

# City of Reno Nevada

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012



Reno Fire Engine

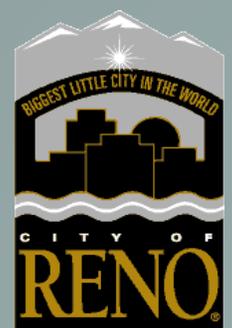


Reno Fire Department WET Rescue



Reno Police SWAT Training

Protecting our Community...



# **CITY OF RENO**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2012**

**STATE OF NEVADA**

**CITY OF RENO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2012**

**PREPARED BY  
DEPARTMENT OF FINANCE  
ROBERT CHISEL  
FINANCE DIRECTOR**

# CITY OF RENO

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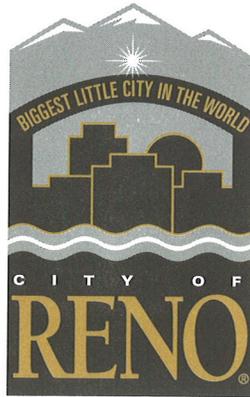
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# **INTRODUCTORY SECTION**

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December 28, 2012

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, 2012 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 Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors. 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, 2012 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, 2012, 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 the two documents should be read in conjunction. 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 (RACOR); therefore, the activities of RACOR 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 Interim City Manager 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 Conditions**

Reno and the Washoe County continue to be affected by the global recession. In the Reno-Sparks region, September's unemployment count stood at 11.6%, which is down from the September 2011 rate of 12.6%. Nevada has the highest unemployment rate in the nation, exceeding the national average by 3% in September 2012. Foreclosures decreased in Washoe County and Reno overall with significant decreases in the first quarter immediately following the 2011/12 fiscal year end of 67% and 71%, respectively, as compared to the first quarter immediately following the fiscal year end of 2010/11. The median price of residential properties sold in Washoe County increased during 2012. The median sales price at June 30, 2012 was \$170,000 for single family residences as compared to \$161,000 for the same time period in 2011.

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 2011/12 property tax bills. In fiscal year 2011/12, property taxes declined four percent. For fiscal year 2012/13, the City budgeted an additional two percent decline in property taxes. The Washoe County Assessor anticipates property taxes will be flat 2014, and the City will most likely be consistent with the Washoe County Assessor's assumption.

After two years of declines in consolidated tax (CTAX) revenues of (15.00%) and (10.78%) in fiscal years 2008/09 and 2009/10, respectively, fiscal years 2010/11 and 2011/12 saw a 1.20% and 4.02%, respectively, increase in CTAX. The City is hopeful this major revenue source is stabilizing and will not have continued reductions in the near future. For fiscal year 2012/13, the City has budgeted a 4.18% increase over the prior fiscal year budgeted amount, which is substantially equivalent to fiscal year 2011/12 actual. Fiscal year 2011/12 also saw declines in other revenue categories, particularly in telephone, gas, and sanitation franchise fees.

The State of Nevada, Washoe County and City of Reno continue to focus efforts in diversifying the economy. In fiscal year 2012, Apple announced its plans to build a data center in Washoe County and has made a commitment to invest \$400 million over the next four years and \$1 billion over 10 years. The data center is estimated to generate up to 41 jobs, 200 long-term contractors and 580 direct construction jobs. In addition to the large investment in the community promised by Apple, the Economic Development Authority of Western Nevada (EDAWN) reported assisting 16 companies to relocate to or expand in Washoe County, creating 673 new jobs and a total investment of \$40 million. The industries represented included advanced logistics, advanced manufacturing, and business and financial services.

The State Business Tax Climate Index for 2013, which is published by the Tax Foundation, ranked Nevada as third 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 makes 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.

The area climate offers four distinct seasons with few extremes. Average temperatures range from winter lows in the 20's to summer highs in the 90's. Low humidity characterizes the high-desert climate, making cold days seem not so cold and warm days not too hot. Cloudy days and rain are scarce with more than 300 days of sunshine each year and snow is a certainty, though it tends to melt by late afternoon in the valleys. All of this makes the area spectacular for enjoying the outdoors, including hunting, fishing, biking, hiking, skiing and many other activities. All of these factors contributed to the area being ranked number one in outdoor recreation in U.S. Rand McNally and Reno being ranked number 6 "Most Active City" in America by Men's Health Magazine.

City management continues to take a very aggressive stance on controlling expenses in light of the falling revenues. Over the past four 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 most bargaining units have negotiated salary reductions in addition to other concessions. The City also continues its 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 computerized revenue and expenditure forecasting models, 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 continues to collaborate 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 2011/12, 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 2012/13 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 2011/12 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 or maintain the \$2.9 reserve budgeted for fiscal year 2011/12 in the General Fund, the City has budgeted \$3.4 million in its General Fund to restore the stabilization reserve fiscal year 2012/13. 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 \$20 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 but efforts are being made to create an OPEB trust so amounts can be put aside to fund this growing liability.

### **Major Initiatives**

Most of the efforts during fiscal year 2011/12 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, executive management and the Finance and Office of Management 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 2012/13 are Financial Management; Economic Development; Public Safety; Arts, Culture and Special Events; Senior and Youth Services; and Accessibility. 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. The City is implementing a transparent initiative by posting all employee salaries, expenses and revenues on [reno.gov](http://reno.gov). These cash receipts and disbursements will be presented in a detailed format to allow the public to review itemized transactions. Information is updated regularly so the citizens of Reno have the ability to see where their money is being spent.

### **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, 2011.

This was the 29<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 Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors. 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,

A handwritten signature in blue ink, appearing to read "Robert Chisel". The signature is fluid and cursive, with the first name "Robert" and last name "Chisel" clearly distinguishable.

Robert Chisel  
Finance Director

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# 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, 2011

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.



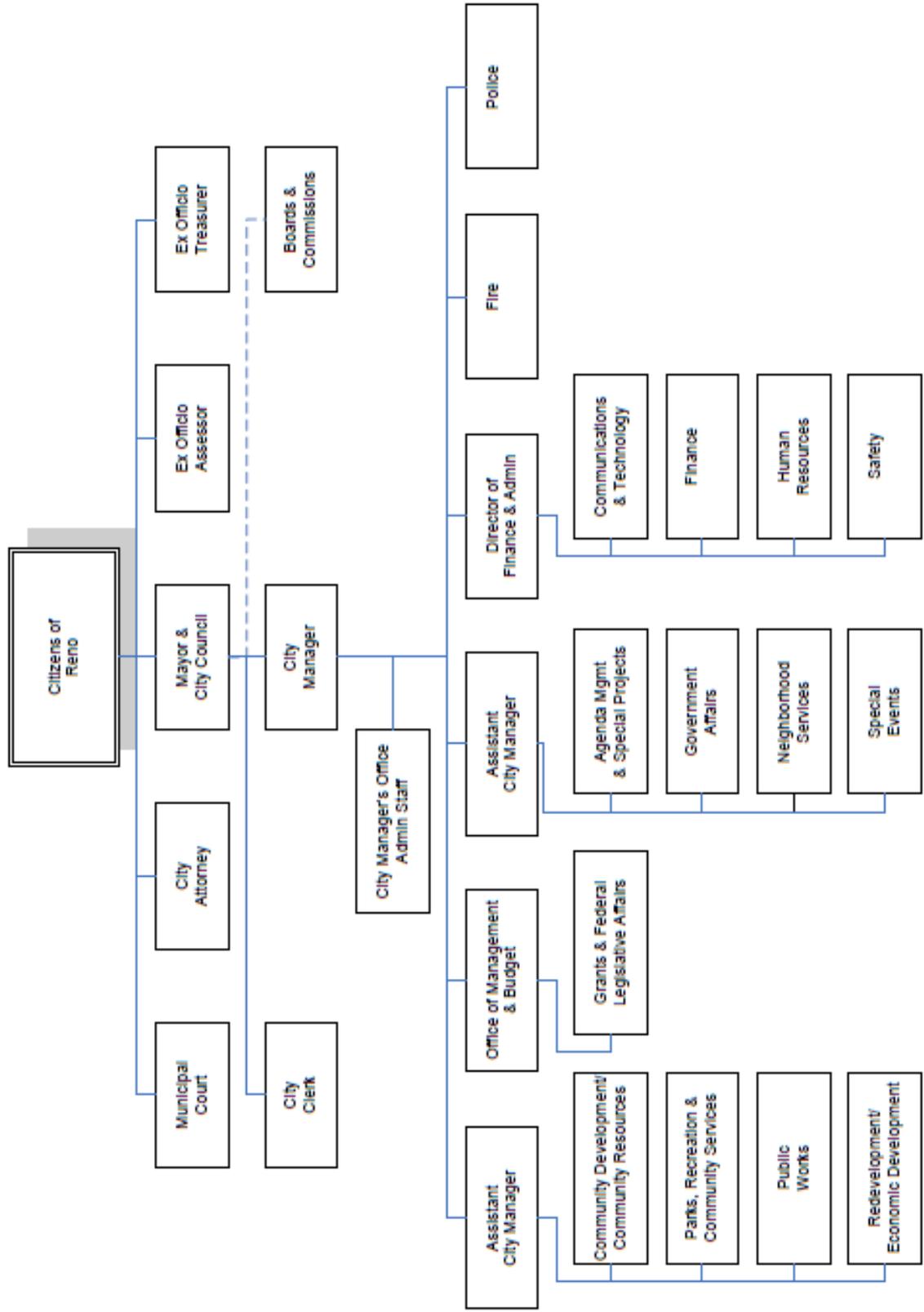
*Christopher P. Moivell*

President

*Jeffrey R. Emer*

Executive Director

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# ***CITY OFFICIALS***

## ***CITY COUNCIL***

Robert A. Cashell, Sr., Mayor  
Jenny Brekhus, Councilmember, Ward 1  
Sharon Zadra, Councilmember, Ward 2  
Oscar Delgado, Councilmember, Ward 3  
Dwight Dortch, Councilmember, Ward 4  
Neoma Jardon, Councilmember, Ward 5  
Hillary Schieve, 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*

Cadence Matijevich, Assistant City Manager  
William Thomas, Assistant City Manager  
Fred Turnier, Community Development Director  
Robert Chisel, Finance Director  
Michael Hernandez, Fire Chief  
Megan Salcido, Government Affairs Director  
Renée Rungis, Human Resources Director  
Deanna Gescheider, Communications & Community Engagement Director  
Julee Conway, Parks, Recreation & Community Services Director  
Steven Pitts, Police Chief  
John Flansberg, Public Works Director  
Kate Thomas, Office of Management & Budget Director

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# **FINANCIAL SECTION**

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**P B T K**

**PIERCY BOWLER  
TAYLOR & KERN**

Certified Public Accountants  
Business Advisors

## **INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno (the City), as of and for the year ended June 30, 2012, 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'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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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.

Accounting principles generally accepted in the United States require that the management's discussion and analysis and schedule of funding progress - postemployment benefits other than pensions on pages 15-30 and 83-84 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, 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the City's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the other supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section and schedule of business license fees are presented for the 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 do not express an opinion or provide any assurance on it.

*Penny Bowler Taylor & Kern*

December 28, 2012

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

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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 City). 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

- The City's net position decreased by \$34,004,190, or (3.75%), over the prior year balance after prior year adjustments (detailed in *Note 2 to the Financial Statements*).
- The City's Statement of Net Position reflects a \$63.5 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 \$55.67 million.
- Net capital assets declined 2.13% after prior year adjustments totaling negative \$2.52 million.
- The City issued one new debt instrument: \$939,800 in special assessment district debt related to the acquisition of the former Northgate Golf Course as open space. The City also incurred a liability for \$1,227,275 related to a draw on the surety bond for the 1998F Redevelopment Agency Bonds.
- General Fund revenues totaled \$163,950,069, which is relatively unchanged from the prior fiscal year. This figure excludes other financing sources.
- General Fund expenditures decreased 5.28% to \$151,586,476, excluding other financing uses such as transfers.
- Property tax collections for the governmental funds experienced a decline of (8.01%). Collections include delinquent tax receipts.
- Consolidated tax increased by \$1,582,711, or 4.02%, after a 1.20% increase in the prior fiscal year preceded by three straight fiscal years of decline.
- Licensing and permits income increased 4.73%, with the largest increase occurring in franchise fees of 5.74% resulting from a 21.64% increase in electric franchise fee revenue offsetting declines in most other franchise fee categories.
- Cash and investments at the governmental funds level declined by 20.81%, while cash and investments in the General Fund increased by approximately \$7 million.

### Financial Overview

The basic financial statements of the City 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 that is similar to that of the private sector.

The Statement of Position presents information on all assets and liabilities for the City. The difference between the total assets and total liabilities is reported as "net position." Over time, increases and decreases in net position 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 position 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. The City's governmental activities include

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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those associated with general government; judicial operations; public safety; public works; community development and support; culture and recreation; and urban redevelopment. The business-type activities for the City 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, as with other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City 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 maintains 25 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 four funds because they qualify as major funds under the GASB 34 definition – General Fund, Railroad Debt Service Fund, Downtown Events Center Debt Service 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 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. Internal service funds are used to account for and allocate internal costs to the various functions in the City. The internal service funds include Motor Vehicle, Risk Retention, Self-funded Medical Plan, and Self-funded Worker's Compensation. 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 government. These funds are not reflected in the government-wide financial statements because the resources are not available to support the City's 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.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Financial Statement Analysis

#### Government-Wide Financial Statement Analysis

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

#### Condensed Statements of Net Position

	Governmental Activities		Business Type Activities		Total	
	2012	2011 (Restated)	2012	2011 (Restated)	2012	2011 (Restated)
<b>ASSETS</b>						
Current and other assets	\$ 177,089,186	\$ 181,860,622	\$ 55,741,145	\$ 42,865,630	\$ 223,286,788	\$ 222,379,992
Restricted assets			16,452,744	12,973,345	16,452,744	12,973,345
Truckee Meadows Water Reclamation Facility			74,508,652	77,096,770	74,508,652	77,096,770
Capital assets	<u>994,171,192</u>	<u>1,020,452,002</u>	<u>295,171,838</u>	<u>296,922,707</u>	<u>1,289,343,030</u>	<u>1,317,374,709</u>
Total assets	<u>1,171,260,378</u>	<u>1,202,312,624</u>	<u>441,874,379</u>	<u>429,858,452</u>	<u>1,603,591,214</u>	<u>1,629,824,816</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Derivative instruments, accumulated decrease in fair value	<u>55,667,060</u>	<u>23,409,853</u>			<u>55,667,060</u>	<u>23,409,853</u>
<b>LIABILITIES</b>						
Current liabilities	111,356,253	77,972,473	20,595,397	12,747,394	122,406,661	88,373,607
Liabilities payable from restricted assets			1,083,876	209,220	1,085,322	209,220
Long-term liabilities, due in more than one year	<u>580,858,487</u>	<u>571,782,811</u>	<u>82,973,177</u>	<u>86,930,214</u>	<u>663,831,664</u>	<u>658,713,025</u>
Total liabilities	<u>692,214,740</u>	<u>649,755,284</u>	<u>104,652,450</u>	<u>99,886,828</u>	<u>787,323,647</u>	<u>747,295,852</u>
<b>NET POSITION</b>						
Net investment in capital assets	568,036,514	601,478,602	210,627,844	208,075,562	778,664,358	809,554,164
Restricted	109,857,977	105,854,324	15,873,574	19,801,326	125,731,551	125,655,650
Unrestricted	<u>(143,181,793)</u>	<u>(131,365,733)</u>	<u>110,720,511</u>	<u>102,094,736</u>	<u>(32,461,282)</u>	<u>(29,270,997)</u>
Total net position	<u>\$ 534,712,698</u>	<u>\$ 575,967,193</u>	<u>\$ 337,221,929</u>	<u>\$ 329,971,624</u>	<u>\$ 871,934,627</u>	<u>\$ 905,938,817</u>

Assets as of June 30, 2012, net of accumulated depreciation of \$782,030,632, totaled \$1,603,591,214, which represents a 1.61% decrease from the prior year's adjusted total assets. Current and Other Assets include cash/investments, receivables, prepaid items, and land held for resale by the Redevelopment Agency. Current and Other Assets in governmental activities experienced a 2.62% decrease due primarily to reclassifying \$3.2 million of land held for resale to capital assets in the governmental activities and repaying temporary cash loans made in FY 2010/11, which is partially responsible for the 13.92% decline in cash and investments. However, the reduction in cash and investments was offset by higher internal balances owed by business-type activities. The 30.04% 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 2010/11 which were offset by higher internal balances owed as previously stated. However, when combined with governmental activities, Current and Other Assets changed by only (0.41%). Other asset investments include a \$74,508,652 ownership interest in the Truckee Meadows Water Reclamation Facility whose value declined due to normal depreciation of plant assets and a negative \$2.68 million prior year adjustment for costs incorrectly reported as construction in progress.

Liabilities, which consisted primarily of long-term debt, totaled \$787,323,647. 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 2011/12 was approximately \$17.6 million of which \$5.82 million was funded in the form of pay-as-you-go costs and implicit subsidy payments. Approximately \$50.76 million of the \$63.5 million net OPEB obligation is attributed to the Public Safety function. 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, 2012, of negative \$55.67 million – the amount owed to the swap counterparty. This is almost double the \$23.41 million liability

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

reported for the prior fiscal year. However, this liability is offset by a deferred charge reported under Deferred Outflows of Resources due to the determination that the hedge is effective.

A comparison of assets and liabilities for the government-wide financial statements reflect a net position of \$871,934,627. This total reflects a 3.75% decline after taking into consideration prior period adjustments. The majority of the City of Reno's net position, \$778.7 million or 89.3%, is reflected in investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) net of related debt. The cumulative impact of the worker's compensation liability and the net OPEB obligation liability totaling (\$99,494,604) is the major contributor to the negative unrestricted net position balance for governmental activities of (\$143,181,793), which when combined with the \$110,720,511 in unrestricted business-type net position, results in (\$32,461,282) of unrestricted net position overall for the City after taking prior year adjustments into consideration.

Fiscal year 2011/12 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 the City of Reno's net position by \$41,254,495. Business-type activities raised the net by \$7,250,305.

Total revenues in FY 2011/12 declined by 1.20% when compared to the previous year's total, while expenses decreased 7.57%. Each function's expenses continue to be impacted by the City's decision to not fund the full amount of the OPEB ARC. The function that experienced the largest impact of the OPEB-related expense was public safety at \$9.86 million compared to \$13.74 million, respectively, in FY 2010/11. The decline between years was due to layoffs in the prior two fiscal years that were taken into consideration in the actuarial study prepared as of July 1, 2011.

### Condensed Statement of Activities

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u> (Restated)	<u>2012</u>	<u>2011</u> (Restated)	<u>2012</u>	<u>2011</u> (Restated)
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 78,789,060	\$ 78,773,277	\$ 51,883,451	\$ 50,079,335	\$ 130,672,511	\$ 128,852,612
Operating grants, interest and contributions	13,230,125	11,018,024	18,555	168,668	13,248,680	11,186,692
Capital grants, interest and contributions	4,195,685	8,523,226	3,722,997	4,408,097	7,918,682	12,931,323
Total program revenue	96,214,870	98,314,527	55,625,003	54,656,100	151,839,873	152,970,627
General revenues						
Property taxes	58,655,405	63,682,340			\$58,655,405	63,682,340
Consolidated taxes	40,909,269	39,326,558			40,909,269	39,326,558
Room taxes	7,168,308	7,336,348			7,168,308	7,336,348
Motor vehicle fuel taxes	4,461,234	4,242,747			4,461,234	4,242,747
Sales taxes	9,239,227	8,996,391			9,239,227	8,996,391
Other taxes and intergovernmental income	4,834,799	4,206,855			4,834,799	4,206,855
Investment income	2,195,454	2,360,479	216,401	165,705	2,411,852	2,526,184
Miscellaneous	1,249,714	861,751	99,035	126,155	1,348,749	987,906
Total revenues	224,928,280	229,327,996	55,940,439	54,947,960	280,868,716	284,275,956
<b>Expenses</b>						
General government	32,686,051	29,313,696			32,686,051	29,313,696
Judicial	7,223,028	7,758,252			7,223,028	7,758,252
Public safety	114,990,532	124,769,041			114,990,532	124,769,041
Public works	57,540,323	71,642,584			57,540,323	71,642,584
Culture and recreation	14,526,095	16,526,697			14,526,095	16,526,697
Planning and community development	9,849,260	10,637,234			9,849,260	10,637,234
Urban development	1,139,975	2,258,852			1,139,975	2,258,852
Interest expense and fiscal charges	27,627,101	28,124,916			27,627,101	28,124,916
Sanitary sewer			44,389,566	44,395,415	44,389,566	44,395,415
Golf course			1,295,630	1,318,299	1,295,630	1,318,299
Building permit			3,605,348	3,899,577	3,605,348	3,899,577
Total expenses	265,582,365	291,031,272	49,290,544	49,613,291	314,872,909	340,644,563
Transfers	(600,410)	(1,140,227)	600,410	1,140,227	-	-
Change in net position	(41,254,495)	(62,843,503)	7,250,305	6,474,896	(34,004,190)	(56,368,607)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u> (Restated)	<u>2012</u>	<u>2011</u> (Restated)	<u>2012</u>	<u>2011</u> (Restated)
Net position, beginning of year, as previously reported	587,627,618	645,637,320	342,828,447	335,923,217	930,456,065	981,560,537
Adjustment	<u>(11,660,425)</u>	<u>(6,826,624)</u>	<u>(12,856,823)</u>	<u>(12,426,489)</u>	<u>(24,517,248)</u>	<u>(19,253,113)</u>
Net position, beginning of year, as adjusted	<u>575,967,193</u>	<u>638,810,696</u>	<u>329,971,624</u>	<u>323,496,728</u>	<u>905,938,817</u>	<u>962,307,424</u>
Net position, end of year	<u>\$ 534,712,698</u>	<u>575,967,193</u>	<u>\$ 337,221,929</u>	<u>\$ 329,971,624</u>	<u>\$ 871,934,627</u>	<u>\$ 905,938,817</u>

The decrease in expenses for the various functions can be attributed, in part, to the reductions of force and retirements that occurred in fiscal year 2010/11, resulting in a full year of vacancy savings in fiscal year 2011/12; concessions given by certain bargaining units; and lower OPEB expense.

The General Government function's FY 2011/12 expenses increased by \$3.37 million, or 11.50%, due to the City's decision to cease allocating electric and gas utility bills among various departments. This decision has provided the City a more accurate measure of the cost savings being realized by the various green energy projects implemented over the past two fiscal years. Public Works benefited the most from this change, resulting in a 19.68% decrease in the Public Works function expenses. The Urban Redevelopment function registered the largest decrease in expenses at 49.53%. Because of the devaluation of residential and commercial properties and the resulting decreased in assessed values, the Redevelopment Agency saw a dramatic decrease in tax increment revenue, which was used to meet debt obligations. Expenses for the Agency were limited to operation of the West Street Market and the Parking Gallery.

General revenues in the current year declined 1.73% over general revenues collected in the prior year. Property tax revenues declined 7.89% due to property devaluations driven by falling housing prices and foreclosures. However, consolidated tax revenues registered a 4.02% increase, shared revenues (AB104 and County gaming taxes) realized a 14.93% gain, and motor vehicle fuel tax receipts rose 5.15%, which helped to offset the full impact of the property tax decline.

Program revenues remained relatively unchanged with a decline of only (0.74%). Charges for services increased slightly by 1.41%.

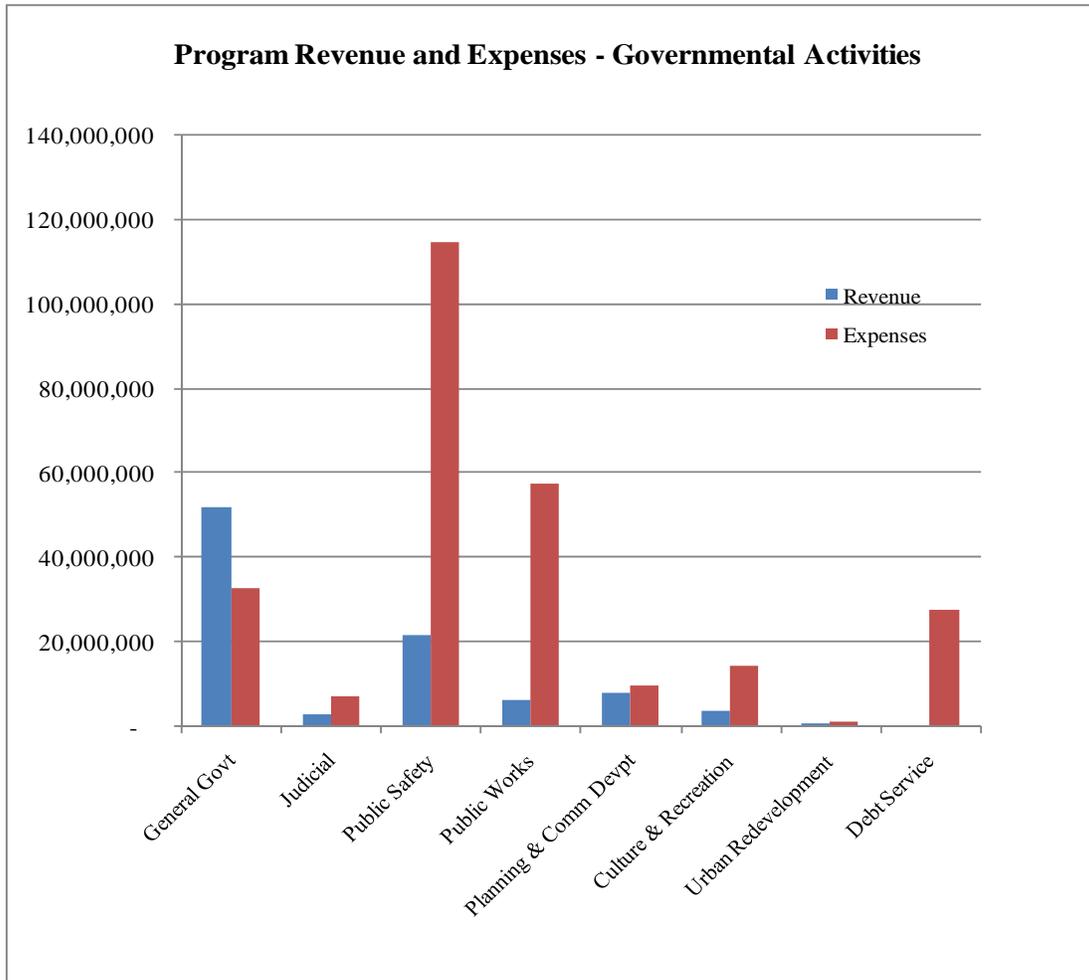
Unrestricted investment and interest earnings declined 4.53%. Unrestricted investment and interest earnings dropped 6.99% for governmental activities but increased 30.59% for business-type activities related to changes in cash balances from the repayment of short-term cash loans made at the end of FY 2010/11.

### *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.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012



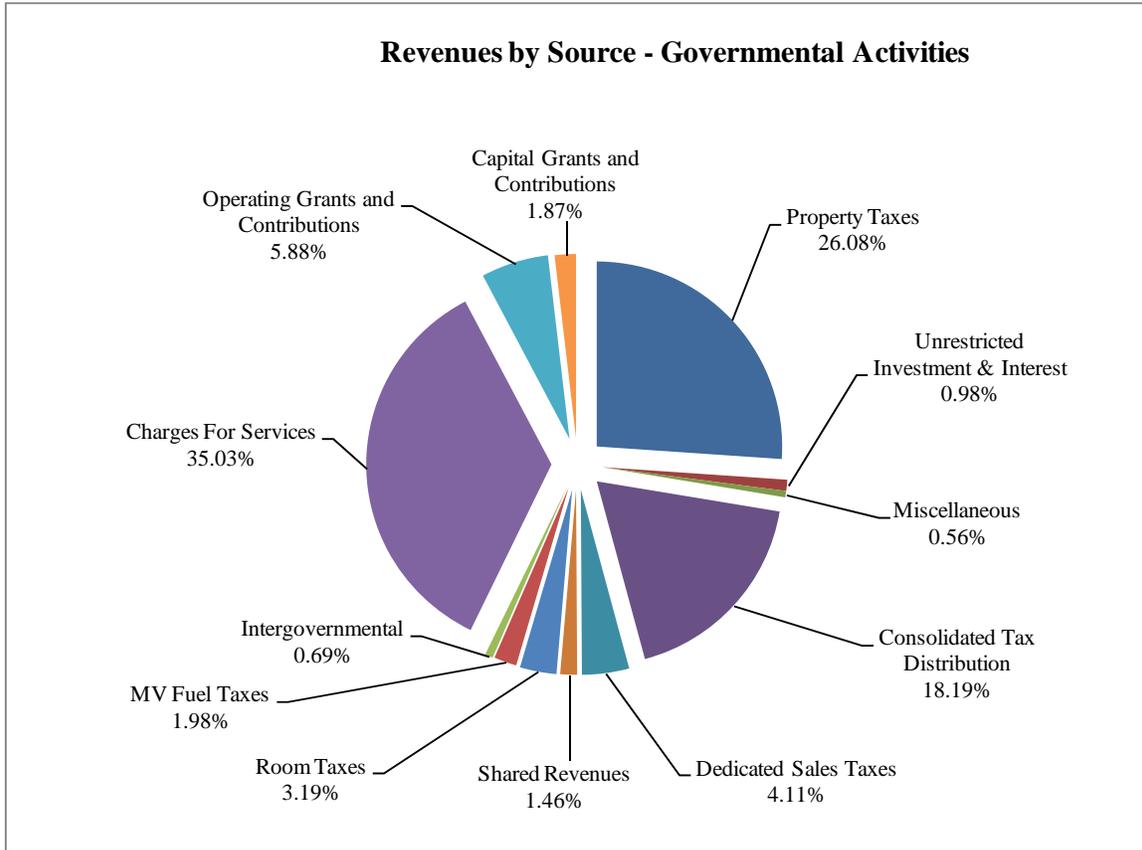
Total program revenues and expenses for governmental activities amounted to \$96,214,870 and \$265,582,365, respectively, for the 2011/12 fiscal year. As indicated in the chart, expenses exceeded program revenues for all functions except General Government. This indicates that services provided within 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 Safety (Police, Fire and Dispatch), Public Works and Planning and Community Development 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 continue to be the largest revenue contributor, 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 18.19%, in spite of a 4.02% gain in FY 2011/2012.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012



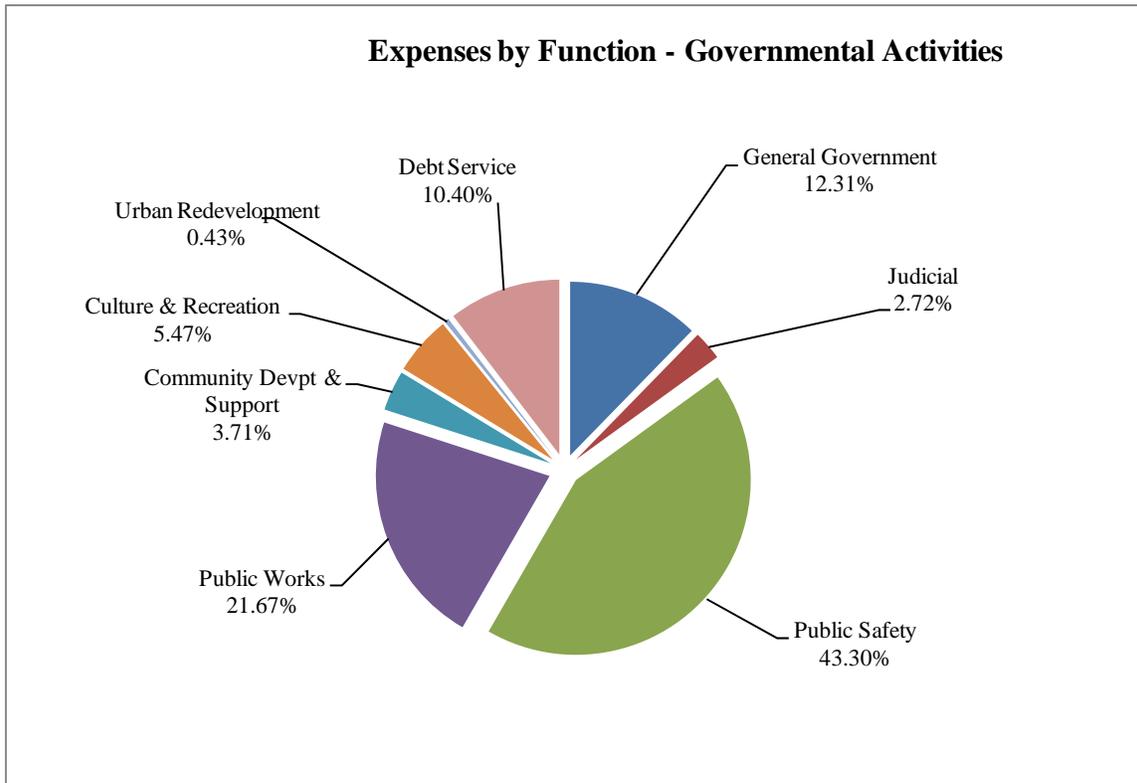
Property values have declined dramatically in Washoe County over the past four years. The application of abatements received in prior years and representing the difference between the growth in the tax base experienced between 2006 and 2008 and the property tax growth caps instituted by the 2005 Nevada 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 through FY 2011/12. With the abatements exhausted in FY 2010/11, property taxes have declined the past two years – (11.20%) in FY 2010/11 and (7.89%) this year.

In terms of prior year change, the consolidated taxes percentage rose 4.02%. The City was encouraged by the increase after three years of large declines and last year's flat growth. Consolidated tax revenues are only slightly below those of FY 2001/02.

The following chart provides a comparison of expenses by function/program as a percentage of total expenses for all governmental activities. The Public Safety function (Police, Fire and Dispatch) poses the largest cost to the city. The Public Works function is second as infrastructure depreciation will continue to keep Public Works as one of the most costly functions.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012



### *Business-type Activities*

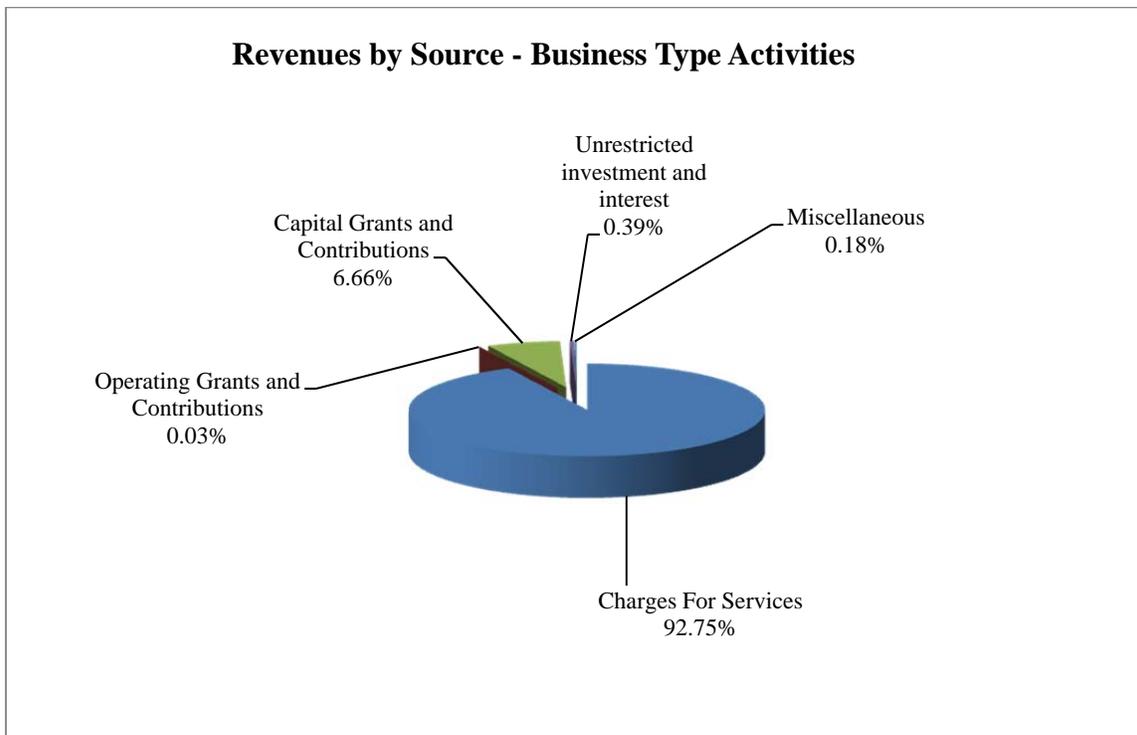
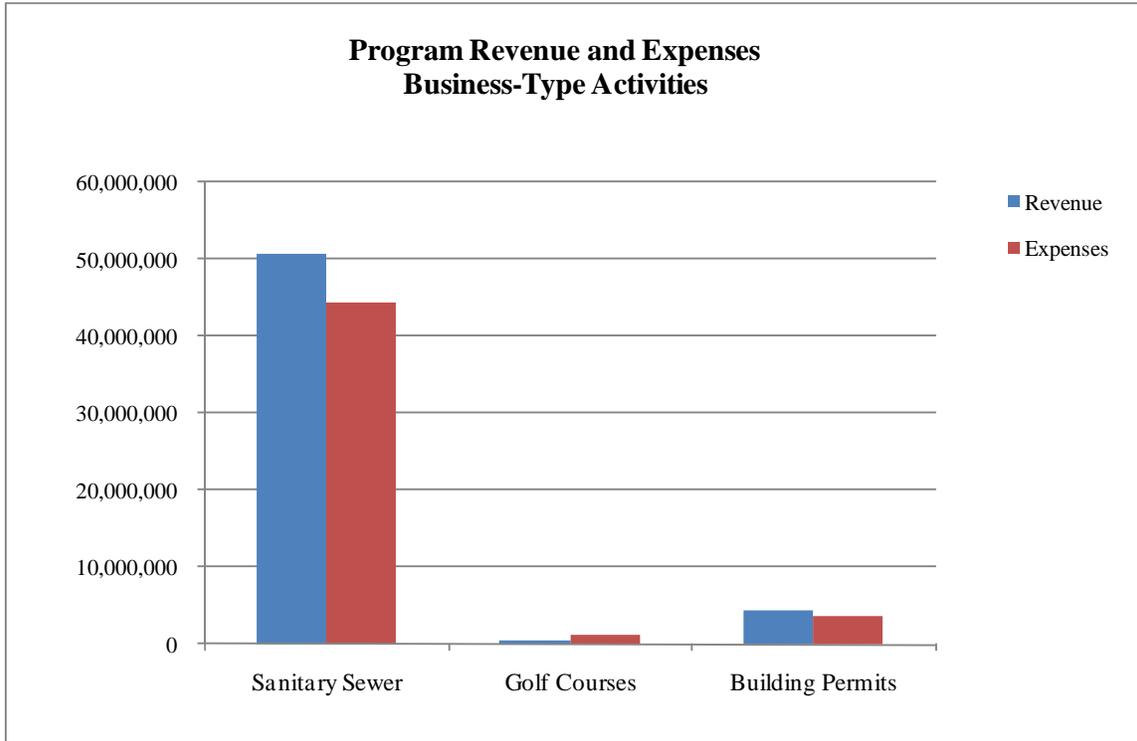
Business-type activities include sanitary sewer operations, a City-owned golf course, and building permit operations. Total program revenues and expenses were \$55,625,003 and \$49,290,544, respectively, for business-type activities for the 2011/12 fiscal year. The following graphs and charts are provided to enhance understanding of these activities.

