,590)	(93,082)	(548,345)	(455,263)
FUND BALANCE, BEGINNING	<u>2,200,502</u>	<u>3,003,593</u>	<u>3,003,593</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ 2,195,912</u>	<u>\$ 2,910,511</u>	<u>\$ 2,455,248</u>	<u>\$ (455,263)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 50,000	\$ 41,559	\$ 109,680	\$ 68,121
Reimbursements	--	2,500	27,580	25,080
TOTAL REVENUES	<u>50,000</u>	<u>44,059</u>	<u>137,260</u>	<u>93,201</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	--	4,874,680	(4,874,680)
Capital Outlay:				
Improvements other than buildings	14,000,000	28,317,558	5,984,519	22,333,039
TOTAL EXPENDITURES	<u>14,000,000</u>	<u>28,317,558</u>	<u>10,859,199</u>	<u>17,458,359</u>
NET CHANGE IN FUND BALANCES	(13,950,000)	(28,273,499)	(10,721,939)	17,551,560
FUND BALANCE, BEGINNING	<u>27,646,935</u>	<u>28,273,499</u>	<u>28,273,499</u>	<u>--</u>
FUND BALANCE, ENDING	<u><u>\$13,696,935</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 17,551,560</u></u>	<u><u>\$ 17,551,560</u></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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ 233	\$ 233
Reimbursement and resitutation	--	1,975	1,975	--
TOTAL REVENUES	<u>          --</u>	<u>          1,975</u>	<u>          2,208</u>	<u>          233</u>
EXPENDITURES				
Urban redevelopment:				
Services and supplies	17,888	274,678	37,530	237,148
TOTAL EXPENDITURES	<u>          17,888</u>	<u>         274,678</u>	<u>          37,530</u>	<u>         237,148</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,888)	(272,703)	(35,322)	237,381
FUND BALANCE, BEGINNING	<u>         36,245,316</u>	<u>         36,609,297</u>	<u>         36,609,297</u>	<u>                  --</u>
FUND BALANCE, ENDING	<u><u>         \$ 36,227,428</u></u>	<u><u>         \$36,336,594</u></u>	<u><u>         \$ 36,573,975</u></u>	<u><u>         \$ 237,381</u></u>

**CITY OF RENO, NEVADA**

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2011

	<u>Public Works Fund</u>	<u>Railroad Capital Project Fund</u>	<u>Downtown Events Center Capital Projects Fund</u>	<u>Community Assistance Center Fund</u>
<b>ASSETS</b>				
Cash and investments	\$ 838,984	\$ 15,646	\$ 342,286	\$ --
Receivables:				
Accounts	30,400	--	--	--
Accrued interest	2,284	15	689	--
From other governments	161,683	6,133	--	--
Other assets	--	--	--	440,000
<b>TOTAL ASSETS</b>	<u><u>\$ 1,033,351</u></u>	<u><u>\$ 21,794</u></u>	<u><u>\$ 342,975</u></u>	<u><u>\$ 440,000</u></u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 36,429	\$ 72	\$ --	\$ --
Contracts and retained percentage payable	208,659	5,646	--	--
Due to other funds	30,001	--	--	--
Deferred revenue	36,576	--	--	440,000
Deposits from others	5,208	--	--	--
Advances from other funds	--	--	--	1,270,409
<b>TOTAL LIABILITIES</b>	<u><u>316,873</u></u>	<u><u>5,718</u></u>	<u><u>--</u></u>	<u><u>1,710,409</u></u>
 <b>FUND BALANCES</b>				
Restricted:				
Park District capital projects	--	--	--	--
Clean Energy capital projects	--	--	--	--
Capital project outlay	102,963	16,076	342,975	--
Future signalization	498,834	--	--	--
Committed:				
Sensitive lands acquisition	68,188	--	--	--
Assigned:				
Capital projects	46,493	--	--	(1,270,409)
<b>TOTAL FUND BALANCES</b>	<u><u>716,478</u></u>	<u><u>16,076</u></u>	<u><u>342,975</u></u>	<u><u>(1,270,409)</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,033,351</u></u>	<u><u>\$ 21,794</u></u>	<u><u>\$ 342,975</u></u>	<u><u>\$ 440,000</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2011

	Community Service Center Fund	City Bonds Fund	Parks Fund	Special Ad Valorem Fund
<b>ASSETS</b>				
Cash and investments	\$ --	\$ 5,114,156	\$ 5,392,495	\$ 1,353,911
Receivables:				
Accounts	--	--	--	--
Accrued interest	--	1,109	10,847	2,794
From other governments	--	--	--	--
Other assets	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ --</u>	<u>\$ 5,115,265</u>	<u>\$ 5,403,342</u>	<u>\$ 1,356,705</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ --	\$ --	\$ 16,107	\$ 16,366
Contracts and retained percentage payable	--	655,414	29,556	22,862
Due to other funds	--	--	--	--
Deferred revenue	--	--	--	--
Deposits from others	--	--	--	--
Advances from other funds	--	--	--	--
<b>TOTAL LIABILITIES</b>	<u>--</u>	<u>655,414</u>	<u>45,663</u>	<u>39,228</u>
 <b>FUND BALANCES</b>				
Restricted:				
Park District capital projects	--	--	5,330,583	--
Clean Energy capital projects	--	4,459,851	--	--
Capital project outlay	--	--	--	35,396
Future signalization	--	--	--	--
Committed:				
Sensitive lands acquisition	--	--	--	--
Assigned:				
Capital projects	--	--	27,096	1,282,081
<b>TOTAL FUND BALANCES</b>	<u>--</u>	<u>4,459,851</u>	<u>5,357,679</u>	<u>1,317,477</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ --</u>	<u>\$ 5,115,265</u>	<u>\$ 5,403,342</u>	<u>\$ 1,356,705</u>

continued



**CITY OF RENO, NEVADA**

Combining Balance Sheet (continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2011

	Special Assessment Districts Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ --	\$ 3,642	\$ 13,061,120
Receivables:			
Accounts	--	--	30,400
Accrued interest	--	4	17,742
From other governments	--	--	167,816
Other assets	--	--	440,000
<b>TOTAL ASSETS</b>	<b>\$ --</b>	<b>\$ 3,646</b>	<b>\$ 13,717,078</b>
 <b>LIABILITIES</b>			
Accounts payable	\$ --	\$ --	\$ 68,974
Contracts and retained percentage payable	--	--	922,137
Due to other funds	--	--	30,001
Deferred revenue	--	--	476,576
Deposits from others	--	--	5,208
Advances from other funds	--	--	1,270,409
<b>TOTAL LIABILITIES</b>	<b>--</b>	<b>--</b>	<b>2,773,305</b>
 <b>FUND BALANCES</b>			
Restricted:			
Park District capital projects	--	--	5,330,583
Clean Energy capital projects	--	--	4,459,851
Capital project outlay	--	--	497,410
Future signalization	--	--	498,834
Committed:			
Sensitive lands acquisition	--	--	68,188
Assigned:			
Capital projects	--	3,646	88,907
<b>TOTAL FUND BALANCES</b>	<b>--</b>	<b>3,646</b>	<b>10,943,773</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ --</b>	<b>\$ 3,646</b>	<b>\$ 13,717,078</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, 2011

	Public Works Fund	Railroad Capital Project Fund	Downtown Events Center Capital Projects Fund	Community Assistance Center Fund
<b>REVENUES</b>				
Taxes:				
Park district construction taxes	\$ --	\$ --	\$ --	\$ --
Grants and contributions	1,364,238	109,538	--	600,000
Miscellaneous:				
Investment earnings	6,339	4	1,455	--
Reimbursement and restitution	1,225	--	--	--
Private grants and contributions	--	--	--	100,000
Other	--	--	--	--
<b>TOTAL REVENUES</b>	<u>1,371,802</u>	<u>109,542</u>	<u>1,455</u>	<u>700,000</u>
<b>EXPENDITURES</b>				
Current:				
Public works	971,937	--	--	--
Culture and recreation	--	--	--	--
Capital outlay	807,632	10,845	--	--
<b>TOTAL EXPENDITURES</b>	<u>1,779,569</u>	<u>10,845</u>	<u>--</u>	<u>--</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(407,767)</u>	<u>98,697</u>	<u>1,455</u>	<u>700,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,132,645	194,987	--	--
Transfers out	(1,028,838)	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>103,807</u>	<u>194,987</u>	<u>--</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	(303,960)	293,684	1,455	700,000
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,020,438</u>	<u>(277,608)</u>	<u>341,520</u>	<u>(1,970,409)</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 716,478</u>	<u>\$ 16,076</u>	<u>\$ 342,975</u>	<u>\$ (1,270,409)</u>

**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, 2011

	Community Service Center Fund	City Bonds Fund	Parks Fund	Special Ad valorem Fund
REVENUES				
Taxes:				
Park district construction taxes	\$ --	\$ --	\$ 322,560	\$ --
Grants and contributions	--	--	--	22,055
Miscellaneous:				
Investment earnings	--	14,904	22,333	5,914
Reimbursement and restitution	--	85,230	300	--
Private grants and contributions	--	--	150,000	--
Other	--	4,999	--	--
TOTAL REVENUES	<u>--</u>	<u>105,133</u>	<u>495,193</u>	<u>27,969</u>
EXPENDITURES				
Current:				
Public works	--	375,056	--	307,498
Culture and recreation	--	--	13,729	--
Capital outlay	--	8,707,131	354,250	35,021
TOTAL EXPENDITURES	<u>--</u>	<u>9,082,187</u>	<u>367,979</u>	<u>342,519</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(8,977,054)</u>	<u>127,214</u>	<u>(314,550)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	13,068,780	--	--
Transfers out	(591)	(328,360)	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(591)</u>	<u>12,740,420</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(591)	3,763,366	127,214	(314,550)
FUND BALANCES - BEGINNING OF YEAR	<u>591</u>	<u>696,485</u>	<u>5,230,465</u>	<u>1,632,027</u>
FUND BALANCES, END OF YEAR	<u>\$ --</u>	<u>\$ 4,459,851</u>	<u>\$ 5,357,679</u>	<u>\$ 1,317,477</u>