The Sanitary Sewer program continues to be self-supporting, with program revenues exceeding operating expenses by \$6,371,985. The Building Permits program had net operating income of \$715,651. While permitting revenues were down 4.29% compared to the prior fiscal, operating expenses were down 3.57%, thus reducing the impact of lower revenues.

The Golf Course program experienced a net operating loss of (\$753,177), which is lower than the (\$773,891) loss experienced in FY 2010/11. Depreciation expense accounts for \$288,024 of the loss. Because the golf course cannot generate sufficient revenues to cover operations, let alone debt service and depreciation, the City Council made the decision to move golf course operations under the General Fund beginning FY 2012/13.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012



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 slightly from 91.14% in the 2010/11 fiscal year to 92.75%. As long as new housing

# CITY OF RENO

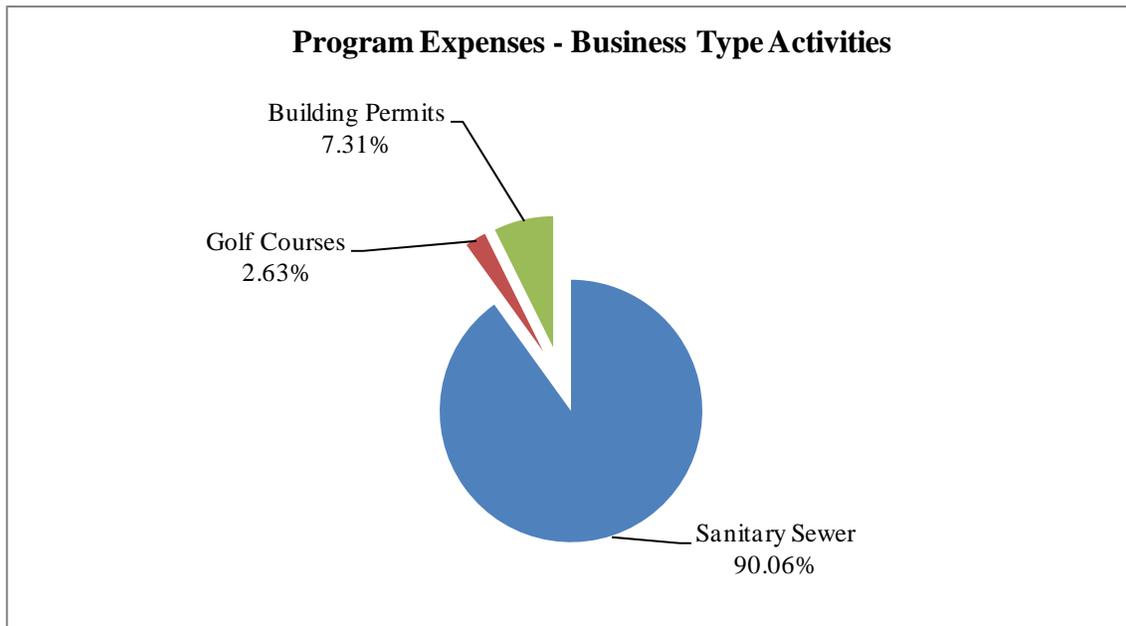
## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

and commercial development remains stagnant, capital grants and contributions resulting from contributed sewer lines and storm drains will continue to be a small contributor to revenues.

The chart below breaks out business-type expenses by category. Total business-type expenses saw an overall 0.65% decrease over the prior year. The increase in interest/issue costs results from correction of an interest expense accrual related to the 2010 Sewer Refunding Bonds. Excluding the effect of this correction, business-type expenses actually saw a decline of (0.45%), demonstrating management's goal of containing costs.

Business-type Activities Expenses by Type			
	<u>2012</u>	<u>2011</u> (Restated)	<u>Percent Change</u>
Salaries and wages	\$ 7,156,954	\$ 7,023,114	1.91%
Employee benefits	3,980,710	3,860,149	3.12%
Services and supplies	11,083,304	12,527,910	(11.53%)
Joint sewer plant, operating costs	10,694,450	10,630,070	0.61%
Depreciation	9,931,684	9,328,901	6.46%
Interest and fiscal charges	2,748,661	2,182,250	25.96%
Truckee Meadows Water Reclamation Facility	<u>3,694,781</u>	<u>4,060,897</u>	(9.02%)
	<u>\$ 49,290,544</u>	<u>\$ 49,613,291</u>	(0.65%)

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 2011/12 results under this focus.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Governmental Funds

The governmental funds of the City of Reno reflected a combined total assets and liabilities of \$138,841,866 and \$46,779,918, respectively. This resulted in a total combined fund balance of \$92,061,948. Of this fund balance, \$38,264,145 is categorized as nonspendable, \$34,168,379 as restricted, \$15,674,347 as assigned, and \$3,955,077 as unassigned. Fiscal year 2011/12 fund balance is 15.00% lower than the \$108,303,485 recorded in the prior fiscal year after taking into consideration a prior year adjustment to reduce land held for resale. Reduction in cash and investments, primarily from the expenditure of remaining bond proceeds for street rehabilitation and repairs, represents approximately 90% of the fund balance decline from a balance sheet perspective. This also contributed to the City's governmental funds collectively experiencing a (\$16,241,537) change in fund balance.

### *Major Governmental Funds*

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2012, the unassigned fund balance in the General Fund was \$5,018,570 and the total fund balance was \$6,506,292. This is an 18.18% increase over the FY 2010/11 total fund balance, partly due to accruals of federal grant revenues for Fire Department operations.

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 land 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 and is now scheduled for FY 2012/13. Total fund balance for the Redevelopment Agency Capital Projects Fund remains relatively unchanged at \$36,573,350.

Another major governmental fund is the Railroad Debt Service Fund. Assets total \$18,082,789, or 13.02%, 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 \$10.33 million in SAD bonds outstanding. The total fund balance for the Railroad Debt Service Fund was \$8,174,105, which is an increase from FY 2010/11 fund balance of \$8,025,949 due to growth in sales tax revenues.

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 \$6.1 million in SAD bonds outstanding. Cash and investments represent the bulk of the remaining assets. Total fund balance at June 30, 2012, was \$1,795,559, which represents an 11.84% decrease over the FY 2011/12 balance, as some reserves were used for debt service based on lower than budgeted room tax collections for the non-special assessment related bonds.

### Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of \$442,938,286 and \$95,108,907, respectively. This resulted in a total net position of \$347,829,379. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net position declined to \$337,221,929. The portion of the FY 2011/12 change in net position for internal service funds allocated to enterprise funds totaled \$46,420. Unrestricted net position totaled \$110,720,511, after consolidation of internal service fund activity.

### *Major Proprietary Fund*

The Sanitary Sewer Fund accounts for sewer services provided to Reno's citizens and some residents of Washoe County. Unrestricted net position at the end of the 2011/12 fiscal year amounted to \$121,502,112. Total operating revenues rose 4.33%. This increase is primarily the result of the 8% rate hike effective October 1, 2011, the first of a number of annual increases that will eventually equate sewer rates to those of Washoe County, with the goal of ceasing the rate subsidy currently occurring for City of Reno residents being served by Washoe County's South Meadows Water Reclamation

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Facility, as well as keeping up with increasing costs of providing sewer service. Operating expenses increased 2.57%. After accounting for the City's share of the net investment loss from the Truckee Meadows Water Reclamation Facility of \$3,694,781 (primarily depreciation expense), the Sanitary Sewer Fund registered net income before capital contributions and transfers of \$3,007,342. The 45.25% rise in delinquent accounts receivable is within the Sewer Enterprise Fund and relates to the continued volatility in the residential housing market and the high number of home foreclosures. The City has the ability to file property liens for delinquent sewer bills which partially mitigates the risk of uncollectibility.

The Sanitary Sewer Fund was affected by (\$12,856,823) in prior year adjustments primarily resulting from a change in treatment of a grant-funded lower Truckee River restoration program. Auditors for the Truckee River Water Reclamation Facility, jointly owned by the City of Reno and the City of Sparks, determined that the multi-year project did not pertain to an actual asset of the facility and resulted in approximately \$3.6 million of the prior year adjustment. This determination prompted the City of Reno to look at its portion of the overall project and a similar determination was made, resulting in decreasing the City's construction in progress by \$8.2 million.

### Budgetary Highlights for General Fund

Functions represent the legal level of budgetary control. The final revised budget appropriation for the General Fund expenditures was \$153,379,658, excluding other financing uses, which is 3.68% higher than the original budget of \$147,942,158. As shown in the following table, most of the function's FY 2011/12 appropriations are less than their respective appropriations on a total budget percentage basis for the prior fiscal year 2010/11. Public Safety was higher due, in part, to grants that funded operations. Other was higher due to the City's decision to budget utility costs under that function beginning FY 2011/12.

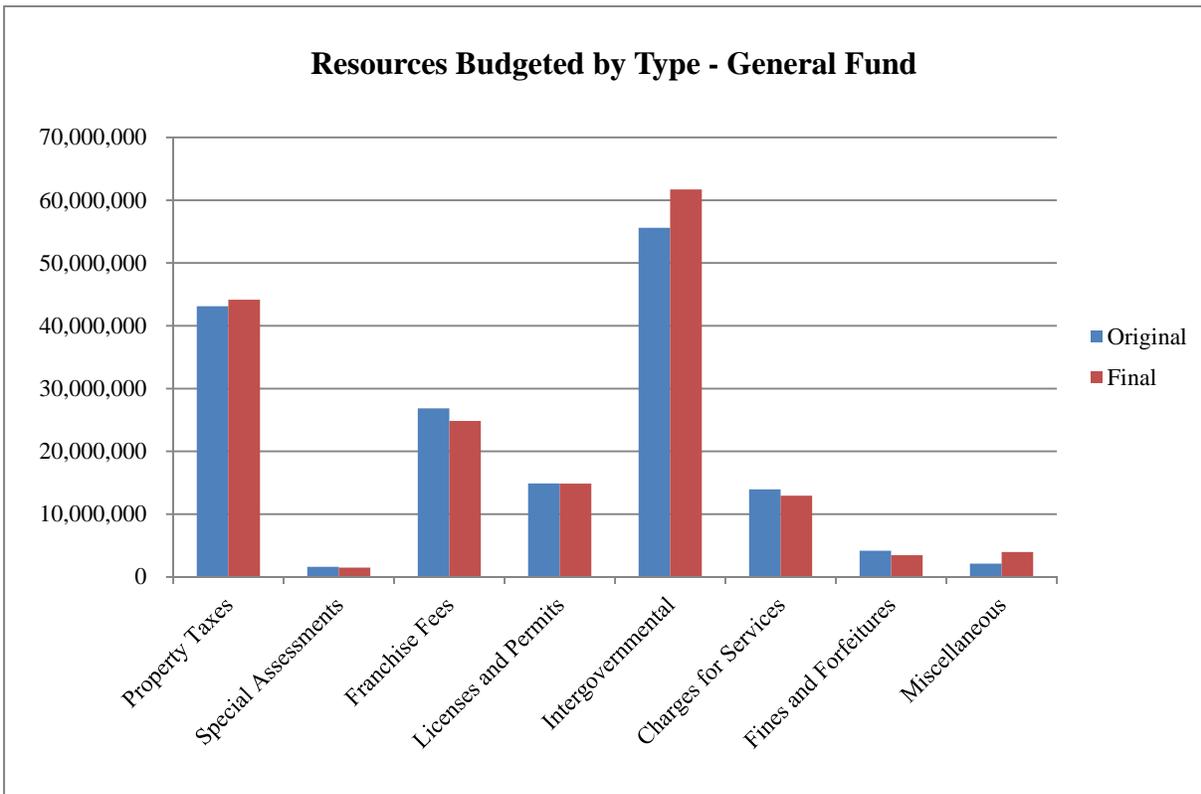
	General Fund Final Expenditures Budget by Function			
	<u>2012</u>	<u>Percent of total budget</u>	<u>2011</u>	<u>Percent of total budget</u>
General government	\$ 16,177,096	10.55%	\$ 17,806,533	10.84%
Judicial	6,487,002	4.18%	6,902,411	4.20%
Public safety	104,041,728	67.87%	109,735,892	66.80%
Public works	5,850,320	3.82%	9,677,974	5.89%
Culture and recreation	9,033,932	5.89%	12,289,934	7.48%
Planning and community development	3,100,571	2.02%	3,225,668	1.96%
Urban development	<u>8,689,009</u>	6.67%	<u>4,642,175</u>	2.83%
Other				
	<u>\$ 153,379,658</u>		<u>\$ 164,280,587</u>	

The City continues to monitor costs very closely, and moved to a zero-based program budgeting methodology beginning in FY 2011/12. Only a very few critical positions have been filled, and increases in expenditures have been limited for the most part to those that are funded with federal, state or private grants.

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

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012



### Capital Assets Activity

As shown by the chart on the following page, at June 30, 2012, the City of Reno had a net capital asset investment of \$1,289,343,030 in governmental and business-type activities. This represents a decrease of 2.13% 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 \$782,030,632.

Major capital investment activities for the 2011/12 fiscal year include:

- The addition of \$1.36 million in equipment and machinery related to clean and renewable energy projects to reduce utility costs to the City;
- The addition of \$1.91 million of new vehicles (primarily police cars) and street sweepers, the latter being funded by a federal grant; and
- The net addition of \$12.5 million in construction in progress primarily related to street rehabilitation projects.

During the year there were two prior year adjustments affecting governmental activities: \$4,084,289 net increase to infrastructure related to a street swap with the Nevada Department of Transportation (NDOT) whereby the City exchanged portions of McCarran Boulevard for various streets within the City; and \$364,421 net increase in land related to the land/right-away under the streets received from NDOT.

In fiscal year 2011/12, there were two prior year adjustments affecting business-type activities: \$8,181,920 reduction to construction in progress after it was determined that the multi-year Lower Truckee River Restoration project did not pertain to an actual asset of the City; and a net reduction of \$1,993,018 to improvements other than buildings that related to projects the City paid for related to investment in the Truckee Meadows Water Reclamation Facility that the City of Sparks did not credit to the City of Reno's investment. It was determined to categorize those costs as past expenses to be consistent with the City of Sparks' treatment of those costs.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business Type Activities		Total	
	2012	2011 (Restated)	2012	2011 (Restated)	2012	2011 (Restated)
Construction in progress	\$ 19,813,596	\$ 15,126,308	\$ 6,226,592	\$ 5,334,518	\$ 26,040,188	\$ 20,460,826
Land	154,291,412	151,722,871	12,834,474	12,834,474	167,125,886	164,557,345
Water rights			2,937,114	2,937,114	2,937,114	2,937,114
Buildings	179,532,893	175,458,047	7,676,396	8,021,744	187,209,289	183,479,791
Improvements other than buildings	270,054,455	278,298,861	265,143,065	267,384,909	535,197,520	545,683,770
Machinery, equipment and software	21,346,390	17,942,173	354,197	409,948	21,700,587	18,352,121
Infrastructure	347,405,511	380,123,119			347,405,511	380,123,119
Art and historical treasures	1,726,935	1,780,623			1,726,935	1,780,623
	<u>\$ 994,171,192</u>	<u>\$1,020,452,002</u>	<u>\$ 295,171,838</u>	<u>\$ 296,922,707</u>	<u>\$1,289,343,030</u>	<u>\$1,317,374,709</u>

Additional information on capital assets is presented in Note 4 in the *Notes to the Financial Statements* section of this report.

### Long-term Debt Activity

Long-term debt outstanding at June 30, 2012 totaled \$551,298,821, a 2.90% decrease when compared to the prior year. Debt for governmental activities represents 84.66% of total debt outstanding, with debt related to business-type activities accounting for 15.34% of the total debt outstanding.

As of June 30, 2012, the City of Reno had \$129,770,053 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 \$850,673,000 by \$737,161,000 after adding back cash reserves of \$16.26 million.

### Outstanding Debt, Net of Unamortized Premiums, Discounts and Deferred Charges

	Governmental Activities		Business Type Activities		Total	
	2012	2011 (Restated)	2012	2011 (Restated)	2012	2011 (Restated)
General obligation bonds	\$ 44,885,000	\$ 51,440,000			\$ 44,885,000	\$ 51,440,000
General obligation/pledged revenue bonds			\$ 84,885,053	\$ 89,205,605	84,885,053	89,205,604
Tax allocation bonds	31,382,275	31,495,000			31,382,275	31,495,000
Notes payable	4,353,000	4,536,000			4,353,000	4,536,000
Revenue bonds	383,119,940	388,384,940			383,119,940	388,384,940
Special assessment bonds	20,302,800	20,616,744			20,302,800	20,616,744
Installment purchase contracts	14,194,000	15,149,000			14,194,000	15,149,000
Unamortized premiums, discounts and deferred charges	(31,482,188)	(32,684,901)	(341,059)	(358,461)	(31,823,247)	(33,043,362)
	<u>\$ 466,754,827</u>	<u>\$ 478,936,783</u>	<u>\$ 84,543,994</u>	<u>\$ 88,847,144</u>	<u>\$ 551,298,821</u>	<u>\$ 567,786,927</u>

The preceding chart summarizes the City's outstanding debt. One new special assessment district bond in the amount of \$939,800 related to the acquisition of the former Northgate Golf Course for open space was issued. A \$1,227,27 short-term borrowing related to a draw on the surety bond for debt service on the Series 1998F Tax Increment Refunding Bonds for the Redevelopment Agency was also incurred.

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 Aa3 rating from Moody's and an A- rating from Standard and Poor's for its general obligation bonds.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Known Economic Factors

- The Washoe County Assessors Office is projecting a 4.5% decline in property taxes for FY 2012/13, which the City of Reno used for establishing its FY 2012/13 budget. Based on consolidated tax revenues collected for FY 2011/12, the City of Reno budgeted a 2% increase in FY 2012/13 which will partially mitigate the impact of lower property tax revenues.
- The City will see its contributions to the State Public Retirement System increase in FY 2013/14 by 2% for non-public safety employees and 0.75% for public safety personnel.
- There are signs of an uptick in new residential construction permits in FY 2012/13, which will generate new property taxes.
- In June of 2012 the unemployment rate in the Reno MSA was 11.7%, which is 0.1% higher than the state unemployment rate of 11.6% and higher than the national rate of 8.2%. The Reno MSA unemployment is lower than the 13.0% for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2011 and June 2012 was (0.1%).

### 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**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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# CITY OF RENO

## STATEMENT OF NET POSITION

JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents and investments, unrestricted	\$ 76,523,317	\$ 34,129,392	\$ 110,652,709
Cash, cash equivalents and investments, restricted		16,452,744	16,452,744
Accounts and interest receivable, net	5,249,529	10,802,418	16,051,947
Taxes receivable	1,761,711		1,761,711
Special assessments receivable	20,508,063		20,508,063
Due from other governments	15,931,911	1,429,208	17,361,119
Notes receivable, net	664,608	8,404,593	9,069,201
Inventories	1,010,916	119,104	1,130,020
Prepaid items	434,805	88,023	522,828
Unamortized debt issuance costs	8,082,980	768,407	8,851,387
Property held for resale	37,377,803		37,377,803
Truckee Meadows Water Reclamation Facility		74,508,652	74,508,652
Internal balances *	9,543,543		
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	19,813,596	6,226,592	26,040,188
Land	154,291,412	12,834,474	167,125,886
Water rights		2,937,114	2,937,114
Buildings	179,532,893	7,676,396	187,209,289
Improvements other than buildings	270,054,455	265,143,065	535,197,520
Machinery, equipment and software	21,346,390	354,197	21,700,587
Infrastructure	347,405,511		347,405,511
Art and historical treasures	1,726,935		1,726,935
<b>Total assets</b>	<b>1,171,260,378</b>	<b>441,874,379</b>	<b>1,603,591,214</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derivative instruments, accumulated decrease in fair value	55,667,060		55,667,060
<b>LIABILITIES</b>			
Accounts payable and other accrued expenses	4,057,433	2,012,150	6,069,583
Accounts payable, from restricted assets		1,446	1,446
Accrued salaries and benefits	7,644,079	50,038	7,694,117
Contracts payable	2,250,422	2,587,714	4,838,136
Contracts payable, from restricted assets		1,083,876	1,083,876
Due to other governments	51,270	485	51,755
Deposits	995,208	65,994	1,061,202
Unearned revenue	7,833,604		7,833,604
Interest payable	12	1,199,285	1,199,297
Derivative instruments	55,667,060		55,667,060
Internal balances *		9,543,543	
Long-term liabilities, due within one year			
Bonds and notes payable	16,009,805	4,437,735	20,447,540
Compensated absences	8,461,671	697,007	9,158,678
Self-insurance liability	6,858,348		6,858,348
Interest payable	1,527,341		1,527,341
Long-term liabilities, due in more than one year			
Bonds and notes payable, net of unamortized premiums, discounts and refunding charges	450,745,022	80,106,259	530,851,281
Compensated absences	10,992,805	517,497	11,510,302
Self-insurance liability	36,572,532		36,572,532
Postemployment benefits other than pensions	61,163,958	2,349,421	63,513,379
Interest payable	21,384,170		21,384,170
<b>Total liabilities</b>	<b>692,214,740</b>	<b>104,652,450</b>	<b>787,323,647</b>

(Continued)

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

# CITY OF RENO

## STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2012

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	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	568,036,514	210,627,844	778,664,358
Restricted for			
Debt service	45,458,145		45,458,145
Capital projects	10,337,444	15,873,574	26,211,018
Public safety programs	1,049,044		1,049,044
Other programs	38,222,423		38,222,423
Self-insurance liabilities	14,790,921		14,790,921
Unrestricted	<u>(143,181,793)</u>	<u>110,720,511</u>	<u>(32,461,282)</u>
Total net position	<u>\$ 534,712,698</u>	<u>\$ 337,221,929</u>	<u>\$ 871,934,627</u>

\* Internal balances are eliminated in consolidation. Accordingly, the amounts reported in the total column have been adjusted to remove internal balances.

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

# CITY OF RENO

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2012**

FUNCTION/PROGRAM	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Busines-type Activities	Total
			Capital Grants and Contributions	Total			
Governmental activities							
General government	\$ 32,686,051	\$ 51,677,367	\$ 32,960	\$ 190,050	\$ 19,214,326		\$ 19,214,326
Judicial	7,223,028	2,805,512	318,161		(4,099,355)		(4,099,355)
Public safety	114,990,532	16,055,571	5,498,421	223,156	(93,213,384)		(93,213,384)
Public works	57,540,323	3,070,338	22,614	3,479,071	(50,968,300)		(50,968,300)
Culture and recreation	14,526,095	3,697,216	170,712	115,205	(10,542,962)		(10,542,962)
Planning and community development	9,849,260	766,356	6,974,268	188,203	(1,920,433)		(1,920,433)
Urban development	1,139,975	716,700	212,989		(210,286)		(210,286)
Debt service							
Interest expense and fiscal charges	<u>27,627,101</u>				<u>(27,627,101)</u>		<u>(27,627,101)</u>
Total governmental activities	<u>265,582,365</u>	<u>78,789,060</u>	<u>13,230,125</u>	<u>4,195,685</u>	<u>(169,367,495)</u>		<u>(169,367,495)</u>
Business-type activities							
Sanitary sewer	44,389,566	47,019,999	18,555	3,722,997		6,371,985	6,371,985
Golf course	1,295,630	542,453				(753,177)	(753,177)
Building permit	<u>3,605,348</u>	<u>4,320,999</u>				<u>715,651</u>	<u>715,651</u>
Total business-type activities	<u>49,290,544</u>	<u>51,883,451</u>	<u>18,555</u>	<u>3,722,997</u>		<u>6,334,459</u>	<u>6,334,459</u>
Total function/program	<u>\$ 314,872,909</u>	<u>\$ 130,672,511</u>	<u>\$ 13,248,680</u>	<u>\$ 7,918,682</u>	<u>(169,367,495)</u>	<u>6,334,459</u>	<u>(163,033,036)</u>

(Continued)

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

**CITY OF RENO**  
**STATEMENT OF ACTIVITIES**  
**(CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Busines-type Activities
GENERAL REVENUES						
Property taxes					58,655,405	58,655,405
Consolidated taxes					40,909,269	40,909,269
Room taxes					7,168,308	7,168,308
Motor vehicle fuel taxes					4,461,234	4,461,234
Sales taxes					9,239,227	9,239,227
SCCR (AB104) taxes					2,667,490	2,667,490
Other taxes					614,393	614,393
Intergovernmental					1,552,916	1,552,916
Investment income					2,195,454	2,411,855
Gain on disposal of capital assets					168,933	168,933
Miscellaneous					1,080,781	1,179,816
Total general revenues					<u>128,713,410</u>	<u>129,028,846</u>
Transfers					<u>(600,410)</u>	<u>600,410</u>
CHANGE IN NET POSITION					<u>(41,254,495)</u>	<u>7,250,305</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					587,627,618	930,456,065
Adjustment					<u>(11,660,425)</u>	<u>(12,856,823)</u>
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED					<u>575,967,193</u>	<u>905,938,817</u>
NET POSITION, END OF YEAR					<u>\$ 534,712,698</u>	<u>\$ 871,934,627</u>

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

# **FUND FINANCIAL STATEMENTS**

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# CITY OF RENO

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2012

	Debt Service Funds			Capital Projects Fund	Aggregate Non- major Governmental Funds	Total Governmental Funds
	General Fund	Railroad	Downtown Events Center	Redevelopment Agency		
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 9,055,937	\$ 6,485,695	\$ 1,375,673	\$ 236,756	\$ 39,009,972	\$ 56,164,033
Accounts and interest receivable, net	4,400,199	18,095	5,831		582,570	5,006,695
Taxes receivable	1,293,388				468,323	1,761,711
Special assessments receivable	75,610	10,332,879	6,065,212		4,034,362	20,508,063
Due from other governments	10,977,000	1,246,120	489,827		3,108,448	15,821,395
Due from other funds	612,400				38,816	651,216
Inventories	478,570				376,977	855,547
Prepaid items	16,205				14,590	30,795
Notes receivable, net					664,608	664,608
Land held for resale				36,336,594	1,041,209	37,377,803
<b>Total assets</b>	<b><u>\$ 26,909,309</u></b>	<b><u>\$ 18,082,789</u></b>	<b><u>\$ 7,936,543</u></b>	<b><u>\$ 36,573,350</u></b>	<b><u>\$ 49,339,875</u></b>	<b><u>\$ 138,841,866</u></b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 2,204,102	\$ 35,987	\$ 350,960		\$ 1,272,878	\$ 3,863,927
Accrued salaries and benefits	7,607,175				30,295	7,637,470
Contracts payable					2,250,422	2,250,422
Due to other governments	41,311				9,959	51,270
Deposits	815,383	13,228			166,597	995,208
Unearned revenue	9,696,230	9,859,469	5,790,024		4,920,763	30,266,486
Due to other funds	38,816				612,400	651,216
Advances from other funds					1,063,907	1,063,907
Interest payable					12	12
<b>Total liabilities</b>	<b><u>20,403,017</u></b>	<b><u>9,908,684</u></b>	<b><u>6,140,984</u></b>		<b><u>10,327,233</u></b>	<b><u>46,779,918</u></b>
<b>FUND BALANCES</b>						
<b>Nonspendable</b>						
Inventories	478,570				376,977	855,547
Prepaid items	16,205				14,590	30,795
Land held for resale				36,336,594	1,041,209	37,377,803
<b>Restricted for</b>						
Debt service		8,174,105	1,795,559		10,103,673	20,073,337
Capital projects	468,196				11,731,565	12,199,761
Public safety programs	232,101				816,943	1,049,044
Other programs	121,503				724,734	846,237
<b>Assigned to</b>						
Debt service					17,368	17,368
Capital projects				236,756	12,342,401	12,579,157
Public safety programs					563,501	563,501
Other programs	171,147				2,343,174	2,514,321
Unassigned	5,018,570				(1,063,493)	3,955,077
<b>Total fund balances</b>	<b><u>6,506,292</u></b>	<b><u>8,174,105</u></b>	<b><u>1,795,559</u></b>	<b><u>36,573,350</u></b>	<b><u>39,012,642</u></b>	<b><u>92,061,948</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 26,909,309</u></b>	<b><u>\$ 18,082,789</u></b>	<b><u>\$ 7,936,543</u></b>	<b><u>\$ 36,573,350</u></b>	<b><u>\$ 49,339,875</u></b>	<b><u>\$ 138,841,866</u></b>

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

## CITY OF RENO

### RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2012

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 92,061,948
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	\$ 1,636,622,768	
Less accumulated depreciation	<u>(649,294,368)</u>	987,328,400
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Unamortized debt issuance costs	8,082,980	
Derivative instruments, accumulated decrease in fair value	<u>55,667,060</u>	63,750,040
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Bonds and notes payable	(498,237,015)	
Unamortized premiums and discounts	(179,477)	
Unamortized deferred refunding charges	31,661,665	
Compensated absences payable	(19,290,779)	
Postemployment benefits other than pensions	<u>(60,807,451)</u>	(546,853,057)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(22,911,511)	
Derivative instruments	<u>(55,667,060)</u>	(78,578,571)
Unearned revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unearned revenue	<u>22,432,882</u>	22,432,882
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund assets and liabilities included in governmental activities in the statement of net position	(16,036,394)	
Internal service fund balance receivable from business-type activities	<u>10,607,450</u>	<u>(5,428,944)</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		\$ <u>534,712,698</u>

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

# CITY OF RENO

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	Debt Service Funds			Capital Projects Fund	Aggregate Non- major Governmental Funds	Total Governmental Funds
	General Fund	Railroad	Downtown Events Center	Redevelopment Agency		
<b>REVENUES</b>						
Property taxes	\$ 44,186,879		\$	\$	\$ 14,561,694	\$ 58,748,573
Room and construction taxes		637,389	4,759,241		2,169,351	7,565,981
Special assessments	1,520,212	632,375	275,189		724,862	3,152,638
Franchise fees	22,710,178					22,710,178
Licenses, permits and other fees	15,153,606				140,555	15,294,161
Consolidated taxes	40,909,269					40,909,269
Intergovernmental revenues	20,832,964	6,733,005			15,693,369	43,259,338
Downtown district room surcharge					2,003,432	2,003,432
Charges for services	13,158,940				196,745	13,355,685
Fines and forfeitures	2,635,287	15,056			47,612	2,697,955
Miscellaneous	2,842,734	912,542	473,755		5,916,209	10,145,240
<b>Total revenues</b>	<b>163,950,069</b>	<b>8,930,367</b>	<b>5,508,185</b>		<b>41,453,829</b>	<b>219,842,450</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	15,597,700				453,020	16,050,720
Judicial	6,425,982				220,489	6,646,471
Public safety	102,411,946					102,411,946
Public works	5,854,207				14,561,582	20,415,789
Culture and recreation	9,041,888				102,242	9,144,130
Planning and community development	3,093,685				6,208,914	9,302,599
Urban redevelopment				625	786,690	787,315
Other	8,772,774					8,772,774
<b>Total current</b>	<b>151,198,182</b>			<b>625</b>	<b>22,332,937</b>	<b>173,531,744</b>
<b>Capital outlay</b>						
Public safety	388,294					388,294
Public works					20,260,185	20,260,185
Culture and recreation					830,499	830,499
<b>Total capital outlay</b>	<b>388,294</b>				<b>21,090,684</b>	<b>21,478,978</b>
<b>Debt service</b>						
Principal		2,345,000	1,955,000		11,251,744	15,551,744
Interest and fiscal charges		5,845,243	5,069,636		7,033,717	17,948,596
Debt issuance costs					74,835	74,835
Administrative and other costs		1,061,861	1,624,733		98,349	2,784,943
<b>Total debt service</b>		<b>9,252,104</b>	<b>8,649,369</b>		<b>18,458,645</b>	<b>36,360,118</b>
<b>Total expenditures</b>	<b>151,586,476</b>	<b>9,252,104</b>	<b>8,649,369</b>	<b>625</b>	<b>61,882,266</b>	<b>231,370,840</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,363,593</b>	<b>(321,737)</b>	<b>(3,141,184)</b>	<b>(625)</b>	<b>(20,428,437)</b>	<b>(11,528,390)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issuance proceeds					2,167,075	2,167,075
Capital asset disposal proceeds	20,182				140,006	160,188
Transfers in	1,946,742	469,893	2,900,000		11,091,633	16,408,268
Transfers out	(13,329,478)				(10,119,200)	(23,448,678)
<b>Total other financing sources (uses)</b>	<b>(11,362,554)</b>	<b>469,893</b>	<b>2,900,000</b>		<b>3,279,514</b>	<b>(4,713,147)</b>

(Continued)

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

**CITY OF RENO**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

	Debt Service Funds			Capital Projects Fund	Aggregate Non- major Governmental Funds	Total Governmental Funds
	General Fund	Railroad	Downtown Events Center	Redevelopment Agency		
CHANGE IN FUND BALANCE	<u>1,001,039</u>	<u>148,156</u>	<u>(241,184)</u>	<u>(625)</u>	<u>(17,148,923)</u>	<u>(16,241,537)</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	5,505,253	8,025,949	2,036,743	36,573,975	59,370,456	111,512,376
Adjustment					(3,208,891)	(3,208,891)
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>5,505,253</u>	<u>8,025,949</u>	<u>2,036,743</u>	<u>36,573,975</u>	<u>56,161,565</u>	<u>108,303,485</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,506,292</u>	<u>\$ 8,174,105</u>	<u>\$ 1,795,559</u>	<u>\$ 36,573,350</u>	<u>\$ 39,012,642</u>	<u>\$ 92,061,948</u>

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

## CITY OF RENO

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		\$ (16,241,537)
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 20,306,894	
Less current year depreciation	(46,481,110)	
Disposition of capital assets	<u>(319,841)</u>	(26,494,057)
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:		
Change in deferred revenue	(1,216,505)	
Capital asset contributions	<u>265,546</u>	(950,959)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued:		
Debt issuance proceeds	(2,167,075)	
Debt principal repayments	<u>15,551,744</u>	13,384,669
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:		
Change in other post employment benefits	(11,236,118)	
Change in compensated absences payable	(1,600,412)	
Debt issuance costs incurred	74,835	
Amortization of debt issuance costs	(500,291)	
Amortization of deferred refunding charges	(1,262,563)	
Amortization of debt premiums and discounts	59,850	
Change in accrued interest	<u>(5,190,558)</u>	(19,655,257)
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities	8,749,066	
The internal service funds change in net position related to business-type activities	<u>(46,420)</u>	<u>8,702,646</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ (41,254,495)</u>

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

# CITY OF RENO

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 43,103,943	\$ 44,157,903	\$ 44,186,879	\$ 28,976
Special assessments	1,603,032	1,493,032	1,520,212	27,180
Franchise fees	26,843,878	24,853,089	22,710,178	(2,142,911)
Licenses, permits and other fees	14,877,752	14,866,791	15,153,606	286,815
Consolidated taxes	39,031,698	40,400,000	40,909,269	509,269
Intergovernmental revenues	16,587,460	21,378,551	20,832,964	(545,587)
Charges for services	13,946,443	12,924,971	13,158,940	233,969
Fines and forfeitures	4,180,000	3,454,898	2,635,287	(819,611)
Miscellaneous	2,104,553	3,962,726	2,842,734	(1,119,992)
<b>Total revenues</b>	<b>162,278,759</b>	<b>167,491,961</b>	<b>163,950,069</b>	<b>(3,541,892)</b>
<b>EXPENDITURES</b>				
General government				
City manager				
Salaries and wages	2,358,107	2,458,952	2,321,945	137,007
Employee benefits	830,077	880,368	887,032	(6,664)
Services and supplies	774,726	626,796	589,161	37,635
<b>Total city manager</b>	<b>3,962,910</b>	<b>3,966,116</b>	<b>3,798,138</b>	<b>167,978</b>
Finance				
Salaries and wages	711,540	722,841	689,371	33,470
Employee benefits	347,944	335,545	335,377	168
Services and supplies	221,101	215,891	191,938	23,953
<b>Total finance</b>	<b>1,280,585</b>	<b>1,274,277</b>	<b>1,216,686</b>	<b>57,591</b>
City attorney				
Salaries and wages	1,997,004	2,105,804	2,109,458	(3,654)
Employee benefits	870,809	878,751	878,876	(125)
Services and supplies	192,726	212,473	139,381	73,092
<b>Total city attorney</b>	<b>3,060,539</b>	<b>3,197,028</b>	<b>3,127,715</b>	<b>69,313</b>
Human resources				
Salaries and wages	514,617	437,850	458,127	(20,277)
Employee benefits	1,351,291	874,887	879,296	(4,409)
Services and supplies	380,389	262,666	177,474	85,192
<b>Total human resources</b>	<b>2,246,297</b>	<b>1,575,403</b>	<b>1,514,897</b>	<b>60,506</b>
Civil service				
Salaries and wages	144,339	156,096	156,351	(255)
Employee benefits	71,809	64,940	65,619	(679)
Services and supplies	25,870	24,110	15,982	8,128
<b>Total civil service</b>	<b>242,018</b>	<b>245,146</b>	<b>237,952</b>	<b>7,194</b>
Communications and technology				
Salaries and wages	1,474,727	1,505,408	1,505,779	(371)
Employee benefits	661,557	667,665	670,921	(3,256)
Services and supplies	1,539,629	1,425,625	1,321,096	104,529
<b>Total communications and technology</b>	<b>3,675,913</b>	<b>3,598,698</b>	<b>3,497,796</b>	<b>100,902</b>
City council				
Salaries and wages	451,942	463,220	463,981	(761)
Employee benefits	310,275	300,107	300,917	(810)
Services and supplies	545,507	557,411	420,626	136,785
<b>Total city council</b>	<b>1,307,724</b>	<b>1,320,738</b>	<b>1,185,524</b>	<b>135,214</b>