**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, 2011

	Special Assessment Districts Fund	Redevelopment Agency Extraordinary Maintenance Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Park district construction taxes	\$ --	\$ --	\$ 322,560
Grants and contributions	--	--	2,095,831
Miscellaneous:			
Investment earnings	--	14	50,963
Reimbursement and restitution	--	--	86,755
Private grants and contributions	--	--	250,000
Other	--	--	4,999
TOTAL REVENUES	<u>--</u>	<u>14</u>	<u>2,811,108</u>
EXPENDITURES			
Current:			
Public works	--	--	1,654,491
Culture and recreation	--	--	13,729
Capital outlay	--	--	9,914,879
TOTAL EXPENDITURES	<u>--</u>	<u>--</u>	<u>11,583,099</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>14</u>	<u>(8,771,991)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	65,217	--	14,461,629
Transfers out	--	--	(1,357,789)
TOTAL OTHER FINANCING SOURCES (USES)	<u>65,217</u>	<u>--</u>	<u>13,103,840</u>
NET CHANGE IN FUND BALANCES	65,217	14	4,331,849
FUND BALANCES - BEGINNING OF YEAR	<u>(65,217)</u>	<u>3,632</u>	<u>6,611,924</u>
FUND BALANCES, END OF YEAR	<u>\$ --</u>	<u>\$ 3,646</u>	<u>\$ 10,943,773</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Public Works Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ --	\$ 907,657	\$ 1,364,238	\$ 456,581
Total Intergovernmental	<u>          --</u>	<u>          907,657</u>	<u>          1,364,238</u>	<u>          456,581</u>
Miscellaneous:				
Investment earnings	6,000	4,960	6,339	1,379
Reimbursements and restitution	--	1,225	1,225	--
Total Miscellaneous	<u>          6,000</u>	<u>          6,185</u>	<u>          7,564</u>	<u>          1,379</u>
TOTAL REVENUES	<u>          6,000</u>	<u>          913,842</u>	<u>          1,371,802</u>	<u>          457,960</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	299,674	971,937	(672,263)
Capital Outlay:				
Improvements other than buildings	980,530	1,488,980	807,632	681,348
TOTAL EXPENDITURES	<u>          980,530</u>	<u>          1,788,654</u>	<u>          1,779,569</u>	<u>          9,085</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>          (974,530)</u>	<u>          (874,812)</u>	<u>          (407,767)</u>	<u>          467,045</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,575,461	1,132,645	1,132,645	--
Transfers out	(935,983)	(1,028,838)	(1,028,838)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>          639,478</u>	<u>          103,807</u>	<u>          103,807</u>	<u>          --</u>
NET CHANGE IN FUND BALANCES	(335,052)	(771,005)	(303,960)	467,045
FUND BALANCE, BEGINNING OF YEAR	<u>          660,077</u>	<u>          1,020,439</u>	<u>          1,020,438</u>	<u>          (1)</u>
FUND BALANCE, ENDING	<u>          \$ 325,025</u>	<u>          \$ 249,434</u>	<u>          \$ 716,478</u>	<u>          \$ 467,044</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue:				
Federal grants	\$ --	\$ 103,650	\$ 109,538	\$ 5,888
Miscellaneous:				
Investment earnings	--	--	4	4
TOTAL REVENUES	<u>          --</u>	<u>      103,650</u>	<u>      109,542</u>	<u>          5,892</u>
EXPENDITURES				
Capital Outlay:				
Improvements other than buildings	--	21,028	10,845	10,183
Total Capital Outlay	--	21,028	10,845	10,183
TOTAL EXPENDITURES	<u>          --</u>	<u>      21,028</u>	<u>      10,845</u>	<u>      10,183</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>          --</u>	<u>      82,622</u>	<u>      98,697</u>	<u>      16,075</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	194,987	194,987	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>          --</u>	<u>      194,987</u>	<u>      194,987</u>	<u>          --</u>
NET CHANGE IN FUND BALANCES	--	277,609	293,684	16,075
FUND BALANCE, BEGINNING	<u>          --</u>	<u>     (277,609)</u>	<u>     (277,608)</u>	<u>          1</u>
FUND BALANCE, ENDING	<u>\$          --</u>	<u>\$          --</u>	<u>\$      16,076</u>	<u>\$      16,076</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 400	\$ 1,455	\$ 1,055
TOTAL REVENUES	<u>    --</u>	<u>    400</u>	<u>  1,455</u>	<u>  1,055</u>
EXPENDITURES				
Current:				
Public works:				
Services and supplies	--	--	--	--
TOTAL EXPENDITURES	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>    --</u>	<u>    400</u>	<u>  1,455</u>	<u>  1,055</u>
NET CHANGE IN FUND BALANCES	--	400	1,455	1,055
FUND BALANCE, BEGINNING	<u>    --</u>	<u>  341,520</u>	<u>  341,520</u>	<u>    --</u>
FUND BALANCE, ENDING	<u>\$    --</u>	<u>\$  341,920</u>	<u>\$  342,975</u>	<u>\$    1,055</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Contributions	\$ --	\$ 300,000	\$ 600,000	300,000
Total Intergovernmental	<u>          --</u>	<u>          300,000</u>	<u>          600,000</u>	<u>          300,000</u>
Miscellaneous:				
Private grants	--	140,000	100,000	(40,000)
Total Miscellaneous	<u>          --</u>	<u>          140,000</u>	<u>          100,000</u>	<u>          (40,000)</u>
TOTAL REVENUES	<u>          --</u>	<u>          440,000</u>	<u>          700,000</u>	<u>          260,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>          --</u>	<u>          440,000</u>	<u>          700,000</u>	<u>          260,000</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	1,530,409	--	(1,530,409)
TOTAL OTHER FINANCING SOURCES (USES)	<u>          --</u>	<u>          1,530,409</u>	<u>                  --</u>	<u>          (1,530,409)</u>
NET CHANGE IN FUND BALANCES	--	1,970,409	700,000	(1,270,409)
FUND BALANCE, BEGINNING	<u>          --</u>	<u>          (1,970,409)</u>	<u>          (1,970,409)</u>	<u>                  --</u>
FUND BALANCE, ENDING	<u>          \$ --</u>	<u>          \$ --</u>	<u>          \$ (1,270,409)</u>	<u>          \$ (1,270,409)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ --	\$ --
OTHER FINANCING SOURCES (USES)				
Transfers out	--	(591)	(591)	--
NET CHANGE IN FUND BALANCES	--	(591)	(591)	--
FUND BALANCE, BEGINNING	--	591	591	--
FUND BALANCE, ENDING	\$ --	\$ --	\$ --	\$ --

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Reimbursement and restitution	\$ --	\$ 30,000	\$ 85,230	\$ 55,230
Investment earnings	--	18,400	14,904	(3,496)
Other income	--	5,000	4,999	(1)
TOTAL REVENUES	<u>--</u>	<u>53,400</u>	<u>105,133</u>	<u>51,733</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	--	375,056	(375,056)
Capital Outlay:				
Improvements other than buildings	--	13,326,430	8,707,131	4,619,299
TOTAL EXPENDITURES	<u>--</u>	<u>13,326,430</u>	<u>9,082,187</u>	<u>4,244,243</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(13,273,030)</u>	<u>(8,977,054)</u>	<u>4,295,976</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	13,068,780	13,068,780	--
Transfers out	--	(492,234)	(328,360)	163,874
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>12,576,546</u>	<u>12,740,420</u>	<u>163,874</u>
NET CHANGE IN FUND BALANCES	--	(696,484)	3,763,366	4,459,850
FUND BALANCE, BEGINNING	<u>--</u>	<u>696,484</u>	<u>696,485</u>	<u>1</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,459,851</u>	<u>\$ 4,459,851</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Parks Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Park construction taxes	\$ 300,000	\$ 291,300	\$ 322,560	\$ 31,260
Intergovernmental:				
Federal grants	--	150,500	--	(150,500)
Miscellaneous:				
Investment earnings	16,150	6,640	22,333	15,693
Reimbursements and restitution	--	300	300	--
Private grants	--	--	150,000	150,000
<b>TOTAL REVENUES</b>	<u>316,150</u>	<u>448,740</u>	<u>495,193</u>	<u>46,453</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation:				
Services and supplies	--	46,199	13,729	32,470
Capital Outlay:				
Improvements other than buildings	1,510,150	2,671,614	354,250	2,317,364
<b>TOTAL EXPENDITURES</b>	<u>1,510,150</u>	<u>2,717,813</u>	<u>367,979</u>	<u>2,349,834</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,194,000)	(2,269,073)	127,214	2,396,287
<b>FUND BALANCE, BEGINNING</b>	<u>4,818,361</u>	<u>5,230,466</u>	<u>5,230,465</u>	<u>(1)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,624,361</u>	<u>\$ 2,961,393</u>	<u>\$ 5,357,679</u>	<u>\$ 2,396,286</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
State grants	\$ --	\$ 22,060	\$ 22,055	\$ (5)
Total Intergovernmental	--	22,060	22,055	(5)
Miscellaneous:				
Investment earnings	--	7,500	5,914	(1,586)
Total Miscellaneous	--	7,500	5,914	(1,586)
TOTAL REVENUES	--	29,560	27,969	(1,591)
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	115,800	307,498	(191,698)
Capital Outlay				
Improvements other than buildings	--	1,545,787	35,021	1,510,766
TOTAL EXPENDITURES	--	1,661,587	342,519	1,319,068
NET CHANGE IN FUND BALANCES	--	(1,632,027)	(314,550)	1,317,477
FUND BALANCE, BEGINNING	--	1,632,027	1,632,027	--
FUND BALANCE, ENDING	\$ --	\$ --	\$ 1,317,477	\$ 1,317,477

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ --	\$ --
TOTAL REVENUES	<u>          --</u>	<u>          --</u>	<u>          --</u>	<u>          --</u>
EXPENDITURES				
Current:				
Capital Outlay				
Improvements other than buildings	--	--	--	--
TOTAL EXPENDITURES	<u>          --</u>	<u>          --</u>	<u>          --</u>	<u>          --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>          --</u>	<u>          --</u>	<u>          --</u>	<u>          --</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	--	65,218	65,217	(1)
TOTAL OTHER FINANCING SOURCES (USES):	<u>          --</u>	<u>      65,218</u>	<u>      65,217</u>	<u>          (1)</u>
NET CHANGE IN FUND BALANCE	--	65,218	65,217	(1)
FUND BALANCE, BEGINNING	<u>          --</u>	<u>      (65,218)</u>	<u>      (65,217)</u>	<u>          1</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  
 Redevelopment Agency Extraordinary Maintenance Fund  
 For the Year Ended June 30, 2011

	<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	\$ --	\$ 11	\$ 14	\$ 3
EXPENDITURES				
Current:				
Capital outlay	--	3,643	--	(3,643)
NET CHANGE IN FUND BALANCES	--	(3,632)	14	3,646
FUND BALANCE, BEGINNING	3,798	3,632	3,632	--
FUND BALANCE, ENDING	<u>\$ 3,798</u>	<u>\$ --</u>	<u>\$ 3,646</u>	<u>\$ 3,646</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.

### **Nonmajor Enterprise Funds**

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



**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
User fees	\$ 39,610,346	\$ 41,216,744	\$ 41,559,203	\$ 342,459
Other	678,000	835,000	787,166	(47,834)
Total Charges for Services	<u>40,288,346</u>	<u>42,051,744</u>	<u>42,346,369</u>	<u>294,625</u>
Licenses and permits	<u>260,000</u>	<u>300,000</u>	<u>329,456</u>	<u>29,456</u>
Fines and forfeits	<u>1,650,000</u>	<u>2,150,000</u>	<u>2,084,513</u>	<u>(65,487)</u>
Miscellaneous:				
Reimbursements and restitution	--	275,069	326,652	51,583
Other	30,000	10,000	120,870	110,870
Total Miscellaneous	<u>30,000</u>	<u>285,069</u>	<u>447,522</u>	<u>162,453</u>
<b>TOTAL OPERATING REVENUES</b>	<u>42,228,346</u>	<u>44,786,813</u>	<u>45,207,860</u>	<u>421,047</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,047,303	5,098,545	4,981,990	116,555
Employee benefits	2,448,906	2,484,715	2,748,047	(263,332)
Services and supplies	8,715,837	8,752,180	9,524,589	(772,409)
Joint sewer plant	15,500,000	13,500,000	10,630,070	2,869,930
Depreciation	7,800,000	7,800,000	9,005,383	(1,205,383)
<b>TOTAL OPERATING EXPENSES</b>	<u>39,512,046</u>	<u>37,635,440</u>	<u>36,890,079</u>	<u>745,361</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,716,300</u>	<u>7,151,373</u>	<u>8,317,781</u>	<u>1,166,408</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants	--	556,365	708,581	152,216
Private grants	--	--	50,000	50,000
Investment earnings	100,000	120,000	165,281	45,281
Debt service - interest	(2,738,122)	(2,658,817)	(2,067,382)	591,435
Debt service - fiscal charges	22,500,000	--	(25,245)	(25,245)
Net loss from Truckee Meadows Water Reclamation Facility	<u>(4,200,000)</u>	<u>(4,200,000)</u>	<u>(3,900,297)</u>	<u>299,703</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>15,661,878</u>	<u>(6,182,452)</u>	<u>(5,069,062)</u>	<u>1,113,390</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>18,378,178</u>	<u>968,921</u>	<u>3,248,719</u>	<u>2,279,798</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Connection charges	2,359,150	2,385,000	2,438,659	53,659
Contributions of assets	--	--	1,379,525	1,379,525
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>2,359,150</u>	<u>2,385,000</u>	<u>3,818,184</u>	<u>1,433,184</u>
<b>TRANSFERS</b>				
Transfers in	469,000	1,726,350	469,000	(1,257,350)
Transfers out	<u>(257,337)</u>	<u>(1,347,350)</u>	<u>(90,000)</u>	<u>1,257,350</u>
<b>TOTAL TRANSFERS</b>	<u>211,663</u>	<u>379,000</u>	<u>379,000</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 20,948,991</u>	<u>\$ 3,732,921</u>	7,445,903	<u>\$ 3,712,982</u>
NET ASSETS, BEGINNING			341,942,261	
PRIOR PERIOD ADJUSTMENT			<u>1,177,813</u>	
NET ASSETS - RESTATED, BEGINNING			<u>343,120,074</u>	
NET ASSETS, ENDING			<u>\$ 350,565,977</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>				
Charges for Services:				
Building permits	\$ 1,879,234	\$ 2,183,336	\$ 2,360,234	\$ 176,898
Electrical and plumbing permits	429,887	560,000	602,299	42,299
Plan check fees	986,191	1,052,000	1,090,482	38,482
Plumbing inspection fees	336,144	170,000	181,140	11,140
Electrical inspection fees	34,374	45,000	46,873	1,873
Miscellaneous permits	159,944	201,000	215,912	14,912
Other building and safety fees	25,000	15,592	15,318	(274)
Total Charges for Services	3,850,774	4,226,928	4,512,258	285,330
Miscellaneous:				
Other income	--	161	2,547	2,386
Total Miscellaneous	--	161	2,547	2,386
<b>TOTAL OPERATING REVENUES</b>	<b>3,850,774</b>	<b>4,227,089</b>	<b>4,514,805</b>	<b>287,716</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	1,640,197	1,674,242	1,665,405	8,837
Employee benefits	891,182	1,018,453	967,728	50,725
Services and supplies	1,105,230	1,105,230	1,074,138	31,092
Depreciation	40,000	40,000	38,404	1,596
<b>TOTAL OPERATING EXPENSES</b>	<b>3,676,609</b>	<b>3,837,925</b>	<b>3,745,675</b>	<b>92,250</b>
<b>OPERATING INCOME (LOSS)</b>	<b>174,165</b>	<b>389,164</b>	<b>769,130</b>	<b>379,966</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	--	--	424	424
<b>CHANGES IN NET ASSETS</b>	<b>\$ 174,165</b>	<b>\$ 389,164</b>	<b>769,554</b>	<b>\$ 380,390</b>
<b>NET ASSETS, BEGINNING</b>			<b>(1,083,175)</b>	
<b>NET ASSETS, ENDING</b>			<b>\$ (313,621)</b>	