(Continued)

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

# CITY OF RENO

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
City clerk				
Salaries and wages	467,065	497,268	498,146	(878)
Employee benefits	222,983	219,751	218,211	1,540
Services and supplies	<u>379,061</u>	<u>282,671</u>	<u>302,635</u>	<u>(19,964)</u>
Total city clerk	<u>1,069,109</u>	<u>999,690</u>	<u>1,018,992</u>	<u>(19,302)</u>
Total general government	<u>16,845,095</u>	<u>16,177,096</u>	<u>15,597,700</u>	<u>579,396</u>
Judicial				
Municipal court				
Salaries and wages	3,493,444	3,514,714	3,513,790	924
Employee benefits	1,809,141	1,858,809	1,849,375	9,434
Services and supplies	<u>959,343</u>	<u>1,113,479</u>	<u>1,062,817</u>	<u>50,662</u>
Total municipal court	<u>6,261,928</u>	<u>6,487,002</u>	<u>6,425,982</u>	<u>61,020</u>
Total judicial	<u>6,261,928</u>	<u>6,487,002</u>	<u>6,425,982</u>	<u>61,020</u>
Public safety				
Police				
Salaries and wages	31,293,905	31,178,396	31,775,933	(597,537)
Employee benefits	16,930,927	17,193,273	16,854,188	339,085
Services and supplies	<u>4,411,942</u>	<u>6,195,258</u>	<u>4,920,006</u>	<u>1,275,252</u>
Total police	<u>52,636,774</u>	<u>54,566,927</u>	<u>53,550,127</u>	<u>1,016,800</u>
Fire				
Salaries and wages	23,688,853	25,757,873	25,368,357	389,516
Employee benefits	13,200,300	13,789,780	13,888,307	(98,527)
Services and supplies	2,415,002	4,398,784	4,285,590	113,194
Capital outlay	<u>60,000</u>	<u>130,280</u>	<u>388,294</u>	<u>(258,014)</u>
Total fire	<u>39,364,155</u>	<u>44,076,717</u>	<u>43,930,548</u>	<u>146,169</u>
Dispatch				
Salaries and wages	3,830,158	3,603,184	3,601,544	1,640
Employee benefits	1,649,231	1,550,672	1,554,997	(4,325)
Services and supplies	<u>275,868</u>	<u>244,228</u>	<u>163,024</u>	<u>81,204</u>
Total dispatch	<u>5,755,257</u>	<u>5,398,084</u>	<u>5,319,565</u>	<u>78,519</u>
Total public safety	<u>97,756,186</u>	<u>104,041,728</u>	<u>102,800,240</u>	<u>1,241,488</u>
Public works				
Various				
Salaries and wages	3,050,850	3,130,747	3,129,929	818
Employee benefits	1,467,719	1,401,608	1,423,120	(21,512)
Services and supplies	<u>1,227,606</u>	<u>1,317,965</u>	<u>1,301,158</u>	<u>16,807</u>
Total various	<u>5,746,175</u>	<u>5,850,320</u>	<u>5,854,207</u>	<u>(3,887)</u>
Total public works	<u>5,746,175</u>	<u>5,850,320</u>	<u>5,854,207</u>	<u>(3,887)</u>
Culture and recreation				
Parks and recreation				
Salaries and wages	5,598,940	5,729,123	5,763,975	(34,852)
Employee benefits	1,963,395	1,912,093	1,878,793	33,300
Services and supplies	<u>1,372,534</u>	<u>1,392,716</u>	<u>1,399,120</u>	<u>(6,404)</u>
Total parks and recreation	<u>8,934,869</u>	<u>9,033,932</u>	<u>9,041,888</u>	<u>(7,956)</u>
Total culture and recreation	<u>8,934,869</u>	<u>9,033,932</u>	<u>9,041,888</u>	<u>(7,956)</u>

(Continued)

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

# CITY OF RENO

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Planning and community development				
Various				
Salaries and wages	1,788,435	1,718,930	1,724,927	(5,997)
Employee benefits	862,632	818,886	818,530	356
Services and supplies	615,538	562,755	550,228	12,527
Total various	<u>3,266,605</u>	<u>3,100,571</u>	<u>3,093,685</u>	<u>6,886</u>
Total planning and community development	<u>3,266,605</u>	<u>3,100,571</u>	<u>3,093,685</u>	<u>6,886</u>
Other				
Retired employees trust				
Employee benefits	<u>4,000,000</u>	<u>4,050,000</u>	<u>4,348,949</u>	<u>(298,949)</u>
Various				
Services and supplies	<u>5,131,300</u>	<u>4,639,009</u>	<u>4,423,825</u>	<u>215,184</u>
Total other	<u>9,131,300</u>	<u>8,689,009</u>	<u>8,772,774</u>	<u>(83,765)</u>
Total expenditures	<u>147,942,158</u>	<u>153,379,658</u>	<u>151,586,476</u>	<u>1,793,182</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>14,336,601</u>	<u>14,112,303</u>	<u>12,363,593</u>	<u>(1,748,710)</u>
OTHER FINANCING SOURCES (USES)				
Contingencies	(5,768,291)			
Capital asset disposal proceeds		1,250	20,182	18,932
Transfers in	1,511,247	1,953,905	1,946,742	(7,163)
Transfers out	<u>(10,318,965)</u>	<u>(13,519,478)</u>	<u>(13,329,478)</u>	<u>190,000</u>
Total other financing sources (uses)	<u>(14,576,009)</u>	<u>(11,564,323)</u>	<u>(11,362,554)</u>	<u>201,769</u>
CHANGE IN FUND BALANCE	(239,408)	2,547,980	1,001,039	(1,546,941)
FUND BALANCE, BEGINNING OF YEAR	<u>6,495,623</u>	<u>5,505,252</u>	<u>5,505,253</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,256,215</u>	<u>\$ 8,053,232</u>	<u>\$ 6,506,292</u>	<u>\$ (1,546,940)</u>

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

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2012**

	Business-type Activities			Governmental
	Non-major		Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Enterprise Funds		
<b>ASSETS</b>				
Current assets				
Cash, cash equivalents and investments	\$ 33,048,472	\$ 1,080,920	\$ 34,129,392	\$ 20,359,284
Accounts and interest receivable, net	5,197,191	1,903	5,199,094	242,834
Due from other governments	1,429,208		1,429,208	110,516
Inventories	85,259	33,845	119,104	155,369
Prepaid items	12,205	75,818	88,023	404,010
Restricted assets				
Cash, cash equivalents and investments	16,452,744		16,452,744	
Total current assets	<u>56,225,079</u>	<u>1,192,486</u>	<u>57,417,565</u>	<u>21,272,013</u>
Capital assets, net of accumulated depreciation and amortization				
Construction in progress	6,226,592		6,226,592	
Land	11,127,157	1,707,317	12,834,474	
Water rights	1,812,114	1,125,000	2,937,114	
Buildings	7,332,772	343,624	7,676,396	
Improvements other than buildings	262,759,401	2,383,664	265,143,065	
Machinery, equipment and software	285,231	68,966	354,197	6,842,792
Total capital assets, net of accumulated depreciation and amortization	<u>289,543,267</u>	<u>5,628,571</u>	<u>295,171,838</u>	<u>6,842,792</u>
Other assets				
Accounts receivable, delinquent	5,603,324		5,603,324	
Notes receivable, net	8,404,593		8,404,593	
Advances to other funds	1,063,907		1,063,907	
Unamortized debt issuance costs	728,192	40,215	768,407	
Truckee Meadows Water Reclamation Facility	74,508,652		74,508,652	
Total other assets	<u>90,308,668</u>	<u>40,215</u>	<u>90,348,883</u>	
Total assets	<u>436,077,014</u>	<u>6,861,272</u>	<u>442,938,286</u>	<u>28,114,805</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued expenses	1,956,455	55,695	2,012,150	193,506
Accounts payable, from restricted assets	1,446		1,446	
Accrued salaries and benefits	37,462	12,576	50,038	6,609
Contracts payable	2,587,714		2,587,714	
Contracts payable, from restricted assets	1,083,876		1,083,876	
Due to other governments		485	485	
Deposits	62,717	3,277	65,994	
Bonds and notes payable	4,222,735	215,000	4,437,735	
Compensated absences	498,866	198,141	697,007	63,731
Self-insurance liability				6,858,348
Interest payable	1,199,285		1,199,285	
Total current liabilities	<u>11,650,556</u>	<u>485,174</u>	<u>12,135,730</u>	<u>7,122,194</u>
Long-term liabilities				
Bonds and notes payable	78,454,998	1,651,261	80,106,259	
Compensated absences	173,709	343,788	517,497	99,966
Self-insurance liability				36,572,532
Postemployment benefits other than pensions	1,556,531	792,890	2,349,421	356,507
Total long-term liabilities	<u>80,185,238</u>	<u>2,787,939</u>	<u>82,973,177</u>	<u>37,029,005</u>
Total liabilities	<u>91,835,794</u>	<u>3,273,113</u>	<u>95,108,907</u>	<u>44,151,199</u>

(Continued)

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

**CITY OF RENO**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2012**

	Business-type Activities			Governmental Activities
	Sanitary Sewer	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
NET POSITION				
Net investment in capital assets	206,865,534	3,762,310	210,627,844	6,842,792
Capital projects	15,873,574		15,873,574	
Self-insurance liabilities				14,790,921
Unrestricted	<u>121,502,112</u>	<u>(174,151)</u>	<u>121,327,961</u>	<u>(37,670,107)</u>
Total net position	<u>\$ 344,241,220</u>	<u>\$ 3,588,159</u>	347,829,379	<u>\$ (16,036,394)</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time			<u>(10,607,450)</u>	
Net position of business-type activities			<u>\$ 337,221,929</u>	

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

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities			Governmental Activities
	Non-major Enterprise		Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Funds		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 43,848,134	\$ 4,860,264	\$ 48,708,398	\$ 35,744,745
Licenses and permits	293,791		293,791	
Fines and forfeitures	2,667,143		2,667,143	
Miscellaneous	355,376	4,950	360,326	1,565,157
Total operating revenues	47,164,444	4,865,214	52,029,658	37,309,902
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,108,919	2,069,379	7,178,298	940,544
Employee benefits	2,814,101	1,192,436	4,006,537	501,552
Services and supplies	9,875,603	1,254,122	11,129,725	32,766,792
Joint sewer plant	10,694,450		10,694,450	
Depreciation	9,622,672	309,012	9,931,684	1,953,489
Total operating expenses	38,115,745	4,824,949	42,940,694	36,162,377
Operating income	9,048,699	40,265	9,088,964	1,147,525
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants	723,240		723,240	
Other grants	10,970		10,970	
Investment income	213,153	3,248	216,401	106,312
Interest and fiscal charges	(2,664,557)	(84,104)	(2,748,661)	
Gain on capital asset disposals				121,205
Truckee Meadows Water Reclamation Facility	(3,694,781)		(3,694,781)	
Total nonoperating revenues (expenses)	(5,411,975)	(80,856)	(5,492,831)	227,517
Income (loss) before capital contributions and transfers	3,636,724	(40,591)	3,596,133	1,375,042
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions	3,007,342		3,007,342	934,024
<b>TRANSFERS</b>				
Transfers in		712,410	712,410	6,450,000
Transfers out	(112,000)		(112,000)	(10,000)
Total transfers	(112,000)	712,410	600,410	6,440,000
<b>CHANGE IN NET POSITION</b>	6,532,066	671,819	7,203,885	8,749,066
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	350,565,977	2,916,340		(24,785,460)
Adjustment	(12,856,823)			
<b>NET POSITION, BEGINNING OF YEAR, AS ADJUSTED</b>	337,709,154	2,916,340		(24,785,460)
<b>NET POSITION, END OF YEAR</b>	\$ 344,241,220	\$ 3,588,159		\$ (16,036,394)
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			46,420	
<b>CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES</b>			\$ 7,250,305	

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

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Business-type Activities			Governmental
	Non-major			Internal Service
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 44,890,069	\$ 4,862,233	\$ 49,752,302	\$ 35,775,931
Cash received from interfund services	47,172		47,172	
Cash received from other sources	956,587	4,950	961,537	1,558,693
Cash payments for goods and services	(17,211,693)	(1,007,268)	(18,218,961)	(30,734,215)
Cash payments for employee services and benefits	(6,801,468)	(2,777,205)	(9,578,673)	(1,291,081)
Cash payments for interfund goods and services	(2,601,375)	(280,674)	(2,882,049)	(1,430,694)
Cash payments for interfund employee benefits	(985,698)	(473,223)	(1,458,921)	(184,079)
Net cash provided by operating activities	<u>18,293,594</u>	<u>328,813</u>	<u>18,622,407</u>	<u>3,694,555</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in		712,410	712,410	6,450,000
Transfers out	(112,000)		(112,000)	(10,000)
Repayments of advances from other funds	206,502		206,502	
Cash received from grants	734,210		734,210	
Due from other funds	7,037,201		7,037,201	
Due to other funds				(7,000,000)
Net cash provided by (used in) noncapital financing activities	<u>7,865,913</u>	<u>712,410</u>	<u>8,578,323</u>	<u>(560,000)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(6,288,746)	(43,594)	(6,332,340)	(845,961)
Principal payments on debt	(4,105,552)	(215,000)	(4,320,552)	
Payment of interest and fiscal charges on debt	(2,355,904)	(71,397)	(2,427,301)	
Cash received from customers	2,033,536		2,033,536	
Truckee Meadows Water Reclamation Facility	(1,106,664)		(1,106,664)	
Net cash used in capital financing activities	<u>(11,823,330)</u>	<u>(329,991)</u>	<u>(12,153,321)</u>	<u>(845,961)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	<u>200,340</u>	<u>1,837</u>	<u>202,177</u>	<u>94,892</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	14,536,517	713,069	15,249,586	2,383,486
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>34,964,699</u>	<u>367,851</u>	<u>35,332,550</u>	<u>17,975,798</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 49,501,216</u>	<u>\$ 1,080,920</u>	<u>\$ 50,582,136</u>	<u>\$ 20,359,284</u>

(Continued)

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

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities			Governmental
	Non-major			Internal Service
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 9,048,699	\$ 40,265	\$ 9,088,964	\$ 1,147,525
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	9,622,672	309,012	9,931,684	1,953,489
(Increase) decrease in assets				
Accounts receivable	(1,892,386)		(1,892,386)	31,186
Notes receivable	645,829		645,829	
Due from other governments	(44,618)		(44,618)	(6,464)
Inventories	(2,226)	(2,271)	(4,497)	(14,722)
Prepaid items	249,396	(75,818)	173,578	(35,513)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	356,381	44,080	400,461	(303,981)
Accrued salaries and benefits	(203,818)	(116,011)	(319,829)	(70,197)
Contracts and retentions payable	260,977		260,977	(77)
Due to other governments	(107,543)	189	(107,354)	
Deposits	20,559	1,969	22,528	
Compensated absences	34,796	13,278	48,074	33,292
Self-insurance liability				904,867
Postemployment benefits other than pensions	304,876	114,120	418,996	55,150
Total adjustments	<u>9,244,895</u>	<u>288,548</u>	<u>9,533,443</u>	<u>2,547,030</u>
Net cash provided by operating activities	<u>\$ 18,293,594</u>	<u>\$ 328,813</u>	<u>\$ 18,622,407</u>	<u>\$ 3,694,555</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contribution of capital assets	<u>\$ 973,806</u>	<u>\$</u>	<u>\$ 973,806</u>	<u>\$ 934,024</u>

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

**CITY OF RENO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2012**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 10,346,914
Accounts receivable	81,422
Interest receivable	10,669
Special assessments receivable	1,090,242
Due from other governments	6,929
Total assets	<u>11,536,176</u>
<b>LIABILITIES</b>	
Accounts payable	5,972
Accrued liabilities	56,234
Deposits	3,828,132
Due to others	7,645,838
Total liabilities	<u>11,536,176</u>
<b>NET POSITION</b>	<u>\$</u>

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

**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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### Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Reno (the City) have been prepared in conformity with accounting principles generally accepted in the United States (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 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: general government administration; public safety (police, fire, dispatch and building inspection); public works; culture and recreation; planning and community development; urban development; and other services.

The reporting entity is defined as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

The City has determined that the Redevelopment Agency of the City of Reno (RACOR) should be presented as a blended component unit and presented in the City's financial statements because of the significance of its operational and financial relationship with the City. RACOR is governed by a separate board, which is comprised of the members of the City Council and is dependent upon the City's taxing authority.

#### Basic Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the City's nonfiduciary activities. 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 user fees and charges for support.

Included in the statement of net position are capital assets and long-term liabilities including general payment obligations, revenue bonds and compensated absences. Net position is classified as 1) net investment in capital assets, 2) restricted net position, or 3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment and 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 segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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funds are reported as separate columns on the fund financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances with schedules presented to reconcile fund balances presented in the governmental fund financial statements to net position presented in the government-wide financial statements. Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

#### Government-Wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the City considers revenues to be available as follows:

A sixty-day availability period is used for revenue recognition for all revenues except special assessments, grants and property (ad valorem) taxes.

A ninety-day availability period is used for revenue recognition for special assessments and grants.

A thirty-day availability period is used for revenue recognition for property taxes. Anticipated refunds of property taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Sales taxes are considered available when in the hands of the intermediary collecting government.

All other revenue sources are considered to be available when cash is received.

The primary revenue sources, which have been treated as susceptible to accrual by the City are property taxes and county and state shared revenues.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and self-insurance liabilities, are recorded only when payment is due.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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The City reports the following major governmental funds:

General Fund – Accounts for all financial resources not accounted for in some other fund.

Railroad Debt Service Fund – Accounts for the accumulation of resources for payment of bonds issued for the purpose of constructing and expanding railroad grade and related beautification projects.

Downtown Events Center Debt Service Fund – Accounts for the accumulation of resources for payment of bonds issued for the purpose of acquisition of the National Bowling Stadium and construction of the Downtown Events Center and Ballroom facilities.

Redevelopment Agency Capital Projects Fund – Accounts for expenditures related to the construction of a Triple A ballpark and the fire station relocation projects.

The City reports the following non-major governmental fund types:

Special Revenue Funds – Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds – Accounts for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Capital Projects Funds – Accounts for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

### Proprietary Fund Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges for goods and services and other user fees. Operating expenses include the cost of goods and services, administrative expenses, and capital asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

Sanitary Sewer Fund – Accounts for the provision of sewer services and connection fee revenues restricted for capital projects.

The City reports the following non-major proprietary funds:

Golf Course Fund – Accounts for resources provided by and the operations of a golf course, which is owned and operated by the City.

Building Permit Fund – Accounts for resources provided by the issuance of building permit fees.

The City reports the following non-major proprietary fund type:

Internal Service Funds – Accounts for the financing of goods or services provided by one department or agency to other department or agencies of the government and to other governmental units, on a cost reimbursement basis.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Fiduciary Fund Financial Statements

Fiduciary fund financial statements, comprised of a statement of net position, report the City's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are excluded from the government-wide financial statements.

The City reports the following fiduciary fund type:

Agency Funds – Accounts for assets held by the City as an agent for individuals, private organizations, other governments or other funds.

### Assets, Liabilities, and Net Position or Fund Balance

#### Cash, Cash Equivalents and Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds participate in the City's cash and investment pool (the Pool). The Pool has the general characteristics of a demand deposit account in that the proprietary funds may effectively withdraw amounts from the Pool at any time. Accordingly, amounts invested in the Pool are considered to be cash equivalents. Monies that are not required for immediate obligations are invested.

Investments are reported at fair value, regardless of the length of time remaining to maturity. The fair values of investments are determined using quotations obtained from independent published sources.

#### Receivables, Payables and Unearned Revenues

Property taxes receivable that are not expected to be collected within thirty days of year end are recognized as unearned revenue in the fund financial statements, rather than revenue since the asset is not available to satisfy current obligations. Unearned revenues also arise when the City receives resources before it has a legal claim to them such as when property taxes for the following tax year are received before year end. At June 30, 2012, accounts and notes receivable are shown net of an allowance for uncollectible amounts totaling \$35,129,576.

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.

Pursuant to NRS 361.483(7), the Washoe County Treasurer must assess a 4% penalty on any one installment that is delinquent, a 5% penalty on any two installments together with accumulated penalties that are delinquent, 6% on any three installments together with accumulated penalties that are delinquent and a 7% penalty together with accumulated penalties if all four installments are delinquent. In the event of nonpayment, Washoe County files 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 Washoe County Treasurer obtains a deed to the property and sells the property to satisfy the lien.

#### Inventories and Prepaid Items

Inventories in the governmental funds are valued at cost, which approximates market, using the first-in/first-out method. Inventories in proprietary funds are valued at the lower of cost (first-in/first-out method) or market.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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In the governmental fund financial statements, inventories and prepaid items are recorded as expenditures when consumed rather than when purchased.

### Restricted Assets

The ordinance levying a connection fee for tapping into the City's sewer lines restricts all monies received 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 fund financial statements and in the governmental activities column on the government-wide financial statements. Property held for resale represents land held by RACOR for eventual resale and the proceeds from such sales must be used for future redevelopment projects.

### 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, including capitalized interest incurred during the construction phase on debt-financed projects. Donated assets are recorded at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not significantly increase the functionality of the assets or materially extend the assets' useful lives are not capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10-50
Depressed railroad trench improvement	100
Other improvements other than buildings	10-30
Machinery, equipment and software	2-20
Infrastructure	10-60
Art and historical treasures	0-40

### Long-term Liabilities

In the government-wide and proprietary fund statements, long-term obligations are reported as liabilities in the statement of net position. Premiums and discounts, as well as debt issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the defeased debt is deferred and amortized as a component of interest expense using the straight-line method, which also approximates the effective interest method.

In the governmental fund financial statements, premiums, discounts and debt issuance costs are recognized in the period they are paid or received. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation and sick leave benefits that would be paid to them upon separation from City service if not previously taken. 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. A liability for these obligations is reported in the government-wide and proprietary fund financial statements as incurred. A liability for compensated absences is reported in the governmental fund financial statements only to the extent it is due and payable at year end. Expenditures for compensated absences are recognized by the applicable fund when paid.

### Deferred Compensation Plan

In addition to the retirement plan disclosed in Note 4, the City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, which is available to all City employees, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The City is required to, depending on the particular employee association, contribute up to 5% to the deferred compensation plan.

The assets of these plans are held in trust outside the control of the City. Since the assets and income of these plans are not considered assets of the City and are not subject to the claims of the City's general creditors, these plans are not reported in the government-wide or fund financial statements.

### Postemployment Benefits Other Than Pensions (OPEB)

In accordance with the transition rules of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero upon adoption. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the City, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at year end is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

### Deferred Outflows and Inflows of Resources

In addition to assets, the statement of position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The accumulated decrease in the fair value of the City's derivative instruments (Note 3) qualifies for reporting in this category.

In addition to liabilities, the statement of position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not currently have any items that qualify for reporting in this category.

### Net Position

In the government-wide and proprietary fund financial statements, net position is reported as 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net position is reported as restricted when constraints placed on it are either 1) imposed by external parties (such as creditors, grantors, contributors or other governments), or 2) imposed by law through a constitutional provision or enabling legislation.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Fund Balance

Fund balances of the governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balances include items that cannot be spent. This includes amounts that are not in a spendable form (for example, inventories and prepaid items) and amounts that are legally or contractually required to remain intact, such as a permanent fund principal balance.

Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action (resolution or ordinance) of the City Council, which is the City's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent should be expressed by the City Council or appropriately authorized officials. Constraints imposed on the use of assigned fund balances can be removed or changed without formal City Council action. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

Unassigned fund balance is the classification used by the general fund for residual amounts not included in the four categories described above.

### Prioritization and Use of Available Resources

When both restricted resources and other resources (*i.e.*, committed, assigned and unassigned) can be used for the same purposes, it is the City's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the City's policy to use committed resources first, assigned second, and unassigned last.

### Interfund Activity

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The resulting payables and receivables, which are outstanding at year end, are referred to as due to or from other funds in the fund financial statements. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

### Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect reported amounts. Accordingly, these estimates may require revision in future periods. Significant estimates include compensated absences, other post employment benefits, landfill closure and post-closure care and useful lives of capital assets.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Note 2. Stewardship, Compliance and Accountability

#### Budgets and Budgetary Accounting

The City adopts annual budgets, in accordance with Nevada Revised Statutes (NRS) and the City's Charter, for all governmental and proprietary fund types, which are formally integrated and employed as a management control device. These budgets were amended for certain funds during the year. All budget augmentations made during the current year were as prescribed by law. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States and used by the City for financial reporting.

The City follows the following procedures to establish, modify, and control budgetary data:

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. These operating budgets include proposed expenditures and expenses and the means of financing them. Appropriations are required to be detailed by type (salaries and wages, employee benefits, services and supplies, or capital outlay) within a department, function and fund.

The budget for all funds is filed as a tentative budget with the State of Nevada (the State or Nevada), Department of Taxation and public hearings are conducted prior to the adoption of the budget to obtain taxpayer comment.

On or before June 1, the budget is legally adopted by a majority vote of the City Council members.

The NRS require budget controls to be exercised at the function level. The City Manager is authorized under the NRS 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 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.

All unencumbered appropriations lapse at the fiscal year end.

The City cannot expend any money, incur any liability, or enter into any contract, which by its terms involves the expenditure of money in excess of the amount appropriated for a given function, except for bond payments, short-term financing payments, and any other long-term contracts expressly authorized by law. In addition, net position in proprietary funds may not be a deficit.

#### Excess of Expenditures over Appropriations

For the year ended June 30, 2012, expenditures exceeded appropriations, which are potential violations of NRS 354.626, as follows:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>
General fund	Public works	5,850,320	5,854,207	(3,887)
	Culture and recreation	9,033,932	9,041,888	(7,956)
	Other	8,689,009	8,772,774	(83,765)
Community development grants special revenue fund	Planning and community development	3,849,189	3,921,089	(71,900)
Community assistance grants special revenue fund	Planning and community development	1,750,042	2,287,825	(537,783)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Fund	Function	Final Budget	Actual	Variance to Final Budget
Railroad capital projects fund	Public works	103,639	113,784	(10,145)
Building permit enterprise fund	N/A	3,536,840	3,611,971	(75,131)
Self-funded workers compensation internal service fund	N/A	5,111,744	7,048,285	(1,936,541)

For the year ended June 30, 2012, expenditures exceeded appropriations, which are exempt from the provisions of NRS 354.626, as follows:

Fund	Function	Final Budget	Actual	Variance to Final Budget
Downtown events center debt service fund	Debt service	\$ 8,621,545	\$ 8,649,369	\$ (27,824)
Community assistance center capital projects fund	Debt service		12,704	(12,704)

These over expenditures were funded by available assets in excess of liabilities as represented by fund balance or net position in the respective funds.

### Prior Period Adjustments

Net position as of July 1, 2011, has been retroactively adjusted as follows:

	Governmental Activities	Business-type Activities	Redevelopment Agency Special Revenue Fund	Sanitary Sewer Enterprise Fund
Net position or fund balance, as previously reported	\$ 587,627,618	\$ 342,828,447	\$ 4,776,421	\$ 350,565,977
Adjustments				
Construction in progress		(8,181,920)		(8,181,920)
Remove amount related to the Lower Truckee River Restoration project that was determined not to relate to a City asset				
Improvements other than buildings		(1,993,018)		(1,993,018)
Remove amount that was determined not to be to a City asset				
Land held for resale	(3,208,891)		(3,208,891)	
Land and building	3,208,891			
Remove and reclassify amount related to land held for resale in the redevelopment agency special revenue fund that was transferred to general governmental capital assets				
Truckee Meadows Water Reclamation Facility		(3,551,885)		(3,551,885)
Remove amount related to the Lower Truckee River Restoration project that was determined not to relate to a joint plant asset (\$2,842,585)				
Remove amount related to a project determined to be non-capital in nature (\$709,300)				
Truckee Meadows Water Reclamation Facility		870,000		870,000
Add amount related to a to a project determined to be capital in nature (\$870,000)				
Accrued interest				
Add accrued interest related to the 2005B, 2005C and 2008B bonds	(16,109,135)			
Infrastructure and land	4,448,710			
Add the net book value of various streets (primarily McCarran Boulevard) and related land obtained in a swap with the State				
Total adjustments	<u>(11,660,425)</u>	<u>(12,856,823)</u>	<u>(3,208,891)</u>	<u>(12,856,823)</u>
Net position or fund balance, as adjusted	<u>\$ 575,967,193</u>	<u>\$ 329,971,624</u>	<u>\$ 1,567,530</u>	<u>\$ 337,709,154</u>

### Deficit Fund Balance or Net Position

At June 30, 2012, the community assistance center capital projects fund had a fund balance deficit of \$1,063,493, which will be reduced by future payments on advances to other funds and/or transfers from the general fund.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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At June 30, 2012, the self-funded workers compensation internal service fund had a net position deficit of \$38,330,646. This deficit is expected to remain and possibly grow until such time as the State Legislature provides a solution to certain liability issues related to certain heart and lung diseases.

### New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011. 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. Management has not yet completed its assessment of this statement.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012. 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. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature various accounting and financial reporting guidance that is included in certain non-GASB pronouncements issued on or before November 30, 1989. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. This Statement provides financial reporting guidance for identifying and reporting deferred outflows of resources and deferred inflows of resources. Management has completed its assessment of this statement, determined that it would not materially affect the City's financial position, results of operations, or cash flows and has adopted this statement during the current fiscal year.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011. 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 sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. The objective of the Statement is to either 1) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or 2) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. Management has not yet completed its assessment of this statement.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012*, effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

(Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*). Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the City's financial position, results of operations, or cash flows.

### Note 3. Detailed Notes on all Funds

#### Cash, Cash Equivalents and Investments

At year end, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Pooled cash, cash equivalents and investments	
Cash in bank	\$ 20,060,883
Certificates of deposit	4,714,000
Investments	<u>101,413,951</u>
Total pooled cash, cash equivalents and investments	<u>126,188,834</u>
Non-pooled cash, cash equivalents and investments	
Petty cash	23,852
Cash in bank	687,570
Investments	<u>10,552,111</u>
Total non-pooled cash, cash equivalents and investments	<u>11,263,533</u>
Total cash, cash equivalents and investments	<u>\$ 137,452,367</u>

At June 30, 2012, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

Governmental activities	\$ 76,523,317
Business-type activities	50,582,136
Fiduciary funds	<u>10,346,914</u>
Total cash, cash equivalents and investments	<u>\$ 137,452,367</u>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

When investing monies, the City is required to comply with the Nevada Revised Statutes (NRS). City monies must be deposited with federally insured banks. The City is authorized to use demand accounts, time accounts and certificates of deposit. The NRS do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible State investments. Permissible State investments are similar to allowable City investments, described above, except that some State investments are for longer terms and include securities issued by municipalities outside of the State.

At year end, the City's carrying amount of deposits was \$20,748,453, and the bank balance was \$17,715,232. As of June 30, 2012, the City's bank balance was either insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized in accordance with the NRS as discussed in the following paragraph.

The City manages its custodial credit risk related to deposits by participating in the State's Pooled Collateral Program, which was created during the 2003 legislative session to monitor collateral maintained by depositories for local government agency deposits. This program provides for centralized processing and management of all pledging and maintenance of collateral by the State Treasurer's Office rather than each local agency and eliminates the need for the City to establish separate custodial agreements with each financial institution.

The City's authorized investment types, maximum maturities, portfolio concentration limits, and minimum credit ratings are as follows:

Authorized Investment Type	Maximum maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
Banker's acceptances	180 days	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 and medium-term obligations of local governments within 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 Corp.	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 Corp.	10 years	None	None	N/A	N/A
Government National Mortgage Assoc.	10 years	None	None	N/A	N/A
Local Government Investment Pool	None	None	None	N/A	N/A

At June 30, 2012, the City had the following investments:

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (in years)
Pooled investments						
U.S. Treasury obligations	1.125% to 5.125%	5/15/2013 to 5/15/2016	\$ 27,300,000	\$ 28,155,844	\$ 28,123,877	1.35
U.S. Agency securities						
Federal Home Loan Mortgage Corp.	1%	7/30/2014	10,000,000	10,138,000	10,123,300	0.29
Government National Mortgage Assoc.	0.75% to 1.625%	2/26/2013 to 1/30/2017	41,000,000	41,536,796	41,750,680	1.26
Federal National Mortgage	0.5% to 1.25%	5/27/2015 to 9/28/2016	21,400,000	21,409,093	21,415,658	0.9
Local Government Investment Pool	Variable	On demand	N/A	436	436	
Total pooled investments				<u>101,240,169</u>	<u>101,413,951</u>	
Non-pooled investments						
Money market mutual funds	Variable	On demand	N/A	<u>10,552,111</u>	<u>10,552,111</u>	
Total investments				<u>\$ 111,792,280</u>	<u>\$ 111,966,062</u>	

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

The Local Government Investment Pool is an external investment pool administered by the State Treasurer, 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 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 any given time. The City manages its exposure to declines in fair value by limiting its weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy.

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:

	Standard & Poor's	Moody's	Percent of Portfolio
Pooled investments			
U.S. Treasury obligations	AAA	Aaa	27.73%
U.S. Agency securities	AAA	Aaa	72.27%
Local Government Investment Pool	N/A	N/A	0.00%
Total pooled investments			<u>100.00%</u>
Non-pooled investments			
Money market mutual funds	AAA	Aaa	<u>100.00%</u>

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. The NRS helps protect against this potential loss by setting limits on the maximum percentage that can be invested in a single issuer.

City investments in any one issuer that represent 5% or more of the City's total investments at June 30, 2012, were as follows:

	Portfolio Percentage
U.S. Agency securities	
Federal Home Loan Mortgage Corp.	9.98%
Government National Mortgage Assoc.	41.17%
Federal National Mortgage	21.12%

Custodial credit risk related to investments 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.

### Derivative Instruments

At June 30, 2012, the City owned two hedging derivative instruments with reported fair values and changes in fair values as follows:

	Notional	Classification	Change in Fair Value	Fair Value at June 30, 2012
			Dr (Cr) Amount	Classification Dr (Cr) Amount
Derivative instrument # 1 (fixed interest rate swap)	\$ 71,275,000	Deferral	\$ (8,357,000)	Derivatives \$ (16,686,000)
Objective – To hedge against changes in cash flows on the 2005A Series variable rate bonds				
Effective date – October 26, 2005				
Maturity date – June 1, 2032				
Pay fixed – 3.53%				
Receive – Lower of 1-month LIBOR or USD-LIBOR (greater of 67% of 1-month LIBOR or 56% of 1-month LIBOR + 44 basis points)				

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	<u>Notional</u>	<u>Classification</u>	<u>Change in Fair Value</u>	<u>Fair Value at June 30, 2012</u>	
			<u>Dr (Cr)</u> <u>Amount</u>	<u>Classification</u>	<u>Dr (Cr)</u> <u>Amount</u>
Derivative instrument # 2 (fixed interest rate swap)	138,665,000	Deferral	(23,907,000)	Derivatives	(38,988,000)
Objective – To hedge against changes in cash flows on the 2008A Series variable rate bonds					
Effective date – March 4, 2008					
Maturity date – June 1, 2042					
Pay fixed – 3.32%					
Receive – 67% of 1-month LIBOR					

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

The fair values were 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 both derivatives, 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 synthetic instrument valuation method was used for derivative instrument # 1. This instrument was considered effective; and therefore, its change in fair value was reported as a deferred outflow.

Derivative instrument # 2 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.

The City was not exposed to credit risk as both derivative instruments were reported as net liabilities on the statement of net position.

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.

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 2012, the weighted average interest rate on the City’s hedged 2005A variable-rate debt was 0.237%, whereas the weighted average rate on the payment received from the counterparty was 0.24187%. For the month of June 2012, the weighted average rate for the hedged 2008A variable-rate debt was 0.17867%, whereas the weighted average rate on the payment received from the counterparty was 0.16179%.

The City is exposed to termination risk because 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 Standard & Poor’s and Moody’s.