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets  
Nonmajor Enterprise Funds  
June 30, 2011

	<u>Golf Course Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 47,844	\$ 47,844
Inventories	28,660	28,660
Total Current Assets	<u>76,504</u>	<u>76,504</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	465,171	465,171
Total capital assets	<u>11,540,139</u>	<u>11,540,139</u>
Less accumulated depreciation	<u>(6,092,800)</u>	<u>(6,092,800)</u>
Net capital assets	<u>5,447,339</u>	<u>5,447,339</u>
Other assets:		
Deferred charges	<u>45,960</u>	<u>45,960</u>
Total Noncurrent Assets	<u>5,493,299</u>	<u>5,493,299</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,569,803</u></u>	<u><u>\$ 5,569,803</u></u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets (continued)  
 Nonmajor Enterprise Funds  
 June 30, 2011

	<u>Golf Course Fund</u>	<u>Total</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 6,004	\$ 6,004
Accrued salaries and benefits	26,796	26,796
Compensated absences payable	28,982	28,982
Deposits	1,308	1,308
Bonds payable	<u>215,000</u>	<u>215,000</u>
Total Current Liabilities (payable from current assets)	<u>278,090</u>	<u>278,090</u>
Noncurrent Liabilities:		
Compensated absences payable	116,502	116,502
Other post-employment benefits liability	85,951	85,951
Bonds payable	<u>1,859,299</u>	<u>1,859,299</u>
Total Noncurrent Liabilities	<u>2,061,752</u>	<u>2,061,752</u>
<b>TOTAL LIABILITIES</b>	<u><u>2,339,842</u></u>	<u><u>2,339,842</u></u>
<b>NET ASSETS</b>		
Invested in capital, net of related debt	3,373,040	3,373,040
Unrestricted (deficit)	<u>(143,079)</u>	<u>(143,079)</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 3,229,961</u></u>	<u><u>\$ 3,229,961</u></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, 2011

	<u>Golf Course Fund</u>	<u>Total</u>
OPERATING REVENUES		
Charges for services	\$ 543,123	\$ 543,123
Miscellaneous	<u>6,565</u>	<u>6,565</u>
TOTAL OPERATING REVENUES	<u>549,688</u>	<u>549,688</u>
OPERATING EXPENSES		
Salaries and wages	405,974	405,974
Employee benefits	180,982	180,982
Services and supplies	325,111	325,111
Depreciation	<u>285,114</u>	<u>285,114</u>
TOTAL OPERATING EXPENSES	<u>1,197,181</u>	<u>1,197,181</u>
OPERATING INCOME (LOSS)	<u>(647,493)</u>	<u>(647,493)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(83,878)	(83,878)
Fiscal charges	<u>(5,745)</u>	<u>(5,745)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(89,623)</u>	<u>(89,623)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(737,116)</u>	<u>(737,116)</u>
TRANSFERS		
Transfers in	<u>761,227</u>	<u>761,227</u>
TOTAL TRANSFERS	<u>761,227</u>	<u>761,227</u>
CHANGES IN NET ASSETS	24,111	24,111
NET ASSETS, BEGINNING	<u>3,205,850</u>	<u>3,205,850</u>
NET ASSETS, ENDING	<u>\$ 3,229,961</u>	<u>\$ 3,229,961</u>

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2011

	Golf Course Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 539,950	\$ 539,950
Cash received from miscellaneous income, reimbursements and restitutions	6,566	6,566
Cash paid for employees' salaries and benefits	(528,563)	(528,563)
Cash payments to suppliers for goods and services	(244,325)	(244,325)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(153,669)	(153,669)
Cash paid to deferred compensation plans	(11,168)	(11,168)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(391,209)</b>	<b>(391,209)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	761,227	761,227
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>761,227</b>	<b>761,227</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments on bonds payable	(205,000)	(205,000)
Acquisition and construction of capital assets	(52,376)	
Interest and fiscal charges paid on debt	(76,917)	(76,917)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(334,293)</b>	<b>(281,917)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	35,725	35,725
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	12,119	12,119
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 47,844</b>	<b>\$ 47,844</b>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
 Nonmajor Enterprise Funds  
 For the Year Ended June 30, 2011

	<u>Golf Course Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (647,493)	\$ (647,493)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	285,114	285,114
Changes in assets and liabilities:		
(Increase) decrease in:		
Inventories	(257)	(257)
Increase (decrease) in:		
Accounts payable	(23,832)	(23,832)
Accrued salaries and benefits	11,416	11,416
Accrued liabilities	(3,173)	(3,173)
Compensated absences payable	(12,984)	(12,984)
Total Adjustments	<u>256,284</u>	<u>256,284</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (391,209)</u>	<u>\$ (391,209)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services:				
Golf course fees	\$ 770,782	\$ 393,000	\$ 374,059	\$ (18,941)
Concession and merchandise sales	16,500	59,500	64,126	4,626
Equipment and cart rental fees	180,124	98,950	104,937	5,987
Other	--	--	1	1
Total Charges for Services	<u>967,406</u>	<u>551,450</u>	<u>543,123</u>	<u>(8,327)</u>
Reimbursements and restitution	--	1,200	1,285	85
Miscellaneous	2,000	800	5,280	4,480
<b>TOTAL OPERATING REVENUES</b>	<u>969,406</u>	<u>553,450</u>	<u>549,688</u>	<u>(3,762)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	469,696	465,646	405,974	59,672
Employee benefits	172,405	202,440	180,982	21,458
Services and supplies	434,317	361,542	325,111	36,431
Depreciation	270,566	270,566	285,114	(14,548)
<b>TOTAL OPERATING EXPENSES</b>	<u>1,346,984</u>	<u>1,300,194</u>	<u>1,197,181</u>	<u>103,013</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(377,578)</u>	<u>(746,744)</u>	<u>(647,493)</u>	<u>99,251</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Debt service - interest	(76,678)	(76,915)	(83,878)	(6,963)
Debt service - fiscal charges	--	--	(5,745)	(5,745)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(76,678)</u>	<u>(76,915)</u>	<u>(89,623)</u>	<u>(12,708)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(454,256)</u>	<u>(823,659)</u>	<u>(737,116)</u>	<u>86,543</u>
<b>TRANSFERS</b>				
Transfers in	365,000	761,227	761,227	--
<b>CHANGES IN NET ASSETS</b>	<u>\$ (89,256)</u>	<u>\$ (62,432)</u>	24,111	<u>\$ 86,543</u>
<b>NET ASSETS, BEGINNING</b>			<u>3,205,850</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ 3,229,961</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.

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets  
Internal Service Funds  
June 30, 2011

	<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	\$ 189,416	\$ 4,061,396	\$ 13,719,948
Receivables:			
Accounts receivable	56,482	--	167,055
Accrued interest	374	9,555	29,134
Due from other governments	4,260	--	--
Inventories	140,647	--	--
Prepaid expenses	--	319,112	5,000
Total Current Assets	<u>391,179</u>	<u>4,390,063</u>	<u>13,921,137</u>
Noncurrent Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	23,196,061	--	--
Less accumulated depreciation	<u>(16,300,970)</u>	<u>--</u>	<u>--</u>
Net Capital Assets	<u>6,895,091</u>	<u>--</u>	<u>--</u>
<b>TOTAL ASSETS</b>	<u>7,286,270</u>	<u>4,390,063</u>	<u>13,921,137</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	194,258	4,109	289,798
Accrued salaries and benefits	66,646	6,394	--
Contracts and retained percentage payable	--	77	--
Liability for self-insurance	--	513,729	3,161,083
Compensated absences payable	52,675	14,545	--
Due to other funds	--	--	--
Other liabilities	--	--	2,334
Total Current Liabilities	<u>313,579</u>	<u>538,854</u>	<u>3,453,215</u>
Noncurrent Liabilities:			
Liability for self-insurance	--	2,053,834	98,026
Other post-employment benefits liability	231,574	31,419	--
Compensated absences payable	56,626	3,050	--
Total Noncurrent Liabilities	<u>288,200</u>	<u>2,088,303</u>	<u>98,026</u>
<b>TOTAL LIABILITIES</b>	<u>601,779</u>	<u>2,627,157</u>	<u>3,551,241</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,895,091	--	--
Restricted for claims	--	1,762,906	10,369,896
Unrestricted (deficit)	<u>(210,600)</u>	<u>--</u>	<u>--</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 6,684,491</u>	<u>\$ 1,762,906</u>	<u>\$ 10,369,896</u>

continued

**CITY OF RENO, NEVADA**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
June 30, 2011

	<u>Self-Funded Workers Compensation Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 5,038	\$ 17,975,798
Receivables:		
Accounts receivable	--	223,537
Accrued interest	--	39,063
Due from other governments	99,792	104,052
Inventories	--	140,647
Prepaid expenses	44,385	368,497
Total Current Assets	<u>149,215</u>	<u>18,851,594</u>
Noncurrent Assets:		
Capital Assets:		
Machinery, equipment and motor vehicles	--	23,196,061
Less accumulated depreciation	<u>--</u>	<u>(16,300,970)</u>
Net Capital Assets	<u>--</u>	<u>6,895,091</u>
<b>TOTAL ASSETS</b>	<u>149,215</u>	<u>25,746,685</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	6,988	495,153
Accrued salaries and benefits	3,766	76,806
Contracts and retained percentage payable	--	77
Liability for self-insurance	3,441,482	7,116,294
Compensated absences payable	3,509	70,729
Due to other funds	7,000,000	7,000,000
Other liabilities	--	2,334
Total Current Liabilities	<u>10,455,745</u>	<u>14,761,393</u>
Noncurrent Liabilities:		
Liability for self-insurance	33,257,859	35,409,719
Other post-employment benefits liability	38,364	301,357
Compensated absences payable	<u>--</u>	<u>59,676</u>
Total Noncurrent Liabilities	<u>33,296,223</u>	<u>35,770,752</u>
<b>TOTAL LIABILITIES</b>	<u>43,751,968</u>	<u>50,532,145</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	--	6,895,091
Restricted for claims	--	12,132,802
Unrestricted (deficit)	<u>(43,602,753)</u>	<u>(43,813,353)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ (43,602,753)</u>	<u>\$ (24,785,460)</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, 2011

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,701,417	\$ 835,442	\$ 22,069,620
Miscellaneous	42,032	314,521	837,727
<b>TOTAL OPERATING REVENUES</b>	4,743,449	1,149,963	22,907,347
<b>OPERATING EXPENSES</b>			
Salaries and wages	936,068	87,424	--
Employee benefits	498,697	42,775	--
Services and supplies	2,831,963	2,792,257	25,729,150
Depreciation	1,784,317	--	--
Loss on retirement of assets	2,724	--	--
<b>TOTAL OPERATING EXPENSES</b>	6,053,769	2,922,456	25,729,150
<b>OPERATING INCOME (LOSS)</b>	(1,310,320)	(1,772,493)	(2,821,803)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	664	21,739	59,340
Gain (loss) on asset disposal	167,144	--	--
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	167,808	21,739	59,340
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(1,142,512)	(1,750,754)	(2,762,463)
<b>CAPITAL CONTRIBUTIONS</b>	934,024	--	--
<b>TRANSFERS</b>			
Transfers in	--	48,165	--
Transfers out	(10,000)	(11,671)	--
<b>TOTAL TRANSFERS</b>	(10,000)	36,494	--
<b>CHANGES IN NET ASSETS</b>	(218,488)	(1,714,260)	(2,762,463)
<b>NET ASSETS - BEGINNING OF YEAR</b>	6,902,979	3,477,166	13,132,359
<b>NET ASSETS, ENDING</b>	\$ 6,684,491	\$ 1,762,906	\$ 10,369,896

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, 2011

	Self-Funded Workers Compensation Fund	<u>Total</u>
OPERATING REVENUES		
Charges for services	\$ 5,967,410	\$ 33,573,889
Miscellaneous	--	1,194,280
TOTAL OPERATING REVENUES	<u>5,967,410</u>	<u>34,768,169</u>
OPERATING EXPENSES		
Salaries and wages	131,892	1,155,384
Employee benefits	74,763	616,235
Services and supplies	4,751,176	36,104,546
Depreciation	--	1,784,317
Loss on retirement of assets	--	2,724
TOTAL OPERATING EXPENSES	<u>4,957,831</u>	<u>39,663,206</u>
OPERATING INCOME (LOSS)	<u>1,009,579</u>	<u>(4,895,037)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	8,965	90,708
Gain (loss) on asset disposal	--	167,144
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>8,965</u>	<u>257,852</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,018,544</u>	<u>(4,637,185)</u>
CAPITAL CONTRIBUTIONS	<u>--</u>	<u>934,024</u>
TRANSFERS		
Transfers in	--	48,165
Transfers out	--	(21,671)
TOTAL TRANSFERS	<u>--</u>	<u>26,494</u>
CHANGES IN NET ASSETS	1,018,544	(3,676,667)
NET ASSETS - BEGINNING OF YEAR	<u>(44,621,297)</u>	<u>(21,108,793)</u>
NET ASSETS, ENDING	<u>\$ (43,602,753)</u>	<u>\$(24,785,460)</u>

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2011

	Motor Vehicle Fund	Risk Retention Fund
	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds for services	\$ 4,692,267	\$ 835,442
Cash received from miscellaneous income, reimbursements and restitutions	42,032	314,521
Cash paid for employees' salaries and benefits	(1,165,596)	(89,976)
Cash payments to suppliers for goods and services	(2,220,440)	(1,827,665)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(738,911)	(563,127)
Cash paid to deferred compensation plans	(35,565)	(2,199)
Loss from sale of machinery and equipment	(2,724)	--
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>571,063</u>	<u>(1,333,004)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Temporary loans received from other funds	--	--
Temporary loans extended to other funds	--	--
Transfers in	--	48,165
Transfers out	(10,000)	(11,671)
Cash repayment of loans received from other funds	(20,000)	--
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(30,000)</u>	<u>36,494</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of machinery and equipment	167,145	--
Acquisition of capital assets	(520,525)	--
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(353,381)</u>	<u>          </u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings received	<u>290</u>	<u>23,335</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	187,973	(1,273,175)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,443</u>	<u>5,334,571</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 189,416</u>	<u>\$ 4,061,396</u>

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2011

	<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	\$ 21,998,328	\$ 7,297,195
Cash received from miscellaneous income, reimbursements and restitutions	837,726	--
Cash paid for employees' salaries and benefits	--	(179,697)
Cash payments to suppliers for goods and services	(23,934,858)	(5,814,693)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(192,985)	(96,446)
Cash paid to deferred compensation plans	--	(6,641)
Loss from sale of machinery and equipment	--	--
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(1,291,789)</u>	<u>1,199,718</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Temporary loans received from other funds	8,223,646	--
Temporary loans extended to other funds	--	(1,203,646)
Transfers in	--	--
Transfers out	--	--
Cash repayment of loans received from other funds	--	--
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>8,223,646</u>	<u>(1,203,646)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of machinery and equipment	--	--
Acquisition of capital assets	--	--
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>--</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings received	<u>53,771</u>	<u>8,966</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,985,628	5,038
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>6,734,320</u>	<u>--</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ 13,719,948</u></u>	<u><u>\$ 5,038</u></u>



**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2011

	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from other funds for services	\$ 34,823,232
Cash received from miscellaneous income, reimbursements and restitutions	1,194,279
Cash paid for employees' salaries and benefits	(1,435,269)
Cash payments to suppliers for goods and services	(33,797,656)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(1,591,469)
Cash paid to deferred compensation plans	(44,405)
Loss from sale of machinery and equipment	(2,724)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(854,012)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Temporary loans received from other funds	8,223,646
Temporary loans extended to other funds	(1,203,646)
Transfers in	48,165
Transfers out	(21,671)
Cash repayment of loans received from other funds	(20,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>7,026,494</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of machinery and equipment	167,145
Acquisition of capital assets	(520,525)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(353,381)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment earnings received	86,362
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,905,464
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	12,070,334
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 17,975,798</b>

continued

## CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)  
 Internal Service Funds  
 For the Year Ended June 30, 2011

	Motor Vehicle Fund	Risk Retention Fund
	<u>          </u>	<u>          </u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,310,320)	\$ (1,772,493)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,784,317	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	(4,260)	--
Accounts receivable	(4,890)	--
Inventories	(2,764)	--
Prepaid expenses	--	20,688
Increase (decrease) in:		
Accounts payable	44,699	(48,493)
Accrued salaries and benefits	95,189	10,643
Accrued liabilities	--	441,500
Compensated absences payable	(30,908)	15,151
Total Adjustments	<u>1,881,383</u>	<u>439,489</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 571,063</u>	<u>\$ (1,333,004)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u>\$ 934,024</u>	<u>\$ --</u>

continued

continued

## CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)  
 Internal Service Funds  
 For the Year Ended June 30, 2011

	Self-Funded Medical Plan Fund	Self-Funded Workers Compensation Fund
	<u>          </u>	<u>          </u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (2,821,803)	\$ 1,009,579
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	--	1,329,785
Accounts receivable	(66,292)	--
Inventories	--	--
Prepaid expenses	(5,000)	5,894
Increase (decrease) in:		
Accounts payable	289,797	4,740
Accrued salaries and benefits	--	7,352
Accrued liabilities	1,311,509	(1,147,228)
Compensated absences payable	--	(10,404)
Total Adjustments	<u>1,530,014</u>	<u>190,139</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,291,789)</u>	<u>\$ 1,199,718</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u>\$ --</u>	<u>\$ --</u>

continued

continued

**CITY OF RENO, NEVADA**

Combining Statement of Cash Flows (continued)  
 Internal Service Funds  
 For the Year Ended June 30, 2011

	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (4,895,037)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,784,317
Changes in assets and liabilities:	
(Increase) decrease in:	
Due from other governments	1,325,525
Accounts receivable	(71,182)
Inventories	(2,764)
Prepaid expenses	21,582
Increase (decrease) in:	
Accounts payable	290,743
Accrued salaries and benefits	113,184
Accrued liabilities	605,781
Compensated absences payable	(26,161)
Total Adjustments	<u>4,041,025</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (854,012)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions:	
Contributions of assets	<u>\$ 934,024</u>

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual  
 Motor Vehicle Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,479,495	\$ 4,693,661	\$ 4,701,417	\$ 7,756
Miscellaneous:				
Reimbursements and restitution	--	42,000	41,020	(980)
Other	210,353	1,000	1,012	12
Total Miscellaneous	210,353	43,000	42,032	(968)
<b>TOTAL OPERATING REVENUES</b>	<u>4,689,848</u>	<u>4,736,661</u>	<u>4,743,449</u>	<u>6,788</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	981,953	994,093	936,068	58,025
Employee benefits	480,282	481,910	498,697	(16,787)
Services and supplies	2,618,113	2,900,407	2,831,963	68,444
Capital outlay	600,000	540,594	--	540,594
Depreciation	2,600,000	2,363,447	1,784,317	579,130
Loss on asset retirements	--	2,500	2,724	(224)
<b>TOTAL OPERATING EXPENSES</b>	<u>7,280,348</u>	<u>7,282,951</u>	<u>6,053,769</u>	<u>1,229,182</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,590,500)</u>	<u>(2,546,290)</u>	<u>(1,310,320)</u>	<u>1,235,970</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	500	100	664	564
Gain (loss) on asset disposal	--	176,000	167,144	(8,856)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>500</u>	<u>176,100</u>	<u>167,808</u>	<u>(8,292)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(2,590,000)</u>	<u>(2,370,190)</u>	<u>(1,142,512)</u>	<u>1,227,678</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>--</u>	<u>--</u>	<u>934,024</u>	<u>934,024</u>
<b>TRANSFERS</b>				
Transfers out	(10,000)	(10,000)	(10,000)	--
<b>TOTAL TRANSFERS</b>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ (2,600,000)</u>	<u>\$ (2,380,190)</u>	<u>(218,488)</u>	<u>\$ 2,161,702</u>
<b>NET ASSETS, BEGINNING</b>			<u>6,902,979</u>	
<b>NET ASSETS, ENDING</b>			<u>\$ 6,684,491</u>	

**CITY OF RENO, NEVADA**

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual  
 Risk Retention Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,997,363	\$ 1,762,740	\$ 835,442	\$ (927,298)
Miscellaneous:				
Reimbursements and restitution	--	314,521	314,521	--
<b>TOTAL OPERATING REVENUES</b>	<b>1,997,363</b>	<b>2,077,261</b>	<b>1,149,963</b>	<b>(927,298)</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	66,259	96,560	87,424	9,136
Employee benefits	33,120	47,358	42,775	4,583
Services and supplies	2,465,917	3,014,883	2,792,257	222,626
<b>TOTAL OPERATING EXPENSES</b>	<b>2,565,296</b>	<b>3,158,801</b>	<b>2,922,456</b>	<b>236,345</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(567,933)</b>	<b>(1,081,540)</b>	<b>(1,772,493)</b>	<b>(690,953)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	15,000	6,000	21,739	15,739
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(552,933)</b>	<b>(1,075,540)</b>	<b>(1,750,754)</b>	<b>(675,214)</b>
<b>TRANSFERS</b>				
Transfers in	--	162,494	48,165	(114,329)
Transfers out	(58,671)	--	(11,671)	(11,671)
<b>TOTAL TRANSFERS</b>	<b>(58,671)</b>	<b>162,494</b>	<b>36,494</b>	<b>(126,000)</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ (611,604)</b>	<b>\$ (913,046)</b>	<b>(1,714,260)</b>	<b>\$ (801,214)</b>
<b>NET ASSETS, BEGINNING</b>			<b>3,477,166</b>	
<b>NET ASSETS, ENDING</b>			<b>\$ 1,762,906</b>	