As of June 30, 2012, aggregate debt service requirements of the City’s debt (fixed-rate and variable-rate) and net receipts and payments on associated hedging derivative instruments are presented in the following table. The amounts were based on forward rates calculated using swap curves as of June 30, 2012. As these rates vary, interest payments on the variable-rate bonds and net receipts and payments on the hedging derivative instruments will vary.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

For the Year Ending June 30,	Principal	Interest	Net Hedging Derivative	Total
2013	\$ 3,035,000	\$ 526,000	\$ 6,605,000	\$ 10,166,000
2014	3,325,000	742,000	6,284,000	10,351,000
2015	3,640,000	1,105,000	5,806,000	10,551,000
2016	3,960,000	1,766,000	5,019,000	10,745,000
2017	4,300,000	2,367,000	4,282,000	10,949,000
2018-2022	27,275,000	16,414,000	14,340,000	58,029,000
2023-2027	38,655,000	16,026,000	9,263,000	63,944,000
2028-2032	53,080,000	10,729,000	6,920,000	70,729,000
2033-2037	31,835,000	5,856,000	4,145,000	41,836,000
2038-2042	40,835,000	2,371,000	1,731,000	44,937,000
	<u>\$ 209,940,000</u>	<u>\$ 57,902,000</u>	<u>\$ 64,395,000</u>	<u>\$ 332,237,000</u>

### Capital Assets

Changes in capital assets for the year ended June 30, 2012, were as follows:

	Balance July 1, 2011 (restated)	Increases	Decreases	Transfers and Adjustments	Balance June 30, 2012
<b>Governmental activities</b>					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 15,126,308	\$ 13,529,462	\$ (305,359)	\$ (8,536,815)	\$ 19,813,596
Land	151,722,871	2,568,541	.	.	154,291,412
Total capital assets not being depreciated or amortized	<u>166,849,179</u>	<u>16,098,003</u>	<u>(305,359)</u>	<u>(8,536,815)</u>	<u>174,105,008</u>
Capital assets being depreciated or amortized					
Buildings	219,138,261	2,396,937		7,453,326	228,988,524
Improvements other than buildings	329,563,374	215,076	(1,368,844)	(2,813,203)	325,596,403
Machinery, equipment and software	53,940,058	4,009,515	(3,457,966)	3,576,511	58,068,118
Infrastructure	870,362,407	67,832		320,181	870,750,420
Art and historical treasures	2,283,713	.	.	.	2,283,713
Total capital assets being depreciated or amortized	<u>1,475,287,813</u>	<u>6,689,360</u>	<u>(4,826,810)</u>	<u>8,536,815</u>	<u>1,485,687,178</u>
Accumulated depreciation and amortization					
Buildings	(43,680,214)	(5,250,870)		(524,547)	(49,455,631)
Improvements other than buildings	(51,264,513)	(6,232,882)	1,081,164	874,283	(55,541,948)
Machinery, equipment and software	(35,997,885)	(3,831,727)	3,416,930	(309,046)	(36,721,728)
Infrastructure	(490,239,288)	(33,064,931)		(40,690)	(523,344,909)
Art and historical treasures	(503,090)	(53,688)	.	.	(556,778)
Total accumulated depreciation and amortization	<u>(621,684,990)</u>	<u>(48,434,098)</u>	<u>4,498,094</u>	<u>.</u>	<u>(665,620,994)</u>
Total governmental activities	<u>\$ 1,020,452,002</u>	<u>\$ (25,646,735)</u>	<u>\$ (634,075)</u>	<u>\$ .</u>	<u>\$ 994,171,192</u>
<b>Business-type activities</b>					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 5,334,518	\$ 5,986,212	\$ (335,307)	\$ (4,758,831)	\$ 6,226,592
Land	12,834,474				12,834,474
Water rights	2,937,114				2,937,114
Total capital assets not being depreciated or amortized	<u>21,106,106</u>	<u>5,986,212</u>	<u>(335,307)</u>	<u>(4,758,831)</u>	<u>21,998,180</u>
Capital assets being depreciated or amortized					
Buildings	13,510,643		(70,269)		13,440,374
Improvements other than buildings	367,737,389	2,486,315	(584,253)	4,758,831	374,398,282
Machinery, equipment and software	1,701,045	43,595			1,744,640
Total capital assets being depreciated or amortized	<u>382,949,077</u>	<u>2,529,910</u>	<u>(654,522)</u>	<u>4,758,831</u>	<u>389,583,296</u>
Accumulated depreciation and amortization					
Buildings	(5,488,899)	(345,348)	70,269		(5,763,978)
Improvements other than buildings	(100,352,480)	(9,486,990)	584,253		(109,255,217)
Machinery, equipment and software	(1,291,097)	(99,346)			(1,390,443)
Total accumulated depreciation and amortization	<u>(107,132,476)</u>	<u>(9,931,684)</u>	<u>654,522</u>	<u>.</u>	<u>(116,409,638)</u>
Total business-type activities	<u>\$ 296,922,707</u>	<u>\$ (1,415,562)</u>	<u>\$ (335,307)</u>	<u>\$ .</u>	<u>\$ 295,171,838</u>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

For the year ended June 30, 2012, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 1,301,791
Judicial	476,937
Public safety	1,392,464
Public works	37,379,697
Culture and recreation	5,143,322
Community development and support	434,239
Urban development	352,660
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>1,952,988</u>
Total governmental activities	<u>\$ 48,434,098</u>
Business-type activities	
Sanitary sewer	\$ 9,622,672
Building permits	20,988
Golf course	<u>288,024</u>
Total business-type activities	<u>\$ 9,931,684</u>

### Interfund Receivables, Payables, and Transfers

At June 30, 2012, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 612,400	\$ 38,816
Aggregate non-major funds	<u>38,816</u>	<u>612,400</u>
	<u>\$ 651,216</u>	<u>\$ 651,216</u>

At June 30, 2012, advances due to and from other funds resulting from lending or borrowing transactions, were as follows:

	<u>Receivable</u>	<u>Payable</u>
Sanitary sewer enterprise fund	\$ 1,063,907	\$ .
Aggregate non-major funds	<u>.</u>	<u>1,063,907</u>
	<u>\$ 1,063,907</u>	<u>\$ 1,063,907</u>

This interfund loan is to be repaid to the sanitary sewer fund in annual principal and interest payments of \$219,206, plus interest at 1%. Annual debt service requirements as of June 30, 2012, were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 208,567	\$ 10,639
2014	210,653	8,553
2015	212,760	6,447
2016	214,887	4,319
2017	<u>217,040</u>	<u>2,171</u>
	<u>\$ 1,063,907</u>	<u>\$ 32,129</u>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Transfers of unrestricted revenues collected in various funds are used to finance programs and expenditures accounted for in other funds in accordance with budgetary authorization. For the year ended June 30, 2012, interfund transfers were as follows:

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>					<u>Total</u>
	<u>General Fund</u>	<u>Downtown Events Center Debt Service Fund</u>	<u>Railroad Debt Service Fund</u>	<u>Internal Service Funds</u>	<u>Aggregate Other Non-major Funds</u>	
General fund	\$ .	\$ 2,900,000	\$ .	\$ 6,450,000	\$ 3,979,478	\$ 13,329,478
Sanitary sewer enterprise fund					112,000	112,000
Internal service funds	10,000					10,000
Aggregate other non-major funds	<u>1,936,744</u>	<u>                    </u>	<u>469,893</u>	<u>                    </u>	<u>7,712,563</u>	<u>10,119,200</u>
	<u>\$ 1,946,744</u>	<u>\$ 2,900,000</u>	<u>\$ 469,893</u>	<u>\$ 6,450,000</u>	<u>\$ 11,804,041</u>	<u>\$ 23,570,678</u>

### Long-term liabilities

#### General Obligation Bonds, Tax Allocation Bonds and Notes Payable

The City issues general obligation bonds, tax allocation bonds and notes payable to finance the improvement, acquisition or construction of capital assets including, but not limited to, downtown redevelopment, street and other infrastructure rehabilitation, sewer plant expansion, homeless shelters, low-income housing and other building projects. These bonds and notes constitute general obligations of the City, and the full faith and credit of the City are pledged for the payment of principal and interest.

#### Revenue Bonds

The City issues revenue bonds to finance the improvement, acquisition or construction of capital assets including, but not limited to, the downtown events center and ballroom facilities, the new city hall building, multi-purpose bowling facility, infrastructure improvements and other building projects and has pledged the following specific revenues to repay these bonds:

##### Governmental activities

The City has pledged up to 15% of consolidated tax revenues for the repayment of the following bonds:

<u>Bond Issue</u>	<u>Pledge Maturity</u>
2004 General Obligation Building Bonds *	June 1, 2024
2003A Building Bonds	June 1, 2018
2002 Capital Improvement Revenue Bonds **	June 1, 2032
2005A Capital Improvement Revenue Refunding Bonds **	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds **	June 1, 2040
2005C Capital Improvement Revenue Refunding Bonds **	June 1, 2037

\* These bonds are also secured by court administrative assessments, which was the secondary bond repayment source for fiscal year 2012.

\*\* These bonds are also secured by room taxes, which was the primary bond repayment source for fiscal year 2012.

Total principal and interest remaining to be paid on the previously bonds is \$267,713,392. For the current fiscal year, principal and interest paid for the bonds totaled \$7,700,162 while pledged revenues totaled \$6,136,390.

The City has pledged court administrative assessment revenues for the repayment of the 2004 General Obligation Building Bonds, which mature on June 1, 2024. Total principal and interest remaining to be paid on the bonds is \$3,350,873. For the current fiscal year, principal and interest paid for the bonds totaled \$269,848 while pledged revenues totaled \$170,000.

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 June 1, 2036. Total principal and interest remaining to be paid on the bonds is \$15,119,008. For the current fiscal year, principal and interest paid for the bond totaled \$630,188 and pledged revenues totaled \$637,389.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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 payment of fees to the letter of credit provider and the repayment of the following bonds, which are also, as discussed above, secured by a pledge of up to 15% of consolidated tax revenues:

<u>Bond Issue</u>	<u>Pledge Maturity</u>
2002 Capital Improvement Revenue Bonds	June 1, 2032
2005A Capital Improvement Revenue Refunding Bonds	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds	June 1, 2040
2005C Capital Improvement Revenue Refunding Bonds	June 1, 2037

Total principal and interest remaining to be paid on the above bonds is \$258,138,670, with the interest portion for the 2005A bonds representing the amount paid under the 3.53% fixed rate swap agreement. For the current fiscal year, principal and interest paid for the bonds totaled \$6,322,382 (including the net difference between the variable rate interest paid on the bonds and the incoming swap agreement payments), and pledged revenues totaled \$4,759,242, with the remaining \$1,563,140 current year principal and interest paid from consolidated tax revenues, as discussed above.

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 following bonds:

<u>Bond Issue</u>	<u>Pledge Maturity</u>
2007A Sales Tax Increment Bonds	June 29, 2027
2007B Sales Tax Increment Bonds	June 1, 2037

Total principal and interest remaining to be paid on the above bonds is \$49,340,350. For the current fiscal year, principal and interest paid for the bonds totaled \$2,527,563 and pledged revenues totaled \$1,838,303. The difference between the debt service and pledged revenues was paid using excess sales tax increment collected in prior fiscal years.

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 October 1, 2020. In fiscal year 2012, the conditions were not met so no debt service payments were made nor were any pledged revenues received by the City.

The City has pledged up to 1/8 of 1% of sales tax revenues generated in Washoe County for the payment of fees to the letter of credit provider and the repayment of the following bonds:

<u>Bond Issue</u>	<u>Pledge Maturity</u>
2008A Sr. Lien Sales Tax Revenue Refunding Bonds	June 1, 2042
2008B Subordinate Lien Sales Tax Revenue Refunding Bonds	June 1, 2051

Total principal and interest remaining to be paid on the above bonds is \$607,609,194 with the interest portion for the 2008A bonds representing the amount paid under the 3.32% fixed rate swap agreement. For the current fiscal year, principal and interest paid for the bonds totaled \$6,076,505 (including the net difference between the variable rate interest paid on the bonds and the incoming swap agreement payments), and pledged revenues totaled \$6,733,005. The difference between the debt service and pledged revenues was paid using excess sales tax sales taxes collected in prior fiscal years.

### Business-type activities

The City has pledged future utility sewer customer revenues and connection fees to repay the following bonds:

<u>Bond Issue</u>	<u>Pledge Maturity</u>
2004 Sewer General Obligation Revenue Bonds	July 1, 2024
2005 Sewer General Obligation Revenue Bonds	July 1, 2025
2010 Sewer General Obligation Sewer Refunding Bonds	August 1, 2040

The above 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. Total principal and interest remaining to be paid on the bonds is \$109,682,321. For the current fiscal year, principal and interest paid for the bonds was \$6,723,947, and net pledged revenues totaled \$21,652,270 after adding back depreciation expense.

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. Total principal and interest remaining to be paid on the bonds is \$2,214,620. For the current fiscal year, principal and interest paid for the bonds was \$286,396 and net pledged revenues totaled (\$380,739) after adding back depreciation expense.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Special Assessment Bonds

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

### Installment Purchase Agreements

The City enters into installment purchase agreements to finance solar panel installation and other clean energy conservation projects. These agreements constitute general obligations of the City, and the full faith and credit of the City are pledged for the payment of principal and interest.

At June 30, 2012, outstanding debt obligations were as follows:

	Maturity Dates	Interest Rate	Original Amount	Balance June 30, 2012
Governmental activities				
General obligation bonds				
2004 Building Bonds	June 1, 2006 - June 1, 2024	4.00% - 5.00%	\$ 3,500,000	\$ 2,565,000
2005 Medium-term (Limited Tax) Bonds	December 1, 2006 - December 1, 2014	4.00%	3,275,000	1,080,000
2009 Medium-term Street Bonds	June 1, 2011 - June 1, 2019	3.00% - 5.00%	45,000,000	37,700,000
2010 Medium-term Fire Refunding Bonds	July 1, 2011 - July 1, 2020	3.74%	<u>3,970,000</u>	<u>3,540,000</u>
Total general obligation bonds			<u>55,745,000</u>	<u>44,885,000</u>
Tax allocation bonds				
1998F Downtown Redevelopment Project Bonds	September 1, 2000 – September 1, 2017	4.45% - 5.25%	22,685,000	8,715,000
1998F Downtown Redevelopment Project Surety Bond	September 1, 2011 - September 1, 2012	6.25%	1,227,275	1,227,275
2007A Tax Increment Senior Lien (Taxable)	June 1, 2018 - June 1, 2023	6.10%	4,000,000	4,000,000
2007B Tax Increment Senior Lien	June 1, 2019 - June 1, 2027	5.00%	4,000,000	4,000,000
2007C Tax Increment Subordinate Lien	June 1, 2019 - June 1, 2027	5.40%	12,690,000	12,690,000
2008 Tax Increment Bonds - RDA #2	June 29, 2009 - June 29, 2027	6.50%	<u>850,000</u>	<u>750,000</u>
Total tax allocation bonds			<u>45,452,275</u>	<u>31,382,275</u>
Notes payable				
HUD Section 108 Loan Program	August 1, 2012 - August 1, 2020	0.31% - 2.45%	600,000	303,000
RDA Nevada Land LLC	September 1, 2008 - June 1, 2018	4.46%	<u>6,000,000</u>	<u>4,050,000</u>
Total notes payable			<u>6,600,000</u>	<u>4,353,000</u>
Revenue bonds				
2002 Capital Improvement Revenue Bonds	June 1, 2006 - June 1, 2032	4.00% - 5.375%	108,625,000	38,760,000
2003A Building Bonds	June 1, 2012 - June 1, 2018	3.75%	6,100,000	5,320,000
2005A Capital Improvement Refunding Bonds	June 1, 2008 - June 1, 2032	Variable	73,450,000	71,275,000
2005B Capital Improvement Bonds	June 1, 2037 - June 1, 2040	5.42% - 5.48%	6,445,154	6,445,154
2005C Capital Improvement Bonds	June 1, 2033 - June 1, 2037	5.78%	9,192,402	9,192,402
2006 Taxable Room Tax Revenue Refunding Bonds	June 1, 2007 - June 1, 2036	5.91%	8,720,000	7,975,000
2006 Sales Tax Increment Subordinate Lien Bonds	October 1, 2020	None	10,000,000	9,567,473
2006 Taxable Lease Revenue Bonds	December 1 2008 - June 1, 2026	Variable	14,295,000	10,181,684
2007 Fitzgerald's Taxable Revenue Bonds	July 1, 2009 - July 1, 2027	Variable	6,080,000	5,852,000
2007A Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	4.00%	16,525,000	15,300,000
2007B Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	6.50%	18,175,000	17,170,000
2008A Senior Lien ReTRAC Refunding Bonds	June 1, 2009 - June 1, 2042	Variable	143,210,000	138,665,000
2008B Subordinate ReTRAC Refunding Bonds	June 1, 2014 - June 1, 2051	6.75% - 7.875%	<u>47,416,227</u>	<u>47,416,227</u>
Total revenue bonds			<u>468,233,783</u>	<u>383,119,940</u>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Maturity Dates	Interest Rate	Original Amount	Balance June 30, 2012
Special assessment bonds				
1999 Special Assessment District No. 3	February 1, 2003 - February 1, 2022	4.5% - 5.6%	1,763,728	865,000
1999 Special Improvement District No. 2	June 1, 2007 - June 1, 2025	6.08% - 7.28%	13,905,000	10,285,000
2001 Stead Special Improvement District No. 2	June 1, 2004 - June 1, 2023	2.75% - 5%	2,470,000	1,175,000
2002 Special Improvement District No. 5	December 1, 2006 - December 1, 2025	5.7% - 7.25%	7,500,000	6,085,000
2008A NV Tax-exempt Local Improvement	May 1, 2009 - May 1, 2018	4.167%	430,000	199,000
2008B NV Taxable Local Improvement	May 1, 2009 - May 1, 2026	7.01%	1,115,000	754,000
2010 Special Assessment District No. 2	November 1, 2012 - November 1, 2041	4.00%	<u>939,800</u>	<u>939,800</u>
Total special assessment bonds			<u>28,123,528</u>	<u>20,302,800</u>
Installment purchase agreements				
Clean Energy Renewable Installment Purchase Agreement	December 15, 2009 - December 15, 2023	1.00%	2,340,000	1,872,000
Qualified Energy Conservation Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2025	6.45%	2,261,000	2,124,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2027	6.45%	<u>10,860,000</u>	<u>10,198,000</u>
Total installment purchase agreements			<u>15,461,000</u>	<u>14,194,000</u>
Total governmental activities			<u>\$ 619,615,586</u>	<u>\$ 498,237,015</u>
Business-type activities				
General obligation/pledged revenue bonds				
2004A Golf Course Refunding Bonds	July 1, 2004 - July 1, 2019	2.25% - 4.0%	\$ 3,505,000	\$ 1,915,000
2004 Sewer Revenue Bonds	July 1, 2006 - July 1, 2024	2.76% - 3.11%	73,133,162	54,711,352
2005 Sewer Revenue Bonds	July 1, 2008 - July 1, 2025	2.65%	8,033,095	6,508,701
2010 Sewer (Limited Tax) Refunding Bonds	August 1, 2014 - August 1, 2040	2.0% - 4.125%	<u>21,750,000</u>	<u>21,750,000</u>
Total general obligation/pledged revenue bonds			<u>106,421,257</u>	<u>84,885,053</u>
Total business-type activities			<u>\$ 106,421,257</u>	<u>\$ 84,885,053</u>

At June 30, 2012, outstanding debt obligation payment requirements were as follows:

For the Year Ending June 30,	Principal	Interest
Governmental activities		
General obligation bonds		
2013	\$ 5,145,000	\$ 1,828,991
2014	5,440,000	1,665,754
2015	6,055,000	1,451,094
2016	6,000,000	1,217,104
2017	6,350,000	977,840
2018 - 2022	15,355,000	1,284,892
2023 - 2024	<u>540,000</u>	<u>36,675</u>
Total general obligation bonds	<u>44,885,000</u>	<u>8,462,350</u>
Tax allocation bonds		
2013	2,637,275	1,658,545
2014	1,475,000	1,506,198
2015	1,555,000	1,430,123
2016	1,630,000	1,349,935
2017	1,715,000	1,265,710
2018 - 2022	9,710,000	5,052,138
2023 - 2027	<u>12,660,000</u>	<u>2,079,888</u>
Total tax allocation bonds	<u>31,382,275</u>	<u>14,342,537</u>
Notes payable		
2013	633,000	112,282
2014	633,000	154,251
2015	633,000	127,309
2016	633,000	100,285
2017	633,000	73,171
2018 - 2021	<u>1,188,000</u>	<u>66,376</u>
Total notes payable	<u>4,353,000</u>	<u>633,674</u>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

For the Year Ending June 30,	Principal	Interest
<b>Revenue bonds</b>		
2013	5,855,000	11,772,768
2014	8,075,000	13,327,261
2015	9,026,000	12,991,602
2016	9,996,000	12,607,852
2017	10,366,000	11,504,439
2018 - 2022	68,574,835	56,268,493
2023 - 2027	81,790,065	53,056,689
2028 - 2032	79,362,808	45,653,762
2033 - 2037	49,343,948	88,467,910
2038 - 2042	50,410,506	77,157,630
2043 - 2047	6,274,482	104,409,431
2047 - 2051	4,045,296	97,036,111
<b>Total revenue bonds</b>	<b>383,119,940</b>	<b>584,253,948</b>
<b>Special assessment bonds</b>		
2013	1,083,530	1,356,017
2014	1,152,200	1,288,245
2015	1,222,910	1,215,465
2016	1,263,640	1,136,943
2017	1,292,400	1,054,924
2018 - 2022	7,601,520	3,845,314
2023 - 2027	6,079,790	1,017,291
2028 - 2032	163,410	105,544
2033 - 2037	199,600	69,359
2038 - 2042	243,800	25,160
<b>Total special assessment bonds</b>	<b>20,302,800</b>	<b>11,114,262</b>
<b>Installment purchase agreements</b>		
2013	656,000	813,489
2014	475,000	779,679
2015	654,000	757,544
2016	702,000	723,863
2017	753,000	687,086
2018 - 2022	4,623,000	2,762,706
2023 - 2027	6,331,000	1,248,692
<b>Total installment purchase agreements</b>	<b>14,194,000</b>	<b>7,773,055</b>
<b>Total governmental activities</b>	<b>\$ 498,237,015</b>	<b>\$ 626,579,826</b>
<b>Business-type activities</b>		
<b>General obligation/pledged revenue bonds</b>		
2013	\$ 4,437,737	\$ 2,566,427
2014	4,563,271	2,439,145
2015	5,207,257	2,302,744
2016	5,344,792	2,157,089
2017	5,500,978	2,006,846
2018 - 2022	29,407,961	7,564,326
2023 - 2027	16,538,057	3,639,674
2028 - 2032	4,090,000	2,417,750
2033 - 2037	4,995,000	1,511,575
2038 - 2041	4,800,000	406,313
<b>Total general obligation/pledged revenue bonds</b>	<b>84,885,053</b>	<b>27,011,888</b>
<b>Total business-type activities</b>	<b>\$ 84,885,053</b>	<b>\$ 27,011,888</b>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Governmental activities					
General obligation bonds					
1997 Street Refunding Bonds	\$ 1,285,000	\$ .	\$ (1,285,000)	\$ .	\$ .
2004 Building Bonds	2,720,000		(155,000)	2,565,000	160,000
2005 Medium-term (Limited Tax) Bonds	1,800,000		(720,000)	1,080,000	345,000
2009 Medium-term Street Bonds	41,665,000		(3,965,000)	37,700,000	4,200,000
2010 Medium-term Fire Refunding Bonds	<u>3,970,000</u>		<u>(430,000)</u>	<u>3,540,000</u>	<u>440,000</u>
Total general obligation bonds	<u>51,440,000</u>		<u>(6,555,000)</u>	<u>44,885,000</u>	<u>5,145,000</u>
Tax allocation bonds					
1998F Downtown Redevelopment Project Bonds	10,025,000		(1,310,000)	8,715,000	1,380,000
1998F Downtown Redevelopment Project Surety Bond		1,227,275		1,227,275	1,227,275
2007A Tax Increment Senior Lien (Taxable)	4,000,000			4,000,000	
2007B Tax Increment Senior Lien	4,000,000			4,000,000	
2007C Tax Increment Subordinate Lien	12,690,000			12,690,000	
2008 Tax Increment Bonds - RDA #2	<u>780,000</u>		<u>(30,000)</u>	<u>750,000</u>	<u>30,000</u>
Total tax allocation bonds	<u>31,495,000</u>	<u>1,227,275</u>	<u>(1,340,000)</u>	<u>31,382,275</u>	<u>2,637,275</u>
Notes payable					
HUD Section 108 Loan Program	336,000		(33,000)	303,000	33,000
RDA Nevada Land LLC	<u>4,200,000</u>		<u>(150,000)</u>	<u>4,050,000</u>	<u>600,000</u>
Total notes payable	<u>4,536,000</u>		<u>(183,000)</u>	<u>4,353,000</u>	<u>633,000</u>
Revenue bonds					
2002 Capital Improvement Revenue Bonds	39,980,000		(1,220,000)	38,760,000	540,000
2003A Building Bonds	6,100,000		(780,000)	5,320,000	805,000
2005A Capital Improvement Refunding Bonds	71,750,000		(475,000)	71,275,000	1,400,000
2005B Capital Improvement Bonds	6,445,154			6,445,154	
2005C Capital Improvement Bonds	9,192,402			9,192,402	
2006 Taxable Room Tax Revenue Refunding Bonds	8,125,000		(150,000)	7,975,000	160,000
2006 Sales Tax Increment Subordinate Lien Bonds	9,567,473			9,567,473	
2006 Taxable Lease Revenue Bonds	10,481,684		(300,000)	10,181,684	350,000
2007 Fitzgerald's Taxable Revenue Bonds	5,932,000		(80,000)	5,852,000	85,000
2007A Sales Tax Increment Bonds (Cabela's)	15,735,000		(435,000)	15,300,000	485,000
2007B Sales Tax Increment Bonds (Cabela's)	17,505,000		(335,000)	17,170,000	395,000
2008A Senior Lien ReTRAC Refunding Bonds	140,155,000		(1,490,000)	138,665,000	1,635,000
2008B Subordinate ReTRAC Refunding Bonds	<u>47,416,227</u>		<u>.</u>	<u>47,416,227</u>	<u>.</u>
Total revenue bonds	<u>388,384,940</u>		<u>(5,265,000)</u>	<u>383,119,940</u>	<u>5,855,000</u>
Special assessment bonds					
1999 Special Assessment District No. 3	955,000		(90,000)	865,000	90,000
1999 Special Improvement District No. 2	10,990,000		(705,000)	10,285,000	510,000
2000 Special Assessment District No. 1	14,744		(14,744)	.	
2001 Stead Special Improvement District No. 2	1,255,000		(80,000)	1,175,000	85,000
2002 Special Improvement District No. 5	6,345,000		(260,000)	6,085,000	275,000
2008A NV Tax-exempt Local Improvement	234,000		(35,000)	199,000	32,000
2008B NV Taxable Local Improvement	823,000		(69,000)	754,000	75,000
2010 Special Assessment District No. 2	<u>.</u>	<u>939,800</u>	<u>.</u>	<u>939,800</u>	<u>16,530</u>
Total special assessment bonds	<u>20,616,744</u>	<u>939,800</u>	<u>(1,253,744)</u>	<u>20,302,800</u>	<u>1,083,530</u>
Installment purchase agreements					
Clean Energy Renewable Installment Purchase Agreement	2,028,000		(156,000)	1,872,000	156,000
Qualified Energy Conservation Bond Installment Purchase Agreement	2,261,000		(137,000)	2,124,000	140,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	<u>10,860,000</u>		<u>(662,000)</u>	<u>10,198,000</u>	<u>360,000</u>
Total installment purchase agreements	<u>15,149,000</u>		<u>(955,000)</u>	<u>14,194,000</u>	<u>656,000</u>
Unamortized premiums and discounts, net	239,327		(59,850)	179,477	
Unamortized deferred refunding charges	<u>(32,924,227)</u>		<u>1,262,562</u>	<u>(31,661,665)</u>	
Compensated absences	17,820,772	9,879,648	(8,245,944)	19,454,476	8,461,671
Self-insurance liability	42,526,013	25,087,312	(24,182,445)	43,430,880	6,858,348
Postemployment benefits other than pensions	<u>49,872,690</u>	<u>16,637,909</u>	<u>(5,346,641)</u>	<u>61,163,958</u>	<u>.</u>
	<u>77,534,575</u>	<u>50,640,283</u>	<u>(36,572,318)</u>	<u>92,567,124</u>	<u>15,320,019</u>
Total governmental activities	<u>\$ 589,156,258</u>	<u>\$ 53,771,944</u>	<u>\$ (52,124,062)</u>	<u>\$ 590,804,141</u>	<u>\$ 31,329,824</u>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Business-type activities					
General obligation/pledged revenue bonds					
2004A Golf Course Refunding Bonds	\$ 2,130,000	\$ .	\$ (215,000)	\$ 1,915,000	\$ 215,000
2004 Sewer Revenue Bonds	58,420,627		(3,709,275)	54,711,352	3,815,887
2005 Sewer Revenue Bonds	6,904,978		(396,277)	6,508,701	406,848
2010 Sewer (Limited Tax) Refunding Bonds	21,750,000		.	21,750,000	.
Total general obligation/pledged revenue bonds	<u>89,205,605</u>		<u>(4,320,552)</u>	<u>84,885,053</u>	<u>4,437,735</u>
Unamortized premiums and discounts, net	83,117		(3,286)	79,831	
Unamortized deferred refunding charges	(441,578)		20,688	(420,890)	
Compensated absences	1,166,430	728,157	(680,083)	1,214,504	697,007
Postemployment benefits other than pensions	1,930,425	891,511	(472,515)	2,349,421	
	<u>2,738,394</u>	<u>1,619,668</u>	<u>(1,135,196)</u>	<u>3,222,866</u>	<u>697,007</u>
Total business-type activities	<u>\$ 91,943,999</u>	<u>\$ 1,619,668</u>	<u>\$ (5,455,748)</u>	<u>\$ 88,107,919</u>	<u>\$ 5,134,742</u>

Compensated absences, postemployment benefits other than pensions and self-insurance liabilities are generally liquidated by the general fund, the community development grant, community assistance and streets special revenue funds, internal service funds and enterprise funds.

### Variable Rate and Demand Obligations

At June 30, 2012, debt obligations that include demand clauses and/or variable interest rates were as follows:

#### Series 2005A Tax-exempt Capital Improvement Revenue Refunding Bonds

These bonds are weekly variable rate (up to a maximum 15%) demand bonds that are remarketed by Goldman, Sachs & Co. and includes a 3.53% interest rate swap component that is further discussed above under "Derivative Instruments."

#### Series 2008A Senior Lien Sales Tax Revenue Refunding Bonds

These bonds are daily variable rate (up to a maximum 15%) demand bonds remarketed by J.P. Morgan Securities Inc. and includes a 3.32% interest rate swap component that is further discussed above under "Derivative Instruments."

#### 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 up to a maximum 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 up to a maximum 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.

### Debt Covenants and Legal Debt Margin

Certain long-term liabilities are subject to restrictive debt covenants with which management believes the City to be in compliance.

The amount of long-term general obligation debt that can be incurred by the City is limited by the NRS and the City's Charter limits total outstanding long-term liabilities (debt principal) during a year to no more than 15% of the assessed value of taxable property at the beginning of the fiscal year. Management believes the City to be in compliance with these requirements.

### Debt Defeasance

In prior years, the City defeased certain long-term bond obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2012, none of previously defeased debt remained outstanding.

### Arbitrage Rebate Requirement

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term debt obligations. Under this Act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. As of the most recent date, management believes that there is no rebatable arbitrage amount due. Future calculations might result in adjustments to this determination.

### Conduit and Other Special Assessment Debt

The City has provided third-party borrowers conduit debt to finance the improvement, acquisition or construction of capital assets, which are deemed to be in the public interest, including, but not limited to, industrial and commercial facilities and equipment. The conduit debt obligations are secured by the pledged revenues of the third-party borrowers, and the City of Reno has not obligations with respect to the conduit obligations after their issuance because a third-party trustee services the debt. The conduit debt, issued pursuant to NRS 268, is not, and shall never become, an obligation of the City.

At June 30, 2012, outstanding conduit debt obligations were as follows:

<u>Third-party Borrower</u>	<u>Bond Issue</u>	<u>Issuance Date</u>	<u>Original Amount</u>	<u>Balance June 30, 2012</u>
Dignity Health (previously known as, Catholic Healthcare West)	2007A	April 6, 2008	\$ 94,030,000	\$ 94,030,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.	2004A / 2004C	June 29, 2004	134,350,000	117,020,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.	2005A / 2005B	February 10, 2005	96,025,000	91,100,000
Renown Regional Medical Center	2007A	April 11, 2007	120,000,000	115,075,000
Renown Regional Medical Center	2008A / 2008B	June 26, 2008	86,800,000	84,400,000
Renown Regional Medical Center	2009A / 2009B	January 15, 2009	<u>63,600,000</u>	<u>62,435,000</u>
			<u>\$ 594,805,000</u>	<u>\$ 564,060,000</u>

In addition, the City has issued various special assessment bonds, the proceeds of which have been used to fund specific infrastructure improvements. These bonds do not constitute debt of the City within the meaning of any constitutional or statutory provision or limitation, are not considered a general obligation of the City, and are considered special obligations payable solely from assessment levied in the Districts. Furthermore, the City is not secondarily liable in the case of payment deficiencies. The City uses a fiduciary (agency) fund to account for special assessment revenue collections and repayment of the related debt.

At June 30, 2012, outstanding special assessment debt obligations accounted for in a fiduciary (agency) fund were as follows:

	<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2012</u>
2000 Special Assessment District No. 2 Bonds (Sierra Corporate Center Project)	February 1, 2003 - February 1, 2022	3.75% - 6.80%	\$ 4,135,622	\$ 1,950,000
2002 Special Assessment District No. 4 Bonds (Somerset Parkway Project)	December 1, 2003 - December 1, 2022	3.00% - 6.625%	18,000,000	9,780,000
2002 Special Assessment District No. 3 Bonds (Double R Boulevard Project)	December 1, 2004 - December 1, 2023	2.00% - 6.10%	<u>7,100,000</u>	<u>4,750,000</u>
			<u>\$ 29,235,622</u>	<u>\$ 16,480,000</u>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Segment Information

The City has issued long-term debt (in some cases revenue supported) to finance the improvement, acquisition or construction of capital assets. This debt has historically been paid from the revenues of the City's Sanitary Sewer and Golf Course Funds, the financial position, results of operations and cash flows of these enterprise funds are presented separately in the accompanying proprietary fund financial statements and no additional segment information disclosure is considered necessary.

### **Note 4. Other Information**

#### Operating Lease Commitments

The City has entered into various noncancelable leases, primarily for copier equipment and office buildings. For the year ended June 30, 2012, total operating lease expenditures were \$706,539.

At June 30, 2012, future minimum lease payments were as follows:

#### For the Year Ending June 30,

2013	\$ 549,871
2014	431,343
2015	436,892
2016	442,608
2017	448,495
2018-2022	1,382,267
2023-2027	1,231,885
2028-2032	1,231,885
2033-2037	1,231,885
2038-2042	1,231,885
2043-2047	1,231,885
2048-2052	<u>985,484</u>
	<u>\$ 10,836,385</u>

#### Other Commitments

On April 25, 2012, the City entered into an installment purchase agreement in the amount of \$1,165,036 with Automatic Data Processing, Inc. (ADP) for implementation costs associated with payroll services and related products. This agreement is for a period of five years and will not be effective until the City's payroll system goes live on the ADP system, which is anticipated in July 2013.

On April 19, 2012, the City entered into a purchase and maintenance agreement and a software service agreement in the aggregate amount of \$1,688,500 with Secure Storage Technologies, LLC. for the purchase, operation and maintenance of a parking meter system in Parking District 1. These agreements are for a period of five years beginning after the installation and transition period, which is anticipated to be January 2013. However, the City Council is considering terminating this agreement, due to nonperformance by Secure Storage Technologies, LLC.

Commitments outstanding for construction and construction-related services at June 30, 2012, for the City totaled approximately \$18.2 million and \$3.1 million for non-construction related services.

Enterprise fund construction in progress at June 30, 2012, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, and treatment plant improvements. Of the above amount, outstanding commitments total \$15.6 million for City of Reno enterprise fund projects and \$4.7 million for the Truckee Meadows Water Reclamation Facility improvements.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Litigation

In the ordinary course of its operations, claims are filed against the City including, but not limited to those arising from alleged improper actions by employees, police actions and negligence. City management intends to vigorously defend each claim and, although, total damages claimed are substantial, believes that most of these claims will settle for substantially less than the claimed amount, may be partially offset by payments from the City's liability insurance policies, discussed below under "Risk Management," and will not result in any material adverse future effect on the City's financial position, results of operation, or cash flows.

The City does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

### Risk Management

The City is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these and other risks, the City established the risk retention and self-funded workers compensation internal service funds and purchases commercial insurance coverage.

The risk retention and self-funded workers compensation internal service funds provide coverage up to \$2,500,000 for each workers compensation claim, \$1,000,000 for each general liability claim and \$25,000 for each property damage claim (except for flood and earthquake occurrences).

The City purchases commercial insurance coverage for claims in excess of the coverage provided by the risk retention and self-funded workers compensation internal service funds and for other insurable risks of loss. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

### Risk Retention and Self-Funded Workers Compensation Internal Service Funds

All City funds participate in and make payments to the risk retention and self-funded workers compensation internal service funds based on actuarial estimates of the amounts need to pay documented claims and establish a reserve for unknown claims. At June 30, 2012, the risk retention internal service fund had a reserve of \$1,700,836 and there was no reserve in the self-funded workers compensation internal service fund.

Changes in the risk retention and self-funded workers compensation internal service funds claims liability were as follows:

	Risk Retention Internal Service Fund	Self-Funded Workers Compensation Fund
Claims liability, July 1, 2010	\$ 2,126,063	\$ 37,846,569
Claims and changes in estimate	1,516,330	3,492,742
Claims payments	<u>(1,074,830)</u>	<u>(4,639,970)</u>
Claims liability, July 1, 2011	2,567,563	36,699,341
Claims and changes in estimate	75,193	5,903,962
Claims payments	<u>(126,502)</u>	<u>(4,166,011)</u>
Claims liability, June 30, 2012	<u>\$ 2,516,254</u>	<u>\$ 38,437,292</u>
Claims liability, due within one year	<u>\$ 488,857</u>	<u>\$ 3,892,157</u>
Claims liability, due in more than one year	<u>\$ 2,027,397</u>	<u>\$ 34,545,135</u>

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Self-Funded Medical Plan Internal Service Fund

The City offers health care, dental, vision and life insurance coverage under a plan offered by the City, which offers two plan options, the City of Reno Group Health Plan or the Hometown Health Plan (the City Plan) to eligible City employees and their dependents. Eligibility, benefits and employee cost are dependent upon the applicable bargaining unit contract. The City maintains stop-loss coverage in the amount of \$175,000 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.

The City reports activity related to the City Plan in the self-funded medical plan internal service fund and payments received for coverage are accounted for as operating revenues in the self-funded medical plan internal service fund and as expenditures/expenses, as appropriate, in the paying fund. Claims under the Hometown Health Plan are administered by Hometown Health Providers, Inc.

An actuarial determined liability amount for claims incurred but not reported has been recorded in the self-funded medical plan internal service fund.

Changes in the self-funded medical plan internal service fund claims liability were as follows:

	Self-Funded Medical Plan Fund
Claims liability, July 1, 2010	\$ 1,946,523
Claims and changes in estimate	23,320,027
Claims payments	<u>(22,007,441)</u>
Claims liability, July 1, 2011	3,259,109
Claims and changes in estimate	19,108,156
Claims payments	<u>(19,889,931)</u>
Claims liability, June 30, 2012	<u>\$ 2,477,334</u>
Claims liability, due within one year	<u>\$ 2,477,334</u>

### Joint Ventures

#### Truckee Meadows Water Reclamation Facility

Pursuant to an agreement dated March 24, 1980, the Cities of Reno and Sparks (the Cities) 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 Councils of Reno and Sparks on matters relating to the Facility. The Cities have joint control in approving budgets for the Facility and providing financing for the operations thereof and as of June 30, 2012, approximately 68.63% of the Facility's capacity was owned by the City of Reno and 31.37% by the City of Sparks.

The City of Sparks is responsible for administration and daily operations of the Facility. The City of Reno is responsible for Facility's construction-related contracts. 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 Facility's capital assets, thereby creating an accumulative deficit.

During the year ended June 30, 2012, 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 \$1,718,119. The City also had to reduce its investment in the Facility by \$3,551,885 to reflect the prior period adjustment of certain expenses that were incorrectly capitalized as construction in progress. The City of Reno uses the equity method to account for its investment in the jointly operated facility.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Separate financial statements for the Facility are available by contacting the Truckee Meadows Water Reclamation Facility.

At June 30, 2012, summary financial information for the Facility was as follows:

### Summary Statement of Net Assets June 30, 2012

Assets	
Current assets	\$ 4,965,173
Utility plant	<u>102,000,808</u>
Total assets	<u>106,965,981</u>
Liabilities and net assets	
Liabilities	
Current	1,863,703
Long-term	<u>973,927</u>
Total liabilities	<u>2,837,630</u>
Net assets	
Invested in capital assets, net of related debt	102,000,808
Unrestricted	<u>2,127,543</u>
Total net assets	<u>\$ 104,128,351</u>

### Summary Statement of Activities For the Year Ended June 30, 2012

Operating revenue	\$ 16,510,970
Operating expenses before depreciation	16,510,970
Depreciation	<u>5,439,216</u>
Operating loss	(5,439,216)
Net nonoperating income (expense)	<u>40,746</u>
Loss before capital contributions	(5,398,470)
Capital contributions	<u>2,823,859</u>
Change in net assets	<u>(2,574,611)</u>
Net assets, beginning of year, as previously reported	111,887,012
Adjustment	<u>(5,184,050)</u>
Net assets, beginning of year, as adjusted	<u>106,702,962</u>
Net assets, end of year	<u>\$ 104,128,351</u>

#### 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 Cities of Reno and Sparks and Washoe County (the Joint Venture Participants) 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 Cities of Reno and Sparks (the Cities), Washoe County, the U.S. Department of the Interior (DOI), the U.S. Department of Justice (DOJ), the U.S. Environmental Protection Agency (EPA), the Nevada Division of Environmental Protection and the Pyramid Lake Paiute Tribe of Indians (the TRIBE).

The TRWQSA settled and dismissed pending litigation by the TRIBE filed in 1998 relating to the expansion of the Facility, which is operated by the Cities of Reno and Sparks. It allows the Cities to use the Facilities 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

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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connection fees to pay their share of the financing. The City fully paid its share of the purchase and ceased remitting fees to Washoe County in fiscal year 2007.

This arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist and all equity is reserved for purchase of water rights and repayment of debt; and is therefore unavailable to the entities. Washoe County is responsible for administration of the joint venture. Each Joint Venture Participant owns an undivided and equal interest in the property and water rights purchased and the amount attributable to the City at June 30, 2012, is \$3,964,582.

Separate financial statements and information for the joint venture are available by contacting the Washoe County Comptroller's Department, 1001 E. 9th Street, Reno, Nevada.

### Truckee Meadows Water Authority

The Truckee Meadows Water Authority (the Authority) is a joint powers authority formed in November 2000, pursuant to a Cooperative Agreement (the Agreement) among the Cities of Reno and Sparks and Washoe County (the Participants). 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 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 the Participants or of the State of Nevada.

The Authority is considered a joint venture because the Agreement results in a contractual entity, joint control exists in a seven member governing body with three directors appointed by the City of Reno, two directors appointed by the City of Sparks, one director appointed by Washoe County and one at-large director, who shall be an elected official from the governing body of a member, and there is an ongoing financial responsibility on the part of the Participants. The arrangement is considered a joint venture with no equity interest recorded on the City's balance sheet as of June 30, 2012, 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 recent amendment dated June 27, 2012, to address the services performed by the City, primarily certain human resources-related tasks, payroll and employee benefit administration. The fee for such services was \$13,001 per month for fiscal year 2012. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid \$366,079 during the year ended June 30, 2012 for vehicle maintenance.

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

### Pension Plan

The City's employees are covered by the State's Public Employees' Retirement System (PERS). PERS was established on July 1, 1949, by the State Legislature and is governed by the Public Employees Retirement Board whose seven members are appointed by the Governor. All public employees who meet certain eligibility requirements participate in PERS, which is a cost-sharing multiple employer defined benefit plan.

The City does not exercise any control over PERS. NRS 286.110 states, "respective participating public employers are not liable for any obligation of the system." PERS issues a publicly available financial report that includes financial

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

statements and required supplemental information. This report may be obtained by writing to PERS at 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Benefits, as required by NRS, are determined by the number of years of accredited service at the time of retirement and the participant's highest average compensation in any 36 consecutive months. Benefit payments to which participants in PERS may be entitled include pension, disability, and death benefits.

Contribution rates are established by the NRS, which are tied to the increase in taxable sales within the State each year and provide for yearly increases until such time as the actuarially determined unfunded liability of PERS is reduced to zero. The City is obligated to contribute all amounts due under PERS. The City's contributions to PERS were as follows:

For the Year Ending June 30,	Contribution Rate			Amount Contributed
	Police and Fire Employees	Judicial Employees	Other Employees	
2012	39.75%	24.25%	23.75%	\$ 26,611,015
2011	37.00%	24.25%	21.50%	28,037,136
2010	37.00%	24.25%	21.50%	30,582,551

Amounts contributed are equal to the required contribution for each year.

### Postemployment Benefits Other Than Pensions (OPEB)

#### Plan Information

In accordance with NRS, the City provides other postemployment benefits to retirees. Eligible retirees receive coverage through a plan offered by the City, which offers two plan options, the City of Reno Group Health Plan or the Hometown Health Plan. In addition to the City Plan, eligible retirees may receive coverage through the Public Employee Benefit Plan (PEBP).

The City Plan offers its retirees healthcare, dental, vision and life insurance benefits. Eligibility and subsidy requirements are dependent upon the applicable bargaining unit contract. 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. A separate, audited post-employment benefit plan report for the City plan has not been prepared.

PEBP is an agent multiple-employer defined benefit plan administered by a nine member governing board that provides medical, prescription, dental and vision benefits to retirees. Eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the City is obligated to provide postemployment benefits is limited to eligible employees who retired from City service prior to September 1, 2008. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Employee Benefit Plan, 901 South Stewart Street, Suite 101, Carson City, NV 89701 or by calling (775) 684-7000.

#### Funding Policy and Annual OPEB Cost

The City is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. In fiscal year 2012, this subsidy ranged from \$104 to \$575 per retiree, per month.

Cost sharing for the City Plan is a percentage of the full medical premium as determined by the applicable bargaining unit contract and ranges from \$319 to \$664 per retiree, per month (50% to 100% of the full medical premium).

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Annual OPEB cost for the plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The City's annual OPEB cost for the year, the amount contributed to the plans and the changes in the City's net OPEB obligation for the current year were as follows:

	City of Reno <u>Plan</u>	Public Employee <u>Benefit Plan</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 17,370,658	\$ 272,946	\$ 17,643,604
Interest on net OPEB obligation	2,070,380	1,745	2,072,125
Adjustment to ARC	<u>(2,183,690)</u>	<u>(2,618)</u>	<u>(2,186,308)</u>
Annual OPEB cost	17,257,348	272,073	17,529,421
OPEB contributions made	<u>(5,515,101)</u>	<u>(304,055)</u>	<u>(5,819,156)</u>
Increase in net OPEB obligation	11,742,247	(31,982)	11,710,265
Net OPEB obligation, beginning of year	<u>51,759,498</u>	<u>43,617</u>	<u>51,803,115</u>
Net OPEB obligation, end of year	<u>\$ 63,501,745</u>	<u>\$ 11,635</u>	<u>\$ 63,513,380</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for fiscal years ended June 30, 2012, 2011 and 2010 were as follows:

<u>For the Year Ended June 30,</u>	Annual OPEB <u>Cost</u>	OPEB Contributions <u>Made</u>	Percentage <u>Contributed</u>	Net OPEB <u>Obligation</u>
City of Reno Plan				
2012	\$ 17,257,348	\$ 5,515,101	31.96%	\$ 63,501,745
2011	22,049,026	5,557,240	25.20%	51,759,498
2010	20,718,214	5,330,078	25.73%	35,267,712
Public Employee Benefit Plan				
2012	272,073	304,055	111.75%	11,635
2011	460,224	437,224	95.00%	43,617
2010	448,032	427,415	95.40%	20,617

### Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date was as follows:

<u>Valuation Date</u>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
City of Reno Plan July 1, 2011	\$ .	\$ 205,728,845	\$ 205,728,845	0.0%	\$ 71,197,904	288.95%
Public Employee Benefit Plan July 1, 2011		4,548,123	4,548,123	0.0%	N/A *	N/A *

\* The Public Employee Benefit Plan is a closed plan; and therefore, there are no current covered employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

The required schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided at the valuation date and the pattern of sharing benefit costs between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant actuarial methods and assumptions as of the most recent actuarial valuation date were as follows:

	City of Reno Plan and Public Employee Benefit Plan
Actuarial valuation date	July 1, 2011
Actuarial cost method	Entry age normal
Amortization method	City Plan – Level percent of pay, closed PEBP - Level percent of projected payroll, closed
Amortization period	28 years
Asset valuation method	No assets in trust
Actuarial assumptions	
Number of retirees	City Plan - 682 PEBP – 165
Average retiree age	City Plan – 60.1 PEBP – 67.1
Investment rate of return	4%
Inflation rate	3%
Projected salary increases	4%
Subsidy trend rate	9% for 2013 downgrading 0.5% per year to 5% in 2021

### Special Ad Valorem Capital Projects Fund

For the year ended June 30, 2012, pursuant to NRS 354.598155 the Special Ad Valorem Capital Projects Fund expended \$332,397 on the following projects:

Administration	\$ 123
Sternberg lighting – downtown	7,252
Public Works capital projects	156,165
Parks maintenance/capital projects	9,951
Underground storage tank monitoring	13,760
Machinery and equipment	132,694
Public art	10,000
Ginsberg clock storage	2,452
Total	\$ 332,397

### Subsequent Events

Property tax revenues in Downtown Redevelopment Area No. 1 declined so rapidly in the past two years that RACOR could not meet its outstanding debt service obligations in fiscal year 2012 with property taxes collected during the year. On September 1, 2011, RACOR made an unscheduled draw on its \$1,800,000 Debt Service Reserve Surety Bond (the Surety Bond) issued by National Public Finance Guarantee Corp. in connection with RACOR's 1998F Downtown Redevelopment Project Bonds (the 1998F Bonds). RACOR used \$334,987 held in the bond fund in addition to the

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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draw on the Surety Bond of \$1,227,275 to make the total debt service payment of \$1,562,263 on the 1998F Bonds on September 1, 2011.

On December 1, 2011, RACOR made an unscheduled draw of \$222,000 on the reserve fund in connection with RACOR's 2007A Tax Increment Senior Lien Bonds (Taxable) (the 2007A Bonds) and 2007B Tax Increment Senior Lien Bonds (the 2007B Bonds). RACOR used the 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. Similarly, on December 1, 2011, RACOR made an unscheduled draw of \$342,630 on the reserve fund in connection with RACOR's, 2007C Tax Increment Subordinate Lien Bonds (the 2007C Bonds). RACOR used the draw to make the total debt service payment of \$342,630 on the 2007C Bonds on December 1, 2011.

Given these events, RACOR, the City, the County, the Washoe County School District, and the State (the Settling Parties) met, conferred and investigated how the assessor and treasurer assessed, collected and distributed property taxes in the City's redevelopment areas. The Settling Parties identified two key problems with the current distribution method, 1) RACOR was entitled to a \$2.7 million minimum allocation pursuant to NRS 279.676(3), and 2) the County had failed to deduct the assessed value of exempt properties from the total assessed value redevelopment base as required by the NRS. After many months of negotiations, on August 28, 2012, the Settling Parties agreed to abide by NRS 279.676(3) and reset the redevelopment base. Resolution of the two problems resulted in the Settling Parties owing RACOR \$5,584,224. The Settling Parties agreed to a schedule of structured settlement payments.

Lump sum payments made by the County and the State have allowed RACOR to repay National Public Finance Guarantee Corp. for the draw made on the Surety Bond plus interest on August 31, 2012. Scheduled payments made by the City and the Washoe County School District in November of 2012 allowed RACOR to repay the draws made on the bond reserve funds for the 2007A, 2007B, and 2007C bonds on November 30, 2012.

On September 24, 2012, Dignity Health defeased \$42,085,000 of the 2007A Health Facility Revenue Bonds (Catholic Healthcare West) that have a redemption date of July 1, 2017. These bonds are conduit debt obligations of the City of Reno.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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## CITY OF RENO

### POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2012

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
<b>CITY OF RENO PLAN</b>						
July 1, 2011	\$	\$ 205,728,845	\$ 205,728,845	0.0 %	\$ 71,197,904	289.0 %
July 1, 2009		225,418,530	225,418,530	0.0 %	103,158,952	218.5 %
<b>PUBLIC EMPLOYEE BENEFIT PLAN</b>						
July 1, 2011		4,548,123	4,548,123	0.0 %	N/A *	N/A *
July 1, 2009		11,273,820	11,273,820	0.0 %	N/A *	N/A *
<b>CITY OF RENO AND PUBLIC EMPLOYEE BENEFIT PLANS</b>						
July 1, 2007		117,483,434	117,483,434	0.0 %	124,530,962	94.3 %

\* The Public Employee Benefit Plan is a closed plan; and therefore, there are no current covered employees.

\*\* Prior to the July 1, 2009 valuation, the City of Reno and the Public Employee Benefit Plans were not evaluated as two separate plans; and therefore, combined information is presented for the July 1, 2007, valuation.

# CITY OF RENO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

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### **Note 1. Postemployment Benefits Other Than Pensions**

For the year ended June 30, 2012, no significant events occurred that would have affected; and therefore, would have changed the benefit provision, size or composition of those covered by the other postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2011, July 1, 2009, and July 1, 2007.

The actuarial accrued liability and unfunded actuarial accrued liability involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These estimates are subject to continual revision.

Additional information related to postemployment benefits other than pensions can be found in Notes 1 and 4 to the basic financial statements.

**OTHER SUPPLEMENTARY  
INFORMATION**

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**MAJOR  
GOVERNMENTAL FUNDS**

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# **CITY OF RENO**

## **MAJOR DEBT SERVICE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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Debt service funds are used to account for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

### **Railroad**

Accounts for the accumulation of resources for payment of bonds issued for the purpose of constructing and expanding railroad grade and related beautification projects.

### **Downtown Events Center**

Accounts for the accumulation of resources for payment of bonds issued for the purpose of acquisition of the National Bowling Stadium and construction of the Downtown Events Center and Ballroom facilities.

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# CITY OF RENO

## RAILROAD DEBT SERVICE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Room and construction taxes	\$ 640,000	\$ 650,000	\$ 637,389	\$ (12,611)
Special assessments	450,000	615,000	632,375	17,375
Intergovernmental revenues	6,500,000	6,550,000	6,733,005	183,005
Fines and forfeitures			15,056	15,056
Miscellaneous	<u>920,000</u>	<u>930,700</u>	<u>912,542</u>	<u>(18,158)</u>
Total revenues	<u>8,510,000</u>	<u>8,745,700</u>	<u>8,930,367</u>	<u>184,667</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	2,130,000	2,120,000	2,345,000	(225,000)
Interest and fiscal charges	6,044,780	6,031,884	5,845,243	186,641
Administrative and other costs	<u>1,064,602</u>	<u>1,274,602</u>	<u>1,061,861</u>	<u>212,741</u>
Total expenditures	<u>9,239,382</u>	<u>9,426,486</u>	<u>9,252,104</u>	<u>174,382</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(729,382)</u>	<u>(680,786)</u>	<u>(321,737)</u>	<u>359,049</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in		<u>469,893</u>	<u>469,893</u>	
CHANGE IN FUND BALANCE	(729,382)	(210,893)	148,156	359,049
FUND BALANCE, BEGINNING OF YEAR	<u>8,172,176</u>	<u>8,025,949</u>	<u>8,025,949</u>	
FUND BALANCE, END OF YEAR	<u>\$ 7,442,794</u>	<u>\$ 7,815,056</u>	<u>\$ 8,174,105</u>	<u>\$ 359,049</u>

# CITY OF RENO

## DOWNTOWN EVENTS CENTER DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Room and construction taxes	\$ 5,082,480	\$ 5,137,694	\$ 4,759,241	\$ (378,453)
Special assessments	200,000	259,700	275,189	15,489
Miscellaneous	415,000	463,800	473,755	9,955
Total revenues	<u>5,697,480</u>	<u>5,861,194</u>	<u>5,508,185</u>	<u>(353,009)</u>
EXPENDITURES				
Debt service				
Principal	1,955,000	1,955,000	1,955,000	
Interest and fiscal charges	5,110,304	5,110,304	5,069,636	40,668
Administrative and other costs	1,547,406	1,556,241	1,624,733	(68,492)
Total expenditures	<u>8,612,710</u>	<u>8,621,545</u>	<u>8,649,369</u>	<u>(27,824)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,915,230)</u>	<u>(2,760,351)</u>	<u>(3,141,184)</u>	<u>(380,833)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,700,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	
CHANGE IN FUND BALANCE	(215,230)	139,649	(241,184)	(380,833)
FUND BALANCE, BEGINNING OF YEAR	<u>2,279,980</u>	<u>2,036,743</u>	<u>2,036,743</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,064,750</u>	<u>\$ 2,176,392</u>	<u>\$ 1,795,559</u>	<u>\$ (380,833)</u>

# **CITY OF RENO**

## **MAJOR CAPITAL PROJECTS FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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Capital projects funds are used to account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

Redevelopment Agency

Accounts for expenditures related to the construction of a Triple A ballpark and the fire station relocation projects.

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# CITY OF RENO

## REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
Public works				
Urban redevelopment				
Various				
Services and supplies	\$ _____	\$ 625	\$ 625	\$ _____
Total expenditures	_____	625	625	_____
CHANGE IN FUND BALANCE		(625)	(625)	
FUND BALANCE, BEGINNING OF YEAR	36,336,594	36,573,975	36,573,975	_____
FUND BALANCE, END OF YEAR	\$ 36,336,594	\$ 36,573,350	\$ 36,573,350	\$ _____

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**NON-MAJOR  
GOVERNMENTAL FUNDS**

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# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Aggregate Non-major Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 15,943,309	\$ 9,556,823	\$ 13,509,840	\$ 39,009,972
Accounts and interest receivable, net	424,034	99,093	59,443	582,570
Taxes receivable	396,691	71,632		468,323
Special assessments receivable		4,034,362		4,034,362
Due from other governments	2,553,029	280,140	275,279	3,108,448
Due from other funds	38,816			38,816
Inventories	376,977			376,977
Prepaid items	12,110	2,480		14,590
Notes receivable, net	333,605		331,003	664,608
Land held for resale	1,041,209			1,041,209
	<u>\$ 21,119,780</u>	<u>\$ 14,044,530</u>	<u>\$ 14,175,565</u>	<u>\$ 49,339,875</u>
Total assets				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,043,958	\$ 33,599	\$ 195,321	\$ 1,272,878
Accrued salaries and benefits	30,295			30,295
Contracts payable	219,006		2,031,416	2,250,422
Due to other governments		9,959		9,959
Deposits	143,403	17,986	5,208	166,597
Unearned revenue	730,295	3,859,465	331,003	4,920,763
Due to other funds	612,400			612,400
Advances from other funds			1,063,907	1,063,907
Interest payable	5		7	12
	<u>2,779,362</u>	<u>3,921,009</u>	<u>3,626,862</u>	<u>10,327,233</u>
Total liabilities				
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	376,977			376,977
Prepaid items	12,110	2,480		14,590
Land held for resale	1,041,209			1,041,209
Restricted for				
Debt service		10,103,673		10,103,673
Capital projects	1,069,745		10,661,820	11,731,565
Public safety programs	816,943			816,943
Other programs	724,734			724,734
Assigned to				
Debt service		17,368		17,368
Capital projects	11,392,025		950,376	12,342,401
Public safety programs	563,501			563,501
Other programs	2,343,174			2,343,174
Unassigned			(1,063,493)	(1,063,493)
	<u>18,340,418</u>	<u>10,123,521</u>	<u>10,548,703</u>	<u>39,012,642</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 21,119,780</u>	<u>\$ 14,044,530</u>	<u>\$ 14,175,565</u>	<u>\$ 49,339,875</u>

# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Aggregate Non-major Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 13,509,798	\$ 1,051,896	\$	\$ 14,561,694
Room and construction taxes	1,771,678		397,673	2,169,351
Special assessments		724,862		724,862
Licenses, permits and other fees	140,555			140,555
Intergovernmental revenues	12,119,720	2,237,081	1,336,568	15,693,369
Downtown district room surcharge			2,003,432	2,003,432
Charges for services	196,745			196,745
Fines and forfeitures	13,872	33,740		47,612
Miscellaneous	3,231,677	1,755,839	928,693	5,916,209
Total revenues	<u>30,984,045</u>	<u>5,803,418</u>	<u>4,666,366</u>	<u>41,453,829</u>
<b>EXPENDITURES</b>				
Current				
General government	453,020			453,020
Judicial	220,489			220,489
Public works	9,651,696		4,909,886	14,561,582
Culture and recreation			102,242	102,242
Planning and community development	6,208,914			6,208,914
Urban redevelopment	786,690			786,690
Total current	<u>17,320,809</u>		<u>5,012,128</u>	<u>22,332,937</u>
Capital outlay				
Public works	1,091,837		19,168,348	20,260,185
Culture and recreation			830,499	830,499
Total capital outlay	<u>1,091,837</u>		<u>19,998,847</u>	<u>21,090,684</u>
Debt service				
Principal	33,000	11,218,744		11,251,744
Interest and fiscal charges	11,373	7,009,640	12,704	7,033,717
Debt issuance costs		74,835		74,835
Administrative and other costs		98,349		98,349
Total debt service	<u>44,373</u>	<u>18,401,568</u>	<u>12,704</u>	<u>18,458,645</u>
Total expenditures	<u>18,457,019</u>	<u>18,401,568</u>	<u>25,023,679</u>	<u>61,882,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,527,026</u>	<u>(12,598,150)</u>	<u>(20,357,313)</u>	<u>(20,428,437)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance proceeds		1,227,275	939,800	2,167,075
Capital asset disposal proceeds			140,006	140,006
Transfers in	112,156	8,980,795	1,998,682	11,091,633
Transfers out	(9,191,195)	(260,200)	(667,805)	(10,119,200)
Total other financing sources (uses)	<u>(9,079,039)</u>	<u>9,947,870</u>	<u>2,410,683</u>	<u>3,279,514</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	18,101,322	12,773,801	28,495,333	59,370,456
Adjustment	(3,208,891)			(3,208,891)
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>14,892,431</u>	<u>12,773,801</u>	<u>28,495,333</u>	<u>56,161,565</u>
FUND BALANCE, END OF YEAR	<u>\$ 18,340,418</u>	<u>\$ 10,123,521</u>	<u>\$ 10,548,703</u>	<u>\$ 39,012,642</u>

# CITY OF RENO

## NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

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Special revenue funds are used to account for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

### Community Development Grants

Accounts 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

Accounts for federal, state, and private grants and local government contributions received to fund particular programs including temporary shelters and long-term housing.

### Streets

Accounts for resources restricted for street improvement expenditures.

### Room Tax

Accounts for a 1% tax imposed upon the gross income from room rentals, which by ordinance, must be used one-half for developing, building, maintaining, expanding or repairing parks and other recreation facilities, and one-half the improvement or betterment of the City as a final destination for visitors and tourism.

### Emergency Operations

Accounts for expenditures incurred as a result of unforeseen acts of nature, violence, terrorism, or other events that require the enactment of the 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 expenditures incurred as a result of the unforeseen act or event.

### Courts

Accounts for 1) the collection of court administrative assessment fees to be used to improve the courts as required by Nevada Revised Statutes (NRS) 176.059, 2) the collection and expenditure of municipal court collection fees as allowed by NRS 176.064, and 3) the collection and expenditure construction fees as allowed by NRS 176.0611.

### Drug Forfeiture

Accounts 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 United States, Department of Justice.

### Redevelopment Agency

Accounts for the operations of the Redevelopment Agency, which has been included as a blended component unit with the City of Reno for financial statement purposes.

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## CITY OF RENO

### NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	Community Development Grants	Community Assistance Grants	Streets	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Total Special Revenue Funds
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ 241,798	\$ 1,514,033	\$ 11,096,825	\$ 363,874	\$ 984,060	\$ 1,377,860	\$ 364,859	\$ 15,943,309
Accounts and interest receivable, net		8,199	279,096	847	1,960	2,584	131,348	424,034
Taxes receivable			374,768				21,923	396,691
Due from other governments	716,895	290,661	1,346,595	177,541			21,337	2,553,029
Due from other funds							38,816	38,816
Inventories			376,977					376,977
Prepaid items							12,110	12,110
Notes receivable, net							333,605	333,605
Land held for resale							1,041,209	1,041,209
	<u>\$ 958,693</u>	<u>\$ 1,812,893</u>	<u>\$ 13,474,261</u>	<u>\$ 542,262</u>	<u>\$ 986,020</u>	<u>\$ 1,380,444</u>	<u>\$ 1,965,207</u>	<u>\$ 21,119,780</u>
<b>Total assets</b>								
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 54,598	\$ 591,958	\$ 143,631	\$ 164,893	\$ 80,268		\$ 8,610	\$ 1,043,958
Accrued salaries and benefits	2,201	142	27,952					30,295
Contracts payable	41,663		177,343					219,006
Deposits			48,440		42		94,921	143,403
Unearned revenue			374,768				355,527	730,295
Due to other funds	612,400							612,400
Interest payable			5					5
	<u>710,862</u>	<u>592,100</u>	<u>772,139</u>	<u>164,893</u>	<u>80,310</u>		<u>459,058</u>	<u>2,779,362</u>
<b>Total liabilities</b>								

(Continued)

## CITY OF RENO

### NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2012

	Community Development Grants	Community Assistance Grants	Streets	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Total Special Revenue Funds
FUND BALANCES								
Nonspendable								
Inventories			376,977					376,977
Prepaid items							12,110	12,110
Land held for resale							1,041,209	1,041,209
Restricted for								
Capital projects			933,120		136,625			1,069,745
Public safety programs						816,943		816,943
Other programs	247,831	476,903						724,734
Assigned to								
Capital projects			11,392,025					11,392,025
Public safety programs						563,501		563,501
Other programs		743,890		377,369	769,085		452,830	2,343,174
Total fund balances	<u>247,831</u>	<u>1,220,793</u>	<u>12,702,122</u>	<u>377,369</u>	<u>905,710</u>	<u>1,380,444</u>	<u>1,506,149</u>	<u>18,340,418</u>
Total liabilities and fund balances	<u>\$ 958,693</u>	<u>\$ 1,812,893</u>	<u>\$ 13,474,261</u>	<u>\$ 542,262</u>	<u>\$ 986,020</u>	<u>\$ 1,380,444</u>	<u>\$ 1,965,207</u>	<u>\$ 21,119,780</u>

# CITY OF RENO

## NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	Community Development Grants	Community Assistance Grants	Streets	Room Tax	Emergency Operations	Courts	Drug Forfeiture	Redevelopment Agency	Total Special Revenue Funds
<b>REVENUES</b>									
Property taxes	\$	\$	\$ 13,431,947	\$	\$	\$	\$	\$ 77,851	\$ 13,509,798
Room and construction taxes				1,771,678					1,771,678
Licenses, permits and other fees			140,555						140,555
Intergovernmental revenues	4,242,449	2,114,121	5,550,161					212,989	12,119,720
Charges for services			196,745						196,745
Fines and forfeitures			13,872						13,872
Miscellaneous	<u>333,933</u>	<u>723,764</u>	<u>322,786</u>	<u>2,564</u>		<u>399,094</u>	<u>726,440</u>	<u>723,096</u>	<u>3,231,677</u>
<b>Total revenues</b>	<b><u>4,576,382</u></b>	<b><u>2,837,885</u></b>	<b><u>19,656,066</u></b>	<b><u>1,774,242</u></b>		<b><u>399,094</u></b>	<b><u>726,440</u></b>	<b><u>1,013,936</u></b>	<b><u>30,984,045</u></b>
<b>EXPENDITURES</b>									
<b>Current</b>									
General government				453,020					453,020
Judicial						220,489			220,489
Public works			9,651,696						9,651,696
Planning and community development	3,921,089	2,287,825							6,208,914
Urban redevelopment								786,690	786,690
<b>Total current</b>	<b><u>3,921,089</u></b>	<b><u>2,287,825</u></b>	<b><u>9,651,696</u></b>	<b><u>453,020</u></b>		<b><u>220,489</u></b>		<b><u>786,690</u></b>	<b><u>17,320,809</u></b>
<b>Capital outlay</b>									
Public works			1,091,837						1,091,837
<b>Debt service</b>									
Principal	33,000								33,000
Interest and fiscal charges	<u>11,373</u>								<u>11,373</u>
<b>Total debt service</b>	<b><u>44,373</u></b>								<b><u>44,373</u></b>
<b>Total expenditures</b>	<b><u>3,965,462</u></b>	<b><u>2,287,825</u></b>	<b><u>10,743,533</u></b>	<b><u>453,020</u></b>		<b><u>220,489</u></b>		<b><u>786,690</u></b>	<b><u>18,457,019</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b><u>610,920</u></b>	<b><u>550,060</u></b>	<b><u>8,912,533</u></b>	<b><u>1,321,222</u></b>		<b><u>178,605</u></b>	<b><u>726,440</u></b>	<b><u>227,246</u></b>	<b><u>12,527,026</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in		12,968	376					98,812	112,156
Transfers out	<u>(783,753)</u>		<u>(6,063,702)</u>	<u>(1,336,268)</u>	<u>(375)</u>	<u>(177,000)</u>	<u>(442,658)</u>	<u>(387,439)</u>	<u>(9,191,195)</u>
<b>Total other financing sources (uses)</b>	<b><u>(783,753)</u></b>	<b><u>12,968</u></b>	<b><u>(6,063,326)</u></b>	<b><u>(1,336,268)</u></b>	<b><u>(375)</u></b>	<b><u>(177,000)</u></b>	<b><u>(442,658)</u></b>	<b><u>(288,627)</u></b>	<b><u>(9,079,039)</u></b>

(Continued)

**CITY OF RENO**

**NON-MAJOR SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Community Development Grants</u>	<u>Community Assistance Grants</u>	<u>Streets</u>	<u>Room Tax</u>	<u>Emergency Operations</u>	<u>Courts</u>	<u>Drug Forfeiture</u>	<u>Redevelopment Agency</u>	<u>Total Special Revenue Funds</u>
CHANGE IN FUND BALANCE	<u>(172,833)</u>	<u>563,028</u>	<u>2,849,207</u>	<u>(15,046)</u>	<u>(375)</u>	<u>1,605</u>	<u>283,782</u>	<u>(61,381)</u>	<u>3,447,987</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	<u>420,664</u>	<u>657,765</u>	<u>9,852,915</u>	<u>392,415</u>	<u>375</u>	<u>904,105</u>	<u>1,096,662</u>	<u>4,776,421</u>	<u>18,101,322</u>
Adjustment								<u>(3,208,891)</u>	<u>(3,208,891)</u>
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>420,664</u>	<u>657,765</u>	<u>9,852,915</u>	<u>392,415</u>	<u>375</u>	<u>904,105</u>	<u>1,096,662</u>	<u>1,567,530</u>	<u>14,892,431</u>
FUND BALANCE, END OF YEAR	<u>\$ 247,831</u>	<u>\$ 1,220,793</u>	<u>\$ 12,702,122</u>	<u>\$ 377,369</u>	<u>\$</u>	<u>\$ 905,710</u>	<u>\$ 1,380,444</u>	<u>\$ 1,506,149</u>	<u>\$ 18,340,418</u>

# CITY OF RENO

## COMMUNITY DEVELOPMENT GRANTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$ 3,409,655	\$ 4,242,024	\$ 4,242,449	\$ 425
Miscellaneous	250,200	303,761	333,933	30,172
Total revenues	<u>3,659,855</u>	<u>4,545,785</u>	<u>4,576,382</u>	<u>30,597</u>
<b>EXPENDITURES</b>				
Planning and community development				
Various				
Salaries and wages	331,867	308,412	291,885	16,527
Employee benefits	161,691	159,356	146,800	12,556
Services and supplies	516,396	1,085,762	3,482,404	(2,396,642)
Capital outlay	2,254,301	2,295,659	2,295,659	-
Total various	<u>3,264,255</u>	<u>3,849,189</u>	<u>3,921,089</u>	<u>(71,900)</u>
Total planning and community development	<u>3,264,255</u>	<u>3,849,189</u>	<u>3,921,089</u>	<u>(71,900)</u>
Debt service				
Principal	33,000	33,000	33,000	-
Interest and fiscal charges	20,164	11,373	11,373	-
Total debt service	<u>53,164</u>	<u>44,373</u>	<u>44,373</u>	<u>-</u>
Total expenditures	<u>3,317,419</u>	<u>3,893,562</u>	<u>3,965,462</u>	<u>(71,900)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>342,436</u>	<u>652,223</u>	<u>610,920</u>	<u>(41,303)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(395,400)</u>	<u>(791,553)</u>	<u>(783,753)</u>	<u>7,800</u>
CHANGE IN FUND BALANCE	(52,964)	(139,330)	(172,833)	(33,503)
FUND BALANCE, BEGINNING OF YEAR	<u>139,982</u>	<u>420,666</u>	<u>420,664</u>	<u>(2)</u>
FUND BALANCE, END OF YEAR	<u>\$ 87,018</u>	<u>\$ 281,336</u>	<u>\$ 247,831</u>	<u>\$ (33,505)</u>

# CITY OF RENO

## COMMUNITY ASSISTANCE GRANTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$ 462,000	\$ 1,156,504	\$ 2,114,121	\$ 957,617
Miscellaneous	<u>200,000</u>	<u>717,000</u>	<u>723,764</u>	<u>6,764</u>
Total revenues	<u>662,000</u>	<u>1,873,504</u>	<u>2,837,885</u>	<u>964,381</u>
<b>EXPENDITURES</b>				
Planning and community development				
Various				
Salaries and wages		21,000	20,799	201
Employee benefits		41,478	14,187	27,291
Services and supplies		161,355	2,252,839	(2,091,484)
Capital outlay	<u>662,000</u>	<u>1,526,209</u>	<u>1,526,209</u>	<u>1,526,209</u>
Total various	<u>662,000</u>	<u>1,750,042</u>	<u>2,287,825</u>	<u>(537,783)</u>
Total planning and community development	<u>662,000</u>	<u>1,750,042</u>	<u>2,287,825</u>	<u>(537,783)</u>
Total expenditures	<u>662,000</u>	<u>1,750,042</u>	<u>2,287,825</u>	<u>(537,783)</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>123,462</u>	<u>550,060</u>	<u>426,598</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in		<u>12,968</u>	<u>12,968</u>	
CHANGE IN FUND BALANCE		136,430	563,028	426,598
FUND BALANCE, BEGINNING OF YEAR		<u>657,765</u>	<u>657,765</u>	
FUND BALANCE, END OF YEAR	\$ <u><u>        </u></u>	\$ <u>764,195</u>	\$ <u>1,220,793</u>	\$ <u>456,598</u>

# CITY OF RENO

## STREETS SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 13,222,441	\$ 13,222,441	\$ 13,431,947	\$ 209,506
Licenses, permits and other fees	100,000	122,000	140,555	18,555
Intergovernmental revenues	3,213,798	4,844,820	5,550,161	705,341
Charges for services	100,000	194,694	196,745	2,051
Fines and forfeitures	15,000	20,000	13,872	(6,128)
Miscellaneous	5,000	99,325	322,786	223,461
Total revenues	<u>16,656,239</u>	<u>18,503,280</u>	<u>19,656,066</u>	<u>1,152,786</u>
<b>EXPENDITURES</b>				
Public works				
Various				
Salaries and wages	3,749,445	3,505,830	3,475,908	29,922
Employee benefits	1,740,537	1,832,328	1,830,253	2,075
Services and supplies	3,986,402	3,986,402	4,345,535	(359,133)
Capital outlay	4,976,577	1,822,508	1,091,837	730,671
Total expenditures	<u>14,452,961</u>	<u>11,147,068</u>	<u>10,743,533</u>	<u>403,535</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,203,278</u>	<u>7,356,212</u>	<u>8,912,533</u>	<u>1,556,321</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		375	376	1
Transfers out	(6,062,602)	(6,063,702)	(6,063,702)	
Total other financing sources (uses)	<u>(6,062,602)</u>	<u>(6,063,327)</u>	<u>(6,063,326)</u>	<u>1</u>
CHANGE IN FUND BALANCE	(3,859,324)	1,292,885	2,849,207	1,556,322
FUND BALANCE, BEGINNING OF YEAR	<u>6,477,360</u>	<u>9,852,916</u>	<u>9,852,915</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,618,036</u>	<u>\$ 11,145,801</u>	<u>\$ 12,702,122</u>	<u>\$ 1,556,321</u>

# CITY OF RENO

## ROOM TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Room and construction taxes	\$ 1,800,000	\$ 1,820,000	\$ 1,771,678	\$ (48,322)
Miscellaneous	<u>1,750</u>	<u>1,750</u>	<u>2,564</u>	<u>814</u>
Total revenues	<u>1,801,750</u>	<u>1,821,750</u>	<u>1,774,242</u>	<u>(47,508)</u>
EXPENDITURES				
General government				
City manager				
Services and supplies	<u>469,713</u>	<u>811,057</u>	<u>453,020</u>	<u>358,037</u>
Total expenditures	<u>469,713</u>	<u>811,057</u>	<u>453,020</u>	<u>358,037</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,332,037</u>	<u>1,010,693</u>	<u>1,321,222</u>	<u>310,529</u>
OTHER FINANCING USES				
Transfers out	<u>(1,350,197)</u>	<u>(1,350,429)</u>	<u>(1,336,268)</u>	<u>14,161</u>
CHANGE IN FUND BALANCE	(18,160)	(339,736)	(15,046)	324,690
FUND BALANCE, BEGINNING OF YEAR	<u>18,160</u>	<u>392,415</u>	<u>392,415</u>	<u>          </u>
FUND BALANCE, END OF YEAR	<u>\$          </u>	<u>\$ 52,679</u>	<u>\$ 377,369</u>	<u>\$ 324,690</u>

# CITY OF RENO

## EMERGENCY OPERATIONS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING USES				
Transfers out	\$ _____	\$ (375)	\$ (375)	\$ _____
CHANGE IN FUND BALANCE		(375)	(375)	
FUND BALANCE, BEGINNING OF YEAR	\$ <u>_____</u>	\$ <u>375</u>	\$ <u>375</u>	\$ <u>_____</u>

# CITY OF RENO

## COURTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous	\$ <u>609,300</u>	\$ <u>412,200</u>	\$ <u>399,094</u>	\$ <u>(13,106)</u>
EXPENDITURES				
Judicial				
Municipal court				
Services and supplies	<u>906,551</u>	<u>1,146,304</u>	<u>220,489</u>	<u>925,815</u>
Public safety				
Total expenditures	<u>906,551</u>	<u>1,146,304</u>	<u>220,489</u>	<u>925,815</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(297,251)</u>	<u>(734,104)</u>	<u>178,605</u>	<u>912,709</u>
OTHER FINANCING USES				
Transfers out	<u>(170,000)</u>	<u>(170,000)</u>	<u>(177,000)</u>	<u>(7,000)</u>
CHANGE IN FUND BALANCE	(467,251)	(904,104)	1,605	905,709
FUND BALANCE, BEGINNING OF YEAR	<u>690,189</u>	<u>904,104</u>	<u>904,105</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 222,938</u>	<u>\$</u>	<u>\$ 905,710</u>	<u>\$ 905,710</u>

# CITY OF RENO

## DRUG FORFEITURE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous	\$ 56,000	\$ 558,000	\$ 726,440	\$ 168,440
EXPENDITURES				
Other				
Retired employees trust				
Services and supplies	500,000	238,282		238,282
Total expenditures	500,000	238,282		238,282
OTHER FINANCING USES				
Transfers out		(442,658)	(442,658)	
CHANGE IN FUND BALANCE	(444,000)	(122,940)	283,782	406,722
FUND BALANCE, BEGINNING OF YEAR	711,329	1,096,661	1,096,662	1
FUND BALANCE, END OF YEAR	\$ 267,329	\$ 973,721	\$ 1,380,444	\$ 406,723

## CITY OF RENO

### REDEVELOPMENT AGENCY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$	\$ 77,652	\$ 77,851	\$ 199
Intergovernmental revenues	264,688	218,024	212,989	(5,035)
Miscellaneous	<u>1,015,520</u>	<u>646,250</u>	<u>723,096</u>	<u>76,846</u>
Total revenues	<u>1,280,208</u>	<u>941,926</u>	<u>1,013,936</u>	<u>72,010</u>
<b>EXPENDITURES</b>				
Urban redevelopment				
Various				
Employee benefits			904	(904)
Services and supplies	<u>1,015,520</u>	<u>811,997</u>	<u>785,786</u>	<u>26,211</u>
Total expenditures	<u>1,015,520</u>	<u>811,997</u>	<u>786,690</u>	<u>25,307</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>264,688</u>	<u>129,929</u>	<u>227,246</u>	<u>97,317</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		98,000	98,812	812
Transfers out	<u>(264,688)</u>	<u>(387,439)</u>	<u>(387,439)</u>	
Total other financing sources (uses)	<u>(264,688)</u>	<u>(289,439)</u>	<u>(288,627)</u>	<u>812</u>
CHANGE IN FUND BALANCE		<u>(159,510)</u>	<u>(61,381)</u>	<u>98,129</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			4,776,421	
Adjustment			<u>(3,208,891)</u>	
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>7,650,100</u>	<u>4,776,421</u>	<u>1,567,530</u>	<u>(3,208,891)</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,650,100</u>	<u>\$ 4,616,911</u>	<u>\$ 1,506,149</u>	<u>\$ (3,110,762)</u>

# **CITY OF RENO**

## **NON-MAJOR DEBT SERVICE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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Debt service funds are used to account for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

City of Reno

Accounts for the accumulation of resources for the payment of general obligation bonds (and debt supported by dedicated revenue sources) that are not required to be accounted for in proprietary funds.