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 14,499,653	\$ 23,330,000	\$ 22,069,620	\$ (1,260,380)
Miscellaneous:				
Stop-loss reimbursements	317,000	350,000	625,492	275,492
Other	40,000	190,000	212,235	22,235
TOTAL OPERATING REVENUES	14,856,653	23,870,000	22,907,347	(962,653)
OPERATING EXPENSES				
Services and supplies	16,897,985	25,632,985	25,729,150	(96,165)
OPERATING INCOME (LOSS)	(2,041,332)	(1,762,985)	(2,821,803)	(1,058,818)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	58,000	50,000	59,340	9,340
CHANGES IN NET ASSETS	\$ (1,983,332)	\$ (1,712,985)	(2,762,463)	\$ (1,049,478)
NET ASSETS, BEGINNING			13,132,359	
NET ASSETS, ENDING			\$ 10,369,896	

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 3,315,996	\$ 6,049,197	\$ 5,967,410	\$ (81,787)
Miscellaneous:				
Other	50,000	--	--	--
TOTAL OPERATING REVENUES	<u>3,365,996</u>	<u>6,049,197</u>	<u>5,967,410</u>	<u>(81,787)</u>
OPERATING EXPENSES				
Salaries and wages	193,840	140,443	131,892	8,551
Employee benefits	89,653	69,547	74,763	(5,216)
Services and supplies	4,980,783	5,841,867	4,751,176	1,090,691
TOTAL OPERATING EXPENSES	<u>5,264,276</u>	<u>6,051,857</u>	<u>4,957,831</u>	<u>1,094,026</u>
OPERATING INCOME (LOSS)	<u>(1,898,280)</u>	<u>(2,660)</u>	<u>1,009,579</u>	<u>1,012,239</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	35,000	20,000	8,965	(11,035)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>35,000</u>	<u>20,000</u>	<u>8,965</u>	<u>(11,035)</u>
CHANGES IN NET ASSETS	<u>\$ (1,863,280)</u>	<u>\$ 17,340</u>	1,018,544	<u>\$ 1,001,204</u>
NET ASSETS, BEGINNING			<u>(44,621,297)</u>	
NET ASSETS, ENDING			<u>\$ (43,602,753)</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, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>DEPOSITS FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,591,692	\$ 972,179	\$ 457,551	\$ 3,106,320
Accrued interest receivable	4,944	6,271	4,944	6,271
<b>TOTAL ASSETS</b>	<u>\$ 2,596,636</u>	<u>\$ 978,450</u>	<u>\$ 462,495</u>	<u>\$ 3,112,591</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,200	\$ --	\$ 5,200	\$ --
Accrued liabilities	62,067	1,650	--	63,717
Deposits	2,529,369	961,540	442,035	3,048,874
<b>TOTAL LIABILITIES</b>	<u>\$ 2,596,636</u>	<u>\$ 963,190</u>	<u>\$ 447,235</u>	<u>\$ 3,112,591</u>
<b>SPECIAL ASSESSMENT DISTRICT FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 6,327,311	\$ 3,284,771	\$ 3,130,488	\$ 6,481,594
Accounts receivable	--	21,822	--	21,822
Special assessments, current	1,021,759	37,160	--	1,058,919
Special assessments, delinquent	40,836	-	36,154	4,682
Accrued interest receivable	64,662	-	58,102	6,560
<b>TOTAL ASSETS</b>	<u>\$ 7,454,568</u>	<u>\$ 3,343,753</u>	<u>\$ 3,224,744</u>	<u>\$ 7,573,577</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,515	\$ -	\$ 696	\$ 2,819
Due to others	7,200,598	1,915,864	1,610,000	7,506,462
Due to other governments	57	11	--	68
Deposits	250,397	--	186,169	64,228
<b>TOTAL LIABILITIES</b>	<u>\$ 7,454,567</u>	<u>\$ 1,915,875</u>	<u>\$ 1,796,865</u>	<u>\$ 7,573,577</u>
<b>TOTALS, AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 8,919,003	\$ 4,256,950	\$ 3,588,039	\$ 9,587,914
Accounts receivable	--	21,822	--	21,822
Accrued interest receivable	69,606	6,271	63,046	12,831
Special assessments, current	1,021,759	37,160	--	1,058,919
Special assessments, delinquent	40,836	--	36,154	4,682
<b>TOTAL ASSETS</b>	<u>\$ 10,051,204</u>	<u>\$ 4,322,203</u>	<u>\$ 3,687,239</u>	<u>\$ 10,686,168</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,715	\$ --	\$ 5,896	\$ 2,819
Accrued liabilities	62,067	1,650	--	63,717
Deposits	2,779,766	961,540	628,204	3,113,102
Due to other governments	57	11	--	68
Due to others	7,200,598	1,915,864	1,610,000	7,506,462
<b>TOTAL LIABILITIES</b>	<u>\$ 10,051,203</u>	<u>\$ 2,879,065</u>	<u>\$ 2,244,100</u>	<u>\$ 10,686,168</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 relevant 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$ 593,821,001
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	109,063,215
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)	(115,256,598)
<b>Total governmental activities net assets</b>	<b>129,811,317</b>	<b>186,033,537</b>	<b>223,790,865</b>	<b>552,300,375</b>	<b>586,751,706</b>	<b>657,556,200</b>	<b>682,773,201</b>	<b>654,372,236</b>	<b>633,482,704</b>	<b>587,627,618</b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	119,990,593	127,046,765	158,305,006	185,072,216	209,672,878	163,069,892	185,088,496	204,952,767	214,755,484	218,250,502
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	19,801,326
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	104,776,619
<b>Total business-type activities net assets</b>	<b>216,713,070</b>	<b>224,819,974</b>	<b>241,017,544</b>	<b>252,476,878</b>	<b>267,829,803</b>	<b>290,189,709</b>	<b>303,192,617</b>	<b>322,885,158</b>	<b>329,819,492</b>	<b>342,828,447</b>
<b>Primary government:</b>										
Invested in capital assets, net of related debt	194,045,389	267,973,999	337,941,715	686,076,075	720,109,841	754,185,318	790,717,342	846,429,314	833,111,428	812,071,503
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	128,864,541
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)	(10,479,979)
<b>Total primary government net assets</b>	<b>\$ 346,524,387</b>	<b>\$ 410,853,511</b>	<b>\$ 464,808,409</b>	<b>\$ 804,777,253</b>	<b>\$ 854,581,509</b>	<b>\$ 947,745,909</b>	<b>\$ 985,965,818</b>	<b>\$ 977,257,394</b>	<b>\$ 963,302,196</b>	<b>\$ 930,456,065</b>

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

	Fiscal Year									
	2002	2003	2004	2005 <sup>3</sup>	2006	2007	2008	2009 <sup>6</sup>	2010	2011
<b>Expenses</b>										
Governmental activities:										
General government <sup>7</sup>	\$ 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	\$ 29,313,696
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	7,758,252
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	67,173,371
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	51,242,151
Dispatch <sup>7</sup>	-	-	-	-	-	-	-	-	-	6,353,519
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	71,642,584
Community development & support <sup>7</sup>	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	10,637,234
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	16,526,697
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	2,258,852
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	23,291,115
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>	<u>286,197,471</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	43,965,081
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	1,318,299
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	3,899,577
Animal services shelter <sup>5</sup>	965,714	1,114,066	2,322,400	2,383,231	1,144,277	-	-	-	-	-
Planning <sup>7</sup>	-	-	-	4,621,742	4,689,393	4,798,275	3,776,183	3,024,012	2,806,481	-
Dispatch center <sup>7</sup>	-	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>	<u>49,182,957</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>	<u>335,380,428</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	14,689,628
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	21,476,388
Fire protection contract and services <sup>4</sup>	11,416,864	12,372,991	12,280,396	12,631,956	13,291,738	15,217,502	17,426,016	16,336,384	14,519,136	13,859,747
Parks and recreation	3,009,996	3,164,536	3,912,985	3,507,073	4,045,721	6,392,075	7,632,364	4,678,243	4,021,571	3,990,678
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	3,294,637
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	3,355,294
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	18,106,905
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	11,018,024
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	8,523,226
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>	<u>98,314,527</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	45,020,127
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	544,408
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	4,514,800
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	168,668
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	4,408,097
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>	<u>54,656,100</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>	<u>\$ 152,970,627</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)	(187,882,944)
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)	5,473,143
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>	<u>\$ (182,409,801)</u>

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$ 63,682,340
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	39,326,558
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	2,655,300
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	8,996,391
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	11,579,095
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	1,551,555
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	2,360,479
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	430,736
Gain on sale of capital assets	-	-	-	-	-	511,000	202,192	605,964	108,682	431,015
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)	(1,140,227)
Subtotal, governmental activities	106,306,640	113,108,204	120,167,346	129,140,183	143,008,923	148,699,555	153,706,364	149,368,159	129,919,171	129,873,242
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	165,705
Miscellaneous	111,047	255,580	2,008,515	288,583	1,471,656	155,489	8,841	6,036	10,968	126,155
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	1,140,227
Subtotal, business-type activities	4,938,207	3,680,112	7,746,789	7,320,842	6,536,994	7,380,951	5,412,474	11,115,686	8,232,984	1,432,087
Total primary government	111,244,847	116,788,316	127,914,135	136,461,025	149,545,917	156,080,506	159,118,838	160,483,845	138,152,155	131,305,329
<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)	(58,009,702)
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	6,905,230
Total primary government	\$ 43,340,299	\$ 63,713,210	\$ 55,370,453	\$ 29,800,055	\$ 55,930,916	\$ 93,164,399	\$ 36,450,243	\$ 7,745,697	\$ (33,469,107)	\$ (51,104,472)

- 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).
  - <sup>7</sup> Dispatch and Planning, both formerly enterprise funds, and Communications & Technology, an internal service fund, moved into the General Fund effective July 1, 2010.

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>	<u>2011</u>
Governmental activities:										
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	51,333,785
Judicial	168,836	534,251	606,625	715,007	893,399	1,010,668	4,714,397	4,142,341	4,002,490	3,558,112
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	5,398,774
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	13,859,747
Dispatch <sup>4</sup>	-	-	-	-	-	-	-	-	-	654,503
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	9,990,393
Community development & support <sup>4</sup>	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	8,593,783
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	3,990,678
Urban redevelopment	-	322,390	290,689	455,545	639,135	1,580,213	16,651,615	963,882	1,044,868	934,752
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>	<u>98,314,527</u>
Business-type activities:										
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	49,596,892
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	544,408
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	4,514,800
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 revenues	<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>	<u>54,656,100</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>	<u>152,970,627</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.
- <sup>4</sup> Operation of the dispatch center and planning was assumed by the General Fund effective July 1, 2010.

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>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>	<u>2011</u> <sup>1</sup>
General Fund										
Reserved	\$ 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	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	
Nonspendable										688,328
Restricted										1,680,634
Assigned										187,626
Unassigned										2,948,665
Total general fund	<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>	<u>\$ 5,505,253</u>
All Other Governmental Funds										
Reserved for:										
Reserved	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	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	(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)	
Nonspendable										40,717,557
Restricted										53,944,358
Committed										68,188
Assigned										11,277,020
Total all other governmental funds	<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>	<u>\$ 106,007,123</u>

<sup>1</sup> FY 2011 is the implementation year for GASB No. 54; therefore, the new net asset categories are reported.