Special Assessment Districts

Accounts for the accumulation of resources for payment of special assessment bonds.

Redevelopment Agency

Accounts for the accumulation of resources for payment the Redevelopment Agency's tax allocation bonds and notes.

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# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	<u>City of Reno</u>	<u>Special Assessment Districts</u>	<u>Redevelopment Agency</u>	<u>Total Debt Service Funds</u>
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 4,753,106	\$ 2,876,156	\$ 1,927,561	\$ 9,556,823
Accounts and interest receivable, net	78,020	20,698	375	99,093
Taxes receivable			71,632	71,632
Special assessments receivable		4,034,362		4,034,362
Due from other governments	273,952	124	6,064	280,140
Prepaid items	<u>2,480</u>			<u>2,480</u>
Total assets	<u>\$ 5,107,558</u>	<u>\$ 6,931,340</u>	<u>\$ 2,005,632</u>	<u>\$ 14,044,530</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,070	\$ 9,598	\$ 22,931	\$ 33,599
Due to other governments		102	9,857	9,959
Deposits		17,986		17,986
Unearned revenue	<u>50,467</u>	<u>3,737,365</u>	<u>71,633</u>	<u>3,859,465</u>
Total liabilities	<u>51,537</u>	<u>3,765,051</u>	<u>104,421</u>	<u>3,921,009</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	2,480			2,480
Restricted for				
Debt service	5,036,173	3,166,289	1,901,211	10,103,673
Assigned to				
Debt service	<u>17,368</u>			<u>17,368</u>
Total fund balances	<u>5,056,021</u>	<u>3,166,289</u>	<u>1,901,211</u>	<u>10,123,521</u>
Total liabilities and fund balances	<u>\$ 5,107,558</u>	<u>\$ 6,931,340</u>	<u>\$ 2,005,632</u>	<u>\$ 14,044,530</u>

# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	<u>City of Reno</u>	<u>Special Assessment Districts</u>	<u>Redevelopment Agency</u>	<u>Total Debt Service Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 57,586		\$ 994,310	\$ 1,051,896
Special assessments		724,862		724,862
Intergovernmental revenues	2,237,081			2,237,081
Fines and forfeitures		33,740		33,740
Miscellaneous	1,481,941	271,559	2,339	1,755,839
Total revenues	<u>3,776,608</u>	<u>1,030,161</u>	<u>996,649</u>	<u>5,803,418</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	9,440,000	288,744	1,490,000	11,218,744
Interest and fiscal charges	5,080,608	185,932	1,743,100	7,009,640
Debt issuance costs		74,835		74,835
Administrative and other costs	21,379	69,670	7,300	98,349
Total expenditures	<u>14,541,987</u>	<u>619,181</u>	<u>3,240,400</u>	<u>18,401,568</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,765,379)</u>	<u>410,980</u>	<u>(2,243,751)</u>	<u>(12,598,150)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance proceeds			1,227,275	1,227,275
Transfers in	8,518,355	1	462,439	8,980,795
Transfers out		(260,200)		(260,200)
Total other financing sources (uses)	<u>8,518,355</u>	<u>(260,199)</u>	<u>1,689,714</u>	<u>9,947,870</u>
CHANGE IN FUND BALANCE	(2,247,024)	150,781	(554,037)	(2,650,280)
FUND BALANCE, BEGINNING OF YEAR	<u>7,303,045</u>	<u>3,015,508</u>	<u>2,455,248</u>	<u>12,773,801</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,056,021</u>	<u>\$ 3,166,289</u>	<u>\$ 1,901,211</u>	<u>\$ 10,123,521</u>

# CITY OF RENO

## CITY OF RENO DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$	\$	\$ 57,586	\$ 57,586
Intergovernmental revenues	2,065,777	2,281,181	2,237,081	(44,100)
Miscellaneous	1,345,777	1,442,213	1,481,941	39,728
Total revenues	<u>3,411,554</u>	<u>3,723,394</u>	<u>3,776,608</u>	<u>53,214</u>
EXPENDITURES				
Debt service				
Principal	9,055,000	9,440,000	9,440,000	
Interest and fiscal charges	6,090,111	5,531,299	5,080,608	450,691
Administrative and other costs	62,000	31,500	21,379	10,121
Total expenditures	<u>15,207,111</u>	<u>15,002,799</u>	<u>14,541,987</u>	<u>460,812</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(11,795,557)</u>	<u>(11,279,405)</u>	<u>(10,765,379)</u>	<u>514,026</u>
OTHER FINANCING SOURCES				
Transfers in	<u>9,347,977</u>	<u>8,673,675</u>	<u>8,518,355</u>	<u>(155,320)</u>
CHANGE IN FUND BALANCE	(2,447,580)	(2,605,730)	(2,247,024)	358,706
FUND BALANCE, BEGINNING OF YEAR	<u>8,280,145</u>	<u>7,303,045</u>	<u>7,303,045</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,832,565</u>	<u>\$ 4,697,315</u>	<u>\$ 5,056,021</u>	<u>\$ 358,706</u>

## CITY OF RENO

### SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Special assessments	\$ 333,623	\$ 930,533	\$ 724,862	\$ (205,671)
Fines and forfeitures			33,740	33,740
Miscellaneous	<u>227,073</u>	<u>262,230</u>	<u>271,559</u>	<u>9,329</u>
Total revenues	<u>560,696</u>	<u>1,192,763</u>	<u>1,030,161</u>	<u>(162,602)</u>
EXPENDITURES				
Debt service				
Principal	293,744	287,262	288,744	(1,482)
Interest and fiscal charges	183,694	175,164	185,932	(10,768)
Debt issuance costs			74,835	(74,835)
Administrative and other costs	<u>407,766</u>	<u>1,166,817</u>	<u>69,670</u>	<u>1,097,147</u>
Total expenditures	<u>885,204</u>	<u>1,629,243</u>	<u>619,181</u>	<u>1,010,062</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(324,508)</u>	<u>(436,480)</u>	<u>410,980</u>	<u>847,460</u>
OTHER FINANCING USES				
Transfers in		133,784	1	(133,783)
Transfers out		<u>(352,926)</u>	<u>(260,200)</u>	<u>92,726</u>
CHANGE IN FUND BALANCE	(324,508)	(655,622)	150,781	806,403
FUND BALANCE, BEGINNING OF YEAR	<u>2,713,869</u>	<u>2,937,440</u>	<u>3,015,508</u>	<u>78,068</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,389,361</u>	<u>\$ 2,281,818</u>	<u>\$ 3,166,289</u>	<u>\$ 884,471</u>

# CITY OF RENO

## REDEVELOPMENT AGENCY DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 851,304	\$ 1,150,000	\$ 994,310	\$ (155,690)
Miscellaneous	3,000	200	2,339	2,139
Total revenues	<u>854,304</u>	<u>1,150,200</u>	<u>996,649</u>	<u>(153,551)</u>
EXPENDITURES				
Debt service				
Principal	1,340,000	1,490,000	1,490,000	
Interest and fiscal charges	1,649,611	1,748,438	1,743,100	5,338
Administrative and other costs	36,642	7,300	7,300	
Total expenditures	<u>3,026,253</u>	<u>3,245,738</u>	<u>3,240,400</u>	<u>5,338</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,171,949)</u>	<u>(2,095,538)</u>	<u>(2,243,751)</u>	<u>(148,213)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance proceeds		1,227,275	1,227,275	
Transfers in	264,688	462,439	462,439	
Total other financing sources (uses)	<u>264,688</u>	<u>1,689,714</u>	<u>1,689,714</u>	
CHANGE IN FUND BALANCE	(1,907,261)	(405,824)	(554,037)	(148,213)
FUND BALANCE, BEGINNING OF YEAR	<u>2,931,152</u>	<u>2,455,248</u>	<u>2,455,248</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,023,891</u>	<u>\$ 2,049,424</u>	<u>\$ 1,901,211</u>	<u>\$ (148,213)</u>

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# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

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Capital projects funds are used to account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

**Public Works**

Accounts for reserves for traffic signals, safety improvements and public art maintenance and for designated capital expenditures relating to traffic improvements and other capital improvement projects that are not accounted for in other funds.

**Railroad**

Accounts for the acquisition and construction of railroad grade projects.

**Downtown Events Center**

Accounts for the construction of and improvements to the Downtown Events Center and Ballroom facilities.

**Community Assistance Center**

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

**City Bonds**

Accounts for resources provided by bond issuances that are to be used for fire station construction and equipping and for the acquisition and construction of public park improvements, public safety improvements, sanitary sewer improvements, street and storm drain improvements, and various recreational facilities.

**Parks**

Accounts for resources provided by park land and construction tax fees that are to be used for the acquisition and improvement of parks, playgrounds, and recreational facilities.

**Special Ad Valorem**

Accounts for a special ad valorem tax, which can only be used for the purchase of capital assets and major repairs (not considered maintenance) of existing capital assets and the repayment of medium-term financing to fund such capital projects.

**Redevelopment Agency Extraordinary Maintenance**

Accounts for the extraordinary maintenance of capital projects funded with bond proceeds in accordance with Nevada Revised Statutes.

**Room Tax Surcharge**

Accounts for a \$2 per night surcharge collected on room rentals in the downtown district, which must be used to improve and maintain publically-owned tourism and entertainment facilities.

**Streets**

Accounts for resources provided by street project impact fees and, as applicable, proceeds from street bonds and expenditures related to street capital improvement projects.

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# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	<u>Public Works</u>	<u>Railroad</u>	<u>Downtown Events Center</u>	<u>Community Assistance Center</u>	<u>City Bonds</u>	<u>Parks</u>
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 1,454,437	\$ 20,996	\$ 506,665	\$ 275	\$ 395,678	\$ 5,025,162
Accounts and interest receivable, net	32,699		940	139	734	9,288
Due from other governments		47,692				
Notes receivable, net				331,003		
<b>Total assets</b>	<b><u>\$ 1,487,136</u></b>	<b><u>\$ 68,688</u></b>	<b><u>\$ 507,605</u></b>	<b><u>\$ 331,417</u></b>	<b><u>\$ 396,412</u></b>	<b><u>\$ 5,034,450</u></b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 66,144					\$ 23,630
Contracts payable	5,198	63,752				51,000
Deposits	5,208					
Unearned revenue				331,003		
Advances from other funds				1,063,907		
Interest payable						
<b>Total liabilities</b>	<b><u>76,550</u></b>	<b><u>63,752</u></b>		<b><u>1,394,910</u></b>		<b><u>74,630</u></b>
<b>FUND BALANCES</b>						
Restricted for						
Capital projects	498,834		507,605		396,412	4,929,792
Assigned to						
Capital projects	911,752	4,936				30,028
Unassigned				(1,063,493)		
<b>Total fund balances</b>	<b><u>1,410,586</u></b>	<b><u>4,936</u></b>	<b><u>507,605</u></b>	<b><u>(1,063,493)</u></b>	<b><u>396,412</u></b>	<b><u>4,959,820</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,487,136</u></b>	<b><u>\$ 68,688</u></b>	<b><u>\$ 507,605</u></b>	<b><u>\$ 331,417</u></b>	<b><u>\$ 396,412</u></b>	<b><u>\$ 5,034,450</u></b>

(Continued)

## CITY OF RENO

### NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2012

	Special Ad Valorem	Redevelopment Agency Extraordinary Maintenance	Room Tax Surcharge	Streets	Total Capital Project Funds
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$ 1,631,922	\$ 3,653	\$ 1,150,631	\$ 3,320,421	\$ 13,509,840
Accounts and interest receivable, net	3,131	7	2,188	10,317	59,443
Due from other governments	2,785		224,802		275,279
Notes receivable, net					331,003
<b>Total assets</b>	<b><u>\$ 1,637,838</u></b>	<b><u>\$ 3,660</u></b>	<b><u>\$ 1,377,621</u></b>	<b><u>\$ 3,330,738</u></b>	<b><u>\$ 14,175,565</u></b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 3,648			\$ 101,899	\$ 195,321
Contracts payable	2,861		156,872	1,751,733	2,031,416
Deposits					5,208
Unearned revenue					331,003
Advances from other funds					1,063,907
Interest payable			<u>2</u>	<u>5</u>	<u>7</u>
<b>Total liabilities</b>	<b><u>6,509</u></b>		<b><u>156,874</u></b>	<b><u>1,853,637</u></b>	<b><u>3,626,862</u></b>
<b>FUND BALANCES</b>					
Restricted for					
Capital projects	1,631,329		1,220,747	1,477,101	10,661,820
Assigned to					
Capital projects		3,660			950,376
Unassigned					<u>(1,063,493)</u>
<b>Total fund balances</b>	<b><u>1,631,329</u></b>	<b><u>3,660</u></b>	<b><u>1,220,747</u></b>	<b><u>1,477,101</u></b>	<b><u>10,548,703</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,637,838</u></b>	<b><u>\$ 3,660</u></b>	<b><u>\$ 1,377,621</u></b>	<b><u>\$ 3,330,738</u></b>	<b><u>\$ 14,175,565</u></b>

## CITY OF RENO

### NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	Public Works	Railroad	Downtown Events Center	Community Assistance Center	City Bonds	Parks
<b>REVENUES</b>						
Room and construction taxes	\$	\$	\$	\$	\$	\$ 397,673
Intergovernmental revenues	492,450	91,906				115,205
Downtown district room surcharge						
Miscellaneous	<u>94,511</u>	<u>480,631</u>	<u>164,630</u>	<u>79,614</u>	<u>25,377</u>	<u>22,004</u>
Total revenues	<u>586,961</u>	<u>572,537</u>	<u>164,630</u>	<u>79,614</u>	<u>25,377</u>	<u>534,882</u>
<b>EXPENDITURES</b>						
Current						
Public works	772,560	5,818			470,075	
Culture and recreation						102,242
Total current	<u>772,560</u>	<u>5,818</u>			<u>470,075</u>	<u>102,242</u>
Capital outlay						
Public works	1,965,204	107,966			3,615,449	
Culture and recreation						830,499
Total capital outlay	<u>1,965,204</u>	<u>107,966</u>			<u>3,615,449</u>	<u>830,499</u>
Debt service						
Interest and fiscal charges				12,704		
Total expenditures	<u>2,737,764</u>	<u>113,784</u>		<u>12,704</u>	<u>4,085,524</u>	<u>932,741</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,150,803)</u>	<u>458,753</u>	<u>164,630</u>	<u>66,910</u>	<u>(4,060,147)</u>	<u>(397,859)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issuance proceeds	939,800					
Capital asset disposal proceeds				140,006		
Transfers in	1,997,581				1	
Transfers out	<u>(92,470)</u>	<u>(469,893)</u>			<u>(3,293)</u>	
Total other financing sources (uses)	<u>2,844,911</u>	<u>(469,893)</u>		<u>140,006</u>	<u>(3,292)</u>	
CHANGE IN FUND BALANCE	694,108	(11,140)	164,630	206,916	(4,063,439)	(397,859)
FUND BALANCE, BEGINNING OF YEAR	<u>716,478</u>	<u>16,076</u>	<u>342,975</u>	<u>(1,270,409)</u>	<u>4,459,851</u>	<u>5,357,679</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,410,586</u>	<u>\$ 4,936</u>	<u>\$ 507,605</u>	<u>\$ (1,063,493)</u>	<u>\$ 396,412</u>	<u>\$ 4,959,820</u>

(Continued)

# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Special Ad Valorem	Redevelopment Agency Extraordinary Maintenance	Room Tax Surcharge	Streets	Total Capital Project Funds
<b>REVENUES</b>					
Room and construction taxes	\$	\$	\$	\$	\$ 397,673
Intergovernmental revenues	637,007				1,336,568
Downtown district room surcharge			2,003,432		2,003,432
Miscellaneous	<u>9,242</u>	<u>14</u>	<u>5,256</u>	<u>47,414</u>	<u>928,693</u>
Total revenues	<u>646,249</u>	<u>14</u>	<u>2,008,688</u>	<u>47,414</u>	<u>4,666,366</u>
<b>EXPENDITURES</b>					
Current					
Public works	54,312		28,913	3,578,208	4,909,886
Culture and recreation					102,242
Total current	<u>54,312</u>		<u>28,913</u>	<u>3,578,208</u>	<u>5,012,128</u>
Capital outlay					
Public works	175,936		759,028	12,544,765	19,168,348
Culture and recreation					830,499
Total capital outlay	<u>175,936</u>		<u>759,028</u>	<u>12,544,765</u>	<u>19,998,847</u>
Debt service					
Interest and fiscal charges					12,704
Total expenditures	<u>230,248</u>		<u>787,941</u>	<u>16,122,973</u>	<u>25,023,679</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>416,001</u>	<u>14</u>	<u>1,220,747</u>	<u>(16,075,559)</u>	<u>(20,357,313)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issuance proceeds					939,800
Capital asset disposal proceeds					140,006
Transfers in				1,100	1,998,682
Transfers out	<u>(102,149)</u>				<u>(667,805)</u>
Total other financing sources (uses)	<u>(102,149)</u>			<u>1,100</u>	<u>2,410,683</u>
CHANGE IN FUND BALANCE	313,852	14	1,220,747	(16,074,459)	(17,946,630)
FUND BALANCE, BEGINNING OF YEAR	<u>1,317,477</u>	<u>3,646</u>		<u>17,551,560</u>	<u>28,495,333</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,631,329</u>	<u>\$ 3,660</u>	<u>\$ 1,220,747</u>	<u>\$ 1,477,101</u>	<u>\$ 10,548,703</u>

# CITY OF RENO

## PUBLIC WORKS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$	\$ 490,000	\$ 492,450	\$ 2,450
Miscellaneous	<u>5,500</u>	<u>36,598</u>	<u>94,511</u>	<u>57,913</u>
Total revenues	<u>5,500</u>	<u>526,598</u>	<u>586,961</u>	<u>60,363</u>
<b>EXPENDITURES</b>				
Public works				
Various				
Services and supplies		25,000	772,560	(747,560)
Capital outlay	<u>4,362,463</u>	<u>3,607,755</u>	<u>1,965,204</u>	<u>1,642,551</u>
Total expenditures	<u>4,362,463</u>	<u>3,632,755</u>	<u>2,737,764</u>	<u>894,991</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,356,963)</u>	<u>(3,106,157)</u>	<u>(2,150,803)</u>	<u>955,354</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance proceeds			939,800	939,800
Transfers in	4,200,000	2,937,381	1,997,581	(939,800)
Transfers out	<u>(92,470)</u>	<u>(92,470)</u>	<u>(92,470)</u>	
Total other financing sources (uses)	<u>4,107,530</u>	<u>2,844,911</u>	<u>2,844,911</u>	
CHANGE IN FUND BALANCE	(249,433)	(261,246)	694,108	955,354
FUND BALANCE, BEGINNING OF YEAR	<u>249,433</u>	<u>716,476</u>	<u>716,478</u>	<u>2</u>
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 455,230</u>	<u>\$ 1,410,586</u>	<u>\$ 955,356</u>

# CITY OF RENO

## RAILROAD CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental revenues	\$	\$ 82,662	\$ 91,906	\$ 9,244
Miscellaneous		<u>480,611</u>	<u>480,631</u>	<u>20</u>
Total revenues		<u>563,273</u>	<u>572,537</u>	<u>9,264</u>
EXPENDITURES				
Public works				
Various			5,818	(5,818)
Services and supplies				
Capital outlay		<u>103,639</u>	<u>107,966</u>	<u>(4,327)</u>
Total expenditures		<u>103,639</u>	<u>113,784</u>	<u>(10,145)</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>459,634</u>	<u>458,753</u>	<u>(881)</u>
OTHER FINANCING USES				
Transfers out		<u>(475,711)</u>	<u>(469,893)</u>	<u>5,818</u>
CHANGE IN FUND BALANCE		(16,077)	(11,140)	4,937
FUND BALANCE, BEGINNING OF YEAR		<u>16,077</u>	<u>16,076</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	\$	\$	\$ <u>4,936</u>	\$ <u>4,936</u>

# CITY OF RENO

## DOWNTOWN EVENTS CENTER CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ _____	\$ 157,971	\$ 164,630	\$ 6,659
Public works				
Various				
Capital outlay	341,920	341,920	_____	341,920
Total public works	341,920	341,920	_____	341,920
Total expenditures	341,920	341,920	_____	341,920
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(341,920)	(183,949)	164,630	348,579
CHANGE IN FUND BALANCE	(341,920)	(183,949)	164,630	348,579
FUND BALANCE, BEGINNING OF YEAR	341,920	342,975	342,975	_____
FUND BALANCE, END OF YEAR	<u>\$ _____</u>	<u>\$ 159,026</u>	<u>\$ 507,605</u>	<u>\$ 348,579</u>

# CITY OF RENO

## COMMUNITY ASSISTANCE CENTER CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ _____	\$ 79,495	\$ 79,614	\$ 119
Debt service				
Interest and fiscal charges	_____	_____	12,704	(12,704)
Total expenditures	_____	_____	12,704	(12,704)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	_____	79,495	66,910	(12,585)
OTHER FINANCING SOURCES				
Capital asset disposal proceeds	_____	1,190,914	140,006	(1,050,908)
CHANGE IN FUND BALANCE		1,270,409	206,916	(1,063,493)
FUND BALANCE, BEGINNING OF YEAR	_____	(1,270,409)	(1,270,409)	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ _____	\$ (1,063,493)	\$ (1,063,493)

# CITY OF RENO

## CITY BONDS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous	\$ _____	\$ 24,110	\$ 25,377	\$ 1,267
EXPENDITURES				
Public works				
Various				
Services and supplies			470,075	(470,075)
Capital outlay		4,088,105	3,615,449	472,656
Total expenditures		4,088,105	4,085,524	2,581
DEFICIENCY OF REVENUES UNDER EXPENDITURES		(4,063,995)	(4,060,147)	3,848
OTHER FINANCING SOURCES (USES)				
Transfers in		3,492	1	(3,491)
Transfers out		(810)	(3,293)	(2,483)
Total other financing sources (uses)		2,682	(3,292)	(5,974)
CHANGE IN FUND BALANCE		(4,061,313)	(4,063,439)	(2,126)
FUND BALANCE, BEGINNING OF YEAR		4,459,850	4,459,851	1
FUND BALANCE, END OF YEAR	\$ _____	\$ 398,537	\$ 396,412	\$ (2,125)

# CITY OF RENO

## PARKS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Room and construction taxes	\$ 280,000	\$ 385,000	\$ 397,673	\$ 12,673
Intergovernmental revenues		115,205	115,205	
Miscellaneous	<u>24,000</u>	<u>3,010</u>	<u>22,004</u>	<u>18,994</u>
Total revenues	<u>304,000</u>	<u>503,215</u>	<u>534,882</u>	<u>31,667</u>
EXPENDITURES				
Culture and recreation				
Parks and recreation				
Services and supplies			102,242	(102,242)
Capital outlay	<u>864,000</u>	<u>1,488,040</u>	<u>830,499</u>	<u>657,541</u>
Total expenditures	<u>864,000</u>	<u>1,488,040</u>	<u>932,741</u>	<u>555,299</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(560,000)</u>	<u>(984,825)</u>	<u>(397,859)</u>	<u>586,966</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		36,264		(36,264)
Transfers out		<u>(36,264)</u>		<u>36,264</u>
Total other financing sources (uses)				
CHANGE IN FUND BALANCE	(560,000)	(984,825)	(397,859)	586,966
FUND BALANCE, BEGINNING OF YEAR	<u>2,961,392</u>	<u>5,357,678</u>	<u>5,357,679</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,401,392</u>	<u>\$ 4,372,853</u>	<u>\$ 4,959,820</u>	<u>\$ 586,967</u>

# CITY OF RENO

## SPECIAL AD VALOREM CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental revenues	\$	\$ 770,000	\$ 637,007	\$ (132,993)
Miscellaneous		<u>3,500</u>	<u>9,242</u>	<u>5,742</u>
Total revenues		<u>773,500</u>	<u>646,249</u>	<u>(127,251)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies		11,000	54,312	(43,312)
Capital outlay		<u>1,813,791</u>	<u>175,936</u>	<u>1,637,855</u>
Total expenditures		<u>1,824,791</u>	<u>230,248</u>	<u>1,594,543</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>(1,051,291)</u>	<u>416,001</u>	<u>1,467,292</u>
OTHER FINANCING USES				
Transfers out		<u>(102,149)</u>	<u>(102,149)</u>	
CHANGE IN FUND BALANCE		(1,153,440)	313,852	1,467,292
FUND BALANCE, BEGINNING OF YEAR		<u>1,317,477</u>	<u>1,317,477</u>	
FUND BALANCE, END OF YEAR	\$	<u>\$ 164,037</u>	<u>\$ 1,631,329</u>	<u>\$ 1,467,292</u>

## CITY OF RENO

### REDEVELOPMENT AGENCY EXTRAORDINARY MAINTENANCE CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

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	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous	\$ _____	\$ _____	\$ _____ 14	\$ _____ 14
CHANGE IN FUND BALANCE			14	14
FUND BALANCE, BEGINNING OF YEAR	_____	_____ 3,646	_____ 3,646	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ _____ 3,646	\$ _____ 3,660	\$ _____ 14

# CITY OF RENO

## ROOM TAX SURCHARGE CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Downtown district room surcharge	\$	\$ 1,967,000	\$ 2,003,432	\$ 36,432
Miscellaneous		<u>2,901</u>	<u>5,256</u>	<u>2,355</u>
Total revenues		<u>1,969,901</u>	<u>2,008,688</u>	<u>38,787</u>
<b>EXPENDITURES</b>				
Public works				
Various				
Services and supplies			28,913	(28,913)
Capital outlay		<u>1,000,000</u>	<u>759,028</u>	<u>240,972</u>
Total expenditures		<u>1,000,000</u>	<u>787,941</u>	<u>212,059</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>969,901</u>	<u>1,220,747</u>	<u>250,846</u>
CHANGE IN FUND BALANCE		969,901	1,220,747	250,846
FUND BALANCE, BEGINNING OF YEAR				
FUND BALANCE, END OF YEAR	\$	<u>\$ 969,901</u>	<u>\$ 1,220,747</u>	<u>\$ 250,846</u>

# CITY OF RENO

## STREETS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ _____	\$ 2,000	\$ 47,414	\$ 45,414
Total revenues	<u>_____</u>	<u>2,000</u>	<u>47,414</u>	<u>45,414</u>
EXPENDITURES				
Public works				
Various				
Services and supplies		500	3,578,208	(3,577,708)
Capital outlay		17,554,160	12,544,765	5,009,395
Total expenditures	<u>_____</u>	<u>17,554,660</u>	<u>16,122,973</u>	<u>1,431,687</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>_____</u>	<u>(17,552,660)</u>	<u>(16,075,559)</u>	<u>1,477,101</u>
OTHER FINANCING SOURCES				
Transfers in	<u>_____</u>	<u>1,100</u>	<u>1,100</u>	<u>_____</u>
CHANGE IN FUND BALANCE		(17,551,560)	(16,074,459)	1,477,101
FUND BALANCE, BEGINNING OF YEAR	<u>_____</u>	<u>17,551,560</u>	<u>17,551,560</u>	<u>_____</u>
FUND BALANCE, END OF YEAR	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 1,477,101</u>	<u>\$ 1,477,101</u>

# **PROPRIETARY FUNDS**

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**CITY OF RENO**

**MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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Enterprise funds are used to account for activities for which a user fee is charged for goods or services.

**Sanitary Sewer**

Accounts for the provision of sewer services and connection fee revenues restricted for capital projects.

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# CITY OF RENO

## SANITARY SEWER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 41,705,913	\$ 41,513,487	\$ 43,848,134	\$ 2,334,647
Licenses and permits	300,000	255,000	293,791	38,791
Fines and forfeitures	1,900,000	2,760,000	2,667,143	(92,857)
Miscellaneous			355,376	355,376
Total operating revenues	<u>43,905,913</u>	<u>44,528,487</u>	<u>47,164,444</u>	<u>2,635,957</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,066,957	5,066,401	5,108,919	(42,518)
Employee benefits	2,617,640	2,885,871	2,814,101	71,770
Services and supplies	8,456,816	10,794,654	9,875,603	919,051
Joint sewer plant	13,905,000	13,905,000	10,694,450	3,210,550
Depreciation	7,800,000	9,000,000	9,622,672	(622,672)
Total operating expenses	<u>37,846,413</u>	<u>41,651,926</u>	<u>38,115,745</u>	<u>3,536,181</u>
Operating income	<u>6,059,500</u>	<u>2,876,561</u>	<u>9,048,699</u>	<u>6,172,138</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants		259,201	723,240	464,039
Other grants			10,970	10,970
Investment income	190,000	111,000	213,153	102,153
Interest and fiscal charges	(3,026,094)	(3,026,094)	(2,664,557)	361,537
Truckee Meadows Water Reclamation Facility	(4,200,000)		(3,694,781)	(3,694,781)
Other		207,385		(207,385)
Total nonoperating revenues (expenses)	<u>(7,036,094)</u>	<u>(2,448,508)</u>	<u>(5,411,975)</u>	<u>(2,963,467)</u>
Loss before capital contributions and transfers	<u>(976,594)</u>	<u>428,053</u>	<u>3,636,724</u>	<u>3,208,671</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			3,007,342	3,007,342
<b>TRANSFERS</b>				
Transfers in		2,675,778		(2,675,778)
Transfers out	(112,000)	(2,787,778)	(112,000)	2,675,778
CHANGE IN NET POSITION	<u>\$ (1,088,594)</u>	<u>\$ 316,053</u>	<u>6,532,066</u>	<u>\$ 6,216,013</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			350,565,977	
Adjustment			<u>(12,856,823)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>337,709,154</u>	
NET POSITION, END OF YEAR			<u>\$ 344,241,220</u>	

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# **CITY OF RENO**

## **NON-MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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Enterprise funds are used to account for activities for which a user fee is charged for goods or services.

**Golf Course**

Accounts for resources provided by and the operations of a golf course, which is owned and operated by the City of Reno.

**Building Permit**

Accounts for resources provided by the issuance of building permit fees.

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# CITY OF RENO

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2012

	Golf Course	Building Permit	Non-major Enterprise Funds
<b>ASSETS</b>			
Current assets			
Cash, cash equivalents and investments	\$ 57,106	\$ 1,023,814	\$ 1,080,920
Accounts and interest receivable, net		1,903	1,903
Inventories	30,931	2,914	33,845
Prepaid items		75,818	75,818
Total current assets	88,037	1,104,449	1,192,486
Capital assets, net of accumulated depreciation and amortization			
Land	1,600,000	107,317	1,707,317
Water rights	1,125,000		1,125,000
Buildings	343,624		343,624
Improvements other than buildings	2,069,822	313,842	2,383,664
Machinery, equipment and software	64,463	4,503	68,966
Total capital assets, net of accumulated depreciation and amortization	5,202,909	425,662	5,628,571
Other assets			
Unamortized debt issuance costs	40,215		40,215
Total other assets	40,215		40,215
Total assets	5,331,161	1,530,111	6,861,272
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	51,199	4,496	55,695
Accrued salaries and benefits	526	12,050	12,576
Due to other governments		485	485
Deposits	3,277		3,277
Bonds and notes payable	215,000		215,000
Compensated absences	29,548	168,593	198,141
Total current liabilities	299,550	185,624	485,174
Noncurrent liabilities			
Bonds and notes payable	1,651,261		1,651,261
Compensated absences	91,789	251,999	343,788
Postemployment benefits other than pensions	99,114	693,776	792,890
Total noncurrent liabilities	1,842,164	945,775	2,787,939
Total liabilities	2,141,714	1,131,399	3,273,113
<b>NET POSITION</b>			
Net investment in capital assets	3,336,648	425,662	3,762,310
Unrestricted	(147,201)	(26,950)	(174,151)
Total net position	\$ 3,189,447	\$ 398,712	\$ 3,588,159

# CITY OF RENO

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2012

	<u>Golf Course</u>	<u>Building Permit</u>	<u>Non-major Enterprise Funds</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 541,768	\$ 4,318,496	\$ 4,860,264
Miscellaneous	2,447	2,503	4,950
Total operating revenues	<u>544,215</u>	<u>4,320,999</u>	<u>4,865,214</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	398,698	1,670,681	2,069,379
Employee benefits	190,356	1,002,080	1,192,436
Services and supplies	335,900	918,222	1,254,122
Depreciation	288,024	20,988	309,012
Total operating expenses	<u>1,212,978</u>	<u>3,611,971</u>	<u>4,824,949</u>
Operating income (loss)	<u>(668,763)</u>	<u>709,028</u>	<u>40,265</u>
<b>NONOPERATING REVENUES</b>			
Investment income	(57)	3,305	3,248
Interest and fiscal charges	(84,104)		(84,104)
Total nonoperating revenues	<u>(84,161)</u>	<u>3,305</u>	<u>(80,856)</u>
Loss before capital contributions and transfers	<u>(752,924)</u>	<u>712,333</u>	<u>(40,591)</u>
<b>TRANSFERS</b>			
Transfers in	712,410		712,410
Total transfers	<u>712,410</u>	<u></u>	<u>712,410</u>
CHANGE IN NET POSITION	(40,514)	712,333	671,819
NET POSITION, BEGINNING OF YEAR	<u>3,229,961</u>	<u>(313,621)</u>	<u>2,916,340</u>
NET POSITION, END OF YEAR	<u>\$ 3,189,447</u>	<u>\$ 398,712</u>	<u>\$ 3,588,159</u>

# CITY OF RENO

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Golf Course</u>	<u>Building Permit</u>	<u>Non-major Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 543,737	\$ 4,318,496	\$ 4,862,233
Cash received from other sources	2,447	2,503	4,950
Cash payments for goods and services	(141,368)	(865,900)	(1,007,268)
Cash payments for employee services and benefits	(567,823)	(2,209,382)	(2,777,205)
Cash payments for interfund goods and services	(151,608)	(129,066)	(280,674)
Cash payments for interfund employee benefits	(58,485)	(414,738)	(473,223)
Net cash provided by (used in) operating activities	<u>(373,100)</u>	<u>701,913</u>	<u>328,813</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	<u>712,410</u>	<u></u>	<u>712,410</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(43,594)		(43,594)
Principal payments on debt	(215,000)		(215,000)
Payment of interest and fiscal charges on debt	(71,397)		(71,397)
Net cash used in capital financing activities	<u>(329,991)</u>	<u></u>	<u>(329,991)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income received	<u>(57)</u>	<u>1,894</u>	<u>1,837</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,262</b>	<b>703,807</b>	<b>713,069</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>47,844</u></b>	<b><u>320,007</u></b>	<b><u>367,851</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 57,106</u></b>	<b><u>\$ 1,023,814</u></b>	<b><u>\$ 1,080,920</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (668,763)	\$ 709,028	\$ 40,265
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	288,024	20,988	309,012
(Increase) decrease in assets			
Inventories	(2,271)		(2,271)
Prepaid items		(75,818)	(75,818)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	45,195	(1,115)	44,080
Accrued salaries and benefits	(26,270)	(89,741)	(116,011)
Due to other governments		189	189
Deposits	1,969		1,969
Compensated absences	(24,147)	37,425	13,278
Postemployment benefits other than pensions	13,163	100,957	114,120
Total adjustments	<u>295,663</u>	<u>(7,115)</u>	<u>288,548</u>
Net cash provided by (used in) operating activities	<u>\$ (373,100)</u>	<u>\$ 701,913</u>	<u>\$ 328,813</u>

# CITY OF RENO

## GOLF COURSE ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>				
Charges for services	\$ 551,450	\$ 538,950	\$ 541,768	\$ 2,818
Miscellaneous		1,839	2,447	608
Total operating revenues	551,450	540,789	544,215	3,426
<b>OPERATING EXPENSES</b>				
Salaries and wages	458,476	432,906	398,698	34,208
Employee benefits	198,679	197,351	190,356	6,995
Services and supplies	370,706	357,281	335,900	21,381
Depreciation	270,566	270,566	288,024	(17,458)
Total operating expenses	1,298,427	1,258,104	1,212,978	45,126
Operating loss	(746,977)	(717,315)	(668,763)	48,552
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income			(57)	(57)
Interest and fiscal charges	(71,396)	(71,396)	(84,104)	(12,708)
Total nonoperating revenues (expenses)	(71,396)	(71,396)	(84,161)	(12,765)
Loss before transfers	(818,373)	(788,711)	(752,924)	35,787
<b>TRANSFERS</b>				
Transfers in	752,410	752,410	712,410	(40,000)
CHANGE IN NET POSITION	\$ (65,963)	\$ (36,301)	(40,514)	\$ (4,213)
NET POSITION, BEGINNING OF YEAR			3,229,961	
NET POSITION, END OF YEAR			\$ 3,189,447	

# CITY OF RENO

## BUILDING PERMIT ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,228,415	\$ 3,895,039	\$ 4,318,496	\$ 423,457
Miscellaneous	<u>161</u>	<u>161</u>	<u>2,503</u>	<u>2,342</u>
Total operating revenues	<u>4,228,576</u>	<u>3,895,200</u>	<u>4,320,999</u>	<u>425,799</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	1,705,391	1,650,976	1,670,681	(19,705)
Employee benefits	1,039,314	917,285	1,002,080	(84,795)
Services and supplies	928,579	928,579	918,222	10,357
Depreciation	<u>40,000</u>	<u>40,000</u>	<u>20,988</u>	<u>19,012</u>
Total operating expenses	<u>3,713,284</u>	<u>3,536,840</u>	<u>3,611,971</u>	<u>(75,131)</u>
Operating income	<u>515,292</u>	<u>358,360</u>	<u>709,028</u>	<u>350,668</u>
<b>NONOPERATING REVENUES</b>				
Investment income	<u></u>	<u></u>	<u>3,305</u>	<u>3,305</u>
CHANGE IN NET POSITION	<u>\$ 515,292</u>	<u>\$ 358,360</u>	712,333	<u>\$ 353,973</u>
NET POSITION, BEGINNING OF YEAR			<u>(313,621)</u>	
NET POSITION, END OF YEAR, END OF YEAR			<u>\$ 398,712</u>	

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# **CITY OF RENO**

## **INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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Internal service funds are used 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.

**Motor Vehicle**

Accounts for the acquisition of motor vehicles and the operations of the motor vehicle maintenance facility.

**Risk Retention**

Accounts for the operations of the self-funded general insurance program.

**Self-Funded Medical Plan**

Accounts for the operations of the self-funded group health and accident insurance program.

**Self-Funded Workers Compensation**

Accounts for the operations of the self-funded workers compensation program.

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# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2012

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>					
Current assets					
Cash, cash equivalents and investments	\$ 999,666	\$ 3,883,763	\$ 15,473,992	\$ 1,863	\$ 20,359,284
Accounts and interest receivable, net	92,868	45,094	93,384	11,488	242,834
Due from other governments	5,597			104,919	110,516
Inventories	155,369				155,369
Prepaid items		360,114	5,000	38,896	404,010
Total current assets	<u>1,253,500</u>	<u>4,288,971</u>	<u>15,572,376</u>	<u>157,166</u>	<u>21,272,013</u>
Capital assets, net of accumulated depreciation and amortization					
Machinery, equipment and software	6,842,792				6,842,792
Total capital assets, net of accumulated depreciation and amortization	<u>6,842,792</u>				<u>6,842,792</u>
Total assets	<u>8,096,292</u>	<u>4,288,971</u>	<u>15,572,376</u>	<u>157,166</u>	<u>28,114,805</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued expenses	183,610	4,371	4,957	568	193,506
Accrued salaries and benefits	4,911	962		736	6,609
Compensated absences	60,222			3,509	63,731
Self-insurance liability		488,857	2,477,334	3,892,157	6,858,348
Total current liabilities	<u>248,743</u>	<u>494,190</u>	<u>2,482,291</u>	<u>3,896,970</u>	<u>7,122,194</u>
Long-term liabilities					
Compensated absences	69,409	27,140		3,417	99,966
Self-insurance liability		2,027,397		34,545,135	36,572,532
Postemployment benefits other than pensions	274,809	39,408		42,290	356,507
Total long-term liabilities	<u>344,218</u>	<u>2,093,945</u>		<u>34,590,842</u>	<u>37,029,005</u>
Total liabilities	<u>592,961</u>	<u>2,588,135</u>	<u>2,482,291</u>	<u>38,487,812</u>	<u>44,151,199</u>
<b>NET POSITION</b>					
Net investment in capital assets	6,842,792				6,842,792
Self-insurance liabilities		1,700,836	13,090,085		14,790,921
Unrestricted	660,539			(38,330,646)	(37,670,107)
Total net position	<u>\$ 7,503,331</u>	<u>\$ 1,700,836</u>	<u>\$ 13,090,085</u>	<u>\$ (38,330,646)</u>	<u>\$ (16,036,394)</u>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2012

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,676,537	\$ 1,371,906	\$ 22,867,519	\$ 5,828,783	\$ 35,744,745
Miscellaneous	5,245	45,299	1,488,547	26,066	1,565,157
Total operating revenues	<u>5,681,782</u>	<u>1,417,205</u>	<u>24,356,066</u>	<u>5,854,849</u>	<u>37,309,902</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	725,539	146,422		68,583	940,544
Employee benefits	397,171	69,248		35,133	501,552
Services and supplies	2,836,123	1,282,248	21,703,852	6,944,569	32,766,792
Depreciation	1,953,489				1,953,489
Total operating expenses	<u>5,912,322</u>	<u>1,497,918</u>	<u>21,703,852</u>	<u>7,048,285</u>	<u>36,162,377</u>
Operating income (loss)	<u>(230,540)</u>	<u>(80,713)</u>	<u>2,652,214</u>	<u>(1,193,436)</u>	<u>1,147,525</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	4,151	18,643	67,975	15,543	106,312
Gain on capital asset disposals	121,205				121,205
Total nonoperating revenues (expenses)	<u>125,356</u>	<u>18,643</u>	<u>67,975</u>	<u>15,543</u>	<u>227,517</u>
Income (loss) before capital contributions and transfers	<u>(105,184)</u>	<u>(62,070)</u>	<u>2,720,189</u>	<u>(1,177,893)</u>	<u>1,375,042</u>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital contributions	<u>934,024</u>				<u>934,024</u>
<b>TRANSFERS</b>					
Transfers in				6,450,000	6,450,000
Transfers out	(10,000)				(10,000)
Total transfers	<u>(10,000)</u>			<u>6,450,000</u>	<u>6,440,000</u>
CHANGE IN NET POSITION	818,840	(62,070)	2,720,189	5,272,107	8,749,066
NET POSITION, BEGINNING OF YEAR	<u>6,684,491</u>	<u>1,762,906</u>	<u>10,369,896</u>	<u>(43,602,753)</u>	<u>(24,785,460)</u>
NET POSITION, END OF YEAR	<u>\$ 7,503,331</u>	<u>\$ 1,700,836</u>	<u>\$ 13,090,085</u>	<u>\$ (38,330,646)</u>	<u>\$ (16,036,394)</u>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 5,642,391	\$ 1,333,983	\$ 22,970,774	\$ 5,828,783	\$ 35,775,931
Cash received from other sources	3,908	45,299	1,488,547	20,939	1,558,693
Cash payments for goods and services	(2,331,802)	(792,688)	(22,542,396)	(5,067,329)	(30,734,215)
Cash payments for employee services and benefits	(972,987)	(232,655)		(85,439)	(1,291,081)
Cash payments for interfund goods and services	(529,691)	(530,377)	(230,406)	(140,220)	(1,430,694)
Cash payments for interfund employee benefits	(147,893)	(22,222)		(13,964)	(184,079)
Net cash provided by (used in) operating activities	<u>1,663,926</u>	<u>(198,660)</u>	<u>1,686,519</u>	<u>542,770</u>	<u>3,694,555</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in				6,450,000	6,450,000
Transfers out	(10,000)				(10,000)
Due to other funds				(7,000,000)	(7,000,000)
Net cash used in noncapital financing activities	<u>(10,000)</u>			<u>(550,000)</u>	<u>(560,000)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	<u>(845,961)</u>				<u>(845,961)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income received	<u>2,285</u>	<u>21,027</u>	<u>67,525</u>	<u>4,055</u>	<u>94,892</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>810,250</b>	<b>(177,633)</b>	<b>1,754,044</b>	<b>(3,175)</b>	<b>2,383,486</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>189,416</u></b>	<b><u>4,061,396</u></b>	<b><u>13,719,948</u></b>	<b><u>5,038</u></b>	<b><u>17,975,798</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 999,666</u></b>	<b><u>\$ 3,883,763</u></b>	<b><u>\$ 15,473,992</u></b>	<b><u>\$ 1,863</u></b>	<b><u>\$ 20,359,284</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (230,540)	\$ (80,713)	\$ 2,652,214	\$ (1,193,436)	\$ 1,147,525
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,953,489				1,953,489
(Increase) decrease in assets					
Accounts receivable	(34,146)	(37,923)	103,255		31,186
Due from other governments	(1,337)			(5,127)	(6,464)
Inventories	(14,722)				(14,722)
Prepaid items		(41,002)		5,489	(35,513)
Increase (decrease) in liabilities					
Accounts payable and accrued expenses	(10,648)	262	(287,175)	(6,420)	(303,981)
Accrued salaries and benefits	(61,735)	(5,432)		(3,030)	(70,197)
Contracts and retentions payable		(77)			(77)
Compensated absences	20,330	9,545		3,417	33,292
Self-insurance liability		(51,309)	(781,775)	1,737,951	904,867
Postemployment benefits other than pensions	43,235	7,989		3,926	55,150
Total adjustments	<u>1,894,466</u>	<u>(117,947)</u>	<u>(965,695)</u>	<u>1,736,206</u>	<u>2,547,030</u>
Net cash provided by (used in) operating activities	<u>\$ 1,663,926</u>	<u>\$ (198,660)</u>	<u>\$ 1,686,519</u>	<u>\$ 542,770</u>	<u>\$ 3,694,555</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contribution of capital assets	<u>\$ 934,024</u>				<u>\$ 934,024</u>

# CITY OF RENO

## MOTOR VEHICLE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,772,568	\$ 5,764,594	\$ 5,676,537	\$ (88,057)
Miscellaneous		6,940	5,245	(1,695)
Total operating revenues	<u>5,772,568</u>	<u>5,771,534</u>	<u>5,681,782</u>	<u>(89,752)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	789,344	716,453	725,539	(9,086)
Employee benefits	452,341	423,319	397,171	26,148
Services and supplies	3,035,843	3,026,243	2,836,123	190,120
Depreciation	2,363,477	2,000,000	1,953,489	46,511
Total operating expenses	<u>6,641,005</u>	<u>6,166,015</u>	<u>5,912,322</u>	<u>253,693</u>
Operating loss	<u>(868,437)</u>	<u>(394,481)</u>	<u>(230,540)</u>	<u>163,941</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	1,000	1,000	4,151	3,151
Gain on capital asset disposals		54,120	121,205	67,085
Other		600		(600)
Total nonoperating revenues (expenses)	<u>1,000</u>	<u>55,720</u>	<u>125,356</u>	<u>69,636</u>
Loss before capital contributions and transfers	<u>(867,437)</u>	<u>(338,761)</u>	<u>(105,184)</u>	<u>233,577</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			934,024	934,024
<b>TRANSFERS</b>				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	
CHANGE IN NET POSITION	<u>\$ (877,437)</u>	<u>\$ (348,761)</u>	818,840	<u>\$ 1,167,601</u>
NET POSITION, BEGINNING OF YEAR			<u>6,684,491</u>	
NET POSITION, END OF YEAR			<u>\$ 7,503,331</u>	

# CITY OF RENO

## RISK RETENTION INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,976,906	\$ 1,371,906	\$ 1,371,906	\$
Miscellaneous			45,299	45,299
Total operating revenues	<u>1,976,906</u>	<u>1,371,906</u>	<u>1,417,205</u>	<u>45,299</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	121,518	136,656	146,422	(9,766)
Employee benefits	64,351	67,244	69,248	(2,004)
Services and supplies	2,613,677	2,324,427	1,282,248	1,042,179
Total operating expenses	<u>2,799,546</u>	<u>2,528,327</u>	<u>1,497,918</u>	<u>1,030,409</u>
Operating loss	<u>(822,640)</u>	<u>(1,156,421)</u>	<u>(80,713)</u>	<u>1,075,708</u>
<b>NONOPERATING REVENUES</b>				
Investment income	30,000	7,500	18,643	11,143
Other		7,100		(7,100)
CHANGE IN NET POSITION	<u>\$ (792,640)</u>	<u>\$ (1,141,821)</u>	(62,070)	<u>\$ 1,079,751</u>
NET POSITION, BEGINNING OF YEAR			<u>1,762,906</u>	
NET POSITION, END OF YEAR, END OF YEAR			<u>\$ 1,700,836</u>	

# CITY OF RENO

## SELF-FUNDED MEDICAL PLAN INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services	\$ 24,025,000	\$ 22,550,000	\$ 22,867,519	\$ 317,519
Miscellaneous	<u>245,000</u>	<u>1,296,000</u>	<u>1,488,547</u>	<u>192,547</u>
Total operating revenues	<u>24,270,000</u>	<u>23,846,000</u>	<u>24,356,066</u>	<u>510,066</u>
OPERATING EXPENSES				
Services and supplies	<u>26,370,406</u>	<u>24,935,406</u>	<u>21,703,852</u>	<u>3,231,554</u>
Operating income	<u>(2,100,406)</u>	<u>(1,089,406)</u>	<u>2,652,214</u>	<u>3,741,620</u>
NONOPERATING REVENUES				
Investment income	70,000	4,000	67,975	63,975
Other	<u>                    </u>	<u>185,000</u>	<u>                    </u>	<u>(185,000)</u>
Income before transfers	<u>(2,030,406)</u>	<u>(900,406)</u>	<u>2,720,189</u>	<u>3,620,595</u>
TRANSFERS				
Transfers in	<u>                    </u>	1,695,000	<u>                    </u>	(1,695,000)
Transfers out	<u>                    </u>	<u>(1,695,000)</u>	<u>                    </u>	<u>1,695,000</u>
CHANGE IN NET POSITION	<u>\$ (2,030,406)</u>	<u>\$ (900,406)</u>	2,720,189	<u>\$ 3,620,595</u>
NET POSITION, BEGINNING OF YEAR			<u>10,369,896</u>	
NET POSITION, END OF YEAR			<u>\$ 13,090,085</u>	

## CITY OF RENO

### SELF-FUNDED WORKERS COMPENSATION INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,334,777	\$ 5,897,948	\$ 5,828,783	\$ (69,165)
Miscellaneous			26,066	26,066
Total operating revenues	<u>6,334,777</u>	<u>5,897,948</u>	<u>5,854,849</u>	<u>(43,099)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	102,857	64,999	68,583	(3,584)
Employee benefits	57,331	42,335	35,133	7,202
Services and supplies	5,601,421	5,004,410	6,944,569	(1,940,159)
Total operating expenses	<u>5,761,609</u>	<u>5,111,744</u>	<u>7,048,285</u>	<u>(1,936,541)</u>
Operating loss	<u>573,168</u>	<u>786,204</u>	<u>(1,193,436)</u>	<u>(1,979,640)</u>
<b>NONOPERATING REVENUES</b>				
Investment income	14,000	10,000	15,543	5,543
Total nonoperating revenues	<u>14,000</u>	<u>10,000</u>	<u>15,543</u>	<u>5,543</u>
Income (loss) before transfers	<u>587,168</u>	<u>796,204</u>	<u>(1,177,893)</u>	<u>(1,974,097)</u>
<b>TRANSFERS</b>				
Transfers in		6,450,000	6,450,000	
CHANGE IN NET POSITION	<u>\$ 587,168</u>	<u>\$ 7,246,204</u>	5,272,107	<u>\$ (1,974,097)</u>
NET POSITION, BEGINNING OF YEAR			<u>(43,602,753)</u>	
NET POSITION, END OF YEAR			<u>\$ (38,330,646)</u>	

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# **FIDUCIARY FUNDS**

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# **CITY OF RENO**

## **AGENCY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments or other funds.

Deposits

Accounts for refundable performance and other deposits.

Special Assessments District

Accounts for the collection and disbursement of special assessments from property owners for Sierra Executive Center, the Somerset Parkway development, and the Double R Boulevard development.

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# CITY OF RENO

## AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2012

	Deposits	Special Assessments District	Total Agency Funds
<b>ASSETS</b>			
Cash, cash equivalents and investments	\$ 3,766,544	\$ 6,580,370	\$ 10,346,914
Accounts receivable		81,422	81,422
Interest receivable	7,119	3,550	10,669
Special assessments receivable		1,090,242	1,090,242
Due from other governments		6,929	6,929
Total assets	\$ 3,773,663	\$ 7,762,513	\$ 11,536,176
<b>LIABILITIES</b>			
Accounts payable	\$ 2,500	\$ 3,472	\$ 5,972
Accrued liabilities	56,234		56,234
Deposits	3,714,929	113,203	3,828,132
Due to others		7,645,838	7,645,838
Total liabilities	\$ 3,773,663	\$ 7,762,513	\$ 11,536,176

# CITY OF RENO

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>DEPOSITS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 3,106,320	\$ 1,177,623	\$ 517,399	\$ 3,766,544
Interest receivable	6,271	7,119	6,271	7,119
<b>Total assets</b>	<b>\$ 3,112,591</b>	<b>\$ 1,184,742</b>	<b>\$ 523,670</b>	<b>\$ 3,773,663</b>
<b>LIABILITIES</b>				
Accounts payable	\$	\$ 2,500	\$	\$ 2,500
Accrued liabilities	63,717	20,112	27,595	56,234
Deposits	3,048,874	1,008,912	342,857	3,714,929
<b>Total liabilities</b>	<b>\$ 3,112,591</b>	<b>\$ 1,031,524</b>	<b>\$ 370,452</b>	<b>\$ 3,773,663</b>
<b>SPECIAL ASSESSMENTS DISTRICT</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 6,481,594	\$ 2,770,351	\$ 2,671,575	\$ 6,580,370
Accounts receivable	21,822	81,422	21,822	81,422
Interest receivable	6,560	149	3,159	3,550
Special assessments receivable	1,063,601	28,520	1,879	1,090,242
Due from other governments		6,929		6,929
<b>Total assets</b>	<b>\$ 7,573,577</b>	<b>\$ 2,887,371</b>	<b>\$ 2,698,435</b>	<b>\$ 7,762,513</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,819	\$ 3,472	\$ 2,819	\$ 3,472
Deposits	64,228	178,009	129,034	113,203
Due to other governments	68		68	
Due to others	7,506,462	1,854,376	1,715,000	7,645,838
<b>Total liabilities</b>	<b>\$ 7,573,577</b>	<b>\$ 2,035,857</b>	<b>\$ 1,846,921</b>	<b>\$ 7,762,513</b>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 9,587,914	\$ 3,947,974	\$ 3,188,974	\$ 10,346,914
Accounts receivable	21,822	81,422	21,822	81,422
Interest receivable	12,831	7,268	9,430	10,669
Special assessments receivable	1,063,601	28,520	1,879	1,090,242
Due from other governments		6,929		6,929
<b>Total assets</b>	<b>\$ 10,686,168</b>	<b>\$ 4,072,113</b>	<b>\$ 3,222,105</b>	<b>\$ 11,536,176</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,819	\$ 5,972	\$ 2,819	\$ 5,972
Accrued liabilities	63,717	20,112	27,595	56,234
Deposits	3,113,102	1,186,921	471,891	3,828,132
Due to other governments	68		68	
Due to others	7,506,462	1,854,376	1,715,000	7,645,838
<b>Total liabilities</b>	<b>\$ 10,686,168</b>	<b>\$ 3,067,381</b>	<b>\$ 2,217,373</b>	<b>\$ 11,536,176</b>

**INDEPENDENT AUDITORS' 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***

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno (the City), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States 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**

Management of the City is responsible for establishing and maintaining effective 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.

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 deficiencies, significant deficiencies or material weaknesses; and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and an other deficiency that we consider to be a significant deficiency.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2, 2012-3 and 2012-4 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2012-5 to be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic 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, including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5) complied with the express purposes required by NRS 354.6241. 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*.

We noted certain matters that we reported to management of the City in a separate letter dated December 28, 2012.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and members of the City Council and others within the City. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script that reads "Penny Bowler Taylor" followed by a stylized flourish.

December 28, 2012

# **STATISTICAL SECTION**

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**CITY OF RENO**  
**STATISTICAL SECTION**  
**FINANCIAL TRENDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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The following tables contain financial trend information to enable the reader to understand how the financial performance of the City of Reno has changed over time.

Net Position by Component  
Changes in Net Position  
Program Revenues by Function and Program  
Fund Balances, Governmental Funds  
Changes in Fund Balances, Governmental Funds

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**CITY OF RENO**

**Net Position by Component  
Last Ten Fiscal Years  
(Unaudited)  
(Accrual Basis of Accounting)**

	<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>	<u>2012</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 568,036,514
Restricted	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	109,857,977
Unrestricted	(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)	(143,181,793)
Total governmental activities net position	<u>186,033,537</u>	<u>223,790,865</u>	<u>552,300,375</u>	<u>586,751,706</u>	<u>657,556,200</u>	<u>682,773,201</u>	<u>654,372,236</u>	<u>633,482,704</u>	<u>587,627,618</u>	<u>534,712,698</u>
Business-type activities:										
Net investment in capital assets	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	210,627,844
Restricted	1,470,070	3,187,697	5,206,160	5,010,153	1,682,273	-	24,416,215	21,826,023	19,801,326	15,873,574
Unrestricted	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	110,720,511
Total business-type activities net position	<u>224,819,974</u>	<u>241,017,544</u>	<u>252,476,878</u>	<u>267,829,803</u>	<u>290,189,709</u>	<u>303,192,617</u>	<u>322,885,158</u>	<u>329,819,492</u>	<u>342,828,447</u>	<u>337,221,929</u>
Primary government:										
Net investment in capital assets	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	778,664,358
Restricted	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	125,731,551
Unrestricted	(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)	(32,461,282)
Total primary government net position	<u>\$ 410,853,511</u>	<u>\$ 464,808,409</u>	<u>\$ 804,777,253</u>	<u>\$ 854,581,509</u>	<u>\$ 947,745,909</u>	<u>\$ 985,965,818</u>	<u>\$ 977,257,394</u>	<u>\$ 963,302,196</u>	<u>\$ 930,456,065</u>	<u>\$ 871,934,627</u>

**CITY OF RENO**

**Changes in Net Position  
Last Ten Fiscal Years**

**(Unaudited)**

(Accrual Basis of Accounting)

	2003	2004	2005 <sup>1</sup>	2006	2007	2008	2009 <sup>4</sup>	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government <sup>7</sup>	\$ 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	\$ 32,686,051
Judicial	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	7,223,028
Police	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	60,769,030
Fire	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	48,828,091
Dispatch <sup>5</sup>									6,353,519	5,393,411
Public works	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	57,540,323
Community development & support <sup>5</sup>	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	9,849,260
Culture and recreation	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	14,526,095
Urban redevelopment	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	1,139,975
Interest and fiscal charges, debt service	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	27,627,101
Subtotal, governmental activities expense	<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>	<u>265,582,365</u>
Business-type activities:										
Sanitary sewer	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	44,389,566
Golf courses	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	1,295,630
Building permits	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	3,605,348
Animal services shelter <sup>3</sup>	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>5</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>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>	<u>49,290,544</u>
Total primary government expenses	<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>	<u>314,872,909</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Business licensing	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	15,263,807
Franchise fees	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	22,710,178
Fire protection contract and services <sup>2</sup>	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	3,164,536	3,912,985	3,507,073	4,045,721	6,392,075	7,632,364	4,678,243	4,021,571	3,990,678	3,983,133
Fines and forfeitures	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	2,697,954
Insurance premiums	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	2,703,265
Other activities	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	31,430,723
Operating grants and contributions	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	13,230,125
Capital grants and contributions	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	4,195,685
Subtotal, governmental activities program revenue	<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>	<u>96,214,870</u>
Business-type activities:										
Charges for services:										
Sanitary sewer	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	47,019,999
Golf courses	1,837,518	1,774,513	1,541,647	1,455,237	1,209,708	956,396	859,604	684,542	544,408	542,453
Building permits	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	4,320,999
Animal services shelter <sup>3</sup>	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	17,987	45,822	54,914	26,375	315,375	255,064	413,600	209,258	168,668	18,555
Capital grants and contributions	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	3,722,997
Subtotal, business-type activities program revenue	<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>	<u>55,625,003</u>
Total primary government program revenues	<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>	<u>\$ 151,839,873</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(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)	(169,367,495)
Business-type activities	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	6,334,459
Total primary government net expense	<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>	<u>\$ (163,033,036)</u>

**CITY OF RENO**

**Changes in Net Position (Continued)  
Last Ten Fiscal Years  
(Unaudited)  
(Accrual Basis of Accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u> <sup>1</sup>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> <sup>4</sup>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Ad valorem taxes	\$ 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	\$ 58,655,405
Consolidated tax	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	40,909,269
SCCR taxes -- AB104	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	2,667,490
Sales taxes	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	9,239,227
Other taxes	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	12,243,935
Unrestricted County gaming contributions	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	1,552,916
Unrestricted investment and interest earnings	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	2,195,454
Miscellaneous	3,418,429	3,299,870	1,532,505	7,009,892	1,636,815	842,153	849,805	292,325	430,736	1,080,781
Gain on sale of capital assets					511,000	202,192	605,964	108,682	431,015	168,933
Special item							-	-	-	-
Transfers	(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)	(600,410)
Subtotal, government activities	<u>113,108,204</u>	<u>120,167,346</u>	<u>129,140,183</u>	<u>143,008,923</u>	<u>148,699,555</u>	<u>153,706,364</u>	<u>149,368,159</u>	<u>129,919,171</u>	<u>129,873,242</u>	<u>128,113,000</u>
Business-type activities:										
Taxes:										
Ad valorem taxes		1,797,437	2,198,185	87,677	-	-	-	-	-	-
Investment and interest earnings	464,392	(39,664)	468,596	715,402	1,455,917	837,324	641,075	60,941	165,705	216,401
Miscellaneous	255,580	2,008,515	288,583	1,471,656	155,489	8,841	6,036	10,968	126,155	99,035
Transfers	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	600,410
Subtotal, business-type activities	<u>3,680,112</u>	<u>7,746,789</u>	<u>7,320,842</u>	<u>6,536,994</u>	<u>7,380,951</u>	<u>5,412,474</u>	<u>11,115,686</u>	<u>8,232,984</u>	<u>1,432,087</u>	<u>915,846</u>
Total primary government	<u>116,788,316</u>	<u>127,914,135</u>	<u>136,461,025</u>	<u>149,545,917</u>	<u>156,080,506</u>	<u>159,118,838</u>	<u>160,483,845</u>	<u>138,152,155</u>	<u>131,305,329</u>	<u>129,028,846</u>
<b>Change in Net Position</b>										
Governmental activities	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)	(41,254,495)
Business-type activities	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	7,250,305
Total primary government	<u>\$ 63,713,210</u>	<u>\$ 55,370,453</u>	<u>\$ 29,800,055</u>	<u>\$ 55,930,916</u>	<u>\$ 93,164,399</u>	<u>\$ 36,450,243</u>	<u>\$ 7,745,697</u>	<u>\$ (33,469,107)</u>	<u>\$ (51,104,472)</u>	<u>\$ (34,004,190)</u>

Notes:

<sup>a</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>b</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>1</sup> The Planning Enterprise Fund was established in fiscal year 2005.

<sup>2</sup> Charges for services for Fire includes Truckee Meadows Fire Protection District contract payments and federal strike team reimbursements.

<sup>3</sup> Animal Services was transferred over to Washoe County Effective July 1, 2005

<sup>4</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>5</sup> Dispatch and Planning, both formerly enterprise funds, and Communications & Technology, an internal service fund, moved into the General Fund effective July 1, 2010.

**CITY OF RENO**

**Program Revenues by Function and Program  
Last Ten Fiscal Years  
(Unaudited)  
(Accrual Basis of Accounting)**

<b>Function/Program</b>	<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>	<u>2012</u>
<b>Governmental activities:</b>										
General government	\$ 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	\$ 51,900,377
Judicial	534,251	606,625	715,007	893,399	1,010,668	4,714,397	4,142,341	4,002,490	3,558,112	3,123,673
Police	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	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 safety										21,777,148
Public works	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	6,572,023
Community development & support <sup>4</sup>	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	-
Planning and community development										7,928,827
Culture and recreation	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	3,983,133
Urban redevelopment	322,390	290,689	455,545	639,135	1,580,213	16,651,615	963,882	1,044,868	934,752	929,689
Subtotal, governmental activities revenues	<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>	<u>96,214,870</u>
<b>Business-type activities:</b>										
Sanitary sewer	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	50,761,551
Golf courses	1,837,518	1,774,513	1,541,647	1,455,237	1,209,708	956,396	859,604	684,542	544,408	542,453
Building permits	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	4,320,999
Animal services shelter	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>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>	<u>55,625,003</u>
<b>Total primary government revenues</b>	<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>	<u>\$ 151,839,873</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.
- <sup>5</sup> The Police, Fire and Dispatch functions were combined under public safety for reporting purposes beginning fiscal year 2012.

**CITY OF RENO**

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)  
(Modified Accrual Basis of Accounting)**

	<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>	<u>2012</u>
<b>General Fund</b>										
Reserved	\$ 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	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	\$ 494,775
Restricted									1,680,634	821,800
Committed										
Assigned									187,626	171,147
Unassigned									2,948,665	5,018,570
<b>Total general fund</b>	<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>	<u>\$ 6,506,292</u>
<b>All Other Governmental Funds</b>										
Reserved for:										
Reserved	\$ 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	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	(110,389,575)	(118,289,314)	(60,269,078)	8,940,698	(3,770,992)	(4,594,721)	(5,035,965)	(2,313,234)		
Debt service funds										
Nonspendable									\$ 40,717,557	\$ 37,769,370
Restricted									53,944,358	33,346,579
Committed									68,188	
Assigned									11,277,020	15,503,200
Unassigned										(1,063,493)
<b>Total all other governmental funds</b>	<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>	<u>\$ 85,555,656</u>

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

**CITY OF RENO**

**Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)  
(Modified Accrual Basis of Accounting)**

	<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>	<u>2012</u>
<b>Revenues</b>										
Taxes	\$ 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	\$ 66,314,554
Licenses, fees and permits	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	38,004,339
Fines and penalties	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	2,697,955
Charges for service	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	15,359,117
Special assessments	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	3,152,638
Intergovernmental	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	84,168,607
Investment earnings	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	1,935,121
Other revenues	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	8,210,119
Total revenues	<u>201,597,147</u>	<u>210,663,145</u>	<u>229,720,933</u>	<u>237,965,930</u>	<u>259,313,078</u>	<u>280,511,803</u>	<u>261,717,520</u>	<u>238,804,658</u>	<u>221,689,259</u>	<u>219,842,450</u>
<b>Expenditures</b>										
General Government <sup>2</sup>	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	16,050,720
Judicial	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	6,646,471
Police	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	53,550,127
Fire	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	43,542,254
Dispatch <sup>2</sup>	-	-	-	-	-	-	-	-	4,789,899	5,319,565
Public works	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	20,415,789
Community devp't and support <sup>2</sup>	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	9,302,599
Culture and recreation	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	9,144,130
Urban redevelopment	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	787,315
Intergovernmental	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	8,772,774
Capital outlay	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	21,478,978
Debt service:										
Interest	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	15,551,744
Principal	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	17,948,596
Bond issue costs	584,896	52,810	120,226	8,806,979	1,053,997	9,378,659	1,570,557	-	413,003	74,835
Fiscal charges	148,452	121,582	432,854	885,460	809,851	1,022,214	1,902,391	2,784,617	2,747,770	2,784,943
Total expenditures	<u>246,417,422</u>	<u>273,198,096</u>	<u>350,032,169</u>	<u>266,467,714</u>	<u>264,502,846</u>	<u>292,871,667</u>	<u>263,974,296</u>	<u>250,150,697</u>	<u>240,724,237</u>	<u>231,370,840</u>
Excess of revenues over (under) expenditures	<u>(44,820,275)</u>	<u>(62,534,951)</u>	<u>(120,311,236)</u>	<u>(28,501,784)</u>	<u>(5,189,768)</u>	<u>(12,359,864)</u>	<u>(2,256,776)</u>	<u>(11,346,039)</u>	<u>(19,034,978)</u>	<u>(11,528,390)</u>

## CITY OF RENO

### Changes in Fund Balances, Governmental Funds (Continued) Last Ten Fiscal Years (Unaudited) (Modified Accrual Basis of Accounting)

	<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>	<u>2012</u>
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing <sup>1</sup>	25,829,948	1,708,338	55,738,063	44,475,642	24,343,040	207,337,856	83,543,362	-	17,091,000	2,167,075
Proceeds from refunding <sup>1</sup>	23,294,817	3,714,422	-	269,493,568	20,657,894	-	-	-	-	-
Payments to Others							(30,731,864)	-	(218,949)	-
Payments to escrow agents	(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	2,500	353,115	89,074	2,046,722	439,594	10,068	66,925	6,070	935,745	160,188
Transfers in	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	16,408,268
Transfers out	(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)	(23,448,678)
Total other financing sources (uses)	<u>21,003,905</u>	<u>(8,047,736)</u>	<u>45,918,679</u>	<u>47,101,832</u>	<u>13,806,519</u>	<u>13,989,637</u>	<u>40,942,433</u>	<u>(12,661,876)</u>	<u>12,780,662</u>	<u>(4,713,147)</u>
Net change in fund balances	<u>\$ (23,816,370)</u>	<u>\$ (70,582,687)</u>	<u>\$ (74,392,557)</u>	<u>\$ 18,600,048</u>	<u>\$ 8,616,751</u>	<u>\$ 1,629,773</u>	<u>\$ 38,685,657</u>	<u>\$ (24,007,915)</u>	<u>\$ (6,254,316)</u>	<u>\$ (16,241,537)</u>
Debt service as a percentage of non-capital expenditures <sup>3</sup>	14.6%	14.3%	13.3%	10.6%	12.9%	11.8%	14.5%	14.7%	16.4%	15.9%

Notes:

<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 Devt 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.

<sup>3</sup> Formula takes into consideration capital related costs that were included in current expenditures.

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**CITY OF RENO**  
**STATISTICAL SECTION**  
**REVENUE CAPACITY**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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The following tables contain revenue capacity information to enable the reader to assess the most significant local revenue source of the City of Reno.

Assessed and Estimated Actual Value of Taxable Property  
Direct and Overlapping Property Tax Rates  
Principal Property Tax Payers  
Property Tax Levies and Collections  
Licenses and Permits by Category

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**CITY OF RENO**

**Assessed and Estimated Actual Value of Taxable 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
2003								\$ 4,501,165	\$ 3.5799	\$ 12,860,471	35%
2004								4,757,490	3.6380	13,592,829	35%
2005								5,105,374	3.6478	14,586,783	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	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	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	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	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	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	35%
2012	301,146	3,560,525	2,586,197	631,327	1,750	53,014	1,462,807	5,671,152	3.6600	16,203,291	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.