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

	<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>	<u>2011</u>
<b>Revenues</b>										
Taxes	\$ 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	\$ 71,523,551
Licenses, fees and permits	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	36,289,020
Fines and penalties	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	3,365,867
Charges for service	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	14,181,291
Special assessments	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	3,143,163
Intergovernmental	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	82,475,857
Investment earnings	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	2,026,114
Other revenues	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	8,684,396
<b>Total revenues</b>	<b>185,917,338</b>	<b>201,597,147</b>	<b>210,663,145</b>	<b>229,720,933</b>	<b>237,965,930</b>	<b>259,313,078</b>	<b>280,511,803</b>	<b>261,717,520</b>	<b>238,804,658</b>	<b>221,689,259</b>
<b>Expenditures</b>										
General Government <sup>2</sup>	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	16,666,438
Judicial	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	7,004,347
Police	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	58,516,610
Fire	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	44,817,794
Dispatch <sup>2</sup>	-	-	-	-	-	-	-	-	-	4,789,899
Public works	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	25,650,774
Community devpt and support <sup>2</sup>	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	10,277,705
Culture and recreation	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	11,880,240
Urban redevelopment	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	1,239,530
Intergovernmental	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	4,728,491
Capital outlay	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	16,974,168
Debt service:										
Interest	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	18,856,808
Principal	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	16,160,660
Bond issue costs	11,553,713	584,896	52,810	120,226	8,806,979	1,053,997	9,378,659	1,570,557	-	413,003
Fiscal charges	15,321	148,452	121,582	432,854	885,460	809,851	1,022,214	1,902,391	2,784,617	2,747,770
<b>Total expenditures</b>	<b>258,089,089</b>	<b>246,417,422</b>	<b>273,198,096</b>	<b>350,032,169</b>	<b>266,467,714</b>	<b>264,502,846</b>	<b>292,871,667</b>	<b>263,974,296</b>	<b>250,150,697</b>	<b>240,724,237</b>
Excess of revenues over (under) expenditures	(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)	(19,034,978)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing <sup>1</sup>	220,563,634	25,829,948	1,708,338	55,738,063	44,475,642	24,343,040	207,337,856	83,543,362	-	17,091,000
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)	-	(218,949)
Payments to escrow agents	(4,265,000)	(23,596,955)	(3,655,582)	-	(259,675,524)	-	(184,623,631)	-	-	(3,860,413)
Refund of cash SAD prepayments	-	-	-	-	(478,872)	(20,405,473)	-	-	-	-
Gain (loss) on sale of capital assets	9,618,883	2,500	353,115	89,074	2,046,722	439,594	10,068	66,925	6,070	935,745
Transfers in	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	28,962,823
Transfers out	(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)	(30,129,544)
<b>Total other financing sources (uses)</b>	<b>230,964,840</b>	<b>21,003,905</b>	<b>(8,047,736)</b>	<b>45,918,679</b>	<b>47,101,832</b>	<b>13,806,519</b>	<b>13,989,637</b>	<b>40,942,433</b>	<b>(12,661,876)</b>	<b>12,780,662</b>
<b>Net change in fund balances</b>	<b>\$ 158,793,089</b>	<b>\$ (23,816,370)</b>	<b>\$ (70,582,687)</b>	<b>\$ (74,392,557)</b>	<b>\$ 18,600,048</b>	<b>\$ 8,616,751</b>	<b>\$ 1,629,773</b>	<b>\$ 38,685,657</b>	<b>\$ (24,007,915)</b>	<b>\$ (6,254,316)</b>
Debt service as a percentage of non-capital expenditures	8.0%	14.6%	14.3%	13.3%	10.6%	12.9%	11.8%	14.5%	14.7%	16.4%

<sup>1</sup> Proceeds from borrowing and proceeds from refunding are net of original issue premiums and discounts.

<sup>2</sup> Operation of the dispatch center was assumed by the General Fund effective July 1, 2010.  
Operation of the planning, formerly reported as an enterprise fund, was assumed by the General Fund and included in Community Devpt and Support effective July 1, 2010.  
Operation of communication & technology, formerly reported as an internal service fund, was assumed by the General Fund and included in General Government effective July 1, 2010.

**Schedule 2.1**  
**City of Reno, Nevada**  
**Taxable Assessed Value and Actual Value of Property**  
**Last Ten Fiscal Years (Unaudited)**  
*(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
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
2011	290,390	3,850,889	2,711,409	651,473	124	53,983	1,490,256	6,068,012	\$ 3.6463	17,337,177	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
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	0.0513	0.9456	0.1700	1.1385	1.3917	0.0004
2010	0.9274	0.0182	0.9456	0.1700	1.1385	1.3917	0.0004
2011	0.9274	0.0182	0.9456	0.1700	1.1385	1.3917	0.0005

Fiscal Year	Reno Increment District	Reno Increment Dist Debt Service	Reno Increment District Total	Redevelopment Agency General Fund	Redevelopment Agency Debt Service	RDA #1 Total
2001	3.1782	-	-	3.1782	-	3.1782
2002	3.5151	-	3.5151	3.5151	-	3.5151
2003	3.2398	-	3.2398	3.2398	-	3.2398
2004	0.5330	2.7068	3.2398	0.5330	2.7068	3.2398
2005	-	3.2398	3.2398	-	3.2398	3.2398
2006	-	3.4946	3.4946	-	3.4946	3.4946
2007	-	3.2500	3.2500	-	3.2500	3.2500
2008	-	-	-	1.2783	1.9840	3.2623
2009	-	-	-	1.2723	1.9285	3.2008
2010	-	-	-	1.3993	1.8151	3.2144
2011	-	-	-	0.0943	3.1201	3.2144

Fiscal Year	Redevelopment Agency District #2	Redevelopment Agency #2 Debt Service	RDA #2 Total
2002	-	-	-
2003	-	-	-
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007	3.2500	-	3.2500
2008	3.2623	-	3.2623
2009	3.2008	-	3.2008
2010	2.1316	1.0828	3.2144
2011	0.0216	3.1898	3.2114

Source: State of Nevada, Department of Taxation/Redbook

RDA #2 established in FY 06-07  
Reno Increment District removed FY 07-08



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

Taxpayer	2011			2002		
	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	\$ 93,472	1	1.45%	\$ 43,222	2	0.99%
Golden Road Motor Inn Inc	43,655	2	0.68%	34,381	8	0.78%
Circus & Eldorado Jnt Venture	37,127	3	0.58%	83,770	1	1.91%
Prologis NA3 LLC	30,143	4	0.47%	-		0.00%
International Game Technology	29,653	5	0.46%	30,597	9	0.70%
Prologis NA3 NV V LLC	23,994	6	0.37%	-		0.00%
Gage Village Comml Dev LLC	23,379	7	0.36%	-		0.00%
Charles Rivers Laboratories Inc	22,941	8	0.36%	-		0.00%
Reno Retail Company LLC	22,306	9	0.35%	-		0.00%
Catholic Healthcare West Inc	19,541	10	0.30%	-		0.00%
El Dorado Resorts LLC	-			42,488	3	0.97%
Circus Circus Casinos Inc	-			40,305	4	0.92%
FHR Corporation	-			39,240	5	0.90%
Harrah's Club	-			35,774	6	0.82%
DP Operating Partnership L.P.	-			35,734	7	0.82%
Dermody Industrial Group	-			21,170	10	0.48%
<b>Total</b>	<b>\$ 346,211</b>		<b>5.37%</b>	<b>\$ 406,681</b>		<b>9.28%</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 6/30/11**  
**Last Ten Fiscal Years (Unaudited)**  
*(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
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
2011	57,261	56,444	98.57	819	57,263	100.00

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>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>	<u>2011</u>
Business licenses	\$ 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	\$ 11,364,176
City gaming licenses	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	2,028,215
Liquor licenses	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	1,264,106
Non-business licenses and permits	124,542	135,892	116,423	160,660	55,356	61,100	72,756	38,207	122,034	33,131
Electricity franchise fees	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	7,314,420
Telephone franchise fees	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	3,383,752
Natural gas franchise fees	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	2,817,106
Sanitation franchise fees	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	2,279,934
Water toll fees	980,149	689,154	920,836	939,670	961,514	1,007,879	998,524	959,311	1,376,897	1,448,400
Sewer-in-lieu-of-franchise fees	-	-	-	1,031,041	1,289,617	1,504,931	1,471,135	1,683,913	2,020,040	2,227,361
Cable television fees	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	2,005,415
<b>Total</b>	<u><u>25,880,614</u></u>	<u><u>26,163,095</u></u>	<u><u>27,590,960</u></u>	<u><u>30,960,509</u></u>	<u><u>32,138,304</u></u>	<u><u>35,874,448</u></u>	<u><u>36,215,868</u></u>	<u><u>35,162,735</u></u>	<u><u>37,212,757</u></u>	<u><u>36,166,016</u></u>

Note:  
<sup>1</sup> Property taxes represent the most significant "own-source" revenue. However, property tax information is presented throughout 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>			
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	6.43%	411.08
2010	52,485	32,765	396,109	21,979	-	7,353	3,655	90,162	-	2,335	606,843	6.63%	391.06
2011	51,440	31,495	388,385	20,617	-	4,536	-	87,075	-	2,130	585,678	6.47%	380.44

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, 2011**  
*(In Thousands of Dollars)*

<u>Governmental Unit</u>	<u>Total Debt Outstanding <sup>2</sup></u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>	<u>Direct Debt</u>
<b>Debt repaid with property taxes</b>				
City of Reno	\$ 51,440	100.00	\$ 51,440	\$ -
Washoe County School District	482,900	47.22	228,025	254,875
Washoe County	134,329	47.22	63,430	70,899
State of Nevada	<u>2,167,665</u>	6.95	<u>150,653</u>	<u>2,017,012</u>
	<u>\$ 2,836,334</u>		<u>\$ 493,548</u>	<u>\$ 2,342,786</u>

Notes:

1 Per Nevada Department of Taxation "Red Book" for 2010-2011

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. Estimated overlapping debt percentages are estimated using taxable assessed property values and are calculated by dividing revenues generated by property taxes for Reno by the total revenues generated through the County and/or State.

2 City of Reno -- See Schedule 3.1

County and State - Washoe County Schedule 3.3 revised 6/30/11

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>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>	<u>2011</u>
General bonded debt outstanding										
General obligation bonds	40,865	35,505	31,415	30,220	28,480	22,965	17,640	57,690	52,485	51,440
Sanitary sewer bonds	-	-	-	-	26,280	70,606	101,971	96,122	90,162	87,075
Golf course bonds	3,600	3,455	3,505	3,295	3,115	2,930	2,735	2,535	2,335	2,130
Total	44,465	38,960	34,920	33,515	57,875	96,501	122,346	156,347	144,982	140,645
Percentage of estimated actual property value <sup>1</sup>	1.01%	0.87%	0.73%	0.66%	1.03%	1.58%	1.80%	2.04%	2.09%	2.32%
Per capita <sup>2</sup>	236.72	199.05	175.26	162.12	269.98	437.42	548.61	716.72	667.25	647.29
Less: Amounts set aside to repay general debt	(9,657)	(9,505)	(6,223)	(13,114)	(9,402)	(10,967)	(7,718)	(8,767)	(8,767)	(12,227)
Total net debt applicable to debt limit	34,808	29,455	28,697	20,401	48,473	85,534	114,628	147,580	136,215	128,418
Legal debt limit <sup>3</sup>	657,137	675,175	713,624	765,806	839,546	917,561	1,020,915	1,151,934	1,040,154	910,202
Legal debt margin <sup>4</sup>	622,329	645,720	684,927	745,405	791,073	832,027	906,287	1,004,354	903,939	781,784
Legal debt margin as a percentage of the debt limit	94.70%	95.64%	95.98%	97.34%	94.23%	90.68%	88.77%	87.19%	86.90%	85.89%

**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>3</sup>	Principal	Interest	Coverage	Sales Tax Increment Collections	Principal	Interest	Coverage
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
2011	681,789	6,477,291	7,159,080	1,375,000	5,657,085	1.02	4,844,006	5,898,984	1,455,000	4,719,136	1.74	1,863,765	660,000	1,792,312	0.76

Fiscal Year	Special Assessment Bonds				Agency SAD's-Includes Sierra Corp, Somersett & Double R				Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Gara)			
	Special Assessment Collections <sup>4</sup>	Principal <sup>5</sup>	Interest	Coverage	Special Assessment Collections	Principal <sup>5</sup>	Interest	Coverage	Property Lease Rents Collections <sup>2</sup>	Principal <sup>6</sup>	Interest	Coverage
2002 <sup>7</sup>	2,716,138	592,788	84,570	4.01	-	-	-	-	-	-	-	-
2003	1,955,917	225,273	119,001	5.68	1,262,676	270,622	187,720	2.75	-	-	-	-
2004	2,087,010	753,406	689,194	1.45	2,687,902	230,000	1,376,001	1.67	-	-	-	-
2005	3,609,763	757,133	657,299	2.55	3,172,448	1,180,000	1,635,204	1.13	-	-	-	-
2006 <sup>3</sup>	3,984,792	324,087	614,051	4.25	3,350,390	1,180,000	1,551,425	1.23	-	-	-	-
2007	2,900,982	913,344	1,581,513	1.16	3,210,975	1,720,000	1,333,056	1.05	-	-	-	-
2008	3,281,237	908,344	1,624,196	1.30	3,308,929	1,440,000	1,428,750	1.15	1,574,297	-	968,397	1.63
2009	3,032,794	1,594,343	1,653,298	0.93	3,081,683	1,620,000	1,362,563	1.03	1,251,328	175,000	512,280	1.82
2010	3,301,212	1,551,344	1,576,358	1.06	3,559,478	1,790,000	1,291,516	1.16	1,012,990	287,000	140,096	2.37
2011	3,159,452	1,335,333	1,478,588	1.12	2,938,511	1,610,000	1,182,973	1.05	915,926	3,499,316	134,983	0.25

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 beginning FY 2007 - information from Allen Gardner AMG

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

<sup>6</sup> An additional principal payment of \$3,163,316 was due to sale of property collateralizing the ReTRAC Lease Revenue Bonds and a reduction of cash representing excess lease revenue.