**CITY OF RENO**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(Unaudited)  
(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
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
2012	0.9299	0.0299	0.9598	0.1700	1.1385	1.3917	

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
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
2012						3.1058

Fiscal Year	Redevelopment Agency District #2	Redevelopment Agency #2 Debt Service	RDA #2 Total
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
2012			3.1058

Source: State of Nevada, Department of Taxation/Redbook

Notes:

RDA #2 established in FY 06-07

Reno Increment District removed FY 07-08

# CITY OF RENO

## Principal Property Tax Payers Current Year and Nine Years Ago (Unaudited) (In Thousand of Dollars)

Taxpayer	2012			2003		
	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	\$ 84,160	1	1.31%	\$ 33,680	5	0.77%
Golden Road Motor Inn Inc	42,751	2	0.66%			
Circus & Eldorado Jnt Venture	28,941	3	0.45%	81,926	1	1.87%
Prologis NA3 LLC	28,052	4	0.44%			
International Game Technology	24,850	5	0.39%	30,636	8	0.70%
Prologis NA3 NV V LLC	24,194	6	0.38%			
Reno Retail Company LLC	23,199	7	0.36%			
Catholic Healthcare West Inc	20,660	8	0.32%			
Charles Rivers Laboratories Inc	16,078	9	0.25%			
Meadowood Mall SPE LLC	15,565	10	0.24%			
El Dorado Resorts LLC				38,366	2	0.88%
Circus Circus Casinos Inc				33,141	7	0.76%
FHR Corporation				27,936	9	0.64%
Harrah's Club				35,031	3	0.80%
DP Operating Partnership L.P.				34,540	4	0.79%
PNK(Reno) LLC				23,566	10	0.54%
Washoe Medical Center Inc				33,650	6	0.77%
	<u>\$ 308,450</u>		<u>4.79%</u>	<u>\$ 338,822</u>		<u>8.50%</u>

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.

# CITY OF RENO

## Property Tax Levies and Collections 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
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%
2012	54,288	53,547	98.64%	815	54,362	100.14%

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

Notes:

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

## CITY OF RENO

### Licenses and Permits by Category Last Ten Fiscal Years (Unaudited)

	<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>	<u>2012</u>
Business licenses	\$ 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	\$ 11,781,860
City gaming licenses	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	2,000,542
Liquor licenses	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	1,293,439
Non-business licenses and permits	135,892	116,423	160,660	55,356	61,100	72,756	38,207	35,746	33,131	187,966
Electricity franchise fees	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	8,897,576
Telephone franchise fees	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	3,082,993
Natural gas franchise fees	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	2,656,784
Sanitation franchise fees	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	2,193,302
Water toll fees	689,154	920,836	939,670	961,514	1,007,879	998,524	959,311	1,376,897	1,448,400	1,511,903
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	2,355,745
Cable television fees	1,398,607	1,406,222	1,419,899	1,692,421	1,886,280	2,463,954	1,832,294	1,784,686	2,005,415	2,011,875
<b>Total</b>	<b>\$ 26,163,095</b>	<b>\$ 27,590,960</b>	<b>\$ 30,960,509</b>	<b>\$ 32,138,304</b>	<b>\$ 35,874,448</b>	<b>\$ 36,215,868</b>	<b>\$ 35,162,735</b>	<b>\$ 37,126,468</b>	<b>\$ 36,166,016</b>	<b>\$ 37,973,985</b>

Notes:

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

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**CITY OF RENO**  
**STATISTICAL SECTION**  
**DEBT CAPACITY**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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The following tables contain debt capacity information to enable the reader to assess the affordability of the current levels of outstanding debt of the City of Reno and its ability to issue additional debt in the future.

Outstanding Debt by Type  
Direct and Overlapping Debt  
General Bonded Debt Outstanding and Legal Debt Margin  
Pledged Revenue Bond Coverage

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**CITY OF RENO**

**Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)**

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 & IPA's <sup>5</sup>	Capital Leases <sup>1</sup>	Sanitary Sewer Bonds <sup>2</sup>	Sanitary Sewer Note Payable	Golf Course Bonds <sup>3</sup>					
2003	\$ 35,505	\$ 44,335	\$ 233,770	\$ 17,097		\$ 517				\$ 3,455	\$ 334,679	4.51%	409.44		
2004	31,415	41,620	233,290	16,343		627	\$ 1,663			3,505	328,463	4.02%	367.01		
2005	30,220	38,765	232,780	15,599	\$ 50,500	589	2,519			3,295	374,267	4.23%	334.88		
2006	28,480	35,755	338,986	25,401		541	2,549	\$ 26,280	\$ 43,070	3,115	504,177	5.37%	300.16		
2007	22,965	35,325	361,623	24,488		497	2,208	70,606	8,033	2,930	528,675	5.30%	264.95		
2008	17,640	34,260	368,366	25,125		6,453	5,062	101,971		2,735	561,612	5.52%	232.74		
2009	57,690	33,980	400,136	23,530		8,142	4,374	96,122		2,535	626,509	6.93%	420.50		
2010	52,485	32,765	396,109	21,979		7,353	3,655	90,162		2,335	606,843	6.64%	392.86		
2011	51,440	31,495	388,385	20,617		4,536		87,075		2,130	585,678	6.07%	373.58		
2012	44,885	30,155	383,120	20,303		18,547		82,970		1,915	581,895	5.78%	338.02		

Population Source: Refer to Demographic and Economic Statistics

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(IPA's).

# CITY OF RENO

## Direct and Overlapping Debt

As of June 30, 2012

(Unaudited)

(In Thousands of Dollars)

Governmental Unit	Total Debt Outstanding <sup>2</sup>	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Debt
<b>Debt repaid with property taxes</b>			
City of Reno	\$ 44,885	100%	\$ 44,885
Direct Debt	44,885	100%	44,885
Washoe County School District	499,990	46.1%	230,495
Washoe County	128,820	46.1%	59,386
State of Nevada	2,015,945	6.95%	140,108
Overlapping Debt	2,644,755		429,990
<b>Total Direct &amp; Overlapping Debt</b>	<b>\$ 2,689,640</b>		<b>\$ 474,875</b>

Notes:

Represents general obligation bonds repaid through general property taxes.

1 Per Nevada Department of Taxation "Red Book" for 2011-2012

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 Outstanding Debt by Type

## CITY OF RENO

### General Bonded Debt Outstanding and Legal Debt Margin Last Ten Fiscal Years (Unaudited)

(Dollars in Thousands, Except Per Capita)

	<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>	<u>2012</u>
General bonded debt outstanding										
General obligation bonds	\$ 35,505	\$ 31,415	\$ 30,220	\$ 28,480	\$ 22,965	\$ 17,640	\$ 57,690	\$ 52,485	\$ 51,440	\$ 44,885
Sanitary sewer bonds				26,280	70,606	101,971	96,122	90,162	87,075	82,970
Golf course bonds	3,455	3,505	3,295	3,115	2,930	2,735	2,535	2,335	2,130	1,915
Total	<u>38,960</u>	<u>34,920</u>	<u>33,515</u>	<u>57,875</u>	<u>96,501</u>	<u>122,346</u>	<u>156,347</u>	<u>144,982</u>	<u>140,645</u>	<u>129,770</u>
Percentage of estimated actual property value <sup>1</sup>	0.87%	0.73%	0.66%	1.03%	1.58%	1.80%	2.04%	2.09%	2.32%	2.29%
Per capita <sup>2</sup>	199.05	175.26	162.12	269.98	437.42	548.61	716.72	667.25	631.26	582.45
Less: Amounts set aside to repay general debt	<u>(9,505)</u>	<u>(6,223)</u>	<u>(13,114)</u>	<u>(9,402)</u>	<u>(10,967)</u>	<u>(7,718)</u>	<u>(8,767)</u>	<u>(8,767)</u>	<u>(12,227)</u>	<u>(16,258)</u>
Total net debt applicable to debt limit	29,455	28,697	20,401	48,473	85,534	114,628	147,580	136,215	128,418	113,512
Legal debt limit <sup>3</sup>	<u>675,175</u>	<u>713,624</u>	<u>765,806</u>	<u>839,546</u>	<u>917,561</u>	<u>1,020,915</u>	<u>1,151,934</u>	<u>1,040,154</u>	<u>910,202</u>	<u>850,673</u>
Legal debt margin <sup>4</sup>	645,720	684,927	745,405	791,073	832,027	906,287	1,004,354	903,939	781,784	737,161
Legal debt margin as a percentage of the debt limit	95.64%	95.98%	97.34%	94.23%	90.68%	88.77%	87.19%	86.90%	85.89%	86.66%

**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.

**CITY OF RENO**

**Pledged Revenue Bond Coverage  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds <sup>a</sup>						Capital Improvement (Events Center) Bonds <sup>b</sup>					Sales Tax Anticipation Revenue (STAR) Bonds <sup>c</sup>			
	Room Tax Collections <sup>1</sup>	Sales Tax Collections <sup>1</sup>	Total Available Revenue	Principal	Interest	Coverage	Room Tax Collections <sup>2</sup>	Consolidated Taxes (15%) <sup>2</sup>	Principal	Interest	Coverage	Sales Tax Increment Collections	Principal	Interest	Coverage
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
2012	637,389	6,733,005	7,370,394	1,640,000	5,066,692	1.10	4,759,242	6,136,390	1,695,000	4,627,382	1.72	1,838,303	770,000	1,757,563	0.73
Fiscal Year	Special Assessment Bonds				Agency SAD's-Includes Sierra Corp, Somerset & Double R <sup>7</sup>				Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Garage) <sup>d</sup>						
	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			
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	380,000	118,302	1.84			
2012	3,219,648	1,253,744	1,406,734	1.21	2,932,920	1,715,000	1,091,484	1.05	912,639	380,000	105,430	1.88			

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

# **CITY OF RENO**

## **STATISTICAL SECTION DEMOGRAPHIC AND ECONOMIC INFORMATION FOR THE YEAR ENDED JUNE 30, 2012**

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The following tables contain demographic and economic information to enable the reader to understand the environment within which the financial activities of the City of Reno take place.

Demographic and Economic Statistics  
Principal Employers

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# CITY OF RENO

## Demographic and Economic Statistics Last Ten Fiscal Years (Unaudited)

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>6</sup>	Charter School Enrollment <sup>6</sup>	Unemployment Rate <sup>5</sup>
2003	195,727	\$ 7,416,487	\$ 37,892	35.8	30,682	1,479	4.6%
2004	199,249	8,171,998	41,014	35.9	31,271	1,692	3.8%
2005	206,735	8,847,224	42,795	34.5	31,992	1,601	3.8%
2006	214,371	9,390,093	43,803	35.3	31,692	1,810	4.0%
2007	220,613	9,974,576	45,213	35.3	31,157	1,967	4.5%
2008	223,012	10,170,908	45,607	35.7	31,126	2,042	6.4%
2009	218,143	9,035,701	41,421	34.6	31,907	2,212	11.8%
2010	217,282	9,140,185	42,066	34.5	31,743	2,392	13.4%
2011	222,801	9,643,050	43,281	36.4	31,052	2,435	12.9%
2012	222,801	10,070,160	45,198	37.0	30,916	2,520	11.7%

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> Started Calculating Personal Income 2009-calculated as Population X Per Capita Personal Income\*43%  
Personal Income 2012 estimate-Corrected Per Capita Personal Income through 2010 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)  
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 2012 figure 1st Qtr of 2012 X 43% (based on prior years; this is the percentage for Reno/Sparks Metro Area)
- <sup>4</sup> Bureau of Economic and Business Research, University of Nevada, Reno, 1995-1999  
State Demographer Office, UNR Small Business Development Center, 2000  
Washoe County Department of Community Development, 2001-2003  
Median age is for the entire County (WC Stat Section Sch 4.1)  
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>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  
\*\*\*FY 11/12 corrected previous years-Used Tax records to verify address in Reno or County.

# CITY OF RENO

## Principal Employers Current Year and Nine Years Ago (Unaudited)

Employer	December, 2012			December, 2003		
	Rank	(Average) Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Washoe County School District	1	8,250	4.10%	1	6,250	3.00%
University of Nevada-Reno	2	4,250	2.11%	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	2,750	1.37%	6	2,750	1.60%
Peppermill Hotel Casino-Reno	5	2,250	1.12%	2	4,250	1.50%
Integrity Staffing Solutions	6	2,250	1.12%			
International Game Technology	7	2,250	1.12%	7	2,750	1.10%
Silver Legacy Hotel Casino	8	2,250	1.12%	8	2,750	1.20%
St Mary's	9	1,750	0.87%	10	2,250	0.90%
Atlantis Hotel Casino	10	1,750	0.87%			
Reno Hilton			0.00%	4	2,750	0.90%
ELDorado Hotel & Casino				9	2,250	0.90%
Total		<u>30,500</u>	<u>15.17%</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.

**CITY OF RENO**  
**STATISTICAL SECTION**  
**OPERATING INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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The following tables contain operating information to enable the reader to understand how the information contained in the comprehensive annual financial report of the City of Reno relate to the services provided and activities performed.

Employees by Function and Program  
Operating Indicators by Function and Program  
Capital Assets and Infrastructure by Function and Program

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# CITY OF RENO

## Employees by Function and Program Last Ten Fiscal Years (Unaudited)

Function/Program	2003 <sup>1</sup>	2004 <sup>1</sup>	2005	2006 <sup>2</sup>	2007	2008	2009	2010	2011	2012
General Government:										
Management <sup>e</sup>	29.0	32.0	44.0	45.0	42.0	42.0	49.0	55.0	49.0	46.0
Records management/cashiering	13.0	12.0	12.0	12.0	12.0	12.0	12.0	9.5	8.0	7.0
Finance <sup>a</sup>	28.5	31.5	33.3	32.2	33.0	33.3	33.3	33.0	20.0	12.0
Legal	33.5	34.0	34.0	35.0	35.0	35.0	35.0	35.0	26.0	24.5
Human resources <sup>b</sup>	18.5	15.6	16.5	15.5	15.5	15.5	15.5	12.5	9.0	10.5
Information technology <sup>c</sup>	22.8	24.3	27.2	29.2	28.2	30.0	30.3	29.3	17.0	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	48.0	47.0	49.1	49.1	59.4	53.4	49.4	57.5	52.5	52.5
Police:										
Sworn employees	337.0	341.8	369.0	370.0	365.0	373.0	372.5	383.0	294.0	304.0
Non-commissioned employees	103.4	108.7	98.5	103.5	104.5	110.5	110.0	108.5	52.0	52.0
Fire:										
Authorized emergency personnel	308.0	308.0	336.0	336.0	345.0	339.0	344.0	345.0	213.0	229.0
Fire prevention officers	10.1	10.1	14.8	14.8	17.7	16.7	18.7	19.0	14.0	15.0
Others	30.7	30.7	20.0	21.0	20.0	29.0	22.0	22.0	13.0	13.0
Public works:										
Engineers	26.0	27.0	20.0	25.0	31.3	35.0	38.4	38.4	15.5	11.0
Fleet maintenance	16.1	15.1	11.0	11.3	16.1	16.1	16.1	16.1	11.1	10.0
Others	124.2	125.2	140.6	134.2	137.8	128.6	125.2	127.7	72.5	98.0
Planning & community development	26.4	30.5	40.6	41.5	76.8	36.5	39.5	39.5	19.0	25.9
Culture and recreation	79.8	79.8	82.2	86.5	87.5	92.8	92.7	91.7	43.4	49.0
Urban redevelopment	7.0	7.0	7.0	5.8	6.8	14.0	8.8	5.0	0.0	0.0
Sanitary sewer	58.7	59.2	63.3	66.5	64.3	69.3	69.3	67.2	54.0	50.0
Building permits	60.7	59.7	58.4	64.5	64.5	69.5	66.3	56.0	22.0	20.1
Golf course <sup>d</sup>	8.0	7.0	6.0	6.2	6.2	6.2	6.2	4.2	4.1	4.0
Animal services shelter	22.0	21.0	22.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispatch services	68.8	64.3	68.5	68.5	69.5	69.5	69.5	69.5	54.0	53.0
	<u>1,484.0</u>	<u>1,495.2</u>	<u>1,578.0</u>	<u>1,577.3</u>	<u>1,642.1</u>	<u>1,630.8</u>	<u>1,626.9</u>	<u>1,628.5</u>	<u>1,067.1</u>	<u>1,107.5</u>

Sources:

Finance Department, Budget Division  
City of Reno Adopted Budget Book for the respective years

Notes:

- <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

**CITY OF RENO**

**Operating Indicators by Function and Program  
Last Ten Fiscal Years  
(Unaudited)**

<b>Function/Program</b>	<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>	<u>2012</u>
<b>General government:</b>										
Active annual business licenses	14,033	16,716	20,640	24,461	25,089	25,574	25,574	22,456	22,329	23,506
Business license audits completed		65	70	90	95	186	197	294	288	185
Percentage of same day response to public requests for research of public documents	97%	98%	96%	98%	98%	99%	100%	100%	98%	100%
<b>Judicial:</b>										
Criminal cases prepared for trial (excl minor traffic cases)		4,091	4,950	5,418	5,332	6,177	5,915	5,598	4,786	3,107
Cases filed in municipal court	22,347	25,750	25,779	41,207	44,416	38,844	39,788	35,866	31,852	23,406
Cases adjudicated in municipal court	22,365	24,954	27,632	27,632	42,459	30,327	40,737	36,711	33,060	21,849
<b>Police <sup>2</sup>:</b>										
Physical arrests	7,456	10,254	10,197	12,618	14,557	14,087	13,246	12,038	11,434	10,386
Misdemeanor citations	3,119	3,699	3,521	3,804	3,996	4,214	3,829	3,284	2,381	2,627
Traffic-related offenses cited	20,859	24,585	17,041	33,649	40,057	37,523	38,843	33,430	29,789	19,174
<b>Fire <sup>3</sup>:</b>										
Fire emergencies	1,177	1,272	1,087	1,238	1,388	3,228	4,790	1,026	1,284	1,632
Emergency medical calls	15,298	16,792	18,476	16,099	24,573	29,732	25,080	25,716	27,181	27,025
Inspections	3,920	6,871	5,741	18,180	14,775	19,494	8,382	8,216	6,207	6,708
<b>Public works:</b>										
Streets reported in "fair" or better condition	82%	79%	82%	84%	85%	84%	85%	88%	89%	89%
Pothole calls received/% repaired within 24 hrs	1,200/95%	200/95%	185/95%	336/93%	168/100%	143/95%	167/97%	130/70%	136/90%	132/95%
<b>Culture and recreation <sup>4</sup>:</b>										
Participants in senior recreation programs	24,172	37,453	26,618	6,327	3,864	4,473	6,094	25,216	31,074	6,477
Participants in youth programs	3,600	3,780	3,893	4,088	4,546	3,865	3,150	3,950	4,600	4,356
Instructional swimming classes offered	500	500	1,200	1,200	1,200	1,750	1,798	1,674	1,670	1,228
<b>Community devp't &amp; support:</b>										
Jobs generated by businesses in Redevelopment area <sup>5</sup>	769	87	123	167	963	384				-
Affordable housing units developed in Redevelopment area			240		41	491				-
Affordable housing units developed in non-RDA area <sup>6</sup>										29
Housing rehabilitation projects completed <sup>5</sup>		2	15	27	10	10				21
Code enforcement cases	2,453	2,714	3,367	4,481	4,184	4,499	5,766	5,077	4,044	2,880
<b>Sanitary Sewer:</b>										
Lineal feet of sewer lines & storm drains maintained	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	3.7 mil
<b>Golf:</b>										
Cost per acre per year to maintain golf courses	\$ 4,500	\$ 4,500	\$ 4,600	\$ 4,800	\$ 5,150	\$ 5,342	\$ 5,158	\$ 4,700	\$ 4,200	\$ 4,200
<b>Building:</b>										
Building permits issued	9,416	11,607	13,171	9,294	9,109	7,272	5,580	5,023	5,510	5,348
Avg. # of monthly building inspections performed	5,565	6,886	10,618	11,171	8,171	5,351	3,363	2,348	2,190	2,750

**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 or measure no longer tracked

<sup>6</sup> New measure added FY 2011/12

# CITY OF RENO

## Capital Assets and Infrastructure by Function and Program Last Ten Fiscal Years (Unaudited)

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> <sup>4</sup>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	4	4	4	3	1	1	1
Patrol units <sup>1</sup>				220	254	252	252	248	239	242
Fire:										
Stations	16	16	16	16	12	13	13	13	13	14
Fire fighting vehicles <sup>3</sup>	29	31	35	36	54	59	41	37	36	36
Public works:										
Paved streets (miles)	532.0	546.0	579.0	582.0	582.0	637.1	670.5	672.2	681.2	681.2
Unpaved streets (miles)	1.9	1.9	1.9	1.9	1.9	3.6	0.7	0.7	0.7	0.7
Culture and recreation:										
Acreage	1,935	1,935	1,935	2,015	2,015	2,076	2,477	2,732	2,741	2,741
Park facilities	72	73	75	82	81	83	85	85	85	85
Playgrounds	48	51	51	51	70	52	51	51	51	51
Swimming pools	5	5	5	5	5	5	5	5	5	5
Sanitary sewer:										
Sanitary sewer lines (miles)	564.0	650.0	696.0	716.0	710.0	743.0	743.0	748.0	756.0	756.0
Storm drains (miles)	229.0	285.0	394.0	404.0	382.0	444.0	444.0	444.0	481.0	481.0
Treatment capacity millions of gallons)	41.5	41.2	41.2	41.2	41.2	44.0	44.0	44.0	44.0	44.0
Golf:										
Golf courses <sup>2</sup>	2	2	2	2	1	1	1	1	1	1

Source: Finance Department, Budget Division, Annual Budget Book, FY 11/12 Budget moved to Dept of OMB

Notes:

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

<sup>2</sup> Brookside Golf Course closed 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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# **BUSINESS LICENSE FEES**

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# CITY OF RENO

## SCHEDULE OF BUSINESS LICENSE FEES SUBJECT TO PROVISION OF NEVADA REVISED STATUES 354.5989 FOR THE YEAR ENDED JUNE 30, 2012 (UNAUDITED)

As required by Nevada Revised Statues (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum.

### FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

Business license revenue for the year ended June 30, 2012		\$	11,150,373
Business license revenue for the year ended June 30, 2011 (base year)		\$	10,665,789
Adjustment to base year			
Percentage change in Consumer Price Index			<u>2.80 %</u>
Total adjustment to base year			<u>298,642</u>
Adjusted business license revenue base for the year ended June 30, 2012			<u>10,964,431</u>
Amount over allowable maximum		\$	<u>185,942</u>

### FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2012		\$	3,767,267
Business license revenue for the year ended June 30, 2011 (base year)		\$	10,181,239
Adjustment to base year			
Percentage change in local government population			2.50 %
Percentage change in Consumer Price Index			<u>2.80 %</u>
Total adjustment to base year			<u>539,606</u>
Adjusted business license revenue base for the year ended June 30, 2012			<u>10,720,845</u>
Amount under allowable maximum		\$	<u>(6,953,578)</u>

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# **SINGLE AUDIT INFORMATION**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

**Compliance**

We have audited the City of Reno's (the City) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. 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 and 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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-6 and 2012-7.

**Internal Control Over Compliance**

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses; and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-6 and 2012-7 to be material weaknesses.

#### **Schedule of Expenditures of Federal Awards**

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 as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and members of the City Council, others within the City, federal awarding agencies, and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.



December 28, 2012

# CITY OF RENO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Cooperative Forestry Assistance	10.664		\$ 182,124
Passed through State of Nevada, Department of Education, Office of Child Nutrition and School Health			
Summer Food Service Program for Children	10.559		42,737
Passed through State of Nevada, Dept of Administration			
Senior Farmers Market Nutrition Program	10.576		<u>23,250</u>
Total U.S. Department of Agriculture			<u>248,111</u>
U.S. Department of Commerce, National Telecommunications and Information Administration			
Passed through State of Nevada, Division of Emergency Management			
Public Safety Interoperable Communications Grant	11.555	11555T7	336
Public Safety Interoperable Communications Grant	11.555	11555T7	<u>6,793</u>
Total U.S. Department of Commerce, National Telecommunications and Information Administration			<u>7,129</u>
U.S. Department of Housing and Urban Development			
Economic Development Initiative, Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251		1,962
Economic Development Initiative, Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251		53,474
Community Development Block Grants/Entitlement Grants	14.218		2,129,842
Homeless Prevention and Rapid Rehousing (ARRA)	14.262		99,064
Emergency Solutions Grant Program	14.231		89,000
Supportive Housing Program	14.235		178,303
HOME Investment Partnerships Program	14.239		2,169,698
Neighborhood Stabilization Program	14.264		1,262
Passed through State of Nevada, Housing Division			
Emergency Solutions Grant Program	14.231		102,027
Neighborhood Stabilization Program	14.264		49,853
Passed through Housing Authority of the City of Reno			
Neighborhood Stabilization Program	14.264		<u>32,227</u>
Total U.S. Department of Housing and Urban Development			<u>4,906,712</u>

\* A major program.

# CITY OF RENO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Interior			
U.S. Department of the Interior, Bureau of Reclamation Providing Water to At-Risk Natural Desert Terminal Lakes	15.508		653,510
U.S. Department of the Interior, Bureau of Land Management National Fire Plan - Rural Fire Assistance	15.242		24,985
Passed through State of Nevada, Historic Preservation Office Historic Preservation Fund Grants In-Aid	15.904	32-12-41935(4)	1,155
Total U.S. Department of Interior			679,650
U.S. Department of Justice			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 *		1,789
Edward Byrne Memorial Justice Assistance Grant Program	16.738 *		26,272
Edward Byrne Memorial Justice Assistance Grant Program	16.738 *		87,627
Edward Byrne Memorial Justice Assistance Grant Program	16.738 *		53,558
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (ARRA)	16.804 *		257,282
Public Safety Partnership and Community Policing Grants (ARRA)	16.710 *		927,496
Edward Byrne Memorial Competitive Grant Program	16.751		49,156
Edward Byrne Memorial Competitive Grant Program	16.751		108,074
Passed through State of Nevada, Department of Public Safety, Office of Criminal Justice Assistance			
Project Safe Neighborhood	16.609	10-PSN-04	32,652
Project Safe Neighborhood	16.609	11-PSN-04	3,857
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735	11-JAG-025	43,775
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735	10-JAG-022	55,880
Passed through State of Nevada, Department of Health and Human Services, Division of Child and Family Services			
Crime Victim Assistance	16.575	VOCA3145/20-S FY10-12-089	164,102
Passed through State of Nevada, Office of Attorney General			
Violence Against Women Formula Grants	16.588	2010-RAVAW-02	30,026
Violence Against Women Formula Grants	16.588	2011-RAVAW-02	30,802
Violence Against Women Formula Grants	16.588	2010-STOP-03	34,702
Violence Against Women Formula Grants	16.588	2011-STOP-03	30,075
Violence Against Women Formula Grants	16.588	2011-STOP-46	9,000

\* A major program.

# CITY OF RENO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Passed through State of Nevada, Juvenile Justice Commission, Division of Child and Family Services			
Enforcing Underage Drinking Laws Program	16.727		17,436
Total U.S. Department of Justice			1,963,561
U.S. Department of Transportation			
U.S. Department of Transportation, Federal Motor Carrier Safety Administration			
National Motor Carrier Safety	20.218		16,992
National Motor Carrier Safety	20.218		248,493
Highway Safety Cluster			
Passed through State of Nevada, Department of Public Safety, Office of Traffic Safety			
State and Community Highway Safety	20.600	210-JF-1.21	44,202
State and Community Highway Safety	20.600	22-AL-7	10,109
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	210-PS-4	9,720
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	22-PS-3	15,746
Highway Planning and Construction Cluster			
Passed through State of Nevada, Department of Transportation			
Highway Planning and Construction (ARRA)	20.205 *	PR263-10-063	1,114,703
Highway Planning and Construction (ARRA)	20.205 *	PR221-10-063	91,906
Passed through the State of Nevada, Emergency Response Commission			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	10-HMEP-16-01	7,755
Total U.S. Department of Transportation			1,559,626
National Endowment of the Arts			
Passed through Nevada Arts Council			
Promotion of the Arts Partnership Agreements	45.025	AEP12:0:02	1,488
U.S. Environmental Protection Agency			
Passed through the State of Nevada, Division of Environmental Protection			
Nonpoint Source Implementation Grants	66.460	C9-97908109	7,585
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		313,247
U.S. Department of Homeland Security			
Emergency Food and Shelter Program Cluster			
Emergency Food and Shelter National Board Program	97.024		59,905
Staffing for Adequate Fire and Emergency Response SAFER	97.083 *		1,059,904

\* A major program.

**CITY OF RENO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Assistant to Firefighters Grant	97.044 *		146,444
Assistant to Firefighters Grant	97.044 *		286,220
Passed through State of Nevada, Department of Public Safety, Division of Emergency Management			
Hazard Mitigation Grant	97.039	97039HM8	24,261
Emergency Management Performance Grant	97.042	9704211	142,130
Pre-disaster Mitigation	97.047	97047R8	34,249
Homeland Security Grant Program	97.067	97037HL1	211,811
Passed through State of Nevada Department of Forestry:			
Fire Management Assistance Grant	97.046 *	NV-RNOX-001124	487,646
Total U.S. Department of Homeland Security			2,452,571
<b>Total Expenditures of Federal Awards</b>			<b>\$ 12,139,680</b>

\* A major program.

# CITY OF RENO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2012**

**Note 1. Reporting Entity**

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of Reno (the City). The reporting entity is defined in Note 1 to the basic financial statements. The schedule includes federal financial assistance received directly from federal agencies as well as passed through other government agencies.

**Note 2. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City. Expenditures passed through to subrecipients are presented on the cash basis of accounting and all other expenditures are presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (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.

**Note 3. Subrecipients**

During the year ended June 30, 2012, the following awards (including amendments) were given to subrecipients:

	<u>Award Amount</u>
Community Development Block Grants/Entitlement Grants (CFDA #14.218)	\$ 371,511
Emergency Solutions Grants (CFDA #14.231)	155,000
Homeless Prevention and Rapid Rehousing Program (CFDA # 14.262)	57,187
Historic Preservation Fund Grants In-Aid (CFDA #15.904)	1,155
Edward Byrne Memorial Justice Assistance Grant (CFDA # 16.738)	108,686
Edward Byrne Memorial Justice Assistance Grant-ARRA (CFDA #16.804)	89,725
Protecting Inmates & Safeguarding Communities Discretionary Grant-State of Nevada (CFDA #16.735)	16,784
National Motor Carrier Safety (CFDA #20.218)	15,575
	\$ 815,623

**Note 4. Federal-funded Loans Receivable**

Certain loan programs are administered directly by the City and balances and transactions relating to these programs are included in the City's basic financial statements as notes receivable.

Expenditures of loaned funds and loans made during the year are included in federal expenditures.

At June 30, 2012, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants – Entitlement Grants	\$ 1,059,717
14.239	HOME Investment Partnership Program Grant	27,612,637
		\$ 28,672,354

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# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2012

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### Section I - Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements	No

#### Federal Awards

Internal control over major programs	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unqualified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	Yes

#### Identification of major programs

CFDA number	16.710
Name of federal program or cluster	Public Safety Partnership and Community Policing Grants (ARRA)
CFDA number	20.205
Name of federal program or cluster	Highway Planning and Construction (ARRA)
CFDA number	16.738 and 16.804
Name of federal program or cluster	JAG Program Cluster: Edward Byrne Memorial Justice Assistance Grant Program and Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (ARRA)
CFDA number	97.044
Name of federal program or cluster	Assistance to Firefighters Grant
CFDA number	97.046
Name of federal program or cluster	Fire Management Assistance Grant
CFDA number	97.083
Name of federal program or cluster	Staffing for Adequate Fire and Emergency Response (SAFER)
Dollar threshold used to distinguish between Type A and Type B programs	\$364,190
Auditee qualified as low-risk auditee	Yes

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

#### 2012 - 1

Criteria	Effective oversight and monitoring is required to provide reasonable assurance of appropriate compliance with policies and procedures designed to provide reasonable assurance that transactions are communicated timely, appropriately recognized and reviewed and basic financial statements accurately presented, free of material errors, using the appropriate basis of accounting.
Condition	Controls designed to provide effective oversight and monitoring of policies and procedures to provide reasonable assurance that capital assets, long term debt and grant related transactions are communicated timely, appropriately recognized and reviewed and the basic financial statements accurately presented, free of material errors, using the appropriate basis of accounting did not function as intended and resulted in significant audit adjustments.
Effect	Reasonable assurance that transactions are communicated timely, appropriately recognized and reviewed and basic financial statements accurately presented, free of material errors, using the appropriate basis of accounting could not be easily attained.
Cause	Ineffective oversight and monitoring of policies and procedures.
Recommendation	Management should provide effective oversight and monitoring of policies and procedures.
Management's response	Management informed us that it will provide additional oversight and monitoring designed to provide reasonable assurance of appropriate compliance with all policies and procedures.

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 2

Criteria	Controls shall be designed to provide reasonable assurance that assets capitalized meet the criteria necessary and are properly accounted for and disclosed in the basic financial statements.
Condition	Controls designed to provide reasonable assurance that assets capitalized meet the criteria necessary and are properly accounted for and disclosed in the basic financial statements did not function as intended. This resulted in several prior period adjustments.
Effect	Prior period adjustments were necessary to correct the July 1, 2011, capital assets, accumulated depreciation and net position balances.
Cause	Ineffective oversight and monitoring of policies and procedures
Recommendation	Management should review and revise the current controls over capitalized assets to to provide reasonable assurance that assets capitalized meet the criteria necessary and are properly accounted for and disclosed in the basic financial statements and monitor compliance therewith.
Management's response	Management informed us that it will review and make appropriate revisions to the current controls and monitor compliance therewith.

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 3

Criteria	Controls shall be designed to provide reasonable assurance that grant revenues are properly recorded and reconciled to the Schedule of Expenditures of Federal Awards.
Condition	Controls designed to provide reasonable assurance that grant revenues are properly recorded and reconciled to the Schedule of Federal Expenditures did not function as intended. Our testing of federal grant revenues and related receivables, revealed several reimbursement requests that were not recorded as revenues and receivables as of year end.
Effect	An adjustment was necessary to correctly recognize \$1,147,836 of current year grant revenues and related receivables.
Cause	Monthly reconciliations are not performed.
Recommendation	Management should review and revise the current controls to provide reasonable assurance that grant revenues are properly recorded and reconciled to the Schedule of Federal Expenditures and monitor compliance therewith.
Management's response	Management informed us that it will review and make appropriate revisions to the current controls and monitor compliance therewith.

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 4

Criteria	Controls shall be designed to provide reasonable assurance that long-term liabilities, including interest payable, are properly accounted for and disclosed in the basic financial statements.
Condition	Controls designed to provide reasonable assurance that long term debt liabilities, including interest payable, are properly accounted for and disclosed in the basic financials statements did not function as intended. This resulted in a prior period adjustment.
Effect	A prior period adjustment was necessary to correct the July 1, 2011, interest payable and net position balances.
Cause	Ineffective oversight and monitoring of policies and procedures
Recommendation	Management should review and revise the current controls over long-term liabilities, including interest payable, to to provide reasonable assurance all long-term liabilities are properly accounted for and disclosed in the basic financial statements and monitor compliance therewith.
Management's response	Management informed us that it will review and make appropriate revisions to the current controls and monitor compliance therewith.

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2012 - 5

Criteria	Controls shall be designed to provide reasonable assurance that year-end close is completed accurately and timely.
Condition	Controls designed to provide reasonable assurance that the year-end close is completed timely and accurately did not function as intended and resulted in a significant number of adjustments being proposed by the City staff after the trial balance was provided to us.
Effect	A significant number of journal entries were proposed by the City of by us after the trial balance was provided.
Cause	Ineffective oversight and monitoring of policies and procedures
Recommendation	Management should review and revise the current controls over year-end close, and should implemet closing checklist to ensure that all necessary adjustments are made timely and accurately.
Management's response	Management informed us that it will dedicate additional staff resources to the oversight and monitoring of polices and procedures. Management will review and revise current controls over the year-end close and will implement revised closing procedures.

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2012 - 6

Program	Public Safety Partnership and Community Policing Grants (ARRA) (CFDA # 16.710), Assistance to Firefighters Grant (CFDA # 97.044), Fire Management Assistance Grant (CFDA # 97.046), Staffing for Adequate Fire and Emergency Response (SAFER) (CFDA # 97.083)
Specific requirements	Supervisory review of grant reports shall be performed by persons possessing appropriate knowledge, skills, and abilities.
Condition and context	None of the grant reports examined exhibited evidence of supervisory review prior to submission to grantors.
Questioned costs	None.
Effect	Reasonable assurance that grant reports are complete, accurate and prepared using the required accounting method (e.g., cash or accrual) could not be easily attained.
Cause	Supervisory reviews were not performed by persons possessing appropriate knowledge, skills, and abilities.
Recommendation	Management should review and revise the current controls to provide for supervisory review of grant reports by persons possessing appropriate knowledge, skills, and abilities and monitor compliance therewith.
Management's response	Management informed us that it will review and make appropriate revisions to the current controls and monitor compliance therewith.

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2012 - 7

Program	Assistance to Firefighters Grant (CFDA # 97.044)
Specific requirements	The Schedule of Expenditures of Federal Awards shall be complete, accurate and only include federal award expenditures.
Condition and context	The unaudited Schedule of Expenditures of Federal Awards included \$113,570 of non-federal award expenditures, which were not requested for grant reimbursement.
Questioned costs	None.
Effect	The Schedule of Expenditures of Federal Awards was not complete, accurate and did not include only federal award expenditures.
Cause	Supervisory reviews were not performed by persons possessing appropriate knowledge, skills, and abilities.
Recommendation	Management should review and revise the current controls to provide reasonable assurance that the Schedule of Expenditures of Federal Awards is complete, accurate and only includes federal award expenditures and provide for supervisory review of grant reports by persons possessing appropriate knowledge, skills, and abilities and monitor compliance therewith.
Management's response	Management informed us that it will review and make appropriate revisions to the current controls and monitor compliance therewith.



Reno Bike Team



Reno Firefighter vents burning structure



Reno Fire Building Training



Reno Motorcycle Officer



Reno Emergency Dispatch