<sup>7</sup> In FY 10/11 added table for Agency SAD's reported as fiduciary funds.

<sup>\*</sup> 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>
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	218,143	9,750,992	44,700	34.6	40,336	2,212	11.8%
2010	217,282	9,155,394	42,136	34.5	39,205	2,392	13.4%
2011	217,282	9,045,667	41,631	36.4	39,127	2,435	12.9%

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  
Certification of Population by the Governor per NRS 360.285 occurs on or before March 1 of the next fiscal year we are using the known figure from the prior year each year and will correct once certification is obtained
- <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, 1995-1996  
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	December, 2010			December, 2001		
	Rank	(Average) Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Washoe County School District	1	7,750	3.86%	1	6,250	3.00%
University of Nevada-Reno	2	4,750	2.36%	3	3,250	1.60%
Washoe County	3	2,750	1.37%	5	2,750	0.90%
Renown Regional Medical Ctr (formerly named Washoe Med)	4	2,250	1.12%	6	2,750	1.60%
Peppermill Hotel Casino-Reno	5	2,250	1.12%	2	4,250	1.50%
International Game Technology	6	2,250	1.12%	7	2,750	1.10%
Silver Legacy Hotel Casino	7	1,750	0.87%	8	2,750	1.20%
St Mary's	8	1,750	0.87%	10	2,250	0.90%
Atlantis Hotel Casino	9	1,750	0.87%	-	-	-
Grand Sierra Resort & Casino	10	1,750	0.87%	-	-	-
Reno Hilton	-	-	0.00%	4	2,750	0.90%
ELDorado Hotel & Casino				9	2,250	0.90%
<b>Total</b>		<u>29,000</u>	<u>14.43%</u>		<u>27,000</u>	<u>13.60%</u>

Source: 2009 - Department of Employment Training & Rehabilitation (Nevada State Website)  
2000 - Department of Employment Training and Rehabilitation  
2010/2001-nevadaworkforce.com-Updated on an annual basis only use mid FY data for Stat section

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									
	2002	2003 <sup>1</sup>	2004 <sup>1</sup>	2005	2006 <sup>2</sup>	2007	2008	2009	2010	2011
General Government:										
Management	27.4	29.0	32.0	44.0	45.0	42.0	42.0	49.0	55.0	49.0
Records management/cashiering	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	9.5	8.0
Finance <sup>a</sup>	28.5	28.5	31.5	33.3	32.2	33.0	33.3	33.3	33.0	20.0
Legal	32.5	33.5	34.0	34.0	35.0	35.0	35.0	35.0	35.0	26.0
Human resources <sup>b</sup>	18.8	18.5	15.6	16.5	15.5	15.5	15.5	15.5	12.5	9.0
Information technology <sup>c</sup>	23.8	22.8	24.3	27.2	29.2	28.2	30.0	30.3	29.3	17.0
Judicial:										
Judges	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Others	47.0	48.0	47.0	49.1	49.1	59.4	53.4	49.4	57.5	52.5
Police:										
Sworn employees	325.0	337.0	341.8	369.0	370.0	365.0	373.0	372.5	383.0	294.0
Non-commissioned employees	120.3	103.4	108.7	98.5	103.5	104.5	110.5	110.0	108.5	52.0
Fire:										
Authorized emergency personnel	277.0	308.0	308.0	336.0	336.0	345.0	339.0	344.0	345.0	213.0
Fire prevention officers	6.0	10.1	10.1	14.8	14.8	17.7	16.7	18.7	19.0	14.0
Others	36.0	30.7	30.7	20.0	21.0	20.0	29.0	22.0	22.0	13.0
Public works:										
Engineers	15.1	26.0	27.0	20.0	25.0	31.3	35.0	38.4	38.4	15.5
Fleet maintenance	14.5	16.1	15.1	11.0	11.3	16.1	16.1	16.1	16.1	11.1
Others	121.0	124.2	125.2	140.6	134.2	137.8	128.6	125.2	127.7	72.5
Planning & community development	22.0	26.4	30.5	40.6	41.5	76.8	36.5	39.5	39.5	19.0
Culture and recreation	77.8	79.8	79.8	82.2	86.5	87.5	92.8	92.7	91.7	43.4
Urban redevelopment	6.3	7.0	7.0	7.0	5.8	6.8	14.0	8.8	5.0	0.0
Sanitary sewer	56.7	58.7	59.2	63.3	66.5	64.3	69.3	69.3	67.2	54.0
Building permits	66.1	60.7	59.7	58.4	64.5	64.5	69.5	66.3	56.0	22.0
Golf course <sup>d</sup>	8.8	8.0	7.0	6.0	6.2	6.2	6.2	6.2	4.2	4.1
Animal services shelter	20.0	22.0	21.0	22.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispatch services	68.8	68.8	64.3	68.5	68.5	69.5	69.5	69.5	69.5	54.0
<b>Total City Employees</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>	<b>1,067.1</b>

Note:

- <sup>1</sup> The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions as of year end.
- <sup>2</sup> Animal Services taken over by Washoe County in FY 2005/2006
- <sup>a</sup> Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees.
- <sup>b</sup> Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003.
- <sup>c</sup> The IT Division of the Finance Dept was spun off into a new Internal Service Fund effective FY 2004. For presentation purposes, IT employees prior to FY 2004 are shown here.
- <sup>d</sup> Brookside Golf Course closed 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>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>	<u>2011</u>
<b>Function/Program</b>										
General government:										
Active business licenses	12,189	14,033	16,716	20,640	24,461	25,089	25,574	25,574	22,456	22,329
Business license audits completed			65	70	90	95	186	197	294	288
Percentage of same day response to public requests for research of public documents	97%	97%	98%	96%	98%	98%	99%	100%	100%	100%
Judicial:										
Criminal cases prepared for trial			4,091	4,950	5,418	5,332	6,177	5,915	5,598	5,102
Cases filed in municipal court	22,641	22,347	25,750	25,779	41,207	44,416	38,844	39,788	35,866	34,094
Cases adjudicated in municipal court	21,992	22,365	24,954	27,632	27,632	42,459	30,327	40,737	36,711	35,822
Police <sup>2</sup> :										
Physical arrests	8,214	7,456	10,254	10,197	12,618	14,557	14,087	13,246	12,038	12,038
Misdemeanor citations	3,201	3,119	3,699	3,521	3,804	3,996	4,214	3,829	3,512	3,512
Traffic-related offenses cited	18,038	20,859	24,585	17,041	33,649	40,057	37,523	38,843	33,430	33,430
Fire <sup>3</sup> :										
Fire emergencies	1,105	1,177	1,272	1,087	1,238	1,388	3,228	4,790	1,026	1,284
Emergency medical calls	14,366	15,298	16,792	18,476	16,099	24,573	29,732	25,080	25,716	27,181
Inspections	2,428	3,920	6,871	5,741	18,180	14,775	19,494	8,382	6,394	6,967
Public works:										
Streets reported in "fair" or better condition	80%	82%	79%	82%	84%	85%	84%	85%	88%	89%
Pothole calls received/% repaired within 24 hrs	240/85%	1,200/95%	200/95%	185/95%	336/93%	168/100%	143/95%	167/97%	130/70%	110/95%
Culture and recreation <sup>4</sup> :										
Participants in senior recreation programs	20,063	24,172	37,453	26,618	6,327	3,864	4,473	6,094	25,216	23,352
Participants in youth programs	3,450	3,600	3,780	3,893	4,088	4,546	3,865	3,150	3,950	4,600
Instructional swimming classes offered	509	500	500	1,200	1,200	1,200	1,750	1,798	1,674	1,670
Community devp't & support <sup>5</sup> :										
Jobs generated by businesses in Redevelopment area	618	769	87	123	167	963	384	-	-	-
Affordable housing units developed in Redevelopment area	258	-	-	240	-	41	491	-	-	-
Housing rehabilitation projects completed	4	-	2	15	27	10	10	-	-	-
Sanitary Sewer:										
Lineal feet of sewer lines & storm drains maintained	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	3.7 mil

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

	<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>	<u>2011</u>
Golf:										
Cost per acre per year to maintain golf courses	\$ 5,200	\$ 4,500	\$ 4,500	\$ 4,600	\$ 4,800	\$ 5,150	\$ 5,342	\$ 5,158	\$ 6,138	\$ 5,078
Building:										
Building permits issued	8,195	9,416	11,607	13,171	9,294	9,109	7,272	5,580	5,023	5,510
Avg. # of monthly building inspections performed	5,233	5,565	6,886	10,618	11,171	8,171	5,351	3,363	2,348	<i>4,434</i>
Code enforcement cases	1,764	2,453	2,714	3,367	4,481	4,184	4,499	5,766	5,077	4,045

**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 -- PD information provided by the department statistician Steve Bigham

<sup>3</sup> FY 0910 Fire Inspection totals now only include actual buildings inspected

<sup>4</sup> FY 0910 Senior Programming figures now include participation at the Neil Rd facility

<sup>5</sup> FY 0809 RDA figures no longer available due to loss of staff and economic changes no longer a priority to monitor-see FY 1011 Budget notes

FY 1011 CDBG Took over tracking of RDA and Housing Stats

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009<sup>4</sup></u>	<u>2010</u>	<u>2011</u>
<b>Function/Program</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	4	4	4	3	1	1
Patrol units <sup>1</sup>					220	254	252	252	248	239
Fire:										
Stations	16	16	16	16	16	18	17	17	17	17
Fire fighting vehicles	28	29	31	35	36	54	59	41	37	36
Public works:										
Paved streets (miles)	524.1	532.0	546.0	579.0	582.0	637.1	654.0	654.0	670.5	670.5
Unpaved streets (miles)	1.7	1.9	1.9	1.9	1.9	3.6	0.8	0.8	0.7	0.7
Culture and recreation:										
Acreage	1,959	1,935	1,935	1,935	2,015	2,076	2,168	2,168	2,477	2,477
Park facilities	72	72	73	75	82	83	83	83	85	85
Playgrounds	48	48	51	51	51	52	52	52	51	51
Swimming pools	5	5	5	5	5	5	4	4	5	5
Sanitary sewer:										
Sanitary sewer lines (miles)	546.0	564.0	650.0	696.0	716.0	743.0	743.0	743.0	743.0	743.0
Storm drains (miles)	288.0	229.0	285.0	394.0	404.0	444.0	444.0	444.0	444.0	444.0
Treatment capacity millions of gallons)	41.5	41.5	41.2	41.2	41.2	41.2	44.0	44.0	44.0	44.0
Golf:										
Golf courses <sup>2</sup>	2	2	2	2	2	1	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 (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2011. 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'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 a 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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. 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'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 29, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON 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 (City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Reno's major federal programs for the year ended June 30, 2011. The City'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's management. Our responsibility is to express an opinion on the City'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'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's compliance with those requirements.

In our opinion, the City 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, 2011.

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

#### Internal Control Over Compliance

The management of the City 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'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'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.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and 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, 2011, and have issued our report thereon dated December 29, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 29, 2011

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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	--	\$ 4,886
Food Distribution Program	10.559	--	34,651
Senior Farmers Market Nutrition Program	10.576	--	27,000
Subtotal Pass-through			<u>66,537</u>
 <i>Total Child Nutrition Cluster - \$39,537</i>			
Total U.S. Department of Agriculture			<u>\$ 66,537</u>
 <u>U.S. Department of Commerce, National Telecommunications and Information Administration</u>			
Passed through State of Nevada, Division of Emergency Management, and through Washoe County Emergency Management:			
Public Safety Interoperable Communications Grant	11.555	11555T7	16,122
 Passed through State of Nevada, Division of Emergency Management via Washoe County LEPC:			
Public Safety Interoperable Communications Grant	11.555	11555T7	199
Subtotal Pass-through			<u>16,321</u>
Total U.S. Department of Commerce			<u>\$ 16,321</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Economic Development Initiative - Wells Landscaping			
	14.264	--	4,339
Economic Development Initiative - Oliver & Montello	14.251	--	98,801
Subtotal CFDA 14.251			<u>103,140</u>
Community Development Block Grants-Entitlement	14.218	--	2,949,476
Community Development Block Grants-Entitlement - Loans	14.218	--	1,171,308
Subtotal CFDA 14.218			<u>4,120,784</u>
Recovery Act - Community Development Block Grants	14.253	--	36,919
Homeless Prevention & Rapid Rehousing	14.257	--	451,450

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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>			
Direct Programs (continued):			
HOME Investment Partnerships Program	14.239	--	\$ 903,608
HOME Investment Partnerships Program - Loans	14.239	--	23,608,710
Subtotal CFDA 14.239			<u>24,512,318</u>
Supportive Housing Program (HMIS)	14.235	--	171,182
Emergency Shelter Grants Program	14.231	--	89,808
Subtotal Direct			<u>29,485,601</u>
Passed through Nevada State Housing Division:			
Neighborhood Stabilization Program No. 1	14.264	--	507,923
Neighborhood Stabilization Program No. 2	14.264	--	47,042
Neighborhood Stabilization Program No. 3	14.264	--	1,092
Subtotal CFDA 14.264			<u>556,057</u>
Emergency Shelter Grants Program	14.231	--	80,379
Subtotal Pass-through			<u>636,436</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 30,122,037</u>
<u>U.S. Department of the Interior</u>			
Direct Programs Bureau of Reclamation:			
Providing Water to At-Risk Natural Desert Terminal Lakes (Lower Truckee River Improvements)	15.508	--	269,734
Total U.S. Department of Interior			<u>\$ 269,734</u>
Direct Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant-FY 09	16.804	--	177,264
Edward Byrne Memorial Formula Grant (SMART Policing: Evidence Based Law Enforcement)	16.751	--	89,131
Bullet Proof Vest Partnership	16.607	--	27,398
Edward Byrne Memorial Formula Grant-FY07	16.738	--	324
Edward Byrne Memorial Formula Grant-FY08	16.738	--	7,309
Edward Byrne Memorial Formula Grant-FY09	16.738	--	98,750
Edward Byrne Memorial Formula Grant-FY09	16.738	--	9,618
Subtotal CFDA 16.738			<u>116,001</u>

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of the Interior</u> (continued)			
Direct Programs (continued):			
Recovery Act - Public Safety Partnership and Community Policing Grant - COPS Hiring Recovery	16.710	--	\$ 970,399
Subtotal CFDA 16.710			<u>970,399</u>
Subtotal Direct			<u>1,380,193</u>
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:			
Project Safe Neighborhood	16.609	10-PSN-04	7,348
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (Victim Services)	16.803	09-ARRA-20	7,788
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (Stalking & Investigations)	16.803	09-ARRA-19	11,651
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (Identify Forged Identification)	16.803	09-ARRA-21	14,466
Subtotal CFDA 16.803			<u>33,905</u>
Protecting Inmates and Safeguarding Communities Discretionary Grant (Multi-Jurisdictional Gang Taskforce)	16.735	10-JAG-023	65,769
Protecting Inmates and Safeguarding Communities Discretionary Grant	16.735	10-JAG-022	68,540
Subtotal CFDA 16.735			<u>134,309</u>
Subtotal Pass-through			<u>175,562</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	163,089
Passed through Nevada Office of Attorney General:			
Recovery Act - Violence Against Women Formula Grant (Crime Analysis & Data Collection)	16.588	2009-RAVAW-02	31,782
Recovery Act - Violence Against Women Formula Grant (Crime Analysis & Data Collection)	16.588	2010-RAVAW-02	29,958
Violence Against Women Formula Grants	16.588	2009-STOP-03	32,050
Violence Against Women Formula Grants	16.588	2010-STOP-03	31,795
Subtotal CFDA 16.588			<u>125,585</u>



**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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 the Interior (continued)</u>			
Passed through Nevada Juvenile Justice Commission, Division of Child and Family Services:			
Enforcing Underage Drinking Laws and Strategic Prevention Framework State Incentive Grant	16.727	--	\$ 17,098
Subtotal Pass-through			<u>481,334</u>
Total U.S. Department of Justice			<u>\$ 1,861,527</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
National Motor Carrier Safety Grant - High Priority Enforcement 2009	20.218	MH093220000000	33,182
National Motor Carrier Safety Grant - High Priority Education 2009	20.218	MH093210000000	15,089
National Motor Carrier Safety Grant - High Priority Enforcement 2010	20.218	MH093230000000	23,461
Subtotal Direct			<u>71,732</u>
Passed through Nevada Department of Public Safety, Office of Traffic Safety:			
State and Community Highway Safety - Motorcycle Project	20.600	28-AL-3	--
State and Community Highway Safety - Joining Forces Alcohol Impaired Driving Countermeasures Incentive Grants I (Bike & Ped)	20.600	210-JF-1.21	77,275
State Traffic Safety Information System Improvement Grant	20.601	210-PS-4	24,957
Subtotal - Pass through	20.610	210-408TR-2	<u>--</u>
Total - Highway Safety Cluster			<u>\$102,232</u>
Passed through Nevada Department of Transportation			
RecoveryAct - Congestion Mitigation and Air Quality Improvement Program	20.205	PR263-10-063	934,024
Recovery Act - Highway Planning and Construction (SAFTE- LU) (4th Street)	20.205	PR-115-08-063	330,686
Subtotal - Pass through CFDA No. 20.205			<u>1,264,710</u>

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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 Transportation</u> (continued)			
Passed through the Nevada State Emergency Response Commission:			
Interagency Hazardous Materials Public Sector Training and Planning	20.703	10-HMEP-16-04	\$ 10,086
Subtotal - Pass through			<u>10,086</u>
Total U.S. Department of Transportation			\$ <u>1,448,760</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	78,590
Nonpoint Source Implementation (Clean Water Act, Title 3, Section 319(h))	66.460	DP 09-027	<u>40,078</u>
Total U.S. Environmental Protection Agency			\$ <u>118,668</u>
<u>U.S. Department of Energy</u>			
Direct Programs:			
Recovery Act - Energy Efficiency and Conservation Block Grant	81.128	--	<u>931,487</u>
Total U.S. Department of Energy			\$ <u>931,487</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	--	89,599
Passed through State of Nevada Division of Welfare and Supportive Services			
Child Care and Development Block Grant (Behavior Analysis Project and Child Care Training)	93.575	--	<u>32,000</u>
Total U.S. Department of Health and Human Services			\$ <u>121,599</u>

**CITY OF RENO, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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 Homeland Security</u>			
Passed through State of Nevada Department of Public Safety, Division of Emergency Management:			
Hazard Mitigation Grant (Lawton Sewer Interceptor Protection at Truckee River Oxbow Park)	97.039	97039HM6	\$ 295,653
Hazard Mitigation Grant (Dant Wash)	97.039	97039HM8	2,739
Pre-disaster Mitigation Grant (Sky Tavern)	97.047	97047R8	21,788
Emergency Management Performance Grant	97.042	9704210	40,627
Subtotal - Pass through			<u>360,807</u>
 Total U.S. Department of Homeland Security			 <u>\$ 360,807</u>
 Total Expenditures of Federal Awards, Including Loans			 <u><u>\$ 35,317,477</u></u>
 Total Expenditures of Federal Awards, Excluding Loans			 <u><u>\$ 10,537,459</u></u>

**CITY OF RENO, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

**1. General**

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

**2. Basis of Accounting**

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

**3. Subrecipients**

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Provided to Subrecipients</u>
14.218	Community Development Block Grants – Entitlement Grants	\$ 284,042
14.231	Emergency Shelter Grants	154,379
14.239	HOME Investment Partnership Program – State of Nevada	79,232
14.257	Homeless Prevention & Rapid Rehousing Program – ARRA	451,451
14.264	Neighborhood Stabilization Program – State of Nevada	507,923
15.508	Providing Water to At-Risk Desert Terminal Lakes Grant	269,734
16.738	Edward Byrne Memorial Justice Assistance Grant	108,686
16.804	Edward Byrne Memorial Justice Assistance Grant – ARRA	89,725
16.735	Protecting Inmates & Safeguarding Communities Discretionary Grant – State of Nevada	16,784
20.218	National Motor Carrier Safety High Priority Enforcement Grant	<u>15,575</u>
	Total	<u>\$ 1,977,531</u>

**CITY OF RENO, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

**4. Federal-Funded Loans Receivable**

Outstanding federally-funded program loans receivable, with a continuing compliance requirement, carried balances as of June 30, 2011 as follows:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
14.218	Community Development Block Grants – Entitlement Grants	\$ 1,171,308
14.239	HOME Investment Partnership Program Grant	<u>23,608,710</u>
	TOTAL	<u>\$ 24,780,018</u>

**5. 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.

**6. 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	\$ 170,187

**CITY OF RENO, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**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             |
| 14.264 | Neighborhood Stabilization Program              |
| 16.588 | Violence Against Women Formula Grants           |
| 16.710 | Protecting Inmates and Safeguarding Communities |

*Justice Assistance Grant Cluster*

- |        |  |
|--------|--|
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program   |
| 16.803 | Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program/Grants to States & Territories     |
| 16.804 | Recover Act – Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government |
| 20.205 | Highway Planning and Construction  |
| 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, 2011

**Section 1** (continued)

Summary of Auditor's Results

- |  |            |
|--|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs (See Footnote 6). | \$ 316,124 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?            | Yes        |

**Section 2**

Financial Statement Findings

None reported

**Section 3**

Federal Award Findings and Questioned Costs

None Reported

**CITY OF RENO**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Audit Reference Number	Findings/Noncompliance
N/A	None reported



**CITY OF RENO**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Finding/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, 2011 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2011. There were, however, overexpenditures during the current year as reported in Note 18 to the financial statements.

### PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2010.

### 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, 2010, 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, 2011**

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Flat/Fixed Fees:

Business license revenue for the year ended June 30, 2010-Adjusted Base		<u>\$ 10,253,010</u>
Adjustment to Base:		
1. Percentage increase in population of the local government	-1.80%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<u>1.10%</u>	
Total adjustment percentage	<u>-0.70%</u>	
Adjustment amount (base x percentage)		<u>(71,771)</u>
Adjusted Base, June 30, 2011		10,181,239
Actual Revenue		<u>3,794,732</u>
Amount Over (Under) Allowable Amount		<u><u>\$ (6,386,507)</u></u>

Fees Calculated As A Percentage Of Gross Revenue:

Business license revenue for year ended June 30, 2010		\$ 10,628,977
Percentage Increase In The Consumer Price Index	1.100%	<u>116,919</u>
Adjusted Base, June 30, 2011		10,745,896
Actual Revenue		<u>10,665,789</u>
Amount Over (Under) Allowable Amount		<u><u>\$ (80,107)</u></u>